



10 December 2020

## Scheme Booklet registered with ASIC; Independent Expert concludes proposed merger is fair and reasonable, and in the best interests of Saracen shareholders

Northern Star Resources Ltd (ASX:NST) and Saracen Mineral Holdings Limited (ASX:SAR) refer to the companies' joint announcement earlier today in relation to the proposed merger of equals under which Northern Star will acquire all of the shares in Saracen by way of a scheme of arrangement (**Scheme**), and the orders made by the Supreme Court of Western Australia convening the meeting of Saracen shareholders to vote on the Scheme (**Scheme Meeting**) and approving the dispatch of an explanatory statement and notice of the Scheme Meeting (**Scheme Booklet**) to Saracen shareholders.

### Scheme Booklet

Saracen and Northern Star are pleased to confirm that the Scheme Booklet has today been registered with the Australian Securities and Investments Commission (**ASIC**). A copy of the Scheme Booklet is attached to this announcement and will also be made available on Saracen's website at [www.saracen.com.au](http://www.saracen.com.au).

The Scheme Booklet will be despatched to Saracen shareholders by Tuesday, 15 December 2020, in the manner described in the companies' joint announcement earlier today.

Saracen shareholders should read the Scheme Booklet in its entirety, including the material accompanying it, before deciding whether to vote in favour of the Scheme.

### Board Recommendation and Independent Expert's Report

The Scheme Booklet includes a copy of the independent expert's report prepared by Ernst & Young Strategy and Transactions Limited (**Independent Expert**), which concludes that the Scheme is fair and reasonable, and in the best interests of Saracen shareholders, in the absence of a superior proposal for Saracen.

The Scheme continues to be:

- unanimously recommended by the Saracen Board, subject to no superior proposal emerging for Saracen and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen shareholders; and
- unanimously endorsed and supported by the Northern Star Board, subject to no superior proposal for Northern Star emerging.

Each Saracen Director intends to vote, or procure the voting of, all Saracen shares held or controlled by them in favour of the Scheme, subject to those same qualifications.

### Scheme Meeting

The Scheme Meeting, at which Saracen shareholders will vote on the proposed merger, will be held virtually on Friday, 15 January 2021, commencing at 9:00am (AWST). The Scheme Meeting will be conducted via an online platform at <https://web.lumiagm.com/349257825>. All registered Saracen shareholders as at 7:00pm (AEDT) on Wednesday, 13 January 2021 will be eligible to vote at the Scheme Meeting.



If after reading the Scheme Booklet you have any further questions in relation to the Scheme or the Scheme Booklet, please contact the Saracen Shareholder Information Line on 1300 209 842 (within Australia) or +61 3 9415 4199 (outside of Australia) between 5:30am to 5:00pm (AWST), Monday to Friday.

Authorised for release to the ASX by Bill Beament, Executive Chair (NST) and Raleigh Finlayson, Managing Director (SAR).

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**Saracen**

**VOTE IN FAVOUR**

# Saracen Mineral Holdings Limited Scheme Booklet

For the recommended<sup>1</sup> scheme of arrangement in relation to the proposed acquisition by Northern Star Resources Ltd (ACN 092 832 892) of all your Saracen Mineral Holdings Limited (ACN 009 215 347) shares.

Your Directors unanimously recommend<sup>1</sup> that you **VOTE IN FAVOUR** of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding whether or not to vote in favour of the Scheme. If you are in any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser immediately.

If you require further information or have questions in relation to the Scheme, please contact the Saracen Shareholder Information Line on 1300 209 842 (within Australia) or +61 3 9415 4199 (outside of Australia) between 5:30am to 5:00pm (AWST) Monday to Friday.

Legal Adviser  
to Saracen



Financial  
Adviser to  
Saracen



<sup>1</sup> In relation to the unanimous recommendation of the Directors, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10



# Saracen Directors' Recommendation Important Disclosures

In relation to the unanimous recommendation of the Directors, Saracen Shareholders should have regard to the following interests of the Directors in the outcome of the Scheme which may differ from those of other Saracen Shareholders, as further described in the Scheme Booklet:

## 1. Mr Raleigh Finlayson

If the Scheme is Implemented:

- Certain of Mr Finlayson's Saracen Performance Rights will vest and Mr Finlayson will be issued 2,105,733 Saracen Shares for nil cash consideration, which will be acquired by Northern Star under the Scheme in consideration for the issue of New Northern Star Shares to the extent they are not sold by Mr Finlayson prior to the Record Date (see Section 10.19);
- Mr Finlayson will be appointed as Managing Director of Northern Star on the terms summarised in Section 7.8(c)(ii) and, subject to the Scheme being Implemented, has been invited by Northern Star to apply for up to 68,862 Northern Star Performance Rights under Northern Star's FY20 Share Plan (see Section 7.8(c)(ii)); and
- Mr Finlayson may also be eligible to receive a short term incentive payment for that portion of FY21 for which he is employed as Managing Director by Northern Star if certain key performance indicators (consistent with the Saracen short term incentive performance measures which are disclosed in the Saracen 2020 Annual Report) are achieved for FY21 (see Section 7.8(c)(ii)).

Despite these interests, for the reasons set out in Section 4.10, and subject to the qualifications contained therein, Mr Finlayson considers that it is appropriate for him to join in the Directors' unanimous recommendation in relation to the Scheme.

## 2. Mr Anthony Kiernan AM

If the Scheme is Implemented, Anthony Kiernan, Saracen's Chairman, will be appointed as lead independent director of Northern Star, on the terms summarised in Section 7.8(c). Despite this interest, for the reasons set out in Section 4.10, Mr Kiernan considers that it is appropriate for him to join in the Directors' unanimous recommendation in relation to the Scheme.

## 3. Ms Sally Langer and Mr John Richards

If the Scheme is Implemented, Sally Langer and John Richards who are non-executive directors of Saracen, will be appointed as non-executive directors of Northern Star, on the terms summarised in Section 7.8(c). Despite their interests, for the reasons set out in Section 4.10, Ms Langer and Mr Richards consider that it is appropriate for them to join in the Directors' unanimous recommendation in relation to the Scheme.

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# Important Notices

## Date of this Scheme Booklet

This Scheme Booklet is dated 10 December 2020.

## Defined terms and interpretation

Capitalised terms used in this Scheme Booklet (other than in the Independent Expert's Report (including the Independent Technical Specialist's Report) contained in Annexure 1 and the Investigating Accountant's Report contained in Annexure 2) and the hard copy Proxy Form (if you received one) are either defined in brackets when first used or are defined in the Glossary in Section 12. The Glossary also sets out some rules of interpretation which apply to this Scheme Booklet. The Independent Expert's Report, the Independent Technical Specialist's Report and the Investigating Accountant's Report contain their own defined terms which are sometimes different from those set out in the Glossary in Section 12.

## References to Scheme Booklet, Sections and Annexures

References to Sections and Annexures are to the named Sections and Annexures in this Scheme Booklet.

## Purpose of this Scheme Booklet

This Scheme Booklet includes the Explanatory Statement for the Scheme required by section 412(1) of the Corporations Act. The purpose of this Scheme Booklet is to explain the terms of the Scheme and the manner in which it will be implemented (if approved). This Scheme Booklet provides all information required to be given to Saracen Shareholders or that is otherwise material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any Director which has not previously been disclosed to Saracen Shareholders.

## General

This Scheme Booklet is important. You should read this Scheme Booklet carefully before making a decision about how to vote on the Scheme Resolution to be considered at the Scheme Meeting.

## No investment advice

This Scheme Booklet does not constitute financial product advice and has been prepared without reference to individual investment objectives, financial situation, taxation position or particular needs of any Saracen Shareholder or any other person. It is important that you read this Scheme Booklet before making any decision, including a decision on whether or not to vote in favour of the Scheme. This Scheme Booklet should not be relied upon as the sole basis for any investment decision in relation to Northern Star Shares, Saracen Shares or any other securities. If you are in doubt as to what you should do, you should consult your legal, investment, taxation or other professional adviser.

Each Saracen Shareholder's tax position is different. Therefore, Saracen Shareholders are urged to seek their own independent tax advice regarding the specific tax consequences of the Scheme, including the application and effect of income tax and other tax laws to their particular circumstances.

A summary of the general Australian income tax, stamp duty and GST consequences of the Scheme for Saracen Shareholders is set out in Section 9. However, Saracen Shareholders should not solely rely on the summary in Section 9 in substitution for specific advice on their own affairs from a registered tax agent.

## Responsibility statement

The Saracen Information has been prepared by Saracen and is the responsibility of Saracen. To the maximum extent permitted by law, neither Northern Star nor any of its Subsidiaries, nor any of their respective directors, officers or advisors is responsible for the accuracy or completeness of the information contained in this Scheme Booklet other than the Northern Star Information and disclaim any liability in this regard.

The Northern Star Information has been prepared by Northern Star and is the responsibility of Northern Star. To the maximum extent permitted by law, neither Saracen nor any of its

Subsidiaries, nor any of their respective directors, officers or advisors is responsible for the accuracy or completeness of any Northern Star Information contained in the Scheme Booklet and disclaim any liability in this regard.

Ernst & Young Strategy and Transactions Limited has prepared, and is responsible for, the Independent Expert's Report contained in Annexure 1 of this Scheme Booklet. To the maximum extent permitted by law, none of Saracen, Northern Star, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Expert's Report and disclaim any liability in this regard.

SRK Consulting (Australasia) Pty Ltd has prepared, and is responsible for, the Independent Technical Specialist's Report contained in Appendix H to the Independent Expert's Report. To the maximum extent permitted by law, none of Saracen, Northern Star, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Independent Technical Specialist's Report and disclaim any liability in this regard.

Deloitte Corporate Finance Pty Limited has prepared, and is responsible for, the Investigating Accountant's Report contained in Annexure 2 of this Scheme Booklet. To the maximum extent permitted by law, none of Saracen, Northern Star, their respective Related Entities or the directors, officers, employees or advisers of any of those entities assumes any responsibility for the accuracy or completeness of the Investigating Accountant's Report and disclaim any liability in this regard.

## Role of ASIC

A copy of this Scheme Booklet has been lodged with, and registered by, ASIC for the purposes of section 412(6) of the Corporations Act. ASIC has been given the opportunity to comment on this Scheme Booklet in accordance with section 411(2)(b) of the Corporations Act. Neither ASIC nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

ASIC has been requested to provide a statement, in accordance with section 411(17)(b) of the Corporations Act, that it has no objection to the Scheme. If ASIC provides that statement, it will be produced to the Court on the Second Court Date.

## Role of ASX

A copy of this Scheme Booklet has been lodged with ASX. Neither ASX nor any of its officers takes any responsibility for the contents of this Scheme Booklet.

## Court order under subsection 411(1) of the Corporations Act

### Important notice associated with the Court order under section 411(1) of the Corporations Act

The fact that, under section 411(1) of the Corporations Act, the Court has ordered that the Scheme Meeting be convened and has approved the Explanatory Statement required to accompany the Notice of Scheme Meeting does not mean that the Court:

- (i) has formed any view as to the merits of the proposed Scheme or as to how you should vote (on this matter, you must reach your own decision); or
- (ii) has prepared, or is responsible for the content of, the Explanatory Statement.

## Notice to Saracen Shareholders in Ineligible Jurisdictions

This Scheme Booklet complies with Australian disclosure requirements. These disclosure requirements may be different to those in other countries. It is important that Saracen Shareholders who are not Australian resident taxpayers or who are liable for tax outside Australia seek specific tax advice in relation to the Australian and overseas tax consequences of the Scheme.

Restrictions in the Ineligible Jurisdictions may make it impractical or unlawful for Northern Star Shares to be issued under the Scheme to, or received under the Scheme by, Saracen Shareholders in those jurisdictions. A Saracen Shareholder whose address shown in the Saracen Register is in a jurisdiction outside Australia, New Zealand, United States of America, United Kingdom, Canada, Luxembourg, Ireland, Hong Kong, Singapore, Switzerland, Cayman Islands, Germany, France, Japan, United Arab Emirates, Malaysia and Liechtenstein will be an Ineligible Overseas Shareholder for the purposes of the Scheme. Saracen Shareholders recorded on the Saracen Register as having an address within an Ineligible Jurisdiction should refer to Section 11.10 for further information.

This Scheme Booklet and the Scheme do not constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer.

## Notice to Saracen Shareholders in New Zealand

This Scheme Booklet is not a New Zealand disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Financial Markets Conduct Act 2013 or any other New Zealand law.

The offer of Northern Star Shares under the Scheme is being made to existing Saracen Shareholders in reliance upon the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 and, accordingly, this Scheme Booklet may not contain all the information that a disclosure document is required to contain under New Zealand law.

## Notice to Saracen Shareholders in United States of America

Saracen and Northern Star intend to rely on an exemption from the registration requirements of the US Securities Act of 1933 provided by Section 3(a)(10) thereof in connection with the consummation of the Scheme and the issuance of Northern Star Shares. Approval of the Scheme by an Australian court will be relied upon by Saracen and Northern Star for purposes of qualifying for the Section 3(a)(10) exemption.

US shareholders of Saracen should note that the Scheme is made for the securities of an Australian company in accordance with the laws of Australia and the listing rules of ASX. The Scheme is subject to disclosure requirements of Australia that are different from those of the United States.

It may be difficult for you to enforce your rights and any claim you may have arising under US federal securities laws since Saracen and Northern Star are located in Australia and most of their respective officers and directors reside outside the United States. You may not be able to sue Saracen, Northern Star or their respective officers or directors in Australia for violations of the US securities laws. It may be difficult to compel Saracen and its affiliates to subject themselves to a US court's judgment.

You should be aware that Northern Star may purchase securities otherwise than under the Scheme, such as in open market or privately negotiated purchases.

The Scheme Booklet has not been filed with or reviewed by the US Securities and Exchange Commission or any state securities authority and none of them has passed upon or endorsed the merits of the Scheme or the accuracy, adequacy or completeness of the Scheme Booklet. Any representation to the contrary is a criminal offence.

The Northern Star Shares to be issued pursuant to the Scheme have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any US state or other jurisdiction. The Scheme is not being made in any US state or other jurisdiction where it is not legally permitted to do so.

## Notice to Saracen Shareholders in United Kingdom

Neither Scheme Booklet nor any other document relating to the Scheme has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Northern Star Shares.

This Scheme Booklet does not constitute an offer of transferable securities to the public within the meaning of the Prospectus Regulation (2017/1129/EU) or the FSMA. Accordingly, this document does not constitute a prospectus for the purposes of the Prospectus Regulation or the FSMA.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 FSMA) received in connection with the issue or sale of the Northern Star Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) FSMA does not apply to Saracen.

In the United Kingdom, this Scheme Booklet is being distributed only to, and is directed at, persons (i) who fall within Article 43 (members of certain bodies corporate) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (ii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document.

## Notice to Saracen Shareholders in Canada

The Northern Star Shares will be issued by Northern Star in reliance upon exemptions from the prospectus and registration requirements of the applicable Canadian securities law in

each province and territory of Canada.

No securities commission in Canada has reviewed or in any way passed upon this document or the merits of the Scheme.

## Notice to Saracen Shareholders in Hong Kong

**WARNING:** The contents of this Scheme Booklet have not been reviewed or approved by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Scheme. If you are in any doubt about any of the contents of this Scheme Booklet, you should obtain independent professional advice.

This Scheme Booklet does not constitute an offer or invitation to the public in Hong Kong to acquire or subscribe for or dispose of any securities. This Scheme Booklet also does not constitute a prospectus (as defined in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong)) or notice, circular, brochure or advertisement offering any securities to the public for subscription or purchase or calculated to invite such offers by the public to subscribe for or purchase any securities, nor is it an advertisement, invitation or document containing an advertisement or invitation falling within the meaning of section 103 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or cause to be issued this Scheme Booklet in Hong Kong, other than to persons who are "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

No person may issue or have in its possession for the purposes of issue, this Scheme Booklet or any advertisement, invitation or document relating to these securities, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than any such advertisement, invitation or document relating to securities that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder.

Copies of this Scheme Booklet may be issued to a limited number of persons in Hong Kong in a manner that does not constitute any issue, circulation or distribution of this Scheme Booklet, or any offer or an invitation in respect of these securities, to the public in Hong Kong. This document is for the exclusive use of Saracen shareholders in connection with the Scheme. No steps have been taken to register or seek authorisation for the issue of this Scheme Booklet in Hong Kong.

This Scheme Booklet is confidential to the person to whom it is addressed and no person to whom a copy of this Scheme Booklet is issued may issue, circulate, distribute, publish, reproduce or disclose (in whole or in part) this Scheme Booklet to any other person in Hong Kong or use for any purpose in Hong Kong other than in connection with consideration of the Scheme by Saracen shareholders.

## Notice to Saracen Shareholders in Singapore

This Scheme Booklet and any other document relating to the Scheme have not been, and will not be, registered as a prospectus with the Monetary Authority of Singapore and the Scheme is not regulated by any financial supervisory authority in Singapore. Accordingly, statutory liabilities in connection with the contents of prospectuses under the Securities and Futures Act, Cap. 289 (the "SFA") will not apply.

This Scheme Booklet and any other document relating to the Scheme may not be made the subject of an invitation for subscription, purchase or receipt, whether directly or indirectly, to persons in Singapore except pursuant to exemptions in Subdivision (4) Division 1, Part XIII of the SFA, including the exemption under section 273(1)(c) of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Any offer is not made to you with a view to Northern Star Shares being subsequently offered for sale to any other party. You are advised to acquaint yourself with the SFA provisions relating to on-sale restrictions in Singapore and comply accordingly.

This Scheme Booklet is being furnished to you on a confidential basis and solely for your information and may not be reproduced, disclosed, or distributed to any other person. Any investment referred to in this Scheme Booklet may not be suitable for you and it is recommended that you consult an independent investment advisor if you are in doubt about such investment.

Neither Saracen nor Northern Star is in the business of dealing in securities or holds itself out, or purports to hold itself out, to be doing so. As such, Saracen and Northern Star are neither



licensed nor exempted from dealing in securities or carrying out any other regulated activities under the SFA or any other applicable legislation in Singapore.

### Notice to Saracen Shareholders in Switzerland

The Northern Star Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the Northern Star Shares constitutes a prospectus or a similar notice as such terms are understood pursuant to art. 35 of the Swiss Financial Services Act (FinSA) or the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this Scheme Booklet nor any other offering material relating to the Northern Star Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Scheme Booklet nor any other offering material relating to the Scheme or the Northern Star Shares have been, or will be, filed with or approved by any Swiss regulatory authority or authorized review body. In particular, this Scheme Booklet will not be filed with, and the offer of Northern Star Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This Scheme Booklet may be distributed in Switzerland only to existing shareholders of Saracen and is not for general circulation in Switzerland.

### Notice to Saracen Shareholders in Cayman Islands

No offer or invitation to subscribe for Northern Star Shares may be made to the public in the Cayman Islands or from within the Cayman Islands.

### Notice to Saracen Shareholders in the European Union (including France, Germany, Ireland and Luxembourg)

This Scheme Booklet has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this Scheme Booklet may not be made available, nor may the Northern Star Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4) of the Prospectus Regulation, an offer of Northern Star Shares in any member state of the European Union is limited:

- to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation);
- to fewer than 150 natural or legal persons (other than qualified investors); or
- in any other circumstance falling within Article 1(4) of the Prospectus Regulation.

### Notice to Saracen Shareholders in Japan

The Northern Star Shares have not been, and will not be, registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to small number investors. This Scheme Booklet is for the exclusive use of existing shareholders of Saracen in connection with the Scheme. This document is confidential to the person to whom it is addressed and must not be distributed, published, reproduced or disclosed (in whole or in part) to any other person in Japan or resident of Japan other than in connection with consideration by Saracen's shareholders of the Scheme.

### Notice to Saracen Shareholders in United Arab Emirates

Neither this Scheme Booklet nor the Northern Star Shares have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. Northern Star has not received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the Northern Star Shares within the United Arab Emirates. This Scheme Booklet does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the Scheme may be rendered within the United Arab Emirates.

In the Abu Dhabi Global Market and the Dubai International Financial Centre, the Northern Star Shares may be offered, and this Scheme Booklet may be distributed, only to existing

shareholders of Saracen as an "Exempt Offer", as defined and in compliance with the markets rules issued by the regulatory authorities in these financial zones. No regulatory authority has approved this Scheme Booklet nor taken any steps to verify the information set out in it.

### Notice to Saracen Shareholders in Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been, or will be, obtained in relation to any offer of the Northern Star Shares. The Northern Star Shares may not be issued or transferred in Malaysia except to persons who are shareholders of Saracen in compliance with the Scheme.

### Notice to Saracen Shareholders in Liechtenstein

This Scheme Booklet has not been, and will not be, registered with or approved by the Financial Market Authority of Liechtenstein. Accordingly, this Scheme Booklet may not be made available, nor may the Northern Star Shares be offered for sale, in Liechtenstein except in circumstances that do not require a prospectus under the Securities Prospectus Implementation Act of Liechtenstein.

In accordance with such Act, an offer of Northern Star Shares in Liechtenstein is limited to less than 150 persons who are shareholders of Saracen.

### Forward looking statements

Certain statements in this Scheme Booklet relate to the future, including forward looking statements and information ("forward looking statements"). The forward looking statements in this Scheme Booklet, including statements relating to the Merged Group, the anticipated benefits of the Merger and the transactions contemplated by the Merger Implementation Deed, are not based on historical facts, but rather reflect the current views and expectations of Saracen or, in relation to the Northern Star Information, Northern Star concerning future events and circumstances. These statements may generally be identified by the use of forward looking verbs such as "aim", "anticipate", "believe", "estimate", "expect", "foresee", "intend" or "plan", qualifiers such as "may", "should", "likely" or "potential", or similar words. Similarly, statements that describe the expectations, goals, objectives, plans, targets, estimates of Ore Reserves, Mineral Resources and production targets and future costs of Northern Star, Saracen or the Merged Group and the expected synergies arising from the Merger are, or may be, forward looking statements.

Forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performances or achievements of Saracen, Northern Star or the Merged Group to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which Saracen, Northern Star and the Merged Group will operate in the future, including the price of commodities, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, port access, customer risks, commodity price volatility, discrepancies between actual and estimated costs or production, Ore Reserves and Mineral Resources being inaccurate or changing over time, mining operational and development risk, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, mineral exploration and production, the global economic climate, dilution, share price volatility, competition, loss of key directors and employees, additional funding requirements and defective title to mineral claims or property. See Section 8 for a (non-exhaustive) discussion of potential risk factors underlying, and other information relevant to, the forward looking statements and information. Forward looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on them. All forward looking statements should be read in light of such risks and uncertainties.

You should note that the historical performance of Saracen and Northern Star is no assurance of their or the Merged Group's future financial performance. None of Saracen, Northern Star and their respective directors, or any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements and information in this Scheme Booklet will actually occur.

The forward looking statements in this Scheme Booklet reflect views and expectations held only at the date of this Scheme Booklet. Saracen believes that all forward looking statements included in the Saracen Information have been made on a reasonable basis and Northern Star believes that all forward looking statements included in the Northern Star Information have been made on a reasonable basis. However, none of Saracen, Northern Star and their respective directors nor any other person gives any representation, assurance or guarantee that any outcome, performance or results expressed or implied by any forward looking statements in this Scheme Booklet will actually occur. Saracen Shareholders should therefore

treat all forward looking statements with caution and not place undue reliance on them.

Subject to any continuing obligations under law or the Listing Rules, Saracen, Northern Star and their respective directors disclaim any obligation to revise or update, after the date of this Scheme Booklet, any forward looking statements to reflect any change in views, expectations or assumptions on which those statements are based.

### Diagrams, charts, maps, graphs and tables

Any diagrams, charts, maps, graphs and tables appearing in this Scheme Booklet are illustrative only and may not be drawn to scale.

### Effect of rounding

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Scheme Booklet, including but not limited to those in respect of the Scheme Consideration, are subject to the effect of rounding (unless otherwise stated). Accordingly, the actual calculation of these figures may differ from the figures set out in this Scheme Booklet, and any discrepancies in any table between totals and sums of amounts listed in that table or to previously published figures are due to rounding.

### No website is part of this Scheme Booklet

Saracen and Northern Star each maintain websites at <https://www.saracen.com.au/> and <https://www.nsrtd.com/> respectively. Any references in this Scheme Booklet to those or other internet sites are for information purposes only and do not form part of this Scheme Booklet.

### Implied value

All references in this Scheme Booklet to the value or implied value of the Scheme Consideration should not be taken as an indication that Scheme Shareholders will receive cash. The implied value of the Scheme Consideration is not fixed. Scheme Shareholders (other than Ineligible Overseas Shareholders and Non-Electing Small Shareholders) will receive Northern Star Shares as consideration for their Saracen Shares under the Scheme. Consequently, the implied value of the Scheme Consideration will depend on the price at which Northern Star Shares trade on ASX after issue of the Northern Star Shares under the Scheme. There can be no guarantee of that price. This also applies to Ineligible Overseas Shareholders and Non-Electing Small Shareholders, whose Scheme Consideration will be remitted to the Sale Nominee and to Foreign Resident CGT Shareholders, part of whose Scheme Consideration will be remitted to the Sale Nominee to on sell through the Sale Facility. Any cash remitted to Ineligible Overseas Shareholders and Non-Electing Small Shareholders and proceeds realised from the sale of Scheme Consideration that would have otherwise been issued directly to Foreign Resident CGT Shareholders under the Scheme will depend on the market price of Northern Star Shares at the time of sale by the Sale Nominee. Please refer to Section 8.3 for a non-exhaustive list of risk factors relevant to the Merged Group.

### Currency

All references in this Scheme Booklet to “A\$”, “AUD”, “Australian dollars” are to Australian currency.

### Privacy and personal information

Saracen and Northern Star will need to collect personal information to implement the Scheme. The personal information may include the names, contact details and details of shareholdings of Saracen Shareholders together with contact details of individuals appointed by Saracen Shareholders as proxies, body corporate representatives or attorneys at the Scheme Meeting. The collection of some of this information is required or authorised by the Corporations Act.

Saracen Shareholders who are individuals, and other individuals in respect of whom personal information is collected, have certain rights to access the personal information collected about them and may contact the Share Registry if they wish to exercise those rights.

The information may be disclosed to print and mail service providers, and to Saracen, Northern Star and their respective advisers and agents to the extent necessary to effect the Scheme. If the information outlined above is not collected, Saracen may be hindered in, or prevented from, conducting the Scheme Meeting or implementing the Scheme effectively, or at all.

Saracen Shareholders who appoint an individual as their proxy, body corporate representative or attorney to vote at the Scheme Meeting should inform that individual of the matters outlined above.

**Persons are entitled, under section 173 of the Corporations Act, to inspect and copy the Saracen Register. The Saracen Register contains personal information about Saracen Shareholders.**

### Important matters relating to COVID-19

In order to minimise health risks created by the COVID-19 pandemic, and in accordance with Federal and State government directions and restrictions with respect to non-essential gatherings of people and the Treasurer’s determination<sup>2</sup> regarding electronic shareholder meetings, the Scheme Meeting is scheduled to be held electronically.

Saracen Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting.

Saracen Shareholders and their proxies, attorneys or corporate representatives will be able to participate in the Scheme Meeting through an online platform at <https://web.lumiagm.com/349257825>. The online platform enables participants to listen to the Scheme Meeting live, view slides, vote on the Scheme Resolution in real time and ask questions online.

Further details with respect to the conduct of the Scheme Meeting, including how to join the electronic Scheme Meeting, raise questions during the Scheme Meeting and vote on the Scheme Resolution are set out in the Notice of Scheme Meeting.

Saracen strongly encourages shareholders to consider lodging a directed proxy in the event they are not able to participate in the electronic Scheme Meeting.

<sup>2</sup> Corporations (Coronavirus Economic Response) Determination (No 3) 2020



# Letter from the Chairman of Saracen Mineral Holdings Limited

Dear Saracen Shareholder

On behalf of the Directors, I am pleased to provide you with this Scheme Booklet, which contains information about the proposed merger of Saracen Mineral Holdings Limited (**Saracen**) and Northern Star Resources Ltd (**Northern Star**) (**Merger**).

On 6 October 2020, Saracen announced that it had entered into a Merger Implementation Deed under which it agreed with Northern Star to propose the Merger. The Merger is to be effected by a scheme of arrangement under which Northern Star will acquire all of the Saracen Shares and is subject to certain shareholder and court approvals, as well as other conditions.

This is an exciting transaction that will create a new Top-10 global gold major, with assets exclusively in Tier 1 mining jurisdictions. The Merger will also consolidate the ownership of Australia's most iconic gold asset, the Kalgoorlie "Golden Mile", for the first time in more than 125 years. In the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders, the Saracen Board unanimously recommends<sup>3</sup> that you vote in favour of the Scheme and support the Merger, which we believe represents a unique opportunity for Saracen Shareholders to realise significant value.

If the Scheme is approved and becomes Effective, Saracen Shareholders will receive:

- scrip consideration of 0.3763 New Northern Star Shares for every 1 Scheme Share held at the Record Date<sup>4</sup>, currently expected to fall on 5 February 2021; and
- a fully franked<sup>5</sup> Special Dividend of A\$0.038 per Saracen Share held on the Special Dividend Record Date (currently expected to fall on 3 February 2021) which will be declared and paid by Saracen on or before the date the Scheme is implemented. If a favourable class ruling is obtained from the ATO, Saracen Shareholders who are able to obtain the full benefit of the tax offset of A\$0.016 per Saracen Share may receive additional value (Refer to Section 9.2 for further details).

The Scheme Booklet contains detailed information about the Merger, including the reasons to vote in favour of, or against, the Scheme and the risks of holding Northern Star Shares (section 8.4 in particular).

## Merger Rationale

The Merger is a logical and highly accretive transaction, with unique strategic merit and strong value drivers for Saracen Shareholders. The all-scrip nature of the Scheme ensures that Saracen Shareholders will gain exposure to Northern Star's portfolio and share in the anticipated benefits from the creation of the Merged Group, including:

1. **Logical combination of highly complementary assets:** Combined portfolio of high quality, high margin assets concentrated in three logical production centres exclusively in Tier 1 jurisdictions;
2. **Sector leading growth potential:** targeting 2Mozpa gold production by FY27, with production forecast to grow by +30% in the next 3 years compared to global gold output which is expected to remain flat over the medium term<sup>6</sup>;
3. **The right skill-set to drive value creation:** Combination of two industry-leading management teams with complementary skill sets and track records of delivering strong returns;

<sup>3</sup> In relation to the unanimous recommendation of the Directors, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.

<sup>4</sup> Excluding:

- Ineligible Overseas Shareholders and Non-Electing Small Shareholders, who will instead receive a share of the net proceeds from the sale of New Northern Star Shares which would otherwise have been issued directly to them by the Sale Nominee through the Sale Facility described in Section 4.8; and
- Foreign Resident CGT Shareholders, who will have withheld from their Scheme Consideration an amount of the Scheme Consideration as is necessary in the reasonable opinion of Northern Star to account for the relevant Foreign Resident CGT Withholding Amount (taking into account potential fluctuations in share price and an amount necessary to cover costs associated with the sale process) – see Section 4.7 for further information.

<sup>5</sup> Subject to the restrictions referred to in Section 9.2(i).

<sup>6</sup> Refer to Section 7.1 for further information in respect of the pro forma production guidance of the Merged Group, which is based on the combined production guidance of Saracen and Northern Star. The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.



4. **Significant synergies:** The Merger is expected to unlock synergies with an estimated NPV of A\$1.5-2 billion for the Merged Group<sup>7</sup> to be delivered via consolidation of KCGM, geographic, operational and strategic synergies and other corporate savings;
5. **Alignment on sustainability and business culture with the opportunity to enhance ESG credentials:** Northern Star and Saracen are strongly aligned in their approach to sustainability and business culture. The Merger provides the opportunity for the Merged Group to leverage combined ESG experience to enhance shared value for all stakeholders;
6. **Enhanced financial strength to pursue future growth:** The Merged Group boasts a strengthened balance sheet and market presence which will enhance the ability to capitalise on future organic growth and accretive M&A opportunities; and
7. **Increased scale, significance and investor appeal:** long-life diversified producer with the scale, liquidity and quality of cash flows attractive to both gold and generalist investors.

The advantages and disadvantages of the Merger are clearly laid out in Section 1 of this Scheme Booklet.

## Directors' Recommendation

The Directors unanimously recommend<sup>8</sup> that Saracen Shareholders vote in favour of the Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders. Subject to those same qualifications, each Director intends to vote, or procure the voting of all the Saracen Shares held by or on behalf of him or her at the time of the Scheme Meeting in favour of the Scheme.

In reaching its recommendation, the Saracen Board has considered a range of factors, including the value of the Scheme Consideration and the ability for Saracen Shareholders to share in the benefits of the Merged Group.

In relation to the unanimous recommendation of the Directors, Saracen Shareholders should note that if the Scheme is implemented, as a feature of the Merger:

- certain of Mr Raleigh Finlayson's Saracen Performance Rights will vest and Mr Finlayson will be issued 2,105,733 Saracen Shares, which will be acquired by Northern Star under the Scheme in consideration for the issue of New Northern Star Shares to the extent they are not sold by Mr Finlayson prior to the Record Date (see Section 10.19), Mr Finlayson will be appointed as Managing Director of Northern Star on the terms summarised in Section 7.8(c)(ii) and, subject to implementation of the Scheme, has been invited to apply for up to 68,862 Northern Star Performance Rights under Northern Star's FY20 Share Plan (see Section 6.19). Mr Finlayson may also be eligible to receive a short term incentive payment for that portion of FY21 for which he is employed as Managing Director by Northern Star if certain key performance indicators (consistent with the Saracen short term incentive performance measures which are disclosed in the Saracen 2020 Annual Report) are achieved for FY21. Notwithstanding these interests, for the reasons set out in Section 4.10, Mr Finlayson considers that it is appropriate for him to join in the Directors' unanimous recommendation in relation to the Scheme;
- I, Saracen's Chairman, will be appointed as lead independent director of Northern Star, on the terms summarised in Section 7.8(c). Despite this interest, for the reasons set out in Section 4.10, I consider that it is appropriate to join in the Directors' unanimous recommendation in relation to the Scheme; and
- Sally Langer and John Richards, who are non-executive directors of Saracen, will be appointed as non-executive directors of Northern Star, on the terms summarised in Section 7.8(c). Despite their interests, for the reasons set out in Section 4.10, Ms Langer and Mr Richards consider that it is appropriate for them to join in the Directors' unanimous recommendation in relation to the Scheme.

Further details of the advantages and disadvantages of the Scheme are laid out in Section 1 of this Scheme Booklet.

## Key Risks

Saracen Shareholders who receive New Northern Star Shares under the Scheme may be subject to certain risks, detailed in Section 8, including but not limited to:

- fluctuations in the gold price;
- change in risk and investment profile;
- failure to realise the benefits of the Scheme, including synergies;

<sup>7</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

<sup>8</sup> In relation to the unanimous recommendation of the Directors, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.



- share market conditions;
- COVID-19 associated risks; and
- accounting treatment of Saracen Group assets in the Merged Group.

### Independent Expert's Opinion

Ernst & Young Strategy and Transactions Limited, the Independent Expert engaged by Saracen, has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders, in the absence of a Superior Proposal. A complete copy of the Independent Expert's Report is included in Annexure 1 of this Scheme Booklet.

### Implementation of the Scheme

Implementation of the Scheme is subject to the satisfaction of a number of conditions, including Saracen Shareholder and Court approval, no Northern Star or Saracen material adverse effect, prescribed event or regulated event occurring and certain other conditions, which are summarised in Section 10.14. Northern Star and Saracen have termination rights under the Merger Implementation Deed in certain circumstances which are summarised in Section 10.16. Details of the risks of the Scheme, risks if the Scheme does not proceed and general risks relating to Saracen can be found in Section 8.

### Your Vote is Important

Your vote is important and I encourage you to vote on the Scheme. In considering your vote I urge you to read this Scheme Booklet (including the Independent Expert's Report) carefully in full and, if required, to seek your own legal, financial, taxation or other professional advice.

Saracen Shareholders who have elected to receive communications electronically will receive an email where they can download the Scheme Booklet and lodge their proxy vote online. Saracen Shareholders who have not made such an election will be mailed a letter which contains these instructions and hard copy proxy forms for the Scheme Meeting. The Scheme Booklet will also be available for download from <https://www.saracenscheme.com/>.

Due to the novel coronavirus (**COVID-19**) pandemic and the restrictions on public gatherings imposed by the Australian State and Federal governments, consistent with the Treasurer's determination<sup>9</sup> regarding electronic shareholder meetings, the Saracen Board has decided to hold the Scheme Meeting electronically. Please refer to Section 3 for information setting out how to participate in and vote at the Scheme Meeting. The Scheme Meeting is being arranged to ensure all Saracen Shareholders can participate, question the Board and have their voices heard on this important decision for Saracen Shareholders.

If you wish for the Scheme to proceed, it is important that you vote in favour of the Scheme.

If you require further information or have questions in relation to the Scheme, please contact the Saracen Shareholder Information Line on 1300 209 842 (within Australia) or +61 3 9415 4199 (outside of Australia) between 5:30am to 5:00pm (AWST) Monday to Friday.

### Conclusion

On behalf of the Saracen Board I would like to thank you for your ongoing support of Saracen. We believe the Merger is an exciting, transformational opportunity that is in the best interests of all Saracen Shareholders. We look forward to your participation at the Scheme Meeting and encourage you to vote in favour<sup>10</sup> of the Merger, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.

#### Tony Kiernan AM

Non-Executive Chairman  
Saracen Mineral Holdings Limited

<sup>9</sup> Refer to the Corporations (Coronavirus Economic Response) Determination (No 3) 2020, which modified the relevant provisions of the Corporations Act to permit shareholder meetings to be held electronically without persons being physically present in the same place.

<sup>10</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.

# Letter from the Chair of Northern Star Resources Ltd

Dear Saracen Shareholder,

On behalf of the Northern Star Board, I am delighted to provide the shareholders of Saracen with the opportunity to participate in the Merger and in the anticipated continuing success of the Merged Group as a shareholder of Northern Star.

Northern Star has generated some of the highest returns on capital on the ASX over the past ten years. Our growth in Ore Reserves and Mineral Resources, combined with the low capital expenditure intensity required to deliver our anticipated future production growth, should enable us to continue to deliver high returns into the future. The Scheme now presents a further opportunity for Saracen and Northern Star Shareholders. This is one of the most logical and strategic M&A transactions the Australian mining industry has seen and is expected to create significant value for the benefit of the Merged Group and ultimately its shareholders, and superior outcomes for all associated stakeholders. Northern Star's and Saracen's positions as joint venture partners at KCGM, the close proximity of the majority of our combined assets, and the synergies detailed further in this Scheme Booklet, create a unique opportunity which is exclusive to Saracen and Northern Star Shareholders.

The proposed Merger is a unique, highly accretive transaction which will create a Top-10 global major gold company which shareholders of both Saracen and Northern Star will benefit from:

1. Assets located exclusively in the Tier-1 jurisdictions of Australia and North America;
2. Kalgoorlie's "Golden Mile" consolidated under one owner for the first time in its more than 125 year history;
3. Immediate production of 1.6Mozpa with a strong organic growth profile forecast to be >30% over the next three years<sup>11</sup>, and targeting production of 2Mozpa by FY27<sup>11</sup>;
4. Expected A\$15.0 billion pro-forma market capitalisation<sup>12</sup> and A\$91 million net cash position<sup>13</sup>;
5. Long life producer with over 19Moz in gold Ore Reserves and 49Moz in gold Mineral Resources<sup>14</sup>;
6. Combining two industry-leading management teams with complementary underground and open pit operating expertise, and an outstanding track record of delivering significant organic growth and superior shareholder returns;
7. the Merger is expected to unlock synergies with an estimated NPV of A\$1.5-2 billion<sup>15</sup> for the Merged Group to be delivered via consolidation of KCGM, geographic, operational and strategic synergies and other corporate savings; and
8. Creates a business with the scale, liquidity and quality of cash flows to be attractive to both gold and generalist investors.

The Scheme is unanimously endorsed and supported by the Northern Star Board.

Following the successful implementation of the Scheme, I look forward to welcoming you as a shareholder of Northern Star as we embark together on the next chapter of growth for the Merged Group and Northern Star.

Yours sincerely

**Bill Beament**



Executive Chair

Northern Star Resources Ltd

<sup>11</sup> Refer to Section 7.1 for further information in respect of the pro forma production guidance of the Merged Group, which is based on the combined production guidance of Saracen and Northern Star. The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.

<sup>12</sup> Based on closing price of A\$4.85 for Saracen and A\$13.03 for Northern Star on 8 December 2020.

<sup>13</sup> Pro forma based on balances as at 30 September 2020. Cash includes bullion. Prior to Merger costs and payment of Special Dividend.

<sup>14</sup> Pro forma based on the aggregate of the Ore Reserves and Mineral Resources at 30 June 2020 published by Saracen and Northern Star. Refer to Section 7.2 for further information.

<sup>15</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

# Important dates and times\* for the Scheme

Latest time and date for lodgement of completed Proxy Form for the Scheme Meeting	9:00am (AWST) on Wednesday, 13 January 2021
Time and date for determining eligibility of Saracen Shareholders to vote at the Scheme Meeting	7:00pm (AEDT) on Wednesday, 13 January 2021
Time and date of the Scheme Meeting	9:00am (AWST) on Friday, 15 January 2021
Second Court Date	Tuesday, 2 February 2021
Effective Date of the Scheme	Wednesday, 3 February 2021
Last date of trading of Saracen Shares on ASX	Wednesday, 3 February 2021
Special Dividend Record Date for determining entitlements to the Special Dividend	7:00pm (AEDT) Wednesday, 3 February 2021
Record Date for determining entitlements to the Scheme Consideration	7:00pm (AEDT) on Friday, 5 February 2021
Payment of Special Dividend	Thursday, 11 February 2021
Implementation Date for the Scheme, issue of the Scheme Consideration	Friday, 12 February 2021
Last day of deferred settlement trading on ASX in New Northern Star Shares issued as Scheme Consideration	Friday, 12 February 2021
New Northern Star Shares commence trading on ASX on T+2 basis	Monday, 15 February 2021
Dispatch of Holding Statements for Northern Star Shares issued as Scheme Consideration	Tuesday, 16 February 2021
Delisting of Saracen from ASX	Monday, 15 February 2021

\* All stated dates and times are indicative only. The actual timetable will depend on many factors outside the control of Saracen and Northern Star, including the Court approval process and the satisfaction or waiver of the conditions precedent to the completion of the Scheme by each of Saracen and Northern Star. Any changes to the above timetable will be announced to ASX and will be available under Saracen's profile on ASX at [www.asx.com.au](http://www.asx.com.au).

## What to do next

### (a) Read the remainder of this Scheme Booklet

Read the remainder of this Scheme Booklet in full before making any decision on the Scheme.

### (b) Consider your options

Saracen Shareholders should refer to Section 1 for further guidance on the reasons to vote in favour of or against the Scheme and Section 8 for guidance on the risk factors associated with the Scheme.

If you have any questions in relation to the Scheme or the Scheme Meeting, please contact the Saracen Shareholder Information Line on 1300 209 842 (within Australia) or +61 3 9415 4199 (outside of Australia) between 5:30am and 5.00pm (AWST) Monday to Friday or consult your legal, investment, financial, taxation or other professional adviser.

### (c) Vote at the Scheme Meeting

Your vote is important and the Saracen Directors urge you to vote at the Scheme Meeting. The Scheme affects your shareholding and your vote at the Scheme Meeting is important in determining whether the Scheme proceeds.

Your Directors unanimously recommend<sup>16</sup> that you vote in favour of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.

Further details of the Scheme Meeting, including how to vote, are contained in Section 3.

<sup>16</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.



TONY  
LUKE



JAMIE







# 1. Reasons to vote in favour of or against the Scheme





# 1 Reasons to vote in favour of or against the Scheme

Set out below are some of the reasons why the Saracen Board recommends<sup>17</sup> that you should vote in favour of the Scheme. Also set out below are some of the reasons why, notwithstanding the unanimous recommendation of the Saracen Board you may decide to vote against the Scheme. You should read the entire Scheme Booklet before deciding whether or not to vote in favour of the Scheme.

While your Directors acknowledge that there may be reasons why you may decide to vote against the Scheme, the Directors unanimously recommend<sup>16</sup> that you vote in favour of the Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders. For further information refer to Sections 1.1, 7.4 and 7.6.

## Reasons to vote for the Scheme and benefits of the Scheme

- ✓ A logical combination of highly complementary assets exclusively located in Tier 1 jurisdictions
- ✓ Consolidation of ownership of KCGM and the iconic Kalgoorlie Golden Mile for the first time since discovery more than 125 years ago which is expected to realise a number of benefits
- ✓ Saracen Shareholders will gain exposure to Northern Star's portfolio and participate in any benefits of the Merged Group including, a more diversified portfolio with increased operational flexibility and forecast production growth of over 30% over the next 3 years
- ✓ The Merger is expected to unlock synergies with an estimated NPV of A\$1.5-2 billion for the Merged Group<sup>18</sup> to be delivered via consolidation of KCGM, geographic, operational and strategic synergies and other corporate savings
- ✓ Creation of a top-10 global gold major with increased scale and market relevance, driving the potential for further share price re-rating
- ✓ Combines two leading and complementary Board and management teams to continue to drive value creation for all shareholders
- ✓ Strong alignment on business culture, safety, environmental and social responsibility and governance to benefit all shareholders
- ✓ Over the two days following announcement of the Merger (on 6 October 2020) Saracen's share price rose by 13.8%<sup>19</sup>, outperforming the S&P ASX 200 gold index (excluding Northern Star and Saracen) by 14.1%, which indicates market support for the Scheme
- ✓ If the Scheme becomes Effective, Saracen Shareholders as at the Special Dividend Record Date will receive a fully franked<sup>20</sup> Special Dividend
- ✓ Your Directors unanimously recommend<sup>20</sup> the Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders – no Superior Proposal has emerged
- ✓ The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders in the absence of a Superior Proposal

## Reasons to vote against the Scheme and disadvantages of the Scheme

- ✗ You may disagree with your Directors' unanimous recommendation<sup>16</sup> or the Independent Expert's conclusion
- ✗ The exposure of Saracen Shareholders to Saracen's assets is diluted in the Merged Group
- ✗ The Scheme alters the risk profile for Saracen Shareholders compared to Saracen as a standalone entity
- ✗ A superior proposal for Saracen, if it were to continue as a stand-alone entity, may materialise in the future
- ✗ No payment of a "control premium" given a merger of equals transaction and integration risks
- ✗ The potential tax consequences of the Scheme may not suit your current financial position or tax circumstances
- ✗ The trading value of the Scheme Consideration is not fixed and will depend on the price at which Northern Star's Shares trade on the ASX after the Implementation Date

<sup>17</sup> In relation to the recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.

<sup>18</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

<sup>19</sup> Based on the closing price of Saracen Shares on 5 October, of A\$5.22 and the closing price of Saracen Shares on 7 October 2020, of A\$5.94.

<sup>20</sup> Subject to the restrictions referred to in Section 9.2(i).

## 1.1 Reasons to vote in favour of the Scheme

### (a) A logical combination of highly complementary assets exclusively located in Tier 1 jurisdictions

The Merger will consolidate a complementary portfolio of high quality, long life assets. Over 19Moz of Ore Reserves, 49Moz of Mineral Resources, and over 24Mtpa of processing capacity<sup>21</sup> will be concentrated in three large scale production centres. Benefits to be realised from this logical combination include increased operational flexibility, application of best practice from both companies across the portfolio, and improved capital allocation. These benefits are in addition to the estimated synergies described in Section 1.1(d). Please refer to Section 7 for more detailed information on the profile of the Merged Group including pro forma production targets.

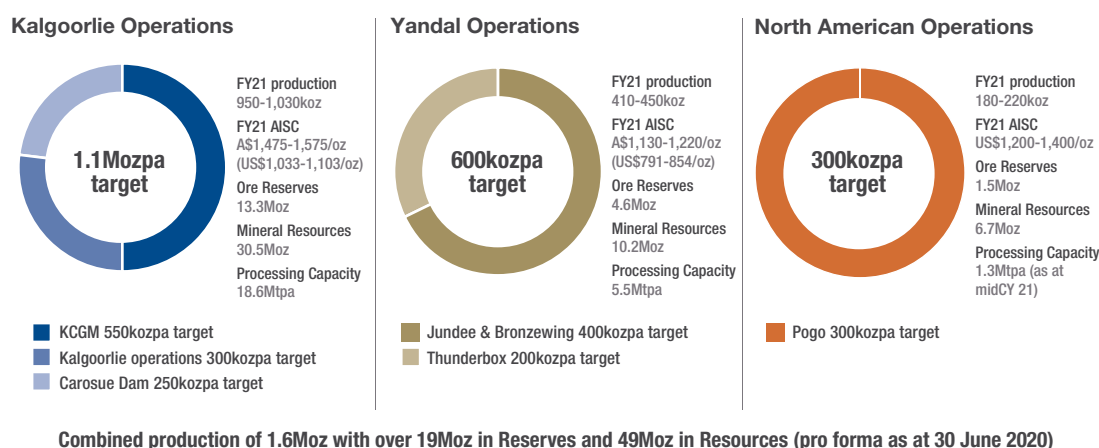


Figure 1.1: Operational overview – Key production centres

### (b) Consolidation of ownership of KCGM and the iconic Golden Mile for the first time in its more than 125 year history

The Merger consolidates the ownership of KCGM (currently owned 50% by Saracen and 50% by Northern Star) and the iconic “Golden Mile” (currently owned 50% by Saracen and 50% by Northern Star) for the first time in its more than 125 year history. The scale and potential of this asset is significant with 68.2Moz in historic gold production as well as 9.7Moz gold in Ore Reserves and 19Moz gold in Mineral Resources<sup>22</sup>, making it Australia’s largest goldfield. Consolidating ownership at KCGM will simplify operations and may realise a number of benefits, including:

- Substantial KCGM synergy potential (refer to Section 7.6 for more detail) as a result of an aligned vision for KCGM and more efficient decision-making by dissolving duplicated joint venture administration costs and adopting a standard management structure;
- Accelerating the development of enhanced growth, including the potential development of Fimiston South Stage 2 open pit, underground opportunities and possible expansion of the mill; and
- Provides a stronger balance sheet from which to make the capital investments which would deliver the optimum development of these Ore Reserves and Mineral Resources as well as any yet-to-be-delineated additional Ore Reserves/Mineral Resources which are expected to flow from further exploration.

### (c) Saracen Shareholders will gain exposure to Northern Star’s assets resulting in a more diversified portfolio with increased operational flexibility and forecast production growth for the Merged Group of over 30% over the next three years<sup>23</sup>

<sup>21</sup> Pro forma based on the aggregate of the Ore Reserves and Mineral Resources at 30 June 2020 published by Saracen and Northern Star. Refer to Section 7.2 for further information.

<sup>22</sup> As at 30 June 2020. Refer to Sections 8.3(b) and 6.2 of this Scheme Booklet for further details in relation to KCGM’s Ore Reserves and Mineral Resources.

<sup>23</sup> Refer to Section 7.1 for further information in respect of the pro forma production guidance of the Merged Group, which is based on the combined production guidance of Saracen and Northern Star. The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.

As a result of the Scheme, Saracen Shareholders will participate in the consolidation of ownership in KCGM in the Merged Group, as well as gaining exposure to Pogo, Yandal (Bronzewing and Jundee) and Northern Star's Kalgoorlie operations. As shown in the chart below each of these assets has a larger geological endowment and is a higher grade than Saracen's existing (non KCGM) assets<sup>24</sup>. The geological endowment of these assets and long-term operating history provides a high level of confidence of continued mine life extension through ongoing Mineral Resource to Ore Reserve conversion and future exploration success.

The Merger also diversifies Saracen Shareholders' investment exposure to a range of sources of production and accelerates cash flow. As a standalone entity, Saracen is in a period of significant capital investment as it continues its strategy of "future-proofing" its business. Conversely, Northern Star is emerging from a period of investment and entering a period of expected strong organic production growth from its existing portfolio. This production growth has a relatively lower capital intensity and will provide stronger near-term cash flows for the Merged Group, while Saracen Shareholders will still benefit over the longer-term from the historical investment incurred as part of Saracen's future-proofing strategy.

Further, Saracen has not paid dividends within the past eight years, whereas Northern Star has paid a dividend in each of the last eight years. Whilst past payment history is no guarantee of future payments, Northern Star has stated it will look to continue to pay dividends in accordance with its stated policy following implementation of the Scheme.<sup>25</sup> To the extent that Saracen Shareholders continue to hold New Northern Star Shares, they will receive access to any such future dividends.

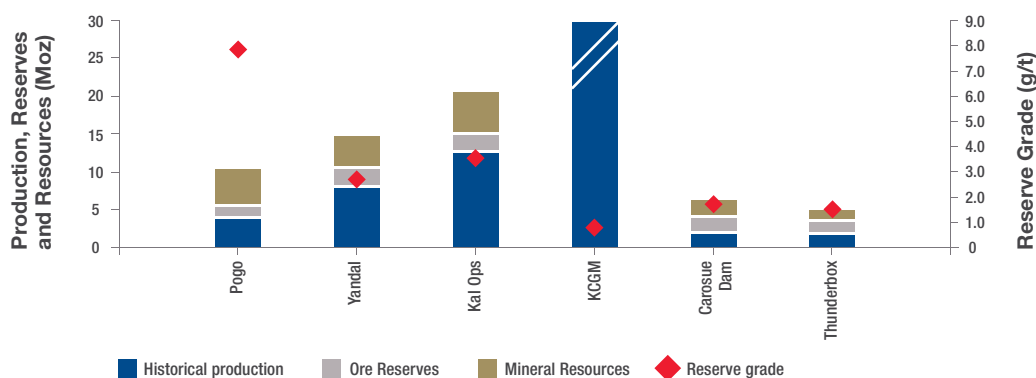


Figure 1.2: Geological endowment comparison

The Merged Group's targeted production of 2Moz by FY27<sup>23</sup> is based on the combined production guidance from both Saracen and Northern Star. Saracen is targeting a production profile that averages ~250koz pa from Carosue Dam from FY21 onwards, and production growth of 43% at Thunderbox to ~200koz pa by FY27. Northern Star is targeting 40% and 50% production growth to 400koz pa and 300koz pa by FY27 at its Yandal and Pogo operations respectively, while its production at its Kalgoorlie operations is expected to increase to 300koz pa. At KCGM, which will be 100% owned by the Merged Group, both companies are targeting production of 460koz pa in FY21 (first full year of KCGM ownership) which is expected to increase to 640koz pa by FY27.

In addition, the Merged Group has a compelling organic growth pipeline, with more than 30% production growth forecast over the three years from FY20 to FY23, and targeting gold production of over 2Mozpa by FY27<sup>26</sup> (Refer to Section 7.1 of this Scheme booklet for further information on pro forma production forecasts of the Merged Group). This contrasts with global gold production which is forecast to remain essentially flat over the medium term<sup>27</sup>.

<sup>24</sup> Refer to Sections 8.3(b) and 6.2 of this Scheme Booklet for specifics of the Ore Reserves, Mineral Resources and grades of Saracen and Northern Star's assets.

<sup>25</sup> Refer to Section 6.17 for further information in relation to Northern Star's historical dividends paid.

<sup>26</sup> Refer to Section 7.1 for further information in respect of the pro forma production guidance of the Merged Group, which is based on the combined production guidance of Saracen and Northern Star. The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.

<sup>27</sup> Source: Macquarie Research September 2020 (who cited Company reports, IMF, WGC, Metals Focus, US Mint, Perth Mint, Bloomberg, Macquarie Strategy).

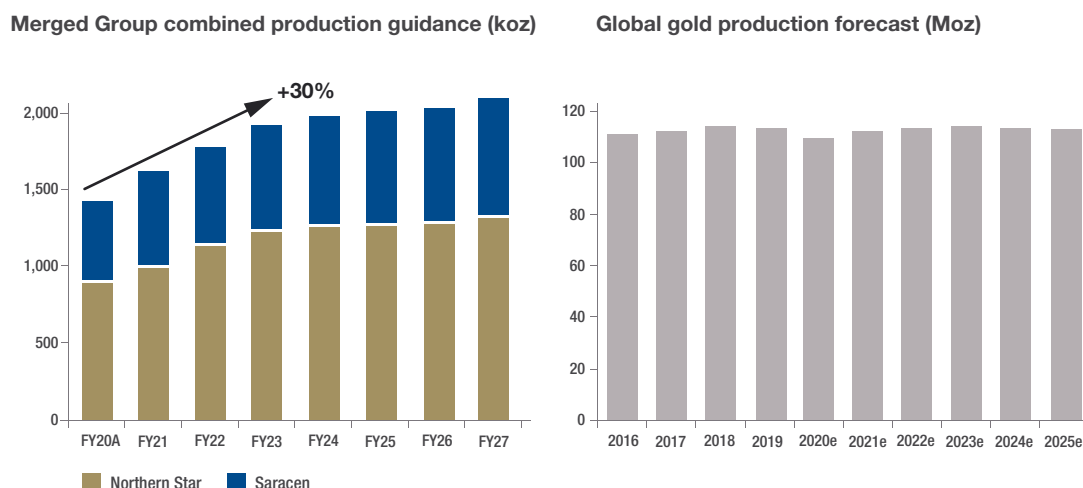


Figure 1.3: Merged Group combined gold production guidance and global gold production forecast profiles (Refer to Section 7.1)

Saracen Shareholders will also benefit from the Merged Group's enhanced balance sheet strength. As a result of the Scheme, the Merged Group will be in a net cash position with over A\$91 million in net cash and cash equivalents.<sup>28</sup> The Merged Group is expected to have a pro forma market capitalisation of over A\$15 billion<sup>29</sup>. This scale and strong balance sheet (combined with anticipated continued strong cashflow generation) will allow the Merged Group to more effectively fund both organic growth options within the combined portfolio, as well as pursue inorganic growth via M&A (should the opportunity arise).

**(d) The Merger is expected to unlock synergies with an estimated NPV of A\$1.5 – 2 billion for the Merged Group<sup>30</sup>**

The Merger is expected to unlock synergies with an estimated NPV of A\$1.5-2 billion<sup>27</sup> for the Merged Group to be delivered via consolidation of KCGM, geographic, operational and strategic synergies and other corporate savings. Examples of these include:

- (i) **Corporate & tax:** Removal of duplication of investment in Saracen corporate functions following its entry into the ASX100, leveraging Northern Star systems, reduced corporate overheads and potential benefits of Saracen joining the Northern Star tax consolidated group;
- (ii) **KCGM JV savings:** Savings driven by dissolving joint venture administration and adopting a standard management structure incorporating KCGM, Kalgoorlie operations (Northern Star) and Carosue Dam (Saracen) as one operating centre;
- (iii) **Procurement:** Savings expected across Saracen, Northern Star and KCGM, utilising long-term relationships, economies of scale, and standardisation of parts and materials; and
- (iv) **Operational efficiencies:** The Merged Group will have an unprecedented footprint in the Western Australian goldfields, providing 24Mtpa of processing capacity with a substantial network of haul roads to enable ore to be directed to the best mill to lower unit costs and improve metallurgical recoveries and maximise margins. The Merger will unlock several regional deposits that were previously mill constrained, that are within 100km of the Merged Group's processing infrastructure.

For further detail on the synergies, their value and the expected timeframes for realising that value please refer to Section 7.6.

<sup>28</sup> Pro forma based on balances as at 30 September 2020. Cash includes bullion. Prior to Merger costs and payment of Saracen Special Dividend. Refer to Section 7.11 for pro forma financial information of the Merged Group.

<sup>29</sup> Based on closing price of A\$4.85 for Saracen and A\$13.03 for Northern Star on 8 December 2020.

<sup>30</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

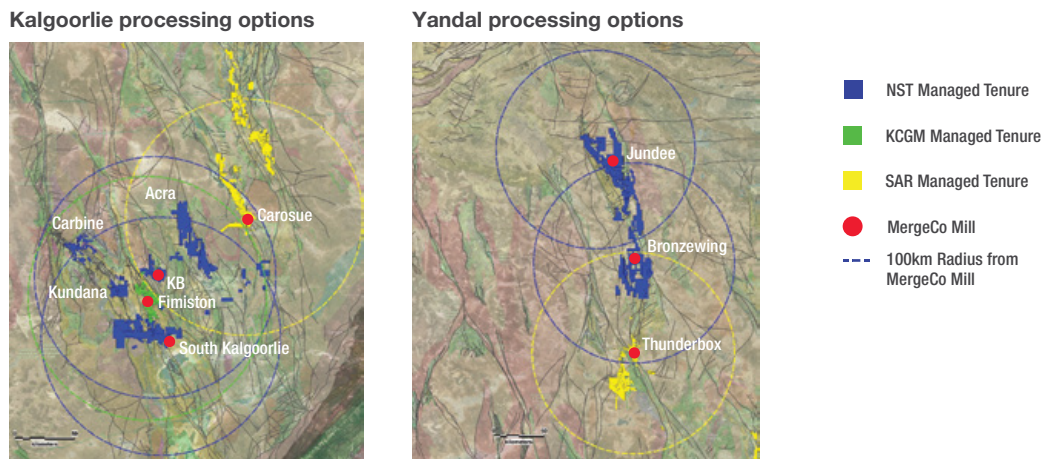


Figure 1.4: Geographic/milling synergies

**(e) Creation of a top-10 global gold major with increased scale and market relevance, driving the potential for further share price re-rating**

If the Scheme is approved, the Merger will create a global gold major, ranked 8th in terms of annual gold production based on latest production guidance for publicly listed entities. The Merged Group is uniquely positioned in this top-10 peer group<sup>31</sup> with 100% of its assets exclusively located in Tier 1, top-10 mining jurisdictions<sup>32</sup>.

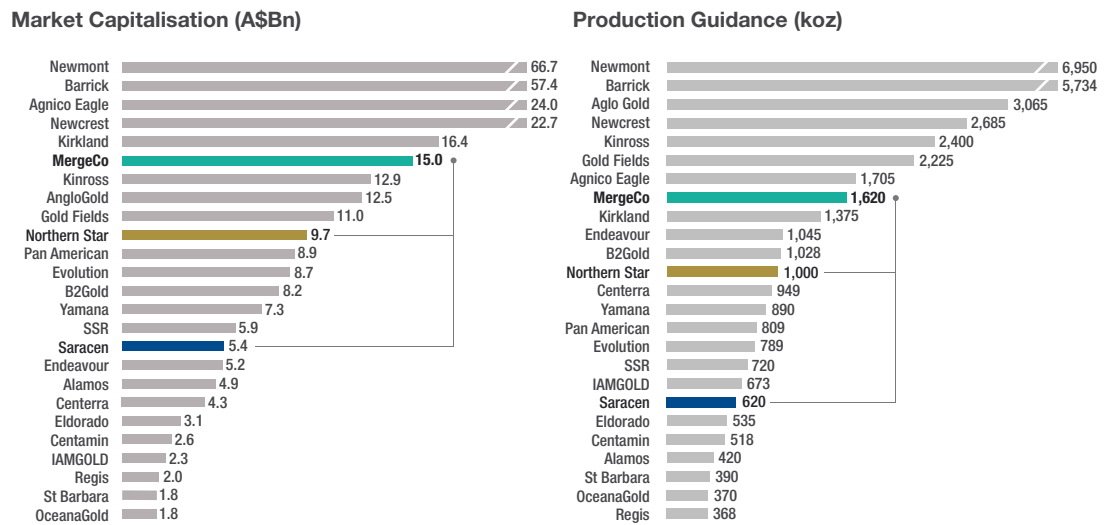


Figure 1.5: Merged Group Market Capitalisation and Production Guidance

Further, the Merged Group is expected to have a pro-forma market capitalisation of over A\$15 billion making it a Top-10 Gold major by market capitalisation<sup>33</sup>. The Merged Group's increased scale and anticipated increased liquidity is expected to attract additional investor interest (including more generalist investors). Both Saracen and Northern Star currently trade<sup>34</sup> at a discount to the average of their Top-10 global peers on a Price/NAV basis, creating the potential for a further re-rating over time<sup>35</sup>.

31 Gold equivalent production; 2. Metrics based on the latest available production guidance, consisting of a combination of FY21 (Evolution, Newcrest, Northern Star, Regis, Saracen, St Barbara) and CY20 (Alamos, Agnico Eagle, AngloGold, Barrick, B2 Gold, Centamin, Centerra, Eldorado, Endeavour, Gold Fields, IAMGOLD, Kinross, Kirkland, Newmont, OceanaGold, Pan America, SSR, Yamana).

32 As determined by the Fraser Institute 2019 Survey <https://www.fraserinstitute.org/sites/default/files/annual-survey-of-mining-companies-2019.pdf>.

33 Based on closing price of A\$4.85 for Saracen and A\$13.03 for Northern Star on 8 December 2020.

34 As at 8 December 2020 being the last practical date prior to the distribution of this Scheme Booklet.

35 Price/NAV calculated based on closing share price as at 8 December 2020 divided by consensus Net Asset Value per share (source: Factset consensus).



**(f) Combines two leading and complementary Board and management teams to continue to drive value creation for all shareholders**

The Merger brings together two complementary and highly experienced Board and senior management teams with a proven track record of delivering superior returns. The senior management team boasts a combined 129 years of experience in the mining industry. Both management teams have a track record of creating significant shareholder value with a Total Shareholder Return over the last 10 years for Saracen of 1,054%<sup>36</sup> and 25,914%<sup>37</sup> for Northern Star compared to the median of top 10 gold producers of 8%<sup>38</sup>. The Scheme also combines two complementary skill-sets, with Northern Star providing significant underground mining expertise from its existing underground operations, and Saracen providing open-pit mining expertise obtained from successful operations at Thunderbox and Carosue Dam. This complementary relationship is already evident at KCGM with Saracen employees leading open pit activities and Northern Star employees leading the Mt Charlotte underground operations.

Further, the Merged Group’s Board of directors’ has experience and a complementary range of skills (Refer to Section 7.8 for more detail).

**(g) Strong alignment on business culture, sustainability, environmental and social responsibility and governance to benefit all shareholders**

Northern Star and Saracen are strongly aligned in terms of business culture and their respective approaches to environmental and social responsibility and governance. Saracen and Northern Star were established with similar principles and core values (as outlined below) which have underpinned their success to date. Saracen’s recent entry into the ASX 100 has resulted in greater focus on Saracen’s Environment, Social and Governance policies and practices. Upon completion of the Scheme, Saracen Shareholders will benefit from Northern Star’s experience and focus in this area, given its longer tenure as an ASX 100 member, avoiding duplication of this effort and expense.

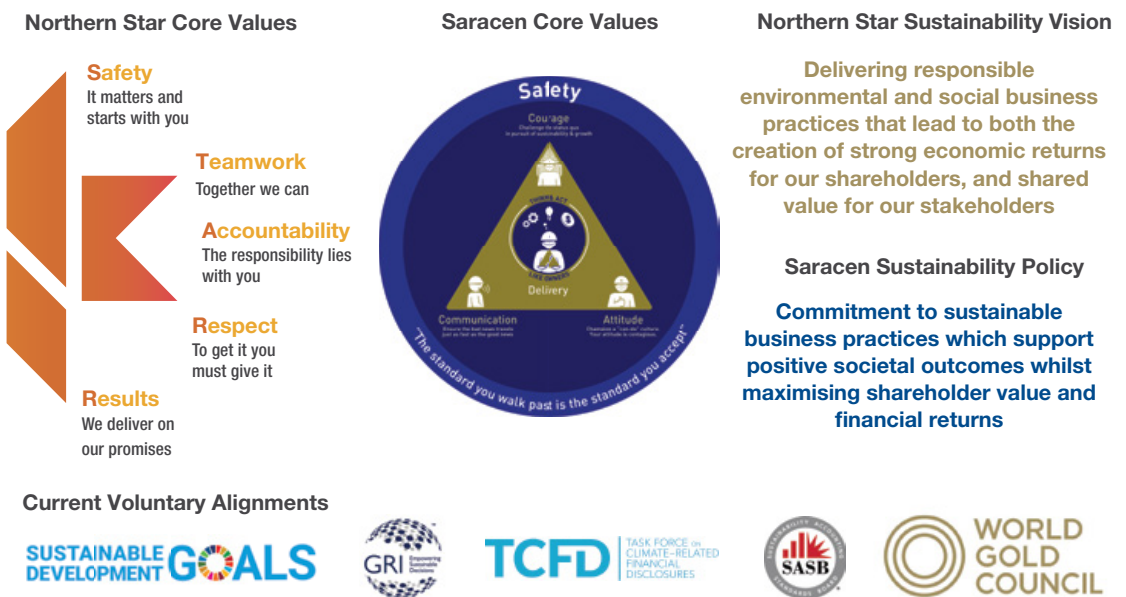


Figure 1.6: Core Values

Northern Star and Saracen’s business culture and practices encourage inclusivity and actively manage diversity as a means of enhancing company performance.

<sup>36</sup> Calculated in USD based on share price movements from 1 July 2010 to 30 June 2020, assuming that any dividends are reinvested with these returns compounded.

<sup>37</sup> Calculated in USD based on share price movements from 1 July 2010 to 30 June 2020, assuming that any dividends are reinvested with these returns compounded.

<sup>38</sup> Calculated in USD based on share price movements from 1 July 2010 to 30 June 2020, assuming that any dividends are reinvested with these returns compounded, top-10 based on 2019 gold production.



- (h) Over the two days following the announcement of the Merger, the Saracen share price rose by 13.8%<sup>39</sup> outperforming the S&P/ASX 200 gold index (excluding Northern Star and Saracen) by 14.1% which indicates market support for the Scheme

Over the two days following the announcement of the Merger (on 6 October 2020), Saracen’s share price rose by 13.8%, outperforming the S&P/ASX 200 gold index (excluding Northern Star and Saracen) by 14.1%. Since announcement on 6 October 2020 and 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, the share price of Saracen has outperformed the S&P/ASX 200 gold index (excluding Northern Star and Saracen) by 4.8% which has fallen by 11.9% over the same period.<sup>40</sup> The total outperformance of 4.8% indicates market support for the Merger and, perhaps, recognition of the synergies that are expected to be unlocked as part of the Scheme. In the event the Scheme is not approved, it is reasonable to expect that Saracen’s share price may fall.

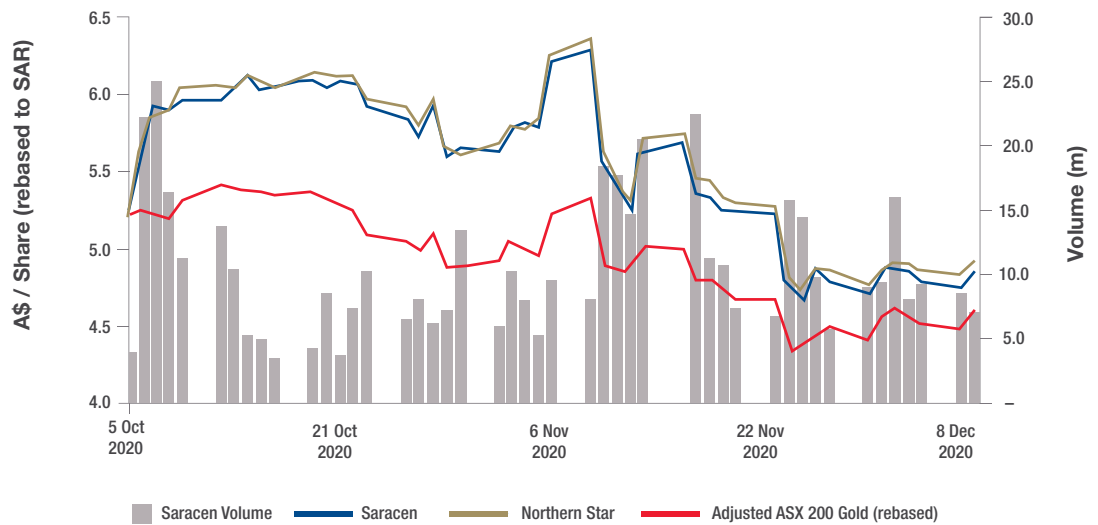


Figure 1.7: Saracen share price performance relative to the ASX200 gold index (rebased, excluding Northern Star and Saracen)<sup>41</sup>

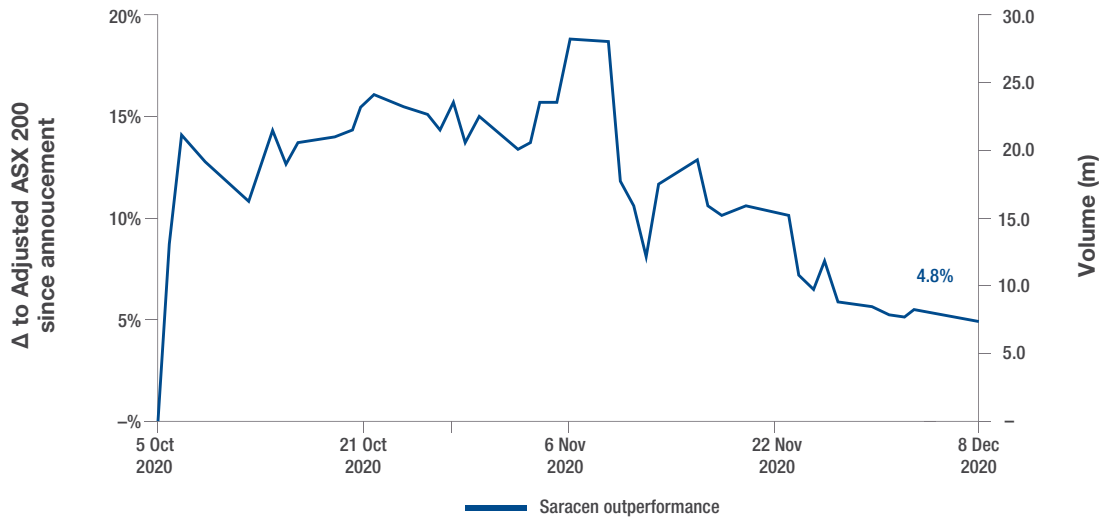


Figure 1.8: Saracen outperformance compared to ASX 200 gold index (excluding Saracen and Northern Star over time)

<sup>39</sup> Based on the closing price of Saracen Shares on 5 October, of A\$5.22 and the closing price of Saracen Shares on 7 October, of A\$5.94.  
<sup>40</sup> Data source: Factset, IRESS.  
<sup>41</sup> Source: Factset, market data as at 8 December 2020. Adjusted ASX200 gold index calculated by market caps of ASX200 gold constituents adjusted by the removal of Saracen and Northern Star.





**(i) If the Scheme becomes Effective, Saracen Shareholders as at the Special Dividend Record Date will receive a fully franked, Special Dividend**

If the Scheme becomes Effective, the Saracen Board intend to declare and pay Saracen Shareholders as at the Special Dividend Record Date a special, fully franked<sup>42</sup> dividend of A\$0.038 per Saracen Share on the Special Dividend Payment Date.

Saracen has applied to the ATO requesting a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits and a tax offset in regard to the Special Dividend. Provided that a favourable class ruling is obtained from the ATO (refer to Section 4.3 for further details), Saracen Shareholders who are able to obtain the full benefit of the tax offset of A\$0.016 per Saracen Share may receive additional value. Whether a Saracen Shareholder is able to obtain the full benefit of the tax offset also depends on their particular circumstances.

Saracen Shareholders in receipt of the Special Dividend should seek, and only rely upon, their own tax advice in relation to any tax offset.

**(j) Your Directors unanimously recommend<sup>43</sup> the Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders – no Superior Proposal has emerged**

Before agreeing the terms of the Scheme as set out in the Merger Implementation Deed between Saracen and Northern Star, the Saracen Directors considered:

- (i) The merits and challenges of continuing to operate Saracen as a standalone entity;
- (ii) The merits and strategic rationale of the Merger with Northern Star (including the benefits expected to be realised as outlined in Section 1.1); and
- (iii) The potential for a superior proposal for Saracen to arise at a future time.

The Saracen Directors consider that the reasons to vote in favour of the Scheme outweigh the potential disadvantages of the Scheme. Therefore, your Saracen Directors unanimously recommend<sup>43</sup> that Saracen Shareholders vote in favour of the Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.

The decision of the Saracen Directors to recommend the Scheme follows an extensive due diligence assessment by Saracen of Northern Star and consideration of the merits of the Scheme. Your Directors consider that the Scheme will deliver greater benefits to Saracen Shareholders than any other alternative currently available, including Saracen continuing as a standalone entity.

Each Saracen Director intends, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders, to vote to approve the Scheme in respect of any Saracen Shares held by or on their behalf at the time of the Scheme Meeting.

As at the last practicable date before the finalisation of this Scheme Booklet, no Superior Proposal has been received by Saracen.

**(k) The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders in the absence of a Superior Proposal**

The Independent Expert, Ernst & Young Strategy and Transactions Limited, has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders in the absence of a superior proposal. The Independent Expert's Report is set out in Annexure 1. The Saracen Directors recommend that Saracen Shareholders read the Independent Expert Report in full.

<sup>42</sup> Subject to the restrictions referred to in Section 9.2(i).

<sup>43</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.



## 1.2 Reasons to vote against the Scheme

### (a) You may disagree with your Directors' unanimous recommendation<sup>44</sup> or the Independent Expert's conclusion

You may disagree with the unanimous recommendation<sup>44</sup> of your Saracen Directors and the conclusion of the Independent Expert, who has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders, in the absence of a superior proposal. Refer to Annexure 1 for a copy of the Independent Expert's Report.

### (b) The exposure of Saracen Shareholders to Saracen's assets is diluted in the Merged Group

Following implementation of the Scheme, Saracen Shareholders will hold approximately 36% of the issued share capital of Northern Star as the Merged Group. Accordingly, Saracen Shareholders will have a reduced exposure to Saracen's existing project portfolio.

It is possible that you may wish Saracen to remain a standalone entity because you invested in Saracen to seek exposure to a company with the specific characteristics of Saracen and you do not want to have investment exposure to Northern Star and its assets.

### (c) The Scheme alters the risk profile for Saracen Shareholders compared to Saracen as a standalone entity

An investment in the Merged Group will provide exposure to different risks and benefits than those to which Saracen Shareholders are currently exposed, including exposure to a new jurisdiction in Alaska, USA. Section 8 outlines the risks associated with an investment in the Merged Group and risks which affect the Merged Group. Saracen Shareholders are currently exposed to risks associated with an investment in Saracen and its business. While Saracen and Northern Star are both gold producers, the operational profile, capital structure, size and asset geography in the Merged Group will be different from that of Saracen as a standalone entity.

### (d) A superior proposal for Saracen, if it were to continue as a stand-alone entity, may materialise in the future

You may believe that there is a possibility that a superior proposal could emerge for Saracen in the foreseeable future. However, since the announcement of the execution of the Merger Implementation Deed on 6 October 2020 and up to 8 December 2020 being the last practicable date prior to the date of this Scheme Booklet, no third party has approached Saracen's Board with a Competing Proposal and no Superior Proposal has been received.

If a Superior Proposal emerges, the Saracen Directors will carefully reconsider the Scheme and advise Saracen Shareholders of their recommendation (subject to the exclusivity provisions of the Merger Implementation Deed).

Importantly, the Scheme does not prevent Saracen Shareholders from benefiting from a proposal for the Merged Group in the future, if one were to emerge.

### (e) No payment of a "control premium" given a merger of equals transaction and integration risks

As the Merger is structured as a merger of equals with shared Board and management control, the Scheme Consideration does not include a premium to the market price<sup>45</sup> for Northern Star acquiring control of Saracen. Rather the Merger is predicated on the value creation from combining Northern Star and Saracen. You may believe that notwithstanding this anticipated value creation, a premium for control of Saracen should nevertheless be paid.

Or you may consider that the anticipated value creation, including the estimated synergies detailed in Section 7.6, may be more difficult, or may take more time or cost more, to achieve than currently estimated. Further details of the possible risks from the integration of Saracen and Northern Star are set out in Sections 8.3(b) and 8.3(c).

### (f) The potential tax consequences of the Scheme may not suit your current financial position or tax circumstances

If the Scheme is implemented and you receive the Special Dividend that will be declared, this may trigger adverse or

<sup>44</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.

<sup>45</sup> As last available Share price prior to the announcement of the Merger on 6 October 2020.



unwanted taxation consequences for you. For example:

- the Special Dividend may be assessable to the Saracen Shareholder; and
- certain Saracen Shareholders who are Foreign Resident CGT Shareholders who would ordinarily be directly issued New Northern Star Shares in consideration for their Saracen Shares, may instead be required to have some of their New Northern Star Shares issued to a Sale Nominee for sale by the Sale Nominee.

The Sale Nominee will then remit the Foreign Resident CGT Withholding Amount from the sale proceeds to Northern Star who will pay the Foreign Resident CGT Withholding Amount to the Commissioner of Taxation (or retain the sale proceeds, as a reimbursement, where the amount has already been paid by Northern Star to the Commissioner of Taxation). Any relevant surplus funds and/or New Northern Star Shares (if any) after paying the Foreign Resident CGT Withholding Amount will be transferred or remitted (directly, or indirectly via Saracen) to the Foreign Resident CGT Shareholder. Please refer to Section 4.7 for further details.

The disposal of the Saracen Shares to Northern Star in accordance with the Scheme will give rise to a CGT event, however Saracen Shareholders may be eligible for CGT roll-over relief. Please refer to Section 9 for further information on the Australian tax implications of the Scheme.

All Saracen Shareholders are advised to seek independent tax advice from a registered tax agent about their particular circumstances including, for foreign resident Saracen Shareholders, any foreign tax consequences.

**(g) The trading value of the Scheme Consideration is not fixed and will depend on the price at which Northern Star Shares trade on the ASX after the Implementation Date**

The Scheme Consideration is not certain and the exact value that you receive for your Saracen Shares may move adversely from the market value of the Scheme Consideration on the date of this Scheme Booklet or the Scheme Meeting. Alternatively, if there is an increase in the relative price of Northern Star Shares, the effective value you receive for your Saracen Shares may move favourably from the market value of the Scheme Consideration on the date of this Scheme Booklet or the Scheme Meeting.

### 1.3 Other relevant considerations

**(a) The Scheme may be implemented even if you do not vote, or vote against the Scheme**

Even if you do not vote, or if you vote against the Scheme, the Scheme may still be implemented if it is approved by the Requisite Majority of Saracen Shareholders and by the Court<sup>46</sup>. If this occurs and you are a Saracen Shareholder, your Saracen Shares will be transferred to Northern Star (as applicable) and you will receive the Scheme Consideration even though you did not vote on, or voted against, the Scheme.

**(b) Costs of the Scheme**

Saracen has already incurred, and will incur, significant costs in respect of the proposal to implement the Scheme. These costs include negotiation with Northern Star, retention of advisers, facilitating Northern Star's access to due diligence, engagement of the Independent Expert, Independent Technical Specialist and the Investigating Accountant and the preparation of this Scheme Booklet. If the Scheme is not implemented in circumstances where no Superior Proposal emerges and is completed, Saracen will not receive any material value for the costs it has incurred in connection with the Scheme.

Under the Merger Implementation Deed, a break fee of up to A\$57,600,000 (exclusive of GST) may become payable by Saracen to Northern Star, in certain circumstances. Details of the circumstances in which a break fee may become payable to Northern Star are set out in Section 10.17.

Under the Merger Implementation Deed, a break fee of up to A\$57,600,000 (exclusive of GST) may become payable by Northern Star to Saracen, in certain circumstances.

<sup>46</sup> In accordance with clause 3.9 of the MID, there are circumstances where the Scheme may still be Implemented even if it is not approved by the Requisite Majority.



**(c) No brokerage will be payable on the transfer of your Saracen Shares pursuant to the Scheme**

Scheme Shareholders (including Ineligible Overseas Shareholders and Non-Electing Small Shareholders) will not pay brokerage fees on the disposal of their Saracen Shares pursuant to the Scheme. Brokerage (and other costs) will however be deducted from the proceeds of sale by the Sale Nominee of New Northern Star Shares that would otherwise have been issued to Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders under the Sale Facility. Refer to Section 4.8 for further information.

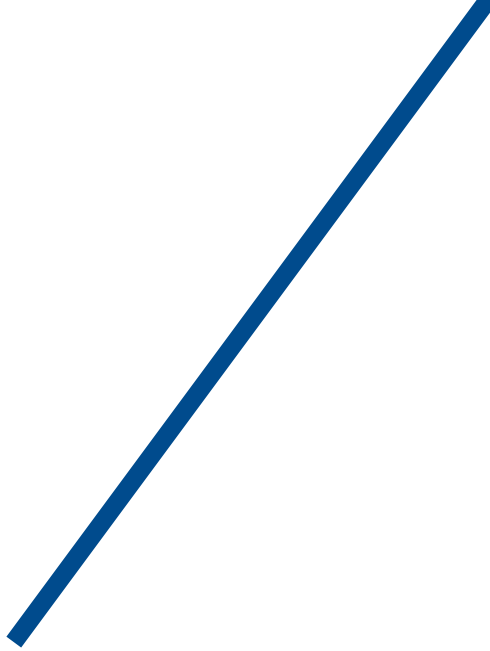
**(d) Warranties by Scheme Shareholders**

If the Scheme becomes Effective, each Scheme Shareholder will be deemed to have given certain warranties in favour of Northern Star, including that:

- (i) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the time of transfer of them to Northern Star in accordance with the Scheme, be fully paid and free from various encumbrances and interests of third parties; and
- (ii) they have full power and capacity to transfer their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) to Northern Star under the Scheme.

Refer to Section 10.7 for further information.





## 2. Frequently Asked Questions



## 2. Frequently Asked Questions

The following table provides brief answers to questions you may have in relation to the Scheme, but must be read in conjunction with the more detailed information included in this Scheme Booklet. You are urged to read this Scheme Booklet in its entirety.

Overview of the Scheme	Section Reference
<b>What is the Merger?</b>	NA
<p>The Merger is the proposed combination of Northern Star and Saracen to be implemented by way of a scheme of arrangement under Part 5.1 of the Corporations Act between Saracen and Saracen Shareholders under which all of the Saracen Shares held by Scheme Shareholders will be transferred to Northern Star in consideration for the issuance by Northern Star of the Scheme Consideration.</p>	
<b>What is the Scheme Consideration?</b>	Section 4.2
<p>If the Scheme proceeds, the Scheme Consideration, being 0.3763 New Northern Star Shares for every 1 Scheme Share, will be issued to Scheme Shareholders excluding:</p> <ul style="list-style-type: none"> <li>Ineligible Overseas Shareholders and Non-Electing Small Shareholders in respect of which all of the Scheme Consideration to which they would otherwise be entitled will be issued to the Sale Nominee to be dealt with under the Sale Facility from which they will be entitled to certain net proceeds; and</li> <li>Foreign Resident CGT Shareholders in respect of which some of the Scheme Consideration to which they would otherwise be entitled will be issued to the Sale Nominee to be dealt with under the Sale Facility as a part of a process to account for Foreign Resident CGT Withholding Tax requirements. The remaining Scheme Consideration will be issued to Foreign Resident CGT Shareholders (unless they are Ineligible Overseas Shareholders or Non-Electing Shareholders).</li> </ul>	
<p>If the Scheme becomes Effective, Saracen will also declare and pay to Saracen Shareholders as at the Special Dividend Record Date a Special Dividend which is expected to be a fully-franked special dividend of A\$0.038 per Saracen Share.</p>	
<b>What is the Directors' recommendation and how do the Directors' intend to vote?</b>	Section 4.10
<p>The Saracen Directors have carefully considered the advantages and disadvantages of the Scheme and unanimously recommend<sup>47</sup> that you vote in favour of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.</p> <p>Your Directors intend to vote in favour of the Scheme with respect to any Saracen Shares held or controlled by them at the time of the Scheme Meeting, in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.</p> <p>Refer to Section 4.10 for further information on the Director's recommendation and how the Director's intend to vote.</p>	
<b>What is the Independent Expert's conclusion?</b>	Annexure 1
<p>The Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders in the absence of a Superior Proposal.</p> <p>The Independent Expert's Report is set out in Annexure 1.</p>	
<b>What is the Scheme?</b>	Section 10 and Annexure 4
<p>The Scheme is the legal mechanism by which the Merger will be implemented.</p> <p>The Scheme requires the approval of both the Requisite Majority of Saracen Shareholders at the Scheme Meeting and the Court.</p> <p>The terms of the Scheme are set out in full in Annexure 4.</p>	
<b>When was the Merger first announced?</b>	NA
<p>On 6 October 2020, Saracen and Northern Star announced that they had entered into the Merger Implementation Deed under which Northern Star will acquire 100% of the issued share capital of Saracen.</p>	
<b>Why has the Scheme Booklet been made available?</b>	NA
<p>This Scheme Booklet has been made available to you because you are shown on the Saracen Register as holding Saracen Shares. Saracen Shareholders are being asked to vote on a Scheme, which, if approved and the conditions to the Scheme are satisfied, will result in Northern Star acquiring all of the Saracen Shares for the Scheme Consideration. If you have sold your Saracen Shares, please disregard this Scheme Booklet.</p> <p>This Scheme Booklet is intended to help you to decide how to vote on the Scheme Resolution, which needs to be passed by the Requisite Majority at the Scheme Meeting to allow the Scheme to proceed.</p>	

<sup>47</sup> In relation to the beliefs of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.



Overview of the Scheme	Section Reference
<p><b>What will be the effect of the Scheme?</b></p> <p>If the Scheme is approved by the Requisite Majority of Saracen Shareholders and the Court and all of the conditions are satisfied or waived:</p> <ul style="list-style-type: none"> <li>all your Saracen Shares will be transferred to Northern Star;</li> <li>in exchange, you will receive the Scheme Consideration (unless you are an Ineligible Overseas Shareholder or Non-Electing Small Shareholder) of 0.3763 New Northern Star Shares for each Saracen Share you hold; and</li> <li>Saracen will become a wholly-owned subsidiary of Northern Star and will be removed from the official list of ASX.</li> </ul>	<p>Section 10.4 and 10.5</p>
<p><b>Are there conditions that need to be satisfied before the Scheme can proceed?</b></p> <p>Implementation of the Scheme is subject to satisfaction or waiver (where applicable) of a number of conditions contained in the Merger Implementation Deed, set out in Annexure 3.</p> <p>As at the date of this Scheme Booklet the conditions that must be satisfied or waived (as applicable) before the Scheme can be Implemented are set out in Section 10.14, including:</p> <ul style="list-style-type: none"> <li>Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act and an office copy of the Court orders approving the Scheme being lodged with ASIC; and</li> <li>approval of the Scheme by the Requisite Majority of Saracen Shareholders.</li> </ul>	<p>Section 10.14 and Annexure 3</p>
<p><b>What are the reasons to vote in favour of the Scheme?</b></p> <p>The reasons why you should consider voting in favour of the Scheme are set out in Section 1.1, including, amongst others:</p> <ul style="list-style-type: none"> <li>the Merger is a logical combination of highly complementary assets exclusively located in Tier 1 jurisdictions;</li> <li>the Merger consolidates ownership of KCGM and the iconic Golden Mile for the first time in its more than 125 year history;</li> <li>Saracen Shareholders will gain exposure to Northern Star's assets resulting in a more diversified portfolio with increased operational flexibility and forecast production growth for the Merged Group of over 30% over the next three years<sup>48</sup>;</li> <li>the Merger is expected to unlock synergies with an estimated NPV of A\$1.5-2 billion for the Merged Group<sup>49</sup> to be delivered via consolidation of KCGM, geographic, operational and strategic synergies and other corporate savings;</li> <li>the Merger creates a top-10 global gold major with increased scale and market relevance, driving the potential for further share price re-rating;</li> <li>The Merger combines two leading and complementary Board and management teams to continue to drive value creation for all shareholders;</li> <li>there is a strong alignment on approach to business culture, sustainability, environmental and social responsibility and governance to benefit all shareholders;</li> <li>over the two days following the announcement of the Merger (on 6 October 2020), the Saracen share price rose by 13.8%, outperforming the S&amp;P/ASX 200 gold index (excluding Northern Star and Saracen) by 14.1% which indicated market support for the Scheme;</li> <li>Saracen Shareholders as at the Special Dividend Record Date will receive the Special Dividend if the Scheme becomes Effective;</li> <li>your Directors unanimously recommend<sup>50</sup> the Scheme subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders – no Superior Proposal has emerged; and</li> <li>the Independent Expert has concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders in the absence of a superior proposal.</li> </ul>	<p>Section 1.1</p>

<sup>48</sup> Refer to Section 7.1 for further information in respect of the pro forma production guidance of the Merged Group, which is based on the combined production guidance of Saracen and Northern Star. The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.

<sup>49</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

<sup>50</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.





Overview of the Scheme	Section Reference
<p><b>What are the reasons to vote against the Scheme?</b></p>	<p>The reasons why you might consider voting against the Scheme are set out in Section 1.2, including:</p> <ul style="list-style-type: none"> <li>• you may disagree with your Directors' unanimous recommendation<sup>51</sup> or the Independent Expert's conclusion;</li> <li>• the exposure of Saracen Shareholders to Saracen's assets is diluted in the Merged Group;</li> <li>• the Scheme alters the risk profile for Saracen Shareholders compared to Saracen as a standalone entity;</li> <li>• a superior proposal for Saracen, if it were to continue as a stand-alone entity, may materialise in the future;</li> <li>• no payment of a "control premium" given a merger of equals transaction and integration risks;</li> <li>• the potential tax consequences of the Scheme may not suit your current financial position or tax circumstances; and</li> <li>• the trading value of the Scheme Consideration is not fixed and will depend on the price at which Northern Star Shares trade on the ASX after the Implementation Date.</li> </ul>
<p><b>What are the risks for me if the Scheme is implemented?</b></p>	<p>Saracen Shareholders who receive New Northern Star Shares under the Scheme may be subject to certain risks, detailed in Section 8, including but not limited to:</p> <ul style="list-style-type: none"> <li>• fluctuations in the gold price;</li> <li>• change in risk and investment profile;</li> <li>• failure to realise the benefits of the Scheme, including synergies;</li> <li>• share market conditions;</li> <li>• COVID-19 associated risks; and</li> <li>• accounting treatment of Saracen Group assets in the Merged Group.</li> </ul>
<p><b>If I wish to support the Scheme, what should I do?</b></p>	<p>You should vote in favour of the Scheme Resolution. See Section 3 for directions on how to vote and important voting information generally. If you are a registered Saracen Shareholder and are unable to attend the Scheme Meeting you may be entitled to vote by proxy, corporate representative or attorney.</p>
<p><b>What happens if I vote against the Scheme?</b></p>	<p>If, despite your Directors' unanimous recommendation<sup>51</sup> and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is approved by the Requisite Majority of Saracen Shareholders and by the Court, and all other conditions to the Scheme are satisfied or waived, your Saracen Shares will be transferred to Northern Star in consideration for Northern Star issuing the Scheme Consideration to you (or the Sale Nominee). This will occur even if you voted against the Scheme at the Scheme Meeting.</p> <p>If the Scheme is not approved by the Requisite Majority of Saracen Shareholders or the Court, Saracen will remain an independent company, the Special Dividend will not be paid and you will remain a Saracen Shareholder.</p>
<p><b>How will the Scheme be implemented?</b></p>	<p>If the Scheme becomes Effective, no further action is required on the part of the Scheme Shareholders in order to implement the Scheme. Under the Scheme, Saracen is given authority to effect a valid transfer of all Saracen Shares to Northern Star and to enter the name of Northern Star in the Saracen Register as holder of all Saracen Shares. If the Scheme becomes Effective, each Saracen Shareholder will be deemed to have agreed to become a holder of Northern Star Shares in accordance with the Scheme and to have accepted the Northern Star Shares issued to that holder under the Scheme subject to, and to be bound by, Northern Star's constitution.</p>
<p><b>What happens if the Scheme is not approved?</b></p>	<p>If the Scheme is not approved by the Requisite Majority of Saracen Shareholders or the Court, the Scheme will not be implemented and the Special Dividend will not be paid.</p> <p>Further, if any of the other conditions to the Scheme are not satisfied or waived, including if the Scheme is not approved by the Requisite Majority of Saracen Shareholders and by the Court, the Merger Implementation Deed may be terminated and the Scheme will not be implemented.</p> <p>The consequences of the Scheme not being Implemented include:</p> <ul style="list-style-type: none"> <li>• you will retain your Saracen Shares, you will not be issued the Scheme Consideration or the Special Dividend;</li> <li>• the Saracen Board and management will continue to operate Saracen's business;</li> <li>• the expected benefits of the Scheme (set out in Section 1.1) will not be realised; and</li> <li>• Saracen's Share price may fall to the extent that the market reflects an assumption that the Scheme will be completed.</li> </ul>

<sup>51</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.



Overview of the Scheme	Section Reference
<p><b>Is a Superior Proposal likely? What happens if a Superior Proposal emerges?</b></p>	<p>At the date of this Scheme Booklet, no Superior Proposal for Saracen has emerged.</p> <p>Until the Scheme becomes Effective, there is nothing preventing third parties from making unsolicited Competing Proposals for Saracen.</p> <p>The Merger Implementation Deed contains certain exclusivity arrangements. For example, it restricts certain Saracen actions, obliges Saracen to disclose certain information to Northern Star in the event a Competing Proposal emerges and also gives Northern Star a right to match a Superior Proposal.</p> <p>It is possible that, if Saracen were to continue as an independent company, a Superior Proposal for Saracen may materialise in the future.</p> <p>Further details regarding Competing Proposals, Superior Proposals and the exclusivity arrangements are set out in Sections 4.9 and 10.15.</p>
<p><b>What are the tax implications of the Scheme?</b></p>	<p>If the Scheme becomes Effective, there will be tax consequences for Saracen Shareholders which may include tax being payable on any gain on disposal of their Saracen Shares.</p> <p>Section 9 provides a general description of the Australian tax consequences of the Scheme. The tax consequences of the Scheme may vary depending on the nature and characteristics of each Saracen Shareholder and their individual circumstances.</p> <p>It is recommended you seek professional tax advice in regard to the income tax implications associated with the Scheme.</p>
Questions about your entitlements	Section Reference
<p><b>Who is entitled to participate in the Scheme?</b></p>	<p>Each person who is a Saracen Shareholder as at 7:00pm (AEDT) on the Record Date (expected to be 5 February 2021) will be entitled to participate in the Scheme.</p>
<p><b>What if I am an Ineligible Overseas Shareholder?</b></p>	<p>If you are a Saracen Shareholder whose address shown in the Saracen Register is in an Ineligible Jurisdiction and the Scheme is Implemented Northern Star will not issue New Northern Star Shares to you and they will instead be issued to the Sale Nominee. The Sale Nominee will sell the New Northern Star Shares that would otherwise have been issued to Ineligible Overseas Shareholders, Non-Electing Small Shareholders and some or all of the total New Northern Star Shares that would otherwise have been issued directly to Foreign Resident CGT Shareholders but have been withheld to account for any Foreign Resident CGT Withholding Amount and associated costs of their sale and you will receive a pro rata share of any net proceeds (after deductions for proceeds from the sale of any New Northern Star Shares withheld from Foreign Resident CGT Shareholders to account for Foreign Resident CGT Withholding Amounts and associated costs of the sale process).</p>
<p><b>What if I receive a Relevant Foreign Resident Declaration Form?</b></p>	<p>Scheme Shareholders with an address outside of Australia (or which Northern Star, as a purchaser, reasonably believes is a "relevant foreign resident") and who, Northern Star reasonably believes may have an "associate inclusive" voting power of 10% or more of the Saracen Shares (which, in some instances, could include Scheme Shareholders with a voting power of less than 10%), will be provided with a Relevant Foreign Resident Declaration Form. In this declaration form, a Saracen Shareholder may provide Northern Star with a declaration that:</p> <ul style="list-style-type: none"> <li>• the registered holder of the relevant Saracen Shares is an Australian tax resident (residency declaration); or</li> <li>• the Saracen Shares held by the registered holder are not indirect Australian real property interests (interest declaration). Please refer to Section 9 for the definition of "indirect Australian real property interest".</li> </ul> <p>For these Saracen Shareholders, unless a signed Relevant Foreign Resident Declaration Form or a Variation Notice is provided to Northern Star, Northern Star will be required to withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration.</p> <p>To implement this Northern Star will determine (in its reasonable opinion) the appropriate amount of Scheme Consideration to cover the Foreign Resident CGT Withholding Amount (taking into account potential fluctuations in share price and an amount necessary to cover costs associated with the sale process) and issue that Scheme Consideration to the Sale Nominee on behalf of the Foreign Resident CGT Shareholder.</p> <p>The Sale Nominee will then remit the Foreign Resident CGT Withholding Amount from the sale proceeds to Northern Star who will pay the Foreign Resident CGT Withholding Amount to the Commissioner of Taxation (or retain the Foreign Resident CGT Withholding Amount as a reimbursement, where the Foreign Resident CGT Withholding Amount has already been paid by Northern Star to the Commissioner of Taxation). Any relevant surplus amount or New Northern Star Shares (if any) after paying the Foreign Resident CGT Withholding Amount (and certain associated costs of the sale process) will be remitted or transferred (directly, or indirectly via Saracen) to the Foreign Resident CGT Shareholder. Please refer to Section 4.7 for further information.</p>



Questions about your entitlements		Section Reference
<b>What if I am a Small Shareholder, holding less than a Marketable Parcel?</b>	<p>If you are a Saracen Shareholder (other than an Ineligible Overseas Shareholder) who, based on your holding of Saracen Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a Marketable Parcel (\$500) of New Northern Star Shares (assessed by reference to the price of Northern Star Shares on ASX at the close of trade on the trading day prior to the Record Date) as Scheme Consideration, Northern Star will not issue New Northern Star Shares to you unless, on implementation of the Scheme, you would be entitled to receive at least one whole Northern Star Share as Scheme Consideration and you elect to receive your Scheme Consideration in the form of New Northern Star Shares. Section 4.6 explains the process and deadline for making such an Election.</p> <p>If you do not elect to receive New Northern Star Shares in accordance with the process in Section 4.6, then the number of New Northern Star Shares that would otherwise have been issued to you under the Scheme will be issued to the Sale Nominee. The Sale Nominee will sell the New Northern Star Shares that would otherwise have been issued to Ineligible Overseas Shareholders, Non-Electing Small Shareholders and some or all of the total New Northern Star Shares that would otherwise have been issued directly to Foreign Resident CGT Shareholders but have been withheld to account for any Foreign Resident CGT Withholding Amount and associated costs of their sale and you will receive a pro rata share of any net proceeds (after deductions for proceeds from the sale of any New Northern Star Shares withheld from Foreign Resident CGT Shareholders to account for Foreign Resident CGT Withholding Amounts and associated costs of the sale process).</p>	Section 4.6
<b>What happens if the market price of Northern Star Shares increases or decreases?</b>	<p>The implied value of the Scheme Consideration may increase or decrease prior to the Implementation Date based on movements in the Northern Star share price.</p> <p>Irrespective of any movements in the Northern Star share price you (or the Sale Nominee, as applicable) will receive the Scheme Consideration, being 0.3763 New Northern Star Shares for every 1 Scheme Share.</p>	
<b>How will fractional entitlements to Northern Star Shares be treated?</b>	<p>If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a Northern Star Share your fractional entitlement of:</p> <ul style="list-style-type: none"> <li>• 0.5 or more will be rounded up to the nearest whole number; and</li> <li>• less than 0.5 will be rounded down to the nearest whole number.</li> </ul>	Section 4.2
<b>What warranties do I give?</b>	<p>Under the Scheme, each Scheme Shareholder is deemed to have warranted to Saracen and Northern Star on the Implementation Date, that:</p> <ul style="list-style-type: none"> <li>• all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the time of transfer of them to Northern Star, be fully paid and free from any security interest, including a security interest that is subject to the <i>Personal Property Securities Act 2009</i> (Cth), any other mortgage, charge, pledge or lien, any easement, restrictive covenant, caveat or similar restriction over property or any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property, any encumbrances and interests of third parties of any kind, whether legal or otherwise, and any restrictions on transfer of any kind;</li> <li>• they have full power and capacity to transfer their Scheme Shares to Northern Star, together with any rights and entitlements attaching to those Saracen Shares, under the Scheme; and</li> <li>• as at the Record Date, they have no existing right to be issued any Scheme Shares or any other form of securities in Saracen.</li> </ul>	Section 10.7 and Annexure 4
<b>When will I be issued the Scheme Consideration?</b>	<p>If the Scheme is implemented, Northern Star will issue your New Northern Star Shares to you (or the Sale Nominee, as applicable) on the Implementation Date, which is expected to be 12 February 2021. Northern Star will send, or procure the sending of, evidence of ownership for those New Northern Star Shares to Scheme Shareholders (except Ineligible Foreign Shareholders and Non-Electing Small Shareholders) in respect of the Scheme Consideration following the Implementation Date.</p>	Section 10
<b>Will I have to pay brokerage fees on the disposal of my Saracen Shares?</b>	<p>Scheme Shareholders will not pay brokerage fees on the disposal of their Saracen Shares pursuant to the Scheme. Brokerage (and other costs) will however be deducted from the proceeds of sale by the Sale Nominee of New Northern Star Shares that would otherwise have been issued to Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders under the Sale Facility.</p>	NA
<b>When can I trade my Northern Star Shares?</b>	<p>Once you have received the Scheme Consideration, you can trade your Northern Star Shares on ASX.</p> <p>For further details, see Section 10.12.</p>	Section 10.12

Questions about the Scheme Meeting and voting		Section Reference
<b>Who can vote?</b>	<p>If you are registered as a Saracen Shareholder at 7:00pm (AEDT) on 13 January 2021 you will be entitled to vote on the Scheme Resolution to be proposed at the Scheme Meeting.</p> <p>For further details, see Section 3.</p>	Section 3



Questions about the Scheme Meeting and voting	Section Reference
<p><b>When and where will the Scheme Meeting be held?</b></p> <p>The Scheme Meeting to approve the Scheme is scheduled to be held on Friday, 15 January 2021 commencing at 9:00am (AWST).</p> <p>In order to minimise health risks created by the COVID-19 pandemic, and in accordance with the Federal and State government restrictions with respect to non-essential gatherings of people and the Treasurer's determination<sup>52</sup> regarding electronic shareholder meetings, the Scheme Meeting is scheduled to be held electronically. Saracen Shareholders and their proxies, attorneys or corporate representatives will not be able to attend a physical Scheme Meeting. Saracen strongly encourages Saracen Shareholders to consider lodging a directed proxy in the event they are not be able to participate in the electronic Scheme Meeting.</p> <p>Further details of the Scheme Meeting, including how to vote are contained in Section 3. The Notice of Scheme Meeting is contained in Annexure 6.</p>	Section 3 and Annexure 6
<p><b>What is an electronic meeting and how does it work?</b></p> <p>The Scheme Meeting will be conducted virtually via an online platform at <a href="https://web.lumiagm.com/349257825">https://web.lumiagm.com/349257825</a>, which can be accessed from desktops, laptops, mobiles and tablets. The online platform enables participants to listen to the Scheme Meeting live, view slides and ask questions online and vote on the Scheme Resolution in real time.</p>	Section 3
<p><b>What vote is required to approve the Scheme?</b></p> <p>The Scheme needs to be approved by the Requisite Majority of Saracen Shareholders, which is:</p> <ul style="list-style-type: none"> <li>• unless the Court orders otherwise, a majority in number (more than 50%) of Saracen Shareholders present and voting on the resolution at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and</li> <li>• at least 75% of the total number of votes cast on the resolution at the Scheme Meeting.</li> </ul>	Section 3
<p><b>Is voting compulsory?</b></p> <p>No, voting is not compulsory. However, your vote is important. If you cannot attend the Scheme Meeting scheduled to be held on Friday, 15 January 2021 at 9:00am (AWST) you should appoint a proxy to vote on your behalf.</p> <p>For further details regarding voting and appointing proxies for the Scheme Meeting, see Section 3.</p>	Section 3
<p><b>How do I vote?</b></p> <p>You may vote on the Scheme Resolution by joining the Scheme Meeting electronically, or by appointing a proxy, corporate representative or attorney to vote on the Scheme Resolution on your behalf.</p> <p>If you do not wish to, or are unable to, participate in the electronic Scheme Meeting, you may vote on the Scheme Resolution by lodging your proxy online or, if you received a hard copy Proxy Form, by following the instructions on the Proxy Form.</p> <p>Your proxy instruction must be received by the Share Registry or lodged online by no later than 9:00am (AWST) on Wednesday, 13 January 2021.</p>	Section 3
<p><b>Why should I vote?</b></p> <p>Your vote will be important in determining whether the Scheme will proceed.</p> <p>Your Directors unanimously recommend<sup>53</sup> that you vote in favour of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.</p>	Section 4.11
<p><b>What happens if I do not vote?</b></p> <p>If you do not vote and the Scheme is approved by a Requisite Majority of Saracen Shareholders, the Court and the other conditions are satisfied or waived and becomes Effective, your Saracen Shares will be transferred to Northern Star in consideration for Northern Star issuing to you (or the Sale Nominee, if applicable) the Scheme Consideration for your Saracen Shares.</p> <p>If the Scheme is not approved, Saracen will remain an independent company and you will remain a Saracen Shareholder.</p>	Section 4.11
<p><b>Can I attend the Court and oppose the Court approval of the Scheme?</b></p> <p>If you wish to oppose approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date, you may do so by filing with the Court, and serving on Saracen, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Saracen at least one Business Day (in Perth, Western Australia) before the Second Court Date.</p>	Section 10.3
<p><b>Can I split my shares?</b></p> <p>If Northern Star is of the reasonable opinion that two or more Scheme Shareholders have, before the Record Date, been a party to shareholder splitting or division in an attempt to obtain an unfair advantage by reference to rounding of the Scheme Consideration, Northern Star may give notice to such Scheme Shareholders attributing the Scheme Shares held by all of them to one of them (specifically identified in such notice). This notice deems the Saracen Shareholder identified in such notice to be the holder of all those shares the subject of the share splitting or division.</p>	NA

<sup>52</sup> Refer to the *Corporations (Coronavirus Economic Response) Determination (No 3) 2020*, which modified the relevant provisions of the Corporations Act to permit shareholder meetings to be held electronically without persons being physically present in the same place.

<sup>53</sup> In relation to the unanimous recommendation of the Directors in respect of the Scheme, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.



Questions about the Scheme Meeting and voting		Section Reference
<b>What are my options?</b>	<p>You may:</p> <ul style="list-style-type: none"> <li>• vote in favour of the Scheme at the Scheme Meeting;</li> <li>• vote against the Scheme at the Scheme Meeting;</li> <li>• sell your Saracen Shares on market at any time before the close of trading on ASX on the Effective Date; or</li> <li>• do nothing.</li> </ul>	Section 4.11
<b>What if I cannot, or do not wish to, attend the Scheme Meeting?</b>	If you cannot, or do not wish to, attend the Scheme Meeting, you may appoint a proxy, corporate representative or attorney to vote on your behalf. For further details regarding voting and submitting Proxy Forms for the Scheme Meeting, see Section 3.	Section 3
Questions about the Special Dividend		Section Reference
<b>What is the Special Dividend?</b>	Subject to the Scheme becoming Effective, Saracen intends to pay a Special Dividend to Saracen Shareholders as at the Special Dividend Record Date which is expected to be a fully-franked special dividend of A\$0.038 per Saracen Share.	Section 4.3
<b>Am I eligible to receive the Special Dividend?</b>	If you hold Saracen Shares on the Special Dividend Record Date, you will be eligible to receive the Special Dividend in respect of each Saracen Share held by you on that date. Note that the Special Dividend Record Date occurs before the Record Date of the Scheme (and they are different dates).	Section 4.3
<b>When will I receive the Special Dividend?</b>	The Special Dividend is conditional on the Scheme becoming Effective and is expected to be paid on the Special Dividend Payment Date.	Section 4.3
<b>Will I receive the Special Dividend if the Scheme is not approved?</b>	No. If the Scheme is not approved at the Scheme Meeting or by the Court, the Special Dividend will not be paid.	Section 4.3
<b>Will the Special Dividend be franked?</b>	<p>The Special Dividend is expected to be fully franked, in which case, Saracen Shareholders may receive a franking credit of up to A\$0.016 per Saracen Share in addition to the Special Dividend.</p> <p>Saracen has applied to the ATO requesting a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits and a tax offset in regard to the Special Dividend. On the provision that a favourable class ruling is obtained from the ATO (refer to Section 10 for further details), Saracen Shareholders who are able to obtain the full benefit of the tax offset of A\$0.016 per Saracen Share may receive additional value.</p> <p>Whether a Saracen Shareholder is able to obtain the full benefit of the tax offset depends on their particular circumstances. Saracen Shareholders in receipt of the Special Dividend should seek, and only rely upon, their own tax advice in relation to any tax offset.</p> <p>Refer to Section 9 for further details of the Special Dividend.</p>	Section 4.3 and 9
<b>Will I get the benefit of franking credits attached to the Special Dividend?</b>	<p>As noted above, a class ruling is being sought in relation to the tax implications of the Scheme, including the availability of franking credits on the Special Dividend.</p> <p>If you are an Australian resident for tax purposes and satisfy the qualified person rules, you may be able to access franking credits attached to the Special Dividend. If you are not an Australian resident for tax purposes, you will not be able to access the franking credits attached to the Special Dividend, but the Special Dividend should ordinarily not be subject to Australian tax.</p> <p>Further information is provided in Section 9. The comments in Section 9 are general in nature and should not be relied upon as advice for your affairs. Each Saracen Shareholder should seek independent professional tax advice in relation to their particular circumstances.</p>	Sections 4.3 and 9
<b>What happens if I transfer my Saracen Shares after the Special Dividend Record Date?</b>	<p>It is expected that trading in Saracen Shares on the ASX will be suspended from close of trading on the Effective Date. However, if you choose to effect an off-market transfer of your Saracen Shares in between the record dates, such that you are registered on the Saracen Register on the Special Dividend Record Date but cease to be registered on the Saracen Register on the Record Date:</p> <ul style="list-style-type: none"> <li>• you will only receive the Special Dividend and will not receive the Scheme Consideration. However it is expected that you would not be entitled to receive the franking credits (see Section 9 for further information); and</li> <li>• any transferee of your Saracen Shares in these circumstances who becomes registered in Saracen Shares on or before the Scheme Record Date (but after the Special Dividend Record Date) will only receive the Scheme Consideration in respect of those Saracen Shares, and not the Special Dividend.</li> </ul>	Section 4.3
<b>How is the Special Dividend being funded?</b>	The Special Dividend will be funded from Saracen's existing cash balance (net cash position of A\$146 million as at 30 September 2020).	Section 4.3



Questions about Northern Star		Section Reference
<b>Who is Northern Star?</b>	<p>Northern Star is an ASX 100 gold production and exploration company with four Tier-1 assets located in Tier-1 locations in highly prospective and low sovereign risk regions of Australia and North America. Northern Star is the second largest Australian gold producer and among the top gold miners globally with a Mineral Resource base of 31.8 million ounces, Ore Reserves of 10.8<sup>54</sup> million ounces, and a track record of year-on-year Mineral Resource and Ore Reserve growth.</p> <p>See Section 6 for further information on Northern Star and Section 7 for further information on the Merged Group.</p>	Section 6 and Section 7
<b>Why does Northern Star wish to implement the Scheme?</b>	<p>Northern Star wishes to implement the Scheme as it is a highly accretive transaction for both Northern Star and Saracen Shareholders (of which &gt;50% of both companies' respective total shares being held by common shareholders<sup>55</sup>), creating a top-10 global gold producer with high-margin assets located exclusively in Tier-1 jurisdictions.</p> <p>The Scheme is expected to unlock synergies with an estimated NPV of \$1.5-2 billion<sup>56</sup> for the Merged Group to be delivered via consolidation of KCGM, geographic, operational and strategic synergies and other corporate savings. Refer to Section 7.6 for more information about these synergies, their value and the expected timeframes for realising that value.</p> <p>For more detail regarding the benefits and rationale of the Scheme, refer to Sections 1 and 7.</p>	Sections 1 and 7, including 7.6
Questions about the Merged Group		Section Reference
<b>What is the Merged Group?</b>	<p>If the Scheme is implemented Northern Star will become the parent company of the Merged Group.</p> <p>Information in relation to the Merged Group is contained in Section 7.</p>	Section 7
<b>What are Northern Star's intentions in relation to the Merged Group if the Scheme proceeds?</b>	<p>If the Scheme is implemented, Northern Star intends to continue to operate the businesses of Saracen and Northern Star in a similar manner as they are currently operating, while focussing on the realisation of the expected synergies for the Merged Group. Notwithstanding this, Northern Star has and will continue to undertake a review of the Merged Group's operations covering strategic, financial and commercial operating matters to determine and implement improvements to deliver the optimal outcomes for the Merged Group.</p> <p>See Section 7 for further information on the Merged Group, including 7.6 for information about the synergies and their value.</p>	Section 7.6
<b>Who will the directors be?</b>	<p>If the Scheme is implemented, it is intended that the Board of Northern Star will be reconstituted as follows:</p> <ul style="list-style-type: none"> <li>• Bill Beament, Executive Chair, transitioning to Non-Executive Chair on 1 July 2021;</li> <li>• Raleigh Finlayson, Managing Director, transitioning to Executive Director, Corporate Development within 12 to 18 months;</li> <li>• Anthony Kiernan AM, Lead Independent Non-Executive Director;</li> <li>• John Fitzgerald, Non-Executive Director;</li> <li>• Shirley In't Veld, Non-Executive Director;</li> <li>• Mary Hackett, Non-Executive Director;</li> <li>• Nick Cernotta, Non-Executive Director;</li> <li>• Sally Langer, Non-Executive Director; and</li> <li>• John Richards, Non-Executive Director.</li> </ul>	Section 7.8
<b>Who will the senior management be?</b>	<p>If the Scheme is implemented, it is intended that senior management team of Northern Star will be reconstituted as follows:</p> <ul style="list-style-type: none"> <li>• Bill Beament, Executive Chair, transitioning to Non-Executive Chair on 1 July 2021;</li> <li>• Raleigh Finlayson, Managing Director, transitioning to Executive Director, Corporate Development within 12 to 18 months;</li> <li>• Stuart Tonkin will be Chief Executive Officer of Northern Star and transition to Managing Director when Raleigh Finlayson becomes Executive Director, Corporate Development;</li> <li>• Morgan Ball, Chief Financial Officer;</li> <li>• Luke Creagh, Chief Operating Officer – Yandal/Pogo; and</li> <li>• Simon Jessop, Chief Operating Officer – Kalgoorlie.</li> </ul> <p>Half of the six members of the senior management team are current Northern Star employees and half are current Saracen employees, reflecting the nature of the Merger.</p>	Section 7.8

<sup>54</sup> Refer to Section 6.

<sup>55</sup> As at 6 October 2020.

<sup>56</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.



Questions about the Merged Group		Section Reference								
<b>Who will the substantial shareholders be?</b>	<p>If the Scheme is implemented, Scheme Shareholders will own 36% of Northern Star with Northern Star Shareholders owning the remaining 64% (approximately).</p> <p>Based on their respective shareholdings in Northern Star and Saracen as at 8 December 2020, the holders of 5% or more of the issued capital of Northern Star, if the Scheme is implemented would be:</p> <table border="1"> <thead> <tr> <th>Shareholder</th> <th>Voting Power</th> </tr> </thead> <tbody> <tr> <td>BlackRock Group</td> <td>12.8%</td> </tr> <tr> <td>Van Eck Associates Corporation</td> <td>10.8%</td> </tr> <tr> <td>The Vanguard Group Inc</td> <td>5.4%</td> </tr> </tbody> </table>	Shareholder	Voting Power	BlackRock Group	12.8%	Van Eck Associates Corporation	10.8%	The Vanguard Group Inc	5.4%	7.10(c)
Shareholder	Voting Power									
BlackRock Group	12.8%									
Van Eck Associates Corporation	10.8%									
The Vanguard Group Inc	5.4%									
General questions		Section Reference								
<b>What other information is available?</b>	<p>You should read the detailed information in relation to the Scheme provided in this Scheme Booklet.</p> <p>Further information in relation to Saracen can be obtained from ASX on its website (<a href="http://www.asx.com.au">www.asx.com.au</a>).</p> <p>Further information in relation to Northern Star can be obtained from ASX on its website (<a href="http://www.asx.com.au">www.asx.com.au</a>).</p>	NA								
<b>Who can help answer my questions about the Scheme?</b>	<p>If you require further information or have questions in relation to the Scheme, please contact the Saracen Shareholder Information Line on 1300 209 842 (within Australia) or +61 3 9415 4199 (outside of Australia) between 5:30am and 5.00pm (AWST) Monday to Friday.</p>	NA								







### **3. Scheme meeting and voting information**





## 3. Scheme meeting and voting information

This Section contains information relating to voting entitlements and information on how to vote at the Scheme Meeting for Saracen Shareholders.

### 3.1 Scheme Meeting

#### (a) Time and location

In accordance with an order of the Court, the Scheme Meeting to approve the Scheme is scheduled to be held on Friday, 15 January 2021 at 9:00am (AWST) through an online platform at <https://web.lumiagm.com/349257825>.

Due to the COVID-19 pandemic, the Board has decided to hold the Scheme Meeting virtually. Accordingly Saracen Shareholders will not be able to physically attend the Scheme Meeting.

Saracen Shareholders and their proxies, attorneys or corporate representatives will instead be able to participate online from their computer or mobile devices, by:

- (i) entering the URL in their browser: <https://web.lumiagm.com/349257825>; and
- (ii) entering the Meeting ID: 349-257-825.

Further information about attending the Scheme Meeting online can be found in the Notice of Scheme Meeting in Annexure 6.

#### (b) Requisite Majority

At the Scheme Meeting, the Scheme Resolution will be proposed to the Scheme Meeting which must be approved by:

- (i) unless the Court orders otherwise, a majority in number (more than 50%) of Saracen Shareholders present and voting on the Scheme Resolution at the Scheme Meeting (in person or by proxy, corporate representative or attorney); and
- (ii) at least 75% of the total number of votes which are cast on the Scheme Resolution at the Scheme Meeting, (the Requisite Majority), for the Scheme to become Effective.

#### (c) Notice of Scheme Meeting

The Scheme Resolution is set out in the Notice of Scheme Meeting in Annexure 6.

### 3.2 Entitlement and ability to vote at the Scheme Meeting

If you are registered as a Saracen Shareholder as at 7:00pm (AEDT) on Wednesday, 13 January 2021, you will be entitled to vote on the Scheme Resolution at the Scheme Meeting. Voting on the Scheme Resolution will be by poll.

#### (a) Voting

Saracen Shareholders entitled to vote at the Scheme Meeting can vote:

- (i) by attending the Scheme Meeting online; or
- (ii) by appointing an attorney to attend the Scheme Meeting online and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting online and vote on its behalf; or
- (iii) by appointing a proxy to attend the Scheme Meeting online and vote on their behalf.

#### (b) Voting by proxy

Saracen Shareholders who are unable to attend the Scheme Meeting online are strongly encouraged to submit their votes by proxy instead.



### Online

Saracen Shareholders who have elected to receive notices of meeting electronically will receive an email with a personalised link to the Computershare site at [www.investorvote.com.au](http://www.investorvote.com.au) which can be used to appoint a proxy online by following instructions on that website.

You will be taken to have signed a Proxy Form and appointed a proxy if you submit your proxy online in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

The online proxy appointment must be received by Saracen by no later than 9:00am (AWST) on Wednesday, 13 January 2021 to be effective. A proxy cannot be appointed using the online system if they are appointed under a power of attorney or similar authority.

### Hard copy

Saracen Shareholders who have not elected to receive notices of meeting electronically will receive a letter which includes a hard copy of the Proxy Form.

The signed Proxy Form (and an original or certified copy of any power of attorney under which it has been signed unless already provided) must be received by Saracen or the Share Registry, Computershare Investor Services Pty Limited, by no later than 9:00am (AWST) on Wednesday, 13 January 2021 to be effective.

Saracen Shareholders who receive a hard copy of the Proxy Form may appoint a proxy by returning the Proxy Form to Saracen or the Share Registry, Computershare Investor Services Pty Limited, by either posting it in the reply-paid envelope provided (only for use in Australia) or by sending, delivering, faxing or lodging it online as follows:

(i) **Mail to:**

Computershare Investor Services Pty Limited  
GPO Box 1282  
Melbourne VIC 3001  
Australia

(ii) **Fax to:**

**In Australia:** 1800 783 447  
**From Outside of Australia:** +61 3 9473 2555

(iii) **Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)

You will need your SRN or HIN, the allocated control number and PIN as shown on your Proxy Form.

You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

(iv) **Mobile Device:**

Scan the QR code on your Proxy Form and follow the prompts. You will need your SRN or HIN, the allocated control number and PIN as shown on your Proxy Form.

(v) **By Custodians:**

For Intermediary Online subscribers only (custodians), please visit [intermediaryonline.com](http://intermediaryonline.com) to submit your voting intentions.

For further information on proxy voting, please refer to the instructions set out in the Notice of Scheme Meeting in Annexure 6 and the Proxy Form.



**(c) Voting by corporate representative**

A Saracen Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative to vote in the Scheme Meeting. The appointment must comply with section 250D of the Corporations Act. If a representative of a Saracen Shareholder or proxy, which is a body corporate is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative" to Saracen's Share Registry or Saracen. A form may be obtained from Computershare or online at [www.investorcentre.com.au](http://www.investorcentre.com.au) under "Printable Forms".

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Saracen Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy.

Saracen Shareholders who wish to appoint a corporate representative for the Scheme Meeting should, if they have not already presented an appropriate appointment, deliver to Saracen's Share Registry or Saracen an original or certified copy of the appointment by no later than 9:00am (AWST) on Wednesday, 13 January 2021.

**(d) Voting by attorney**

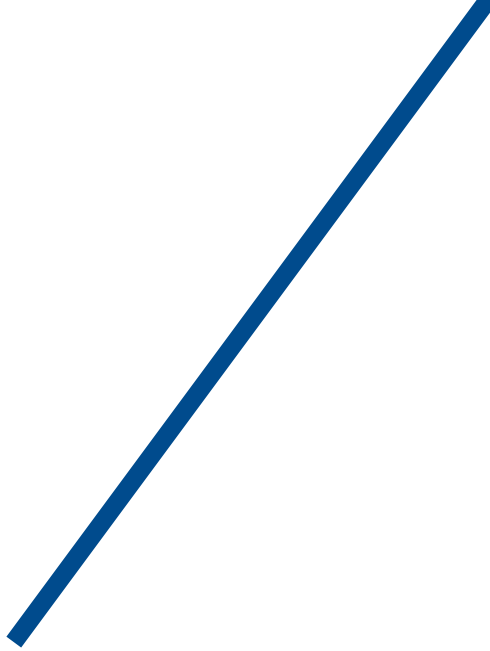
Saracen Shareholders who wish to vote by attorney at the Scheme Meeting should, if they have not already presented an appropriate power of attorney to Saracen, deliver to Saracen's Share Registry or Saracen an original or certified copy of the power of attorney by no later than 9:00am (AWST) on Wednesday, 13 January 2021.

### 3.3 How to ask questions

Saracen Shareholders who would like to ask questions at the Scheme Meeting are encouraged to do so in writing before the Scheme Meeting by emailing their question to [saracen@computershare.com](mailto:saracen@computershare.com) prior to 9:00am (AWST) on Wednesday, 13 January 2021.

Alternatively Saracen Shareholders can submit questions when attending the Scheme Meeting online via the Lumi platform.





## 4. Important considerations



## 4. Important considerations

The purpose of this Section 4 is to identify important issues for you to consider in relation to the Scheme.

Before deciding how to vote at the Scheme Meeting, you should carefully consider the factors discussed below and the risk factors outlined in Section 8, as well as the other information contained in this Scheme Booklet.

### 4.1 Scheme

If the Scheme is implemented, Northern Star will acquire all of the Saracen Shares held by Scheme Shareholders by way of a scheme of arrangement. If the Scheme becomes Effective, Saracen will become a wholly-owned subsidiary of Northern Star and will request that ASX remove Saracen from the official list of ASX on or shortly after the Implementation Date.

The Scheme is subject to, among other things, approval by the Requisite Majority of Saracen Shareholders at the Scheme Meeting and approval by the Court pursuant to section 411(4)(b) of the Corporations Act on the Second Court Date. For further details of the conditions, refer to Section 10.14.

If the Scheme becomes Effective, Northern Star will issue the Scheme Consideration to Scheme Shareholders (or to the Sale Nominee for sale through the Sale Facility) on the Implementation Date, and Northern Star will register the registered holders of the Scheme Consideration in the Northern Star Register. Northern Star will send, or procure the sending of, evidence of ownership for those New Northern Star Shares to Scheme Shareholders (except Ineligible Overseas Shareholders and Non-Electing Small Shareholders).

Northern Star has executed the Deed Poll pursuant to which Northern Star has agreed, subject to the Scheme becoming Effective, to issue the Scheme Consideration in accordance with the requirements of the Scheme. A copy of the Deed Poll is included in Annexure 5.

### 4.2 Scheme Consideration

If the Scheme is approved and becomes Effective Saracen Shareholders (other than Ineligible Overseas Shareholders, Non-Electing Small Shareholders and, to the extent of their Foreign Resident CGT Withholding Amount, Foreign Resident CGT Shareholders) will receive scrip consideration on the Implementation Date of 0.3763 of a New Northern Star Share for every 1 Scheme Share held at the Record Date.

If, pursuant to the calculation of your Scheme Consideration, you would be entitled to a fraction of a New Northern Star Share, your fractional entitlement of:

- (a) 0.5 or more will be rounded up to the nearest whole number; and
- (b) less than 0.5 will be rounded down to the nearest whole number.

The value of the Scheme Consideration may increase or decrease after the Implementation Date if the market price of Northern Star Shares moves.

Details on certain Australian tax considerations in relation to the Scheme Consideration can be found in Section 9.

### 4.3 Special Dividend

If the Scheme is approved and becomes Effective, Saracen will pay a Special Dividend of A\$0.038 per Saracen Share. The Special Dividend is expected to be fully franked.<sup>57</sup>

Saracen Shareholders will be entitled to receive the Special Dividend if they are registered as holders of Saracen Shares on the Special Dividend Record Date (currently expected to be Wednesday, 3 February 2021). The Special Dividend will be paid on the Special Dividend Payment Date (currently expected to be 11 February 2021), which will be one day before the Implementation Date of the Scheme.

Saracen has applied to the ATO requesting a class ruling in relation to the tax implications of the Scheme, including the availability of franking credits and a tax offset in regard to the Special Dividend. On the provision that a favourable class ruling is obtained from the ATO (refer to Section 9 for further details), Saracen Shareholders who are able to obtain the full benefit of the tax offset of A\$0.016 per Saracen Share may receive additional value.

Whether a Saracen Shareholder is able to obtain the full benefit of the tax offset depends on their particular circumstances. Saracen

<sup>57</sup> Subject to the restrictions referred to in Section 9.2(i)

Shareholders in receipt of the Special Dividend should seek, and only rely upon, their own tax advice in relation to any tax offset.

It is expected that trading in Saracen Shares on the ASX will be suspended from close of trading on the Effective Date.

However if you choose to effect an off-market transfer of your Saracen Shares in between the record dates, such that you are registered on the Saracen Register on the Special Dividend Record Date but cease to be registered on the Saracen Register on the Record Date:

- (a) you will only receive the Special Dividend and will not receive the Scheme Consideration. However it is expected that you would not be entitled to receive the franking credits (see Section 9 for further information); and
- (b) any transferee of your Saracen Shares who becomes registered as the holder of those Saracen Shares on or before the Record Date (but after the Special Dividend Record Date) will only receive the Scheme Consideration in respect of those Saracen Shares and not the Special Dividend.

The Special Dividend will not be declared or subsequently paid if the Scheme does not become Effective.

#### 4.4 Independent Expert's Report

The Independent Expert, Ernst & Young Strategy and Transactions Limited, has reviewed the terms of the Scheme and concluded that the Scheme is fair and reasonable and in the best interests of Saracen Shareholders in the absence of a Superior Proposal.

The Independent Expert's Report is set out in Annexure 1 and should be read in its entirety, including the assumptions on which the conclusions are based.

#### 4.5 Ineligible Overseas Shareholders

Restrictions in certain foreign countries may make it impractical or unlawful for New Northern Star Shares to be issued under the Scheme to Saracen Shareholders in those countries.

Scheme Shareholders whose address is shown in the Saracen Register as being in a place outside Australia, New Zealand, United States of America, United Kingdom, Canada, Luxembourg, Ireland, Hong Kong, Singapore, Switzerland, Cayman Islands, Germany, France, Japan, United Arab Emirates, Malaysia and Liechtenstein, are Ineligible Overseas Shareholders, unless Northern Star determines (in its sole and absolute discretion) that it is lawful and not unduly impracticable or onerous for Northern Star to issue such a Saracen Shareholder with New Northern Star Shares on Implementation in accordance with the terms of the Merger Implementation Deed.

Northern Star is under no obligation to issue and allot, and will not issue, any New Northern Star Shares to any Ineligible Overseas Shareholder. Instead, if the Scheme becomes Effective, Northern Star will issue the New Northern Star Shares to which the Ineligible Overseas Shareholder would otherwise have been entitled to the Sale Nominee for sale through the Sale Facility which Ineligible Overseas Shareholders will be entitled to receive certain proceeds from. See Section 4.8 for further information about the Sale Facility.

#### 4.6 Small Shareholders

Scheme Shareholders who based on their holding of Saracen Shares on the Record Date, would, on implementation of the Scheme, be entitled to receive less than a Marketable Parcel (\$500 at the date of this Scheme Booklet) of Northern Star Shares (assessed by reference to the price of Northern Star Shares on ASX as at close of trade on the trading day prior to the Record Date) as Scheme Consideration, will be regarded as Small Shareholders for the purposes of the Scheme.

A Small Shareholder may elect to receive the Scheme Consideration in the form of Northern Star Shares by making a valid election to receive New Northern Star Shares under the Scheme (**Election**). If you make an Election, then Northern Star will issue you the Scheme Consideration in respect of your Scheme Shares provided, on implementation of the Scheme, you would be entitled to receive at least one whole Northern Star Share as Scheme Consideration.

To make an Election, you should complete and return the Opt-in Notice accompanying this Scheme Booklet, in accordance with the instructions on that form. The deadline for receipt of an Opt-in Notice by the Saracen Registry is 5:00 pm (AWST) on 4 February 2021 (or such other date as is the Business Day prior to the Record Date). Small Shareholders that do not make a valid Election, or are unable to make an Election to receive the Scheme Consideration in the form of New Northern Star Shares by 5:00 pm (AWST) on 4 February 2021 (or such other date as is the Business Day prior to the Record Date) (**Non-Electing Small Shareholder**) will not be issued any New Northern Star Shares. Instead, if the Scheme becomes Effective, Northern Star will issue the New Northern Star Shares to which the Non-Electing Small Shareholder would otherwise have been entitled to the Sale Nominee for sale through the Sale Facility



which Small Shareholders will be entitled to receive proceeds from. See Section 4.8 for further information about the Sale Facility.

With the exception of the Non-Electing Small Shareholders who are unable to make an Election, unless you are a trustee or nominee:

- (a) you may only make an Election under the Scheme in respect of all your Saracen Shares; and
- (b) if you make an Election under the Scheme, it will be deemed to apply to all your Saracen Shares regardless of whether the number of relevant Saracen Shares you hold at 7:00 pm (AEDT) on the Record Date is greater or less than the number you held at the time you made your election.

If you hold one or more parcels of Saracen Shares as trustee or nominee for, or otherwise on account of, another person, you may establish separate holdings for each of your beneficiaries and make individual Elections for each holding. However, you may not accept instructions from a beneficiary to make an Election unless it is in respect of the Scheme Consideration attributable to all parcels of Saracen Shares held by you on behalf of that beneficiary.

You may withdraw an Election by following the instructions on the Opt-in Notice. The deadline for receipt by the Share Registry of instructions to withdraw an Election is 5:00 pm (AWST) on 4 February 2021 (or such other date as is the Business Day prior to the Record Date). If your valid instructions are not received by this time, you will be treated in accordance with your last valid Opt-in Notice.

You will cease to be a Small Shareholder if you would, on implementation of the Scheme, be entitled to receive a Marketable Parcel of New Northern Star Shares (assessed by reference to the price of Northern Star Shares on ASX as at close of trade on the trading day prior to the Record Date) as Scheme Consideration. If you cease to be a Small Shareholder in this way you will not need to make an Election and you will receive Scheme Consideration or in the case of an Ineligible Overseas Shareholder, you will be entitled to receive certain proceeds through the Sale Facility.

#### 4.7 Foreign Resident Capital Gains Tax Withholding and Relevant Foreign Resident Declaration Form

Scheme Shareholders with an address outside Australia (or which Northern Star, as a purchaser, reasonably believes is a “relevant foreign resident”) and who Northern Star also reasonably believes may have an “associate inclusive” voting power of 10% or more of the Saracen Shares (which, in some instances, could include Scheme Shareholders with a voting power of less than 10%), will be provided with a Relevant Foreign Resident Declaration Form for the purposes of determining if Northern Star has an obligation to withhold and remit a foreign resident capital gains tax withholding amount to the Commissioner of Taxation (**Foreign Resident CGT Withholding Amount**) for these Scheme Shareholders.

In this declaration form, a Saracen Shareholder may provide Northern Star with a declaration that:

- (a) the registered holder of the relevant Saracen Shares is an Australian tax resident (**residency declaration**); or
- (b) the Saracen Shares held by the registered holder are not indirect Australian real property interests (**interest declaration**).

It is important that Saracen Shareholders who receive a Relevant Foreign Resident Declaration Form complete this form.

Unless a signed Relevant Foreign Resident Declaration Form regarding residency or interest, or a notice of variation granted by the Commissioner of Taxation (**Variation Notice**), is provided to Northern Star for these Saracen Shareholders, if Northern Star determines (acting reasonably) that Foreign Resident CGT Withholding is applicable to the relevant Saracen Shareholder (**Foreign Resident CGT Shareholder**) it may withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration. The following process will be applied to give effect to the withholding:

- (a) Northern Star will determine the relevant amount required to be paid to the Commissioner of Taxation being 12.5% (or such lesser amount approved by the Commissioner of Taxation in the Variation Notice) as the Foreign Resident CGT Withholding Amount;
- (b) the amount of New Northern Star Shares as necessary in the reasonable opinion of Northern Star to account for relevant Foreign Resident CGT Withholding Amount (taking into account potential fluctuations in share price and an amount necessary to cover costs associated with the Sale Facility) that would otherwise have been issued to you will be issued to the Sale Nominee to be sold via the Sale Facility, in accordance with the process described in Section 4.8<sup>58</sup>;
- (c) the Sale Nominee will then pay to Northern Star the Foreign Resident CGT Withholding Amount from the relevant sale proceeds, after deducting any applicable fees, brokerage, taxes and charges (reasonably incurred by the Sale Nominee) and Northern

<sup>58</sup> There is a risk that Northern Star may overestimate the amount of New Northern Star Shares necessary to account for the relevant Foreign Resident CGT Withholding Amount, in which case the applicable Foreign Resident CGT Withholding Shareholders (who are not also Ineligible Overseas Shareholders) may ultimately receive the surplus New Northern Star Shares under the Scheme later than they would otherwise have been entitled to had Northern Star's reasonable estimate been accurate.

Star will then pay any Foreign Resident CGT Withholding Amount to the Commissioner of Taxation (or retain the sale proceeds, as a reimbursement, where the Foreign Resident CGT Withholding Amount has already been paid by Northern Star to the Commissioner of Taxation); and

- (d) any surplus amount or New Northern Star Shares will be transferred to you in accordance with the process described in Section 4.8(d).

If requested by the relevant Scheme Shareholder in writing, Northern Star will provide the Scheme Shareholder with a receipt or evidence of the payment of the relevant amount withheld to the Commissioner of Taxation.

For the avoidance of doubt, a Scheme Shareholder may be both a Foreign Resident CGT Shareholder and an Ineligible Overseas Shareholder.

Further information regarding the foreign resident CGT withholding law can be found in Section 9 which contains a general summary of the Australian tax consequences of the Scheme for Saracen Shareholders.

## 4.8 Sale Facility

If you are an Ineligible Overseas Shareholder or a Non-Electing Small Shareholder, the entire Scheme Consideration that would otherwise have been issued to you will be issued to the Sale Nominee for sale through the Sale Facility.

If you are a Foreign Resident CGT Shareholder, an amount of the Scheme Consideration as is necessary in the reasonable opinion of Northern Star to account for the relevant Foreign Resident CGT Withholding Amount (taking into account potential fluctuations in share price and an amount necessary to cover costs associated with the Sale Facility) that would otherwise have been issued to you will be issued to the Sale Nominee for sale through the Sale Facility.

The Sale Facility will operate as follows:

- (a) as soon as reasonably practicable, but no more than 10 Business Days after the Implementation Date, the Sale Nominee will arrange for the sale of the New Northern Star Shares allotted to it, however, in respect of the New Northern Star Shares that are allocated to it for the purposes of being sold to account for any Foreign Resident CGT Withholding Amount paid or to be paid to the Commissioner of Taxation, the Sale Nominee will (in accordance with any instructions from Northern Star) only arrange for the sale of that number of New Northern Star Shares as is necessary (again, after taking into account potential fluctuations in share price and an amount necessary to cover applicable fees, brokerage, taxes and charges associated with that sale (reasonably incurred by the Sale Nominee)) to account for the total Foreign Resident CGT Withholding Amount and ensure that Northern Star is reimbursed for the full amount of the Foreign Resident CGT Withholding Amount paid or to be paid by Northern Star to the Commissioner of Taxation\*. The sales will be effected in such manner, and on the terms, as the Sale Nominee determines in good faith and at the sole risk of the Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders;
- (b) the average price realised across the entirety of the sale process will be applied to the number of New Northern Star Shares issued to the Sale Nominee to account for any Foreign Resident CGT Withholding Amounts and which were ultimately sold by the Sale Nominee under the Sale Facility, to determine the sale proceeds arising from the sale of these New Northern Star Shares through the Sale Facility (**Foreign Resident CGT Withholding Amount Proceeds**). The Foreign Resident CGT Withholding Amount Proceeds will be dealt with as described in Section 4.8(d). The remaining proceeds realised from the sale process undertaken by the Sale Nominee (referable to the Consideration Shares that would otherwise have been issued directly to Ineligible Overseas Shareholders and Non-Electing Small Shareholders) (**Ineligible Sale Proceeds**), will be dealt with as described in Section 4.8(c);
- (c) with respect to the Ineligible Sale Proceeds:
  - (i) the Sale Nominee will then remit the Ineligible Sale Proceeds after deducting any applicable fees, brokerage, taxes and charges (reasonably incurred by the Sale Nominee) to Saracen;
  - (ii) Saracen will promptly remit the net Ineligible Sale Proceeds after receiving them from the Sale Nominee to applicable Ineligible Overseas Shareholders and Non-Electing Small Shareholders. Each applicable Ineligible Overseas Shareholder and Non-Electing Small Shareholder will receive their pro rata share of the net Ineligible Sale Proceeds based on their proportion of the number of New Northern Star Shares (other than those issued to the Sale Nominee to be sold to account for any Foreign Resident CGT Withholding Amount) that they would have otherwise received as a portion of all New Northern

\* It will likely not be possible to limit the number of New Northern Star Shares sold to the exact number necessary to ensure that the total Foreign Resident CGT Withholding Amount (in respect of all Foreign Resident CGT Shareholders) is accounted for, after also accounting for an amount necessary to cover costs associated with the Sale Facility, and to ensure that Northern Star is reimbursed for the full amount of the Foreign Resident CGT Withholding Amount paid or to be paid by Northern Star to the Commissioner of Taxation. Net proceeds from the sale of New Northern Star Shares over and above that exact number will be remitted to Foreign Resident CGT Shareholders as described in Section 4.8(d).

Star Shares issued to the Sale Nominee (other than those issued to the Sale Nominee to be sold to account for any Foreign Resident CGT Withholding Amount).

- (iii) Saracen will then account to each applicable Ineligible Overseas Shareholder and Non-Electing Small Shareholder for their pro rata share of the net Ineligible Sale proceeds (rounded down to the nearest cent) by either:
  - (A) sending a cheque in A\$ by prepaid post to the Ineligible Overseas Shareholders and Non-Electing Small Shareholders to their address as it appears on the Saracen Register on the Record Date; or
  - (B) where the Ineligible Overseas Shareholder or Non-Electing Small Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Share Registry to receive dividend payments from Saracen by electronic funds transfer to a nominated account, paying the relevant amount in Australian currency by electronic means in accordance with that election; and
- (d) with respect to the Foreign Resident CGT Withholding Amount Proceeds:
  - (i) the Sale Nominee will pay the Foreign Resident CGT Withholding Amount (in respect of all Foreign Resident CGT Shareholders) to Northern Star;
  - (ii) the Sale Nominee will remit the balance of the Foreign Resident CGT Withholding Amount Proceeds (after deducting the Foreign Resident CGT Withholding Amount in respect of all Foreign Resident CGT Shareholders and then deducting any applicable fees, brokerage, taxes and charges (reasonably incurred by the Sale Nominee)) to Saracen. Any surplus New Northern Star Shares will be transferred to the relevant Foreign Resident CGT Shareholders;
  - (iii) Northern Star will then pay the Foreign Resident CGT Withholding Tax Amount to the Commissioner of Taxation or consider the amount to be a reimbursement of the Foreign Resident CGT Withholding Tax Amount to the extent already paid to the Commissioner of Taxation; and
  - (iv) Saracen will account to the relevant Foreign Resident CGT Shareholder for the amount (if any) by which the Foreign Resident CGT Withholding Amount Proceeds (in respect of the Foreign Resident CGT Shareholder) exceed the Foreign Resident CGT Withholding Amount and share of associated costs of the sale process for that Foreign Resident CGT Shareholder (rounded down to the nearest cent).

The Sale Nominee and its affiliates (**Sale Nominee Group**) is a full-service financial institution engaged in various activities, which may include trading, financing, corporate advisory, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. The Sale Nominee Group may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may, without limitation, involve or relate to assets, securities and/or instruments of Northern Star, and/or persons and entities with relationships with Northern Star. The Sale Nominee Group may also communicate investment recommendations, market colour or trading ideas and/or publish or express research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. These various activities may impact the price at which Northern Star Shares may be sold through the Sale Facility. The Sale Nominee Group has provided, and may in the future provide, financial advisory, financing services and other services to Saracen and to persons and entities with relationships with Saracen, for which the Sale Nominee Group has received or will receive customary fees and expenses. An entity within the Sale Nominee Group is acting as financial adviser to Saracen in relation to the Transaction and may receive fees, expenses and other compensation in connection with this role.

The Sale Nominee is acting as an execution only broker to Saracen and Northern Star, and is not acting as agent or sub-agent, and does not assume or accept any duty (fiduciary or otherwise) or responsibility, to any Ineligible Overseas Shareholder, Non-Electing Small Shareholder or Foreign Resident CGT Withholding Shareholder. To the maximum extent permitted by law, the Sale Nominee Group will not be liable for any failure to sell Northern Star Shares under the Sale Facility at a particular price.

## 4.9 Competing Proposals and Regulated Events

During the Exclusivity Period, the Merger Implementation Deed prohibits each of Saracen and Northern Star and their respective Representatives from soliciting, encouraging, initiating or inviting any offer, enquiry, expression of interest, discussion or proposal in relation to (or that may reasonably be expected to encourage or lead to) a Competing Proposal or Regulated Event, or communicate any intention to do any of these things. Refer to Section 10.15 for further details of Regulated Events.

There are also certain restrictions in the Merger Implementation Deed on discussions with third parties in relation to Competing Proposals or Regulated Events, providing due diligence access and making available any non-public information. These are subject to certain exceptions related to the fiduciary duties of Saracen Directors and Northern Star Directors. During the Exclusivity Period, each of Saracen and Northern Star must as soon as reasonably practicable (and in any event within one Business Day) notify the other if it, or any of its Representatives, is approached by a person in relation to a Competing Proposal and it proposes to take any otherwise prohibited action in reliance on these fiduciary exceptions.

Where a Competing Proposal is received by Saracen and the Saracen Board determines that it is a Superior Proposal, Saracen must notify Northern Star of this (**Matching Rights Notice**), and Northern Star then has the right, but not the obligation, within 5 Business Days of receipt of that Matching Rights Notice to offer to amend the terms of the Scheme or make an alternative proposal to Saracen or the Saracen Shareholders with a view to providing an equivalent or a superior outcome for Saracen Shareholders than that offered under the relevant Competing Proposal.

As at the date of this Scheme Booklet, neither Saracen nor Northern Star has received any Competing Proposals.

The restrictions on soliciting, discussing and providing due diligence access and information otherwise applying under the Merger Implementation Deed may be released in certain circumstances. In particular, if Saracen or Northern Star makes an announcement to ASX in respect of its receipt of a Competing Proposal and within 10 Business Days after that announcement:

- (a) where Saracen has received and announced the Competing Proposal, Saracen has not notified Northern Star whether or not the Competing Proposal is a Superior Proposal or given a Matching Rights Notice to Northern Star, then Northern Star is released from those restrictions until such time as Saracen notifies Northern Star whether or not the Competing Proposal is a Superior Proposal; and
- (b) where Northern Star has received and announced the Competing Proposal, Northern Star has not notified Saracen whether or not the Competing Proposal is a Superior Proposal, then Saracen is released from those restrictions until such time as Northern Star notifies Saracen whether or not the Competing Proposal is a Superior Proposal.

Your Directors will carefully consider any Competing Proposal received from a third party (provided it does not breach the terms of the Merger Implementation Deed) and inform you of any material developments. However, presently your Directors are not aware of any such proposals.

#### 4.10 Directors' recommendation and contingent benefits

Your Directors believe that the Scheme is in the best interests of Saracen Shareholders. The Board of Saracen unanimously recommends that Saracen Shareholders vote in favour of the Scheme, subject to no Superior Proposal emerging and to the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders (see disclosures below in relation to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders).

Each of your Directors will vote or procure the voting of, any Saracen Shares held by, or on behalf of, such Saracen Director at the time of the Scheme Meeting, in favour of the Scheme at the Scheme Meeting, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders.

Your Directors have formed their conclusion and made their recommendation on the Scheme based on the reasons outlined in Section 1.

The reasons Saracen Shareholders might elect to vote against the Scheme are set out in Section 1.2.

In relation to the unanimous recommendation of the Directors, Saracen Shareholders should note that certain Directors have certain interests in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders if the Scheme is implemented, as described below.

(a) **Mr Raleigh Finlayson**

If the Scheme is Implemented:

- (i) certain of Mr Finlayson's Saracen Performance Rights will vest and Mr Finlayson will be issued 2,105,733 Saracen Shares, which will be acquired by Northern Star in consideration of the issue of New Northern Star Shares under the Scheme to the extent they are not sold by him prior to the Record Date (see Section 10.19);
- (ii) Mr Finlayson will be appointed as Managing Director of Northern Star on the terms summarised in Section 7.8(c)(ii) and has been invited to apply for up to 68,862 Northern Star Performance Rights under the FY20 Share Plan (see Section 6.19); and

- (iii) Mr Finlayson may also be eligible to receive a short term incentive payment for that portion of FY21 for which he is employed as Managing Director by Northern Star, if certain key performance indicators (consistent with the Saracen short term incentive performance measures which are disclosed in the Saracen 2020 Annual Report) are achieved for FY21 (refer to Section 7.8(c)(ii)).

Mr Finlayson considers that these arrangements are not of such materiality to him that they impact on his consideration of the Scheme, having regard to the following matters:

- (i) Mr Finlayson's Saracen Performance Rights were issued well before the entry into the Merger Implementation Agreement (other than the 181,100 FY21 LTIP Performance Rights that were approved by Saracen Shareholders at the Saracen 2020 Annual General Meeting on 4 September 2020, which were issued to Mr Finlayson on 13 October 2020). The accelerated vesting of those Saracen Performance Rights as a result of the Scheme is in accordance with their terms of issue, and it is likely, given the performance of Saracen since the date of grant, that the substantial majority of those Saracen Performance Rights would have vested in time even in the absence of the Scheme;
- (ii) 79,570 New Northern Star Shares which Mr Finlayson will receive under the Scheme in consideration for the Saracen Shares issued on vesting and exercise of the Saracen Performance Rights (to the extent they are not sold prior to the Record Date), will be subject to a holding lock preventing any transfer for periods reflecting the vesting periods for the Saracen Performance Rights that would have applied in the absence of the Scheme; and
- (iii) the terms of his appointment as Managing Director of Northern Star following implementation of the Scheme (including an increase in Mr Finlayson's fixed annual remuneration from A\$850,000 per annum to A\$1.4 million per annum, the invitation to apply for up to 68,862 Northern Star Performance Rights in accordance with the FY20 Share Plan and potential eligibility for certain short term incentive payments) were negotiated on an arms-length basis having regard to a benchmarking report provided by an external remuneration consultant and reflect reasonable remuneration for the position and attendant responsibilities Mr Finlayson will assume.

Mr Finlayson sought and received independent legal advice in relation to these matters and has concluded that, despite these arrangements, it is appropriate for him to make a recommendation in relation to the Scheme.

**(b) Mr Anthony Kiernan AM**

If the Scheme is implemented, it is intended that Anthony Kiernan AM, Saracen's Chairman, will be appointed as lead independent director of Northern Star, on the terms summarised in Section 7.8.

Mr Kiernan considers these arrangements are not of such materiality to him that they impact on his consideration of the Scheme and that as such, despite these arrangements, he considers it is appropriate for him to make a recommendation in relation to the Scheme.

**(c) Ms Sally Langer and Mr John Richards**

If the Scheme is implemented, it is intended that Sally Langer and John Richards, who are non-executive directors of Saracen, be appointed as non-executive directors of Northern Star, on the terms summarised in Section 7.8.

Ms Langer and Mr Richards consider that these arrangements are not of such materiality to them that they impact on their consideration of the Scheme and that as such, despite these arrangements, they consider it is appropriate for them to make a recommendation in relation to the Scheme.

These arrangements are disclosed throughout this Scheme Booklet to allow Saracen Shareholders to consider these arrangements in the context of the recommendations of these Directors that Saracen Shareholders should vote in favour<sup>58</sup> of the Scheme, subject to no Superior Proposal emerging and the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders. Saracen Shareholders should have regard to these arrangements when considering the recommendations of Raleigh Finlayson, Anthony Kiernan, Sally Langer and John Richards in relation to the Scheme and, if they disagree with the basis upon which they conclude it is appropriate to make a recommendation in relation to the Scheme, may choose to discount their recommendations accordingly. The other Non-Executive Directors of Saracen being, Martin Reed, Roric Smith and Samantha Tough are not party to any such arrangements.

#### 4.11 What are your options and what should you do?

You have the following four options in relation to your Saracen Shares. Saracen encourages you to consider your personal risk profile, portfolio strategy, tax position and financial circumstances and seek professional advice before making any decision in relation to your Saracen Shares.



**(a) Vote in favour of the Scheme at the Scheme Meeting**

Your Directors unanimously recommend<sup>59</sup> that you vote in favour of the Scheme, subject to no Superior Proposal emerging and to the Independent Expert continuing to conclude that the Scheme is in the best interests of Saracen Shareholders. The reasons for your Directors' unanimous recommendation<sup>58</sup> are set out in Section 1.1.

If you wish to support the Scheme, you can do so by voting in favour of the Scheme Resolution at the Scheme Meeting. For directions on how to vote at the Scheme Meeting, and important voting information generally, please refer to Section 3.

**(b) Vote against the Scheme at the Scheme Meeting**

If, despite your Directors' unanimous recommendation<sup>58</sup> and the conclusion of the Independent Expert, you do not support the Scheme, you may vote against the Scheme Resolution at the Scheme Meeting.

However, you should note that if all of the conditions to the Scheme are satisfied or waived (where applicable), the Scheme will bind all Saracen Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

**(c) Sell your Saracen Shares on ASX**

The Scheme does not preclude you from selling your Saracen Shares on market for cash, if you wish, provided you do so before close of trading in Saracen Shares on ASX on the Effective Date (currently expected to be 3 February 2021) when trading in Saracen Shares will end.

If you are considering selling your Saracen Shares on ASX you should have regard to the prevailing trading prices of Saracen Shares at that time.

If you sell your Saracen Shares on market for cash, you:

- (i) will not be entitled to receive the Scheme Consideration;
- (ii) may incur a brokerage charge;
- (iii) may be subject to CGT; and
- (iv) will not be able to participate in a Superior Proposal, if one emerges, noting that, at the date of this Scheme Booklet, your Directors have not received notice from any third party of an intention to make any Competing Proposal or Superior Proposal.

**(d) Do nothing**

If, despite your Directors' unanimous recommendation<sup>60</sup> and the conclusion of the Independent Expert, you decide to do nothing, you should note that if all of the conditions to the Scheme are satisfied or waived (where applicable), the Scheme will bind all Saracen Shareholders, including those who vote against the Scheme Resolution at the Scheme Meeting or those who do not vote at all.

Remember, if you want to receive the Scheme Consideration and Special Dividend, your vote is important. If the Scheme is not approved by the Requisite Majority of Saracen Shareholders, you will not be entitled to receive any Scheme Consideration or the Special Dividend.

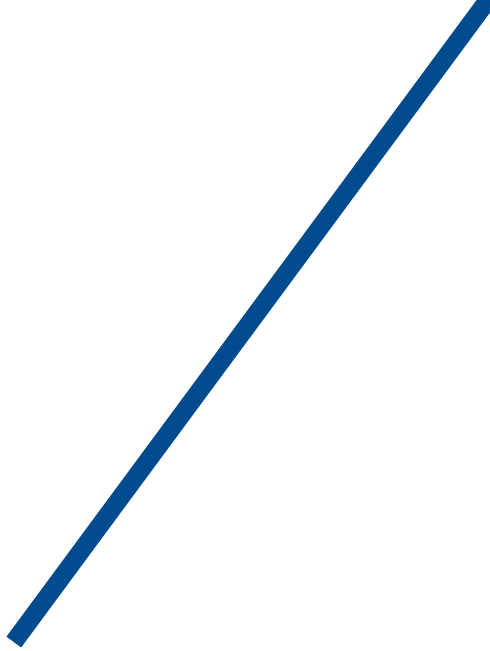
## 4.12 Dealing with your New Northern Star Shares

If the Scheme is implemented, all of the Saracen Shares held by Scheme Shareholders at 7:00 pm (AEDT) on the Record Date will be transferred to Northern Star on the Implementation Date and in exchange, each Scheme Shareholder (other than Ineligible Overseas Shareholders and Non-Electing Small Shareholders) will be issued New Northern Star Shares. If you wish to sell the New Northern Star Shares issued to you, you may do so on ASX once trading in those New Northern Star Shares commences.

<sup>59</sup> In relation to the unanimous recommendation of the Directors, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.

<sup>60</sup> In relation to the unanimous recommendation of the Directors, Saracen Shareholders should have regard to the interests of the Directors in the outcome of the Scheme vote which may differ from those of other Saracen Shareholders, as further described in Section 4.10.





## 5. Profile of Saracen







## 5. Profile of Saracen

### 5.1 Introduction

The information contained in this Section 5 has been prepared by Saracen. The information concerning Saracen, and the intentions, views and opinions contained in this Section 5 are the responsibility of Saracen. Additional information is included in the Independent Expert's Report attached in Annexure 1. Northern Star does not assume any responsibility for the accuracy or completeness of the information in this Section 5.

### 5.2 Overview of Saracen

Saracen is an ASX 100 gold producer with a proven track record of growth and delivery of superior shareholder returns. Saracen's head office is in Perth, Western Australia and all of its existing operations are located in Western Australia:

- (a) The Carosue Dam Operation ("Carosue Dam" or "CDO"), approximately 120km north-east of Kalgoorlie;
- (b) The Thunderbox Operation ("Thunderbox" or "TBO"), approximately 45km south of Leinster; and
- (c) A 50% interest in KCGM, located in Kalgoorlie, acquired from Barrick Gold Corporation in November 2019.

Saracen had a strong year in FY20 resulting in record production of 520,414oz (FY19: 355,077oz) and All-In-Sustaining-Costs (AISC) of A\$1,101/oz (FY19: A\$1,030/oz), Saracen is expecting substantially higher production in FY21, with production guidance of 600 – 640koz at an AISC of A\$1,300 - A\$1,400/oz (includes a full year of KCGM production).

Saracen is a 'disclosing entity' for the purposes of the Corporations Act and is therefore subject to regular reporting obligations under the Corporations Act and the Listing Rules. See Section 5.19 for further information.

### 5.3 Recent performance

Saracen has performed strongly over the last three years achieving significant growth in production, Ore Reserves, Mineral Resources and earnings. Between FY18 and FY20 gold production has grown by 64%, in part driven by the successful acquisition of a 50% interest in KCGM in November 2019. This production growth has also been reflected in Saracen's improved revenues and earnings.

Metric	Unit	FY18	FY19	FY20
Gold produced	oz	316,453	355,077	520,414
AISC	A\$/oz	1,139	1,030	1,101
Gold Reserves	Moz	2.5	3.3	8.6
Gold Resources	Moz	8.6	9.2	17
Revenue	A\$M	511	555.6	1,074
EBITDA	A\$M	198.7	219.5	447.6
NPAT	A\$M	75.6	92.5	189.7
Earnings per share	Acps	9.29	11.3	19.1

Table 5.1: Production and Financial Performance

### 5.4 Overview of assets and operations

Saracen's three operations are closely located within a ~300km radius. Current Ore Reserves are 8.6Moz contained gold and Mineral Resources are 17Moz contained gold. FY21 gold production guidance is 600 – 640koz at an AISC of A\$1,300 - A\$1,400/oz.

KCGM 50%	
Ore Reserves (30 June 20)	4.8Moz (1.3g/t)
Mineral Resources (30 June 20)	9.6Moz (1.6g/t)
FY21G Production	220-240koz
FY21G AISC	A\$1,470-1,570/oz

Thunderbox	
Ore Reserves (30 June 20)	1.7Moz (1.6g/t)
Mineral Resources (30 June 20)	3.2Moz (1.7g/t)
FY21G Production	140-150koz
FY21G AISC	A\$1,000-1,100/oz

Carosue Dam	
Ore Reserves (30 June 20)	2.0Moz (1.9g/t)
Mineral Resources (30 June 20)	4.6Moz (2.0g/t)
FY21G Production	240-250koz
FY21G AISC	A\$1300-1,400/oz



Figure 5.1: Saracen Assets and Operations

(a) **Carosue Dam Operations (100% owned by Saracen)**

Saracen owns 100% of the Carosue Dam Operations through its wholly-owned subsidiary, Saracen Gold Mines Pty Ltd. Carosue Dam is located within the South Laverton gold field, situated 120km North East of Kalgoorlie in Western Australia. CDO includes the Carosue Dam Project (comprising the Karari and Dervish gold deposits), the Porphyry Project (comprising the Porphyry, Million Dollar, Enterprise, and Wallbrook gold deposits), and the Deep South Project (comprising the Deep South, Safari Bore and Box Well gold deposits). Saracen acquired the original CDO assets in 2006 and commenced commercial gold production in 2010.

Infrastructure consists of a conventional CIL gold processing plant, thickener and paste plant, three accommodation villages (capacity ~400 people), various water and power infrastructure assets, a 1MW solar farm (with additional solar farms under construction) and an airstrip. Saracen recently upgraded the CDO processing plant to a nameplate capacity of 3.2Mtpa (previously 2.4Mtpa). The additional 800ktpa of mill capacity will be filled with existing open pit Reserves, which now amount to over 17Mt from three discrete mining areas. The plant expansion is expected to improve metallurgical recoveries to 94% (from 93%) and reduce unit costs by up to A\$2.50/t.



Figure 5.2: Installation of new ball mill as part of the CDO process plant expansion (completed)

As at 30 June 2020, Carosue Dam has 4.6Moz of Mineral Resources and 2Moz of Ore Reserves. Carosue Dam is highly profitable, producing 203koz at an AISC of A\$1,263/oz in FY20. FY21 gold production guidance is 240 - 250koz at an AISC of A\$1,300 -

A\$1,400/oz. The operation has upside potential for development of additional open pit and underground deposits as well as the recent Atbara discovery in close proximity to the expanded processing infrastructure.

In terms of recent performance, the September 2020 quarter saw record gold production from Carosue Dam with 54,987oz produced at an AISC of A\$1,262/oz. Net mine cash flow of A\$27.1 million was generated even after growth capital investment of A\$33.7 million. While the majority of this production was from the Karari-Dervish underground mine, the new Million Dollar open pit mine was successfully progressed and will provide additional ore feed for the expanded mill.

The new 1MW Carosue Dam Solar Farm array is delivering outstanding early results. Emission reductions achieved since late January include a reduction of 896t of CO<sub>2</sub>. These positive social outcomes are enhanced by a 40% cost saving as compared to current dual fuel (gas/diesel) power generation such that Saracen has also commenced the installation of a further 5MW of solar farms.

**(b) Thunderbox Operations (100% owned by Saracen)**

Saracen owns 100% of the Thunderbox Operations through its wholly-owned subsidiary Saracen Metals Pty Ltd.

Saracen acquired TBO in 2014 and commenced commercial gold production in 2016. The operation is located in the highly prospective Yandal and Agnew-Wiluna Belts in the North Eastern Goldfields of Western Australia, 45km south of the town of Leinster, and immediately adjacent to the sealed Goldfields Highway.

TBO includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Otto Bore gold deposits), the Kailis Project, the Bannockburn Project (comprising the Bannockburn and North Well gold deposits), the Waterloo Project (comprising the Waterloo and Amorang nickel deposits) and the Sinclair Project (comprising the Sinclair nickel deposit).

The Thunderbox conventional CIL processing facility, which was recommissioned during 2015 has a nameplate capacity of 2.5Mtpa, although during FY20, 2.9Mtpa was processed. A scoping study has confirmed the potential to expand the Thunderbox mill to 3.5Mtpa. Other infrastructure comprises a 340-person accommodation village, an airstrip, power infrastructure, a spur to the Goldfields Gas Pipeline, bore field water supply and telecommunication services. The construction of a paste plant is underway.

In September 2019, Saracen acquired ASX listed Bligh Resources Limited (**Bligh**) including the Bundarra project located less than 30km south of TBO and adjacent to the sealed Goldfields Highway. The Bundarra project consists of five mining leases and six prospecting licences that host four known gold deposits including the key Wonder North gold deposit.

In October 2019, Saracen acquired the Sinclair project from ASX listed Talisman Mining Limited. Sinclair is located 25km south-west of TBO in the world class Agnew-Wiluna greenstone belt. In addition to acquiring significant mine site infrastructure, Sinclair also includes a 207km<sup>2</sup> tenement package covering more than 80km of prospective ultramafic host rocks with gold exploration potential as well as the Sinclair nickel deposit which complements Saracen's existing nickel portfolio in the region.

The Thunderbox Operations hosts 3.2Moz of gold in Mineral Resources and 1.7Moz of gold in Ore Reserves as at 30 June 2020. In FY20 Thunderbox produced 185koz of gold at an AISC of A\$731/oz. FY21 production guidance is 140 - 150koz at an AISC of A\$1,000 - A\$1,100/oz.

In terms of recent performance, the September 2020 quarter saw gold production from Thunderbox of 44,211oz at an AISC of A\$790/oz. Net mine cash flow of A\$47.1 million was generated even after growth capital investment of A\$38.8 million. After successfully completing open pit mining of the C Zone, the D Zone open pit continues to ramp up. D Zone is a simple, low-cost and robust operation, with the strip ratio progressively decreasing and the grade progressively increasing. Thunderbox D Zone will provide >2 years of soft oxide ore, which will lower unit costs and benefit overall mill throughput. The Thunderbox Underground mine also continues to ramp up.

Saracen is continuing to progress plans to expand the Thunderbox mill to 3.5Mtpa during FY22 (currently 2.5Mtpa). Satellite open pits with higher grade and/or soft oxide material, including Wonder North and Otto Bore, will feed the increased mill capacity.

**(c) KCGM Operations (50% owned by Saracen)**

Saracen owns 50% of Kalgoorlie Consolidated Gold Mines Pty Ltd and the joint ventures it manages (together, "KCGM") through its wholly-owned subsidiaries, Saracen Goldfields Pty Ltd and Saracen Kalgoorlie Pty Ltd. The jointly owned KCGM is a large, long-life, gold operation, located in the globally renowned "Golden Mile" region of Kalgoorlie-Boulder, Western Australia. The Golden Mile is an Australian icon with an operating history of more than 125 years. The operation is principally composed of the Fimiston open pit, known colloquially as the "Super Pit", and Mt Charlotte underground mines. In FY20 KCGM produced 465koz of gold (100% basis), making it one of the largest gold mines in Australia.



Infrastructure operated by KCGM includes the Fimiston processing plant, with its flotation and CIL circuits, the Gidji processing facility for final processing of flotation concentrates, offices and workshops to service the extensive open pit mining, underground and processing facilities as well as water supply and other support facilities.

As at 30 June 2020, KCGM has contained gold in Mineral Resources of 19Moz and contained gold in Ore Reserves of 9.7Moz. FY21 production guidance is 440 - 480koz at an ASIC of A\$1,470 - A\$1,570/oz (100% basis). Production is expected to reach +500kozpa by FY24, then increasing steadily to +640kozpa by FY27. Current Ore Reserves provide mine life visibility of 15 years.

Soon after Saracen's acquisition of a 50% interest in KCGM, Northern Star acquired the other 50% interest from Newmont Goldcorp Corporation. In a short space of time the new JV partners finalised a joint operatorship model, established a new management structure and initiated an extensive strategic review/optimisation process. Initial outcomes from this review were released to the ASX in August 2020, including updated Reserves and Resources, FY21 guidance, a seven-year production outlook, remediation plans for the 2018 East Wall slip and longer-term strategic plans.

The Ore Reserves include 6.1Moz of contained gold at the Fimiston open pit (compared to the previous non JORC estimate of 3Moz at December 2019), including a Maiden Ore Reserve of 3.9Moz at the Fimiston South Open Pit (all 100%). The 19Moz of Mineral Resources includes a maiden underground Resource at Fimiston of 2.2Moz at 2.8g/t while the underground Mineral Resource at Mt Charlotte grew to 1.9Moz (all 100%).

Since acquiring KCGM, Saracen and Northern Star have embarked on a transformation of the open pit. Under prior ownership, only two small and inefficient cutbacks were available to mine at KCGM (Golden Pike South and Morrison). Now there are three mining areas available to shovel and truck fleets with a fourth scheduled to come online in the June half of 2021. These new cutbacks are expected to boost mining productivities, improve costs and ensure that higher grades are delivered to the mill by displacing lower grade stockpile feed. Saracen and Northern Star are targeting mining material movements of 70 – 80Mtpa, in line with historical (pre-wall slip) volumes achieved but a significant improvement over recent years. Significant gains in productivities are already being achieved with total material movement from the open pits of 2.5 million BCM in the September quarter, a 29% improvement on the June quarter (which was itself a 49% improvement on the March quarter). A mining fleet renewal program will further enhance efficiencies with a new Komatsu PC-8000 shovel and 4 x 240t trucks slated for delivery in FY21.

Production at KCGM is expected to rise to >500kozpa (100%) from FY24 (post remediation, as Fimiston South becomes an increasingly dominant ore source and access to high grade Golden Pike is restored) and is then expected to climb steadily to >640kozpa (100%) from FY27. In terms of recent performance, the September 2020 quarter saw 55,190oz produced at KCGM (50%) at an AISC of A\$1,423/oz, consistent with full year FY21 guidance. This generated net mine cash flow of A\$43.3 million (after growth capital of A\$34 million).

Importantly, a key environmental approval was received in October relating to the development of Fimiston South Stage 2. This is a key step in providing KCGM with the opportunity to accelerate the development of Fimiston South Stage 2.

## 5.5 Ore Reserves and Mineral Resources

Saracen's Ore Reserve and Mineral Resource estimates are outlined below (all as at 30 June 2020). Mineral Resources are presented inclusive of Ore Reserves.

Deposit	Proved			Probable			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
KCGM (50%)	64,000	0.7	1,500	56,000	1.8	3,300	120,000	1.3	4,800
Carosue Dam	3,300	0.9	96	29,000	2.0	1,900	33,000	1.9	2,000
Thunderbox	7,000	1.5	340	26,000	1.7	1,400	33,000	1.6	1,700
<b>Total</b>	<b>74,100</b>	<b>0.8</b>	<b>1,936</b>	<b>111,000</b>	<b>1.9</b>	<b>6,600</b>	<b>190,000</b>	<b>1.4</b>	<b>8,600</b>

Table 5.2: Ore Reserves (note: figures may not add due to rounding)

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
KCGM (50%)	64,000	0.7	1,500	89,000	2.0	5,600	37,000	2.1	2,500	190,000	1.6	9,600



Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
Carosue Dam	9,800	2.0	630	44,000	2.0	2,800	18,000	2.1	1,200	72,000	2.0	4,600
Thunderbox	10,000	1.7	540	39,000	1.8	2,300	6,900	1.9	430	57,000	1.7	3,200
<b>Total</b>	<b>84,000</b>	<b>1.0</b>	<b>2,700</b>	<b>170,000</b>	<b>2.0</b>	<b>11,000</b>	<b>62,000</b>	<b>2.1</b>	<b>4,100</b>	<b>320,000</b>	<b>1.7</b>	<b>17,000</b>

Table 5.3: Mineral Resources (Gold) (note: figures may not add due to rounding) (Mineral Resources are presented inclusive of Ore Reserves)

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (000's)	NI (%)	Ni (kt)	Tonnes (000's)	NI (%)	Ni (kt)	Tonnes (000's)	NI (%)	Ni (kt)	Tonnes (000's)	NI (%)	Ni (kt)
Thunderbox	-	-	-	-	-	-	1,400	2.1	30	1,400	2.1	30
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,400</b>	<b>2.1</b>	<b>30</b>	<b>1,400</b>	<b>2.1</b>	<b>30</b>

Table 5.4: Mineral Resources (Nickel)

**Statement in respect of Saracen's Exploration Results, Ore Reserves and Mineral Resources**

The information in this Scheme Booklet that relates to KCGM exploration results and KCGM, Carosue Dam and Thunderbox Ore Reserves and Mineral Resources has been extracted from Saracen's ASX releases dated 4 August 2020 and 18 August 2020 (Reports). Copies of the Reports are available at <https://www.saracen.com.au/site/investor-centre/asx-announcements> and [www.asx.com.au](http://www.asx.com.au). Saracen confirms that it is not aware of any new information or data that materially affects the information included in the Reports and that in the case of the Ore Reserves and Mineral Resources all material assumptions and technical parameters underpinning the estimates in the Reports continue to apply and have not materially changed. Saracen confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Reports.

Saracen has a long term track record of successful investment in acquisitions, exploration and organic growth, delivering outstanding growth in Ore Reserves, as shown below (includes KCGM).

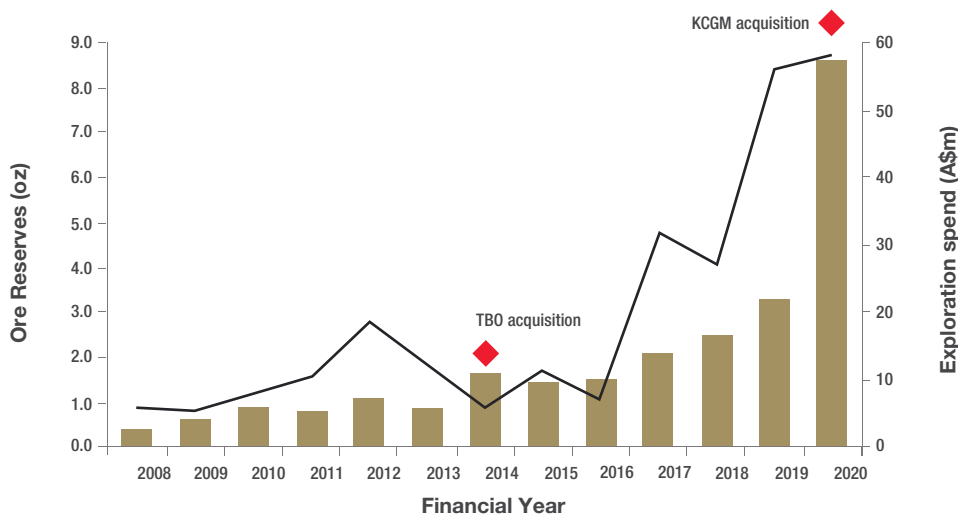


Figure 5.3: Saracen Ore Reserve growth over time

## 5.6 Production and cost guidance

Saracen is on track to achieve the following production and cost guidance for FY21.

FY21 guidance	Carosue Dam	Thunderbox	KCGM (50%)	Group
Production (koz)	240-250	140-150	220-240	600-640
AISC (A\$/oz)	1,300-1,400	1,000-1,100	1,470-1,570	1,300-1,400

Table 5.5: FY21 Guidance

Saracen has disclosed its production targets over the next 7 years which is shown below:

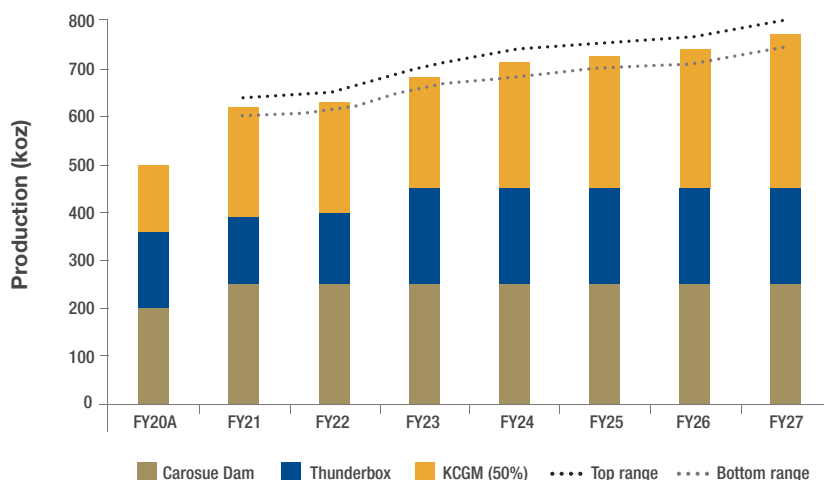


Figure 5.4: 7-year outlook<sup>61</sup>

**Statement in respect to Saracen’s production guidance**

The information underpinning Saracen’s gold production guidance in Figure 5.4 and elsewhere in this Scheme Booklet has been extracted from (i) the ASX release by Saracen entitled “Carosue Dam and Thunderbox only – Reserves rise to 3.7Moz” dated 4 August 2020, available at [www.saracen.com.au](http://www.saracen.com.au) and [www.asx.com](http://www.asx.com) (Saracen Announcement) and Northern Star’s and Saracen’s joint ASX announcement entitled “KCGM Reserves, Resources and Guidance Update” dated 18 August 2020, available at [www.nsrld.com](http://www.nsrld.com) and [www.asx.com](http://www.asx.com) (KCGM Announcement). For the purposes of ASX Listing Rule 5.19, (i) Saracen confirms that all the material assumptions<sup>62</sup> underpinning the production target in the Saracen Announcement continue to apply and have not materially changed. Saracen confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from that announcement, (ii) both Northern Star and Saracen confirm that all the material assumptions underpinning the production target in the KCGM Announcement continue to apply and have not materially changed. Saracen confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from that announcement.

## 5.7 Capex guidance

Saracen has provided FY21 gross growth capital expenditure guidance of A\$330 million (ex KCGM) which will enable it to capitalise on its increased Ore Reserves by continuing to “future proof” the business (investing capital now to de-risk future production and structurally lower the cost base).

At KCGM, the FY21 growth capital budget is A\$198 million (100%) with an exploration budget of A\$12 million (100%). FY22 growth and de-risking capital expenditure is forecast at A\$240 million - A\$270 million (100%).

Project	Budget A\$m
Carosue Dam and Thunderbox	330
Total KCGM (50%)	99
<b>Total Saracen</b>	<b>429</b>

Table 5.6: Capex Guidance

## 5.8 Health and safety

The safety and wellbeing of our people is always Saracen’s first priority. Despite significant effort to maintain focus on safety initiatives within the business, any performance improvements have been overshadowed by a tragic fatality involving a colleague employed by Saracen’s underground mining contractor at Carosue Dam in July 2020. The investigation into the circumstances of this tragedy is ongoing with the full support of Saracen and its contract partner Byrneecut. The result of this investigation may take up to 2 years to complete and its outcome is uncertain.

Saracens Lost Time Injury Frequency Rate (LTIFR) for the 12 months to 30 September 2020 was 1.4 and the Total Recordable Incident Frequency Rate (TRIFR) was 8.4<sup>63</sup>.

61 Note: FY20A production for KCGM only reflects 7 months of ownership of a 50% interest for Saracen

62 Assumptions made in relation to the Ore Reserves and indicated Mineral Resources underpinning the production targets are (in summary): Current operational capital and operating cost structures; • Current operational mining and metallurgical performance; • The gold price, exchange rate, dilution allowance and mining recovery rates are as set out in each prior public report referred to in the above ASX Listing Rule 5.19 disclosures; • SAR CDO forecast consists of 96koz of Proved Reserve and 1,619koz of Probable Reserve. No Resource is included in the forecast; • SAR TBO forecast consists of 337koz of Proved Reserve and 793koz of Probable Reserve. No Resource is included in the forecast; and • KCGM forecast consists of 650koz of Proved Reserve and 3,042koz of Probable Reserves. No Resource is included in the forecast.

63 LTIFR calculates as a rolling 12 month average per million hours worked. From December 2019 LTIFR includes 50% of incidents at KCGM. LTIFR WA gold average ([http://dmp.wa.gov.au/Documents/Safety/MSH\\_Stats\\_Reports\\_SafetyPerfWA\\_2018-19.pdf](http://dmp.wa.gov.au/Documents/Safety/MSH_Stats_Reports_SafetyPerfWA_2018-19.pdf)).

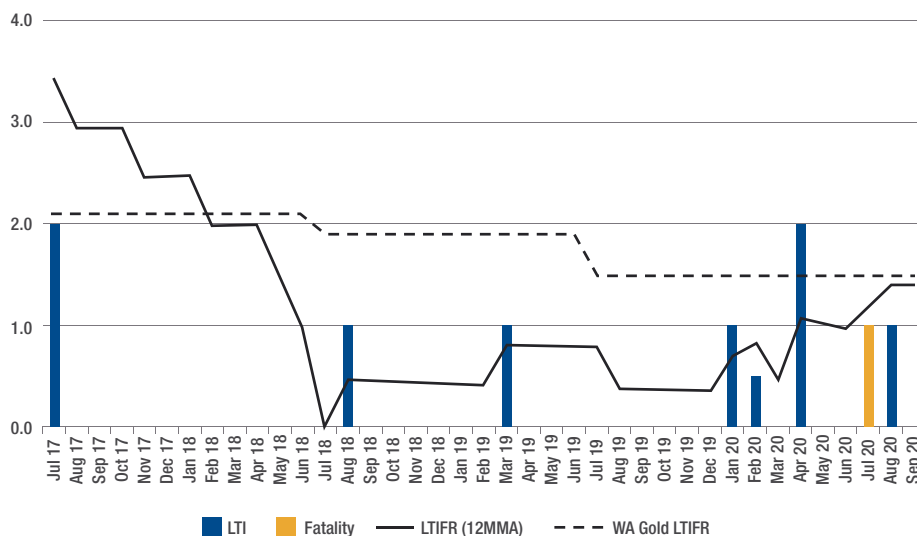


Figure 5.5: Health and Safety

Saracen continues to focus on developing and implementing new tools and systems for Health, Safety, Environment and Community (HSEC), implementing new risk identification and assessment processes, increasing alignment between our sites incident investigation skills, reviewing and enhancing our critical controls, ensuring our projects are audited and assessed against internal and external standards, increasing our communication and reporting processes and identifying important opportunities for improvement and recognition of teams of best practice.

Saracen leadership teams (including the Saracen Board and senior management personnel) continue to complete observation and interaction activities in the field, which has maintained positive engagement, increased communication and demonstrated company-wide commitment to this critical business area.

## 5.9 People and Culture

Saracen’s vision is “Gold sector leadership by Thinking and Acting Like Owners” which is driven through its core values:

- (a) **Safety:** The standard you walk past is the standard you accept;
- (b) **Courage:** Challenge the status quo in pursuit of sustainability and growth;
- (c) **Delivery:** Think and act like owners;
- (d) **Communication:** Ensure that bad news travels just as fast as good news; and
- (e) **Attitude:** Champion a can-do culture, your attitude is contagious.

As at 30 June 2020, Saracen had 504 direct employees (excluding 772 KCGM employees) following continued growth to support our current and future operations. Saracen continues to promote a workplace culture that embraces diversity. As at 30 June 2020, Saracen’s female participation rate was 17.5%, above the industry average of 17%.

As at 30 June 2020, 96% of Saracen’s employees lived within Western Australia. This demographic proved a significant advantage when managing the response to the COVID-19 pandemic and travel associated restrictions. The workforce has a mean age of 40 years.

Supporting its strong, results-driven, “can do” culture, where its people are at the heart of its success, the “Think and Act Like Owners” (TALO) program has continued to encourage Saracen employees to engage with the ongoing and long-term success of Saracen. Saracen has implemented an Employee Share Scheme now in its third year with a strong level of take up (over 98%).

## 5.10 Financing arrangements

As at the date of this Scheme Booklet, the Saracen Group has secured debt facilities (**SFA Facilities**) that have been made available to it under the Syndicated Facility Agreement (described below) and hedging that is made available to it by those lenders under ISDA

documentation. The current term of the Term Facility expires on 31 December 2022 and the other SFA Facilities expire on 29 November 2022.

The SFA Facilities are provided to the Saracen Group under a Syndicated Facility Agreement entered into by, among others, Saracen (as borrower) and various banks initially in 2016 and amended in 2019 for Saracen's acquisition of its 50% interest in KCGM. Certain members of the Saracen Group provide guarantees (and Saracen and the guarantors provide security over their assets) in connection with the SFA Facilities and hedging provided by those lenders.

The SFA Facilities comprise a Term Facility of A\$400 million which Saracen used to fund part of the consideration for the Super Pit acquisition in November 2019, together with a revolving cash advance facility (available for working capital and corporate purposes) with a limit of A\$45 million and a contingent instruments facility with limit of A\$5 million.

As at 30 September 2020, the principal amount outstanding under the Term Facility is A\$321 million, and the revolving facility is undrawn. During November 2020, Saracen will repay \$38.5 million owing under the Term Facility.

The Implementation of the Merger would give rise to the right of the lenders to require repayment of the SFA Facilities. The terms of the Syndicated Facility Agreement also restrict Saracen from paying any dividend once a change of control is anticipated without lender consent. Accordingly, consent of the lenders is required to permit the Special Dividend (conditional on the Merger becoming effective) to be paid in connection with the Transaction.

However, the lenders have provided all necessary consents to allow the Special Dividend to be paid as part of the Implementation of the Merger and to allow the SFA Facilities to be maintained after the Implementation of the Merger on the same terms until 31 December 2021.

In addition, the lenders' consent is treated as revoked if the Implementation does not occur by 30 June 2021 (without a further consent) or there is an amendment to the terms of the Transaction which has or is reasonably likely to have a Material Adverse Effect on the Saracen group (as that term is defined in the Syndicated Facility Agreement) without lender consent.

The SFA Facilities will be maintained for a period of time after the Implementation of the Transaction. This is proposed to allow the Merged Group an appropriate period of time to implement a group wide funding solution on terms tailored to the combined business (see Section 7.9(e)).

As at 30 September 2020, Saracen's hedge book contains 446,400oz of gold at an average price of A\$2,417/oz to be delivered over the coming 36 months. As at the date of this Scheme Booklet, Saracen is not currently adding to this hedging position.

## 5.11 Historical financial information

This section contains the following historical financial information of Saracen:

- (a) Historical income statements for the years ended 30 June 2019 and 30 June 2020 (**Saracen Historical Income Statements**);
- (b) Historical statements of financial position as at 30 June 2019 and 30 June 2020 (**Saracen Historical Statements of Financial Position**); and
- (c) Historical statements of cash flows for the years ended 30 June 2019 and 30 June 2020 (**Saracen Historical Statements of Cash Flows**),

(together, the **Saracen Historical Financial Information**).

The historical financial information has been limited to the last two years due to significant changes and acquisitions that have occurred over this period. Further historical financial information can be found on Saracen's website ([www.saracen.com.au](http://www.saracen.com.au)).

A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

Amounts in this Section have been rounded to the nearest A\$1 million.

### (a) Basis of Presentation of Historical Financial Information

The Saracen Historical Financial Information presented in this Booklet is in an abbreviated form and does not contain all presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act and should therefore be read in conjunction with the financial statements of Saracen for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The Saracen Historical Income Statements, Saracen Historical Statements of Financial Position and Saracen Historical



Statements of Cash Flows are extracted from the Saracen financial statements for the years ended 30 June 2019 and 30 June 2020, which have been lodged with ASIC and are available from Saracen's website ([www.saracen.com.au](http://www.saracen.com.au)) and the ASX website ([www.asx.com.au](http://www.asx.com.au)). Saracen's financial statements for the years ended 30 June 2019 and 30 June 2020 were audited by BDO in accordance with Australian Auditing Standards. BDO issued unqualified audit opinions on these financial statements.

The significant accounting policies used in the preparation of the Saracen Historical Financial Information are consistent with those set out in Saracen's annual report for the years ended 30 June 2019 and 30 June 2020. The Saracen Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (AAS) (including Australian Accounting Interpretations) adopted by the AASB, which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board.

#### *Explanation of certain non-IFRS financial measures*

This document uses non-IFRS financial information which is used to measure operational performance. Non-IFRS measures are unaudited but derived from audited accounts. The principal non-IFRS financial measure referred to in this section are as follows:

- (i) **Underlying EBITDA** is reported earnings before the following:
    - (A) Non-cash asset write-downs;
    - (B) Acquisition and integration costs;
    - (C) Interest income, interest expense and finance costs;
    - (D) Depreciation and amortisation; and
    - (E) Share of gains /(losses) of investments accounted for using the equity method;
  - (ii) **EBITDA** is earnings before interest, tax and depreciation and amortisation and is calculated as follows: profit before income tax plus depreciation and amortisation, impairment and finance costs, less interest income;
  - (iii) **Segment EBITDA** is segment earnings before interest, tax and depreciation and amortisation and is calculated as follows: profit before income tax plus depreciation and amortisation, impairment and finance costs, less interest income. Segment EBITDA excludes interest income, finance charges, interest expense and share-based payment expenses which are not allocated to operating segments as this type of activity is driven by the corporate treasury function which manages the cash position of the group;
  - (iv) **Free cash flow** is cash flow from operating activities less cash flow used in investing activities; and
  - (v) **Underlying Free cash flow** is Free cash flow excluding the cash impact of business, asset acquisitions and investments and adjusting for working capital items, including bullion awaiting settlement.
- (b) **Historical Consolidated Income Statement**

Set out in the following table is the Saracen Historical Income Statements for the years ended 30 June 2019 and 30 June 2020:

A\$m	30-Jun-20	30-Jun-19
Revenue from continuing operations	1,074	556
Mine operating costs	(510)	(298)
Depreciation and amortisation	(152)	(88)
Royalties	(40)	(18)
	<b>372</b>	<b>152</b>
Administration expenses	(18)	(14)
Transaction cost on business combination	(47)	-
Share based payments expense	(12)	(7)

A\$m	30-Jun-20	30-Jun-19
Finance costs	(11)	(1)
Other revenue	3	2
Profit/(Loss) on disposal of fixed assets	(0)	(0)
Expensing of deferred exploration costs	(1)	(0)
Obsolete stock write down	(1)	(1)
<b>Profit before income tax</b>	<b>285</b>	<b>131</b>
Income tax expense	(95)	(39)
<b>Profit for the year</b>	<b>190</b>	<b>92</b>
<b>Other comprehensive income (OCI)</b>		
<i>Items that may not be reclassified to profit or loss</i>		
Changes in fair value of financial assets at fair value through OCI	21	9
<b>Other comprehensive income for the year, net of tax</b>	<b>21</b>	<b>9</b>
<b>Total comprehensive income for the year</b>	<b>211</b>	<b>101</b>
<b>Earnings per share</b>		
Basic	19.1	11.3
Diluted	18.8	11.1

Table 5.7: Saracen's Historical Income Statements

Commentary on Saracen's Historical Financial Information and EBITDA is outlined below. More information is available from Saracen's annual financial statements for the years ended 30 June 2019 and 30 June 2020, which can be found on Saracen's website ([www.saracen.com.au](http://www.saracen.com.au)).

*Commentary on Saracen's Historical Income Statement for the year ended 30 June 2019*

For FY19, the Group reported a profit after tax from continuing operations of A\$92 million. Revenue increased 9% to A\$556 million from the prior year due to a 7% increase in the average realised gold price per ounce to A\$1,726 and a 1% increase in gold sold to 321,882 ounces (excluding gold sales in relation to gold recovered from development activities).

Segment EBITDA was A\$225 million for the year ended 30 June 2019 which was an increase of 12% over the corresponding prior period. This was mainly driven by the increase in revenue.

*Commentary on Saracen Historical Income Statement for the year ended 30 June 2020*

The Group reported a profit after tax of A\$190 million for the 12 months ending 30 June 2020, a 107% increase from the prior year. Revenue increased 93% to A\$1.1 billion driven by the 24% higher average realised gold price per ounce (2020: A\$2,138/oz; 2019: A\$1,726/oz) and a 56% increase in gold sold (2020: 501,429 ounces; 2019: 321,882 ounces) (excluding gold sales in relation to gold recovered from development activities). Higher production for 2020 was driven by the acquisition of a 50% in KCGM, which was acquired on 29 November 2019 and which sold 137,661 ounces. Cost of sales increased 74% to A\$702 million (2019: A\$404 million) driven primarily by the acquisition of KCGM and higher activity across all operations with a 55% increase in total tonnes mined (2020: 8.2 million tonnes; 2019: 5.3 million tonnes) and 65% increase in total tonnes milled (2020: 9.0 million tonnes; 2019: 5.2 million tonnes) during 2020 which translated to higher mining, processing and operational employee costs. An increase in non-cash depreciation and amortisation charges and inventory expenses were incurred during 2020 largely driven by the acquisition of KCGM and processing of ore stockpiles at the operation. Acquisition and integration related costs and finance charges were higher during the year following the acquisition of KCGM which was part funded by debt and includes a provisional amount of A\$32 million in respect of stamp duty payable on the acquisition. The higher effective tax rate for the year (2020: 33%; 2019: 30%) was due to the non-deductible expenses on the KCGM acquisition.

Segment EBITDA was A\$457 million for the year ended 30 June 2020 (2019: A\$225 million), which was an increase of 102% over the corresponding prior year. The increase is mainly driven by the increased revenue as a result of the KCGM acquisition.

(c) **Historical Segment information**

Set out in the following tables is the Saracen historical segment information for the years ended 30 June 2019 and 30 June 2020:

<b>A\$m</b>					
<b>Jun-20</b>	<b>Carosue Dam Operations</b>	<b>Thunderbox Operations</b>	<b>KCGM (50%)</b>	<b>Corporate</b>	<b>Total</b>
<b>Segment net operating profit/ (loss) before income tax</b>	<b>132</b>	<b>180</b>	<b>59</b>	<b>(66)</b>	<b>305</b>
Depreciation and amortisation	48	75	27	2	151
Impairment of assets	-	1	-	-	1
Expensing of exploration	-	-	-	0	0
Profit / loss on fixed asset disposal	-	-	-	0	0
<b>Segment EBITDA</b>	<b>180</b>	<b>256</b>	<b>87</b>	<b>(64)</b>	<b>458</b>
<b>Jun-19</b>					
	<b>Carosue Dam Operations</b>	<b>Thunderbox Operations</b>	<b>KCGM (50%)</b>	<b>Corporate</b>	<b>Total</b>
<b>Segment net operating profit/ (loss) before income tax</b>	<b>86</b>	<b>63</b>	<b>-</b>	<b>(12)</b>	<b>137</b>
Depreciation and amortisation	37	51	-	-	88
Impairment of assets	0	1	-	-	1
Expensing of exploration	-	-	-	1	1
Profit / loss on fixed asset disposal	-	-	-	0	0
<b>Segment EBITDA</b>	<b>123</b>	<b>115</b>	<b>-</b>	<b>(11)</b>	<b>226</b>

**Table 5.8: Saracen's historical segment information**

Segment EBITDA excludes interest income, finance charges, interest expense and share-based payment expenses which are not allocated to operating segments as this type of activity is driven by the corporate treasury function which manages the cash position of the group. See reconciliation below for further information.

<b>A\$m</b>	<b>30-Jun-20</b>	<b>30-Jun-19</b>
<b>Segment EBITDA</b>	<b>458</b>	<b>226</b>
Share-based payments	(11)	(7)
<b>EBITDA</b>	<b>447</b>	<b>219</b>
Other income	3	2
Finance costs	(11)	(1)
Depreciation	(64)	(22)
Amortisation	(89)	(66)
Impairment of assets	(1)	(1)
Expensing of exploration	0	(1)
Profit / loss on fixed asset disposal	0	0
<b>Profit before income tax</b>	<b>285</b>	<b>131</b>

**Table 5.9: Reconciliation of Segment EBITDA to Saracen Group Profit before tax**

(d) **Historical Consolidated Balance Sheet**

Set out in the following table is the Saracen Historical Statements of Financial Position as at 30 June 2019 and 30 June 2020:

A\$m	30-Jun-20	30-Jun-19
<b>Current assets</b>		
Cash and cash equivalents	360	119
Trade and other receivables	8	4
Inventories	231	58
Other assets	5	1
Other financial assets	2	-
<b>Total current assets</b>	<b>606</b>	<b>182</b>
<b>Non-current assets</b>		
Other financial assets	-	26
Buildings, plant and equipment	398	134
Right-of-use assets	115	-
Deferred exploration and evaluation costs	178	103
Mine properties	920	236
Inventories	308	-
<b>Total non-current assets</b>	<b>1,919</b>	<b>499</b>
<b>Total assets</b>	<b>2,525</b>	<b>681</b>
<b>Current liabilities</b>		
Borrowings	77	-
Trade and other payables	138	57
Provisions	19	6
Lease liabilities	27	-
Income tax payable	30	12
<b>Total current liabilities</b>	<b>291</b>	<b>75</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	112	61
Other payables	-	1
Borrowings	240	-
Provisions	234	50
Lease liabilities	90	-
<b>Total non-current liabilities</b>	<b>676</b>	<b>113</b>
<b>Total liabilities</b>	<b>966</b>	<b>188</b>
<b>Net assets</b>	<b>1,558</b>	<b>493</b>
<b>Equity</b>		
Contributed equity	1,095	261
Reserves	77	35
Retained profits	386	196
<b>Total equity</b>	<b>1,558</b>	<b>493</b>

Table 5.10: Saracen's Historical Statements of Financial Position

*Commentary on Saracen's Historical Statement of Financial Position for the year ended 30 June 2020*

The increase in current assets as at 30 June 2020 to A\$606 million was driven by a A\$242 million increase in cash and cash equivalents. In addition, Saracen added A\$111 million in current stockpiles as part of 50% acquisition of KCGM.

Non-current assets increased A\$1.4 billion primarily due to the US\$750 million acquisition of 50% of KCGM which completed during the year. Significant long-term ore stockpiles were acquired with KCGM which at 30 June 2020 were valued at A\$303 million. Increases in asset classes of property, plant and equipment and mine properties were driven by the acquisition of KCGM. With the change in accounting standards pertaining to leases, Saracen now recognises all leases on its balance sheet. At 30 June 2020, A\$115 million was recognised as right of use assets.

Current liabilities were A\$291 million at 30 June 2020 principally due to Saracen entering into a term loan to fund a portion of the KCGM acquisition. As at 30 June, A\$77 million of the term loan was classified as a current liability. Trade and other payables were higher (2020: A\$138 million; 2019: A\$57 million) due to the additional KCGM creditors in addition to the estimated stamp duty payable on the KCGM transaction. Non-current liabilities increased by \$563 million against the prior year due to the KCGM acquisition with long term debt of \$240 million being drawn on acquisition of KCGM and the recognition of a \$169 million closure liability associated with KCGM.

*Commentary on Saracen's Historical Statement of Financial Position for the year ended 30 June 2019*

Current assets as at the 30 June 2019 increased 12% against the prior year. The increase was largely a result of cash and cash equivalents increasing by A\$19 million following the increase in revenue during the period.

Non-current assets increased by A\$138 million against the prior year primarily due to ongoing development of pre-commercial mines (Whirling Dervish underground, Thunderbox underground and Kailis stage 2 open pit), together with the continued investment in exploration and evaluation assets.

Current liabilities increased 42% from the prior year principally due to Saracen utilising all of its tax losses and becoming tax payable. Non-current liabilities increased by A\$23 million from the prior year principally due to an increase in the deferred tax liability of A\$22 million.

**(e) Historical Consolidated Statement of Cash Flows**

Set out in the following tables are the Saracen Historical Statements of Cash Flows for the years ended 30 June 2019 and 30 June 2020:

A\$m	30-Jun-20	30-Jun-19
<b>Cash flows from operating activities</b>		
Receipts from customers	1,074	556
Payments to suppliers and employees	(538)	(325)
Interest received	2	2
Interest paid and other finance costs	(7)	(0)
Income tax paid	(53)	(5)
<b>Net cash flows provided by operating activities</b>	<b>478</b>	<b>228</b>
<b>Cash flows from investing activities</b>		
Purchase of plant, equipment and development assets	(215)	(161)
Exploration and evaluation costs	(35)	(36)
Purchase of Box Well	-	(14)
Purchase of Lehmann Well	-	(3)
Deferred consideration from King of the Hills received	-	5
Deferred consideration from Red October received	-	1
Proceeds from disposal of exploration tenements	-	0
Purchase of financial assets at fair value through other comprehensive income	-	(1)
Disposal of financial assets at fair value through other comprehensive income	39	-

A\$m	30-Jun-20	30-Jun-19
Payments for acquisition of KCGM JV, net of cash acquired	(1,093)	-
Payments for acquisition of Sinclair nickel project	(11)	-
<b>Net cash flows used in investing activities</b>	<b>(1,313)</b>	<b>(209)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares, net of transaction costs	780	-
Leases interest paid	(3)	-
Payment of finance lease liabilities	(16)	(0)
Loan establishment fees	(6)	-
Proceeds from borrowings	445	-
Repayment of borrowings	(124)	-
<b>Net cash flows provided by/ (used) in financing activities</b>	<b>1,076</b>	<b>(0)</b>
<b>Net increase in cash held</b>	<b>241</b>	<b>19</b>
Add opening cash brought forward	119	100
Closing cash carried forward	<b>360</b>	<b>119</b>

Table 5.11: Saracen historical statement of cash flows

A\$m	30-Jun-20	30-Jun-19
Net cash inflow from operating activities	478	228
Net cash outflow from investing activities	(1,313)	(209)
<b>Free cash flow</b>	<b>(835)</b>	<b>19</b>
Payments for acquisition of business and associated assets, net of cash acquired	1,093	-
Payments for acquisition of assets, net of cash acquired	11	17
Payments for investments	-	1
Disposal of assets	-	(5)
Disposal of investments	(39)	-
Working capital adjustments	(1)	4
<b>Underlying free cash flow</b>	<b>229</b>	<b>36</b>

Table 5.12: Reconciliation of free cash flow to underlying free cash flow

*Commentary on Saracen Historical Statement of Cash Flows for the year ended 30 June 2020*

Cash flows from operating activities for the 12 months ended 30 June 2020 were A\$478 million, being 110% higher than the previous financial year, driven principally by increased revenues from higher gold sold on the back of the 50% acquisition of KCGM and a 24% increase in realised gold price per ounce received for the year (2020: A\$2,138 per ounce; 2019: A\$1,726 per ounce). Income taxes paid were higher for the year (2020: A\$53 million; 2019: A\$5 million) due to Saracen utilising all its tax losses during FY19.

Cash flows from investing activities increased by 529% as a result of the US\$750 million acquisition of 50% of KCGM on 29 November 2019. In addition, payments for mine properties increased by A\$54 million (2020: A\$214 million; 2019: A\$161 million).

Cash flows from financing activities included the 269.8 million shares issued at A\$2.95 per share as part of the acquisition of 50% interest in KCGM.

*Commentary on Saracen Historical Statement of Cash Flows for the year ended 30 June 2019*

Cashflows from operating activities for the 12 months ended 30 June 2019 was A\$228 million which is A\$37 million higher than the previous financial year driven principally by increased revenues from higher gold sold and gold price received for the year.

Cashflows from investing activities increased by 66% percent as a result of ongoing development of pre-commercial mines (Whirling Dervish underground, Thunderbox underground and Kailis stage 2 open pit), together with Saracen's continued investment in exploration and evaluation assets.

## 5.12 Directors and Senior Management

### (a) Directors of Saracen

At the date of this Scheme Booklet, the Directors are:

- (i) **Raleigh Finlayson**: Managing Director;
- (ii) **Anthony (Tony) Kiernan AM**: Non-Executive Chairman;
- (iii) **Sally Langer**: Non-Executive Director;
- (iv) **Martin Reed**: Non-Executive Director;
- (v) **John Richards**: Non-Executive Director;
- (vi) **Samantha Tough**: Non-Executive Director; and
- (vii) **Roric Smith**: Non-Executive Director.

### (b) Saracen Senior Management

At the date of this Scheme Booklet, the senior management personnel of Saracen are:

- (i) **Morgan Ball**: Chief Financial Officer;
- (ii) **Simon Jessop**: Chief Operating Officer;
- (iii) **Troy Irvin**: Chief Corporate Development Officer;
- (iv) **Daniel Howe**: Chief Geologist;
- (v) **Marianne Dravnieks**: General Manager People, Culture and Communications;
- (vi) **Jeremy Ryan**: Manager Legal / Company Secretary;
- (vii) **Kous Kirsten**: General Manager, KCGM (employed 50% by Saracen and 50% by Northern Star);
- (viii) **Peter Ganza**: General Manager, Thunderbox Operations; and
- (ix) **Rob Williamson**: General Manager, Carosue Dam Operations.

## 5.13 Material changes in Saracen's financial position and financial performance

To the knowledge of your Directors, and except as disclosed in this Section 5.13 or elsewhere in this Scheme Booklet, the financial position and financial performance of Saracen has not materially changed since 30 June 2020.

However, as reported to the market on 22 October 2020, Saracen delivered a strong performance in Q1 FY21 resulting in an increased cash and bullion position of A\$467 million during the first quarter, which increased Saracen's net cash position to A\$146 million as at 30 September 2020.

## 5.14 Corporate Structure

Saracen has several subsidiary entities, all of which are incorporated in Australia. A summary of Saracen's corporate structure is below.

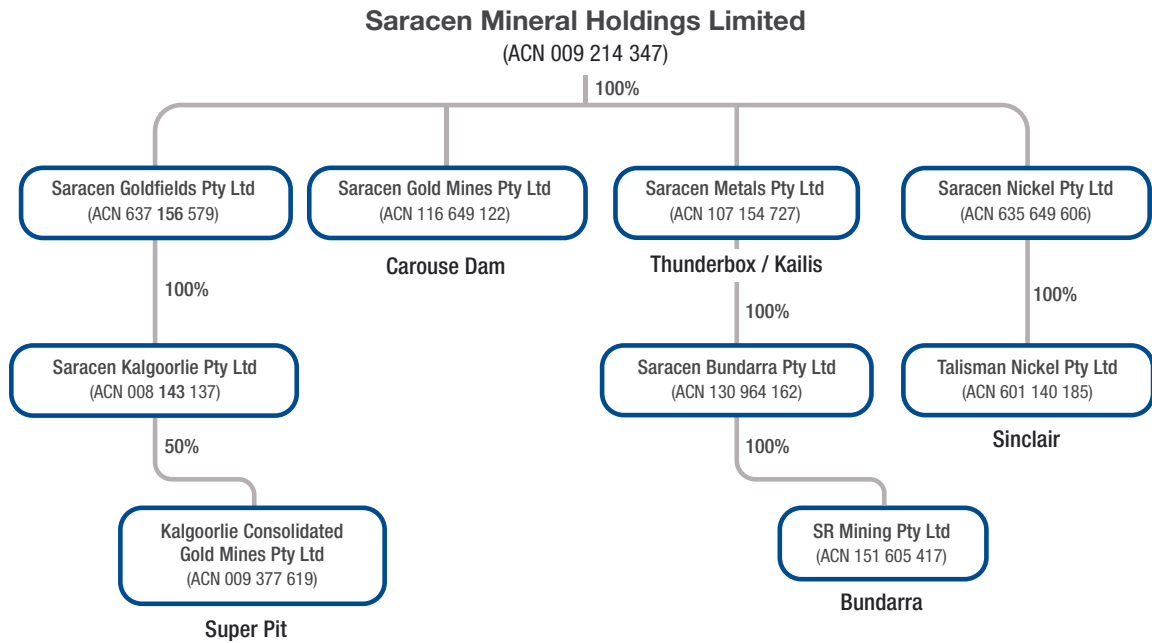


Figure 5.6: Saracen Corporate Structure

### 5.15 Recent Saracen Share price history

The following chart shows the closing price and corresponding daily volume traded over the last 12 months up to and including 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet:

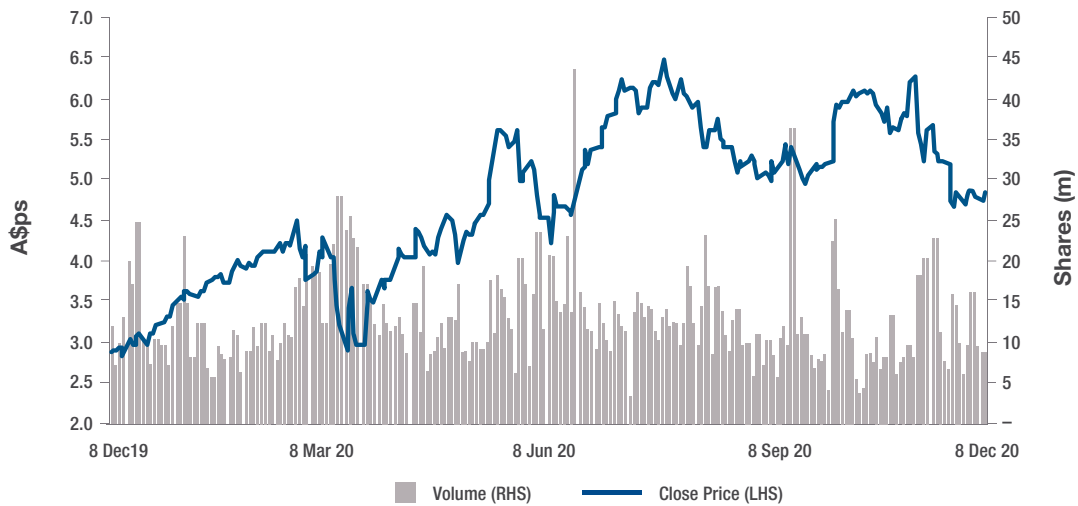


Figure 5.7: Last 12 months trading history of Saracen Shares  
Source: IRESS

At 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet:

- (a) the last recorded traded price of Saracen Shares was A\$4.85;
- (b) the 30 day VWAP of Saracen Shares was A\$5.29;
- (c) the 60 day VWAP of Saracen Shares was A\$5.44;



- (d) the 90 day VWAP of Saracen Shares was A\$5.44;
- (e) the highest recorded traded price of Saracen Shares in the previous 3 months was A\$6.37 on 9 November 2020; and
- (f) the lowest recorded traded price of Saracen Shares in the previous 3 months was A\$4.58 on 25 November 2020.

The last recorded traded price of Saracen Shares immediately before public announcement of the Scheme on 6 October 2020 was A\$5.22, on 5 October 2020.

The current price of Saracen Shares on ASX can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) and <https://www.saracen.com.au/>.

## 5.16 Saracen issued securities

### (a) Substantial holders

As at 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, so far as known to Saracen, there are no substantial holders of Saracen Shares, except as set out in Table 5.13:

Substantial Holder	Number of Saracen Shares Held	Voting Power
BlackRock Group	132,068,150	11.9%
Van Eck Associates Corporation	121,669,761	11.0%
The Vanguard Group, Inc	60,906,126	5.5%

Table 5.13: Saracen Substantial Shareholders

### (b) Saracen issued securities

As at 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, the total securities of Saracen on issue were as follows:

- (i) 1,107,636,918 Saracen Shares;
- (ii) 16,877,720 Saracen Performance Rights, as set out in Table 5.14:

Performance Rights Class	Number	Vesting Date
FY18 LTIP Performance Rights <sup>1</sup>	1,068,000	Measured for vesting on 30 June 2020
FY19 LTIP Performance Rights	3,697,500	To be measured for vesting on 30 June 2021
FY20 LTIP Performance Rights	2,710,620	To be measured for vesting on 30 June 2022
FY21 LTIP Performance Rights	2,201,600	To be measured for vesting on 30 June 2023
FY19 Retention Rights (Tranche 1)	2,400,000	To be measured for vesting on 30 June 2021
FY19 Retention Rights (Tranche 2)	2,400,000	To be measured for vesting on 30 June 2022
FY19 Retention Rights (Tranche 3)	2,400,000	To be measured for vesting on 30 June 2023

<sup>1</sup> The Saracen Shares to be delivered upon exercise of the FY18 LTIP Performance Rights have already been issued to the Plan Trustee.

Table 5.14: Saracen Performance Rights

A Saracen Performance Right entitles the holder to one Saracen Share if it vests and is exercised. Refer to Section 10.19 for further details.

- (iii) 30,532 NED Share Rights, as set out in Table 5.15:

NED Share Rights	Number	Vesting Date
NED Share Rights (Tranche 2)	8,797	1 January 2021
NED Share Rights (Tranche 3)	10,868	1 April 2021
NED Share Rights (Tranche 4)	10,867	1 July 2021

Table 5.15: NED Share Rights



The NED Share Rights (Tranche 2) will automatically vest and convert into the same number of Saracen Shares on 1 January 2021. The NED Share Rights (Tranche 3) and NED Share Rights (Tranche 4) will be forfeited and cancelled prior to the Record Date.

For further information of the proposed treatment of the Saracen Performance Rights and NED Share Rights please refer to Section 10.19.

## 5.17 Dividends

On 19 August 2019, Saracen declared its inaugural dividend policy<sup>64</sup> targeting a payout equal to 20-40% of NPAT, subject to Saracen reaching and maintaining a minimum cash balance of A\$150 million.

Since this policy was announced, Saracen acquired a 50% stake in KCGM and to partially fund this purchase, Saracen borrowed A\$400 million. In light of this, the dividend policy was amended such that, subject to Board discretion, a dividend may be declared when Saracen has a minimum net cash balance of A\$150 million. The target payout ratio of 20 – 40% of NPAT remains. Saracen did not pay a dividend in FY20 and has not paid a dividend to date in its corporate history. The Special Dividend announced as part of the Scheme would be the first dividend paid by Saracen.

## 5.18 Saracen Directors' intentions for the business

The Corporations Act requires that a statement be provided by Saracen's Directors of their intentions regarding Saracen's business.

If the Scheme is implemented, certain of the existing Saracen Directors will resign and the Saracen Board will be reconstituted in accordance with the instructions of Northern Star. Further information in respect of the proposed Northern Star Board composition is set out in Section 7.8(a).

Accordingly it is not possible for the resigning Saracen Directors to provide a statement of their intentions regarding the following if the Scheme is implemented:

- (a) the continuation of the business of Saracen;
- (b) any major changes, if any, to be made to the business of Saracen, including any redeployment of the fixed assets of Saracen; or
- (c) the future employment of the present employees of Saracen.

The current intentions of Northern Star, and the Saracen Directors who are proposed to be appointed to the Northern Star Board if the Scheme is implemented with respect to these matters are set out in Section 7.

If the Scheme is not Implemented, the current intentions of the Saracen Board are to continue to operate in the ordinary course of business.

## 5.19 Publicly available information

As an ASX listed company and a 'disclosing entity' for the purposes of section 111AC(1) of the Corporations Act, Saracen is subject to regular reporting and disclosure obligations. Broadly, these require it to announce price sensitive information to ASX as soon as it becomes aware of the information, subject to exceptions for certain confidential information. Copies of these announcements can be obtained free of charge from Saracen's website at [www.saracen.com.au](http://www.saracen.com.au) or by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au).

ASIC also maintains a record of documents lodged with it by Saracen which can be obtained using services provided by ASIC, information in respect of which can be found on the ASIC website at [www.asic.gov.au](http://www.asic.gov.au). Please note, ASIC may charge a fee in respect of such services.

Saracen Shareholders may obtain a copy of the annual financial report of Saracen for the year ended 30 June 2020 free of charge from Saracen's website at [www.saracen.com](http://www.saracen.com) or by visiting the ASX's website at [www.asx.com.au](http://www.asx.com.au).

A list of announcements made by Saracen to ASX from the date of the 2020 Annual Report on 19 August 2020 to 8 December 2020, being the last practicable date before the date of this Scheme Booklet, is included below:

Date	Description of Announcement
19-August 2020	Record earnings on rising production

<sup>64</sup> Refer ASX announcement 19 August 2019 "Net profit up 22% to record A\$92m as production rises, costs fall and Reserves grow"

Date	Description of Announcement
19-August 2020	Presentation FY20 Financial Results
19-August 2020	2020 Corporate Governance Statement
19-August 2020	Appendix 4G
28-August 2020	KCGM Media Release 18 August 2020
31-August 2020	Becoming a substantial holder from MUFG
2-September 2020	Ceasing to be a substantial holder from MUFG
4-September 2020	Notice of Annual General Meeting/Proxy Form
4-September 2020	Letter to Shareholders - 2020 Annual General Meeting
8-September 2020	Presentation - There's nothing like Australian gold
9-September 2020	Appendix 3G
22-September 2020	Change in substantial holding
23-September 2020	Change in substantial holding
30-September 2020	2020 Sustainability Report
6-October 2020	Presentation - SAR and NST agree to Merger of Equals
6-October 2020	Saracen and Northern Star agree to Merger of Equals
6-October 2020	AGM Presentation
6-October 2020	Results of 2020 AGM
6-October 2020	Chairman's Address to Shareholders
7-October 2020	Appendix 2A
7-October 2020	Appendix 3Y – T Kiernan
7-October 2020	Appendix 3Y – S Tough
7-October 2020	Appendix 3Y – M Reed
7-October 2020	Appendix 3Y – J Richards
7-October 2020	Appendix 3Y – R Smith
9-October 2020	KCGM Site Visit Presentation
12-October 2020	Diggers and Dealers Investor Presentation
16-October 2020	Appendix 3G
16 October 2020	Change of Director's Interest Notice x 2
20-October 2020	Teleconference Details – September 2020
22-October 2020	Quarterly Activities Report
22-October 2020	Quarterly Presentation
25-November 2020	Update on Proposed Merger of Equals

A substantial amount of information about Saracen is available in electronic form from: [www.saracen.com.au](http://www.saracen.com.au).

## 5.20 Litigation

At the date of this Scheme Booklet, Saracen is not involved in any material legal disputes and is not party to any material litigation.

## 5.21 Further information

For a summary of the risks associated with the Scheme, refer to Section 8. In particular, Section 8.5 outlines certain risks to Saracen if the Scheme does not proceed.





## 6. Profile of Northern Star





## 6. Profile of Northern Star

### 6.1 Introduction

The information contained in this Section 6 has been prepared by Northern Star. The information in relation to Northern Star has been prepared as at the date of the Scheme Booklet and is the responsibility of Northern Star. Additional information is included in the Independent Expert's Report attached in Annexure 1. Saracen does not assume any responsibility for the accuracy or completeness of the information in this Section 6. Additional information can be found on Northern Star's website at [www.nsr ltd.com](http://www.nsr ltd.com).

### 6.2 Overview of Northern Star

Northern Star is an ASX 100 gold production and exploration company with four Tier-1 assets located in Tier-1 locations in highly prospective and low sovereign risk regions of Australia and North America. Northern Star's corporate office is located in Perth, Western Australia and its current portfolio of assets comprises:

- (a) Yandal Operations: which consists of the Jundee and Bronzewing gold mines, located in the Northern Goldfields of Western Australia;
- (b) Kalgoorlie Operations: which consists of the Kanowna Belle mine, Kundana mine, South Kalgoorlie operations and the East Kundana Joint Venture (Northern Star 51%);
- (c) A 50% interest in KCGM, located in Kalgoorlie, which was acquired from Newmont in January 2020 and includes the Super Pit and Mt Charlotte underground mine; and
- (d) The Pogo operation located in Alaska in the United States.

Since the acquisition of the high-grade, low-cost Paulsens mine in July 2010, Northern Star has continued to assemble a portfolio of high-quality, high-margin mining operations, with the aim of delivering superior returns to Northern Star Shareholders and all associated stakeholders. Northern Star rapidly transformed from a 100,000oz per year single mine producer in 2014, to now operating four concentrated production centres with total annual production in FY20 of 905,177oz.

Northern Star is now the second largest Australian gold producer and among the top 15 gold miners globally with a Mineral Resource base of 31.8 million ounces contained gold, Ore Reserves of 10.8 million ounces contained gold, and a track record of year-on-year Mineral Resource and Ore Reserve growth per share across Northern Star (as shown further in section 6.5 below). Northern Star has a continued focus on organic growth through highly successful exploration programs and by thoroughly appraising its existing mines to continue to create value by extending their operating lives. Northern Star maintains active exploration activities at Pogo, Yandal, Kalgoorlie and Tanami. In parallel, Northern Star is well positioned to organically grow production, free cash flow, Mineral Resources and Ore Reserves, through investment in its Tier-1 assets in Tier-1 jurisdictions.

During FY20, Northern Star generated underlying free cash flow of A\$423 million (after investing approximately A\$206 million in growth capital and exploration). Northern Star produced 905,177 ounces and sold 900,388 ounces of gold from its Western Australian and Alaskan operations. Unprocessed ore stocks available for mill feed at the end of FY20 contained 1,634,335 ounces contained gold and gold in circuit at the end of FY20 totalled 40,179 ounces.

Northern Star is led and governed by a highly experienced Board and management team which has a clear strategy to deliver future growth through operational excellence and a demonstrated ability to move quickly to capitalise on strategic growth opportunities.

Northern Star has a strong balance sheet with cash, bullion and investments of A\$770 million and corporate debt at A\$700 million for a net cash balance of A\$70 million, as at 30 June 2020.

### 6.3 Recent performance

Northern Star has performed strongly over the last three years achieving significant growth in production, Mineral Reserves, Ore Resources and earnings. Between FY17 and FY20, gold production has grown by 70%, in part driven by the successful acquisitions of Pogo and KCGM. This production growth has also been reflected in Northern Star's improved revenues and earnings as outlined below.

Metric	Unit	FY17	FY18	FY19	FY20
Gold produced	oz	533,397	575,121	813,134	905,177
AISC	A\$/oz	1,032	1,029	1,296	1,496

Metric	Unit	FY17	FY18	FY19	FY20
Gold Reserves	Moz	3.5	4.0	5.4	10.8
Gold Resources	Moz	10.2	15.9	20.8	31.8
Revenue	A\$M	884	964	1,401	1,972
EBITDA	A\$M	464	443	480	745
Net profit	A\$M	215	194	155	258
Earnings per share	Acps	36	32	24	37

Table 6.1: Recent Northern Star Performance

## 6.4 Key Assets and Operations

Northern Star has four production centres being KCGM, Yandal and Kalgoorlie Operations in Australia, and Pogo Operations in Alaska, USA, and two development assets the Tanami and Paulsens projects in the Northern Territory and Western Australia respectively, where exploration activities are ongoing.

Northern Star’s existing operations have combined Ore Reserves of 10.8Moz and Mineral Resources of 31.8Moz<sup>65</sup> and are anticipated to deliver FY21 gold production of 940 – 1,060koz as illustrated below.

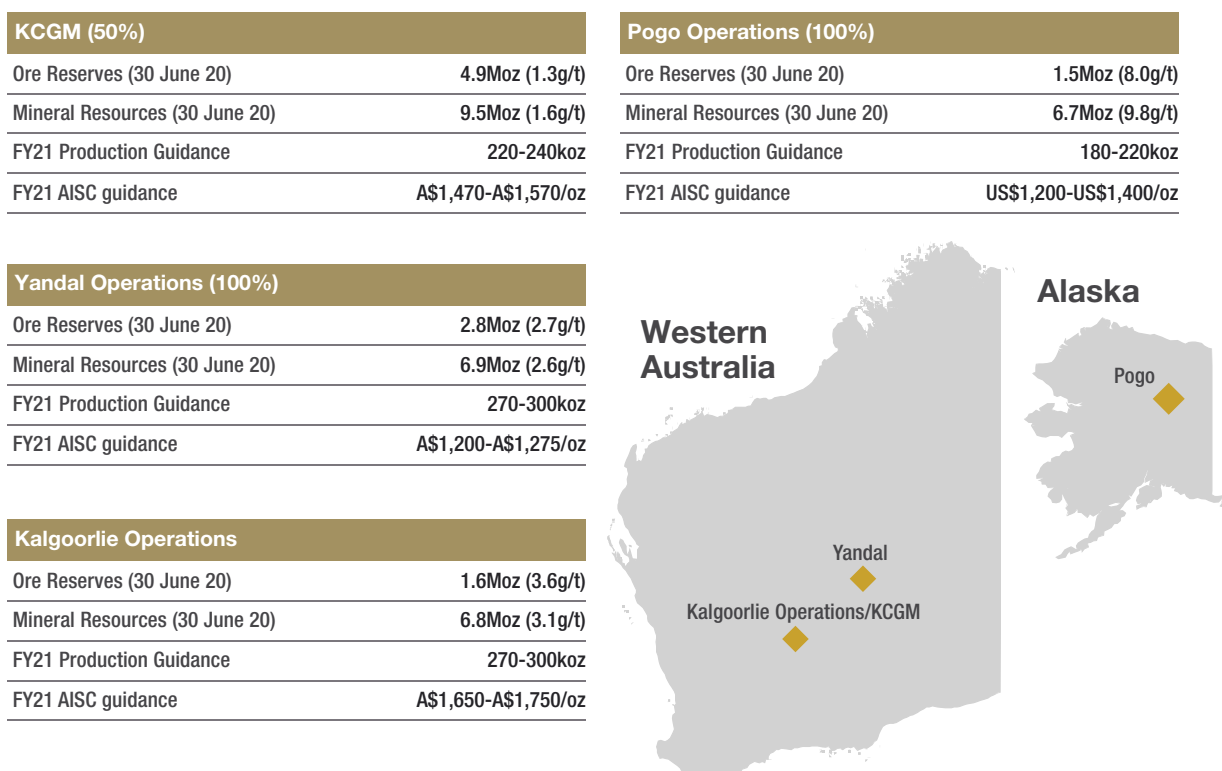


Figure 6.1: Northern Star Operations Overview

### (a) KCGM (50% owned by Northern Star)

KCGM’s current Ore Reserves support a 15 year life of mine visibility with outstanding exploration potential to further grow the mine life.

Northern Star acquired a 50% interest in KCGM in January 2020 and operates KCGM in conjunction with joint venture partner Saracen. Since acquiring the 50% interest in KCGM, Northern Star and Saracen have embarked on a transformation

65 Refer to Section 6.5.

of the open pit. Refer to Section 5.4(c) for further details of KCGM and the Super Pit.

#### (b) Kalgoorlie Operations

Northern Star's Kalgoorlie Operations consist of Kanowna Belle, East Kundana JV (NST 51%), Kundana and South Kalgoorlie assets and delivered gold production of 318,759oz in FY20. The concentrated regional centre at Kalgoorlie allows for simplified management and leverage to synergies and gold price with organic growth opportunities. Northern Star owner operates across its Kalgoorlie Operations. This department has materially increased productivities over the last 5 years to >3Mtpa ore mined run-rate. This department has been implemented and will manage the underground operation at KCGM moving forward. There is currently 3.2Mtpa of processing capacity associated with the Kalgoorlie operations with a number of studies confirming further opportunities to expand this.

The Kalgoorlie Operations has a Mineral Resource of 6.3Moz contained gold and Ore Reserves of 1.6Moz<sup>66</sup> contained gold and are forecast to produce 270,000 – 300,000oz at an AISC of A\$1,650 - A\$1,750/oz<sup>67</sup> for FY21.

#### (c) Yandal Operations

The Yandal Operations consist of the Jundee and Bronzewing assets. In FY20, the Yandal Operations produced 300,150oz at an AISC of A\$1,095/oz from the Jundee underground mine and Ramone open pit. By combining Jundee with the acquisition of Bronzewing in 2019, Northern Star unified continuous tenure of ~170km of the prolific Yandal greenstone belt and built a strong platform for future performance, with a total Mineral Resource of 6.9Moz contained gold and Ore Reserve of 2.8Moz contained gold.<sup>68</sup>

Jundee represents a low-cost, Tier-1 asset, with the overall Jundee system representing an endowment of over 13Moz contained gold and delivering five years of Mineral Resource and Ore Reserve growth with consistent conversion. The Jundee system remains open in all directions. The Jundee operations currently consists of underground and open pit feed sources and a processing plant with current nameplate capacity of 2.7Mtpa. In addition to the Jundee mill, the Bronzewing operation includes a 1.8Mtpa plant which currently requires refurbishment.

Northern Star is assessing mill expansion options in relation to the Yandal operations, specifically an upgrade of the Jundee processing plant to 5Mtpa or a refurbishment of the Bronzewing plant and expansion to 2.2Mtpa. This additional capacity will be used to process additional ore sources from Jundee regional pits and ore sources acquired in the acquisition of Echo Resources. Northern Star continues to progress studies on both options and will update the market accordingly once a decision is made. This forms part of Yandal's growth to 400kozpa, with growth in the region to be delivered from the Yandal open pits, with a range of ore sources and potential production centres within trucking distance of both Jundee and Bronzewing (currently 0.8Moz contained gold in Ore Reserves). This is expected to add an additional 100,000oz per annum to the Yandal centre. Northern Star has committed A\$157M in capital to bring this additional production on line.

The Yandal Operation is forecast to produce 270,000 – 300,000oz at an AISC of A\$1,200 - A\$1,275/oz for FY21.

#### (d) Pogo Operation

Northern Star acquired the world-class Pogo underground mine in September 2018. The Pogo operation is located 145 kilometres southeast of Fairbanks, Alaska and is situated in the Tintina Gold Province. The operation, which commenced production in 2006, controls some 17,080ha of mining and exploration leases. In FY20, Pogo produced 174,307oz at an AISC of US\$1,402/oz.

Since acquiring Pogo, Northern Star has made a considerable investment to transition the asset into a modern mining operation of a similar nature to its Australian mines that have world class productivities. This investment is now complete, with the current mining plan centring on annual production of 300koz pa consistently from FY23 onwards.

Despite restrictions relating to COVID-19, in FY20 vast improvements were made in gold production at Pogo.

As Northern Star continues to access and expand into new areas in FY21 this will add to production and will lower cost per ounce. Mineral Resources and Ore Reserves continue to grow with all lodes remaining open at depth and along strike.

<sup>66</sup> Refer to Section 6.5.

<sup>67</sup> Refer to Section 6.5.

<sup>68</sup> Refer to Section 6.5.



The processing plant at Pogo is currently being expanded to 1.3Mtpa with the project 70% and commissioning expected by mid CY21. Other recovery improvement projects implemented in 2020 have improved recoveries from 87% to +90% across the year to date.

Pogo has a Mineral Resource of 6.7Moz and Ore Reserves of 1.5Moz as at 30 June 2020.<sup>69</sup> Pogo is forecast to produce 180,000 – 220,000oz at an AISC of US\$1,200 – US\$1,400/oz for FY21.<sup>70</sup> In the September quarter Pogo produced 59,988oz at an AISC of US\$1,199/oz with costs below the bottom end of guidance. This result represents a significant improvement over FY20 on every metric.

## 6.5 Ore Reserves and Mineral Resources

Deposit	Proved			Probable			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
KCGM (50%)	63,800	0.7	1,500	56,000	1.8	3,300	119,800	1.3	4,800
Yandal	7,202	1.8	426	25,160	2.9	2,418	32,812	2.7	2,844
Kalgoorlie Operations	3,489	3.6	408	10,890	3.3	1,150	14,379	3.4	1,558
Pogo	-	-	4	5,867	8	1,507	5,867	8	1,511
Other <sup>71</sup>	197	4.9	31	665	2.8	60	862	3.3	91
<b>Total</b>	<b>74,694</b>	<b>1.0</b>	<b>2,405</b>	<b>98,948</b>	<b>2.7</b>	<b>8,444</b>	<b>173,642</b>	<b>1.9</b>	<b>10,849</b>

Table 6.2: Northern Star Ore Reserves\*

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
KCGM (50%)	63,700	0.8	1,525	88,800	1.9	5,508	37,200	2.1	2,518	189,600	1.6	9,551
Yandal	6,737	2.1	452	55,633	2.8	5,055	19,507	2.2	1,406	81,876	2.6	6,912
Kalgoorlie Operations	6,302	3.8	772	28,626	3.4	3,133	24,864	3	2,406	59,792	3.3	6,312
Pogo	-	-	4	9,492	10.2	3,121	11,763	9.4	3,548	21,255	9.8	6,672
Other <sup>72</sup>	3,897	2.8	353	12,060	2.4	914	11,009	3.1	1,102	26,966	2.7	2,370
<b>Total</b>	<b>80,597</b>	<b>1.2</b>	<b>3,106</b>	<b>191,255</b>	<b>2.9</b>	<b>17,722</b>	<b>104,367</b>	<b>3.3</b>	<b>10,979</b>	<b>376,219</b>	<b>2.6</b>	<b>31,807</b>

Table 6.3: Northern Star Mineral Resources (Gold) (Mineral Resources are presented inclusive of Ore Reserves)\*

### Statement in respect of Northern Star's Exploration Results, Ore Reserves and Mineral Resources

The information in this Scheme Booklet that relates to Ore Reserves and Mineral Resources in respect of Northern Star (including in respect of Kalgoorlie Operations, Yandal Operations and Pogo Operations Ore Reserves and Mineral Resources) has been extracted from Northern Star's ASX release dated 13 August 2020 titled "Resources and Reserves, Production and Cost Guidance Update (ex-KCGM)" (Northern Star Report). A copy of the Northern Star Report is available at [www.nsrld.com](http://www.nsrld.com) or [www.asx.com.au](http://www.asx.com.au). Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the Northern Star Report and that in the case of the estimates of the Ore Reserves and Mineral Resources all material assumptions and technical parameters underpinning the estimates in the Northern Star Report continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Northern Star Report.

The information in this Scheme Booklet that relates to exploration results and ore reserves and mineral resources in respect of KCGM has been extracted from Northern Star's and Saracen's joint ASX release dated 18 August 2020 titled "KCGM Reserves, Resources and Guidance Update" (KCGM Report). A copy of the KCGM Report is available at [www.nsrld.com](http://www.nsrld.com) or [www.asx.com.au](http://www.asx.com.au). Northern Star confirms that it is not aware of any new information or data that materially affects the information included in the KCGM Report and that, in the case of the estimates of the Ore Reserves and Mineral Resources, all material assumptions and technical parameters underpinning the estimates in the KCGM Report continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the KCGM Report.

Northern Star has an outstanding record of growing its Mineral Resources and Ore Reserves on a per share basis as a result of its highly successful acquisition, exploration and organic growth programs, as set out in Figure 6.2.

<sup>69</sup> Refer to Section 6.5.

<sup>70</sup> Refer to Section 6.5.

<sup>71</sup> Includes Paulsens Project and Carbine Project.

<sup>72</sup> Includes Central Tanami Project, Western Tanami Project, Ashburton Project, Paulsens Project and Carbine Project.

\* KCGM (50%) numbers have been rounded and do not replicate Northern Star's announcement of 18 August 2020



**NST Resource and Reserve Growth**

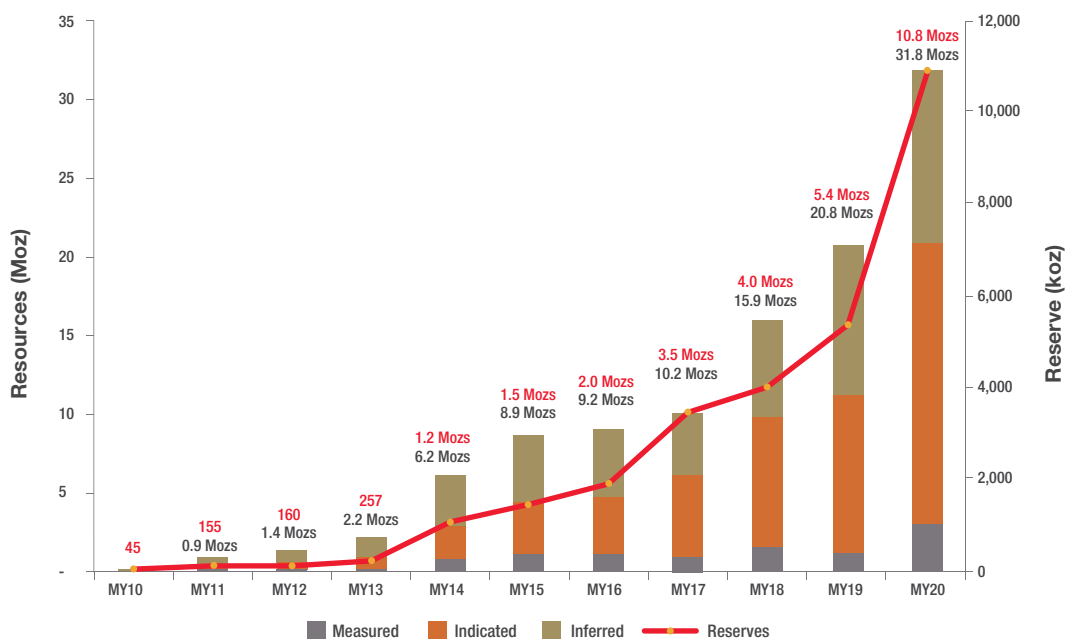


Figure 6.2: Northern Star Mineral Resource and Ore Reserve Growth

## 6.6 Production and cost guidance

Northern Star anticipates total annual production in FY21 to be 940–1,060koz as set out in Table 6.4.

	Production		AISC	
	Oz	Oz	A\$/oz	A\$/oz
Yandal Operations	270,000	300,000	1,200	1,275
Kalgoorlie Operations	270,000	300,000	1,650	1,750
KCGM (50%)	220,000	240,000	1,470	1,570
<b>Australian Operations</b>	<b>760,000</b>	<b>840,000</b>	<b>1,440</b>	<b>1,540</b>
			US\$/oz	US\$/oz
Pogo Operations*	180,000	220,000	1,200	1,400
<b>Total</b>	<b>940,000</b>	<b>1,060,000</b>		

Table 6.4: Northern Star FY21 Production and Guidance

\* Guidance takes into account restrictions due to COVID -19 operational protocol

Northern Star anticipates continued organic growth to +1.3Moz of annual production, with production guidance over the next seven years as outlined in Table 6.5.

Guidance Range (koz)	FY21		FY22		FY23		FY24	FY25	FY26	FY27
	Low	High	Low	High	Low	High	Mid	Mid	Mid	Mid
Yandal/Jundee Operations	270	300	330	350	375	425	400	400	400	400
Pogo Operations	180	220	250	300	275	325	300	300	300	300
Kalgoorlie Operations	270	300	270	300	275	325	300	300	300	300
KCGM (50%)	220	240	220	240	225	245	263	278	290	320
<b>NST Total</b>	<b>940</b>	<b>1,060</b>	<b>1,070</b>	<b>1,190</b>	<b>1,150</b>	<b>1,320</b>	<b>1,263</b>	<b>1,278</b>	<b>1,290</b>	<b>1,320</b>

Table 6.5: Northern Star Production and Guidance



**Statement in respect to Northern Star's production and guidance**

The information underpinning Northern Star's gold production guidance in Table 6.5 and elsewhere in this Scheme Booklet has been extracted from (i) the ASX release by Northern Star entitled "Resources and Reserves, Production and Cost Guidance Update (ex-KCGM)" dated 13 August 2020, available at [www.nsrftd.com](http://www.nsrftd.com) and [www.asx.com](http://www.asx.com) (Northern Star Announcement) and (ii) Northern Star's and Saracen's joint ASX announcement entitled "KCGM Reserves, Resources and Guidance Update" dated 18 August 2020, available at [www.nsrftd.com](http://www.nsrftd.com) and [www.asx.com](http://www.asx.com) (KCGM Announcement). For the purposes of ASX Listing Rule 5.19, (i) Northern Star confirms that all the material assumptions<sup>73</sup> underpinning the production target in the Northern Star Announcement continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement, (ii) both Northern Star and Saracen confirm that all the material assumptions underpinning the production target in the KCGM Announcement continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

## 6.7 Capex guidance

In FY21, an expansionary capital budget of A\$198 million has been approved to unlock substantial organic growth opportunities across Northern Star's operations including:

- (a) A\$99 million at KCGM (50%), with most associated with cutbacks of the pit to provide multiple mining fronts;
- (b) A\$37 million at Yandal with A\$16 million committed to surface infrastructure upgrades including a thickener for the processing plant and A\$21 million to bring new production online;
- (c) A\$12 million at Kalgoorlie operations; and
- (d) A\$50 million (US\$35 million) at Pogo with A\$42 million committed to improving processing and supporting infrastructure to lift capacity to 1.3Mtpa.

For FY22 current capital guidance is between A\$295 and A\$310 million, as set out in Table 6.6 below.

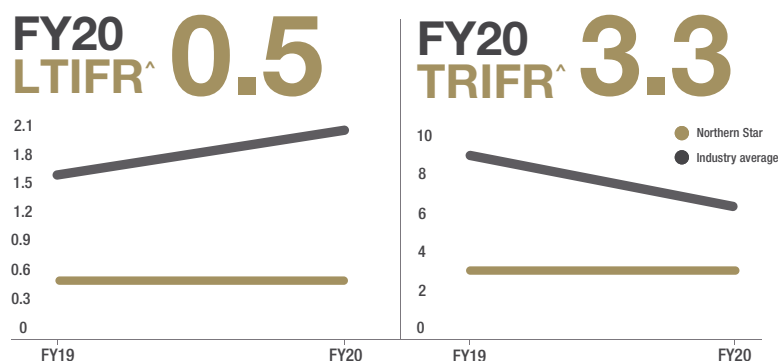
Growth Capital	FY21	FY22
Yandal Operations	37	120
Kalgoorlie Operations	12	25
Pogo Operations	50	30
KCGM (50%)	99	120-135
<b>Total Estimated Capital Works</b>	<b>198</b>	<b>295-310</b>

Table 6.6: FY22 Current Capital Guidance

## 6.8 Health and safety

The safety, health and wellbeing of its workforce is Northern Star's number one priority. The safety statistics and safety culture at Northern Star continue to be industry leading, with a TRIFR of 3.3 in FY20 which is less than half of the industry benchmark, as set out in Figure 6.3 below.

**Safety in numbers**



^ Number of recordable injuries per million hours worked. Calculated on a 12 month rolling average

**FY20 Industry** means the DMIRS Safety Performance in the Western Australian Mineral Industry – Accident and Injury Statistics 2018-19 Metalliferous total

**FY19 Industry** means the DMIRS Safety Performance in the Western Australian Mineral Industry – Accident and Injury Statistics 2017-18 Underground Metalliferous

**FY20 LTIFR** of 0.55 includes 50% of KCGM safety statistics from 1 January 2020 (date on which Northern Star acquired financial benefit of 50% of KCGM) is 0.55. Northern Star Group FY20 LTIFR (excl KCGM) is 0.61.

**FY20 TRIFR** of 3.31 includes 50% of KCGM safety statistics from 1 January 2020 (date on which Northern Star acquired financial benefit of 50% of KCGM). Northern Star Group FY20 TRIFR (excl KCGM) is 3.20.

Figure 6.3: Northern Star Safety Statistics

Northern Star is also investing heavily into mental and psychological health, with >300 staff and >100 local community residents

73 Assumptions made in relation to the Ore Reserves and indicated Mineral Resources underpinning the production targets are: Current operational capital and operating cost structures; • Current operational mining and metallurgical performance; • The gold price, exchange rate, dilution allowance and mining recovery rates are as set out in each prior public report referred to in the above ASX Listing Rule 5.19 disclosures; • NST Kalgoorlie Operations assumes 408koz of Proved and 1,199koz of Probable Reserve in the production forecast, in addition to 463koz of Indicated Resource; • NST Yandal Operations assumes 426koz of Proved and 2,199koz of Probable Reserves in the production forecast. No Resources are included in this forecast; • NST Pogo Operation includes 4koz of Proved and 1,507koz of Probable Reserves in the production forecast. An additional 937koz of Indicated Resource is assumed in the forecast; • KCGM forecast consists of 650koz of Proved Reserve and 3,042koz of Probable Reserves. No Resource is included in the forecast.



trained in mental health first aid to date. Northern Star’s serious commitment to the “S” in ESG was demonstrated through its \$10 million COVID-19 fund protecting lives and livelihoods in the communities in which Northern Star operates, including:

- (a) Medical PPE sourced, flown and donated to Alaskan health professionals;
- (b) WA’s first highly mobile testing facilities developed with Northern Star by Labs Without Walls, offering COVID-19 test results within 2 hours, in remote communities;
- (c) Goldfields Small Business grants;
- (d) Coolgardie Meals on Wheels to elderly residents; and
- (e) Goldfields Foodbank donation support.

## 6.9 People & Culture

Northern Star’s STARR core values underpin how its people work together and provide a solid foundation for everything the business does.

- (a) **Safety:** It matters and it starts with you;
- (b) **Teamwork:** Together we can;
- (c) **Accountability:** The responsibility lies with you;
- (d) **Results:** We deliver on our promises; and
- (e) **Respect:** To get it you must give it.

As at 30 June 2020 Northern Star had a total of 1,867 employees (1,391 in Australia and 476 in the United States). In addition KCGM employs 772 employees. The development of Northern Star employees as the business grows has been accelerated through increased cross-site collaborations, international mobilisations as well as on the job and formal learning opportunities.

During FY20, Northern Star conducted its second culture survey. Examples of some of the results are detailed in Figure 6.4 and 6.5 below.



Figure 6.4: Responses from FY20 culture survey

**Northern Star People in Numbers\***

EMPLOYEES WHO ARE SHAREHOLDERS

**78%**  
1,456 of 1,867 employees ▲

FEMALE PARTICIPATION

**18.1%**  
Excl KCGM 21.3% incl KCGM ▲

TOTAL EMPLOYEES

**2,639**

AUS 1,391 (excl KCGM) / KCGM 772 / US 476

GRADUATES

**10.3%** ▲

Increase from FY19 (excl KCGM)

TOTAL WORKFORCE  
(Employees and Contractors)

**3,851**

Incl KCGM / 2,711 excl KCGM

APPRENTICES

**41.2%** ▲

Increase from FY19 (excl KCGM)

\* As at 30 June 2020.

Figure 6.5: Demographic Responses from FY20 culture survey

## 6.10 Financing arrangements

In December 2019, Northern Star increased the size of its existing corporate debt facilities to finance the acquisition of its 50% KCGM interests. The facilities comprise a three year revolving loan facility of A\$300 million, a four year term loan facility of A\$400 million and various contingent instrument facilities with an aggregate commitment of approximately A\$117 million. Secured hedging lines are also provided.

The facilities are provided by a syndicate comprising Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia Limited and HSBC. The facilities are secured by the assets of and guarantees from Northern Star and its wholly-owned subsidiaries who are also joint and several guarantors for the debt.

These facilities impose various affirmative and negative covenants in respect of Northern Star and its subsidiaries, including restrictions on the incurrence of third party debt, grant of encumbrances, and customary events of default, including a payment default, breach of covenants, cross-default and insolvency events.

As part of that covenant package, Northern Star and its subsidiaries are subject to certain customary financial covenants tested on a semi-annual basis. Northern Star and its subsidiaries have complied with its financial covenant requirements to date, including for the financial year ended 30 June 2020.

The covenants permit Northern Star and its subsidiaries to have finance leasing, hire purchase agreement, chattel mortgage or other trade finance arrangements in place up to an aggregate liability of A\$100 million and, in addition, there is permission for any other kinds of leasing accounted for as a balance sheet liability, when taken together with those other finance leasing, hire purchase, chattel mortgage or trade financing arrangements, up to A\$150 million (not including any Northern Star (KLV) Pty Ltd liabilities) and up to A\$150 million for any Northern Star (KLV) Pty Ltd liabilities. Accordingly, there are various stand-alone asset financing facilities with Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia Limited, Macquarie Capital Australia Limited and Sandvik Customer Service Finance LLC. Consents to Implementation have been obtained from these financiers, to the extent necessary.



Each lender under these Northern Star existing corporate facilities has consented to the Scheme and its Implementation as well as the debt facilities, hedging liabilities and asset financing liabilities of Saracen (as set out in 5.10) remaining in place as stand-alone facilities, separate to the Northern Star corporate facilities and without recourse to Northern Star and its pre-Implementation subsidiaries. The consent is valid until the earlier of:

- (a) repayment and cancellation of the Saracen facilities in full; and
- (b) the later of:
  - (i) 31 October 2021, and
  - (ii) the date 9 months from and including Implementation.

This is proposed to allow Northern Star an appropriate period of time to implement a group wide funding solution on potentially more advantageous terms tailored to the size of the new business, with potential leverage to reduce the cost of borrowing.

## 6.11 Northern Star Historical Financial Information

This section contains the following historical financial information of Northern Star:

- (a) Historical income statements for the years ended 30 June 2019 and 30 June 2020 (**Northern Star Historical Income Statements**);
- (b) Historical statements of financial position as at 30 June 2019 and 30 June 2020 (**Northern Star Historical Statements of Financial Position**); and
- (c) Historical statements of cash flows for the years ended 30 June 2019 and 30 June 2020 (**Northern Star Historical Statements of Cash Flows**),

(together, the **Northern Star Historical Financial Information**).

The historical financial information has been limited to the last two years due to significant changes and acquisitions that have occurred over this period. Further historical financial information can be found on Northern Star's website ([www.nsr ltd.com](http://www.nsr ltd.com)).

Amounts in this Section have been rounded to the nearest A\$1 million. A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

### (a) Basis of preparation

The Northern Star Historical Financial Information presented in this Booklet is in an abbreviated form and does not contain all presentation and disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act and should therefore be read in conjunction with the financial statements of Northern Star for the respective periods, including the description of the significant accounting policies contained in those financial statements and the notes to those financial statements. The Northern Star Historical Income Statements, Northern Star Historical Statements of Financial Position and Northern Star Historical Statements of Cash Flows are extracted from the financial statements for the years ended 30 June 2019 and 30 June 2020, which have been lodged with ASIC and are available from Northern Star's website ([www.nsr ltd.com](http://www.nsr ltd.com)) or the ASX website ([www.asx.com.au](http://www.asx.com.au)). The Northern Star financial statements for the years ended 30 June 2019 and 30 June 2020 were audited by Deloitte in accordance with Australian Auditing Standards. Deloitte issued unqualified audit opinions on these financial statements.

The significant accounting policies used in the preparation of the Northern Star Historical Financial Information are consistent with those set out in Northern Star's annual report for the years ended 30 June 2019 and 30 June 2020. The Northern Star Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (AAS) (including Australian Accounting Interpretations) adopted by the AASB, which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board.

#### *Explanation of certain non-IFRS financial measures*

This document uses non-IFRS financial information which is used to measure operational performance. Non-IFRS measures are unaudited but derived from audited accounts. The principal non-IFRS financial measure referred to in this section are as follows:

- (i) **Underlying EBITDA** is reported earnings before the following:
  - (A) Non-cash asset write-downs;
  - (B) Fair value adjustment on Superior Gold Inc warrants;
  - (C) Acquisition and integration costs;
  - (D) Interest income, interest expense and finance costs;
  - (E) Depreciation and amortisation; and
  - (F) Share of gains / (losses) of investments accounted for using the equity method;
- (ii) **EBITDA** is earnings before interest, tax and depreciation and amortisation and is calculated as follows: profit before income tax plus depreciation and amortisation, impairment and finance costs, less interest income;
- (iii) **Segment EBITDA** is earnings before interest, tax and depreciation and amortisation and is calculated as follows: segment profit before income tax plus depreciation and amortisation, impairment and finance costs, less interest income;
- (iv) **Free cash flow** is cash flow from operating activities less cash flow used in investing activities; and
- (v) **Underlying Free cash flow** is Free cash flow excluding the cash impact of business, asset acquisitions and investments and adjusting for working capital items, including bullion awaiting settlement.

**(b) Northern Star Historical Income Statements**

Set out in the following table is the Northern Star Historical Income Statements for the years ended 30 June 2019 and 30 June 2020:

A\$m	30-Jun-20	30-Jun-19
Revenue	1,972	1,401
Cost of Sales	(1,448)	(1,101)
	<b>524</b>	<b>300</b>
Other income and expense	(3)	3
Corporate, technical services and projects	(81)	(59)
Acquisition and integration costs	(45)	(7)
Impairment of assets	(28)	(10)
Finance costs	(22)	(12)
<b>Profit before income tax</b>	<b>345</b>	<b>215</b>
Income tax expense	(87)	(60)
<b>Profit for the year</b>	<b>258</b>	<b>155</b>
<b>Other comprehensive income (OCI)</b>		
<i>Items that may be reclassified to profit or loss</i>		
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	-	-
Exchange differences on translation of foreign operations	8	10
<i>Items that may not be reclassified to profit or loss</i>		
Changes in fair value of financial assets at fair value through OCI	(10)	(12)

A\$m	30-Jun-20	30-Jun-19
Income tax relating to these items	2	0
<b>Other comprehensive income for the year, net of tax</b>	<b>(0)</b>	<b>(2)</b>
<b>Total comprehensive income for the year</b>	<b>258</b>	<b>153</b>
<b>Earnings per share</b>	<b>Cents</b>	<b>Cents</b>
Basic	37.3	24.4
Diluted	37.2	24.0

Table 6.5: Northern Star's Historical Income Statements

(c) Northern Star Historical Segment Information

Set out in the following tables is the Northern Star historical segment information for the years ended 30 June 2019 and 30 June 2020:

2020	Kalgoorlie Operations	Pogo	Jundee	KCGM (50%)	Exploration	Total
	\$M	\$M	\$M	\$M	\$M	\$M
Segment net operating profit/ (loss) before income tax	157	11	297	37	(40)	462
Depreciation and amortisation	132	73	112	30	3	350
Impairment	-	-	-	-	28	28
Finance costs	3	3	3	1	1	11
<b>Segment EBITDA</b>	<b>292</b>	<b>87</b>	<b>412</b>	<b>68</b>	<b>(8)</b>	<b>851</b>

2019	Kalgoorlie Operations	Pogo	Jundee	KCGM (50%)	Exploration	Total
	\$M	\$M	\$M	\$M	\$M	\$M
Segment net operating profit/ (loss) before income tax	105	(32)	218	-	(17)	274
Depreciation and amortisation	142	47	56	-	-	245
Impairment	-	-	-	-	10	10
Finance costs	2	3	1	-	1	7
<b>Segment EBITDA</b>	<b>249</b>	<b>18</b>	<b>274</b>	<b>-</b>	<b>(6)</b>	<b>536</b>

Table 6.6: Northern Star's historical segment information

Interest income, finance changes, interest expense and acquisition and integration costs are not allocated to operating segments as this type of activity is driven by the corporate treasury function which manages cash position of the Northern Star Group.

	30-Jun-20	30-Jun-19
	\$M	\$M
<b>Segment EBITDA</b>	<b>851</b>	<b>536</b>
Other income	(3)	2



	30-Jun-20	30-Jun-19
Finance costs	(22)	(12)
Depreciation	(131)	(77)
Amortisation	(224)	(170)
Corporate, technical services and projects	(90)	(46)
Share-based payments	(8)	(8)
Impairment of assets	(28)	(10)
<b>Profit before income tax</b>	<b>345</b>	<b>215</b>

**Table 6.7: Reconciliation of Segment EBITDA to Northern Star Profit before income tax**

**(d) Management commentary on Northern Star Historical Financial Information**

Commentary on Northern Star's Historical Financial Information and EBITDA is outlined below. More information is available from Northern Star's annual financial statements for the years ended 30 June 2019 and 30 June 2020, which can be found on Northern Star's website ([www.nsr ltd.com](http://www.nsr ltd.com)).

*Commentary on Northern Star's Historical Income Statement for the year ended 30 June 2020*

The Northern Star Group reported a profit after tax of \$258 million for the 12 months ending 30 June 2020, a 67% increase from the prior year. Profit after tax for the Australian operations was \$252 million and Pogo operations reported a profit after tax of \$7 million. Revenue increased 41% to \$2.0 billion driven by the 25% higher average realised gold price per ounce (2020: \$2,208/oz; 2019: \$1,764/oz) and a 7% increase in gold sold (2020: 900,388 ounces; 2019: 840,580 ounces). Higher production for 2020 was driven by the acquisition of a 50% in KCGM, which was acquired on 3 January 2020 and which sold 115,825 ounces and a full year of Pogo operations. Cost of sales increased 31% to \$1.5 billion driven primarily by the acquisition of KCGM and higher activity across all operations with a 50% increase in total tonnes mined (2020: 8.8 million tonnes; 2019: 5.9 million tonnes) and 62% increase in total tonnes milled (2020: 9.7 million tonnes; 2019: 6.0 million tonnes) during 2020 which translated to higher mining, processing and operational employee costs. An increase in non-cash depreciation and amortisation charges and inventory expenses were incurred during 2020 largely driven by the acquisition of KCGM and processing of ore stockpiles at the operation. Acquisition and integration related costs and finance costs were higher during the year following the acquisition of KCGM which was part funded by debt and includes a provisional amount of \$34 million in respect of stamp duty payable on the acquisition. Corporate, technical services and project costs were higher from payroll tax on share-based awards and costs associated with the purchase of medical supplies and donations in relation to COVID-19. The lower effective tax rate for the year (2020: 25%; 2019: 28%) was due to the recognition of \$22 million in tax losses from Echo Resources Limited which was acquired in December 2019.

Segment EBITDA was \$851 million for the year ended 30 June 2020, which was an increase of 59% over the corresponding prior year. An impairment charge of \$28 million was recorded on exploration and evaluation assets.

*Commentary on Northern Star's Historical Income Statement for the year ended 30 June 2019*

For FY2019, the Northern Star Group reported a profit after tax of \$155 million. Revenue increased 45% to \$1,401 million from the prior year due to a 4% increase in the average realised gold price per ounce to A\$1,764 and a 37% increase in gold sold to 781,013 ounces which was driven by the acquisition of Pogo which completed in September 2018. The profit for the period was impacted by the mining method transition and operational investment undertaken at Pogo during the year which also included a significant investment in underground fleet during the second half of the year. These changes culminated in improved results at Pogo for the June 2019 quarter, with ounces mined, gold sold and development metres increasing 27%, 33% and 13% respectively when comparing to March 19 quarter. All-in sustaining costs at Pogo operations also reduced by 18% in the June quarter to US\$1,207 per ounce sold. Cost of sales increased 77% to \$1,101 million (FY2018: \$624 million) driven primarily by the acquisition of Pogo operations and increased production at the Australian operations which achieved record production during 2019 with a 12% increase in gold sold (FY2019: 639,243oz; FY2018: 570,110oz). Higher non-cash depreciation and amortisation charges were incurred during 2019 relating primarily to the finalisation of the purchase price allocation on the acquisition of Pogo operations and Kalgoorlie operations, which during 2019 included full year charges from South Kalgoorlie operations, which was acquired in April 2018. Finance charges were higher during 2019 (FY2019: \$11.6 million; FY2018: \$3.5 million) as Northern Star finalised a new credit facility.

Segment EBITDA was \$536 million for the year ended 30 June 2019 which was an increase of 9% over the corresponding prior period. Northern Star Group finance costs increased to A\$12 million which was due to additional accretion charged on rehabilitation liabilities acquired from the Pogo acquisition and also additional finance charges on the Northern Star Group's financing facilities. An impairment charge of \$10 million was recorded on exploration and evaluation assets.

**(e) Northern Star's Historical Statements of Financial Position**

Set out in the following table is the Northern Star Historical Statements of Financial Position as at 30 June 2019 and 30 June 2020:

A\$m	30-Jun-20	30-Jun-19
<b>Current assets</b>		
Cash and cash equivalents	677	266
Trade and other receivables	144	68
Inventories	290	114
Current tax asset	-	6
<b>Total current assets</b>	<b>1,111</b>	<b>454</b>
<b>Non-current assets</b>		
Trade and other receivables	5	2
Inventories	315	-
Derivative financial instrument	1	1
Financial assets at fair value through OCI	13	23
Investments accounted for using the equity method	8	28
Property, plant and equipment	731	501
Right of use asset	103	-
Exploration and evaluation assets	479	266
Mine properties	1,019	356
Intangible assets	9	13
Assets classified as held for sale	17	-
<b>Total non-current assets</b>	<b>2,700</b>	<b>1,190</b>
<b>Total assets</b>	<b>3,811</b>	<b>1,644</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	156	150
Borrowings	361	24
Current tax liabilities	12	-
Provisions	109	44
<b>Total current liabilities</b>	<b>638</b>	<b>218</b>
<b>Non-current liabilities</b>		
Borrowings	450	25
Provisions	447	220
Deferred tax liabilities	132	66
<b>Total non-current liabilities</b>	<b>1,029</b>	<b>311</b>

A\$m	30-Jun-20	30-Jun-19
<b>Total liabilities</b>	1,667	529
<b>Net assets</b>	2,144	1,115
EQUITY		
Share capital	1,324	474
Reserves	14	42
Retained earnings	806	599
<b>Total Equity</b>	2,144	1,115

**Table 6.8: Northern Star's Historical Statements of Financial Position**

*Commentary on Northern Star's Historical Statement of Financial Position for the year ended 30 June 2020*

The increase in current assets as at the 30 June 2020 to \$1.1 billion was driven by a \$411 million increase in cash and cash equivalents as Northern Star drew down on its revolving credit facility (\$300 million drawn at 30 June 2020) to ensure it was in the strongest possible financial position to respond to COVID-19 pandemic and subsequent global financial impact. In addition, Northern Star added \$102 million in current stockpiles as part of 50% acquisition of KCGM.

Non-current assets increased by \$1.5 billion primarily from the two acquisitions completed during the year, being, US\$800 million acquisition of 50% of KCGM and associated assets and the further \$178 million investment as part of the takeover of Echo Resources Ltd (**EAR**). Significant long-term ore stockpiles were acquired with KCGM which at 30 June 2020 were valued at \$305 million. Increases in asset classes of property, plant and equipment and mine properties were driven by the acquisition of KCGM. A total of \$289 million was added to exploration and evaluation assets through the completion of the takeover of EAR and Northern Star's continued investment in organic growth. With the change in Accounting Standards pertaining to leases, Northern Star now recognises all leases on its balance sheet. At 30 June 2020, \$103 million was recognised as right of use assets. With Northern Star agreeing to divest the Mt Olympus project in June 2020, the book value of the project (\$17 million) was reclassified from exploration and evaluation assets to non-current assets held for sale.

Current liabilities were \$638 million at 30 June 2020 principally due to \$300 million being drawn from Northern Star's revolving credit facilities (Current-borrowings 2020: \$361 million; 2019: \$24 million). After balance date on 6 July 2020, \$200 million in current borrowings was repaid. Current provisions were higher (2020: \$109 million; 2019: \$45 million) and reflected the estimated stamp duty payable on the KCGM and EAR transactions. Non-current liabilities increased by \$719 million against the prior year due to the KCGM and EAR acquisitions with long term debt of \$400 million being drawn on acquisition of KCGM and recognition of a \$169 million closure liability in total for the acquisitions.

*Commentary on Northern Star's Historical Statement of Financial Position for the year ended 30 June 2019*

Current assets as at the 30 June 2019 decreased 19% against the prior year balance date. The decrease was largely a result of cash and cash equivalents decreasing \$177 million following the completion of the Pogo acquisition, and the payment of \$70 million in dividends during the year.

Non-current assets increased by \$531 million against the prior year primarily from the acquisition of Pogo. A total of \$40 million was added to exploration and evaluation assets through Northern Star's continued investment inorganic growth. Payments of \$10 million for investments in associates and equity investments carried at fair value were also made in the period.

Current liabilities increased by 9.2% from the prior year principally due equipment replacement at the Pogo operations, which have been financed and non-current liabilities increased \$115 million principally due to the recognition of a US\$75 million closure liability at Pogo on acquisition.

During 2019 Northern Star issued 26,119,402 shares at \$6.70 per share as part of Pogo acquisition.



**(f) Northern Star Historical Statements of Cash Flows**

Set out in the following tables are the Northern Star Historical Statements of Cash Flows for the years ended 30 June 2019 and 30 June 2020.

A\$m	30-Jun-20	30-Jun-19
<b>Cash flows from operating activities</b>		
Receipts from customers (inc GST)	1,940	1,359
Payments to suppliers and employees (inc GST)	(1,184)	(893)
Interest received	4	5
Interest paid	(9)	(2)
Income taxes paid	(41)	(90)
<b>Net cash inflow from operating activities</b>	<b>710</b>	<b>379</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(97)	(67)
Payments for exploration and evaluation	(76)	(87)
Payments for mine properties	(190)	(132)
Payments for investments	(3)	(10)
Payments for acquisition of business and associated assets, net of cash acquired	(1,138)	(351)
Payments for acquisition of assets, net of cash acquired	(178)	(2)
Proceeds from sale of property, plant and equipment	5	1
Lease receipt	7	-
<b>Net cash outflow from investing activities</b>	<b>(1,670)</b>	<b>(648)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares and other equity securities	803	177
Proceeds from borrowings	694	-
Principal elements of lease (Jun 2019: finance lease) payments	(63)	(17)
Dividends paid to Company's shareholders	(49)	(70)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>1,385</b>	<b>90</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>425</b>	<b>(179)</b>
Cash and cash equivalents at the beginning of the financial period	266	443
Effects of exchange rate changes on cash and cash equivalents	(14)	2
<b>Cash and cash equivalents at end of year</b>	<b>677</b>	<b>266</b>

**Table 6.9: Northern Star's historical statement of cash flows**

A\$m	30-Jun-20	30-Jun-19
Net cash inflow from operating activities	710	379
Net cash outflow from investing activities	(1,670)	(648)
<b>Free cash flow</b>	<b>(960)</b>	<b>(269)</b>
Payments for acquisition of business and associated assets, net of cash acquired	1,323	355

A\$m	30-Jun-20	30-Jun-19
Payments for Tanami project put option	-	20
Payments for investments in associate and equity securities	3	10
Bullion awaiting settlement adjustments	27	33
Working capital adjustments	37	(3)
Finance lease receipts	(6)	-
<b>Underlying free cash flow</b>	<b>423</b>	<b>146</b>

**Table 6.10: Reconciliation of free cash flow to underlying free cash flow**

*Commentary on Northern Star's Historical Statement of Cash Flows for the year ended 30 June 2020*

Cash flows from operating activities for the 12 months ended 30 June 2020 were \$710 million, being 87% higher than the previous financial year driven principally by increased revenues from higher gold sold on the back of the 50% acquisition of KCGM, a full year of Pogo operations and a 25% increase in realised gold price per ounce received for the year (2020: \$2,208 per ounce; 2019: \$1,764 per ounce). Income taxes paid were lower for the year (2020: \$41 million; 2019: \$90 million) due to deductions on temporary differences relating to the vesting of FY17 performance rights being deductible in the current year.

Cash flows from investing activities increased by 158% as a result of the US\$800 million acquisition of 50% of KCGM and associated assets on 3 January 2020 and the \$178 million EAR takeover (2019: \$351 million on Pogo acquisition). In addition, payments for mine properties increased by \$58 million (2020: \$190 million; 2019: \$132 million).

Cash flows from financing activities included the 91 million shares issued at \$9.00 per share as part of the acquisition of 50% interest in KCGM (FY2019: \$171 million capital raise relating to Pogo acquisition) and dividends totalling \$49 million (FY2019: \$70 million) paid to Northern Star Shareholders. As part of COVID-19 measures Northern Star delayed payment of its FY20 interim dividend (\$56 million) to 16 July 2020.

*Commentary on Northern Star's Historical Statement of Cash Flows for the year ended 30 June 2019*

Cashflows from operating activities for the 12 months ended 30 June 2019 were \$379 million which was \$26 million higher than the previous financial year driven principally by increased revenues from higher gold sold and gold price received for the year.

Cashflows from investing activities increased by 162% as a result of the \$351 million Pogo acquisition in September 2018 (FY2018: \$18 million on South Kalgoorlie and Western Tanami acquisitions). In addition, payments for exploration and evaluation increased by \$42 million (FY2019: \$87 million; FY2018: \$45 million), of which \$19 million related to exploration at Pogo since acquisition and \$20 million paid for an additional 15 percent interest in the Central Tanami Project.

Cashflows from financing activities included proceeds from issue of shares of \$177 million relating predominantly to the capital raising associated with the Pogo acquisition (FY2018: \$5 million) and dividends totalling \$70 million (FY2018: \$63 million) paid to Northern Star Shareholders.

## 6.12 Directors and Senior Management

### (a) Board of Directors

As at the date of this Scheme Booklet, the directors of Northern Star are:

- (i) **Bill Beament:** Executive Chair;
- (ii) **John Fitzgerald:** Lead Independent Non-Executive Director;
- (iii) **Peter O'Connor:** Independent Non-Executive Director;
- (iv) **Shirley In't Veld:** Independent Non-Executive Director;
- (v) **Mary Hackett:** Independent Non-Executive Director; and

(vi) **Nicholas Cernotta:** Independent Non-Executive Director.

If the Scheme is implemented, the Northern Star Board will be reconstituted as described in Section 7.8(a).

**(b) Senior management**

As at the date of this Scheme Booklet, Northern Star's senior management is as follows:

- (i) **Stuart Tonkin:** Chief Executive Officer;
- (ii) **Luke Creagh:** Chief Operating Officer;
- (iii) **Ryan Gurner:** Chief Financial Officer; and
- (iv) **Hilary Macdonald:** General Counsel & Company Secretary.

If the Scheme is implemented, Northern Star's senior management team will be reconstituted as described in Section 7.8(d).

### 6.13 Material changes in Northern Star's financial position and financial performance

The most recent published financial statements of Northern Star are provided in its 2020 Annual Financial Report, which was released to ASX on 19 August 2020. Northern Star has also published its September 2020 quarterly activities report on 27 October 2020. To the knowledge of Northern Star Directors, there has not been any material change in the financial position or performance of Northern Star since 30 June 2020, except as disclosed in this Scheme Booklet or otherwise in announcements to the ASX.





## 6.14 Corporate Structure

Northern Star and existing wholly owned controlled entities in the Northern Star Group are set out below. Under the Scheme, Saracen will become a wholly-owned subsidiary of Northern Star, and Saracen’s subsidiaries will in turn become part of the Northern Star Group.





## 6.15 Recent trading performance of Northern Star Shares

The following chart shows the closing price and corresponding daily volume traded over the last 12 months up to and including 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet:

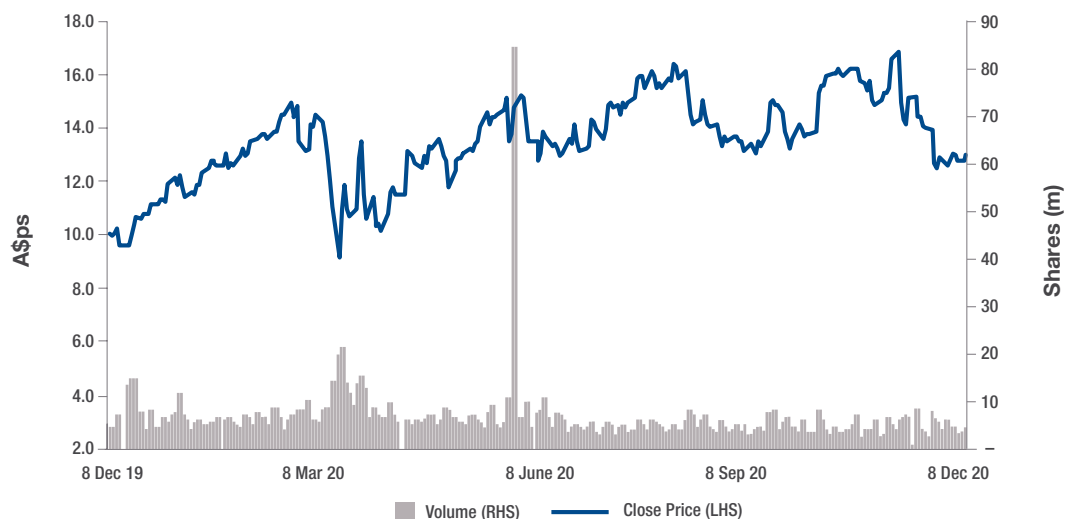


Figure 6.6: Last 12 months trading history of Northern Star Shares

Source: IRESS

At 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet:

- (a) the last recorded traded price of Northern Star Shares was A\$13.03;
- (b) the 30 day VWAP of Northern Star Shares was A\$14.14;
- (c) the 60 day VWAP of Northern Star Shares was A\$14.54;
- (d) the 90 day VWAP of Northern Star Shares was A\$14.44;
- (e) the highest recorded traded price of Northern Star Shares in the previous 3 months was A\$17.03 on 9 November 2020; and
- (f) the lowest recorded traded price of Northern Star Shares in the previous 3 months was A\$12.18 on 25 November 2020.

The last recorded traded price of Northern Star Shares immediately before public announcement of the Scheme on 6 October 2020 was A\$13.82, on 5 October 2020.

The current price of Northern Star Shares on ASX can be obtained from the ASX website ([www.asx.com.au](http://www.asx.com.au)) or <https://www.nsr ltd.com/>.

## 6.16 Northern Star’s issued securities

### (a) Substantial holders

As at 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, so far as known to Northern Star, there are no substantial holders of Northern Star Shares except as set out below:

Substantial Holder	Number of Northern Star Shares Held	Voting Power
BlackRock Group	98,984,315	13.4%
Van Eck Associates Corporation	79,780,815	10.8%
The Vanguard Group, Inc	40,081,905	5.4%

Table 6.12: Northern Star Substantial Shareholders





## (b) Northern Star issued securities

As at 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, the total securities of Northern Star on issue were as follows:

- (i) 740,962,173 Northern Star Shares; and
- (ii) 3,085,611 convertible securities comprising 3,067,051 Northern Star Performance Rights and 18,560 Northern Star NED Share Rights:

Performance Rights Class and Northern Star NED Share Rights	Number	Vesting Date
FY19 long term incentive performance rights issued under the FY17 Long Term Incentive Plan to employees other than Non-Executive Directors	343,640	To be measured for vesting on 30 June 2021
FY20 long term incentive performance rights issued under the FY20 Share Plan to employees other than Non-Executive Directors	1,176,637 <sup>1</sup>	To be measured for vesting on 30 June 2022
FY21 short term incentive performance rights issued under the FY20 Share Plan to employees other than Non-Executive Directors	489,671	To be measured for vesting on 30 June 2021
FY21 long term incentive performance rights issued under the FY20 Share Plan to employees other than Non-Executive Directors	1,057,103	To be measured for vesting on 30 June 2023
FY21 Northern Star NED Share Rights issued under the FY20 NED Share Plan to Non-Executive Directors	18,560	To be measured for vesting on 30 June 2021

Note:

1. 3,493 FY20 long term incentive performance rights were cancelled on 10 November 2020 upon cessation of employment of the relevant holder, so the total on issue as disclosed in the Appendix 3G released on 30 October 2020 has been reduced by this amount.

**Table 6.13: Northern Star Performance Rights and Northern Star NED Share Rights**

Northern Star has offered Mr Raleigh Finlayson, Mr Morgan Ball and Mr Simon Jessop Northern Star Performance Rights for FY21 in connection with their new employment arrangements with Northern Star. Refer to Section 7.8 for further details. These have not been issued yet and are not included in Table 6.13.

Northern Star does not intend to offer FY21 Northern Star NED Share Rights to Mr Anthony Kiernan, Mr John Richards and Ms Sally Langer. Refer to Section 7.8 for further details.

Further information in relation to the Northern Star Performance Rights, the Northern Star NED Share Rights, the FY20 NED Share Plan, the FY17 Long Term Incentive Plan Rules and the FY20 Share Plan can be found in Section 6.19. A full summary of the FY20 NED Share Plan and the FY20 Share Plan is available in Northern Star's 2020 Annual Report and as summarised in Appendix A of the Notice of Annual General Meeting 2020 released on 22 October 2020 and available at [www.nsr ltd.com](http://www.nsr ltd.com).

## 6.17 Dividends

Northern Star has a long history of paying dividends to its shareholders, with its maiden dividend of 2.5 cents per share announced in August 2012. Since its inception Northern Star has returned A\$536 million to its shareholders through dividends. Northern Star has a long history of paying fully franked dividends to shareholders and has historically paid dividends equal to approximately 6% of revenue.

In FY20 total dividends approved to be paid equalled approximately \$200 million, at 27 cents per share (1H 7.5 cents per share, 2H 9.5 cents per share, special dividend of 10 cents per share).

In FY19 total dividends approved to be paid by Northern Star equalled to 13.5 cents per share.

Northern Star's total franking credit balance is approximately A\$169 million.

## 6.18 Rights and liabilities attaching to Northern Star Shares

### Introduction

The rights and liabilities attaching to the New Northern Star Shares which will be issued as Scheme Consideration are set out in Northern Star's constitution (**Constitution**), and are also subject to the Corporations Act and the Listing Rules.

The following is a summary of the main rights and liabilities attaching to Northern Star Shares. This summary does not purport to be exhaustive or to constitute a definitive statement of all of the rights and liabilities attaching to Northern Star Shares. Such



rights and liabilities involve complex questions of law arising from the interaction of the Constitution and statutory and common law requirements. This summary must be read subject to the full text of the Constitution, available at the Northern Star website (<https://www.nsrld.com/about/corporate-governance/>).

**(a) Overview**

The New Northern Star Shares will be issued fully paid and will rank equally for dividends and other rights with existing Northern Star Shares, with effect from their date of issue.

Under the Corporations Act, the Constitution has effect as a contract:

- (i) between Northern Star and each Northern Star Shareholder;
- (ii) between Northern Star and each director and company secretary of Northern Star; and
- (iii) a Northern Star Shareholder and each other Northern Star Shareholder.

Accordingly, if you receive Northern Star Shares under the Scheme, you are taken to receive them subject to the terms of the Constitution and you will be bound by the terms of the Constitution.

Sections 6.18(b) to 6.18(l) provide a broad summary of the rights and liabilities that attach to all Northern Star Shares.

**(b) Meetings of Shareholders and notices**

Northern Star Shareholders' rights to attend and vote at shareholder meetings are primarily prescribed by the Corporations Act. Subject to certain exceptions, each Northern Star Shareholder is entitled to receive notice of, attend (whether or not entitled to vote) and vote at general meetings and to receive all notices and other documents required to be sent to Northern Star Shareholders under the Constitution, the Corporations Act and the ASX Listing Rules.

Northern Star may give a notice of meeting to Northern Star Shareholders by serving it personally or sending it by post, to the address shown in the Northern Star Register or such other address, or by sending it by fax or electronically to the address provided by the Northern Star Shareholder for the purpose of giving notices.

**(c) Voting rights**

Subject to any rights or restrictions attached to Northern Star Shares and the terms of the Constitution, at a general meeting of Northern Star Shareholders, every Northern Star Shareholder entitled to vote in person or by proxy, attorney or representative has:

- (i) one vote on a show of hands; and
- (ii) one vote on a poll for every Northern Star Share held.

If more than one joint holder of a Northern Star Share is present at a meeting in person or by proxy, attorney or representative and tenders a vote, the vote of the Northern Star Shareholder named first in the Northern Star Register will be accepted to the exclusion of the others.

A person present at a general meeting who represents more than one Northern Star Shareholder (whether personally, or by proxy, attorney or representative) is entitled to only one vote despite the number of Northern Star Shareholders that person represents, and that vote on a show of hands will be taken as being cast for all of the Northern Star Shareholders that the person represents. The person must not vote in such a way as to contravene directions given under an instrument appointing them as proxy or attorney.

A resolution at a general meeting must be decided on a show of hands unless a poll is demanded. A poll may be demanded on any resolution (except a resolution concerning the election of the chairperson of the meeting or the adjournment of a meeting) by:

- (iii) the chairperson of the meeting;
- (iv) at least five Northern Star Shareholders present and entitled to vote on the resolution; or

- (v) Northern Star Shareholders present and representing at least 5% of the total voting rights of all Northern Star Shareholders having the right to vote on the resolution.

If votes on a proposed resolution are equal, the chairperson has a casting vote.

**(d) Dividend rights and distributions in kind**

Northern Star Directors may pay any dividend (including an interim, final or special dividend) that they think the financial position of Northern Star justifies, and fix the date for payment.

Northern Star Directors may direct payment of a dividend by the distribution of specific assets (including paid-up shares of Northern Star or of another body corporate) either generally or to specific Northern Star Shareholders. Northern Star Directors may direct to pay the dividend to certain Northern Star Shareholders wholly or partly from any particular fund or reserve or out of profits derived from any particular source and pay the remaining Northern Star Shareholders wholly or partly out of any particular fund or reserve or out of profits derived from any particular source or generally.

Northern Star Directors may implement a dividend reinvestment plan on such terms as they think fit, under which any dividend due to Northern Star Shareholders who participate in the plan may be applied in subscribing for Northern Star Shares or shares of a related body corporate. Northern Star Directors may amend, suspend or terminate any such dividend reinvestment plan that they implement.

**(e) Issue of further Northern Star Shares**

Subject to the Corporations Act, the ASX Listing Rules and the Constitution, Northern Star Directors may issue and grant options over unissued Northern Star shares to such persons, for such price, on such conditions and at such times as the Northern Star Directors think fit.

**(f) Transfer of Northern Star Shares**

Subject to the Constitution and the rights attached to Northern Star Shares under the ASX Listing Rules or the Corporations Act or other applicable legislation, Northern Star Shareholders may transfer Northern Star Shares by an ASX Settlement transfer or an instrument in writing in a form approved by the Northern Star Directors.

Northern Star Directors may request of ASX Settlement to apply a holding lock or refuse to register a transfer of Northern Star Shares in circumstances set out in the Constitution (including but not limited to, those permitted under the ASX Listing Rules or ASX Settlement Operating Rules). Where Northern Star Directors refuse to register a transfer, Northern Star must give written notice of the refusal and the reasons for refusal within five business days after the date on which the transfer is lodged with Northern Star.

**(g) Variation of rights**

The Corporations Act provides that the rights attached to a class of shares may be varied or cancelled only:

- (i) with the written consent of members with at least 75% of the votes of the affected class; or
- (ii) by special resolution passed at a meeting of the holders of the issued shares of that class.

**(h) Number of directors**

Northern Star must have at least three directors and not more than 12 directors. The Northern Star Directors may from time to time determine to increase the maximum number of directors but the maximum applying at any time cannot be reduced except with the approval of Northern Star Shareholders in general meeting.

Subject to the Constitution, the Corporations Act and the maximum number of directors as determined by the Northern Star Board (being a number of not more than 12 unless otherwise approved by Northern Star Shareholders in general meeting), Northern Star Shareholders may by ordinary resolution elect any natural person as a director.



**(i) Officer's indemnity**

Northern Star must indemnify on a full indemnity basis and to the full extent permitted by law its current and former directors, alternate directors and executive officers, and such other officers or former officers of Northern Star or its related bodies corporate as the Northern Star Directors determine, for all losses and liabilities incurred by the person as an officer of Northern Star or a related body corporate including, but not limited to, a liability for negligence or for reasonable costs and expenses incurred in defending proceedings (whether civil or criminal) in which judgment is granted in favour of the person or in which the person is acquitted, or incurred in connection with an application, in relation to such proceedings, in which the Court grants relief to the person under the Corporations Act, only to the extent that the loss or liability is not covered by insurance.

**(j) Capitalising profits**

Northern Star may capitalise and distribute among Northern Star Shareholders undivided profits and other amounts available for distribution. Northern Star Shareholders are entitled to participate in such capital distribution if entitled to receive dividends and in the same proportions.

**(k) Reduction of capital**

Northern Star may reduce its capital by way of a buy-back of otherwise in accordance with the Corporations Act and ASX Listing Rules.

**(l) Winding up**

If Northern Star is wound up, a liquidator may (with the sanction of a special resolution) divide the property of Northern Star among Northern Star Shareholders in kind and, for that purpose, determine how the division is to be carried out between Northern Star Shareholders.

Subject to the Constitution and the rights or restrictions attached to Northern Star Shares, if on winding up, Northern Star property more than sufficiently pays the company debts, liabilities and winding up costs, that excess must be divided among Northern Star Shareholders in proportion to the number of shares they hold.

## 6.19 Northern Star Employee Incentive Plans and Non-Executive Directors' Share Plan

Northern Star currently operates the following four plans:

- (a) **An Employee Share Plan** where eligible employees may receive an annual issue of up to A\$1,000 of Northern Star Shares, for nil consideration; eligible employees exclude holders of incentives under the below mentioned plans;
- (b) **A long term equity based incentive scheme** called the FY17 Long Term Incentive Plan, based on achievement of financial and non-financial performance measures, creating growth in shareholder value and improving safety performance over a three year performance period. There is one tranche of performance rights remaining under this plan which were issued in FY19 and will be measured for vesting on 30 June 2021; each performance right entitles the participant to receive one Northern Star Share for nil consideration if the performance right vests upon achievement of the performance measures. No further performance rights will be issued under the FY17 Long Term Incentive Plan, this incentive plan having now been replaced by the FY20 Share Plan (see paragraph (c) below).
- (c) **An equity based incentive scheme** called the FY20 Share Plan under which both short term incentives and long term incentives may be offered annually, based on achievement of financial and non-financial performance measures, creating growth in shareholder value. Each performance right entitles the participant to receive one Northern Star Share for nil consideration if the performance right vests upon achievement of the performance measures.
  - (i) The FY21 issues of short term incentives are performance rights, and include individual strategic performance measures (20% weighting) and company financial performance measures, namely risk management, gold production performance and financial management of costs (80% weighting), measured after a one year performance period. Each performance right entitles the participant to an election between 50% cash and 50% performance rights, or 100% performance rights. To the extent the participant elects performance rights, each performance right will be entitled to receive one Northern Star Share for nil consideration if the performance right vests upon achievement of the performance measures.
  - (ii) The FY21 issues of long term incentives are performance rights, and are based on creating growth in Shareholder value

through financial return on invested capital, relative total shareholder return and mine life extension, measured after a three year performance period. Following any vesting 50% of the long term incentive performance rights are subject to a holding lock of one year. Each performance right entitles the participant to receive one Northern Star Share for nil consideration subject to the performance right vesting upon achievement of the performance measures.

- (d) **A Non-Executive Directors' Share Plan** called the FY20 NED Share Plan under which Northern Star currently issues Northern Star NED Share Rights to the value of A\$50,000 annually as Non-Executive Directors fees to the Non-Executive Directors (in addition to their base fee of A\$125,000 plus any fees for participating in or chairing one or more of three sub-committees of the Northern Star Board). The Northern Star NED Share Rights issued under the FY20 NED Share Plan are not subject to any performance measures. The Northern Star NED Share Rights vest if the Non-Executive Director remains a Non-Executive Director at the end of the financial year of issue. The number of Northern Star NED Share Rights is reduced on a pro rata basis if the Non-Executive Director leaves the Board before the end of the financial year of issue. Each Northern Star NED Share Right entitles the participant to receive one Northern Star Share for nil consideration if the performance right vest.

A full summary of the FY20 NED Share Plan and the FY20 Share Plan is available in Northern Star's 2020 Annual Report and as summarised in Appendix A of the Notice of Annual General Meeting 2020 released on 22 October 2020 and available at [www.nsrtd.com](http://www.nsrtd.com).

## 6.20 Litigation

As at the date of this Scheme Booklet, Northern Star is not involved in any material legal disputes and is not party to any material litigation.

## 6.21 Interests in Saracen securities

Neither Northern Star nor any Northern Star Director holds a relevant interest in Saracen Shares or any other Saracen security.

Except for the consideration to be provided under the Scheme and as described in this Scheme Booklet, none of Northern Star or any of its Related Bodies Corporate or any of their respective Associates has provided or agreed to provide consideration for any Saracen Shares or other Saracen securities under any transaction during the period of 4 months before the date of this Scheme Booklet.

## 6.22 Northern Star securities held by Northern Star Directors

The number, description and amount of Northern Star securities controlled or held by, or on behalf of, each Northern Star Director as at the date of this Scheme Booklet are:

Directors	Shares	Northern Star NED Share Rights <sup>1</sup>	Invested Performance Rights
Bill Beament	5,906,118 <sup>2</sup>	-	822,196
Peter O'Connor	400,000 <sup>3</sup>	8,335	-
John Fitzgerald	63,198 <sup>4</sup>	8,335	-
Shirley In't Veld	57,821 <sup>5</sup>	3,712	-
Mary Hackett	20,028 <sup>6</sup>	3,712	-
Nick Cernotta	-	8,335	-
<b>Sub-Totals</b>	<b>6,447,165</b>	<b>32,429</b>	<b>822,196</b>

Notes:

- Northern Star NED Share Rights are granted to the Northern Star Non-Executive Directors annually as part of their remuneration, as approved by Northern Star shareholders on 14 November 2019, in an amount determined by dividing \$50,000 for each Non-Executive Director by the face value of Northern Star shares (calculated as the 20 day VWAP up to and including the 30 June date prior to their grant).
- 3,535,326 Shares are held directly and 2,370,792 Shares are held indirectly
- Held indirectly
- Held indirectly
- Held directly
- 4,623 held directly and 15,405 held indirectly

Table 6.14: Northern Star Directors' interests

## 6.23 Other interests of Northern Star Directors

The Northern Star Directors have no interest in the outcome of the Scheme, except as provided for in this Scheme Booklet.



## 6.24 Disclosure of interests

Except as otherwise provided in this Scheme Booklet, no:

- (a) Northern Star Director or proposed director of Northern Star;
- (b) person named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Scheme Booklet for or on behalf of Northern Star;
- (c) promoter, stockbroker or underwriter of Northern Star or the Merged Group,

(together the **Interested Persons**) holds, or held at any time during the two years before the date of this Scheme Booklet any interests in:

- (d) the formation or promotion of Northern Star or the Merged Group;
- (e) property acquired or proposed to be acquired by Northern Star in connection with the formation or promotion of Northern Star or the Merged Group or the offer of Northern Star Shares under the Scheme; or
- (f) the offer of Northern Star Shares under the Scheme.

## 6.25 Disclosure of fees and other benefits

Except as otherwise disclosed in this Scheme Booklet, Northern Star has not paid or agreed to pay any fees, or provided or agreed to provide any benefit:

- (a) to a director or proposed director of Northern Star to induce them to become or qualify as a director of Northern Star;
- (b) for services provided by any Interested Persons in connection with:
  - (i) the formation or promotion of Northern Star or the Merged Group; or
  - (ii) the offer of Northern Star Shares under the Scheme.

## 6.26 Collateral benefits

Except as otherwise disclosed in this Scheme Booklet, in the four months before the date of this Scheme Booklet, neither Northern Star nor any of its associates has given or offered to give or agreed to give a benefit to another person where the benefit was likely to induce the other person, or an associate, to vote in favour of the Scheme or dispose of Saracen Shares which benefit is not offered to all Saracen Shareholders under the Scheme.

## 6.27 Publicly available information about Northern Star

Northern Star is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. Specifically, as a listed company, Northern Star is subject to the ASX Listing Rules which require continuous disclosure of any information Northern Star has concerning it that a reasonable person would expect to have a material effect on the price or value of its securities. Copies of these announcements can be obtained free of charge from Northern Star's website at [www.nsr ltd.com](http://www.nsr ltd.com) or by visiting the ASX website at [www.asx.com.au](http://www.asx.com.au).

ASIC also maintains a record of documents lodged with it by Northern Star which can be obtained using services provided by ASIC, information in respect of which can be found on the ASIC website at [www.asic.gov.au](http://www.asic.gov.au). Please note, ASIC may charge a fee in respect of such services.

On request to Northern Star and free of charge, Saracen Shareholders may obtain a copy of:

- (a) The annual financial report of Northern Star for the year ended 30 June 2020 (being the annual financial report most recently lodged with ASIC before lodgement of this Scheme Booklet with ASIC); and
- (b) Any continuous disclosure notice given to ASX by Northern Star since the lodgement with ASIC of the 30 June 2020 annual report for Northern Star referred to above and before lodgement of this Scheme Booklet with ASIC.

A list of announcements made by Northern Star to ASX from the date of the 2020 Annual Report on 19 August 2020 to 8 December

2020, being the last practicable date before the date of this Scheme Booklet, is included below.

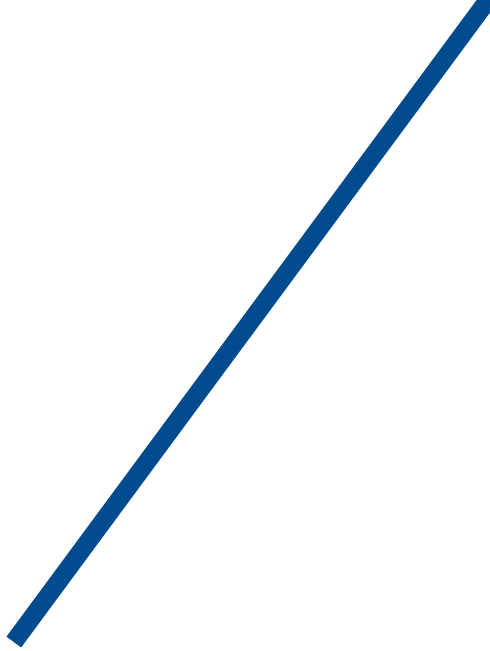
Date	Description of Announcement
28/08/2020	KCGM Media Release 18 August 2020
07/09/2020	Appendix 2A
11/09/2020	Change of Director's Interest Notice (x3)
21/09/2020	Investor Presentation - Gold Forum Americas 2020
22/09/2020	Annual Strategy Day Webcast Details
24/09/2020	Annual Strategy Day Presentation
25/09/2020	Change in substantial holding
02/10/2020	Date of AGM and Closing of Director Nominations
06/10/2020	Northern Star and Saracen agree to Merger of Equals- release
06/10/2020	Northern Star and Saracen agree to a Merger of Equals
09/10/2020	KCGM Site Visit Presentation
12/10/2020	Diggers and Dealers Presentation
14/10/2020	Change to Date of AGM
20/10/2020	September 2020 Quarterly Results Webcast Details
22/10/2020	Notice of Annual General Meeting 2020
27/10/2020	September 2020 Quarterly Activities Report
27/10/2020	Form 604 - Change of Substantial Holding in YRL
30/10/2020	Appendix 3G
25/11/2020	Chair's AGM Address
25/11/2020	AGM Presentation
25/11/2020	Results of AGM
25/11/2020	Update on Proposed Merger-of-Equals
4/12/2020	Appendix 3G

**Table 6.15: Northern Star ASX Announcements**

A substantial amount of information about Northern Star is available in electronic form from: [www.nsr ltd.com](http://www.nsr ltd.com).

## 6.28 Other material information

Except as otherwise disclosed in this Scheme Booklet, the Northern Star Board is not aware of any information, as at the date of this Scheme Booklet, that is material to the making of a decision in relation to the Scheme which has not been previously disclosed to Saracen Shareholders.



# 7. Profile of Merged Group





## 7. Profile of the Merged Group

This section of the Scheme Booklet contains information in relation to the Merged Group if the Scheme is implemented. Additional information is included in the Independent Expert's Report attached in Annexure 1.

### 7.1 Overview of the Merged Group

Following completion of the Scheme, the Merged Group will have three large-scale Tier-1 production centres including:

- Kalgoorlie Operations: which includes 100% of KCGM, Saracen's Carouse Dam, as well as Northern Star's existing Kalgoorlie Operations;
- Yandal Operations: which includes Jundee and Bronzewing (which currently comprises Northern Star's existing Yandal Operations), as well as Saracen's Thunderbox; and
- North American Operations: which includes Northern Star's Pogo.

These assets are described in more detail in Sections 5.4 and 6.4 and shown in Figure 7.1 below.

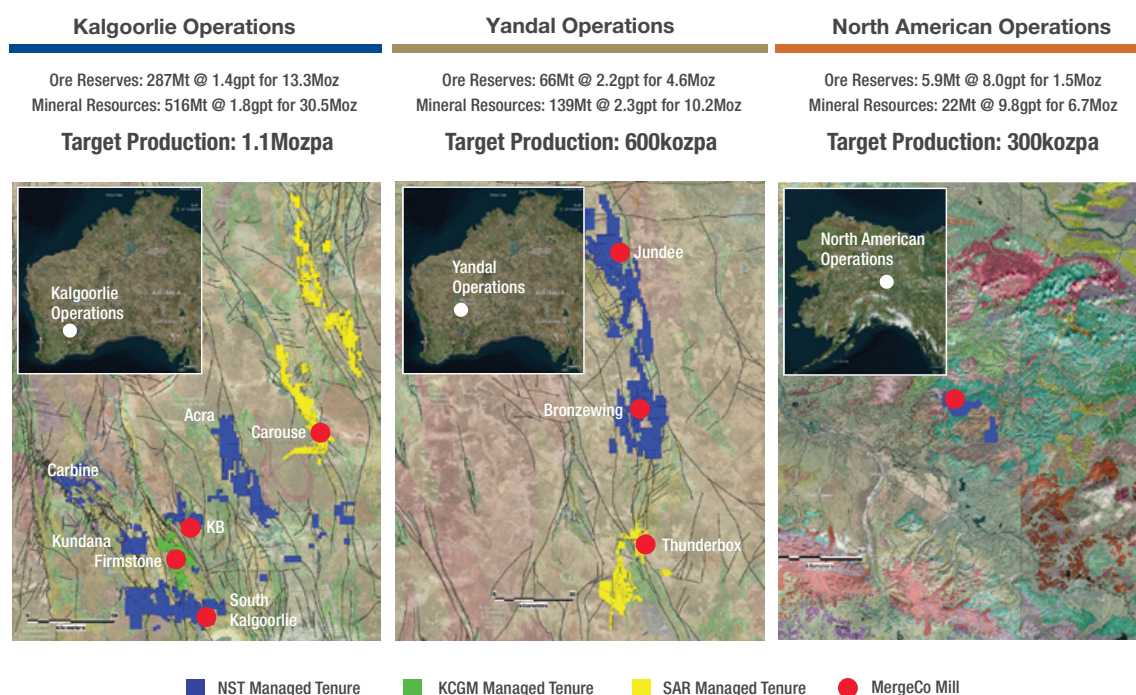


Figure 7.1: Merged Group Operations Overview. Ore Reserves and Mineral Resources pre-forma as at 30 June 2020

The Merged Group will have a pro forma production rate of approximately 1.6Moz of gold per annum (FY21), targeting approximately 2Moz per annum production by FY27<sup>74</sup>. The Merged Group also boasts a sector leading organic growth profile, with production forecast to grow by >30% over the next three years. As well as this production growth, the Merged Group will operate a high margin asset base, with a highly competitive FY21 AISC profile. The cash flow generation from the Merged Group, combined with its enhanced balance sheet strength) will also allow for the accelerated and optimised development of various existing organic growth opportunities within the Merged Group that arise from a:

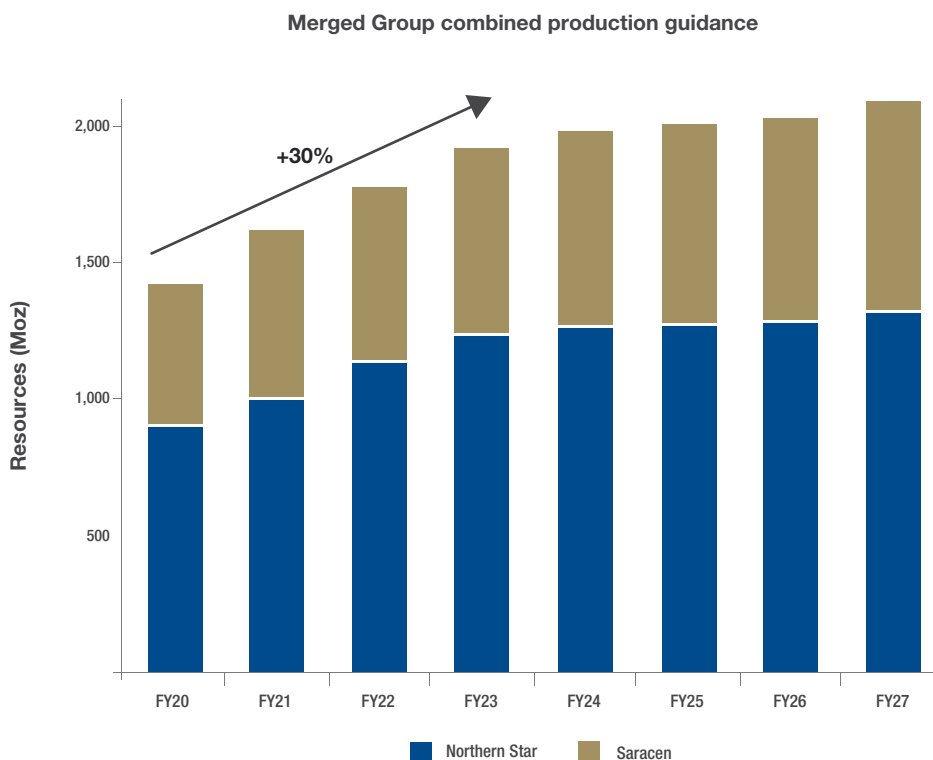
- 4,183km<sup>2</sup> consolidated land-holding across the Kalgoorlie Goldfields district of Western Australia;
- 3,247km<sup>2</sup> consolidated land-holding across the North-Eastern Goldfields of Western Australia; and

<sup>74</sup> The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.

(c) 297km<sup>2</sup> land-holding and strong growth platform in emerging camp-scale district in Alaska, United States of America.

The Merged Group's targeted production of 2Moz by FY27 is based on the combined production guidance from both Saracen and Northern Star. Saracen is targeting a production profile that averages ~250koz pa from Carosue Dam from FY21 onwards, and production growth of 43% at Thunderbox to ~200koz pa by FY27. Northern Star is targeting production growth to 400koz pa at its Yandal operations by FY27, and production growth to 300koz pa at its Pogo Operations by FY23. The average of the last three years' production of 300koz pa at the Kalgoorlie operations is expected to be maintained. At KCGM, which will be 100% owned by the Merged Group, both companies are targeting production of 440 - 480koz pa in FY21 (first full year of KCGM ownership) which is expected to increase to +675koz pa by FY28.<sup>75</sup>

Refer to Figure 7.2 below for further details of the combined production profile of the Merged Group.



**Figure 7.2: Combined Production Guidance Profile**

The Merged Group's combined gold production guidance is a product of combining Saracen's production guidance (see Section 5.6) and Northern Star's production guidance (see Section 6.6). The information underpinning the Merged Group's combined gold production guidance in Figure 7.2 has been extracted from (i) the ASX release by Northern Star entitled "Resources and Reserves, Production and Cost Guidance Update (ex-KCGM)" dated 13 August 2020, available at [www.nsriftd.com](http://www.nsriftd.com) and [www.asx.com](http://www.asx.com) (Northern Star Announcement), (ii) the ASX release by Saracen entitled "Carosue Dam and Thunderbox only – Reserves rise to 3.7Moz" dated 4 August 2020, available at [www.saracen.com.au](http://www.saracen.com.au) and [www.asx.com](http://www.asx.com) (Saracen Announcement) and (iii) Northern Star's and Saracen's joint ASX announcement entitled "KCGM Reserves, Resources and Guidance Update" dated 18 August 2020, available at [www.nsriftd.com](http://www.nsriftd.com) and [www.asx.com](http://www.asx.com) (KCGM Announcement). For the purposes of ASX Listing Rule 5.19, (i) Northern Star confirms that all the material assumptions<sup>76</sup> underpinning the production target in the Northern Star Announcement continue to apply and have not materially changed. Northern Star confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement, (ii) Saracen confirms that all the material assumptions underpinning the production target in the Saracen Announcement continue to apply and have not materially changed. Saracen confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement and (iii) both Northern Star and Saracen confirm that all the material assumptions underpinning the production target in the KCGM Announcement continue to apply and have not materially changed. Saracen and Northern Star confirm that the form and context in which the Competent Person's findings are presented have not been materially modified from that announcement.

The Merged Group's three large-scale production centres are all located exclusively in Tier-1 world class gold systems with significant geological endowments, as shown below.

<sup>75</sup> Refer to Figure 7.2 for further details.

<sup>76</sup> Assumptions made in relation to the Ore Reserves and indicated Mineral Resources underpinning the production targets are (in summary): Current operational capital and operating cost structures; • Current operational mining and metallurgical performance; • The gold price, exchange rate, dilution allowance and mining recovery rates are as set out in each prior public report referred to in the above ASX Listing Rule 5.19 disclosures; • NST Kalgoorlie Operations assumes 408koz of Proved and 1,199koz of Probable Reserve in the production forecast, in addition to 463koz of Indicated Resource; • NST Yandal Operations assumes 426koz of Proved and 2,199koz of Probable Reserves in the production forecast. No Resources are included in this forecast; • NST Pogo Operation includes 4koz of Proved and 1,507koz of Probable Reserves in the production forecast. An additional 937koz of Indicated Resource is assumed in the forecast; • KCGM forecast consists of 650koz of Proved Reserve and 3,042koz of Probable Reserves. No Resource is included in the forecast.

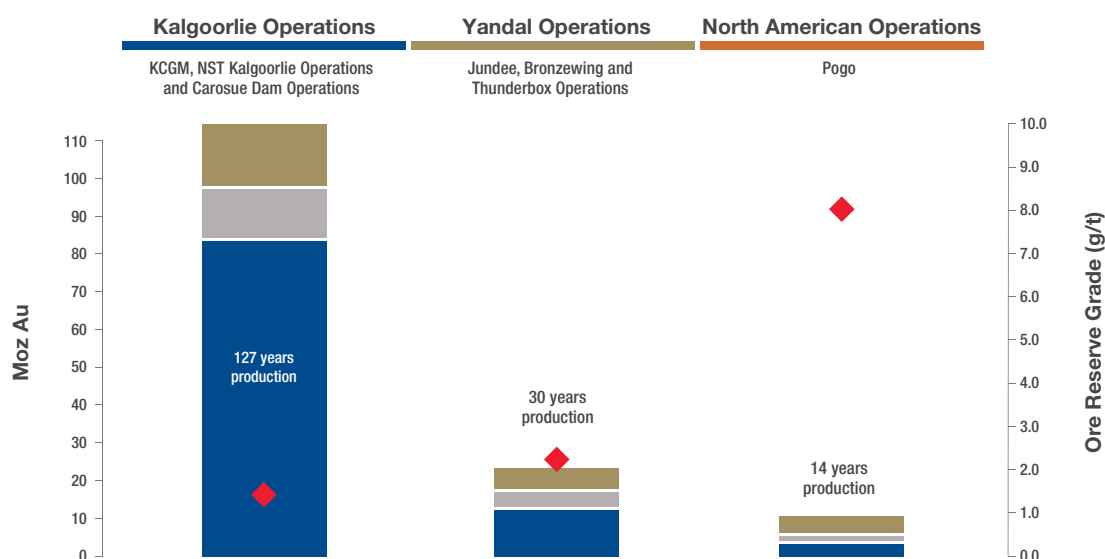


Figure 7.3: Merged Group Production Overview

## 7.2 Ore Reserves and Mineral Resources

The Merged Group will have a pro forma combined Mineral Resource of 49Moz and Ore Reserves of 19Moz<sup>77</sup> and a track record of Ore Reserve and Mineral Resource growth at both Northern Star and Saracen, as set out in Table 7.1 and Table 7.2. Mineral Resources are presented inclusive of Ore Reserves.

Deposit	Proved			Probable			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
Kalgoorlie	134,397	0.8	3,577	152,569	2.0	9,722	286,966	1.4	13,299
Yandal	14,245	1.7	762	51,673	2.3	3,827	65,918	2.2	4,589
Pogo	-	-	4	5,867	8.0	1,507	5,867	8.0	1,511
Other <sup>78</sup>	197	4.9	31	84	4.0	11	281	4.6	42
<b>Total</b>	<b>148,801</b>	<b>0.9</b>	<b>4,375</b>	<b>210,193</b>	<b>2.2</b>	<b>15,066</b>	<b>359,032</b>	<b>1.7</b>	<b>19,441</b>

Table 7.1: Merged Group Ore Reserves\*

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)	Tonnes (000's)	Grade (g/t)	Ounces (000's)
Kalgoorlie	143,419	1.0	4,451	252,748	2.1	17,190	119,948	2.3	8,839	516,116	1.8	30,480
Yandal	16,979	1.8	999	95,203	2.4	7,337	26,415	2.2	1,834	138,597	2.3	10,170
Pogo	-	-	4	9,492	10.2	3,121	11,763	9.4	3,548	21,255	9.8	6,672
Other <sup>79</sup>	3,897	2.8	353	5,825	3.4	642	9,544	3.1	856	18,266	3.2	1,851
<b>Total</b>	<b>164,294</b>	<b>1.1</b>	<b>5,807</b>	<b>363,268</b>	<b>2.4</b>	<b>28,290</b>	<b>166,670</b>	<b>2.8</b>	<b>15,076</b>	<b>694,234</b>	<b>2.2</b>	<b>49,173</b>

Table 7.2: Merged Group Mineral Resources (Mineral Resources are presented inclusive of Ore Reserves)\*

<sup>77</sup> Based on the aggregate of Ore Reserves and Mineral Resources as at 30 June 2020 published by Saracen and Northern Star.

<sup>78</sup> Paulsens Project and Carbine Project

<sup>79</sup> Includes Central Tanami Project, Western Tanami Project, Ashburton Project, Paulsens Project and Carbine Project

\* This is an amalgamation (with rounding) of the Saracen and Northern Star Reserves and Resources statements dated 4 August 2020 and 18 August 2020 respectively, including all assumptions as stated in those releases



For more detail on Ore Reserves and Mineral Resources by asset, please refer to Sections 5.5 and 6.5.

### 7.3 Production guidance

The Merged Group's FY21 production guidance is set out in Table 7.3 below.

Operating Centre	Production (koz)	AISC
Kalgoorlie Operations	950-1,030	A\$1,475-1,575/oz
Yandal Operations	410-450	A\$1,130-1,220/oz
<b>Australian Operations Total</b>	<b>1,360-1,480</b>	<b>A\$1,370-1,470/oz</b>
North American Operations	180-220	US\$1,200 -1,400/oz
<b>Total</b>	<b>1,540-1,700</b>	

Table 7.3: FY21 production and cost guidance<sup>80</sup>

### 7.4 Rationale for the Merger

The Scheme is a highly accretive transaction for both Northern Star and Saracen Shareholders (of which >50%<sup>81</sup> of both companies' respective total shares being held by common shareholders), creating a Top 10 global gold producer with a compelling strategic rationale:

**(a) Logical combination of highly complementary assets exclusively located in Tier 1 jurisdictions**

The Merger will consolidate a complementary portfolio of high quality, long life assets. Over 19Moz of Ore Reserves, 49Moz of Mineral Resources, and over 24Mtpa of processing capacity<sup>82</sup> will be concentrated in 3 large scale productions centres. Benefits to be realised from this logical combination include streamlined management, increased operational flexibility, application of best practice from both companies across the portfolio, and improved capital allocation. These benefits are in addition to the estimated synergies described in Section 7.4(d).

**(b) Sector leading growth potential**

The Merged Group will have immediate production of 1.6Mozpa with a target of 2Mozpa in gold production by FY27, including organic growth of >30% across the next three years from FY20 to FY23<sup>83</sup>. This enviable growth pipeline will be delivered via growth capital intensity that is one of the lowest in the global gold sector. This production growth will generate strong combined free cash flow generation which will enable the substantial pipeline of organic growth and exploration opportunities from the Merged Group to be optimised and further value created.

**(c) The right skill-set to drive value creation**

The Merged Group will be led by a proven and experienced Board and senior management team that reflects the complementary skill-sets and expertise from both Saracen and Northern Star. Existing senior leadership will be retained with Bill Beament as Executive Chair and Raleigh Finlayson as Managing Director. There is also a well defined succession plan to ensure that this strong and well balanced senior leadership team is retained into the future. The world-class management team boasts:

- (i) a track record of creating superior shareholder returns through discovery, development and production;
- (ii) proven operational expertise, with Northern Star's existing best in class underground expertise to be complemented by the significant open pit experience and expertise provided by Saracen; and

<sup>80</sup> Production is the sum of company guidance, and AISC is the weighted average of company guidance. Refer to Northern Star's ASX Announcement dated 13 August 2020, Saracen's ASX Announcement dated 4 August 2020 and joint Northern Star and Saracen ASX Announcement dated 18 August 2020. Saracen and Northern Star both confirm that all of the material assumptions underpinning the production targets continue to apply and have not materially changed.

<sup>81</sup> As at 13 October 2020 being the last practicable date before the date of the Scheme Booklet.

<sup>82</sup> Pro forma as at 30 June 2020. Refer to Section 7.2 of this Scheme Booklet for further details in relation to the Merged Group's Ore Reserves, Mineral Resources.

<sup>83</sup> Refer to Section 7.1 for further information in respect of the pro forma production guidance of the Merged Group, which is based on the combined production guidance of Saracen and Northern Star. The production guidance in respect of the Merged Group is a forward looking statement. Saracen Shareholders should refer to the information in relation to forward looking statements in the Important Notices section of the Scheme Booklet and the general risks relating to the Merged Group in Section 8.4.

\* This is an amalgamation (with rounding) of the Saracen and Northern Star Reserves and Resources statements dated 4 August 2020 and 18 August 2020 respectively, including all assumptions as stated in those releases



(iii) alignment with shareholders (~A\$200 million of combined equity ownership amongst Board and management teams).

**(d) The Merger is expected to unlock synergies with an estimated NPV of A\$1.5 – 2 billion<sup>84</sup> for the Merged Group**

Refer to Section 7.6 below for a more detailed description of the expected synergies that may be realised in connection with the Merger.

**(e) Alignment on sustainability and business culture with the opportunity to enhance ESG credentials**

Northern Star and Saracen are strongly aligned in their approach to sustainability and business culture. The companies were founded on the same principles, which have been instrumental to their respective success and will continue to be fundamental in the growth of the Merged Group. The Merger also provides the opportunity for the Merged Group to leverage combined ESG experience to enhance shared value for all stakeholders. The Merged Group is committed to ensuring that all business activities interact with the natural environment in a consistently responsible manner, and is committed to pursuing the highest standards in all aspects of corporate governance and transparency.

**(f) Enhanced financial strength to pursue future growth**

The Merged Group will provide a strengthened balance sheet and market presence, which will enhance the ability to capitalise on future organic growth and potential accretive M&A opportunities. The Merged Group strengthened balance sheet also enables capital to be deployed in the most accretive opportunities for the Merged Group. Pogo also serves as a solid platform from which to pursue opportunities in North America in years to come.

**(g) Increased scale significance and investor appeal**

The Merged Group is expected to have a pro-forma market capitalisation of over A\$15 billion<sup>85</sup> with the scale and liquidity to attract generalist as well as gold-focussed global investors and Australian large cap funds. It will also represent one of the few global gold companies of this scale with operations exclusively in Tier-1 jurisdictions.

The reasons for approving the Scheme are discussed in more detail in Section 1.1.

## 7.5 Market Positioning

Following completion of the Merger, the Merged Group is expected to be the 2nd largest ASX-listed gold producer by both market capitalisation and production, and in the top 10 of global gold companies by the same metrics, as depicted in Figure 7.4 and Figure 7.5 below.

<sup>84</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

<sup>85</sup> Based on closing price of A\$4.85 for Saracen and A\$13.03 for Northern Star on 8 December 2020.

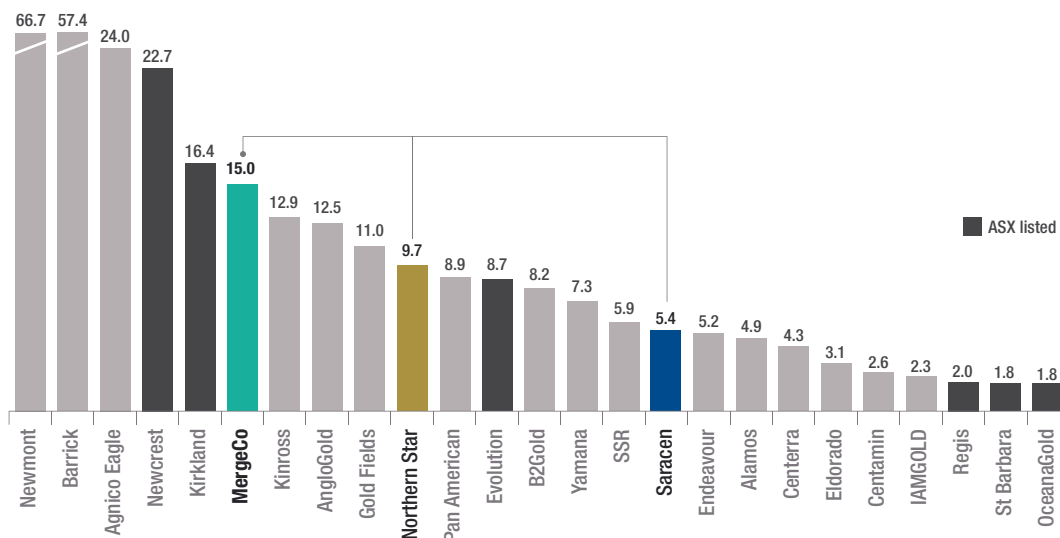


Figure 7.4: Market Capitalisation (AS\$b)<sup>86</sup>

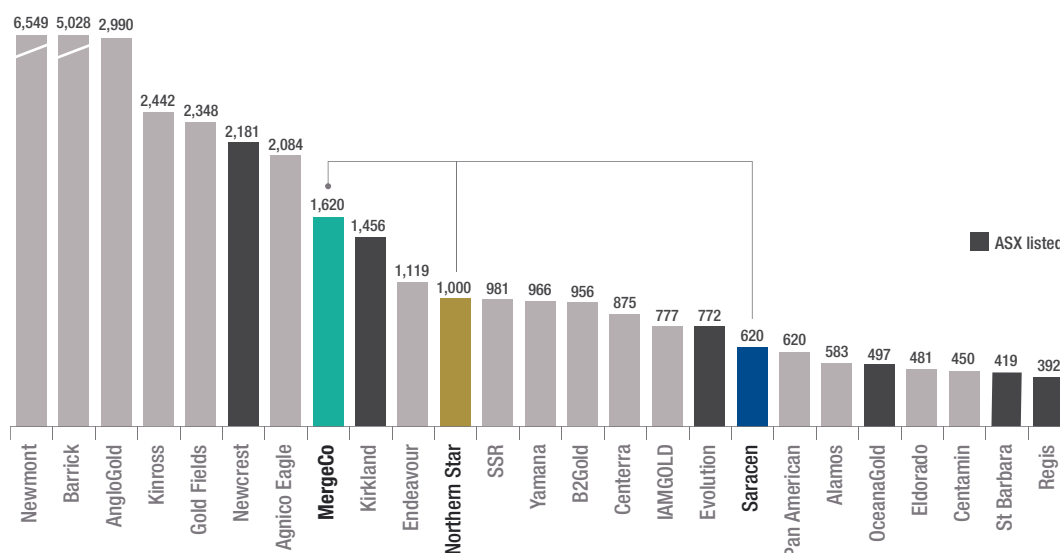


Figure 7.5: Production guidance (koz)<sup>87</sup>

## 7.6 Synergies

The Merger is expected to unlock synergies with an estimated NPV of A\$1.5-2 billion<sup>88</sup> for the Merged Group. Following a detailed review, Saracen and Northern Star have jointly identified several key areas that contribute to this estimate:

<sup>86</sup> Source: Factset, Market capitalisation as at the last closing price on 8 December 2020.

<sup>87</sup> Gold equivalent production. Metrics based on the earliest available production guidance, consisting of a combination of FY21 (Evolution, Newcrest, Northern Star, Regis, Saracen St Barbara) and CY20 (Alamos, Agnico Eagle, AngloGold, Barrick, B2 Gold, Centamin, Centerra, Eldorado, Endeavour, Gold Fields, IAMGOLD, Kinross, Kirkland, Newmont, OceanaGold, Pan American, SSR, Yamana).

<sup>88</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.

Target synergies area	NPV Estimate (A\$m) (pre-tax)
Strategic and corporate synergies	1,000-1,250
KCGM	50-100
Procurement	350-450
Operational efficiencies	100-200
<b>Total</b>	<b>1,500- 2,000</b>

**Table 7.4: Synergies**

The NPV of these synergies has been calculated using a real discount rate of 5% over the respective mine lives of the projects that are owned by the Merged Group, the longest of which is currently estimated at 24 years. The vast majority of these synergies (being 80% by value) are however expected to be derived over the first 10 years. Synergies other than the strategic and corporate synergies are calculated on a pre-tax basis. Tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes.

Both Saracen and Northern Star have a track record of successfully integrating acquisitions into their businesses<sup>89</sup> which gives both parties confidence in being able to realise these synergies and unlock this value in the Merged Group.

Each of the key areas contributing to the synergies are explained in further detail below. As set out in Section 8.3, there is a risk that the Merged Group may be unable to realise these synergies (in whole or part) or that they will not materialise or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group), or that the realisation of synergies is delayed, which could have an adverse impact on the Merged Group's operations, financial performance and financial position, including the potential for any share price re-rating.

#### (a) Strategic and corporate synergies

Saracen and Northern Star jointly identified two key potential areas for corporate cost savings.

Northern Star has been an ASX100 entity longer than Saracen (which only joined the ASX100 index in June 2020) and, as such, has already invested considerably in the systems required of an ASX100 company (growing corporate costs from A\$24 million in FY17 to A\$54 million in FY20). On a standalone basis, Saracen was forecasting an increase in its overall corporate costs, reflecting the additional expectations and reporting obligations of an ASX100 entity. The Merger removes the need to duplicate this investment with the Merged Group able to utilise Northern Star's existing corporate systems and achieve at least the same level of overall corporate governance.

Saracen and Northern Star have also identified reduced corporate overheads in relation to removal of system duplication, consolidation of IT infrastructure, office rent, insurance, director fees, ASX listing and other compliance costs. Combined, these savings are expected to deliver synergies of forecast annual (pre-tax) savings of A\$5 - 15 million per year in the next 2 years and A\$15 - 20 million annually thereafter which equates to an NPV of A\$200 - 300 million).

Upon completion of the Merger, Saracen will join Northern Star's income tax consolidated group. One of the implications of this is that the tax values of certain assets held by Saracen will be reset in accordance with their market value and the consideration paid by Northern Star to acquire the Saracen Shares. This may result in an increase in future tax depreciation deductions for the Merged Group. This synergy has been estimated to have a (pre-tax) NPV of A\$800 - 950 million<sup>90</sup>, net of the anticipated duty associated with the Merger. It is important to note that the final value of the Scheme Consideration and the purchase price allocation process, for both accounting and tax purposes, will only be known following the Implementation Date. The final value and the allocation process can be materially impacted by a number of factors, some of which are outside of the control of Northern Star, including the risk factors set out in Section 8.4. This final synergy value will only be able to be determined following Implementation of the Scheme.

#### (b) KCGM JV synergies

The Merger rationalises ownership at KCGM, streamlining and simplifying operations at the Super Pit. The annual administration cost associated within the joint venture is ~A\$16 million. Saracen and Northern Star anticipate that an annual (pre-tax) saving of A\$3 - 7 million could be achieved from the combined Saracen, Northern Star and KCGM overhead costs in relation to KCGM as a result of the Merger. These savings will be achieved by dissolving duplicated joint venture

<sup>89</sup> For example: Saracen's acquisition of Thunderbox in 2014 and KCGM in 2019 and Northern Star's various acquisitions including Jundee in 2014, Pogo in 2018 and KCGM in 2019.

<sup>90</sup> Tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes.



administration costs at each of Saracen and Northern Star and incorporating KCGM into the overall Kalgoorlie operating centre (alongside Northern Star's Kalgoorlie operations and Saracen's Carosue Dam operations). These savings equate to (pre-tax) savings with an NPV of A\$50-100 million. This estimate does not include the substantial benefits expected to accrue from applying a single owner perspective to the optimisation of the KCGM assets and KCGM's substantial Mineral Resources and Ore Reserve growth potential.

Saracen and Northern Star management decision making time will be greatly reduced as well as a result of the Merger, creating further value for the KCGM Operations.

**(c) Procurement savings**

Saracen and Northern Star have prepared operating cost estimates for their businesses (based on actual operating performance and costs) as standalone entities. After comparing controllable costs across both organisations (excluding labour), Saracen and Northern Star jointly identified a number of areas of anticipated savings with respect to unit costs and procurement efficiencies across the Merged Group. These savings are in addition to and consistent with some ongoing procurement benefits already being realised through Northern Star providing the procurement function to KCGM<sup>91</sup> prior to the announcement of the Merger. Based on this analysis, savings of ~5% of the remaining controllable spend have been identified, which equates to approximately 1% of the Merged Group's total expenditure. These savings will be generated by leveraging improved purchasing power, shared long-term relationships across the group as well as economies of scale and standardisation of parts and materials across the Merged Group. These savings are expected to deliver (pre-tax) synergies of ~A\$30 - 40 million annually in the short to medium term which equates to an NPV of between A\$350 - 450 million<sup>92</sup>.

**(d) Operational efficiencies**

The Merged Group will have an unprecedented footprint in the Western Australian goldfields, providing 24Mtpa of processing capacity with a substantial network of haul roads to enable ore to be directed to the best mill to lower unit costs and improve metallurgical recoveries and maximise margins. At this stage only processing synergies associated with processing Paradigm oxide ore through the Fimiston mill of (pre-tax) ~A\$5 million annually until 2029 are included in the quantified estimate of synergies. Further work is required to fully quantify the potential processing upside, which both Saracen and Northern Star believe is a unique strategic advantage.

In addition to processing synergies, given the entire Yandal belt is within 100km of the Merged Group's processing infrastructure, the Merger is expected to unlock regional mineralisation that was previously mill constrained. Given the significant quantity of low grade stockpiles currently processed through the Fimiston mill, any displacement of these stockpiles with higher grade regional ore from across the Merged group will have a significant positive value impact (even after adjusting for mining and trucking costs).

Combined, these operational efficiencies have a NPV of between A\$100 - 200 million.<sup>93</sup>

## 7.7 Corporate structure of the Merged Group

Upon implementation of the Scheme, Saracen will be a wholly-owned subsidiary of Northern Star, and each of the subsidiaries of Saracen will form part of the Northern Star Group. The structure of the Merged Group is illustrated in the diagram below.

<sup>91</sup> Based on actual expenditure from 1 January 2020 to 30 June 2020 KCGM accounts for approximately 25% of the controllable spend, which is excluded from the synergies estimate.

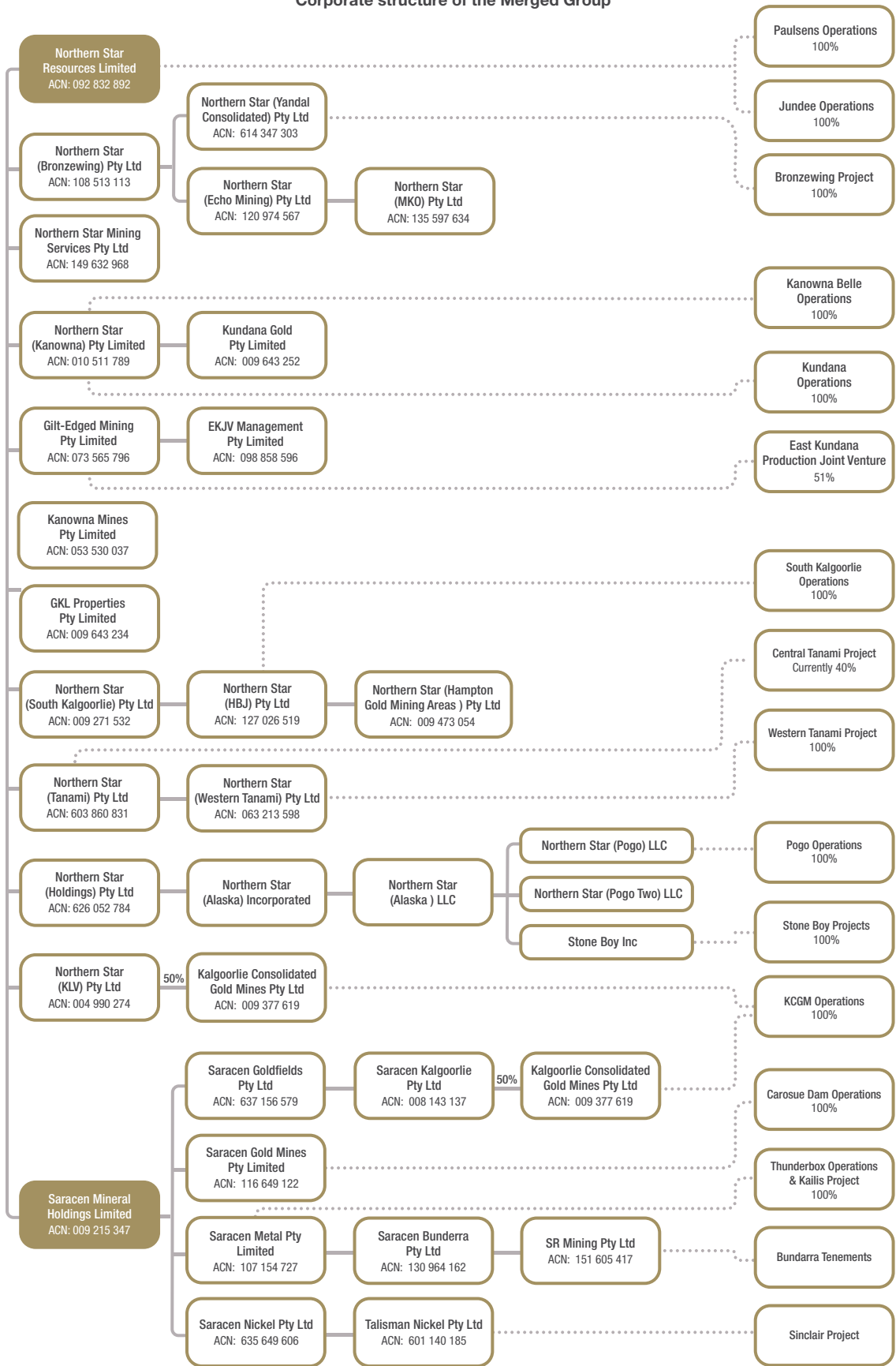
<sup>92</sup> The NPV of these synergies has been calculated using a real post tax discount rate of 5% over the respective mine lives of the Merged Group. The longest mine life in the Merged Group is currently estimated at 24 years. The vast majority of these synergies are however expected to be derived over the first 10 years.

<sup>93</sup> These synergies have been jointly estimated by Saracen and Northern Star.





Corporate structure of the Merged Group



## 7.8 Board and Management of the Merged Group

### (a) Board of Directors

It is intended that if the Scheme is implemented, the board of Northern Star will be reconstituted to include 5 directors from Northern Star, and 4 directors from Saracen, as follows:

#### Executive Directors

<p><b>Bill Beament</b> Executive Chair B.Eng-Mining (Hons), MAICD Currently Northern Star Executive Chair</p>	<p>Mr Beament is a mining engineer with more than 25 years' experience in the resource sector. Previously he held several senior management positions, including General Manager of Operations for Barmingo Limited with overall responsibility for 12 mine sites across Western Australia, and General Manager of the Eloise Copper Mine in Queensland.</p> <p>Mr Beament is the current Chairman of the Western Australia School of Mines Alumni Patrons Group and a Trustee of the Channel 7 Telethon Trust.</p> <p>Mr Beament joined Northern Star in 2007.</p>
<p><b>Raleigh Finlayson</b> Managing Director B. Sc ,G.Dip-Mining, G.Cert -Applied Finance and Investments Currently Saracen Managing Director</p>	<p>Mr Finlayson is a mining engineer with over 20 years' of technical and operational experience in the mining industry. Mr Finlayson previously held positions of underground manager for Panoramic Resources and various mining engineering roles with OceanaGold Corporation and Gold Fields Ltd. Mr Finlayson served as the President of the WA School of Mines Alumni from 2017-2020. Mr Finlayson, who studied at the Western Australian School of Mines, is a holder of a First Class Mine Manager's Certificate and a Graduate Certificate in Applied Finance and Investment.</p> <p>Mr Finlayson joined Saracen in 2008 as GM – Operations and was promoted to COO in 2009 and Managing Director in 2013.</p>

#### Non-Executive Director

<p><b>Anthony (Tony) Kiernan AM</b> Lead Independent Director B. Laws Currently Saracen Chair</p>	<p>Mr Kiernan is a former solicitor with extensive experience gained over 35 years' involvement in the management and operation of publicly-listed companies. Mr Kiernan is currently the Non-Executive Chair of Pilbara Minerals Ltd and Venturix Resources Ltd. Mr Kiernan is also the Chairman of the Fiona Wood Foundation.</p> <p>Mr Kiernan joined Saracen in 2018.</p>
<p><b>Nicholas Cernotta</b> Independent Non-Executive Director B.Eng-Mining Currently Northern Star Non-Executive Director</p>	<p>Mr Cernotta is a mining engineer having held senior operational and executive roles in Australia and overseas over a 35 year period. He has considerable experience in the management and operation of large resource projects, with a track record for improving safety performance, managing costs and improving operational efficiencies, across multiple commodities and international jurisdictions.</p> <p>Most recently Mr Cernotta served as Director of Operations at Fortescue Metals Group, Chief Operating Officer (Underground, International and Engineering) at MacMahon Holdings Limited and most relevant as Director of Operations for Barrick (Australia Pacific) Pty Ltd, a subsidiary of Barrick Gold Corporation, with international assets in Africa, PNG and Saudi Arabia.</p> <p>Mr Cernotta is currently Non-Executive Chairman of ASX listed Panoramic Resources Limited and a Non-Executive Director of ASX listed Pilbara Minerals Limited and New Century Resources Ltd. He was previously Non-Executive Chairman of ASX listed ServTech Global Holdings Ltd.</p> <p>Mr Cernotta joined Northern Star in 2019.</p>
<p><b>John Fitzgerald</b> Non-Executive Director CA, Fellow FINSIA, GAICD Currently Northern Star Lead Independent Director</p>	<p>Mr Fitzgerald has over 30 years' resource financing experience and has provided project finance and corporate advisory services to a large number of companies in the resource sector.</p> <p>He has previously held senior positions at NM Rothschild &amp; Sons, Investec Bank Australia, Commonwealth Bank, HSBC Precious Metals and Optimum Capital. Mr Fitzgerald is a Chartered Accountant, a Fellow of the Financial Services Institute of Australasia and a graduate member of the Australian Institute of Company Directors.</p> <p>Mr Fitzgerald was previously Chairman of Exore Resources Limited, a Non-Executive Director of Danakali Limited and was previously Chairman of Carbine Resources Limited, Integra Mining Limited and Atherton Resources Limited.</p> <p>Mr Fitzgerald joined Northern Star in 2012.</p>



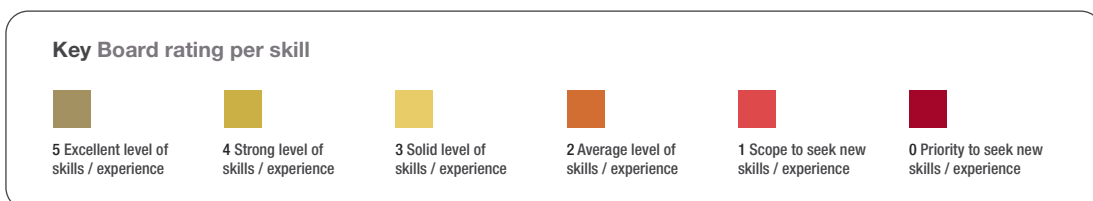
<p><b>Mary Hackett</b> Non-Executive Director B.Eng-Mech, FIEAUST</p> <p>Currently Northern Star Non-Executive Director</p>	<p>Ms Hackett has an extensive career in the resource sector, spanning more than 30 years, with senior executive roles at Brown &amp; Root, Woodside, and General Electric. Her most recent role being Vice President of General Electric Oil &amp; Gas for Australasia.</p> <p>Ms Hackett is a founding Director of the LNG Marine Fuel Institute and the Chair of the Future Energy Exports Cooperative Research Centre. Ms Hackett is currently a Non-Executive Director of Strike Energy Ltd.</p> <p>A fellow of Engineers Australia, Ms Hackett holds a degree in Mechanical Engineering from University College Galway, Ireland.</p> <p>Ms Hackett joined Northern Star in 2019.</p>
<p><b>Shirley In't Veld</b> Non-Executive Director B.Com LLB (Hons)</p> <p>Currently Northern Star Non-Executive Director</p>	<p>Ms In't Veld is currently a director of NBN Co and a Non-Executive Director of APA Group and Alumina Ltd. Previously Ms In't Veld was deputy director of the CSIRO, a director of Duet Company Ltd, Perth Airport, Asciano Ltd and Chair of Asciano's Sustainability Committee. Ms In't Veld is also a member of the Takeovers Panel.</p> <p>Prior to this Ms In't Veld held a number of senior commercial, legal and marketing positions with Verve Energy, Alcoa, WMC Resources Ltd, Bond Corporation and BankWest, including CEO of Verve Energy, a WA utility and Managing Director of Alcoa Australia Rolled Products based in Geelong.</p> <p>Ms In't Veld joined Northern Star in 2016.</p>
<p><b>Sally Langer</b> Non-Executive Director B. Comm, CA, AICD</p> <p>Currently Saracen Non-Executive Director</p>	<p>Ms Langer originally qualified as a chartered accountant with Arthur Andersen LLP. Ms Langer has more than 25 years' experience in professional services across a variety of sectors with substantial experience in the resources sector, particularly in Western Australia. During this time, she has been responsible for management functions including strategy, business development, budgeting and human resources. After 20 years in executive search working closely with Boards and CEOs to advise on talent, culture and organisation structure, Ms Langer is currently working as an independent advisor. Ms Langer holds a Bachelor of Commerce from the University of Western Australia has recently completed the Australian Institute of Company Directors ("AICD") course. Ms Langer is currently a Non-Executive Director of Saracen and Sandfire Resources Ltd.</p> <p>Ms Langer joined Saracen in 2020.</p>
<p><b>John Richards</b> Non-Executive Director B. Econ (Hons)</p> <p>Currently Saracen Non-Executive Director</p>	<p>Mr Richards is an economist with more than 35 years' experience in the resources industry. During this time, he has been involved in a wide range of mining mergers and acquisitions in multiple jurisdictions. Previous positions include Group Executive - Strategy and Business Development at Normandy Mining Ltd, Head of Mining and Metals Advisory (Australia) at Standard Bank of South Africa Limited, Managing Director at Buka Minerals Ltd and Operating Partner at Global Natural Resources Investments ("GNRI"). Mr Richards is currently Non-Executive Chair of Sheffield Resources Ltd and a Non-Executive Director of Saracen.</p> <p>Mr Richards joined Saracen in 2019.</p>

**(b) Director skills and experience matrix**

If the Scheme is implemented, the board of the Merged Group will have the combined skills detailed in the following skills matrix.

The matrix explains what skills are considered by the Board to be important for the role of Director in the Merged Group. Each Director in the Merged Group has self-assessed their skills and experience against the matrix by giving a rating per skill of between 0 (for no applicable skills or experience) to 5 (expert skills and experience).

The Merged Group will benefit from enhanced governance from a broader skillset at a Board level. For example, the Saracen directors bring a greater level of skills in resources experience to the Merged Board (compared to Northern Star standalone) and the Northern Star directors bring a high level of capital markets experience and expertise (compared to Saracen standalone). The Merged Group Board will also benefit from additional previous board experience, and strengthened board dynamics and issues management skills.





**Strategy**



Identifying and critically assessing strategic opportunities and threats to the organisation and, developing and implementing successful strategies in context to an organization's policies and business objectives.

**Risk Management and Compliance**



Applying broad based risk management frameworks in various regulatory or business environment, identifying key risks to an organisation related to key areas of operations, monitoring risk and compliance.

**Executive Leadership**



Evaluating the performance of senior management, overseeing strategic human capital planning, industrial relations, organisational change management programs and sustainable success in business at a senior level.

**Ethics & Integrity**



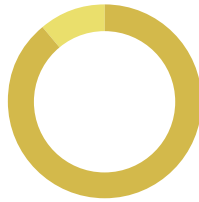
Model correct behaviours as a Director and, continue to self educate on legal responsibility, maintain Board confidentiality, declare conflicts etc.

**Board Dynamics**



Constructively challenge and contribute to Board discussions and communicate effectively with management and other Directors. Build consensus, negotiate and achieve stakeholder support for Board decisions.

**Issues Management**



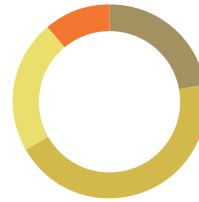
Constructively manage major issues, provide leadership around solutions and contribute to a communications strategy with stakeholders.

**Commodities Exposure**



Executive expertise in commodities, mining or resources sectors.

**HR / Workplace relations**



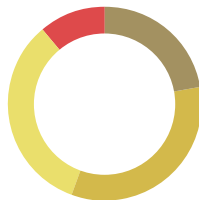
Board Remuneration Committee membership or, succession planning, remuneration and talent management (including incentive programs, superannuation etc), the legislative and contractual framework governing remuneration and, the legislative framework workplace relations.

**Capital Markets**



Expertise and commitment to sustainability initiatives, social responsibility, and investor engagement.

**Major Projects / Construction**



Contract negotiations, project management, projects involving large-scale outlays and projects with long-term investment horizons.

**HSE**



Workplace health and safety and environmental, implementing health, safety and wellbeing strategies, proactive identification and prevention of health, safety and environmental risks.

**Previous Board Experience**



Serving on Boards of varying size and composition, in varying industries and for a range of organisations. An awareness of global practices and benchmarking and, some international experience.

**Finance / Commerce / Accounting**



Financial accounting and reporting, internal financial and risk controls, corporate finance and, restructuring corporate transactions (eg. JVs, listings etc).

**ESG, Legal / Regulatory, Policy**



Experience in integrating environmental, social and governance (ESG) principles into company decision-making, working in a legal and / or regulatory environment and/or dealing with legal/regulatory matters in an executive role in an organisation, and identifying key issues and developing appropriate policy parameters.

**Technical skill in Resources**



Advanced technical understanding of geology, mining engineering or processing.

**IT & Innovation**



Executive knowledge and experience in the management of information technology, including but not limited to IT strategies and networks, data storage, data security, cyber security and experience in applying new technologies and innovation to deliver business improvement.



**(c) Director remuneration and benefits**

The Non-Executive Director fees for the Northern Star Non-Executive Directors following implementation of the Scheme are likely to be reviewed following the conclusion of a benchmarking report which has been commissioned by Northern Star from an external consultant.

**(i) Bill Beament**

Bill Beament will remain the Executive Chair of Northern Star on the same terms and conditions as before implementation of the Scheme, detailed in Table 28 of Northern Star’s 2020 annual report. It is intended that on 1 July 2021 he will transition to Non-Executive Chair.

**(ii) Raleigh Finlayson**

If the Scheme is implemented it is intended that Saracen’s managing director, Raleigh Finlayson, will be appointed as managing director of Northern Star on the terms summarised below and that his role will transition to Executive Director, Corporate Development within 12 to 18 months.

An employment agreement is proposed to be entered into between Northern Star and Raleigh Finlayson which is conditional on the Scheme being implemented. A summary of its key terms is as follows:

Element	Raleigh Finlayson employment term
<b>Contract duration</b>	Commencing on the date that the Scheme is implemented, with no fixed term, subject to termination with or without cause
<b>Notice period for termination by Northern Star</b>	6 months
<b>Notice period for termination by Raleigh Finlayson</b>	3 months
<b>Fixed annual remuneration (FAR)</b>	A\$1,400,000 (inclusive of superannuation)
<b>STI opportunity</b>	100% of FAR (but reduced by 20% to 80% of FAR for FY21, as further explained in Section 7.8(d)(ii))
<b>LTI opportunity</b>	200% of FAR
<b>Other provisions</b>	Employment Agreement contains provisions regarding duties, leave entitlements, confidentiality, intellectual property, moral rights, restrictions and ancillary clauses.
<b>Northern Star Performance Rights: STI and LTI opportunity for FY21</b>	Conditional on the Scheme being implemented, Mr Finlayson has been offered: <ul style="list-style-type: none"> <li>• an FY21 LTI grant of 68,862 Northern Star Performance Rights under Northern Star’s FY20 Share Plan, equal to 200% of FAR but reduced by 4/12 to reflect that it is anticipated that Mr Finlayson will, subject to the Scheme being implemented, only be an employee of Northern Star for four months of the FY21 financial year, as approved by Northern Star Shareholders at the annual general meeting held on 25 November 2020. The LTI performance rights will be granted in three tranches, each subject to different vesting conditions as described in the Northern Star Notice of 2020 AGM dated 22 October 2020 (see Section 7.8); and</li> <li>• the opportunity to receive an FY21 cash STI opportunity of up to 80% of Mr Finlayson’s average FY21 FAR (based on FAR paid to him by Saracen and Northern Star during FY21 over the days in FY21 for which Mr Finlayson is an employee of each company) measured as at 30 June 2021 against the key performance measures which are disclosed on page 33 of Saracen’s 2020 Annual Report released on 19 August 2020 (subject to certain modifications reflecting the fact that Saracen will, following completion of the Scheme, no longer be a separate listed entity), subject to Board discretion.</li> </ul>

**Table 7.5: Summary of employment agreement terms and summary of Northern Star Performance Rights and short term incentive entitlement**

2,105,733 Saracen Performance Rights which are held by Mr Finlayson will vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting. Mr Finlayson intends to exercise these into 2,105,733 Saracen Shares for nil cash consideration, which will be acquired by Northern Star under the Scheme in consideration for the issue of Northern Star Shares in accordance with the Scheme, to the extent they are not sold by Mr Finlayson prior to the Record Date (see Section 10.19).

Northern Star and Mr Finlayson have agreed that a total of 79,572 Scheme Consideration shares that Mr Finlayson will acquire as a result will be subject to a holding lock from the date of issue until the earlier of:



- (A) 30 June 2021 in respect of 7,839 Scheme Consideration shares, until 30 June 2022 in respect of 29,398 Northern Star Shares, and until 30 June 2023 in respect of 42,333 Scheme Consideration shares; and
- (B) the date that a Northern Star Change of Control occurs or the Northern Star Directors otherwise exercise discretion to lift the holding lock.

If the Scheme is not implemented, the New Saracen Shares will be subject to a holding lock on the same terms as the holding lock that was to be imposed onto the Scheme Consideration shares issued to Mr. Finlayson.

(iii) **Non-executive directors**

Under Northern Star's constitution and the Listing Rules, the total aggregate amount paid to all non-executive directors for their services as a director in any financial year must not exceed the amount fixed by Northern Star in general meeting. The amount has been fixed at A\$3 million per annum (including superannuation).

The annual non-executive director's fee agreed to be paid by Northern Star to each non-executive director following implementation of the Scheme comprises (i) A\$125,000 per annum (including superannuation); (ii) A\$50,000 in non-executive director share rights; and (iii) any committee fees. Mr John Richards, Mr Anthony Kiernan and Ms Sally Langer will not receive any non-executive director share rights in FY21.

In addition each non-executive director will be entitled to be paid the following fees depending on his or her appointment and role on any of the following Northern Star board committees:

Non-Executive Director Fee type	Annual Fee (A\$)	Number of Non-Executive Directors	Total
Non-Executive Director base fee*	A\$175,000	5	A\$875,000
Lead Independent Director fee	A\$40,000	1	A\$40,000
Audit & Risk Committee Chair	A\$35,000	1	A\$35,000
Audit & Risk Committee member	A\$20,000	3	A\$60,000
Remuneration Committee Chair	A\$30,000	1	A\$30,000
Remuneration Committee member	A\$15,000	2	A\$30,000
Environment, Social and Safety Committee Chair	A\$15,000	1	A\$15,000
Environment, Social and Safety Committee member	A\$7,500	1	A\$7,500
Nomination Committee Chair or member	nil	5	Nil
<b>Total</b>			<b>A\$1,092,500</b>

\*includes A\$50,000 Northern Star NED Share Rights issued under the FY20 NED Share Plan, approved for the current Northern Star Non-Executive Directors by Shareholders at the 2019 AGM

**Table 7.6: Non-Executive Director Fees**

Each of the non-executive directors have entered into or in the case of non-executive directors proposed to be appointed on Implementation of the Scheme, will enter into, a letter of employment with Northern Star confirming the terms of each non-executive director's appointment and their roles and responsibilities.

(iv) **Employee incentive arrangements**

Northern Star intends to continue utilising the three incentive plans described in 6.19 in order to provide incentive arrangements to its employees. Refer to Section 7.10(a) for further details in relation to Northern Star Performance Rights that will be on issue as at Implementation.

(v) **Deeds of Indemnity**

Each of Northern Star's directors have entered into, or in the case of directors proposed to be appointed on implementation of the Scheme, will enter into, a director's indemnity deed under which Northern Star agrees to provide the director with rights relating to indemnity for legal expenses and liabilities arising out of office (subject to the limitations imposed by law including under section 199A of the Corporations Act), the conduct of litigation involving a director, access to company documents and information, and payment of directors & officers insurance policy

premiums.

**(d) Senior management**

**(i) Composition**

It is intended that if the Scheme is Implemented, the senior management team of Northern Star will comprise, in addition to Mr Beament as Executive Chair and Mr Finlayson as Managing Director:

<b>Senior management</b>	
<p><b>Stuart Tonkin</b> Chief Executive Officer Currently Northern Star Chief Executive Officer</p>	<p>Mr Tonkin is a mining engineer with more than 25 years' experience working in the underground hard-rock mining industry. He was appointed Chief Executive Officer of Northern Star in November 2016 and had been Northern Star's Chief Operating Officer since 2013. Prior to joining Northern Star, he was Chief Operating Officer for mining contractor Barminto, and a non-executive director of African Underground Mining Services Ghana. He has extensive experience in the production of gold, copper, zinc and nickel and has held senior operational positions with Oxiana and Newmont in Western Australia.</p> <p>Mr Tonkin is currently a Director of the Gold Industry Group, a not-for-profit, member-based industry association. He has a Bachelor of Engineering (Mining) with Honours from the Western Australian School of Mines and a WA First Class Mine Manager's Certificate.</p> <p>It is intended that within 12-18 months following Raleigh Finlayson's transition to Executive Director Stuart Tonkin will be appointed to the role of Managing Director</p> <p>Mr Tonkin joined Northern Star in 2013.</p>
<p><b>Luke Creagh</b> Chief Operating Officer (Yandal / Pogo) Currently Northern Star Chief Operating Officer</p>	<p>Mr Creagh is a mining engineer with over 16 years' experience working for both contractors and mining companies in underground hard-rock mining. Prior to his appointment as Chief Operating Officer in November 2018, he held senior positions such as GM Business Development, GM Strategy &amp; Growth and Operations Manager for Northern Star, and prior to Northern Star was Operations Manager for Barminto Ltd.</p> <p>Mr Creagh has a Bachelor of Engineering (Mining) from the University of Queensland and holds a WA First Class Mine Manager's Certificate.</p> <p>Mr Creagh joined Northern Star in 2014.</p>
<p><b>Simon Jessop</b> Chief Operating Officer (Kalgoorlie) Currently Saracen Chief Operating Officer</p>	<p>Mr Jessop is a mining engineer with over 20 years of technical and operational experience in the mining industry covering Underground and Open pit operations throughout Australia. Mr Jessop received a Bachelor of Engineering (Mining) and a Bachelor of Science (mine engineering and surveying) from the WA School of Mines in Kalgoorlie. Mr Jessop was appointed Chief Operating Officer of Saracen in 2017 having previously held numerous General Manager roles for Evolution Mining from the company's inception in 2011.</p> <p>Mr Jessop previously worked at Panoramic Resources as Operations Manager leading the Lanfranchi Nickel project and also as the Project Manager of the Agnew gold mine for Byrnescut Mining.</p> <p>An employment agreement is proposed to be entered into between Northern Star and Simon Jessop which is conditional on the Scheme being Implemented.</p> <p>Mr Jessop joined Saracen in 2017.</p>
<p><b>Morgan Ball</b> Chief Financial Officer Currently Saracen Chief Financial Officer</p>	<p>Mr Morgan Ball is a Chartered Accountant with over 30 years of Australian and international experience in the resources, logistics and finance industries. Mr Ball was appointed in December 2016 and as CFO is responsible for managing all of Saracen's financial and commercial matters. Prior to joining Saracen, Mr Ball was Managing Director of ASX listed iron ore producer – BC Iron Ltd and prior to this he was BC Iron's Finance Director, CFO and Company Secretary.</p> <p>Previously, Mr Ball was CFO &amp; Company Secretary of Indago Resources – an ASX listed company developing the large Nyanzaga gold deposit in northern Tanzania. Mr Ball has also held senior commercial roles at WMC Resources, Brambles and P&amp;O.</p> <p>Mr Ball is a member of the Institute of Chartered Accountants and holds a Bachelor of Commerce degree from the University of Western Australia as well as post graduate qualifications from the Financial Services Institute of Australia. Mr Ball is also a Non-Executive Director of Chalice Gold Mines Limited (ASX:CHN).</p> <p>An employment agreement is proposed to be entered into between Northern Star and Morgan Ball which is conditional on the Scheme being Implemented.</p> <p>Mr Ball joined Saracen in 2016.</p>

**(ii) Executive and Senior Management Remuneration**

It is intended that if the Scheme is Implemented, the senior management team of Northern Star will be remunerated for FY21 as follows:



Individual	FY21 FAR	FY21 Max STI as a % of FAR	FY21 max LTI as a % of FAR
Bill Beament	\$1,400,000	120%	300%
Raleigh Finlayson <sup>1</sup>	\$1,400,000	100%	200%
Stuart Tonkin	\$1,200,000	120%	200%
Luke Creagh	\$600,000	120%	100%
Simon Jessop <sup>1</sup>	\$600,000	75%	100%
Morgan Ball <sup>1</sup>	\$600,000	75%	100%

Note:

1. Remuneration of Saracen executives stated on a full year basis. Entitlements will be pro rated over the relevant period of FY21 that they are employees of Northern Star. Note the maximum STI opportunity is subject to a reduction of 20% consistent with the Saracen 2020 Annual Report in light of the tragic fatality at Carosue Dam. The Northern Star Board intend to apply this deduction. Mr Finlayson's maximum opportunity therefore reduces to 80%, and Mr Jessop and Mr Ball's reduces to 60%.

## 7.9 Northern Star's intentions in respect of the Merged Group

This Section sets out the current intentions of Northern Star in relation to the Merged Group if the Scheme is implemented. These intentions are based on facts and information known to Northern Star at the time of preparing this Scheme Booklet that concern Northern Star and Saracen as well as the general economic and business environment and are statements of current intention only and, accordingly, may vary as new information becomes available or circumstances change.

### (a) Continuation of business

If the Scheme is implemented, Northern Star intends to continue to operate the businesses of Saracen and Northern Star in a similar manner as they are currently operating, while focusing on the realisation of the identified Merged Group expected synergies with an estimated NPV of A\$1.5-2 billion<sup>94</sup>. Notwithstanding this, Northern Star has and will continue to undertake a review of the Merged Group's operations covering strategic, financial and commercial operating matters to determine and implement improvements to deliver the optimal outcomes for the Merged Group.

### (b) Corporate strategy

If the Scheme is implemented, the strategy of the Merged Group will be to:

- (i) Pursue the full potential of cost optimisations through removing the complexity and costs associated with the KCGM JV, procurement cost savings, and corporate cost savings;
- (ii) Optimise the Merged Group's portfolio of processing infrastructure by directing the right ore to the right facilities;
- (iii) Optimise capital allocation and timing of growth projects including potential to accelerate mill expansions, potential to accelerate Fimiston South Stage 2, or development of other new deposits;
- (iv) Leverage both Northern Star and Saracen's complementary skill sets to implement best in class approach to the Merged Group's portfolio of assets;
- (v) Review the most efficient capital allocation to drive future growth given the broadened portfolio of exploration opportunity in the Merged Group's portfolio; and
- (vi) Conduct a rigorous evaluation of internal and external opportunities to maximise value for the Merged Group's shareholders.

### (c) Directors of Saracen and other subsidiaries

The Merged Group Board will consist of 9 Directors with 5 from the existing Northern Star Board (namely Bill Beament, John Fitzgerald, Shirley In't Veld, Mary Hackett and Nick Cernotta) and 4 from the existing Saracen Board.

If the Scheme is implemented, Northern Star will invite Raleigh Finlayson (as Managing Director), Tony Kiernan (as Lead Independent Non-Executive Director), Sally Langer (as Non-Executive Director) and John Richards (as Non-Executive

<sup>94</sup> Discounted at 5% over the respective mine lives of the Merged Group and net of stamp duty. Synergies other than net tax synergies are calculated on a pre-tax basis. Net tax synergies have been grossed up to estimate an effective pre-tax amount for presentation purposes. Refer to Section 7.6 for further information in respect of the potential synergies and their value and Section 8.3(b) for the associated risks of realisation of the synergies.



Director) to join the Northern Star Board. Each of these proposed Northern Star Directors is currently on the Saracen Board.

Mr Beament, the current Executive Chairman of Northern Star, will remain as Executive Chair post the Scheme until 1 July 2021 to ensure successful integration prior to becoming Non-Executive Chair.

Mr Finlayson will be Managing Director for a period of 12 to 18 months prior to transitioning to an Executive Director (Corporate Development). At this time, the CEO and Managing Director roles will be amalgamated, and Stuart Tonkin will become the Managing Director.

As at the date of this Scheme Booklet, it is Northern Star's intention that Mr Kiernan, Ms Langer and Mr Richards will be engaged on similar terms as Northern Star's existing non-executive directors as set out in Section 7.8(b) other than that the Non-Executive Directors' Fees to be paid to them during FY21 following Implementation will be paid in cash (in the absence of any Northern Star Shareholder approval to deliver non-executive director share rights in lieu of cash to Mr Kiernan, Ms Langer and Mr Richards).

**(d) Employees**

The proposed senior management team of the Merged Group is set out in Section 7.8(b).

One of the key rationales for the Scheme is the significant growth potential of the Merged Group. Subject to the statements made about existing members of the Saracen Board, Northern Star expects to be able to provide continued employment to Saracen's existing workforce in order to deliver on this future growth potential.

**(e) Financing**

Each lender under the debt facilities of Saracen and Northern Star that require consent of the financier to the Transaction has consented to the debt facilities remaining in place as stand-alone facilities until the later of:

- (i) 31 October 2021; and
- (ii) the date 9 months from and including Implementation; or
- (iii) if earlier, the latest date the Saracen facilities must be repaid in full, being 31 December 2021.

This is proposed to allow Northern Star an appropriate period of time to implement a group wide funding solution on terms tailored to the new business.

**(f) Key contracts**

Northern Star anticipates that its supply chain options may expand following implementation of the Scheme, utilising the relationships which Saracen has with suppliers not currently within Northern Star's supply chain. In addition Northern Star expects to derive greater efficiencies and cost reductions in supply chain contracts as a result of greater volume/economy of scale post implementation of the Scheme.

**(g) Employee incentive arrangements**

Northern Star intends to continue utilising the three incentive plans described in 6.19 in order to provide incentive arrangements to its employees. It is also proposed to continue utilising the FY20 Northern Star NED Share Plan for issues of Share Rights to Non-Executive Directors in FY22 in lieu of cash payments of A\$50,000 per annum, subject to shareholder approval.

Refer to Section 7.8(c)(ii) for details of the Northern Star Performance Rights proposed to be issued to Mr Raleigh Finlayson and Section 7.8(c)(iv) for details of the Northern Star Performance Rights proposed to be issued to Mr Jessop and Mr Ball.

**(h) Dividends and Dividend Policy**

Northern Star intends to continue paying dividends in line with its past practice of paying fully franked dividends equal to approximately 6% of revenue.

**(i) Corporate Governance**

It is intended that Northern Star will continue to be governed by Northern Star's current corporate governance policies. In addition to Northern Star's 2020 Corporate Governance Statement lodged with ASX on 19 August 2020, available at <http://asx.com.au>, a copy of Northern Star's core corporate governance policies can be accessed on Northern Star's website: <https://www.nsrld.com/about/corporate-governance/>.

**(j) Corporate matters in relation to Saracen**

In accordance with the Merger Implementation Deed, if the Scheme is implemented Saracen will apply for termination of the official quotation of Saracen Shares on ASX and to be removed from the official list of the ASX. Saracen will become a wholly-owned subsidiary of Northern Star and Saracen's corporate structure is otherwise expected to remain largely intact.

**(k) Corporate office and trading name**

The Merged Group will continue as Northern Star Resources Limited, with its corporate office in Perth, Western Australia and will trade on the ASX.

**(l) Values**

The existing values of Northern Star and Saracen are similar, with an emphasis on safety, delivering results, accountability and responsibility. Following implementation of the Merger, the Board and Senior Management will collectively agree on the values moving forward to ensure that best practice corporate governance and workplace culture are maintained in the Merged Group.

## 7.10 Merged Group capital structure on implementation

**(a) Share capital**

Table 7.7 below summarises the shares that will be on issue in the Merged Group on Implementation of the Scheme:

Timing	Number
On issue as at the date of this Scheme Booklet	740,962,173
To be issued under the Scheme <sup>2</sup>	422,480,126 <sup>1</sup>
<b>Pro-forma</b>	<b>1,163,442,299</b>

- Note that actual number of Northern Star Shares issued under the Scheme may vary slightly due to rounding or certain Northern Star Performance Rights lapsing before Implementation.
- 79,572 New Northern Star Shares held by Mr Finlayson will be subject to a holding lock, 59,679 New Northern Star Shares held by Mr Jessop will be subject to a holding lock, 59,679 New Northern Star Shares held by Mr Ball will be subject to a holding lock. Refer to Section 10.19.

**Table 7.7: Merged Group Issued Shares**

Table 7.8 below summarises the Northern Star Performance Rights and Northern Star NED Share Rights that will be on issue on Implementation of the Scheme:

Performance Rights Class and Northern Star NED Share Rights	Number	Vesting Date
FY19 long term incentive performance rights issued under the FY17 Long Term Incentive Plan to employees other than Non-Executive Directors	343,640	To be measured for vesting on 30 June 2021
FY20 long term incentive performance rights issued under the FY20 Share Plan to employees other than Non-Executive Directors	1,176,637 <sup>1</sup>	To be measured for vesting on 30 June 2022
FY21 short term incentive performance rights issued under the FY20 Share Plan to employees other than Non-Executive Directors	489,671	To be measured for vesting on 30 June 2021
FY21 long term incentive performance rights issued under the FY20 Share Plan to employees other than Non-Executive Directors	1,155,477 <sup>2</sup>	To be measured for vesting on 30 June 2023
FY21 Northern Star NED Share Rights issued under the FY20 NED Share Plan to Non-Executive Directors	18,560	To be measured for vesting on 30 June 2021

Note:

- 3,493 FY20 long term incentive performance rights were cancelled on 10 November 2020 upon cessation of employment of the relevant holder, so the total on issue as disclosed in the Appendix 3G released on 30 October 2020 has been reduced by this amount.

2. This includes (i) 68,862 FY21 long term incentive performance rights to be issued to Raleigh Finlayson, on implementation of the Scheme, following approval of Northern Star Shareholders at the Northern Star AGM held on 25 November 2020 (ii) 14,756 FY21 long term incentive performance rights to be issued to Simon Jessop on Implementation of the Scheme and (iii) 14,756 FY21 long term incentive performance rights to be issued to Morgan Ball on Implementation of the Scheme.

**Table 7.8: Northern Star Performance Rights and Northern Star NED Share Rights**

**(b) Pro-forma ownership**

On implementation of the Scheme, Saracen Shareholders will own approximately 36.3% of the Merged Group (including Northern Star Shares to be issued to the Sale Nominee that would otherwise be issued to Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders).

**(c) Substantial Shareholders**

Based on their respective shareholdings in Northern Star and Saracen as at 8 December 2020, the holders of 5% or more of the issued capital of Northern Star, if the Scheme is implemented would be:

Shareholder	Voting Power
BlackRock Group	12.8%
Van Eck Associates Corporation	10.8%
The Vanguard Group Inc	5.4%

## 7.11 Merged Group Pro-Forma Historical Financial Information

This section contains pro-forma historical financial information in relation to the Merged Group (the **Merged Group Pro-Forma Historical Financial Information**) comprising:

- (a) Merged Group historical income statements for the year and six-month period ended 30 June 2020 (**Merged Group Pro-Forma Historical Income Statements**);
- (b) Merged Group historical statement of financial position as at 30 June 2020 (**Merged Group Pro-Forma Historical Statement of Financial Position**); and
- (c) Merged Group historical statements of cash flows for the year and six-month period ended 30 June 2020 (**Merged Group Pro-Forma Historical Cash Flow Statements**).

In this Scheme Booklet (including in this **Section**), references to Merged Group Pro-Forma Historical Financial Information are references to the pro-forma historical financial information of the Merged Group during the relevant period or at the relevant time, being the corporate group that will be formed as it will exist immediately following implementation of the Scheme.

References to Merged Group Pro-Forma Historical Financial Information refers to the Merged Group on an aggregated basis.

The Merged Group Pro-Forma Historical Financial Information should be read together with the:

- (a) Basis of preparation as set out below;
- (b) Risk factors set out in Section 8; and
- (c) Other information contained in this Scheme Booklet.

The financial information in this section is presented in an abbreviated form and does not contain all presentation, comparatives and disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act. The Investigating Accountant has prepared an Independent Limited Assurance Report in respect of the Merged Group Pro-Forma Historical Financial Information, a copy of which is included in Annexure 2.

The Merged Group Pro-Forma Historical Income Statements have been presented for the last six and twelve months ended 30 June 2020. The Merged Group has made numerous material acquisitions in recent years, with the latest acquisition of Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM) occurring in mid FY20. Due to the size and scale of recent acquisitions, pro-forma information for periods prior to FY20 is considered of limited use to understand the performance of the current business. Because Northern Star and Saracen acquired their respective 50% share in KCGM mid FY20, the six months ended 30 June 2020 is the only historical period that materially presents the underlying operations for the operating assets of the Merged Group as they will be on Implementation



Date. Consequently, this period is considered relevant information and has been presented in addition to the twelve months ended 30 June 2020.

Amounts in this Section have been rounded to the nearest A\$1 million. A number of figures, amounts, percentages prices, estimates, calculations of value and fractions are subject to the effect of rounding. Accordingly, totals in tables may not add due to rounding.

**(a) Basis of preparation**

The Merged Group Pro-Forma Historical Financial Information has been prepared for illustrative purposes, in order to give Saracen Shareholders an indication of the financial performance and cash flows of the Merged Group as if the Scheme had been implemented prior to the beginning of the year (or six months period, as applicable) ended 30 June 2020 and the financial position of the Merged Group as if the Scheme had been implemented as at 30 June 2020. By its nature, pro forma historical financial information is illustrative only. Consequently, it does not purport to reflect the actual financial performance, financial position or cash flows of the Merged Group if it had operated on a combined basis for the relevant periods. Past performance is not a guide to future performance.

The Merged Group Pro-Forma Historical Statement of Financial Position and Merged Group Pro-Forma historical income statement and cash flow statement for the year ended 30 June 2020 have been derived from:

- (i) Northern Star's 30 June 2020 Annual Financial Report;
- (ii) Saracen's 30 June 2020 Annual Financial Report; and
- (iii) pro-forma adjustments described in Pro Forma Adjustments (below).

The Merged Group Pro-Forma historical income statement and cash flow statement for the six months ended 30 June 2020 have been derived from:

- (i) the difference between Northern Star's 30 June 2020 Annual Financial Report and Northern Star's Half Year Financial Report for the six month period ended 31 December 2019;
- (ii) the difference between Saracen's 30 June 2020 Annual Financial Report and Saracen's Half Year Financial Report for the six month period ended 31 December 2019; and
- (iii) pro-forma adjustments described in Pro-Forma Adjustments (below).

The Northern Star 30 June 2020 Annual Financial Report and Northern Star's Half Year Financial Report for the six month period ended 31 December 2019 were audited and reviewed, respectively, by Deloitte Touche Tohmatsu (**Deloitte**). Deloitte issued an unmodified audit opinion and an unmodified review conclusion in relation to Northern Star's Annual and Half Year Financial Report respectively. Northern Star's Annual and Half Year Financial Report are available from Northern Star's website ([www.nsrtd.com](http://www.nsrtd.com)) and the ASX website ([www.asx.com.au](http://www.asx.com.au)).

Saracen's 30 June 2020 Annual Financial Report and Saracen's Half Year Financial Report for the six-month period ended 31 December 2019 were audited and reviewed, respectively, by BDO Audit (WA) Pty Ltd (**BDO**). BDO issued an unmodified audit opinion and an unmodified review conclusion in relation to Saracen's Annual and Half Year Financial Report respectively. Saracen's Annual and Half Year Financial Report are available from Saracen's website ([www.saracen.com.au](http://www.saracen.com.au)) and the ASX website ([www.asx.com.au](http://www.asx.com.au)).

The Merged Group Pro-Forma Historical Financial Information has been prepared in accordance with the recognition and measurement principles contained in Australian Accounting Standards (**AAS**) (including Australian Accounting Interpretations) adopted by the AASB, which comply with the recognition and measurement principles of the International Accounting Standards Board and interpretations adopted by the International Accounting Standards Board.

The Merged Group Pro-Forma Historical Financial Information has been prepared in accordance with and should be read in conjunction with the accounting policies detailed in Northern Star's Annual Report for the year ended 30 June 2020. A preliminary assessment has not identified any material differences between the accounting policies adopted by Northern Star and Saracen prior to the merger.

*Pro-Forma adjustments*

The Merged Group Pro-Forma Historical Financial Information includes pro forma adjustments to reflect the impact of

certain transactions as if they occurred as at 30 June 2020 in the pro-forma historical statement of financial position and immediately prior to 1 July 2019 (or 1 January 2020 for the six month period) in the pro-forma historical income statements and pro-forma historical cash flow statements.

Pro-forma adjustments have been made to the Merged Group Pro-Forma Historical Income Statements to reflect the reversal of the one-off, non-recurring transaction costs incurred during the respective periods and their expected tax effect.

Pro-forma adjustments have been made to the Merged Group Pro-Forma Historical Statement of Financial Position to reflect the:

- (i) transactions occurring post 30 June 2020 including a A\$200 million repayment of Northern Star's revolving debt facility, A\$200 million in Northern Star dividends and A\$43 million in a pre-merger Saracen Special Dividend; and
- (ii) accounting for the acquisition of Saracen, re-measurement of Northern Star's 50% interest in KCGM to fair value and one-off transaction costs associated with the Scheme, including an estimate of stamp duty payable.

The Merged Group Pro-Forma Historical Financial Information has been prepared using preliminary purchase price accounting estimates. AAS provides the acquirer (determined as Northern Star) up to one year from the acquisition date to record any material adjustments to the initial acquisition date estimates based on new information obtained about facts and circumstances that existed at the acquisition date. Northern Star has not finalised the identification and valuation of Saracen's assets and liabilities (including for tax purposes) nor valuation of Northern Star's existing interest in KCGM and can only be done on Implementation of the Scheme. Accordingly:

- (i) the historical carrying value of assets and liabilities recognised in the 30 June 2020 Statements of Financial Position for Northern Star and Saracen are assumed to equal their value in accordance with AASB 3 Business Combinations, which is generally fair value, with the exception of inventory and mine properties and other intangibles (where provisional fair values have been estimated);
- (ii) A liability has been recognised as a result of Saracen's future gold sales contracts. These liabilities were not required to be recognised by Saracen but are recognised at their fair value when acquired in a business combination. It is assumed there will be no other separately identifiable liabilities recognised; and
- (iii) for the purpose of preparing the Merged Group Pro-Forma Historical Statement of Financial Position, it has been assumed that the tax cost base of Saracen's mine properties assets are proportionately reset according to their fair value following the acquisition. However, for the purposes of calculating a deferred tax liability on any uplift attributed to KCGM's mining rights (both Northern Star and Saracen's Share), the tax cost base allocated to these assets is ignored as the expected manner of recovery of the asset is forecast to be through use (rather than re-sale). This is because the KCGM mining rights are non-depreciable and are treated as a CGT asset for income tax purposes.

The Merged Group Pro-Forma Historical Financial Information is provided for illustrative purposes only. Due to its nature, the Merged Group Pro-Forma Historical Financial Information does not represent Northern Star's or the Merged Group's actual or prospective financial position. A number of factors may impact the actual financial performance, financial position or cash flows of the Merged Group, including, but not limited to:

- (i) Successful implementation of the Scheme and ultimate timing of that implementation;
- (ii) Changes in the Northern Star share price will alter the value of the consideration for the transaction for accounting purposes, as the consideration will be calculated on the day the Scheme is implemented;
- (iii) Differences between the estimated amount of transaction costs and the amount ultimately incurred;
- (iv) Changes in spot or expectations of forward market prices, including, but not limited to, the price of gold, equity or debt securities, interest and exchange rates;
- (v) Changes in critical/significant accounting estimates and judgements required to determine the carrying value of assets and liabilities as outlined in Note 1(a) of Northern Star's and Note 1 of Saracen's Annual Financial Reports for the year ended 30 June 2020;
- (vi) Finalisation of the acquisition accounting (in accordance with AASB 3 Business Combinations), including determining appropriate purchase price allocations, such as the identification and valuation of all assets and liabilities acquired.

Adjustments may include the allocation of purchase price notionally attributed to amortising assets (such as mine properties), to non-amortising assets (such as indefinite life intangible assets, including goodwill) or between different amortising assets (for example a change in the allocation of value between different mine properties). Changes in the amount and allocation of the purchase price could positively or negatively impact future reported earnings of the Merged Group;

- (vii) Finalisation of the recalculation of the tax cost bases, including recognition of the associated deferred tax assets and liabilities, in accordance with AASB 112 Income Taxes;
- (viii) The timing and realisation of potential synergies arising from the merger of Northern Star and Saracen; and
- (ix) The fair value of Northern Star's existing 50% interest in KCGM, required on obtaining control of KCGM, and the associated flow on impact to the Merged Group Pro-Forma Historical Statement of Financial Position and future earnings, including the day-one gain required to be recognised in the Merged Group Pro-Forma Historical Income Statement.

*Explanation of certain non-IFRS financial measures*

This document uses non-IFRS financial information which is used to measure operational performance. Non-IFRS measures are unaudited but derived from audited accounts. The principal non-IFRS financial measure referred to in this section is as follows:

- (i) **Underlying EBITDA** is reported earnings before the following:
  - (A) Non-cash asset write-downs;
  - (B) Fair value adjustment on Superior Gold Inc warrants held by Northern Star;
  - (C) Acquisition and integration costs;
  - (D) Interest income, interest expense and finance costs;
  - (E) Depreciation and amortisation;
  - (F) Share of gains/ (losses) of investments accounted for using the equity method; and
  - (G) Income tax expense.

**(b) Merged Group Pro-Forma Historical Income Statements**

Set out in the following tables are the Merged Group Pro-Forma Historical Income Statements and the reconciliation of profit before income tax to underlying EBITDA for the year ended 30 June 2020 and the six months ended 30 June 2020.

**Year ended 30 June 2020**

A\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
			Adj. A	(Pro-Forma)
Revenue	1,972	1,074	0	3,046
Cost of sales	(1,448)	(702)	0	(2,150)
	<b>524</b>	<b>372</b>	<b>0</b>	<b>896</b>
Other income and expense	(3)	3	0	0
Corporate, technical services and projects	(81)	(30)	0	(111)
Acquisition and Integration costs	(45)	(47)	92	0
Impairment of assets	(28)	(1)	0	(29)
Finance costs	(22)	(11)	0	(33)

A\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
<b>Profit before income tax</b>	<b>345</b>	<b>286</b>	<b>92</b>	<b>723</b>
Income tax expense	(86)	(95)	(28)	(209)
<b>Profit for the year</b>	<b>259</b>	<b>191</b>	<b>64</b>	<b>514</b>

Notes:

The pro-forma adjustments include:

- (i) reversal of A\$92 million of one-off, non-recurring transaction costs incurred during the period; and
- (ii) the expected tax effects of the pro-forma adjustment.

**Table 7.9 Merged Group Pro-Forma Historical Income Statement for the Year Ended 30 June 2020**

A\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
			Adj.A	(Pro-Forma)
<b>Profit before income tax</b>	<b>345</b>	<b>286</b>	<b>92</b>	<b>723</b>
Finance costs	22	11	0	33
Impairment of assets	28	1	0	29
Interest income	(4)	(1)	0	(5)
Acquisition and Integration costs	45	47	(92)	0
Fair value adjustment on SGI warrants	1	0	0	1
Loss taken up on associates	4	0	0	4
Depreciation and amortisation	355	152	0	507
<b>Underlying EBITDA</b>	<b>796</b>	<b>496</b>	<b>0</b>	<b>1,292</b>

**Table 7.10 Reconciliation of Profit before income tax to underlying EBITDA for the Year Ended 30 June 2020**

Six months ended 30 June 2020

A\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
			Adj.A	(Pro-Forma)
Revenue	1,144	664	0	1,808
Cost of sales	(833)	(429)	0	(1,262)
	<b>311</b>	<b>235</b>	<b>0</b>	<b>546</b>
Other income and expense	(2)	2	0	0
Corporate, technical services and projects	(38)	(16)	0	(54)
Acquisition and Integration costs	(45)	(32)	77	0
Impairment of assets	(17)	(1)	0	(18)
Finance costs	(14)	(8)	0	(22)
<b>Profit before income tax</b>	<b>195</b>	<b>180</b>	<b>77</b>	<b>452</b>
Income tax expense	(65)	(59)	(23)	(147)
<b>Profit for the six months</b>	<b>130</b>	<b>121</b>	<b>54</b>	<b>305</b>

Notes:

The pro forma adjustments include:

- (i) reversal of A\$77 million of one-off, non-recurring transaction costs incurred during the period; and
- (ii) the expected tax effects of the pro-forma adjustment.

**Table 7.11 Merged Group Pro-Forma Historical Income Statement for the Six Months Ended 30 June 2020**

A\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
			Adj.A	(Pro-Forma)
<b>Profit before income tax</b>	<b>195</b>	<b>180</b>	<b>77</b>	<b>452</b>
Finance costs	14	8	0	22
Impairment of assets	17	1	0	18
Interest income	(3)	(1)	0	(4)
Acquisition and Integration costs	45	32	(77)	0
Fair value adjustment on SGI warrants	1	0	0	1
Loss taken up on associates	4	0	0	4
Depreciation and amortisation	198	81	0	279
<b>Underlying EBITDA</b>	<b>471</b>	<b>301</b>	<b>0</b>	<b>772</b>

**Table 7.12 Reconciliation of Profit before income tax to underlying EBITDA for the Six Months Ended 30 June 2020**

The Merged Group Pro-Forma Historical Income Statements have not been adjusted to reflect:

- (i) The trading of Northern Star and Saracen since 30 June 2020;
- (ii) Any potential synergies, any costs of realising synergies and business improvements arising following Implementation;
- (iii) A gain or loss on obtaining control, as opposed to Joint Control, of KCGM;
- (iv) Any potential tax impact that may arise from Implementation of the Scheme and finalisation of accounting for the acquisition;
- (v) the realisation of the estimated liability allocated to Saracen's gold sales contracts. These contracts mature over a period from July 2020 to March 2023 and their estimated value is based on the gold price as at 30 June 2020. The amount estimated to be realised in the year ending 30 June 2021 is shown in current liabilities in the Merged Group Pro-Forma Historical Statement of Financial Position as at 30 June 2020 shown in the following section;
- (vi) Higher costs of sales arising due to the increase in the value of acquired inventory, which is remeasured to fair value at the date of implementation. This inventory will be utilised in the year ending 30 June 2021 and later periods. The amount estimated to be processed in the year ending 30 June 2021 is shown in current assets in the Merged Group Pro-Forma Historical Statement of Financial Position as at 30 June 2020;
- (vii) Additional depreciation and amortisation charges that will arise in future periods post Implementation of the Scheme relating to the fair value uplift allocated to mine properties and the finalisation of the purchase price accounting for the Scheme;
- (viii) Transaction costs and stamp duty associated with the Scheme; and
- (ix) Any potential write-off of costs previously capitalised as borrowing costs in the event the borrowings of both parties are refinanced prior to or post Implementation of the Scheme.

**(c) Merged Group Pro-Forma Historical Statement of Financial Position as at 30 June 2020**

Set out in the following table is the Merged Group's Pro-Forma Historical Statement of Financial Position as at 30 June 2020. For the purposes of presenting the pro-forma historical statement of financial position, it has been assumed that the Scheme was effected and completed on 30 June 2020.



A\$m			Pro-Forma Adjustments		Merged Group (Pro-Forma)
	Northern Star	Saracen	Adj. A	Adj. B	
Cash and cash equivalents	677	360	(443)	(13)	581
Trade and other receivables	145	13	0	0	158
Inventories	290	231	0	163	684
Financial assets at fair value through OCI	0	2	0	0	2
<b>Total Current Assets</b>	<b>1,112</b>	<b>606</b>	<b>(443)</b>	<b>150</b>	<b>1,425</b>
Inventories	315	308	0	421	1,044
Property, plant & equipment	731	397	0	0	1,128
Right of use assets	103	115	0	0	218
Exploration & evaluation assets	479	178	0	0	657
Mine properties and other intangibles	1,028	920	0	4,733	6,681
Other assets	44	0	0	0	44
<b>Total Non-Current Assets</b>	<b>2,700</b>	<b>1,918</b>	<b>0</b>	<b>5,154</b>	<b>9,772</b>
<b>Total Assets</b>	<b>3,812</b>	<b>2,524</b>	<b>(443)</b>	<b>5,304</b>	<b>11,197</b>
Trade and other payables	156	138	0	264	558
Provisions	109	19	0	0	128
Borrowings	361	104	(200)	0	265
Hedge book contract liability	0	0	0	144	144
Other liabilities	12	30	0	0	42
<b>Total Current Liabilities</b>	<b>638</b>	<b>291</b>	<b>(200)</b>	<b>408</b>	<b>1,137</b>
Borrowings	450	329	0	0	779
Hedge book contract liability	0	0	0	99	99
Provisions	448	234	0	0	682
Deferred tax liability	132	112	0	591	835
<b>Total Non-Current Liabilities</b>	<b>1,030</b>	<b>675</b>	<b>0</b>	<b>690</b>	<b>2,395</b>
<b>Total Liabilities</b>	<b>1,668</b>	<b>966</b>	<b>(200)</b>	<b>1,098</b>	<b>3,532</b>
<b>Net assets</b>	<b>2,144</b>	<b>1,558</b>	<b>(243)</b>	<b>4,206</b>	<b>7,665</b>
Share capital	1,324	1,095	0	4,401	6,820
Reserves	13	77	0	(77)	13
Retained earnings	807	386	(243)	118	832
<b>Total Equity</b>	<b>2,144</b>	<b>1,558</b>	<b>(243)</b>	<b>4,206</b>	<b>7,665</b>

Table 7.13 Combined Group Pro-Forma Historical Statement of Financial Position

The Merged Group Pro-Forma Historical Statement of Financial Position has not been adjusted to reflect:

- (i) the trading of Northern Star and Saracen since 30 June 2020, except as outlined in Adjustment (A);
- (ii) any potential synergies, any costs of realising synergies and business improvements arising following Implementation;
- (iii) finalisation of the purchase price accounting for the Scheme, including identification and measurement of all purchase



- price accounting allocations and tax cost base resetting; and
- (iv) any changes to the debt structure of the group as a consequence of the change of control as a result of the Scheme and any associated borrowing costs.

Notes:

**Pro-forma Adjustment A - Pre-merger adjustments**

Pro-forma adjustment A has been made to reflect the following events post 30 June 2020:

- A\$200 million repayment of Northern Star’s revolving debt facility (borrowings);
- A\$200 million in Northern Star dividends paid post 30 June 2020 (relating to FY20 earnings); and
- A\$43 million for the pre-merger Saracen Special Dividend. No other pre-merger adjustments have been made.

**Pro-forma Adjustment B - Acquisition accounting**

Pro-forma adjustment B reflects the provisional estimated accounting for the acquisition of Saracen based on the provisional amounts shown in the following section. Accounting for the acquisition of Saracen, remeasurement of Northern Star’s 50% interest in KCGM to fair value and A\$277 million of one-off transaction costs associated with the Scheme which will be expensed. This includes an estimate of \$264 million of stamp duty payable, which is recognised in Trade and Other Payables, and \$13 million in other transaction costs recognised as an outflow of cash and cash equivalents.

The accounting for the acquisition of Saracen reflects the:

- derecognition of the contributed equity of Saracen of A\$1,095 million;
- derecognition of pre-acquisition retained earnings and reserves of Saracen of A\$386 million and A\$77 million respectively;
- estimated equity consideration of A\$5,497 million; and
- a A\$465 million gain arising from the revaluation of Northern Star’s existing interest in KCGM to a fair value of A\$1,601 million.

*Accounting for the acquisition of Saracen and remeasurement of Northern Star’s existing 50% interest in KCGM*

Northern Star has accounted for the acquisition of Saracen as a business combination using the acquisition method of accounting.

The consideration for the acquisition of Saracen is the fair value of the equity interests issued by Northern Star. For the purposes of the pro-forma adjustments, this has been estimated as A\$5,497 million, based on the assumption that 422 million Northern Star shares are issued in exchange for 1,123 million Saracen shares at an assumed Northern Star share price of A\$13.01 per share, which has been determined based on the Northern Star closing share price on 2 December 2020.

On Implementation of the Scheme Northern Star will obtain 100% control of KCGM, whereas pre-merger Northern Star held a 50% interest and had joint control (as defined by AASB 11 Joint Arrangements). AASB 3 requires the amount to be allocated to identifiable net assets and goodwill include the remeasurement to fair value of Northern Star’s existing 50% interest in KCGM. Any difference between the fair value of this interest and the carrying value of those assets gives rise to a gain or loss to be recognised in profit and loss.

The share consideration will then be allocated to Saracen’s identifiable assets, liabilities and contingent liabilities. These will be, with limited exceptions, measured initially at their fair values at the acquisition date. The application of acquisition accounting requires significant judgement and estimates to be made. These judgements and estimates are required to be made as at the acquisition date.

The estimated amount to be allocated has therefore been calculated as follows:

	A\$m
Share consideration	5,497
Estimated fair value of existing interest in KCGM	1,601
Total amount to be allocated	7,098

The fair value of Northern Star’s interest in KCGM (\$1,601 million) has been estimated based on an indicative valuation of the business consistent with the value included in the Independent Expert’s Report. This indicative valuation uses estimates of future gold prices, reserves, operating and capital costs amongst other factors. The revaluation of this interest gives rise to a gain on obtaining control of KCGM, which for purposes of the Merged Group Pro-Forma Historical Statement of Financial Position has been recognised in retained earnings, and has been estimated as follows:



	A\$m
Estimated fair value of existing 50% interest in KCGM	1,601
Less: Carrying value of KCGM in Northern Star as at 30 June 2020 <sup>1</sup>	(1,136)
<b>Gain on obtaining control of KCGM</b>	<b>465</b>

<sup>1</sup> Net assets of Northern Star's 50% share in KCGM as derived from note 2(b) Segment Results in its 30 June 2020 financial statements (\$1,364 million Segment Assets less \$228 million Segment Liabilities)

The initial estimates of the acquisition accounting undertaken for the purposes of the compilation of the Merged Group Pro-Forma Historical Statement of Financial Position are discussed below. These estimates will be updated based on the actual assets and liabilities acquired on Implementation of the Scheme.

The following table details the initial estimate of the allocation of the estimated amount to be allocated to the net identifiable assets:

	A\$m
<b>Total amount to be allocated</b>	<b>7,098</b>
Net Assets acquired - Saracen (including Saracen's 50% interest in KCGM)	(1,558)
Net Assets - Northern Star 50% interest in KCGM	(1,136)
<b>Less: Net Assets</b>	<b>(2,694)</b>
Less: fair value uplift attributed to inventory (ii)	(584)
Add: Recognition of out of the money gold sales contracts (iii)	243
Add: Deferred tax liability arising on acquisition (iv)	670
<b>Residual value allocated to Mine Properties and Other Intangibles (v)</b>	<b>4,733</b>

In estimating the above purchase price allocation, the following assumptions have been made:

- (i) the historical carrying value of assets and liabilities recognised on the pre-merger Statements of Financial Position for Northern Star and Saracen at 30 June 2020 are assumed to equal their fair value, with the exception of inventory and mine properties (including other related intangibles).
- (ii) The fair value of inventory stockpiles at 30 June 2020 has been estimated based on their estimated gold content multiplied by appropriate gold price forecasts less the costs to process the relevant inventory through to saleable bullion and discounted to present value. Of the total A\$584 million fair value uplift to inventory, A\$163 million has been recognised as current inventory and A\$421 million as non-current inventory estimated based on the forecast timing of when the associated inventory is expected to be processed and sold.
- (iii) A liability has been recognised as a result of Saracen's forward gold sales contracts (hedge book commitments). These liabilities represent pre-existing forward sales contracts that must be fair valued on Implementation Date and were not previously required to be recognised by Saracen. Based on 30 June 2020 forward gold price estimates, a total hedge book contract liability of A\$243 million has been recognised in the Merged Group Pro-Forma Historical Statement of Financial Position. Of the A\$243 million, A\$144 million is a current liability and the remainder, A\$99 million is a non-current liability.
- (iv) For the purpose of preparing the Merged Group Pro-Forma Historical Statement of Financial Position, it has been assumed that there will be an equivalent change to the tax cost bases and fair value of mine properties following the acquisition. Except to ascribe a zero-cost base to any uplift attributed to KCGM's Mine Properties due to the non-deductible nature of the mining rights acquired. Those mining rights are non-deductible as they were acquired by the underlying entities prior to 1 July 2001 when the Uniform Capital Allowance (UCA) regime came into force, are treated as a CGT asset for income tax purposes and the expected manner of recovery is forecast to be through use.

The remaining purchase price (A\$4,733 million) has been allocated to mine properties and other intangibles.

#### *Purchase consideration sensitivity*

The following table shows the sensitivity of the calculation of the purchase consideration and the residual value allocated to Mine Properties and Other Intangibles to changes in Northern Star's share price. This has been prepared assuming 422 million Northern Star shares are issued in exchange for 1,123 million Saracen shares.

Northern Star share price on Implementation Date (A\$)	11.0	12.0	13.01 (*)	14.0
Implied purchase consideration (A\$m)	4,647	5,070	5,497	5,915
Increase / (decrease) to Mine Properties and Other Intangibles (A\$m)	(1,002)	(503)	-	494

(\*) assumption used in pro-forma adjustment

#### (d) Merged Group Pro-forma Historical Cash Flows

Set out in the following tables are the Merged Group Pro-Forma Historical Cash Flow statements for year and six months ended 30 June 2020.

\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
			Adj. A	(Pro-Forma)
Receipts from customers (inc GST)	1,940	1,074	0	3,014
Payments to suppliers and employees (inc GST)	(1,183)	(538)	26	(1,695)
Interest received	4	2	0	6
Interest paid	(9)	(7)	0	(16)
Income taxes paid	(41)	(53)	0	(94)
<b>Total Operating Cash Flow</b>	<b>711</b>	<b>478</b>	<b>26</b>	<b>1,215</b>
Payments for property, plant and equipment	(97)	(214)	0	(311)
Payments for exploration and evaluation	(76)	(35)	0	(111)
Payments for mine properties	(190)	0	0	(190)
Receipts from sale of investments	0	39	0	39
Payments for investments	(3)	0	0	(3)
Payments for acquisition of business and associated assets, net of cash acquired	(1,138)	(1,092)	0	(2,230)
Payments for acquisition of assets, net of cash acquired	(178)	(10)	0	(188)
Proceeds from sale of property, plant and equipment	5	0	0	5
Lease receipt	6	0	0	6
<b>Total Investing Cash Flow</b>	<b>(1,671)</b>	<b>(1,312)</b>	<b>0</b>	<b>(2,983)</b>
Proceeds from issues of shares and other equity securities	803	780	0	1,583
Proceeds from borrowings	694	439	0	1,133
Repayment of borrowings	0	(124)	0	(124)
Principal elements of lease payments	(63)	(19)	0	(82)
Dividends paid to Company's shareholders	(49)	0	0	(49)
<b>Total Financing Cash Flow</b>	<b>1,385</b>	<b>1,076</b>	<b>0</b>	<b>2,461</b>
Net increase (decrease in cash and cash equivalents)	425	242	26	693
Cash and cash equivalents at the beginning of the financial period	266	119	0	385
Effects of exchange rate changes on cash and cash equivalents	(14)	0	0	(14)
<b>Cash and cash equivalents at end of year</b>	<b>677</b>	<b>361</b>	<b>26</b>	<b>1,064</b>

Notes:

The pro-forma adjustments include:

a) reversal of the one-off, non recurring transaction costs incurred during the period

Table 7.14 Merged Group Pro-Forma Historical Cash Flows for the Year Ended 30 June 2020

\$m	Northern Star	Saracen	Pro-Forma Adjustments	Merged Group
			Adj.A	(Pro-Forma)
Receipts from customers (inc GST)	1,104	664	0	1,768
Payments to suppliers and employees (inc GST)	(675)	(293)	11	(957)
Interest received	3	1	0	4
Interest paid	(7)	(6)	0	(13)
Income taxes paid	(12)	(41)	0	(53)
<b>Total Operating Cash Flow</b>	<b>413</b>	<b>325</b>	<b>11</b>	<b>749</b>
Payments for property, plant and equipment	(64)	(133)	0	(197)
Payments for exploration and evaluation	(36)	(13)	0	(49)
Payments for mine properties	(94)	0	0	(94)
Receipts from sale of investments	0	39	0	39
Payments for investments	(2)	0	0	(2)
Payments for acquisition of business and associated assets, net of cash acquired	(1,138)	2	0	(1,136)
Payments for acquisition of assets, net of cash acquired	1	0	0	1
Proceeds from sale of property, plant and equipment	2	0	0	2
Lease receipt	5	0	0	5
<b>Total Investing Cash Flow</b>	<b>(1,326)</b>	<b>(105)</b>	<b>0</b>	<b>(1,431)</b>
Proceeds from issues of shares and other equity securities	52	0	0	52
Proceeds from borrowings	200	45	0	245
Repayment of borrowings	0	(109)	0	(109)
Principal elements of lease payments	(35)	(12)	0	(47)
Dividends paid to Company's shareholders	0	0	0	0
<b>Total Financing Cash Flow</b>	<b>217</b>	<b>(76)</b>	<b>0</b>	<b>141</b>
Net increase (decrease in cash and cash equivalents)	(696)	144	11	(541)
Cash and cash equivalents at the beginning of the financial period	1,365	217	0	1,582
Effects of exchange rate changes on cash and cash equivalents	8	0	0	8
<b>Cash and cash equivalents at end of year</b>	<b>677</b>	<b>361</b>	<b>11</b>	<b>1,049</b>

Notes:

The pro-forma adjustments include:

a) reversal of the one-off, non recurring transaction costs incurred during the period

**Table 7.15 Merged Group Pro-Forma Historical Cash Flows for the Six Months Ended 30 June 2020**

## 7.12 Financial forecasts

Each of the Northern Star Board and the Saracen Board has given careful consideration as to whether a reasonable basis exists to produce reliable and meaningful forecast financial information in relation to the Merged Group. Other than the synergies detailed in Section 7.6, each of the Northern Star Board and the Saracen Board has concluded that such forecast financial information would have the potential to be misleading and a reasonable basis does not exist for producing forecasts that would be sufficiently meaningful and reliable to be of value to either set of shareholders.





## 8. Potential risk factors



## 8. Potential risk factors

### 8.1 Introduction

If the Scheme is implemented, Saracen Shareholders (excluding Ineligible Overseas Shareholders and Non-Electing Small Shareholders) will be entitled to receive the Scheme Consideration in the form of Northern Star Shares. The value of Northern Star Shares will be influenced by a number of factors, many of which will be beyond the control of the management of the Merged Group.

Some of these risks are either related to the resources sector generally or already affect the Saracen business which will form part of the Merged Group and are therefore risks to which Saracen Shareholders already have some exposure. There are however, a number of risks which will be new or potentially greater in impact than is currently the case in relation to Saracen alone.

The risk factors presented in this Section are not an exhaustive list of all risks and risk factors related to Saracen, the Merged Group or the Scheme. Additional risks and uncertainties not currently known to Northern Star or Saracen may also have an adverse impact on the Merged Group's business.

This Section does not take into account the investment objectives, financial situation, position or particular needs of Saracen Shareholders. Each Saracen Shareholder should consult their legal, financial, taxation or other professional adviser if they have any queries.

### 8.2 Risks related to the Scheme

#### (a) The Northern Star Shares issued in connection with the Scheme may have a market value different than expected

Pursuant to the Scheme, each Scheme Shareholder (excluding Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders) will be entitled to receive scrip consideration of 0.3763 New Northern Star Shares for every 1 Scheme Share held at the Record Date. The implied value of the Scheme Consideration will depend on the price at which the Northern Star Shares trade on ASX after the Effective Date and is not fixed.

Further, for Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders, there is no guarantee as to the price at which Northern Star Shares may be sold by the Sale Nominee as described in Section 4.8 (or the timing).

The price of Northern Star Shares, following implementation of the Scheme will vary and may be volatile as a result of a number of factors, including the financial and operating performance of Northern Star and general market conditions.

#### (b) Completion of the Scheme is subject to various conditions that must be satisfied or waived

Completion of the Scheme is subject to a number of conditions. There can be no certainty, nor can Saracen provide any assurance, that these conditions will be satisfied or waived (where applicable), or if satisfied or waived (where applicable), when that will occur. In addition, there are a number of other conditions precedent to the Scheme which are outside the control of Saracen and Northern Star, including, but not limited to, approval of the Scheme by the Requisite Majority of Saracen Shareholders and approval by the Court of the Scheme at the Court hearing to be held on the Second Court Date (see clause 3 of the Merger Implementation Deed in Annexure 3).

If for any reason the conditions to the Scheme are not satisfied or waived (where applicable) and the Scheme is not completed, the market price of Saracen Shares may be adversely affected.

#### (c) The Merger Implementation Deed may be terminated by Saracen or Northern Star in certain circumstances, in which case Saracen may not be able to realise the potential benefits of the Merger

Each of Saracen and Northern Star has the right to terminate the Merger Implementation Deed in certain circumstances. Accordingly, there is no certainty that the Merger Implementation Deed will not be terminated by either Saracen or Northern Star before the implementation of the Scheme.

If the Merger Implementation Deed is terminated, Saracen will not be able to achieve as a stand alone entity the benefits that the merger with Northern Star would have provided.

#### (d) The issuance of Northern Star Shares could adversely affect the market price of Northern Star Shares

If the Scheme is implemented, a number of additional Northern Star Shares will be available for trading in the public market.



The increase in the number of Northern Star Shares may lead to sales of such shares or the perception that such sales may occur, either of which may adversely affect the market for, and the market price of, Northern Star Shares.

In addition, the operation of the Sale Facility may place short-term downward pressure on the market price for Northern Star Shares by creating additional selling volumes.

**(e) Tax consequences for Scheme Shareholders**

If the Scheme is successfully implemented, there may be tax consequences for Scheme Shareholders. The tax consequences for Scheme Shareholders will vary depending on a number of factors, including their place of residence for tax purposes and their individual tax circumstances.

A summary of the general Australian income tax, stamp duty and GST consequences for Saracen Shareholders participating in the Scheme is set out in Section 9.

Saracen Shareholders are encouraged to seek independent professional advice regarding the individual tax consequences applicable to them.

### 8.3 Specific risks relating to the Merged Group

**(a) Change in risk and investment profile**

If the Scheme is implemented, Saracen Shareholders will be exposed to risk factors relating to Northern Star and to certain other risks relating to the Merged Group and the integration of the two companies.

These include risks relating to the operation of a broader suite of assets both in nature, geographic scope, environmental risks, human resources and native title risks.

**(b) Failure to realise benefits of the Scheme, including expected synergies**

After implementation of the Scheme, the Merged Group will seek to pursue those strategies, operational objectives and benefits contemplated by this Scheme Booklet, including the estimated synergies detailed in Section 7.6. There is the risk that the Merged Group may be unable to realise these strategies, operational objectives and benefits (in whole or in part) or that they will not materialise, or will not materialise to the extent that the Merged Group anticipates (for whatever reason, including matters beyond the control of the Merged Group), or that the realisation of the strategies, operational objectives and benefits are delayed. Any failure to meet these strategies, operational objectives and benefits, or delay in realising these strategies, operational objectives and benefits, could have an adverse impact on the Merged Group's operations, financial performance and financial position, including the potential for any share price re-rating.

After implementation of the Scheme the Merged Group will also seek to implement the various cost-saving and optimisation strategies relating to synergies that are discussed in Section 7.6. There is a risk the Merged Group may not be able to realise these synergies (on whole or in part) or alternatively that there will be delays in realising these synergies beyond current estimates.

**(c) Integration risks**

There are risks associated with conducting the business activities and operations previously operated by a different entity. While Northern Star expects that value can be added for shareholders of Northern Star by acquiring all the shares in Saracen, the risk exists that the integration implementation may take longer than expected so that integration is achieved over a longer time period than expected. This may impact on the Merged Group's financial performance.

**(d) Accounting treatment of Saracen Group assets in the Merged Group**

Following implementation of the Scheme, the Merged Group will be required to perform a fair value assessment of KCGM assets and liabilities of the Merged Group, including tangible and intangible assets, which may differ from the preliminary assessments noted in Section 7.11. As a result of that fair value assessment, the Merged Group's charges (for example, depreciation expense and amortisation expense) and asset carrying values may be substantially different to the corresponding charges and asset carrying values applied by Saracen and Northern Star as stand-alone entities and, to that

extent, may impact upon the future financial performance and financial results of the Merged Group.

The Merged Group will also be subject to risks arising as a result of any future changes in accounting policies applied by the Merged Group which may have an adverse impact on the Merged Group.

Changes to accounting standards may also adversely affect the Merged Group's reported earnings performance in any given reporting period and its consolidated statement of financial position from time to time.

## 8.4 General risks relating to the Merged Group

The following risk factors apply consistently to Northern Star (and the Northern Star Group) prior to and after implementation of the Scheme (after which time the Northern Star Group would include the Saracen Group, as part of the Merged Group).

### (a) Fluctuations in gold price

The Merged Group's revenues will be exposed to fluctuations in the gold price. Volatility in the gold price creates revenue uncertainty and requires careful management of business performance to ensure that operating cash margins are maintained despite a fall in the spot gold price. The risks associated with such fluctuations and volatility may be reduced by any gold price hedging the Merged Group may undertake.

A declining gold price can also impact operations by requiring a reassessment of the feasibility of mine plans and certain projects and initiatives. The development of new ore bodies, commencement and timing of open pit cut backs, commencement of development projects and the ongoing commitment to exploration projects can all potentially be impacted by a decline in the prevailing gold price. Even if a project is ultimately determined to be economically viable, the need to conduct such a reassessment could potentially cause substantial delays and/or may interrupt operations, which may have a material adverse effect on the Merged Group's results of operations and financial condition. Saracen's and Northern Star's:

- (i) Ore Reserves are estimated at gold prices of A\$1,750/oz for Australian Operations and at a US\$1,350/oz gold price for Pogo Operations; and
- (ii) Mineral Resources are estimated at gold prices of A\$2,250/oz for Australian Operations and at a US\$1,500/oz gold price for Pogo Operations,

compared to the average gold price over the past;

- (iii) 3 months to 8 December 2020 being A\$2,614/oz (US\$1,887/oz); and
- (iv) 12 months to 8 December 2020 being A\$2,544/oz (US\$1,747/oz).

Northern Star cannot provide any assurances as to the prices the Merged Group will achieve for its products. Changes in commodity prices, including prices for gold and associated pricing for impurities and treatment charges, may have a positive or negative effect on the Merged Group's:

- (i) revenues, creating revenue uncertainty which requires careful management of business performance to ensure that operating cash margins are maintained despite a fall in commodity prices; and
- (ii) exploration program, project development and production plans and activities, together with its ability to fund those plans and activities. Even if such plans and activities are ultimately determined to be economically viable, they may need to be reassessed, which could potentially cause substantial delays and/or interruptions.

Given that the Merged Group may be exposed to US gold prices, the Merged Group may be adversely affected by movements in either the US dollar or Australian dollar.

### (b) Gold Hedging risk

Northern Star and Saracen currently have hedging agreements in place for the forward sale of fixed quantities of gold production from its operations and the Merged Group may in the future choose to enter into further hedging arrangements. There is a risk that the Merged Group may not be able to deliver the amount of gold required under these hedging arrangements if, for example, there is a production shortage. Furthermore, rising gold prices could result in part of the Merged Group's gold production being sold at less than the prevailing spot price at the time of sale. These circumstances

could result in the Merged Group's financial performance and financial position being adversely impacted.

**(c) Key personnel and labour market risk**

The Merged Group will be dependent on the experience, skills and knowledge of its key personnel, both in Australia and Alaska, USA to successfully manage its business.

The loss of any of the Merged Group's key personnel, the inability to recruit necessary staff as needed or the increased cost to recruit or retain the necessary staff, may cause a significant disruption to the Merged Group and adversely impact the Merged Group's operations, financial performance and financial position.

**(d) Replacement of reserves and exploration activity**

The Merged Group will need to continually replace reserves depleted by production to maintain production levels over the long term. Reserves can be replaced by expanding known ore bodies, locating new deposits or making acquisitions. There is a risk that depletion of reserves will not be offset by discoveries or acquisitions, or that divestitures of assets will lead to a lower reserve base. The reserve base of the Merged Group may decline if reserves are mined without adequate replacement and the Merged Group may not be able to sustain production beyond the current mine lives, based on current production rates.

Northern Star and Saracen have each historically followed an exploration programme that has resulted in upgrades to Mineral Resources and Ore Reserves. However, exploration activities are highly speculative by nature, involve many risks and may be unsuccessful. There is no assurance that current or future exploration programs will be successful. Such activities also require substantial expenditure and can take several years before it is known whether they will result in additional mines being developed. Also, if a discovery is made, it may, in some cases, take up to a decade or longer from the initial phases of exploration drilling until mining is permitted and production is possible.

Whether a mineral deposit is commercially viable depends on a number of factors, including the particular attributes of the deposit, such as size, grade and proximity to infrastructure, commodity prices, government regulation, obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and the exercise of discretions by such authorities, land tenure, land use, and environmental protection. There is no certainty that the expenditures made by the Merged Group towards the search for and evaluation of mineral deposits will ultimately result in discoveries of commercial quantities of ore.

Accordingly, if the exploration activities undertaken by the Merged Group do not result in additional Ore Reserves or identified Mineral Resources cannot be converted into Ore Reserves, there may be an adverse effect on the Merged Group's financial performance.

**(e) Exchange rate fluctuations**

The Merged Group will be an Australian business that will report its financial results in Australian dollars. The Merged Group's revenue will be derived from the sale of gold in US dollars. However, except for Northern Star's Pogo Project in Alaska, USA, costs will be mainly incurred in Australian dollars, therefore movements in the US\$/A\$ exchange rate could have an adverse impact on the Merged Group's operations, financial performance and financial position.

The risks associated with such fluctuations and volatility may be reduced by any currency hedging the Merged Group may undertake however there is no assurance as to the efficacy of such currency hedging.

**(f) Geological and geotechnical risk**

There is a risk that unforeseen geological and geotechnical difficulties may be encountered when developing and mining other Ore Reserves, such as unusual or unexpected geological conditions, pit wall slips and failures, rock bursts, seismicity and cave-ins such as have occurred in recent years with pit wall slips at the KCGM Super Pit and at Thunderbox. Unforeseen geological and geotechnical difficulties could impact production and/or require additional operating or capital expenditure to rectify problems and in doing so have an adverse impact on the Merged Group's operations, financial performance and financial position.

**(g) Operating risks**

The ability of the Merged Group to achieve the 7-year production targets referred to in Section 7.1 or meet operating and capital expenditure estimates cannot be assured. These uncertainties are more pronounced over a longer period.

The Merged Group's assets and mining operations are subject to uncertainty with respect to (among other things): ore tonnes, grade, metallurgical recovery and impurities, ground conditions, operational environment, funding for development, availability of power supply, regulatory changes, accidents, contractual risks and other unforeseen circumstances such as unplanned mechanical failure of plant or equipment, cyclones, storms, floods, bushfires or other natural disasters, or outbreaks, continuations or escalations of disease (including pandemics). Costs of production may be affected by a variety of factors, including changing waste-to-ore ratios, geotechnical issues, unforeseen difficulties associated with power supply, water supply and infrastructure, ore grade, metallurgy, labour costs, changes to applicable laws and regulations, general inflationary pressures and currency exchange rates. The Merged Group's revenue could also be adversely impacted by increased prices for diesel, reagents and other supply chain commodities; increased cost of labour, and other input costs.

If faced by the Merged Group, these circumstances could result in Northern Star not realising its operational or development plans, or in such plans costing more than expected, or taking longer to realise than expected. Any of these outcomes could have an adverse effect on the Merged Group's financial and operational performance.

**(h) Estimate risk in Mineral Resources and Ore Reserves**

Northern Star's and Saracen's respective Mineral Resources and Ore Reserves for their existing projects are expressions of judgement based on industry practice, experience and knowledge, and are estimates only. Estimates of Mineral Resources and Ore Reserves are necessarily imprecise and depend to some extent on interpretations which may prove inaccurate. No assurance can be given that the estimated Mineral Resources and Ore Reserves are accurate or that the indicated level of gold or any other mineral will be produced. Such estimates are, in large part, based on interpretations of geological data obtained from drill holes and other sampling techniques. Estimates that are valid when made may change significantly when new information becomes available. Actual mineralisation or geological conditions may be different from those predicted. No assurance can be given that any or all of the Merged Group's Mineral Resources constitute or will be converted into Ore Reserves. Actual Mineral Resources and Ore Reserves may differ from those estimated, which could have an adverse effect on the Merged Group's operations, financial performance and financial position.

Various factors, such as commodity price fluctuations as well as increased production costs, may render a part of the Merged Group's Ore Reserves unprofitable to develop at a particular site or sites for periods of time or may render such Ore Reserves containing relatively lower grade mineralisation uneconomic. Estimated Ore Reserves may have to be recalculated based on actual production experience. Any of these factors may require the Merged Group to reduce its Mineral Resources and Ore Reserves, which could have a negative impact on the Merged Group's operations, financial performance and financial position.

**(i) Share market conditions**

The price at which Northern Star Shares are quoted on ASX may increase or decrease due to a number of factors. These factors may cause the Northern Star Shares to trade at prices below the Northern Star Share price at the date of announcement of the Scheme. There is no assurance that the price of the Northern Star Shares will increase following implementation of the Scheme, even if the Merged Group's earnings increase.

Some of the factors which may adversely impact the price of the Northern Star Shares include fluctuations in the domestic and international market for listed securities, general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes to government fiscal, monetary or regulatory policies and settings, country trade and importation policies, changes in legislation or regulation, inclusion in or removal from market indices, the nature of the markets in which Northern Star operates and general operational and business risks.

There is also no assurance that there will always be an active market for the Merged Group's shares.

**(j) Debt and equity funding (including shareholder dilution)**

The Merged Group's continued ability to operate its business and effectively implement its business plan over time will depend in part on its ability to raise additional funds for future operations and to repay or refinance debts as they fall due. It is difficult to predict the level of funding that may be required with any accuracy at this time. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms acceptable to the Merged

Group or its Shareholders.

If additional funds are raised through the issue of equity securities, the capital raising may be dilutive to shareholders (if the Merged Group determines that a pro rata entitlement offer is not the most appropriate method of equity fundraising or shareholders elect not to participate in such entitlement offers) and such securities may, subject to requisite shareholder approval, have rights, preferences or privileges senior to those currently holding the Merged Group's shares. While Northern Star will be subject to the constraints of the Listing Rules regarding the percentage of capital that it is able to issue within a 12 month period (other than where exceptions apply), Northern Star Shareholders at the time may be diluted as a result of such issues of Northern Star Shares and capital raisings.

Northern Star and Saracen each have existing debt facilities. In the future, the Merged Group may need to renegotiate or refinance the terms of these debt facilities or may seek further facilities or replacement facilities with alternative financiers to satisfy its capital requirements. The terms on which debt financiers are willing to offer finance may vary from time to time depending on macro-economic conditions, the performance of the Merged Group and an assessment of the risks and intended use of funds. Debt finance, if available on terms acceptable to the Merged Group, may involve restrictions on financing and operating activities. Refer to Sections 5.10 and 6.10 for details of the present financing arrangements of Saracen and Northern Star, respectively.

If sufficient funds are not available from either debt or equity markets to satisfy the Merged Group's short, medium or long-term capital requirements, when required, this may adversely impact the Merged Group's operations, financial performance and financial position.

**(k) Dependence on licences and permits**

The Merged Group's projects generally require both Western Australian and Alaskan governmental licences, permits, authorisations, concessions and other approvals in connection with their activities (**Operating Authorisations**). Obtaining and complying with the necessary Operating Authorisations or governmental regulations can be complex, costly and time-consuming and is not assured.

The duration, cost and success of applications for Operating Authorisations are contingent on many factors, including those outside the control of the Merged Group. Delay in obtaining or renewing, or failure to obtain or renew, a material and necessary permit could mean that the Merged Group may be delayed or, in a worst case scenario, unable to proceed with the development or continued operation of a mine or project. The Operating Authorisations that the Merged Group need may not be issued, maintained or renewed either in a timely fashion or at all, which may constrain the ability of the Merged Group to conduct its mining operations, which in turn may impact the Merged Group's operations, financial performance and financial position.

**(l) COVID-19 risk**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had, and is likely to continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates.

Northern Star and Saracen have implemented COVID-19 management plans across their respective businesses at all locations in Western Australia and Alaska in order to minimise the risk of infection for individuals. To date, the COVID-19 pandemic has not had a material impact on Northern Star's or Saracen's operations. However, any future infections on the Merged Group's sites could result in the Merged Group's operations being temporarily suspended or otherwise temporarily disrupted, which may have an adverse impact on the Merged Group's operations as well as adverse implications on the Merged Group's future cash flows, profitability, and financial condition.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the Merged Group's operations, financial position and prospects notwithstanding that to date neither Northern Star nor Saracen has experienced supply chain disruption during the COVID-19 pandemic.

**(m) Development risk**

For development projects, estimates of Proved and Probable Ore Reserves and cash operating costs are, to a large extent,

based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and feasibility studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns will differ significantly from those currently estimated for a project prior to production.

The information provided in this Scheme Booklet in relation to Northern Star's and Saracen's projects are current estimates of Mineral Resources and Ore Reserves, capital and operating costs, as determined from geological data obtained from drill holes and other exploration techniques, technical studies conducted to date and from historical and current operations.

These matters may change over time, which could have an adverse impact on the Merged Group's operations, financial performance and financial position.

(n) **Occupational Health and Safety**

Workplace incidents may occur for various reasons, including as a result of non-compliance with occupational health and safety laws in Western Australia and Alaska. The Merged Group may be liable for workplace incidents that occur to the Merged Group's employees or other persons under applicable occupational health and safety laws. If the Merged Group is liable under such laws, in whole or part, the Merged Group may be liable for significant penalties, which may adversely impact the Merged Group's operations, financial performance and financial position.

(o) **Employee and union relations**

Some of the employees at Northern Star's and Saracen's projects are represented by labour unions under various collective labour agreements and these and other employees are engaged under relevant Western Australian and Alaskan employment laws and regulations which may vary in the future.

The Merged Group or its relevant joint venture partners may not be able to satisfactorily renegotiate collective labour agreements when they expire and may face higher wages and changes in benefits.

In addition, existing labour agreements may not prevent strikes or work stoppages in the future, and any strike or other work stoppage could have an adverse effect on the operations and financial results of the Merged Group.

(p) **Environmental risk**

The operations and activities of the Merged Group are subject to the environmental laws and regulations of Australia and Alaska. As with all mining operations and exploration projects, the Merged Group's operations and activities are expected to have an impact on the environment. The Merged Group intends to conduct its operations and activities to high standards of environmental performance, including compliance with all environmental laws and regulations. Nevertheless, such operations may give rise to potentially substantial costs for environmental rehabilitation, damage control and losses that exceed estimates, and possible regulatory intervention, potentially adversely impacting the Merged Group's operations, financial performance and financial position.

Additionally, environmental laws and regulations are increasingly evolving to require stricter standards and enforcement behaviours, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility (and liability) for companies and their officers, directors and employees. Changes in environmental laws and regulations deal with air quality, water and noise pollution and other discharges of materials into the environment, plant and wildlife protection, the reclamation and restoration of mining properties, greenhouse gas emissions, the storage, treatment and disposal of wastes, the effects of mining on the water table and groundwater quality. Changes in environmental legislation could increase the cost of the Merged Group's exploration, development and mining activities or delay or preclude those activities altogether.

Northern Star is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Merged Group's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Merged Group to incur significant expenses and undertake significant investments which could have material adverse effect on the Merged Group's business, financial condition and performance.

Non-physical risks arise from a variety of policy, regulatory, legal, technology, financial and market responses to the challenges posed by climate change and the transition to a lower-carbon economy. Any changes to government regulation or policy relating to climate change, including relating to greenhouse gas emissions or energy intensive assets, may directly or indirectly impact the Merged Group's costs and operational efficiency.

These impacts could adversely impact the Merged Group's operations, financial performance and financial position.

**(q) Investigations**

The Merged Group may be subject to legal and regulatory investigations, reviews and other compliance queries from regulators and enforcement bodies from time to time. If adverse findings are made by a regulatory or enforcement body as a result of an investigation or review, there may be reputational consequences for the Merged Group, a risk of civil and criminal penalties, statutory or regulatory sanctions, a requirement to pay compensation and/or infringement notices or fines. Further, the Merged Group may be subject to recommendations and directions to enhance its control framework, governance and systems. Any material investigation or adverse finding resulting from those investigations involving the Merged Group could have a material adverse impact on the operations, financial performance and financial position of the Merged Group.

**(r) Economic conditions**

The operating and financial performance of the Merged Group is influenced by a variety of general economic and business conditions, including levels of consumer spending, gold prices, inflation, interest rates and exchange rates, supply and demand, industrial disruption, access to debt and capital markets, and government fiscal, monetary and regulatory policies. Changes in general economic conditions may result from many factors including government policy, international economic conditions, significant acts of terrorism, hostilities or war, pandemics or natural disasters. A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have an adverse impact on the Merged Group's operating and financial performance and financial position. The Merged Group's future revenues and share prices can be affected by these factors, which are beyond the Merged Group's control.

**(s) No certainty that the Merged Group will pay dividends**

Any future determination as to the payment of dividends by the Merged Group will be at the discretion of the board of the Merged Group and will depend on the financial condition of the Merged Group, future capital requirements and general business and other factors considered relevant to the board of the Merged Group. No assurance in relation to the continued or future payment of dividends or franking credits attaching to dividends can be given by the Merged Group.

**(t) Changes in taxation rules or their interpretation**

Changes in tax law (including value added taxes and stamp duties), or changes in the way taxation laws are interpreted may impact the Merged Group's tax liabilities or the tax treatment of a Northern Star Shareholder's investment. In particular, both the level and basis of taxation may change. In addition, an investment in Northern Star Shares involves tax considerations which may differ for each Northern Star Shareholder. Each Saracen Shareholder is encouraged to seek professional tax advice in connection with the Scheme and how they may be impacted.

**(u) Insurance risk**

The Merged Group will maintain insurance coverage to protect against certain risks with such scope of coverage and in such amounts as determined appropriate by the Northern Star board and management in the circumstances or to the extent commercially available. However, the insurance policies may not be sufficient to cover all of the potential risks associated with the Merged Group's operations. No assurance can be given that the Merged Group will be able to obtain or maintain insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover all risks or claims on acceptable terms, or that any insurance cover or policy will ultimately respond to a claim made. Losses, liabilities and delays arising from uninsured or underinsured events could have a material adverse impact on the operations, financial performance and financial position of the Merged Group.



(v) **Change in laws**

The operations of the Merged Group will be subject to various Federal, State and local laws (including Commonwealth of Australia, Western Australia, Northern Territory, State of Alaska and Federal US legislation). Changes to current laws in the jurisdictions within which the Merged Group operates or may in the future operate, could have a material adverse impact on the Merged Group's operations, financial performance and financial position.

(w) **Litigation risk**

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that lack merit. Due to the inherent uncertainty of litigation, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Merged Group is or may become subject could have a material effect on the Merged Group's financial position, results of operations or project development activities.

(x) **Water risk**

The effects of changes in rainfall patterns, water shortages and changing storm patterns and intensities may adversely impact the operations, financial performance and financial position of the Merged Group. There is no guarantee that there will be sufficient future rainfall to support the Merged Group's future water demands in relation to its sites and operations, and this could adversely affect production and the Merged Group's ability to develop or expand projects and operations in the future. In addition, there can be no assurance that the Merged Group will be able to obtain alternative water sources of adequate quality on commercially reasonable terms or at all in the event of prolonged drought conditions.

(y) **Climate-change related risk**

The physical and non-physical impacts of climate change may affect the Merged Group's assets, its productivity, the markets for its products, and the communities in which the Merged Group operates. Risks related to the physical impacts of climate change include acute risks resulting from increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns.

(z) **Force majeure events**

Events may occur within or outside Australia that could impact upon the Australian economy, the Merged Group's operations and the price of Northern Star Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease (including pandemics) or other natural or man-made events or occurrences that can have an adverse effect on the demand for Northern Star's products and its ability to operate its assets or may otherwise adversely impact the Merged Group's operations, financial performance and financial position. The Merged Group only has a limited ability to insure against some of these risks.

(aa) **Native Title and First Nations**

In the jurisdictions in which the Merged Group operates, legal rights applicable to mining concessions are different and separate from legal rights applicable to surface lands, accordingly, title holders of mining concessions in such jurisdictions must agree with surface land owners on compensation in respect of mining activities conducted on such land.

*The Native Title Act 1993* (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Merged Group to carry out exploration or obtain production tenements. In applying for certain production tenements, the Merged Group must observe the provisions of Native Title legislation (where applicable) and Aboriginal Heritage legislation which protects Aboriginal sites and objects of significance. In certain circumstances the consent of registered Native Title claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the conditions imposed by Native Title claimants on such consent may be on terms unacceptable to the Merged Group. If any known, or currently as yet undiscovered, Aboriginal Heritage sites are present on the tenements of the Merged Group there is a risk that the presence of such sites may limit or prevent exploration or mining activity on the affected areas of those tenements. The failure to obtain the approval of the relevant minister to impact the Aboriginal Heritage sites can result in offences being committed and significant fines or orders to stop work being made.



Pogo mine and its surrounding claims sit on State land and are not subject to Indigenous Peoples' statutory claims under the Alaska Native Claims Settlement Act 1971.

(ab) **Power**

The availability of energy resources such as grid power, diesel, gas and other fossil fuels may materially impact the operations and financial position of the Merged Group. In particular, the Parkeston power station, a gas only fired power station, supplies some of KCGM's power requirements. Any disruption to the availability of the power station could materially disrupt the KCGM operation and the profitability of the Merged Group in the absence of an alternative power supply source. Power supply to other operations, such as Thunderbox and Jundee, is largely reliant on the gas supply from the Goldfields Gas Pipeline and any interruption to the availability of this pipeline or their respective power stations would also disrupt these operations in the absence of an alternative power supply source.

## 8.5 Risks related to Saracen if the Scheme does not proceed

If the Scheme does not proceed, Saracen will continue as a standalone entity and Saracen Shareholders will retain their Saracen Shares. In these circumstances Saracen may be subject to the following risks:

(a) **Saracen Shareholders will not receive the Scheme Consideration or Special Dividend**

If the Scheme is not implemented, Saracen Shareholders will retain their Saracen Shares and will not receive the Scheme Consideration or Special Dividend. If the Scheme is not implemented, Saracen would remain listed on ASX and would continue to operate its business. In those circumstances, Saracen Shareholders will continue to be exposed to the risks and benefits of owning Saracen Shares and Saracen's dividend policy described in Section 5.17 will continue to apply.

(b) **If the Scheme does not proceed, the price of a Saracen Share may fall below its recent trading price, in the absence of a Superior Proposal**

The market price of a company's publicly traded securities is affected by many variables, some of which are not directly related to the company. Price fluctuations in Saracen's Share price could result from national and global economic and financial conditions, the market's response to the Scheme, changes in gold prices, market perceptions of Saracen, regulatory changes affecting Saracen's operations, variations in Saracen's operating results and liquidity of financial markets. In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Saracen Shares in the future if the Scheme does not proceed.

The trading price of a Saracen Share rose by 13.8% over the 2 days following the announcement of the Scheme on the Announcement Date (based on the closing price of Saracen Shares on ASX on the date prior to the Announcement Date and the closing price of Saracen Shares on ASX on the date after the Announcement Date). Overall, since announcement of the Scheme to 8 December 2020 the Saracen share price has outperformed the S&P/ASX 200 Gold index (excluding Northern Star and Saracen) by 4.8%.

If the Scheme is not approved and no Superior Proposal emerges it is likely that the trading price of Saracen Shares will fall to below the level at which it has been trading since the Scheme was announced (although this is difficult to predict with any degree of certainty).

(c) **Transaction costs will be incurred**

If the Scheme is not implemented, Saracen's transactions costs will be borne by Saracen alone, subject to any off-set by way of break fee payment from Northern Star. Saracen may also be required to pay a break fee to Northern Star, depending on the circumstances in which the Scheme does not proceed.

If the Scheme is not implemented, the costs of the transaction to be paid by Saracen are expected to be approximately A\$3.5 million (excluding GST). This is broadly in line with costs it will have incurred or committed prior to the Scheme Meeting. This includes financial advisory, legal, accounting, Independent Expert, Independent Technical Specialist, Investigating Accountant, tax and administrative fees, Scheme Booklet and printing, share registry and other expenses. It

does not include transaction costs that may be payable by Northern Star or success-related or break fee-sharing fees which may be payable to Saracen's financial advisers.

(d) **Reliance on Key Personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of Saracen depends substantially on its senior management and Saracen's Directors. Loss of such personnel, or inability to attract suitably qualified personnel, could disrupt Saracen's operations and may have a material adverse impact on Saracen's revenues, financial performance and growth potential. Saracen's efforts to retain and develop key personnel may also result in additional expenses which could adversely impact its financial performance and profitability.

(e) **COVID-19 risk**

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic, which has had, and is likely to continue to have, a significant impact on global capital markets, commodity prices and foreign exchange rates.

Saracen has implemented COVID-19 management plans across their respective businesses at all locations in order to minimise the risk of infection for individuals. To date, the COVID-19 pandemic has not had a material impact on Saracen's operations. However, any future infections on Saracen's sites could result in Saracen's operations being temporarily suspended or otherwise temporarily disrupted, which may have an adverse impact on Saracen's operations as well as adverse implications on Saracen's future cash flows, profitability, and financial condition.

Supply chain disruptions resulting from the COVID-19 pandemic and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact Saracen's operations, financial position and prospects notwithstanding that to date Saracen has experienced no supply chain disruption during the COVID-19 pandemic.

(f) **Other risks**

If the event the Scheme is not implemented, an investment in Saracen Shares will continue to be exposed to various further risk factors, including those which currently apply to a shareholding in Saracen. Many of the risk factors described as applicable to Northern Star (including the Merged Group) in Section 8.3 and 8.4 also apply to a continuing investment in Saracen as a stand-alone entity.



NO WORKS  
Pianco  
WORK AREA  
NO UNAUTHORIZED ENTRY  
LIMITED ACCESS IN  
MONEY AT SERVICE IN

Pianco  
THE ROD



# 9. Australian taxation considerations





## 9. Australian taxation considerations

### 9.1 Scope and Tax Comments

This is a general overview of the Australian income tax (including Capital Gains Tax (CGT)), Good and Services tax (**GST**) and stamp duty implications for certain Australian and foreign resident Saracen Shareholders on implementation of the Scheme and payment of the fully franked special dividend (**Special Dividend**) of up to A\$0.038 per Saracen Share should Saracen declare and pay the Special Dividend.

The categories of Saracen Shareholders considered in this summary are limited to individuals, companies (other than life insurance companies), trusts and complying superannuation funds that hold their Saracen Shares on capital account for income tax purposes.

The tax comments outlined in this summary are not applicable to all Saracen Shareholders and do not cover Saracen Shareholders who:

- (a) are entitled to receive the Special Dividend but dispose of their shares prior to the Record Date such that they are not entitled to receive the Scheme Consideration;
- (b) hold their Saracen Shares as a revenue asset (i.e. trading entities or entities who acquired their Saracen Shares for the purposes of resale at a profit) or as trading stock;
- (c) are partnerships or individuals who are partners of such partnerships;
- (d) hold their shares as an asset in a business that is carried on through a permanent establishment in Australia;
- (e) acquired their Saracen Shares pursuant to an employee share plan;
- (f) are under a legal disability;
- (g) are exempt from Australian income tax;
- (h) are Ineligible Overseas Shareholders;
- (i) are Non-Electing Small Shareholders;
- (j) are subject to the taxation of financial arrangements rules in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to gains and losses on their Saracen Shares; or
- (k) are subject to the Investment Manager Regime under Subdivision 842-I of the Income Tax Assessment Act 1997 (Cth) in respect of their Saracen Shares.

This summary is based on the Australia tax law, and the practice of the tax authorities, at the time of issue of this Scheme Booklet. The laws are complex and subject to change periodically as is their interpretation by the courts and the tax authorities. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law. This summary does not take into account the tax law of countries other than Australia. The precise implications of ownership or disposal of their Saracen Shares will depend upon each Saracen Shareholder's specific circumstances.

These comments should not be a substitute for advice from an appropriate professional advisor having regard to each Saracen Shareholder's individual circumstances. All Saracen Shareholders are strongly advised to obtain and rely only on their own professional advice on the tax implications based on their own specific circumstances.

Saracen is in the process of applying for a class ruling from the Australian Taxation Office (ATO) regarding the income tax implications for Saracen Shareholders of receiving the Special Dividend, and the availability of CGT scrip-for-scrip roll-over relief in respect of the Scheme Consideration to be received by Saracen Shareholders, if the Scheme is implemented. The income tax comments provided below are consistent with the positions taken in the class ruling application lodged with the ATO.

The class ruling is not expected to be issued by the ATO until after the Implementation Date (which is currently estimated to be 12 February 2021). However, Saracen expects to receive a draft of the class ruling prior to the Scheme Meeting which is currently estimated to be held on 15 January 2021. Saracen Shareholders should refer to the final class ruling once it is published on [www.ato.gov.au](http://www.ato.gov.au) and on the Northern Star and Saracen websites.



## 9.2 Australian Resident Shareholders

This Section applies to Saracen Shareholders who are residents of Australia for income tax purposes and hold their Saracen Shares on capital account.

### (a) CGT Event on the disposal of Saracen Shares to Northern Star

Under the Scheme, Saracen Shareholders will dispose of their Saracen Shares to Northern Star in exchange for the Scheme Consideration, comprising 0.3763 shares in Northern Star. The disposal of the Saracen Shares to Northern Star under the Scheme will give rise to a CGT event for Saracen Shareholders. The timing of the CGT event for the Saracen Shareholders should be the date the Saracen Shares are disposed of, which will occur on the Implementation Date (i.e. currently estimated to be 12 February 2021).

In the absence of CGT roll-over relief (discussed below), the following tax consequences are expected to arise for the Saracen Shareholders that acquired (or are deemed to have acquired) their Saracen Shares on or after 20 September 1985:

- (i) A capital gain will be realised to the extent the capital proceeds received by the Saracen Shareholder from the disposal of their Saracen Shares exceed the cost base of those shares; or
- (ii) A capital loss will be realised to the extent the capital proceeds received by the Saracen Shareholder from the disposal of their Saracen Shares are less than the reduced cost base of those shares.

Capital losses can only be offset against capital gains derived in the same income year or later income years. Specific loss recoupment rules apply to companies which must be satisfied if those carry forward tax losses are to be used in future years. Saracen Shareholders should seek their own tax advice in relation to the operation of these rules.

### (b) Capital proceeds received by Saracen Shareholders

The capital proceeds on the disposal of the Saracen Shares should be equal to the Scheme Consideration received by the Saracen Shareholders.

Therefore, the capital proceeds should be equal to the market value of the Northern Star Shares received by the Saracen Shareholders at the Implementation Date. Northern Star will determine the relevant market value of the Northern Star shares for the Saracen Shareholders following the implementation of the Scheme and publish this on the Northern Star and Saracen investor websites.

We would not expect the Special Dividend to be included as capital proceeds based on the definition of Scheme Consideration in the Merger Implementation Deed.

### (c) Cost base and reduced cost base of a Saracen Share

The cost base of a Saracen Share will generally be equal to the cost of acquiring that Saracen Share, plus any incidental costs of acquisition and disposal (such as brokerage fees and legal costs). The reduced cost base of a Saracen Share is determined in a manner similar to the cost base although some differences in the calculation of reduced cost base do exist depending on the Saracen Shareholder's individual circumstances. The cost base and reduced cost base of each Saracen Share will depend on the individual circumstances of each Saracen Shareholder.

### (d) Indexation of a Saracen Share

Certain Saracen Shareholders who acquired their Saracen Shares at or before 11:45am on 21 September 1999 can choose to increase the cost base of their Saracen Shares for indexation based on the "consumer price index" movement from the date of acquisition to 30 September 1999. Only individuals, complying superannuation funds, trusts and listed investment companies can choose to apply indexation. Other types of taxpayers do not qualify.

Saracen Shareholders who choose to apply indexation forego the opportunity to apply the CGT discount (discussed below at (e)) (CGT Discount). In addition, indexation is not included in determining the reduced cost base. This means that indexation cannot increase the amount of a capital loss.



**(e) CGT Discount**

The CGT Discount may apply to Saracen Shareholders that are individuals, complying superannuation funds or trusts, who have held, or are taken to have held, their Saracen Shares for at least 12 months (not including the date of acquisition or the date of disposal) at the time of the disposal of their Saracen Shares to Northern Star.

The CGT Discount is:

- (i) One-half if the Saracen Shareholder is an individual or trustee: meaning only 50% of the capital gain (without any allowance for indexation) will be included in assessable income; and
- (ii) One-third if the Saracen Shareholder is a trustee of a complying superannuation entity: meaning only two-thirds of the capital gain (without any allowance for indexation) will be included in assessable income.

The CGT Discount is not available to Saracen Shareholders that are companies, or Saracen Shareholders who choose for indexation to apply (described above).

If the Saracen Shareholder makes a discounted capital gain, any current year and/or carried forward capital losses will be applied to reduce the undiscounted capital gain before the relevant CGT discount is applied. The resulting amount is then included in the Saracen Shareholder's net capital gain for the income year and included in assessable income.

The CGT Discount rules relating to trusts are complex. Accordingly, we recommend trustees seek their own independent advice on how the CGT Discount applies to them and the trust's beneficiaries.

**(f) CGT Scrip-for-scrip roll-over relief**

Saracen Shareholders who make a capital gain from the disposal of their Saracen Shares may be eligible to choose CGT scrip-for-scrip roll-over relief (provided certain conditions are met). Broadly, CGT scrip-for-scrip roll-over relief enables Saracen Shareholders to disregard the capital gain they make from the disposal of their Saracen Shares under the Scheme.

For CGT scrip-for-scrip roll-over relief to be available, Northern Star must become the owner of 80% or more of the shares in Saracen, the Saracen Shareholder must make a capital gain upon disposal of their Saracen Shares, and have acquired their Saracen Shares after 20 September 1985. If a capital loss arises, no CGT scrip-for-scrip roll-over relief is available.

Saracen Shareholders do not need to inform the ATO, or document their choice to claim CGT scrip-for-scrip roll-over relief in any particular way, other than to complete their income tax return in a manner consistent with their choice.

**(g) Consequences for choosing CGT scrip-for-scrip roll-over relief**

If a Saracen Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the capital gain arising on the disposal of their Saracen Shares under the Scheme should be disregarded.

The first element of the cost base for their Northern Star Shares is then determined by attributing, on a reasonable basis, the existing cost base of the Saracen Shares exchanged under the Scheme. The first element of the reduced cost base is determined similarly.

Finally, for the purposes of determining future eligibility for the CGT Discount, the acquisition date of the Northern Star Shares is taken to be the date when the Saracen Shareholder originally acquired their Saracen Shares.

**(h) Consequences if CGT scrip for scrip roll-over relief is not available or is not chosen**

If a Saracen Shareholder does not qualify for CGT scrip-for-scrip roll-over relief, or the Saracen Shareholder chooses not to obtain CGT scrip-for-scrip roll-over relief, the general CGT treatment outlined at paragraph 9.2(a) will apply.

If a Saracen Shareholder makes a capital loss from the disposal of their Saracen shares, this loss may be used to offset capital gains in the same or subsequent years of income (subject to satisfying certain conditions). The capital loss cannot be offset against ordinary income or carried back to offset net capital gains arising in earlier income years.

**(i) Australian Income Tax Treatment of the Special Dividend**

The Special Dividend will be assessable to Australian resident Saracen Shareholders in the income year in which it is paid.



Franking credits attached to the Special Dividend paid to Saracen Shareholders should be included in the assessable income of each Saracen Shareholder (i.e. Saracen Shareholders are assessed on the cash component of the Special Dividend, plus the amount of any franking credits attached to the Special Dividend). Saracen Shareholders may be entitled to a tax offset equal to the franking credit attached to the Special Dividend.

Saracen Shareholders that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits where the tax offset associated with franking credits attached to the Special Dividend exceeds their tax liability for the relevant income year.

Saracen Shareholders that are companies will not be entitled to a refund of excess franking credits where the franking credits attached to the Special Dividend exceeds their tax liability for the relevant income year. Instead, Saracen Shareholders that are companies will convert any excess franking offset to a tax loss and will be taken to have incurred a tax loss for the relevant income year. Saracen Shareholders that are companies may be able to credit their franking account with the amount of any franking credit attached to the Special Dividend.

For Saracen Shareholders to be assessed on any franking credits attached to the Special Dividend and to be eligible for the tax offset associated with any franking credit attached to the Special Dividend, those Saracen Shareholders must be considered to be 'qualified persons'. For Saracen Shareholders to be considered to be 'qualified persons' in relation to the Special Dividend, Saracen Shareholders must have held their Saracen Shares 'at risk' for a continuous period of at least 45 days (not including the date of acquisition or the date of disposal of the Saracen Shares) within the relevant 'qualification period'.

A Saracen Shareholder will not be considered to have held their Saracen Shares 'at risk' where that Saracen Shareholder holds 'positions' (such as options or other hedging instruments and arrangements) which materially diminish the risk of loss or opportunities for gains in respect of those Saracen Shares by more than 70%. In the context of the Scheme, Saracen Shareholders will no longer hold their Saracen Shares at risk from the Record Date (which is estimated to be 5 February 2021).

In the context of the Scheme, Saracen Shareholders (who do not have other 'positions') should be considered to be qualified persons where they hold their Saracen Shares at risk for a continuous period of at least 45 days during the 'primary' qualification period, being the period starting the day after the Saracen Shareholder acquired their Saracen Shares and ending 45 days after the day the Saracen Shares became ex-dividend (i.e. 21 March 2021 based on the current timetable) (inclusive).

Practically, assuming a Record Date of 5 February 2021, it is expected that Saracen Shareholders that acquire their Saracen Shares on or after 22 December 2020 would not be entitled to a tax offset for franking credits attached to the Special Dividend. Saracen Shareholders who acquired their shares prior to 22 December 2020 should seek their own independent advice to confirm that they have satisfied the 45 day holding period in order to access the tax offset for the franking credits attached to the Special Dividend.

### 9.3 Foreign tax resident shareholders

This Section applies to Saracen Shareholders that are not residents of Australia for Australian income tax purposes (i.e. foreign tax residents) and hold their Saracen Shares on capital account. It does not apply to Saracen Shareholders who have held their Saracen Shares or at any time in carrying on a business at or through a permanent establishment in Australia.

#### (a) CGT event on the disposal of Saracen Shares to Northern Star

Foreign tax resident Saracen Shareholders who hold their Saracen Shares on capital account should generally not be subject to the CGT rules in Australia on the disposal of their Saracen Shares, provided their Saracen Shares are not an "indirect Australian real property interest".

Any foreign resident Saracen Shareholders who, together with their associates, own 10% or more of Saracen Shares should seek independent professional advice in relation to their own particular circumstances, including whether any protection will be available under a relevant double tax treaty.

Any foreign resident individual Saracen Shareholder who was previously a resident of Australia and chose to disregard a capital gain or capital loss on ceasing to be an Australian resident will be subject to Australian CGT consequences on





disposal of their Saracen Shares as set out in Section 9.2.

Broadly, a foreign tax resident Saracen Shareholder's Saracen Shares will not be an indirect Australian real property interest unless both of the following conditions are satisfied:

- (i) The foreign tax resident Saracen Shareholder, and their associates (as defined under Australian taxation law, and broadly discussed below), together hold 10% or more of the issued shares in Saracen at the time of disposal or for at least 12 months during the 24 months prior to disposal of their Saracen Shares; and
- (ii) The aggregate market value of Saracen's assets which are taxable Australia property (being direct and indirect interests in Australian real property, including land, leases of land mining tenements and property affixed to land) exceeds the aggregated market value of Saracen's assets which are not taxable Australian property.

The term "associate" for these purposes is very broad. It includes:

- (i) entities that have majority ownership (50% or more of the voting shares) of or otherwise control the foreign tax resident Saracen Shareholder,
- (ii) entities which are majority owned or controlled by the foreign tax resident Saracen Shareholder,
- (iii) a trustee of a trust where the foreign tax resident Saracen Shareholder is capable of benefiting (whether directly or indirectly) under the trust, and
- (iv) (generally) an associate of an associate.

Saracen management has determined that the aggregate market value of Saracen's assets, which are taxable Australian property, exceed the aggregate market value of Saracen's assets which are not taxable Australian property. Accordingly, any foreign tax resident Saracen Shareholder that holds, together with their associates, a 10% or more interest in Saracen Shares (at the time of disposal or for at least 12 months during the 24 months prior to disposal of their Saracen Shares) should be subject to Australian CGT.

Importantly foreign tax resident Saracen Shareholders who, together with their associates, hold an interest of 10% or more in Saracen Shares (at the time of disposal or for at least 12 months during the 24 months prior to disposal of their Saracen Shares) may be able to access CGT scrip-for-scrip roll-over relief in respect of any capital gain realised on their Saracen Shares as a result of the Scheme but only to the extent:

- (i) the foreign tax resident Saracen Shareholders, together with their associates, also hold a 10% or more interest in Northern Star Shares just after the Scheme is implemented; and
- (ii) The aggregate market value of Northern Star's assets, after the Scheme is implemented which are taxable Australia property exceeds the aggregated market value of Northern Star's assets which are not taxable Australian property.

Even if CGT scrip-for-scrip roll-over relief is obtained by these Saracen Shareholders, the Foreign Resident CGT Withholding Rules will continue to operate as outlined below at 9.4.

For foreign resident Saracen Shareholders who, together with their associates, do not hold a 10% or more interest in Saracen Shares (at the time of disposal or for at least 12 months during the 24 months prior to disposal of their Saracen Shares), should not be subject to CGT on the disposal of their Saracen Shares and therefore, there should be no obligation for Northern Star to withhold a portion of the Scheme Consideration to satisfy the Foreign Resident CGT Withholding Rules (discussed below).

**(b) Australian income tax treatment of the Special Dividend**

The Saracen Dividend is expected to be fully franked and as a result no Australian dividend withholding tax should be applied to the Saracen Dividend.

Non-resident Saracen Shareholders should seek independent professional advice in relation to their own particular circumstances, including in respect of taxation in the jurisdiction where they are resident.



## 9.4 Foreign Resident CGT Withholding Rules

Australia's foreign resident capital gains withholding tax regime applies to transactions involving the acquisition of certain indirect interests in Australian real property from relevant foreign residents. A 'relevant foreign resident' for these purposes is any Saracen Shareholder who:

- (a) Northern Star knows or reasonably believes their Saracen Shares constitute an indirect Australian real property interest; and
- (b) either:
  - (i) Northern Star:
    - (A) knows is a foreign resident;
    - (B) reasonably believes is a foreign resident; or
    - (C) does not reasonably believe is an Australian resident, and either has an address outside Australia or Northern Star is authorised to provide a financial benefit relating to the transaction to a place outside Australia; or
  - (ii) has a connection outside Australia of a kind specified in the regulations.

The withholding tax rate is 12.5%.

If Northern Star (as the purchaser of Saracen Shares under the Scheme) considers or reasonably believes a Saracen Shareholder to be a 'relevant foreign resident', that Saracen Shareholder will be provided (either together with this Scheme Booklet or separately) a Relevant Foreign Declaration Form.

If, for whatever reason, a Saracen Shareholder believes that it is a relevant foreign resident but does not receive a Relevant Foreign Declaration Form, the Saracen Shareholder should contact the Saracen Share Registry to request a Relevant Foreign Declaration Form.

In the Relevant Foreign Declaration Form, a Saracen Shareholder may provide Northern Star with a declaration that:

- (a) the registered holder of the relevant Saracen Shares is an Australian tax resident (residency declaration); or
- (b) the registered holder of the relevant Saracen Shares, together with its associates has not held an interest of 10% or more in Saracen at the Implementation Date or for a 12-month period during the last 24 months preceding the Implementation Date (interest declaration).

If a Saracen Shareholder receives a Relevant Foreign Declaration Form it should read it in full and follow the instructions provided on the form.

Unless a signed Relevant Foreign Resident Declaration Form regarding residency or interest, or Variation Notice granted by the Commissioner of Taxation, is provided to Northern Star for these Saracen Shareholders, Northern Star may withhold and pay to the Commissioner of Taxation a withholding amount of 12.5% from the Scheme Consideration.

Saracen Shareholders who have an amount withheld should generally be entitled to a credit for the amount withheld upon lodging an Australian income tax return. If you are unsure about whether a credit for the withholding tax may be claimed or how to lodge an Australian income tax return, Saracen recommends you seek independent professional tax advice in this regard.

As outlined above at 9.3, these provisions will continue to operate even if a foreign resident Saracen Shareholder can access roll-over relief in respect of any capital gain. If this occurs, the foreign resident Saracen Shareholder would need to engage with the Commissioner of Taxation and obtain a Variation Notice (referred to above).

Saracen Shareholders should seek their own independent tax advice as to the implications of the foreign resident capital gains withholding tax rules and the making of a residency declaration or an interest declaration.

## 9.5 Stamp Duty

No stamp duty should be payable by the Saracen Shareholders on the acquisition by Northern Star of their Saracen Shares under the Scheme or on the receipt by Saracen Shareholders of the Northern Star Shares as Scheme Consideration.

## 9.6 GST

No GST should be payable by Saracen Shareholders on the acquisition by Northern Star of their Saracen Shares under the Scheme,



or on the receipt by Saracen Shareholders of the Northern Star Shares as Scheme Consideration. Saracen Shareholders who are registered for GST may not be entitled to input tax credits (or only entitled to reduced input tax credits) for any GST incurred on costs associated with the disposal of their Saracen Shares.

## 9.7 Disclaimer

To persons receiving this document in Australia:

The information contained in this Section does not constitute "financial product advice" within the meaning of the Corporations Act. PricewaterhouseCoopers partnership which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a "financial product" within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on this material, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.





# 10. Information about the Scheme





## 10. Information about the Scheme

### 10.1 Merger Implementation Deed

Saracen and Northern Star have entered into the Merger Implementation Deed in connection with the proposed Scheme. The Merger Implementation Deed sets out the obligations of Saracen and Northern Star in relation to the Scheme.

The Merger Implementation Deed is contained in Annexure 3.

### 10.2 Scheme Meeting

The Court has ordered that a meeting of Saracen Shareholders be held at 9:00am (AWST) on 15 January 2021 to consider the Scheme.

The fact that under section 411(1) of the Corporations Act the Court has ordered that the Scheme Meeting be convened and has approved this Scheme Booklet does not mean that the Court:

- (a) has formed any view as to the merits of the proposed Scheme or as to how Saracen Shareholders should vote (on this matter Saracen Shareholders must reach their own decision); or
- (b) has prepared, or is responsible for, the content of this Scheme Booklet.

The order of the Court that the Scheme Meeting be convened is not, and should not be treated as an endorsement by the Court of, or any other expression of opinion by the Court on, the Scheme.

The Scheme is conditional, among other things, on approval of the Scheme Resolution by the Requisite Majority of Saracen Shareholders, being:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of Saracen Shareholders present and voting on the Scheme Resolution (in person or by proxy, corporate representative or attorney); and
- (b) at least 75% of the total number of votes which are cast on the Scheme Resolution.

Further details of the consequences of the Scheme not being implemented are set out in Section 2 under the heading titled "What happens if the Scheme is not approved?".

### 10.3 Court approval of the Scheme

Saracen will apply to the Court for orders approving the Scheme if:

- (a) the Scheme Resolution is approved by the Requisite Majority of Saracen Shareholders at the Scheme Meeting; and
- (b) all other conditions to the Scheme which are required (under the Merger Implementation Deed) to be satisfied by the Second Court Date are satisfied or waived (where applicable).

The date on which the Court hears Saracen's application is the Second Court Date.

The Court may refuse to grant the orders referred to above even if the Scheme Resolution is approved by the Requisite Majority of Saracen Shareholders.

ASIC has been requested to issue a written statement that it has no objection to the Scheme. ASIC would not be expected to issue such a statement until shortly before the Second Court Date. If ASIC does not produce a written statement that it has no objection to the Scheme, the Court may still approve the Scheme provided it is satisfied that section 411(17)(a) of the Corporations Act is satisfied.

Saracen Shareholders have the right to seek leave to appear at the Court on the Second Court Date to oppose the approval of the Scheme by the Court or make representations to the Court in relation to the Scheme. If you wish to oppose approval of the Scheme by the Court at the Court hearing you may do so by filing with the Court, and serving on Saracen, a notice of appearance in the prescribed form together with any affidavit on which you wish to rely at the hearing. The notice of appearance and affidavit must be served on Saracen at least one Business Day (in Perth, Western Australia) before the Second Court Date. That Second Court Date is currently scheduled to occur on or around Tuesday, 2 February 2021. Any change to this date will be announced through ASX and will be available on ASX's website, [www.asx.com.au](http://www.asx.com.au). Alternatively, if you wish to make representations to the Court in relation to the Scheme, the Court may grant you leave to be heard at the hearing without becoming a party to the proceeding.

Saracen Shareholders should note that the protocols for attendance at the Second Court Hearing may change at short notice in light of developments relating to the COVID-19 pandemic. Any change will be announced to the ASX.

## 10.4 Actions by Saracen and Northern Star

If Court orders approving the Scheme are obtained, the Saracen Board and the Northern Star Board will take or procure the taking of the steps required for the Scheme to be implemented. These will include the following:

- (a) Saracen will lodge with ASIC an office copy of the Court order approving the Scheme, under section 411(10) of the Corporations Act, and the Scheme will become Effective;
- (b) on the close of trade on the Effective Date, Saracen Shares will be suspended from trading on ASX;
- (c) on the Implementation Date, all of the Saracen Shares held by Scheme Shareholders at 7:00 pm (AEDT) on the Record Date will be transferred to Northern Star and, in exchange, each Scheme Shareholder (other than Ineligible Overseas Shareholders and Non-Electing Small Shareholders, refer to Sections 4.5 and 4.6, and subject to any foreign resident CGT withholding described in Section 4.7) will be issued the Scheme Consideration;
- (d) on the Implementation Date, Northern Star will issue to the Sale Nominee the Scheme Consideration in respect of the Saracen Shares held at 7:00 pm (AEDT) on the Record Date by all Ineligible Overseas Shareholders and all Non-Electing Small Shareholders and in respect of Foreign Resident CGT Shareholders, an amount of the Scheme Consideration as is necessary in the reasonable opinion of Northern Star to account for the relevant Foreign Resident CGT Withholding Amount (taking into account potential fluctuations in share price, and an amount necessary to cover costs associated with the Sale Facility). Saracen will procure that the Sale Nominee arrange for the sale of certain of the New Northern Star Shares allotted to it within 10 Business Days following the Implementation Date and the Sale Nominee must deal with the proceeds of the sale (and the transfer of any surplus New Northern Star Shares) in all cases in accordance with the process set out in Section 4.8;
- (e) on the Implementation Date, Northern Star will register the holders of Northern Star Shares in the Northern Star Register;
- (f) on the Implementation Date, Saracen will enter the name of Northern Star in the Saracen Register as the holder of the Saracen Shares; and
- (g) on a date to be determined by Northern Star and Saracen after the Implementation Date, Saracen will request that ASX remove Saracen from the official list of ASX.

## 10.5 Effective Date

The Scheme will become Effective on the date upon which the office copy of the order of the Court under section 411(10) of the Corporations Act approving the Scheme is lodged with ASIC or such earlier date as the Court determines or specifies in the order.

If the Scheme becomes Effective, Saracen will immediately give notice of the event to ASX. It is expected that Saracen Shares will be suspended from trading on ASX on the close of trade on the Effective Date.

Once the Scheme becomes Effective, Saracen and Northern Star will become bound to implement the Scheme in accordance with its terms.

## 10.6 Scheme

If the Scheme becomes Effective (i.e. after it is approved by Saracen Shareholders and the Court), all Saracen Shares outstanding at 7:00pm (AEDT) on the Record Date will be transferred on the Implementation Date to Northern Star, in return for the issuance by Northern Star of the Scheme Consideration to Saracen Shareholders and the Sale Nominee for sale through the Sale Facility. See Annexure 4 for a copy of the Scheme.

## 10.7 Warranty provided by each Scheme Shareholder

Under the Scheme, each Scheme Shareholder is deemed to have warranted to Saracen and Northern Star on the Implementation Date, that:

- (a) all their Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) which are transferred under the Scheme will, at the time of transfer of them to Northern Star, be fully paid and free from any security interest, including a security

interests that is subject to the *Personal Property Securities Act 2009* (Cth), any other mortgage, charge, pledge or lien, or any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property, an easement, restrictive covenant, caveat or similar restriction over property, any encumbrances and interests of third parties of any kind, whether legal or otherwise, and any restrictions on transfer of any kind;

- (b) they have full power and capacity to transfer their Scheme Shares to Northern Star, together with any rights and entitlements attaching to those Saracen Shares, under the Scheme; and
- (c) as at the Record Date, they have no existing right to be issued any Scheme Shares or any other form of securities in Saracen.

## 10.8 Deed Poll

Northern Star has executed a Deed Poll in favour of Scheme Shareholders, by which it offers to acquire all of the Scheme Shares held by Scheme Participants. In consideration for the acceptance of that offer and, subject to the Scheme becoming Effective, the transfer of each Scheme Share to Northern Star, Northern Star undertakes in favour of each Scheme Shareholder to pay the Scheme Consideration for each Scheme Share, being 0.3763 New Northern Star Shares for every 1 Scheme Share held by a Scheme Shareholder.

See Annexure 5 for a copy of the Deed Poll.

## 10.9 Record Date

The Record Date for the Scheme is 7:00pm (AEDT) on the date which is two Business Days after the Effective Date. Only Saracen Shareholders who appear on the Saracen Register at 7:00pm (AEDT) on the Record Date will be entitled to receive the Scheme Consideration.

## 10.10 Implementation Date

The Implementation Date for the Scheme is the date which is five Business Days after the Record Date (or on such other date as ordered by the Court or agreed to in writing by Saracen and Northern Star).

On the Implementation Date for the Scheme, Northern Star must:

- (a) issue New Northern Star Shares to Saracen Shareholders entitled to them and cause their names and addresses to be recorded in the Northern Star Register (being the name and registered address shown in the Saracen Register in relation to the relevant Scheme Shares); and
- (b) issue New Northern Star Shares to the Sale Nominee for sale through the Sale Facility.

In the case of Saracen Shares held in joint names, the Scheme Consideration will be issued to, and registered in the names of, the joint holders, and holding statements and CHES confirmation advices will be sent to the holder whose name appears first in the Saracen Register as at the Record Date.

All Saracen Shares at 7:00pm (AEDT) on the Record Date will be transferred on the Implementation Date to Northern Star without any need for further actions by Saracen Shareholders.

## 10.11 Despatch of holding statements and CHES confirmation advices

Northern Star will despatch holding statements and CHES confirmation advices to Scheme Shareholders entitled to them on or after the Implementation Date.

## 10.12 Commencement of trading in New Northern Star Shares on ASX

Trading in New Northern Star Shares issued under the Scheme on ASX is expected to commence on a normal settlement basis with effect from the next Business Day after the Implementation Date (or such other date as ASX requires). The Implementation Date is currently expected to be 12 February 2021. The actual dates will be announced to ASX and published on the Saracen website (<https://www.saracen.com.au/>).





### 10.13 Delisting of Saracen

On or about 15 February 2021, it is intended that Saracen will request that ASX remove Saracen from the official list of ASX.

### 10.14 Conditions precedent to the Scheme

#### (a) Outstanding conditions precedent to Scheme

The Scheme and the obligations of Saracen and Northern Star to implement the Scheme are subject to the following outstanding conditions precedent being satisfied or, where applicable, waived, in accordance with the terms of the Merger Implementation Deed on or prior to the Second Court Date:

- (i) Court approval of the Scheme in accordance with section 411(4)(b) of the Corporations Act and an office copy of the Court orders approving the Scheme being lodged with ASIC;
- (ii) approval of the Scheme by the Requisite Majority of Saracen Shareholders;
- (iii) at 7:00 am (AWST) on the Second Court Date, there is not in effect any temporary, preliminary or final decision, order injunction or decree by a court or Government Agency, or action or investigation by any Government Agency in consequence of, or in connection with the Scheme which restrains, prohibits or impedes the implementation of the Scheme (including the acquisition of any or all of the Saracen Shares by Northern Star);
- (iv) before 7:00 am (AWST) on the Second Court Date, ASX has not indicated to Northern Star that it will not grant permission for the official quotation of the New Northern Star Shares to be issued as Scheme Consideration from the Business Day following the Implementation Date;
- (v) no Saracen Material Adverse Effect occurs between the date of the Merger Implementation Deed and 7:00 am (AWST) on the Second Court Date;
- (vi) no Saracen Prescribed Event occurs between the date of the Merger Implementation Deed and 7:00 am (AWST) on the Second Court Date;
- (vii) no Saracen Regulated Event occurs between the date of the Merger Implementation Deed and 7:00 am (AWST) on the Second Court Date;
- (viii) each of the representations and warranties given or made by Saracen under clause 15 of the Merger Implementation Deed is true and correct in all material respects as at the time it is given or made or if this is not the case the breach has been remedied in accordance with clause 14.1(a)(i)(C) of the Merger Implementation Deed or is not of such materiality that Northern Star could rely on clause 14.1(d) of the Merger Implementation Deed to terminate the Merger Implementation Deed as a result of the breach;
- (ix) The Independent Expert issues the Independent Expert's Report, which concludes that the Scheme is in the best interest of Saracen Shareholders and the Independent Expert does not change, withdraw or qualify its conclusion in any written update to its Independent Expert's Report or withdraw its Independent Expert's Report prior to 7:00 am (AWST) on the Second Court Date;
- (x) no Northern Star Material Adverse Effect occurs between the date of the Merger Implementation Deed and 7:00 am (AWST) on the Second Court Date;
- (xi) no Northern Star Prescribed Event occurs between the date of the Merger Implementation Deed and 7:00 am (AWST) on the Second Court Date;
- (xii) no Northern Star Regulated Event occurs between the date of the Merger Implementation Deed and 7:00 am (AWST) on the Second Court Date; and
- (xiii) each of the representations and warranties given or made by Northern Star under clause 15 of the Merger Implementation Deed is true and correct in all material respects as at the time it is given or made or if this is not the case the breach has been remedied in accordance with clause 14.1(a)(i)(C) of the Merger Implementation Deed or is not of such materiality that Saracen could rely on clause 14.1(d) of the Merger Implementation Deed to terminate the Merger Implementation Deed as a result of the breach.

**(b) Conditions precedent to Scheme that have been satisfied or waived**

As at the date of this Scheme Booklet, the following conditions to the Scheme have been satisfied or waived:

- (i) the Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act; and
- (ii) consent to any change of control, merger, amalgamation, scheme of arrangement, delisting from ASX or similar provisions existing in each of the Northern Star and Saracen debt facilities and the Relevant Agreements have been satisfied.

**10.15 Exclusivity arrangements**

The Merger Implementation Deed contains exclusivity arrangements under which, during the Exclusivity Period, each of Saracen and Northern Star agree that they must not, and must procure that none of their respective Representatives, directly or indirectly:

- (a) **(No shop)**: solicit, encourage, initiate or invite any offer, enquiry, expression of interest, discussion or proposal in relation to (or that may reasonably be expected to encourage lead to) a Competing Proposal, or Regulated Event, or announce or communicating any intention to do any of these things;
- (b) **(No talk)**: negotiate or enter into, participate in or continue any discussion or negotiation in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal or Regulated Event, or otherwise facilitate a Competing Proposal or Regulated Event, or announce or communicate to any person any intention to do any of these things; and
- (c) **(No due diligence)**: make available to any third party, or cause or permit any third party to receive, any non-public information relating to (in the case of Saracen) Saracen or any of its related bodies corporate or (in the case of Northern Star) Northern Star or any of its related bodies corporate that may reasonably be expected to assist such third party in formulating, developing or finalising a Competing Proposal or Regulated Event.

The 'no talk' and 'no due diligence' restrictions do not restrict Saracen or Northern Star from taking action in relation to a Competing Proposal in respect of which there has been no breach of the 'no shop' restrictions, where the Saracen Board or Northern Star Board (as the case may be) has determined (after receiving relevant advice) that such a Competing Proposal is or may reasonably be expected to lead to a Superior Proposal and that failing to respond or take or refrain from taking an action in response to such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Saracen Board or Northern Star Board (as the case may be).

During the Exclusivity Period, each of Saracen and Northern Star must as soon as reasonably practicable (and in any event within one Business Day of receiving a Competing Proposal) notify the other if it, or any of its Representatives is approached by a person in relation to a Competing Proposal and it proposes to take any otherwise prohibited action in reliance on the above fiduciary exceptions.

Where a Competing Proposal is received by Saracen and the Saracen Board determines that it is a Superior Proposal, Saracen must notify Northern Star of this (**Matching Rights Notice**), and Northern Star then has the right, but not the obligation, within 5 Business Days of receipt of that Matching Rights Notice to offer to amend the terms of the Scheme, the Merger Implementation Deed or to make an alternative proposal to Saracen or the Saracen Shareholders with a view to providing an equivalent or a superior outcome for Saracen Shareholders than that offered under the relevant Competing Proposal.

At the date of this Scheme Booklet, neither Saracen nor Northern Star has received any Competing Proposals.

For further information refer to clauses 10 and 11 of the Merger Implementation Deed in Annexure 3.

**Release of Regulated Event restrictions**

The 'no shop', 'no talk' and 'no due diligence', in respect of Competing Proposals and Regulated Events, as well as break fee obligations in respect of Regulated Events and certain other restrictions in connection with Regulated Events otherwise applying under the Merger Implementation Deed may be released in certain circumstances.

In particular:

- (a) if Saracen makes an announcement to ASX in respect of its receipt of a Competing Proposal and within 10 Business Days after that announcement Saracen has not notified Northern Star whether or not the Competing Proposal is a Superior Proposal or given a Matching Rights Notice to Northern Star then:
  - (i) Northern Star is released from the 'no shop' 'no talk' and 'no due diligence' restrictions otherwise applying in respect of Competing Proposals and Northern Star Regulated Events; and

- (ii) provided Northern Star gives Saracen 5 Business Days' notice setting out details of any action proposed to be taken or refrained from being taken that may be a Northern Star Regulated Event:
  - (A) Northern Star is released from certain restrictions on taking or refraining from taking actions in respect of Northern Star Regulated Events otherwise applying under the Merger Implementation Deed; and
  - (B) Saracen will not be entitled to the Northern Star Break Fee if Northern Star enters into or offers to accept or enter into or implement the Northern Star Regulated Event,

until such time as Saracen notifies Northern Star whether or not the Competing Proposal is a Superior Proposal.

- (b) If Northern Star makes an announcement to ASX in respect of its receipt of Competing Proposal and within 10 Business Days after that announcement Northern Star has not notified Saracen whether or not the Competing Proposal is a Superior Proposal, then:
  - (i) Saracen is released from the 'no shop' 'no talk' and 'no due diligence' restrictions otherwise applying in respect of Competing Proposals and Saracen Regulated Events; and
  - (ii) provided Saracen gives Northern Star 5 Business Days' notice setting out details of any action proposed to be taken or refrained from being taken that may be a Saracen Regulated Event:
    - (A) Saracen is released from certain restrictions on taking or refraining from taking actions in respect of Saracen Regulated Events otherwise applying under the Merger Implementation Deed; and
    - (B) Northern Star will not be entitled to the Saracen Break Fee if Saracen enters into or offers to accept or enter into or implement the Saracen Regulated Event,

until such time as Northern Star notifies Saracen whether or not the Competing Proposal is a Superior Proposal.

## 10.16 Termination of the Merger Implementation Deed

### (a) Termination by either party

The Merger Implementation Deed may be terminated by Saracen or Northern Star in certain circumstances, including:

- (i) **(Conditions Precedent):** if a condition precedent is not satisfied or it becomes reasonably likely that a condition precedent will not be satisfied and is not waived (provided the condition is for the benefit of the party seeking to terminate and the failure or likely failure to satisfy the condition is not materially contributed to by a breach or deliberate act or omission of the party seeking to terminate) or the Scheme has not become Effective by 11:59 pm (AWST) on the Second Court Date and there is a failure to agree on an alternative means of completing the transaction; or
- (ii) **(Material breach of the Merger Implementation Deed):** at any time before 8:00 am (AWST) on the Second Court Date, if the other is in material breach of any of its obligations under the Merger Implementation Deed (including a representation or warranty) and, the breach is not remedied to the satisfaction of the party seeking to terminate by the earlier of 5 Business Days of receipt of a breach notice from the other party and 7:00 am (AWST) on the Second Court Date.

### (b) Termination by Northern Star

The Merger Implementation Deed may be terminated by Northern Star at any time before 8:00 am (AWST) on the Second Court Date if:

- (i) **(Saracen Director recommendation):** a Saracen Director does not recommend the Scheme or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by the Merger Implementation Deed) an earlier recommendation, or approves, endorses, recommends or makes an announcement in support of a Competing Proposal in relation to Saracen, or announces an intention to do any of these acts;
- (ii) **(Saracen Director voting intention):** any Saracen Director does not state that they intend to vote in favour of the Scheme at the Scheme Meeting or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by this Merger Implementation Deed) an earlier statement that they intend to vote in favour of the Scheme at the Scheme Meeting;

- (iii) **(Inconsistent Saracen action)**: Saracen or any Saracen Director acts in a manner which is materially inconsistent with obtaining approval for the Scheme (including by recommending, approving, endorsing or making an announcement in support of a Competing Proposal);
- (iv) **(Competing Proposal)**: a member of the Saracen Group accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal in relation to Saracen or a Saracen Regulated Event; or
- (v) **(Superior Proposal)**: a Superior Proposal in respect of Northern Star is received or announced and:
  - (A) the Superior Proposal requires as a condition, that the Scheme not be implemented; and
  - (B) a majority of the directors of Northern Star acting in good faith and after receiving advice from Northern Star's external legal advisers, determines that failing to terminate the Merger Implementation Deed would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Northern Star Board to Northern Star.

**(c) Termination by Saracen**

Saracen may terminate the Merger Implementation Deed at any time before 8:00 am (AWST) on the Second Court Date if:

- (i) **(Matching rights)** Either of the following occurs:
  - (A) Five Business Days have passed after Saracen give a Matching Rights Notice without Northern Star having made a Counter Proposal; or
  - (B) Northern Star makes a Counter Proposal within that five Business Day period and the Saracen Board acting in good faith determines that the terms and conditions of the Counter Proposal taken as a whole would not provide an equivalent or superior outcome to shareholders of Saracen than those in the relevant Competing Proposal;
- (ii) **(Northern Star Director support)**: any Northern Star Director does not endorse and support the Scheme or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by the Merger Implementation Deed to) an earlier statement of endorsement or support, or approves, endorses, recommends or makes an announcement in support of a Competing Proposal in relation to Northern Star, or announces an intention to do any of these acts;
- (iii) **(Competing Proposal)**: a member of the Northern Star Group accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal in relation to Northern Star or a Northern Star Regulated Event; or
- (iv) **(Inconsistent Northern Star action)**: Northern Star or any of its directors acts in a manner which is materially inconsistent with endorsing and supporting the Scheme (including by recommending, approving, endorsing or making an announcement in support of a Competing Proposal in relation to Northern Star).

## 10.17 Saracen Break Fee

Saracen has agreed to pay to Northern Star the Saracen Break Fee (A\$57,600,000 (exclusive of GST)) if any of the following events occur:

- (a) during the Exclusivity Period:
  - (i) any Saracen Director does not recommend the Scheme or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by the Merger Implementation Deed to) an earlier recommendation, or approves, endorses, recommends or makes an announcement in support of a Competing Proposal in relation to Saracen, or announces an intention to do any of these acts;
  - (ii) any Saracen Director does not state that they intend to vote in favour of the Scheme at the Scheme Meeting or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by the Merger Implementation Deed to) an earlier statement that they intend to vote in favour of the Scheme at the Scheme Meeting; or

- (iii) Saracen or any Saracen Director acts in a manner which is materially inconsistent with obtaining approval for the Scheme, except where the Independent Expert concludes in the Independent Expert's Report (or any update or variation to that report) that the Scheme is not in the best interests of Saracen Shareholders or withdraws its Independent Expert's Report prior to 7:00 am (AWST) on the Second Court Date, in either case, other than where the conclusion or withdrawal is due (whether in whole or in part) to a Superior Proposal;
- (b) during the Exclusivity Period, Saracen accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal in relation to Saracen or a Saracen Regulated Event (provided that Northern Star will not be entitled to the Saracen Break Fee arising out of or relating to a Saracen Regulated Event in certain circumstances where Saracen has been released from restrictions otherwise applying in connection with Saracen Regulated Events, see Section 10.15 for further information);
- (c) during the Exclusivity Period, a Competing Proposal in relation to Saracen is announced, received by Saracen or becomes open or becomes open for acceptance and within 9 months the relevant bidder:
  - (i) acquires voting power of (or an economic interest in) 50% or more of all Saracen Shares and that Competing Proposal (including any agreement to acquire Saracen Shares related to the Competing Proposal) is (or becomes) free from any conditions; or
  - (ii) otherwise substantially completes the Competing Proposal in relation to Saracen, provided that Saracen will have no obligation to pay Northern Star the Saracen Break Fee in certain circumstances where the Competing Proposal concerns the acquisition of an interest (including an economic interest) or a relevant interest in more than 25%, but less than 50% of the Saracen Shares and Saracen has not otherwise become obliged to pay the Saracen Break Fee;
- (d) Saracen validly terminates the Merger Implementation Deed in the circumstances described in Section 10.16(c)(i) (**Matching Rights**) of this Scheme Booklet;
- (e) both of the following occur:
  - (i) during the Exclusivity Period, but prior to 10 Business Days before the End Date, Saracen makes an announcement to ASX in respect of the receipt of a Competing Proposal by Saracen; and
  - (ii) Saracen has not notified Northern Star whether or not the Competing Proposal is a Superior Proposal before the End Date; or
- (f) Northern Star validly terminates the Merger Implementation Deed for material breach by Saracen.

The Saracen Break Fee is not payable, or if it has been paid must be refunded by Northern Star if, notwithstanding the occurrence of an event entitling Northern Star to the Saracen Break Fee, the Scheme becomes Effective, or within 12 months after the date of the Merger Implementation Deed Northern Star acquires voting power of (or an economic interest in) 50% or more of all Saracen Shares or otherwise acquires control of Saracen.

## 10.18 Northern Star Break Fee

Northern Star has agreed to pay to Saracen the Northern Star Break Fee (A\$57,600,000 (exclusive of GST)) if any of the following events occur:

- (a) Saracen validly terminates the Merger Implementation Deed:
  - (i) for material breach by Northern Star;
  - (ii) in the circumstances described in Section 10.16(c)(ii) (**Northern Star Director support**) of this Scheme Booklet;
  - (iii) in the circumstances described in Section 10.16(c)(iv) (**Inconsistent Northern Star action**) of this Scheme Booklet; or
  - (iv) in the circumstances described in Section 10.16(c)(iii) (**Competing Proposal**) of this Scheme Booklet (provided that Saracen will not be entitled to the Northern Star Break Fee arising out of or relating to a Northern Star Regulated Event in certain circumstances where Northern Star has been released from restrictions otherwise applying in connection with Northern Star Regulated Events, see Section 10.15 for further information);
- (b) Northern Star validly terminates the Merger Implementation Deed in the circumstances described in Section 10.16(b)(v) (**Superior Proposal**) of this Scheme Booklet;

- (c) During the Exclusivity Period, a Competing Proposal in relation to Northern Star is announced, received by Northern Star or becomes open for acceptance and within 9 months the relevant bidder acquires voting power of (or an economic interest in) 50% or more of all Northern Star Shares and that Competing Proposal (including any agreement to acquire Northern Star Shares related to the Competing Proposal) is (or becomes) free from any conditions; or
- (d) Both of the following occur:
- (i) during the Exclusivity Period, but prior to 10 Business Days before the End Date, Northern Star makes an announcement to ASX in respect of the receipt of a Competing Proposal by Northern Star; and
  - (ii) Northern Star has not notified Saracen whether or not the Competing Proposal is a Superior Proposal before the End Date.

The Northern Star Break Fee is not payable, or if it has been paid must be refunded by Saracen if, notwithstanding the occurrence of an event entitling Saracen to the Northern Star Break Fee, the Scheme becomes Effective.

## 10.19 Arrangements for holders of Saracen Performance Rights and NED Share Rights

As set out in Section 5.16 the Saracen Board has resolved to vest the majority of Saracen Performance Rights that are subject to Board discretion (subject to Saracen shareholders approving the Scheme). The Saracen Board has exercised this discretion because it is likely, given the performance of Saracen since the date of grant, that the substantial majority of those Saracen Performance Rights would have vested in time even in the absence of the Scheme. Where the vesting conditions have not been met and can't be met these performance rights will be forfeited. Similarly, NED Share Rights scheduled to vest after the proposed Implementation Date will be cancelled.

The following table details the number of Saracen Performance Rights and NED Share Rights on issue at 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, and the vesting terms of those Saracen Performance Rights and NED Share Rights:

Class	Total	Vesting Terms	Saracen Board Discretion	Holding Lock over Consideration Shares
<b>FY18 LTIP Performance Rights</b>	1,068,000	FY18 LTIP Performance Rights have already vested.		
<b>FY19 LTIP Performance Rights</b>	3,697,500	3,697,500 automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		
<b>FY20 LTIP Performance Rights</b>	2,710,620	2,710,620 automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		
<b>FY21 LTIP Performance Rights</b>	2,201,600	550,400 (3/12th) automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		
		1,651,200 (9/12th) are subject to Saracen Board discretion.	917,333 (5/12th) will vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting and 733,867 (4/12th) will be forfeited immediately as the vesting conditions haven't been and can't be met.	
<b>FY19 Retention Rights (Tranche 1)</b>	1,900,000	1,741,667 (11/12th) will automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		
		158,333 (1/12th) subject to Saracen Board discretion.	158,333 (1/12th) will vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting	50% of the Scheme Consideration shares issued upon the exercise of these Performance Rights will be subject to a holding lock.  If the Scheme is not Implemented, the New Saracen shares will be subject to a holding lock on the same terms as was to be imposed on to Scheme Consideration Shares.

Class	Total	Vesting Terms	Saracen Board Discretion	Holding Lock over Consideration Shares
FY19 Retention Rights (Tranche 2)	1,900,000	1,306,250 (11/16th) will automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		
		593,750 (5/16th) subject to Saracen Board discretion.	593,750 (5/16th) will vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.	50% of the Scheme Consideration shares issued upon the exercise of these Performance Rights will be subject to a holding lock.  If the Scheme is not Implemented, the New Saracen shares will be subject to a holding lock on the same terms as was to be imposed on to Scheme Consideration Shares.
FY19 Retention Rights (Tranche 3)	1,900,000	1,045,000 (11/20th) will automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		
		855,000 (9/20th) subject to Saracen Board discretion.	855,000 (9/20th) will vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting	50% of the Scheme Consideration shares issued upon the exercise of these Performance Rights will be subject to a holding lock.  If the Scheme is not Implemented, the New Saracen shares will be subject to a holding lock on the same terms as was to be imposed on to Scheme Consideration Shares.
RF FY19 Retention Rights (Tranche 1)	500,000	500,000 will automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		7,839 Scheme Consideration shares will be subject to a holding lock  If the Scheme is not Implemented, the New Saracen shares will be subject to a holding lock on the same terms as was to be imposed on to the Scheme Consideration Shares issued to Mr. Finlayson.
RF FY19 Retention Rights (Tranche 2)	500,000	500,000 will automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		29,398 Scheme Consideration shares will be subject to a holding lock.  If the Scheme is not Implemented, the New Saracen shares will be subject to a holding lock on the same terms as was to be imposed on to the Scheme Consideration Shares issued to Mr. Finlayson.
RF FY19 Retention Rights (Tranche 3)	500,000	500,000 will automatically vest when Saracen Shareholders approve the Scheme Resolution at the Scheme Meeting.		42,333 Scheme Consideration shares will be subject to a holding lock.  If the Scheme is not Implemented, the New Saracen shares will be subject to a holding lock on the same terms as was to be imposed on to the Scheme Consideration Shares issued to Mr. Finlayson.
NED Share Rights – Tranche 2	8,797	Automatically vest into the same number of Saracen Shares on or around 1 January 2021		
NED Share Rights – Tranche 3	10,868	Automatically vest into the same number of Saracen Shares on 1 April 2021	The NED Share Rights – Tranche 3 will be forfeited and cancelled prior to the Record Date	
NED Share Rights – Tranche 4	10,867	Automatically vest into the same number of Saracen Shares on 1 July 2021	The NED Share Rights – Tranche 4 will be forfeited and cancelled prior to the Record Date	

Table 10.1: Saracen Performance Rights and NED Share Rights

Following the vesting of the Saracen Performance Rights as detailed above, Saracen Performance Rights Holders may exercise and convert their Saracen Performance Rights into new Saracen Shares (**New Saracen Shares**) during an exercise period determined by the Saracen Board (in its sole discretion), currently scheduled to be between 18 January 2021 and 1 February 2021 (**Exercise Period**). Any Saracen Performance Rights that remain unexercised at the end of the Exercise Period will lapse.

To fund the tax incurred on the exercise of their Saracen Performance Rights certain Saracen Performance Rights Holders, including Raleigh Finlayson, Managing Director, Morgan Ball, Chief Financial Officer and Simon Jessop, Chief Operating Officer, currently intend to sell some of their New Saracen Shares or Scheme Consideration.

Under the terms of the Merger Implementation Deed, any FY19 Retention Rights (Tranche 1), FY19 Retention Rights (Tranche 2) and FY19 Retention Rights (Tranche 3) that were vested at the Saracen Board's discretion, will upon exercise be subject to a holding lock as detailed in the fifth column of Table 10.1.

To enable the relevant Saracen Performance Rights Holders to sell their New Saracen Shares, the Saracen Board intends to:

- (a) subject to the Saracen Board determining the relevant Saracen Performance Rights Holders are not in possession of inside information, provide the requisite prior written clearance to trade their New Saracen Shares during the prescribed black out period imposed by Saracen's securities trading policy; and
- (b) amend the Saracen securities trading policy to extend the trading window for Saracen Key Management Personnel from 5 business days from the date of the prior written clearance to 10 business days.

The NED Share Rights (Tranche 2) will automatically vest and convert into the same number of Saracen Shares on 1 January 2021. The NED Share Rights (Tranche 3) and NED Share Rights (Tranche 4) will be forfeited and cancelled prior to the Record Date. Saracen will remove any disposal restrictions attaching to any Saracen Shares issued due to the vesting of NED Share Rights to permit those Shareholders to participate in the Scheme.

Section 11.1 sets out details of the Saracen Performance Rights and NED Share Rights which are held by or on behalf of Saracen Directors.

Northern Star presently has offered Mr Raleigh Finlayson, Mr Morgan Ball and Mr Simon Jessop Northern Star Performance Rights if the Scheme is Implemented and they join Northern Star in the capacities described in Section 7.8. Refer to Section 7.8 for further details.







# 11. Additional information



## 11. Additional information

### 11.1 Interests of Saracen Directors and Senior Management in Saracen securities

The number, description and amount of Saracen marketable securities controlled or held by, or on behalf of, each Saracen Director and Senior Management as at the date of this Scheme Booklet are:

Director / Senior Manager	Saracen Shares	LTIP Performance Rights	Retention Performance Rights	NED Share Rights
<b>Raleigh Finlayson<sup>1</sup></b>	3,258,658	FY18: 660,000 FY19: 305,000 FY20: 180,000 FY21: 181,100	FY19 (Tranche 1): 500,000 FY19 (Tranche 2): 500,000 FY19 (Tranche 3): 500,000	-
<b>Anthony Kiernan AM<sup>2</sup></b>	69,028	-	-	Tranche 2: 2,070 Tranche 3: 2,070 Tranche 4: 2,070
<b>Samantha Tough<sup>3</sup></b>	3,236	-	-	Tranche 2: 517 Tranche 3: 518 Tranche 4: 517
<b>Martin Reed<sup>4</sup></b>	43,158	-	-	Tranche 2: 2,070 Tranche 3: 2,070 Tranche 4: 2,070
<b>John Richards<sup>5</sup></b>	2,070	-	-	Tranche 2: 2,070 Tranche 3: 2,070 Tranche 4: 2,070
<b>Roric Smith<sup>6</sup></b>	15,042	-	-	Tranche 2: 2,070 Tranche 3: 2,070 Tranche 4: 2,070
<b>Sally Langer<sup>7</sup></b>	-	-	-	Tranche 2: - Tranche 3: 2,070 Tranche 4: 2,070
<b>Simon Jessop<sup>8</sup></b>	108,696	FY19: 229,000 FY20: 140,000 FY21: 122,500	FY19 (Tranche 1): 375,000 FY19 (Tranche 2): 375,000 FY19 (Tranche 3): 375,000	-
<b>Morgan Ball<sup>9</sup></b>	137,500	FY19: 229,000 FY20: 140,000 FY21: 111,800	FY19 (Tranche 1): 375,000 FY19 (Tranche 2): 375,000 FY19 (Tranche 3): 375,000	-

Notes:

- 3,258,658 Saracen Shares and 1,326,100 Saracen Performance Rights and 1,500,000 Saracen Performance Rights are held by the trustee of the Finlayson Family Trust on behalf of Mr Finlayson.
- 25,459 Saracen Shares and 6,210 NED Share Rights are held directly by Mr Kiernan and 43,479 Saracen Shares are held by the Central Manhattan Pty Ltd Super Fund on behalf of Mr Kiernan.
- 3,236 Saracen Shares and 1,552 NED Share Rights are held directly by Ms Tough.
- 23,479 Saracen Shares are held directly by Mr Reed and 19,679 Saracen Shares are held by Rhonda Reed, Mr Reed's wife.
- 2,070 Saracen Shares and 6,210 NED Share Rights are held by Mr Richards directly.
- 15,042 Saracen Shares and 6,210 NED Share Rights are held by Mr Smith directly.
- 4,140 NED Share Rights are held by Ms Langer directly.
- 8,696 Saracen Shares are held directly by Mr Jessop, 100,000 Saracen Shares and 1,616,500 Saracen Performance Rights are held by Phyllisa Jessop, Mr Jessop's wife.
- 27,500 Saracen Shares are held directly by Mr Ball, 110,000 Saracen Shares and 1,605,800 Saracen Performance Rights are held by Machaza Pty Ltd ATF M&L Ball Family Trust.

**Table 11.1: Saracen Directors' and Senior Management Saracen Securities**

To fund the tax incurred on the vesting of the Saracen Performance Rights certain Saracen Performance Rights Holders, including Raleigh Finlayson, Managing Director, Morgan Ball, Chief Financial Officer and Simon Jessop, Chief Operating Officer, currently intend to sell some of the New Saracen Shares.

To enable Mr Finlayson, Mr Ball and Mr Jessop to sell their New Saracen Shares, the Saracen Board intends to provide the requisite prior written clearance to trade their New Saracen Shares during the prescribed black out period imposed by Saracen's securities trading policy and extend the trading window for Mr Finlayson, Mr Ball and Mr Jessop from 5 business days from the date of the prior written clearance to 10 business days, subject to determining that he is not in possession of inside information at the relevant time.

See Section 10.19 for details regarding the treatment of the Saracen Performance Rights and NED Share Rights in connection with the Scheme.

Other than as follows, no Saracen Director has acquired or disposed of a Relevant Interest in Saracen Shares in the 4 month period ending on the date immediately before the date of this Scheme Booklet:

- (a) **Anthony Kiernan:** 2,070 NED Share Rights converted into Saracen Shares 1 October 2020;
- (b) **Raleigh Finlayson:** acquired 181,100 FY21 LTIP Performance Rights under the terms of the Saracen LTIP Plan on 13 October 2020;
- (c) **Martin Reed:** 2,070 NED Share Rights converted into Saracen Shares on 1 October 2020;
- (d) **John Richards:** 2,070 NED Share Rights converted into Saracen Shares on 1 October 2020;
- (e) **Sally Langer:** acquired 4,140 NED Share Rights under the terms of the Saracen LTIP Plan on 12 October 2020;
- (f) **Samantha Tough:** 518 NED Share Rights converted into Saracen Shares on 1 October 2020; and
- (g) **Roric Smith:** 2,070 NED Share Rights converted into Saracen Shares on 1 October 2020.

## 11.2 Agreements or arrangements with Saracen Directors and executive officers

### (a) Deeds of indemnity, access and insurance

Saracen has entered into deeds of indemnity, insurance and access with its Directors and various executive officers, on customary terms.

Saracen pays premiums in respect of a directors and officers insurance policy for the benefit of the Directors and executive officers. Saracen may, prior to the Implementation Date, enter into arrangements to secure directors and officers run-off insurance for any and all directors and executive officers of each member of the Saracen Group for up to a 7 year period from the Implementation Date. Clause 6.4 of the Merger Implementation Deed provides various Saracen and Northern Star undertakings in support of that insurance.

Clause 6.5 of the Merger Implementation Deed also provides for certain releases by Northern Star of each director, officer or employee of any member of the Saracen Group as is customary for transactions such as the Scheme.

### (b) Other termination benefits

Except as set out in this Section 7.8 or elsewhere in this Scheme Booklet, there are no payments or other benefits that are proposed to:

- (i) be made or given to any director, secretary or executive officer of Saracen as compensation for loss of, or as consideration for or in connection with his or her retirement from, office in Saracen or in a Related Body Corporate of Saracen; or
- (ii) be made or given to any director, secretary or officer of any Related Body Corporate of Saracen as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in that body corporate or in Saracen.

### (c) Agreements or arrangements connected with or conditional on the Scheme

Except as set out in Sections 7.8 and 10.19 there are no agreements or arrangements that are or will be made between any Saracen Director and Northern Star, or any other person in connection with, or conditional on the outcome of the Scheme.

### (d) Interests in contracts with Northern Star

Except as set out in Section 7.8(b), none of the Saracen Directors have any interest in any contract entered into by Northern Star.

**(e) Interests of Saracen Directors in Northern Star securities**

No Saracen Director acquired or disposed of a Relevant Interest in any Northern Star Shares or other marketable securities of Northern Star in the 4 month period ending on the date immediately before the date of this Scheme Booklet.

Upon Implementation of the Scheme, the Saracen Directors will have the following Relevant Interests in Northern Star Shares. Table 11.2 assumes that no Northern Star Shares are acquired on or off market by the named individuals prior to the Implementation Date.

Director and Senior Management	Northern Star Shares	Northern Star FY21 LTI Performance Rights <sup>2</sup>	Northern Star Shares subject to Holding Lock
<b>Raleigh Finlayson<sup>1</sup></b>	2,266,978	68,862	7,839 until 30 June 2021 29,398 until 30 June 2022 42,333 until 30 June 2023
<b>Anthony Kiernan AM</b>	26,754	-	-
<b>Samantha Tough</b>	1,412	-	-
<b>Martin Reed</b>	17,019	-	-
<b>John Richards</b>	1,558	-	-
<b>Roric Smith</b>	6,439	-	-
<b>Sally Langer</b>	-	-	-
<b>Morgan Ball<sup>1</sup></b>	641,980	14,756	5,880 until 30 June 2021 22,049 until 30 June 2022 31,750 until 30 June 2023
<b>Simon Jessop<sup>1</sup></b>	633,826	14,756	5,880 until 30 June 2021 22,049 until 30 June 2022 31,750 until 30 June 2023

Note:

- Assuming treatment of Saracen Performance Rights in accordance with Section 10.19 and includes the Saracen Shares that may be sold prior to the Scheme Record Date by Raleigh Finlayson, Morgan Ball and Simon Jessop.
- Northern Star has offered Mr Raleigh Finlayson, Mr Morgan Ball and Mr Simon Jessop Northern Star Performance Rights in connection with their new employment arrangements with Northern Star. Refer to Sections 7.8 and 7.10 for further details.

**Table 11.2: Northern Star Securities held by Saracen Directors and Saracen senior management post-Implementation**

No Northern Star Shares or other marketable securities of Northern Star are currently held by, or on behalf of, any Saracen Director.

**(f) Other interests of Saracen Directors**

Except as disclosed in Sections 4.10 and 7.8 and elsewhere in this Scheme Booklet, no Saracen Director has any other interest, whether as a director, member, or creditor of Saracen or otherwise, which is material to the Scheme, other than in their capacity as a holder of Saracen Shares, Saracen Performance Rights or NED Share Rights.

**11.3 Intentions of Saracen Directors**

As at 8 December 2020, being the last practicable date prior to the date of this Scheme Booklet, all Saracen Directors have confirmed their intention to vote in favour of the Scheme in respect of any Saracen Shares held or controlled by them subject to no Superior Proposal emerging and the Independent Expert not changing their opinion that the Scheme is in the best interest of Saracen Shareholders.

See Section 10.19 for details regarding the treatment of the Saracen Performance Rights and NED Share Rights in connection with the Scheme.

**11.4 Intentions of Northern Star after the Implementation Date**

If the Scheme is implemented, it will be a matter for Northern Star to determine its intentions in relation to:

- the continuation of the business of Saracen;

- (b) any major changes to be made to the business of Saracen; and
- (c) the future employment of the present employees of Saracen.

The current intentions of Northern Star in relation to the Merged Group are set out in this Scheme Booklet, particularly in Section 7.

## 11.5 Lodgement of Scheme Booklet

This Scheme Booklet was lodged with ASIC on 10 December 2020 in accordance with section 412(6) of the Corporations Act.

## 11.6 No unacceptable circumstances

Saracen does not consider that the Scheme involves any circumstances in relation to the affairs of any Saracen Shareholder that could reasonably be characterised as constituting “unacceptable circumstances” for the purposes of section 657A of the Corporations Act.

## 11.7 Creditors of Saracen

The Scheme, if implemented, is not expected to materially prejudice Saracen’s ability to pay its creditors, as the Scheme involves the acquisition of Saracen Shares for consideration provided by a third party, rather than the acquisition of Saracen’s underlying assets. No material new liability (other than transaction costs) is expected to be incurred by Saracen as a consequence of the Scheme (refer also to Section 10.17 for information relating to the Saracen Break Fee). Saracen has paid and is paying all of its creditors within normal terms of trade and is solvent and trading in an ordinary commercial manner.

## 11.8 Consents

### (a) Role of advisers and experts

The persons named in this Scheme Booklet as performing a function in a professional, advisory or other capacity in connection with the Scheme or the preparation or distribution of this Scheme Booklet are:

Name	Role
DLA Piper	Legal adviser to Saracen
Macquarie Capital Australia Limited	Financial advisers to Saracen
Ernst & Young Strategy and Transactions Limited	Independent Expert
SRK Consulting (Australasia) Pty Ltd	Independent Technical Specialist
Computershare Investor Services Pty Limited	Saracen’s share registry
PriceWaterhouseCoopers	Tax adviser to Saracen
Deloitte Corporate Finance Pty Limited	Investigating Accountant
Ashurst	Legal adviser to Northern Star
Sternship Advisers	Financial adviser to Northern Star

**Table 11.3: Roles of advisers and experts**

### (b) Consents

Each person named in Section 11.8(a) has given, and before the time of registration of this Scheme Booklet with ASIC, has not withdrawn, their consent to being named in this Scheme Booklet in the capacity indicated next to their name.

Ernst & Young Strategy and Transactions Limited has given its consent to the inclusion of its Independent Expert’s Report in this Scheme Booklet in the form and context in which it appears in Annexure 1 of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet. The interests of Ernst & Young Strategy and Transactions Limited in its capacity as Independent Expert are disclosed in the Independent Expert’s Report.

SRK Consulting (Australasia) Pty Ltd has given its consent to the inclusion of its Technical Specialist’s Report in this Scheme Booklet in the form and context in which it appears in Annexure 1 of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet.

Deloitte Corporate Finance Pty Limited has given its consent to the inclusion of its Investigating Accountant's Report in this Scheme Booklet in the form and context in which it appears in Annexure 2 of this Scheme Booklet and has not withdrawn that consent before the date of this Scheme Booklet.

Northern Star has given its consent to the inclusion of the Northern Star Information in this Scheme Booklet in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

**(c) Disclaimer**

Each person named in Section 11.8(a):

- (i) has not authorised or caused the issue of this Scheme Booklet;
- (ii) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in Section 11.8; and
- (iii) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme Booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person.

**(d) Fees**

Each of the persons named in Section 11.8 as performing a function in a professional, advisory or other capacity in connection with the Scheme and the preparation of this Scheme Booklet, will be entitled to receive professional fees charged in accordance with their normal basis of charging.

Saracen estimates that it will incur between A\$16.9 million and A\$19.1 million (excluding GST) in external transaction costs related to the Scheme, which includes financial advisory fees of A\$13.4 million to A\$15.4 million (excluding GST), legal fees of A\$1.7 million (excluding GST), tax and accounting advisory fees of A\$360,000 (excluding GST), due diligence and valuation fees of A\$410,000 (excluding GST), fees of the Independent Expert of around A\$300,000 (excluding GST), fees of the Independent Technical Specialist of around A\$320,000 (excluding GST), fees of the Investigating Accountant of around A\$55,000 (excluding GST) and Court fees, registry costs, printing, mailing and other costs of less than A\$380,000 (excluding GST). Of this, approximately A\$3.5 million (excluding GST) will be incurred regardless of whether the Scheme becomes Effective or not.

Northern Star estimates that it will incur between A\$267 million and A\$268 million (excluding GST) in external transaction costs related to the Scheme which includes financial advisory fees of between A\$1.2m and A\$2.1 million (excluding GST), external legal advisory fees of between A\$1.25 million and A\$1.5 million (excluding GST), accounting and taxation advisory fees of A\$250,000 (excluding GST), due diligence and valuation fees of A\$300,000 (excluding GST) and stamp duty costs of A\$264 million (excluding GST).

**(e) Competent Persons Statement**

**(i) Saracen**

The Competent Persons who reviewed and compiled the information relating to Carosue Dam and Thunderbox Ore Reserves and Mineral Resources presented in this Scheme Booklet are given below. Each person has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he or she has undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each person has given their consent to the inclusion of the Mineral Resources and Ore Reserve tables and the inclusion of statements in the Scheme Booklet based on their information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

- (A) Stephen King (General Manager - Growth, Saracen Mineral Holdings Limited) – Ore Reserves, mining engineering, mine planning
- (B) Daniel Howe (Chief Geologist - Saracen Mineral Holdings Limited) – Resources, Geology

- (C) Hemalkumar Patel (Senior Planning Engineer - Growth, Saracen Mineral Holdings Limited) – Ore Reserves, mining engineering, mine planning

(ii) **KCGM**

The Competent Persons who reviewed and compiled the information relating to KCGM exploration results and KCGM Ore Reserves and Mineral Resources presented in this Scheme Booklet are given below. Each person has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he or she has undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each person has given their consent to the inclusion of the Mineral Resources and Ore Reserve tables and the inclusion of statements in the Scheme Booklet based on their information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

- (A) Emma Murray-Heydon – Geology Manager, Geology Manager, Kalgoorlie Consolidated Gold Mines Pty Ltd – Mineral Resources, KCGM Operation
- (B) Ibrahim Omari – Senior Strategic Planning Engineer, Kalgoorlie Consolidated Gold Mines Pty Ltd – Open Pit Ore Reserves, KCGM Operation

(iii) **Northern Star**

The Competent Persons who reviewed and compiled the information relating to Ore Reserves and Mineral Resources in respect of Northern Star (including in respect of Kalgoorlie Operations, Yandal Operations and Pogo Operations Ore Reserves and Mineral Resources) presented in this Scheme Booklet are given below. Each person has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he or she has undertaken to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Each person has given their consent to the inclusion of the Mineral Resources and Ore Reserve tables and the inclusion of statements in the Scheme Booklet based on their information in the form and context in which it appears and has not withdrawn that consent before the date of this Scheme Booklet.

- (A) Michael Mulrone, Chief Geological Officer, Northern Star Resources – Mineral Resources, Northern Star's project areas (excluding the KCGM Operation, Central Tanami Gold Project, Bronzewing Project, Anthill Project and Mt Clement Project)
- (B) Jeffrey Brown, General Manager – Technical Services, Northern Star Resources – Ore Reserves, Northern Star's project areas (including the KCGM Operation, excluding the Bronzewing Project)
- (C) Brook Ekers – Senior Development Geologist, Northern Star Resources – Resources, Central Tanami Project

The information in this Booklet that relates to:

- (A) the Central and Western Tanami Gold Projects is extracted from the Tanami Gold NL ASX announcement entitled "Quarterly Report for the Period Ending 31 March 2014" released on 1 May 2014 and is available to view on [www.tanami.com.au](http://www.tanami.com.au);
- (B) the Bronzewing Project is extracted from the Echo Resources Ltd announcement entitled "Yandal Gold Project BFS & Growth Strategy" released on 23 April 2019 and is available to view on [www.asx.com.au](http://www.asx.com.au);
- (C) the Anthill Project is extracted from the Intermin Resources Limited (now Horizon Minerals Limited) announcement entitled "Anthill Resource Grows 60% to Over 125,000 ounces" released on 18 December 2018 and is available to view on [www.asx.com.au](http://www.asx.com.au); and
- (D) the information in this Report that relates to the Mt Clement Project is extracted from the Artemis Resources Limited) announcement entitled "Substantial Resource Increase at Mt Clement Gold & Silver Project" released on ASX announcement dated 26 July 2011 and is available to view on [www.artemisresources.com.au](http://www.artemisresources.com.au)

Northern Star confirms that:

- (A) it is not aware of any further new information or data that materially affects the information included in the original



market announcements referred to above;

- (B) all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed;
- (C) the form and context in which the Competent Persons' findings are presented have not been materially modified from the original market announcements.

(iv) **Disclaimer**

Each person named in Section 11.8(e):

- (A) has not authorised or caused the issue of this Scheme Booklet;
- (B) does not make, or purport to make, any statement in this Scheme Booklet or any statement on which a statement in this Scheme Booklet is based other than as specified in Section 11.8(e); and
- (C) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for any part of this Scheme booklet other than a reference to its name and any statement or report which has been included in this Scheme Booklet with the consent of that person.

## 11.9 Regulatory conditions and relief

### (a) ASX Confirmation

The ASX has confirmed that no waiver of Listing Rule 6.23.3 is required in connection with the proposed arrangements for holders of the Saracen Performance Rights. The ASX has granted a waiver for the proposed arrangements for holders of the NED Share Rights under the Scheme. Refer to Section 10.19 for further details of the treatment of these securities.

### (b) Trading in New Northern Star Shares during the deferred settlement period

It is expected that the New Northern Star Shares to be issued to Scheme Shareholders as Scheme Consideration will commence trading on ASX on a deferred settlement basis on the day following the Effective Date, at which point the Scheme will be unconditional.

## 11.10 Foreign jurisdictions

### (a) General

No action has been taken to register or qualify the New Northern Star Shares or otherwise permit a public offer of such securities in any jurisdiction outside Australia.

Based on the information available to Saracen, Saracen Shareholders whose addresses are shown in the Saracen Register as being in the following jurisdictions will be entitled to have New Northern Star Shares issued to them under the Scheme subject to any qualifications set out below in respect of that jurisdiction:

- |                                 |                     |                             |
|---------------------------------|---------------------|-----------------------------|
| (i) Australia;                  | (i) Ireland;        | (i) France;                 |
| (ii) New Zealand;               | (ii) Hong Kong;     | (ii) Japan;                 |
| (iii) United States of America; | (iii) Singapore;    | (iii) United Arab Emirates; |
| (iv) United Kingdom;            | (iv) Switzerland;   | (iv) Malaysia; and          |
| (v) Canada;                     | (v) Cayman Islands; | (v) Liechtenstein.          |
| (vi) Luxembourg;                | (vi) Germany;       |                             |

Nominees, custodians and other Saracen Shareholders who hold Saracen Shares on behalf of a beneficial owner resident outside Australia, New Zealand, United States of America, United Kingdom, Canada, Luxembourg, Ireland, Hong Kong, Singapore,

Switzerland, Cayman Islands, Germany, France, Japan, United Arab Emirates, Malaysia and Liechtenstein may not forward this Scheme Booklet (or any accompanying document) to anyone outside these countries without the consent of Saracen.

### 11.11 Supplementary information

If, between the date of lodgement of this Scheme Booklet for registration by ASIC and the Effective Date, Saracen becomes aware of any of the following:

- (a) a material statement in this Scheme Booklet is false or misleading or deceptive;
- (b) a material omission from this Scheme Booklet;
- (c) a significant change affecting a matter included in this Scheme Booklet; or
- (d) a significant new matter that has arisen and that would have been required to be included in this Scheme Booklet if it had arisen before the date of lodgement of this Scheme Booklet for registration by ASIC,

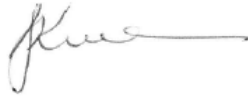
Saracen will make available supplementary material to Saracen Shareholders. Saracen intends to make available any supplementary material by releasing that material to ASX ([www.asx.com.au](http://www.asx.com.au)) and posting the supplementary document to Saracen's website (<https://www.saracen.com.au/>). Depending on the nature and timing of the changed circumstances and subject to obtaining any relevant approvals, Saracen may also send such supplementary materials to Saracen Shareholders.

### 11.12 Other material information

Except as set out in this Scheme Booklet, there is no other information material to the making of a decision in relation to the Scheme, being information that is within the knowledge of any director of Saracen or a related company which has not previously been disclosed to Saracen Shareholders.

**THE ISSUE OF THIS SCHEME BOOKLET IS AUTHORISED BY THE DIRECTORS OF SARACEN MINERAL HOLDINGS LTD AND THIS SCHEME BOOKLET HAS BEEN SIGNED BY OR ON BEHALF OF THE DIRECTORS OF SARACEN MINERAL HOLDINGS LTD ON 10 DECEMBER 2020**

**Anthony Kiernan AM**



Non-Executive Chairman  
Saracen Mineral Holdings Limited



## 12. Glossary



## 12. Glossary

In this Scheme Booklet, unless the context requires otherwise:

**\$ or A\$** means the lawful currency of Australia.

**Annexure** means an annexure to this Scheme Booklet.

**Announcement Date** means the date on which Saracen and Northern Star announced to ASX that they had entered into the Merger Implementation Deed, being 6 October 2020.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**ASX Listing Rules** or **Listing Rules** means the listing rules of ASX.

**ASX Settlement** means ASX Settlement Pty Ltd ABN 49 008 504 532.

**ASX Settlement Operating Rules** means the settlement operating rules of ASX Settlement.

**ATO** means the Australian Taxation Office.

**Au** means gold.

**Authorisation means:**

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

**Board** means the board of directors of Saracen or Northern Star (as applicable).

**Business Day:**

- (a) when used in relation to the Implementation Date and the Record Date, has the meaning given in the ASX Listing Rules; and
- (b) in all other cases, means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**CHESS** means the clearing house electronic sub-register system of security transfers operated by ASX Settlement.

**Competing Proposal** means:

- (a) in relation to Saracen, any proposal, offer, transaction, agreement or arrangement which is publicly announced or is in writing and which, if entered into or completed substantially in accordance with its terms:
  - (i) would result in a person (either alone or together with one or more associates) other than any member of the Northern Star Group, directly or indirectly:
    - (A) acquiring control (within the meaning given in section 50AA of the Corporations Act) of Saracen or any member of the Saracen Group which holds all, a substantial part or a material part of the assets of the Saracen Group;
    - (B) acquiring an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) or a relevant interest in more than 25% of the Saracen Shares;
    - (C) acquiring, becoming the holder of, or having a right to acquire an economic interest in all or a substantial part of the business, or a material part of the assets, of the Saracen Group; or
    - (D) otherwise acquiring control (within the meaning given in section 50AA of the Corporations Act) of, or merging with, Saracen or any other member or members of the Saracen Group holding a substantial or a material part of the assets of the Saracen Group, (where a material part of the assets of the Saracen Group is an asset or assets representing more than 20% of the value of the Saracen Group's total consolidated assets) whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement; or
  - (ii) would result in the Scheme not being able to be Implemented substantially on the basis set out in the Merger Implementation Deed; or
- (b) in relation to Northern Star, any proposal, offer, transaction,

agreement or arrangement which is publicly announced or is in writing and which, if entered into or completed substantially in accordance with its terms:

- (i) would result in a Northern Star Change of Control; or
- (ii) would result in the Scheme not being able to be Implemented substantially on the basis set out in the Merger Implementation Deed.

**Control** has the meaning given to that term in section 50AA of the Corporations Act and **Controlling** and **Controlled** has the corresponding meaning.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Corporations Regulations** means the *Corporations Regulations 2001* (Cth).

**Court** means the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act as agreed in writing between Saracen and Northern Star.

**Deed Poll** means the deed poll executed by Northern Star and set out in Annexure 5 of this Scheme Booklet.

**Effective** means, when used in relation to the Scheme, the coming into effect, under section 411(10) of the Corporations Act of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme and **Effect** has a corresponding meaning.

**Effective Date** means the date the Scheme becomes Effective.

**Election** has the meaning given to that term in section 4.6 and **Elect** has a corresponding meaning.

**End Date** means 6 April 2020 or such later date as Northern Star and Saracen agree in writing.

**Exercise Period** has the meaning given in Section 10.19.

**Exclusivity Period** means the period commencing 6 October 2020 and ending on the earlier of:

- (a) termination of the Merger Implementation Deed in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date.

**Explanatory Statement** means the statement pursuant to section 412 of the Corporations Act, registered by ASIC in relation to the Scheme, which is included in this Scheme Booklet.

**Foreign Resident CGT Shareholder** has the meaning given in Section 4.7.

**Foreign Resident CGT Withholding Amount** has the meaning

given in Section 4.7.

**FY18 LTIP Performance Right** means a FY18 LTIP performance right granted under the Saracen LTI Plan.

**FY19 LTIP Performance Right** means a FY19 LTIP performance right granted under the Saracen LTI Plan.

**FY20 LTIP Performance Right** means a FY20 LTIP performance right granted under the Saracen LTI Plan.

**FY21 LTIP Performance Right** means a FY21 LTIP performance right granted under the Saracen LTI Plan.

**FY19 Retention Right (Tranche 1)** means a FY19 retention right (Tranche 1) granted under the Saracen LTI Plan.

**FY19 Retention Right (Tranche 2)** means a FY19 retention right (Tranche 2) granted under the Saracen LTI Plan.

**FY19 Retention Right (Tranche 3)** means a FY19 retention right (Tranche 3) granted under the Saracen LTI Plan.

**Government Agency** means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

**GST** means a goods and services tax or similar value added tax levied or imposed in Australia under the GST Law.

**GST Law** means the same as "GST Law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Headcount Test** means the requirement under section 411(4) (a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme is passed by a majority in number of Saracen Shareholders present and voting on the Scheme Resolution, either in person or by proxy at the Scheme Meeting.

**Implementation** means implementation of the Scheme, and **Implement** and **Implementation** have the corresponding meaning.

**Implementation Date** means the fifth Business Day following the Scheme Record Date, or such other date as ordered by the Court or agreed in writing between Northern Star and Saracen.

**Independent Expert** means Ernst & Young Strategy and Transactions Limited.

**Independent Expert's Report** means the report in Annexure 1.

**Independent Technical Specialist** means SRK Consulting (Australasia) Pty Ltd.

**Independent Technical Specialist Report** means the report in appendix H to the Independent Expert's Report.

**Ineligible Jurisdictions** a place outside Australia, New Zealand, United States of America, United Kingdom, Canada, Luxembourg, Ireland, Hong Kong, Singapore, Switzerland, Cayman Islands, Germany, France, Japan, United Arab Emirates, Malaysia and Liechtenstein.

**Ineligible Overseas Shareholder** means, subject to certain exemptions in the following jurisdictions, a Saracen Shareholder whose address shown in the Saracen Register at the Record Date is an Ineligible Jurisdiction.

**Investigating Accountant** means Deloitte Corporate Finance Pty Limited.

**Investigating Accountant's Report** means the report in Annexure 2.

**JORC Code** means the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012, as updated from time to time.

**KCGM** means, depending on the context, Kalgoorlie Consolidated Gold Mines Pty Ltd or the operations managed by that company.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of Saracen, or if Saracen is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of Saracen, or if Saracen is part of a consolidated entity, of an entity within the consolidated group.

**Listing Rules or ASX Listing Rules** means the listing rules of ASX.

**Marketable Parcel** has the meaning given in the ASX Listing Rules.

**Material Saracen Facility** has the meaning given in the Merger Implementation Deed.

**Merged Group** means the combination of Northern Star and Saracen following implementation of the Scheme, comprising Northern Star and its then Subsidiaries.

**Merger** means the proposed merger of Saracen and Northern Star via the Scheme.

**Merger Implementation Deed** means the Merger Implementation Deed dated 6 October 2020 between Saracen and Northern Star included in Annexure 3 (as amended by letter deeds on 13 October 2020 and 7 December 2020).

**Mineral Resource** has the meaning given to that term in the JORC Code.

**MY** means mid-year.

**NED Share Right** means a share right granted under the Saracen

LTI Plan.

**New Northern Star Share** means a Northern Star Share to be issued under the Scheme.

**New Saracen Share** has the meaning given in Section 10.19.

**Non-Electing Small Shareholder** a Small Shareholder who has not provided Saracen with an Opt-in Notice before 5.00 pm (AWST) on the Business Day prior to the Record Date.

**Northern Star** means Northern Star Resources Ltd ACN 092 832 892.

**Northern Star Break Fee** means A\$57,600,000 (exclusive of GST).

**Northern Star Board** means the board of directors of Northern Star.

**Northern Star Change of Control** means where a person (either alone or together with one or more associates) (other than Saracen or any member of the Saracen Group) acquires control (within the meaning given in section 50AA of the Corporations Act) of Northern Star or any member of the Northern Star Group which holds all, a substantial part or a material part of the assets of the Northern Star Group, whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.

**Northern Star Data Room** means the online data room established by or on behalf of Northern Star in connection with the Scheme, to which Saracen and its Representatives have been given access.

**Northern Star Directors** means the directors of Northern Star.

**Northern Star Group** means Northern Star and each of its Related Bodies Corporate.

**Northern Star Information** means information regarding the Northern Star Group and the Merged Group provided by or on behalf of Northern Star to Saracen in writing for inclusion in the Scheme Booklet, being the information in the sections or parts of those sections described below:

- (a) Letter from the Northern Star Chair;
- (b) the Important Notes section:
  - (i) the second paragraph under the heading "Responsibility Statement"; and
  - (ii) the fourth and fifth paragraphs under the heading "Forward looking statements" to the extent it relates to Northern Star;

- (c) Section 2 under the part named “Questions about Northern Star” and the part named “Questions about the Merged Group”;
- (d) Section 4.7 to the extent it describes who a Relevant Foreign Resident Declaration Form will be provided to and what the Relevant Foreign Resident Declaration Form will say;
- (e) Section 6;
- (f) Section 7 as it relates to Northern Star contribution to the information regarding the Merged Group (it being noted that, to avoid any doubt, any information in Section 7 of the Scheme Booklet that is about or otherwise relates to synergies potentially realisable by the Merged Group has been prepared by both Saracen and Northern Star and both parties are jointly responsible for it);
- (g) Sections 8.3 and 8.4; and
- (h) Sections 11.2(c), 11.2(d), 11.4 and 11.9(b), except in each case to the extent that information is based on information provided or prepared by or on behalf of Saracen.

**Northern Star Material Adverse Effect** has the meaning given in the Merger Implementation Deed.

**Northern Star NED Share Right** means a share right granted under the Northern Star FY20 NED Share Plan approved by the Northern Star Shareholders on 14 November 2019.

**Northern Star Performance Right** means a performance right granted by Northern Star to acquire a Northern Star Share.

**Northern Star Prescribed Event** has the meaning given in the Merger Implementation Deed.

**Northern Star Register** means the share register of Northern Star Shareholders maintained by or on behalf of Northern Star in accordance with the Corporations Act.

**Northern Star Regulated Event** has the meaning given in the Merger Implementation Deed.

**Northern Star Share** means a fully paid ordinary share in the capital of Northern Star.

**Northern Star Shareholder** means a person who is registered in the Northern Star Register as the holder of one or more Northern Star Shares, from time to time.

**Notice of Scheme Meeting** means the notice convening the Scheme Meeting as set out in Annexure 6.

**NPAT** means net profit after tax.

**NPV** means net present value.

**Opt-in Notice** means a notice by a Small Shareholder requesting to receive the Scheme Consideration as New Northern Star Shares.

**Ore Reserve** has the meaning given to that term in the JORC Code.

**Proxy Form** means the proxy form that is dispatched to Saracen Shareholders in accordance with the orders of the Court or is available from the Share Registry.

**Record Date** means 7.00 pm (AEDT) on the date that is 2 Business Days after the Effective Date.

**Registered Address** means, in relation to a Scheme Shareholder, the address of the Scheme Shareholder shown in the Saracen Register.

**Regulated Event** means, in relation to:

- (a) Northern Star, a Northern Star Regulated Event; or
- (b) Saracen, a Saracen Regulated Event.

**Related Body Corporate** has the meaning given to that term in section 50 of the Corporations Act.

**Related Entity** means, in relation to a party, any entity that is related to that party within the meaning of section 50 of the Corporations Act or which is an economic entity (as defined in any approved Australian accounting standard) that is Controlled by that party.

**Relevant Agreement** has the meaning given in the Merger Implementation Deed.

**Relevant Foreign Resident Declaration Form** means a form for making a declaration contemplated in Section 4.7.

**Relevant Interest** has the meaning given to that term in section 9 of the Corporations Act.

**Representative** means, in relation to an entity:

- (a) each of the entity's subsidiaries and each of the directors, officers and employees of the entity and its subsidiaries; and
- (b) each of the legal, financial and other expert advisers of the entity or any of its subsidiaries in connection with the Scheme.

**Requisite Majority** means in relation to the Scheme Resolution, a resolution passed by:

- (a) unless the Court orders otherwise, a majority in number (more than 50%) of Saracen Shareholders (as the case may be), who are present and voting on the Scheme Resolution, either in person or by proxy, attorney or in the case of a corporation its duly appointed corporate representative; and
- (b) at least 75% of the votes cast on the Scheme Resolution.

**Sale Nominee** means a person (or that person's nominee) appointed by Saracen to sell those Northern Star Shares that would otherwise be issued to or for the benefit of Ineligible

Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders under the terms of the Scheme.

**Sale Facility** means the facility for the Scheme Consideration which would otherwise have been issued to Ineligible Overseas Shareholders, Non-Electing Small Shareholders and Foreign Resident CGT Shareholders. to be sold by the Sale Nominee and for the proceeds to be remitted as contemplated in Section 4.8.

**Saracen or Company** means Saracen Mineral Holdings Ltd ACN 009 215 347.

**Saracen Board** means the board of directors of Saracen from time to time.

**Saracen Break Fee** means A\$57,600,000 (exclusive of GST).

**Saracen Director or Director** means a director of Saracen.

**Saracen Group** means Saracen and its Subsidiaries.

**Saracen Excluded Transaction** has the meaning given in the Merger Implementation Deed.

**Saracen Information** means all information included in the Scheme Booklet other than the Northern Star Information, the Independent Expert's Report, the Independent Technical Specialist's Report and the Investigating Accountant's Report.

**Saracen LTI Plan** means the long term incentive plan approved by Saracen Shareholders at Saracen's annual general meeting on 23 November 2017 (and, in respect of any performance rights or share rights granted by Saracen after the date of this document, means the long term incentive plan approved by Saracen Shareholders at Saracen's annual general meeting on 6 October 2020).

**Saracen Material Adverse Effect** has the meaning given in the Merger Implementation Deed.

**Saracen Performance Right** means a FY18, LTIP Performance Right, FY19 LTIP Performance Right, FY20 LTIP Performance Right, FY21 LTIP Performance Right, FY19 Retention Right (Tranche 1), FY19 Retention Right (Tranche 2) or FY19 Retention Right (Tranche 3).

**Saracen Performance Right Holder** means a registered holder of a Saracen Performance Right.

**Saracen Prescribed Event** has the meaning given in the Merger Implementation Deed.

**Saracen Register** means the register of Saracen Shareholders maintained in accordance with the Corporations Act.

**Saracen Share Registry or Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Saracen Regulated Event** means the occurrence of any of the following:

- (a) a member of the Saracen Group acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of:
  - (i) any asset or business; or
  - (ii) any interest in the following: KCGM, Carosue Dam or Thunderbox or the mines or processing facilities owned by them, other than in the usual and ordinary course of business and consistent with past practice, including in respect of the maintenance and surrender of immaterial tenements and the expansion or reduction of existing project tenement areas undertaken in the usual and ordinary course of business and consistent with past practice;
- (b) a member of the Saracen Group varying in any materially adverse respect or terminating or allowing to lapse or expire (without renewal or replacement on terms and conditions that are no less favourable to the Saracen Group) any material authorisation;
- (c) a member of the Saracen Group entering into, agreeing or announcing a joint venture, asset or profit sharing arrangement or partnership in relation to any interest in KCGM, Carosue Dam or Thunderbox or the mines or processing facilities owned by them;
- (d) a member of the Saracen Group creating, granting or agreeing to any encumbrance over any of the assets of any member of the Saracen Group, other than a lien that arises by operation of law, legislation or in the usual and ordinary course of business;
- (e) a member of the Saracen Group entering into a contract or commitment restraining a member of the Saracen Group from competing with any person or conducting activities in any market;
- (f) a member of the Saracen Group:
  - (i) other than in the usual and ordinary course of business and consistent with past practice:
    - (A) incurring any additional financial indebtedness by way of borrowings, hedging and other financial facilities, including operating and finance leases (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs); or
    - (B) guaranteeing or indemnifying the obligations of any person other than a member of the Saracen Group;
  - (ii) entering into any new financing arrangement, agreement or otherwise providing financial accommodation in excess of \$10 million other



- than to a member of the Northern Star Group or a member of the Saracen Group, or amending the terms of any existing financial arrangement, agreement or instrument which provides for financial accommodation to be provided by a member of the Saracen Group in excess of excess of \$10 million;
- (iii) incurring capital expenditure in excess of \$10 million;
  - (iv) waiving any material third party default where the financial impact on the Saracen Group will be in excess of \$10 million individually or in aggregate;
  - (v) accepting as a compromise of a matter less than the full compensation due to a member of the Saracen Group where the financial impact of the compromise on the Saracen Group is more than \$10 million individually or in aggregate; or
  - (vi) agreeing to do any of the matters listed in paragraphs (i) to (v);
- (g) a member of the Saracen Group entering into, or resolving to enter into, a transaction with any related party of Saracen (other than a related party which is a member of the Saracen Group), as defined in section 228 of the Corporations Act;
  - (h) a member of the Saracen Group entering into any employment, consulting, severance or similar agreement or arrangement other than in the ordinary course of business and on terms consistent with past and market practice;
  - (i) a member of the Saracen Group materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:
    - (a) contractual arrangements in effect on the date of this document and which are contained in the Saracen Disclosure Material; or
    - (b) Saracen's policies and guidelines in effect on the date of this document and which are contained in the Saracen Disclosure Material, provided that the aggregate of all increases in compensation or benefits is no greater than \$1 million;
  - (j) a member of the Saracen Group paying any of its officers, directors, other executives or employees a bonus, termination or retention payment, other than in accordance with contractual arrangements in effect on the date of this document and which are contained in the Saracen Disclosure Materials;
  - (k) a member of the Saracen Group entering into any enterprise

bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this document and which are contained in the Saracen Disclosure Materials;

- (l) a member of the Saracen Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; or
- (m) a member of the Saracen Group doing anything that would result in a change in the Saracen Consolidated Tax Group, excluding any Saracen Excluded Transaction.

**Saracen Share** means a fully paid ordinary share issued in Saracen.

**Saracen Shareholder** means a person who is registered in the Saracen Register as a holder of a Saracen Share.

**Scheme** means the scheme of arrangement pursuant to Part 5.1 of the Corporations Act proposed between Saracen and Scheme Shareholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Northern Star and Saracen.

**Scheme Booklet** means the scheme booklet to be despatched to all Saracen Shareholders in connection with the Scheme, which will contain (among other things) the Independent Expert's Report and a notice of meeting in respect of the Scheme Meeting.

**Scheme Consideration** means 0.3763 New Northern Star Shares for every 1 Scheme Share held by a Scheme Shareholder.

**Scheme Meeting** means the meeting of Saracen Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Scheme.

**Scheme Resolution** means the resolution to be proposed to the Saracen Shareholders at the Scheme Meeting to approve the Scheme, set out in the Notice of Scheme Meeting.

**Scheme Share** means a Saracen Share held by a Scheme Shareholder as at the Record Date.

**Scheme Shareholder** means each person who is a Saracen Shareholder on the Record Date.

**Second Court Date** means the first day on which the Court hears an application for an order under section 411(4)(b) of the Corporations Act approving this Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Section** means a section of this Scheme Booklet.

**SFA Facilities** has the meaning given in Section 5.10.

**Share Registry** or **Saracen Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Small Shareholder** means a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of New Northern Star Shares (assessed by reference to the price of Northern Star Shares on ASX at the close of trade on the trading day prior to the Record Date) as Scheme Consideration.

**Subsidiary** has the meaning given to that term in section 46 of the Corporations Act.

**Super Pit** means the open pit gold mining operation at Kalgoorlie Boulder, Western Australia managed by KCGM.

**Superior Proposal** means a bona fide Competing Proposal:

- (a) in relation to Saracen, which the Saracen Board, acting in good faith and after taking advice from Saracen's financial and legal advisers, determines:
  - (i) is reasonably capable of being implemented within a reasonable timeframe and substantially in accordance with its terms; and
  - (ii) would, if so implemented, result in a more favourable outcome for Saracen Shareholders than would result from the implementation of the Scheme;
- (b) in relation to Northern Star, which the Northern Star Board, acting in good faith and after taking advice from Northern Star's financial and legal advisers, determines:
  - (i) is reasonably capable of being implemented within a reasonable timeframe and substantially in accordance with its terms; and
  - (ii) would, if so implemented, result in a more favourable outcome for Northern Star Shareholders than would result from the implementation of the Scheme.

**Special Dividend** has the meaning given in Section 9.1.

**Special Dividend Record Date** means the record date to determine the entitlement of Saracen Shareholders to receive the Special Dividend, presently scheduled to be 7:00pm (AEDT) on 3 February 2021.

**Special Dividend Payment Date** means the date of payment of the Special Dividend which will occur on the Business Day before the Implementation Date.

**Tier-1 Jurisdiction** refers to the top 10 jurisdictions in terms of mining investment attractiveness as determined by the Fraser Institute Survey of Mining Companies 2019. For the avoidance of doubt, this defined term does not extend to the Independent Expert's Report.

**Total Shareholder Return** is calculated as the change in share price plus dividends paid during the stated period, divided by the share price at the beginning of the period.

**Transaction** means the Scheme.

**Voting Power** has the meaning given to it in the Corporations Act.

**VWAP** means the volume weighted average price.

In this Scheme Booklet (other than in Annexures 1 to 6):

- (a) words and phrases not otherwise defined in this Scheme Booklet have the same meaning (if any) as is given to them by the Corporations Act;
- (b) the singular includes the plural and vice versa. A reference to a person includes a reference to a corporation;
- (c) headings are for ease of reference only and do not affect the interpretation of this Scheme Booklet; and
- (d) a reference to a Section is to a Section in this Scheme Booklet unless stated otherwise.





# Annexures





Annexure 1 :- Independent Expert's Report

# **Independent Expert's Report and Financial Services Guide**

In relation to the proposed merger between  
Saracen Mineral Holdings Limited and  
Northern Star Resources Limited

8 December 2020

## Part 1 – Independent Expert’s Report

The Directors  
Saracen Mineral Holdings Limited  
Level 11, 40 The Esplanade  
PERTH WA 6000

8 December 2020

Dear Directors

### Proposed merger with Northern Star Resources Limited

#### Background

On 6 October 2020 (“the Announcement Date”), Saracen Mineral Holdings Limited (“Saracen” or the “Company”) and Northern Star Resources Limited (“Northern Star”) announced that they had entered into a binding merger implementation deed (the “Merger Implementation Deed”) to pursue a merger. The proposed merger is to be effected via a Saracen scheme of arrangement under which Northern Star will acquire 100% of the fully paid ordinary shares in Saracen (the “Proposed Scheme”).

Under the Proposed Scheme, holders of ordinary shares in Saracen (“Saracen Shareholders”) will receive 0.3763 new fully paid ordinary shares in Northern Star for every Saracen share held (the “Scheme Consideration”). In addition, a fully franked dividend of \$0.038 per Saracen share (“Special Dividend”) will be declared and paid by Saracen on or before implementation of the Proposed Scheme. No dividend will become payable to Saracen Shareholders if the Proposed Scheme is not approved and implemented.

Based on the number of shares the respective companies have on issue, should the Proposed Scheme be approved and implemented, Saracen Shareholders will own 36.3% of the issued shares in the enlarged Northern Star (the “Merged Group”).

Saracen Shareholders are to consider a resolution seeking approval of the Proposed Scheme at a general meeting of the Company that is to be held on or about 15 January 2021 (the “Scheme Meeting”). If the Proposed Scheme is approved and all the other conditions precedent are satisfied or waived (if applicable), the acquisition of Saracen by Northern Star will occur, and Saracen will no longer be listed on the Australian Securities Exchange (“ASX”). We recommend that Saracen Shareholders read the Scheme Booklet to obtain a full understanding of the Proposed Scheme.

#### Requirement for an independent expert’s report

We understand that there is no regulatory requirement for an independent expert’s report to be prepared in relation to the Proposed Scheme. Notwithstanding this, for the purposes of good corporate governance, the Directors of Saracen have engaged Ernst & Young Strategy and Transactions Limited to prepare an independent expert’s report in relation to the Proposed Scheme as if such a report was required under the *Corporations Regulations 2001* (the “Regulations”).

Accordingly, we have prepared this independent expert’s report to consider whether or not, in our opinion, the Proposed Scheme is in the best interests of Saracen Shareholders and setting out the reasons for that opinion. Our report is to be included in the Scheme Booklet being sent to Saracen Shareholders in respect of the Scheme Meeting.

## Approach

Neither the *Corporations Act 2001* (the “Act”) nor the Regulations define the term “in the best interests of”. Australian Securities and Investments Commission (“ASIC”) has issued Regulatory Guide 111: *Content of expert reports* (“RG 111”) which provides guidance as to what matters an independent expert should consider when determining whether or not a particular transaction is in the best interests of shareholders.

A key matter under RG 111 that an expert needs to consider when determining the appropriate form of analysis is whether or not the effect of the transaction is comparable to a takeover offer and is therefore representative of a “control transaction”.

We note that the Proposed Scheme has been announced by Saracen and Northern Star as a “merger of equals”, effected via an all-scrip offer. In assessing whether or not the Proposed Scheme represents a control transaction, we have considered a range of factors, including the composition of the Board of Directors and management of the Merged Group, the relative percentage that Saracen Shareholders will hold in the Merged Group, the size of each company, whether any shareholder from either company will be in a position to control or significantly influence the Merged Group and the intentions of the Board and management of Saracen and Northern Star in entering into the Proposed Scheme. On balance, recognising that there are various factors which demonstrate an intention of mutuality, after consideration of the guidance set out in RG 111 as well as various precedent merger of equals transactions, we consider that the Proposed Scheme represents a “control transaction” and should be evaluated under RG 111 as if it was a takeover bid.

In the circumstance of a scheme that achieves the same outcome as a takeover offer, RG 111 suggests that the form of the analysis undertaken by the independent expert should be substantially the same as for a takeover offer. Independent expert’s reports required under the Act in the circumstance of a takeover are required to provide an opinion as to whether or not the takeover offer is “fair and reasonable”. While there is no definition of “fair and reasonable”, RG 111 provides some guidance as to how the term should be interpreted. With respect to a takeover offer:

- ▶ an offer is “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
- ▶ an offer is “reasonable” if it is fair. It might also be “reasonable” if, despite being “not fair”, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111 states that, in the case of a scheme, if an expert can conclude that an offer is “fair and reasonable” then he or she will be able to conclude that the scheme is in the “best interests” of shareholders.

RG 111 states that the comparison of the value of the consideration and the value of the securities subject to a takeover offer is to be made assuming 100% ownership of the target and it is “inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares”.

## Summary of opinion

### Fairness and reasonableness of the Proposed Scheme

We have considered whether the Proposed Scheme is fair by comparing the assessed value of a Saracen Share, on a controlling interest basis, to the consideration to be received by Saracen Shareholders in the event that the Proposed Scheme is approved and implemented, being the Scheme Consideration and the Special Dividend. The value of the Scheme Consideration is calculated as 0.3763 of a Northern Star share, assuming the Proposed Scheme is approved and implemented, and therefore reflects the combined value of Saracen and Northern Star (i.e. the Merged Group) on a minority interest basis.

We adopted as our primary approach a sum of the parts methodology to value Saracen and our assessed range of values is set out in section 8.1.



In regard to our assessment of the value of the Scheme Consideration, we considered as our primary method the market approach, having regard to recent trading in Northern Star shares on the ASX and adjusting for the exchange ratio. We have given more weighting to the market approach as Saracen Shareholders will ultimately receive consideration in the form of shares in Northern Star under the Proposed Scheme. As such, the “fair value” of the consideration Saracen Shareholders will receive will be dependent on the prices at which Northern Star Shares trade on the ASX after the implementation of the Proposed Scheme.

The table below presents a summary of the assessed value of a Saracen Share (on a controlling interest basis) and the consideration to be received by Saracen Shareholders, if the Proposed Scheme is approved and implemented (i.e. the Scheme Consideration plus the Special Dividend). It should be noted that the following analysis was performed based on information that was current as at 27 November 2020.

Evaluation of the fairness of the Proposed Scheme			
\$/share	Ref	Low	High
Value of Scheme Consideration (\$/share)	9.3	4.89	5.46
Special Dividend (\$/share)	Scheme Booklet	0.038	0.038
Total consideration to be received by Saracen Shareholders (\$/share)		4.93	5.50
Value of a Saracen Share on a controlling basis (\$/share)		8.1	5.02

Source: Ernst & Young Strategy and Transactions Limited analysis

As the Scheme Consideration overlaps and at the upper end, exceeds the range of assessed values of a Saracen Share on a controlling interest basis, we consider the terms of the Proposed Scheme to be fair. Under the guidance provided by RG 111, as we consider the terms to be fair, we also consider the terms to be reasonable. As we are able to conclude that the terms of the Proposed Scheme are fair and reasonable, we also consider them to be in the best interests of Saracen Shareholders.

An important consideration for Saracen Shareholders is the comparative contribution to the Merged Group of both Saracen and Northern Star. Included in the table below is an analysis of the Proposed Scheme based on consideration of various metrics, including reserves and resources, FY20 actual and FY21 guidance production and the market capitalisation of each company before the announcement of the Proposed Scheme.

Relative contribution of Saracen and Northern Star				
Comparative contribution	Saracen	Northern Star	Saracen's contribution	Northern Star's contribution
Number of shares in the Merged Group on a diluted basis (millions)	422.5	741.0	36.3%	63.7%
Market capitalisation the day before Announcement Date (\$m)	5,758	10,246	36.0%	64.0%
Enterprise value (\$m) <sup>1</sup>	5,612	10,301	35.3%	64.7%
Average of broker estimates of total enterprise value pre-announcement (\$m)	5,211	9,049	36.5%	63.5%
Gold reserves as at 30 June 2020 (Moz)	8.6	10.9	44.1%	55.9%
Gold resources (inclusive of reserves) as at 30 June 2020 (Moz)	17.3	31.8	35.3%	64.7%
Actual production for the year ended 30 June 2020 (koz)	520	905	36.5%	63.5%
Midpoint guidance production for the year ending 30 June 2021 (koz)	620	1,000	38.3%	61.7%

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, broker reports, Scheme Booklet, company announcements

Note:

1. Enterprise value based on market capitalisation as at 5 October 2020, less net cash as reported in Saracen's 30 September 2020 quarterly report and plus Northern Star's net debt balance as at 30 September 2020.

As set out in the table, Saracen Shareholders will have an initial collective interest in the issued shares of the Merged Group of approximately 36.3%, while contributing 35.3% of resources, 36.5% of FY20 actual production and approximately 36.0% of market capitalisation before the Announcement Date. However, Saracen will be contributing 44.1% of reserves and 38.3% of estimated FY21 production. In addition, we note that the average of brokers' sum-of-the-parts valuations (excluding net debt) of Saracen and Northern Star reviewed by Ernst & Young Strategy and Transactions Limited, and released prior the Announcement Date, indicate Saracen's assets will contribute approximately 36.5% to the sum of the assets of the Merged Group (without taking into account synergies).

We consider that the relative contribution by Saracen appears reasonable in the context of the shareholding in the Merged Group that will be held by Saracen Shareholders post implementation of the Proposed Scheme.

### **Other considerations**

Notwithstanding the above conclusion that the terms of the Proposed Scheme are fair and reasonable, we have also considered other factors that Saracen Shareholders should consider in forming their views as to whether or not to vote in favour of the Proposed Scheme.

Individual Saracen Shareholders may interpret these factors differently depending on their own circumstances. Certain of the factors outlined below may only be an advantage or disadvantage to the extent that a Saracen Shareholder decides to retain their shares in Northern Star, post-scheme implementation.

Listed below is a summary of these other factors. Saracen Shareholders should refer to section 10 for further explanation.

### **Advantages**

#### **Saracen Shareholders should benefit from future optimisation of KCGM**

Should the Proposed Scheme be implemented, the KCGM assets will be under common ownership for the first time in its history. The various benefits of consolidating ownership of KCGM, are expected to include:

- ▶ Removal of the additional layer of costs and governance required to operate the current joint venture structure, as management of the Super Pit will be consolidated under the Merged Group.
- ▶ Common ownership of KCGM will facilitate optimisation, over the long term, of the KCGM assets. Under the joint venture structure, owners may have had different views, and different capital priorities, in relation to the development and optimisation of the assets. Under a single owner, none of these conflicting objectives will exist.
- ▶ As a joint venture, the milling capacity at KCGM has historically been reserved for KCGM ore. Under common ownership, KCGM's milling facilities can be used to process ore from mines outside KCGM for the benefit of the Merged Group.

These benefits are unique to the Merged Group, in that only a transaction with Northern Star would realise these benefits for Saracen. Some of the benefits expected from the Merged Group have not yet been able to be quantified by Northern Star or Saracen and therefore it is likely that they are not yet reflected in the prices at which Northern Star shares have traded at since the announcement of the Proposed Scheme. To the extent these benefits are able to be realised in the future, such benefits may reflect upside in the future value of the Merged Group shares.

#### **Saracen Shareholders may benefit from additional growth opportunities**

The Merged Group will have access to processing capacity of over 24.0Mtpa, including 18.6Mtpa in the Kalgoorlie region, which creates optionality and capital optimisation that may otherwise not be available to Saracen on a stand-alone basis. As an example, the milling capacity at KCGM may be made available to process ores from proximate non-KCGM deposits held by Northern Star in the Kalgoorlie area (e.g. the South Kalgoorlie Operations, Kanowna, Carbine) where it is value maximizing to do so, rather than milling lower grade stockpiles at KCGM. Evaluation of these proximate deposits can now be assessed and potentially "fast tracked".

In a similar way, Saracen Shareholders will also gain exposure to the Yandal assets of Northern Star including the Jundee and Bronzewing projects (which Saracen does not have an interest in) which are complementary to the Saracen assets centred around Thunderbox. This could provide the potential to unlock regional deposits that have been constrained by lack of processing solutions and provides optionality for access to multiple mills. The entire Yandal belt (encompassing Jundee, Bronzewing and Thunderbox) is within 100km haulage of the Merged Group's processing infrastructure. To the extent that this optionality results in milling efficiencies and cost savings, Saracen Shareholders will benefit.

### **Saracen Shareholders will share in other potential synergies**

In addition to the particular expected benefits to be achieved through common ownership of KCGM which we consider to be buyer specific synergies, there are additional synergies expected to be realised by the Merged Group. The more material synergies are procurement savings, a reduction in corporate overhead costs, and tax benefits from Saracen joining the Northern Star tax consolidated group. These synergies are considered market based and would be available to a pool of potential acquirers of Saracen.

As discussed in section 9.2.2, we expect that the market is already factoring into the Northern Star share price some value attributable to expected synergies to be derived from the merger. Some value would therefore be reflected in our assessment of value of the Scheme Consideration based on the Northern Star share price subsequent to the Announcement Date. However, we note that the market may not be fully including expected market based synergies due to risk as to the quantum and timing of their realisation, as well as the possibility that the Proposed Scheme may not be implemented (due to, for instance, Saracen Shareholders not approving the Proposed Scheme). As such, to the extent that these market based synergies are realised, over and above what is reflected in our assessed value of Scheme Consideration, Saracen Shareholders will share in these synergies, should they continue to hold their Northern Star shares.

### **Greater financial resources**

Should the Proposed Scheme be approved and implemented, based on the September 2020 quarterly reports published by each company, and after taking into account the Special Dividend, the Merged Group will have pro forma net cash and equivalents at 30 September 2020 of \$91 million.<sup>1</sup> Saracen's planned capital spend in FY21 is \$429 million, and the Company is entering an investment phase designed to "future proof" its business by supporting growth in production to circa 800koz per year by FY27, and reducing unit costs. Northern Star's expected FY21 capital spend of \$299 million is relatively low compared to Saracen, given Northern Star's annual production, size and operating cash flows generated in FY21. Saracen's Shareholders will be able to access the higher operating cash flows of the Merged Group in order to fund future exploration and development, and bring forward capital projects where value accretive.

Further, the larger scale of the Merged Group may enable it to access debt funding at lower rates than Saracen on a stand-alone basis, due to its more diversified operations and stronger balance sheet. The additional funding may enable the Merged Group to continue with the various exploration and development programs required to better realise the value of assets in its portfolio.

### **Potential re-rating of the Merged Group**

Production guidance provided individually by Saracen and Northern Star indicates that the Merged Group, pro forma FY21 production is forecast at between 1,540koz and 1,700koz. Based on this production, the Merged Group would be one of the top 10 gold producing companies globally. Our analysis indicates larger gold producing companies tend to trade at higher P/NAV multiples, likely reflecting their more diversified operations, higher free cash flows and stronger balance sheets. While the potential for a market re-rating is difficult to quantify, to the extent that any such re-rating occurs, Saracen Shareholders will benefit from any increase in the value of shares in the Merged Group.

### **Potential for dividends**

We note that Saracen has not paid dividends within the past eight years. Conversely, Northern Star has paid a dividend in each of the last eight years. Whilst past payment history is no guarantee that Northern Star will continue to pay dividends in the future, should Northern Star pay dividends in the future in accordance with its stated capital policy, if the Proposed Scheme is approved and implemented the Saracen Shareholders will receive access to any such future dividends should they continue to hold their Northern Star shares.

We note that Saracen intends to pay the Special Dividend of \$0.038 per share (fully franked), however, this will only be paid if the Proposed Scheme is approved and implemented.

<sup>1</sup> Calculated as Northern Star's net borrowings of \$55 million plus Saracen's net cash balance of \$146 million as at 30 September 2020. Both figures exclude lease liabilities, and payment of the Special Dividend and transaction costs.

### **Potential greater liquidity of Saracen shares**

As a result of the Proposed Scheme, the market capitalisation of the Merged Group, representing both Saracen and Northern Star, will be significantly higher than Saracen's market capitalisation before the Announcement Date. Saracen and Northern Star are both currently in the S&P/ASX 100 Index. Based on the combined market capitalisation of the two companies, it is likely that the Merged Group will be of a similar, and perhaps larger, size as certain companies currently in the ASX 50 Index. Should the Merged Group be included in this index, there may be an increase in demand for its shares, particularly from index-linked investment or tracker funds. Notwithstanding that shares in Saracen have historically been liquid, the increased market capitalisation may mean greater analyst focus and increase the attractiveness of the shares to a larger pool of investors, which could lead to higher levels of liquidity.

### **Disadvantages**

#### **Exposure to additional risks**

While the Proposed Scheme will increase the diversification of the assets that Saracen Shareholders will have exposure to, Saracen Shareholders will also be subject to the risks associated with Northern Star's assets, to which Saracen's Shareholders are not currently exposed. These include assets located outside Australia, largely being in Alaska, United States. The United States is considered a Tier-1 mining jurisdiction, and therefore in this regard the Merged Group does not have a significantly different risk profile to that of Saracen's portfolio, which is based in Australia and is also a Tier-1 jurisdiction. However, the United States was, and continues to be, relatively more impacted by the COVID-19 pandemic than Australia. Operations at Northern Star's Pogo mine recently were affected by an outbreak with risks of a second and third wave of infections which could result in further disruptions at the Northern Star's operations in Alaska. However, to the extent that shareholders consider this a disadvantage, Saracen Shareholders can choose to sell their Northern Star shares following the implementation of the Proposed Scheme.

#### **Possibility that potential synergies will not be realised**

As noted above, part of the value of the Merged Group reflects the potential realisation of synergies in combining the Saracen and Northern Star businesses. The value of some potential synergies is included in our assessment of the value of the Scheme Consideration, as our valuation is primarily based on the Northern Star share price, post Announcement Date, which reflects the market's view on likely synergies that could be realised. There is a risk that less synergies could be realised or over a longer period of time, and/or cost more to realise, and therefore that the synergistic value which has contributed to the assessed value of the Scheme Consideration is not realised. Not achieving the potential synergies may have a negative impact on the value of the Merged Group.

### **Other factors**

#### **Saracen Shareholders are receiving only a small premium to the price at which Saracen Shares traded prior to the announcement, based on the high end of our valuation range**

The table on the following page sets out a comparison of our assessed value of the Scheme Consideration, plus the Special Dividend, to volume weighted average prices ("VWAP") of Saracen shares over various time periods leading up to the Announcement Date.

Comparison of our assessed value of the Scheme Consideration plus Special Dividend with traded share price of Saracen		
	Low	High
Value of Scheme Consideration (\$/share)	4.89	5.46
Special Dividend paid to Saracen shareholders per share (\$/share)	0.038	0.038
<b>Total consideration to be paid to Saracen Shareholders (\$/share)</b>	<b>4.93</b>	<b>5.50</b>
<b>Premium/(discounts) (%) compared to:</b>		
VWAP 1 day prior to announcement	(5.2%)	5.8%
VWAP 1 week prior to announcement	(4.6%)	6.4%
VWAP 1 month prior to announcement	(5.3%)	5.6%
VWAP 2 months prior to announcement	(8.4%)	2.1%
VWAP 3 months prior to announcement	(12.4%)	(2.2%)

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ

Our analysis indicates that Saracen Shareholders are not receiving a premium based on the low end of our value range of the Scheme Consideration, but are receiving a premium (albeit small) at the high end calculated across all time periods, except for a comparison based on a 3 month VWAP prior to the Announcement Date.

We have presented above an assessment of the premium implicit in the consideration to be received by Saracen Shareholders based on the relationship between the value of the Scheme Consideration at the date of this report to the trading prices of a Saracen Share immediately prior to the announcement of the Proposed Scheme. This is a common way of assessing implied control premiums.

We note that share prices of companies in the gold sector, including both Northern Star and Saracen, have been declining in the weeks leading up to the date of this report due principally to the general decline in gold prices. As a result, the above analysis has limitations in that the value of the Scheme Consideration reflects an environment of lower gold prices than that which prevailed prior to the Announcement Date. A comparison of the value of the Scheme Consideration with Saracen share prices prior to the Announcement Date fails to recognise that with lower gold prices it is likely that Saracen's share price would have declined in the absence of the Proposed Scheme.

As a result of the above and also noting that Saracen and Northern Star share prices have traded at a consistent trend across an extended period, we have also considered the relative premium or discount that would have existed over various historical periods. This is set out in the table below:

Northern Star and Saracen premium/(discount) analysis				
\$	Northern Star VWAP	0.3763x Northern Star VWAP	Saracen VWAP	Premium / (Discount)
1 day prior to the announcement	13.83	5.20	5.20	0.0%
1 week prior to the announcement	13.83	5.21	5.17	0.8%
1 month prior to the announcement	13.98	5.26	5.20	1.1%
2 months prior to the announcement	14.20	5.34	5.38	(0.8%)
3 months prior to the announcement	14.54	5.47	5.62	(2.7%)

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ. VWAP means volume weighted average price over the relevant period

The implied premium/(discount), depending on the period considered, ranges from (2.7%) to 1.1%, highlighting the nature of the Proposed Scheme as a "nil premium" merger, when referenced to the prices at which the two companies have traded over the past three months, and in particular to the price at which Northern Star and Saracen were trading immediately prior to the Announcement Date. As discussed in section 8.8.3 we consider that market speculation regarding a possible transaction between the two parties, particularly following Northern Star's acquisition of the 50% interest in KCGM in early 2020, may have led to an increase in Saracen's share price, resulting in a Saracen share price that included some premium.

### **The value of the Scheme Consideration up until the date of the Scheme Meeting may change**

The Scheme Consideration is in the form of shares in Northern Star, rather than a certain amount of cash. As such, the value of the consideration receivable by Saracen Shareholders up to the implementation date may change.

We note the Northern Star share price has been volatile and declining since the Announcement Date, closing between \$12.52 and \$16.84 between 6 October 2020 and 27 November 2020. After initially increasing after the announcement of the Proposed Scheme, Northern Star's share price declined and as at 27 November 2020 is below pre-announcement prices. The decline in Northern Star's share price is consistent with the decline in the S&P/ASX All Ordinaries Gold Index and reflects falls in the spot price of gold since the Announcement Date to 27 November 2020 of 6% in USD terms and 9% in AUD terms. Market conditions including gold price movements leading up to the Scheme Meeting, may impact the Northern Star share price and, in turn, may impact the value of the Scheme Consideration. Depending on the circumstances, this impact could be negative or positive.

### **Saracen Shareholders' interest in the Company's assets will be diluted**

Should the Proposed Scheme be approved and implemented, Saracen Shareholders will only hold 36.3% of shares in the Merged Group. As such, whilst Saracen Shareholders will continue to have exposure to the assets previously owned by Saracen, their interest will be proportionately lower than it is currently. For instance, Saracen Shareholders currently hold a 50% interest in KCGM, while they will collectively hold a circa 36.3% interest in KCGM, should the Proposed Scheme be implemented.

### **Saracen Shareholders are not giving up the opportunity to realise a premium for control**

As there is no effective passing of control to any shareholder, with the largest shareholder holding 12.5% of the shares in the Merged Group, Saracen shareholders are not giving up the opportunity to realise a full premium for control at some later stage. However, given the significant size of the Merged Group, arguably the pool of potential acquirors with the capacity to acquire the Merged Group may be reduced.

### **Potential for an alternative superior proposal to emerge**

While it is possible that an alternative proposal involving Saracen may emerge, we note that:

- ▶ Given the similarities between the Saracen and Northern Star businesses, and the common ownership of KCGM and the proximate location of their projects, there are few other potential acquirers of Saracen which would be able to realise the potential operating synergies as Northern Star.
- ▶ Since the announcement of the Proposed Scheme, no superior proposals have been received and the Directors of Saracen are not aware of any potential superior alternative proposal likely to emerge.
- ▶ The terms of the Merger Implementation Deed prevent Saracen and its representatives from actively seeking alternative proposals. Furthermore, a substantial break fee of \$57.6 million may be payable by Saracen in certain circumstances, such as Saracen entering into an alternative proposal.

These factors may reduce the likelihood of any superior proposals emerging.

### **If the Proposed Scheme is not approved the Saracen share price may fall below current trading levels**

If the Proposed Scheme is not approved, and in the absence of an alternative transaction, Saracen will continue to operate in its current form and remain listed on the ASX. As a consequence:

- ▶ Saracen Shareholders would continue to own shares in Saracen but will not receive any Northern Star shares.
- ▶ The advantages, disadvantages and risks of the proposal will not occur other than with respect to the estimated one-off transaction costs of approximately \$3.5 million incurred or committed prior to the

Scheme Meeting. These costs would be incurred irrespective of whether or not the Proposed Scheme is approved and implemented.

- ▶ The price of Saracen Shares may fall. We note that Saracen Shares rose 9.6% on 6 October 2020 following announcement of the Proposed Scheme. Since that date, up to 27 November 2020, Saracen Shares have traded at an average of 9.1% above the VWAP one day preceding the Announcement Date of \$5.20 per share.

### **Tax consequences**

There may be certain tax implications for individual Saracen Shareholders in connection with the Proposed Scheme if it is approved and implemented. The exact nature and impact is uncertain and will depend on the profile of each Saracen Shareholder. These specific consequences need to be borne in mind by each Saracen Shareholder in weighing up the merits of the Proposed Scheme.

As such, Saracen Shareholders should refer to section 9 of the Scheme Booklet for a detailed explanation of the potential tax consequences for both the receipt of the Scheme Consideration and the Special Dividend. We understand however that for Australian resident Saracen Shareholders, roll-over relief may be available on any capital gains tax in certain circumstances. We also note that the Special Dividend will be fully franked, and to the extent individual Saracen Shareholders can utilise the franking credits associated with the Special Dividend, this represents additional value for those shareholders.

### **Costs associated with the Proposed Scheme**

Saracen estimates that it will have incurred or committed to incur total transaction costs of approximately \$3.5 million in relation to the Proposed Scheme prior to the Scheme Meeting. These costs would be incurred irrespective of whether or not the Proposed Scheme was approved and implemented.

In addition to the above, if the Proposed Scheme is not approved and implemented, in certain circumstances, Saracen may be obligated to pay a \$57.6 million break fee to Northern Star as set out in section 13 of the Merger Implementation Deed.

We note that should the Proposed Scheme be implemented, Saracen's total transaction costs are estimated to be approximately \$16.9 to \$19.1 million, as set out in section 11.8 of the Scheme Booklet.

### **Current volatility in gold prices and share prices**

The majority of the valuation analysis in this report was prepared at 27 November 2020, and therefore considers the impact of the decline in gold prices observed in the weeks leading up to the date of this report. As at 4 December 2020, the closing price of Saracen shares was \$4.78 and Northern Star was \$12.84 per share. Both of these prices are broadly consistent with the prices at which they were trading at on 27 November 2020, being the date of our valuation analysis.

It is important to note it is possible, even likely, given gold price volatility, that the share price of Northern Star could materially change subsequent to the date of this report but before the Scheme Meeting. To the extent that any decrease in the trading price of a Northern Star share was due principally to a decline in gold prices, or operations at the companies' key common asset (i.e. their respective 50% interests' in Kalgoorlie Consolidated Gold Mines Pty Ltd ("KCGM")), it would be reasonable to expect that Saracen Shares would be impacted in the same way. Therefore, the analysis set out in this report would remain materially consistent and our conclusions on the Proposed Scheme would be unchanged.

### **Conclusion**

Taking into consideration the matters detailed in this independent expert's report, in the opinion of Ernst & Young Strategy and Transactions Limited, the Proposed Scheme is fair and reasonable and therefore is in the best interests of Saracen Shareholders.



### Other matters

This independent expert's report has been prepared specifically for Saracen Shareholders. Neither Ernst & Young Strategy and Transactions Limited, Ernst & Young nor any employee thereof undertakes responsibility to any person, other than Saracen Shareholders, in respect of this report, including any errors or omissions howsoever caused.

This independent expert's report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Saracen Shareholders. The decision as to whether to approve or not approve the Proposed Scheme is a matter for individual Saracen Shareholders. Saracen Shareholders should have regard to the Scheme Booklet prepared by the Directors and management of Saracen. Saracen Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their own professional adviser.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full independent expert's report as attached. All amounts are in Australian dollars (" \$" or "A\$") unless otherwise stated.

Ernst & Young Strategy and Transactions Limited has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

Yours faithfully  
Ernst & Young Strategy and Transactions Limited

A handwritten signature in black ink, appearing to read 'Evgeny Khrustalev', written over a horizontal line.

Evgeny Khrustalev  
Director and Representative

A handwritten signature in black ink, appearing to read 'Julie Wolstenholme', written over a horizontal line.

Julie Wolstenholme  
Director and Representative



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## 1. Introduction

### 1.1 Overview of the Proposed Scheme

On 6 October 2020 (the “Announcement Date”), Saracen Mineral Holdings Limited (“Saracen” or the “Company”) and Northern Star Resources Limited (“Northern Star”) announced that they had entered into a Merger Implementation Deed under which Northern Star intends to acquire all of the issued shares in Saracen (“Saracen Shares”) via a scheme of arrangement (the “Proposed Scheme”).

Under the terms of the Proposed Scheme, if approved and implemented, shareholders in Saracen (“Saracen Shareholders”) will receive scrip consideration of 0.3763 new shares in Northern Star for every one Saracen share held (the “Scheme Consideration”). In addition, a fully franked dividend of \$0.038 per Saracen Share (“Special Dividend”) will be declared and paid by Saracen on or before implementation of the Proposed Scheme. No dividend would be payable to Saracen Shareholders if the Proposed Scheme is not approved and implemented.

We note that certain Saracen Shareholders located outside Australia and New Zealand may be ineligible to participate in the Proposed Scheme. Broadly speaking, if the Proposed Scheme is implemented, these shareholders will have their shares in Northern Star sold by a nominee appointed by Saracen after implementation of the Proposed Scheme, and the net funds will be remitted to the relevant overseas shareholder. In addition, if a Saracen Shareholder would be entitled to receive shares in Northern Star that have a value less than a marketable parcel of \$500 (based on the price of Northern Star shares at the close of trade immediately prior to the Scheme Record Date), then these shareholders will not participate in the Proposed Scheme, unless they elect to opt-in. An opt-in notice will be sent to these Saracen Shareholders. Further details relevant to these shareholders are provided in the Scheme Booklet, that has been prepared by Saracen in relation to the Proposed Scheme (“the “Scheme Booklet”).

Saracen Shareholders are to consider a resolution seeking approval of the Proposed Scheme at the Scheme Meeting of the Company that is to be held on or about 15 January 2021.

### 1.2 Summary of Saracen and Northern Star

Saracen is an Australian incorporated gold production and exploration company with its head office in Perth. Saracen’s production and exploration assets are located solely within Western Australia. Saracen is listed on the Australian Securities Exchange (“ASX”) and had a market capitalisation of around approximately \$5.8 billion on the day prior to the Announcement Date.

Northern Star is an Australian incorporated gold production and exploration company, with its head office also in Perth. Northern Star is also listed on the ASX and had a market capitalisation of approximately \$10.2 billion on the day prior to the Announcement Date. Northern Star’s major producing assets are located in Western Australia and Alaska.

Amongst other assets, Saracen and Northern Star each hold a 50% interest in a significant common asset, Kalgoorlie Consolidated Gold Mines Pty Ltd (“KCGM”), which is the owner and operator of the Fimiston open pit (known as the “Super Pit”), the Mt Charlotte underground mine and the Fimiston and Gidji processing plants, located near Kalgoorlie, Western Australia.

### 1.3 Impact of the implementation of the Proposed Scheme

If the Proposed Scheme is implemented, Saracen will become a wholly owned subsidiary of Northern Star and will be delisted from the ASX. Saracen Shareholders will collectively hold 36.3% of the expanded issued share capital of Northern Star (the “Merged Group”). The Merged Group will likely become the second largest gold producer in Australia with an estimated annual gold production of 1,540koz to 1,700koz in the financial year ending 30 June 2021 (“FY21”) on a pro forma basis, with the potential to realise significant synergies.

As at the Announcement Date, Saracen had 1,107,636,918 ordinary shares on issue, 15,809,720 unvested and 1,249,430 vested Performance Rights (the “Performance Rights”) and 30,532 share rights issued to non-executive directors (the “NED Share Rights”). The Performance Rights and NED Share Rights are unlisted and are issued in accordance with long-term incentive plans. Performance Rights are held by directors, executives

and senior employees of Saracen, while NED Share Rights are held by non-executive directors of Saracen. Under the Merger Implementation Deed, should the Proposed Scheme be approved, 15,075,853 of the Performance Rights will vest and be exercised, allowing the holders to participate in the Proposed Scheme. Of the NED Share Rights, 8,797 will automatically vest on 1 January 2021 whether or not the Proposed Scheme is approved. The remaining Performance Rights and NED Share Rights will be cancelled or forfeited.<sup>2</sup>

The following table summarises the number of shares and performance rights the respective companies have on issue as per the Scheme Booklet.

<b>Capital structure of Saracen and Northern Star pre-Proposed Scheme</b>	
<i>Million</i>	
<b>Saracen</b>	
Number of Shares on issue	1,107.6
Number of Performance Rights and NED Share Rights on issue <sup>1</sup>	17.1
<b>Northern Star</b>	
Number of Northern Star shares on issue	741.0
Number of Northern Star performance rights and NED share rights on issue <sup>2</sup>	3.0

Source: Scheme Booklet and Saracen management

Notes:

1. Performance Rights include 1,249,430 FY18 Performance Rights that vested on 30 June 2020, but which have not yet been exercised by the holder of the Performance Right. Ordinary shares have been issued to the Plan Trustee in relation to these Performance Rights and these shares are included in the number of Saracen Shares on issue in the table above. Performance Right holders have a period of time before the Performance Rights are required to be exercised, at which point the shares will be transferred from the Plan Trustee to the relevant Performance Right holder.

2. Excludes performance rights planned to be issued to Saracen management on implementation of the Proposed Scheme.

The following table summarises the position of the Merged Group on implementation of the Proposed Scheme, assuming the Performance Rights and NED Share Rights vest as set out in the Merger Implementation Deed, and are exercised, and therefore participate in the Proposed Scheme:

<b>Merged Group ordinary shares post-Proposed Scheme</b>	
<i>Million</i>	
<b>Number of Saracen Shares eligible to participate in the Proposed Scheme, reflecting:</b>	
Saracen Shares on issue	1,107.6
Add: Saracen Shares to be issued on vesting and exercise of Performance Rights and NED Share Rights	15.1
<b>Total Saracen Shares eligible to participate in the Proposed Scheme</b>	<b>1,122.7</b>
x Merger ratio	0.3763
<b>Total Northern Star Shares to be issued to Saracen security holders on implementation of the Proposed Scheme</b>	<b>422.5</b>
<b>Number of Northern Star Shares on issue post implementation of the Proposed Scheme:</b>	
Northern Star Shares on issue before the Proposed Scheme	741.0
Total Northern Star Shares to be issued to Saracen security holders on implementation of the Proposed Scheme	422.5
<b>Northern Star Shares on issue post implementation of Proposed Scheme</b>	<b>1,163.4</b>
Saracen Shareholders proportion of Merged Group (%)	36.3%
Northern Star Shareholders proportion of the Merged Group (%) <sup>1</sup>	63.7%

Source: Ernst & Young Strategy and Transactions Limited analysis, Scheme Booklet

Notes:

1. Excluding the impact of 3.0 million Northern Star performance rights and NED share rights on issue, which are not impacted by the Proposed Scheme

2. Totals may not sum due to rounding

Based on this analysis, upon the implementation of the Proposed Scheme, Saracen Shareholders will have a collective 36.3% interest in the Merged Group, with Northern Star shareholders having a 63.7% interest in the Merged Group.

Furthermore, based on Northern Star's volume weighted average share price ("VWAP") on 5 October 2020 (being the last trading day before the Announcement Date) of \$13.83 per share, and an exchange ratio of 0.3763, the

<sup>2</sup> Refer to section 10.19 of the Scheme Booklet for details of the treatment of the Performance Rights and NED Share Rights if the Proposed Scheme is implemented.

Proposed Scheme implies a market value of \$5.20 per Saracen Share. Saracen's share price on 5 October 2020 was equal to \$5.20<sup>3</sup> per share. On this basis, the Proposed Scheme is described by the management of both companies as a "nil premium" transaction.

## 1.4 Merged Group Board of Directors and future intentions

If the Proposed Scheme is implemented, Northern Star intends to continue to operate the businesses of Saracen and Northern Star in substantially the same manner as they are currently, while focusing on the realisation of expected synergies. The Merged Group will combine the operations of both companies into three key operating businesses:

- ▶ Kalgoorlie Operations – comprising KCGM, together with Northern Star's other Kalgoorlie operations and Saracen's Carosue Dam asset.
- ▶ Yandal Operations – comprising Northern Star's Jundee and Bronzewing assets, together with Saracen's Thunderbox asset.
- ▶ North America – comprising Northern Star's Pogo operation in Alaska.
- ▶ The Merged Group will have combined gold resources of 49 million ounces.<sup>4</sup> As stated in the Scheme Booklet, if the Proposed Scheme is implemented, the strategy of the Merged Group will be to:
  - Pursue the full potential of cost optimisations through removing the complexity and costs associated with the existing KCGM joint venture, procurement cost savings, and corporate cost savings.
  - Optimise the Merged Group's portfolio of processing infrastructure by directing the ore to the most appropriate facilities.
  - Optimise capital allocation and timing of growth projects including potential to accelerate mill expansions, and potential to accelerate KCGM expansion projects, or development of other new deposits.
  - Leverage both Northern Star and Saracen's complementary skill sets to implement a best in class approach to the Merged Group's portfolio of assets.
  - Review the most efficient capital allocation to drive future growth given the broadened portfolio of exploration opportunity in the Merged Group's portfolio.
  - Conduct an evaluation of internal and external opportunities to maximise value for the Merged Group's shareholders.

The Merged Group Board and management team will be drawn from both Saracen and Northern Star. Initially, the Board of Directors will comprise nine directors, five of which will be Northern Star nominees while four will be Saracen nominees (Raleigh Finlayson, Anthony Kiernan as lead non-executive director, Sally Langer and John Richards). Bill Beament, the current Executive Chair of Northern Star, will become the Executive Chair of the Merged Group. Saracen's current Managing Director, Raleigh Finlayson, will become the Managing Director of the Merged Group, responsible for developing and executing strategy, business development, investor relations and corporate affairs.

It is anticipated Mr Finlayson will transition to an executive director role after 12 to 18 months, at which time the roles of the Managing Director and Chief Executive Officer (which will be performed by Stuart Tonkin, the current Chief Executive Officer of Northern Star) will be amalgamated. We understand that as a result of the amalgamation, Mr Finlayson will remain on the Board as an Executive Director, and Mr Tonkin will take on the role of Managing Director.

<sup>3</sup> Calculated based on a volume weighted average share price for 5 October 2020. The closing price on 5 October 2020 was \$5.22 per share

<sup>4</sup> Resources reported under JORC 2012, as per Reserves and Resources Statements published by Saracen, Northern Star and KCGM, as at 30 June 2020

Key management roles will also be from both companies. As noted above, Mr Tonkin, the current Chief Executive Officer of Northern Star, will initially retain that role in the Merged Group, while the Chief Operating Officer role of the Kalgoorlie Operations (which will represent the largest proportion of the resources and production of the Merged Group) will be filled by Simon Jessop, the current Chief Operating Officer of Saracen. The current Chief Financial Officer of Saracen, Morgan Ball, will hold this role in the Merged Group, while the Yandal and Pogo operations will be managed by Luke Creagh, the current Northern Star Chief Operating Officer.

The head office of the Merged Group will remain in Perth. The Merged Group proposes to continue paying dividends in line with Northern Star's existing dividend policy.

The Saracen Board of Directors have unanimously recommended that Saracen Shareholders, in the absence of a superior proposal and subject to the independent expert opining that the Proposed Scheme is in the best interests of Saracen Shareholders, vote in favour of the Proposed Scheme and have stated that they intend to do so in regards to their own holdings in Saracen.

## 1.5 Conditions precedent

Implementation of the Proposed Scheme is subject to a number of conditions (some of which, pursuant to the Merger Implementation Deed, may be waived by agreement between Northern Star and Saracen) including, amongst other matters:

- ▶ The independent expert concluding that the Proposed Scheme is in the best interests of Saracen Shareholders and not withdrawing or changing that conclusion
- ▶ Saracen Shareholders' approval of the Proposed Scheme by the requisite majority
- ▶ Supreme Court of Western Australia approval of the Proposed Scheme
- ▶ All required consents or waivers from financiers are received, including relating to the payment of the Special Dividend
- ▶ No material adverse effects, prescribed events or regulated events occurring to Saracen or Northern Star as defined in the Merger Implementation Deed (material adverse effects do not include those resulting from changes in economic, political or business conditions, including gold price, interest rates and exchange rate movements).

Under the Merger Implementation Deed, each of Saracen and Northern Star have agreed to exclusivity arrangements. Under the arrangements, neither party must encourage a competing proposal ("no shop"), or enter into negotiations about a competing proposal ("no talk") or enter into due diligence arrangements that may assist a third party formulating a competing proposal ("no due diligence"). The "no-talk" and "no due diligence" restrictions do not restrict Saracen or Northern Star from taking action in relation to a competing proposal in respect of which there has been no breach of the "no shop" restrictions, where the Saracen Board or Northern Star Board (as the case may be) has determined that a competing proposal may reasonably be expected to lead to a superior proposal and that failing to respond to the competing proposal would be reasonably likely to constitute a breach of the fiduciary duties of the Saracen Board or Northern Star Board (as the case may be).

A break fee of \$57.6 million may be payable by Saracen to Northern Star, or by Northern Star to Saracen, in certain circumstances. Saracen will be required to pay the break fee to Northern Star in circumstances including Saracen entering into a competing proposal within the six month exclusivity period or any director changing their recommendation or withdrawing an earlier recommendation, unless that occurs because the independent expert has concluded the Proposed Scheme is not in the best interests of Saracen Shareholders or the expert withdraws its report. The circumstances in which a break fee is payable is set out in clause 13 of the Merger Implementation Deed. We note that Northern Star is required to pay Saracen a break fee of the same amount in certain circumstances.

A description of the conditions precedent to the Proposed Scheme is included in section 10.14 the Scheme Booklet.

## 2. Scope of the independent expert's report

### 2.1 Purpose of the report

The proposed merger of Saracen and Northern Star is to be implemented by way of a scheme of arrangement being conducted under the provisions of Section 411 of the Corporations Act (the "Act"). If approved by Saracen Shareholders, the Proposed Scheme will then be subject to approval by the Supreme Court of Western Australia.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to security holders in relation to schemes of arrangement pursuant to Section 411 of the Act. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement holds at least 30% of the company subject to the scheme, or if the parties have a common director. In those circumstances, the documents to be sent to shareholders must be accompanied by a report prepared by an independent expert in which the independent expert provides an opinion as to whether or not the Proposed Scheme is in the best interests of shareholders subject to the scheme and set out the reasons for that opinion.

Northern Star does not hold any interest in Saracen, and there are no common directors. As such, an independent expert's report is not specifically required in relation to the Proposed Scheme. Notwithstanding, the Directors of Saracen have commissioned us to prepare an independent expert's report setting out whether or not, in our opinion, the Proposed Scheme is in the best interests of Saracen Shareholders and the reasons for that opinion. Our report will accompany the Scheme Booklet to be sent to Saracen Shareholders.

### 2.2 Basis of evaluation

There is no legal definition of the term "in the best interests of" in the Act or the Regulations. However, the Australian Securities and Investments Commission ("ASIC") has issued Regulatory Guide 111 *Contents of experts reports* ("RG 111") which provides guidance as to what matters an independent expert should consider when determining whether or not a particular transaction is in the best interests of shareholders.

Importantly, RG 111 differentiates between the analysis required for control transactions and other transactions. In the context of a control transaction, where the transaction has a similar effect on the company's shareholding as a takeover bid then the transaction should be analysed as if it were a takeover bid. This would require the assessment of the target on a controlling interest basis, consistent with a takeover bid.

A key consideration is therefore whether the Proposed Scheme has a similar effect on Saracens shareholders as a takeover bid. RG 111 provides guidance as to how the expert is to approach the analysis where a proposed transaction involves non-cash consideration, such as shares. In such a situation, RG 111.31 notes that "*the expert may need to assess whether a scrip takeover is in effect a merger of entities of equivalent value when control of the merged entity will be shared equally between the 'bidder' and the 'target'.*" In such a "merger of equals", the expert may be justified in using an equivalent approach to valuing the securities of the 'bidder' and the 'target'. Our interpretation of this is that the expert could then consider the values of each entity, being the bidder and target, each on a non-controlling basis.

In considering our approach, we note that the Proposed Scheme has been announced by Saracen and Northern Star as a "merger of equals", effected via an all-scrip offer. To consider whether the Proposed Scheme is, in substance a control transaction with regard to the guidance provided under RG 111, we have considered the following factors:

- ▶ *the respective shareholder base of the Merged Group post the Proposed Scheme and the collective interests of the Saracen Shareholders and existing Northern Star shareholders:* based on the last trading share price prior to the announcement date of the Proposed Scheme, Saracen Shareholders will collectively hold approximately 36.3% of the shares in the Merged Group, while existing Northern Star shareholders will hold approximately 63.7%.
- ▶ *the mix of the members of the Board and senior management of the Merged Group following implementation of the Proposed Scheme:* As discussed above, the Merged Group Board and management team will be drawn from both Saracen and Northern Star. Initially, the Board of Directors

will comprise nine directors, five of which will be Northern Star nominees while four will be Saracen nominees. After the anticipated amalgamation of the Managing Director and Chief Executive Officer roles (anticipated to be within 12-18 months), the Managing Director will be Mr Tonkin, a current Northern Star employee. While the Board will comprise of a majority of Northern Star nominees, Saracen executives will be represented in some key senior management roles, including the day to day management of the Kalgoorlie Operations and the Chief Financial Officer role.

- ▶ *the comparative trading performance of each company's shares on the ASX and their relative market capitalisation:* Subsequent to each of Saracen and Northern Star having acquired a 50% interest in KCGM in November 2019 and January 2020, respectively, and up to July 2020, Saracen's share price had generally outperformed Northern Star on a relative basis. However, since August 2020, the share prices of both companies have been relatively closely aligned and neither has outperformed the other. Based on the last traded share price prior to the announcement, Northern Star's market capitalisation was approximately \$10.2 billion or 77% higher than Saracen's market capitalisation of \$5.8 billion.
- ▶ *whether any shareholder from either company will be in a position to control or significantly influence the Merged Group post the Proposed Scheme:* No individual shareholder from either company will hold more than 20% of securities in the Merged Group if the Proposed Scheme is implemented. In effect, the Proposed Scheme will not result in the passing of control as may be the case for a takeover. Based on current shareholdings, the largest shareholders, being global investment management companies, BlackRock Group and Van Eck Associates Corporation with approximate holdings of 12.5% and 10.8%, respectively, are broadly similar to the shareholders of Saracen currently.<sup>5</sup>
- ▶ *intentions of the Board and management of Saracen and Northern Star on entering into the Proposed Scheme:* The Proposed Scheme has been structured as a merger of equals by both parties, with the Scheme Consideration consisting of shares in Northern Star (not cash or a combination of cash and shares). The enlarged entity will continue to trade as Northern Star.
- ▶ *mutual interests in combining the businesses:* There are expected to be significant synergistic benefits in combining the gold operations of both companies, especially bringing the ownership of KCGM under a single entity. Given the all-scrip Scheme Consideration, both Saracen Shareholders and existing Northern Star shareholders will mutually benefit from the achievement of these expected synergies. Furthermore, there are substantial mutual break fees for both parties in the event the Proposed Scheme is terminated in certain situations.

On balance, recognising that there are various factors which demonstrate an intention of mutuality and no passing of control, after consideration of the guidance set out in RG 111 as well as various precedent merger of equals transactions, we consider that the Proposed Scheme represents a "control transaction" and should be evaluated under RG 111 as if it was a takeover bid.

RG 111 provides guidance as to how the term "fair and reasonable" should be interpreted in a range of circumstances. With respect to a takeover:

- ▶ an offer is "fair" if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer. The comparison is to be made assuming 100% ownership of the target and it is "inappropriate to apply a discount on the basis that the shares being acquired represent a minority or portfolio parcel of shares"; and
- ▶ an offer is "reasonable" if it is fair. It might also be "reasonable" if, despite being "not fair", the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

A proposal that was "fair and reasonable" is defined in RG 111 to be in the best interests of shareholders. In circumstances where a proposal was "not fair but reasonable" based on the analysis in the form of a takeover bid, it is still open for the expert to conclude that the scheme is in the best interests of the members of the company.

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<sup>5</sup> Refer to sections 4.7 and 5.7 for a breakdown of the major shareholders in Saracen and Northern Star respectively.



RG 111 also provides that an independent expert should usually give a range of values for the securities that are the subject of the offer. If the value of the consideration offered falls within the range of values of the securities, the offer is considered to be fair.

We have therefore assessed whether the Proposed Scheme is fair by comparing the estimated value of the Saracen Shares being given up, on a controlling interest basis, with the fair value of the consideration Saracen Shareholders will receive if the Proposed Scheme is implemented, namely the Scheme Consideration and the Special Dividend. In assessing the value of a Saracen Share, we have assumed 100% ownership, which implicitly includes a control premium.

In assessing the value of the Scheme Consideration, we have considered the value of the Merged Group and have not included a control premium as Saracen Shareholders will receive shares representing a minority or portfolio interest in the Merged Group (i.e. Northern Star post-implementation of the Proposed Scheme). The Proposed Scheme is considered fair if the value of the Scheme Consideration plus the Special Dividend is equal to or greater than the range of values assessed for a Saracen Share. In considering whether the Proposed Scheme is reasonable, we also considered the following matters:

- ▶ The strategic rationale for the transaction and the intentions of the Merged Group.
- ▶ The prices at which Saracen Shares and Northern Star Shares have recently traded on the ASX, and their liquidity.
- ▶ The comparative contribution of the Merged Group of both Saracen and Northern Star in comparison to the terms of the Proposed Scheme.
- ▶ The existence of alternatives to the Proposed Scheme and the consequences for Saracen Shareholders.
- ▶ The likelihood of a superior proposal being received.
- ▶ The likely impact on Saracen's share price in the event that the Proposed Scheme is not approved.
- ▶ Other advantages and disadvantages that Saracen Shareholders should consider in assessing whether to approve the Proposed Scheme.

In undertaking our assessment of the Proposed Scheme we have had regard to a number of references including ASIC Regulatory Guidelines, in particular, RG 111 and Regulatory Guide 112 *Independence of experts* ("RG 112"), and relevant market valuation guidelines and generally accepted practices in the preparation of expert reports. We have also had regard to the *Code for the technical assessment and valuation of mineral and petroleum assets and securities for independent expert reports* (the "VALMIN code"). This report has also been prepared in accordance with APES 225 *Valuation Services* ("APES 225") issued by the Accounting Professional & Ethical Standards Board Limited in July 2008 (revised May 2012). Our analysis of Saracen and the Merged Group is on a going concern basis.

A glossary summarising the abbreviations we have used in this report is contained in Appendix G.

## 2.3 Fair value

We have assessed the value of Saracen on a 100% controlling interest fair value basis and the Scheme Consideration on a minority fair value basis. Fair value in this context is considered to be:

*"the price at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer both acting at arm's length".*

Fair value does not incorporate any special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

We note that SRK Consulting (Australasia) Pty Ltd.'s ("SRK") assessment refers to a basis of value being "market value", in accordance with the VALMIN code. We consider the two bases of value (being market value and fair

value) to be synonymous and note the VALMIN code states that the definition of “market value” is consistent with the definition of fair value in RG 111.

## 2.4 Independence

Prior to accepting this engagement, we considered our independence with respect to Saracen and Northern Star with reference to RG 112. Ernst & Young Strategy and Transactions Limited, Ernst & Young, and global affiliations, have not provided any services to Saracen or Northern Star in relation to the Proposed Scheme.

Ernst & Young has previously provided professional services to both Saracen and Northern Star, and subsidiaries thereof. These services included the provision of tax advice and valuation advice (to Northern Star only) in respect of matters not related to the Proposed Scheme. In particular, Ernst & Young provided valuation advice in 2017, for financial reporting purposes to Northern Star, in respect of its acquisition of Dioro Exploration. We do not consider these services to compromise our independence.

## 2.5 Limitations and reliance on information and technical experts

We have considered a number of sources of information in preparing our report and arriving at our opinion. These sources of information are detailed in Appendix F.

In particular, in considering the fair value of Saracen we have relied on the independent technical report prepared by SRK (the “SRK Report”). SRK was appointed by Saracen as the independent technical expert, with the instructions and scope determined by us, in undertaking a technical assessment of the production and exploration assets of Saracen. A copy of the SRK Report is attached in full at Appendix H and should be read in conjunction with our report.

In placing reliance on the SRK Report we have satisfied ourselves as to SRK’s competence, expertise and independence. We are also satisfied that the assumptions, methodologies and source data used by SRK are reasonable and appropriate and that the report contains sufficient information to support the conclusions drawn.

The information provided to us for the preparation of our report has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to whether the Proposed Scheme is in the best interests of Saracen Shareholders. We also held discussions with management of Saracen and Northern Star in relation to the Proposed Scheme, as well as the operations, financial position and operating results of Saracen and Northern Star. However, we do not warrant that our enquiries have identified all of the matters that an audit, an extensive examination or tax investigation might disclose.

Preparation of this report does not imply that we have, in any way, audited the accounts or records of Saracen or Northern Star. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles including the Australian equivalents to International Financial Reporting Standards and International Financial Reporting Standards, as applicable.

In forming our opinion we have also assumed that:

- ▶ Matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.
- ▶ The assessments by Saracen and its advisers with regard to legal, regulatory, tax and accounting matters relating to the transaction are complete and accurate.
- ▶ The information set out in the Scheme Booklet and accompanying documents to Saracen Shareholders is complete, accurate and fairly presented in all material respects.
- ▶ The publicly available information relied upon by us in our analysis was accurate and not misleading.
- ▶ The Proposed Scheme will be implemented in accordance with its terms.

- ▶ To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations and policies, we assume no responsibility and offer no legal opinion or interpretation on any issue.

The statements and opinions given in this independent expert's report are given in good faith and in the belief that such statements and opinions are not false or misleading. This report should be read in the context of the full qualifications, limitations and consents set out in Appendix A of this report.

Our assessment of the Proposed Scheme is based on economic, market and other conditions prevailing as at the date of this independent expert's report. Conditions can change significantly over relatively short periods of time, as evidenced by the market volatility observed during the COVID-19 pandemic since late 2019, which continues to persist and is likely to persist for some time. If conditions change materially, subsequent to the date of this report, our opinion could be different.

We provided draft copies of this independent expert's report to the directors and management of Saracen (and to management of Northern Star in relation to the sections of the report pertaining to Northern Star) for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Amendments made to this independent expert's report as a result of this review by the directors and management of Saracen and the management of Northern Star have not changed the conclusions reached by us.

## **2.6 Shareholders' decisions**

This independent expert's report constitutes general financial product advice only. In forming our opinion we have considered the interests of Saracen Shareholders as a whole, and we have not considered, nor is it practical or possible to consider, the individual circumstances of each Saracen Shareholder. The decision to vote for or against the Proposed Scheme is a matter for individual shareholders. Saracen Shareholders should consider the advice in the context of their own circumstances, including investment objectives, liquidity preferences, risk profiles, tax position and expectations of future market conditions. Shareholders should also have regard to the Scheme Booklet prepared by the directors and management of Saracen. Shareholders who are in doubt as to the action they should take in relation to the Proposed Scheme should consult their own professional adviser.

Similarly, it is a matter for individual shareholders as to whether to buy, hold or sell shares in Saracen, Northern Star or the Merged Group. This is an investment decision upon which we do not offer an opinion and is independent of a decision to approve or not approve the Proposed Scheme. Shareholders should consult their own professional adviser in this regard.

Ernst & Young Strategy and Transactions Limited has prepared a Financial Services Guide in accordance with the Act. The Financial Services Guide is included as Part 2 of this report.

## 3. Industry overview

Saracen and Northern Star operate in the gold industry in Australia and North America. Gold is a global commodity and precious metal that has historically been used as currency and for jewellery as a recognised store of value. In more recent times, gold has become widely used in electronics and industrial technology. Gold is a unique commodity as supply and demand is driven through investor markets as well as consumer markets. Central banks, as well as other financial industry participants, store physical gold to hold value resulting in macroeconomic factors forming a significant driver of gold demand and pricing.

### 3.1 Gold mining

Gold is mined through both surface (open pit) and underground (deep) mining. The choice of method is largely dependent on the characteristics of the gold ore deposit. Surface mining is the primary method used if there is a significant amount of tonnage near the surface with limited overburden (waste rock). Due to the nature of the method, the disturbance to the land is more noticeable so considerable reclamation work may be required at the end of a mine's life.

During the planning process for underground mining, consideration must be given to access, surface support, ventilation, blasting and haulage to ensure the safety of the operation. Underground gold deposits often contain a higher grade of ore than surface deposits.

Both methods use physical and chemical processes to extract and recover the gold. The nature of the ore containing the gold determines the processing technique applied. For oxide or free milling sulphide ores, cyanidation is the preferred method of ore treatment, including carbon-in-leach ("CIL") or heap leaching followed by carbon-in-solution. For complex and refractory ores, the preferred processing methods include high usage of cyanide and oxygen as well as ore or concentrate roasting, ultrafine grinding and biological oxidation. After processing, the extracted gold is smelted and refined into a pure form.

### 3.2 Global demand

In addition to jewellery and industrial applications, gold also plays a key role in the function of the global economy through its use in gold coins and bars, central bank reserves and gold backed exchange traded funds ("ETFs"). Gold backed ETFs are relatively new economic instruments that allow investors to receive the benefits of owning physical gold without requiring storage. Through purchasing shares in an ETF, the holder owns the amount of gold those shares represent. As ETFs are generally fully backed by physical gold, it is possible for shares to be exchanged for gold, however this is often restricted to authorised dealers or, if allowed with retail investors, involves supplementary fees.<sup>6</sup>

Gold is often regarded as a natural hedge, and for a number of reasons gold prices tend to be negatively correlated to general economic conditions:

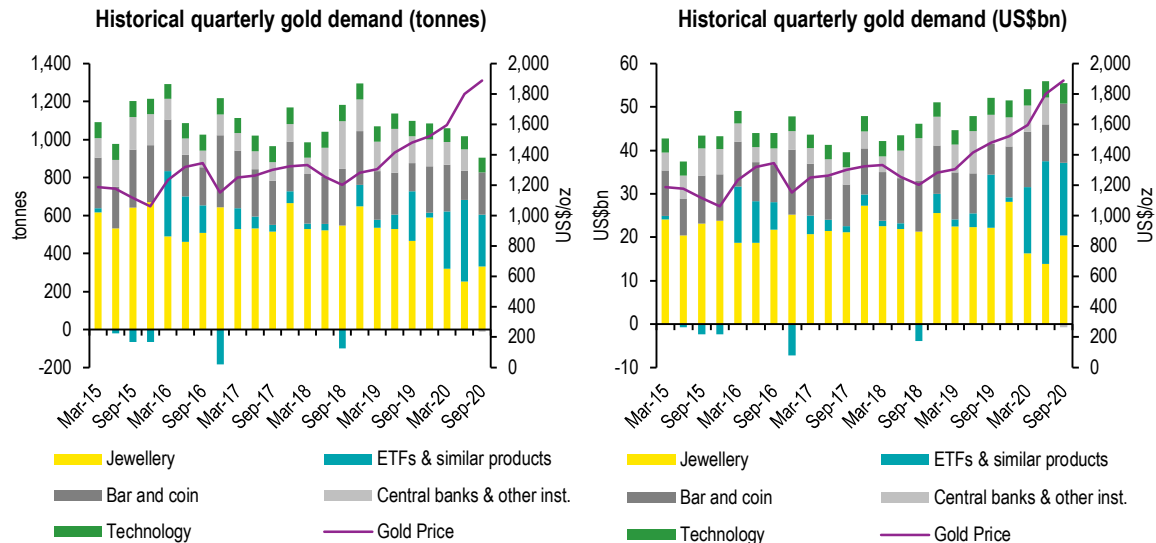
- ▶ Gold is a store of value for risk-averse investors during periods of uncertainty. Gold demand has historically increased during periods of continued uncertainty caused by events such as the increase in public sector debt in some major economies, political uncertainty in the Middle East, natural disasters, and foreign exchange rate fluctuations. During recent global financial crises, gold demand increased as it was considered a "safe haven"; and
- ▶ Gold is a hedge against inflation. Increases in gold demand have historically occurred during times when both food and oil prices were increasing, as well as ongoing expansionary monetary policies adopted in developing economies.

These trends have been observed during the significant global economic disruptions in 2020, due to the spread of COVID-19, as gold investment demand has increased with market uncertainty. Due to its "safe haven" nature, gold demand has also increased as currencies are devalued due to stimulus programs, such as the United States Federal Reserve US\$2.3 trillion stimulus program and the European Union €0.5 trillion financial support package, implemented during COVID-19. Gold-backed ETF's, driven by low interest rates and high gold prices, have

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<sup>6</sup> World Gold Council, March 2017

experienced a surge in demand with a 110% increase for the 12 months ended September 2020 compared to the 12 months ended September 2019.<sup>7</sup> This increase in demand has caused a significant shift in the proportion of gold use, with ETFs averaging 31% of total gold demand in 2020 compared to 9% in 2019.<sup>7</sup>



Source: World Gold Council, October 2020

Note: ETF and central bank demand can be negative if physical gold is removed from their holdings.

Offsetting the increase in demand for ETF's was the year-on-year decrease in consumer demand for gold. Consumer demand represents demand from jewellery and the bar and coin buying segments, which have been negatively impacted by higher gold prices and lockdowns due to COVID-19. Both jewellery and the bar and coin buying segments decreased in demand by 32% and 4%, respectively, leading to an overall global decrease in consumer demand of 23%. Overall, total gold demand was down 6% in the first half of 2020 compared to the same period in 2019 and is forecast to decrease across the year by 16% to 3,693 tonnes.<sup>8</sup>

In terms of outlook, gold consumption and demand are expected to increase in 2021 and 2022 as countries and the global economy recover from COVID-19. According to the Australian Department of Industry, Science, Energy and Resources, gold demand is expected to grow by 2.1% and 3.5% to 3,772 and 3,904 tonnes in 2021 and 2022, respectively. This growth is expected to be largely driven through a rebound in demand for jewellery, which is expected to increase by 26% and 8.6% in 2021 and 2022 respectively, to reach 1,975 tonnes in 2022. China and India, the two largest gold jewellery consuming nations, are expected to rapidly increase demand as remaining COVID-19 restrictions are removed and their economies recover.<sup>9</sup> We note there remains a significant risk of second and third wave COVID-19 infections, which could impact on recovery rates and therefore gold demand.

The global macroeconomic trends are predicted to create an environment that supports gold demand in the long-term, as the global market recovers from COVID-19. Real interest rates are expected to remain at near zero levels in both the United States and Australia until at least 2023, and the Eurozone and Japan have set negative long-term rates<sup>10</sup>. On 5 November 2020, the Reserve Bank of Australia reduced the official cash rate from 0.25% to an all-time low of 0.10%<sup>11</sup>. In this interest rate environment, gold becomes increasingly favourable, as the opportunity cost of holding gold compared to investing in risk free assets, such as government bonds or banks, is effectively non-existent.<sup>12</sup> As a result, gold demand would be expected to increase and in turn maintain the gold prices at

<sup>7</sup> World Gold Council, October 2020

<sup>8</sup> Australian Department of Industry, Science, Energy and Resources, September 2020

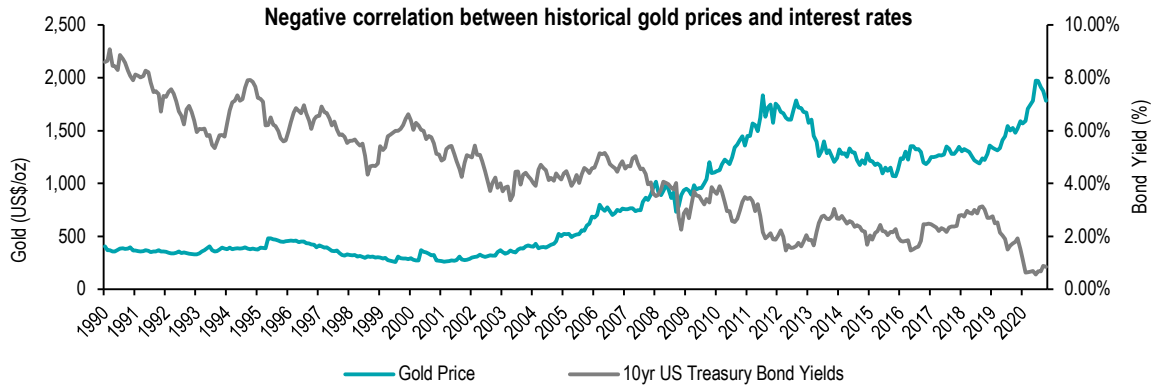
<sup>9</sup> Australian Department of Industry, Science, Energy and Resources, September 2020

<sup>10</sup> Business Insider, April 2020, The New York Times, September 2020, Yahoo Finance, August 2020

<sup>11</sup> Reserve Bank of Australia, November 2020

<sup>12</sup> ABC Australia, July 2020

elevated levels for several years, as has historically been observed during low interest rate periods.<sup>13</sup> The chart below shows the generally negative relationship between gold prices and interest rates.

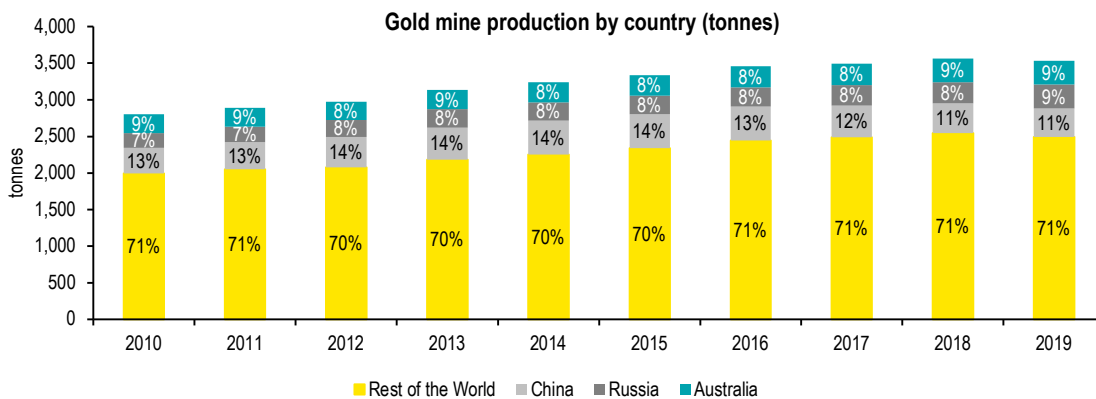


Source: S&P Capital IQ

Further driving the increase in gold demand, is the continued weakening of the United States dollar (“US dollar” or “US\$”) which has experienced decline against major currencies since the beginning of the COVID-19 pandemic in March 2020. The US dollar is forecast to continue weakening beyond 2020 as GDP growth rates in the United States continue to fall and interest rates remain at very low levels.<sup>14</sup>

### 3.3 Global supply

Gold is produced in many countries, however China, Russia and Australia are the major producers. Combined, these nations have accounted for around 30% of production annually from 2010 to 2019.<sup>15</sup> As shown in the chart below, global gold production has remained relatively flat for a number of years.



Source: World Gold Council, June 2020

The main sources of gold supply are from mining and recovery from scrap, with mining accounting for around 70% of all production.<sup>16</sup>

Between the 12 months ended September 2018 to the 12 months ended September 2020, mine production remained constant, and scrap supply (largely from recycled jewellery) slightly increased:

<sup>13</sup> US Money Reserve, April 2020

<sup>14</sup> Reuters, September 2020

<sup>15</sup> World Gold Council, Gold mining production volumes, June 2020

<sup>16</sup> Australian Department of Industry, Science, Energy and Resources, September 2020

### Gold Industry – Gold supply breakdown

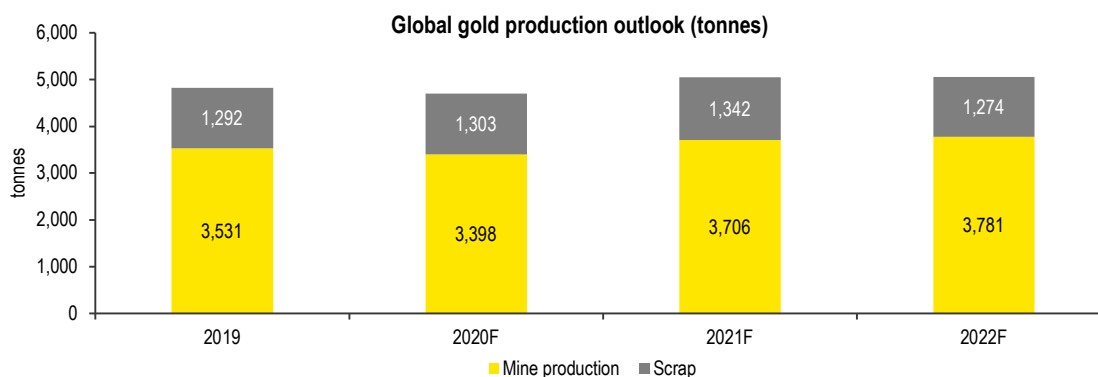
Gold tonnes	12 months ended September 2018	12 months ended September 2019	12 months ended September 2020	2 year CAGR (%)
Mine production	3,540	3,536	3,400	(2.0%)
Recycled gold	1,135	1,227	1,280	6.2%
Net producer hedging	(34)	48	(64)	38.3%
<b>Total</b>	<b>4,642</b>	<b>4,810</b>	<b>4,615</b>	<b>(0.3%)</b>

Source: World Gold Council, October 2020

Note: CAGR stands for Compound Annual Growth Rate. Net producer hedging includes mining companies' gold forward sales, loan and option positions. Totals may not sum due to rounding.

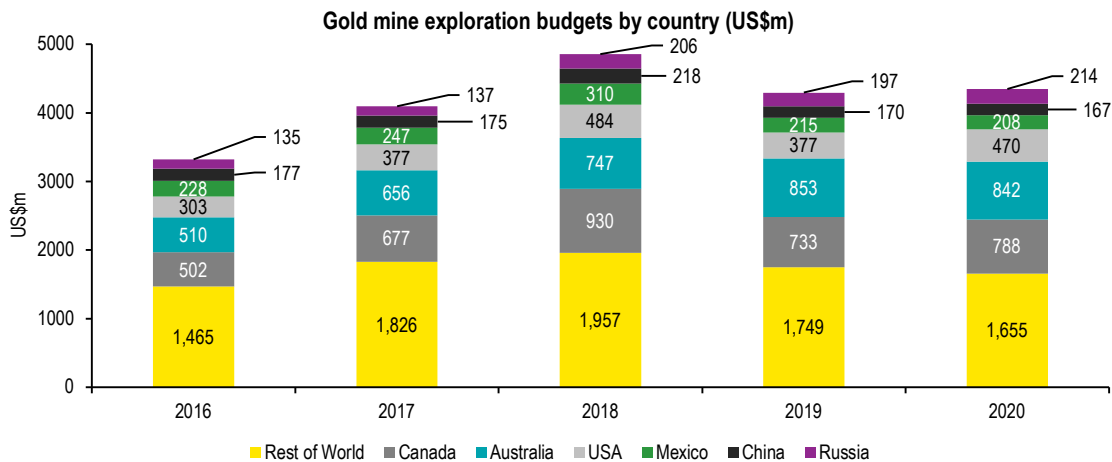
In the June 2020 quarter, the total supply of gold reached 1,304 tonnes, which represents a 15% decrease in comparison to the June 2019 quarter supply. Mine production was lower during the June 2020 quarter, with some producing nations such as Peru, South Africa and Mexico experiencing production decreases due to COVID-19 imposed lockdowns. This decrease was only partially offset by an increase in output from Russia and minor producing countries. Supply of recycled gold also decreased as lockdowns, specifically in South Asia and India, inhibited the ability for recycling, along with financial uncertainty leading investors to use gold holdings as collateral for loans. High gold prices continue to support the development of new projects and mine expansions.

Gold supplies are forecast to increase in 2021 and 2022, including mined production, as the pipeline of projects in Australia, Russia and Canada is expected to be strong as a result of significant investment in gold exploration in recent years. Globally however, project pipelines are diminishing as the lack of new discoveries and lower investment from gold companies begins to take effect. The new discoveries that have been made are in emerging regions such as Ecuador and Chile, instead of the more mature regions including the United States, Canada and Australia. Overall, there is a lack of new high-quality assets to replace aging gold mines, with top gold miners reporting falling average mine lives and reserves. Scrap production is predicted to increase in 2021, driven through a combination of holders facing potential financial hardship and high gold prices. However, as the global economy is expected to improve in 2022, scrap production is predicted to decline below 2020 levels.



Source: Department of Industry, Science, Energy and Resources, September 2020

An early indicator of future supply levels is mining exploration expenditure. In gold mining, exploration expenditure is critical to maintaining a healthy pipeline of mining projects, as it takes years for a new gold mine to produce refinable material. Globally, exploration expenditure has risen since the 9-year lows of US\$3.3 billion in 2016. However, 2019 and 2020 expenditures were below the 2018 spend of US\$4.9 billion. These expenditures however are below the levels seen between 2011 and 2012 when gold prices were around US\$1,700/oz. The distribution of these budgets has also been concerning for the gold pipeline, with a large focus currently placed on existing discoveries and late stage assets, causing grassroots exploration budgets to be at half the level seen during the 1990s. In the intermediate future however, as gold prices are forecast at similar levels to the 2012 period until 2023, exploration expenditure is predicted to rise.



Source: S&P Global Market Intelligence

In Australia, production levels are expected to be maintained with significant exploration expenditure in recent years, resulting in Australia being forecasted to overtake China's production in 2021, to become the world's largest gold producer.<sup>17</sup> Exploration expenditure has steadily increased since 2014, reaching record levels in 2019-20 with over \$1.2 billion spent, being 20% higher than in 2018-19.<sup>17</sup> Favourable macroeconomic conditions of higher gold prices denominated in both US and Australian dollars was the key factor behind the surge in spending, resulting in gold forming 42% of total mineral exploration expenditure nationally.<sup>17</sup>

### 3.4 Pricing

As mentioned previously, the price of gold is a function of supply and demand from both consumer and investor markets. Gold is mostly traded through the London over-the-counter market, however the US futures market ("COMEX") and the Shanghai Gold Exchange are also significant trading centres.<sup>18</sup> Gold is typically traded in USD with prices determined by both the COMEX and the London Bullion Market Association.

Gold prices have been largely consistent over the past 10 years with a 5 year average of US\$1,389/oz and a 10 year average of US\$1,406/oz, as shown in the chart on the following page. After reaching a then historical high in 2011, of US\$1,899/oz, gold prices declined steadily before stabilising at around US\$1,250/oz in mid-2013. Prices remained at this level until mid-2019, when gold prices rose by over US\$100/oz between May and June, triggered by the US Administration's decision to raise tariffs on goods imported from China from 10% to 25% causing investors to seek gold as a safe haven asset.<sup>19</sup> Gold prices continued rising, before falling to US\$1,477/oz after stock markets globally fell due to the impacts of the COVID-19 pandemic in early 2020. Gold prices rebounded quickly and increased throughout 2020 to reach a high of US\$2,058/oz on 6 August 2020, driven by increasing fears of a steeper global economic downturn and large liquidity measures from central banks.

Gold prices experienced volatility in November 2020, ranging from US\$1,952/oz to US\$1,781 across the month. The gold price reached a high of US\$1,952/oz on 6 November 2020, underpinned by uncertainty surrounding the outcome of the US elections and the second wave of COVID-19 infections. Market uncertainty appeared to reduce in the later half of November 2020 as the election results were settled, and there were announcements of encouraging results from COVID-19 vaccine trials. As positive market sentiment developed of a faster economic recovery, the gold price fell by 9% from its monthly high to US\$1,781/oz on 30 November 2020, as investors moved away from safe haven assets such as gold into more risky assets. Forecast gold prices are expected to peak in 2021 before falling in 2022 as demand from investors decline, driven by several macro-economic factors. The expected global economic recovery and return to normal following the pandemic is forecast to impact gold prices as investors are assumed to regain preference for riskier investments and move away from safe-haven investments.<sup>20</sup> This period is also expected to see volatility in the main global currencies, including the US dollar, as well as very low interest rates for an extended period in major economies, such as the United States and

<sup>17</sup> Australian Department of Industry, Science, Energy and Resources, September 2020

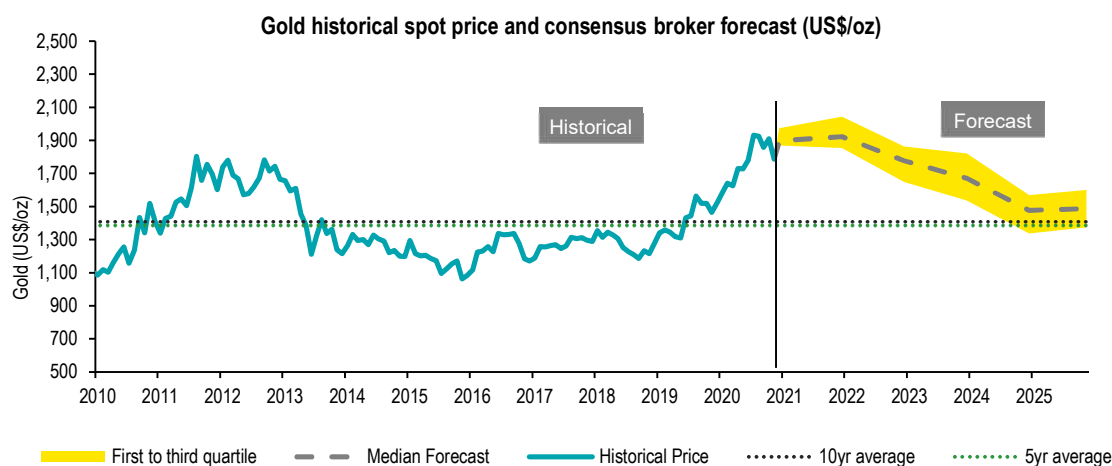
<sup>18</sup> World Gold Council, Sourced October 2020

<sup>19</sup> Australian Department of Industry, Science, Energy and Resources, June 2019

<sup>20</sup> Australian Department of Industry, Science, Energy and Resources, September 2019 and September 2020



Eurozone, which will likely also affect the gold price. A chart showing historical spot prices and most recent consensus broker forecasts (first to third quartile), is set out below.



Source: S&P Capital IQ, Various broker reports, Bloomberg

The potential return of trade tensions between China and the United States and fallout from the Brexit trade deal could also impact gold prices. This present uncertainty is reflected in the wide range of long term real gold price forecasts from brokers and analysts.

### 3.5 Regulation

The Australian gold mining industry is regulated by both State and Federal governments in relation to development, operations, and royalties, taxes and levies payable arising from operations.

In Western Australia, mining and exploration activities are covered under the *Mining Act 1978 (WA)* and the *Mining Regulations 1981 (WA)*. Under the Mining Act before prospecting can occur, a Miner's Right must be obtained, as this allows the holder to move freely over land in order to access crown land. The *Mining Act 1978 (WA)* also legislates environmental approvals for the programme of work, mining proposals and mine closure plans. An additional native vegetation clearing permit may be necessary, in accordance with the *Environmental Protection Act 1986 (WA)* and the *Environmental Protection (clearing of Native Vegetation) Regulations 2004 (WA)*, to clear certain areas of land. For large scale operations, clearance may also be required from a Federal government level under the *Environment Protection and Biodiversity Conservation Act 1999 (Cth)*.

Mining properties can also be regulated under the *Native Title Act 1993 (Cth)* which recognises land to which Indigenous Australians have a traditional connection. Native Title rights can be either exclusive or non-exclusive and may provide the holder with the right to determine who can visit and access the land.

Any gold found in Western Australia during mining, in accordance with the *Mining Act 1978 (WA)*, is the property of the Crown. To account for this, the state imposes mineral royalties on mineral resources mined from a tenement as a form of payment for the loss of resource. The royalty rate for gold metal produced in Western Australia after 30 June 2000 is 2.5% of the royalty value of gold metal produced, however there is no royalty on the first 2,500/oz produced every financial year from each gold producing project.

In addition to environmental, native title and legal regulation, miners must operate within an ethical framework in order to retain a social license to operate. The Ethics Centre defines social license to operate as informal permission given by the community to a company or organisation.<sup>21</sup> This policy signifies the trust and confidence of the community that will be affected by the company's operations. It is particularly important regarding potential native title rights that Indigenous Australian landholders may be entitled to, as well as environmental stewardship.

<sup>21</sup> The Ethics Centre, January 2018

## 4. Overview of Saracen

### 4.1 Company background

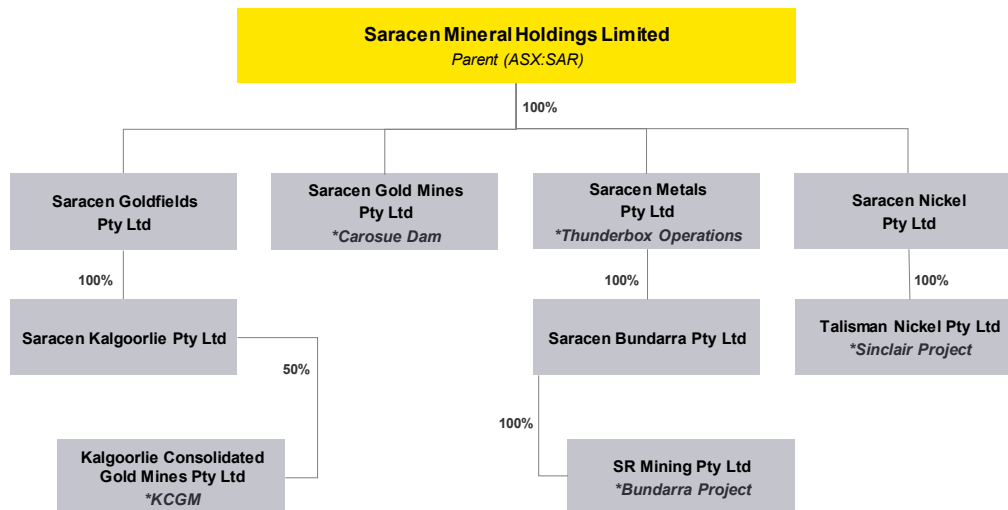
Saracen is an ASX listed gold production and exploration company headquartered in Perth, Western Australia. Saracen was incorporated in 1987 as Central West Media Limited and listed on the ASX in 1989 before changing its name to Saracen Mineral Holdings Limited in 1997.

Saracen owns the Carosue Dam Operations (“Carosue Dam”) located in the Northern Goldfields region of Western Australia and the Thunderbox Operations (“Thunderbox”) located in the North Eastern Goldfields of Western Australia. Saracen’s other key asset is a 50.0% interest in KCGM and the mines and processing facilities operated by KCGM, which include the Fimiston Open Pit and Mt Charlotte Underground Mine, located adjacent to Kalgoorlie, Western Australia. The Fimiston Open Pit, known as the “Super Pit”, is one of the world’s largest open pit mines and is part of the Kalgoorlie Golden Mile, which has a substantial history of over 125 years.

Saracen’s strategy includes “future-proofing” its business through investing capital in the short term to de-risk production and lower costs in the future.<sup>22</sup> Saracen has been executing this strategy through capital investment in its exploration and production assets, Reserve and Resources growth, increasing stockpiles and increasing production volumes. In addition to its three core producing assets, the Company has interests in several gold exploration and development projects and three nickel exploration assets. In FY20, Saracen produced 520koz of gold.

The corporate structure of Saracen is illustrated below.

#### Saracen: Corporate structure



Source: Saracen Management

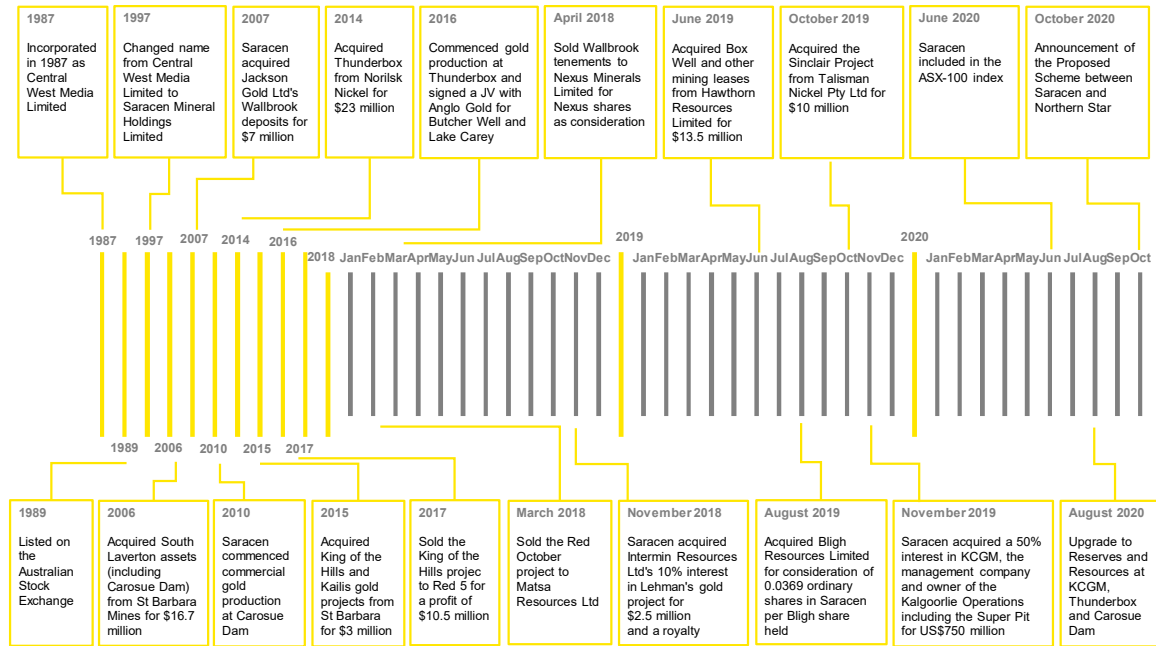
<sup>22</sup> Saracen 2020 Annual Report and “Group Reserves, Resources and guidance” 18 August 2020



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## Saracen: corporate timeline

The following timeline illustrates a summarised history of Saracen.



Source: Saracen management, Saracen ASX Announcements

## 4.2 Saracen's gold assets

### 4.2.1 Summary

The table below provides an overview of Saracen's operations, split by project. The assets are described in detail in the following sections.

Saracen – Overview of key operations					
Asset	Status	Operator	Other stakeholders	Ownership (%)	FY20 Production (koz) <sup>1</sup>
Carosue Dam	Production & exploration	Saracen	n/a	100% <sup>2</sup>	203.3
Thunderbox	Production & exploration	Saracen	n/a	100%	184.5
KCGM Operations	Production & exploration	KCGM	Northern Star (50%)	50%	132.6

Source: Saracen website and company announcements

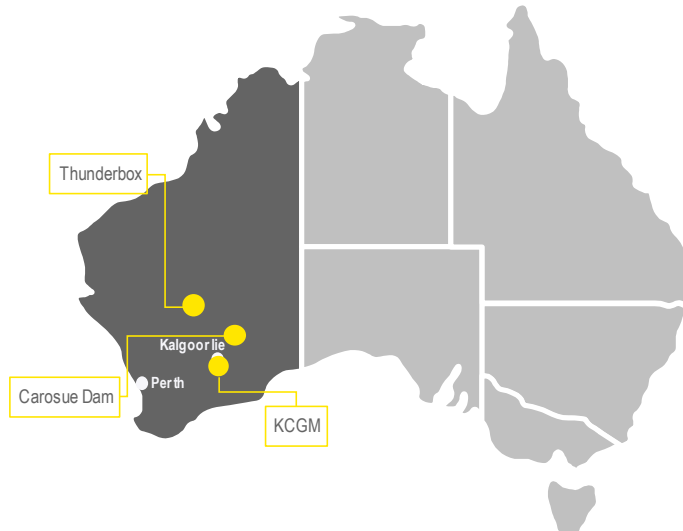
Notes:

1. KCGM's FY20 production is attributable to Saracen and captures seven months of operations from acquisition in November 2019.

2. Saracen is in a JV with AngloGold Ashanti Limited for three exploration tenements, Butcher Well, Crimson Belle and Thin Lizzie tenements and is in JV with Nexus Minerals Limited for the Pinnacles exploration tenement.

All three production hubs have both open pit and underground operations. The Company's producing assets are all located within 300km of Kalgoorlie and close to the townships of Leinster, Leonora and Laverton. The location of the assets is summarised on the following page.

## Saracen: Asset locations



Source: Saracen announcements and website

### 4.2.2 Carosue Dam

Carosue Dam is located within the Laverton and Keith Kilkenny Tectonic Zones, approximately 120km north-east of Kalgoorlie. Saracen acquired the operation from St Barbara Mines Limited (“St Barbara”) in 2006, together with the Carosue Dam Gold Processing Facility. At the time of acquisition, the operation was on care and maintenance and Saracen undertook extensive exploration and restart work that resulted in commercial production recommencing in 2010. Since the initial acquisition, Saracen has acquired additional tenements and undertaken significant exploration. Since production restarted in 2010, the operation has continued to be the largest contributor to Saracen’s annual production.

The key projects and deposits within Carosue Dam are illustrated in the table below.

Carosue Dam		
Project	Status	Primary deposits
Carosue Dam Project	Production	Karari and Dervish
Porphyry Project	Production	Million Dollar
Deep South Project	Production	Deep South
Carosue Dam	Exploration	Karari-Dervish, Atbara, Montys-Elliots, Twin Peaks
Butcher Well JV (30% Saracen)	Exploration	Butcher Well and Lake Carey
Edjudina	Exploration	Porphyry, Enterprise and Wallbrook
Yundaminera	Exploration	Moodys Reward
Mt Celia	Exploration	Safari Bore
Processing Facility	Stage	Plant information
Carosue Dam	Operating	3.2Mtpa gravity concentration and CIL Plant

Source: Saracen website, Saracen company announcements

Since recommencing production, between 2010 and 2015, the operations have produced from both open pit and underground deposits. In the last five financial years, production has been sourced entirely from the underground deposits, namely Karari, Dervish and Deep South. Subsequent to the end of FY20, the mining of the Million Dollar open pit deposit commenced. The table on the following page summarises Carosue Dam’s key production statistics for the last five years.

Carosue Dam - Historical production						
	Unit	FY16	FY17	FY18	FY19	FY20
<b>Mill production</b>						
Ore milled	kt	2,321	2,469	2,479	2,437	2,394
Grade	g/t	2.3	2.1	2.3	2.7	2.8
Recovery	%	92.0%	91.8%	93.0%	93.1%	93.0%
Gold Produced	oz	157,191	155,970	171,301	199,743	203,281
<b>Underground Mining</b>						
Ore mined	kt	1,000	1,566	1,718	1,976	2,395
Grade	g/t	3.6	2.9	2.9	3.0	2.8
Contained Ounces	oz	116,104	144,426	162,614	188,416	219,346
<b>All in sustaining costs ("AISC")</b>	<b>\$/oz</b>	<b>1,067</b>	<b>1,413</b>	<b>1,199</b>	<b>1,056</b>	<b>1,263</b>

Source: Saracen annual reports

In FY19, AISC fell due to lower production costs from the higher grade Deep South underground mine as there was minimal development and a focus on stoping only at the mine, before it was placed on care and maintenance pending further exploration. The forecast AISC for FY21 is \$1,300-\$1,400/oz with production sourced from Karari-Dervish (underground), Deep South (underground) and Million Dollar (open pit).

#### 4.2.2.1 Infrastructure

Carosue Dam has significant infrastructure including the processing plant, thickener and paste plant, three accommodation villages that can accommodate approximately 400 people, water and power infrastructure, a one megawatt solar farm and an airstrip.

Following the acquisition of the assets in 2006, Saracen undertook refurbishment works to reinstate the mill to its nameplate capacity of 2.4Mtpa. The plant was initially designed to process 2.0Mtpa, however, it was increased to 2.4Mtpa by blending different ore types into the mill feed. The mill has a two stage crusher, single stage grind and gold is recovered by gravity concentration and a CIL circuit.

Saracen has recently completed an expansion of the processing plant which has resulted in its nameplate capacity increasing from 2.4Mtpa to 3.2Mtpa with the additional capacity to be fed with open pit reserves. In addition to increasing production, Saracen management anticipates that there will be a reduction to processing costs per tonne.

#### 4.2.3 Thunderbox

Thunderbox is located within the Yandal and Agnew-Wiluna Belts, approximately 45km south of the town of Leinster in Western Australia. In May 2014, Saracen acquired the Thunderbox and Bannockburn gold projects, the Waterloo nickel project and the 2.5Mtpa CIL gold processing plant from Norilsk Nickel Australia Pty Ltd for consideration of \$23 million plus a 1.5% net smelter royalty ("NSR"). At the time, the operations were on care and maintenance and had been since 2007. Since the acquisition, Saracen has acquired additional tenements in the area to complement existing operations. These acquisitions are detailed below:

- ▶ **October 2015:** Saracen acquired Kailis and King of the Hills gold projects for \$3 million. King of the Hills was later divested in 2017, for a profit of \$10.5 million.
- ▶ **November 2018:** Saracen acquired an interest in the Lehmann's Well exploration license for \$2.5 million and a NSR.
- ▶ **June 2019:** Saracen made an off-market takeover offer for Bligh Resources Limited which owns the Bundarra Project with resources of 660koz at a grade of 2.1g/t, located approximately 30km south of Thunderbox. The transaction completed in September 2019.
- ▶ **September 2019:** Saracen entered into a binding agreement with Talisman Mining Limited to acquire its Sinclair Project including significant mine site infrastructure, a 207km<sup>2</sup> tenement package and nickel deposits, to complement the existing nickel in Saracen's portfolio. The consideration for the transaction totalled \$10 million and a NSR.

Commercial gold production commenced at Thunderbox in 2016, and the asset has produced over 630koz to 30 June 2020. The key projects and deposits within Thunderbox are illustrated in the table below.

Thunderbox		
Project	Status	Primary deposits
Thunderbox Project	Production	Thunderbox
Bannockburn Project	Exploration	Bannockburn and North Well
Waterloo Project	Exploration	Waterloo (Ni) and Amorac (Ni)
Kailis Project	Exploration	Kailis, Trump, Forrest, Gold Blocks and Deep Lead
Lehmann's Well	Exploration	Lehmann's, Otto Bore and Deep Lead
Bannockburn	Exploration	Bannockburn and Blue Tank
Bundarra	Exploration	Wonder North and Celtic
Sinclair	Exploration	Sinclair (Ni)
Processing Facility	Status	Plant information
Thunderbox	Operating	2.5Mtpa CIL plant (comprising a ball mill and SAG mill)
Sinclair	Care & Maintenance	350ktpa Nickel processing plant

Source: Saracen website, Saracen company announcements

Since commencing operations in 2016, production has primarily been sourced from open pit deposits at the Thunderbox and the formerly producing Kailis project. The table below summarises the key production statistics at the operations for the last five years.

Thunderbox - Historical production						
	Unit	FY16	FY17	FY18	FY19	FY20
<b>Mill production</b>						
Ore milled	kt	949	2,305	2,656	2,826	2,891
Grade	g/t	1.1	1.7	1.8	1.8	2.1
Recovery	%	92.40%	91.40%	93.90%	94.00%	94.50%
Gold Produced	oz	31,465	116,837	145,152	155,333	184,538
<b>Open Pit Mining</b>						
Ore mined	kt	987	2,611	3,410	3,226	3,835
Grade	g/t	1.0	1.5	1.7	1.5	1.9
Contained Ounces	oz	35,829	129,300	185,441	158,860	235,566
<b>Underground Mining</b>						
Ore mined	kt	-	-	-	127	149
Ore grade	g/t	-	-	-	2.4	1.8
Contained Ounces	oz	-	-	-	9,542	8,784
<b>AISC</b>	<b>\$/oz</b>	<b>1,293</b>	<b>1,253</b>	<b>1,071</b>	<b>1,004</b>	<b>731</b>

Source: Saracen annual reports, Saracen company announcements

In FY20, Thunderbox had an AISC of \$731/oz which is significantly below the average AISC over the past five years. The low AISC was largely a result of the low stripping ratio at the bottom of the Thunderbox C Zone pit where mining completed in August 2020. The forecast AISC for FY21 is \$1,000-\$1,100/oz with production sourced from Thunderbox underground, Thunderbox D Zone and stockpiles.

#### 4.2.3.1 Infrastructure

Thunderbox has substantial infrastructure, including the processing facility, an accommodation village that can support approximately 340 people, power infrastructure, an airstrip, access to the Goldfields Gas Pipeline via a spur, bore field water supply and telecommunication services.

The Thunderbox processing facility has a nameplate capacity of 2.5Mtpa and operates with a single-stage crusher, a Semi Autogenous Grinding ("SAG") and ball mill, and conventional CIL and elution circuits. Whilst the nameplate capacity of the facility is 2.5Mtpa, during FY20 it operated above capacity at 2.9Mtpa and a scoping study commissioned by Saracen showed the potential to expand the mill to 3.5Mtpa. Saracen is planning to

complete the mill expansion during FY22, with additional feed to be sourced from the Thunderbox open pit reserves and stockpiles. The upgrade will involve the installation of a secondary crushing circuit and new tailings thickener at an estimated cost of \$25 million. Metallurgical recoveries are anticipated to be similar to the existing recovery of approximately 94% and management expect milling costs will reduce by approximately \$1.00/tonne.

#### 4.2.4 KCGM Operations (50% owned by Saracen)

The KCGM Operations are located approximately 600km east of Perth and are adjacent to Kalgoorlie. The first discovery in the region known as the “Golden Mile” occurred over 125 years ago in 1893. KCGM was formed in 1989 as a JV between Homestake Gold of Australia and various Bond Gold entities (North Kalgurli Mines Ltd and Gold Mines of Kalgoorlie Ltd), with KCGM as the appointed management company. In 2001, Barrick Gold Corporation (“Barrick”) acquired Homestake Gold of Australia and subsequently became a 50% owner of KCGM. The following year, in 2002, Newmont Corporation (“Newmont”) acquired Normandy Mining Limited (which had earlier consolidated the Bond Gold interests) and consequently became the other 50% owner of KCGM. Barrick and Newmont were JV partners until 29 November 2019, when Saracen acquired Barrick’s 50% interest in KCGM for a consideration of US\$750 million. Subsequent to Saracen’s acquisition, in December 2019 Northern Star announced it had entered into an agreement to acquire the remaining 50% of KCGM (together with certain other assets) from Newmont for a total consideration of US\$800 million. Saracen’s acquisition was funded partly by debt and partly by issue of new shares (via an institutional placement and a rights issue).

The current life of mine plan for the operations runs through to 2035, however KCGM is intending to extend the mine life through its exploration program. The operations have significant stockpiles some of which will be processed during the active mining period with the remainder to be processed once mining has ceased. The key projects and deposits within the operations are illustrated in the table below.

Kalgoorlie Operations		
Project	Status	Primary deposits
Fimiston Open Pit	Production	Fimiston South Stage 1 (inc. Morrison), Golden Pike South and North <sup>23</sup>
Mt Charlotte Underground	Production	Various orebodies are accessed through the Mount Charlotte Underground
Fimiston Open Pit	Development	Fimiston South Stage 2, Oroya Brownhill cutback
Processing Facility	Status	Plant information
Fimiston processing plant	Operating	13.5Mtpa nameplate capacity
Gidji gold processing plant	Operating	0.4Mtpa refractory sulphide concentrate treatment plant

Source: Saracen and KCGM websites

An aerial view of the operations is shown on the following page, including key deposits.

<sup>23</sup> Access to Golden Pike North is currently limited due to a pit wall failure which occurred in May 2018 on the eastern side of the pit.

## KCGM aerial view



Source: KCGM Site Visit Presentation 9 October 2020.

### 4.2.4.1 Open Pit Operations

The Fimiston Open Pit (the Super Pit) is one of the world's largest open pit mines, stretching over 3.5km wide, 1.4km long and is over 600 metres deep. Due to the extensive underground workings, and the close proximity to the town of Kalgoorlie, blasting at the open pit operations require significant planning. After blasting, the ore is hauled by truck to either the crusher, or to waste or low-grade stockpiles.

In 2018, part of the east wall of the Super Pit slipped, impacting production and costs in FY19, and resulting in a significant part of the pit floor being quarantined from mining, preventing access to high grade material in the northern area of Golden Pike. Remediation remains underway and is expected to take some three and a half years to complete. Once remediated, production is expected to revert to historical levels.

KCGM contributed 133koz to Saracen's FY20 production (on an attributable basis) from the acquisition in November 2019. Saracen's FY21F gold production forecast includes guidance from KCGM of 220koz to 240koz (Saracen's 50% share) with gold production principally sourced from three areas of the Fimiston Open Pit, being Fimiston South (Morrison), Golden Pike and Oroya Brownhill, as well as from reprocessing of surface stockpiles. Mining continues at Golden Pike South, while the Golden Pike North development will commence in FY24, once the east wall remediation work is completed under the new Oroya Brownhill plan. Development of Fimiston South is KCGM's single largest cutback in a decade and will be completed over two stages and twelve years.<sup>24</sup>

### 4.2.4.2 Underground operations

The Mt Charlotte Underground mine has been continuously operating for over 50 years and has had lifetime production of over 5.5Moz at an average grade of 3.6g/t. The Mt Charlotte mine goes to a depth of over 1.2kms. KCGM has been upgrading infrastructure to support the long term growth and production plans at the mine. These upgrades include power, ventilation, pumping and the upgrade of ground support. Following these upgrades, ore mined from Mt Charlotte is planned to reach 1.5Mtpa, up from approximately 1.1Mtpa in FY20.

In addition to Mt Charlotte Underground, there are extensive historic underground workings below the Super Pit extending 1.4km below the surface ("Fimiston Underground" or "Fimiston Deeps"), which contains inferred resources of 2.2Moz (on a 100% basis). As part of its capital budget, KCGM intends to establish in-pit portals and re-establish underground access beneath the open pit and provide drill platforms to infill and extend the current resource.

<sup>24</sup> Refer Diggers and Dealers KCGM Site Visit Presentation, October 2020



#### 4.2.4.3 Infrastructure

KCGM utilise two processing facilities, the Fimiston processing plant and the Gidji processing plant. In addition to the mining and processing infrastructure, the project has other infrastructure including workshops, fuel storage, offices, haul and access roads, water supply and dewatering facilities.

The Fimiston processing plant has two parallel circuits to process refractory sulphide ore from the Fimiston Open Pit and the ore from the underground mine. The Fimiston processing plant comprises crushing, grinding (with SAG and ball mills), gravity gold recovery, flotation, Ultra Fine Grinding (“UFG”), CIL, elution and gold recovery circuits. The sulphide concentrate from flotation at Fimiston is then either treated in the UFG mill at Fimiston or is trucked to the Gidji processing plant for treatment. The nameplate capacity of the Fimiston processing plant is 13.5Mtpa.

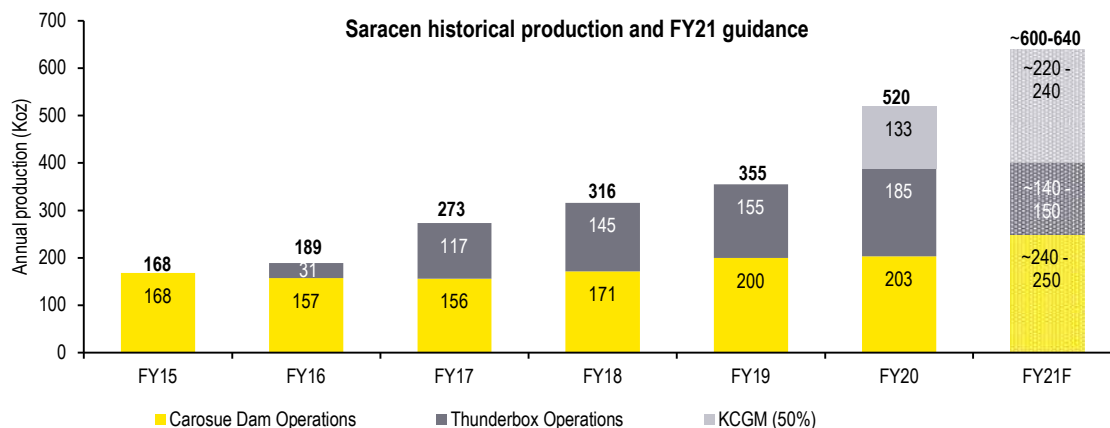
The Gidji processing plant is located 17km north of Kalgoorlie. The plant has been designed to treat refractory sulphide ore concentrate from the Fimiston Processing Plant. The infrastructure at the processing plant includes carbon-in-pulp (“CIP”) circuit, two UFG mills, tailings storage facilities and associated infrastructure. The Gidji processing plant has nameplate throughput capacity of 438,000 tonnes per annum.

Power for KCGM is provided through purchases from a gas fired power plant as well as the local power grid.

### 4.3 Production, reserves and resources

#### 4.3.1 Production

Saracen has achieved significant production growth, increasing by a compound annual growth rate (“CAGR”) of 20.8% from FY15 to FY20. The following chart summarises Saracen’s gold production from FY15 to FY20 and its production guidance for FY21F.



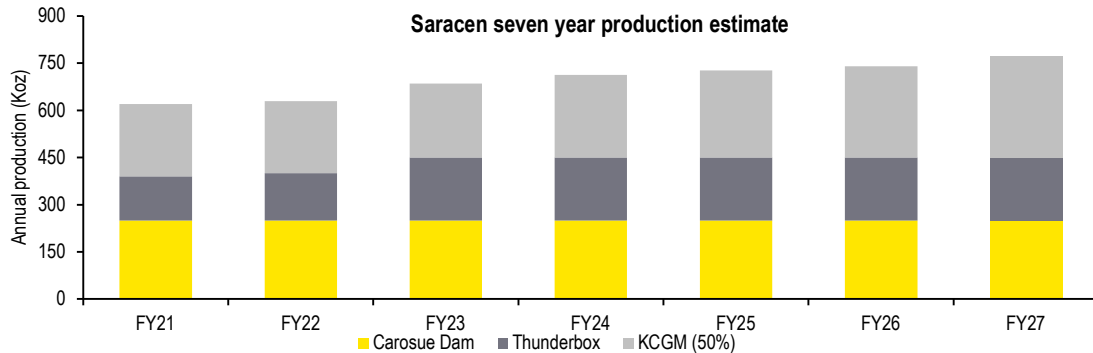
Source: Saracen annual reports and company announcements.

Note: KCGM production in FY20 represents approximately 7 months production, as the asset was acquired in November 2019.

In August 2020, Saracen confirmed FY21 production guidance of 600koz to 640koz at an AISC of \$1,300/oz to \$1,400/oz.<sup>25</sup> Saracen’s actual AISC in FY20 was \$1,101/oz.

As part of this guidance, the company also announced its seven year production outlook, estimating annual production of approximately 800koz per year by FY27 (representing a compound average growth rate of 6.3% between FY20 and FY27). As shown in the chart on the following page the largest contribution to production growth is estimated to be from KCGM. As at 30 June 2020, Saracen had Ore Reserves of 8.6Moz which underpins the production plan.

<sup>25</sup> Saracen FY21 Reserves, Resources and guidance, 18 August 2020



Source: Saracen announcement dated 18 August 2020

Saracen has historically exceeded its annual production guidance with actual production outperforming guidance for seven of the last eight years.

All of Saracen's operating projects have both underground and open pit deposits. Over the past five years, 48.0% of Saracen's total production has been from open pit mines whilst the remaining 52.0% has been sourced from underground mines. Whilst production by deposit type is similar, Saracen undertakes its own open pit operations, while third party contractors are used to operate its underground projects.

### 4.3.2 Capital budget

Saracen's forecast production guidance is supported by significant FY21F gross<sup>26</sup> capital expenditure of \$429 million. The capital expenditure is allocated across Saracen's portfolio as follows<sup>27</sup>:

- ▶ Carosue Dam and Thunderbox: \$330 million, comprised of the Carosue mill expansion, Dervish paste fill extension, mine development and capital works (\$20 million).
- ▶ KCGM (50% basis): \$99 million.

### 4.3.3 Reserves and Resources

The table below summarise Saracen's Ore Reserves as at 30 June 2020, prepared in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). The company announced an upgrade to Resources and Reserves at Carosue Dam Operations and Thunderbox Operations on 4 August 2020, and KCGM on 18 August 2020:

Saracen – Gold Ore Reserve estimates									
JORC Compliant Reserves	Proved			Probable			Total		
Asset	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz
KCGM Ore Reserves (50% basis)	65,000	0.7	1,550	55,000	1.8	3,300	120,000	1.3	4,850
Carosue Ore Reserves	3,300	0.9	96	29,000	2.0	1,900	33,000	1.9	2,000
Thunderbox Ore Reserves	7,000	1.5	340	26,000	1.7	1,400	33,000	1.6	1,700
<b>Total Ore Reserves</b>	<b>75,300</b>	<b>0.8</b>	<b>1,986</b>	<b>110,000</b>	<b>1.8</b>	<b>6,600</b>	<b>186,000</b>	<b>1.5</b>	<b>8,550</b>

Source: Saracen FY20 annual report. Totals may not add due to rounding, as reported by Saracen.

The majority of Ore Reserves are held within KCGM (57%), with the remaining at Carosue Dam (23%) and Thunderbox (20%).

<sup>26</sup> Under Saracen's accounting policies, gold sales relating to pre-commercial activities are offset against capital expenditure, which is estimated at \$145 million, assuming a gold price of \$2,500/oz. The net capital expenditure for Carosue Dam and Thunderbox is \$185 million.

<sup>27</sup> KCGM Strategic Review and Outlook Statement, 18 August 2020 and Carosue Dam and Thunderbox - Reserves, Resources and guidance update, 4 August 2020



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The tables below show Saracen's attributable Mineral Resources (inclusive of Ore Reserves) as at 30 June 2020. Saracen has both gold and a minor amount of nickel Mineral Resources.

Saracen – Gold Mineral Resource estimates												
JORC Compliant Resources	Measured			Indicated			Inferred			Total		
Asset	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz
KCGM Mineral Resources (50% basis)	65,000	0.7	1,550	90,000	1.9	5,500	37,000	2.1	2,500	190,000	1.6	9,500
Carosue Dam Mineral Resources	9,800	2.0	630	44,000	2.0	2,800	18,000	2.1	1,200	72,000	2.0	4,600
Thunderbox Mineral Resources	10,000	1.7	540	39,000	1.8	2,300	6,900	1.9	430	57,000	1.7	3,200
<b>Total Mineral Resources</b>	<b>84,800</b>	<b>1.0</b>	<b>2,720</b>	<b>173,000</b>	<b>1.9</b>	<b>10,600</b>	<b>61,900</b>	<b>2.1</b>	<b>4,130</b>	<b>319,000</b>	<b>1.7</b>	<b>17,300</b>

Source: Saracen FY20 annual report, KCGM announcement dated 18 August 2020.

Note: Totals may not add due to rounding.

In addition to its gold Resources, Saracen also reported 30kt of inferred nickel Ore Resources at its Thunderbox operation, as at 30 June 2020.

Saracen's total Resources increased from 9,200koz at 30 June 2019 to 17,000koz as at 30 June 2020. Saracen's increase in total Resources is largely attributable to its acquisition of a 50% stake in KCGM in November 2019 which provided an additional 9,600koz of attributable resources.

## 4.4 Financial information

### 4.4.1 Financial performance

A summary of Saracen's financial performance for the last three years ended 30 June 2020 ("FY20"), as extracted from the audited financial statements for FY19 and FY20 are presented below.

Saracen – Consolidated income statement summary			
Currency: \$m	FY18	FY19	FY20
Revenue	511	556	1,074
Mine operating costs	(281)	(298)	(510)
Depreciation and amortisation	(94)	(88)	(152)
Royalties	(18)	(18)	(40)
<b>Gross profit</b>	<b>118</b>	<b>152</b>	<b>372</b>
Administration expenses	(10)	(13)	(18)
Transaction cost on business combination	-	-	(47)
Share based payments expense	(3)	(7)	(12)
Finance costs	(0)	(1)	(11)
Other revenue	1	2	3
Profit on disposal of King of the Hills	11	-	-
Profit/(Loss) on disposal of fixed assets	-	(0)	(0)
Expensing of deferred exploration costs	(1)	(0)	(1)
Impairment of assets	(1)	-	-
Obsolete stock write down	-	(1)	(1)
<b>Profit before income tax</b>	<b>113</b>	<b>131</b>	<b>285</b>
Income tax expense	(38)	(39)	(95)
<b>Profit after income tax for the year</b>	<b>76</b>	<b>92</b>	<b>190</b>
<b>KPI's:</b>			
Gold production (oz)	321,882	355,077	520,414
Gold sold (oz) <sup>28</sup>	317,675	321,882	501,429
Average realised price (\$/oz)	1,606	1,726	2,138
AISC	1,139	1,030	1,101

Source: Saracen FY19 annual report, Saracen FY20 annual report

Note: Totals may not sum due to rounding.

In relation to the financial performance we note:

- ▶ Revenue in FY20 increased by \$518 million relative to FY19, to \$1,074 million as a result of an increase in gold prices and gold sold. Of this, the KCGM acquisition contributed an additional \$290 million in revenue over the seven months since acquisition. The average realised gold price increased over the last three years from \$1,606 in FY18 to \$2,138/oz in FY20. In addition, gold sold has increased each year with a significant increase in FY20 to 501,429oz. The impact of hedging is reflected in the average realised price.
- ▶ The AISC increased marginally from an average \$1,030/oz in FY19 to \$1,101/oz in FY20, however it remained below the FY18 level of \$1,139/oz. Despite the increase in AISC, mine operating costs as a percentage of revenue decreased to 47.5%.
- ▶ The transaction costs on business combination of \$47 million relates to the costs (including stamp duty) associated with the acquisition of 50% of KCGM in November 2019. Saracen entered into new debt

<sup>28</sup> Excluding gold sales derived from pre-commercial mine development activities, which are offset against the capital development cost of these new growth projects. Total gold sold was FY18: 317,675oz, FY19: 350,904oz and FY20: 528,693oz.

facilities to finance the acquisition and the financing costs primarily relate to borrowing costs of these facilities. These facilities are described in section 4.4.2.

- ▶ In 2017, Saracen sold the King of the Hills mine at a profit of \$10.5 million.
- ▶ In 2018, Saracen agreed to sell a portion of the Wallbrook tenement for a consideration of 1.5 million Nexus Minerals Limited shares. The carrying value exceeded the agreed sales price and as such, an impairment of \$0.9 million was recorded.
- ▶ Saracen has a long-term incentive plan (“LTIP”) in place. The LTIP is a discretionary grant of Performance Rights over Saracen shares (linked to specific long-term, usually three years, performance measures) for no consideration. Performance measures include total shareholder return, increase in ore reserves, increase in earnings per share and increase in share price. The Performance Rights are expensed over the performance period consistent with the period over which the services have been performed.
- ▶ Other revenue largely reflects interest revenue being \$2.4 million in FY20.
- ▶ As a result of the increase in revenue and relatively stable operating costs, Saracen has increased its gross profit margin from 23.0% in FY18 to 34.6% in FY20.

## 4.4.2 Financial position

Provided below is a summary of Saracen's financial position as at 30 June 2018, 30 June 2019 and 30 June 2020 as extracted from Saracen's audited financial statements for FY19 and FY20.

Saracen – Consolidated financial position summary			
Currency: \$m	FY18	FY19	FY20
Cash and cash equivalents	100	119	360
Trade and other receivables	9	4	8
Inventories	52	58	231
Other assets	1	2	5
Assets classified as held for sale	0	-	-
Other financial assets	-	-	2
<b>Total current assets</b>	<b>163</b>	<b>182</b>	<b>606</b>
Other financial assets	12	26	0
Buildings, plant and equipment	99	134	397
Right-of-use assets	-	-	115
Deferred exploration and evaluation costs	54	103	178
Mine properties	195	236	920
Inventories	-	-	308
<b>Total non-current assets</b>	<b>360</b>	<b>498</b>	<b>1,918</b>
<b>Total assets</b>	<b>523</b>	<b>681</b>	<b>2,525</b>
Borrowings	0	-	77
Trade and other payables	44	57	138
Provisions	8	6	19
Lease liabilities	-	-	27
Income tax payable	-	12	30
<b>Total current liabilities</b>	<b>53</b>	<b>75</b>	<b>291</b>
Deferred tax liabilities	39	61	112
Other payables	-	1	-
Borrowings	-	-	240
Provisions	50	50	234
Lease liabilities	-	-	90
<b>Total non-current liabilities</b>	<b>89</b>	<b>113</b>	<b>675</b>
<b>Total liabilities</b>	<b>142</b>	<b>187</b>	<b>966</b>
<b>Net assets</b>	<b>381</b>	<b>493</b>	<b>1,558</b>
Contributed equity	260	261	1,095
Reserves	17	35	77
Retained profits	104	196	386
<b>Total Equity</b>	<b>381</b>	<b>493</b>	<b>1,558</b>

Source: Saracen FY19 annual report, Saracen FY20 annual report

Note: Totals may not sum due to rounding.

In relation to the financial position we note:

- ▶ Current and non-current inventories increased significantly as at 30 June 2020. This is largely due to the acquisition of KCGM in FY20, which holds significant ore stockpiles.
- ▶ Mine properties, as well as buildings, plant and equipment increased in FY20 primarily due to the acquisition of KCGM.
- ▶ From 1 July 2019, Saracen adopted the Australian Accounting Standard AASB 16 *Leases*, which resulted in assets subject to certain operating leases being recorded on the balance sheet as "right of use assets"

along with the associated lease liability. As at 30 June 2020, Saracen recorded lease liabilities of \$117 million, largely equivalent to right of use assets recorded of \$115 million.

- ▶ The significant reduction in non-current financial assets in FY20 relates to the sale during the year of Saracen's investment in Red 5, an ASX listed company.
- ▶ To finance the acquisition of its investment in KCGM, Saracen entered new senior debt facilities including a \$400 million term loan maturing in December 2022, a three-year \$45 million revolving corporate facility and a \$5 million contingent instrument facility. The term loan was fully drawn down in November 2019. In April 2020, Saracen drew down \$45 million under the revolving facility to maximise cash reserves given COVID-19 uncertainty, however, this was repaid two months later. During the year, Saracen repaid \$40 million as an advance debt repayment and \$38.5 million for the term loan's first debt repayment.
- ▶ As at 30 June 2020, borrowings totalled \$317 million, comprising short-term borrowings of \$77 million and long-term debt of \$240 million, net of capitalised transaction costs of \$5 million. After borrowings, Saracen had a net cash position of \$43 million at 30 June 2020.
- ▶ Non-current provisions primarily relate to provisions for rehabilitation of \$234 million, with the movement from prior year primarily relating to \$149 million for KCGM, \$17 million for the Sinclair project and an increased provision of \$19 million for existing projects.
- ▶ Contributed equity increased as at 30 June 2020 by \$834 million, primarily due to the additional shares issued as consideration for the acquisition of KCGM and Bligh Resources.
- ▶ As at 30 June 2020, Saracen had gold hedging in place covering 493,200oz at an average price of \$2,094/oz (ranging from \$1,716/oz to \$2,519/oz). These ounces are for the period from July 2020 to March 2023 and are consistent with Saracen's stated approach to hedging up to one third of production over a three-year period. In its September 2020 quarterly activities report, Saracen announced a revised approach to hedging, targeting between 20% to 25% of production over the next three years.
- ▶ Saracen is in a tax paying position and has no carried forward tax losses.

### 4.4.3 Cash flow

Provided below is a summary of Saracen's cash flow statement for FY18, FY19 and FY20 as extracted from Saracen's audited financial statements for FY19 and FY20.

<b>Saracen – Consolidated cash flow summary</b>			
<i>Currency: \$m</i>	<b>FY18</b>	<b>FY19</b>	<b>FY20</b>
<b>Cash flows from operating activities</b>			
Receipts from customers	511	556	1,074
Payments to suppliers and employees	(320)	(325)	(538)
Interest received	1	2	2
Interest paid and other finance costs	(0)	(0)	(7)
Income tax paid	-	(5)	(53)
<b>Net cash provided by operating activities</b>	<b>191</b>	<b>228</b>	<b>478</b>
<b>Net cash flows from investing activities</b>			
Purchase of plant, equipment and development assets	(122)	(161)	(214)
Exploration and evaluation costs	(9)	(36)	(35)
Purchase of gold deposits	-	(17)	-
Deferred consideration received	-	5	-
Proceeds from disposal of exploration tenements	-	0	-
Proceeds from disposal of mine properties	5	-	-
(Purchase)/disposal of financial assets at fair value through other comprehensive income	(0)	(1)	39
Payments for acquisition of KCGM, net of cash acquired	-	-	(1,092)
Payments for acquisition of Sinclair nickel project	-	-	(10)
<b>Net cash flows from investing activities</b>	<b>(126)</b>	<b>(209)</b>	<b>(1,313)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares, net of transaction costs	-	-	780
Leases interest paid	-	-	(3)
Proceeds and payment of finance lease liabilities	0	(0)	(16)
Loan establishment fees	-	-	(6)
Proceeds from borrowings	-	-	445
Repayment of borrowings	-	-	(124)
<b>Net cash flows from financing activities</b>	<b>0</b>	<b>(0)</b>	<b>1,076</b>
Net increase in cash and cash equivalents	66	19	241
Cash and cash equivalents at beginning of the year	34	100	119
<b>Cash and cash equivalents at the end of year</b>	<b>100</b>	<b>119</b>	<b>360</b>

Source: Saracen FY19 annual report, Saracen FY20 annual report  
Note: Totals may not sum due to rounding.

Cash and cash equivalents have increased each year since FY18. Cash provided by operating activities increased between FY19 and FY20, primarily as a result of an increase in the realised gold price, and an increase in gold ounces sold due to the acquisition of the interest in KCGM. Interest paid and finance costs were higher in FY20 due to the interest paid on borrowings related to the KCGM acquisition. Cash flows from financing activities significantly increased in FY20, mainly due to the increase in borrowings and an equity issue, both in relation to the KCGM acquisition in November 2019 and the acquisition of Bligh Resources in September 2019. Exploration and evaluation costs were consistent in FY19 and FY20, at around \$35 million.

Due to its operations being located entirely in Western Australia, which closed its borders in early April 2020 due to the pandemic, Saracen was relatively resilient to the impacts of COVID-19 and production and cost guidance was unchanged largely supported by the stated future proofing strategy of prior investment in ore stockpiles and mine development.



#### 4.4.4 September 2020 quarterly report

On 22 October 2020, Saracen released its quarterly report<sup>29</sup>, confirming it remained on track to meet FY21 guidance of 600koz to 640koz at an AISC of \$1,300/oz to \$1,400/oz. Gold sales receipts were \$359 million for the quarter, at an average price of \$2,352/oz (including hedging arrangements), and production was 154,388oz at an AISC of \$1,169/oz. Net cash was \$146 million, comprising of debt of \$321 million and cash (including bullion) of \$467 million.

### 4.5 Capital structure

As at the date of this Report, Saracen had the following securities on issue:

- ▶ 1,107,636,918 fully paid ordinary shares
- ▶ 15,809,720 unvested Saracen Performance Rights (including Retention Performance Rights)
- ▶ 1,249,430 vested Saracen Performance Rights
- ▶ 30,532 NED Share Rights

Saracen issues Performance Rights to eligible employees in accordance with various LTIP's. Each Performance Right represents a right to be issued one Saracen Share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price is payable and eligibility to receive Performance Rights under the Plan is at the Board's discretion. The Performance Rights cannot be transferred and are not quoted on the ASX. There are no voting rights attached to the Performance Rights.

Of the Performance Rights on issue, 1,249,430 vested on 30 June 2020 and in accordance with LTIP rules, ordinary shares have been issued to the Plan Trustee. These Performance Right holders have a period of time before the Performance Rights are required to be exercised, at which point the shares will be transferred from the Plan Trustee to the relevant shareholder. These shares are included in the number of Saracen Shares on issue and therefore there is no dilutionary impact of these vested Performance Rights, should the Proposed Scheme be implemented. The NED Share Rights were granted to non-executive directors in lieu of a portion of annual director fees. The NED Share Rights vest on a quarterly basis. Similar to the Performance Rights, the NED Share Rights are not quoted on the ASX and there are no voting rights attached to them.

Should the Proposed Scheme be approved by Saracen Shareholders at the Scheme Meeting, 12,551,437 of the unvested Performance Rights will vest due to change of control provisions, and the Board of Saracen will also exercise its discretion to approve vesting of an additional 2,524,416 Performance Rights. The remainder will be forfeited. The holders of the vested rights will have the right to exercise and convert their Performance Rights into Saracen Shares, between 18 January 2021 and 1 February 2021. These shares will then be able to participate in the Proposed Scheme.

In addition, 8,797 NED Share Rights will automatically vest on 1 January 2021 (whether or not the Proposed Scheme is approved), while the remainder will be cancelled should the Proposed Scheme be implemented.

The table below summarises the Performance Rights and NED Share Rights that will vest.

Saracen – Performance Rights and NED Share Rights that will vest upon approval of the Proposed Scheme				
Shareholder	Number of securities to vest on approval of Scheme	Number of securities to vest automatically on 1 January 2021	Total securities to vest	Number of securities to be forfeited
Performance Rights (including Retention Performance Rights)	15,075,853	-		733,867
NED Share Rights	-	8,797		21,735
<b>Total</b>	<b>15,075,853</b>	<b>8,797</b>	<b>15,084,650</b>	<b>755,602</b>

Source: Scheme Booklet and Merger Implementation Deed

<sup>29</sup> Saracen Quarterly Activities Report September 2020, 22 October 2020

Should the Proposed Scheme be implemented, under the Merger Implementation Deed, a portion of the Performance Rights held by key management that were vested at the discretion of the Saracen's Board (i.e. the 2,524,416) will, upon exercise, be subject to a "holding lock", meaning that any Scheme Consideration shares received, cannot be sold for a period of time.

## 4.6 Dividends

Saracen has historically not paid dividends, however, in August 2019 it announced a dividend policy, whereby it proposed to pay between 20% and 40% of annual net profits as a dividend provided its gross cash balance remained above \$150 million. However, subsequently in February 2020, Saracen announced that it would not pay a dividend as it intended to use available cash to reduce debt following the KCGM acquisition and maintain a conservative balance sheet. In August 2020, Saracen announced that it proposed to amend its dividend policy such that a dividend would be paid representing 20% to 40% of its net profit subject to net cash (rather than gross) being \$150 million. No dividend was declared for FY20. However, if the Proposed Scheme is approved, Saracen intends to pay a fully franked Special Dividend of \$0.038 per share.

## 4.7 Major shareholders

Based on the Saracen share registry information, the following shareholders hold 5% or more of Saracen's shares on a beneficial basis.

Saracen – Substantial shareholders		
Shareholder	Number of shares	% of issued ordinary shares
BlackRock Group	129,056,653	11.7%
Van Eck Associates Corporation	121,972,218	11.0%
The Vanguard Group, Inc	61,839,026	5.6%

Source: Sharetrak report dated 20 October 2020

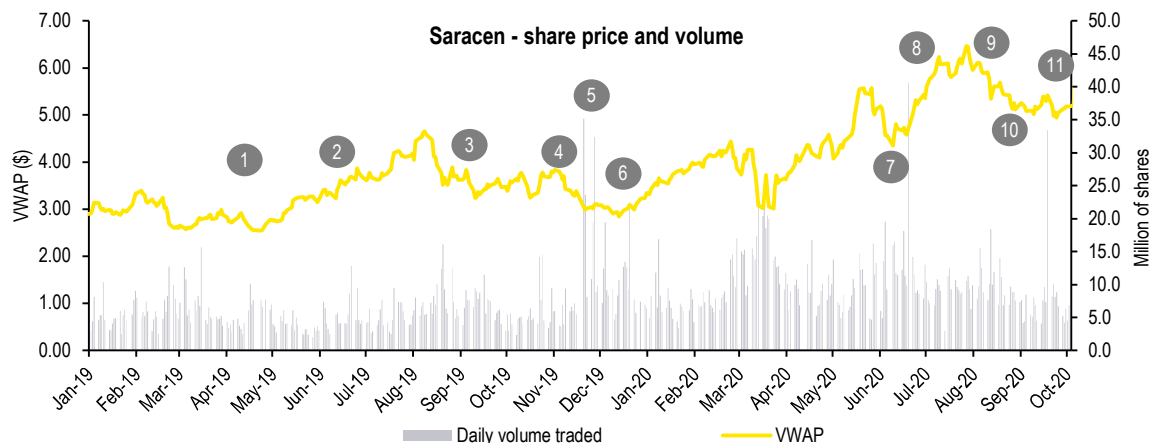
Note: % of issued ordinary shares calculated as number of shares in table above divided by ordinary shares outstanding.

Saracen's three largest shareholders (all of which have lodged substantial shareholder notices with Saracen) are BlackRock Group, Van Eck Associates Corporation and The Vanguard Group. These three investors are global investment management companies.

## 4.8 Share price performance

The chart on the following page shows the daily VWAP and trading volumes of Saracen shares on the ASX between 1 January 2019 and 5 October 2020, the day prior to the Announcement Date. Over that period, Saracen's share price traded at a high of \$6.48 per share on 27 July 2020 and at a low of \$2.55 per share on 18 April 2019. Saracen's closing share price on 5 October 2020, being the last trading day prior to the Announcement Date, was \$5.22 per share.<sup>30</sup>

<sup>30</sup> The VWAP on 5 October 2020, was \$5.20 per share



Source: S&P Capital IQ

In addition to the regular quarterly, half year and annual reporting announcements, the material announcements made by Saracen and other market information between 1 January 2019 and 5 October 2020 annotated in the chart above that may have had an impact on Saracen's share price and volumes are summarised below:

1. On 18 April 2019, Saracen agreed to acquire Box Well, Deep South Mining Leases and exploration tenements for \$13.5 million. These projects have subsequently been renamed to Moodys Reward and Belize, respectively.
2. On 14 June 2019 Saracen made an offer to acquire Bligh Resources for \$38.2 million.
3. As at 26 September 2019, Saracen entered into an agreement to acquire the Sinclair Project for cash consideration of \$10 million plus a royalty.
4. Dated 18 November 2019, Saracen announced its acquisition of a 50% interest in KCGM JV for US\$750 million. In addition, Saracen announced it will raise \$796 million via an underwritten institutional placement and accelerated non-renounceable entitlement offer to partly fund the acquisition.
5. As at 29 November 2019, Saracen completed the acquisition of KCGM.
6. On 17 December 2019, Northern Star announced it had entered into a binding sale agreement to acquire the other 50% of KCGM.
7. As at 22 June 2020, Saracen is added to the S&P/ASX 100 Index. This may have contributed to higher volumes around that day.
8. On 13 July 2020, Saracen requested a trading halt following an incident at Carosue Dam. On 14 July 2020, the Company confirmed a fatality at Carosue Dam. On 15 July 2020, Saracen announced the resumption of operations at Carosue Dam and resumed trading.
9. Dated 4 August 2020, Saracen upgraded its Reserves and Resources at Carosue Dam and Thunderbox.
10. Dated 18 August 2020, upgrade of Reserves and Resources at KCGM and company production guidance released. On 19 August 2020, release of FY20 financial results.
11. On 6 October 2020, Saracen and Northern Star announced the Proposed Scheme.

The following table summarises the monthly trading prices and volumes of trades of Saracen's shares on the ASX over the period 1 October 2019 to 5 October 2020, the day prior to the announcement of the Proposed Scheme.

Saracen - Monthly share trading and liquidity						
Month	High (\$)	Low (\$)	Close (\$)	VWAP (\$)	Monthly volume (m)	Liquidity %
Oct-19	3.77	3.26	3.75	3.59	133.00	16.0%
Nov-19	3.84	2.98	3.08	3.19	213.09	24.3%
Dec-19	3.31	2.82	3.31	3.03	199.35	18.3%
Jan-20	4.02	3.32	3.95	3.68	152.20	13.8%
Feb-20	4.50	3.77	3.77	4.12	177.60	16.1%
Mar-20	4.29	2.91	3.67	3.57	332.68	30.2%
Apr-20	4.56	3.76	4.34	4.19	185.16	16.8%
May-20	5.63	3.97	5.11	4.96	198.41	18.0%
Jun-20	5.42	4.24	5.42	4.83	274.34	24.9%
Jul-20	6.48	5.64	6.00	6.04	201.39	18.3%
Aug-20	6.23	5.10	5.22	5.61	208.91	18.9%
Sep-20	5.45	4.97	5.17	5.20	174.44	15.7%
1 Oct-20 to 5-Oct-20	5.22	5.16	5.22	5.18	14.53	n/a

Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

Note: Liquidity is calculated as volume traded each month divided by number of shares outstanding.

As indicated in the table, throughout the 12 months ended September 2020, Saracen's monthly VWAP generally trended upwards, although it has reduced from its July 2020 peak of \$6.04 per share. Volumes traded in March 2020 were high, coinciding with volatility in global equity markets due to the disruptions caused by the pandemic.

The monthly liquidity of Saracen Shares, calculated as the number of shares traded each month divided by the average of shares on issue during that month, over the period 1 October 2019 and 30 September 2020, ranged between 13.8% and 30.2%.

The table below summarises the Saracen Shares VWAP leading up to the Announcement Date.

Saracen – VWAP of Saracen shares prior to the Announcement Date	
Period	VWAP (\$)
1 day prior to the announcement	5.20
1 week prior to the announcement	5.17
1 month prior to the announcement	5.20
2 months prior to the announcement	5.38
3 months prior to the announcement	5.62

Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

Our analysis of the movements in Saracen's share price and trading volumes indicate that its shares are liquid:

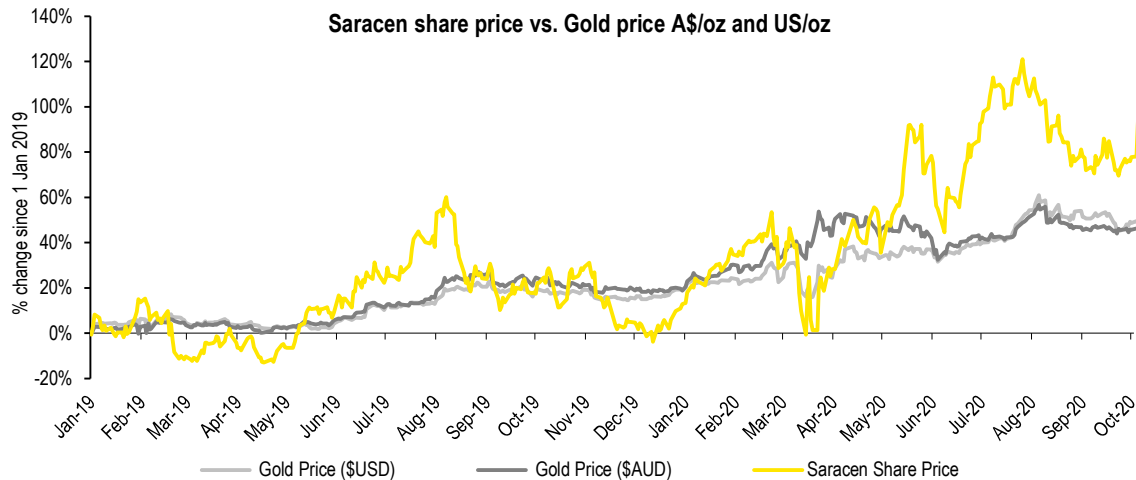
- ▶ Over the period from 1 October 2019 to 30 September 2020, the average monthly liquidity in Saracen Shares was approximately 19.3% with annual liquidity of 229.4%. A company with annual liquidity over 100%, which implies that all of its issued share capital is turned over in a 12 month period, is typically considered to be liquid.
- ▶ Saracen's shares that are likely to trade (i.e. all shares excluding those held by substantial shareholders being those with a 5% or more interest and Directors, employees or related parties) is approximately 71.0%. As such, we consider Saracen's to have a relatively high free float. A higher free float means more shares are available to be traded and may result in increased liquidity.
- ▶ Over the latest 12 months, the average bid/ask spread as a percentage of daily closing asking prices was 0.3%, which is relatively low. Lower spreads indicate higher levels of liquidity in a stock.
- ▶ Saracen is part of the S&P/ASX 100, which includes large-cap and mid-cap stocks evaluated for liquidity and size.



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- ▶ Saracen is covered by a number of brokers/equity analysts, who provide periodic research reports that assist in informing the market as to performance and prospects for Saracen and the prices at which it could trade. As an ASX-listed equity, Saracen is required to comply with ASX Listing Rules in relation to continuous disclosure including the release of price sensitive information together with quarterly reporting as required by mining companies. A review of Saracen's announcements over the 2019 and 2020 years indicate that Saracen regularly announces relevant financial and operational information including information published by KCGM. In our view, the market for Saracen shares is informed and liquid.

The relative movement in Saracen's market capitalisation and the gold price (stated in A\$ and US\$) from 1 January 2019 to 5 October 2020 is illustrated in the chart below.



Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

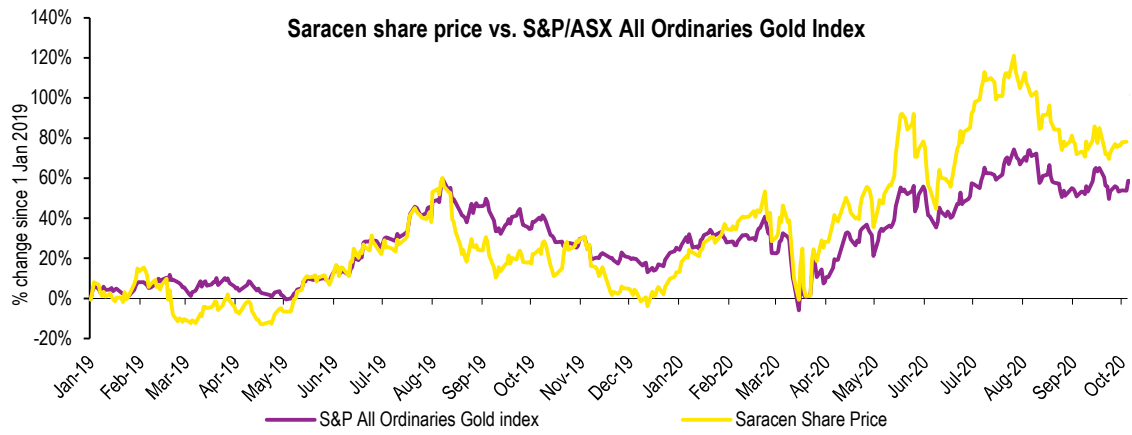
Saracen's share price and spot gold prices in AUD have been volatile over the period analysed. Saracen's share price has moved somewhat in line with the spot gold price throughout 2019, however its share price has outperformed compared to the gold price following the 50% acquisition of KCGM in November 2019. We note that Saracen's share price underperformed the gold price movement from March 2020 to April 2020, as Saracen's share price fell sharply due to uncertainty as to impact of COVID-19 lockdowns on operations. This fall was consistent with global equity markets, which also experienced a steep decline throughout March 2020. We note that some of the outperformance since then may also reflect market speculation around that time as to a possible transaction involving Saracen and Northern Star as the new owners of KCGM.<sup>31</sup>

The following chart illustrates the relative movement in Saracen's market capitalisation with the S&P/ASX All Ordinaries Gold index over the period 1 January 2019 and 5 October 2020.

<sup>31</sup> For example, "More Acquisitions on the radar as Evolution Mining continues to evolve" *The Australian*, May 2020; "WA gold major in the making", *MiningNews.net*, July 2020, "Gold Sector becomes target for M&A activity on higher gold price", *Stockhead*, August 2020.



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Source: S&P Capital IQ

The analysis indicates that, whilst Saracen's share price has broadly tracked the S&P/ASX All Ordinaries Gold Index from 1 January 2019 to 5 October 2020, it has outperformed the index over the period analysed, in particular since early 2020.

## 5. Overview of Northern Star

### 5.1 Company background

Formed in 2000 and listed on the ASX in 2003, Northern Star is a gold production and exploration company with established gold projects in Western Australia and Alaska.

The majority of Northern Star's assets are in Western Australia, where it holds interests in a number of wholly owned and joint venture projects, including the Yandal and Kalgoorlie Operations, as well as a 50% interest in KCGM (discussed in section 4.2.4), which was acquired in January 2020. Northern Star also owns and operates the Pogo project in Alaska, which it acquired from Sumitomo Metal Mining Co. Ltd and Sumitomo Corporation in September 2018. In addition to its core producing assets, Northern Star holds an interest in a number of exploration projects throughout Western Australia and the Northern Territory, including the Tanami and Paulsen projects.

In December 2019, Northern Star completed the acquisition of ASX-listed Echo Resources Limited ("EAR"), expanding its exploration assets in the Yandal region through the Bronzewing project, which is adjacent to Northern Star's existing operating Jundee project and provides an opportunity to increase the mined and milled ore at Yandal.

Northern Star's Board of Directors has been chaired by Executive Chair Bill Beament since November 2016, who has been a director of Northern Star since 2007. Stuart Tonkin was appointed as Northern Star's Chief Executive Officer in October 2016, and is supported by Chief Operating Officer, Luke Creagh.

In FY20, Northern Star produced 905koz of gold, approximately two thirds of which was sourced from Northern Star's Yandal and Kalgoorlie (excluding KCGM) operations.

### 5.2 Northern Star's gold assets

#### 5.2.1 Summary

The table below provides an overview of Northern Star's operations, with the assets described in detail in the following sections.

Northern Star – Overview of key operations					
Asset	Status	Operator	Other stakeholders	Ownership (%)	FY20 Production (koz)
Yandal Operations	Production & exploration	Northern Star	n/a	100%	300.2
Kalgoorlie Operations (ex-KCGM)	Production & exploration	Northern Star	East Kundana JV only: Tribune Resources Ltd and Rand Resources Ltd	100% <sup>1</sup>	318.8
KCGM	Production & exploration	KCGM	Saracen (50%)	50%	112.0 <sup>2</sup>
Pogo Operations	Production & exploration	Northern Star	n/a	100%	174.3

Source: Northern Star FY20 Annual Report

Notes:

1. Includes 51% interest in the East Kundana Joint Venture.

2. Represents KCGM's FY20 production attributable to Northern Star and reflects six months from acquisition in January 2020.

Northern Star's Yandal, Kalgoorlie and KCGM operations are all located in the Goldfields region in Western Australia. Many of Northern Star's operations are underground mines, with Northern Star having significant underground mining experience.

## Asset locations – Australia and Alaska



Source: Northern Star 2020 Annual Report, Ernst & Young Strategy and Transactions Limited analysis

### 5.2.2 Yandal Operations

Northern Star's Yandal Operations include the Jundee project and the recently acquired Bronzewing project. Jundee is approximately 520km north of Kalgoorlie and began producing gold from open pit mines in 1995 and from underground mines in 1997. Ore is currently primarily sourced from Jundee's underground mining operations, which is carried out by an up-hole long-hole open stoping sequence as the primary method, with additional feed supplemented by the Ramone open pit deposit.

The previously producing Bronzewing project is in close proximity to Jundee and includes a processing mill which is under care and maintenance. In FY21F, Northern Star intends to evaluate expansion of the Jundee processing mill to 5.0Mtpa or refurbishment of the Bronzewing Plant to increase its capacity to 2.2Mtpa. Northern Star intends to focus on exploration and resource definition drilling in the Bronzewing area, with \$157 million growth capital committed over the next two years at Yandal to increase processing capacity and commence operations at Bronzewing's Orelia and Julius deposits.<sup>32</sup>

The key projects and deposits within the Yandal Operations are illustrated in the table below.

Yandal Operations		
Project	Status	Primary deposits
Jundee Project	Production	Jundee underground, Ramone
Bronzewing Project	Exploration	Julius, Orelia
Processing Facility	Stage	Plant information
Jundee Processing Centre	Operating	2.7Mtpa CIL plant
Bronzewing Plant	Care & maintenance	1.8Mtpa CIL plant with historical production

Source: Northern Star website, Northern Star company announcements

Following Northern Star's acquisition of Jundee in July 2014, the project has been one of the company's major producing assets. The table on the following page summarises the Yandal Operation's key production statistics for the last five years.

<sup>32</sup> Northern Star and Saracen 'Diggers & Dealers Conference' presentation, 12 October 2020



Yandal Operations - Historical production						
	Unit	FY16	FY17	FY18	FY19	FY20
<b>Mill production</b>						
Ore milled	kt	1,290	1,527	1,839	2,207	2,300
Grade	g/t	5.5	5.2	5.4	4.6	4.5
Recovery	%	93%	91%	89%	90%	91%
Gold Produced	oz	209,515	233,556	283,288	295,053	300,150
<b>Open Pit Mining</b>						
Ore mined	kt	-	-	-	214	1,284
Grade	g/t	-	-	-	1.5	1.6
Contained Ounces	oz	-	-	-	10,245	63,982
<b>Underground Mining</b>						
Ore mined	kt	1,245	1,473	1,679	2,093	2,180
Ore grade	g/t	5.7	5.5	5.6	4.8	4.5
Contained Ounces	oz	228,144	258,678	302,427	322,248	315,524
<b>AISC</b>	<b>\$/oz</b>	<b>1,007</b>	<b>948</b>	<b>870</b>	<b>981</b>	<b>1,095</b>

Source: Northern Star June quarterly activity statements 2016-2020

Gold produced at Jundee has risen in each of the last five years. Despite a rise in lower cost open pit mining at Jundee in the last two financial years, AISC have increased since FY18 largely due to higher underground mining costs.

### 5.2.3 Kalgoorlie Operations (excluding KCGM)

Northern Star's Kalgoorlie Operations encompasses multiple projects in the Kalgoorlie region (excluding KCGM) summarised in the table below.

Kalgoorlie Operations		
Project	Status	Primary deposits
Kanowna Belle Project	Production	Kanowna Belle
Kundana Project	Production	Millennium
East Kundana Joint Venture ("EKJV")	Production	Raleigh, Rubicon, Homet, Pegasus
South Kalgoorlie Operation ("SKO")	Production	Hampton-Boulder-Jubilee
Carbine Project	Exploration	Carbine, Paradigm and Phantom
Processing Facility	Stage	Plant information
Kanowna Belle Processing Facility	Operating	2.1Mtpa CIL & CIP plant
Jubilee Processing Facility	Operating	1.2Mtpa CIL Plant

Source: Northern Star website, Northern Star ASX announcements

#### 5.2.3.1 Kanowna Belle

The Kanowna Belle project is situated 18km northeast of Kalgoorlie and was acquired by Northern Star in March 2014. Open pit mining commenced in 1993, while underground production began in 1998. Kanowna Belle yields refractory ore, with the project's processing facilities including separate circuits to treat both refractory and free milling ores with a milling capacity of 2.1Mtpa. The Kanowna Belle plant has a flotation circuit and concentrate roaster circuit which includes CIL gold recovery for Kanowna Belle's refractory ore, as well as a CIP process for free milling ore sourced from the Kundana and EKJV projects.

#### 5.2.3.2 Kundana

Kundana is 100% owned by Northern Star and consists of 25 mining leases, one prospecting lease and nine exploration leases. Kundana includes Northern Star's underground Millennium mine, which began production in FY18. Ore from the Kundana project is treated at either the Jubilee or Kanowna Belle processing facilities.

### 5.2.3.3 East Kundana Joint Venture

The EKJV is an operating underground gold mining project 25km northwest of Kalgoorlie. Northern Star operates the project and holds a 51% interest, while Tribune Resources Limited (“Tribune”) holds a 36.75% interest and Rand Mining Limited (“Rand”) holds a 12.25% interest. EKJV is comprised of four producing underground mines: Raleigh, Rubicon, Hornet and Pegasus. Raleigh is currently on care and maintenance. Some of the free milling ore from the EKJV is treated at the Kanowna Belle processing facility.<sup>33</sup> On 20 December 2019, Tribune and Rand commenced proceedings in the Supreme Court of Western Australia against Northern Star seeking declarations in relation to the interpretation of the EKJV agreement, and in relation to the processing of Rand and Tribune ore at Kanowna Belle under an Ore Treatment Agreement.<sup>34</sup> The trial concluded on 14 October 2020, with judgement being reserved. Northern Star’s Board and management do not consider this litigation to be material.

### 5.2.3.4 South Kalgoorlie Operations

The SKO were acquired by Northern Star from Westgold Resources in 2018, and includes 999km<sup>2</sup> of tenure, including 730km<sup>2</sup> of freehold Hampton land, which is not subject to state royalties, minimum expenditure commitments or tenement conditions. SKO includes the Hampton-Builder-Jubilee underground mine and includes the 1.2Mtpa Jubilee CIL processing plant.

### 5.2.3.5 Historical Production

The table below summarises the Kalgoorlie Operation’s key production statistics for the last five years.

Kalgoorlie Operations - Historical production						
	Unit	FY16 <sup>1</sup>	FY17	FY18	FY19	FY20
<b>Mill production</b>						
Ore milled	kt	1,257	1,455	2,028	2,994	3,398
Grade	g/t	5.3	5.1	4.4	3.8	3.2
Recovery	%	95%	94%	93%	91%	90%
Gold Produced	oz	203,029	225,688	269,396	334,527	318,759
<b>Mining</b>						
Ore mined	kt	1,212	1,362	1,964	2,984	3,053
Ore grade	g/t	5.6	5.2	4.5	3.8	3.4
Contained Ounces	oz	215,667	229,026	285,303	366,503	330,225
<b>AISC</b>	<b>\$/oz</b>	<b>823</b>	<b>968</b>	<b>1,174</b>	<b>1,330</b>	<b>1,564</b>

Source: Northern Star June quarterly activities 2016-2020

Note:

1. The Kundana and Kanowna Belle Operations were presented separately by Northern Star in FY16. For presentation purposes they have been combined in this table, with mill grade, mill recovery and ore grade calculated on a weighted average based on ore at each facility.

Through development of existing projects and acquisition of adjacent tenements, production at the Kalgoorlie Operations has steadily increased since FY16, before declining in FY20 as a result of COVID-19 restrictions, lower grade and recovery of ore milled and the suspension of operations at the EKJV’s Raleigh underground mine due to seismic activity.<sup>35</sup> AISC at Northern Star’s Kalgoorlie Operations have risen substantially since FY16, driven by a 39% reduction in grade.

## 5.2.4 KCGM (50%)

An overview of KCGM Operations is set out in section 4.2.4. Northern Star acquired a 50% interest in KCGM in January 2020 (together with certain other assets) from Newmont for US\$800 million. The acquisition was funded with \$480 million of debt, a fully underwritten institutional placement of \$765 million, a non-underwritten placement of \$50 million to eligible existing Northern Star shareholders and existing cash reserves of \$5 million.

<sup>33</sup> Northern Star Website ‘Kundana’

<sup>34</sup> Northern Star ASX announcement 23 December 2019

<sup>35</sup> Northern Star ASX announcement ‘March 2020 Quarterly Activities Report’ 28 April 2020

## 5.2.5 Pogo Operations

### 5.2.5.1 Pogo

The Pogo Operation is located 145km southeast of Fairbanks, Alaska and is situated in the Tintina Gold Province. Pogo commenced production in 2006 and holds mining and exploration leases. Northern Star acquired control of Pogo for US\$260 million on 28 September 2018. Ore from Pogo's underground mining block is provided to the Pogo processing facility.

The key project and deposit within the Pogo Operations are described in the table below.

Pogo Operations		
Project	Status	Primary deposits
Pogo Project	Production	Pogo underground
Processing Facility	Stage	Plant information
Pogo Processing Facility	Operating	1.0Mtpa CIP Plant

Source: Northern Star website, Northern Star ASX announcements

The table below summarises Pogo's key production statistics since 1 July 2018.

Pogo Operations - Historical production			
	Unit	FY19 <sup>1</sup>	FY20
<b>Mill production</b>			
Ore milled	kt	796	834
Grade	g/t	8.1	7.5
Recovery	%	89%	87%
Gold Produced	oz	183,555	174,307
<b>Mining</b>			
Ore mined	kt	784	836
Ore grade	g/t	8.6	7.5
Contained Ounces	oz	215,899	200,718
<b>AISC</b>	<b>\$/oz</b>	<b>1,705</b>	<b>2,094</b>

Source: Northern Star June quarterly activities 2019-2020

Note:

1. Northern Star completed the acquisition of Pogo on 28 September 2018 but retained financial benefit from 1 July 2018. The numbers in the table above for FY19 are inclusive of the full September 2018 quarter.

While Pogo offers an ore grade well above Northern Star's other projects, the underground mining and processing costs are significantly higher than its other operations, with an AISC of \$2,094/oz in FY20. This cost was impacted by restrictions put in place as a result of COVID-19 and resulted in an AISC above that achieved from Northern Star's other processing operations. COVID-19 impacts also resulted in reduced drilling to convert the large 6.7Moz Resource base into Reserves. Northern Star management consider there is a significant opportunity to substantially grow the Reserve base as normal drilling activities resume.<sup>36</sup>

Northern Star expects to incur \$42 million in FY21F to increase the throughput rate at the Pogo processing facility to 1.3Mtpa, and progress projects to improve recovery rates from 87% to 91.5%.<sup>37</sup> This is expected to be completed in the middle of calendar 2021. In addition, \$8 million has been set aside for underground development for drill drives and access to new areas. Following investment, Northern Star expects cash flow and production to increase in the coming financial years, with an expectation of 300koz being produced by FY23F.<sup>37</sup>

<sup>36</sup> Northern Star ASX Announcement 'Resources and Reserves, Production and Cost Guidance Update (inc KCGM)' 18 August 2020, and Annual Strategy Day presentation, 24 September 2020

<sup>37</sup> Northern Star Annual Strategy Day presentation, 24 September 2020

## 5.2.6 Overview of exploration assets

### 5.2.6.1 Tanami

The Tanami asset is located approximately 650km northwest of Alice Springs, and includes the Central Tanami Project (40% interest) in the Northern Territory, the Western Tanami Project in Western Australia and the Tanami Regional projects in the Northern Territory, all of which are currently in the exploration stage.

### 5.2.6.2 Paulsens

Paulsens is a formerly producing underground gold mine located 180km west of Paraburdoo, Western Australia. Northern Star purchased the mine and tenement package in August 2010 and produced gold at the project until FY18. Paulsens is now in an exploration phase, focusing on in-mine and regional exploration across the tenement package. The Paulsens Treatment Plant uses a CIP process with a nameplate capacity of 0.45Mtpa and is currently under care and maintenance.

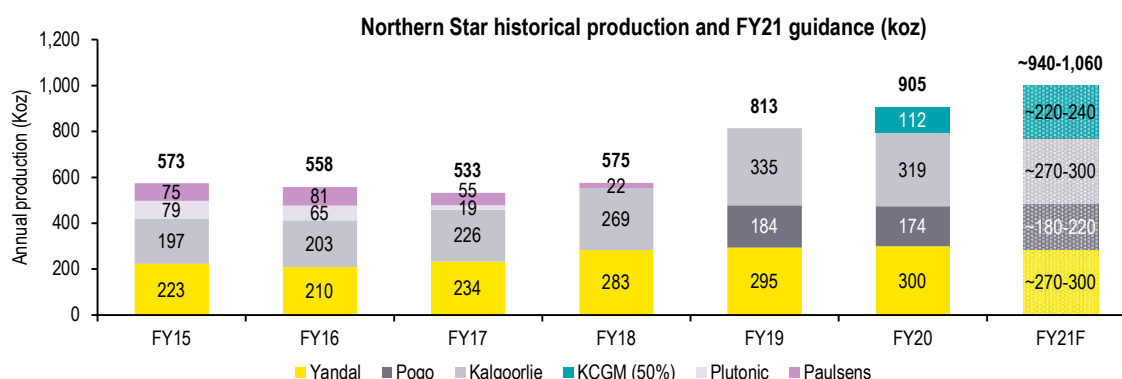
## 5.3 Production, reserves and resources

### 5.3.1 Production

Northern Star produced 905koz of gold in FY20, over two-thirds of which was produced at the Yandal and Kalgoorlie Operations. This was 11.3% higher than the prior year due to the acquisition of a 50.0% interest in KCGM. Excluding KCGM, production at existing operations decreased by 2.4% in FY20.

Production was impacted by a significant reduction in mining volumes at Pogo in the second half of FY20, due to COVID-19 related restrictions. In addition, Northern Star implemented COVID-19 related measures at the Yandal and Kalgoorlie Operations, which included significant roster changes requiring the sourcing of additional skilled personnel. The Kalgoorlie Operation also experienced a decline in production due to the Raleigh mine being placed on care and maintenance as a result of damage from seismic activity. Raleigh had previously contributed approximately 20% of the EKJV's production. Yandal's performance in the March 2020 quarter was also impacted by a 10-day planned processing shut down for maintenance and upgrades.<sup>38</sup>

Northern Star's acquisitions of Pogo in FY19 and KCGM in FY20 follows the divestment (Plutonic gold mine) or care and maintenance (Paulsens gold mine) of previously producing assets, which had seen total annual production decline from 573.5koz in FY15 to 533.4koz in FY17. These more recent acquisitions are expected to increase Northern Star's production above 1Moz in the coming years. The following chart summarises Northern Star's gold production between FY15 and FY20 and its production guidance for FY21F.



Source: Northern Star 2020 Annual Report and Northern Star quarterly announcements. FY21F guidance for KCGM was published by Northern Star on 18 August 2020, while guidance for other operations was published on 13 August 2020.

Note: FY20 production for KCGM is attributable to Northern Star and represents approximately six months production.

<sup>38</sup> Northern Star ASX announcement 'March 2020 Quarterly Activities Report', 28 April 2020

On 18 August 2020, Northern Star announced its preliminary FY21F production guidance range of 940koz to 1,060koz at a forecast AISC of \$1,440/oz to \$1,540/oz for its Australian operations and US\$1,200/oz to US\$1,400/oz for Pogo.<sup>39</sup> Northern Star's actual AISC was \$1,496/oz across all operations in FY20.

The FY21F production guidance is forecast to be sourced from Northern Star's projects as follows:

- ▶ Yandal: 270-300koz at an AISC of \$1,200-\$1,275/oz.
- ▶ Kalgoorlie (ex-KCGM): 270-300koz at an AISC of \$1,650-\$1,750/oz.
- ▶ KCGM (50%): 220-240koz at an AISC of \$1,470-\$1,570/oz.
- ▶ Pogo: 180-220koz at an AISC of US\$1,200-\$1,400/oz.

Northern Star has forecast production to increase to approximately 1.15Moz in FY22F and 1.25Moz in FY23F, before rising to approximately 1.30Moz by FY27F. Northern Star is aiming to decrease AISC by 10% over the next two to three years.<sup>39</sup>

### 5.3.2 Capital budget

Northern Star's guidance estimates are supported by a \$198 million capital budget in FY21F, to expand production at existing operations. The expansionary budget includes development at each of Northern Star's primary operations:

- ▶ Yandal: \$37 million approved, with \$16 million committed to surface infrastructure upgrade and \$21 million to bring new areas online, including underground development and the Julius open pit.
- ▶ Kalgoorlie (ex-KCGM): \$12 million has been approved, with \$9 million committed to drill drives and underground infrastructure development and \$3 million towards surface infrastructure.
- ▶ KCGM (50%): \$99 million committed to bring additional mining fronts into production and on exploration.
- ▶ Pogo: \$50 million has been committed, with \$42 million approved to improve processing and support infrastructure to bring processing capacity to 1.3Mtpa, and \$8 million for development drilling and to access new areas within the project.

In addition to the \$198 million capital budget for producing operations, Northern Star has also committed to investing \$101 million in exploration across its portfolio in FY21F, bringing total capital expenditure to \$299 million.

Northern Star has estimated the capital budget will be \$295-310 million in FY22F as it seeks to increase production above 1.0Mtpa.<sup>39</sup>

<sup>39</sup> Northern Star ASX Announcement 'Resources and Reserves, Production and Cost Guidance Update (inc KCGM) 18 August 2020

### 5.3.3 Reserves and Resources

The table below summarises Northern Star's Ore Reserves statement as at 30 June 2020, prepared on a JORC compliant basis, released on 18 August 2020:

Northern Star – Gold Ore Reserve estimates									
JORC Compliant Reserves	Proved			Probable			Total		
Deposit	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz
Yandal - Ore Reserves	7,202	1.8	426	25,610	2.9	2,418	32,812	2.7	2,844
Pogo - Ore Reserves	-	-	4	5,867	8.0	1,507	5,867	8.0	1,511
KCGM - Ore Reserves	65,000	0.7	1,550	55,000	1.8	3,300	120,000	1.3	4,850
Kanowna	2,459	3.0	239	5,790	2.6	486	8,249	2.7	725
Kundana	285	4.9	45	1,893	4.0	243	2,177	4.1	289
EKJV	673	5.2	113	1,718	4.7	259	2,391	4.8	372
SKO	72	4.7	11	1,490	3.4	162	1,562	3.4	173
Kalgoorlie Operations - Ore Reserves	3,489	3.6	408	10,891	3.3	1,150	14,379	3.3	1,559
Other Projects - Ore Reserves	197	4.9	31	665	2.8	60	862	3.3	91
<b>Total Ore Reserves</b>	<b>75,889</b>	<b>1.0</b>	<b>2,419</b>	<b>98,032</b>	<b>2.6</b>	<b>8,435</b>	<b>173,921</b>	<b>2.0</b>	<b>10,854</b>

Source: Northern Star FY20 Resource, Reserve and Guidance Update.

Notes:

- Ore Reserves at Australian assets excluding Bronzewing were calculated using an assumed gold price of \$1,750/oz (Bronzewing \$1,850/oz), while Ore Reserves at Pogo were calculated using an assumed gold price of US\$1,350/oz.
- Ore Reserves may not sum due to rounding.
- KCGM Ore Reserves have been rounded to match Saracen's disclosed KCGM Ore Reserves.

As expected, Northern Star's Ore Reserves are heavily concentrated within its main operations, with 99% of Ore Reserves located at Yandal, Pogo, KCGM and Kalgoorlie. KCGM represents a significant 45% share of total Ore Reserves. Pogo has the highest gold grade of the deposits among the Northern Star's operations at 8.0g/t.

The table below summarises Northern Star's attributable Mineral Resources (inclusive of Ore Reserves) as at 30 June 2020:

Northern Star – Gold Mineral Resource estimates												
JORC Compliant Resources	Measured			Indicated			Inferred			Total		
Deposit	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz	Tonnes (kt)	Au grade (g/t)	Au koz
Yandal - Mineral Resources	6,737	2.1	452	55,633	2.8	5,055	19,507	2.2	1,406	81,876	2.6	6,912
Pogo - Mineral Resources	-	-	4	9,492	10.2	3,121	11,763	9.4	3,548	21,255	9.8	6,672
KCGM - Mineral Resources	65,000	0.7	1,550	90,000	1.9	5,500	37,000	2.1	2,500	190,000	1.6	9,500
Kanowna	3,206	3.3	335	12,282	2.9	1,127	8,666	2.6	711	24,154	2.8	2,172
Kundana	624	4.4	89	4,016	4.7	607	4,589	3.2	477	9,229	4.0	1,173
EKJV	1,039	6.2	207	2,999	5.2	506	2,227	4.4	315	6,264	5.1	1,028
SKO	1,433	3.1	141	9,329	3.0	894	9,382	3.0	903	20,145	3.0	1,938
Kalgoorlie Operations - Mineral Resources	6,302	3.8	772	28,626	3.4	3,134	24,864	3.0	2,406	59,792	3.3	6,311
Other Projects - Mineral Resources	3,897	2.8	354	9,014	3.2	914	11,009	3.1	1,102	23,920	3.1	2,369
<b>Total Mineral Resources</b>	<b>81,935</b>	<b>1.2</b>	<b>3,131</b>	<b>192,496</b>	<b>2.9</b>	<b>17,714</b>	<b>104,143</b>	<b>3.3</b>	<b>10,961</b>	<b>376,574</b>	<b>2.6</b>	<b>31,756</b>

Source: Northern Star FY20 Resource, Reserve and Guidance Update

Notes:

- Mineral Resources at Australian assets (excluding the Ashburton project within Other Projects) were calculated using an assumed gold price of \$2,250/oz (Ashburton \$1,850/oz), while Mineral Resources at Pogo were calculated using an assumed gold price of US\$1,500/oz.
- Mineral Resources may not sum due to rounding.
- KCGM Mineral Resources have been rounded to match Saracen's Mineral Resources.

Northern Star holds 93% of its defined Mineral Resources across its four main operations, the largest proportion of which is found at KCGM. Northern Star has increased Measured and Indicated Resources from 11.3Moz in FY19 to 20.8Moz as it aims to grow Ore Reserves in the coming years.

For the year ended 30 June 2020, Northern Star had recorded a significant (circa 53%) increase in Mineral Resources, from 20,760koz to 31,756koz. The increase was primarily attributable to the acquisition of the KCGM and the Bronzewing projects.

## 5.4 Financial information

### 5.4.1 Financial performance

A summary of Northern Star's financial performance for the last three years ending 30 June 2020 are presented below.

Northern Star – Consolidated Statement of Profit or Loss summary			
Currency: \$m	FY18	FY19	FY20
Revenue	964	1,401	1,972
Mine operating costs	(445)	(831)	(1,058)
Depreciation and amortisation	(155)	(245)	(348)
Royalties	(23)	(25)	(42)
	<b>340</b>	<b>300</b>	<b>524</b>
Other income and expense	9	2	(3)
Corporate, technical services and projects	(56)	(59)	(81)
Acquisition and integration costs	-	(7)	(45)
Impairment of assets	(12)	(10)	(28)
Finance costs	(3)	(12)	(22)
<b>Profit before income tax</b>	<b>278</b>	<b>215</b>	<b>345</b>
Income tax expense	(84)	(60)	(86)
<b>Profit for the year</b>	<b>194</b>	<b>155</b>	<b>258</b>
<b>KPI's:</b>			
Gold production (oz)	575,121	813,134	905,177
Gold sold (oz) <sup>40</sup>	570,110	840,580	886,543
Average realised price (\$/oz)	1,704	1,764	2,208
AISC	1,029	1,296	1,496

Source: Northern Star FY19 and FY20 Annual Reports and June 2018, 2019 and 2020 quarterly reports.

Note: Totals may not sum due to rounding.

In relation to Northern Star's historical financial performance we note:

- ▶ Revenue increased to \$1,972 million in FY20, driven by an increase in the average realised gold price from \$1,764/oz in FY19 to \$2,208/oz in FY20. Despite the impact of COVID-19 on its operations (particularly in Alaska), production increased by 11% in FY20 due to the acquisition of a 50% interest in KCGM in the second half of the financial year.
- ▶ As at 30 June 2020, Northern Star had hedged the sale of 536koz of gold at an average gold price of \$2,085/oz.<sup>41</sup>
- ▶ Northern Star's increased production led to a higher mining, processing and employee costs in FY20, with mine operating costs increasing by \$227 million from the prior year.
- ▶ Northern Star's acquisition of a 50% interest in KCGM resulted in an increase to acquisition and integration costs, and non-cash depreciation, amortisation and inventory charges in FY20.
- ▶ An impairment charge of \$28 million was recorded in FY20 for impairment of exploration and evaluation assets.

<sup>40</sup> We have presented gold sold on the same basis as Saracen, excluding gold sales derived from pre-commercial mine development activities. Total gold sold was FY18: 570,110oz, FY19: 840,580oz and FY20: 900,388oz.

<sup>41</sup> Northern Star ASX announcement 'June 2020 Quarterly Activities Report', 23 July 2020



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- ▶ The effective tax rate decreased from 28% in FY19 to 25% in FY20 due to the recognition of \$21 million in tax losses from the acquisition of EAR in December 2019.
- ▶ Northern Star reported an increase in post-tax profit from \$155 million in FY19 to \$258 million in FY20. Of this, \$252 million was attributable to its Australian operations, while its Pogo operation reported a profit after tax of \$6 million.

## 5.4.2 Financial position

Provided below is a summary of Northern Star's financial position as at 30 June 2018, 30 June 2019 and 30 June 2020, as extracted from its audited financial statements for FY19 and FY20:

Northern Star – Consolidated financial position summary			
Currency: \$m	FY18	FY19	FY20
Cash and cash equivalents	443	266	677
Trade and other receivables	31	68	145
Inventories	84	114	290
Current tax asset	-	6	-
<b>Total current assets</b>	<b>558</b>	<b>454</b>	<b>1,111</b>
Trade and other receivables	2	1	4
Inventories	-	-	315
Derivative financial instruments	6	1	1
Financial assets at fair value through other comprehensive income	42	23	13
Investments accounted for using the equity method	15	28	8
Property, plant and equipment	139	501	731
Right of use asset	-	-	103
Exploration and evaluation assets	226	266	479
Mine properties	213	356	1,019
Intangible assets	16	13	9
Assets classified as held for sale	-	-	17
<b>Total non-current assets</b>	<b>659</b>	<b>1,190</b>	<b>2,700</b>
<b>Total assets</b>	<b>1,217</b>	<b>1,644</b>	<b>3,811</b>
Trade and other payables	140	150	156
Borrowings	-	-	302
Lease liabilities	8	24	59
Current tax liabilities	15	-	12
Provisions	37	45	109
<b>Total current liabilities</b>	<b>200</b>	<b>218</b>	<b>638</b>
Borrowings	-	-	395
Lease liabilities	10	25	55
Provisions	129	220	448
Deferred tax liabilities	57	66	132
<b>Total non-current liabilities</b>	<b>195</b>	<b>310</b>	<b>1,029</b>
<b>Total liabilities</b>	<b>395</b>	<b>529</b>	<b>1,668</b>
<b>Net assets</b>	<b>821</b>	<b>1,115</b>	<b>2,144</b>
Share capital	291	474	1,324
Reserves	15	42	13
Retained earnings	515	599	806
<b>Total Equity</b>	<b>821</b>	<b>1,115</b>	<b>2,144</b>

Source: Northern Star FY19 and FY20 Annual Reports.  
Note: Totals may not sum due to rounding.



In relation to the financial position on the prior page we note:

- ▶ Current assets increased significantly in FY20, driven by a \$411 million increase in cash and cash equivalents, due to stronger operating cash flows and draw down of its revolving credit facility to mitigate financial risk posed by COVID-19. This is evidenced by the increase in current borrowings to \$302 million as at 30 June 2020.
- ▶ Inventories increased significantly in FY20 due to its acquisition of 50% of KCGM. Additionally, mine properties increased to \$1,018 million through the KCGM acquisition.
- ▶ The increase in non-current assets of \$1,510 million is largely due to acquisitions in FY20. This included an increase to exploration and evaluation assets of \$213 million, primarily attributable to the acquisition of EAR's assets and development of Northern Star's own exploration assets.
- ▶ Northern Star's investments accounted for using the equity method of \$8 million includes its 18.9% ownership interest in Superior Gold Inc as at 30 June 2020 (Northern Star's interest was subsequently diluted in November 2020), a Canadian gold producer that operates the Plutonic project in Western Australia. While Northern Star holds less than 20% of the equity shares of Superior Gold, Northern Star is able to appoint a Director on the Board of the company.
- ▶ Assets classified as held for sale reflect the \$17 million book value of the Mt Olympus project, which Northern Star agreed to divest in June 2020 (and has since divested).<sup>42</sup>
- ▶ As at June 2020, Northern Star had total borrowings of \$697 million. Key facilities comprise a \$400 million term loan related to the KCGM acquisition and a \$300 million revolving credit facility, of which \$200 million was repaid shortly after the balance date on 6 July 2020. Northern Star also holds a number of AUD and USD bank guarantees and standby letters of credit facilities.
- ▶ Due to the first time application of AASB 16 *Leases* from 1 July 2019, and the resulting changes in lease accounting, Northern Star included a right of use asset of \$103 million and a lease liability of \$114 million in its FY20 balance sheet.
- ▶ Current provisions increased to \$109 million in FY20 to reflect the estimated stamp duty payable on the KCGM and EAR acquisitions.
- ▶ Non-current liabilities increased by \$719 million in FY20, due to non-current borrowings of \$400 million being drawn for the KCGM and EAR acquisitions mentioned above, including working capital requirements, and the corresponding \$169 million closure liability for the KCGM and EAR acquisitions.
- ▶ Total equity increased to \$2,144 million in FY20, largely reflecting the issuance of shares, predominantly to finance the acquisition of Northern Star's interest in KCGM, and an increase in retained earnings of \$256 million less dividends provided for and paid of \$49 million.

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<sup>42</sup> Kalamazoo Resources Ltd ASX announcement 'Kalamazoo acquires 1.65Moz Ashburton gold project from Northern Star', 23 June 2020

### 5.4.3 Cash flow

Provided below is a summary of Northern Star's cash flow statement for the years ended 30 June 2018, 30 June 2019 and 30 June 2020, as extracted from its audited financial statements for FY19 and FY20:

Northern Star – Consolidated cash flow summary			
Currency: \$m	FY18	FY19	FY20
<b>Cash flows from operating activities</b>			
Receipts from customers	967	1,359	1,940
Payments to suppliers and employees	(520)	(893)	(1,183)
Interest received	7	5	4
Interest paid	(1)	(2)	(9)
Income tax paid	(100)	(90)	(41)
<b>Net cash provided by operating activities</b>	<b>353</b>	<b>379</b>	<b>710</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	(36)	(68)	(97)
Payments for exploration and evaluation	(45)	(87)	(76)
Payments for mine properties	(115)	(132)	(190)
Payments for investments	(31)	(10)	(3)
Payments for acquisition of business, net of cash acquired	(17)	(351)	(1,138)
Payments for acquisition of assets, net of cash acquired	(4)	(2)	(178)
Proceeds from disposal of business	1	-	-
Proceeds from sale of property, plant and equipment	0	1	5
Lease receipt	-	-	6
<b>Net cash flows used in investing activities</b>	<b>(247)</b>	<b>(648)</b>	<b>(1,670)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and other equity securities	5	177	803
Proceeds from borrowings	-	-	694
Principal elements of finance lease payments	(7)	(17)	(63)
Dividends paid to shareholders	(63)	(70)	(49)
<b>Net cash flows provided by/ (used) in financing activities</b>	<b>(66)</b>	<b>90</b>	<b>1,385</b>
Net (decrease) increase in cash and cash equivalents	40	(179)	425
Add opening cash brought forward	403	443	266
Effects of exchange rate changes on cash and cash equivalents	-	3	(14)
<b>Closing cash carried forward</b>	<b>443</b>	<b>266</b>	<b>677</b>

Source: Northern Star FY19 and FY20 Annual Reports.

Note: Totals may not sum due to rounding.

In relation to Northern Star's cash flows, we note the following:

- ▶ Cash flows from operating activities increased to \$710 million in FY20, driven by the increase in gold sold following the acquisition of KCGM and a 25% increase in the realised gold price per ounce.
- ▶ Cash flows used in investing activities rose to \$1,670 million in FY20 as a result of the acquisition of KCGM and EAR, as well as a \$58 million increase in payments for mine properties.
- ▶ Cash flows from financing activities increased by \$1,295 million in FY20 as a result of the share issues and borrowings drawn down to finance the KCGM and EAR acquisitions and associated working capital requirements, as well as additional debt drawn to mitigate the financial risk posed by COVID-19.
- ▶ Payments for acquisition of assets, net of cash acquired, relates to payments made between August and December 2019 related to Northern Star's acquisition of EAR.

#### 5.4.4 September 2020 quarterly report

On 27 October 2020, Northern Star released its quarterly report<sup>43</sup>, announcing gold sales of 227.5koz in the September quarter, at the upper end of the published quarterly guidance range of 207koz-233koz. Northern Star's Australian operations sold 177.6koz, while Pogo sold 51.0koz of gold at an AISC of US\$1,199/oz, 14.5% lower than FY20 costs. Northern Star announced an unaudited NPAT of \$100 million, with cash, bullion and investments of \$470 million, after repaying \$200 million of debt and paying out \$200 million in dividends during the quarter.

### 5.5 Capital structure

As at the date of this Report, Northern Star had the following securities on issue<sup>44</sup>:

- ▶ 740,962,173 fully paid Northern Star ordinary shares
- ▶ 3,067,051 unlisted Northern Star performance rights
- ▶ 18,560 unlisted Northern Star Non-Executive Director share rights

The unlisted Northern Star performance rights are issued to eligible employees under various long and short term incentive plans and are subject to various vesting conditions and performance measures. In addition, Northern Star has issued Non-Executive share rights to its Non-Executive Directors, which are not subject to performance measures and vest on 30 June in each year of grant subject only to a service condition. Once vested, each performance right and each share right may be converted into an ordinary Northern Star share, for nil consideration. Northern Star does not have any options outstanding.

#### 5.5.1 Dividends

Northern Star has paid dividends to shareholders continuously since FY13 and has a stated dividend policy of paying dividends equal to 6% of revenue. The table below displays a summary of Northern Star's dividend payments since FY18.

Northern Star – Dividend Payments			
Dividend Year	Dividend Type	Dividend per Share (\$)	Total Dividend (\$m)
FY18	Interim	\$0.045	\$27.14
FY18	Final	\$0.050	\$31.97
<b>FY18 – total</b>		<b>\$0.095</b>	
FY19	Interim	\$0.060	\$38.37
FY19	Final	\$0.075	\$48.67
<b>FY19 – total</b>		<b>\$0.135</b>	
FY20	Interim	\$0.075	\$55.46
FY20	Final	\$0.095	\$70.40
FY20	Special	\$0.100	\$74.00
<b>FY20 - total</b>		<b>\$0.270</b>	

Source: Northern Star 2020, 2019 and 2018 Annual Reports

Northern Star intended to pay an interim dividend for FY20 on 30 March 2020, however this was deferred on 26 March 2020 as a cash preservation initiative in anticipation of the potential impact of COVID-19 on global financial markets and Northern Star's operations. The FY20 interim dividend was subsequently paid on 16 July 2020. On 30 September 2020, Northern Star paid a \$0.095 final dividend and a \$0.100 special dividend, given stronger than expected financial performance. Following the payment of the final and special dividends, as mentioned in section 5.4.4, Northern Star held cash, bullion and investments of \$470 million at 30 September 2020.

<sup>43</sup> Northern Star Quarterly Activities Report September 2020, 27 October 2020

<sup>44</sup> Refer Northern Star Appendix 3G, 30 October 2020

## 5.6 Major shareholders

Based on the Northern Star share registry information, the following shareholders hold more than 5% or more of Northern Star shares on a beneficial basis.

Northern Star - Substantial shareholders		
Shareholder	Number of shares	% of issued ordinary shares
BlackRock Group	97,185,286	13.1%
Van Eck Associates Corporation	79,705,050	10.8%
The Vanguard Group, Inc.	39,790,556	5.4%

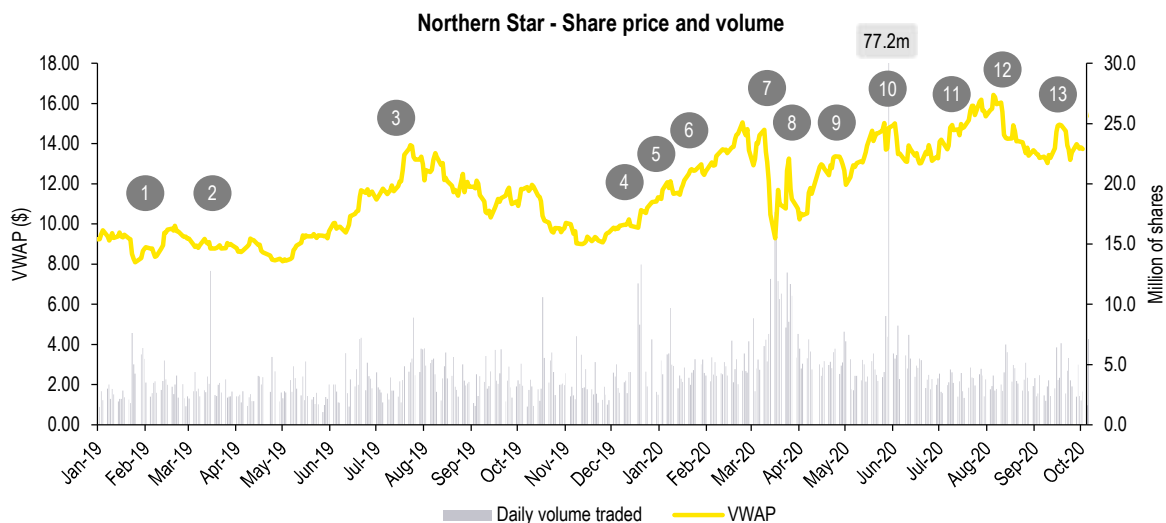
Source: Sharetrak report dated 20 October 2020

Note: % of issued ordinary shares calculated as number of shares in table above divided by ordinary shares outstanding.

Northern Star's three largest investors are global investment managers and are also the largest three shareholders in Saracen.

## 5.7 Share price performance

The chart below shows the daily VWAP and trading volumes of Northern Star Shares on the ASX between 1 January 2019 and 5 October 2020 (being the day immediately prior to the announcement of the Proposed Scheme). During the period, Northern Star's share price traded between a high of \$16.43 per share on 5 August 2020, and a low of \$8.05 per share on 25 January 2019. Northern Star's VWAP on 5 October 2020, was \$13.83 per share.



Source: S&P Capital IQ

In addition to the regular quarterly, interim and annual reporting announcements, other announcements made by Northern Star between 1 January 2019 and 5 October 2020 that may have had an impact on Northern Star's share price or volumes, are annotated in the chart above and summarised below:

1. On 13 February 2019 Northern Star announces fully franked \$0.06 interim dividend payable on 4 April 2019.
2. 13 March 2019 is the ex-dividend date for the \$0.06 interim dividend announced on 13 February 2019.
3. On 29 & 30 July 2019 BlackRock Group sells 8.1 million shares on 29 July and acquires 1.3 million shares on 30 July, resulting in a spike in volume of shares traded.

4. Northern Star announces on 17 December 2019 its agreement to acquire 50% of KCGM and exploration tenements.
5. On 23 December 2019, Tribune and Rand announce that they have commenced proceedings against Northern Star in the Supreme Court of Western Australia in relation to the EKJV.
6. Northern Star completes the acquisition of its 50% interest in KCGM on 3 January 2020.
7. 6 March 2020 is the ex-dividend date for the \$0.075 interim dividend.
8. On 26 March 2020 Northern Star announces its withdrawal of production guidance for the year to 30 June 2020 due to COVID-19. The company expects production in the March 2020 quarter to be 10-15% lower than expected and could give no assurances about production in the June 2020 quarter. Northern Star defers payment of interim dividend due on 30 March 2020 as a cash preservation measure to mitigate the potential financial impact of COVID-19 on Northern Star's operations. Increased volumes are seen during March 2020, due to equity market volatility resulting from COVID-19 related uncertainty.
9. On 28 April 2020, Northern Star releases its March 2020 quarterly activities report, announcing that COVID-19 related measures had caused reductions in production and increased AISC in the March quarter. While the acquisition of KCGM saw a 12% increase in gold recovered from the previous quarter, its Yandal and Kalgoorlie Operations both saw a decrease in production during the quarter.
10. Large volume of Northern Star shares traded by BlackRock Group increasing its net holding in Northern Star by 12.9 million shares on 29 May 2020.
11. On 8 July 2020, Northern Star announces the postponed interim dividend will be paid on 16 July 2020.
12. 18 and 19 August 2020, Northern Star announces FY21F production guidance, FY20 financial statements and confirms dividend for six months ended June 2020 and special dividend, both payable on 30 September 2020.
13. 8 September 2020 is the ex-dividend date for the final dividend and special dividend.

The following table summarises the monthly trading prices and volumes of trades of Northern Star's shares on the ASX over the period 1 October 2019 to 5 October 2020.

Northern Star - Monthly share trading and liquidity						
Month	High (\$)	Low (\$)	Close (\$)	VWAP (\$)	Monthly volume (m)	Liquidity %
Oct-19	11.99	9.58	9.79	10.59	87.41	13.6%
Nov-19	10.08	8.96	9.59	9.32	67.74	10.4%
Dec-19	11.31	9.65	11.31	10.28	90.78	13.2%
Jan-20	13.00	11.27	12.60	12.14	100.46	13.7%
Feb-20	14.96	12.91	13.46	13.84	95.33	12.9%
Mar-20	14.46	9.19	10.53	11.71	197.98	26.8%
Apr-20	13.58	10.18	12.79	12.23	107.66	14.5%
May-20	15.11	11.75	14.80	14.11	173.36	23.4%
Jun-20	15.17	12.81	13.36	13.64	101.93	13.8%
Jul-20	16.14	13.60	15.46	15.05	82.00	11.1%
Aug-20	16.43	13.35	13.65	14.64	81.32	11.0%
Sep-20	15.01	13.03	13.64	13.91	79.74	10.8%
1 Oct-20 to 5-Oct-20	13.82	13.77	13.82	13.78	6.39	na

Source: S&P Capital IQ

The table shows that over the 12-month period from October 2019, Northern Star's share price was relatively volatile but generally trended upwards, as measured by monthly VWAP. The lowest price observed was \$8.96 per share, while the highest price was \$16.43 per share. Similar to Saracen, volumes were high in March 2020, as equity markets fell during the developing COVID-19 crisis.

The monthly liquidity of Northern Star Shares, calculated as the number of shares traded each month divided by the average of shares on issue during that month, over the period 1 October 2019 and 30 September 2020, ranged between 10.4% and 26.8%.

A summary of the VWAP of Northern Star Shares prior to the Announcement Date is set out below:

Northern Star - VWAP of shares prior to the Announcement Date	
Period	VWAP (\$)
1 day prior to the announcement	13.83
1 week prior to the announcement	13.83
1 month prior to the announcement	13.98
3 months prior to the announcement	14.54

Source: S&P Capital IQ

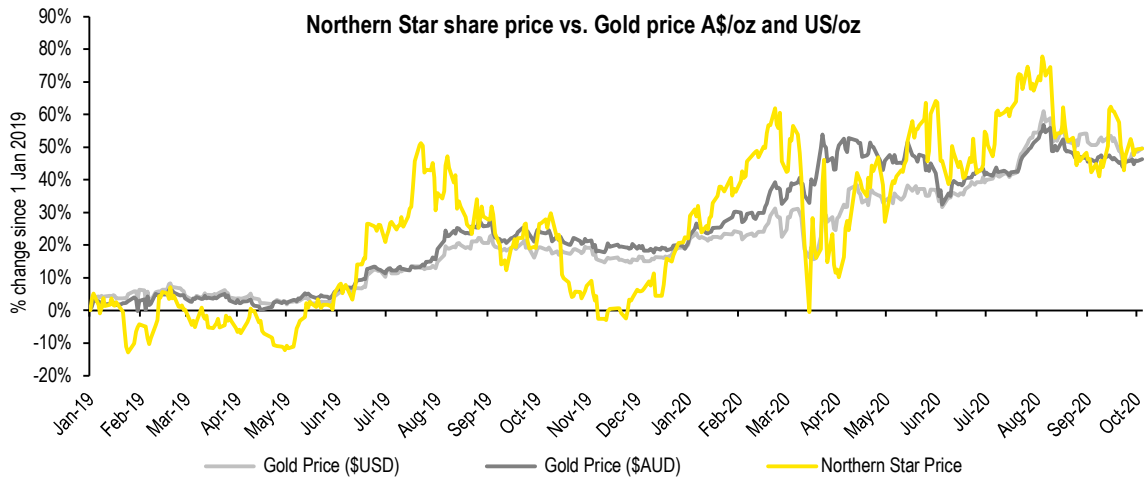
Our analysis of the movements in Northern Star's share price and trading volumes indicates that its shares are liquid:

- ▶ Over the last 12 months i.e. from 1 October 2019 to 30 September 2020, the average monthly liquidity of Northern Star shares was approximately 14.6% with annual liquidity of 174.8%. A company with annual liquidity over 100% is typically considered to be liquid;
- ▶ Northern Star is currently a member of the S&P/ASX 100 index, meaning it must meet certain liquidity measures as well as size. The S&P/ASX 100 index provides a benchmark for large active managers whose emphasis is on having a portfolio with strong liquidity;
- ▶ Over the latest 12 months the average bid/ask spread as a percentage of daily closing asking prices was 0.1%, which is low. Lower spreads indicate higher levels of liquidity in a stock;
- ▶ Northern Star's shares that are likely to trade (i.e. all shares excluding those held by substantial shareholders (being those with a 5% or more interest) and Directors) is approximately 74.6%. As such, we consider Northern Star to have a relatively high free float. Companies with higher free floats tend to be more liquid, as there are more shares available to be traded; and
- ▶ Northern Star is covered by at least ten brokers/analysts, who provide periodic research reports which arguably assists the market regarding the prospects for Northern Star and the prices at which it could trade. As an ASX-listed entity, Northern Star is required to comply with ASX Listing Rules in relation to continuous disclosure including the release of price sensitive information. A review of Northern Star's announcements over the 2019 and 2020 years indicate that Northern Star regularly releases a significant amount of financial and operational information to the market (including quarterly reports), and to the brokers that follow it, via webcasts, site tours and presentations. Northern Star also releases information published by KCGM. In our view, the market for Northern Star shares is informed and liquid, and the share price therefore reflects the market's view of Northern Star's value.

Similar to Saracen, Northern Star's share price has been volatile since June 2019. In particular, the period from March 2020 to June 2020 was volatile potentially due to the impacts of COVID-19 restrictions on its production during the March and June 2020 quarters. The percentage change in Northern Star's share price and the gold price (stated in A\$ and US\$) between 1 January 2019 to 5 October 2020, is illustrated in the chart on the following page and indicates that since April 2020, Northern Star has typically outperformed the gold price, although not to the same extent as Saracen.

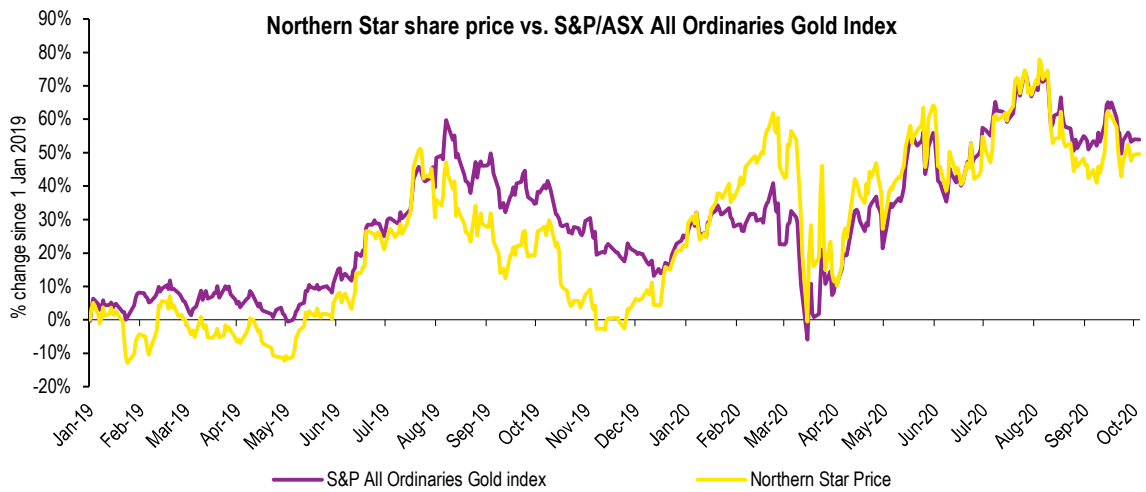


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Source: S&P Capital IQ

The following chart illustrates the correlation between movements in Northern Star's share price with the S&P/ASX All Ordinaries Gold Index between 1 January 2019 and 5 October 2020.



Source: S&P Capital IQ

The graph shows that following the acquisition of the 50% interest in KCGM in early 2020, Northern Star briefly outperformed the S&P/ASX All Ordinaries Gold Index, before tracking closely in line with the index since March 2020. This is contrasted with Saracen, which has outperformed the index since March 2020.

## 6. Profile of the Merged Group

Should the Proposed Scheme be implemented, Saracen will become a wholly owned subsidiary of Northern Star. The Merged Group will be headquartered in Perth and own a portfolio of complementary assets in Tier-1 jurisdictions across three production areas. The Merged Group will have over 3,000 employees, combining Saracen's open pit expertise and Northern Star's significant underground experience to form one of the top 10 largest gold miners in the world, producing at a relatively low cost. Based on the respective market capitalisations of Saracen and Northern Star as at 5 October 2020, the Merged Group will have a combined pro forma market capitalisation of approximately \$16.0 billion (albeit since declined) and be the second largest ASX-listed gold company. The Merged Group will continue to use the Northern Star name.

Saracen's existing assets will be merged into Northern Star's portfolio to create three new production hubs.

1. **Kalgoorlie:** The Kalgoorlie operations will comprise KCGM, Carosue Dam and Northern Star's existing Kalgoorlie Operations. The merger of Saracen and Northern Star will bring KCGM and the Super Pit under common ownership for the first time in KCGM's history. The current joint venture structure will be dissolved, and a single owner will operate the Super Pit and Mt Charlotte mines without reference to a joint venture partner. This is expected by management of both companies to result in a range of benefits which are discussed below. The Kalgoorlie Operations will have forecast aggregate production of between 950-1,030koz in FY21F and significant milling capacity of 18.6Mtpa across the combined Saracen and Northern Star processing facilities. Further capital has already been committed in FY21F to expand milling capacity to 19.4Mtpa.
2. **Yandal:** The Yandal operations will comprise Jundee, Bronzewing and Thunderbox. The expanded Yandal operation is expected to provide 410-450koz of production in FY21F. The Yandal Operations would have a milling capacity of 5.5Mtpa, with capital committed to expand this amount to 8.5Mtpa by FY22F (subject to the decision to expand Jundee or refurbish Bronzewing).
3. **Pogo:** The third production hub will be Pogo, which is forecast to contribute 180-220koz of production in FY21F with a current milling capacity of 1Mtpa. As outlined in section 5.2.5.1, Pogo's milling capacity is expected to increase to 1.3Mtpa in FY21F. The Merged Group would aim to develop operations and establish new mining areas at Pogo, providing a platform for future growth, with a target for future production of at least 300koz.

Northern Star and Saracen estimate the Proposed Scheme, if implemented, will generate significant cost synergies over a number of years. As part of the announcement of the Proposed Scheme, the companies estimate pre-tax synergies of \$1.5 billion to \$2.0 billion, on a net present value basis over an average of 10 years, discounted at 5%, net of the payment of stamp duty, implementation costs and costs associated with the transaction. These potential synergies have been estimated jointly by management of both companies and are described in section 7.6 of the Scheme Booklet. Based on our discussion with Saracen management, and disclosures made in public announcements<sup>45</sup> (including the Scheme Booklet) we understand the key components of the potential synergies include:

- ▶ Tax benefits arising from an estimated uplift in the cost base of Saracen's "depreciating assets" (net of expected stamp duty and transaction costs). Should the Proposed Scheme be implemented, Saracen (and its wholly owned subsidiaries) would join the Northern Star tax consolidated group which would then require Northern Star to "reset" the underlying tax cost base of Saracen (and its wholly owned subsidiaries) assets. Broadly, this calculation aligns the tax cost base of these assets with Northern Star's acquisition cost of Saracen and is estimated to increase the depreciable tax base of Saracen's "depreciating assets" (i.e. the majority of Saracen's mining and exploration tenements, plant and equipment, other mining assets, etc.) leading to an increase in future tax depreciation and lower tax payable (compared to if the Scheme was not implemented). The uplift in tax cost base of Saracen's "depreciating assets" is largely driven by the market value of these assets at the implementation date of the Proposed Scheme. This tax cost base uplift (net of expected stamp duty and transaction costs), in net present value terms, is estimated at \$800 million to \$950 million;

<sup>45</sup> Including Northern Star and Saracen - A Compelling Combination, 6 October 2020 and Investor presentation - Diggers and Dealers Conference, 12 October 2020



- ▶ Corporate overhead cost savings, including rent, Board and insurance and the consolidation of KCGM ownership within the Merged Group to simplify its ownership structure and remove costs involved in operating a joint venture. Corporate cost savings are also expected to result from leveraging existing Northern Star systems thereby allowing Saracen to avoid the expected increased investment in systems to support its growth. The reduction in corporate overheads, or avoided overheads, is expected to deliver pre-tax savings, on a net present value basis, of between \$200 million to \$300 million, plus an additional pre-tax saving of between \$50 million to \$100 million, on a net present value basis, by dissolving the KCGM joint venture;
- ▶ Savings on procurement costs, through aligning costs to the lowest of the two companies across operations. These cost savings per annum are estimated to be approximately 1.0% of the total costs of the combined Merged Group cost base (operating and capital expenditure, plus exploration costs). The pre-tax net present value of these savings is estimated at approximately \$350 million to \$450 million;
- ▶ Optimise milling through processing different ore types at the most appropriate facilities, thereby maximising operating margins. The Merged Group would wholly own a number of processing facilities in relatively close proximity to mining sites, with total processing capacity of circa 24Mtpa. This would allow the Merged Group to process different ore types at the most appropriate facilities, to maximise recovery and reduce costs. In its indicative synergy estimate, management considers its estimate conservative, only including the potential milling benefit associated with processing Carbine-sourced oxide ore through the Fimiston Mill, and the displacing of low-grade stockpiles held by KCGM with higher grade resources from proximate projects. The net present value of these benefits is estimated at between \$100 million to \$200 million, on a pre-tax basis. Management expects the additional margin improvement through milling optimisation to be significantly higher.

We note that the cost savings have been estimated on an indicative basis, and some cost savings are likely to be realised immediately, with relatively low risk to their realisation, while others may take some time to realise and there is a risk they may not be realised in full. Management of Saracen and Northern Star consider the estimate of synergies to be conservative, particularly in relation to margin improvements from milling optimisation.

While the benefits of dissolving KCGM and a component of the milling benefits reflect “special value” to Northern Star (because only Northern Star can extract this value), the remaining synergies (namely corporate overhead cost savings, tax consolidation benefits and procurement savings) would arguably be achievable by any hypothetical market participant buyer of Saracen and are market based. These market based synergies represent the bulk (circa 85% to 90%) of the total synergies estimated by the parties.

In addition to the quantified synergies set out above (the realisation of which will be a key strategy of the Merged Group), management of the two companies consider additional benefits, which have not been able to be quantified by either Saracen or Northern Star given their nature, may arise from the Proposed Scheme:

- ▶ Common ownership of KCGM will facilitate optimisation, over the long term, of the KCGM assets. Under the joint venture structure, owners may have had different views on the development and optimisation of the assets, due to their different capital priorities, and this may have resulted in divergent views on the long-term future of the asset. By bringing KCGM under one ownership, these barriers to optimisation are removed.
- ▶ Utilise Northern Star’s underground and Saracen’s open-pit mining experience to maximise performance across the portfolio of the Merged Group;
- ▶ Optimisation of capital deployment across the portfolio to ensure capital is spent on the most value accretive projects;
- ▶ Facilitate merger and acquisition opportunities in the Kalgoorlie and Yandal regions given the size and milling capacity at existing operations.

Under the Proposed Scheme, the Merged Group will be required to continue managing COVID-19 related risks. We note that there is a risk that operations may be impacted, and supply chains disrupted, of any further waves of COVID-19 cases which could prompt new lockdown restrictions in some regions.

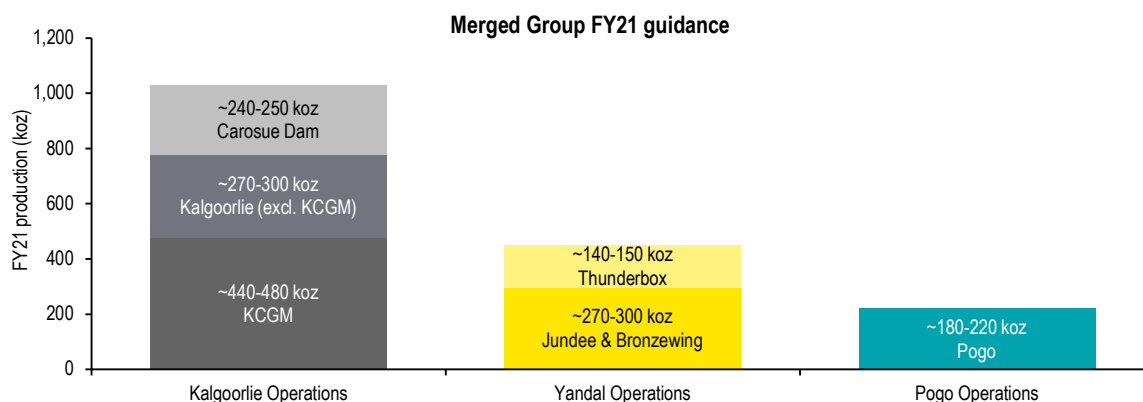
## 6.1 Strategy and Board of Directors

The Board of the Merged Group will comprise nine members and be chaired by the existing chairman of Northern Star, Bill Beament, who will remain as Executive Chair until 1 July 2021, when he will then become Non-Executive Chair. Four other current directors of Northern Star, John Fitzgerald, Shirley In't Veld, Mary Hackett and Nick Cernotta, will join the Board of the Merged Group, as non-executive directors, while four current directors of Saracen, Raleigh Finlayson, Sally Langer, John Richards and Tony Kiernan will join the Board of the Merged Group, with Raleigh Finlayson taking on the role of Managing Director for 12 to 18 months before transitioning to Executive Director.

Existing Northern Star Chief Executive Officer, Stuart Tonkin will act as Chief Executive Officer of the Merged Group, while Northern Star Chief Operating Officer Luke Creagh will take the role of Chief Operating Officer for the Yandal and Pogo Operations. Saracen's current Chief Operating Officer, Simon Jessop, will become Chief Operating Officer of Kalgoorlie Operations. Saracen's current Chief Financial Officer, Morgan Ball will be the Chief Financial Officer role in the Merged Group.

## 6.2 Production, reserves and resources

Based on aggregate FY21F production estimates, the Merged Group is expected to produce 1,540-1,700koz on a pro forma basis. The graph below displays the Merged Group's FY21F guidance split across the three production areas.



Source: Northern Star and Saracen Diggers & Dealers Conference Presentation 12 October 2020

The Merged Group would have a pro forma gold production in FY21F of 1,540koz to 1,700koz, significantly more than that of Saracen. Based on the pro forma FY21F guidance, the Merged Group's production would make it Australia's second largest publicly listed gold mining company. Based on the combined production outlook, the Merged Group would target growth of 30% between FY20 and FY23F, with aspirations to achieve 2,000koz by FY27F. The Merged Group would have over 19Moz in reserves and 49Moz in Resources (inclusive of Reserves).<sup>46</sup>

The Merged Group is expecting the consolidated Kalgoorlie Operations to contribute approximately 1,000koz production based on the FY21F production guidance. This is supported by the multiple processing mills across the existing operations, which would provide current capacity of 18.6Mtpa with capital committed to expand to 19.4Mtpa in FY21F.

The combination of Thunderbox and Jundee will add additional milling capacity to bring the Yandal Operations milling capacity to 5.5Mtpa, with capital committed to expand capacity to 8.5Mtpa in FY22.<sup>47</sup> In addition, given Bronzewing's central location between Jundee and Thunderbox, Northern Star will have the option to refurbish or divest Bronzewing's processing plant which is currently under care and maintenance.

<sup>46</sup> Based on the aggregate of Reserves and Resources as at 30 June 2020 published by Saracen and Northern Star.

<sup>47</sup> Northern Star presentation 'Northern Star and Saracen Agree to Merger of Equals, 6 November 2020



The Pogo Operations is also expected to provide the Merged Group with an additional 180-220koz of production in FY21F, with a current milling capacity of 1Mtpa and capital committed to expand to 1.3Mtpa.

Through further capital investment, the Merged Group is targeting an increase in production to 2Mozpa by FY27F across the three production areas.

The table below provides the Merged Groups FY21F production forecast and AISC range across each project.

Merged Group – FY21F Production Forecast and AISC						
Operation	Asset	FY21F Production Low (koz)	FY21F Production High (koz)	FY21F AISC Low (\$/oz)	FY21F AISC High (\$/oz)	
	KCGM	440	480	1,470	1,570	
Kalgoorlie Operations	Kalgoorlie (excl. KCGM)	270	300	1,650	1,750	
	Carosue Dam	240	250	1,300	1,400	
Yandal Operations	Jundee & Bronzewing	270	300	1,200	1,275	
	Thunderbox	140	150	1,000	1,100	
Pogo Operations	Pogo <sup>1</sup>	180	220	1,714	2,000	
<b>Total / Weighted Average<sup>2</sup></b>		<b>1,540</b>	<b>1,700</b>	<b>1,417</b>	<b>1,535</b>	

Source: Northern Star and Saracen Diggers & Dealers Conference Presentation 12 October 2020

Notes:

1. We have assumed an AUD:USD exchange rate of \$0.70 for the conversion of Pogo's AISC of US\$1,200-1,400/oz to \$/oz.
2. FY21 AISC Low and High have been calculated as a weighted average based on the mid-point of FY21 production guidance for each asset.

Based on the FY21F production guidance provided by Northern Star and Saracen, the Merged Group is expected to have an AISC of \$1,417-\$1,535/oz across all operations, which would represent an increase from Saracen's forecasted FY21F range of \$1,300-\$1,400/oz.

### 6.3 Pro forma financial position

The pro forma statement of financial position for the Merged Group, based on the financial positions of both companies as at 30 June 2020, is set out in section 7.11 of the Scheme Booklet. A summary of the pro forma financial position as at 30 June 2020, is provided below:

Merged Group – Pro forma financial position (30 June 2020)					
<i>Currency: \$m</i>	Northern Star	Saracen	Pro forma Adjustments A	Pro forma Adjustments B	Pro forma Balance Sheet
Cash and cash equivalents	677	360	(443)	(13)	581
Trade and other receivables	145	13	-	-	158
Inventories	290	231	-	163	684
Financial assets at fair value	-	2	-	-	2
<b>Total current assets</b>	<b>1,112</b>	<b>606</b>	<b>(443)</b>	<b>150</b>	<b>1,425</b>
Inventories	315	308	-	421	1,044
Property, plant and equipment	731	397	-	-	1,128
Right of use assets	103	115	-	-	218
Exploration and evaluation assets	479	178	-	-	657
Mine properties and other intangibles	1,028	920	-	4,733	6,681
Other assets	44	-	-	-	44
<b>Total non-current assets</b>	<b>2,700</b>	<b>1,918</b>	<b>-</b>	<b>5,154</b>	<b>9,772</b>
<b>Total assets</b>	<b>3,812</b>	<b>2,524</b>	<b>(443)</b>	<b>5,304</b>	<b>11,197</b>
Trade and other payables	156	138	-	264	558
Provisions	109	19	-	-	128
Borrowings	302	77	(200)	-	179
Lease liabilities	59	27	-	-	86
Hedge book contract liability	-	-	-	144	144
Other liabilities	12	30	-	-	42
<b>Total current liabilities</b>	<b>638</b>	<b>291</b>	<b>(200)</b>	<b>408</b>	<b>1,137</b>
Borrowings	395	239	-	-	634
Lease liabilities	55	90	-	-	145
Hedge book contract liability	-	-	-	99	99
Provisions	448	234	-	-	682
Deferred tax liability	132	112	-	591	835
<b>Total non-current liabilities</b>	<b>1,030</b>	<b>675</b>	<b>-</b>	<b>690</b>	<b>2,395</b>
<b>Total liabilities</b>	<b>1,668</b>	<b>966</b>	<b>(200)</b>	<b>1,098</b>	<b>3,532</b>
<b>Net assets</b>	<b>2,144</b>	<b>1,558</b>	<b>(243)</b>	<b>4,206</b>	<b>7,665</b>
Share capital	1,324	1,095	-	4,401	6,820
Reserves	13	77	-	(77)	13
Retained earnings	807	386	(243)	(118)	832
<b>Total Equity</b>	<b>2,144</b>	<b>1,558</b>	<b>(243)</b>	<b>4,206</b>	<b>7,665</b>

Source: Scheme Booklet

Notes:

1. Totals may not sum due to rounding.
2. Saracen and Northern Star columns may not agree to the financial position presented in sections 4.4.2 and 5.4.2 respectively due to rounding.

The pro forma balance sheet adjustments outlined above are discussed in further detail in section 7.11 of the Scheme Booklet. In summary, the key pro forma adjustments impacting cash and borrowings include a \$200 million repayment of Northern Star's revolving debt facility post 30 June 2020, a \$200 million Northern Star dividend also paid post 30 June 2020 and if the Proposed Scheme is implemented, Saracen will pay its shareholders a \$43 million Special Dividend. Other pro forma adjustments include accounting entries required to reflect the impact of the acquisition of Saracen by Northern Star in accordance with Australian accounting standards. The accounting for the acquisition of Saracen reflects the derecognition of contributed equity, retained earnings and reserves of Saracen, increase to share capital arising from the Proposed Scheme and the profit arising from the revaluation of Northern Star's interest in KCGM. The hedge book contract liability adjustments

represent the fair value of contracts for the delivery of gold that must be fair valued, resulting in out of the money contract liabilities that will reverse when the gold is sold. Trading results since 30 June 2020, any potential synergies arising from the Proposed Scheme, finalisation of the purchase price accounting for the Proposed Scheme and any changes to the Merged Group's debt structure are not reflected in the pro forma balance sheet or profit and loss set out in the Scheme Booklet.

## 6.4 Capital structure and shareholders

Should the Proposed Scheme be implemented, Northern Star will issue a total of 422,480,126 new Northern Star Shares to Saracen Shareholders, Performance Rights and NED Share Rights holders.

Based on the current number of shares on issue for Northern Star, as well as the shares to be issued as a result of the implementation of the Proposed Scheme, the total number of shares assumed to be on issue for the Merged Group is set out in the table below:

<b>Merged Group ordinary shares post-Proposed Scheme</b>	
<i>\$m</i>	
<b>Number of Saracen Shares eligible to participate in the Proposed Scheme, reflecting:</b>	
Saracen Shares on issue	1,107.6
Add: Saracen Shares to be issued on vesting of Performance Rights	15.1
<b>Total Saracen Shares eligible to participate in the Proposed Scheme</b>	<b>1,122.7</b>
x Merger ratio	0.3763
<b>Total Northern Star Shares to be issued to Saracen security holders on implementation of the Proposed Scheme</b>	<b>422.5</b>
<b>Number of Northern Star Shares on issue post implementation of the Proposed Scheme:</b>	
Northern Star Shares on issue before the Proposed Scheme	741.0
Total Northern Star Shares to be issued to Saracen security holders on implementation of the Proposed Scheme	422.5
<b>Northern Star Shares on issue post implementation of Proposed Scheme</b>	<b>1,163.4</b>

Source: Ernst & Young Strategy and Transactions Limited and Scheme Booklet. Some amounts may not add due to rounding.

Based on the current shareholdings in each company provided in sections 4.7 and 5.7, the largest shareholders in the Merged Group will be Blackrock Group, Van Eck Associates Corporation and The Vanguard Group, which will hold around 12.5%, 10.8% and 5.4% of the Merged Group's ordinary shares, respectively.

## 7. Valuation methodology and approach

### 7.1 Valuation methodology and approach

As noted in section 2.2, we have considered whether the Proposed Scheme is fair by comparing our assessed fair value of the Saracen Shares being given up, on a controlling interest basis, with the fair value of the Scheme Consideration, plus the Special Dividend, which will be received by Saracen Shareholders if the Proposed Scheme is implemented. In assessing the value of a Saracen Share, we have assumed 100% ownership, which is implicitly on a control basis.

In assessing the value of the Scheme Consideration, we have not included a control premium as Saracen Shareholders will receive shares representing a minority or portfolio interest in the Merged Group (i.e. shares in Northern Star post-implementation of the Proposed Scheme). The Proposed Scheme is considered fair if the consideration to be received by Saracen Shareholders (being the Scheme Consideration plus the Special Dividend) is equal to or greater than the range of values assessed for a Saracen share.

### 7.2 Valuation methodologies adopted

#### 7.2.1 Value of Saracen Shares

There are various approaches that can be used, in appropriate circumstances, to value shares in a company, and these are discussed in Appendix B. Given the nature of Saracen as a developed gold mining company, we have assessed the value of the Company with reference to its net assets after considering the underlying value of its assets and liabilities on a going concern basis (i.e. a “sum-of-the-parts” valuation). This is the primary approach we have taken when valuing the equity in Saracen. We have calculated a value per share based on the number of shares in Saracen on a diluted basis, reflecting the vesting and exercise of 15.1 million Performance Rights and NED Share Rights. We understand these dilutive securities would vest on any control transaction (including those that are vesting as a result of the exercise of the Saracen’s Board’s discretion), and therefore is consistent with our valuation of Saracen, which is also on a control basis.

In adopting this approach, the key component of the valuation is the assessment of the value of Saracen’s operating mining assets, being Carosue Dam, Thunderbox and its interest in KCGM (“Operating Projects”), in addition to its exploration assets.

#### 7.2.2 Sum-of-the-parts valuation of Saracen

By their nature, mineral assets are difficult to value. Key considerations in valuing mineral assets include long term views on commodity prices, development, operational and financial risks, quality of the underlying resource base and expectations on the timing of any future development of the asset. While the valuation approaches and assumptions represent both our own views as well as SRK’s views at the time of preparing this report, changes to market opinions on these key considerations could materially impact the values of the assets.

We also considered that it was appropriate to apply a net asset value multiple to the valuation of Saracen’s Operating Projects. This approach and selection of an appropriate multiple is discussed in section 8.4.

##### 7.2.2.1 Operating Projects

Gold projects in the later stages of development or in production are typically valued using a discounted cash flow (“DCF”) methodology as the projects are generally well defined technically and supported by reliable cash flow forecasts. Saracen’s Operating Projects all have detailed forecast life of mine (“LOM”) models available which we have used in undertaking our valuation.

To assist in our DCF analysis and consistent with the requirements of the VALMIN Code, the technical, production and cost assumptions adopted in the LOM models have been reviewed by SRK. Based on their review, SRK formulated production cases (including cost assumptions), for each of the Operating Projects. All other inputs, including commodity prices, foreign exchange rates, discount rates and taxation analysis were determined by us. SRK’s comments and findings are detailed in the SRK Report, which is included as Appendix H.

Consistent with the basis of the cash flows in the LOM models provided by Saracen, the forecast cash flows for the Operating Projects were estimated in Australian Dollars on a post-tax, real, ungeared basis. The gold prices in the models are denominated in US Dollar terms and converted to Australian Dollar terms using the AUD:USD forward curve.

#### 7.2.2.2 Resources outside of LOM

SRK valued Resources outside of the LOM models using a market approach, based on transactions involving Western Australian gold projects and using the Company's JORC compliant Reserves and Resources as at 30 June 2020. Noting that these transactions have occurred in different gold price environments, SRK has adjusted the "raw" observed multiples to reflect the 12 month trailing gold price. SRK elected to use a resource multiple range of between \$100/oz and \$162/oz with a preferred multiple of \$131/oz. SRK cross checked its values to standard industry benchmarks. Details of these approaches and the outcomes are contained in section 9.1.2 of the SRK Report.

#### 7.2.2.3 Exploration assets

The value of the exploration assets for Saracen, other than the prospective resources which were included in the Operating Projects, was separately assessed by SRK with reference to an area multiple analysis (i.e. a value per square kilometre of area), based on transactions involving early to advanced stage Western Australian gold projects (i.e. without defined gold resources). SRK cross checked the value of exploration assets with a geoscientific ratings method, which is a cost based approach. Details of these approaches and the outcomes are contained in section 9.2 of the SRK Report.

#### 7.2.2.4 Summary of methodologies applied

A summary of the methods used to value each of the key mining assets of Saracen is summarised in the table below.

Asset	Primary valuation methodology	Responsible
Saracen		
Carosue Dam	DCF	EY/SRK
Thunderbox	DCF	EY/SRK
KCGM (50%)	DCF	EY/SRK
Resources outside of LOM – Carosue Dam	Market approach	SRK
Resources outside of LOM – Thunderbox	Market approach	SRK
Resources outside of LOM – KCGM (50%)	Market approach	SRK
Exploration – Carosue Dam	Market approach	SRK
Exploration – Thunderbox	Market approach	SRK
Exploration – KCGM (50%)	Market approach	SRK
Exploration – Nickel deposits	Market approach	SRK
Exploration – Other	Market approach	SRK

Source: Ernst & Young Strategy and Transactions Limited analysis, SRK Report

For further details, the SRK Report is attached in full in Appendix H and should be read in conjunction with our report.

### 7.2.3 Other assets and liabilities

We have assessed the value of Saracen's other assets and liabilities as follows:

- ▶ Listed securities were valued using a market assessment based on quoted prices.
- ▶ Negative value attributable to corporate costs not otherwise captured in the LOM was assessed based on a DCF approach.

- ▶ Commodity hedge assets or liabilities have been incorporated into our DCF valuations through the assumed gold price assumptions, or as provided by Saracen Management.
- ▶ The fair value of cash and net debt were commensurate with their book value as at 30 September 2020.

#### **7.2.4 Value of Scheme Consideration**

In assessing the value of the Scheme Consideration, which is underpinned by the value of shares in the Merged Group, we have considered a combination of approaches. Our primary approach is to assess the value of the Scheme Consideration based on the recent market price of Northern Star shares as traded on the ASX post the announcement of the Proposed Scheme. As a cross check, we have considered trading and transaction Ore Reserve and Mineral Resource multiples.

Key factors influencing our selection of a methodology included the following:

- ▶ Under the Proposed Scheme, Saracen Shareholders will receive shares in Northern Star. Given trading in Northern Star shares are liquid, the value of the Scheme Consideration at the time of the implementation of the Proposed Scheme will be the market price of Northern Star shares. Ultimately, the fair value of the Scheme Consideration will be the value of Northern Star Shares immediately following the implementation of the Proposed Scheme, rather than any theoretical value of the enlarged Northern Star.
- ▶ We consider that the traded price of Northern Star shares since the Announcement Date reflects the market's view of the value of shares in the Merged Group, including the combined assets of Saracen and Northern Star, dilution through increased shares in issue, some likelihood of synergies being realised, but subject to the market's expectation of the Proposed Scheme being implemented. As such, we consider the actual traded price of Northern Star shares following the announcement to be the best indicator of the fair value of the Scheme Consideration.
- ▶ We acknowledge that for fair value purposes any benefits attributable to a particular buyer, such as synergies that would not be available to other bidders, should not be taken into account under this comparison, but rather are factors that should be considered as part of the reasonableness assessment of the Proposed Scheme. As such, our analysis of the market price considers the extent to which the traded price may reflect synergies and benefits that may be available to any acquiror (ie market based synergies). Our fair value of the consideration has been assessed excluding buyer specific synergies.
- ▶ We did not have access to the LOM models for Northern Star's operating assets (other than KCGM) and therefore we have relied on publicly available information to undertake a valuation of Northern Star shares. We did not consider the publicly available information on Northern Star to be sufficient to allow a valuation of Northern Star's other operating assets (other than KCGM which was valued as part of our valuation of Saracen).

Based on the above and having regard to the information provided to us in relation to Northern Star, we have ultimately relied on the Northern Star Share price since the Announcement Date to underpin our valuation of the Scheme Consideration.

### **7.3 Control premium**

As noted previously, our valuation of Saracen has been assessed on a 100% controlling interest basis and as such includes a premium for control. This is consistent with the requirements of RG 111. Our assessed control premium is based on the control premium likely to be paid by a pool of potential purchasers. It does not include any potential strategic benefits specific to Northern Star. This is consistent with a fair value basis of assessment.

### **7.4 Valuation cross checks**

For Saracen, we considered the reasonableness of our assessed valuation ranges by comparison with trading Resource and Reserves multiples of companies with similar, but not necessarily the same, operations to Saracen. We also considered Reserves and Resource multiples implied in recent gold transactions, together with the prices at which Saracen shares have recently traded on the ASX.





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As a high level cross check to our valuation of the Merged Group (and therefore the Scheme Consideration), we assessed a pro forma value of the aggregate of Saracen and Northern Star, adjusted for market based synergies. For the purposes of this cross check, we adjusted our value of Saracen to be on a minority basis. The value of Northern Star, for the purpose of this cross check, was based on share price trading in Saracen and Northern Star pre-announcement of the Proposed Scheme. We also considered Reserve and Resource multiples as a high level cross check.

## 8. Valuation of Saracen Shares

### 8.1 Summary of values

We have valued Saracen's equity based on the sum of the fair values of its underlying net assets and liabilities, on a going concern basis. Our sum-of-the-parts valuation is summarised in the following table.

Saracen - Valuation summary			
\$m	Ref	Low	High
DCF analysis of LOM models	8.2	2,181	2,510
Resources outside of LOM and exploration assets	8.3	1,238	1,238
<b>Total</b>		<b>3,419</b>	<b>3,748</b>
Gold premium applied	8.4	50%	50%
<b>Total mining assets</b>		<b>5,128</b>	<b>5,622</b>
Less: Corporate costs (post-tax)	8.5	(102)	(117)
Less: Transaction costs (post-tax)	8.5	(2)	(2)
Add: Investments	8.5	1	1
Plus: Net cash	8.5	128	128
<b>Fair value of equity</b>		<b>5,153</b>	<b>5,632</b>
Number of shares on issue post-implementation (million)	8.7	1,123	1,123
<b>Fair value of a Saracen share on a control basis (\$/share)</b>		<b>4.59</b>	<b>5.02</b>

Source: Ernst & Young Strategy and Transactions Limited analysis, SRK report, Adjusted Financial Model. Some amounts may not add due to rounding.

We have considered the fair value of 100% of the equity in Saracen to be in the range of \$5,153 million to \$5,632 million on a controlling interest basis. We note the following in respect of specific items in the above table:

- ▶ Saracen's Operating Projects (Carosue Dam, Thunderbox and KCGM) have deposits that are either already producing or assumed to commence production in the short to medium term and their valuation is based on a DCF analysis over the life of each mine.
- ▶ The value of Saracen's Resources outside of the LOM models, exploration assets and other prospective tenements have been assessed by SRK. Refer to Appendix H for the SRK Report and further detail on SRK's valuation approach in respect of these assets.
- ▶ We have applied a gold premium to the fair value of Saracen's total mining assets. The selection of the gold premium is discussed in section 8.4.
- ▶ Corporate costs have been valued using a DCF methodology, on a post-tax basis. Corporate costs are based on a stand alone estimate.
- ▶ We have deducted transaction costs which are expected to be incurred by Saracen regardless of whether or not the Proposed Scheme is implemented, of approximately \$3.5 million, adjusted for tax.
- ▶ We have added Saracen's investment in Nexus Minerals Limited of \$0.9 million.
- ▶ We have adjusted for Saracen's net cash position as at 30 September 2020, of \$128 million<sup>48</sup> which has been calculated as cash of \$450 million (excluding bullion) less borrowings of \$321 million. Borrowings exclude lease liabilities as lease payments are included as operating expenses in the DCF valuation.

In determining the value of a Saracen Share, we divided our assessed fair value of the equity in Saracen by the expected number of shares on issue immediately prior to completion of the Proposed Scheme. In calculating the numbers of shares, we have assumed the vesting and exercise of all Performance Rights and NED Share Rights

<sup>48</sup> Net cash is exclusive of bullion and therefore will not reconcile with the net cash position reported as at 30 September 2020. Bullion is included as part of working capital movements in our DCF valuation.

consistent with the terms of the Merger Implementation Deed, on the basis that these dilutive securities would have vested on any change in control transaction.<sup>49</sup> We have not adjusted for the Special Dividend, as this will only be paid if the Proposed Scheme is approved.

Our assessed valuation range of a Saracen Share has been considered in conjunction with various cross checks, including the Company's trading prices leading up to the Announcement Date and implied Reserve and Resource multiples. Refer to section 8.8 for our analysis of the cross checks considered.

## 8.2 DCF analysis

### 8.2.1 Financial Model

We have been provided with a financial model summarising the forecast LOM cash flows for the Operating Projects and forecast cash flows for corporate costs (the "Financial Model"). The Financial Model was prepared by Saracen management and includes forecast cash flows presented on an Australian Dollar, ungeared, real, post-tax basis. The forecast cash flows associated with the Operating Projects within the Financial Model have been extracted from LOM models underpinning the approved mine plans.

Forecast cash flows for the Operating Projects within the Financial Model and underlying LOM models have been prepared on an attributable project basis. As such, all cash flow items discussed in this section reflect Saracen's interest in each project (i.e. 50% interest in KCGM and 100% interest in both Carosue Dam and Thunderbox), with our valuation representing only the Company's respective interest in the project.

We have assessed a range of values for the assets in the Saracen Financial Model using a DCF approach based on the cash flow forecasts in the Financial Model and adjusted for various aspects ("Adjusted Financial Model") including:

- ▶ Technical input from the independent technical specialist, SRK, on certain key assumptions following their review of the Financial Model, the underlying LOM models and assumptions underpinning these models. SRK reviewed various aspects including, but not limited to, Resource and Reserve estimation, production volumes, operating expenses, capital costs and other environmental and infrastructure related considerations. Full details of the work undertaken by the independent technical specialist is set out in the SRK Report in Appendix H.
- ▶ Assumptions for cash flow items in relation to tax assumptions and changes in working capital.
- ▶ Rehabilitation and decommissioning costs expected to be incurred over the LOM in addition to the end of the economic life of each asset, assessed by SRK.
- ▶ Adjustments to reflect latest hedging arrangements in place in respect of gold produced for the duration of those arrangements.
- ▶ Our view of economic assumptions including future expected gold prices, exchange rates and tax assumptions. Forecast assumptions denominated in US Dollars have been converted to Australian Dollars using forecast exchange rates.
- ▶ Our view of the discount rates to apply to the forecast cash flows of the Operating Projects and corporate costs, reflective of their respective underlying risks.
- ▶ Exclusion of certain assets from the DCF analysis (such as low-grade stockpiles and certain deposits) as a result of it being more appropriate for a value to be separately determined by SRK due to the nature of the relevant asset.

We have not undertaken a detailed review or audit of the Financial Model provided by Saracen management. We have, however, performed limited analytical procedures regarding the mathematical accuracy of the model and

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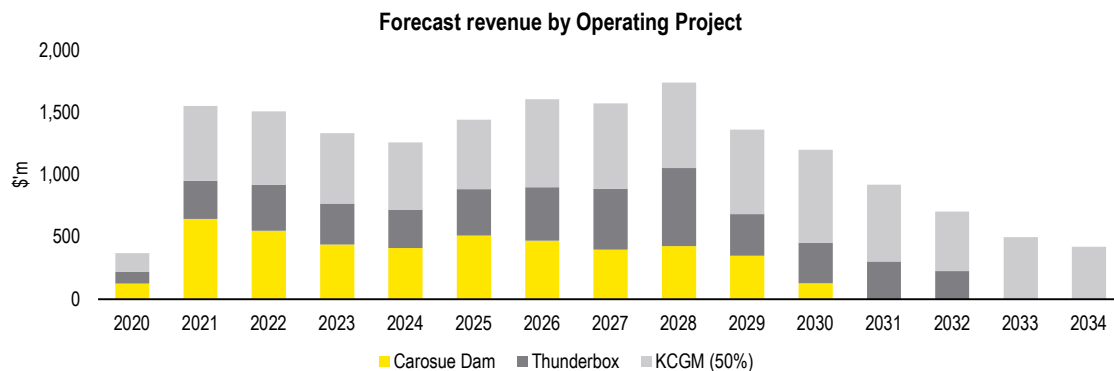
<sup>49</sup> This includes the Performance Rights and NED Share Rights that are vesting as a result of the exercise of the discretion of the Saracen Board.

held discussions with Saracen management regarding the preparation of the Financial Model and the assumptions contained therein.

## 8.2.2 Revenue

Revenue from the Operating Projects is a function of the volume of gold production and forecast gold prices. The forecast gold price is based on the median of US Dollar denominated broker consensus forecasts, converted into Australian Dollars using forward foreign exchange rates sourced from Bloomberg.

The chart below summarises the revenue forecast of Operating Projects after adjustments by us and SRK, on a calendar years basis over the total LOM forecast period from 1 October 2020 to 31 December 2034.



Source: Adjusted Financial Model.  
Note: 2020 represents only three months of revenue.

As shown in the chart above, the majority of revenue is derived from KCGM, accounting for approximately 48.8% of revenue whilst Carosue Dam and Thunderbox contribute 25.4% and 25.8%, respectively, over the LOM.

### 8.2.2.1 Production

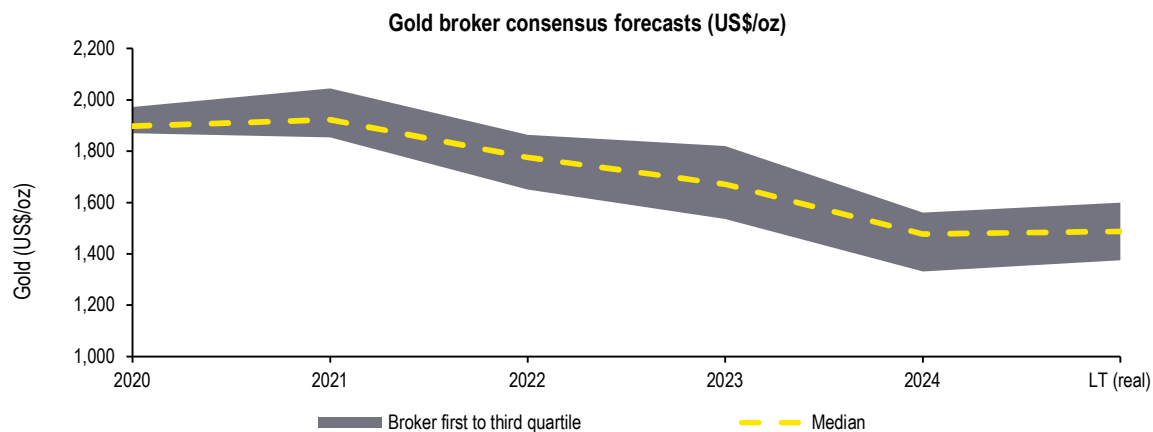
Production volumes are a function of tonnes milled, contained gold grade (expressed as grams per tonne) and mill recovery rates. The Adjusted Financial Model assumes that all gold processed within each month is sold in that month. The production volumes have been adjusted based on SRK recommended changes to the production profile of certain deposits. For details on SRK's recommended changes, refer to Appendix H. We note the following in relation to the production volumes:

- ▶ After the recommended adjustments from SRK, total production over the forecast period for each Operating Project is as follows:
  - Contained gold from Carosue Dam of 2.2Moz over the forecast LOM from 1 October 2020 to 30 June 2030
  - Contained gold from Thunderbox of 2.3Moz over the forecast LOM from 1 October 2020 to 31 October 2032
  - Contained gold from KCGM (50% basis) of 4.8Moz over the forecast LOM from 1 October 2020 to 31 October 2034
- ▶ We note that, at a high level, and after the SRK adjustments, the forecast production reflects depletion of approximately 68% of Saracen's total Measured and Indicated Resources and 100% of Saracen's total Reserves as at 30 June 2020. Any remaining Resources outside of the LOM are included in SRK's residual Resource valuation.
- ▶ Low-grade stockpiles have been excluded from the LOM for each Operating Project and have been valued separately by SRK.

### 8.2.2.2 Forecast gold prices

Our adopted forecast gold prices are based on latest available broker consensus estimates. Broker consensus estimates represent a view on the forecast prices that a market participant would likely apply when considering a transaction.

A summary of the broker and analyst data observed, and our adopted gold prices used in the valuation of the Operating Projects are outlined below. These have been presented showing the range of first to third quartile of broker consensus forecast on a real (2020) basis (that is, the prices are shown before any impact of inflation). Price forecasts reflect an average price of the calendar year ended 31 December of each year.



Source: Consensus broker reports, Ernst & Young Strategy and Transactions Limited analysis

The median of broker consensus estimates is set out in the table below. We note that, over the long term, consensus estimates indicate a sustained high gold price for the next calendar year, with a gradual decline in the long term to US\$1,488/oz. Further discussion on the gold price outlook is contained in section 3.4.

Saracen – Gold price forecast						
US\$/oz	2020	2021	2022	2023	2024	LT (real)
Gold price adopted	1,898	1,923	1,776	1,672	1,477	1,488
Number of observations	33	33	31	27	21	15

Source: Consensus broker reports, Ernst & Young Strategy and Transactions Limited analysis

We have adopted the median forecast gold price to apply to our valuation of the Operating Projects within the Adjusted Financial Model.

### 8.2.2.3 Foreign exchange rate

In determining the forecast AUD:USD exchange rate, we have considered consensus estimates from recent broker reports, together with foreign exchange forward rates sourced from Bloomberg and other publicly available estimates of forecast foreign exchange rates. We have converted our preferred exchange rate assumption to a real basis, in order to be consistent with cash flow forecasts that are expressed in real terms. The nominal forward exchange rates have been deflated using the purchase price parity (“PPP”) formula, adopting forecast US inflation rate estimates and Australian inflation rate estimates, based on consensus of broker estimates. Exchange rate forecasts have been adjusted to reflect an average price over the calendar year ending 31 December. The tables on the following page summarise our US and Australian inflation forecasts as well as the resulting PPP factor.

Saracen – Inflation forecast					
	2020	2021	2022	2023	2024+
Australian CPI	100	102	103	106	108
US CPI	100	102	104	106	108
PPP factor	1.00	1.00	0.99	0.99	1.00

Source: Consensus broker reports, Ernst & Young Strategy and Transactions Limited analysis

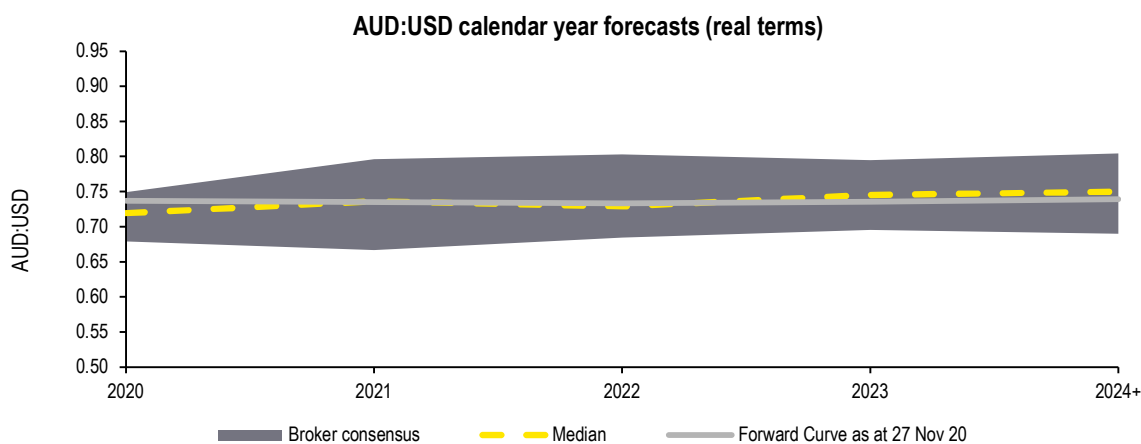
We have assumed that the Australian inflation rate is equal to the US inflation rate in the long term and therefore our long term PPP factor is one. Our adopted forward foreign exchange rates are as follows, presented on a real basis.

Saracen – AUD:USD adopted FX					
AUD:USD	2020	2021	2022	2023	2024+
Adopted FX	0.74	0.73	0.73	0.74	0.72-0.74

Source: Bloomberg, broker reports, Ernst & Young Strategy and Transactions Limited analysis

Note: Rounded to two decimal places and the forward curve is between 0.72 – 0.74 from 2024 onwards.

The observed AUD:USD broker consensus forecasts and the forward curve are shown in the chart below.



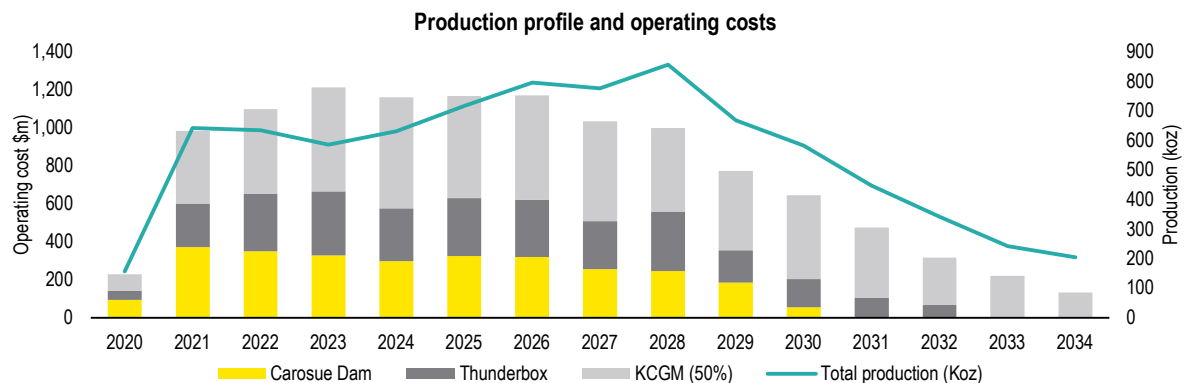
Source: Ernst & Young Strategy and Transactions Limited analysis, Bloomberg, broker reports

As shown in the chart above, the forward curve is within the range of broker consensus AUD:USD foreign exchange forecasts. The long term broker consensus estimate ranges from 0.69 to 0.80, with a median of 0.75. We consider that the forward curve is within the range of broker consensus forecasts and therefore appears reasonable to adopt in our valuation.

### 8.2.3 Operating costs

The Financial Model includes forecast operating costs for each Operating Project.

The chart on the following page shows operating costs on a calendar year basis over the forecast period from 1 October 2020 to 31 December 2034 for Carosue Dam, Thunderbox and KCGM, together with total forecast gold production.



Source: Adjusted Financial Model, Ernst & Young Strategy and Transactions Limited analysis

Note: 2020 represents only three months of operating costs and production.

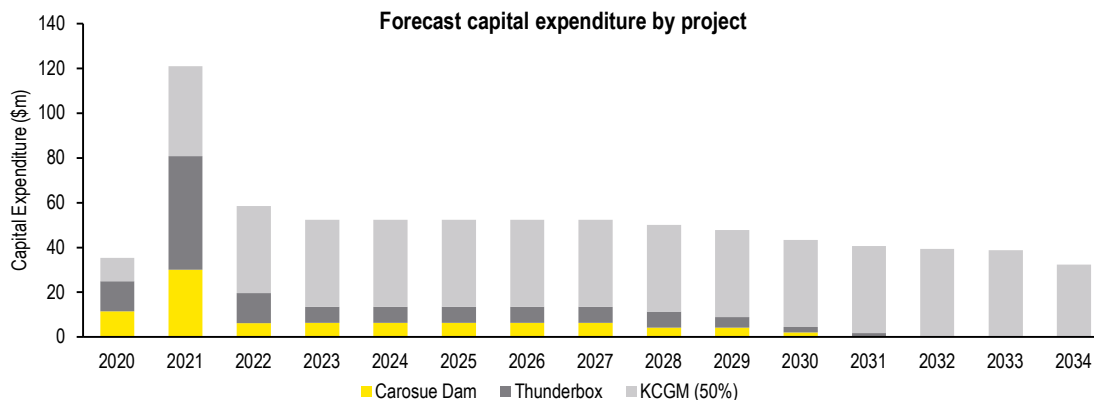
We note the following in relation to the charts above:

- ▶ Operating costs include costs associated with the mining and processing of ore, haulage of ore, site general and administration, royalties and mine rehabilitation. The operating costs in each Financial Model are derived from the underlying LOM plans for each Operating Project that have been reviewed by SRK. We note that operating costs decrease towards the end of each LOM as the deposit is depleted and ore is placed in stockpiles, ready for processing when the processing facilities have spare capacity. We note that whilst there is a relative alignment to operating costs and production, variances occur when mining occurs in a different period to processing.
- ▶ Mining and processing costs are the largest components of operating costs, accounting for approximately 60 and 27% of Saracen's total operating costs, respectively. Mining costs include all costs associated with waste movement, open-cut and underground extraction of ore activities.
- ▶ Lease costs are included in the Adjusted Financial Model as operating expenses.
- ▶ Royalty rates are included in the Financial Model as applicable to individual deposits. All deposits have a minimum 2.5% royalty payable to the Western Australian Government and some tenements have additional private royalties payable.
- ▶ Operating costs exclude an allocation for a portion of the corporate costs which are not directly attributable to individual projects including head office costs and support functions. These costs have been valued separately as discussed in section 8.5.3.

## 8.2.4 Capital expenditure

Capital expenditure is included in the Financial Model at an individual asset level and is classified as development or sustaining capital.

The chart on the following page shows total capital expenditure, as assessed by SRK, by Operating Project over the forecast period from 1 October 2020 to 31 December 2034.



Source: Adjusted Financial Model, Ernst & Young Strategy and Transactions Limited analysis  
Note: 2020 represents only three months of operating costs and production.

We note the following in relation to the chart:

- ▶ Total capital expenditure shown in the chart relates to development and sustaining of assets, however, excludes some mining costs that are capitalised in the Financial Model. These costs have been included in operating costs in the Adjusted Financial Model for the purposes of our valuation. The capital costs included in the Financial Model relate to processing plant expansion and maintenance, equipment purchases, maintenance of various assets, appraisal and development of the assets in preparing them for production. Capital costs are also net of gold sales during pre-commercial activities.
- ▶ We have removed exploration and development expenditure relating to Resources that are excluded from the LOM, and which have been separately valued by SRK.
- ▶ Saracen has a stated strategy of “future proofing” its business through investing capital in the short term to de-risk production and to lower future costs. This strategy is illustrated in the chart above with significant capital expenditure expected in 2021.
- ▶ Over the LOM, capital expenditure decreases with development capital tapering off and a steady state of sustaining capital is achieved. SRK has reviewed the reasonableness of the capital costs for each Operating Project.

## 8.2.5 Other cash flow items

### 8.2.5.1 Changes in working capital

Working capital reflects inventory (including bullion and gold in circuit) and trade receivables net of trade payables. These balances are forecast for the duration of the Financial Model based on Saracen’s expected average payment terms for debtors and creditors and inventory days. We have benchmarked these payment terms to other gold companies. The change in working capital from year to year is reflected in the cash flow forecasts over the LOM. Working capital excludes low-grade stockpiles which have been separately valued by SRK.

We have adopted the actual working capital balances in Saracen’s unaudited balance sheet as at 30 September 2020, as the opening balances for estimating changes in forecast working capital. As working capital opening balances and movements have been accounted for within the value of the Operating Projects, they have not been separately valued.

### 8.2.5.2 Taxation

We have determined post-tax, real cash flows for the Operating Projects. As such we have adopted the Australian corporate tax rate of 30% to assess the notional tax payment or benefit attributable to each asset/liability. In assessing taxable income, we adopted Saracen’s taxable values and have adjusted for subsequent capital expenditure in accordance with Australian tax rules. No opening carried forward tax losses were included within our analysis as Saracen does not have any carried forward tax losses, however, we have calculated any accumulated tax losses that are incurred throughout the forecast period.



### 8.2.5.3 Provisions

Restoration and rehabilitation provisions include the Company's obligation to restore operating locations, rehabilitating mines, dismantling facilities, closure of plant and waste sites and other restoration. SRK has reviewed Saracen's mine closure and rehabilitation costs included in the Financial Model for the Operating Projects and recommended adjustments where necessary. As a result, all mine closure and rehabilitation costs have been included in the cash flows of the Operating Projects, based on the expected timing of these payments, and therefore not separately valued.

### 8.2.6 Discount rate

To value Saracen's Operating Projects using a DCF analysis, we applied an Australian Dollar denominated, real, post-tax discount rate range of 4.0% to 6.0% with a midpoint of 5.0% based on a weighted average cost of capital ("WACC") basis. A detailed description of the discount rate determination is set out in Appendix C.

### 8.2.7 DCF analysis of LOM models

We have assessed the value of the Operating Projects, based on the LOM models, to be in a range of \$2,181 to \$2,510 million. We then cross checked our values by comparing the implied reserve multiples with the implied multiples of comparable companies as referred to in the valuation cross check detailed in section 8.8.

Saracen - DCF analysis of LOM models		
\$m	Low	High
DCF valuation - Carosue Dam	714	779
DCF valuation - Thunderbox	629	734
DCF valuation - KCGM (50% basis)	839	997
<b>Saracen DCF valuations</b>	<b>2,181</b>	<b>2,510</b>

Source: Ernst & Young Strategy and Transactions Limited analysis, SRK Report, Financial Model

## 8.3 Resources outside of LOM and exploration assets

SRK has valued Saracen's Resources that are not included in the DCF analysis and its exploration assets. SRK's valuation of the residual resources and exploration assets are in section 9.1.2 and section 9.2 of the SRK report, respectively. Refer to section 9.2 of the SRK report for details on the valuation methodologies adopted.

SRK has derived low and high values for the non-producing assets and selected a preferred value, as displayed in the table below.

Saracen – Resources outside of LOM and exploration assets			
\$m	Low	Preferred	High
Resources outside of LOM - Carosue Dam	231	304	377
Resources outside of LOM - Thunderbox	87	115	142
Resources outside of LOM - KCGM (50%)	458	601	745
Exploration - Carosue Dam	30	42	53
Exploration - Thunderbox	11	16	22
Exploration - KCGM (50%)	49	82	94
Exploration - Other	46	69	92
Exploration - Nickel deposits	6	9	11
<b>Fair value of Resources outside of LOM and exploration assets</b>	<b>919</b>	<b>1,238</b>	<b>1,536</b>

Source: SRK report

SRK has provided a recommended value range for Saracen's exploration asset portfolio of \$919 million to \$1,536 million, as shown in the table above, with a preferred value of \$1,238 million. While we recognise that this is a relatively wide range, this is not uncommon for these resources and exploration assets. For the purposes of our valuation, we have adopted SRK's preferred value.

## 8.4 Gold premium and net asset value multiples

### 8.4.1 Background

Historically, gold mining companies have frequently traded at a market capitalisation greater than their value determined using a DCF valuation or sum-of-the-parts method. Industry participants often describe this as a “Net Asset Value (“NAV”) multiple” or “gold premium” to recognise that a gold mining company may have additional value beyond what can be realised by the application of a standard DCF analysis to its existing mining operations. The NAV multiple represents a multiple applied to the DCF value to arrive at the market capitalisation of the company. The premium applied ascribes value to upside, if any, arising from:

- ▶ Metal price optionality, i.e. the likelihood that actual gold prices realised in the future may exceed the long-term static prices assumed in DCF analysis.
- ▶ Value increment attributable to management flexibility to slow or accelerate mining operations in response to metal prices.
- ▶ The likelihood of mining for longer periods or at higher volumes than is determinable from known Reserves and Resources as a result of further exploration and discovery of new mineable material at either existing or development sites.

### 8.4.2 Our approach

In considering the appropriateness of applying a NAV multiple or gold premium to Saracen’s Operating Projects and resources outside the LOM model and exploration assets, we analysed gold premiums implicit in recent broker estimates of NAV relating to a number of producing gold companies whose shares are quoted on a securities exchange. The NAV reported by brokers represent the equity value of each company (i.e. after adjustments for net debt). We have adjusted the broker equity NAV for net debt, corporate costs and other surplus assets and liabilities as reported by the relevant broker (herein, referred to as the “Adjusted NAV”). We made these adjustments in order to be able to compare the Adjusted NAV with the enterprise value of each quoted company. In order to determine whether the quoted company was trading at a premium or discount to the Adjusted NAV, we compared the Adjusted NAV per brokers to each company’s enterprise value observed over a period of time<sup>50</sup>, reflecting their market capitalisation (adjusted for a premium for control) and the net debt position at the most recent reporting date.

There has been significant volatility in the share prices of listed gold companies since the Announcement Date, particularly since early November 2020, as gold prices have fallen. To account for this volatility, in our assessment of an appropriate NAV multiple or gold premium we have used the VWAP of each comparable company’s shares over the four weeks of trading from 2 November 2020 to 27 November 2020. We note that this is consistent with our approach for valuing the Scheme Consideration which is also based, in part, on the VWAP of Northern Star’s quoted market price over the past four weeks.

We observed that some brokers assess the NAV of gold companies using current spot gold prices which impacts the implied NAV multiple and gold premium being assessed, which in a high spot gold price environment reduces or even eliminates the premium. Recognising that our valuation of Saracen is based on consensus broker estimates of gold prices (and not spot prices), we have considered only brokers who use a “consensus price” forecast which incorporates a long term price that is notably lower than the current spot gold price.

We note that brokers will frequently refer to P/NAV multiples, which are not the same as our calculation described above, because a P/NAV multiple reflects a comparison of a NAV per share (i.e. an equity basis) to a price target, or a listed share price.

### 8.4.3 Control premium

In calculating the implied Adjusted NAV multiples of comparable companies, we have included a control premium, to be consistent with our valuation of Saracen, which is also on a control basis. In selecting an appropriate control

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<sup>50</sup> We have used Saracen’s and Northern Star’s enterprise value as at 5 October 2020 (i.e. the day before the Announcement Date) so that their Adjusted NAV multiples are not influenced by the transaction announcement.

premium to apply in our analysis, we have considered control premiums observed in Australian and global completed transactions involving listed gold companies over a number of years, as detailed in the following table:

Gold transactions: Control premiums					
	Low	Mean	Median	High	No. transactions
<b>Global</b>					
2018-2020	(70.3%)	25.2%	<b>22.6%</b>	142.2%	22
2015-2020	(70.3%)	25.4%	<b>22.2%</b>	142.2%	41
2010-2020	(88.5%)	28.8%	<b>27.9%</b>	142.2%	73
<b>Australia</b>					
2018-2020	(2.2%)	16.5%	<b>13.5%</b>	41.0%	4
2015-2020	(2.2%)	25.0%	<b>26.3%</b>	50.0%	7
2010-2020	(2.2%)	34.6%	<b>34.1%</b>	94.1%	20

Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis.

Note: The analysis is based on the price of the target entity one day prior to the announcement of the transaction.

While there have been limited gold transactions in Australia in recent years of sufficient size, we observe that median control premiums have reduced over time. Based on the above analysis we have adopted a control premium of 25%.

#### 8.4.4 Conclusion

We analysed 25 broadly comparable gold producers (including Saracen and Northern Star), with operations around the world. Investors typically expect that companies with assets in developed countries trade at a premium in comparison to those with assets in emerging regions that are inherently exposed to political, operational, social, security and other risks. As such, we have divided the quoted comparable companies into two tier groups, defined by:

- ▶ **Tier-1:** Companies with the majority of their mining assets located in selected Tier-1 jurisdictions (herein, defined as countries including Australia, Canada and the United States) or the top three gold mining companies by market capitalisation, on the assumption that these companies are significantly large and diversified to mitigate these risks; and
- ▶ **Tier-2:** Companies with the majority of their mining assets located in Tier-2 jurisdictions (herein, defined as all countries other than Australia, Canada and the United States).

We note that Saracen falls within the Tier-1 category as all its assets are located in Western Australia.

We reviewed broker reports for each selected company and were able to identify 82 reports (published prior to 27 November 2020)<sup>51</sup> where the brokers adopted consensus forecasts and provided sufficient information to enable the calculation of a median Adjusted NAV for that company. Our analysis of the median of Adjusted NAV multiples over different VWAP intervals is summarised as follows:

Adjusted NAV multiples				
Times	VWAP – 4 weeks	VWAP – 3 weeks	VWAP – 2 weeks	VWAP – 1 week
All companies	1.27	1.25	1.23	1.19
Tier-1 companies	1.54	1.49	1.44	1.38
Tier-2 companies	1.09	1.06	1.03	1.01

Source: Ernst & Young Strategy and Transactions Limited analysis, broker reports, S&P Capital IQ. Each VWAP represents prices leading up to 27 November 2020.

Based on our analysis, the range of Adjusted NAV multiples varies within each tier group and can vary between brokers. It does however demonstrate that market participants consider NAV multiples in their assessment of gold

<sup>51</sup> Our analysis of broker reports for Saracen and Northern Star is as at 5 October 2020, i.e. before the Announcement Date.

mining companies. Our analysis of broker reports has shown that on average, larger companies and companies from the Tier-1 group trade at a higher Adjusted NAV multiple than the Tier-2 companies.

In relation to Saracen, in assessing an appropriate Adjusted NAV multiple, we had regard to the following:

- ▶ The average Adjusted NAV multiple implied by brokers for Saracen (prior to the Announcement Date) is 1.58x based on six broker reports. We note that this datapoint is less relevant, given the decline in gold prices since the Announcement Date.
- ▶ Saracen has a significant capital program to develop the resource base and a history of increasing Reserves and production. Availability of a strong pipeline of future mining projects provides high potential for further value to be derived from the company's resources base.
- ▶ KCGM LOM plan currently extends until 2034, however the area has been producing gold for over 125 years, demonstrating ability to extend its mine life continuously for a long period of time.
- ▶ According to the SRK Report, Saracen's exploration portfolio can be considered as significant Advanced Exploration tenure under the VALMIN code, rather than Early Stage Exploration Projects, which may contribute to a higher NAV premium.
- ▶ Based on SRK's analysis, KCGM's Fimiston underground inferred resource is of substantial size (1.1Moz on a 50% basis) and has exploration upside and potentially could support a significant extension of the KCGM LOM. Further resource definition drilling and detailed mine planning could determine that underground mining is feasible at Fimiston underground. As such, there is the potential for further value to be derived from Fimiston underground deposit that is not otherwise captured in the DCF analysis or exploration assets.
- ▶ Operating Projects of the Company have LOM of 10 to 15 years exposing Saracen to the benefits of gold price optionality in the later years of the LOM.
- ▶ Saracen's mining assets are exclusively located in Australia which is a Tier-1 jurisdiction and one of the most attractive investment destinations for gold mining.
- ▶ Saracen's operating assets and its exploration assets are concentrated in the Goldfields region of Western Australia, which has a long history of successful gold exploration.

Based on our analysis, in assessing an appropriate Adjusted NAV multiple for Saracen's gold assets, we have adopted a gold premium of 50%, representing an Adjusted NAV multiple of 1.50 times.

## **8.5 Other assets and liabilities**

### **8.5.1 Net debt**

We have adjusted the value of Saracen for net cash. As at 30 September 2020, Saracen had a net cash position of \$128 million comprising of \$450 million in cash (excluding bullion) and \$321 million in borrowings. Borrowings exclude lease liabilities as lease payments are included as operating expenses in the DCF valuation.

### **8.5.2 Transaction costs**

We have deducted transaction costs which are expected to be incurred regardless of whether or not the Proposed Scheme is implemented, of approximately \$3.5 million, adjusted for tax. We note that should the Proposed Scheme be implemented, Saracen's transaction costs are estimated to be approximately \$16.9 to \$19.1 million, as set out in section 11.8 of the Scheme Booklet. As we are valuing Saracen on a standalone basis, we have not included these additional costs that would be incurred if the Proposed Scheme is implemented.

### **8.5.3 Corporate costs**

Saracen incurs corporate costs that have not been included in the valuation of the Operating Projects. These costs relate to head office costs including capital costs for information technology, corporate administration costs

and other general overheads. We have assessed these corporate costs, on a post-tax basis, using a standalone DCF and have calculated these on a net present value basis to be within the range of \$102.0 million to \$116.7 million.

### 8.5.4 Provisions

As at 30 June 2020, Saracen had recognised rehabilitation and restoration provisions for financial reporting purposes of \$235 million. This provision represents Saracen's obligation to restore operating locations, rehabilitate disturbances, decommission and close of facilities and waste sites, reclamation, revegetation and monitoring of affected areas.

All decommissioning, restoration and rehabilitation costs have been included in the asset values determined using our DCF analysis and therefore no further deduction outside of the DCF valuation for these provisions is required. We note that SRK reviewed Saracen's provision for the Operating Projects in the Financial Model and provided us with recommendations on the adequacy of the provision and changes where necessary. We have considered SRKs recommended assessment of these costs.

### 8.5.5 Other non-operating assets and liabilities

The other key non-operating asset on the Saracen balance sheet is their investment in Nexus Minerals Limited. Saracen holds 6.6 million shares in the entity which we have valued at \$0.9 million based on last share price as at 27 November 2020.

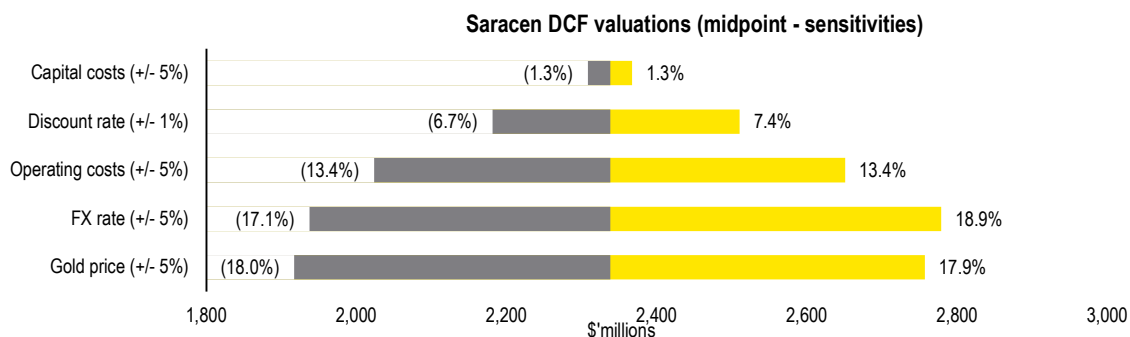
There are no other non-operating assets and liabilities that are not otherwise reflected in our valuation.

## 8.6 Sensitivity analysis

The following chart outlines the results of the DCF valuation (midpoint) and its sensitivity to the following valuation parameters (assuming all other assumptions are held constant):

- ▶ Change in the discount rate by +/-100bps (1%)
- ▶ Change in operating expenditure forecasts +/-5%
- ▶ Change in capital expenditure forecasts +/-5%
- ▶ Change in exchange rate forecast +/-5%
- ▶ Change in gold price forecast +/- 5%

The charts below illustrate the impact of the sensitivities on the DCF value of Saracen's Operating Projects.



Source: Ernst & Young Strategy and Transactions Limited analysis

Due to the expected profile of cash flows arising from Saracen's Operating Projects, with most cash flows being earned in the medium term, and a smaller tail of cash flows in the longer term, the value of Saracen's producing assets is most sensitive to movements in the gold price and exchange rates. Movements in the discount rate and capital costs have a relatively low impact on the valuation.

A movement of 0.1 times in the Adjusted NAV multiple impacts our assessed range of values of Saracen by approximately 7.0%.

## 8.7 Number of shares on issue

In order to determine a value per Saracen Share on a control basis, we have divided the total equity value (based on the sum of the net assets outlined above) by the total number of Saracen Shares expected to be on issue immediately prior to the implementation of the Proposed Scheme. In calculating this number, we have assumed the vesting and exercise of all Performance Rights and NED Share Rights consistent with the terms of the Merger Implementation Deed, on the basis that these dilutive securities would have vested on any change in control transaction.<sup>52</sup>

The table below summarises the expected number of shares on issue immediately prior to the implementation of the Proposed Scheme:

Merged Group ordinary shares post-Proposed Scheme	
Million shares	
<b>Number of Saracen Shares eligible to participate in the Proposed Scheme, reflecting:</b>	
Saracen Shares on issue	1,107.6
Add: Saracen Shares to be issued on vesting and exercise of Performance Rights and NED Share Rights	15.1
<b>Total Saracen Shares eligible to participate in the Proposed Scheme</b>	<b>1,122.7</b>

Source: Scheme Booklet

## 8.8 Valuation cross checks

We have considered the reasonableness of our valuation through a number of cross checks. These include Reserve and Resource multiples implied by our valuation compared to the Reserve and Resource multiples of broadly comparable gold producer companies and recent industry transactions. We have also compared our value to Saracen's share price prior to the Announcement Date.

### 8.8.1 Trading multiples of comparable companies

We have calculated the Reserve and Resource multiples implied by our valuation of Saracen. We have calculated these based on the enterprise value of Saracen divided by Reserves or Resources. The implied Saracen multiples are shown in the table below:

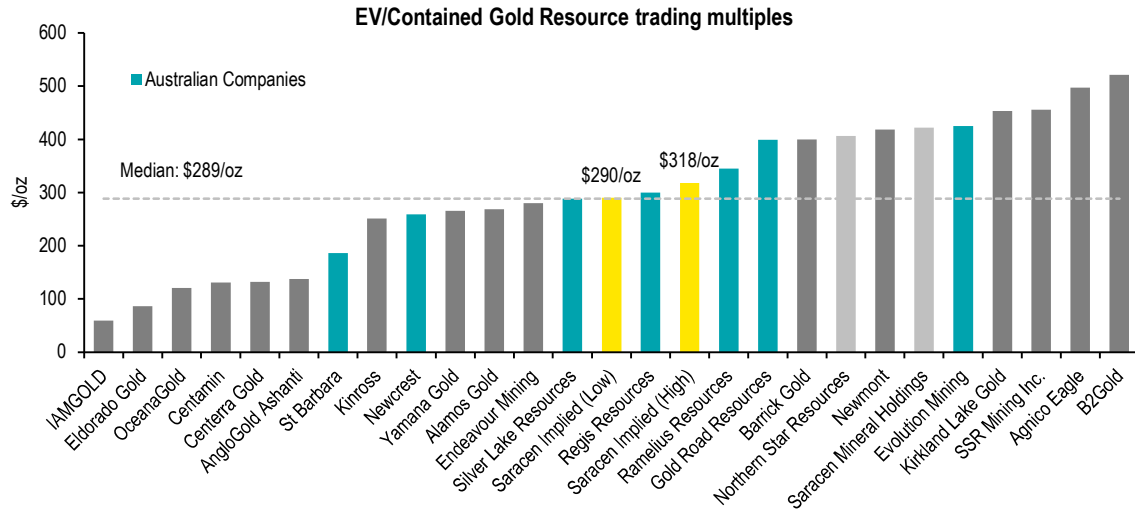
Saracen – Implied multiples		
	Low	High
Enterprise value (\$m)	5,025	5,504
Total Resources (Moz)	17.3	17.3
<b>Enterprise value / Total Resources (\$/oz)</b>	<b>\$290/oz</b>	<b>\$318/oz</b>
Total Reserves (Moz)	8.6	8.6
<b>Enterprise value / Total Reserves (\$/oz)</b>	<b>\$588/oz</b>	<b>\$644/oz</b>

Source: Ernst & Young Strategy and Transactions Limited analysis

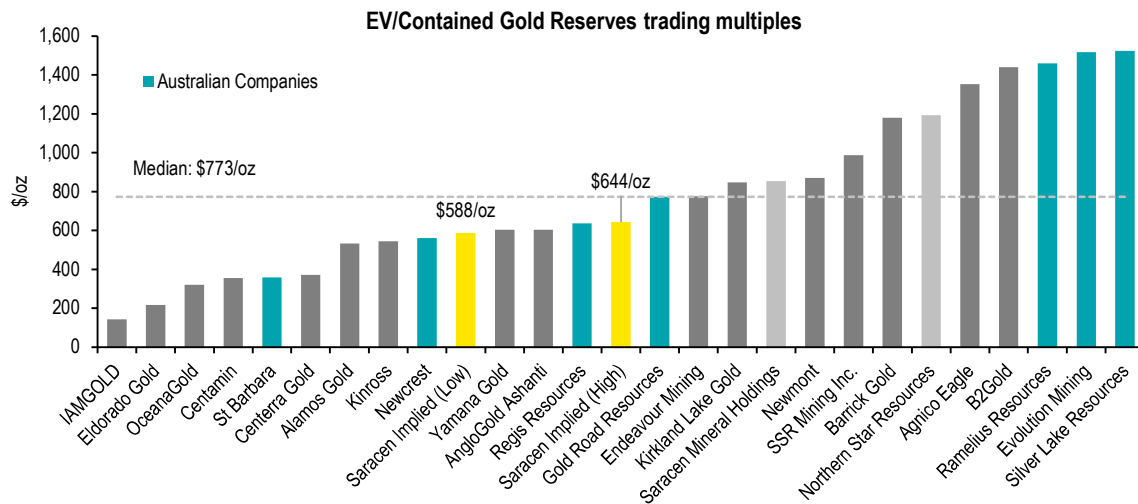
The graphs on the following page shows the implied EV/Reserves and EV/Resources multiples of broadly comparable companies (on a control basis), as well as the multiples implied by our valuation of Saracen. We have compared the implied multiples to those of Tier-1 and Tier-2 gold mining companies, as defined in section 8.4.4 above. Refer to Appendix D for further information on trading multiples and comparable companies. On the basis that our assessment of the fair value of Saracen is on a 100% basis, which includes a control premium, we have

<sup>52</sup> This includes the Performance Rights and NED Share Rights that are vesting as a result of the exercise of the discretion of the Saracen Board.

adjusted the multiples of the comparable companies to include a control premium of 25%. Refer to section 8.4.3 for our discussion on control premiums.



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ. Data is as at 27 November 2020  
Note: Enterprise value for Saracen and Northern Star are as at 5 October 2020, to reflect pre-announcement share prices.



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ. Data is as at 27 November 2020  
Note: Enterprise values for Saracen and Northern Star are as at 5 October 2020, to reflect pre-announcement share prices.

We note the following in relation to the graphs above:

- ▶ Due to the nature of mining operations, we recognise there can be significant differences between the comparable companies, including the size of the Reserves and Resources, grade, location, stage of the projects, commodity by-products and costs. As a result, no mining company will be fully comparable to Saracen in all aspects. Given that, the use of Reserve and Resource multiples provides only a cross check to our valuation analysis.
- ▶ The multiples shown are on a contained gold basis and do not consider the value of other commodities that each company may have in their mining portfolio.

- ▶ The implied reserves multiples for our assessed valuation range for Saracen are slightly below the median of the multiples of the comparable companies. We note that some of our comparable companies have larger annual production volumes or superior quality of deposits and as such, holding all else constant, we would expect them to trade at a higher multiple, consistent with our Adjusted NAV analysis.

Based on the analysis above, we consider that the multiples of comparable trading companies support our assessed valuation range of Saracen.

## 8.8.2 Industry transaction multiples

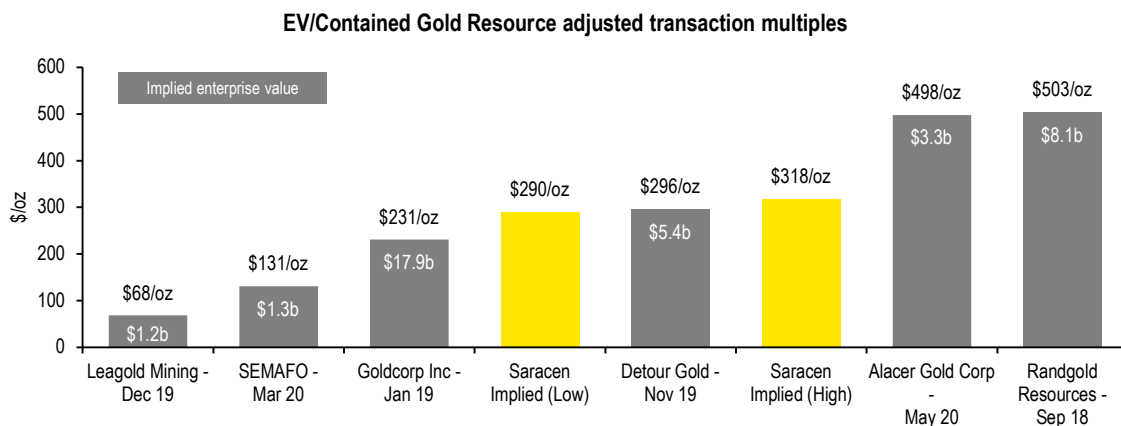
We have also considered multiples implied by transactions between 2018 and 2020 involving the sale of gold producing companies or assets around the world. In considering transactions that would be comparable to Saracen, we have only included transactions with an implied enterprise value of greater than \$1 billion.

Transaction multiples implicitly represent a Dollar per ounce of contained gold that a buyer was willing to pay for an asset or company at a specific date. A significant limitation of using transaction multiples is therefore that it does not consider changes in the gold price and changes to investor sentiment after the transaction date. To account for this limitation and given the significant volatility in the gold price recently, we have calculated an adjusted multiple that considers movement in the gold price since the transaction announcement date. We note that SRK adopted a similar approach in its valuation of Resources outside of LOM. We have used the following formula to calculate the adjusted multiple:

$$\text{Adjusted multiple} = \text{Unadjusted multiple} \times \frac{\text{Average gold price (12 months)}^{53}}{\text{Gold price as at Transaction Date}}$$

We have considered both the adjusted and unadjusted multiples in our cross-check.

Refer to Appendix E for further information on transactions considered in our analysis. The implied EV/Resource and EV/Reserve adjusted multiples of these transactions in comparison to the multiples implied by our valuation of Saracen are illustrated in the graphs below.

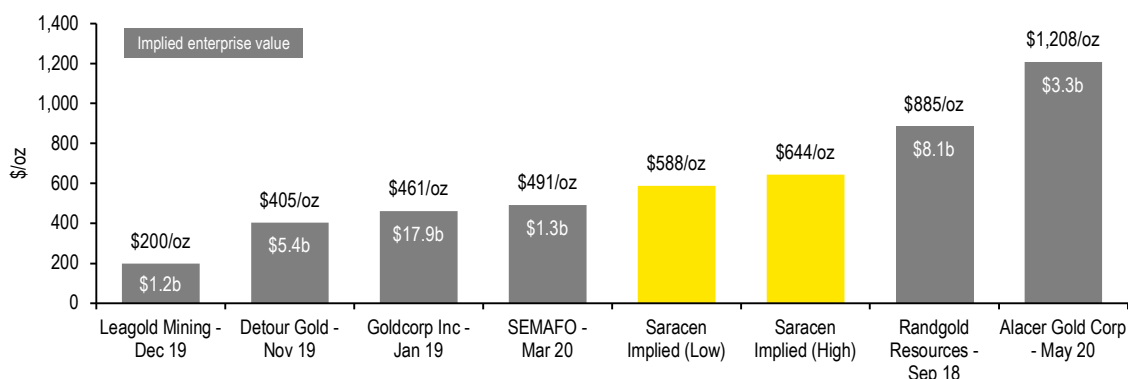


<sup>53</sup> 12-month trailing gold price of AUD \$2,518/oz as at 31 October 2020, sourced from S&P Capital IQ



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, public announcements, S&P Global Market Intelligence

### EV/Contained Gold Reserves adjusted transaction multiples



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, S&P Global Market Intelligence

We note the following in relation to the graphs above:

- ▶ As is the case with trading multiples, there can be significant differences between the acquired companies, including the nature of the target, geographic location, characteristics of the Reserves and Resources, and costs. As a result, no transaction will be fully comparable to Saracen in all aspects. As such, the use of Reserve and Resource multiples provides only a cross check to our valuation analysis.
- ▶ We acknowledge that transactions involving single projects are likely to transact at a lower multiple than acquisitions of companies or a portfolio of projects. Single projects often carry greater risks than a company, or portfolio of assets as an operator may be unable to diversify the project risks. As such, we have only considered transactions involving companies in our analysis.
- ▶ In considering the reasonableness of our implied multiples, we considered their comparability to each transaction identified. In assessing the reasonableness of our valuation in comparison to each of the transactions we considered factors including transaction size, size and grade of Reserves and Resources, annual production (historical and forecast) and location of assets. All else held equal, we would expect the following factors would increase the EV/Reserve or EV/Resource multiples of a company: larger in size, larger Reserve and Resource inventory, higher annual production, higher Reserve and/or Resource grades (gold grams per tonne) and assets being located in Tier-1 geographies. The following table outlines these factors for the comparable transactions, in comparison to Saracen.

Saracen – Comparable transactions							
Target	Transaction value (\$bn)	Reserves (Moz)	Resources (Moz)	Annual production (Moz)	Reserves grade (g/t)	Resources grade (g/t)	Primary geography
Alacer Gold Corp - May-20	3.3	2.6	6.4	0.3	2.4	1.8	Turkey
Semafo Inc. - Mar-20	1.3	2.6	9.9	0.3	3.2	2.2	West Africa
Leagold Mining Corp - Dec-19	1.2	7.1	20.9	0.4	1.3	1.1	Mexico, Brazil
Detour Gold Corp - Nov-19	5.4	15.4	21.1	0.6	1.0	1.0	Canada
Goldcorp Inc - Jan-19	17.9	52.8	105.6	2.6	0.9	0.8	Latin America, Canada, Mexico
Randgold - Sept-18	8.1	14.0	24.6	1.1	3.8	3.2	Africa
<b>Saracen</b>	<b>6.5</b>	<b>8.6</b>	<b>17.3</b>	<b>0.5</b>	<b>1.5</b>	<b>1.7</b>	Australia

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, S&P Global Market Intelligence, Various company announcements

In considering these relevant factors in combination with the implied multiples of each transaction, we consider that the transaction multiples cross check supports our valuation range of Saracen.

Based on the analysis above, we consider that the multiples of comparable trading companies and recent transactions support our assessed valuation range of Saracen.

### 8.8.3 Share price

In addition to trading and transaction multiples of comparable companies, we have compared our valuation range of a Saracen Share to the price at which Saracen was trading, prior to the Announcement Date. This traded price reflects a minority interest, whereas our valuation of Saracen Share is on a controlling basis.

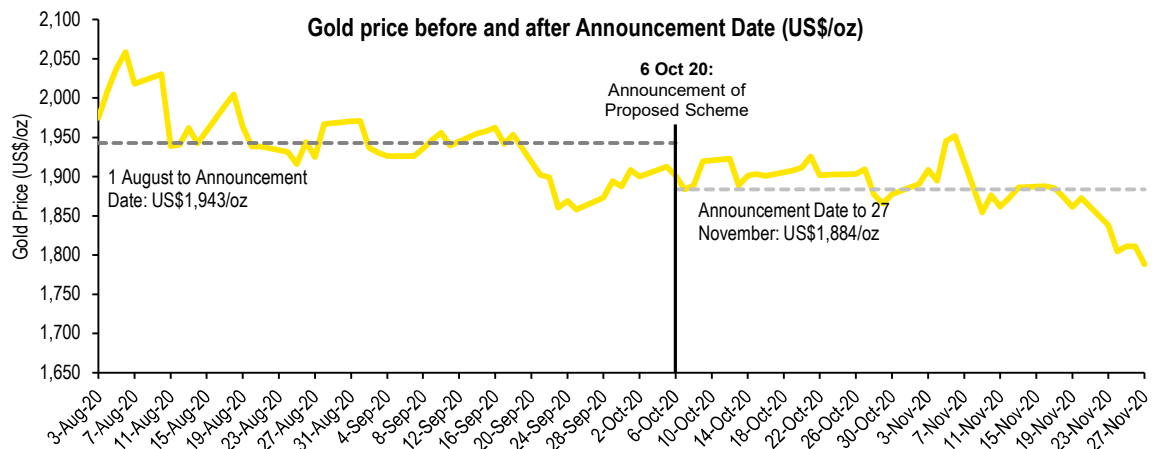
We have compared our range of values with the prices at which Saracen traded over the three months leading up to the Announcement Date.

Saracen implied control premiums		
	Low	High
Saracen value on a controlling basis (\$/share)	4.59	5.02
Premium/(discounts) (%) compared to:		
VWAP 1 day prior to announcement	(11.7%)	(3.5%)
VWAP 1 week prior to announcement	(11.2%)	(2.9%)
VWAP 1 month prior to announcement	(11.8%)	(3.6%)
VWAP 2 months prior to announcement	(14.7%)	(6.8%)
VWAP 3 months prior to announcement	(18.4%)	(10.8%)

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ

Our range of values implies a negative premium (discount) ranging from a 2.9% to 18.4%. The implied range of discounts is lower when calculated with reference to Saracen's more recent share price, compared to that calculated with reference to the three-month VWAP reflecting that Saracen's share price peaked in July 2020, and has since declined (prior to the Announcement Date).

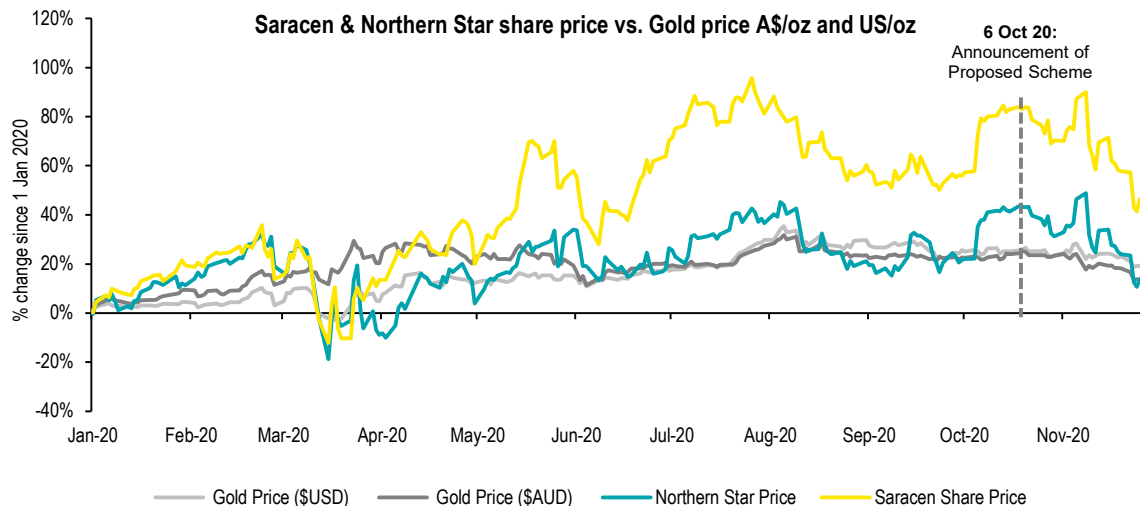
In our view, there are significant limitations to the analysis displayed above. Firstly, our valuation of Saracen reflects gold price declines that have occurred subsequent to the Announcement Date and leading up to 27 November 2020, being the date of our valuation analysis. In contrast, the VWAP data in the table above reflects pre-Announcement Date periods during which higher spot gold prices were observed. Nearly eight weeks have elapsed since the Announcement Date and during that time, spot gold prices have declined by 9% in AUD terms and the S&P/ASX All Ordinaries Gold Index has declined by 14%. The chart below highlights the decline in the gold price since the Announcement Date.



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ

Volatility in gold prices will cause volatility in traded market prices of gold companies making it difficult to estimate control premiums calculated with reference to historical share prices with any certainty.

Secondly, the observed historical Saracen share price, pre-announcement, may have been positively impacted by factors unrelated to the value of its underlying assets, meaning that if these factors were to be removed from the share price, the premium observed may be positive. Saracen's share price has outperformed the gold price (in both USD and AUD terms) since 1 January 2020 and has also outperformed the Northern Star share price. The chart below illustrates Saracen's share price performance compared to the gold price (in both USD and AUD terms) and the Northern Star share price until 27 November 2020.



Source: S&P Capital IQ

We consider that this outperformance may reflect, in part, the market speculation of a possible transaction involving Saracen, particularly after Northern Star announced on 17 December 2019 that it was acquiring the other 50% of KCGM. We note that since that announcement by Northern Star, the Saracen share price has increased by over 70% up to the Announcement Date.

Recognising that the increase in Saracen's share price is likely impacted by gold price movements and Resource and Reserves upgrades, we compared Saracen's increase in share price with the increase in its reported Reserves and Resources, along with the increase in gold prices, over the same period. The upgrade to Saracen's Reserves and Resources was announced in August 2020 and represented an increase of 21% to Reserves and 16% to Resources in comparison to its Reserves and Resources as at December 2019 (post acquisition of 50% of KCGM). Over the same period from December 2019 to 5 October 2020, the gold price (in AUD terms) increased by 24%. The S&P/ASX All Ordinaries Gold Index increased by 35% over the same period, from 17 December 2019 to 5 October 2020.

In our view, part of the increase in Saracen's share price cannot be explained with reference to gold price movements or the increase in its announced Reserves and Resources and may reflect other factors, such as earnings or operating results announcements, or the market anticipating a possible transaction involving Saracen and Northern Star.

As such, while we have calculated an implied negative premium (ie a discount), we do not consider this unreasonable, due to the current lower gold price environment compared to pre-announcement prices and given Saracen's share price has likely been impacted by factors unrelated to the value of its underlying assets.

## 9. Valuation of the Scheme Consideration

### 9.1 Introduction

In this section we have set out our analysis of the fair value of the Scheme Consideration. As discussed in section 7.2.4, we have based our analysis on an assessment of the traded share price of Northern Star following the announcement of the Proposed Scheme. We have also had regard to a supplementary valuation analysis based on an indicative pro forma combined value of the assets of the Merged Group.

### 9.2 Valuation based on the traded share price of Northern Star

If the Proposed Scheme is implemented, Saracen Shareholders will receive, as consideration, new shares in Northern Star in addition to the Special Dividend. In our view, and based on the analysis as to the liquidity of its shares set out in section 5.7, the fair value of the Scheme Consideration may be assessed with reference to recent market prices observed since the announcement of the Proposed Scheme. This reflects our view that where the market is fully informed and the shares are liquid, the share price is reflective of the market's views of the underlying value of the securities. Ultimately, the fair value of the Scheme Consideration will be the value of Northern Star shares immediately following the implementation of the Proposed Scheme, rather than any theoretical value of the enlarged Northern Star.

As noted previously, the value of the Scheme Consideration must reflect that Saracen Shareholders will hold a non-controlling minority interest in the Merged Group. The market price of Northern Star Shares following the Announcement Date represents trades in relatively small parcels of shares and therefore reflect a minority interest value.

Under RG 111, where an expert uses the market price of securities as a measure of the value of the offered consideration, the expert should consider and comment on the depth of the market, the volatility of the market price and whether or not the market value is likely to represent the value if the Proposed Scheme is implemented.

In forming our view that the traded share price of Northern Star is a reasonable basis upon which to value the Scheme Consideration, we have considered the following:

- ▶ As discussed in section 5.7, shares in Northern Star are liquid. Over the 12 months from 1 October 2019 to end September 2020, the average monthly liquidity of Northern Star shares was approximately 14.6% with annual liquidity of 174.8%. Over the latest 12 months the average bid/ask spread as a percentage of daily closing asking prices was 0.1%, which is low and indicates liquidity. Northern Star is a member of the S&P/ASX 100 Index and in order to be included in any S&P/ASX indices, securities must meet certain liquidity criteria. On the basis of these matters, we consider Northern Star shares to be liquid securities.
- ▶ Northern Star is covered by a number of brokers and analysts, who regularly issue research reports which arguably increases the ability of shareholders to make informed decisions regarding the price at which shares in Northern Star should trade. Further, inclusion on the S&P/ASX 100 Index means that Northern Star securities are able to be held by a wide range of investors, including sophisticated institutional investors, in contrast to many smaller companies' securities. We note that various broker reports have been published in relation to Northern Star since the Announcement Date and some brokers have considered the impact of the Proposed Scheme in their valuation models, thereby providing the market with their views as to the Proposed Scheme.
- ▶ ASX Listing Rules impose continuous disclosure obligations on Northern Star to keep the market fully informed. Northern Star regularly publishes updates on its operations, and provides information to brokers and analysts, as well as the general public, through webcasts and presentations. Mining producing companies are also required to publish quarterly reports detailing production and development activities.
- ▶ As set out in section 9.2.2, there has been sufficient days of trading activity since the announcement of the Proposed Scheme and volumes have averaged 3.69 million shares traded per day over the 39 trading

days since the Proposed Scheme was announced, up to 27 November 2020. Since the Announcement Date to 27 November 2020, a total of 143.9 million shares have been traded.

- ▶ Northern Star is the largest contributor of equity value to the Merged Group with Saracen Shareholders holding 36.3% of the Merged Group, while existing Northern Star shareholders will contribute approximately 63.7%.
- ▶ As discussed in section 9.2.2 below, since the Announcement Date, Saracen's share price has traded at levels approximately equivalent to the traded Northern Star share price, multiplied by the exchange ratio of 0.3763. This indicates that the market considers the Proposed Scheme has a high probability of being implemented and quoted market price is therefore likely to represent the value if the Proposed Scheme is implemented (with potentially some discount for the risk that the Proposed Scheme is not implemented).
- ▶ As part of the announcement of the Proposed Scheme, Northern Star and Saracen provided an estimate of potential synergies. We consider the bulk (85% to 90%) of the estimated synergies of \$1.5 billion to \$2.0 billion (namely tax consolidation, corporate overhead savings and procurement cost savings) are arguably market based, with only the cost savings from the dissolution of KCGM and potentially some of the milling benefits, being specific to Northern Star, and therefore should be reflected in the fair value of the Scheme Consideration. In addition, there is the potential for further benefits which would only be available to Northern Star, largely through the combination of KCGM, however the full benefits of optimisation of the Super Pit have been unable to be quantified and in any event may take some time to eventuate.

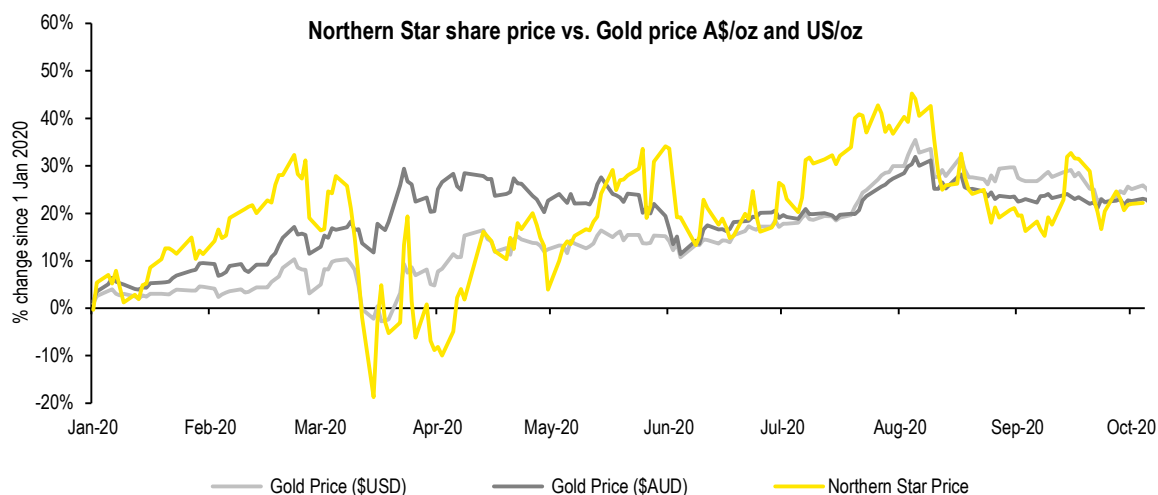
We would expect the market would factor into the traded price of Northern Star shares post-announcement, all reasonably quantifiable estimates of synergies, as well as the expected dilution from the vesting of Performance Rights and NED Share Rights (the details of which were disclosed at the time in the Merger Implementation Deed). However, we would also expect the market to reflect some risk as to the realisation of any synergies and to recognise that the realisation of the buyer-specific synergies are of higher risk than market based synergies. However, we would also expect the market to reflect some risk as to the realisation of any synergies. We note that the one-year broker target prices for Northern Star post-announcement are within the range of \$16.50 to \$19.00, which are generally higher than the price at which Northern Star traded at immediately after the Announcement Date, supporting the view that the market price post- announcement is not factoring in all synergies, but is likely to be reflective of some synergies.

While we note that Northern Star's share price has been volatile in recent weeks, this is not unusual for gold mining companies, and we do not consider this volatility undermines the use of the Northern Star market price as a basis for valuation of the Scheme Consideration. On the basis of these factors, we consider the prices at which Northern Star shares have traded post the announcement of the Proposed Scheme to be a reasonable basis upon which to estimate the value of the Scheme Consideration.

### **9.2.1 Northern Star's share price prior to the announcement of the Proposed Scheme**

As discussed in section 9.2.2, Northern Star's share price has been volatile over the past 18 months and has, for some periods of time, not moved in line with gold price trends, in particular the period from March 2020 to June 2020. We consider this is likely a result of the impact of uncertainty of COVID-19 restrictions on the mining sector and global economy, and in particular the impact of the outbreak on Pogo's operations which negatively impacted production. Since July 2020, Northern Star's share price has generally moved in line with the gold price.

The chart on the following page shows Northern Star's share price trend since 1 January 2020 to 5 October 2020, relative to the spot gold price expressed in AUD and USD.



Source: S&P Capital IQ

Between March 2020 to July 2020, Northern Star made several announcements that may have contributed to the observed divergence from the gold price trend:

- ▶ On 26 March 2020, Northern Star withdrew its production guidance for FY20, due to COVID-19 related uncertainty and deferred the payment of its interim dividend.
- ▶ On 6 April 2020, Northern Star reported that an employee at Pogo had tested positive to COVID-19.
- ▶ On 28 April 2020, Northern Star released its March 2020 quarterly report, noting that some of the COVID-19 related measures had resulted in temporary reductions in production and increases in unit costs.
- ▶ On 8 July 2020, Northern Star announced it would pay its previously postponed interim dividend on 16 July 2020 and provided a June 2020 quarterly update, stating it had repaid \$200 million in borrowings drawn in the March 2020 quarter, and reduced its hedge book in order to increase exposure to the spot price. Total gold sales for FY20 was approximately 1.6% below the lower end of FY20 guidance.
- ▶ On 23 July 2020, Northern Star released its June 2020 quarterly report, noting that Pogo volumes would remain approximately 25% lower than initially expected. Gold sold from the Australian operations was within the stated guidance range.

In August 2020, Northern Star released its FY20 financial results, annual report and FY21 guidance, as well as updated Reserves and Resources as at 30 June 2020. Since 19 August 2020 (when the FY20 results were released) and leading up to the Announcement Date, the Northern Star share price has traded within a fairly narrow range, between \$13.02 and \$14.95 per share (based on daily VWAPs). A summary of VWAP's over various periods prior to the Announcement Date is set out below.

Northern Star - VWAP of shares prior to the Announcement Date	
Period	VWAP (\$)
1 day prior to the announcement	13.83
1 week prior to the announcement	13.83
1 month prior to the announcement	13.98
3 months prior to the announcement	14.54

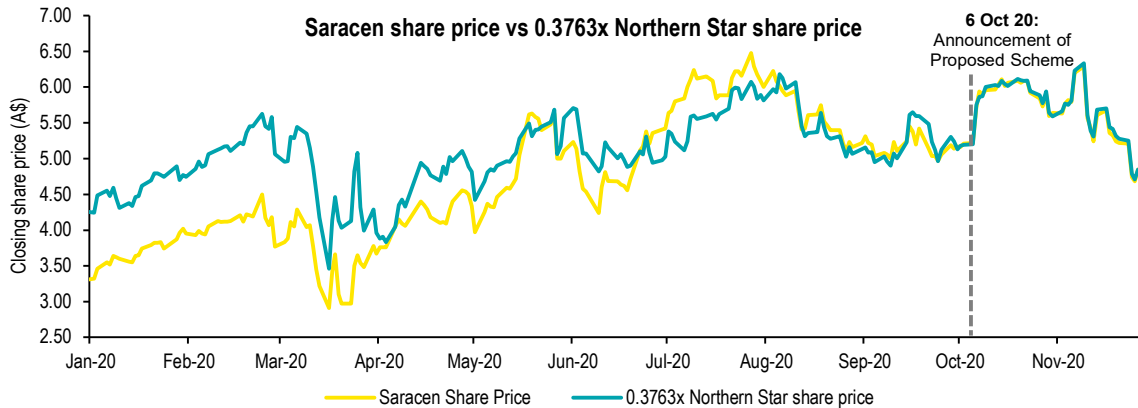
Source: S&P Capital IQ

We have also reviewed available broker reports issued by seven brokers in relation to Northern Star between 1 August 2020 and the day prior to the Announcement Date, and noted a range of target prices for Northern Star of between \$11.50 and \$16.00, with a median of \$14.20 per share. The most recent broker report released prior to the announcement of the Proposed Scheme was of a price target of \$14.20 per share and was released on 25

September 2020. We note the price of \$14.20 per share is broadly consistent with the range of prices Northern Star traded at leading up to the three months prior to the announcement.

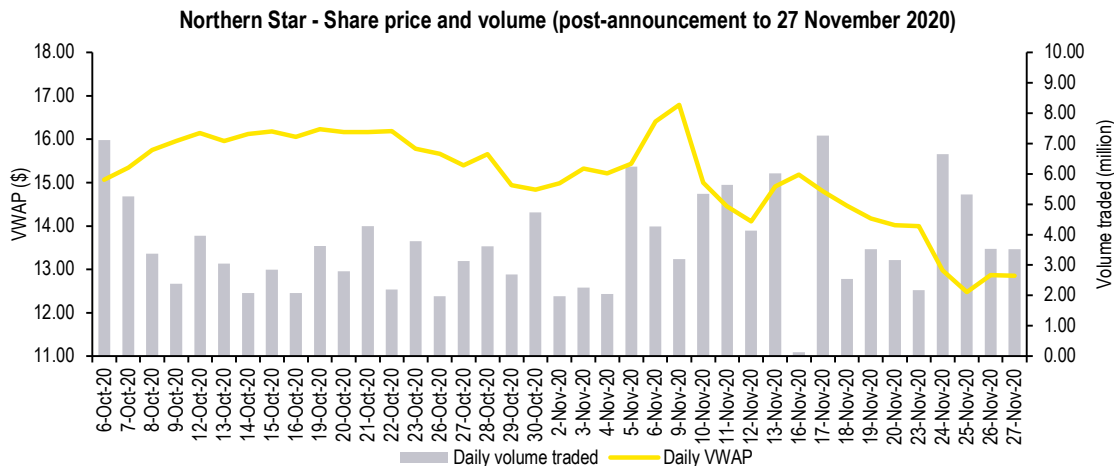
### 9.2.2 Northern Star's share price post announcement of the Proposed Scheme

Recognising that the merger of Saracen and Northern Star has been recommended by the boards of both companies, we would expect the traded price of Northern Star Shares post the Announcement Date would be influenced by the market's view on both how likely the Proposed Scheme is to proceed and the value of the Merged Group. In this regard, we note that, since the Proposed Scheme was announced, the Saracen share price has traded at levels approximately equivalent to the traded Northern Star share price, multiplied by the exchange ratio of 0.3763, indicating that the market considers the Proposed Scheme has a high probability of being implemented. We observe that there was a close correlation across the three months leading up to the announcement of the Proposed Scheme, which may reflect market anticipation that a transaction could be forthcoming.



Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

Since the Announcement Date up until 27 November 2020, Northern Star's share price has generally traded in a daily VWAP range of between \$12.48 to \$16.79 per share and significant volumes have continued to trade, except for 16 November 2020, when the ASX trading system failed soon after the market opened due to technical issues.



Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

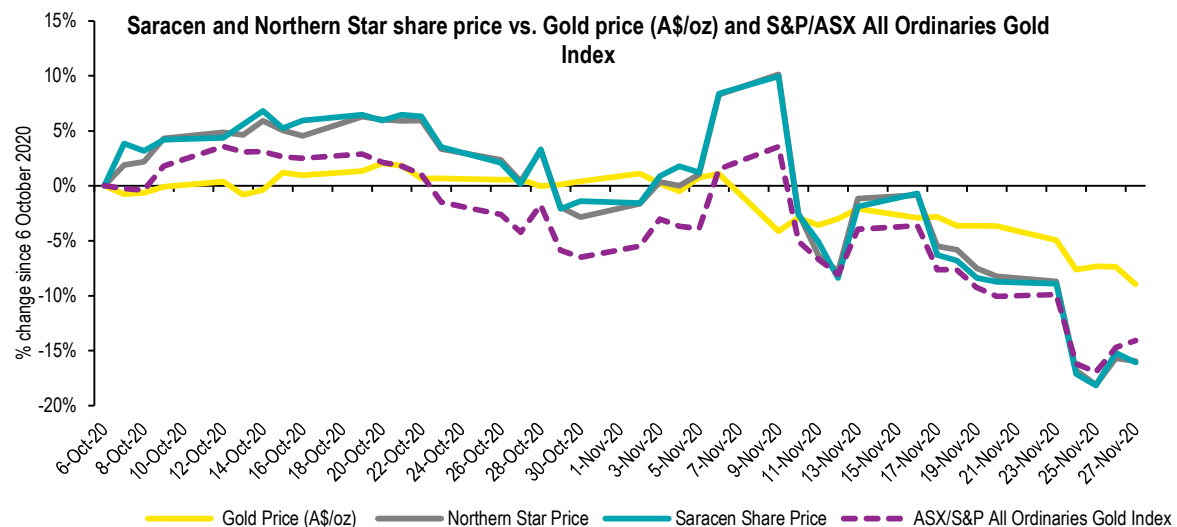
The VWAP for the period between 6 October 2020 and 27 November 2020 was \$15.00 per share. A summary of Northern Star share prices from the period between the announcement of the Proposed Scheme on 6 October 2020 and 27 November 2020 is set out below.

Northern Star - VWAP of shares subsequent to the Announcement Date	
Period	(\$)
Share price trading range based on daily VWAP	12.48 to 16.79
VWAP since Proposed Scheme announced (up to 27 November 2020)	15.00
VWAP one month prior to 27 November 2020	14.52
VWAP three weeks prior to 27 November 2020	14.27
VWAP two weeks prior to 27 November 2020	13.78
VWAP one week prior to 27 November 2020	13.06
Daily VWAP on 27 November 2020	12.86

Source: S&P Capital IQ

Northern Star's share price rose 10.6%, from \$13.82 to \$15.29 per share, on the Announcement Date, indicating a favourable market reaction to the announcement of the Proposed Scheme. On that day, Northern Star's market capitalisation increased from \$10.2 billion to \$11.3 billion (an increase of \$1.1 billion), indicating that the market considered the announced and quantifiable synergies would likely be realised from the implementation of the Proposed Scheme and a re-rating of the enlarged group was likely. We note that the immediate increase in the market capitalisation is less than the high-end estimate (tax effected) of quantifiable synergies of \$1.4 billion, supporting our view that the market price was not including all quantified and announced synergies.

Whilst the market initially responded favourably to the announcement of the Proposed Scheme, subsequently the market price of both Northern Star and Saracen has declined. This decline is consistent with declines in the S&P/ASX All Ordinaries Gold Index, but more (in relative terms) than the decline in the gold price. As such, we consider that the decline in share price is consistent with the performance of the broader gold industry, as demonstrated in the chart below.



Source: S&P Capital IQ

This chart highlights that the value of gold companies can rapidly change during periods of gold price volatility.

We have also considered broker and analyst notes published in relation to Northern Star, after the Announcement Date, where those brokers had re-assessed their price outlook based on the combined assets of the Merged Group (on the basis the Proposed Scheme would proceed). We reviewed six broker reports and note that they estimate a range of price targets of between \$16.50 and \$19.00 per Northern Star share, with a median broker target price of \$17.50 per share. We did not identify any broker notes released in relation to Northern Star since



the recent decline in the gold price which indicated a reduction in long term broker target prices although we note there can be a lag between movements in gold prices and updates to brokers consensus prices and analysts reports, which are typically released only after significant company announcements.

In general, brokers view the Proposed Scheme favourably for both Northern Star shareholders and Saracen Shareholders. Brokers have highlighted the significant and logical synergies associated with the transaction, and the benefits that are likely to arise from increased scale and potential re-rating of the Merged Group. Brokers generally consider that the value of the potential synergies is difficult to quantify based on information available to the market, however the expected cost savings do not seem unreasonable when assessed as a percentage of total annual expenditure of the Merged Group over the next ten years.

We consider the traded price of a Northern Star Share post-announcement of the Proposed Scheme to be a better proxy for the fair value of the Scheme Consideration than the traded price of a Northern Star share pre-announcement, as it reflects the markets expectation regarding potential market based synergies and dilution (if any) from the issue of new shares to Saracen Shareholders, on the assumption that the Proposed Scheme is likely to be implemented.

### **9.2.3 Conclusion**

We have no reason to believe that the recent trading in Northern Star Shares does not reflect an objective market based assessment of the fair value of Northern Star, and therefore the value of a share in the Merged Group.

On the basis of the above analysis, and recognising that valuations performed during periods of volatility are difficult and judgemental, we have assessed a range of fair values of the Merged Group, on a minority interest basis, to be between \$13.00 and \$14.50 per share. This range has been assessed with reference to the range of prices and VWAP at which Northern Star Shares have traded since the Announcement Date, but with a particular focus on market prices during the past month, given recent price declines. We also recognise that the traded share price may be slightly discounted to reflect the possibility that the Proposed Scheme may not be implemented as well as uncertainty as to timing and/or quantum of market based synergies that may be realised.

It should be noted that the analysis above was performed based on information that was current as at 27 November 2020. If the Proposed Scheme is implemented, Saracen Shareholders will receive Northern Star shares that are traded on the ASX and, as such, the “fair value” of the consideration Saracen Shareholders will receive will be dependent upon the prices at which Northern Star shares trade on the ASX after the implementation of the Proposed Scheme, which may be greater than or lower than the fair value for the Merged Group presented above.

### **9.2.4 Cross check**

We have considered the reasonableness of our valuation of the Merged Group through a number of cross checks. These include the pre-announcement aggregate value of both Saracen and Northern Star using our sum-of-the-parts valuation of Saracen and Northern Star’s pre-announcement share price, plus the estimated synergy value as announced by management of each company. We have also compared the Reserve and Resource multiples implied by our valuation compared to the Reserve and Resource multiples of broadly comparable gold producers.

#### **9.2.4.1 Pre-announcement share price**

In addition to our valuation of the Scheme Consideration based on the Northern Star share price post announcement, we have undertaken a supplementary analysis to cross check our values, based on the aggregate value of the two companies, including an estimate of synergies, assuming the Proposed Scheme is approved and implemented. The table on the following page sets out our calculation:

Value of Merged Group - cross check		
	Low	High
Valuation of Saracen on a controlling basis (\$m) – refer section 8.1	5,153	5,632
Less: Special dividend paid to Saracen Shareholders if Scheme is implemented (\$m)	(43)	(43)
<b>Valuation of Saracen after payment of dividend (\$m) (controlling basis)</b>	<b>5,110</b>	<b>5,589</b>
Discount for lack of control (%)	20%	20%
<b>Valuation of Saracen on a minority basis (\$m)</b>	<b>4,088</b>	<b>4,471</b>
Value of Northern Star on a minority basis based on pre-announcement share prices (\$/share)	13.83	14.54
<b>Number of shares on issue (million)</b>	<b>741.0</b>	<b>741.0</b>
<b>Value of Northern Star on a minority basis (\$m)</b>	<b>10,246</b>	<b>10,771</b>
Add: Value of Saracen on a minority basis (\$m)	4,088	4,471
Add: Estimated synergies net of stamp duty and transaction costs (post tax) (\$m)	945	1,190
<b>Value of the Merged Group on a minority basis (\$m)</b>	<b>15,279</b>	<b>16,433</b>
Number of shares in the Merged Group (million)	1,163.4	1,163.4
<b>Value per share of the Merged Group on a minority basis (\$/share)</b>	<b>13.13</b>	<b>14.12</b>

Source: Ernst & Young Strategy and Transactions Limited analysis

Our indicative cross check of the value of shares in the Merged Group is assessed as follows:

- ▶ Adjusted the assessed range of values of Saracen, as set out in section 8.1, for the Special Dividend that will be paid in the event the Proposed Scheme is approved and implemented. Recognising this is a controlling value, we have then applied a discount for lack of control of 20%, being the inverse of the control premium applied in our analysis of gold premium and NAV multiples set out in section 8.4.
- ▶ Assessed a range of values of Northern Star based on its share price leading up to the announcement of the Proposed Scheme. We consider this approach reasonable, as trading in Northern Star is highly liquid and the market is informed. Our range of values is based on the VWAP ranges at which Northern Star traded prior to the announcement, as set out in section 9.2.1, of between \$13.83 and \$14.54 per share. This represents a minority interest range of values.
- ▶ Adjusted the aggregate minority value of both companies for the impact of 85% to 90% of the expected synergies (i.e. those available to a pool of hypothetical acquirers) which are anticipated to arise from the implementation of the Proposed Scheme (net of costs including stamp duty and transaction costs). For the purposes of this cross-check, we adopted 85% to 90% of the indicative estimate of synergies prepared by Saracen and Northern Star as discussed in section 6 of between \$1.5 billion to \$2.0 billion, on a pre-tax basis. We note that this estimate includes an allowance for transaction costs that are expected to be paid if the Proposed Scheme is implemented.

We considered the reasonableness of the synergies through discussion with Saracen management, and its advisers, in order to understand the basis of the synergies. We note a substantial component relates to tax-consolidation benefits. While the quantification of these particular benefits is subject to purchase price accounting and tax considerations and the value of Northern Star upon implementation of the Proposed Scheme, the achievement of this benefit is relatively low risk, compared to other synergies.

The other major component of synergies is procurement savings, and corporate overhead cost savings, which may take longer to be realised. In our view, these synergies appear relatively modest as a percentage of Merged Group expenditure and are within a benchmarked range observed in other transactions. In addition, management of both companies consider there are significant other milling and optimisation benefits that have not been quantified at this time.

As discussed in section 9.2, we note that the bulk of the estimated synergies (85% to 90%) are arguably market based, with only the cost savings from the dissolution of KCGM and potentially some of the milling benefits being specific to Northern Star. For the purposes of our cross check, we have included 85% to 90% of the total estimated synergies in our assessment of the value of the Merged Group.

- ▶ Divided the resulting value by the number of ordinary shares in the Merged Group on a fully diluted basis assuming the Proposed Scheme is implemented, as set out in section 6.4.

The resulting range of values represents a minority interest value per share. We have compared this range of values with the range of values we have assessed in 9.2 above of between \$13.00 and \$14.50 per share. The values derived under the cross check of \$13.13 to \$14.12 per share are broadly aligned with our selected value range of \$13.00 to \$14.50 per share.

We note there are limitations to this analysis as the value of Northern Star in the cross check is based on pre announcement share prices, and will reflect the gold price outlook at that point in time. In comparison, our value of the Merged Group is based on post-announcement share prices, and takes into consideration lower gold spot rates observed since Announcement Date.

#### 9.2.4.2 Multiples cross check

##### Trading multiples

We have calculated the Reserve and Resource multiples implied by our valuation of the Merged Group. We have calculated these based on the enterprise value of the Merged Group divided by the Merged Group's pro forma Reserves or Resources. The implied multiples are shown in the table below:

Merged Group - Implied multiples		
	Low	High
Value per share (\$/share)	13.00	14.50
Number of shares in Merged group (millions)	1,163.4	1,163.4
<b>Value of Merged Group (Minority interest)</b>	<b>15,125</b>	<b>16,870</b>
Add: control premium	25%	25%
<b>Value of Merged Group (controlling basis)</b>	<b>18,906</b>	<b>21,087</b>
Pro forma net borrowings of the Merged Group	140	140
<b>Pro forma Enterprise Value Merged Group</b>	<b>19,046</b>	<b>21,227</b>
Total pro forma Resources (Moz)	49.1	49.1
<b>EV / Total Resources (\$/oz)</b>	<b>\$388/oz</b>	<b>\$433/oz</b>
Total pro forma Reserves (Moz)	19.4	19.4
<b>EV / Total Reserves (\$/oz)</b>	<b>\$982/oz</b>	<b>\$1,094/oz</b>

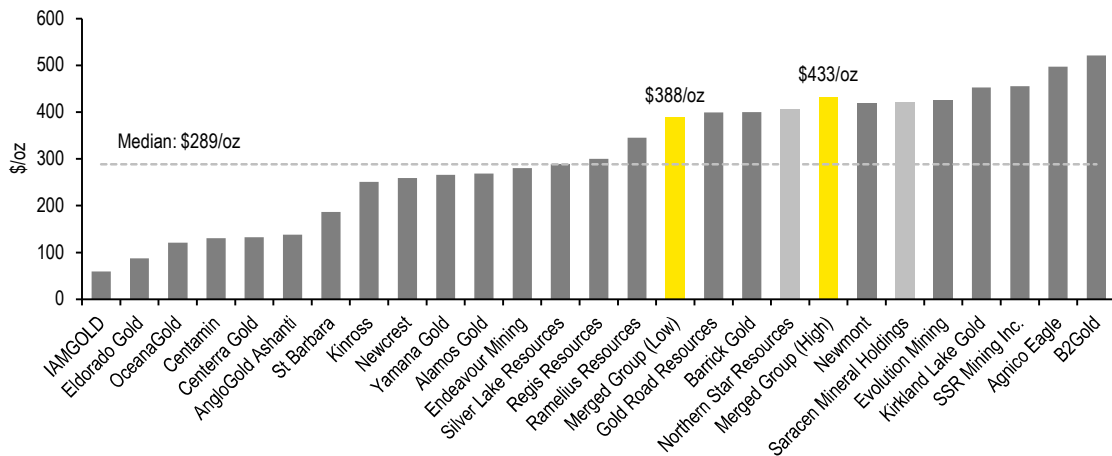
Source: Ernst & Young Strategy and Transactions Limited analysis.

Notes:

1. The Merged Group valuation is based on our assessed range of value per share multiplied by the number of shares in the Merged Group should the Proposed Scheme be implemented.
2. Pro forma net borrowings include lease liabilities

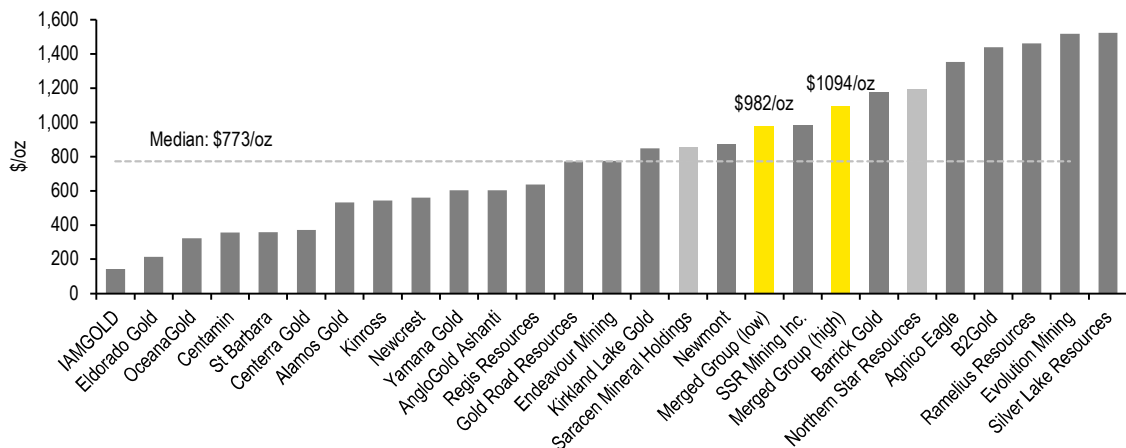
The graphs below show the implied EV/Reserves and EV/Resources of broadly comparable companies (on a controlling basis), as well as the multiples implied by our valuation of the Merged Group. Refer Appendix D for further information on the trading multiples and comparable companies.

### EV/Contained Gold Resource trading multiples



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ. Data is as at 27 November 2020  
Note: Enterprise value for Saracen and Northern Star are as at 5 October 2020.

### EV/Contained Gold Reserves trading multiples



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ. Data is as at 27 November 2020  
Note: Enterprise value for Saracen and Northern Star are as at 5 October 2020.

In addition to our general comments regarding trading multiples made in section 8.8.1, we note the following in relation to the graphs above:

- ▶ The range of EV/Resources multiples implied by our valuation of the Merged Group is slightly above the EV/Resource multiple at which Northern Star is trading, post announcement of the Proposed Scheme, plus a control premium. The range of EV/Reserve multiples implied by our valuation is slightly lower than the multiple at which Northern Star is trading, post announcement.
- ▶ Both Saracen's and Northern Star's share prices have been impacted by the likelihood of the Proposed Scheme being implemented and are likely to incorporate synergy value. As we are valuing the Merged Group assuming the Proposed Scheme is implemented, including synergies, we would expect the implied multiples from our valuation range to be similar to the trading multiple implied by both Saracen's and Northern Star's share price. We consider that the implied multiples of the Merged Group are within an acceptable relative range to the implied multiples of Saracen and Northern Star.
- ▶ The implied multiples for our assessed valuation range for the Merged Group are above the median of the multiples of the comparable companies. Generally, EV/Reserve and EV/Resource multiples are higher for larger companies that have more diversified portfolios and larger annual production volumes.

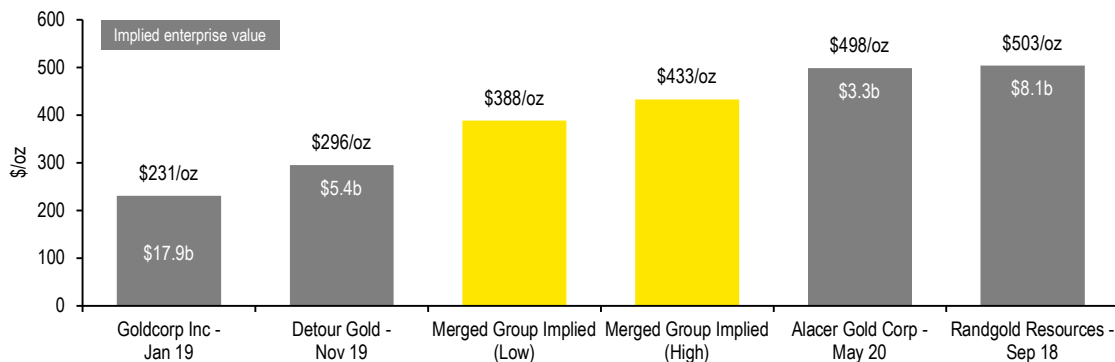
Should the Proposed Scheme proceed, the Merged Group would be a top 10 gold producer and therefore, holding all other factors constant, we would expect the Merged Group to be towards the higher end of the multiples observed for comparable companies.

Based on the analysis above, we consider that the implied multiples of comparable trading companies support our assessed valuation range of the Merged Group.

### Transaction multiples

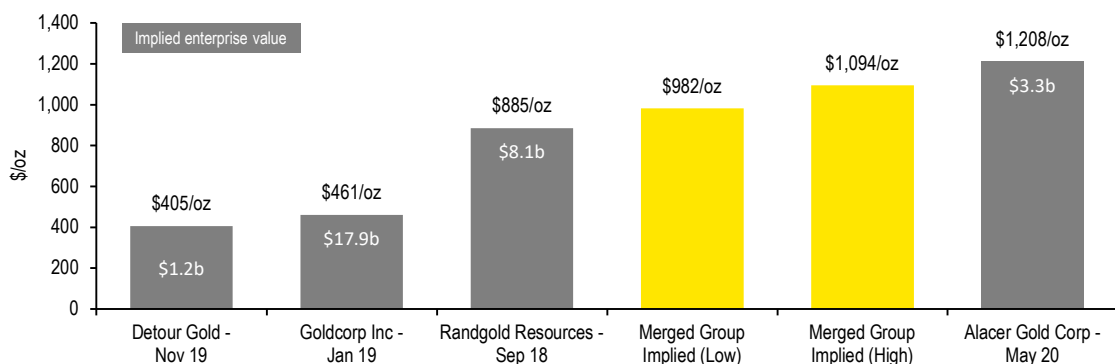
We have also considered multiples implied by transactions between 2018 and 2020. In considering transactions that would be comparable to the Merger Group, we have only included transactions with implied consideration of greater than \$3 billion. Refer to section 8.8.2 for general comments on our approach to transaction multiples and Appendix E for details of the transactions considered in our analysis. The implied EV/Resource and EV/Reserve adjusted multiples of these transactions in comparison to the multiples implied by our valuation of the Merged Group is illustrated in the graph on the following page.

**EV/Contained Gold Resource adjusted transaction multiples**



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, S&P Global Market Intelligence

**EV/Contained Gold Reserves adjusted transaction multiples**



Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, S&P Global Market Intelligence

In addition to our comments regarding trading multiples above and in section 8.8.1, we note the following in relation to the graphs above:

- ▶ Consistent with our approach in section 8.8.1, we have considered the comparability to each transaction identified to the Merged Group. The following table outlines these factors for the comparable transactions compared to the Merged Group.



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Saracen – Comparable transactions							
Target	Implied Enterprise value (\$bn)	Reserves (Moz)	Resources (Moz)	Annual production LFY (Moz)	Reserves grade (g/t)	Resources grade (g/t)	Primary geography
Alacer Gold Corp - May-20	3.3	2.6	6.4	0.3	2.4	1.8	Turkey
Detour Gold Corp - Nov-19	5.4	15.4	21.1	0.6	1.0	1.0	Canada
Goldcorp Inc - Jan-19	17.9	52.8	105.6	2.6	0.9	0.8	Latin America, Canada, Mexico
Randgold - Sept-18	8.1	14.0	24.6	1.1	3.8	3.2	Africa
<b>Merged Group</b>	<b>20.1</b>	<b>19.4</b>	<b>49.1</b>	<b>1.6</b>	<b>1.7</b>	<b>2.2</b>	<b>Australia, North America</b>

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, S&P Global Market Intelligence, Various company announcements

Given the relative size of the Merged Group, and its grade of Reserves and Resources, we conclude that the transaction multiples cross check supports our valuation range of the Merged Group.

### 9.3 Conclusion on the valuation of the Scheme Consideration

Our assessed range of the values of the Scheme Consideration is set out below:

Scheme Consideration – Value per share			
	Section	Low	High
Value of Merged Group (minority interest basis) (\$/share)	9.2.3	13.00	14.50
Merger ratio	Scheme Booklet	0.3763	0.3763
<b>Value of the Scheme Consideration (\$/share)</b>		<b>4.89</b>	<b>5.46</b>

Source: Ernst & Young Strategy and Transactions Limited analysis

## 10. Evaluation of the Proposed Scheme

### 10.1 Overview

In forming our opinion as to whether the Proposed Scheme is in the best interests of Saracen Shareholders, we have considered a number of factors including:

- ▶ Whether the estimated value of a Saracen Share, on a controlling interest basis, is higher or lower than the fair value of the consideration that will be received by Saracen Shareholders in the event that the Proposed Scheme is approved and implemented. In making this assessment, we have aggregated the Scheme Consideration and the Special Dividend of \$0.038 per share, that will be received by Saracen Shareholders if the Proposed Scheme is approved.
- ▶ The price at which the Saracen Shares are proposed to be acquired relative to the listed market price of Saracen Shares prior to the Announcement Date, and whether a premium for control is being paid and is appropriate in the circumstances.
- ▶ The strategic rationale for the transaction and the intentions of Northern Star in respect of the Merged Group.
- ▶ The comparative contribution to the Merged Group of both Saracen and Northern Star in comparison to the terms of the Proposed Scheme.
- ▶ The existence of alternatives to the Proposed Scheme and the consequences for Saracen Shareholders.
- ▶ The likelihood of an alternative superior proposal being received.
- ▶ The likely market price of Saracen Shares in the event that the Proposed Scheme is not approved.
- ▶ The advantages and disadvantages relevant to Saracen Shareholders if the Proposed Scheme proceeds compared to if it does not proceed.

### 10.2 Fairness

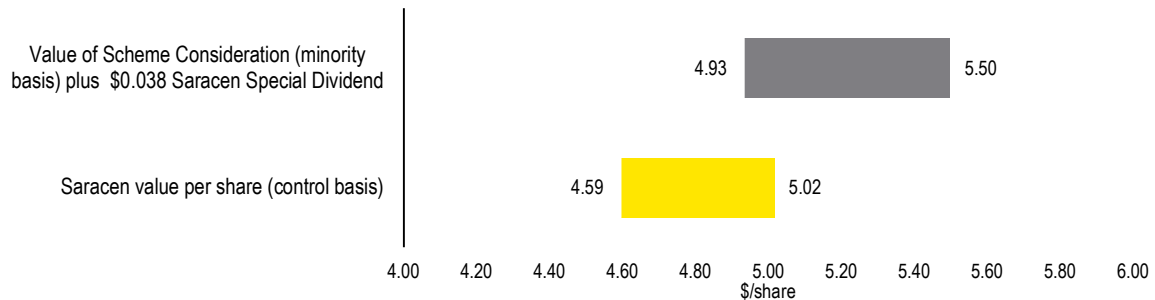
In determining whether the Proposed Scheme is fair, we have compared the assessed fair value of a Saracen Share on a controlling interest basis, with the fair value (on a minority basis) of the Northern Star shares to be received by Saracen Shareholders under the terms of the Proposed Scheme (i.e. the Scheme Consideration), plus the Special Dividend that will be received, in the event that the Proposed Scheme is approved and implemented. The following table summarises this comparison:

Evaluation of the fairness of the Proposed Scheme			
\$/share	Ref	Low	High
Value of Scheme Consideration (\$/share)	9.3	4.89	5.46
Special Dividend (\$/share)	Scheme Booklet	0.038	0.038
<b>Total consideration to be received by Saracen Shareholders (\$/share)</b>		<b>4.93</b>	<b>5.50</b>
Value of a Saracen Share on a controlling basis (\$/share)	8.1	4.59	5.02

Source: Ernst & Young Strategy and Transactions Limited analysis

The assessed value of a Saracen Share on a controlling basis is between \$4.59 and \$5.02 per share. The value of the consideration to be received by Saracen Shareholders (being the Scheme Consideration plus the Special Dividend) is between \$4.93 and \$5.50 per share, on a fully diluted basis. As the range of total consideration to be received by Saracen Shareholders overlaps and at the high end exceeds the range of values of a Saracen Share on a controlling basis, we consider the Proposed Scheme to be fair.

### Evaluation of the Proposed Scheme



Source: Ernst & Young Strategy and Transactions Limited analysis

The analysis above provides a range of values of the Scheme Consideration at the current point in time. Should the Proposed Scheme proceed, Saracen Shareholders will receive Northern Star shares that are traded on the ASX. As such, the fair value of the Scheme Consideration will be dependent on the prices at which Northern Star shares trade on the ASX after the implementation of the Proposed Scheme. After the Announcement Date, the share price of Northern Star up until 27 November 2020 traded within a range of between \$12.18 and \$17.03 per share, at a VWAP of \$15.00 per share, closing at \$12.85 per share on 27 November 2020 and therefore has displayed volatility and has generally declined. Saracen's share price (which has moved largely in line with Northern Star's since Announcement Date) has also declined. Our valuation is based on market data up to 27 November 2020, and therefore takes into consideration these market movements.

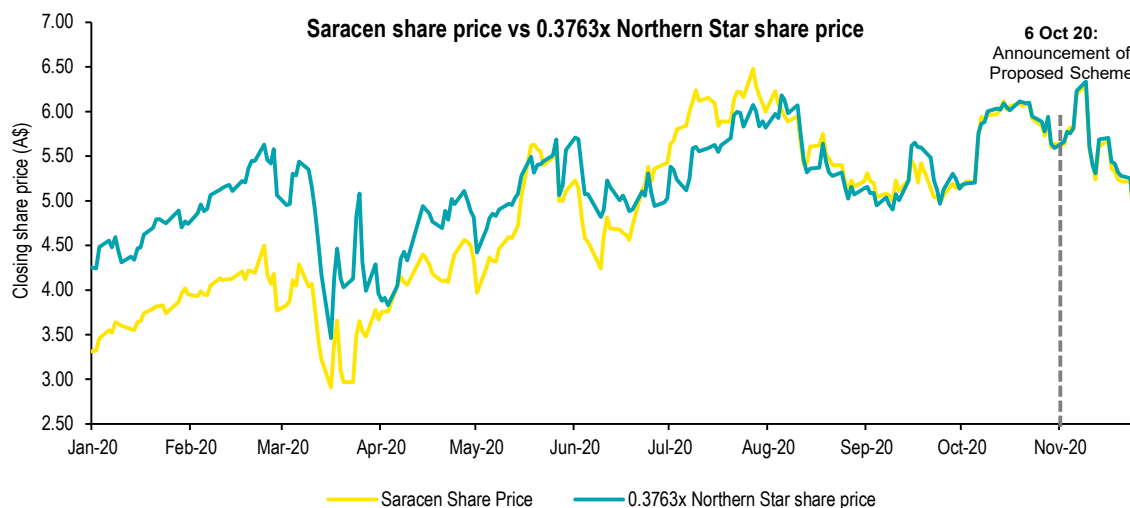
It is worth noting that the purpose of our analysis is to determine the fair value of the consideration received by Saracen Shareholders, relative to the value of the Saracen shares given up. That is, our analysis focuses on the relative fair values at a point in time. Share prices of gold companies tend to be volatile, in particular reflecting volatility in the market's expectations of future gold prices. Following the implementation of the Proposed Scheme, it is likely that shares in the Merged Group will trade at levels which may be greater than or lower than the value range for the Merged Group presented above. Notwithstanding these comments, we have observed that the traded prices of shares in Saracen and Northern Star in recent months have exhibited similar trends, likely reflecting the two companies' exposure to a substantial common asset in KCGM and market forces.

As explained in section 9, our assessed fair value of the Scheme Consideration has been based on a combination of approaches. We have primarily used the traded share price of Northern Star following Announcement Date and have conducted a high level cross check based on an aggregate valuation of both Northern Star and Saracen, pre Announcement Date, adjusted for synergies. We consider that our approach includes the potential impact of synergies that may be realised if the Proposed Scheme is approved and implemented. In particular, the traded share price of Northern Star shares (both before and after the implementation of the Proposed Scheme) is likely to reflect the market's view of expected synergies. Based on our discussions with Saracen management, we understand there to be potential additional synergies which could be realised, including milling synergies and long term optimisation of the Super Pit. These additional synergies have not been quantified and any such additional synergies would have a positive impact on the value of the Scheme Consideration relative to the value of Saracen Shares on a standalone basis.

### 10.3 Implied premium based on market prices

As part of our analysis we considered the historical relative share prices of Saracen and Northern Star between 1 January 2020 (being the period after both Saracen and Northern Star announced their respective acquisitions of a 50% interest in KCGM) and the Announcement Date of 6 October 2020. In performing this analysis, we have adjusted Northern Star's share price for the terms of the Proposed Scheme being 0.3763 Northern Star Shares to be issued for each Saracen Share.





Source: S&P Capital IQ

For the period considered preceding the announcement of the Proposed Scheme, the share prices of Saracen and Northern Star (adjusted for the terms of the Proposed Scheme) have largely trended in line, with a relatively close correlation since August 2020. The table below summarises the relative trading prices and the determination of an implied premium or discount between the value of Northern Star shares under the terms of the Proposed Scheme and a Saracen Share.

Northern Star and Saracen premium/(discount) analysis				
\$	Northern Star VWAP	0.3763x Northern Star VWAP	Saracen VWAP	Premium (Discount)
1 day prior to the announcement	13.83	5.20	5.20	0.0%
1 week prior to the announcement	13.83	5.21	5.17	0.8%
1 month prior to the announcement	13.98	5.26	5.20	1.1%
2 months prior to the announcement	14.20	5.34	5.38	(0.8%)
3 months prior to the announcement	14.54	5.47	5.62	(2.7%)

Source: S&P Capital IQ and Ernst & Young Strategy and Transactions Limited analysis

The implied premium/discount, depending on the period considered, ranges from (2.7%) to 1.1%, highlighting the nature of the Proposed Scheme as a “nil premium” merger, when referenced to the prices at which the two companies have traded over the past three months, and in particular to the price at which Northern Star and Saracen were trading immediately prior to the Announcement Date. As discussed in section 8.8.3 we consider that market speculation regarding a possible transaction between the two parties, particularly following Northern Star’s acquisition of the 50% interest in KCGM in early 2020, may have led to an increase in Saracen’s share price, resulting in a Saracen share price that included some premium.

## 10.4 Relative contribution

An important consideration for Saracen Shareholders is the comparative contribution to the Merged Group of both Saracen and Northern Star. Included in the table on the following page is an analysis of the Proposed Scheme based on consideration of reserves and resources, production, the market capitalisation before the announcement of the Proposed Scheme, valuation and the shareholder base.

Relative contribution of Saracen and Northern Star				
Comparative contribution	Saracen	Northern Star	Saracen's contribution	Northern Star's contribution
Number of shares in the Merged Group on a diluted basis (millions)	422.5	741.0	36.3%	63.7%
Market capitalisation the day before Announcement Date (\$m)	5,758	10,246	36.0%	64.0%
Enterprise value (\$m) <sup>1</sup>	5,612	10,301	35.3%	64.7%
Average of broker estimates of total enterprise value pre-announcement (\$m)	5,211	9,049	36.5%	63.5%
Gold reserves as at 30 June 2020 (Moz)	8.6	10.9	44.1%	55.9%
Gold resources (inclusive of reserves) as at 30 June 2020 (Moz)	17.3	31.8	35.3%	64.7%
Actual production for the year ended 30 June 2020 (koz)	520	905	36.5%	63.5%
Midpoint guidance production for the year ended 30 June 2021 (koz)	620	1,000	38.3%	61.7%

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ, broker reports, Scheme Booklet, company announcements

Note:

1. Enterprise value based on market capitalisation as at 5 October 2020, less net cash as reported in Saracen's 30 September 2020 quarterly report and plus Northern Star's net debt balance as at 30 September 2020.

As set out in the table, Saracen Shareholders will have an initial collective interest in the issued shares of the Merged Group of approximately 36.3%, while contributing 35.3% of resources, 36.5% of FY20 actual production and approximately 36.0% of market capitalisation before the Announcement Date. However, Saracen will be contributing 44.1% of reserves and 38.3% of estimated FY21 production. In addition, we note that the average of brokers' sum-of-the-parts valuations (excluding net debt) of Saracen and Northern Star reviewed by us, and released prior to the Announcement Date, indicate that brokers consider Saracen's assets to contribute approximately 36.5% to the sum of the assets of the Merged Group (without taking into account synergies).

We consider that the relative contribution by Saracen appears reasonable in the context of the shareholding in the Merged Group that will be held by Saracen Shareholders post implementation of the Proposed Scheme.

## 10.5 Reasonableness and best interests

As the consideration to be received by Saracen Shareholders overlaps and at the upper end, exceeds the range of assessed values of a Saracen Share, we consider the terms of the Proposed Scheme to be fair. Under the guidance provided by RG 111, as we consider the terms to be fair, we also consider the terms to be reasonable. As we are able to conclude that the terms of the Proposed Scheme are fair and reasonable, we also consider them to be in the best interests of Saracen Shareholders.

## 10.6 Other considerations

Notwithstanding the above conclusion that the Proposed Scheme is fair and reasonable, we have also considered other commercial and qualitative factors that Saracen Shareholders should consider in forming their views as to whether or not to approve the Proposed Scheme.

The factors considered are summarised in the following sections. We note that individual Saracen Shareholders may interpret these factors differently depending on their specific circumstances. Certain of the factors may only be an advantage or disadvantage to the extent that a Saracen Shareholder continues to hold the Northern Star Shares received as consideration. Those shareholders who decide to sell their Northern Star Shares will not consider various of these factors to be advantages or disadvantages.

## 10.7 Advantages

### 10.7.1 Saracen Shareholders should benefit from future optimisation of KCGM

Should the Proposed Scheme be implemented, the KCGM assets will be under common ownership for the first time in its history. The various benefits of consolidating ownership of KCGM are expected to include:

- ▶ Removal of the additional layer of costs and governance required to operate the current joint venture structure, as management of the Super Pit will be consolidated under the Merged Group.
- ▶ Common ownership of KCGM will facilitate optimisation, over the long term, of the KCGM assets. Under the joint venture structure, owners may have had different views on the development of the assets. Under

a single owner none of these conflicting objectives will exist. We note when Barrick divested its 50% interest in KCGM it described KCGM as “non-core” and noted its investment did “not fit with our strategy of operating mines that we own”<sup>54</sup>. By bringing KCGM under one ownership, there is likely to be a greater focus on development of the asset. In this regard, we note KCGM’s expected FY21 capital expenditure included exploration of \$210 million (100% basis) is significantly higher than that previously disclosed by Barrick and Newmont in their annual reports in the three years leading up to their respective disposal of their interests in KCGM in November 2019 and January 2020.<sup>55</sup>

- ▶ As a joint venture, the milling capacity at KCGM has historically been reserved for KCGM ore. Under common ownership, KCGM’s milling facilities can be used to process ore from mines outside KCGM for the benefit of the Merged Group.

These benefits are unique to the Merged Group, in that only a transaction with Northern Star would realise these benefits for Saracen. Some of the benefits expected from the Merged Group have not yet been able to be quantified by Northern Star or Saracen and therefore it’s likely that they are not yet reflected in the prices at which Northern Star shares have traded at since the announcement of the Proposed Scheme. To the extent these benefits are able to be realised in the future, such benefits may reflect upside in the future value of the Merged Group shares.

### **10.7.2 Saracen Shareholders may benefit from additional growth opportunities**

The Merged Group will have access to processing capacity of over 24.0Mtpa, including 18.6Mtpa in the Kalgoorlie region, which creates optionality and capital optimisation that may otherwise not be available to Saracen on a standalone basis. As an example, the milling capacity at KCGM may be made available to process ores from proximate non-KCGM deposits held by Northern Star in the Kalgoorlie area (e.g. SKO, Kanowna, Carbine) where it is value maximizing to do so, rather than milling lower grade stockpiles at KCGM. Evaluation of these proximate deposits can now be assessed and potentially “fast tracked”.

In a similar way, Saracen Shareholders will also gain exposure to the Yandal assets of Northern Star including the operating Jundee and Bronzewing projects which are complementary to the Saracen assets centred around Thunderbox. This could provide the potential to unlock regional deposits that have been constrained by lack of processing solutions and provides optionality for access to multiple mills. The entire Yandal belt (comprising Jundee, Bronzewing and Thunderbox) is within 100km haulage of the Merged Group’s processing infrastructure. To the extent that this optionality results in milling efficiencies and cost savings, Saracen Shareholders will benefit.

### **10.7.3 Saracen Shareholders will share in other potential synergies**

In addition to the particular expected benefits to be achieved through common ownership of KCGM which we consider to be buyer specific synergies, there are additional synergies expected to be realised by the Merged Group. The more material synergies are procurement savings, a reduction in corporate overhead costs, and tax benefits from Saracen joining the Northern Star tax consolidated group. These synergies are considered market based and would be available to a pool of potential acquirors of Saracen.

As discussed in section 9.2.2, we expect that the market is already factoring into the Northern Star share price some value attributable to expected synergies to be derived from the merger. Some such value would therefore be reflected in our assessment of value of the Scheme Consideration based on the Northern Star share price subsequent to the Announcement Date. However, we note that the market may not be fully including expected market based synergies due to risk as to the quantum and timing of their realisation, as well as the possibility that the Proposed Scheme may not be implemented (due to, for instance, Saracen Shareholders not approving the Proposed Scheme). As such, to the extent that these market based synergies are realised, over and above what is reflected in our assessed value of the Scheme Consideration, Saracen Shareholders will share in these synergies, should they continue to hold their Northern Star shares.

### **10.7.4 Greater financial resources**

Should the Proposed Scheme be approved and implemented, based on the September 2020 quarterly reports published by each company, and after taking into account the Special Dividend, the Merged Group will have pro

<sup>54</sup> <https://www.mining.com/barrick-gold-sells-half-of-kalgoorlie-consolidated-gold-mines-for-750-million/>

<sup>55</sup> Data sourced from S&P Global Market Intelligence.

forma net cash and equivalents at 30 September 2020 of \$91 million.<sup>56</sup> Saracen's planned capital spend in FY21 is \$429 million, and the Company is entering an investment phase designed to "future proof" its business by supporting growth in production to circa 800koz per year by FY27 and reducing unit costs. Northern Star's estimated FY21 capital spend of \$299 million is relatively low compared to Saracen, given Northern Star's annual production, size and operating cash flows generated in FY21. Saracen's Shareholders will be able to access the higher operating cash flows of the Merged Group in order to fund future exploration and development, and bring forward capital projects where value accretive.

Further, the larger scale of the Merged Group may enable it to access debt funding at lower rates than Saracen on a stand alone basis, due to its more diversified operations and stronger balance sheet. The additional funding may enable the Merged Group to continue with the various exploration and development programs required to better realise the value of assets in its portfolio.

### **10.7.5 Potential re-rating of the Merged Group**

Production guidance provided by each of Saracen and Northern Star indicates that the Merged Group is forecasting FY21 production of between 1,540koz and 1,700 koz, and have pro forma net assets of \$8.6 billion. Based on pro forma FY21 production, the Merged Group would be one of the top 10 gold producing companies globally. As discussed in section 8.4.4, larger gold producing companies tend to trade at higher P/NAV multiples, likely reflecting their more diversified operations, higher free cash flows and stronger balance sheets. While the potential for a market re-rating is difficult to quantify, to the extent that any further re-rating occurs, Saracen Shareholders will benefit from any increase in the value of shares in the Merged Group.

### **10.7.6 Potential for dividends**

Saracen has not paid dividends within the past eight years. Conversely, Northern Star has paid a dividend in each of the last eight years. Whilst past payment history is no guarantee that Northern Star will continue to pay dividends in the future, should Northern Star pay dividends in the future in accordance with its stated capital policy, to the extent that Saracen Shareholders continue to hold shares in the Merged Group, they will receive access to any such future dividends.

We note that Saracen intends to pay the Special Dividend of \$0.038 per share (fully franked), however, this will only be paid if the Proposed Scheme is approved.

### **10.7.7 Potential greater liquidity of Saracen Shares**

As a result of the Proposed Scheme, the market capitalisation of the Merged Group, representing both Saracen and Northern Star, will be significantly higher than Saracen's market capitalisation before the Announcement Date.

Saracen and Northern Star are both currently in the S&P/ASX 100 Index. Based on the combined market capitalisation of the two companies, it is likely that the Merged Group will be of a similar, and perhaps larger, size as certain companies currently in the ASX 50 Index. Should the Merged Group be included in this index, there may be an increase in demand for its shares, particularly from index-linked investment or tracker funds. Notwithstanding that shares in Saracen have historically been liquid, the increased market capitalisation may mean greater analyst focus and increase the attractiveness of the shares to a larger pool of investors, which could lead to higher levels of liquidity.

## **10.8 Disadvantages**

### **10.8.1 Exposure to additional risks**

While the Proposed Scheme will increase the diversification of the assets that Saracen Shareholders will have exposure to, Saracen Shareholders will also be subject to the risks associated with Northern Star's assets, to which Saracen's Shareholders are not currently exposed. These include assets located outside Australia, largely being in Alaska, United States. The United States is considered a Tier-1 mining jurisdiction, and therefore in this regard the Merged Group does not have a significantly different risk profile to that of Saracen's portfolio, which is based in Australia and is also a Tier-1 jurisdiction. However, the United States was, and continues to be, relatively more impacted by the COVID-19 pandemic than Australia. Operations at Northern Star's Pogo mine recently were affected by an outbreak with risks of a second and third wave of infections which could result in further disruptions at the Northern Star's operations in Alaska. However, to the extent that shareholders consider this a disadvantage,

<sup>56</sup> Calculated as Northern Star's net debt of \$55 million plus Saracen's net cash balance of \$146 million. Both figures exclude lease liabilities, and payment of the Special Dividend and transaction costs.

Saracen Shareholders can choose to sell their Northern Star shares following the implementation of the Proposed Scheme.

## 10.8.2 Possibility that potential synergies will not be realised

As noted above, part of the value of the Merged Group reflects the potential realisation of synergies in combining the Saracen and Northern Star businesses. Our assessment of the value of the Scheme Consideration is based on the trading prices of Northern Star's shares post the Announcement Date, which, in part, reflect the market's view on likely synergies that could be realised. There is a risk that these potential synergies are not realised as expected, take longer to realise than anticipated and/or cost more to implement. Not achieving the potential synergies may have a negative impact on the value of the Merged Group.

## 10.9 Other relevant factors

### 10.9.1 Saracen Shareholders are receiving only a small premium to the price at which Saracen Shares traded prior to the announcement, based on the high end of our valuation range

The table on the following page sets out a comparison of our assessed value of the Scheme Consideration, plus the Special Dividend, to volume weighted average prices ("VWAP") of Saracen shares over various time periods leading up to the Announcement Date.

Comparison of our assessed value of the Scheme Consideration plus Special Dividend with traded share price of Saracen		
	Low	High
Value of Scheme Consideration (\$/share)	4.89	5.46
Special Dividend paid to Saracen shareholders per share (\$/share)	0.038	0.038
<b>Total consideration to be paid to Saracen Shareholders (\$/share)</b>	<b>4.93</b>	<b>5.50</b>
<b>Premium/(discounts) (%) compared to:</b>		
VWAP 1 day prior to announcement	(5.2%)	5.8%
VWAP 1 week prior to announcement	(4.6%)	6.4%
VWAP 1 month prior to announcement	(5.3%)	5.6%
VWAP 2 months prior to announcement	(8.4%)	2.1%
VWAP 3 months prior to announcement	(12.4%)	(2.2%)

Source: Ernst & Young Strategy and Transactions Limited analysis, S&P Capital IQ

Our analysis indicates that Saracen Shareholders are not receiving a premium based on the low end of our value range of the Scheme Consideration, but are receiving a premium (albeit small) at the high end calculated for all time periods, except for a comparison based on a 3 month VWAP prior to the announcement

We have presented above an assessment of the premium implicit in the consideration to be received by Saracen Shareholders based on the relationship between the value of the Scheme Consideration at the date of this report to the trading prices of a Saracen Share immediately prior to the announcement of the Proposed Scheme. This is a common way of assessing implied control premiums.

We note that share prices of companies in the gold sector, including both Northern Star and Saracen, have been volatile in the weeks leading up to the date of this report due principally to the variability and general decline in gold prices. As a result, the above analysis has limitations in that the value of the Scheme Consideration reflects an environment of lower gold prices than that which prevailed prior to the Announcement Date. A comparison of the value of the Scheme Consideration with Saracen share prices at the date prior the Announcement Date fails to recognise that with lower gold prices it is likely that Saracen's share price would have declined in the absence of the Proposed Scheme.

### **10.9.2 The value of the Scheme Consideration up until the date of the Scheme Meeting may change**

The Scheme Consideration is in the form of shares in Northern Star, rather than a certain amount of cash. As such, the value of the consideration receivable by Saracen Shareholders up to the implementation date may change.

We note the Northern Star share price has been volatile and declining since the Announcement Date, closing between \$12.52 and \$16.84 between 6 October 2020 and 27 November 2020. After initially increasing after the announcement of the Proposed Scheme, Northern Star's share price declined and as at 27 November 2020 is below pre-announcement prices. The decline in Northern Star's share price is consistent with the decline in the S&P/ASX All Ordinaries Gold Index and reflects falls in the spot price of gold since the Announcement Date to 27 November 2020 of 6% in USD terms and 9% in AUD terms. Market conditions including gold price movements leading up to the Scheme Meeting may impact the Northern Star share price, and, in turn, may impact the value of the Scheme Consideration. Depending on the circumstances, this impact could be negative or positive.

### **10.9.3 Saracen Shareholders' interest in the Company's assets will be diluted**

Should the Proposed Scheme be approved and implemented, Saracen Shareholders will hold 36.3% of shares in the Merged Group. As such, whilst Saracen Shareholders will continue to have exposure to the assets previously owned by Saracen, their interest will be proportionately lower than it is currently. For instance, Saracen Shareholders currently hold a 50% interest in KCGM, while they will collectively hold a 36.3% interest in KCGM, should the Proposed Scheme be implemented.

### **10.9.4 Saracen Shareholders are not giving up the opportunity to realise a premium for control**

As there is no effective passing of control to any shareholder, with the largest shareholder holding 12.5% of the shares in the Merged Group, Saracen shareholders are not giving up the opportunity to realise a full premium for control at some later stage. However, given the significant size of the Merged Group, arguably the pool of potential acquirors with the capacity to acquire the Merged Group may be reduced.

### **10.9.5 Potential for alternative superior proposals to emerge**

While it is possible that an alternative proposal involving Saracen may emerge, we note that:

- ▶ Given the similarities between the Saracen and Northern Star businesses, and the common ownership of KCGM and the proximate location of their projects, there are few other potential acquirers of Saracen which would be able to realise the potential operating synergies as Northern Star.
- ▶ Since the announcement of the Proposed Scheme, no superior proposals have been received and the Directors of Saracen are not aware of any potential superior alternative proposal likely to emerge.
- ▶ The terms of the Merger Implementation Deed prevent Saracen and its representatives from actively seeking alternative proposals. Furthermore, a substantial break fee of \$57.6 million may be payable by Saracen and Northern Star in certain circumstances.

These factors may reduce the likelihood of any superior proposals emerging.

### **10.9.6 If the Proposed Scheme is not approved the Saracen share price may fall below current trading levels**

If the Proposed Scheme is not approved, and in the absence of an alternative transaction, Saracen will continue to operate in its current form and remain listed on the ASX. As a consequence:

- ▶ Saracen Shareholders would continue to own shares in Saracen but will not receive any Northern Star shares.

- ▶ The advantages, disadvantages and risks of the proposal will not occur other than with respect to the estimated one-off transaction costs of approximately \$3.5 million incurred or committed prior to the Scheme Meeting. These costs would be incurred irrespective of whether or not the Proposed Scheme is approved and implemented.
- ▶ The price of Saracen Shares may fall. We note that Saracen Shares rose 9.6% on 6 October 2020 following announcement of the Proposed Scheme. Since that date, up to 27 November 2020, Saracen Shares have traded at an average of 9.1% above the VWAP one day preceding the Announcement Date of \$5.20 per share.

### **10.9.7 Tax consequences**

There may be certain tax implications for individual Saracen Shareholders in connection with the Proposed Scheme if it is approved and implemented. The exact nature and impact is uncertain and will depend on the profile of each Saracen Shareholder. These specific consequences need to be borne in mind by each Saracen Shareholder in weighing up the merits of the Proposed Scheme.

As such, Saracen Shareholders should refer to section 9 of the Scheme Booklet for a detailed explanation of the potential tax consequences for both the receipt of the Scheme Consideration and the Special Dividend. We understand however that for Australian resident Saracen Shareholders, roll-over relief may be available on any capital gains tax in certain circumstances. We also note that the Special Dividend will be fully franked, and to the extent individual Saracen Shareholders can utilise the franking credits associated with the Special Dividend, this represents additional value for those shareholders.

### **10.9.8 Costs associated with the Proposed Scheme**

Saracen estimates that it will have incurred or committed to incur total transaction costs of approximately \$3.5 million in relation to the Proposed Scheme prior to the Scheme Meeting. These costs would be incurred irrespective of whether or not the Proposed Scheme was approved and implemented.

In addition to the above, if the Proposed Scheme is not approved and implemented, in certain circumstances, Saracen may be obligated to pay a \$57.6 million break fee to Northern Star as set out in section 13 of the Merger Implementation Deed. We note that should the Proposed Scheme be implemented, Saracen's total transaction costs are estimated to be approximately \$16.9 to \$19.1 million, as set out in section 11.8 of the Scheme Booklet.

### **10.9.9 Current volatility in gold prices and share prices**

The majority of the valuation analysis in this report was prepared at 27 November 2020, and therefore considers the impact of the decline in gold prices observed in recent weeks. As at 4 December 2020, the closing price of Saracen shares was \$4.78 and Northern Star was \$12.84 per share. Both of these prices are broadly consistent with the prices at which they were trading at on 27 November 2020, being the date of our valuation analysis.

It is important to note it is possible, even likely, given gold price volatility, that the share price of Northern Star could materially change subsequent to the date of this report but before the Scheme Meeting. To the extent that any decrease in the trading price of a Northern Star share was due principally to a decline in gold prices, or operations at the companies' key common asset (i.e. their respective 50% interests' in KCGM), it would be reasonable to expect that Saracen Shares would be impacted in the same way. Therefore, the analysis set out in this report would remain materially consistent and our conclusions on the Proposed Scheme would be unchanged.

### **10.10 Conclusion**

In the absence of a superior proposal, based on the matters outlined above, in our opinion, the Proposed Scheme is in the best interests of Saracen Shareholders.

This independent expert's report has been prepared to assist Saracen Shareholders in assessing the merits of the Proposed Scheme. In doing so, the report provides general information only and does not consider the individual situation, objectives and needs of each Saracen Shareholder. On this basis, Saracen Shareholders should consider whether this report is appropriate for their circumstances, having regard to their own situation, objectives and needs before relying on or taking action based on this report. If there is any doubt, Saracen Shareholders should seek their own professional advice.

## Appendix A Statement of qualifications and declarations

Ernst & Young Strategy and Transactions Limited, which is wholly owned by Ernst & Young, holds an Australian Financial Services Licence under the Act and its representatives are qualified to provide this report. The directors of Ernst & Young Strategy and Transactions Limited responsible for this report have not provided financial advice to Saracen.

Prior to accepting this engagement, we considered our independence with respect to Saracen with reference to RG 112. Ernst & Young has previously provided professional services to both Saracen and Northern Star, and subsidiaries thereof. These services included the provision of tax advice and valuation advice (to Northern Star only) in respect of matters not related to the Proposed Scheme. In particular, Ernst & Young provided valuation advice in 2017, for financial reporting purposes to Northern Star, in respect of its acquisition of Dioro Exploration. We do not consider these services to compromise our independence.

This report has been prepared specifically for Saracen Shareholders in relation to the Proposed Scheme. Neither Ernst & Young Strategy and Transactions Limited, Ernst & Young nor any employee thereof undertakes responsibility to any person, other than Saracen Shareholders, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report we have relied upon and considered information believed after due inquiry to be reliable and accurate. We have no reason to believe that any information supplied to us was false or that any material information has been withheld from us. We have evaluated the information provided to us by Saracen, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to our attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base our report. We do not imply and it should not be construed that we have audited or in any way verified any of the information provided to us, or that our inquiries could have verified any matter which a more extensive examination might disclose.

The information relied upon in the preparation of this report is set out in Appendix F to this report.

Saracen has provided an indemnity to us for any claims arising out of any mis-statement or omission in any material or information provided to us in the preparation of this report.

We provided draft copies of this report to Saracen for comments as to factual accuracy, as opposed to opinions, which are the responsibility of us alone. Changes made to this report as a result of this review by the Directors and management of Saracen have not changed the methodology or conclusions reached by us.

We will receive a professional fee based on time spent in the preparation of this report estimated at approximately \$339,900 (inclusive of GST). We will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Evgeny Khurstalev, a director and representative of Ernst & Young Strategy and Transactions Limited and a partner of Ernst & Young and Ms Julie Wolstenholme, a director and representative of Ernst & Young Strategy and Transactions Limited and a partner of Ernst & Young have assumed overall responsibility for this report. Both have the necessary experience and professional qualifications appropriate to the advice being offered. Other staff have been consulted in the preparation of this report where appropriate.

It is not intended that the report should be used for any other purpose other than to be included in the Scheme Booklet to be sent to Saracen Shareholders with respect to the Proposed Scheme. In particular, it is not intended that this report should be used for any other purpose other than as an expression of our opinion as to whether or not the Proposed Scheme is in the best interests of Saracen Shareholders.

We consent to the issue of this report in the form and context in which it is included in the Scheme Booklet.



## Appendix B Valuation methodologies

RG 111 provides guidance on the valuation methods that an independent expert should consider when valuing a company. These methods include the:

- ▶ DCF method and the estimated realisable value of any surplus assets.
- ▶ Application of earnings multiples (appropriate to the business or industry in which the entity operates) to the estimated future maintainable earnings or cash flows of the entity, added to the estimated realisable value of any surplus assets.
- ▶ Amount that would be available for distribution to security holders on an orderly realisation of assets.
- ▶ Quoted price for listed securities, when there is a liquid and active market and allowing for the fact that the quoted price may not reflect their value, should 100% of the securities be available for sale.
- ▶ Recent genuine offers, if any, received by the target for any business units or assets as a basis for valuation of those business units or assets, and
- ▶ Amount that any alternative acquirer might be willing to offer if all the securities in the target were available for purchase.

Each methodology is appropriate in certain circumstances. The decision as to which methodology to apply generally depends on the nature of the asset being valued, the methodology most commonly adopted in valuing such an asset and the availability of appropriate information.

The discounted cash flow methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in the cash flows. This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start-up phase and are expecting considerable volatility and/or growth in earnings during the growth phase, as well as businesses with a finite life (such as mining projects). The utilisation of this methodology generally requires that the asset be sufficiently advanced to enable management to provide long term cash flows with some degree of robustness.

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects. This methodology is theoretically most appropriate where a company or business is expected to generate a relatively stable level of earnings but in practice, is also frequently used in a range of other circumstances.

The net asset backing methodology involves consideration of the net realisable value of the assets of a business or company on a going concern basis, assuming an orderly realisation of those assets. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their fair value.

Market based assessments relate to the valuation of companies, the shares of which are traded on a stock exchange. While the relevant share price would, prima facie, constitute the market value of the shares, such market prices usually reflect the prices paid for small parcels of shares and as such do not include a control premium relevant to a significant parcel of shares.

## Appendix C Determination of discount rate

Our DCF valuations of Saracen's assets have been performed on the basis that cash flows were prepared on a real, un-gearred and post-tax basis in Australian dollars.

To calculate the net present value of the cash flows for each of Saracen's Operating Projects, we have assessed the appropriate real weighted average cost of capital.

The WACC represents the average of the rates of return required by providers of debt and equity capital to compensate for the time value of money and the perceived risk or uncertainty of the cash flows, weighted in proportion to the market value of the debt and equity capital provided.

Under a classical tax system the post-tax WACC is commonly calculated as follows:

$$WACC = R_e \times \frac{E}{D + E} + R_d(1 - t_c) \times \frac{D}{D + E}$$

Where:

WACC - post tax weighted average cost of capital

$R_e$  - required rate of return on equity capital

$R_d$  - required rate of return on debt capital

$E$  - market value of equity capital

$D$  - market value of debt

$t_c$  - statutory corporate tax rate

In the following paragraphs we comment on each of the assumptions made on the main variables in this formula.

### Required rate of return on equity

The capital asset pricing model ("CAPM") is a model for estimating the rate of return required by an equity investor on an investment.

Under CAPM the required rate of return on equity ( $R_e$ ) is calculated as follows:

$$R_e = R_f + \beta_e \times (R_m - R_f) + R_s$$

Where:

$R_e$  - rate of return on equity

$R_f$  - risk free rate of return

$\beta_e$  - expected equity beta of the investment

$R_m$  - expected rate of return on the market portfolio of risky investments

$(R_m - R_f)$  - excess return of the market over the risk free rate, or the market risk premium

$R_s$  - specific risk premium

### Risk free rate

The 10 year government bond market is a widely adopted proxy for the risk free rate in Australia. The 10 year Australian Commonwealth Government bond yield as at 27 November 2020, was approximately 0.91%.

We have adjusted the calculated cost of equity for a specific risk premium of 2.34%. We believe this additional risk premium is justified taking into account the current risk free rate (referenced above as the 10 year Australian Commonwealth Government bond rate) being at historically low levels. Most market observers regard this low rate to be inconsistent with current share prices, the observed volatility in the markets and general economic uncertainty. In response, many valuers have either used a normalised risk free rate, increased their estimates of the market risk premium or have included an additional risk factor in their calculations of the cost of equity.

The most common approach we have observed in Australia has been for valuers to include or increase an additional risk premium (often referred to as a specific risk premium or alpha) to ensure that the overall discount rate calculated by the CAPM is considered to be appropriate for the asset subject to valuation.

Based on a historical analysis of the risk free rate (10 year Australian Commonwealth Government bond rate), and a recognition of the lives of the mining assets included in the values set out in this report, and our valuation methodology in valuing Saracen, we have applied a premium of 2.34% to the risk free rate. The addition of the risk premium results in an effective long term risk free rate of 3.25%.

### Market risk premium

The market risk premium ( $R_m - R_f$ ) represents the additional return an investor expects to receive to compensate for additional risk associated with investing in equities as opposed to assets on which a risk free rate of return is earned. Generally, most estimates fall within a range of approximately 4.0% to 8.0%. However, investor's expectations of the premium can change as the market fluctuates and perceptions of the riskiness of equities change. We adopted a market risk premium of 6.0% in calculating discount rates for this analysis.

### Beta

The beta measures the expected relative risk of the equity in a company. The choice of the beta requires judgement and necessarily involves subjective assessment as it is subject to measurement issues and a high degree of variation. In order to determine an appropriate beta to use for the valuation of Saracen's operations, we have considered the observed betas of comparable companies and applied our professional judgement.

Beta can be expressed as an equity beta, which includes the effect of gearing on equity returns, and as an asset beta, which removes the impact of gearing. The asset beta will be lower than the equity beta for any given investment, with the extent of the difference dependent on the level of debt in the capital structure. The greater the level of gearing, the greater is the risk faced by equity holders (as debt holders have a contractual right of return and so first claim on the operating income). Accordingly, for a given asset beta, the equity beta will increase as the level of gearing increases.

We used the following formula to undertake the de-gearing and re-gearing exercise:

$$\beta_e = \beta_a \left( 1 + \frac{D}{E} (1 - t_c) \right)$$

Where:

$\beta_e$  – the equity or geared beta

$\beta_a$  – the ungeared beta

$t_c$  – the statutory corporate tax rate

$D/E$  - equals the market value of debt divided by the market value of equity capital

In assessing a range of betas, we selected a group of companies deemed comparable to Saracen. We selected those companies with producing gold projects, either within Australia or internationally. Our data set included both companies with small scale operations limited to a single country and those with more diversified operations.



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We note that for many of the comparable companies, the data sourced for calculating the betas resulted in non-meaningful data. We have excluded any betas where the correlation was less than 0.04 as these betas are not meaningful. The table below summarises the beta information of companies, separated into two tiers as outlined in section 8.4.

Beta analysis as at 27 November 2020									
Comparable company	Market Cap (\$m)	2-yr weekly (MSCI) <sup>1</sup>				5-yr monthly (MSCI) <sup>1</sup>			
		Equity Beta <sup>2</sup>	Net Debt/Equity <sup>3</sup>	Asset beta <sup>4</sup>	R <sup>2</sup>	Equity Beta <sup>2</sup>	Net Debt/Equity <sup>3</sup>	Asset beta <sup>4</sup>	R <sup>2</sup>
<b>Tier-1 gold producers</b>									
<b>Saracen</b>	5,317	0.69	(1%)	0.69	0.09	(0.33)	(3%)	nmf	0.01
<b>Northern Star</b>	9,521	0.61	(1%)	0.61	0.08	0.04	(7%)	nmf	0.00
Agnico Eagle Mines Limited	21,129	0.44	12%	0.41	0.06	1.00	10%	0.95	0.11
Barrick Gold Corporation	54,569	0.39	14%	0.36	0.05	(0.14)	28%	nmf	0.00
Evolution Mining Limited	8,714	0.51	1%	0.50	0.08	(0.11)	4%	nmf	0.00
Gold Road Resources Limited	1,095	1.08	10%	1.01	0.17	0.25	(16%)	nmf	0.01
Kirkland Lake Gold Ltd.	14,798	0.44	(6%)	0.44	0.04	0.76	(8%)	0.76	0.06
Newcrest Mining Limited	22,060	0.60	3%	0.59	0.15	0.48	9%	0.46	0.05
Newmont Corporation	63,795	0.62	8%	0.59	0.13	0.34	11%	nmf	0.02
Ramelius Resources Limited	1,400	0.81	(14%)	0.81	0.08	0.21	(21%)	nmf	0.00
Regis Resources Limited	1,969	0.38	(6%)	0.38	0.05	0.49	(6%)	0.49	0.04
Silver Lake Resources Limited	1,569	0.43	(12%)	nmf	0.03	0.68	(19%)	nmf	0.03
St Barbara Limited	1,785	0.80	(24%)	0.80	0.13	0.63	(13%)	nmf	0.04
<b>Mean</b>		0.61	(0%)	0.60		0.68	1%	0.66	
<b>Median</b>		0.61	(0%)	0.59		0.62	1%	0.62	
<b>Tier 2 gold producers</b>									
Alamos Gold Inc.	4,383	0.22	(11%)	nmf	0.01	0.94	(5%)	0.94	0.07
AngloGold Ashanti Limited	11,811	0.61	27%	0.54	0.06	(0.10)	48%	nmf	0.00
B2Gold Corp.	7,696	0.63	7%	0.61	0.08	1.26	17%	1.14	0.11
Centamin plc	2,319	0.51	(16%)	nmf	0.04	0.85	(17%)	0.85	0.06
Centerra Gold Inc.	3,813	0.57	2%	0.56	0.07	0.60	(4%)	0.60	0.04
Eldorado Gold Corporation	2,830	1.01	-%	1.01	0.09	1.45	17%	1.29	0.10
Endeavour Mining Corporation	5,036	0.01	-%	nmf	0.00	0.15	20%	nmf	0.00
IAMGOLD Corporation	2,160	0.46	(20%)	nmf	0.03	0.86	(6%)	0.86	0.04
Kinross Gold Corporation	12,234	0.49	27%	0.41	0.05	0.91	26%	0.77	0.04
OceanaGold Corporation	1,203	1.09	7%	1.04	0.17	1.07	8%	1.00	0.08
SSR Mining Inc.	5,258	0.46	(12%)	0.46	0.05	0.89	(20%)	0.89	0.06
Yamana Gold Inc.	6,612	0.65	48%	0.48	0.08	1.51	58%	1.06	0.12
<b>Mean</b>		0.69	13%	0.64		1.03	7%	0.94	
<b>Median</b>		0.62	7%	0.55		0.92	2%	0.91	

Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

Notes:

1. We have excluded any betas where the correlation (R<sup>2</sup>) was less than 0.04 and have classified these as not meaningful ("nmf")
2. Equity beta calculated over a two year weekly or five year monthly observation period, regressed against the MSCI World Index.
3. Net debt is calculated as total debt less cash and cash equivalents averaged over a historical period (where available)
4. Where the net debt/equity ratio is negative, it is taken to equal nil and the asset beta has been taken to equal the equity beta

For the purposes of our analysis, we have adopted an asset beta of 0.7, calculated as the mid-point of 0.6 to 0.8. In selecting this beta, we have considered the following:

- Observed betas for individual companies fall within a wide range. Many of the companies have observed betas that are not statistically significant because gold companies tend to follow the gold price, rather than broader market movements. As a result, it is not unusual to have limited gold companies with a statistically significant asset beta. Following the market correction in March 2020, we have observed

more gold companies displaying a statistically significant asset beta on a 2 year weekly compared to a 5 year monthly basis.

- ▶ We note that those companies whose activities include significant established producing assets in Tier-1 jurisdictions generally have lower asset betas than those companies whose producing assets are in other jurisdictions. Given we are assessing a discount rate for producing assets located in Australia, which is considered a Tier-1 jurisdiction, we consider an asset beta at the low end of the range observed for the comparable companies to be appropriate.
- ▶ The observed 2 year weekly asset betas of Saracen and Northern Star of 0.69 and 0.61 respectively is similar to the average and median of Tier-1 gold producers of 0.60 and 0.59 respectively. We note that neither company had a statistically significant asset beta on a 5 year monthly basis, while the average and median of Tier-1 gold producers was 0.66 and 0.62 respectively.
- ▶ We have also considered Tier-2 gold producers which operate assets in, but have less of a focus on, Tier-1 jurisdictions. The average and median asset betas of these companies are 0.64 and 0.55, respectively based on two year weekly data and 0.94 and 0.91, respectively based on five year monthly data. This suggests that these companies appear to display a higher asset beta compared to the five year monthly data.

Based on the factors above, we have considered an asset beta range of 0.6 to 0.8 to be reasonable for a Western Australian producing gold company, and have selected a mid-point of 0.7 for our WACC calculation.

### **Capital structure**

In calculating the WACC, we need to make an assumption regarding an optimal capital structure at which to gear the asset beta, and with which to weight the cost of equity and cost of debt. Generally, the gearing level adopted should reflect the level of debt that can reasonably be sustained by any company operating in an industry, rather than actual gearing maintained by the current business owners.

In order to determine an appropriate capital structure, we have had regard to both the capital structures of Saracen, and the capital structure of other comparable companies in the industry. In relation to the capital structure, we note:

- ▶ Saracen's average net debt to equity ratio over the last two and five years was (1%) and (3%), respectively. Saracen's borrowings recently increased in order to fund the acquisition of 50% of KCGM.
- ▶ For Tier-1 comparable companies with producing assets, the average and median debt to equity ratio was (0%) over the last two years and 1% over the last five years.
- ▶ The average and median debt to equity ratio of Tier-2 comparable companies was 13% and 7% respectively over the last two years and 7% and 2% respectively over the last five years.

On the basis of the above, we have assumed a debt to equity ratio of 5% (equivalent to a debt to enterprise value of 4.8%), to be the appropriate as a proxy for the optimal gearing ratio for gold producing assets.

### **Cost of debt**

The estimated cost of debt for the Australian denominated WACC is based on the margin over the yield on 10 year Australian Commonwealth Government bonds.

The debt premium over the risk free rate reflects debt related risks specific to the business being valued (i.e. the risk that the business will default on payments). The cost of debt represents the cost of funding over the life of the cash flow models. In arriving at an appropriate debt premium we have had regard to a number of factors including:

- ▶ The margin implicit in corporate bond yields over Australian Commonwealth Government bond yields. Implied yields reflect the market's view of risk as at a point in time and care should be exercised before incorporating these into any assessment of an entity's cost of debt. As at 27 November 2020, the Australian BBB corporate bond rate was 2.40%.



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- ▶ The debt ratings of comparable companies. Saracen does not have a credit rating and has no public debt on issue. We note that Standard & Poor's BBB credit ratings are typical for medium to large scale gold mining companies that lack commodity diversification, such as Saracen. We thus we consider this rating appropriate for Saracen.

After considering the above factors, with particular emphasis on the borrowing rate of Saracen, we adopted a nominal, pre-tax nominal cost of debt of 5.0%.

### Inflation

We have adopted an inflation estimate of 2.45% based on the Reserve Bank of Australia's inflation target range of 2.0% to 3.0% and Oxford Economics long-term Australian inflation rate forecast.

### WACC

On the basis of the above, we have adopted the following assumptions in our calculation of the real post-tax WACC as shown in the table below.

Weighted average cost of capital	
Parameter	Value
Normalised risk free rate	3.25%
Market Risk Premium	6.0%
Asset Beta	0.70
Tax	30.0%
<b>Cost of equity</b>	<b>7.6%</b>
Pre-tax cost of debt	5.0%
<b>Post-tax cost of debt</b>	<b>3.5%</b>
Debt-to-Debt plus Equity (Enterprise Value)	4.8%
<b>WACC (post-tax, nom)</b>	<b>7.4%</b>
Australia inflation estimate	2.45%
<b>WACC (post-tax, real, rounded)</b>	<b>5.0%</b>

Source: S&P Capital IQ, Ernst & Young Strategy and Transactions Limited analysis

## Appendix D Comparable company trading multiples

Cross Check – Comparable company Resource breakdown							
	EV(\$m)	Measured & Indicated (Moz)	Total resources (Moz)	Total reserves (Moz)	Total Resource grade (g/t)	Reserve grade (g/t)	NFY/NCY Guidance (koz)
<b>Tier 1 gold producers</b>							
<b>Saracen</b>	<b>7,298</b>	<b>13.7</b>	<b>17.3</b>	<b>8.6</b>	<b>1.7</b>	<b>1.5</b>	<b>620</b>
<b>Northern Star</b>	<b>12,934</b>	<b>20.8</b>	<b>31.8</b>	<b>10.8</b>	<b>2.6</b>	<b>1.9</b>	<b>1,000</b>
Agnico Eagle Mines Limited	29,206	37.3	58.8	21.6	2.0	2.8	1,680
Barrick Gold Corporation	81,140	164.5	203.0	68.8	1.5	1.7	4,800
Evolution Mining Limited	11,125	17.8	26.2	7.3	1.3	0.8	700
Gold Road Resources Limited	1,437	3.2	3.6	1.9	1.4	1.2	730
Kirkland Lake Gold Ltd.	17,351	31.6	38.3	20.5	1.6	1.3	1,375
Newcrest Mining Limited	28,384	100.1	109.5	50.6	0.6	0.8	2,050
Newmont Corporation	83,377	169.8	199.2	95.7	0.8	1.0	6,000
Ramelius Resources Limited	1,634	3.3	4.7	1.1	1.7	2.1	270
Regis Resources Limited	2,307	7.0	7.7	3.6	1.0	1.1	368
Silver Lake Resources Limited	1,757	3.8	6.1	1.2	4.5	4.0	245
St Barbara Limited	2,151	10.0	11.6	6.0	2.0	2.0	390
Low	1,437	3.17	3.60	1.12	0.57	0.77	245
<b>Mean</b>	<b>21,546</b>	<b>44.8</b>	<b>55.2</b>	<b>22.9</b>	<b>1.7</b>	<b>1.7</b>	<b>1,556</b>
<b>Median</b>	<b>11,125</b>	<b>17.8</b>	<b>26.2</b>	<b>8.6</b>	<b>1.6</b>	<b>1.5</b>	<b>730</b>
High	83,377	169.8	203.0	95.7	4.5	4.0	6,000
<b>Tier 2 gold producers</b>							
Alamos Gold Inc.	5,180	13.3	19.3	9.7	1.2	1.5	420
AngloGold Ashanti Limited	17,123	85.9	124.4	28.4	1.4	1.9	3,050
B2Gold Corp.	9,315	14.0	17.9	6.5	1.1	1.4	1,028
Centamin plc	2,453	15.3	18.8	6.9	1.1	1.1	518
Centerra Gold Inc.	4,116	24.4	31.2	11.1	0.8	0.8	780
Eldorado Gold Corporation	3,678	26.9	42.3	17.1	0.9	1.2	535
Endeavour Mining Corporation	7,028	19.3	25.1	9.1	2.0	2.1	710
IAMGOLD Corporation	2,310	27.4	39.0	16.1	1.1	1.1	673
Kinross Gold Corporation	16,719	60.7	66.6	30.7	0.7	0.7	2,400
OceanaGold Corporation	1,765	9.8	14.6	5.5	1.4	1.2	320
SSR Mining Inc.	6,918	12.1	15.2	7.0	0.9	0.8	720
Yamana Gold Inc.	9,258	20.7	34.8	15.4	0.7	0.4	786
Low	1,765	9.8	14.6	5.5	0.7	0.4	320
<b>Mean</b>	<b>7,155</b>	<b>27.5</b>	<b>37.4</b>	<b>13.6</b>	<b>1.1</b>	<b>1.2</b>	<b>995</b>
<b>Median</b>	<b>6,049</b>	<b>20.0</b>	<b>28.1</b>	<b>10.4</b>	<b>1.1</b>	<b>1.2</b>	<b>715</b>
High	17,123	85.9	124.4	30.7	2.0	2.1	3,050
<b>Tier-1 and Tier-2 gold producers</b>							
Low	1,437	3.2	3.6	1.1	0.6	0.4	245
<b>Mean</b>	<b>14,639</b>	<b>36.5</b>	<b>46.7</b>	<b>18.4</b>	<b>1.4</b>	<b>1.5</b>	<b>1,287</b>
<b>Median</b>	<b>7,028</b>	<b>19.3</b>	<b>26.2</b>	<b>9.7</b>	<b>1.3</b>	<b>1.2</b>	<b>720</b>
High	83,377	169.8	203.0	95.7	4.5	4.0	6,000

Source: S&P Capital IQ, comparable company announcements, Ernst & Young Strategy and Transactions Limited analysis

Notes:

1. Reserves and Resources reflect company announcements up to 27 November 2020.
2. Enterprise value calculated based on the market capitalisation of the comparable companies as at 27 November 2020.
3. Enterprise value includes an assumed notional control premium of 25%.
4. Enterprise value for Saracen and Northern Star are as at 5 October 2020.

### Cross Check – Comparable company EV/oz multiples

	EV/Measured + Indicated (\$/oz)	EV/Total Resource (\$/oz)	EV/Reserves (\$/oz)	EV/NFY Production (\$'000/oz)
<b>Tier-1 gold producers</b>				
<i>Saracen Mineral Holdings Limited</i>	533	422	854	11.8
<i>Northern Star Resources Limited</i>	621	407	1,192	12.9
Agnico Eagle Mines Limited	783	497	1,353	17.4
Barrick Gold Corporation	493	400	1,179	16.9
Evolution Mining Limited	625	425	1,517	15.9
Gold Road Resources Limited	453	399	773	2.0
Kirkland Lake Gold Ltd.	549	453	848	12.6
Newcrest Mining Limited	283	259	561	13.8
Newmont Corporation	491	419	871	13.9
Ramelius Resources Limited	490	345	1,461	6.1
Regis Resources Limited	331	300	637	6.3
Silver Lake Resources Limited	463	289	1,524	7.2
St Barbara Limited	215	186	358	5.5
Low	215	186	358	2.0
<b>Mean</b>	<b>487</b>	<b>369</b>	<b>1,010</b>	<b>10.9</b>
<b>Median</b>	<b>491</b>	<b>400</b>	<b>871</b>	<b>12.6</b>
High	783	497	1,524	17.4
<b>Tier-2 gold producers</b>				
Alamos Gold Inc.	390	269	533	12.3
AngloGold Ashanti Limited	199	138	603	5.6
B2Gold Corp.	666	521	1,440	9.1
Centamin plc	160	131	356	4.7
Centerra Gold Inc.	168	132	371	5.3
Eldorado Gold Corporation	137	87	215	6.9
Endeavour Mining Corporation	363	280	776	9.9
IAMGOLD Corporation	84	59	143	3.4
Kinross Gold Corporation	276	251	544	7.0
OceanaGold Corporation	180	121	321	5.5
SSR Mining Inc.	570	456	986	9.6
Yamana Gold Inc.	448	266	603	11.8
Low	84	59	143	3.4
<b>Mean</b>	<b>303</b>	<b>226</b>	<b>574</b>	<b>7.6</b>
<b>Median</b>	<b>237</b>	<b>194</b>	<b>538</b>	<b>6.9</b>
High	666	521	1,440	12.3
<b>Tier-1 and Tier-2 gold producers</b>				
Low	84	59	143	2.0
<b>Mean</b>	<b>399</b>	<b>300</b>	<b>801</b>	<b>9.3</b>
<b>Median</b>	<b>448</b>	<b>289</b>	<b>773</b>	<b>9.1</b>
High	783	521	1,524	17.4

Source: S&P Capital IQ, comparable company announcements, Ernst & Young Strategy and Transactions Limited analysis

Notes:

1. Includes an assumed notional control premium of 25%
2. Reserves and Resources reflect company announcements up to 27 November 2020
3. Saracen and Northern Star have been reported as at 5 October 2020.



### Comparable company descriptions

Company	Description
<b>Tier 1 gold producers</b>	
Saracen	Saracen Mineral Holdings Limited, a gold mining company listed on the ASX, explores for and develops mineral properties in Australia.
Northern Star	Northern Star Resources Limited, listed on the ASX, engages in the exploration, development, mining, processing, and sale of gold deposits in Australia and North America.
Agnico Eagle Mines Limited	Agnico Eagle Mines Limited, listed on the NYSE, engages in the exploration, development, and production of primarily gold properties in Canada, Mexico, Finland and Colombia.
Barrick Gold Corporation	Barrick Gold Corporation engages in the exploration, mine development, production, and sale of gold and copper properties. Barrick is listed on the NYSE and operates worldwide.
Evolution Mining Limited	Evolution Mining Limited engages in identifying, developing, and operating gold related projects in Australia, New Zealand and North America. Evolution is listed on the ASX.
Gold Road Resources Limited	Gold Road Resources Limited, together with its subsidiaries, engages in the exploration and development of primarily gold properties in Western Australia. Gold Road is listed on the ASX
Kirkland Lake Gold Ltd.	Kirkland Lake Gold Ltd. engages in the acquisition, exploration, development, and operation of gold properties. Kirkland is listed on both the TSX and ASX, and operates in Canada, Australia and South America.
Newcrest Mining Limited	Newcrest Mining Limited, together with its subsidiaries, engages in the exploration, mine development, mine operation, and sale of gold and gold/copper concentrates. ASX listed, Newcrest operates worldwide and primarily in Oceania.
Newmont Corporation	Newmont Corporation engages in the production and exploration of gold, copper, silver, zinc, and lead. Listed on the NYSE, Newmont operate worldwide and primarily in North America.
Ramelius Resources Limited	Ramelius Resources Limited, together with its subsidiaries, engages in the exploration, mine development and operation, and production and sale of gold in Western Australia and North America. Ramelius are listed on the ASX.
Regis Resources Limited	Regis Resources Limited, together with its subsidiaries, engages in the exploration, evaluation, and development of gold projects in Australia. Regis is listed on the ASX.
Silver Lake Resources Limited	Silver Lake Resources Limited, together with its subsidiaries, engages in the exploration and production of gold and copper deposits in Australia. Silver Lake is ASX listed.
St Barbara Limited	St Barbara Limited, together with its subsidiaries, engages in the exploration, development, mining, and sale of gold. St Barbara operate in Oceania and North America, and are listed on the ASX.
<b>Tier 2 gold producers</b>	
Alamos Gold Inc.	Alamos Gold Inc., together with its subsidiaries, engages in the acquisition, exploration, development, and extraction of gold and silver deposits in North America and Turkey. Alamos is listed on the TSX.
AngloGold Ashanti Limited	AngloGold Ashanti Limited operates as a gold and copper mining company, with projects in Africa, Australia and North and South America. AngloGold is listed on the JSE, NYSE, and ASX.
B2Gold Corp.	B2Gold Corp. operates as a gold producer with mines in Africa, as well as the Philippines, Finland and Colombia. B2Gold is listed on the TSX.
Centamin plc	Centamin plc engages in the exploration, mining, and development of precious metals in Egypt, Burkina Faso, Côte d'Ivoire, and Australia. Centamin is dual listed on the LSE and TSX.
Centerra Gold Inc.	Centerra Gold Inc., a gold mining and exploration company, engages in the acquisition, exploration, development, and operation of gold and copper properties in North America, Asia, and internationally. Centerra is listed on the TSX.
Eldorado Gold Corporation	Eldorado Gold Corporation and its subsidiaries operate as a gold and mineral mining and exploration company, primarily in Turkey, Canada, Greece, Brazil, and Romania. Eldorado is listed on the TSX.
Endeavour Mining Corporation	Endeavour Mining Corporation operates as an intermediate gold producer in West Africa and is listed on the TSX.
IAMGOLD Corporation	IAMGOLD Corporation explores for, develops, and operates gold mining properties in North and South America, and West Africa. IAMGOLD is listed on the TSX.
Kinross Gold Corporation	Kinross Gold Corporation is a gold mining and exploration company with operations principally in Canada and the United States, as well as globally. Kinross is dual listed on the TSX and NYSE.
OceanaGold Corporation	OceanaGold Corporation, a gold producer, is dual listed on the TSX and ASX. OceanaGold engages in the exploration, development, and operation of mineral properties in Oceania, North America and the Philippines.
SSR Mining Inc.	SSR Mining Inc., engages in the acquisition, exploration, development, and operation of primarily gold and silver properties in North and South America, as well as Turkey. SSR Mining is listed on both the TSX and ASX.
Yamana Gold Inc.	Yamana Gold Inc., a precious metals producer, explores for and produces gold and silver ores. Listed on the TSX, Yamana operates in North and South America.

Source: S&P Capital IQ, S&P Global Market Intelligence, Ernst & Young Strategy and Transactions Limited analysis

## Appendix E Transaction multiples

Cross Check – Comparable transactions breakdown								
Date	Target	Acquirer	Percentage acquired (%)	Enterprise Value (\$m)	Total resources (Moz)	Total reserves (Moz)	Total Resource grade (g/t)	Reserve grade (g/t)
11-May-20	Alacer Gold Corp.	SSR Mining Inc.	100%	3,331	6.4	2.6	1.8	2.4
23-Mar-20	SEMAFO Inc.	Endeavour Mining Corporation	100%	1,298	9.9	2.6	2.2	3.2
16-Dec-19	Leagold Mining Corporation	Equinox Gold Corp.	100%	1,221	20.9	7.1	1.1	1.3
25-Nov-19	Detour Gold Corporation	Kirkland Lake Gold Ltd.	100%	5,385	21.1	15.4	1.0	1.0
14-Jan-19	Goldcorp Inc.	Newmont Mining Corporation	100%	17,941	105.6	52.8	0.8	0.9
24-Sep-18	Randgold Resources Limited	Barrick Gold Corporation	100%	8,140	24.6	14.0	3.2	3.8
Low				1,221	6.4	2.6	0.8	0.9
<b>Mean</b>				<b>6,219</b>	<b>31.4</b>	<b>15.8</b>	<b>1.7</b>	<b>2.1</b>
<b>Median</b>				<b>4,358</b>	<b>21.0</b>	<b>10.6</b>	<b>1.5</b>	<b>1.8</b>
High				17,941	105.6	52.8	3.2	3.8

Cross Check – Comparable transactions EV/oz multiples								
Date	Target	Acquirer	Percentage acquired (%)	EV/Total Resource (\$/oz)	EV/Reserves (\$/oz)	Adjusted EV/Total Resource (\$/oz)	Adjusted EV/Reserves (\$/oz)	Location
11-May-20	Alacer Gold Corp.	SSR Mining Inc.	100%	523	1,268	498	1,208	Mexico
23-Mar-20	SEMAFO Inc.	Endeavour Mining Corporation	100%	131	491	131	491	West Africa
16-Dec-19	Leagold Mining Corporation	Equinox Gold Corp.	100%	58	171	68	200	Brazil, Mexico
25-Nov-19	Detour Gold Corporation	Kirkland Lake Gold Ltd.	100%	255	349	296	405	Canada
14-Jan-19	Goldcorp Inc.	Newmont Mining Corporation	100%	170	340	231	461	Latin America, Canada, Mexico
24-Sep-18	Randgold Resources Limited	Barrick Gold Corporation	100%	331	581	503	885	Africa
Low				58	171	68	200	
<b>Mean</b>				<b>245</b>	<b>533</b>	<b>288</b>	<b>608</b>	
<b>Median</b>				<b>212</b>	<b>420</b>	<b>263</b>	<b>476</b>	
High				523	1,268	503	1,208	

Source: S&P Capital IQ, S&P Global Market Intelligence, comparable company announcements, Ernst & Young Strategy and Transactions Limited analysis

Notes:

1. Date represents the announcement date of the transaction
2. Reserve and resource based on information as contemporaneous as possible to the transaction announcement date

## Appendix F Sources of information

In arriving at our views, we have had regard to the following sources of information:

- ▶ audited financial statements of Saracen for the financial years ended 30 June 2018, 2019 and 2020
- ▶ audited financial statements of Northern Star for the financial years ended 30 June 2018, 2019 and 2020
- ▶ recent unaudited management accounts of Saracen
- ▶ the SRK Report, included in Appendix H of this report
- ▶ the Scheme Booklet
- ▶ Saracen Financial Model and Asset Models prepared by Saracen management, with operational and technical assumptions updated by SRK
- ▶ ASX announcements for Saracen and Northern Star including quarterly reports
- ▶ Synergy estimate workings prepared by Saracen management
- ▶ Details of Saracen shareholders
- ▶ analyst reports for Saracen, Northern Star and comparable companies
- ▶ company websites for Saracen, Northern Star and comparable companies
- ▶ Market data obtained from sources including ThomsonOne, Thomson Reuters Connect 4, S&P Global Market Intelligence, S&P Capital IQ, mergermarket and DatAnalysis

In addition, we held discussions with various members of senior management of Saracen and its advisers.

## Appendix G Glossary

Glossary	
Abbreviation	Full Title / Description
\$ / A\$	Australian dollar
\$/oz	Dollars per ounce
\$bn	Billion Australian dollars
\$m	Million Australian dollars
AASB 16	Australian Accounting Standards Board 16 Leases
AASB 3	Australian Accounting Standards Board 3 Business Combinations
Act	Corporations Act 2001
Adjusted Financial Model	The Financial Model adjusted by EY for various aspects
Adjusted NAV	Broker NAV adjusted for net debt, corporate costs and other surplus assets and liabilities as reported by the relevant broker
AISC	All-in sustaining cost
Announcement Date	Date on which Saracen and Northern Star announced that they had entered a Merger Implementation Agreement, on 6 October 2020
APES 225	Accounting Professional & Ethical Standards Board 225: Valuation Services
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
Au	Gold
Barrick	Barrick Gold Corporation
bps	Basis points
CAGR	Compound annual growth rate
CAPM	Capital Asset Pricing Model
Carosue Dam	Saracen's Carosue Dam Operations
CIL	Carbon-in-leach
CIP	Carbon-in-pulp
COMEX	US gold futures market
COVID-19 / Coronavirus / Virus / Pandemic	Coronavirus (SARS-CoV-2)
CPI	Consumer price index
CYXX	Calendar year ending 31 December XX
DCF	Discounted cash flow
EAR	Echo Resources Limited
EBIT	Earnings before interest and tax
EKJV	East Kundana Joint Venture
Ernst & Young Strategy and Transactions / Ernst & Young / we / us	Ernst & Young Strategy and Transactions Limited
ETFs	Exchange traded funds
EV	Enterprise Value
Fimiston Underground / Fimiston Deepes	Underground workings below the Super Pit
Financial Model	The financial model prepared by Saracen summarising forecast LOM cash flows for the Operating Projects and forecast cash flows for corporate costs
FSG	Financial Services Guide
FYXX	Financial year ending 30 June XX
g/t	Grams per tonne
GST	Goods and Services Tax
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
JunXX	As at 30 June XX
JV	Joint venture
k	Thousand
KCGM	Kalgoorlie Consolidated Gold Mines Pty Ltd
km	Kilometre
km <sup>2</sup>	Square Kilometres
koz	Thousand ounces

## Glossary

Abbreviation	Full Title / Description
kozpa	Thousand ounces per annum
kt	Thousand tonnes
ktpa	Thousand tonnes per annum
LOM	Life of mine
LTIP	Long-term incentive plan
Merged Group	Saracen and Northern Star combined, post implementation of the Proposed Scheme
Merger Implementation Deed	Agreement between Saracen and Northern Star, where Northern Star intends to acquire all of the issued shares in Saracen that it does not already hold a relevant interest in via the Proposed Scheme.
Moz	Million ounces
Mozpa	Million ounces per annum
Mt	Million tonnes
Mtpa	Million tonnes per annum
NAV	Net asset value
NCY	Next Calendar year
NED Share Rights	Saracen share rights issued to non-executive directors in lieu of a portion of annual director fees.
Newmont	Newmont Corporation
Ni	Nickel
NFY	Next Financial year
nmf	Not meaningful
Northern Star	Northern Star Resources Limited
Northern Star Shares	Ordinary Shares in Northern Star Resources Limited
NSR	Net Smelter Royalty
Operating Projects	Saracen's operating projects (Carosue Dam, Thunderbox and its interest in KCGM)
oz	Ounces
Performance Rights	A right provided to eligible employees to be issued one Saracen Share at a future point in time, subject to the satisfaction of any vesting conditions.
PPP	Purchase price parity
Proposed Scheme	The proposed merger of Saracen and Northern Star by way of a scheme arrangement
Rand	Rand Mining Limited
Regulations	Corporations Regulations 2001
Report	This Independent Expert's Report dated 8 December 2020
RG 111	Regulatory Guide 111: Content of expert reports
RG 112	Regulatory Guide 112: Independence of experts
SAG	Semi Autogenous Grinding
Saracen / Company	Saracen Mineral Holdings Limited
Saracen Shareholders	Holders of ordinary shares in Saracen
Saracen Shares	Ordinary shares in Saracen Mineral Holdings Limited
Scheme Booklet	The scheme booklet in respect of the Proposed Scheme
Scheme Consideration	Saracen Shareholders will receive 0.3763 Northern Star Shares for every Saracen Share held
Scheme Meeting	General meeting of Saracen Shareholders to be held on or about 15 January 2021
SKO	Northern Star's South Kalgoorlie Operations
Special Dividend	A fully franked \$0.038 dividend per Saracen Share that will be declared and paid by Saracen on or before the implementation of the Proposed Scheme
SRK	SRK Consulting (Australasia) Pty Ltd
SRK Report	Independent technical report prepared by SRK
St Barbara	St Barbara Mines Limited
Super Pit	The Fimiston open pit
Thunderbox	Saracen's Thunderbox Operations
Tier-1	Companies with the majority of their assets in Tier-1 jurisdictions (Australia, Canada and the United States) or the top three gold mining companies by market capitalisation
Tier-2	Companies with the majority of their mining assets located in Tier-2 jurisdictions (All countries other than Australia, Canada and the United States)
Tribune	Tribune Resources Limited
UFG	Ultra fine grinding



Building a better  
working world

## Glossary

Abbreviation	Full Title / Description
US	United States of America
US\$ / US dollar / USD	United States dollar
VALMIN code	The code for the technical assessment and valuation of mineral and petroleum assets and securities for independent expert reports
VWAP	Volume weighted average price



## Appendix H      The SRK Report

# **Independent Specialist Report on the Mineral Assets of Saracen Mineral Holdings Limited**

Report prepared for

**Saracen Mineral Holdings Limited and  
Ernst & Young Strategy and Transactions  
Limited**



Report prepared by

SRK Consulting (Australasia) Pty Ltd

SRC005

December 2020



# Independent Specialist Report on the Mineral Assets of Saracen Mineral Holdings Limited

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## Executive Summary

Ernst & Young Strategy and Transactions Limited has been engaged by Saracen Mineral Holdings Limited (Saracen) to prepare an Independent Expert Report (IER) in relation to the proposed merger between Northern Star Resources Limited (Northern Star) and Saracen whereby Northern Star has agreed to acquire 100% of the fully paid ordinary shares in Saracen (Proposed Scheme).

Saracen has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR or Report) in relation to matters on which Ernst & Young Strategy and Transactions Limited is not an expert. The scope of the work to be completed by SRK was set by Ernst & Young Strategy and Transactions Limited. SRK's ISR will form part of the Ernst & Young Strategy and Transactions Limited Report and will be provided to Saracen shareholders. The Report does not comment on the 'fairness and reasonableness' of any transaction between Saracen and Northern Star or Saracen and any other parties.

SRK's ISR has been prepared in accordance with the guidelines outlined in the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets (VALMIN Code, 2015), which incorporates the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration of, development of, and production from, those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

SRK's ISR considers Saracen's portfolio of Mineral Assets, which is located in the Goldfields region of Western Australia. The portfolio includes a large exploration portfolio (including a nickel resource), in addition to three gold mining centres:

**The Kalgoorlie Operations** (50% ownership), comprising the Fimiston Open Pit (The Super Pit), the Mt Charlotte underground mine and the Fimiston and Gidji processing plants. Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM) is the management company of the Kalgoorlie Operations for Saracen and its Joint Venture owner Northern Star. The Kalgoorlie Operations are located adjacent to the City of Kalgoorlie–Boulder, approximately 600 km east of Perth, the state capital of Western Australia.

**The Carosue Dam Operations** (100% ownership through the wholly-owned subsidiary Saracen Gold Mines Pty Ltd), which include the Carosue Dam Project (comprising the Karari and Whirling Dervish gold deposits), the Porphyry Project (comprising the Porphyry, Million Dollar, Enterprise, and Wallbrook gold deposits), and the Deep South Project (comprising the Deep South, Safari Bore and Box Well gold deposits). The Carosue Dam Operations are located approximately 120 km northeast of the City of Kalgoorlie–Boulder.

**The Thunderbox Operations** (100% ownership through the wholly-owned subsidiary Saracen Metals Pty Ltd), which includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Otto Bore gold deposits), the Bundarra Project, the Kailis Project (comprising the Kailis Stage 1 and 2 gold deposits), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorcac nickel deposits). The Thunderbox Operations are located approximately 45 km south of the town of Leinster and immediately adjacent to the Goldfields Highway.

Saracen's cashflow model (the Model) considers the Life of Mine plans relating to the Mineral Assets, including the Mineral Resource and Ore Reserve estimates, the mining physicals, the processing assumptions, the operating costs, the capital expenditure and the environmental and permitting provisions. Where SRK considered any assumptions in the Model to be unreasonable, SRK advised

Ernst & Young Strategy and Transactions Limited and assisted Ernst & Young Strategy and Transactions Limited with making the appropriate changes to the Model to reflect SRK's opinion. SRK's scope specifically excluded any work related to the marketing, commodity price and exchange rate assumptions, inflation rates and financial analysis adopted in the Model.

Additionally, SRK has provided an independent opinion on the market valuation of the stated Mineral Resources not included in the Models (Residual Resources), and an independent market valuation of the Exploration Portfolio not associated with the operating mineral assets.

SRK's work program commenced on 15 October 2020, with a review of publicly available data and other information sourced by SRK from literature, as well as subscription databases such as S&P Global Market Intelligence database services. Saracen also provided SRK with access to a virtual data room and Saracen's technical personnel. In accordance with Section 11.1 of the VALMIN Code (2015), site inspections to the production stage projects were undertaken by Ms Karen Lloyd and Mr Simon Walsh of SRK's Perth office:

- 26 October 2020: Thunderbox Operations
- 27 October 2020: KCGM Operations
- 29 October 2020: Carosue Dam Operations.

Table ES-1 summarises SRK's market value assessment of the Mineral Assets not considered in the Model.

**Table ES-1: Valuation summary**

Description	Low (A\$m)	High (A\$m)	Preferred (A\$m)
Residual Resources (not considered in the Model)	777	1,264	1,020
KCGM Exploration	49	94	82
TBO Exploration	11	22	16
CDO Exploration	30	53	42
Regional Exploration	46	92	69
<b>Gold Subtotal</b>	<b>913</b>	<b>1,525</b>	<b>1,229</b>
Nickel Resources	6.3	10.9	8.6
<b>Total</b>	<b>919</b>	<b>1,536</b>	<b>1,238</b>

Note: Any discrepancies between values in the table are due to rounding.

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## Disclaimer

The opinions expressed in this Report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (SRK) by Saracen Mineral Holdings Limited (Saracen). The opinions in this Report are provided in response to a specific request from Saracen to do so. SRK has exercised all due care in reviewing the supplied information. While SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them. Opinions presented in this Report apply to the site conditions and features as they existed at the time of SRK's investigations, and those reasonably foreseeable. These opinions do not necessarily apply to conditions and features that may arise after the date of this Report, about which SRK had no prior knowledge nor had the opportunity to evaluate.

## List of Abbreviations

AER	Annual Environmental Report
AIG	Australian Institute of Geoscientists
ASX	Australian Securities Exchange
AusIMM	Australasian Institute of Mining and Metallurgy
BAC	Base Acquisition Cost
DCF	Discounted Cashflow
DHEM	downhole electromagnetic survey
DWER	Department of Water and Environmental Regulation
EP Act	<i>Environmental Protection Act 1986</i>
g/t	grams per tonne
Generation	Generation Mining Ltd
Glencore plc	Glencore
GL/a	gigalitres per annum
ha	hectares
IER	Independent Expert Report
IP	induced polarisation
ISR	Independent Specialist Report
JORC	Joint Ore Reserves Committee
koz	kilo-ounces
kt	kilotonnes
L	Miscellaneous Licence (prefix)
LOM	life-of-mine
M	Mining Lease (prefix)
m <sup>3</sup>	cubic metres
MCP	Mine Closure Plan
Moz	million ounces
Mt	million tonnes
Mt/a	million tonnes per annum
MTR	metal transaction ratio
MW	megawatt
NELA	National Environmental Law Association
oz	ounces
Saracen	Saracen Mineral Holdings Limited
PL	Prospecting Licence
QA/QC	quality assurance and quality control
RAB	rotary air blast
RC	reverse circulation
RICS	Royal Institution of Chartered Surveyors
ROM	run-of-mine

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SAG	semi-autogenous grinding
SRK	SRK Consulting (Australasia) Pty Ltd
t	tonnes
t/a	tonnes per annum
TSF	tailings storage facility
US\$	United States dollar

# 1 Introduction and scope of Report

Ernst & Young Strategy and Transactions Limited has been engaged by Saracen Mineral Holdings Limited (Saracen) to prepare an Independent Expert Report (IER) in relation to the proposed merger between Northern Star Resources Limited (Northern Star) and Saracen whereby Northern Star has agreed to acquire 100% of the fully paid ordinary shares in Saracen (Proposed Scheme).

Saracen has subsequently engaged SRK Consulting (Australasia) Pty Ltd (SRK) to prepare an Independent Specialist Report (ISR) in relation to matters on which Ernst & Young Strategy and Transactions Limited is not an expert. The scope of the work to be completed by SRK was set by Ernst & Young Strategy and Transactions Limited. SRK's ISR will form part of the Ernst & Young Strategy and Transactions Limited Report and will be provided to Saracen shareholders.

SRK's ISR considers Saracen's portfolio of Mineral Assets, which is located in the Goldfields region of Western Australia. The portfolio includes a large exploration portfolio (including a nickel resource), in addition to three gold mining centres:

**The Kalgoorlie Operations** (50% ownership), comprising the Fimiston Open Pit (The Super Pit), the Mt Charlotte underground mine and the Fimiston and Gidji processing plants. Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM) is the management company of the Kalgoorlie Operations for Saracen and its Joint Venture owner Northern Star. The Kalgoorlie Operations are located adjacent to the City of Kalgoorlie–Boulder approximately 600 km east of Perth, the state capital of Western Australia.

**The Carosue Dam Operations** (100% ownership through the wholly-owned subsidiary Saracen Gold Mines Pty Ltd) which include the Carosue Dam Project (comprising the Karari and Whirling Dervish gold deposits), the Porphyry Project (comprising the Porphyry, Million Dollar, Enterprise, and Wallbrook gold deposits), and the Deep South Project (comprising the Deep South, Safari Bore and Box Well gold deposits). The Carosue Dam Operations are located approximately 120 km northeast of the City of Kalgoorlie–Boulder.

**The Thunderbox Operations** (100% ownership through the wholly-owned subsidiary Saracen Metals Pty Ltd), which includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Otto Bore gold deposits), the Bundarra Project, the Kailis Project (comprising the Kailis Stage 1 and 2 gold deposits), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits). The Thunderbox Operations are located approximately 45 km south of the town of Leinster and immediately adjacent to the Goldfields Highway.

As agreed with Saracen and Ernst & Young Strategy and Transactions Limited, SRK has reviewed the technical project assumptions and provided Ernst & Young Strategy and Transactions Limited with an assessment on the reasonableness of the techno-economic assumptions used in Saracen's cashflow model (the Model) which considers the Life of Mine plans relating to the Mineral Assets, including the Mineral Resource and Ore Reserve estimates, the mining physicals, the processing assumptions, the operating costs, the capital expenditure and the environmental and permitting provisions. Where SRK considered any assumptions in the Model to be unreasonable, it advised Ernst & Young Strategy and Transactions Limited and assisted Ernst & Young Strategy and Transactions Limited with making the appropriate changes to the Model to reflect SRK's opinion. SRK's scope specifically excluded any work related to the marketing, commodity price and exchange rate assumptions, inflation rates and financial analysis adopted in the Model.

Additionally, SRK has provided an independent opinion on the market valuation of the stated Mineral Resources not included in the Model (residual resources), and an independent market valuation of the Exploration Portfolio not associated with the operating mineral assets.

SRK's ISR has been prepared in accordance with the guidelines outlined in the Australasian Code for the Public Reporting of Technical Assessment and Valuation of Mineral Assets (VALMIN Code, 2015), which incorporates the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2012). As defined in the VALMIN Code (2015), mineral assets comprise all property including (but not limited to) tangible property, intellectual property, mining and exploration tenure and other rights held or acquired in relation to the exploration of, development of, and production from, those tenures. This may include plant, equipment and infrastructure owned or acquired for the development, extraction and processing of minerals relating to that tenure.

For this valuation, the Mineral Assets were classified in accordance with the categories outlined in the VALMIN Code (2015), these being:

- **Early Stage Exploration Projects** – Tenure holdings where mineralisation may or may not have been identified, but where Mineral Resources have not been identified.
- **Advanced Exploration Projects** – Tenure holdings where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some other form of detailed geological sampling. A Mineral Resource estimate may or may not have been made, but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more of the prospects to the Mineral Resources category.
- **Pre-Development Projects** – Tenure holdings where Mineral Resources have been identified and their extent estimated (possibly incompletely), but where a decision to proceed with development has not been made. Properties at the early assessment stage, properties for which a decision has been made not to proceed with development, properties on care-and-maintenance and properties held on retention titles are included in this category if Mineral Resources have been identified, even if no further work is being undertaken.
- **Development Projects** – Tenure holdings for which a decision has been made to proceed with construction or production or both, but which are not yet commissioned or operating at design levels. Economic viability of Development Projects will be proven by at least a pre-feasibility study (PFS).
- **Production Projects** – Tenure holdings – particularly mines, bore fields and processing plants that have been commissioned and are in production.

**Based on its review of Saracen's Mineral Assets, SRK has classified the Kalgoorlie Operations, the Carosue Dam Operations and the Thunderbox Operations as Production Projects with associated Pre-Development and Advanced Exploration tenure. The Exploration Portfolio is classified as Advanced Exploration tenure.**

## 1.1 Reporting standard

This Report has been prepared to the standard of, and is considered by SRK to be, a Technical Assessment and Valuation Report under the guidelines of the VALMIN Code (2015). The authors of this Report are Members or Fellows of either the Australasian Institute of Mining and Metallurgy (AusIMM) or the Australian Institute of Geoscientists (AIG) and therefore are bound by both the VALMIN and JORC Codes. For the avoidance of doubt, this report has been prepared according to:

- The 2015 edition of the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code)
- The 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

As per the VALMIN Code (2015), a first draft of the Report was supplied to Saracen to check for material error, factual accuracy and omissions before the final Report was issued.

For the purposes of this Report, value is defined as 'market value', being the amount of money (or the cash equivalent or some other consideration) for which a mineral asset should change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing, wherein the parties each acted knowledgeably, prudently and without compulsion.

SRK's Report does not comment on the 'fairness and reasonableness' of any transaction between Saracen and Northern Star or Saracen and any other parties.

## 1.2 Work program

This assignment commenced in October 2020, with a review of publicly available data and other information sourced by SRK from literature, as well as subscription databases such as S&P Global Market Intelligence database services. Saracen also provided SRK with access to a virtual data room and Saracen's technical personnel. In accordance with Section 11.1 of the VALMIN Code (2015), site inspections to the production stage projects were undertaken by Ms Karen Lloyd and Mr Simon Walsh of SRK's Perth office:

- 26 October 2020: Thunderbox Operations
- 27 October 2020: KCGM Operations
- 29 October 2020: Carosue Dam Operations.

## 1.3 Legal matters

SRK has not been engaged to comment on any legal matters. SRK notes that it is not qualified to make legal representations as to the ownership and legal standing of the mineral tenements that are the subject of this valuation. SRK has not attempted to confirm the legal status of the tenements with respect to joint venture agreements, local heritage or potential environmental or land access restrictions.

## 1.4 Valuation Date and Effective Date

The Valuation Date and the Effective Date of this Report is 1 November 2020.

## 1.5 Project team

This Report has been prepared by a team of consultants from SRK's offices in Australia. Details of the qualifications and experience of the consultants who have carried out the work in this Report, who have extensive experience in the mining industry and are members in good standing of appropriate professional institutions, are set out below and in Table 1-1.

### **Karen Lloyd, Associate Principal Consultant (Project Evaluation), MBA, BSc (Hons), FAusIMM**

Karen has 25 years international resource industry experience gained with some of the major mining, consulting and investment houses globally. She specialises in independent reporting, mineral asset valuation, project due diligence, and corporate advisory services. Karen has worked in funds management and analysis for debt, mezzanine and equity financing and provides consulting and advisory in support of project finance. She has been responsible for multi-disciplinary teams covering precious metals, base metals, industrial minerals and bulk commodities in Australia, Asia, Africa, the Americas and Europe.

Karen is a Fellow of the AusIMM and has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Jeames McKibben, Principal Consultant (Project Evaluation), MBA, BSc (Hons), FAusIMM (CP), MAIG, MRICS, SME**

Jeames is an experienced international mining professional, having operated in a variety of roles including consultant, project manager, geologist and analyst over more than 25 years. He has a strong record in mineral asset valuation, project due diligence, independent technical review and deposit evaluation. As a consultant, he specialises in mineral asset valuations and Independent Technical Reports for equity transactions and in support of project finance. Jeames has been responsible for multi-disciplinary teams covering precious metals, base metals, bulk commodities (ferrous and energy), industrial minerals and other minerals in Australia, Asia, Africa, North and South America and Europe. He has assisted numerous mineral companies, financial, accounting and legal institutions and has been actively involved in arbitration and litigation proceedings. Jeames has experience in the geological evaluation and valuation of mineral projects worldwide.

Jeames is a Fellow of the AusIMM, a Member of the AIG, and a Member of the Royal Institution of Chartered Surveyors. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Mark Noppé, Corporate Consultant and Managing Director, MSc, BSc (Hons), FAusIMM (CP), MGAA, MAICD**

Mark has over 30 years of experience applying geoscience knowledge in the assessment of developing resource projects and operating mines. He is a leader and consultant in geosciences and the mining industry, providing advice, training and mentoring in all aspects of orebody knowledge, from exploration reporting, resource definition and reporting, mine geology and grade control through to inputs to reserving. Since graduating as a geologist in 1983, Mark has worked in South Africa, Western Australia and Queensland in exploration, mining geology, practical geostatistics applications, resource estimation and reporting, grade control, mine reconciliation, technical reviews and auditing, and professional training and mentoring. A consultant since 1997, his technical experience covers a wide range of projects, commodities, geological and mining environments.

Mark is a Fellow of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Mathew Davies, Senior Consultant (Geology), BSc (Hons), MAusIMM**

Mathew is a geologist with nine years of experience in the Australian mining industry. His experience includes over six years' experience working as a consultant for SRK and three years' working as an exploration geologist. Mathew's multi-commodity experience includes coal and mineral exploration, with technical competency in exploration management and planning; drill rig supervision; core logging and sampling; regional- to prospect-scale geological mapping; target generation; prospectivity analysis; legislative compliance and reporting. Mathew is also competent in the development of geological models using Leapfrog and Minex, supported by a high level of competence in spatial packages such as ArcGIS and MapInfo. Mathew has been developing his skills in project valuation and has experience in valuation for a broad range of commodities and geological settings, including coal, iron ore, copper, gold, lead, zinc, silver, tin, nickel, molybdenum, heavy mineral sands, niobium, tantalum and graphite.



Mathew is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Robert Urie, Principal Consultant (Mining), BE (Hons) Mining, MAusIMM**

Robert is a mining engineer with over 24 years' operational and engineering experience in underground and open pit mining. He has significant experience in the design and development of complex underground mining projects. His expertise includes strategic planning, mine design and scheduling, cut-off grade optimisation, ventilation planning, infrastructure design, cost estimation and financial modelling. Robert has led several large-scale feasibility studies across a range of commodities in underground and open pit mining. He has also completed numerous pre-feasibility and scoping studies in commodities including gold, base metals and nickel. He has completed operational reviews of mining operations in Australia, Africa and South America focusing on the value chain, best practice technical process and systems and cost review.

Robert is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Simon Walsh, Associate Principal Consultant (Process Engineering), BSc, MBA (Hons) GAICD, MAusIMM(CP)**

Simon has 24 years of design and operational expertise across a range of mineral processing and hydrometallurgical processes. His broad range of experience covers both management, supervisory and technical roles in plant operations, commissioning, process simulation, project studies, detailed engineering design, metallurgical testwork management and competent person reporting.

Simon is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Shaun Barry, BSc Hons (Geology), MSc Eng (Mineral Economics), MAusIMM(CP), RICS – Principal Consultant**

Shaun has a commercial and geological background with more than 28 years of experience in mining, exploration and quarry valuations, mineral economics, minerals marketing and geology. In corporate advisory and business development, Shaun has provided independent expert reviews, valuations, due diligence and optimisation mine studies. Shaun has also worked as a Mining Equity Analyst on the Johannesburg Securities Exchange, Mineral Economist and Mine Geologist in South Africa.

Shaun is a Member of the AusIMM. He has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Lisa Chandler, Associate Principal Consultant (Environment and Permitting), M Eng (Civil Engineering), BSc (Physical Geography), Diplôme de Linguistique, Université de Paris MNELA, MEIANZ, MAusIMM, AMANCOLD, MSER**

Lisa is an experienced scientist and engineer, with over 25 years of experience in environmental management, permitting, risk assessment and assurance matters (due diligence, data and report verification, audits), for the Australian resources sector.

Lisa is a Member of the AusIMM. She has the appropriate relevant qualifications, experience, competence and independence to be considered a 'Specialist' and 'Competent Person' under the VALMIN (2015) and JORC (2012) Codes, respectively.

**Table 1-1: Details of the qualifications and experience of the consultants**

Specialist	Position/ Company	Responsibility	Length and type of experience	Site inspection	Professional designation
Karen Lloyd	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Project Manager Report Compilation Site inspections Mining Valuation	25 years; 7 years in consulting and advisory; 3 years in funds management; 7 years in strategic planning and 8 years in operations	26/10/20 Thunderbox Operations, 27/10/2020 KCGM Operations, 29/10/20 Carosue dam Operations	MBA, BSc (Hons), FAusIMM
Jeames McKibben	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Geology/ Exploration	+25 years; 15 years in valuation and corporate advisory, 2 years as an analyst, 10 years in exploration and project management	None	MBA, BSc (Hons) FAusIMM (CP), MAIG, MRICS
Mark Noppé	Managing Director and Corporate Consultant / SRK Consulting (Australasia) Pty Ltd	Resources Reconciliation	+30 years; 23 years in consulting and 14 in exploration and mining	None	MSc, BSc(Hons), FAusIMM(CP), MGAA, MAICD
Shaun Barry	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Valuation	28 years; 10 years consulting, 9 years marketing, 7 years analyst, 2 years mining	None	MSc (MinEcon), BSc(Hons) Geology
Mat Davies	Senior Consultant/ SRK Consulting (Australasia) Pty Ltd	Comparable Market Transaction analysis Valuation	9 years; 3 as an exploration geologist and 6 working in geology and valuation	None	BSc (Hons) Geology
Robert Urie	Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Mining	24 years; 24 years operational and engineering experience in UG and OP mining	None	BE (Hons) Mining, MAusIMM
Simon Walsh	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Processing	24 years; 10 years in operations, 14 years in engineering design, consulting and metallurgical laboratory management; independent technical reviews during the last 13 years	26/10/20 Thunderbox Operations, 27/10/2020 KCGM Operations, 29/10/20 Carosue Dam Operations	MBA, BSc (Extractive Metallurgy & Chemistry), MAusIMM (CP), GAICD
Lisa Chandler	Associate Principal Consultant/ SRK Consulting (Australasia) Pty Ltd	Approvals and Permitting	25+ years; 3 years in operations; 5 years as government regulator; 20 years as environmental consultant to the resources sector.	None	MEng (Civil) BSc (Physical Geography) MAusIMM Member NELA

## **1.6 Limitations, independence and indemnities and fees**

### **1.6.1 Limitations**

SRK's opinion contained herein is based on information provided to SRK by Saracen throughout the course of SRK's investigations as described in this Report, which in turn reflects various technical and economic conditions at the time of writing. Such technical information as provided by Saracen was taken in good faith by SRK. SRK has not independently verified the Mineral Resources or Ore Reserve estimates by means of recalculation.

As far as SRK has been able to ascertain, the information provided by Saracen was complete and not incorrect, misleading or irrelevant in any material aspect. Saracen has confirmed in writing to SRK that full disclosure has been made of all material information and that to the best of its knowledge and understanding, the information provided by Saracen was complete, accurate and true and not incorrect, misleading or irrelevant in any material aspect.

SRK has no reason to believe that any material facts have been withheld.

The Report includes technical information, which requires subsequent calculations to derive subtotals, totals, averages and weighted averages. Such calculations may involve a degree of rounding. Where such rounding occurs, SRK does not consider them to be material.

### **1.6.2 Statement of SRK independence**

Neither SRK, nor any of the authors of this Report, has any material present or contingent interest in the outcome of this Report, nor any pecuniary or other interest that could be reasonably regarded as capable of affecting their independence or that of SRK.

SRK has no beneficial interest in the outcome of this Report capable of affecting its independence.

### **1.6.3 Indemnities**

As recommended by the VALMIN Code (2015), Saracen has provided SRK with an indemnity under which SRK is to be compensated for any liability and/or any additional work or expenditure resulting from any additional work required:

- which results from SRK's reliance on information provided by Saracen or Saracen not providing material information; or
- which relates to any consequential extension workload through queries, questions or public hearings arising from this Report.

### **1.6.4 Consulting fees**

SRK's estimated fee for completing this Report is based on its normal professional daily rates plus reimbursement of incidental expenses. The fees are agreed based on the complexity of the assignment, SRK's knowledge of the assets and availability of data. The fee payable to SRK for this engagement is estimated at approximately A\$320,000. The payment of this professional fee is not contingent upon the outcome of this Report.

## **1.7 Consents**

### **1.7.1 SRK consent**

SRK consents to this Report being included, in full, in Saracen and Ernst & Young Strategy and Transactions Limited's documents in the form and context in which it is provided, and not for any other purpose. SRK provides this consent on the basis that the technical assessment and valuation

expressed in the Executive Summary and in the individual sections of this Report is considered with, and not independently of, the information set out in the complete Report.

### **1.7.2 Practitioner consent**

The information in this report that relates to Technical Assessment and Valuation of the Mineral Assets is based on and fairly reflects information compiled and conclusions derived by Ms Karen Lloyd, who is a Competent Person and Fellow of the AusIMM. Ms Lloyd is an independent consultant employed by SRK, an independent mining consultancy. Ms Lloyd has sufficient experience that is relevant to the Technical Assessment and Valuation of the Mineral Assets under consideration, the style of mineralisation and the types of deposit under consideration and to the activity being undertaken to qualify as Practitioners as defined in the 2015 edition of the “Australasian Code for the Public Reporting of Technical Assessments and Valuations of Mineral Assets”, and as Competent Persons as defined in the 2012 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Ms Lloyd consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.

## 2 Location, access and climate

Saracen’s portfolio of Mineral Assets is located in the Goldfields–Esperance region of Western Australia (Figure 2-1).



Figure 2-1: Location overview

Source: SRK

The Kalgoorlie Operations (KCGM) are located adjacent to the City of Kalgoorlie–Boulder, which is approximately 600 km east-northeast of Perth. Kalgoorlie–Boulder has an estimated population of 30,000 and is the region’s mining centre. It is home to the Western Australian School of Mines: Minerals, Energy and Chemical Engineering. Both skilled and unskilled labour can therefore be readily sourced from the city, which also provides wholesale goods and services. The city is serviced daily by regional flights from Perth and can also be accessed by train from Perth via The Prospector route, which takes approximately 6 hours and 50 minutes, or by road from Perth via the sealed Great Eastern Highway, which takes approximately 7 hours. The KCGM workforce of approximately 1,100 employees and contractors is largely residential in Kalgoorlie–Boulder.

The Carosue Dam Operations (CDO) are located approximately 112 km northeast of Kalgoorlie–Boulder and are accessed via the Yarri Road on the western side of Lake Rebecca or by air travel on charter flights from Perth to the all-weather CDO airstrip. The workforce largely operates on a fly-in fly-out basis to and from Perth, although some personnel work on a drive-in drive-out basis from Kalgoorlie–Boulder. Goods and services and skilled and unskilled labour are sourced from Kalgoorlie–Boulder.

The Thunderbox Operations (TBO) are located approximately 45 km south of the town of Leinster and immediately adjacent to the sealed Goldfields Highway. The workforce largely operates on a fly-in fly-out basis to and from Perth via a fully sealed all-weather air strip, although some personnel work on a drive-in drive-out basis from Kalgoorlie–Boulder. Goods and services and skilled labour is sourced from Kalgoorlie–Boulder and unskilled labour is sourced from Leinster. The TBO exploration area is south of TBO and the tenements are accessed via a network of unsealed roads and exploration tracks.

The Goldfields–Esperance region experiences two main seasons: hot and dry in summer and cool and dry in winter. During the summer, temperatures of 40°C can occur frequently, but the average summer temperature is around 33°C. Over the winter, average maximum temperatures are around 16°C and the lowest around 5°C, occasionally falling below freezing at night. Rainfall is fairly evenly distributed throughout the year and averages about 260 mm per annum. The most reliable rains occur in winter and June is typically the wettest month, with approximately 32 mm. Summer rainfall occurs usually during thunderstorms and also, but rarely, through decaying tropical cyclones from the northwest. At such times, annual rainfall can exceed 500 mm. Evapotranspiration is high, particularly in summer from November to April (source: Bureau of Meteorology). The topography of the region is characterised by gently undulating relief, with elevations ranging between 360 and 400 m above Australian Height Datum (m AHD). Greenstone belts (mafic basement rocks) form prominent hills. Broad valleys are occupied by saline playa lakes, with some connectivity to paleochannels (buried former river channels present during the Tertiary when climate conditions were wetter). Current surface drainage is poorly defined by ephemeral floodways, with no permanently flowing drainage channels. It is common for these floodways to have no flow for several concurrent years.

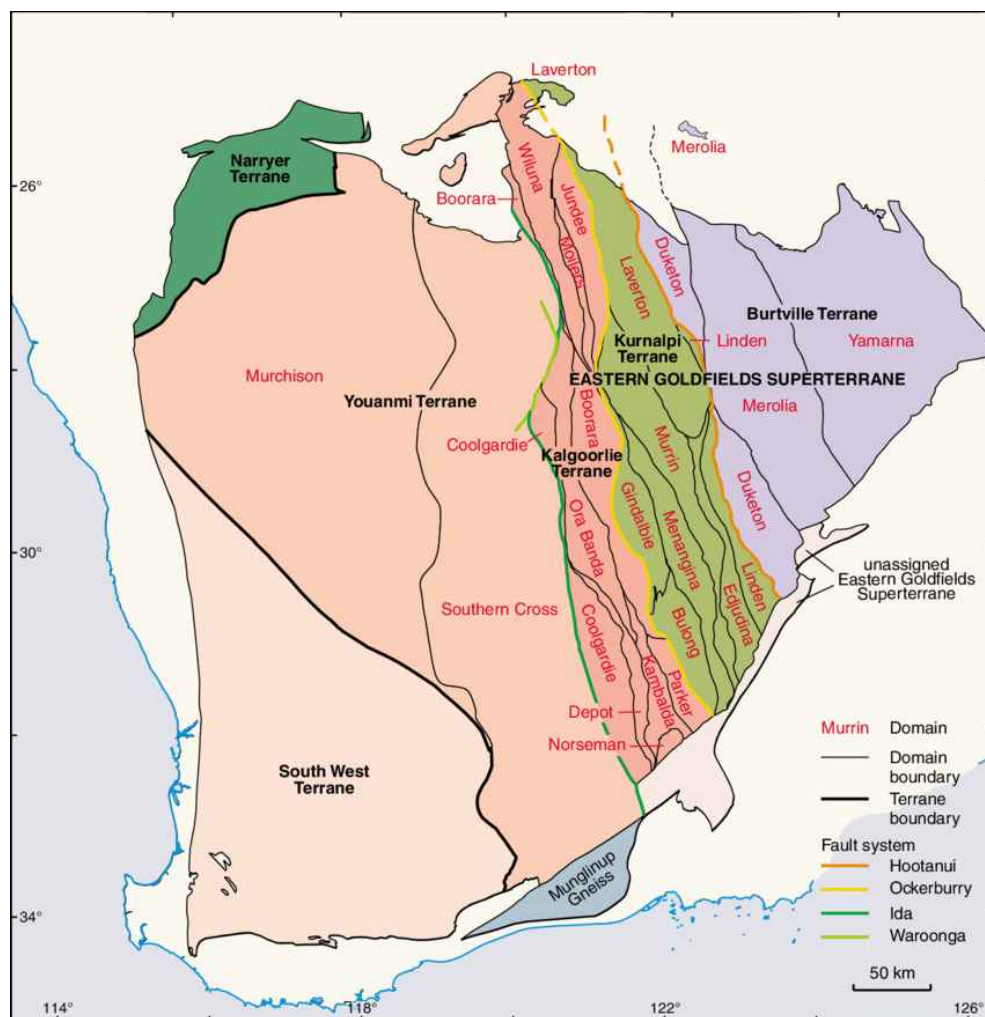
Other than the summer thunderstorms, mining and exploration activities in the region are largely unimpeded by climate and topography throughout the year.

### 3 Regional setting and gold mineralisation

Saracen’s Mineral Assets are geologically located within the Eastern Goldfields Superterrane (EGS) of the Yilgarn Craton. The Yilgarn Craton consists of a series of accretionary terranes, where continental collision has added to, or thickened, continental crust. Gold mineralisation forms at all stages of orogenic evolution and, as a result, evolving metamorphic belts typically contain a diverse range of gold deposit types that may be juxtaposed or overprint each other (Goldfarb et al., 2005).

Most of the Archaean gold deposits in the Yilgarn Craton belong to a group of structurally controlled orogenic gold deposits. These Neoproterozoic-aged orogenic gold deposits are the predominant style of gold mineralisation throughout the Yilgarn Craton.

At the regional scale, most of the orogenic gold deposits are spatially associated with regional shear zones. In greenstone belts within the terranes of the EGS, significant vein-hosted gold deposits are typically distributed along specific regional structures formed under compressional to transpressional regimes. Due to their association with regional structures, such gold prospects are typically located at the boundaries of contrasting lithologies or age domains within the greenstone belts. Within these prospects, the gold deposits commonly cluster along structures where they are localised at bends or at the intersection of two or more faults (Goldfarb et al., 2005; Robert et al., 2005). The EGS is divided, from west to east, into the Kalgoorlie, Kurnalpi and Burtville terranes. In turn, these terranes are divided into a number of fault-bounded geologically continuous domains (Figure 3-1).



**Figure 3-1: Regional setting**  
 Source: Modified from Cassidy et al. (2006)

The Kalgoorlie Operations and the Thunderbox Operations are located within the Kalgoorlie Terrane. The Kalgoorlie Terrane is exposed over a width of between 50 km and 120 km and a length of approximately 500 km. It is bound to the west by the east-dipping Ida fault and to the east by the Ockerburry Fault. The Kalgoorlie Terrane comprises 10 structural domains (Wiluna, Moilors, Jundee, Boorara, Ora Banda, Coolgardie, Depot, Kambalda, Parker and Norseman), which contain metamorphosed and dismembered units of the dominantly mafic-ultramafic volcanic Kambalda Sequence, the volcanoclastic Kalgoorlie Sequence and siliciclastic sedimentary rocks of the Kurrawang and Merougil Sequences (Vielreicher et al., 2016).

Within the Kalgoorlie Terrane, the Kalgoorlie Operations are located within the Kalgoorlie Goldfield of the Kambalda domain. The Kambalda domain is bound by the north-northwest-trending Boulder-Lefroy fault (BLF) and the Zuleika shear. The domain has undergone four compressional events preceded by early extension and has been metamorphosed to upper greenschist or lower amphibolite facies and enriched with gold during a geological time period known as the Archaean Orogeny. Fluid conduits formed early in the tectonic history and persisted throughout orogenesis with the plumbing system showing a rare high degree of focusing, efficiency and duration. In addition to the long-lasting fluid plumbing system, gold deposition was assisted by a wide variety of transient structural and geochemical traps, multiple fluid sources and precipitation mechanisms.

Further information on the local geology and gold mineralisation at the Kalgoorlie Operations is given in Section 4.7.

Within the Kalgoorlie Terrane, the Thunderbox Operations are located within the Jundee domain, at the extreme southern end of the Yandal greenstone belt, within an area informally known as the Wildara–Leonora Belt (WLB). The WLB consists of a deformed package of mafic, komatiitic and sedimentary rocks (Thebaud et al., 2012). Gold distribution in the Jundee domain is controlled by a brittle fault-fracture system preferentially developed in dolerites, basalts and felsic-intermediate porphyries. Proximal alteration is characterised by a quartz-ankerite-sulphide assemblage (with pyrite and/or arsenopyrite and chalcopyrite).

Further information on the local geology and gold mineralisation at the Thunderbox Operations is given in Section 6.8.2.

The Carosue Dam Operations are located within the Kurnalpi Terrane and are hosted in the sedimentary Carosue basin, which is located between the Gindalbie and Menangina domains. The Carosue basin is interpreted to be a late-tectonic accumulation of volcanoclastic sedimentary rocks that unconformably overlies a deformed granite–greenstone association. The sedimentary basin is intruded by numerous plutons and dykes of monzonite, lamprophyre and syenite and is cut by a swarm of post-intrusion faults with north–south orientation. The intrusions are most voluminous at Carosue Dam, where the basin and underlying greenstones are cut by a swarm of north-south-trending faults. A large hydrothermal alteration system is centred on this area. Zones of sodic (albite) and potassic (biotite) alteration are enveloped sequentially by phyllic (muscovite) and propylitic (chlorite) alteration. A central zone of anomalous Bi-W-Mo-Cu-Pb-Ag enrichment is enveloped by a zone of relative zinc and arsenic enrichment, more or less coincident with the muscovite alteration zone. The district-scale potassic alteration is attributed to magmatic fluids derived from the intermediate to felsic intrusions. Gold mineralisation is associated with north-south faults (Witt and Hammond, 2008).

Further information on the local geology and gold mineralisation at the Carosue Dam Operations is provided in Section 5.8.2.



## 4 The Kalgoorlie Operations

### 4.1 Overview

Saracen holds a 50% interest in the Kalgoorlie Operations via its Joint Venture (JV) agreement with Northern Star. The JV is managed by Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM). The Kalgoorlie Operations comprise 117 granted Mining Leases, 25 granted Prospecting Licences, 107 granted General Purpose Licences and 73 granted Miscellaneous Licences (Table 4-1). Additionally, SRK understands that there are three Mining Leases, one Prospecting Licence and two General Purpose Licences under application. The full tenement schedule is attached to the Report as Appendix A.

SRK has received representation from Saracen that the schedule detailed in Appendix A is to be relied upon for the purpose of this Report. SRK has made all reasonable enquiries into the status of this tenure as at 1 November 2020.

**Table 4-1: Kalgoorlie Operations – Summary tenement schedule**

Type	Number	Area (ha)
Prospecting Licence (PL)	25	3,863.07
Mining Lease (ML)	117	23,611.63
Miscellaneous Licence (L)	73	3407.243
General Purpose Licence (G)	107	2,129.901
<b>Total</b>	<b>322</b>	<b>33,011.844</b>

Gold production at KCGM is sourced from two primary mining locations; the Fimiston Open Pit (The Super Pit) and the Mt Charlotte underground mine, which is approximately 2 km north of the Fimiston Open Pit (Figure 4-1). Ore is transported from the Fimiston (Super) pit via haul trucks and stockpiled at the Run-of-Mine pad (ROM pad), where it is crushed and then treated at the Fimiston processing plant using flotation and conventional carbon-in-leach (CIL) circuits, which includes a semi-autogenous grind (SAG) mill and ball mills. A sulphide concentrate, produced as one of the CIL streams, is transferred 17 km north of Kalgoorlie–Boulder to the Gidji Plant for further processing using ultrafine grind mills (UFG). Marginal and low-grade ores are selectively stockpiled to allow for processing after mining has ceased. The majority of waste rock from The Super Pit is placed in waste rock dumps (WRDs) to the east, north and south of the open pit. These waste rock dumps will remain in situ after closure and will be the most visible features of the post-mining landscape from Kalgoorlie–Boulder. Tailings from the Fimiston Plant are pumped to three tailings storage facilities (TSFs); Fimiston I, Fimiston II, and Kaltails, which are located to the north, east, and south of the WRDs respectively. Tailings from the Gidji Plant are disposed of in the Gidji TSFs to the north of the plant.

Ore from the Mt Charlotte underground mine is transported directly to the ROM at the Fimiston plant via the Sam Pearce decline located within The Super Pit's northeastern wall. Waste rock produced during mining at Mt Charlotte is used to backfill underground voids. Small volumes of waste rock from the Open Pit are crushed at Fimiston before being conveyed to the 'Glory Hole' Pit to be used for backfilling of underground stopes at Mt Charlotte.



**Figure 4-1: Kalgoorlie Operations overview**

Source: Modified Saracen Management Information

## 4.2 Permitting and compliance

Mining and mineral processing activities at the Kalgoorlie Operations are regulated under a variety of statutory instruments, including:

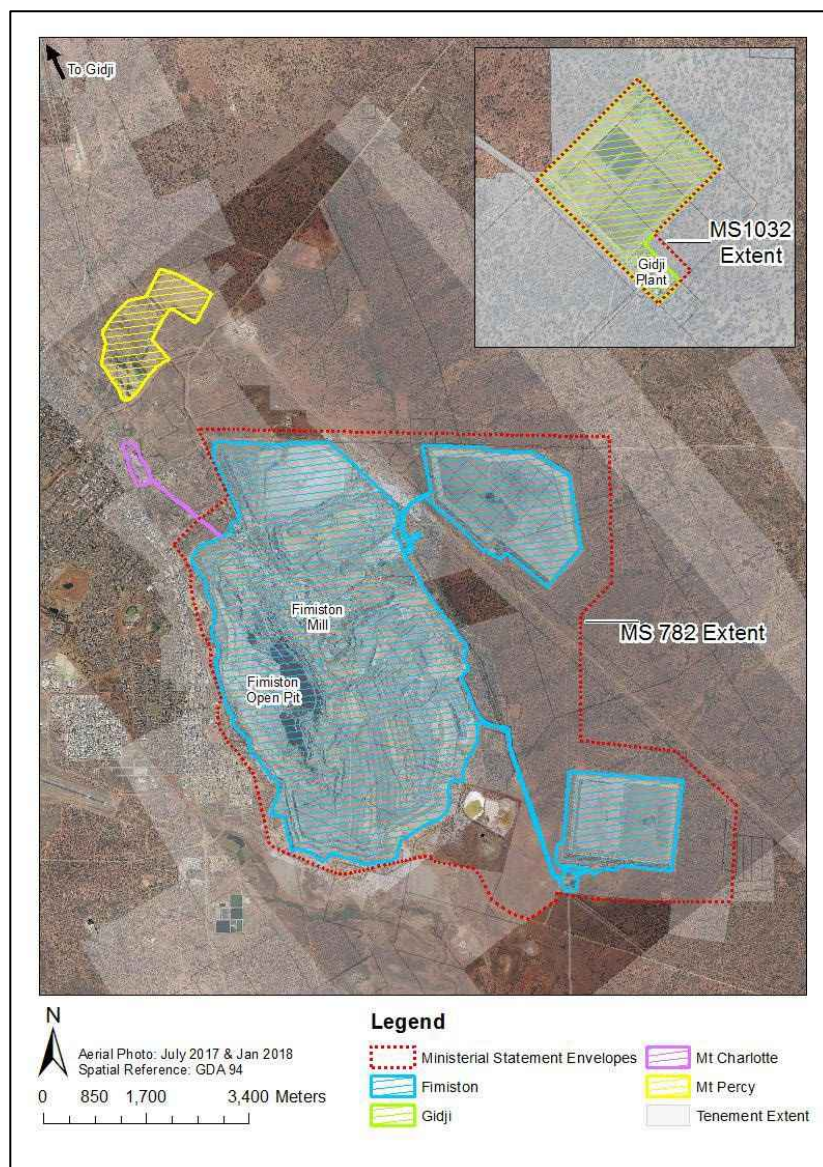
- Ministerial Statements 1032 (formerly 28 and 77) and 782 (formerly 188) issued under Part IV of the *Environmental Protection Act 1986* (EP Act) (Figure 4-2)
- A works approval (W5532) and two prescribed premises licences (L5946 and L6420) issued under Part V of the EP Act

- Mining proposals and associated mine closure plans approved under the *Mining Act 1978*
- Water abstraction (5C) licences
- Section 18 permits under the *Aboriginal Heritage Act 1972*, where mining or exploration activities impinge on Aboriginal heritage sites.

Implementation of mining activities within the Kalgoorlie Operations area is generally exempt from the requirement to obtain native vegetation clearing permits under Part V of the *Environmental Protection Act 1986*, as the potential impacts of vegetation clearing have instead been assessed through the EPA process (Part IV of the EP Act). Where contaminated sites have been identified, they are regulated under the *Contaminated Sites Act 2003*.

SRK has found no evidence that any mining activity for the Kalgoorlie Operations has been referred to the Commonwealth for assessment or permitting under the federal *Environment Protection and Biodiversity Conservation Act 1999*.

Figure 4-2 presents an overview of the development areas administered under Ministerial Statements at the Kalgoorlie Operations.



**Figure 4-2: Development envelopes for areas administered under Ministerial Statements**

Source: Saracen Management Information

**Table 4-2: Kalgoorlie Operations – approved Mining Proposals**

Registration ID	Registration Title	Date approved
85706	KCGM Mining Proposal - Mt Charlotte Underground Exploration	10 March 2020
79967	Complete KCGM Mining Proposal Addendum - Minor Project Modifications - REG ID 18614 and 69903_Rev a - J00102	24 May 2019
77004	KCGM Mining Proposal - Kaltails TSF Height Increase	16 January 2019
75568	Complete KCGM Mining Proposal - TSF Closure Implementation Project_Rev a	1 October 2018
70616	KCGM Fimiston Open Pit - 33kV Power Line Infrastructure Mining Proposal	12 December 2017
69903	KCGM Mining Proposal - Dewatering Infrastructure and Updated WRD Design	3 November 2017
53099	KCGM Hidden Secret Project EPA Section 38 Referral and DMP Mining Proposal	23 April 2015
29230	MP - KCGM - Gidji TSF Extension	19 April 2011
28982	MP - KCGM - Gidji Geo Investigation and monitoring bore installation - Golden Mile Project	4 February 2011
19075	Golden Mile/KCGM - Fimiston li TSF: Proposed Increase Storage	4 September 2007
18614	Golden Mile / KCGM: Effluent Pipeline M26/311 M26/95	26 May 2006
18608	Golden Mile/KCGM: Partial Realignment Noise Bund Loopline Railway Access	4 September 2006
18484	Golden Mile/KCGM Mt Charlotte: Pipeline-Realignment M26/261 131	16 September 2005
18480	Golden Mile / KCGM: Saline Water Modify L26/81 M26/365 378 86	16 September 2005
18400	Golden Mile / KCGM: Saline Water System Modification M26/95	6 July 2005
18377	Golden Mile / KCGM /Mt Charlotte Dewatering Pipeline	31 May 2005
18276	Golden Mile / KCGM/South Central Waste Rock Dump Extension	21 June 2005
17967	Golden Mile / KCGM / Noise Bund Waste Dump Extension	4 August 2004
17819	Golden Mile / KCGM / Addendum to Increase Fimiston TSF Capacity	7 July 2005
17628	Golden Mile: KCGM Lookout Road	15 April 2003
17627	Golden Mile: KCGM Noise Bund Extension	15 April 2003
17590	Golden Mil : KCGM Security Fence Relocation	24 February 2003
17362	Golden Mile: KCGM Bulong Rd Access	21 May 2002
16805	Mt Percy Operations: KCGM: M26/60; 61; 261; 53 and L26	10 March 1994
16721	KCGM Fimiston Croesus Rehabilitation Project	2 June 2000
16692	Golden Mile: KCGM Glory Hole Backfill	17 March 2000
16468	Golden Mile: KCGM Decant No 3 Overflow Pond	5 November 1999
15979	Golden Mile: KCGM: Poolwall Operations	16 September 1997
15790	Golden Mile: KCGM: Poolwall Trial	23 January 1997
15784	Golden Mile: KCGM Mt Charlotte Decline	5 February 1997
15757	Golden Mile: KCGM: Gidji Roaster Seepage Recovery	26 November 1996
15673	Golden Mil : KCGM Fimiston Topsoil Strip	24 September 1996
15627	Golden Mile: KCGM Powerline Maintenance M26/383	17 June 1996
15456	Golden Mile KCGM Seepage Recovery Trench P26/1832	30 November 1995

Registration ID	Registration Title	Date approved
15435	KCGM: Eastern Borefield Development	18 October 1995
14954	Golden Mile: KCGM: Oxide Waste Dump	15 February 1994
14409	Golden Mile: KCGM: Environ (Sound) Barrier	10 July 1992
14405	Golden Mile: KCGM: Sitewide Water Rationalization Addendum	25 May 1992
14293	Golden Mile: KCGM: Water Supply Rationalization; M26/61	5 February 1992
14284	Golden Mile: KCGM: Mt Percy Tailings Water Return Dam M26/61	16 December 1991
14230	Golden Mile: KCGM: Pipeline Fimiston To Mt Percy	5 September 1991
14183	Golden Mile: KCGM: Croesus Tailings Dam M26:167	11 June 1991
13759	Golden Mile: KCGM: Tails Dam Extension	7 February 1989

### 4.3 Native title

The Kalgoorlie Operations lie within two overlapping native title claim areas:

- Maduwongga claim (Federal Court number: WAD186/2017, WC2017/001)
- Marlinyu Ghoorlie claim (Federal Court number: WAD647/2017, WC2017/007).

Neither claim has yet been determined. Native title not been extinguished in the Kalgoorlie Operations areas.

No Indigenous Land Use Agreements (ILUAs) have been established over the Kalgoorlie Operations mining and prospecting areas. No land use agreements are mentioned in the KCGM Legal and other Obligations Register appended to the most recent KCGM mine closure plan.

### 4.4 History

The tenure covered by the Kalgoorlie Operations has a long history of mining and exploration. European settlement of Kalgoorlie began in June 1893 when alluvial gold was discovered by Irish prospectors Paddy Hannan, Dan Shea and Tom Flanagan in the Mt Charlotte and Fimiston area. Three months later, on 30 August 1893, William Brookman and Samuel Pearce registered the Great Boulder Lease on behalf of a South Australian syndicate. This lease covered an area now encapsulated by The Super Pit. These discoveries sparked the start of Kalgoorlie's gold rush. By the late 1890s the alluvial gold deposits had been largely worked out but deep gold reefs had been discovered at Boulder, igniting an intense period of investment and the opening up of underground gold mines on leases at Ivanhoe, Great Boulder, Golden Horseshoe, Chaffers, Hannan's Star and Boulder Main Reef. These mines became colloquially known as the Golden Mile at that time. The Mt Charlotte Mine lies 3 km from The Super Pit at the northern end of the Golden Mile, but it is not part of the reef associated with the Golden Mile.

The area was mined intermittently over the next half century and by 1945 several small-scale underground operations had reached an average depth of 215 m. In 1954, geologists defined the large, low grade orebody which was later to become the Mt Charlotte underground mine. Large-scale underground mining began in 1963 when Gold Mines of Kalgoorlie (GMK) employed the modern, mechanised 'cut and fill' method. In 1964, the underground workings were linked to the Glory Hole, a 30 m-deep open pit at the top end of Hannan Street, which had been mined in the early 1900s. Large-scale operations commenced in 1962. Operations at Mt Charlotte initially centred on the Reward Shaft and the Man & Supply Shaft (decommissioned). The Cassidy Shaft and associated headframe was developed in the early 1980s to access deep ore, with the Cassidy headframe still currently in place. Additionally, open pit mining was introduced to areas of old gold production including the Golden Mile on the back of a rising gold price.

In the early 1980s, the consolidation of many closely spaced mines commenced, and the Golden Mile began transitioning towards a major open pit operation (Kalgoorlie Super Pit). By the mid-1980s, all open pit and underground mining operations in Kalgoorlie–Boulder, from Mt Percy and Mt Charlotte at the northern end to Chaffers at the southern end, were effectively controlled by two companies (GMK and Homestake Gold). GMK and Homestake Gold formed a Joint Venture on 29 March 1989 that was managed by Kalgoorlie Consolidated Gold Mines Pty Ltd (KCGM). Since 1989, KCGM has undergone several ownership changes.

In August 1991, the Super Pit mill expansion was completed, increasing the capacity of the Fimiston mill from 2 Mt/a to 4 Mt/a. This was followed by the closure of the last shaft at Fimiston, the Mt Percy open pit and the Paringa mill in 1992.

In 1995, Gold Mines of Kalgoorlie (GMK) commenced legal action against Homestake regarding its rights to gold output from the Super Pit mine. In its writ to the Supreme Court of Western Australia, GMK claimed that, under a prior agreement, it was entitled to more than its 50% equity share of the gold produced from a specific area of the Super Pit. In June 1996, the dispute was settled with GMK and Homestake sharing the gold production equally thereafter.

In 1997, KCGM commissioned the Sam Pearce Decline linking Mount Charlotte underground mine to the Fimiston Open Pit. In mid-1997, the Mt Percy and Croesus treatment plants closed, and the mine was evacuated as a precautionary measure after two earth tremors impacted the area within a minute of each other. Damage at Mt Charlotte was restricted to rockfalls and floor heave at the intersection of development drives and major fault structure. There was no failure in either the pit or the decline.

In 1998, KCGM implemented a revised mining plan at Mt Charlotte and announced plans to transition to owner-mining, which was successfully implemented in October 1999. Also in 1999, the Cassidy Shaft ceased transportation of underground ore.

In 2000, the Gidji processing plant purchased its first IsaMill Ultra Fine Grinding (UFG) mill, which was commissioned in early 2001.

In 2001, Homestake merged with Barrick Gold Corporation and plans to realign the Eastern Bypass Road were approved by the City of Kalgoorlie–Boulder.

In 2002, Normandy merged with Newmont Mining Corporation and work commenced on the Eastern Bypass Road Realignment, with the alignment completed in 2003.

In 2004, mining started on the Trafalgar Cutback.

In 2005, KCGM released a concept plan outlining its vision for the remaining open pit life to 2017. In 2006, a Public Environmental Review including the Golden Pike Cutback to extend mine life of 2017 was presented.

In October 2007, Western Australia's EPA granted approval for the proposed stage-three extension of the Super Pit, consisting of a cutback along the western edge of the pit. Additional waste rock produced from the expansion would be accommodated in two new waste rock dumps north of the pit and west of the Fimiston tailings dam. KCGM proposed recommissioning the historical Kaltails tailings dam, and raising its height from 25 m to 45 m to accommodate the additional tailings resulting from the treatment of extra ore.

In January 2009, Barrick and Newmont received environmental approval for an expansion to the Super Pit at Kalgoorlie Consolidated. The proposed expansion consisted of a deepening of the pit to 600 m, and the construction of waste dumps capable of a 140 Mt/a intake. The expansion was expected to extend mine life by 10 years and create 1,000 new jobs.

In 2010, mining started on the Golden Pike Cutback. On 20 April 2010, the Kalgoorlie Operations experienced an earthquake measuring 5.2 on the Richter Scale resulting in a short-lived suspension of mining activities.

In 2011, the central corridor exploration program started between Fimiston and Mt Percy. The Kaltails TSF was recommissioned to increase the storage capacity required for the Fimiston processing plant.

In 2012, the second (Gidji II) tailings storage facility opened.

In 2014, KCGM celebrated 25 years of operations and a revised life-of-mine plan was announced with processing to 2029. The roasters at Gidji processing plant were decommissioned. The Hidden Secret Underground Project was announced with potential to extend Mt Charlotte by two years to around 2018.

In 2017, KCGM poured its 20 millionth ounce of gold.

As of July 2019, the current KCGM Life-of-Mine Plan envisages gold processing until around 2034. Mt Charlotte underground mining will finish around 2024 and Fimiston Open Pit mining will conclude around 2026.

In November 2019, Saracen purchased Barrick's 50% stake in KCGM and in January 2020 Newmont Goldcorp sold its 50% share of the operations to Northern Star Resources Limited.

## 4.5 Royalties

State royalties are distributed to the Western Australian Government at the rate of 2.5% of the royalty value of any gold produced from the Project. This rate is the ad valorem rate that applies to gold metal as defined under the Mining Regulations 1981. Additional private royalties are payable on certain tenements. These private royalties amount to approximately 2% of revenue from gold

## 4.6 Site inspection

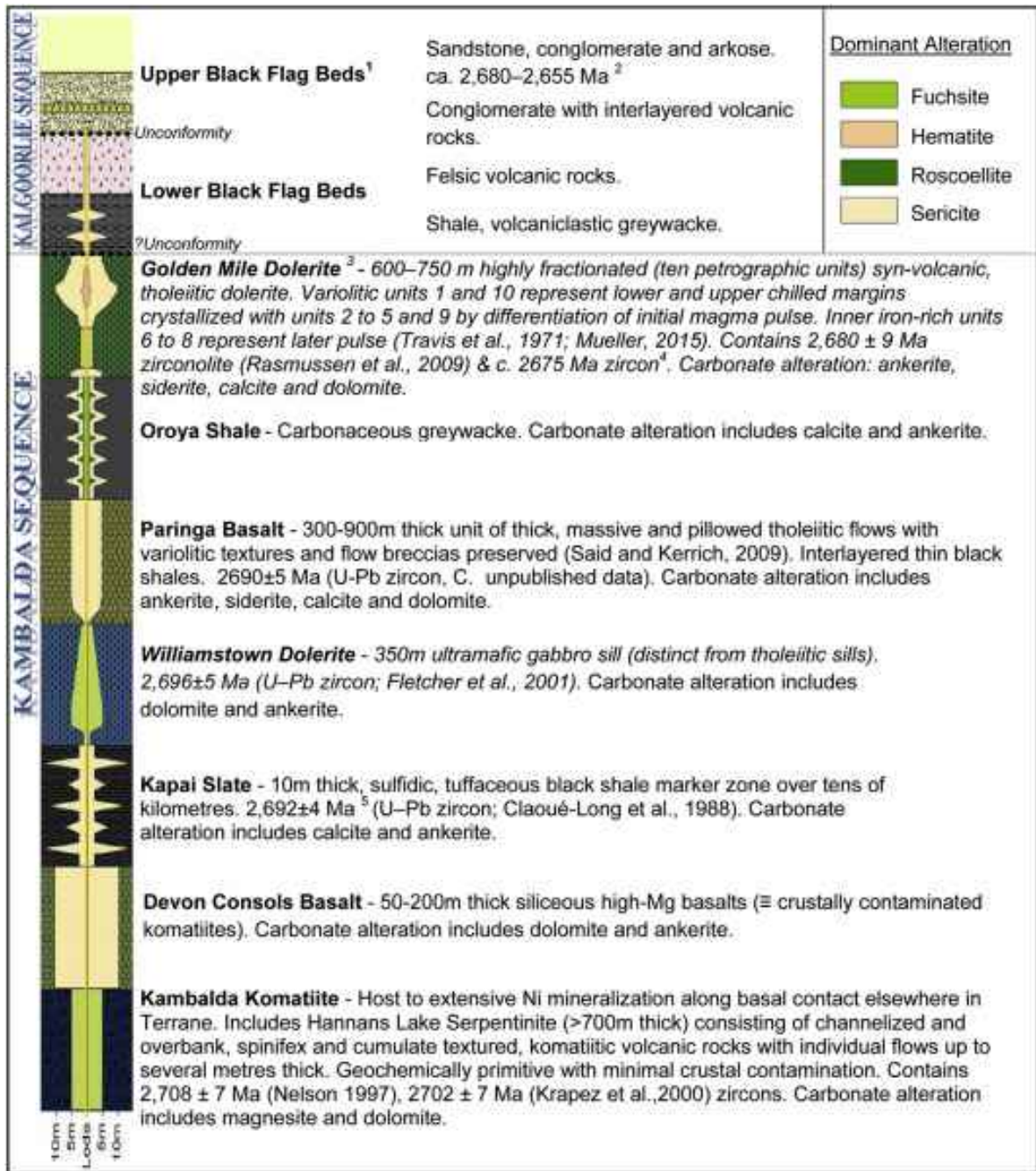
In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection was made to the Kalgoorlie Operations by SRK representatives Ms Karen Lloyd and Mr Simon Walsh on 27 October 2020. The site inspection included a meeting with key site personnel to discuss the operating performance and the key risks and opportunities and a site tour.

## 4.7 Local geology and mineralisation styles

The regional geological context is given in Section 3 of this Report. The Kalgoorlie Goldfield is hosted in a thrust and folded sequence of rocks that are dissected and offset by the regionally north-northwest-trending Boulder Lefroy–Golden Mile Fault zone, which can be traced over a 100 km strike length. This structure cuts the north-northwest to north-south-trending Kalgoorlie Anticline-Syncline pair (Figure 4-1). The regional-scale Boomerang Anticline is located approximately 10 km north-northwest of the Golden Mile deposit and refolds both the Kalgoorlie Syncline-Anticline pair and the Golden Mile Fault.







**Figure 4-4: Host rock sequence to the Kalgoorlie gold deposits**

Source: Vielreicher et al., 2016.

The oxidation depth varies from 0 to 90 m but averages 40 m. A gold enrichment zone exists at the base of the saprolite and is followed typically by a zone of depletion through the partially oxidised rock, though the goldfield is characterised by two dominant mineralisation styles, Fimiston-style lodes (FSL) and Charlotte-style lodes (CSL).

**Fimiston-style lodes**

Formed between 250°C and 350°C and 100 MPa to 200 MPa, the FSL are controlled by brittle ductile fault zones. The subsidiary fault zone and vein networks of the FSL include breccias and open-cavity-infill textures and hydrothermally altered wall rock. The FSL lodes were formed early in the geological history of the area, prior to regional upright folding but have subsequently been faulted and dissected. The FSL have alteration haloes comprising a progression toward the lode of diminishing chlorite, an

increase in sericite and in iron content of carbonates. FSL contain siderite, pyrite, native gold, 17 different telluride minerals (Au–Ag tellurides contain approximately 25% of the total gold in the FSL), tourmaline, haematite, sericite and vanadium-rich muscovite.

Within the Golden Mile, FSL are divided into the Eastern and Western Lode Domains. The Eastern Lode Domain is represented by multiple smaller lodes segmented by numerous steep reverse faults, while the Western Lode is more laterally and vertically continuous with less complexity and better definition. These two domains are separated by the Golden Mile Fault and broadly coincide with the eastern and western limbs of the Kalgoorlie Syncline. FSL predominantly comprise zones characterised by brecciation and fracture fill, as well as complex arrays of ductile to brittle stringer-, vein- and breccia-lodes.

Four principal orientations are evident in both the Eastern and Western Lode Domains:

1. Main (320°/90–85°SW), parallel to the Golden Mile Fault
2. Caunter (280–300°/75°SSW)
3. Cross Lodes (220–230°/65–80°SE)
4. Easterly (160°/70–90°ENE).

The Main and Caunter lodes are the dominant sets in both the Eastern and Western Lode Domains. Individual lodes are generally narrow (less than 2 m thickness), but are vertically and laterally extensive, up to 2 km long by 1.3 km in vertical extent. This vertical continuity has been traced to a depth of at least 1.8 km. In both the Eastern and Western Lode Domains, the lodes form a downward tapering array, which is sub-vertical in the Western and steeply west-dipping in the Eastern Lode Domains (Gauthier et al., 2005).

The distribution of alteration is strongly influenced by both structure and lithology. The FSL are characterised by pyrite veinlets and disseminations, fine-grained quartz-sericite-sulphide-telluride bearing quartz-carbonate veinlets, crackle- and cockade-breccias, banded chalcedonic quartz-carbonate veins, and stringer zones that grade into lenses of microbreccia and cataclasite (Vielreicher et al, 2016). Sericite, carbonate and pyrite-dominated alteration forms an inner proximal gold-bearing, pyrite-sericite zone with ankerite ±siderite, surrounded by an ankerite and siderite zone that extends for over 100 m outwards, and is enveloped by an outer 1 km wide chlorite-calcite ±ankerite assemblage.

Gold within the FSL occurs as either inclusion-poor auriferous pyrite or as inclusions in pyrite. The gold is typically refractory, with gold grades directly related to the occurrence of fine-grained pyrite. Lesser telluride minerals, tetrahedrite-tennantite, arsenopyrite, galena and sphalerite are also evident.

FSL in the Western Lode Domain mostly occur in Units 7 to 10, but primarily the steeply west-dipping Unit 9 of the GMD, close to but bounded by the Black Flag Group to the east and by Unit 8 to the west. They form a sub-vertical network over 1.6 km in strike length and up to 1.1 km in vertical extent.

Gold in the Eastern Lode Domain occurs across Units 1 to 9. The lodes of the Eastern Lode Domain extend over a 3 km strike length with associated alteration and gold mineralisation that persists for a further 10 km to the north-northwest. Lodes within this domain have a pronounced narrowing downwards, ranging from 500 to 600 m in width within the GMD, to 200 to 300 m wide in the underlying Paringa Basalt. The lodes are steeply west-dipping, with economic grades generally restricted to the GMD, rarely persisting for more than 50 to 100 m below in the Paringa Basalt (Woodall, 1965).

FSL are also present within the Mount Charlotte mining area. These lodes are more siliceous and silver-rich than those in the Golden Mile deposit and commonly contain white laminated quartz veins and grey silica-pyrite bands, and economic gold-pyrite ±telluride mineralisation is typically developed over 0.5 to 2 m widths.

## Charlotte-style lodes

Formed between 120°C and 440°C and 150 MPa to 250 MPa, the CSL are controlled by a sheeted vein stockwork complex of north-dipping quartz veins and hydrothermally altered wall rock. The CSL veins consist of quartz carbonate with minor scheelite, and wall-rock alteration comprising chlorite destruction and growth of ferroan carbonate, sericite, pyrite and native gold. The CSL were formed after a period of overprinting of the FSL by magmatic fluids associated with deep granites. The subsequent veining resulted from ascending fluids, which reacted with black shale units containing syngedimentary pyrite. Individual veins vary between a few millimetres and several metres in thickness, contain multiple generations of crosscutting quartz and are preferentially developed in competent rockmass such as Units 8 (also Units 7 and 9) of the GMD and also within feldspar porphyry dykes (Gauthier et al, 2005). The vein network at Mount Charlotte covers an area measuring 250 m by 75 m, and vertical extent of >1,000 m. The orebody strikes northwest–southeast and is terminated and offset by the north-south-striking Charlotte, Reward and Maritana faults and related intervening structures (Mueller, 2017). Gold in the CSL is generally free milling and associated with pyrite, pyrrhotite, telluride minerals, ankerite, sericite and quartz, predominantly found at vein contacts or in pyritic haloes.

## 4.8 Mineral Resource estimates

The current Mineral Resource estimate for the Kalgoorlie Operations was reported to the Australian Securities Exchange (ASX) under a joint Northern Star and Saracen announcement dated 18 August 2020. The Mineral Resource estimate was reported as at 30 June 2020.

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) with respect to the Mineral Resource estimate. The named Competent Person taking responsibility for the Mineral Resource estimate is Emma Murray-Hayden, who is a full-time employee of KCGM. In SRK's opinion, the Mineral Resource estimates reported for the Kalgoorlie Operations are acceptable as a reasonable representation of global grades and tonnages and have been prepared to a sufficient quality standard under the guidelines set out in the JORC Code (2012). The current Mineral Resource estimate is summarised in Figure 4-5 and presented graphically in Figure 4-6. The underground Mineral Resources at the Kalgoorlie Operations comprise 21% of the total Mineral Resource gold ounces of 19 Moz gold, namely 4.1 Moz gold from 53 Mt at 2.4 g/t gold (reported at a 1.5 g/t gold cut-off for Fimiston and 1.4 g/t gold for Mt Charlotte). SRK understands that the 1.5 g/t cut-off as publicly reported was a typographical error. The open pit Mineral Resource estimate for the Kalgoorlie Operations is 15 Moz gold from 323 Mt at 1.4 g/t gold (reported at a 0.5 g/t gold cut-off).

KCGM MINERAL RESOURCES as at 30 June 2020												
100% INCLUSIVE OF RESERVE	MEASURED			INDICATED			INFERRED			TOTAL RESOURCES		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
<b>FIMISTON</b>												
Open Pit												
Croesus	-	-	-	5,400	2.1	370	18	1.3	1	5,400	2.1	370
Oroya Brownhill	-	-	-	16,000	1.6	830	1,800	1.5	89	18,000	1.6	920
Golden Pike	-	-	-	62,000	1.9	3,800	13,000	1.9	800	75,000	1.9	4,600
Fimiston South	-	-	-	74,000	2.0	4,700	28,000	1.6	1,400	100,000	1.9	6,100
Sub-Total Surface	-	-	-	160,000	1.9	9,700	42,000	1.6	2,200	200,000	1.9	12,000
Underground	-	-	-	-	-	-	25,000	2.8	2,200	25,000	2.8	2,200
Stockpiles - Marginal	25,000	1.0	820	-	-	-	-	-	-	25,000	1.0	820
Stockpiles - Sub-Grade	100,000	0.7	2,200	-	-	-	-	-	-	100,000	0.7	2,200
Sub-Total Fimiston	130,000	0.7	3,100	160,000	1.9	9,700	67,000	2.1	4,500	350,000	1.5	17,000
<b>MT CHARLOTTE</b>												
Underground	-	-	-	21,000	2.0	1,300	7,200	2.4	550	28,000	2.1	1,900
Stockpiles	-	-	-	-	-	-	-	-	-	-	-	-
Sub-Total Mt Charlotte	-	-	-	21,000	2.0	1,300	7,200	2.4	550	28,000	2.1	1,900
<b>KCGM TOTAL</b>	<b>130,000</b>	<b>0.7</b>	<b>3,100</b>	<b>180,000</b>	<b>1.9</b>	<b>11,000</b>	<b>74,000</b>	<b>2.1</b>	<b>5,000</b>	<b>380,000</b>	<b>1.6</b>	<b>19,000</b>

**Note:**  
 1. Mineral Resources are inclusive of Ore Reserves.  
 2. Mineral Resources are reported at A\$2,250/oz Au  
 3. Rounding may result in apparent summation differences between tonnes, grade and contained metal content.

**Competent Persons:**  
 1. Emma Murray-Hayden

Figure 4-5: Kalgoorlie Operations – Mineral Resources as at 30 June 2020

Source: Saracen ASX Press Release 18 August 2020

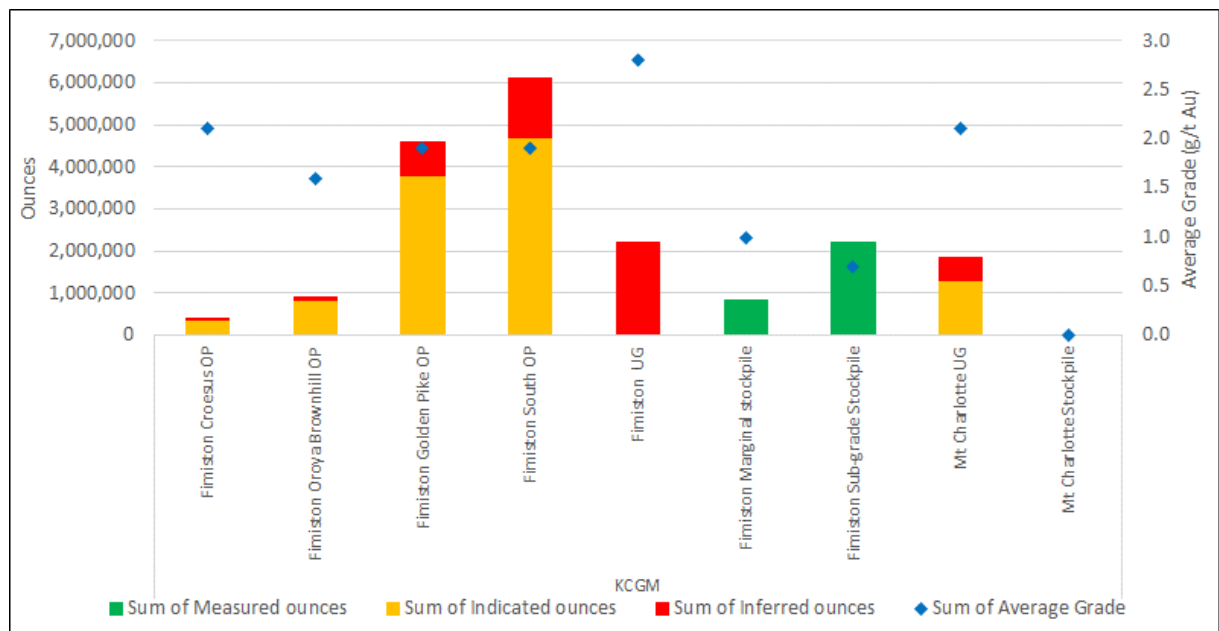


Figure 4-6: Kalgoorlie Operations – Mineral Resources graphical summary

Source: KCGM Management Information

### 4.8.1 Data collection

KCGM’s databases supporting ongoing mining operations at the Fimiston (Super Pit) and Mt Charlotte operations incorporate data collected over the past 115 years by multiple operators and using a variety of data collection techniques. All data collected prior to 2019 (corresponding to Northern Star and Saracen’s involvement) is regarded by Saracen and KCGM as historical information. Only historical data with a traceable location and associated information have been adopted for Mineral Resource estimation purposes, which is a reasonable approach. Exploration data are stored in an Acquire SQL database and is subject to a variety of validation processes.

The current Mineral Resource estimate for Fimiston is informed by reverse circulation (RC) surface and in-pit resource definition and grade control drilling, as well as diamond drilling (DD) from surface and underground. DD holes were completed with PQ, HQ, NQ and BQ diameter core sizes

The current Mineral Resource estimate for Mt Charlotte is informed by RC, DD and underground face chip samples. DD holes were completed with HQ, NQ and BQ and LTK60 diameter core sizes from surface and underground positions.

Drill hole spacing varies throughout the deposits:

- Exploration drilling varies from 25 to 100 m spacings.
- Fimiston open pit drill hole spacing in the Fimiston area is 8 mE by 10 mN.
- Fimiston underground is nominally 20–50 mE by 25–60 mN in the Eastern zones, 15–50 mE by 20–60 mN in the Western zones and 12–40 m by 20–50 m in the Northern zones.
- Mt Charlotte stockwork domains use drill spacing of nominally 8–16 mE by 30–60 mN.
- Mt Charlotte lode-style domains use drill spacings from 12.5–50 mE to 12.5–50mN.

All drill holes supporting the current estimates have been geologically logged for lithology, stratigraphy, oxidation state, structure, vein form, mineralisation and alteration  $\pm$  specific gravity. Drill hole collar and face sample positions were surveyed, and DD holes were surveyed downhole.

Sampling for RC and DD drilling was carried out in accordance with KCGM's sampling and quality assurance/quality control (QA/QC) protocols. RC holes were typically sampled at 2 m intervals using a cone splitter, with mineralised zones within DD holes submitting partial core samples (typically 0.3 to 1.3 m samples of half core). Gold was typically assayed using fire assay. Samples were also collected for gold recovery testing and diamond core was subjected to water immersion testing to provide sample densities used to inform in situ bulk density estimates. Field duplicate, pulp duplicate, blank and CRM samples were inserted into sample runs in various proportions to monitor sub-sampling and gold assay quality.

While the QA/QC processes and results for each deposit's dataset are not currently well documented, SRK understands that KCGM's geology team are currently compiling the supporting documentation, with completion of this compilation expected to be completed within two months of the effective date of this Report, being 1 November 2020.

Based on its assessment of the available technical information, SRK considers the data collection systems adopted at KCGM to likely be effective and supportive of the stated Mineral Resource estimate for the KCGM deposits. KCGM has taken a reasonable approach to data collection and management.

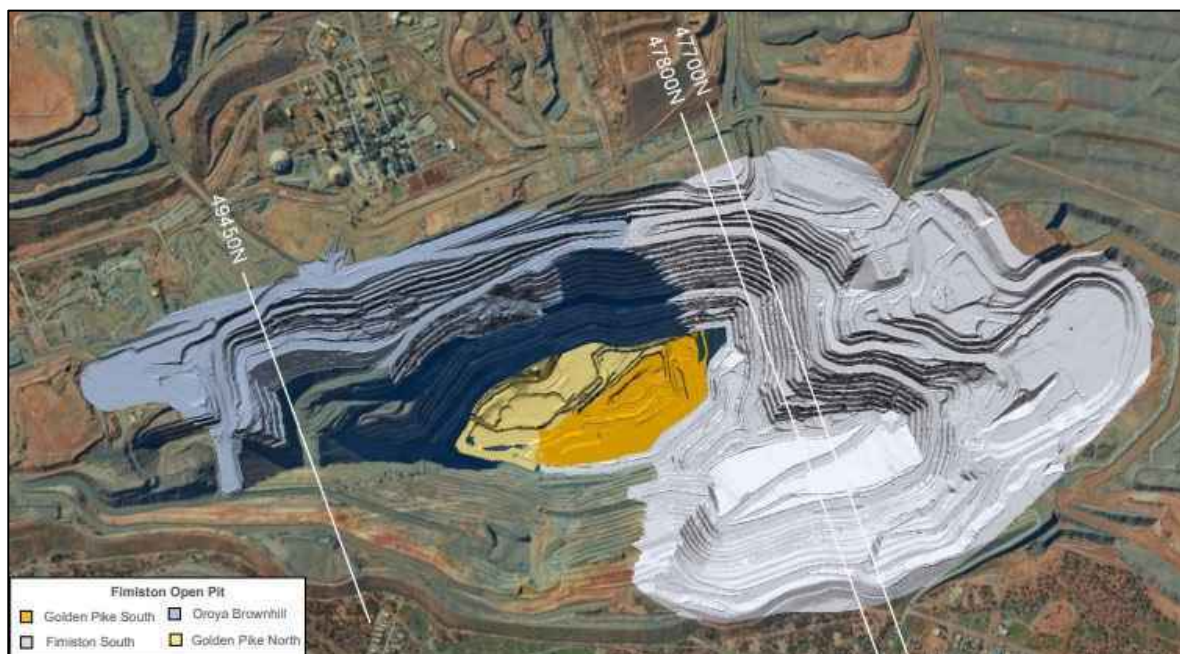
#### 4.8.2 Geological modelling

The KCGM Mineral Resources are reported with reasonable prospects for eventual economic extraction (RPEEE) using a A\$2,250/oz gold price within an optimised pit shell outline for the open pit Mineral Resources and within minable stope optimiser solids (MSOs) with a minimum 2.5 m mining width above a 1.5 g/t gold for the underground Mineral Resources at Fimiston and 1.4 g/t gold for Mt Charlotte underground Mineral Resources. The Mineral Resources are reported inclusive of Ore Reserves and are therefore the total of the Mineral Resources that support the Ore Reserves as well as Mineral Resources additional to the Ore Reserves. Mineral Resources within stockpiles make up 3 Moz gold or 16% of the total Mineral Resource at KCGM; 820 koz (4%) of this gold has been allocated to 'Marginal' grade stockpiles and the balance allocated to 'Sub-grade' stockpiles.

The local geology of the Fimiston and Mt Charlotte deposits is well understood, although only briefly documented, and the geological models consider the key geological and structural controls on mineralisation. In SRK's opinion, the geological models provide reasonable representations of the local geology and mineralised volumes, with the additional use of grade distribution to further control grade interpolation.

## Fimiston modelling

The Fimiston open pit Mineral Resource comprises the contiguous Fimiston South, Golden Pike South and North, and Oroya Brownhill deposits (Figure 4-7).



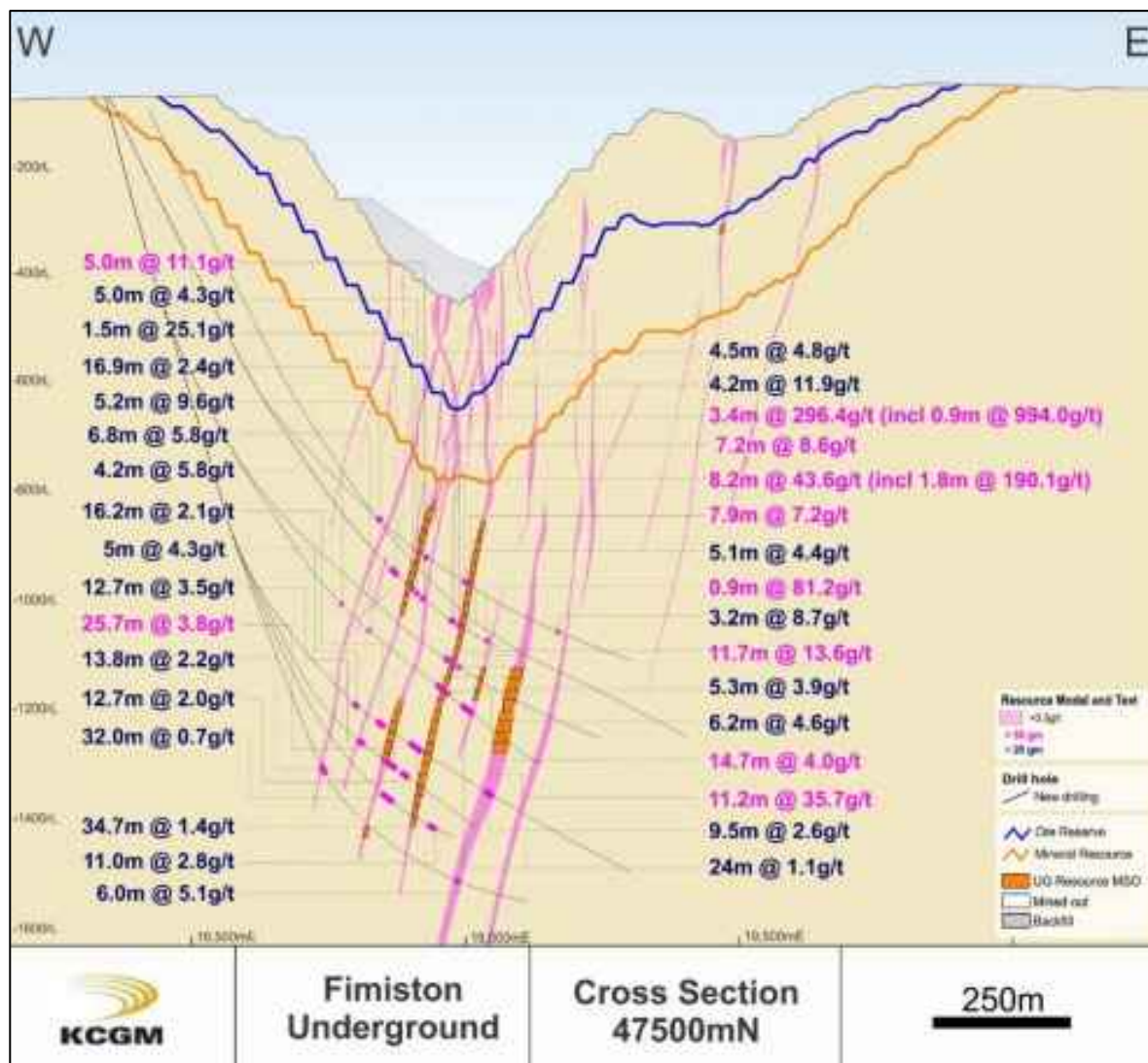
**Figure 4-7: Fimiston open pit deposits**

Source: KCGM Management Information

Note: Oblique view, not to scale.

The Mineral Resources estimation process for these and the other Fimiston deposits, namely the Croesus open pit and Fimiston underground (Fimiston Deeps, Figure 4-7), have followed a common estimation process.

Drilling completed between 2017 and 2020 was designed to test the continuity of mineralisation beneath the current Fimiston Open Pit Resource and KCGM reported an Inferred Mineral Resource estimate of 2.2 Moz contained gold in the announcement dated 18 August 2020.



**Figure 4-8: Fimiston Underground Inferred Mineral Resource – representative cross-section**

Source: KCGM Management Information

Mineralisation at the Fimiston deposits is domained based on geological continuity. Lode or domain wireframes are informed with the validated drill hole data, which are composited to 2 m lengths within each domain. Due to the complexity of the mineralisation at Fimiston, many of the lodes have mixed grade populations that are difficult to sub-domain manually into different grade ranges. Where sufficient data exist, an indicator process has been used to sub-domain the lodes into low- and high-grade sub-domains, preserving the orientations of the grade trends using dynamic anisotropy. The outer lode boundaries in the open pit areas are identified at a naturally occurring 0.5 g/t gold grade threshold, while the lodes in the underground areas are at thresholds of 1.7 g/t gold for the stockwork deposits and 3.0 g/t gold for other lodes. The open pit grade lodes include a maximum of 5 m internal dilution and the underground lodes a maximum of 2 m internal dilution. Grades are estimated into the domains and sub-domains using ordinary kriging with hard boundaries to preserve the relatively sharp naturally occurring grade boundaries. Grade top-cutting has been used to control the over-smearing of very high gold grades.

Indicated Mineral Resources are defined where the gold grade continuity is present above a 0.3 g/t gold threshold and geological continuity in grade zone alteration is consistent based on drill spacings of closer than 50 m by 50 m, and/or supported by historical underground mining, and the estimation confidence is assessed as reasonable. Inferred Mineral Resources are defined for grade domain

areas with a drill spacing of up to 90 m by 90 m, with established geological continuity in mineralised vein alteration and/or exposed by underground workings. All of the Mineral Resources for the Fimiston underground deposit are reported as Inferred Mineral Resources, given the lesser quantity of information available for this deeper resource compared to the resources in the open pit areas.

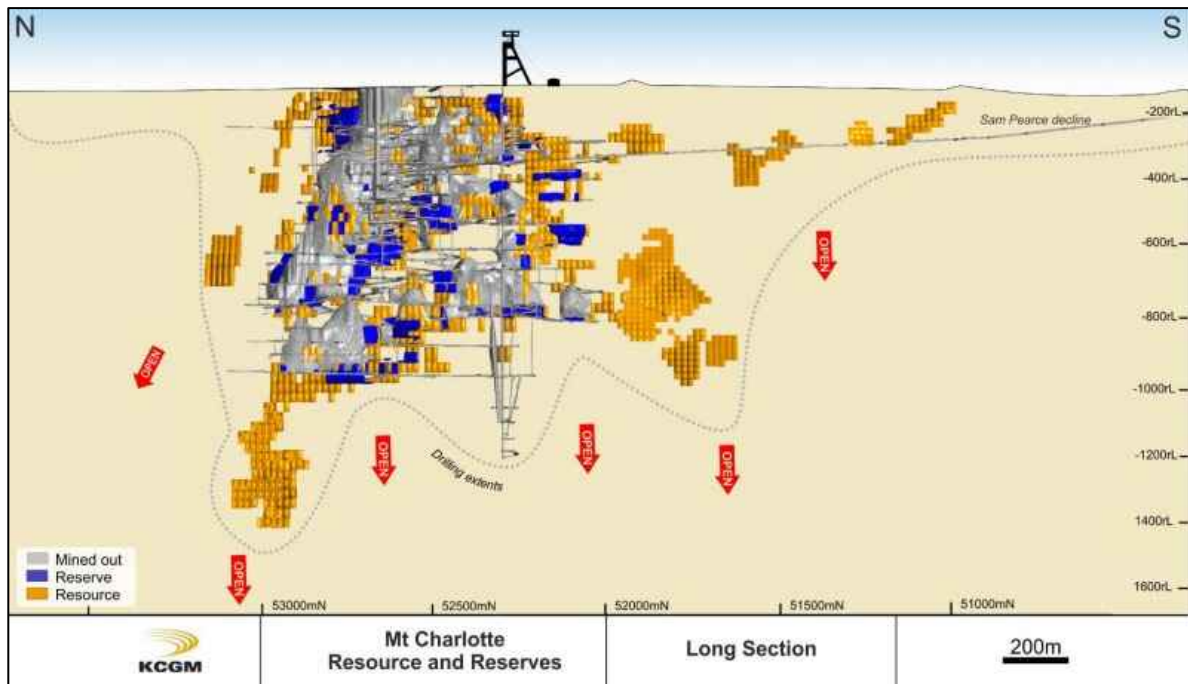
No Measured Mineral Resources are reported, and SRK considers this to be reasonable given the complex nature of the mineralisation. The Mineral Resource estimate classification confidence and accuracy is considered on a global rather than a local basis. This implies that mining reconciliation against the model estimates is expected to be reasonable over longer periods of time or volumes of mined material, for example over six-month to one-year periods rather than over weekly or even monthly periods.

SRK notes that the validation processes for the KCGM Mineral Resource estimation are not well documented; however, SRK considers the estimation method to be reasonable and this is supported in that reconciliation of the model against the as-mined mined results has been reasonable on a global basis. While the technical information supporting the reported Mineral Resources is not well documented, SRK understands that KCGM's geology team are currently compiling the supporting documentation with completion of this compilation expected to be completed within two months of the effective date of this Report, being 1 November 2020.

The drill spacing criteria for classification at Fimiston is wider than those applied for Mt Charlotte for the currently reported Mineral Resources and the criteria applied by Saracen to the classification assessment of its Mineral Resources at the Carosue Dam Operations (Section 5 of the Report) and the Thunderbox Operations (Section 6 of the Report). The application of the Saracen criteria to a revised Mineral Resource estimate is likely to improve the geological confidence.

**Mt Charlotte modelling**

The Mt Charlotte Mineral Resource is reported for the underground portions of the deposit (Figure 4-9).



**Figure 4-9: Mt Charlotte long section**

Source: KCGM Management Information



The total Mineral Resource is reported as 28 Mt at 2.1 g/t gold, resulting in 1.9 Moz of gold in the Indicated and Inferred categories (above a cut-off of 1.4 g/t gold). The Stockwork domains contribute some 1.6 Moz of the total 1.9 Moz gold contained in the Mt Charlotte Mineral Resource. There has been over 23 km of drilling completed since early 2020 and these new data are included in the current Mineral Resource.

The general modelling and domain definition approach is similar to that described above for Fimiston, although multiple indicator kriging rather than ordinary kriging was applied to estimate the gold grades for the Mt Charlotte grade domains, primarily to control the characteristics introduced by the mineralisation and multiple mixed gold grade distributions in these domains.

There are no Measured Mineral Resources defined at Mt Charlotte and to define such would likely require exposure through mining and with sample data at less than a 20 m by 20 m spacing and high confidence in the estimation outcomes. Indicated Mineral Resources are defined where drill spacings are between 20 m by 20 m to 35 m by 35 m, with reasonable estimation confidence, while Inferred Mineral Resources are defined with drill spacings of up to 80 m by 80 m.

SRK notes that the drill spacing criteria for classification at Mt Charlotte are more restrictive than those applied for Fimiston for the currently reported Mineral Resources, though they are aligned with the criteria applied by Saracen to the classification assessment of its Mineral Resources at the Carosue Dam Operations (Section 5) and the Thunderbox Operations (Section 6).

As with Fimiston, the validation processes for the Mt Charlotte Mineral Resource estimation are not well documented but SRK considers the estimation method to be reasonable and this is supported in that reconciliation of the model against the as-mined reports has been reasonable on a global basis. SRK understands that KCGM's geology team are currently compiling the supporting documentation with completion of this compilation expected to be completed within two months of the effective date of this Report, being 1 November 2020.

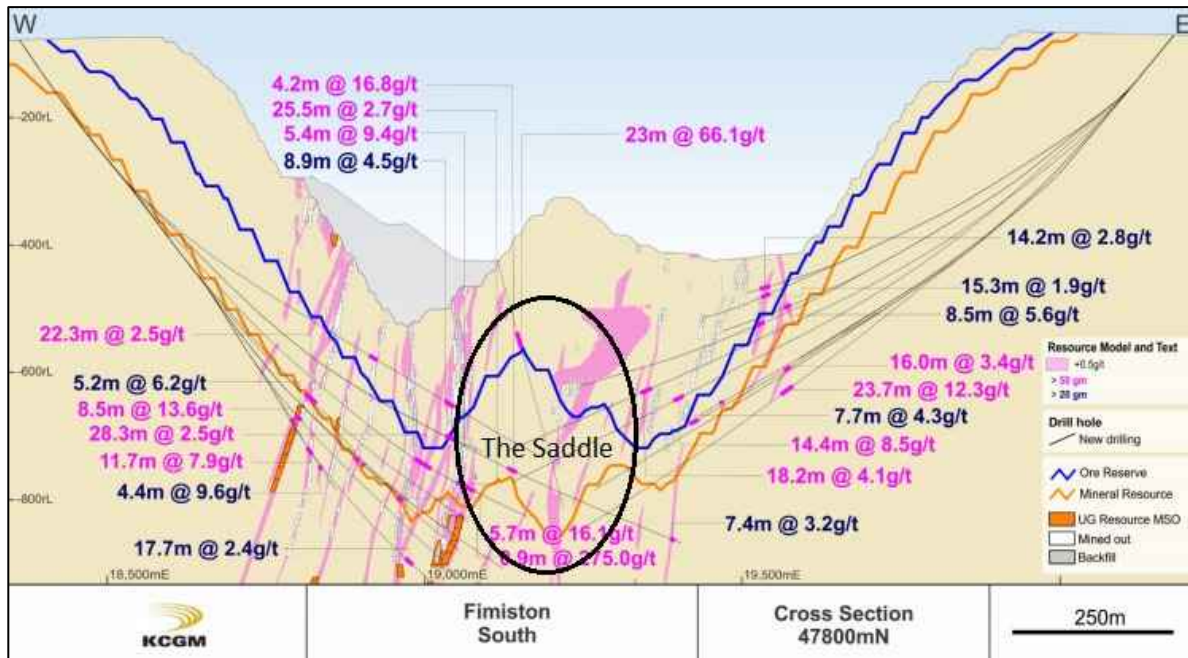
### **Stockpiles**

The Mineral Resources for KCGM, include Measured Resources for the Stockpiles. The Stockpile Mineral Resources are reported as Ore Reserves. These stockpile Mineral Resources comprise a number of physical stockpiles created from recently mined material and historical stockpiles.

#### **4.8.3 Prospectivity**

SRK notes that there are several growth opportunities for additional Mineral Resources at the Kalgoorlie Operations. The material opportunities are noted here.

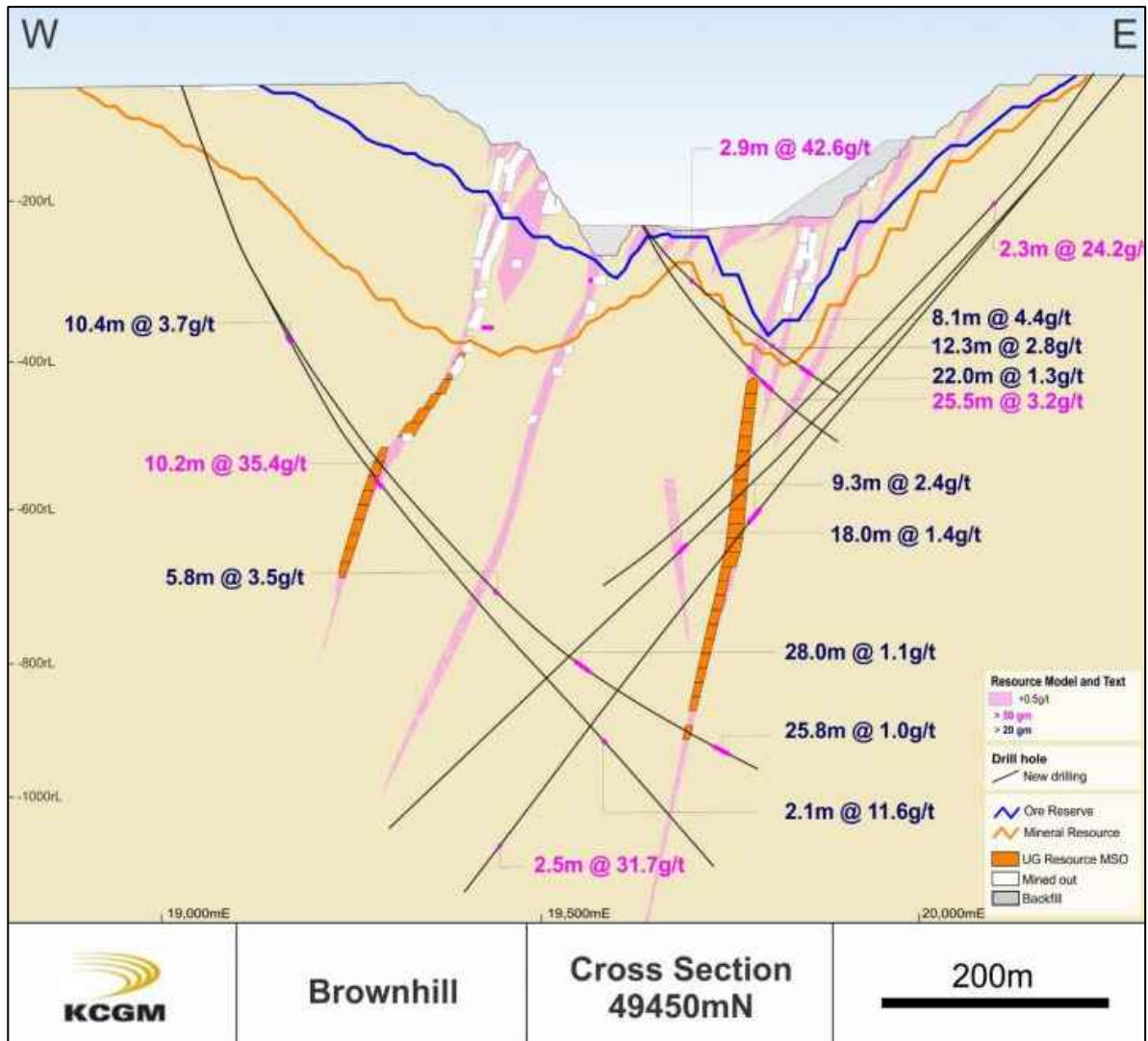
The Fimiston Saddle Area provides an opportunity to upgrade a large volume of unclassified and inferred material at the southern extent of Fimiston Open Pit southern cut-back which has been drill tested and provides an immediate growth opportunity. SRK understands that the assay results for the drilling in this area were returned after the data cut-off for the 30 June 2020 Mineral Resources



**Figure 4-10: The Saddle area**

Source: Modified from KCGM Management Information

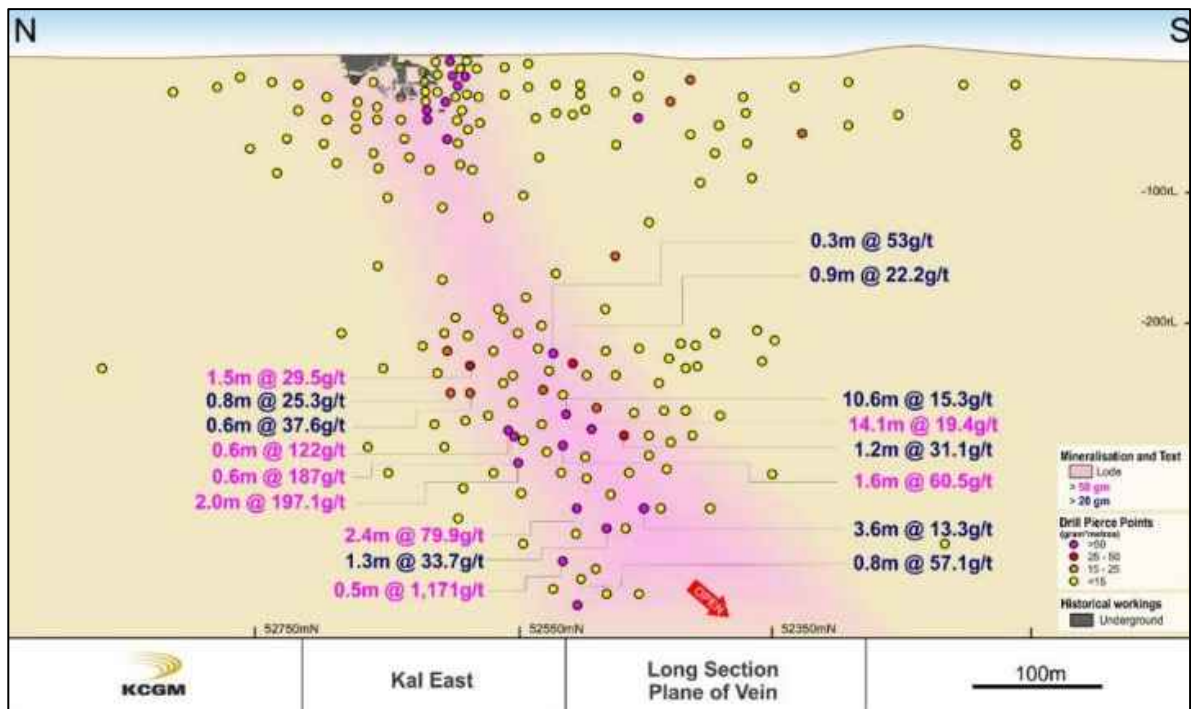
The Brownhill Area provides an opportunity to develop an underground Mineral Resource estimate for the mineralised material that has been identified through recent drilling at Brownhill. The drilling discovered several lodes that have not previously been drill-tested. SRK understands that the assay results for the drilling in this area were returned after the data cut-off for the 30 June 2020 Mineral Resource estimates. SRK understands that a total of A\$10m has been allocated to the 2021 budget to establish multiple in-pit portals and initial underground development to provide drilling platforms to allow RPEEE assessments to be undertaken with a greater degree of geological confidence as a result of additional drilling. This development will also provide additional dewatering capacity for the east wall of the Fimiston Open Pit, which experienced a geotechnical failure in May 2018 (further detail is provided in Section 4.10).



**Figure 4-11: The Brownhill area**

Source: KCGM Management Information

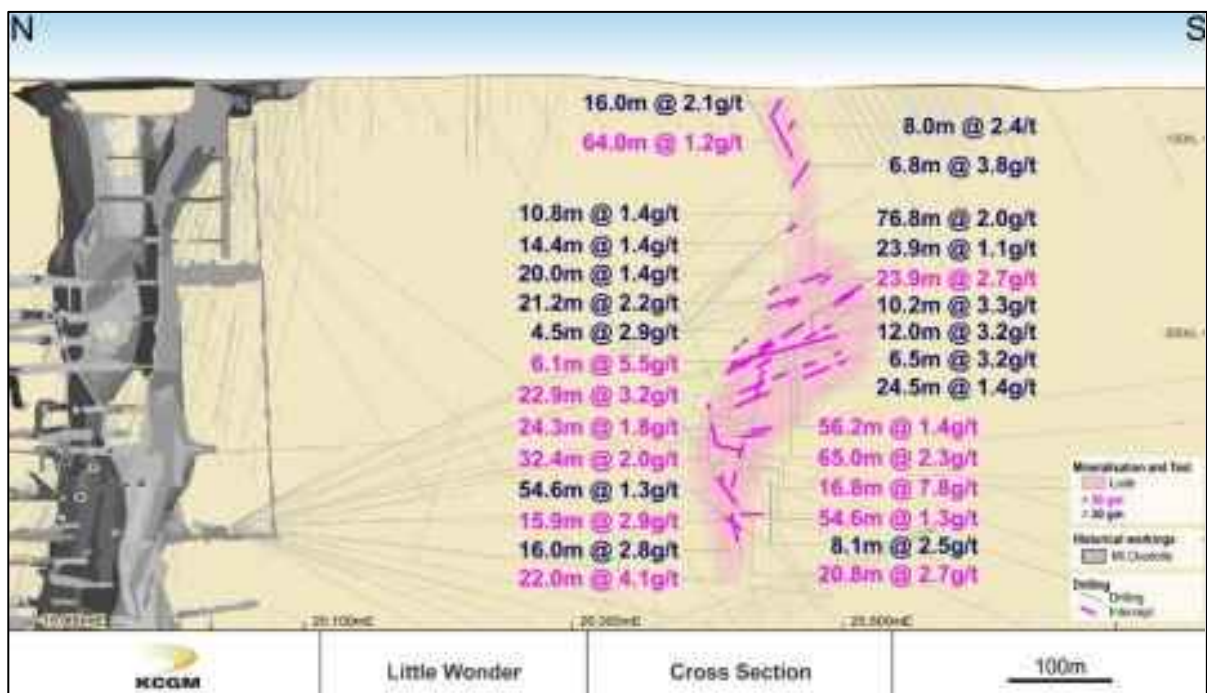
At Mt Charlotte, the Kal East lode provides a near-term growth opportunity. Located approximately 1 km to the east of the Mt Charlotte underground operation, Kal East is hosted in a discrete shear zone within the Wiliamstown Dolerite and is considered to be Fimiston-style mineralisation. SRK understands that the assay results for the drilling at Kal East were returned after the data cut-off for the 30 June 2020 Mineral Resource estimates.



**Figure 4-12: Kal East prospectivity**

Source: KCGM Management Information

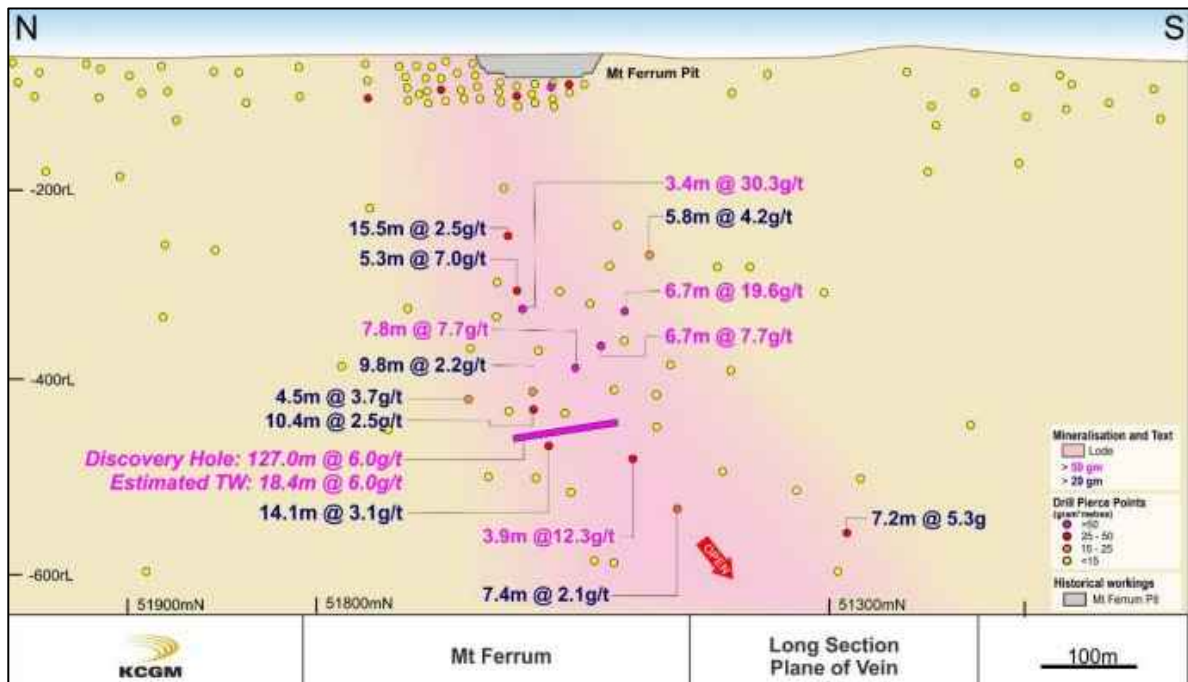
The Little Wonder lode is located approximately 500 m in the footwall of the Mt Charlotte workings. The Little Wonder lodes are relatively low grade when compared to the other Mt Charlotte lodes, though they are hosted within a large stockwork within the Devons Consols Basalt. Further work is required to test the grade and continuity of the lodes to assess their RPEEE using large bulk mining methods (Figure 4-13).



**Figure 4-13: Little Wonder prospectivity**

Source: KCGM Management Information

Recent drilling completed southeast from the Mt Charlotte workings has identified extensions to the known Fimiston-style Mt Ferrum lode, which continues down-dip beneath the historical Mt Ferrum pit. Given the relatively sparse drill coverage, additional drilling will be required prior to making an RPEEE assessment on Mt Ferrum.



**Figure 4-14: Mt Ferrum prospectivity**

Source: KCGM Management Information

## 4.9 Metallurgical testwork and processing

### 4.9.1 Processing flowsheet

KCGM has an existing (operating) ore processing facility that has successfully treated refractory gold ores from the Fimiston Open Pit and Mt Charlotte underground operation for over 30 years. The original Fimiston plant was constructed in 1989, comprising what is now known as the Mt Charlotte milling circuit (but which is not dedicated to processing Mt Charlotte underground ores alone). A large expansion in 1995 saw the addition of the Fimiston milling circuit, which brought to it broadly to its current configuration. At the time this expansion incorporated the largest SAG mill in Australia.

In 2015, the Gidji roasters were decommissioned and the processing of a gold-rich, flotation sulphide concentrate moved from roasting to ultrafine grinding (UFG). The Gidji processing site remains in operation, where the largest two of the three UFG mills are located. Various debottlenecking and expansion projects have been undertaken over the years to achieve the current production rate. This resulted in an expansive and relatively complex gold processing plant.

The processing facility operates at a production rate of approximately 13 to 13.5 Mt/a through two parallel SAG and ball milling (SABC) circuits, referred to as the Mt Charlotte and Fimiston circuits. The Mt Charlotte circuit comprises a 3-stage crushing, SAG and ball milling, gravity gold and flotation circuits. The Fimiston plant comprises single stage crushing, SAG and ball milling, gravity gold and flotation circuits. The flotation circuit is operated to optimise the concentrate sulphur and gold grade as well as mass pull.

The flotation concentrate from the two circuits is combined, deslimed through hydrocyclones and slimes flotation, filtered and trucked to the Gidji plant for further processing. The flotation tail is treated

through a low (standard) cyanide leach circuit. The solubilised gold is loaded onto activated carbon. Loaded carbon is eluted, electrowon, calcined and smelted into gold doré.

Fimiston also has an UFG mill that can be used to grind a small portion of the flotation concentrate. The ground concentrate is combined with the deslimed material and thickened prior to direct (enhanced) cyanide leaching through a separate circuit.

The Gidji plant is located approximately 20 km north of Fimiston. Here, the flotation concentrate undergoes ultrafine grinding, followed by high cyanide leaching and adsorption of soluble gold onto activated carbon. The Gidji leach circuit comprises 9 leach tanks and 9 adsorption tanks providing over 170 hours of residence time. The activated carbon, now loaded with gold, is transported back to Fimiston for elution, electrowinning, calcining and smelting of gold into doré.

Loaded carbon is treated at Fimiston via the Anglo-American Research Laboratories (AARL) process. There are two separate parallel elution circuits for treating carbon from the concentrate leach and carbon from the tailings leach circuits, in order to keep the carbon streams separate due to the varying degrees of contaminants on the two different carbon streams.

Tailings from the carbon-in-pulp (CIP) and carbon-in-leach (CIL) at the Gidji roaster and CIL 2 & 3 at Fimiston are stored in separate tailings storage facilities. A cyanide destruction plant also operates at Gidji to treat tailings return water so that it can be pumped to Fimiston in order to maintain the water balance.

Summary processing flowsheets for the Fimiston plant and the Gidji plant are shown in Figure 4-15 and Figure 4-16, respectively.

The processing circuit is designed to process a blend of feeds from the Fimiston open pit and Mt Charlotte underground ores. It is suited to processing the typical ore types historically processed in the area and is flexible to a range of throughputs and ore types. In SRK's opinion, KCGM's Fimiston and Gidji processing facilities reflect a relatively conventional and robust gold processing flowsheet, tailored to meet the specific refractory requirements of these ores, and is well demonstrated in the KCGM application. In SRK's opinion, it will remain amenable to processing the life-of-mine (LOM) feed. No alternative processing options are required to be assessed.

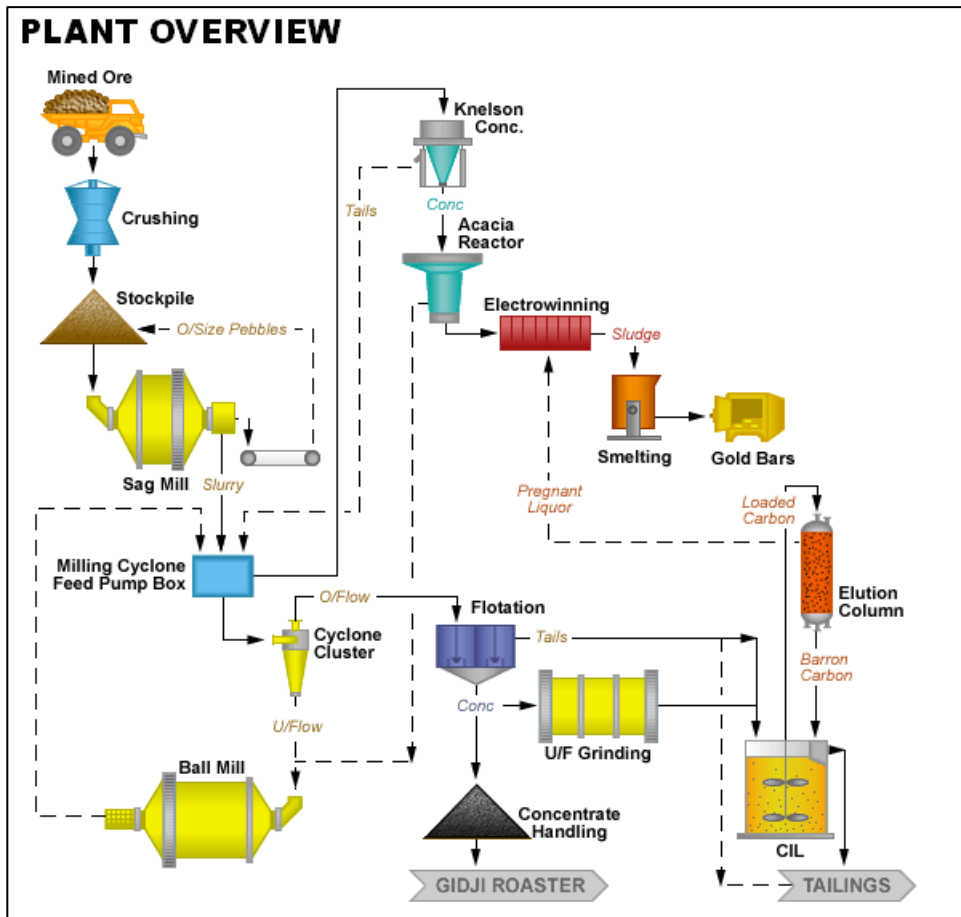


Figure 4-15: KCGM simplified Fimiston plant processing flowsheet

Source: KCGM Management Information

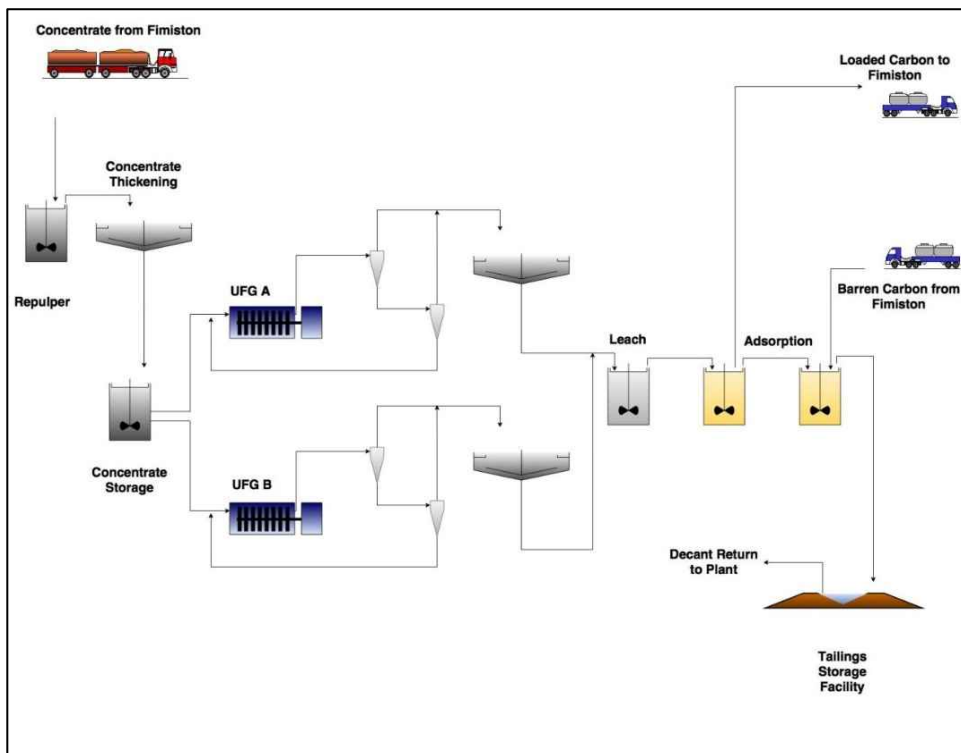


Figure 4-16: KCGM simplified Gidji plant processing flowsheet

Source: KCGM Management Information

### 4.9.1 Supporting testwork

There are extensive metallurgical data for both the Fimiston and Gidji processing facilities in relation to the processing of feed from the Super Pit and the Mt Charlotte underground operations.

In SRK's opinion, the use of historical operating data to forecast future LOM performance is superior to metallurgical testwork when processing similar feed types. The KCGM technical team has a deep understanding of the metallurgical behaviours of the current feed types.

KCGM has undertaken metallurgical testwork on extensions to existing and future ores sources such as the Fimiston South, Golden Pike and Brownhill sources. The testwork reflects the current KCGM Fimiston and Gidji metallurgical flowsheet including grind size, gravity, flotation, concentrate treatment via ultrafine grinding (UFG) and subsequent cyanide leaching conditions of the UFG product and flotation tailings. This testwork is used to verify the expected metallurgical behaviours and the amenability of the plant to the processing of these ores. SRK has assessed the relevant testwork reports and considers the level of testing and variability assessment to be extensive and sophisticated, and more expansive than programs undertaken by many of its peers.

These programs apply elaborate procedures to determine the number of representative samples needed for testing. This selection process is based on lithology, number of gold grade 'bins', tonnage in the deposit, expected competency and other variables. Additional variability testing is undertaken if necessary, to resolve any outlier results. SRK considers the efforts to de-risk the processing of future ores to be sophisticated, thorough and comprehensive.

While the testing and ore characterisation for each new domain consistently highlights inherent variability in the flotation recovery performance of different samples when using the UFG treatment route, KCGM is confident with this variability and the scale up to full plant production.

The testwork reporting provided for review has not identified metallurgical behaviour of particular concern or material to the valuation of the project. Test results consistently align with the performance of similar ore types and the mineralogies of previously processed ores, with gold recoveries within expectations. These data are used to inform blending of feeds to the plant, reagent consumption, operating costs and forecasting throughput and recovery.

Discussions between SRK and members of KCGM's technical team have indicated some outlier recovery behaviours from the latest, ongoing Fimiston South testwork program, which has not yet been reported. They may be associated with marginally elevated (but still relatively low) levels of arsenopyrite. The results are not consistent and SRK understand that further work is being undertaken to ensure the outlier results are not associated with testwork procedural errors, or other quality assurance concerns. There are a number of processing options that could be used to mitigate this recovery issue if it were required. Alternatively, the sale of a flotation concentrate remains an option, one which has been effectively used by KCGM historically.

In summary, SRK has assessed the historical operating data in conjunction with the metallurgical testwork, in respect to metallurgical recovery, throughput and reagent consumption, and considers the application of both to the KCGM LOM metallurgical inputs and modifying factors to be reasonable.

### 4.9.2 Throughput

The annual plant throughput forecast in the KCGM LOM plan has been assessed and compared against historical throughput, the best indicator when processing similar ores. The assessment has also considered the metallurgical testwork on future feed types. Given the complexities of the KCGM operation, SRK consider historical throughput to be the best indication of future performance.

A number of expansions over the years, ongoing improvement and debottlenecking projects and



general production creep, has allowed the capacity to be increased to the current capacity of between 13.0 and 13.5 Mt/a depending on the feed blend.

Throughput has been relatively consistent in the last two financial years. In 2020FY there were 12.8 Mt processed. It has been at or above this level in previous years. The throughput in 2016 was 13.0 Mt, in 2017 it was 12.8 Mt and in 2018 it was 13.2 Mt. The first quarter of the 2021FY, i.e. the September quarter, processed 3.265 Mt of ore, the equivalent to an annualised rate of 13.06 Mt/a, above the LOM forecast. The historical throughput supports the forecast LOM throughput. The forecast LOM throughput rate is approximately 12.6 Mt/a prior to throughput tapering off at the end of the mine life.

No major expansion works are forecast in the LOM Plan base case. There are various sustaining capital projects that are expected to improve throughput, availability and recoveries that provides further confidence in the forecast throughput as being one which is conservative.

In SRK's opinion, the forecast KCGM throughput assumptions used in the Model are reasonable for the purposes of the valuation and are supported by historical production data and metallurgical testwork.

### 4.9.3 Metallurgical recovery

The annual and average metallurgical recoveries forecast in the LOM Plan have been assessed and compared against historical recoveries, the best indicator of likely future recoveries when processing similar ores. The review has also considered the feed grade, metallurgical testwork on future ores, and potential recovery opportunities available.

The KCGM ores are refractory. Gold is generally present as either free gold, locked in pyrite or silicate minerals, occasionally within telluride minerals, with a minor free milling component in the oxide minerals. The ores need additional processing in order to achieve acceptable gold recoveries. This includes flotation of the sulphide (pyrite) minerals, ultrafine grinding of the flotation concentrates and enhanced cyanide leaching conditions. The overall gold recoveries of approximately 83% are relatively low compared to free milling ores but in this case is largely a function of the flotation recoveries and the leach recoveries from that concentrate.

A sophisticated gold recovery algorithm is used to forecast future gold recoveries. It uses feed sulphur grades to estimate the gold tailings grade. From this, a gold recovery can be calculated. It considers the various processing steps in the Fimiston and Gidji operation, including gravity recovery, flotation recovery, leach recovery from ultrafine grinding and leaching of the flotation tailings and slimes. The algorithm is based on operating data and is updated to reflect current production data, typically annually. It is also used for metallurgical testwork comparison purposes.

The forecast recoveries are consistent with those from recent historical production data. The overall gold recovery in 2020FY was 83.1% at a feed grade of 1.31 g/t gold. In the first quarter of the 2021FY, i.e. the September quarter, gold recovery was 83.6% from a feed grade of 1.26 g/t, which was in line with expectations. This provides further confidence of the plant's ability to meet the LOM forecast gold recovery.

The forecast LOM average gold recovery is 82.1%. In the first five years of the LOM it is lower, ranging between 82 and 83% as a result of the sulphide and gold grade but increases over the LOM as the sulphur and gold grades increase. The recovery creeps up as the tonnage of Fimiston South Stage 2 (higher grade and marginally higher recovery), increase in future years. This is partly offset by the lower marginal stockpile ore (1.03 g/t) processed at the end of the LOM for a recovery of 81.5% (it moves around a little at fixed grades because of the sulphur and gravity part of the recovery algorithm), as well as the lower recoveries associated with the subgrade stockpile ore (0.68 g/t) processed at the end of the LOM.

There is some variability in the recoveries for each ore type. There is some recovery upside if some of the Mt Charlotte oxide were to be processed at a free milling only mill but this is not the basis of the valuation, which is on an 'as is' basis.

In SRK's opinion, the forecast gold metallurgical recovery assumptions used in the KCGM LOM financial model are reasonable for the purposes of the valuation and are supported by historical production data and metallurgical testwork. The ores are well understood, having been processed for decades through the Fimiston milling complex, and comprehensive testing is undertaken on new ores. Further verification of the Fimiston South gold recoveries and any associated risks is also required.

#### 4.9.4 Processing costs

The annual and average processing costs forecast in the LOM plan have been reviewed and compared against historical operating costs, the best indicator of likely future costs when processing similar ores. Given the large capacity of the operation, the elaborate flowsheet used to treat the refractory ores (i.e. compared to other free milling gold operations) and having two geographically separate processing sites, it is more difficult to benchmark the processing costs against peer operations, though some consideration has been made to what comparable costs are.

The 2020FY processing costs were A\$24.27/t feed. Maintenance costs appear to be particularly high, making up 35% of the overall processing costs in this year. In the first quarter of 2021FY, i.e. the September 2020 quarter, the first under the management of the new owners, processing costs dropped to A\$22.62/t, a saving of A\$1.69/t versus budget. The maintenance cost was still a relatively high percentage of the overall cost in this period (40%). It does provide confidence that processing costs can be decreased under the new ownership structure.

The forecast LOM processing cost is A\$22.75/t feed. In the shorter term it is higher than this, averaging approximately A\$23.70/t over the next five years. The forecast processing costs vary from month to month but typically are relatively consistent around these levels.

When benchmarked against other operations, using a throughput versus processing cost relationship developed from a database of operating gold plants and projects, processing a predominantly fresh ore feed, the KCGM costs appear to be moderately high relative to its peers. While there is some justification for this, particularly due to the more onerous processing requirements associated with processing a refractory ore, it does suggest there are opportunities for some moderate processing cost savings.

The forecast LOM throughput does not increase and therefore, there should not be any significantly cost pressures likely to inflate the forecast LOM process operating cost. If there are future increases in throughput, through either expansions or continuous improvements and debottlenecking, there is a reasonable prospect that the processing cost could decrease further.

In SRK's opinion, the forecast processing costs used for the KCGM LOM model are reasonable and are supported by historical costs.

#### 4.9.5 General and administrative costs

The annual and average general and administrative (G&A) operating cost forecasts in the KCGM LOM plan have been assessed and compared against historical G&A costs

The 2020FY G&A costs were A\$3.13/t feed. These costs benchmark well against SRK's database of operating gold plants and projects though G&A is a largely fixed cost and the throughput at KCGM is significantly higher than many of the projects used to benchmark costs.

The forecast LOM G&A operating cost is A\$3.07/t. There is a fixed total monthly G&A cost in the model. This varies month to month due to changes in the throughput. The G&A costs are typically

slightly higher for the next five years, but then drop closer to the long average, and ultimately to a flat A\$2/t for the last 48 months of the LOM as operations are wound down.

Duplication and extra G&A costs were incurred as part of the previous joint venture ownership arrangement and there will be some rationalisation of some G&A functions. This is reflected by the drop in the G&A cost in the first quarter of the 2021FY, i.e. the September 2020 quarter, which realised a G&A (Management & Admin) cost of A\$2.89/t, a modest improvement.

In SRK's opinion, the forecast G&A costs used for the KCGM LOM model are reasonable and are supported by historical costs.

#### **4.9.6 Infrastructure**

There is substantial infrastructure associated with the Kalgoorlie Operations. The infrastructure has been well demonstrated to meet the requirements of the existing operations. It includes access and internal roads, connection to grid power on the South West Interconnected System (SWIS), raw water, potable water, other water reticulation systems such as potable, fire water and septic systems, administration offices, warehousing and workshops and other site buildings, communications and IT systems, laboratories and various other miscellaneous areas. The infrastructure is typical of large-scale Australian mining facilities and is suited to the ongoing support of the Kalgoorlie Operations.

The nearby city of Kalgoorlie–Boulder is connected to Perth via the Great Eastern Highway and via rail. KCGM's internal road and haulage network is extensive and in good condition.

Tailings storage facilities: KCGM operates four tailings storage facilities – Fimiston 1, Fimiston 2, Kaltails and Gidji (I & II). Costs for annual lifts are allowed for in the LOM plan. Current studies are being undertaken to extend the storage capacity from 2028 to 2032. In SRK's opinion, there is ample storage available to meet the midterm LOM plan and appropriate activity and progress towards extending the capacity for the longer term. The tailings dams are high and near Kalgoorlie–Boulder and SRK expects there to be increased scrutiny on the integrity of these facilities in the near term as well as the internal management systems used to maintain them.

Water is supplied through pit and underground dewatering, remote borefields and potable water is supplied by the Perth to Kalgoorlie pipeline.

In SRK's opinion, the existing infrastructure does not present any significant risk to the ongoing viability of the KCGM operation. The infrastructure is extensive and over decades has demonstrated it is capable of meeting the demands of the existing operation. Risks, specifically to the water and tailings storage security have been considered and are being actively and appropriately managed and mitigated.

#### **4.9.7 Sustaining and development capital costs**

The Fimiston and Gidji processing facilities are both elaborate and extensive. They have been and continue to be maintained sufficiently to sustain the ongoing operations; however, given the age and size of the operation, the list of sustaining capital projects is extensive. A FY2021/22 capital list, used to inform the KCGM corporate LOM model inputs, was provided to SRK for its assessment.

The sustaining capital cost allowance is A\$5.7m/month and the growth capital cost allowance is A\$0.8m/month. It is not possible to forensically comment on the reasonableness of this capital for the purpose of this Report, as it would require a full technical study. SRK understands that KCGM is currently undertaking this study.

While a detailed plant condition audit was not undertaken by SRK, the plant is in reasonable condition visually. No items of significant risk were noted in the civil equipment, concrete, structural steel audit, piping, mechanical equipment and electricals in the brief walk through, although there were areas that

clearly needed near-term rectification works. The project list has priority areas such as tank refurbishment, remediation of some road areas, primary crusher (mainframe replacement) and scats crusher rectification, Boorara Road tunnel enhancements, crane replacement and repairs, a new Mt Charlotte SAG mill motor and gearbox upgrade, gold room extraction upgrades, rougher cell replacement and various other projects. Significant ongoing sustaining capital is required to maintain the condition of the processing and infrastructure facilities at acceptable levels.

In SRK's opinion, the general level of expenditure forecast is reasonable for the purposes of the Report.

#### 4.9.8 Opportunities and risks

SRK considers there to be a number of opportunities attached to the processing assumptions presented in the KCGM LOM model. In SRK's opinion, there is a reasonable likelihood that additional benefits will be realised from these opportunities. The material items are noted here:

- Marginal increase in throughput through the processing facility, i.e. above the forecast 12.6 Mt/a modelled, towards 13–13.5 Mt/a achieved historically.
- Several debottlenecking opportunities, including flotation debottlenecking and increased leach circuit residence time.
- At the Fimiston plant, improved process control, revised cyanide concentrations in the flotation tails leach, improved training of the operators (less operator errors through better routines), better use of the technology available on site, improved operating consistency across site and shifts.
- At the Gidji Plant, optimisation of oxygen addition and oxygen supply, improved pH control, cyanide recovery from the tailings (rather than detoxification), and elimination of tailings excursions.
- Major expansion of the mill capacity, i.e. above 13 Mt/a, which will also allow the processing of the large existing stockpiles.
- A reduction in the processing costs as a result of a more focused financial acumen on operating costs more aligned with a 'mid-tier' gold producer.
- Similarly, there is the potential for a modest reduction in the general and administrative (G&A) costs as a result of a renewed cost-saving focus of new owners.
- Synergies that may be achieved through merger opportunities or acquisition of other projects.
- In the long term, there is potential for alternative refractory ore treatment options to increase gold recovery, i.e. compared to the UFG process currently being used.

SRK considers there to be some minor risks attached to the processing assumptions presented in the Model. The material items are noted here:

- Risks associated with a major change to the hardness of the feed or the recoverability of the gold due to a change in lithology. Historical recoveries, metallurgical testwork on new ores, and discussions with the technical staff suggest this is unlikely; however, there have been some indicative outlier recoveries associated with some Fimiston South testwork samples containing moderately elevated arsenic grades. SRK considers that these risks can be mitigated in a number of ways, including through optimisation of the process for any particular ores, or through the sale of a flotation concentrate if it was necessary. KCGM has sold concentrate historically.
- There have been recent excursions in the recovery of gold through the Gidji UFG and leach circuit. The cause of these has not been definitively resolved. Protocols to ensure quicker mitigating action for such events, testwork to identify the cause of the spikes in tailings' solids and longer-term mitigation plans are ongoing.

- The plant is aging and there are areas that require rectification to ensure ongoing structural integrity of the plant. There appears to have been some reduction in capital expenditure on planned maintenance prior to the sale of KCGM, for example tank refurbishment. There will be some 'catch up' maintenance and engineering required.
- The sustaining capital list highlights other key maintenance and engineering risks.
- Action has been undertaken to address risks in the key areas of the carbon reactivation kiln off gas treatment, gold room and mercury waste storage. Action has been taken to resolve this including the resolution of operating inefficiencies in the gold room and kiln mercury extraction and recovery systems and installation of a new gold room floor.

## 4.10 Ore Reserves and mine planning

The current Ore Reserve estimate for the Kalgoorlie Operations was reported to the Australian Securities Exchange (ASX) under a joint Northern Star and Saracen announcement dated 18 August 2020. The Ore Reserve estimate was reported as at 30 June 2020.

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) in respect to the Ore Reserve estimate. The named Competent Person taking responsibility for the Fimiston Ore Reserve estimate is Ibrahim Omari, and the Competent Person taking responsibility for the Mt Charlotte Ore Reserve estimate is Jeff Brown. Mr Omari is a full-time employee of KCGM. Mr Brown is a full-time employee of Northern Star. In SRK's opinion, the Ore Reserve estimates reported for the Kalgoorlie Operations have been prepared to a sufficient quality standard under the guidelines set out in the JORC Code (2012).

The current Ore Reserve estimate on a 50% basis (Saracen) is summarised in Figure 4-17. The Ore reserve estimate was reported using a A\$1,750/oz gold price.

KCGM ORE RESERVES as at 30 June 2020									
	PROVED			PROBABLE			TOTAL RESERVES		
	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)	Tonnes (000's)	Grade (gpt)	Ounces (000's)
<b>100% KCGM</b>									
<b>FIMISTON</b>									
Open Pit	-	-	-	-	-	-	-	-	-
Oroya Brownhill	-	-	-	15,000	1.5	710	15,000	1.5	710
Golden Pike	-	-	-	24,000	2.0	1,500	24,000	2.0	1,500
Fimiston South	-	-	-	66,000	1.9	3,900	66,000	1.9	3,900
<b>Sub-Total Surface</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>1.8</b>	<b>6,100</b>	<b>100,000</b>	<b>1.8</b>	<b>6,100</b>
Underground	-	-	-	-	-	-	-	-	-
Stockpiles - Marginal	25,000	1.0	820	-	-	-	25,000	1.0	820
Stockpiles - Sub-Grade	100,000	0.7	2,200	-	-	-	100,000	0.7	2,200
<b>Sub-Total Fimiston</b>	<b>130,000</b>	<b>0.7</b>	<b>3,100</b>	<b>100,000</b>	<b>1.8</b>	<b>6,100</b>	<b>230,000</b>	<b>1.2</b>	<b>9,200</b>
<b>MT CHARLOTTE</b>									
Underground	290	2.4	23	7,200	2.1	490	7,500	2.1	510
Stockpiles	-	-	-	-	-	-	-	-	-
<b>Sub-Total Mt Charlotte</b>	<b>290</b>	<b>2.4</b>	<b>23</b>	<b>7,200</b>	<b>2.1</b>	<b>490</b>	<b>7,500</b>	<b>2.1</b>	<b>510</b>
<b>KCGM TOTAL</b>	<b>130,000</b>	<b>0.7</b>	<b>3,100</b>	<b>110,000</b>	<b>1.8</b>	<b>6,600</b>	<b>240,000</b>	<b>1.3</b>	<b>9,700</b>
<b>Note:</b>									
1. Ore Reserves are reported at A\$1,750/oz Au									
2. Rounding may result in apparent summation differences between tonnes, grade and contained metal content.									
<b>Competent Persons:</b>									
1. Fimiston; Ibrahim Omari									
2. Mt Charlotte; Jeff Brown									

**Figure 4-17: Kalgoorlie Operations – Ore Reserves as at 30 June 2020 (50% basis)**

Source: Saracen 2020 Annual Report

The Fimiston Open Pit Ore Reserve is based on the current Mineral Resource estimate and a pre-feasibility level study. The estimation is based on a 0.5 g/t cut-off and includes an allocation for mining dilution. Iterative nested open pit optimisations were run using Whittle software. The optimisation runs were informed by historical mining and processing cost and production data, as well as recent metallurgical testwork, detailed geotechnical design criteria and a gold price of A\$1,750/oz.

The Ore Reserves were calculated by generating pit designs using detailed geotechnical slope design criteria for a series of nested cutbacks. SRK understands that an independent review of the data collection and geotechnical model development processes is undertaken by consultants before each cutback is modelled.

The Fimiston pit is operated using conventional open pit mining methods (drill, blast, load and haul) under an owner-operator model, utilising 800 t class excavators and 240 t class trucks, which is reasonable. A minimum mining width of 40 m is applied to both the Whittle optimisation and final mine design for each cutback.

Accessed via a portal within the Fimiston Open Pit and by the Cassidy Shaft, the Mt Charlotte underground Ore Reserve is based on the current Mineral Resource estimate and a pre-feasibility level study.

Underground mining takes place using sub-level caving and its variant, the Avoca method, given that Mt Charlotte is subject to mine seismicity. Where possible, stopes are backfilled with waste material. The Ore Reserve estimate uses a gold price of A\$1,750/oz, a 10% dilution allocation and a historical average stope recovery factor of 85% on a minimum stope width of 2.5 m. This considers an allocation of 1.5 m plus 0.5 m dilution in the hanging wall and 0.5 m dilution in the footwall. Scheduling is undertaken using Deswik software.

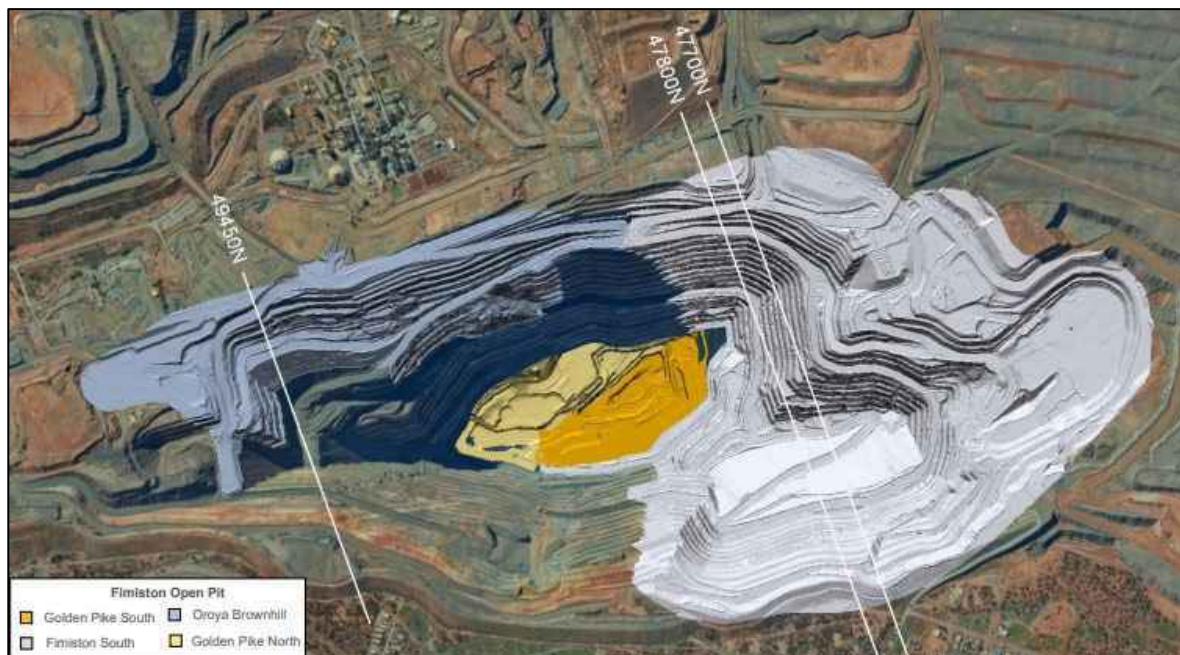
The mining infrastructure is well established with existing dewatering, compressed air and ventilation facilities in place to enable the continuity of open pit and underground mining.

#### **4.10.1 Fimiston Life-of-Mine Plan**

Given that the gold price has risen significantly between the public reporting of the Ore Reserve estimate, Saracen has elected to use a A\$2,250/oz gold price to inform its LOM planning, which in turn informs the Model. SRK considers this to be a reasonable approach.

The LOM targets material movements of between 70 and 80 Mt/a, which is reasonable. SRK understands that KCGM is preparing a mining fleet renewal program given that the fleet experiences some availability issues over the summer months, principally due to overheating. A new equipment tender process is underway. KCGM intends to lease finance the equipment over its useable life. The Fimiston mining cost profile is area dependent. The costs included in the Model are reasonable, based on SRK's assessment of the available data and its experience in working on similar projects in Australia. The costs are consistent with actual costs from the Fimiston Open Pit.

At the Fimiston Open Pit, mining is underway in the Golden Pike South, Fimiston South (Morrison starter pit) and Oroya Brownhill (OBH) areas (Figure 4-17).



**Figure 4-18: Fimiston Open Pit mining areas**

Source: KCGM Management Information

Note: Oblique view, not to scale.

The working area at Golden Pike South is the deepest open pit working area in the Fimiston Open Pit at approximately 600 m below the surface level. It provides an average feed grade of 2 g/t gold at a strip ratio of approximately 3:1.

Mining of the OBH cutback commenced in March 2020 following remedial activity to minimise geotechnical risk further to a large failure that occurred in May 2018. Further to the failure, KCGM drilled 55 dedicated geotechnical diamond holes to inform the geotechnical model and provide revised design criteria to the mine planning team. Additionally, the team installed eight piezometers to monitor pore pressures. Mining at OBH is monitored by a team of KCGM geotechnical engineers and independent consultants using real-time data provided by five radars. Seismic monitoring is undertaken using five fixed stations.



**Figure 4-19: Mining at the OBH cutback**

Source: SRK site inspection, October 2020

The Morrison pit provides a third open pit mining area and will be used as a starter pit for a 12-year mine plan for Fimiston South. The first (three-year) stage has received full regulatory approval, while the second stage is awaiting regulatory approval. It is understood that the Morrison and OBH pits will be used as trial flitch mining areas in order to optimise ore extraction and minimise mining dilution.



**Figure 4-20: Mining at the Morrison starter pit**

Source: SRK site inspection, October 2020

#### 4.10.2 Mt Charlotte Life-of-Mine Plan

The Model includes a LOM mining inventory for Mt Charlotte of 13.4 Mt at 2.17 g/t for 934 koz mined. This represents 178% of the tonnes in the reserve and 183% of the ounces in the Ore Reserve estimate. In SRK's opinion there are no reasonable grounds for the inclusion of the material classified as Inferred Mineral Resource in the LOM. No technically achievable mine design or supporting information has been provided to justify the full 13.4 Mt of Mt Charlotte mining inventory contained in the Model. As such, SRK has made a recommendation to Ernst & Young Strategy and Transactions Limited to remove the Fimiston Deeps LOM from the model, including its capital and operating cost allocation. SRK has valued the gold production attributable to the Fimiston underground as part of its exploration valuation which is detailed in Section 9 of the Report

The schedule for Mt Charlotte underground in the Model contains annual ore production rates of approximately 1,500 to 1,600 kt of ore per annum. The mining schedule is reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia. The ore production rates are in line with actual performance and also consistent with the style of mining in the mine plan, namely large remnant stopes.

Mining costs for Mt Charlotte underground in the supplied financial model are A\$56.37/t ore over the life of the LOM plan. This cost includes all mine operating and capital costs such as operating development, stope production, underground haulage, backfill, supervision and grade control drilling costs. The costs included in the Model are reasonable based on SRK's assessment of the available data and its experience in working on similar projects in Australia. The costs are consistent with actual costs from the Mt Charlotte mine.



## 4.11 Environment and mine closure

### 4.11.1 Environmental considerations

#### Flora, vegetation and fauna

The Kalgoorlie Operations area lies within the Coolgardie Botanical District, in the 'southwest interzone', as described by Beard (1990). The dominant original vegetation types in the project area include the Coolgardie 468 vegetation association (medium Eucalypt woodland; salmon gum and goldfields blackbutt) and Coolgardie 540 vegetation association (succulent steppe with open low woodland; sheoak over saltbush) of the Eastern Goldfields sub-region (Talis, 2019). Vegetation surveys of the Kalgoorlie Operations conducted in 2017 (Phoenix Environmental, cited in KCGM Mine Closure Plan, 2019) identified 19 vegetation types (12 woodland and 7 shrubland groupings) in the Fimiston area and 3 vegetation types (all woodlands) in the Gidji area. The results of recent surveys were generally consistent with previous vegetation and flora surveys of the area. No threatened flora or vegetation is known to occur in the KCGM Kalgoorlie Operations area.

Extensive land clearing and timber cutting for firewood and mine shaft supports in the late 19<sup>th</sup> century and early 20<sup>th</sup> century had a significant impact on native vegetation and little intact remnant native vegetation remains, especially in the Fimiston operations area. Vegetation condition is generally better (ranging from 'Very Good' to 'Pristine') in the Gidji Operations area. Numerous introduced weed species, including some 'declared weeds' have been recorded, particularly in the Fimiston area.

The project area is not located within any Conservation Reserves/ Department of Biodiversity, Conservation and Attractions (DBCA) managed lands, proposed DBCA managed lands or within any EPA Red Books proposed reserves (1976–1991).

Historical vegetation clearing over an extended period has reduced the amount of habitat available to native fauna. No threatened fauna species are known to exist within the project area.

#### Groundwater

Three groundwater aquifer systems occur in the KCGM operations area:

- A shallow alluvial/sedimentary system, typically occurring at depths ranging from 4 to 40 m below ground surface, and comprising sand, gravel and fractured ferricrete within clays. The shallow alluvial aquifers are recharged through infiltration of rainfall following occasional significant rainfall events. On average, the natural rate of recharge is estimated to be in the order of 0.02% of the mean annual rainfall.
- An infilled palaeochannel system, consisting of an extensive network of Tertiary alluvial sands occurring at depths of around 60 m below surface. This aquifer serves as the primary source of process water supply for mining operations in the Kalgoorlie area.
- The fractured bedrock system (the primary aquifer intersected by the Fimiston Open Pit). The main bedrock unit of the Fimiston Operation, the Golden Mile dolerite, is characterised by low primary permeability; however, secondary permeability occurs via faults, cracks and other discontinuities.

Groundwater quality ranges from brackish (1,000 to 3,000 mg/L Total Dissolved Solids (TDS)) in the shallow alluvial groundwater, to hypersaline (up to 200,000 mg/L TDS) in palaeochannels and in some bedrock aquifers. The quality of the groundwater is not generally suitable for potable or agricultural use. Major ion chemistry in groundwater is dominated by sodium and chloride. Groundwater pH tends to be low (down to pH=3) in the upper parts of the palaeochannels and to increase downstream. Due to its relatively poor quality, it is recognised by the Department of Water and Environmental Regulation (DWER) that the only beneficial use of groundwater is mining and mineral processing.

## Surface water

The Fimiston, Mt Charlotte and Mt Percy Operational Areas lie within the Hannan Lake surface water catchment. Due to the nature of the catchment and infrequency of rainfall, surface water seldom follows continuously in the Eastern Floodway or reaches Hannan Lake. Catchment flows to Hannan Lake are infrequent, due to the semi-arid climate and the extensive modification of surface topography in form of roads, pipelines and other linear infrastructure and the establishment of retention ponds and drainage system components.

In 2015, GoldSim modelling of regional surface water run-off discharges in the Hannan Lake catchment estimated that run-off may occur at an approximate rate of one event every four to seven years, with the average volume of run-off discharging into Hannan Lake from the natural catchment around 470,000 m<sup>3</sup>, with a maximum discharge predicted to reach 1,700,800 m<sup>3</sup>. The KCGM operational area contributes around 6% of total catchment flow volumes and is not expected to exert a major influence on the chemistry of Hannan Lake after mine closure (Schlumberger Water Services, 2015).

## Mine waste

Up to 2004, there was limited systematic investigation of acid drainage potential in either the Fimiston open pit or the associated waste rock dump (HLA, 2005). Subsequent studies by MBS (2015, 2017, 2018a & b) have concluded that the majority of the waste rock from the KCGM operations is non-acid forming and has substantial acid neutralising capacity. The exception to this generalisation is the Black Flag Beds Formation, a reactive shale present in the current and final pit shells of the Fimiston Open Pit. Exposure of sulphide-containing wall rock could lead to localised acid generation that would be mobilised by run-off and result in possible contamination of any water that ponds in the pit.

Fimiston waste characterisation studies have concluded that the Black Flag Shales form approximately 3.1% of the total waste volume at Fimiston. Of this 3.1%, less than 50% is thought to be mineralised Black Flag shales, which have the potential to be acid-generating. According to KCGM's most recent mine closure plan, this material is currently segregated and stored in a standalone stockpile. The closure design for this stockpile is a water shedding cap.

Current operational tipping practice for waste rock containing non-mineralised Black Flag shale (as reported in KCGM's 2019 Mine Closure Plan) is co-disposal with other waste rock. As a precautionary measure, no waste Black Flag material is placed within 50 m of an outer dump face or within 5 m of a final top surface of a WRD. The proposed WRD closure design provides for the establishment of a store and release cover, to reduce rainwater infiltration to the waste rock.

## Tailings – Fimiston

Geochemical characterisation was conducted on Fimiston tailings material in 2014, with further work conducted in 2016/17. Outcomes from this work (MBS, 2018a) concluded that:

- The tailings will remain non-acid forming.
- Release of cyanide and trace metals from the tailings is expected to be low, given the natural degradation of cyanide, the alkaline nature of the tailings and presence of iron (which will form insoluble complexes with cyanide and environmentally significant metals or metalloids).

The current closure design for Fimiston tailings storage facilities includes an erosion resistant cover. As it is possible that hypersaline seepage may continue to drain from the tailings after project completion, a network of seepage recovery bores around the TSF will be required to operate for some period after mine closure.

## Tailings – Gidji

A geochemical review was conducted on Fimiston tailings material in 2014, with further work conducted in 2016/17. Outcomes from this work found:

- The tailings are hypersaline and acid-generating, with a high to very high sulphide-S content.
- Leachates from the Gidji II TSF have the potential for significantly elevated concentrations of metals and metalloids.

At closure, it is proposed to complete the TSF as a water shedding design, to limit water infiltration. A plume of groundwater containing elevated cyanide and salinity has been documented to the southwest of the TSF. Seepage recovery bores will continue to operate to intercept contaminated seepage water groundwater until no longer required.

## Legacy tailings

Most historical (pre-KCGM), tailings facilities and leach ponds, or their remaining footprints, have been encapsulated by Fimiston WRDs. Under local climatic conditions and planned closure designs, most rain events are not expected to initiate seepage from these facilities.

## Stakeholder engagement

KCGM established a Community Reference Group (CRG) in 1999. The group meets monthly and minutes from the CRG meetings are published on KCGM's website. Participation at CRG meetings includes standing meeting invitations (but not voting rights) for locally based government agencies including (but not limited to) DMIRS, DWER, the Department of Planning, Lands and Heritage (DPLH), the City of Kalgoorlie–Boulder and the Kalgoorlie–Boulder Chamber of Commerce and Industry. The company also appears to have regular interactions with government agencies as part of ongoing statutory compliance reporting. There is limited evidence of targeted engagement with native title claimant groups. SRK notes that the stakeholder engagement register appended to KCGM's most recent mine closure plan (December 2019) did not include any records of stakeholder engagement after March 2015; the register does not appear to be a reliable representation of recent levels of stakeholder engagement.

The company has operated a 24-hour 'public interaction line' since 1993. Statistics on complaints are made publicly available in annual statutory compliance reports.

## Environmental compliance

KCGM is required to prepare annual compliance reports for most of its environmental approvals, including those issued under the *Mining Act 1978*, the *Environmental Protection Act 1986* and the *Rights in Water and Irrigation Act 1914*. Except for reports prepared in connection with groundwater abstraction, the annual reports are publicly available. The company also provides monthly air quality monitoring results, quarterly noise compliance reports and real time noise monitoring results on its website.

SRK has not conducted a detailed assessment of KCGM's compliance with its environmental approvals. SRK's assessment suggests that no major non-compliance events have been reported in the past three years, although it is apparent that active ongoing management of dust, noise and blasting is required to maintain compliance with permit requirements. SRK notes that the Aboriginal Cultural Heritage Management Plan (CHMP) prepared in 2010 does not appear to have undergone any significant review or revision since it was first implemented. The CHMP specifies that the plan will be reviewed if there is a significant change proposed to the Fimiston Operation (such as an expansion which may require further Aboriginal heritage surveys and increase the likelihood of identification of new Aboriginal sites) and when there is a change in legislation relating to the identification and protection of Aboriginal sites. Given that changes to the *Aboriginal Heritage Act 1972* are proposed

to be introduced to the state parliament before the end of 2020, it is likely that the plan will need to be reviewed in 2021.

#### 4.11.2 Mine closure plan

KCGM's most recent mine closure plan was prepared in 2018. It was lodged with the Department of Mines Industry Regulation and Safety (DMIRS) in March 2018 and approved by DMIRS in August 2018. An updated version of the plan was submitted to the EPA in 2019 and approved by the EPA in January 2020. The preparation of the plan pre-dated the most recent DMIRS guidelines for the preparation of mine closure plans (DMIRS, March 2020) and both EPA and DMIRS have identified improvements to be incorporated in the plan when it is next revised (notionally in March 2021). In particular, DMIRS has pointed to the need for KCGM to develop a suite of completion criteria, which map to specific closure objectives in the next revision of the mine closure plan. Once this has been done, it is likely that a complete review of KCGM's current closure risk assessment will be required in order to bring it into alignment with current DMIRS guidelines. DMIRS has also asked for more detail on KCGM's closure cost estimation and provisioning and for more detail on proposed post-closure maintenance and monitoring. SRK considers that DMIRS comments are justified. KCGM's most recent closure plan says that KCGM "*...has a fully audited closure cost estimation model that derives costs on a first-principle approach for volume, distance and productivity. All calculations used in the model to determine the volume of cover material and other rehabilitation prescriptions are based on surface area rather than footprint area. Productivity calculations used in the cost model are largely derived from published sources such as the Caterpillar Performance Handbook, with third-party rates derived by independent engineering cost estimators on an annual basis...*". The mine closure plan does not provide details of the results of KCGM's closure cost estimation (neither do statutory guidelines require it to do so). No breakdown of closure and rehabilitation costing was made available to SRK for the purpose of this review.

SRK estimated the rehabilitation cost liability for tenements included in KCGM's tenement package at approximately A\$102m, based solely on a simple calculation using default rates from the Western Australian mining rehabilitation fund ('MRF'). However, this estimate is almost certainly a significant underestimate. Cost data provided in the Saracen 'all sites' closure cost summary spreadsheet provide a figure of A\$134,716,995 under the column headed '50% KCGM'.

SRK would need to undertake a detailed costing exercise and build up an estimate from first principles using additional detail on disturbance, rehabilitation completion criteria and closure cost assumptions in order to make its own estimate of closure costs for the Kalgoorlie Operations. This is well beyond the scope of the report. SRK understands that the A\$134,716,995 contained in the Model has been previously audited by external parties although SRK has relied on the information supplied by Saracen for the purpose of this Report.

## 5 The Carosue Dam Operations

### 5.1 Overview

Saracen holds a 100% interest in the Carosue Dam Operations (CDO) through its wholly owned subsidiary Saracen Gold Mines Pty Ltd (SGM).

Saracen acquired the original assets comprising CDO in 2006 and commenced commercial production in 2010. The CDO assets include the Carosue Dam Project (comprising the Karari and Whirling Dervish gold deposits), the Porphyry Project (consisting of the Porphyry, Million Dollar, Enterprise and Wallbrook gold deposits) and the Deep South Project (consisting of the Deep South, Safari Bore and Box Well (Moody's Reward) gold deposits).

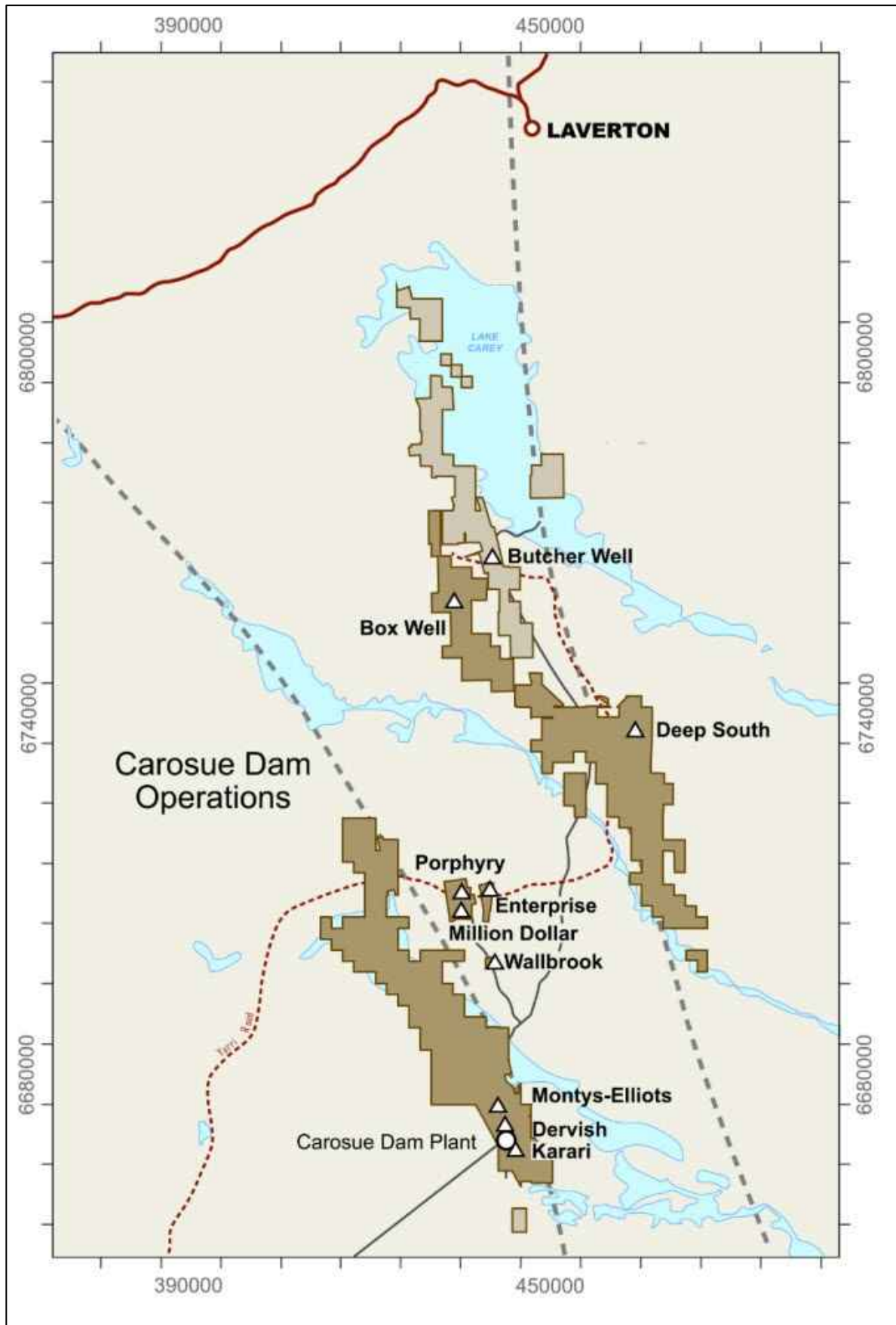
The CDO landholding covers the Laverton and Keith–Kilkenny Tectonic Zones, two highly prospective regional-scale structures to the northeast of Kalgoorlie. The near environs to Saracen's tenures incorporate several world-class gold mines and deposits including the Sunrise Dam, Granny Smith and Wallaby mines held by others.

Key existing infrastructure at CDO includes a processing plant, thickener and paste plant, three accommodation villages able to support 400 people, various water and power infrastructure assets, a 1 MW solar farm (with additional solar farms under construction) and an airstrip. The processing plant is currently being upgraded to 3.2 Mt/a from the current 2.4 Mt/a.

SRK has received representation from Saracen that the tenement schedules presented in Table 5-1 and Appendix A are to be relied upon and used for the purpose of this Report. SRK has made all reasonable enquires into the status of this tenure as at 1 November 2020.

**Table 5-1: Carosue Dam Operations – summary tenement schedule**

Type	Number	Area (ha)
Prospecting Licence (PL)	5	394.46
PL application	1	33.18
Exploration Licence (EL)	32	87,208.37
EL application	1	891.00
Mining Lease (ML)	53	28,167.28
Miscellaneous Licence (L)	40	16,059.15
L application	1	1,548.50
<b>Total</b>	<b>133</b>	<b>134,301.94</b>



**Figure 5-1: Carosue Dam Operations overview**

Source: Modified Saracen Management Information

## 5.2 History

The Kurnalpi Terrane is substantially less explored for gold and nickel than the adjacent Kalgoorlie Terrane to the west. It was not until the early 1990s that the Kurnalpi Terrane attracted a greater level of exploration interest by mining companies. Since then a significant number of gold deposits, as well as laterite nickel resources, have been discovered in the terrane.

Exploration of the area commenced in the 1930s, following the discovery of the Porphyry deposit (originally known as Chateau Tanunda and then Welsh Find). This deposit was worked by various companies continuously from 1936 to 1943 and thereafter intermittently until 1972. Open pit mining recommenced at Porphyry in 1984 with underground mining operations ceasing in 1988 when the Million Dollar pit commenced. Mining ceased in 1989 and operations at Porphyry and Million Dollar closed soon thereafter.

Several companies continued exploration and development activities in the surrounding area including Westralia Resources Projects Limited, Consolidated Resources NL, Mt Edon Gold Miners Australia, PacMin Mining Corporation, CRA Exploration, Aberfoyle Resources Ltd, Pancontinental Mining Ltd, Goldfields Exploration, Western Mining Corporation and Sons of Gwalia. The previous explorers identified and tested a large number of geological, geochemical and geophysical targets for gold and nickel.

The Carosue Dam mine corridor was discovered by CRA Exploration Pty Ltd (later known as Rio Tinto Exploration Pty Ltd) in 1991. Following aeromagnetic geophysical surveys, the presence of magnetic lineaments was noted in what was known to be a package of predominantly intermediate to felsic rocks. This was followed up with ground magnetic surveys, Bulk Leach Extractable Gold (BLEG) and lag sampling, regolith and geology mapping, and auger programs targeting the calcareous horizon at Khartoum Dam (now known as Carosue Dam). This generated several gold-in-calcrete auger geochemical anomalies including the Carosue Dam prospect (now Karari), which was followed up by RAB and later RC and diamond drilling from 1992 to 1995.

In 1995, CRA Exploration entered into a joint venture arrangement with Aberfoyle Resources Ltd who assumed management of the Khartoum Dam project. Systematic auger and RAB between 1995 and 1998 identified the Osman, Whirling Dervish, Lake Tana, Atbara and Luvironza prospects. Infill drilling and other work resulted in the definition of mineable deposits at Carosue Dam, Whirling Dervish and Luvironza. In 1997, Aberfoyle acquired a 100% interest in the project from CRA Exploration.

Further north in the Old Plough Dam area, Pancontinental Mining Ltd and Plutonic Baxters Pty Ltd held the ground under a joint venture arrangement. Numerous phases of mapping, geophysical surveys, stream sediment BLEG sampling, rock chipping, auger and RAB located the Caterpillar anomaly (now Twin Peaks) in 1992, and the Boss Turkey prospect (now Monty's) in 1993. From 1994 management and operations of the Old Plough Dam project was principally carried out by Goldfields Exploration Pty Ltd. Pancontinental Mining was taken over by Goldfields and the Old Plough Dam tenement were then held through its wholly owned subsidiary Kundana Gold Ltd. Homestake Australia Ltd purchased Plutonic Baxters interest in 1998.

In September 1998, Aberfoyle Resources was acquired by Western Metals Limited. Western Metals then divested its non-core assets and the Khartoum project (including the Carosue Dam, Whirling Dervish and Luvironza prospects) was sold in December 1998 to Oriole Resources Pty Ltd, a wholly owned subsidiary of PacMin Mining Corporation Ltd. With the change of ownership, the Khartoum project was renamed Carosue Dam, and the Carosue Dam prospect was renamed Karari.

PacMin subsequently undertook an RC and diamond drill program as part of a feasibility study leading to the commencement of development activities in February 2000. Construction of the village and infrastructure occurred later that year and the plant was commissioned in November 2000 with a

nameplate capacity of 2.4 Mt/a. The plant incorporates a two-stage crusher with gold recovery via gravity concentration and carbon-in-leach cyanidation (CIL). Start-up pits at Karari and Luvironza provided the primary mill feed with mining commencing in 2000. PacMin cemented its holdings in the area in May 2001 by acquiring Kundana's (Goldfields) interest in the Old Plough project containing the Monty's-Elliots and Twin Peaks resources.

The Mt Celia tenements (including Deep South and Safari Bore) were purchased by Sons of Gwalia Ltd from Goldfields Ltd and Homestake Gold of Australia Ltd in February 2001 for a consideration of A\$1.1m.

PacMin operated the project for less than 12 months before Sons of Gwalia Ltd tabled a hostile takeover bid in October 2001. Sons of Gwalia then operated the project until August 2004, when it entered into administration due to financial difficulties. The Carosue project was subsequently sold to St Barbara Ltd in March 2005 in a deal valued at A\$38m. St Barbara only operated the project for three months post-acquisition before placing it into care-and-maintenance due to a depressed gold price. The mill operated continuously throughout this period to June 2005 and produced over 700,000 oz from the Carosue camp open pits, as well as additional feed from the Edjudina and Safari Bore mining areas. During this period, Karari was mined to stage 3 from 2000 to 2004, Luvironza from October 2000 to January 2003 down to 100 m, Monty's from 2002 to 2004 down to 90 m, and Twin Peaks from 2003 to 2005 down to 118 m.

Saracen purchased the project from St Barbara in October 2005 for A\$19.4m in cash and shares with Saracen taking ownership in February 2006.

The Carosue Dam plant remained on care-and-maintenance before undergoing a 6-month refurbishment period completed in December 2009. The plant remained in good working order and minimal work was required to reinstate the mill to full nameplate capacity. Mining and processing commenced in early 2010 with pre-stripping of the Whirling Dervish deposit. The first stage of Whirling Dervish was completed in January 2012 with a small pit down to 130 m. The stage 4 cutback at Karari recommenced in the September quarter 2011 and continued to a final depth of 210 m in December 2014. A larger open pit at Whirling Dervish commenced in the 4th quarter of 2012 and was completed in June 2015 to a final depth of 215 m.

Saracen re-established open pit mining at Deep South in June 2012 operating until April 2013. In late July 2013, Saracen announced the results of the Deep South underground feasibility study, which led to the commencement of development work at the Deep South underground mine in October 2014 and production commencing shortly afterwards.

In late November 2014, an exploration decline at Karari was commenced and achieved full-scale commercial production in October 2015. Also in October 2015, underground development commenced at the Deep South deposit with stoping underway by May 2016.

In the latter half of 2016, Saracen announced it planned to develop the Whirling Dervish underground which led to the cutting of the underground portal and establishment of a hanging wall drill drive and platform in April 2017. Underground development was suspended temporarily until the June 2018 quarter following approval to establish the mine for production activities. Stopping commenced in early 2019.

In October 2016, AngloGold Ashanti entered a farm-in agreement with Saracen to earn up to a 70% interest at Butcher Well and Lake Carey.

Mining was completed at Deep South underground in February 2019 following the extraction of the reserve base and the operation was placed on care-and-maintenance pending the outcome of further drilling. Drilling was completed in June 2019 and a feasibility study followed resulting in the



recommencement of underground development activities in the December quarter 2019 and recommencement of production in the June quarter 2020.

In 2020, the focus at Karari has been the ramp-up of the newly commissioned paste plant and the delivery of paste to the Karari underground.

In early 2020, civil and infrastructure construction works commenced in the Porphyry mining area to support long-term open pit mining in the area. Grade control drilling commenced at the Million Dollar open pit.

In March 2020, Saracen announced that the commissioning of Carosue Dam Mill expansion to 3.2 Mt/a (from 2.4 Mt/a) would likely be delayed until March quarter 2021 due to COVID-19 related delays at the Chinese manufacturing plant. This was subsequently revised to the December 2020 quarter.

In July 2020, mining of the Million Dollar open pit commenced, offering the ability to supply incremental feed to the expanded Carosue Dam mill for some 5 years.

### 5.3 Permitting and compliance

Mining and mineral processing activities at the Carosue Dam Operations are principally regulated under mining proposals and associated mine closure plans approved under the *Mining Act 1978* (Table 5-2).

The Carosue Dam Operations are currently licensed (L7465/1999) to conduct prescribed activities (ore processing, mine dewatering, electric power generation, operation of a landfill, bulk chemical storage, sewage treatment) under Part V of the *Environmental Protection Act, 1986*. A separate licence (L8569/2011) has been issued to regulate prescribed activities (mine dewatering, operation of a landfill, bulk storage of chemicals) at the Porphyry (Edjudina) project area. Prescribed activities conducted at the Mt Celia Project (Safari and Deep South mining areas) are regulated under a third licence, L8666/2012.

Saracen holds a number of groundwater licences under the *Rights in Water and Irrigation Act 1924* (Table 5-3). Two native vegetation clearing permits (CPS4747 and CPS8000) are current for the project. The permits are valid to 11 February 2022 and 31 March 2028, respectively. Two additional clearing permits have been issued in connection with the Porphyry (Edjudina) project: CPS 3202/3 (expires 31/12/2024), CPS3934/3 (expires 31/1/2024).

The tailings storage facility at Carosue Dam was declared a 'Contaminated Site – Remediation Required' by the Contaminated Sites Branch of DWER on 22 May 2014, apparently as a result of fugitive dust emissions from the TSF. A TSF clean-up plan was submitted to the DWER and DMIRS and was approved on 6 July 2015. The site was subsequently reclassified to 'Contaminated Site – Remediation Required to Report – not substantiated'. In June 2019 Saracen submitted an amended Arsenic Site Management Plan, to allow the site to be reclassified to 'Not Contaminated – Restricted Use'. Further assessment and possibly site remediation will be required as part of mine rehabilitation and closure, as the planned post-mining land use is 'pastoral land uses'.

**Table 5-2: Carosue Dam Operations– approved mining proposals and mine closure plans**

Registration ID	Registration Title	Date approved
83134	Carosue Dam Power Station Expansion and Emergency Response Precinct Project Version 2	23 October 2019
81438	Mining Proposal for Carosue Dam Minor Infrastructure Expansion Project	19 August 2019
81431	Carosue Dam Powerstation Expansion and Emergency Response Training Ground MP	9 October 2019
79347	Mine Closure Plan - Carosue Dam Project - J02241	16 May 2019
72928	Carosue Dam Expansion Mining Proposal	22 May 2018
70734	Carosue Dam Aerodrome project Mining Proposal on L28/42, L28/54, M28/241 & M28/269	23 January 2018
37822	Saracen Gold Mines Pty Ltd Carosue Dam Operations Processing Plant Expansion Mining Proposal M28/166 28 November 2012	14 January 2013
36944	Complete - Carosue Dam Camp Expansion 2	8 October 2012
29435	Carosue Dam Camp Expansion 2011	24 April 2011
17989	Carosue Dam / Khartoum / Addendum to Safari Bore Project	9 January 2004
17740	Carosue Dam: Deep South Open Pit	7 October 2003
17611	Carosue Dam: Safari Bore Addendum on L39/130	7 April 2003
17509	Carosue Dam: Safari Bore Project	3 December 2002
17444	Carosue Dam: Whirling Dervish Water Pond	14 August 2002
17305	Notice of Intent - Old Plough Dam Project (Twin Peaks and Monty's Dam Orebodies).	10 March 2002
17287	Carosue Dam: Expansion of the Karari Pit and Waste Dump	15 February 2002
17270	Carosue Dam: Extension to Haul Road on M31/220	27 December 2001
17111	Carosue Dam: Expansion of Accommodation Village on L28/23	20 June 2001
17031	Carosue Dam: Relocation of TSF Cell 2 and Waste Dump	30 March 2001
16623	Khartoum: Carosue Gold Project	28 January 2000

Note: Table includes authorisations granted to Sons of Gwalia. Environmental obligations transfer to successive tenement holders under the *Mining Act 1987*

**Table 5-3: Carosue Dam – approved water licences**

Licence No.	Water allocation (kL/yr)	Location of water source	Approved purposes	Licence expiry date
151848(5)	20,000	L27/69	Dust suppression	30 June 2024
157428(5)	4,000,000	M31/210, M31/219, M31/220, M31/295, L28/26, L31/37, M28/166, M28/167, M28/245, M28/269, M31/208, M31/209	Dewatering for mining purposes Dust suppression Mineral ore processing Mining camp purposes	30 June 2024
162879(5)	750,000	M39/307, M39/740	Dewatering for mining purposes Dust suppression Mineral ore processing Mining Camp purposes	8 March 2026

Licence No.	Water allocation (kL/yr)	Location of water source	Approved purposes	Licence expiry date
169295(4)	2,000,000	M31/6, M31/76, L31/6, L31/12, M31/172, M31/30, M31/3, M31/4, M31/5, M31/380, M31/381	Dewatering for mining purposes Dust suppression	30 June 2024
175243(3)	100,000	L39/128, L39/218	Dust suppression	30 June 2024
103538(5)	500,000	L28/25, L31/41	Dust suppression Mineral ore processing Mining camp purposes	30 June 2024
106192(5)	250,000	M39/165, M39/166, M39/230	Dust suppression Mineral exploration	30 June 2024

No Ministerial Statements have been issued for the project under Part IV of the *Environmental Protection Act 1986*, presumably because the project has not triggered environmental significance criteria that would necessitate formal assessment by the EPA under Part IV of the EP Act. Similarly, the project has never been assessed under the federal *Environment Protection and Biodiversity Conservation Act 1999*. Saracen referred proposed clearing activities required for the purposes of constructing an aerodrome, landing strip, and related infrastructure at Carosue Dam to the Commonwealth in April 2018 (EPBC Act referral 2017/7925); however, the project was determined not to be a 'controlled action' under the EPBC Act.

## 5.4 Native title

The Carosue Dam Operation tenements intersect parts of the overlapping Maduwongga (WC2017/001, WAD186/2017) and Nyalpa Pirniku (WC2019/002, WAD91/2019) native title claims. Both claims have been accepted for registration by the National Native Title Tribunal, but neither claim has been determined.

## 5.5 Pastoral tenure

The Carosue Dam tenure partly overlaps the Pinjin, Edjudina and Gindalbie pastoral stations. The Pinjin pastoral station is managed by Tisala Pty Ltd, an Aboriginal pastoral company. Parts of the site access road (Miscellaneous Licence L28/24) lie on the boundary fence between the Gindalbie and Hampton Hill stations.

## 5.6 Royalties

State royalties will be distributed to the Western Australian Government at the rate of 2.5% of the royalty value of any gold produced from the Project. This rate is the ad valorem rate that applies to gold metal as defined under the Mining Regulations 1981.

Additional private royalties are payable on certain tenements presented in Table 5-4.

**Table 5-4: CDO third-party royalties**

Royalty	Rate	Tenements	Deposit(s)
International Royalty Corporation (IRC)	1.5% of Proceeds or Mineral Value + Pre-empt	E31/1110, E39/1272-1273, E39/1279, L39/127-128, L39/130 – 135, M28/166-168, M28/241, M28/243, M28/245, M28/266, M28/269, M31/3-6, M31/30, M31/76, M31/156, M31/172, M31/208-210, M31/212-213, M31/219-220,	Whirling Dervish, Karari, Pinnacles, Whirling Dervish East, Carosue Dam Accommodation Village, Porphyry, Maingays, Million Dollar, Enterprise (Mad Dog/ Margarets), Blue Manna, Wallbrook (Eleven Bells,

Royalty	Rate	Tenements	Deposit(s)
		M31/273-275, M31/285, M31/295, M31/311, M31/380-381, M39/118-120, M39/165-166, M39/230, M39/232, M39/307, M39/309, M39/471, M39/588-589, M39/591, M39/638-639, M39/652, M39/740, M39/741	Red Brook, Red Flag), Twin Peaks, Monty's Dam, Elliots, Luvironza, Crimson Belle, Butcher Well North, Hronsky, Sarafi Bore, Tin Dog / Bull Dog, Turkeys Nest, Mexico
Rubicon	1% of gross receipts (after 150,000 oz)	E31/814, E39/1410, E39/1478, E39/1488-89, E39/1580, E39/1849-1850, E39/1868, E39/1875	
Royal Gold	A\$10/oz after 160,333 oz	M31/156, M31/208-210, M31/212-213, M31/219-220, M31/273-275, M31/285,	Blue Manna, Twin Peaks, Monty's Dam, Elliots, Luvironza
Royal Gold	A\$6/oz after 265,745 oz	M31/156, M31/208-210, M31/212-213, M31/219-220, M31/273-275, M31/285,	Blue Manna, Twin Peaks, Monty's Dam, Elliots, Luvironza
Franco Nevada	2% of deemed revenue of 50% of tenement	M39/118-120, M39/230, M39/232, M39/638	Crimson Belle, Butcher Well North
Franco Nevada	2% of deemed revenue of 34% of tenement	M39/471	
Franco Nevada	2% of deemed revenue of 40% of tenement	M39/652	
Franco Nevada	1% of deemed revenue >50,000 oz	M39/165-166	Butcher Well North, Butcher Well, Hronsky/Enigmatic
Ashburton	A\$1/t ore capped A\$1 million	M28/241	Carosue Dam Accommodation Village, Camp Sewage Pond Expansion
IRC	4% of net profit after the first 1 Moz	M28/166-168	Whirling Dervish, Karari, Karari Processing plant
Audax	A\$0.30/t of ore >20,000 oz, A\$0.40/t ore >500,000 oz	M31/76	Million Dollar South & Infrastructure haul Road
Ramelius	A\$250k >150,000 oz, A\$250k >50,000 oz	M31/30, M31/76	Enterprise, Margarets
Yilgarn	A\$20/oz of production, capped at A\$2 million	M39/129	
Strong / Donald	1% of gross gold proceeds	M39/118-120	Crimson Belle
Powell	1.5% of gross proceeds from sale of product	M28/243	Pinnacles

Notes:\* Mining Leases have a 21-year life and are renewable for a further 21 years on a continuing basis. Producing mining leases are subject to two third-party royalties payable on the tenements, a bank mortgage (Mortgage 499142), two caveats (Caveat 51H/067 and 52H/067, respectively), and are subject to the Pinjin Pastoral Compensation Agreement. All production is subject to a Western Australian State Government net smelter royalty of 2.5%.

## 5.7 Site inspection

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection was made to the Carosue Dam Operations by SRK representatives Ms Karen Lloyd and Mr Simon Walsh on 29 October 2020. The site inspection included a meeting with key site personnel to discuss the operating performance and the key risks and opportunities and a site tour.

## 5.8 Geology, Mineral Resource estimates and prospectivity

### 5.8.1 Regional geology

The Carosue Dam Operations are located within the Kurnalpi Terrane and are hosted in the sedimentary Carosue Basin, which is located between the Gindalbie and Menangina domains. The Carosue Basin is interpreted to be a late-tectonic accumulation of volcanoclastic sedimentary rocks that unconformably overlies a deformed granite–greenstone association. The sedimentary basin is intruded by numerous plutons and dykes of monzonite, lamprophyre and syenite and is cut by a swarm of post-intrusion faults with north–south orientation. The intrusions are most voluminous at Carosue Dam, where the basin and underlying greenstones are cut by a swarm of north–south-trending faults. A large hydrothermal alteration system is centred on this area. Zones of sodic (albite) and potassic (biotite) alteration are enveloped sequentially by phyllic (muscovite) and propylitic (chlorite) alteration. A central zone of anomalous Bi-W-Mo-Cu-Pb-Ag enrichment is enveloped by a zone of relative zinc and arsenic enrichment, more or less coincident with the muscovite alteration zone. The district-scale potassic alteration is attributed to magmatic fluids derived from the intermediate to felsic intrusions. Gold mineralisation is associated with north–south faults (Witt and Hammond, 2008).

### 5.8.2 Local geology and mineralisation

The gold deposits of the area are generally controlled by dilational jog zones, subsidiary fault zones to regional shears, fold hinges, rockmass competency contrasts between rock types, and iron-rich rocks (tholeiitic metabasalt, BIF, sulphidic metasediment, etc). Probably the most important control is secondary subsidiary shear-fault systems associated with dilational jogs associated with bends in the craton-scale regional shears. Saracen's tenement block centres on a major flexure and changes in strike direction of the Keith–Kilkenny Shear Zone from north-northwest to north–south and the Pinjin Fault, from north–south to north-northwest. These zones are interpreted to represent sites of major dilation adjacent to granitoid domes, which are particularly prospective for gold deposits. There are other regional shears with associated bends, dilational jogs and prospective subsidiary faults that traverse the project area.

Gold mineralisation at Karari occurs in a fault-bound zone of volcanoclastic sedimentary rocks that are intruded by monzonite porphyry and lamprophyre dykes. The hanging wall of the central mineralised zone is formed by the eastern intrusive complex, a porphyritic monzonite unit intruded by numerous dykes of monzonite porphyry, syenite porphyry and lamprophyre. The eastern intrusive complex is characterised by widespread potassic alteration and contains minor low-grade copper mineralisation. In the Karari pit, gold is associated with tungsten and arsenic, whereas Ag, Bi, Cu, Mo, Pb, Te and Zn form spatially distinct anomalous zones in the eastern intrusive complex and associated bounding faults. The central mineralised zone is interpreted as a downfaulted, higher-level exposure of the magmatic system represented by the eastern intrusive complex. Gold lodes are steep tabular zones of sodic alteration within a more extensive area of potassic alteration. Sodic alteration zones contain numerous veins and veinlets, which contain a variety of assemblages, several of which are mutually overprinting. Hematite occurs as a dusting in fine-grained albite and carbonate in the sodic alteration zones but is interpreted as a later (post-gold) event. Modelling using Hch software suggests that potassic alteration and low-grade copper mineralisation were caused by a high-temperature, saline

fluid, probably derived from magmas of the eastern intrusive complex. The sodic alteration assemblage at Karari could not be duplicated but the results of other workers show that sodic alteration could have formed by reaction of quartzo-feldspathic rocks with a mesothermal, low-salinity H<sub>2</sub>O–CO<sub>2</sub> fluid. The data and observations described in this paper do not permit an unequivocal distinction between orogenic and orthomagmatic models for the gold mineralisation (Witt et al., 2009)

There are five main deposits in the Carosue Dam goldfield. The deposits lie within a 30 km by 3 km zoned hydrothermal footprint comprising a central zone of potassic (biotite) and sodic (albite) alteration in close spatial association with alkalic intrusions, a medial muscovite alteration zone and distal chlorite zones (Witt and Hammond, 2008). Most gold deposits are in the central zone of the alteration system, whereas Twin Peaks is located within the muscovite alteration zone.

The Deep South – Safari Bore area lies some 70 km to the north of Carosue Dam and is centred on structures associated with the southern portion of the LTZ, in particular the Pinjin and Mount Celia faults of the Linden Domain. The Safari Bore deposit is located within the Pinjin Fault, some 5 km to the west of the Deep South deposit.

The greenstone sequence in the Deep South – Safari Bore area includes tholeiitic basalt, komatiite with substantial komatiitic basalt and felsic volcanoclastic sequences with minor BIF, chert and argillite. These rocks are variously deformed and generally strike north-northwest. They have a nearly vertical to west-southwest dipping foliation and a sub-horizontal to down dip lineation. Regionally, the sequence has been metamorphosed to lower greenschist facies, with amphibolite facies adjacent to large plutons of intrusive porphyritic syenite, coarse granodiorite and adamellite (Butt et al., 2005).

According to Witt et al., (2009), distinct features of the Carosue Dam deposits, which stand in contrast to typical orogenic gold deposits elsewhere within the Eastern Goldfields, include:

- an association with quartz poor alkaline intrusions
- a diverse range of vein and veinlet assemblages
- the low content of quartz veins
- the association with anomalous levels of elements such as silver, bismuth, copper, molybdenum, lead, tellurium and zinc.

The four types of mineralisation can be classified as:

- **Karari style:** a syenite-monzonite associated disseminated gold deposit with mineralisation best developed in the sodic and potassic alteration zones and an association with hydrothermal magnetite, hematite and silica as well as a relative abundance of base metal sulphides
- **Twin Peaks style:** more typical of Archaean lode gold style with gold mineralisation linked to quartz-carbonate veins
- **Far East style:** associated with magnetite altered mafic volcanic units and mafic intrusive rocks (gabbro and dolerite)
- **Mafic-ultramafic:** rigid-soft competency contrasts between the ultramafic and mafic units results in brittle fracturing and fluid pathways opening up in the mafic units as the softer ultramafic units takes up strain.

Due to the complex structural setting, mineralisation styles and orientations vary greatly across the prospects. Table 5-5 summarises the key characteristics associated with the main gold deposits at Saracen's Carosue Dam Project.

**Table 5-5: Summary of the Carosue Dam deposits supporting the stated Mineral Resources**

Prospect	Geological Overview
Karari	Gold mineralisation at Karari is hosted within extensive quartz vein breccia zones in an altered volcanoclastic metasandstone and tuff sequence. This sequence is offset by an anastomosing system of NE-SW and NW-SE trending shear zones and intruded by monzonite bodies post-mineralisation (ca. 2.6 Ga). The host sedimentary sequence dips moderately to the north. Gold mineralisation is strongly associated with sodic alteration (quartz+albite+carbonate) of the host rock that was subsequently overprinted by hematite alteration. High grade mineralisation is controlled by 60° east dipping shear zones. Mineralisation has continuity over 1,000 m along strike, 1,100 m down dip and 250 m across strike.
Monty's/Elliots	Mineralisation occurs at the intersection of Eliot Lode Shear and Monty North Shear. Occurs as quartz stockwork veining along contact between fine grained porphyry and underlying volcanic sandstone sequence, with strong and pervasive hematite alteration halo. Gold occurs mainly as blebs, intergrown within pyrite or as disseminations in the host units. Lodes comprise NW trending lensoidal to anastomosing mineralised zones of variable widths (between 5 to 40 m), which mostly dip to the east (50 to 60°) and plunge shallowly to the south. Lodes extend for >950 m along strike, 400 m down dip and up to 50 m width (when stacked together).
Twin Peaks	Mineralisation at Twin Peaks occurs in an overturned, turbiditic metasedimentary package located below the regional-scale Kilkenny-Yilgarni Fault, within an intensely fractured, east plunging alteration zone. The stratigraphy strikes northwest and dips 60 - 70° to the northeast. Gold distribution is characterised by a quartz-arsenopyrite breccia within a sericite-carbonate alteration envelope. Within 100 m of surface the deposit has an ellipsoid shape measuring approximately 90 m by 45 m, but becomes pipe-shaped below this depth and plunges southeast at around 50°. The deposit is open below 300 m.
Pinnacles	The stratigraphy at Pinnacles is dominated by volcanic sandstones, black shales, mafic and ultramafic volcanics, and granites. Gold mineralisation is structurally controlled along the north-trending Pinnacles Shear and dips towards the west (80 to 85°), with a gentle southerly plunge. Gold is hosted within four southerly plunging shoots within the black shales with associated quartz veining and significant haematite-sulphide alteration. Mineralisation extends over 330 m strike, 70 m width and 180 below surface.
Blue Manna	Mineralisation at Blue Manna is interpreted as a series of stacked parallel lodes associated with lithological / structural contacts between units in a dilated sandstone unit within a sandstone-siltstone package along the NNW trending Keith-Kilkenny fault zone. It is accompanied by silicification, quartz veining and minor sulphidation. The continuity of the mineralisation extends for 500 m along strike, 150 m in width and to 150 m surface and is only constrained by the extents of drilling.
Atbara	The Atbara deposit is hosted within a volcanosedimentary package comprising intermediate felsic volcanoclastic sandstone, tuff and porphyry units intruded by various monzonite-granitic bodies. This package dips to the east at approximately 60°. The main host to known mineralisation is the Atbara monzonite, which is concordant to stratigraphy. Mineralisation comprises multiple lodes extending for some 800 m in length by 450 m in width and to 450 m depth. It is continuous along strike in the footwall but highly discontinuous in the hanging wall to a controlling NW trending fault zone associated with the Kilkenny-Yilgarni fault zone. Breccia zones are accompanied by hematite-silica alteration. Pyrite is the dominant sulphide.
Porphyry	The Porphyry deposit comprises a series of staked <i>en echelon</i> lenses (in part fault separated) within a quartz monzonite. Mineralisation is associated with intense shearing and confined to thin shear bands approximately 10 cm thick which feather out into multiple, thin low-grade bands. Structural controls on mineralisation are shallow (20-25°) east-dipping brittle shear zones, related to NNW trending regional faults. Strong hematite alteration is apparent. The largest lens measures 400 m in length by 150 m in width and dip 40° to the south. The lenses extend over a 1.4 km strike length and extends to 300 m below surface.
Million Dollar	Gold mineralisation at Million Dollar comprises shallow dipping (30°) stacked <i>en echelon</i> quartz veins within a braided shear system in a syeno-monzonite granitoid unit. Secondary mineralisation occurs at the granitoid margins within strain shadows and cross-linking structures between the main lodes. Structural controls on mineralisation are shallow east-dipping, north-striking shear zones related to NNW trending regional faults. These shears are typically 1-10 m in width. Higher grades associated with albite-silica-hematite alteration along with shear parallel quartz-pyrite veining. Mineralisation extends over a 1.8 m strike length, 500 m width and to a depth of 250 m below surface.

Prospect	Geological Overview
Wallbrook	At Wallbrook, a mineralised quartz vein stockwork has developed within and adjacent to a small syenogranitic intrusion within metabasalt. Two deposits have been historically mined at a small scale at Wallbrook: Redbrook and Eleven Bells. Redbrook mineralisation is associated with a quartz vein stockwork along the granitoid contact. Eleven Bells mineralisation comprises quartz veining in metabasalt at the northern contact of the granite. The deposits have strike lengths from 25 to 260 m and plunge extents and widths up to 330 m.
Margarets	Margarets is a structurally controlled deposit occurring within N-S trending shear/fault zones and hosted by deformed andesites. These structures dip steeply east and where mineralised, are accompanied by haematitic alteration and a series of NNW trending quartz stockwork vein arrays (which dip steeply west) and south-plunging pipelike bodies. The main lodes extend for 350 m along strike and high-grade shoots plunge for 40-80m. The down-plunge continuity of Margarets remains open at depth.
Enterprise	Mineralisation at Enterprise lies within a south-plunging (25°) synform at the intersection of a strongly deformed andesites within N-S trending shear / fault zones (steeply east-dipping) and a series of NNW trending quartz stockwork vein arrays (steeply west-dipping). This mineralised system forms south plunging pipelike bodies. Gold mineralisation is associated with hematite-carbonate-quartz-pyrite alteration. The deposit extends over a 900 m area to 200 m depth.
Safari Bore	The Safari Bore deposit is located within the Pinjin Fault (a regional NNW-trending structure). It comprises a subvertical WSW-dipping, NNW striking package of intensely deformed and altered intermediate to mafic intrusive/extrusive rocks and sediments intruded by felsic porphyry. Mineralisation occurs in multiple structural and lithological settings as four discrete lodes (red, green, purple and Serengeti). All lodes are associated with quartz-carbonate-albite hydraulic breccia veins. Red Lode and Serengeti lie within and at the margins of a gently southerly plunging felsic porphyry. Green and Purple lodes are subvertical sheets oriented sub-parallel to foliation. The deposit extends over 1.3 km in length, 300 m in width and to below 280 m depth.
Deep South	The Deep South deposit is located within the narrow, NNW trending Linden Domain, within metasedimentary and felsic volcanoclastic rocks and intercalated ultramafic and high magnesian basalts. Mineralisation occurs in two concordant lodes; the Butler and Scarlett lodes. The Butler lode lies in the hanging wall and is strongly silica-pyrrhotite-pyrite altered. The Scarlett lode lies within a fine-grained carbonate unit and is strongly weathered. Both lodes have over 500 m strike continuity and 400 m down dip. The Scarlett lode averages 5 m in width and the Butler lode 2 m in width. Both lodes strike NNW and dip steeply west.
Deep Well	The Deep Well deposit comprises three BIF horizons within a felsic volcanoclastic package intruded by gabbro and dacitic porphyry. The lodes strike NNW and dip steeply to the west. They have a 350 m strike length and continue to 100 m down dip. The lode averages 3 m in width.
Moody's Reward	The Moody's Reward deposit comprises a strongly gold mineralised, silicified shear zone within a broader, auriferous, altered stockwork quartz veined package of basaltic andesite, felsic volcanics and volcanoclastic sediments. The gold mineralised zones dip consistently at 40° and 65° to the east or northeast. The mineralised widths vary between 3 – >30 m true width. the mineralisation extends for approximately 1,500 m along strike, 3 to 30 m in width and to 180 m vertically.
Belize	Gold mineralisation at Belize is hosted by steep west dipping, quartz-carbonate-pyrrhotite-magnetite veins located in proximity to the strongly deformed contact between quartz rich metasediments and basaltic to ultramafic units interpreted to be associated with the Safari Fault system. These mineralised zones dip steeply to the west and extend for 2,000 m along strike, 3 to 12 m in width and to 290 m vertically.
Thin Lizzie (AGG JV)	The Thin Lizzie mineralisation occurs as a variety of vein and veinlet types within a N-S striking, steeply east dipping BIF / chert zone. Mineralisation is reportedly open in all directions.
Tin Dog	The Tin Dog mineralisation occurs near the contact between a syenite and felsic / intermediate volcanic intercalated with carbonaceous shales, along with minor BIF and chert. Quartz dominated vein and veinlet types are associated with gold mineralisation. mineralised lodes vary from N-S to NW-SE strike, dipping steeply to moderately west or gently east. Estimated strike length of 1,200 m, 1,400 m width, and to 300 m below surface.



Prospect	Geological Overview
Crimson Belle (AGG JV)	Gold mineralisation at Crimson Belle is hosted within a 15-30 m wide shear zone dipping moderately to steeply to the east within a sedimentary sequence (sandstone, siltstone, shale and cherty BIF) containing abundant chert. The main mineralisation is confined to the BIF and strikes NNW. Five lodes are associated with quartz-sulphide veining hosted within the silicified gossanous chert and extends for approximately 700 m along a N-S strike. The mineralisation remains open at depth and along strike.
Butcher Well (AGG JV)	Butcher Well comprises a group of gold deposits with mineralisation occurring as a variety of vein and veinlet types within the Mount Hornet shear zone. These range from structurally controlled deposits along the margins of sheared syenite bodies or the basalt-mafic schist contacts to silicified brecciated intermediate volcanoclastic units. North to NNW shears terminate the extent of the main lodes at Butcher Well North while the southern deposits are intricately linked by offsetting shears and syenite intrusions. Alteration assemblages are typically carbonate-silica-sericite-pyrite-arsenopyrite. These deposits extend over a 4.5 km strike length. In all deposits, the down dip extents are largely open and untested.

Source: Saracen Management Information

### 5.8.3 Mineral Resource estimates

The current Mineral Resource estimate for the Carosue Dam Operations was reported to the ASX on 4 August 2020. The Mineral Resource estimate was reported as at 30 June 2020 (Figure 5-2 and Figure 5-3).

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) in respect to the Mineral Resource estimate. The named Competent Person taking responsibility for the Mineral Resource estimate is Daniel Howe, who is a full-time employee of Saracen. In SRK's opinion, the Mineral Resource estimate reported for the Carosue Dam Operations is acceptable as a reasonable representation of global grades and tonnages and has been prepared to a sufficient quality standard under the guidelines set out in the JORC Code (2012).

Deposit	Measured			Indicated			Inferred			Total		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Karari O/P <sup>1</sup>	540	2.2	39	3,400	1.8	190	740	1.6	37	4,700	1.8	270
Karari U/G <sup>1</sup>	4,600	2.8	420	12,000	2.6	980	2,200	2.1	150	19,000	2.6	1,600
Monty's/Elliots				1,400	2.2	100	720	1.0	22	2,100	1.8	120
Twin Peaks	31	2.1	2	590	3.0	57	89	2.4	7	710	2.9	66
Pinnacles <sup>2</sup> (ASX:NXM JV)				28	4.8	4	31	4.5	5	59	4.6	9
Blue Manna							660	1.7	36	660	1.7	36
Atbara				920	1.3	40	3,000	1.1	110	3,900	1.2	150
Porphyry O/P				3,100	1.7	160	1,300	1.6	65	4,400	1.6	230
Porphyry U/G				3,200	2.8	280	1,800	2.8	160	5,000	2.7	440
Million Dollar				7,800	1.3	340	710	1.4	31	8,500	1.4	370
Wallbrook	1,200	1.1	43	3,500	1.1	120	98	0.7	2	4,800	1.1	170
Margarets		0.0		28	1.6	1	280	1.2	11	310	1.2	12
Enterprise	200	2.1	14	470	2.1	32	150	1.9	9	820	2.1	55
Safari Bore				3,100	1.9	190	1,700	1.7	94	4,800	1.8	280
Deep South O/P	57	4.1	7	210	1.9	13	31	1.8	2	300	2.3	22
Deep South U/G	330	3.0	32	1,300	2.6	110	1,000	2.3	76	2,600	2.6	220
Deep Well				49	2.4	4				49	2.4	4
Moody's Reward				2,000	1.5	94	230	1.9	14	2,200	1.6	110
Belize				160	2.1	11	38	1.4	2	200	2.0	13
Thin Lizzie <sup>3</sup> (ASX:AGG JV)							160	1.3	7	160	1.3	7
Tin Dog							200	1.3	9	200	1.3	9
Crimson Belle <sup>3</sup> (ASX:AGG JV)				470	1.8	27	280	1.4	13	750	1.7	40
Butcher Well O/P <sup>3</sup> (ASX:AGG JV)							1,200	1.6	64	1,200	1.7	64
Butcher Well U/G <sup>3</sup> (ASX:AGG JV)							1,600	4.6	230	1,600	4.5	230
Ore Stockpiles	380	2.4	30							380	2.5	30
Sub-grade stockpiles	2,500	0.6	47							2,500	0.6	47
<b>Carosue Dam Mineral Resources</b>	<b>9,800</b>	<b>2.0</b>	<b>630</b>	<b>44,000</b>	<b>2.0</b>	<b>2,800</b>	<b>18,000</b>	<b>2.1</b>	<b>1,200</b>	<b>72,000</b>	<b>2.0</b>	<b>4,600</b>

All data rounded to two significant figures. Rounding errors may occur.

<sup>1</sup> Karari / Dervish Mineral Resources combined for reporting and operationally treated as one mine

<sup>2</sup> Pinnacles Mineral Resource is a Joint Venture with Nexus Minerals (ASX:NXM). Figure reported relate only to Saracen's portion.

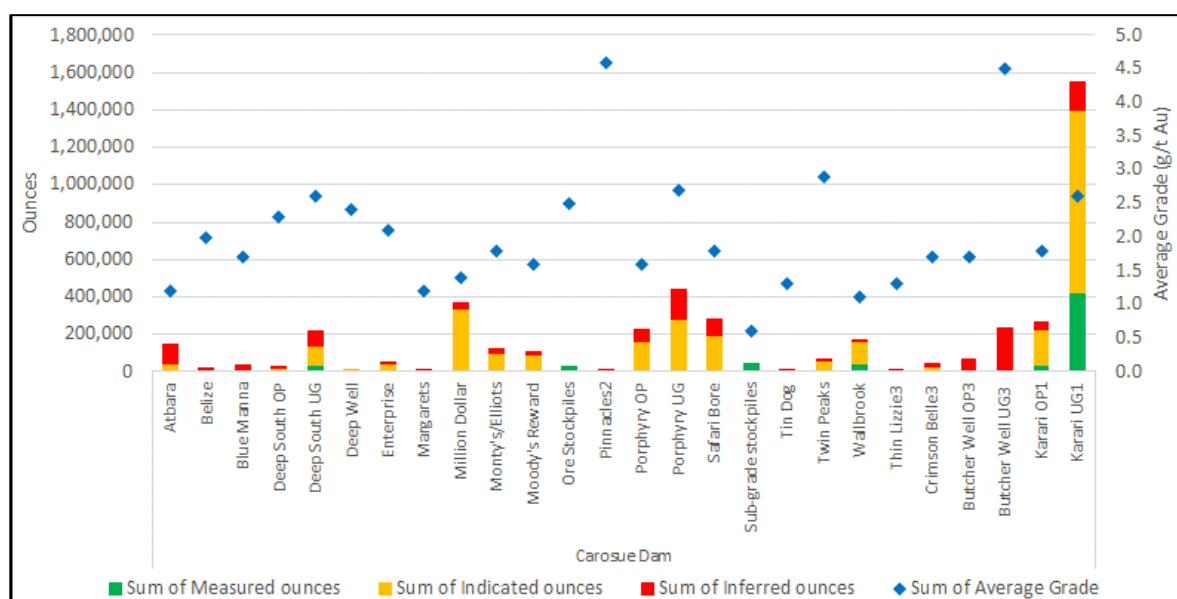
<sup>3</sup> Butcher Well, Crimson Belle and Thin Lizzie Mineral Resources are a Joint Venture with AngloGold Ashanti Australia. Figures reported relate only to Saracen's portion.

<sup>4</sup> Otto Bore - Figure reported includes Saracen's portion of the Warrida Well Joint Venture with Agnew Gold Mining Company Pty Limited.

### Figure 5-2: Carosue Dam Operations – Mineral Resources as at 30 June 2020

Source: Saracen ASX Press Release 18 August 2020

The Mineral Resources are reported with reasonable prospects for eventual economic extraction using an A\$2,250/oz gold price within an optimised pit shell outline for the open pit Mineral Resources at a 0.5 g/t gold cut-off and within minable stope optimiser solids (MSOs) for the underground Mineral Resources at a 1.2 g/t gold cut-off. The Mineral Resources are reported inclusive of Ore Reserves and are therefore the total of the Mineral Resources that support the Ore Reserves as well as Mineral Resources additional to the Ore Reserves. Measured Mineral Resources within 'Ore' and 'Sub-grade' stockpile categories make up 114 koz gold or 3.5% of the total Mineral Resources at Thunderbox; 110 koz of this gold is in the 'Ore' stockpiles and the balance in 'Sub-grade' stockpiles. The entire stockpile Mineral Resources are reported as Ore Reserves.



**Figure 5-3: Carosue Dam Mineral Resource**

Source: Saracen ASX Press Release 18 August 2020

## Data collection

Exploration and mine development activities have occurred in the Carosue Dam area since the 1930s, when the Porphyry deposit was discovered.

More recent activities include regional and near-mine drill testing comprising a mix of rotary air blast (RAB), air core (AC), RC, DD (primarily NQ and HQ diameter core sizes) and reverse circulation with diamond tail (RCD) drilling methods, with most drill testing completed using RC.

Data used to support current Mineral Resource estimates include RC and DD (drilled from both surface and underground positions), in addition to RC grade control drilling and underground face and wall sampling. Drilling was completed using nominal grids, ranging from grade control grids of less than 10 m by 10 m to drill hole spacings greater than 50 m, which were drilled oblique to the mineralised trend of each deposit.

All holes since 2006 have been geologically logged, drill hole collar and face sample positions surveyed, and DD holes were surveyed downhole. Sampling for RC and DD drilling is carried out in accordance to Saracen's sampling and QA/QC procedures. RC holes were typically sampled at 1 m intervals using either cone and/or riffle splitter, with DD holes submitting partial core samples (typically 1 m samples of half core). Gold was assayed using a 50 g charge fire assay with atomic absorption spectrometry (AAS). Additionally, samples were also collected for gold recovery testing and diamond core was subjected to water immersion testing to provide sample densities used to inform in situ bulk density estimates. In some instances, bulk densities are assigned based on historical density measurements from previous production phases.

QA/QC sampling and analyses have been conducted for drill programs from approximately 2006 onwards. Field duplicate, pulp duplicate, blank and certified reference material (CRM) samples were inserted into sample runs in various proportions to monitor sub-sampling and gold assay quality.

The exploration data to support the Mineral Resources are stored in an Acquire SQL database and have been, and remain, subject to a variety of validation processes.

The geological and assay datasets and QA/QC have been well documented and in SRK's opinion, the resource database is suitable for Mineral Resource estimation purposes for the Carosue Dam deposits.

## **Geological modelling**

### **Karari–Dervish – open pit and underground**

The Karari and Dervish Mineral Resources are reported combined since the plan is to operate the deposits as a single mine, with Dervish situated immediately north of Karari. The total Karari–Dervish Mineral Resource of 1.9 Moz contained gold represents 41% of the Carosue Dam total Mineral Resources, and 1.6 Moz of the contained gold at Karari–Dervish is reported within the underground area.

Mineralisation is domained and wireframed based on geological continuity. The gold mineralisation lode wireframes are interpreted from a validated drill database from which all RAB, air core, and any low confidence drill holes have been removed. The remaining DD, RC and face samples are composited to 1 m within the modelled grade domains. The composited samples are analysed for high gold grade outliers by domain and top-cut to control potential grade smearing. Grade indicators are used to create sub-domain lodes for high- and low-grade zones within the primary lodes where such domaining is not possible through direct interpretation of the data. The domains and sub-domains are estimated using ordinary kriging, and the final grade block model is then merged with a rock model containing all regolith, density, and mining depletion attributes.

The Karari–Dervish Mineral Resource is classified as Measured, Indicated or Inferred Mineral Resources based on a combination of physical and estimation quality metrics including mining exposure, drill spacing, search pass, estimation quality, grade and geological continuity. The Measured category criteria includes exposure by mining (open pit or development), drill spacing at less than 20 m by 20 m, established grade and geological continuity, and a high measure of estimation quality. The Indicated category is assigned where the drill spacing is between 20 m by 20 m and 40 m by 40 m, established grade and geological continuity, and a moderate estimation quality. The Inferred category is assigned where the drill spacing is between 40 m by 40 m and 80 m by 80 m with established geological continuity.

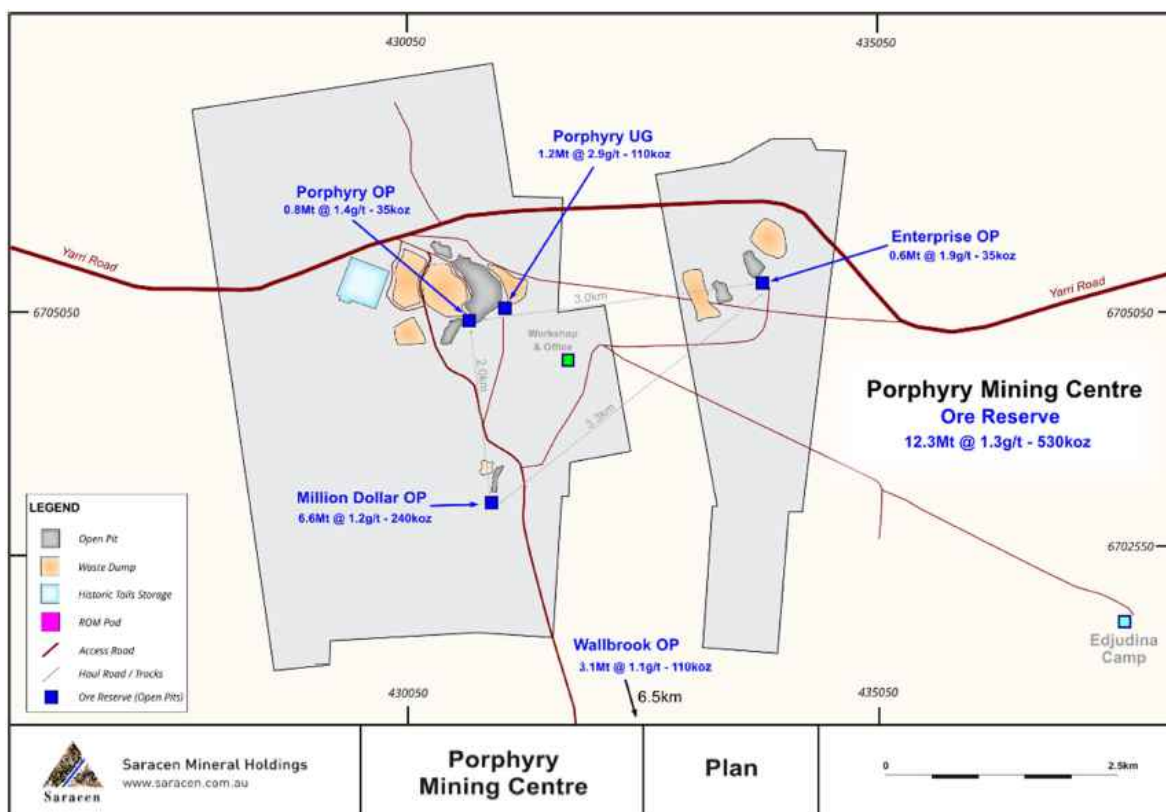
The estimation and classification accuracy are reported on a global basis and the Mineral Resource is considered to be a globally robust estimate. The deposit is currently being extracted via underground mining methods. Historical performance at Carosue Dam has evaluated the gold mined from within the Mineral Resources to be approximately 92% recoverable.

The open pit Mineral Resource is reported at a 0.5 g/t gold cut-off due to the bulk mining method assumed whereas the underground Mineral Resource is reported at a 1.2 g/t gold cut-off representing approximate break-even for the long hole stoping method assumed at a gold price of A\$2.250/oz.

Saracen has adopted a robust process for geological modelling, estimation, validation, and reporting of the Mineral Resources, including both internal and external peer review. The external consultant review process is to ensure estimation methodology is robust. SRK did not sight details of the external reviews for Karari–Dervish for the current reporting, and the available documentation indicates the current Dervish deposit was subject to an internal review. SRK understands that an external review was completed by Optiro Consultants in 2018.

### Porphyry – open pit and underground; Million Dollar – open pit

The Million Dollar deposit occurs some 2 km south of the Porphyry deposit and within the same area referred to as the 'Porphyry Mining Centre'.



**Figure 5-4: Locations of the deposits within the Porphyry Mining Centre**

Source: Saracen, June 2020

The total Mineral Resource for the Porphyry deposit open pit and underground areas is 670 koz of contained gold or 15% of the total Carosue Dam Mineral Resource inventory. The underground ounces at 440 koz contained gold makes up 66% of the total Porphyry deposit Mineral Resource. The total Mineral Resource for the Million Dollar open pit is 370 koz of contained gold or 8% of the total Carosue Dam Mineral Resource inventory.

The total Mineral Resource for the open pit mining areas in the whole Porphyry Mining Centre is 0.8 Moz or 18% of the total Mineral Resource for Carosue Dam, sourced from the following deposits: Million Dollar (370 koz), Enterprise (55 koz), Porphyry open pit (230 koz), and Wallbrook (170 koz). Including the Porphyry underground Mineral Resource (440 koz) takes the total Mineral Resource of the Porphyry Mining Centre complex to 1.3 Moz of contained gold or 28% of the total Carosue Dam Mineral Resource.

### Porphyry – open pit and underground

The Mineral Resource block model supporting the current reported Mineral Resources for the Porphyry deposit was generated in late 2015. The Porphyry deposit is generally dipping at approximately 40°, with clear well-defined zones that show the tenor of the mineralisation. The so-called Porphyry shear forms a broad, east plunging antiform and the majority of gold ounces mined to date have been derived from this shear.

As with other deposits in the region, there is a natural grade distinction at 0.5 g/t gold, and this has been used for defining and modelling the grade domains for grade estimation. Validated drill hole

sample data were flagged using domain codes generated from three-dimensional mineralisation domains and oxidation surfaces and composited to 1 m downhole lengths. The drill grid spacing ranges from some 20 m by 20 m to 50 m by 50 m. The influence of extreme or outlier sample gold grades was reduced by top-cutting where required on a domain by domain basis without cutting a large proportion of the data or contained metal within the domain. Grade estimation was completed using ordinary kriging using a process of unfolding to account for the changing orientations in the mineralised domains.

The Mineral Resource has been classified into Indicated and Inferred categories based on drill hole spacing, geological confidence, and grade continuity and estimation quality. The combination of these factors together guides the construction of wireframes which select and code the appropriate blocks with the nominated resource classification category. No Measured Mineral Resources are defined from the drill grid spacings, which range from 20 m by 20 m to 50 m by 50 m. The majority of the reported 670 koz of contained gold, namely 440 koz (66%), are within the Indicated Mineral Resource category.

Validation of the block model included volumetric comparisons and validating the estimated grades to the input data using tables of values, and swath plots showing northing, easting and elevation comparisons as well as visual validation of grade trends and metal distributions. The Mineral Resource classification and statements relate to a global estimate of tonnes and grade and reconciliation support that the model compares well with historical production. The Porphyry Resource model was generated by an external consultant under guidance and review from Saracen geology personnel and Saracen has satisfied itself of the quality of the estimation and taken the responsibility to publicly report the Mineral Resources.

### **Million Dollar – open pit**

The Million Dollar Mineral Resource has been modelled and estimated using only RC and DD drill sampling results. The gold mineralisation was domained based on geological continuity constrained by lithological, alteration, and structural controls where available. Drill sample intercepts are flagged with a domain identifier and composited to 1 m lengths. Composite grades are analysed for extreme gold grade outliers by domain and top-cut if required to control excessive grade smearing or overestimation. Many of the principal domain lodes exhibit mixed bimodal grade populations with higher grade and lower grade distributions. These internal grade populations have been further sub-domained using grade indicators. Gold grade is estimated with ordinary kriging into all domains using hard boundaries across the domains and sub-domains to maintain the distinct grade thresholds that identify these zones. The final grade model is merged with a rock model containing all regolith, density, and depletion attributes.

The Million Dollar Mineral Resource is classified as Indicated or Inferred based on a combination of physical and estimation quality criteria including mining exposure, drill spacing, search pass, estimation quality, grade and geological continuity. The Measured classification has not been applied and would require appropriate exposure by mining and associated increased levels of information before applied, including drill spacing of less than 20 m by 20 m. The Indicated category is assigned where drill spacing is between 20 m by 20 m and 35–40 m and 35–40 m with a moderate level of estimation quality, while the Inferred category is supported by a drill spacing of between 35–40 m by 35–40 m and 80 m by 80 m with established geological continuity and a maximum extrapolation of 40 m from the nearest sample data point. The Mineral Resource classification and reporting relate to a global estimate of tonnes and grade, in other words implying that mining reconciliation against the model estimates is expected to be reasonable over longer periods of time or volumes of mined material, for example over six-month to one-year periods rather than over weekly or evenly monthly periods.

Saracen has undertaken detailed validation and internal peer review of the Mineral Resources to provide internal assurance on the accuracy and reliability of the estimates and their reporting. An external peer review was completed on the current Mineral Resource estimate by Optiro Consultants in 2018. The deposit has previously been mined as an open pit, and it is assumed that in the future this deposit will again be mined by conventional open pit load and haul operations.

### **Stockpile Mineral Resources**

The entire stockpile Mineral Resources are reported as Ore Reserves. These stockpile Mineral Resources are made up of a number of physical stockpiles created from recently mined material and in some cases, these are historical or legacy stockpiles remaining from historical mining periods.

The Stockpile Mineral Resource contains 80 koz or 2% of the contained gold within the total Carosue Dam Mineral Resource. Approximately 1.6 Mt of the 2.9 Mt Stockpile Mineral Resources are contained in historical stockpiles, representing some 30 koz of contained gold.

The Ore and Marginal stockpile materials contain gold grades that are similar to the as-mined material and the operations typically refer to these as high-grade stocks. In the case of Carosue Dam, the Ore Stockpiles' average grade is 2.5 g/t gold. On the other hand, the Sub-grade stockpile material is typically referred to as low-grade stocks, in the case of Carosue Dam the average grade for these stocks is 0.6 g/t gold. These stockpiles' Mineral Resources are considered to be economically extractable within the mine plan and schedule.

## **5.8.4 Prospectivity**

Following discussions with Saracen's technical staff and review of available information, SRK notes the following with respect to the growth opportunities associated with the presently defined Mineral Resources at the Carosue Dam Operations:

- Resource/ Reserve estimates:
  - Resource models performing exceptionally well
  - Reserve parameters in line with operational performance
  - additional material outside of Reserve adds incremental ounces
- company strategy:
  - continue to focus on growth opportunities at current operations
  - many of the mineralised systems have not been closed off by drilling to date
  - risk that Karari mineralisation is weakening at depth
  - some green shoots from early stage projects still to be understood
- near term targets for exploration drill testing:
  - Karari underground – northern along strike extensions of the LOM area (i.e. around 8500 mN) and potential for repeating structures at depth
  - Whirling Dervish underground – northern high-grade plunge extension from the current platform (i.e. below the current Inferred Resource extents and north of 9500 mN) and shallower targets also in this region
  - Deep South underground – depth extension to the currently defined Inferred Resource area below the 1,650 mRL (Stage 1) and below the 1,700 mRL (Stage 2)
  - Karari Surface targets include Osman Link, Osman South and Karari South targets as well as further delineation of the Scaramanga and Spectre conceptual targets
  - Dervish Surface targets include the shallow (above 180 mRL), along strike extensions of

- current mineralisation into the Dervish South area, Osman North target and Dervish North target (an interpreted repeat/extension of the Bushmills lodes north of the Tumbler Fault)
- Safari Bore – test the depth extents below the Serengeti open pit (currently backfilled) as well as test southerly plunge of the existing Safari Bore lodes and in footwall to main Safari Bore lode (Red lodes) to east and south
  - At the Porphyry Mining Centre – test structure to the southwest of the Maingays area (geophysical anomaly), potential for pit extensions at Apollo and conversion of the Pioneer Paddock and Porphyry underground Inferred Resources
  - At Enterprise/Mad Dog and Tonbridge open pits, test the potential for depth extensions to the existing open pits driven by optimisations using higher gold prices
  - At Atbara/Quena targets – complete further infill drilling to target larger mineralised volumes and target high grade shoots,
  - At Omdurman and Jabena targets – assess potential for Dervish-style pods along 2.5 km strike length and northern repetitions of Luvironza deposit as these represent targets within 4 km of the mill
  - Conceptual targets at Okavango and Memphis (3.5 km altered/geochemically anomalous corridors), Lake Rebecca (8.5 km continuation of KKTZ which remains untested due to heritage restrictions) and North Shore (pre-existing target unable to be tested due to heritage restrictions).

## 5.9 Metallurgical testwork and processing

### 5.9.1 Processing flowsheet

The Carosue Dam Operation's metallurgical plant has been processing the project ores for over 20 years. The plant was constructed by JR Engineering in 2000 and commissioned in November of that year. The plant operated continuously through to June 2005 when it was put on a care-and-maintenance (C&M) program due to a depressed gold price and at that time, a known lack of gold resources.

In February 2006, Saracen acquired the processing plant from St Barbara Limited as part of a package of tenements known as 'South Laverton'. In late 2009 refurbishment of the plant was undertaken, with the plant being recommissioned in 2010.

The process flowsheet is a conventional cyanide leach-style circuit typically used to process free milling gold ores. The plant incorporates primary jaw crushing, secondary cone crushing, crushed ore product screening and storage in a crushed ore bin. Crushed ore is reclaimed from the bin via two belt feeders that feed to a milling circuit. This circuit has recently been upgraded from a single-stage SAG milling circuit, incorporating closed circuit pebble crushing, to now incorporate a secondary ball milling stage. This allows increased throughput, and finer grind size (higher gold recovery).

Gold recovery occurs via gravity gold recovery and intensive leaching, and cyanidation of the gravity tailings, to extract gold from the ores. The CIL circuit comprises of one leach tank and eight carbon-in-leach and adsorption tanks. Loaded carbon from the CIL circuit is treated by the Zadra process. Gold is eluted from the activated carbon, electrowon, calcined and smelted into gold doré.

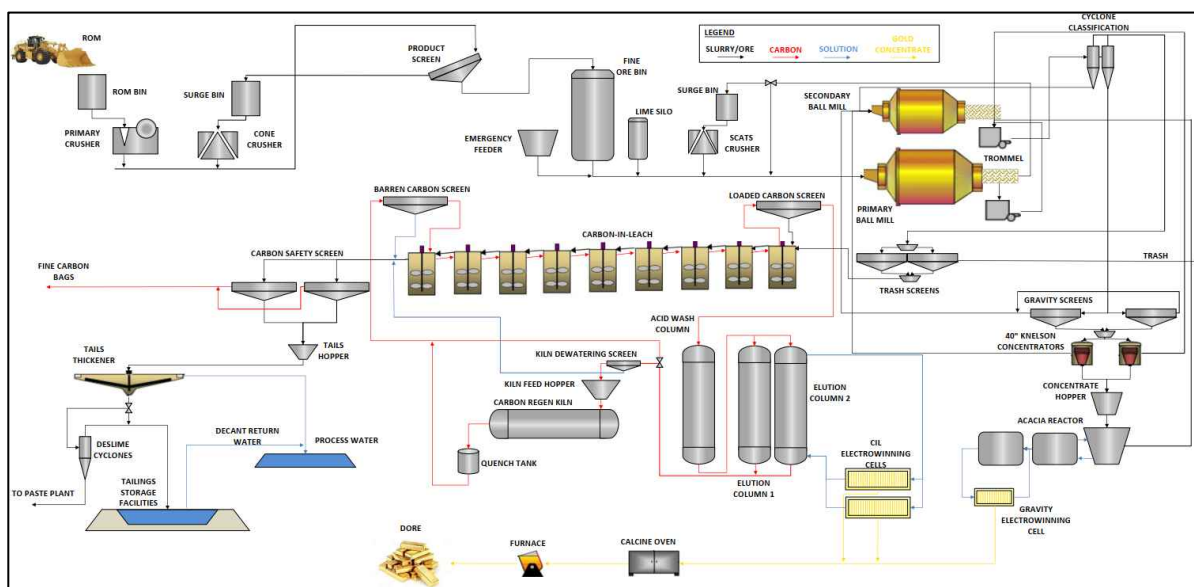
A thickener and paste plant were constructed in 2019 as part of the continued growth of the operation. Tails from the CIL plant is thickened and deslimed, which allows the coarse component to be pumped to the paste plant for underground backfill. The remainder is pumped to a conventional, paddock style tailings storage facility (TSF). The back-fill paste product maximises the gold extraction from the underground reserves and reduces the volume of tailings to be stored in the TSF.

GR Engineering Services (GRES) was engaged in 2019 to commence an expansion of the current processing circuit from 2.4 Mt/a to nominally 3.5 Mt/a. At the time of writing, completion of this expansion was imminent, with the final 72-hour shutdown for tie-ins to the existing plant being undertaken during the SRK site visit (29 October 2020). Commissioning is planned over the two weeks following the tie-ins, which is ahead of schedule.

The expansion works includes installation of a second five-tonne carbon elution column, two new CIL tanks, a new oxygen addition shear type reactor and vibrating trash screen, all of which are completed. The final works includes the installation of a larger pebble crusher, a secondary ball mill with 4.5 MW of installed power, and the tie in of an upgraded gravity gold recovery circuit incorporating new gravity screens, two larger 40" Knelson Concentrators and a new Consep CS3000DM Acacia (intensive leach) reactor for leaching the gravity concentrate. A new electrowinning cell and rectifier has also been installed.

A summary processing flowsheet for the plant is shown in Figure 5-5.

In SRK's opinion, the plant flowsheet is a conventional gold processing process, ubiquitous to the gold industry. It is a robust design and of a good build quality. In SRK's opinion it is, and will remain, amenable to processing the LOM project ores.



**Figure 5-5: Carosue Dam Operations simplified processing flowsheet**

## 5.9.2 Supporting testwork

The plant has been operating for 20 years. As a result, there are extensive metallurgical data available. Additionally, new ore types forecast in the LOM plan are tested to determine their expected metallurgical behaviours and ensure their amenability to processing through the plant.

In SRK's opinion, the use of historical operating data to forecast future LOM performance is superior to metallurgical testwork when processing similar ores. There is a deep understanding of the metallurgical behaviours of the Carosue Dam ores that have been historically processed. The operating history and supplementary testwork programs on new ores provide a high degree of confidence in the understanding of the metallurgical behaviours of the ores being processed and forecast to be processed.

Saracen undertakes metallurgical testwork on extensions to existing and future ores sources such as the Million Dollar, Deep South and Karari deposits. The testwork reflects the current metallurgical flowsheet including gravity recovery and subsequent cyanide leaching of the gravity tailings.



This testwork is used to verify the expected metallurgical behaviours and the amenability of the plant to the processing of the ores. SRK has reviewed relevant testwork reports and considers the level of testing to be at an appropriate level. SRK notes that there is some outlier behaviour in some of the tests undertaken but the results do not reflect actual plant performance on the same ores. As a result, SRK has more confidence in the actual historical plant performance on these ores for the forecasting of future recovery performance.

More recently, additional testwork has been undertaken at different grind sizes to determine the expected improvement associated with finer grinding as part of the plant expansion. This has been necessitated by the installation of a ball mill that allows the target plant grind size to be reduced from a nominal  $P_{80}$  of 180  $\mu\text{m}$  to a  $P_{80}$  of 140  $\mu\text{m}$ . There is an improvement, which is discussed in the metallurgical recovery section below.

SRK has assessed the historical operating data in conjunction with the metallurgical testwork, in respect to metallurgical recovery, throughput and reagent consumption, and considers the application of both to the Carosue Dam Operations LOM metallurgical inputs and modifying factors to be reasonable.

### 5.9.3 Infrastructure

There is substantial infrastructure associated with the Carosue Dam gold operations. It has been well demonstrated to meet the requirements of the existing operation. It includes access and internal roads, accommodation camp, power station, diesel and liquefied natural gas (LNG) storage, raw water bore field, other water reticulation systems such as potable, fire water and septic systems, airstrip, administration offices, electrical and maintenance workshops, light vehicle workshop and vehicle fleet, stores warehouse, first aid rooms and emergency response facilities, communications and IT systems and a laboratory. These facilities are typical of comparable mineral processing plants in Australia.

Located approximately 3 km south of the processing plant is the accommodation village. The village was constructed in 2000 and expanded over the years as required and now consists of 445 bedrooms, wet and dry messing facilities, gymnasium, internet café, EFTPOS facilities, wi-fi connections, Foxtel, tennis court, laundries, dining room and recreation room. An upgrade to the Telstra phone and data tower is scheduled for 2021FY.

A fully sealed all-weather airstrip was constructed in 2018/19 that can accommodate 100-seater jets with personnel flown directly to site from Perth. Any overflow requirements are easily managed on regular commercial flights from the Kalgoorlie–Boulder public airport. Prior to the construction of the airstrip, this was used for the plant's FIFO workforce.

Access to the Carosue Dam operation is via unsealed roads from Kalgoorlie or Leonora. The internal road and haulage network is extensive and in good condition.

Tailings storage facilities are comprised of TSF Cell 1/2 and a newer Cell 3 constructed in 2015. Annual compliance audits are undertaken. The most recent, in January 2020, concluded that the TSF was, in general, being adequately managed with respect to tailings deposition and water. A '10-year' storage plan was undertaken in 2019 related to the storage of 3.2 Mt/a of throughput and assuming 50% is used for paste fill. SRK notes that with the increased throughput to 3.5 Mt/a, the capacity will be consumed approximately six months earlier. SRK does not consider this to be material to the valuation. The tailings volume required to be stored has decreased with the installation in 2019 of a paste plant for the underground backfill. Costs for annual TSF lifts are based on the 10-year storage plan, which incorporated a capital cost estimate. This is allowed for in the LOM plan. In SRK's opinion, there is ample tailings storage available and planned to meet the LOM plan requirements.

Site power is provided by the independent power provider KPS (Kalgoorlie Power Systems). A fleet

of Cummins KTA50 dual fuel (LNG and diesel) generator provides the plant and mining requirements. A second hall of 8 generator sets was added to the original 18 units as part of the current plant expansion. These are supplemented by a 1 MW solar power array. In SRK's opinion, the power station is able to meet the demands of the current and future LOM requirements. It is flexible to a range of power demands, fuel types and the system is operated under de-rated conditions to optimise the efficiency of the operating generator sets.

Local borefields and underground dewatering currently provides the operation's raw water requirements. This water is ultra-high salinity, in the order of 180,000 mg/L total dissolved solids. A project is underway to pipe water from the Safari Borefield, approximately 80 km away, to the Carosue Dam Operation. This water, whilst still high salinity, is significantly better quality than the current sources. This work is scheduled and costed for completion in 2021FY, with work packages issued for tender. It provides long-term water supply security to the plant and will result in reagent cost savings. A new reverse osmosis (RO) plant has been installed to improve the management of the saline feeds for potable and elution water requirements.

In SRK's opinion, the existing infrastructure does not present any significant risk to the ongoing viability of the Carosue Dam Operation. The infrastructure is currently operational and meets the demands of the existing operation. Risks have been considered and are being appropriately managed and mitigated.

#### 5.9.4 Throughput

The annual plant throughput forecast in the LOM plan has been reviewed and compared against historical throughput, the best indicator when processing similar ores. The review has also considered the metallurgical testwork on future ores, and the impact of the expansion project on grind size, throughput and CIL circuit residence time.

The fresh ores processed are relatively competent. They are blended with softer oxide ores to achieve the target throughput. Throughput, grinding power and wear are a function of this competency and the blend.

The plant was designed to treat 2.0 Mt/a of primary (fresh) ore. This can be increased to 2.4 Mt/a by blending some softer oxide and transitional ore types into the mill feed. It has been operating at these levels for the last two financial years. In 2019FY, 2.44 Mt was processed and in 2020FY there 2.39 Mt was processed. The 2021FY first quarter production has crept higher to an annualised rate of 2.54 Mt/a, partially as a result of the ongoing upgrades.

The forecast LOM throughput ramps up to 2.9 Mt in 2021FY, 3.3 Mt in 2022FY and 3.5 Mt/a thereafter. This is achieved through a major expansion project that is nearing completion (early November 2020). The expansion project as described above was designed to originally increase the plant to 3.2 Mt/a. The expectation now is that this work will comfortably increase the throughput to 3.5 Mt. A conservative ramp-up period over 20 months has been allowed for. Production steps up in the LOM model to 3.265 Mt/a from December 2020 but is maintained at that rate until 2023FY, when it increases to the full 3.5 Mt/a. The mill expansion was based on a 75% underground and 25% open pit feed blend. The LOM plan does differ from this from month to month.

The justification for the increase in tonnage above design is several-fold. Reasons include a design allowance for 91.3% uptime, though actual plant uptime is approximately 97%. This alone increases throughput to 3.4 Mt/a. The new ball mill has also been over-specified. The mill sizing calculated a power requirement of 3,572 kW and recommended a 4 MW mill motor be installed. An even more conservative 4,500 kW motor was installed, with the mill size, pinion and trunnion bearing allowing for the increase in power through the mill. The existing SAG mill duty and crushed ore size have also been de-rated so have built in redundant capacity.

There is further contingency built into the ore's physical characteristics process design criteria. The grinding work indices assumption is biased towards the hardest ores to be processed i.e. by selecting the 80<sup>th</sup> percentile of the actual testwork values (normal practice). There is also the expectation that because the ores are not particularly grind sensitive that, once operating, the grind size will be coarsened from the new target of 140 µm back towards the current target of 180 µm while still maintaining the forecast recovery improvements as part of process optimisation efforts.

For the purposes of the Report, SRK accepts the justification for this increase above the plant upgrade design to 3.5 Mt/a, as the Carosue Dam LOM model base case input. The milling assumptions are conservative, as is the ramp-up allowance and in the longer term, SRK expect there will be further increases in the throughput. The new crusher and ball mill commissioning is imminent. SRK expects the tonnage to quickly ramp up to 3.5 Mt/a, rather than over the 20 months forecast.

In SRK's opinion, the throughput assumptions used in the LOM financial model are reasonable for the purposes of the Report and are supported by historical production data, metallurgical testwork and the expansion project being commissioned in November 2020. In SRK's opinion, a conservative approach has been used. As a result, SRK expects there to be further throughput upside.

### 5.9.5 Metallurgical recovery

The annual and average metallurgical recoveries forecast in the LOM plan has been reviewed and compared against historical recoveries, the best indicator of likely future costs when processing similar ores. The review has also considered the feed grade, metallurgical testwork on future ores, and the impact of the expansion project on grind size, throughput and CIL circuit residence time.

The ore is free milling in both the oxide and fresh feed, with high gold recoveries. There is a short period in the model, to November 2020 when the gold recovery forecast is 93.0%, reflecting historical recoveries. From December 2020, the LOM model applies a fixed gold recovery of 94.3% across all feed types, independent of grade. Gold recovery is maintained at this level until the final stockpiles containing 0.87 g/t gold are processed at the end of the LOM. At this point recovery drops to 91.3%.

The recovery increase in December 2020 is associated with the current expansion works, which allows a significant increase in the gravity gold recovery (30% up to nominally 50%), a finer grind size (180 µm to 140 µm) and the installation of an oxygen shear type reactor. These enablers will increase the overall gold recovery. There is a small decrease in the CIL circuit residence time, even with two additional tanks installed.

Saracen has undertaken testwork to demonstrate the recovery improvement associated with the grind size, i.e. grind size versus recovery assessments. The gold recovery improvement, from a finer grind size alone, at a moderately coarser grind of 150 µm was estimated to be 2.5%. A conservative allowance of half of this increase has been assumed in the LOM model from the expansion, i.e. increasing the gold recovery from 93.0% to 94.3%. It does not account for the recovery improvements that will be realised from the expanded gravity gold recovery circuit and as such is conservative.

The forecast recoveries are consistent with those from recent historical production data. In the 2019FY, the average recovery was 93.1% at 2.74 g/t and was 92.8% at 2.84 g/t gold in FY2020. There are several underground feed types in 2020, all of which behave similarly. The Karari underground recovery was 92.7% at 3.25 g/t (half of the annual tonnes), Whirling Dervish underground was 92.8% at 2.40 g/t comprising approximately 40% of the feed and Deep South underground recovery was 92.6% at 2.24 g/t, although this was a small tonnage only. This demonstrates the consistent recovery behaviour of the different underground ores through the Carosue Dam plant. The actual gold recovery of 93.1% at a grade of 2.89 g/t gold achieved in the first quarter of 2021FY, i.e. the September 2020 quarter, was again consistent, and was in line with the budget.

The LOM recoveries in the model are varied for each ore source but is not adjusted for grade. Grade does moderate slightly to approximately 2.6 g/t in the next five years of operation as the higher grade Deep South underground ore is depleted, and some marginally lower grade feeds such as Porphyry – Pioneer Paddock, Enterprise, Wallbrook and Safari Bore ores are introduced to make up the blend. This may marginally overstate recoveries, particularly towards the end of the LOM when the grade drops further; however, this would be offset by the recovery benefits released through the additional gravity recovery, oxygen addition and conservative application of the finer grind size recovery improvements.

In SRK's opinion, the forecast gold metallurgical recovery assumptions used in the Carosue Dam LOM financial model are reasonable for the purposes of the valuation and are supported by historical production data, metallurgical testwork and the expansion project.

### 5.9.6 Processing costs

The annual and average processing cost forecasts in the LOM plan have been reviewed and compared against historical operating costs, the best indicator of likely future costs when processing similar ores and considering the December 2020 plant expansion. They have also been benchmarked against peer operations of comparable size, processing a predominantly fresh ore feed blend.

The actual 2019FY costs were A\$20.96/t feed and A\$22.86/t in 2020FY. The increase in 2020 was associated with, amongst other things, costs associated with the expansion, additional liners and increased reagent costs such as oxygen and cyanide which were required to increase gold recoveries and COVID costs.

The processing cost has dropped back to longer term levels in the first quarter of FY2020, i.e. the September 2020 quarter, which was A\$19.90/t. These costs benchmark well against SRK's throughput versus processing cost relationship developed from a database of operating gold plants and projects processing a predominantly fresh ore feed.

The forecast LOM increase in throughput to 3.5 Mt/a in 2023FY only realises a modest decrease in the process operating cost to approximately A\$19.75/t, i.e. as a function of the fixed cost component but increasing production. While a reduction and the absolute value is supported by both historical costs and the variable vs fixed cost ratio, there is a reasonable prospect that the cost could decrease further given the 20% increase in throughput.

Other likely cost savings have also been identified, specifically the use of lower salinity water from the Safari Borefield pipeline and the existing open pit. The cost for this pipeline has been incorporated into this year's development capital budget. Better quality water will reduce the lime requirement (and likely the cyanide and oxygen consumption) in the processing plant and will reduce cement binder requirements in the paste plant. These savings have not been factored into the LOM operating cost savings.

In SRK's opinion, the forecast processing costs used for the LOM model are reasonable and are supported by historical costs. There is no good reason that would see a material increase in the unit cost. Conversely, the processing costs do not decrease significantly with the increased throughput to 3.5 Mt/a. Because of this, SRK consider there is an opportunity for a modest decrease in the longer-term operating costs as a result of the proportion of the fixed operating costs.

There are likely further process operating savings associated with any future merger, but this has not been considered by SRK as the base case.

### 5.9.7 General and administrative costs

The annual and average general and administrative cost forecast in the LOM plan has been reviewed and compared against historical operating costs, the best indicator of likely future costs. They have also been benchmarked against peer operations of comparable size.

The actual 2019FY costs were A\$4.51/t feed and A\$5.02/t in 2020FY. There is some justification for the increase in 2020. It can be attributed to the plant expansion works and the increased costs associated with COVID, including the need for more flights, staffing changes, modifications to village access and operation. It is higher again in the September 2020 quarter, at A\$5.94/t, but this increase is associated with the final plant expansion works.

When benchmarked against SRK's database of operating gold plants and projects, these costs are at the high end of the typical range. This highlights a potential opportunity to decrease them to more typical levels. A reduction is expected now that the mill expansion is effectively completed with the engineering and construction contractors demobilising over the next few weeks. It will also drop with the increased tonnage.

While the absolute G&A cost is maintained, the forecast LOM throughput increase to 3.5 Mt/a in 2023FY allows the G&A operating cost to drop to A\$3.08/t, i.e. as a function of them being predominantly fixed costs but distributed across increased production tonnage. If there is further production creep above 3.5 Mt/a, in SRK's opinion there is a reasonable prospect that there could be a further modest G&A cost decrease.

In SRK's opinion, the forecast G&A costs used for the base case Carosue Dam LOM model are reasonable and are supported by historical costs and the expansion project.

### 5.9.8 Sustaining and development capital costs

The plant and related facilities have been maintained in a good condition for an operation of its age. While a detailed plant condition audit was not undertaken by SRK, based on the general site inspection, visually the plant is in good condition. No notable risks were noted in the civils, concrete, structural steel audit, piping, mechanical equipment and electricals, which seem to be maintained well, even with the ultra-high salinity water that is used on site.

A concrete civils and structural steel integrity report from June 2020 substantiates this view with some minor recommendations made for the ongoing maintenance of the plant condition. SRK was also provided with a recent SAG mill condition pinion and girth gear condition report, along with an older 2017 property and machinery breakdown insurance risk. None of these independent assessments identified risks material to the valuation of the Carosue Dam asset.

Appropriate critical (insurance) spares are carried on site including parts for the primary crusher, pebble crusher, SAG and now ball mill including a spare motor (common to both), pinion gears and spare mill girth gears for both.

The plant condition has been supported by appropriate planned and preventative maintenance and appropriate levels of sustaining capital expenditure. The plant also benefits from being of a robust, good quality design even with the ultra-saline water used for processing.

The sustaining capital cost incorporates a processing sustaining capital cost of A\$0.85/t, A\$30k/month for business services, A\$50k/month for general infrastructure and A\$20k/month for environmental requirements. This totals approximately A\$4.2m/year of sustaining capital that is maintained for the LOM. It accounts for the increase in plant throughput to 3.5 Mt/a as can be seen in the increase from 2022FY to the 2023FY. It is then maintained at the A\$4.2m/year for the majority of the LOM.

In SRK's opinion, the sustaining capital benchmarks relatively well against comparable peer projects and uses benchmarking rules of thumb. SRK considers the allowance to be reasonable, although the unit cost is at the low end of the typical range. It also reflects the actual 2019FY and 2020FY spend.

There are another 17 months of processing low grade stockpiles at the end of the LOM and in SRK's opinion, it would be prudent to allow for some sustaining capital during this period. SRK recommends 50% of the typical annual expenditure for an additional 6 months, 25% for 6 months and nothing for the last 5 months. Given these are at the end of the LOM, the impact on the valuation will not be material.

The development capital cost forecast in 2021FY and 2022FY reflects the major plant expansion works and other specific projects that have been identified as detailed in the capital projects spreadsheet. The A\$36.7m assigned in FY21 is significant. It is predominantly associated with the plant expansion, which construction completion will be achieved in early November 2020 so will be largely expended. It also includes an upgrade to the Porphyry Camp (A\$250k), a new (Safari) bore field water pipeline (A\$4.5m), a new bus (A\$320k), surface upgrades to the Karari underground power supply (A\$400k), phone tower works (A\$2.4m), an A\$10m allowance for the Enterprise Mining works, and some other miscellaneous costs, along with an annual TSF lift annual allowance (A\$2.2m). There is an additional plant critical spares (A\$700k) incurred in 2021FY which will be a 'one off' cost. The additional A\$3m forecast in FY2022 is for the Whirling Dervish paste plant works, and for the annual A\$2.2m/year tailings allowance, i.e. A\$5.2m in total.

After this, there is A\$2.2m allowed for each year until 2027 for TSF lifts (A\$0.63/t processed). The unit tailings cost could be marginally low but is based on third-party cost estimates and allows for the use of part of the tailings for paste backfill. No further development capital is spent in the last 4 years as production winds down. This curtailment of development capital is reasonable.

While a detailed review of the capital projects has not been part of the scope of this assessment, in SRK's opinion, the general level of expenditure forecast is reasonable for the purposes of the Carosue Dam Operation's valuation. With respect to the plant expansion capital, it is largely expended, and the subsequent projects are of smaller value. SRK notes that detailed costings are not available for some of this work; the costs presented are general allowances only at this stage of development but SRK consider this to be acceptable.

### 5.9.9 Processing opportunities

SRK consider there to be a number of opportunities attached to the processing assumptions presented in the LOM model. In SRK's opinion, there is a reasonable likelihood that additional benefits will be realised from these opportunities. This presents potential upside to the asset valuation but for the purposes of the valuation, they have not been incorporated into the base case. A number are listed below with some summary justification. The list is not exhaustive.

- Increased throughput through the processing facility, i.e. above the ultimate 3.5 Mt/a modelled, possibly towards 4 Mt/a, either through higher instantaneous rate and/or higher plant availability and utilisation. SRK considers there to be a strong likelihood of this occurring in the medium term.
- A modest further reduction in the processing costs as a result of the increased throughput. While the financial model processing cost decreases with increasing throughput, SRK consider this to be a conservative saving and it there could be further modest further savings.
- Other reagent savings are likely through the installation of the Safari borefield line and the provision of improved quality water, particularly in lime and cement consumption.
- Similarly, there is the potential for a modest reduction in the general and administrative (G&A) costs if there is further production creep above 3.5 Mt/a.

## 5.9.10 Processing risks

SRK considers there to be some minor risks attached to the processing assumptions presented in the LOM model. This presents potential downside but for the purposes of the valuation, they have not been incorporated into the base case. In SRK's opinion, based on the management of other risks to this aspect of the operation, the likelihood of them occurring is low.

A number of risks are listed below (the list is not exhaustive), with some summary justification provided:

- The expansion project is being commissioned in November 2020. There is a risk that there could be a flaw in the fabrication or installation of the new pebble crusher or ball mill that would curtail throughput until rectified. This is considered unlikely.
- General risks included a major change to the hardness of the feed or the recoverability of the gold due to a change in lithology. Historical recoveries, metallurgical testwork on new ores, and discussions with the Saracen technical team suggest this is unlikely.
- Some of the gold extraction testwork results were lower than achieved in the plant (and forecast). There is potential for some outlier recovery behaviour, but this is not reflected in actual plant performance on the same ores so has been dismissed for forecasting purposes.

## 5.10 Ore Reserves and mine planning

### 5.10.1 Ore Reserve estimates

The current Ore Reserve estimate for the Carosue Dam Operations was reported to the ASX on 4 August 2020. The Ore Reserve estimate was reported as at 30 June 2020.

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) in respect to the Ore Reserve estimate. In SRK's opinion, the Ore Reserve estimates reported for the Carosue Operations have been prepared to a sufficient quality standard under the guidelines set out in the JORC Code (2012).

The current Ore Reserve estimate is summarised in Table 5-6.

**Table 5-6: Carosue Dam Operations - Ore Reserve estimate at 30 June 2020**

Deposit	Mine Type	Proved Ore Reserves			Probable Ore Reserves			Total Ore Reserves		
		kt	g/t	kt	kt	kt	koz	kt	kt	koz
Karari/Dervish <sup>1</sup>	UG	-	-	-	11,000	2.9	1,000	11,000	2.9	1,000
Seep South	UG	-	-	-	620	3.0	60	620	3.0	60
Porphyry	UG	-	-	-	1,200	2.8	110	1,200	2.8	110
Carosue Dam Open Pits <sup>2</sup>	OP	-	-	-	3,600	1.7	190	3,600	1.7	190
Porphyry Open Pits <sup>3</sup>	OP	420	1.5	20	11,000	1.21.2	400	11,000	1.21.2	420
Safari Bore	OP	-	-	-	2,600	1.7	140	2,600	1.7	140
Stockpiles	S				-	-	-	2,900	0.8	77
<b>Total</b>		<b>3,300</b>	<b>0.9</b>	<b>96</b>	<b>29,000</b>	<b>2.0</b>	<b>1,900</b>	<b>33,000</b>	<b>1.9</b>	<b>2,000</b>

Source: Saracen ASX Press Release 18 August 2020

The Karari–Dervish underground reserves are based on a combination of open stoping with paste fill and also open stoping with pillars in areas of Dervish. The open stopes vary in width from 3 to 15 m and dip at 50–70°.

The Karari–Dervish reserves incorporate an external dilution factor of 15% and a mining recovery factor of 95%. A minimum stope mining width of 3 m has been used in the generation of the stope shapes. The Ore Reserve assumes a gold price of A\$1,750/oz and has used an operating cut-off grade of 1.85 g/t at Karari and 1.55 g/t at Dervish.

The Karari and Dervish underground mines are operating mines with a long production performance history with respect to productivity rates and open stope dilution recovery performance to inform future estimates.

The Karari and Dervish underground mines are both accessed from declines from the respective open pits. The declines are used for both access to the orebody and also for haulage of the ore to the surface. The underground infrastructure at the operation such as ventilation fans, escapeways, dewatering pumps and electrical infrastructure is established and operating. A paste pump is planned to be installed in FY21 to allow reticulation of paste fill to Dervish.

The Ore Reserve estimate was prepared on a A\$1,750/oz gold price whereas the LOM was prepared on a A\$2,250/oz gold price. The LOM for the Karari–Dervish underground mine contains a mining inventory of 13.20 Mt of ore at 2.96 g/t gold for 1,256 koz. This represents 120% of the tonnes in the Ore Reserve and 126% of the ounces in reserve and includes a material portion of material classified as Inferred Mineral Resource.

The mining schedule for the Karari underground shows peak production rates of 1.32 Mt/a of ore from Karari with typical production rates of 0.99 Mt/a to 1.05 Mt/a of ore over the life of the LOM.

The mining schedule for Dervish has peak production rates of 0.91 Mt/a and typical production rates varying from 0.84 Mt/a to 0.67 Mt/a over the life of the LOM plan.

Total ore production from the combined Karari/Dervish operation peaks at 2.23 Mt/a in FY 2021 and is typically in the order of 1.81 Mt/a.

Mining costs for Karari underground in the supplied financial model are A\$92.07/t of ore over the life of the LOM plan while mining costs for Dervish are A\$83.32/t of ore over the LOM plan. These costs include all mine operating and capital costs such as capital and operating development, stope production, underground haulage, backfill, supervision and grade control drilling costs.

The costs are reasonable based on SRK's assessment of the available data and its experience in working on similar projects in Australia. The costs are consistent with actual costs from the Karari and Dervish mines and are also consistent with similar mining operations.

The Ore Reserve estimate for the Porphyry open pit is based upon a prefeasibility-level mining study. It includes a detailed mine design, various capital and operating inputs, costs of mining, surface haulage, processing, general administration and environment management related costs. SRK understands that Saracen will undertake work to revise the Ore Reserve estimate and accordingly relevant LOM for the Porphyry underground. As such, SRK has made a recommendation to Ernst & Young Strategy and Transactions Limited to remove the Porphyry underground LOM from the Model, including its capital and operating cost allocation. SRK has valued the gold production attributable to the Porphyry underground as part of its exploration valuation, which is detailed in Section 9 of the Report.

A planning cut-off grade of 2.0 g/t gold was calculated based upon an assumed gold price of A\$1,600/oz and applicable processing, haulage and administration costs. A top-cut was not used as this was applied prior to the preparation of the Mineral Resource estimate.



## 5.11 Environment and mine closure

### 5.11.1 Environmental considerations

#### Flora, vegetation and fauna

The Carosue Dam Operations are located near the southern boundary of the Austin Botanical District. *Acacia aneura* is a dominant or a significant component in most plant communities in this district. Hummock grasslands, saltbush shrublands and Tecticornia shrublands are also characteristic of the region (Beard, 1990; Cowan 2001). Vegetation of the Carosue Dam area typically consists of low open Eucalyptus woodland over Acacia and other mixed shrubs to Casuarina and Acacia woodland. Toward Lake Rebecca, the vegetation becomes more halophytic and the overstorey disappears, leaving low halophytic shrubs with occasional sandy banks and drainage zones which support a wide range of species.

Multiple flora and vegetation surveys have been undertaken throughout the Carosue Dam Project area between 1999 and 2019. A total of 534 flora taxa have been recorded, including three species of conservation significance. No threatened plant species under the *Biodiversity Conservation Act 2016* have been recorded during surveys of the Carosue Dam Project area. No Threatened Ecological Communities (TECs) or Priority Ecological Communities (PECs) have been recorded within the project area.

Three plant species listed under the *Biodiversity Conservation Act 2016*, *Thryptomene eremaea* (P2), *Hysterobaekea ochropetala* subsp. *cometes* (P3) and *Eremophila arachnoides* subsp. *tenera* (P1) have been identified in the project area. Saracen has adopted standard work practices aimed to identifying and avoiding disturbance to the Priority 1 *Eremophila arachnoides* subsp. *tenera* which is known to occur to the northwest of the Paddock tailings storage facility and to the south of the Karari Project.

A range of desktop and field-based fauna surveys have been conducted in connection with the Carosue Dam Project between 1999 and 2019. The surveys have generally concluded that the fauna assemblage in the project area is typical of the eastern Murchison region; most fauna species occurring or expected to occur in the Carosue Dam region are widespread in their distributions. Major fauna habitat types and landscape features identified in the Project area include undulating plains; low rocky hills and breakaways; broad drainage systems, often supporting Eucalypts; sandy soils supporting Mallee over Spinifex; shrublands dominated by Acacia species and the Lake Rebecca salt lake system.

One mammal (*Dasyurus geoffroyi*, Chuditch, Western Quoll) and four threatened bird species listed under the EPBC Act (*Calidris ferruginea*, Curlew Sandpiper; *Leipoa ocellata*, Malleefowl; *Pezoporus occidentalis*, Night Parrot; and *Polytelis alexandrae*, Princess Parrot, Alexandra's Parrot), have been identified as potentially occurring in the project area. Of these, Malleefowl have been recorded extensively around Carosue Dam, as well as at Safari – Deep South. A number of Malleefowl mounds are known to exist in the project area and Malleefowl are regularly sighted along the access road between Camp and the Carosue Dam office. A compliance report prepared for the Carosue Dam project (April 2019) recorded an incident in which a single Malleefowl was accidentally killed by a light vehicle driven by a project contractor.

Saracen has implemented a Biodiversity Environmental Management Plan (SGC-EN-PL-2001) to guide activities that have the potential to adversely affect conservation significant species. Monitoring of active Malleefowl mounds is conducted by Saracen by means of motion-activated cameras.

### **Aboriginal heritage**

At least 11 registered Aboriginal heritage sites and approximately 18 other heritage sites (not previously registered) have been identified within Carosue Dam tenements during archaeological and ethnographic surveys conducted, starting in 1993. These include a number of artefact scatters, a scarred tree, 'arch deposits', a rock shelter and the Lake Rebecca mythological site.

Between 1999 and 2019, formal ('Section 18') consents have been granted under the *Aboriginal Heritage Act 1972* to destroy or otherwise impact a number of the sites. Conditions imposed as part of an early Section 18 consent require Saracen to avoid disturbing breakaways overlooking the orebodies. Gnamma holes, clay pans and other water sources are also to be avoided and creek beds protected.

SRK is not aware of whether future developments for the Carosue Dam project will require access to or disturbance of Aboriginal heritage sites, but notes that proposed changes to the *Aboriginal Heritage Act*, which are due to be introduced in 2021 will most likely make gaining such consents considerably more difficult in future.

### **Surface water**

The Carosue Dam Project lies mostly within the catchment of Lake Rebecca, an ephemeral salt lake that lies approximately 10 km to the east-northeast. There are no permanent rivers or water bodies in the project area. Intermittent stream flow occurs after major rainfall events, discharging eastwards toward the Lake Rebecca playa and associated clay pans.

Surface water flow in the project area has been significantly modified by existing mining infrastructure. South of the Karari open pit, surface water flows south and east to an embayment of Lake Rebecca. North of Karari, surface water flows eastward to a broad drainage line, then northwards toward Lake Rebecca. The Whirling Dervish western waste rock dump and TSF impede water flow from the west. This water is diverted around the Western By-pass Road. North of Luvironza water flows from the west directly to Lake Rebecca and associated salinas.

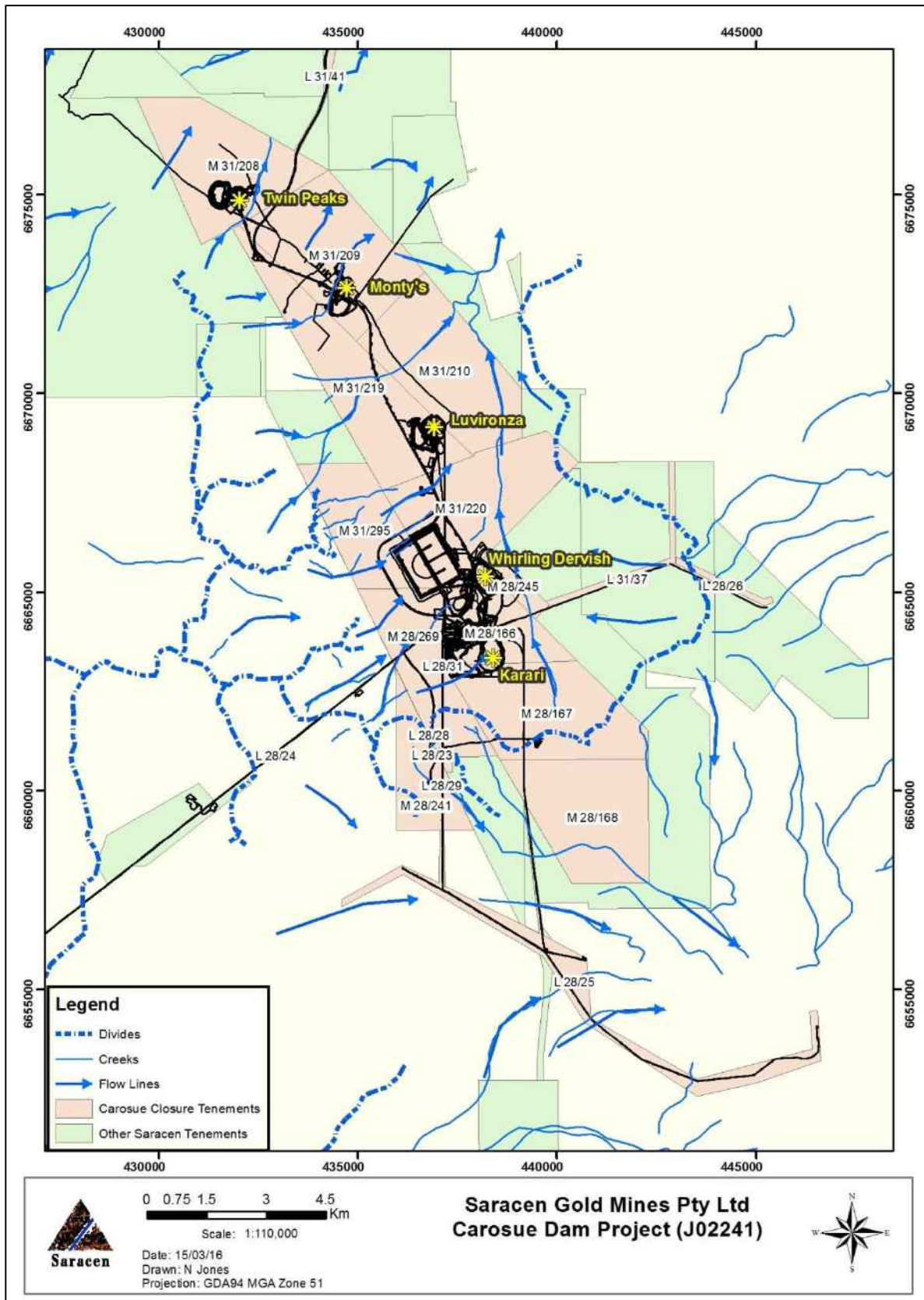


Figure 5-6: Surface water flows – Carosue Dam operations area

Source: Saracen Management Information

## Groundwater

Numerous groundwater studies have been conducted in the Carosue Dam Project area. The main aquifers in the vicinity of the Carosue Dam Project area are the fractured volcanoclastic bedrock associated with orebodies and the weathered/fresh rock interface. Several palaeochannel aquifers (tributaries to the Lake Rebecca Palaeochannel aquifer) are known in the Carosue Dam area. Alluvial deposits overlying the orebodies also contain groundwater. Aquifers are generally of localised extent and restricted to weathered shear zones and weathering along the main orebodies (Rockwater, 2000f).

The regional water table lies approximately subparallel to the ground surface, typically at depths ranging from 30 to 100 m below the surface. Pre-mining ground water levels were approximately 30 m below surface at Karari, 20 m below surface at Whirling Dervish, 12–14 m below surface at Luvionza and Twin Peaks, and 1–5 m below surface at Monty's. The regional groundwater flow is towards salt lakes, such as Lake Rebecca.

Water quality is dependent upon position in the landscape, ranging from fresh to brackish (less than 1,000 mg/L TDS) near recharge areas (elevated bedrock at drainage divides and beneath sandy drainage channels) to hypersaline (up to 300,000 mg/L TDS) in palaeodrainage systems associated with salt lakes. Seasonally, a relatively thin almost fresh water zone may develop in part of the aquifer that is closest to the surface. Major ion composition is dominated by sodium chloride. The pH values in fractured and weathered bedrock range from less than pH 4 to more than pH 8. Groundwater in the Carosue operations area is typically hypersaline and pH values are neutral to slightly acidic.

## Mine waste

Summary information presented in the most recent mine closure plan and various mining proposals indicates that the acid generation potential of both waste rock and tailings is very low and that the risk of metalliferous drainage is also low, although some level of enrichment in arsenic, bismuth, molybdenum and selenium is reported in tailings. The chief geochemical hazard arising from mine wastes at the Carosue Dam operation relates to the requirement to manage salinity.

## Stakeholder engagement

Saracen maintains a well-documented stakeholder engagement record, a copy of which was appended to the Carosue mine closure plan. The records of engagement summarised in the register point to an active and substantive program of engagement, including with pastoral land holders and regulators.

## Environmental compliance

The Carosue Dam Operations appear to be managed under a well-established and effective environmental monitoring system. Comprehensive annual compliance reports, including results of environmental monitoring required under statutory approvals and details of any non-compliance events, are lodged with DMIRS and DWER. Saracen maintains a detailed legal compliance register, a copy of which was appended to the Carosue Dam mine closure plan (2019).

### 5.11.2 Mine closure plan

Mine closure plans have been prepared for the Carosue Dam Operations as summarised in Table 5-7. The plans generally pre-date the most recent DMIRS mine closure guidelines and in some respects do not strictly adhere to the Department's preferred format for such documents. Nonetheless, the plans are comprehensive and of a good standard. The Carosue Dam mine closure plan includes detailed mine closure completion criteria, some of which may be overly ambitious, given DMIRS's current position that failure to achieve completion criteria may be treated as a breach of tenement conditions. The Carosue Dam mine closure plan includes a detailed description of mine closure cost estimation methods and the assumptions underpinning the closure cost estimate. Saracen notes that its estimation of closure costs does not include any contingency allowance.

Closure cost spreadsheets were provided to SRK for its assessment. The spreadsheets provide systematic accounting of rehabilitation and closure cost components and clearly stated assumptions. Some of the assumptions ('Whirling Dervish 3 (West) waste landform ump 40 m high not accounted for'; 'TSF seepage recovery pumping required for only one year – no cost allocation') may warrant further scrutiny, but overall Saracen's approach to closure planning appears to be thorough and at a reasonable level of development.

**Table 5-7: Mine closure plans**

Project	Tenements included
Carosue Dam Project – mine closure plan V4, March 2019 (J02241)	L28/23, L28/24, L28/25, L28/26, L28/28, L28/29, L28/30, L28/31, L28/32, L28/42, L28/54, L31/37, L31/41 M28/166, M28/167, M28/168, M28/241, M28/245, M28/269, M31/208, M31/209, M31/210, M31/219, M31/220, M31/295
Porphyry (Edjudina) mine closure plan, V3	L31/41, L31/44, L31/45, L31/59, L31/62, L31/63, M31/3, M31/4, M31/5, M31/6, M31/30, M31/76, M31/172, M31/231, M31/380, M31/381
Mt Celia (Safari and Deep South), V3	L39/127, L39/128, L39/130, L39/131, L39/132, L39/133, L39/134, L39/135, M39/129, M39/307, M39/309, M39/639, M39/740, M39/741

## 6 The Thunderbox Operations

### 6.1 Overview

Saracen holds a 100% interest in The Thunderbox Operations through its wholly owned subsidiary, Saracen Metals Pty Ltd (SMPL).

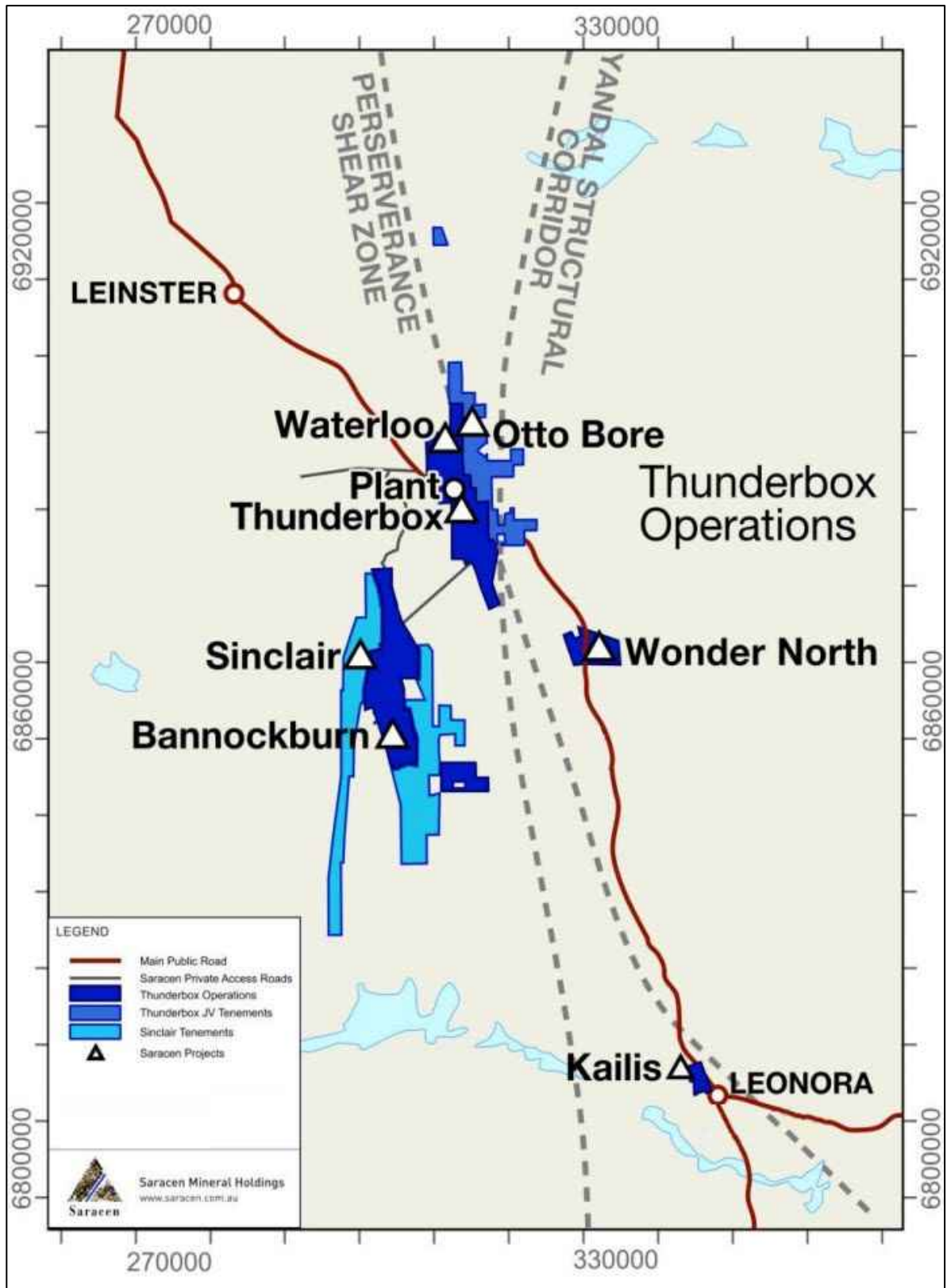
Saracen acquired the Thunderbox Operations in 2014 and commenced commercial gold production in 2016. The Thunderbox Operations (TBO) includes the Thunderbox Project (comprising the Thunderbox, Rainbox and Otto Bore gold deposits), the Kailis Project (consisting of the Kailis Stage 1 and 2 gold deposits), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits, as considered separately in Section 7.5.3).

The Thunderbox Operations span two prospective greenstone packages, namely the highly prospective Yandal and the Agnew–Wiluna belts in the Northeastern Goldfields of Western Australia. Existing infrastructure associated with the Thunderbox Operations includes the 2.5 Mt/a Thunderbox processing facility, a 340-person accommodation village, an airstrip, power infrastructure, a spur to the Goldfields Gas Pipeline, borefield water supply and telecommunication services.

SRK has received representation from Saracen that the tenement schedule presented in Table 6-1 and Appendix A are to be relied on and used for the purpose of this Report. SRK has made all reasonable enquiries into the status of this tenure as at 1 November 2020.

**Table 6-1: Thunderbox Operations – summary tenement schedule**

Type	Number	Area (ha)
Prospecting Licence (PL)	7	974.14
Exploration Licence (EL)	4	5,148.65
Mining Lease (ML)	82	46,476.39
Miscellaneous Licence (L)	20	24,578.03
L application	1	114.60
<b>Total</b>	<b>114</b>	<b>77,291.81</b>



**Figure 6-1: Thunderbox Operations overview**

Source: Modified Saracen Management Information

## 6.2 History

### 6.2.1 Thunderbox area

Large-scale mineral exploration began in the Thunderbox region in the late 1960s when Seltrust Mining Corporation Pty Ltd (Seltrust), Kennco and others carried out nickel exploration to the north of Agnew, resulting in the discovery of the Mount Keith deposit in 1969 and the Perseverance deposit in 1971, which stimulated further intensive exploration along strike.

Following the 1974 discovery of the Teutonic Bore Cu-Zn-Ag deposit approximately 40 km to the south of the current Thunderbox mill, Amex Exploration commenced base metal exploration activities on its Ockerburry Well and Boundary Well prospects. No substantial base metal deposits were outlined, and the tenure was surrendered.

Since the early to mid-1980s, the region has been targeted as a potential gold or base metal producer by various groups including the Archibald-Normandy Resources Joint Venture, Narracoota Exploration Australia Limited, Golden Plateau NL, BP Minerals Australia and Forsayth NL.

In 1991, Dalrymple Resources NL (Dalrymple) began the progressive acquisition and consolidation of key tenements in the Wildara area, which led to the identification and prospecting of a number of target areas. In late 1996, LionOre (then Forrestania Gold NL) entered into the Wildara Joint Venture with Dalrymple to earn a 60% interest in the tenements.

Early phase reconnaissance RAB drilling commenced shortly thereafter in the Thunderbox area, identifying numerous areas of gold anomalism. Many of these targets were not followed up, however, due to higher priority prospects elsewhere and a change in exploration focus towards nickel sulphide mineralisation. In 1999, exploration once again refocused on gold with a re-evaluation of the regional geology and the previously completed reconnaissance exploration.

This re-evaluation led to the discovery of the Thunderbox gold deposit in mid-1999 during a follow-up RAB drilling campaign. This program was designed to test conceptual targets for gold mineralisation based on their structural setting and the presence of known gold mineralisation some 6 km to the north. The discovery was made in the last two holes of this drilling program, with key intercepts including 4 m at 11.7 g/t gold from 20 m, and 5 m at 8.28 g/t gold from 47 m (LionOre, 2005).

Further in-fill RC and RAB drilling successfully confirmed the integrity, size, geometry and dip of the gold mineralisation. Four zones of gold mineralisation were delineated over a strike length of more than 400 m, and were subsequently designated Zone A, Zone B, Zone C and Zone D. Zones A, B and D, which are now known to be the main oxide ore positions over the primary Zone C lode, typically returned intersections of 40–70 m at 4–5 g/t gold. Zone C has been shown to extend over true widths of 60–80 m and remains open below a vertical depth of 400 m.

A decision to proceed to mining was made in December 2001 and the first gold was produced by November 2002. Full production from the open pits was achieved in early 2003 and continued until November 2007, when the Ore Reserves were exhausted.

During the intervening period, ownership of Thunderbox changed twice:

- In October 2003 LionOre and Dalrymple merged, with LionOre assuming Dalrymple's interest in the companies' joint ventures, including those at Wildara.
- In May 2007, Norilsk Nickel acquired LionOre.

In January 2014, Saracen entered into a binding agreement with Norilsk to acquire a 100% interest in the Thunderbox and Bannockburn operations, which was ultimately completed in May 2014. Saracen commenced open pit and underground mine feasibility studies together with plant refurbishment and extensional drilling activities almost immediately.



In March 2015, the development of Thunderbox Operations (Stage 1) was approved, with pre-strip mining commencing in June 2015 quarter and first ore produced in October 2015. Plant refurbishment commenced in September 2015 with wet commissioning commencing in February 2016 and commercial production declared effective 1 April 2016.

In late April 2016, Saracen acquired the Norilsk royalty over Thunderbox, which was followed by the commencement of commercial production at Thunderbox. Ongoing drill testing of the A Zone underground area supported the commencement of the Thunderbox underground feasibility study in late 2016.

Pre-strip activities were carried out at both Thunderbox pit C Zone in mid-2017. In October 2017, ore mining from C zone at Thunderbox commenced.

In mid-2018, Stage 1 mining of the Thunderbox open pit (A zone) was completed and mining activities at Thunderbox open pit (C Zone) also commenced around this time. Underground mining also commenced at Thunderbox around this time with the cutting of two portals at the southern end of the A Zone pit. Resource definition drilling also commenced at Otto Bore.

In February 2020, Thunderbox C Zone pit experienced a localised wall failure on the West Wall ramp and impeded access to mining ore. As a result, ramp-up mining in the D Zone Pit was initiated while the wall was remediated. Access to the base of the C Zone pit was restored in April 2020.

The first stope at the Thunderbox underground was blasted in July 2020.

## 6.2.2 Bannockburn area

The following description is based on Pratt and Jankowski, 1993 and Saracen, 2020.

The Bannockburn mine area lies on the Kalgoorlie to Peak Hill stock route and was rumoured to have been discovered by bore sinkers in the late 1800s. Intermittent small-scale underground mining occurred at Bannockburn up until the 1950s and then again in the 1970–80s. Between 1908 and 1946, Bannockburn produced 1,185 ounces of gold from 3,119 t of ore for a recovered grade of 11.9 g/t gold. In addition, around 36,000 t of ore was mined at Bannockburn in the 1970s and early 1980s at a grade of 10 g/t gold.

Modern exploration in the area commenced during the 1970s when various companies exploring for nickel sulphide mineralisation pegged most of the current project areas. Exploration work included gossan searches, field mapping, ground magnetic surveying and drilling. The work identified several nickel sulphide occurrences including the Marriott's, Prospect '107' and Schmidt Well.

Modern gold exploration commenced when Golden Hill Goldmines purchased the Bannockburn leases in 1979 and Freeport of Australia pegged the surrounding ground in 1982. A syndicate of Leonora prospectors (known as Kalim Limited) then acquired both the mine and surrounding leases in 1986 and by late 1987 had defined a gold resource. In February 1988, Arboyne NL purchased the leases and subsequently conducted further drilling increasing the stated resource position.

In July 1990, Dominion Mining Limited purchased the deposit from Arboyne and after further drilling commenced mining operations in October 1990, trucking the ore to the Tower Hill mill in Leonora. Continued exploration increased the resource and in February 1991, the decision was made to develop Bannockburn as a standalone operation. Mining at Bannockburn ceased between March and August 1991, while the treatment plant for the Gabanintha operation near Meekatharra was relocated to Bannockburn. Ongoing brownfields exploration included aeromagnetic geophysical surveying, soil geochemical sampling, and RAB and RC drilling led to the discovery of North Well, Blue Tank and Slaughter Yard deposits.

As a result of Cyclone Bobby, the Bannockburn mine flooded in 1995 after which Dominion placed the project on care-and-maintenance. In late 1995, Consolidated Gold Mines Limited (CGM) acquired the project, and recommenced open pit and underground mining operations at both Bannockburn and North Well in early 1996. Exploration activities completed by CGM included low level aeromagnetic surveying over the entire project area and RAB and RC drilling; however, no new deposits were discovered. In March 1998, CGM was placed into administration. The administrator continued to run the project until December 1998, when mine reserves were exhausted, and the project placed on care-and-maintenance. No exploration work was completed over the area while CGM was under the control of the administrator.

Arrow Resources Management (ARM) purchased the project in December 1999. ARM completed a re-evaluation of the project, and interpretation of low-level aeromagnetic data. In addition, work commenced on re-evaluating the nickel sulphide potential of the project area.

In June 2005, LionOre Australia (Wildara) NL (LionOre) acquired the Bannockburn tenure from Breakaway Resources Pty Ltd. LionOre elected to retain those areas considered prospective for gold and divested the nickel prospective areas to Jubilee Mines. In August 2007, LionOre was taken over by Norilsk Nickel Australia Pty Ltd (Norilsk).

Between 2007 and 2014, Norilsk carried out diamond and RC drilling programs, geochemical and geophysical surveys and project reviews. Review of the base metal potential was carried out in 2010 and Bannockburn resource review and geological review in 2011.

The Bannockburn tenements were purchased by Saracen from Norilsk on 6 May 2014 as part of a package of 82 tenements, which included the Thunderbox, Bannockburn, and Northwell gold resources and the Waterloo nickel project.

In early 2019, Saracen received approval of its water extraction licence and construction of the Stage 3 Bannockburn Bore Field began.

### 6.3 Permitting and compliance

The Thunderbox Operations are primarily regulated under the *Mining Act 1978*. A summary of mining proposals and mine closure plans approved for the project is provided in Table 6-2.

Prescribed activities (ore processing, mine dewatering, electric power generation, bulk storage of chemicals, sewage treatment, operation of a landfill) are regulated under a licence (L7815/2001/11) issued under Part V of the *Environmental Protection Act, 1986* and administered by DWER. The licence was granted in October 2014 and expires in October 2024.

The Thunderbox tenements lie within the Goldfields proclaimed groundwater area and accordingly, Saracen is required to hold groundwater licences for the abstraction of groundwater. Three groundwater licences have been issued for the project under the *Rights in Water and Irrigation Act 1914* (Table 6-3).

**Table 6-2: Thunderbox Operations – approved mining proposals and mine closure plans**

Year approved	Title	Relevant Tenements	Registration ID
2005	Addendum to NOI Wildara Project, Thunderbox Gold Mine: Increase in Zone C Pit Volume and Eastern Waste Dump Footprint, dated August 2005	M36/504	18466
2003	Additional bore to be added to the roadside bore field, dated 18 December 2003	M36/473	17873
2001	Rare Flora Search, Vegetation and flora survey on the exploration and mine lease of Thunderbox: Supplementary notes, dated November 2001	E36/256, M36/503, M36/504	17379

<b>Year approved</b>	<b>Title</b>	<b>Relevant Tenements</b>	<b>Registration ID</b>
2003	Addendum to the Notice of Intent Wildara Project Thunderbox Gold Project, dated October 2003	M36/35, M36/494, M36/504, M36/462, M36/525, M36/527	17829
2003	Thunderbox Gold Project: Tailings Storage Stage 2 Embankments: Addendum to the NOI dated May 2003	M36/504, M36/512	17677
2001	Notice of Intent Wildara Project Thunderbox Gold Deposit: Proposed Mine and Gold Treatment Plant near Leinster, WA dated September 2001	M36/503, M36/504, M6/473, M36/512, M36/542, M36/599, L36/155, L36/157, L36/158	17227
2001	Thunderbox Gold Project Tailings Management Notice of Intent dated November 2001	M36/504, M36/512	17229
2005	Addendum to the Notice of Intent Wildara Project Thunderbox Gold Project: Process water supply from Rogan Josh, dated March 2005	M37/437, M37/493, M36/503, M36/504, M36/542, L36/181	18338
2015	Mining Proposal for Dust Suppression on Thunderbox TSF dated 20 October 2014 signed by Briony Sinclair and retained on Department of Mines and Petroleum File No. EARS-MP-52889	M36/504, M36/512	52889
2015	North Eastern Goldfields Operations Interim Clean-up Plan Mining Proposal M36/504, M36/512 and M36/542 Version 2, dated April 2015	M36/504, M36/512, M36/542	54011
2015	North Eastern Goldfields Operations TSF Mining Proposal M36/504, M36/512 and M36/542 Version 2, 29 April 2015	M36/504, M36/512, M36/542	53955
2015	North Eastern Goldfields Operations Mining Proposal - Version 2, dated May 2015	M36/35, M36/462, M36/494, M36/503, M36/504, M36/512, M36/525, M36/527, M36/542, M36/582, M36/585, M36/599	53954
2016	Bannockburn Haul Road and Water Pipeline Mining Proposal	L37/142, L37/166, L37/216, L37/222, M36/503, M36/504, M36/582, M37/339, M37/340, M37/356, M37/357, M37/358, M37/359, M37/367, M37/368 and M37/437	60727
2018	Thunderbox EGS Mining Proposal V5 and Mine Closure Plan	L37/155, L36/158, L37/166, L37/222, M37/437, M36/503, M36/504, M36/512, M36/525, M36/582, M36/585, M36/599, M36/600	70743
2019	Thunderbox EGS Mining Proposal V6 and Mine Closure Plan	L37/155, L36/158, L37/166, L37/222, M37/437, M36/503, M36/504, M36/512, M36/525, M36/582, M36/585, M36/599, M36/600	81516

**Table 6-3: Thunderbox project – approved water licences**

Licence No.	Water allocation (kL/yr)	Location of water source	Licence expiry date
158766(6)	2,000,000	L36/155, M36/503, M36/504, M36/542, M36/582, M37/437, M37/493, L37/142	7 Nov 2026
157428(5)	4,000,000	M36/35, M36/541, M36/494, M36/462, M36/527, M36/516, M36/177, M36/421, M36/428, L36/155, M36/473, M36/474, M36/541	30 June 2024
63550(8)	2,400,000	M37/339, M37/340, M37/356, M37/358, M37/359, M37/360, M37/361, M37/367, M37/368, M37/465, L37/61, L37/73	4 Apr 2029

## 6.4 Native title

There are currently no registered Native Title Claims over the Thunderbox tenements. A proposed Darlot Native Title Claim (WC2018/005; WAD142/2018) was lodged by Darlot People in 2018, but that claim has not been approved for registration, notwithstanding the application having been re-submitted on four separate occasions. The application is currently under review for a fifth time.

## 6.5 Pastoral tenure

The Thunderbox tenements intersect parts of the Weebo and Sturt Meadows pastoral stations (Figure 6-2).

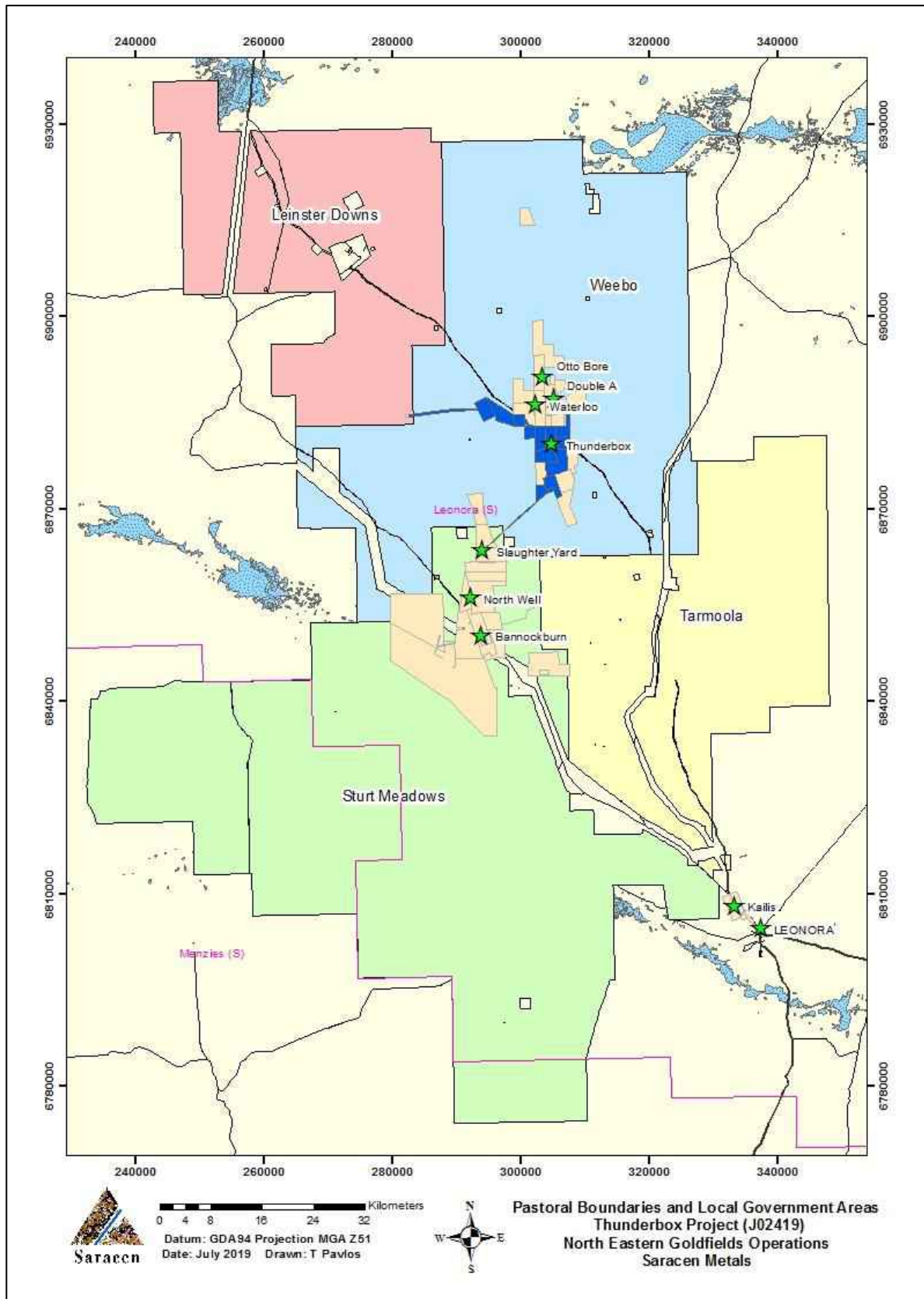


Figure 6-2: Pastoral land holdings in Thunderbox project area

## 6.6 Royalties

State royalties will be distributed to the Western Australian Government at the rate of 2.5% of the royalty value of any gold produced from the Project. This rate is the ad valorem rate that applies to gold metal as defined under the Mining Regulations 1981.

Additional private royalties are payable on certain tenements presented in Table 6-4.

**Table 6-4: TBO Third party royalties**

Royalty	Rate	Tenements	Deposit(s)
Challenger Gold Operations	A\$25/oz >33 koz – 73 koz A\$1/oz +73 koz	M37/339-340, M37/358-361, M37/368	Bannockburn, Frosty, Dakota, Old Camp, Slaughteryard, Bannockburn Haul Road
Royal Gold	Royalty is a percentage of ore value* processed each quarter: <ul style="list-style-type: none"> <li>Ore grade &gt;1.5 g/t gold has 4% royalty</li> <li>Ore grade &lt;1.5 g/t gold has 2.5% royalty</li> </ul> (*Ore value calculated by ore grade and average gold price for quarter)	M37/465	Dakota, Diesel
Black Mountain Gold	3% by weight of gold	M36/177	Otto Bore
Black Mountain Gold	2.5% of NSR form mined ore between 42 and 100 koz	M36/837, M36/35, M36/421, M36/462, M36/494, M36/513, M36/525, M36/527, M36/584-589	Otto Bore (bores), Double A pipeline and bores, Double A, Thunderbox waste rock dump
IRC	1.5% of the royalty base	M37/46, M37/219, M37/350, M37/488, M37/513-514, M37/564, M37/638, M37/902, M37/955, M37/986	Kailis, Celtic, Trump, Wonder, Wonder West, Wonder North
Talisman	2% of NSR on sale/disposal of the minerals	E37/1231, L36/198, L37/175, M36/444-446, M36/473, M37/362, M37/383-386, M37/424, M37/426-427, M37/590, M37/692, M37/735, M37/816, M37/818-819, M37/1063, M37/1089-1090, M37/1126- 1127, M37/1136-1137, M37/1148, M37/1168, M37/1223, M37/1275	Waterloo, Wildara, Ricks, Babylon, Delphi, Sinclair Mine, Village, Airstrip

## 6.7 Site inspection

In accordance with Section 11.1 of the VALMIN Code (2015), a site inspection was made to the Thunderbox Operations by SRK representatives Ms Karen Lloyd and Mr Simon Walsh on 26 October 2020. The site inspection included a meeting with key site personnel to discuss the operating performance and the key risks and opportunities and a site tour.

## 6.8 Geology, Mineral Resource estimates and prospectivity

### 6.8.1 Regional geology

The Thunderbox tenure portfolio is situated at the extreme southern end of the Yandal greenstone belt, within an area informally known as the Wildara–Leonora Belt. This belt extends over some 100 km in length and is up to 80 km wide and contains numerous orogenic gold deposits. The geological and structural history of the area remains controversial due to poor exposure and intense deformation history.

The belt comprises Archaean mafic, ultramafic, interbedded sedimentary units, felsic volcanics and altered sedimentary basins, which are intruded by the Siper Well subvolcanic complex and various granitoids including the Raeside and Bundarra plutons. This shear system, the Yandal–Melita Shear, divides the greenstone sequence into an Eastern and Western domain:

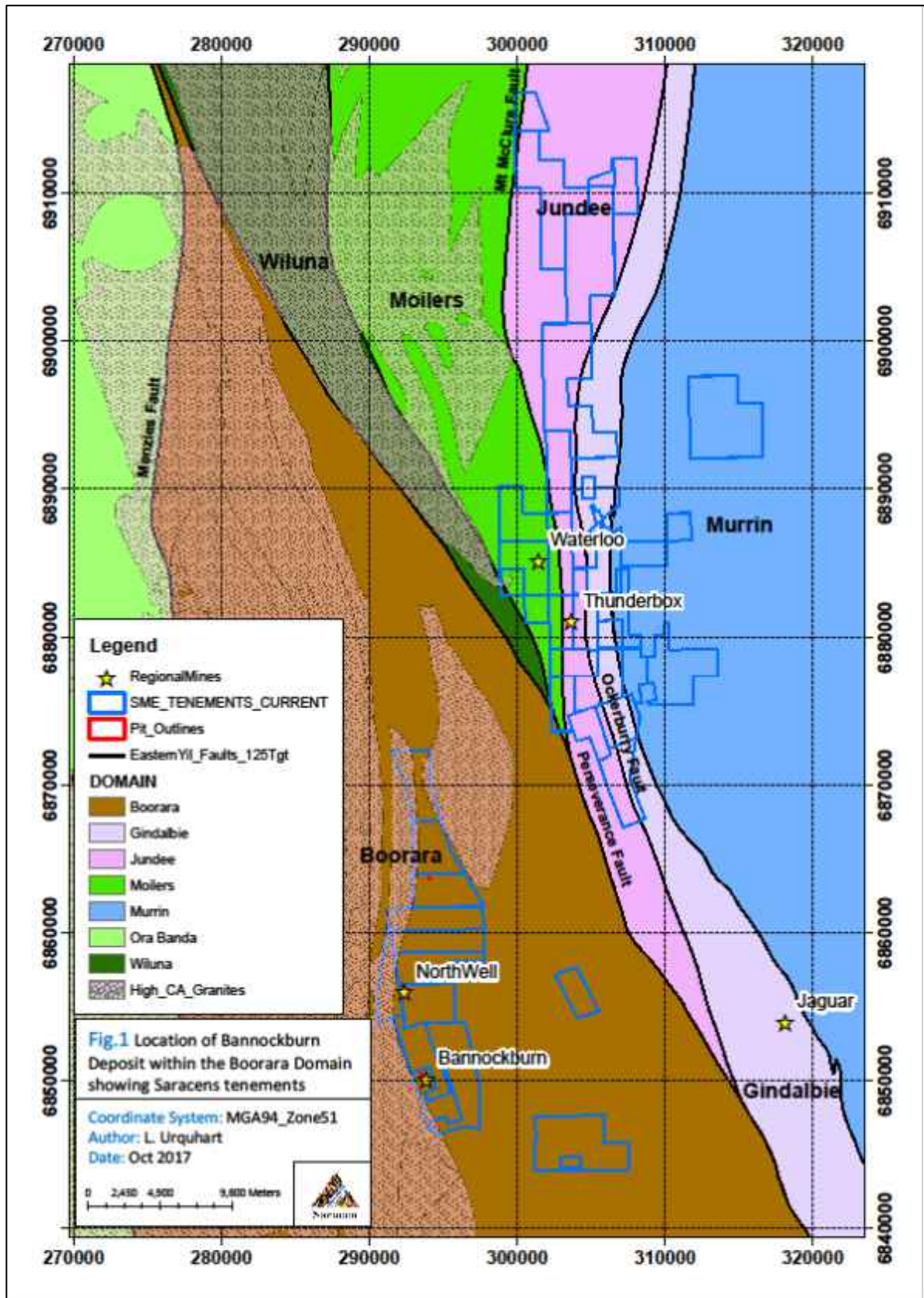
- The Western domain comprises tholeiitic and komatiitic basalts with minor sedimentary units. These rocks have been metamorphosed to amphibolite and upper greenschist facies. It is interpreted to represent the southern continuation of the Wiluna – Mount Keith – Leinster sequence which is a major nickel province hosting the Mount Keith, Yakabindie, Perseverance, Rocky Reward and Honeymoon Well nickel sulphide deposits, as well as the Agnew gold deposits.
- The Eastern domain consists of tholeiitic basalt, minor komatiite, calc-alkaline (andesite and rhyolite) volcanic rocks and sedimentary rocks.

The Yandal–Melita Shear is a major deformation corridor and represents a fundamental boundary at which several major intra-greenstone shear zones (including the KKFZ, Wildara, Ockerburry, Minneritchie, Bannockburn and Mt McClure faults) converge and join with the Perseverance Fault. This shear system continues south beyond the pinch-out of the Yandal greenstone belt (to the north) into the Leonora district, where it is associated with other major gold deposits such as Tarmoola, Jasper Flat, Tower Hill, Harbour Lights and Gwalia.

Several small nickel sulphide deposits and prospects also occur within the Wildara–Leonora belt including the Waterloo and Sinclair deposits, the Marriotts prospect, Randall's Find, Horn and Mt Newman prospects.

The Bannockburn tenement package lies 30 km south-southwest of the Thunderbox mine within the Agnew–Wiluna belt of the adjacent Boorara Domain of the Kalgoorlie Terrane. The greenstone stratigraphy in the Bannockburn area is dominated by an extensive sequence of high-magnesian basalts, komatiitic basalts, dolerite and gabbro, with intercalated fine-grained sedimentary and minor intermediate volcanoclastic rocks. Significant north–south elongate, foliated granitoid bodies occur internal to the main greenstone sequence. Granitic gneiss basement occurs to the west of the Wildara Shear. Rocks in the area have been metamorphosed to greenschist facies, and locally to amphibolite facies near the greenstone belt margins and adjacent to major structures. The stratigraphy has been folded into a series of juxtaposed anticlines and synclines elongate with the regional north-northwest trending fabric. The cores of domal structures may be occupied by syn-tectonic granitoid stocks, around which the stratigraphy broadly conforms. East-northeast-trending late Proterozoic dolerite dykes traverse the entire Bannockburn area.

Most of the gold production from the Bannockburn area has been mined from the Bannockburn mine corridor. Mined pits on the Bannockburn trend include Bannockburn, North Well, Slaughter Yard and Blue Tank. Gold has also been mined from the Jungle Well pit on the Mount Clifford trend. Other mineralisation occurs at Randall's Find, Mt Clifford and Victory in the Mt Fouracre area.



**Figure 6-3: Geology setting of the Thunderbox area showing key geological domains**

Source: Saracen's Bannockburn Resource Report (2020)



## 6.8.2 Local geology and mineralisation

Mineralisation at Thunderbox is hosted by strongly deformed, silicified and carbonate altered albite-quartz porphyry in the hanging wall of the Thunderbox Shear. The shear zone dips at 30° to 60° west-southwest, with the exception in the vicinity of the mineralisation, where the shear is vertical to steeply dipping. The shear juxtaposes foliated basalts and intrusive porphyries in the hanging wall against sedimentary rocks in the footwall. The zone of shearing is over 200 m wide. An ultramafic unit occurs within the shear, in the footwall of the deposit and is attenuated along the shear. At the known extremities of the mineralisation, the porphyry host is less continuous and interchanges with mafic volcanoclastic units.

The main gold-related hydrothermal alteration assemblage comprises quartz-ankerite-arsenopyrite-pyrrhotite-galena and gold. This assemblage has been overprinted by a retrograde chlorite-epidote-white mica-biotite-quartz and pyrite assemblage. Syn-mineralisation veins have a continuum of vein textures ranging from laminated to pseudo-breccias.

Throughout the Thunderbox deposit, elevated grades occur within southerly plunging ore shoots that are more evident in the lateral peperitic margins of the orebody. While the shoots persist centrally, the gold distribution is far more uniform and ubiquitous than in other areas. On a local scale, internal to the mineralised porphyry, are lenses of non-mineralised andesite.

Due to the complex structural setting and mineralisation styles and orientations vary greatly across the prospects presently defined within the Thunderbox area. Table 6-5 is a summary of the main gold deposits within Saracen's Thunderbox portfolio.

**Table 6-5: Summary of Thunderbox deposits supporting the stated gold Mineral Resources**

Prospect	Geological Overview
Thunderbox	Mesothermal lode gold mineralisation at Thunderbox is hosted by strongly deformed, silicified and carbonate altered albite-quartz porphyry (dacite) in the hanging wall of the Thunderbox shear zone (30° to 60°) in proximity to the Perseverance Fault. The shear juxtaposes foliated basalts and intrusive porphyries in the hanging wall against sedimentary rocks in the footwall. The deposit comprises 2 main mineralised zones, termed A and C. Gold distribution is the result of brittle fracturing of the porphyry and subsequent pervasive alteration. Infrequent higher-grade zones are associated with narrow laminated quartz veins or intense brecciated zones at the contacts of the porphyry host. The Thunderbox shear strikes NNW and dips moderately to the WSW. The shear and mineralisation are offset along a series of dextral, NE trending faults. The main gold related hydrothermal alteration assemblage comprises quartz-ankerite-arsenopyrite-pyrrhotite-galena and gold overprinted by a retrograde chlorite-epidote-white mica-biotite-quartz and pyrite assemblage. Mineralisation extends for 2,000 m strike length, 400 m width and to 500 m below surface.
Otto Bore	The Otto Bore deposit is hosted in NNW striking sheared high magnesian basalts with southerly plunging ore shoots, bounded by a basaltic footwall and dolerite hanging wall. Gold mineralisation is associated with quartz veining and becomes erratic and discontinuous away from the shear zone. Mineralisation is constrained to north by two NW trending faults and south by regional NNE trending shear. Mineralisation extend for 800 m along strike, 250 m in width and 170 m below surface.
Rainbow	Gold mineralisation at Rainbow occurs in shallow west dipping quartz-sulphide lodes within sheared basalts (hanging wall)/sediments (footwall) along the Yandal-Melita shear system. The shear strikes N-S and dips moderately (45°) to the west. Mineralisation extends over 600 m in length, 250 m in width and to a depth of 170 m below surface.
Bannockburn	The Bannockburn deposit lies at the intersection of the Bannockburn shear with the Central Thrust. The deposit strikes NNW and plunges shallowly (5-10°) to the NNW. The Bannockburn shear dips steeply to the east, while the dip of the Central thrust is variable, but predominantly flat. The deposit is predominantly hosted within highly silicified mafic schist in a complex sequence of tholeiitic, high-Mg and komatiitic basalts with intercalated sedimentary and intermediate volcanoclastic horizons. Dolerite and gabbro sills intrude the sequence. Majority of mineralisation in Central orebody comprising a series of steeply east dipping lodes. Mineralisation extends over 2,500 m in length, 1,750 m in width and to 150 m below surface.

Prospect	Geological Overview
North Well	Gold mineralisation at North Well lies in proximity to the main granite-greenstone contact along the Bannockburn Shear Zone. It is hosted within east dipping basalts in a sequence of siltstones and acid volcanic units which extends over a strike length of 2,600 m and to a depth of 170 m. Mineralisation comprises a series of shallow (25°) south plunging ore shoots and form <i>en echelon</i> along strike and down the dip of the shear zone. They are associated with quartz-sulphide filled shear structures.
Wonder	Tonalites and granodiorite intruded by andesites, lamprophyres and mafic intrusives, which have been cut by the NW trending Wonder Shear, which dips steeply NE. Mineralisation extends for 1,000 m along strike and 500 m down dip, with widths varying locally up to 45 m but predominantly 5 - 20 m. The mineralised zone is characterised by chlorite + sericite alteration. Overall, southerly plunge to the mineralisation.
Kailis	Gold mineralisation at Kailis is hosted in quartz-sericite schists within a 40 m wide, E-W oriented shear zone extending over a 1,300 m strike length and dipping 30° to the south. Mineralisation is primarily in the oxide profile occurring from 30 to 120 m depth. Mineralisation remains open at depth and to the west.

### 6.8.3 Mineral Resource estimates

The current Mineral Resource estimate for the Thunderbox Operations was reported to the ASX on 4 August 2020. The Mineral Resource estimate was reported as at 30 June 2020 (Table 6-6).

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) in respect to the Mineral Resource estimate. The named Competent Person taking responsibility for the Mineral Resource estimate is Daniel Howe, who is a full-time employee of Saracen. In SRK's opinion, the Mineral Resource estimate reported for the Thunderbox Operations is acceptable as a reasonable representation of global grades and tonnages and has been prepared to a sufficient quality standard under the guidelines set out in the JORC Code (2012).

**Table 6-6: Thunderbox Operations – Mineral Resources as at 30 June 2020**

Deposit	Measured			Indicated			Inferred			Total		
	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Thunderbox OP	2,300	1.5	110	7,200	1.5	350	590	1.2	22	10,000	1.5	480
Thunderbox UG	4,700	2.0	310	13,000	1.9	810	2,000	1.8	120	20,000	1.9	1,200
Otto Bore <sup>4</sup>				1,600	2.0	110	1,000	1.8	61	2,600	2.0	170
Rainbow	220	1.5	10	540	1.2	21	350	1.3	14	1,100	1.3	45
Bannockburn				10,000	1.8	600	160	2.0	10	10,000	1.9	610
North Well				3,900	1.5	190	1,000	1.9	61	4,900	1.6	250
Wonder OP				1,800	2.0	120	100	1.2	4	1,900	2.0	120
Wonder UG				860	2.1	59	1,700	2.6	140	2,600	2.4	200
Kailis				490	2.3	36				490	2.3	36
Ore Stockpiles	2,700	1.3	110							2,700	1.3	110
Sub-grade stockpile	220	0.6	4							220	0.6	4
Thunderbox Mineral Resources	10,000	1.7	540	39,000	1.8	2,300	6,900	1.9	430	57,000	1.7	3,200

## Notes:

All data rounded to two significant figures. Rounding errors may occur.

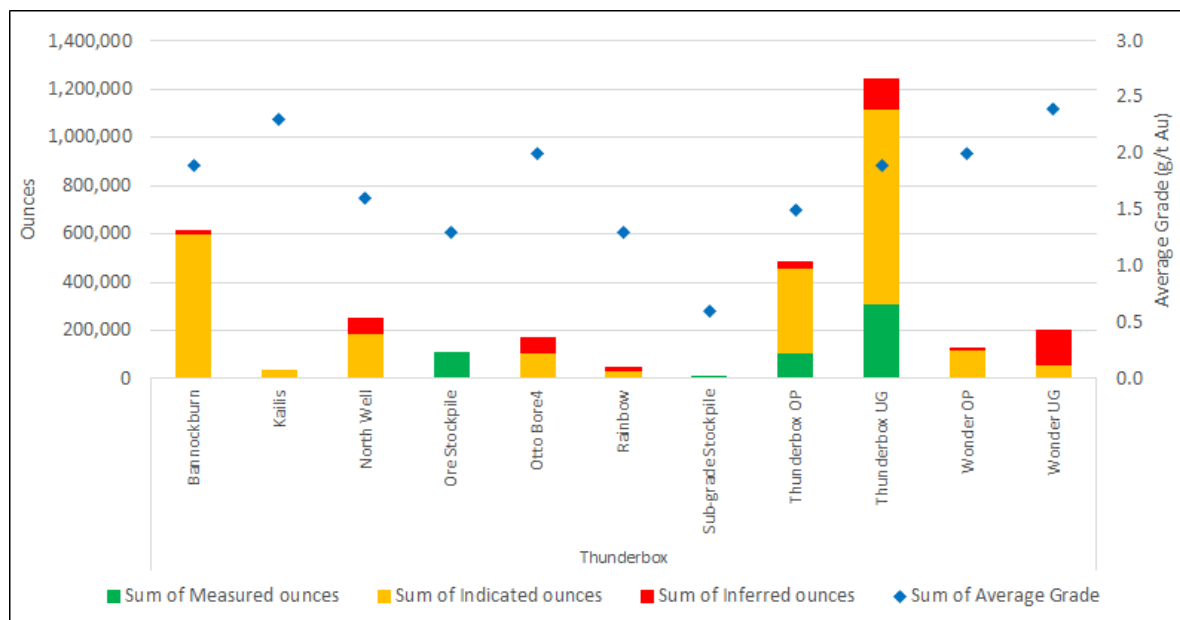
<sup>3</sup> Butcher Well, Crimson Belle and Thin Lizzie Mineral Resources are a Joint Venture with AngloGold Ashanti Australia. Figures reported relate only to Saracen's portion.

<sup>4</sup> Otto Bore – Figure reported includes Saracen's portion of the Warrida Well Joint Venture with Agnew Gold Mining Company Pty Limited.

Source: Saracen ASX Press Release 18 August 2020

The total Mineral Resources for Thunderbox are made up of multiple deposits with individual Mineral Resource estimates. The key deposits contributing to the Mineral Resources are the Thunderbox open pit and underground and Bannockburn, which together contribute 2.3 Moz (or 71%) to the total 3.2 Moz of gold reported for the total Mineral Resource (Table 6-6) and graphically illustrated in Figure 6-4. The main attributes of the Mineral Resource estimation processes for these key deposits are common to all the estimates and are discussed here.

The Mineral Resources are reported with reasonable prospects for eventual economic extraction using an A\$2,250/oz gold price within an optimised pit shell outline for the open pit Mineral Resources at a 0.5 g/t gold cut-off and within minable stope optimiser solids (MSOs) for the underground Mineral Resources at a 1.2 g/t gold cut-off. The Mineral Resources are reported inclusive of Ore Reserves and are therefore the total of the Mineral Resources that support the Ore Reserves as well as Mineral Resources additional to the Ore Reserves. Measured Mineral Resources within ‘Ore’ and ‘Sub-grade’ stockpile categories make up 80 koz gold or 2% of the total Mineral Resources at Thunderbox; 30 koz of this gold is in the ‘Ore’ stockpiles and the balance in ‘Sub-grade’ stockpiles. The entire stockpile Mineral Resources are reported as Ore Reserves.



**Figure 6-4: Thunderbox Mineral Resource**

Source: Saracen, June 2020

**Data collection**

Gold was discovered at Bannockburn in the late 1800s with modern exploration activities of the surrounding region commencing in the 1950s. Data collection increased significantly for the Thunderbox area following the commencement of mining in the early 1990s.

Saracen’s database records a mix of RAB, AC, RC and DD (drilled from both surface and underground positions), and RCD drilling methods, together with blast hole and RC grade control as well as underground face chip sampling. Current Mineral Resource estimates are primarily supported by RC and DD (NQ and/or HQ diameter core sizes) holes, as well as underground face sampling where warranted. Drill densities vary but are typically aligned on 20–40 m spaced sections with an average 20 m in-section spacing in exploration areas. Open pit grade control areas where there is current mining have a 10 m by 10 m drill spacing.

All holes since 2012 have been geologically logged (to record lithology, mineralogy, texture, mineralisation, weathering, alteration and veining), drill hole collar and face sample positions surveyed,

and DD holes were surveyed downhole. Sampling for RC and DD drilling is carried out in accordance with Saracen's sampling and QA/QC procedures. RC holes were typically sampled at either 4 m or 1 m intervals using a cone splitter, with DD holes submitting partial core samples (typically 1 m samples of half core). Gold was typically assayed using a 40–50 g charge fire assay with atomic absorption spectrometry (AAS). Additionally, samples were also collected for gold recovery testing and diamond core was subjected to water immersion testing to provide sample densities used to inform in situ bulk density estimates. In some instances, bulk densities are assigned based on historical density measurements from previous production phases.

Saracen's QA/QC analyses have been conducted for drill programs from approximately 2012 onwards. Field duplicate, pulp duplicate, blank and CRM samples were inserted into sample runs in various proportions to monitor sub-sampling and gold assay quality.

The exploration data to support the Mineral Resources are stored in an Acquire SQL database and have been, and remain, subject to a variety of validation processes.

The geological and assay datasets and QA/QC have been well-documented and, based on its review of the available technical data, SRK considers the data collection systems adopted to be effective and supportive of Mineral Resource estimation processes for the Thunderbox deposits.

## **Geological modelling**

### **Thunderbox – open pit and underground**

The Thunderbox Mineral Resource of 1.7 Moz gold is reported separately for open pit and underground eventual extraction, at 0.5 Moz and 1.2 Moz gold respectively, though the deposit is estimated with the same process irrespective of eventual mining method.

The Thunderbox deposit has successfully been mined by open pit in the past between 2002 and 2007. Since 2015, Saracen has successfully mined the C-Zone and D-Zone pit using open pit methods and the A-Zone using underground methods.

The majority of the Mineral Resource is informed from a drill spacing in the order of 40 m by 40 m, with the drill spacing in active mining areas on average 10 m by 10 m, but up to 20 m by 20 m in the underground. Downhole composites of 1 m are domain coded and top-cuts applied where applicable. Extreme grades are not common in the dataset and all domains are analysed individually to determine specific top-cut values. Due to the lack of extreme grades, the top-cut process affects only 1–2% of the data. All domain boundaries are treated as hard for the estimations to prevent smearing across these clearly distinct grade threshold boundaries. Grade estimation uses a combination of ordinary kriging with sub-domains defined with categorical indicators in all active mine areas and/or where the drill density (less than 20 m by 20 m) supports the estimation method.

The Mineral Resource has been classified into Measured, Indicated and Inferred categories based on drill hole spacing, geological confidence, and grade continuity and estimation quality. The Measured category is applied in areas that have been mined previously and have grade control drill spacing. Well drilled parts of all the major domains with high geological confidence and with an average distance of the informing samples less than 50 m are classified as Indicated. Inferred classification is applied to poorly drilled areas of the major domains with low geological confidence and low data density. The maximum distance of extrapolation from last known data points for the Inferred material is dependent on the geological continuity and confidence across the Thunderbox deposit (extrapolation is 40 m for D Zone, 60 m for C Zone and <60 m for A Zone).

The Mineral Resource classification and statements relate to a global estimate of tonnes and grade. Historical mine production and mill reconciliation records suggest that the estimation method and parameters used result in a highly accurate estimate of the resource. Over the five years Saracen has

mined and processed ore at Thunderbox, the Mineral Resource gold content has reconciled at approximately 101%, supporting the high confidence in the global estimates.

Saracen completes and documents its estimation processes and validation results and has a system of internal and external peer review of its processes and estimates. The external peer review of the Thunderbox resource estimate in 2020 did not identify any fatal flaws.

### **Bannockburn**

The Bannockburn Mineral Resource is reported for open pit eventual extraction, at 0.6 Moz contained gold; nearly all of this is an Indicated Mineral Resource, with no Measured Mineral Resources reported.

A 25 m by 25 m exploration drill spacing is effectively required at Bannockburn to define the mineralisation continuity. The tight drill spacing and decision not to report Measured Mineral Resources highlights the complex nature of some areas of the Mineral Resource.

The geology interpretation has been used to assist controlling the Mineral Resource estimation and a process of dynamic anisotropy is used to improve the estimation of domains that have variable dip and plunge orientations. Based on Saracen's current economic operations at Carosue Dam and Thunderbox, and the natural grade distinction above background, a grade threshold of 0.5 g/t gold has been chosen for defining the grade domains for the open pit Mineral Resources. A total of 100 domains are defined in the deposit.

As with the Thunderbox process, downhole composites of 1 m are domain coded and top-cuts applied where applicable. Extreme grades are uncommon in the dataset and all domains are analysed individually to determine specific top-cut values. Estimation of the gold grade is completed with ordinary kriging with a maximum distance of extrapolation of 40 m.

The Mineral Resource has been classified largely as Indicated and a very small portion (10 koz of contained gold) as Inferred categories based on drill hole spacing, geological confidence, and grade continuity and estimation quality. The Indicated Mineral Resource category is informed by drilling at a spacing of less than 20 m by 25 m and the Inferred material, in most cases was defined from maximum 40 m extrapolation from the nearest drill hole or a spacing of 40 m by 40 m.

Saracen has a documented process for geological modelling, estimation, validation and reporting and peer review of Mineral Resources that provides a high level of support for the likely accuracy of the estimation outcomes. An external audit on Bannockburn in June 2019 found no fatal flaws with the Mineral Resource estimation.

### **Stockpile Mineral Resources**

The Mineral Resources for Thunderbox include Measured Resources for so-called Ore or Marginal stockpiles and Sub-grade stockpiles. The entire stockpile Mineral Resources are reported as Ore Reserves. These stockpile Mineral Resources are made up of a number of physical stockpiles created from recently mined material and in some cases, these are historical or legacy stockpiles remaining from historical mining periods.

Three Mt of the total Mineral Resource of 57 Mt is within the Stockpile Mineral Resources, representing 0.1 Moz or 3% of the contained gold within the total Mineral Resource, with only some 0.1% of the contained gold ounces within historical stockpiles.

In the Ore and Marginal stockpile material, the contained gold grades are similar to the as-mined material and the operations typically refer to these as high-grade stocks. In the case of the Thunderbox Ore Stockpiles, the average grade is 1.3 g/t gold. On the other hand, the Sub-grade stockpile material is typically referred to as low-grade stocks, and in the case of Thunderbox, the average grade for these stocks is 0.6 g/t gold. The Mineral Resources in these stockpiles are considered to be economically extractable within the mine plan and schedule.

## Prospectivity

Following discussions with Saracen's technical staff and review of available information, SRK notes the following with respect to the growth opportunities associated with the presently defined Mineral Resources at the Thunderbox Operations:

- Resources/ Reserves:
  - TBO Resource model performing exceptionally well
  - Kailis Resource model has underestimated the contained gold
  - Reserve parameters are in line with operational performance
- company strategy:
  - mineralisation trend at Thunderbox appears to continue down plunge
  - Otto Bore only shallowly tested and has shown reasonable results along strike
  - recent Wonder North drilling confirms high grade trend and remains open at depth
- near-term targets for exploration drill testing:
  - Thunderbox Underground A Zone – test strike and plunge extensions to the current LOM in order to improve confidence in current Inferred material and test for further depth continuity.
  - Thunderbox Underground C Zone – depth extents to the current LOM in order to test the gap fault area and improve confidence in current Inferred material, as well as test for further depth continuity.
  - Kailis surface – test for continuity between Trump and Kailis Stage 2 open pit areas and continuation of the known mineralisation down dip
  - Bannockburn underground – test for additional targets at Anice and a new conceptual target to the north at depth (known as Bannockburn Repeat which is based on updated structural and stratigraphic model)
  - Bannockburn surface – further testing of the southern portion of the Bannockburn – North Well gold trend.

## 6.9 Metallurgical testwork and processing

### 6.9.1 Processing flowsheet

The Thunderbox plant was operational from the last calendar quarter of 2002 to September 2007 by LionOre, then Norilsk Nickel Australia, before it was placed into care-and-maintenance. Saracen acquired the asset from Norilsk in late 2014. After refurbishment, and upgrades, most notably to the pebble crusher and the gravity circuit, as well as to the CIL tanks, the plant recommenced production in 2016 and has run continuously since.

The plant is a conventional carbon-in-leach (CIL) gold circuit ubiquitous within the Western Australian Goldfields. It comprises a single stage jaw crusher, crushed ore stockpile, a 3.25 MW SAG mill in closed circuit with a pebble crusher, a 5.65 MW ball milling circuit in closed circuit with hydrocyclones classifying to a target grind size  $P_{80}$  of 90  $\mu\text{m}$ , a gravity circuit comprising centrifugal style gravity concentrators (2  $\times$  30" Knelson Concentrators) and intensive leaching of the gravity concentrate. The gravity tailings product is processed through a six-stage leach/CIL circuit, pressure Zadra elution and refinery facility to produce gold doré. Tailings are thickened and pumped to a dual cell tailings storage facility. Power is supplied by a third-party power provider (KPS). This is made up of gas and/or diesel-fired generators. A summary flowsheet is shown in Figure 6-5.





Rainbow ores (processed from April 2030) do not have the same level of testing by Saracen but are processed later in the LOM and there is ample time available to undertake appropriate additional testing of these future ore sources.

SRK has assessed the historical operating data in conjunction with the metallurgical testwork, in respect to metallurgical recovery, throughput and reagent consumption, and considers the application of both to the LOM metallurgical inputs and modifying factors to be reasonable.

### 6.9.3 Throughput

The annual plant throughput forecast in the LOM plan has been reviewed and compared against historical throughput, the best indicator when processing similar ores. The review has also considered the metallurgical testwork on future ores, and the impact of the proposed expansion projects on grind size, throughput and CIL circuit residence time.

The fresh ores are competent and abrasive. They are at the high end of hardness when compared to other Western Australian operations. They are blended with softer oxide ores. Throughput, grinding power and wear are a function of this competency and the blend.

The original Minproc Ltd design capacity of the plant was 2.5 Mt/a on oxide ores and 2.0 Mt/a on fresh ores. The refurbishment undertaken by Saracen in 2014/15 included the installation of a new pebble crusher, gravity circuit and intensive leach reactor, all of which increase the plant capacity and recovery. Over the years since the restart, further debottlenecking and general production creep has allowed the capacity to be increased to the current capacity of 2.8–2.9 Mt/a depending on the feed blend. The latest improvements achieved from 2017 includes the installation of a slip energy recovery (SER) system for the SAG mill (previously it was fixed speed), modifications to the SAG mill discharge, improved (longer) duration between mill relines through improved liner design and material types, CIL pump motor upgrades, installation of an 'expert control system' together with other miscellaneous improvements.

SRK consider historical throughput to be the best indication of future performance. Throughput has been relatively consistent since 2018 (2.65 Mt), with material production creep each year. Most recently, the mill has demonstrated it is able to process 2.83 Mt (2019FY) and 2.89 Mt (2020FY). The 2021FY first quarter throughput has increased further, to an annualised rate of 3.03 Mt/a. This is approaching the forecast of 3.09 Mt/a for the full year, without completion of the current upgrades.

SRK considers the overall uptime of the plant to be below peer operations. It has always been relatively low, the previous operator achieving values of approximately 93.5% as a result of relines and other maintenance both planned and unplanned. The Saracen operation uptime is not dissimilar. Availability and utilisation (overall uptime) are a focus of the operations team and SRK expects this to improve, particular as a function of increased periods between mill relines.

The forecast LOM throughput increases from 2.9 Mt/a to 3.5 Mt/a in the 2023FY. This is achieved through staged upgrade works. The first stage is a new (seventh) CIL tank which is in progress and is scheduled for completion in May 2021. The second stage is the installation of a secondary crushing circuit. Saracen has already purchased two (2) Sandvik CH870 cone crushers for this application. Detailed design is still required. The final stage of expansion is the installation of a third ball mill.

Debottlenecking studies have been undertaken by a number of consulting and engineering firms to support this work, including Orway Mineral Consultants (OMC), DRA Pacific Pty Ltd and Mintrex Pty Ltd. These studies have demonstrated that the plant can be debottlenecked to nominally 3.5 Mt/a. SRK's high-level review of Thunderbox suggests that while at 3.5 Mt/a there will be other areas of the plant approaching capacity, there is potential for further production creep towards 4 Mt/a once a third ball mill is installed.

SRK notes that while the secondary crushing circuit and third ball mill engineering design and costing is not yet at a definitive level, the LOM has the time allocation necessary for the execution of this project and for this work to be undertaken.

In SRK's opinion, the forecast throughput assumptions used in the LOM model are reasonable for the purposes of the valuation and are supported by historical production data, metallurgical testwork and proposed expansion projects.

#### **6.9.4 Metallurgical recovery**

The annual and average metallurgical recoveries forecast in the LOM plan have been reviewed and compared against historical recoveries, the best indicator of likely future costs when processing similar ores. SRK's review has also considered the feed grade, metallurgical testwork on future ores, and the impact of proposed expansion projects on grind size, throughput and CIL circuit residence time.

The ore is free milling in both the oxide and fresh feed, with high gold recoveries. Despite the fresh ore's gold mineralisation being sometimes associated with sulphides, historical recovery both during the LionOre/ Norilsk operation and now Saracen's, together with testwork, has demonstrated that it is not occluded and that with a sufficient grind, oxygen and cyanide addition, high recoveries can be maintained.

A gold feed grade versus tailings gold grade relationship is used to forecast recoveries. It is based on operating data and is updated to reflect current production data. This was last updated for the 20219FY. Metallurgical testwork recovery data are also used to compare against these values. The result is a relatively flat grade versus recovery relationship at the forecast annual gold grades.

The forecast recoveries are consistent with those from recent historical production data. The overall gold recovery in 2019FY was 94.0% for C Zone and Kailis open pit at a feed grade of 1.80 g/t gold, D Zone open pit oxide ores at 1.18 g/t gold, and underground development ore recovery at 2.36 g/t gold. In the 2020FY, the average recovery from the Zone C, Zone D and Kailis open pit ores process was 94.5% at 2.1 g/t and was 94.2% at 1.91 g/t gold for the UG development ore. The gold recovery for the first quarter of 2021FY, i.e. the September 2020 quarter, was 94.1% at a grade of 1.93 g/t gold, again in line with expectations.

While there is some minor year-to-year variability in the LOM forecast over the next five years, it averages approximately 94.1%. The forecast of 94.0% from April 2028 is a small drop, reflecting a dropping grade. The LOM recoveries in the model are varied for each ore source but are not adjusted for grade. This may marginally overstate recoveries particularly towards the end of the LOM when the grade drops, but this would be offset by the recovery benefits released through the additional CIL tank, oxygen addition and potential for finer grind through the third ball mill.

Large stockpiles also allow for appropriate blending of hardness, grades and lithology types to provide confidence in the forecast recovery.

In SRK's opinion, the forecast gold metallurgical recovery assumptions used in the Thunderbox LOM model are reasonable for the purposes of the valuation and are supported by historical production data, metallurgical testwork and the proposed expansion projects.

#### **6.9.5 Processing costs**

The annual and average processing cost forecast in the LOM plan has been reviewed and compared against historical operating costs, the best indicator of likely future costs when processing similar ores. They have also been benchmarked against peer operations of comparable size, processing a predominantly fresh ore feed blend. They also consider the impact of the expanded production rate in 2023FY.

The actual costs benchmark well with peer operational costs. The 2019FY costs were A\$18.97/t feed and A\$19.97/t in 2020FY. The increase to 2020 was associated with, amongst other things, an extra mill re-line in the year, additional reagent addition such as cyanide and oxygen, being justified to improve gold recoveries in order to take advantage of the high gold price, and COVID.

The first quarter of FY2020, i.e. the September 2020 quarter, tracked at the same level as last year, A\$20.00/t against a budget of A\$19.22/t due to higher crushing, milling and maintenance overhead costs. These costs benchmark well against SRK's throughput versus processing cost relationship developed from a database of operating gold plants and projects processing a predominantly fresh ore feed.

The electrical power price, predominantly on gas, is relatively low and provides a cost advantage for the project. Gas-fired electrical power buffers the risk of future increases in the diesel price.

The forecast LOM increase in throughput to 3.5 Mt/a in 2023FY only sees a modest decrease in the process operating cost to approximately A\$18.60/t, i.e. as a function of the fixed cost component but increasing production. While a reduction and the absolute value is supported by both historical costs and the variable vs fixed cost ratio, there is a reasonable prospect that the cost could decrease further.

In SRK's opinion, the forecast processing costs used for the LOM model are reasonable and are supported by historical costs. There is no good reason that would see a material increase in the unit cost. Conversely, the processing costs do not decrease significantly with the increased throughput to 3.5 Mt/a and potentially higher. Because of this, SRK consider there is an opportunity for a modest decrease in the longer-term operating costs as a result of the proportion of the fixed operating costs.

### 6.9.6 Infrastructure

There is substantial infrastructure associated with the Thunderbox gold operation. The infrastructure includes access and internal roads, accommodation camp, power station, raw water bore field, other water reticulation systems such as potable, fire water and septic systems, airstrip, administration offices, warehouse, workshops and other site buildings, communications and IT systems and a laboratory. The facilities are typical of comparable Australian mineral processing facilities and is suited to the ongoing support of the Thunderbox operation.

There will be some minor additional infrastructure needed to meet the expanded circuit needs. Specifically, additional raw water and electrical power for the ball mill and additional underground mining power requirements.

There is a 433-room camp at Thunderbox, and another 103 rooms located at the Sinclair Nickel Project, together with associated services.

There is a site airstrip. It was not visited during the site visit, but it is CASA certified and currently being used for charter flight services to Thunderbox. The airstrip apron is being expanded to allow larger planes to land. Overflow flight seat requirements are easily managed on regular commercial flights into the nearby Leinster and Leonora public airstrips.

Access to the Thunderbox site is via a short gravel road from the Goldfields Highway. The internal road and haulage network is extensive and in good condition.

There are two tailings storage facility (TSF) cells, TSF A and TSF B. The TSF facility is audited annually to meet compliance requirements. Reports show them to be in good condition. Seepage is monitored to ensure there are no issues, particularly with the resolubilisation of arsenic and there was no appearance of obvious erosion or failures of the walls.

Further approved lifts are available for both these cells and a third cell, TSF C, has been designed, costed and is in the approval process. The cost of TSF C is incorporated into the LOM plan. It will

benefit from Thunderbox D-Zone pre-strip material, which will reduce the capital requirement. The tailings volume required to be stored will decrease with the imminent construction of a paste plant for the underground. Costs for annual lifts are allowed for in the LOM plan. In SRK's opinion, there is ample storage available to meet the LOM plan and well beyond.

Site power is provided by KPS (Kalgoorlie Power Systems). A fleet of diesel, gas and hybrid dual fuel generator sets, typically approximately 1 and 1.5 MVA engines, are installed to provide the entire site's power requirements. The system is flexible to both diesel and gas depending on the availability from a spur from the Dampier to Bunbury natural gas pipeline. There are two spare engine bays that can be used for additional generator sets if and when required, i.e. for the additional ball mill and underground ventilation requirements. The smaller 1 MW generator sets can also be replaced with larger units if required. In SRK's opinion, the power station can meet the demands of the current and future LOM requirements.

In SRK's opinion, the existing infrastructure does not present any significant risk to the ongoing viability of the Thunderbox Operations. The infrastructure is currently operational and meets the demands of the existing operation. Risks, specifically to the water security have been considered and are being appropriately managed and mitigated.

### **6.9.7 General and administrative costs**

The annual and average general and administrative cost forecast in the LOM plan has been reviewed and compared against historical operating costs, the best indicator of likely future costs. They have also been benchmarked against peer operations of comparable size and include consideration of the proposed expansion project.

The actual costs in 2019FY costs were A\$2.60/t feed and they were A\$2.71/t in 2020FY. These costs benchmark well against SRK's database of operating gold plants and projects.

The forecast LOM increase in throughput to 3.5 Mt/a in 2023FY only sees a modest decrease in the G&A operating cost to A\$2.25/t, i.e. as a function of the fixed cost component but increasing production. The absolute G&A cost is maintained. If there is further production creep above 3.5 Mt/a, there is a reasonable prospect that there could be a further modest G&A cost decrease.

In SRK's opinion, the forecast G&A costs used for the Thunderbox LOM model are reasonable and are supported by historical costs and the proposed expansion project.

### **6.9.8 Sustaining and development capital costs**

The plant and related facilities have been maintained in a good condition for an operation of its age. While a detailed plant condition audit was not undertaken by SRK, based on the general site inspection, visually the plant is in good condition. The housekeeping was commendable. This is typically a strong indication of the plant condition. No notable risks were noted in the civils, concrete, structural steel audit, piping, mechanical equipment and electricals, which seem to be maintained well. SRK has also been provided with recent plant structural integrity, SAG mill and ball mill condition reports, together with an older 2017 property and machinery breakdown insurance risk.

Appropriate critical (insurance) spares are carried on site including parts for the primary crusher, SAG and ball mill motors and pinion gears, and a spare girth gear for the SAG mill. The ball mill does not currently have a spare girth gear, but it has been ordered. In the unlikely event that there is a failure before it is delivered, minor modifications could be made to keep a portion of the throughput ongoing through a SAG mill only circuit. SRK does not consider this to be a material risk to the valuation.

The plant condition has been supported by appropriate planned and preventative maintenance and appropriate levels of sustaining capital expenditure. The plant also benefits from being of a robust,

higher end quality design and because of the low total dissolved solids (TDS) water used for processing.

The sustaining capital cost incorporates a processing sustaining capital cost allowance of A\$0.75/t (A\$2.65m/year), mining sustaining capital of A\$900k/year and general sustaining capital of A\$1.2m/year, a total of A\$4.725m/year. This excludes tailings and development capital costs. The 2021FY cost is elevated to A\$10.8m as it also includes a number of other projects, specifically; TSF Cell C (A\$2.5m), some additional technical services projects (A\$900k) and light vehicle (A\$150k) costs.

In SRK's opinion, the sustaining capital is aligned with peer operations although unit cost is at the low end of the typical range. It also adheres to typical rules of thumb, as well as reflecting the actual 2019FY and 2020FY spend. The A\$4.725m/year extends to the end of the 2029FY then drops to nothing for the last 41 months of operation. SRK believe it should be extended further towards the end of the LOM but can be tapered down. SRK recommends an additional 50% for 24 months, (+A\$4.725m in total) and 25% for the third year (+A\$1.18m). There is no requirement for the final five months. Given this expenditure is at the end of the LOM, the impact is not expected to be overly material.

The development capital spend in 2021FY and 2022FY reflects the five-year capital cost forecast model. It is assigned to a new CIL tank and other plant upgrades (A\$10.5m), the Thunderbox underground paste plant and surface works (A\$26.0m) and a further A\$6m for the plant expansion to 3.5 Mt/a. In 2022 there is a further A\$14m for the plant expansion to 3.5 Mt/a, A\$7.5m for another TSF cell and an extra A\$5m for underground capital. It then drops to a constant A\$2.4m after that to 2028FY for annual tailings dam lifts. The unit tailings cost is relatively low given a significant percentage is used for underground paste fill. No further development capital is spent in the last four years as production winds down. This curtailment of development capital is reasonable.

While a detailed review of the capital projects has not been part of the scope of this assessment, in SRK's opinion, the general level of expenditure forecast is reasonable for the purposes of the operation's valuation. In respect to the plant expansion capital, there is a DRA scoping study from December 2019 that provides costings for secondary crushing and a new ball mill, an additional thickener and other miscellaneous upgrades. It is staged expenditure that explains the development capital cost being spread across 2019 and 2020, with a further large spend in 2022FY and 2023FY for the additional ball mill, which allows throughput to increase to 3.5 Mt/a. This is needed to achieve the forecast throughput with 100% fresh feed, while maintaining the target grind size.

As noted in the processing risks section below, the capital cost estimate for the secondary crusher and mill expansion is not at a detailed design level. While a 15% contingency has been allowed in these estimates, there is the potential for changes (increases) to the expansion capital costs as a result of the high level of development. This level of contingency is not commensurate with the level of study accuracy undertaken by DRA, i.e. +/-40% scoping study.

### 6.9.9 Processing opportunities and risks

SRK consider there to be a number of opportunities attached to the processing assumptions presented in the Thunderbox LOM model inputs. In SRK's opinion, there is a reasonable likelihood that additional benefits will be realised from these opportunities. This presents potential upside to the Thunderbox asset valuation but for the purposes of the valuation, they have not been incorporated into the base case.

A number of risks (the list is not exhaustive) are listed below, with summary justification provided:

- Increased throughput through the processing facility, i.e. above the ultimate 3.5 Mt/a modelled,

possibly towards 4 Mt/a, either through higher instantaneous rate and/or higher plant availability and utilisation.

- A modest reduction in the processing costs as a result of the increased throughput. While the financial model processing cost decreases with increasing throughput, SRK consider this to be a conservative saving and there could be further modest savings.
- Similarly, there is the potential for a modest reduction in the general and administrative (G&A) costs if there is further production creep above 3.5 Mt/a.
- Synergies that may be achieved through merger opportunities or acquisition of other projects.

SRK considers there to be some minor risks to the processing assumptions presented in the Thunderbox LOM model inputs. In SRK's opinion, based on the management of other risks to this aspect of the operation, the likelihood of them occurring is low.

A number of risks (the list is not exhaustive) are listed below, with summary justification provided:

- The capital cost estimate for the secondary crusher and mill expansion is not at a detailed design level. While a 15% contingency has been allowed in these estimates, there is the potential for changes (increases) to the expansion capital costs as a result of the level of development. This level of contingency is not commensurate with the level of study accuracy undertaken by DRA, i.e. +/-40% scoping study.
- Risks included a major change to the hardness of the feed or the recoverability of the gold due to a change in lithology. Historical recoveries, metallurgical testwork on new ores, and discussions with the Saracen geologists suggest this is unlikely.

## 6.10 Ore Reserves and mine planning

### 6.10.1 Ore Reserve estimates

The current Ore Reserve estimate for the Thunderbox Operations was reported to the ASX on 4 August 2020. The Ore Reserve estimate was reported as at 30 June 2020.

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) in respect to the Ore Reserve estimate. In SRK's opinion, the Ore Reserve estimates reported for the Thunderbox Operations have been prepared to a sufficient quality standard under the guidelines set out in the JORC Code (2012).

The current Ore Reserve estimate is summarised in Table 6-7.

**Table 6-7: Thunderbox Operations - Ore Reserve estimate at 30 June 2020**

Deposit	Mine Type	Proved Reserves			Probable Reserves			Total Ore reserves		
		kt	g/t	koz	kt	g/t	koz	kt	g/t	koz
Thunderbox Pits	OP	1,900	1.3	79	6,600	1.4	290	8,400	1.3	370
Thunderbox	UG	2,200	2.0	140	9,000	2.0	570	11,000	2.0	710
Otto Bore	OP	-	-	-	1,600	1.8	91	1,600	1.8	91
Bannockburn	OP	-	-	-	8,800	1.6	460	8,800	1.6	460
Kailis	OP	-	-	-	79	2.0	5	79	2.0	5
Stockpiles	S	2,900	1.2	120	-	-	-	2,900	1.2	120
<b>Subtotal</b>		<b>7,000</b>	<b>1.5</b>	<b>340</b>	<b>26,000</b>	<b>1.7</b>	<b>1,400</b>	<b>33,000</b>	<b>1.6</b>	<b>1,700</b>

Source: Saracen ASX Press Release 18 August 2020

The Thunderbox underground reserves are based on a combination of open stoping with paste fill (longitudinal and transverse) and also open stoping with pillars. The open stopes vary in width from 3 to 50 m and dip at 75–80°.

The reserves incorporate an average dilution factor of 6%, a mining recovery factor of 93% and use a minimum stope mining width of 3 to 3.5 m. The reserves assume a gold price of A\$1,750/oz.

A feasibility study on the Thunderbox underground mine was completed in 2019 and stope production from the upper level has recently commenced. The site does not have a history of production performance in terms of productivity rates and open stope dilution recovery performance to inform future estimates. The outputs from the feasibility study have predominantly been used to inform future forecasts.

The Thunderbox underground mine is accessed via two connected declines located in the footwall of the orebody. The declines are established from the existing Thunderbox open pit and are used for both access to the orebody and haulage of ore from the mine. The underground infrastructure at the operation such as ventilation fans, escapeways, dewatering pumps and electrical infrastructure is partially established and will be further augmented as the declines are established.

The LOM for the Thunderbox underground contains a mining inventory of 14.035 Mt of ore at 1.94 g/t gold for 876 koz. This represents 123% of the tonnes in the ore reserve and 124% of the ounces in reserve. The mining schedule for Thunderbox underground considers an annual ore production commencing in FY2021 and rates peaking at approximately 2.31 Mt/a in years FY2024 and FY2025. Ore production finishes in FY2028.

The mining costs include all mine operating and capital costs such as capital and operating development, stope production, underground haulage, backfill, supervision and grade control drilling costs. The average unit mining cost over the life of the mine is A\$48.47/t ore.

The open pit Ore Reserves at Thunderbox comprise estimates from D Zone, Otto Bore, Bannockburn and Kailis. The current mining focus is D Zone, which is located immediately adjacent to the processing facilities. A representative cross-section is presented in Figure 6-6.

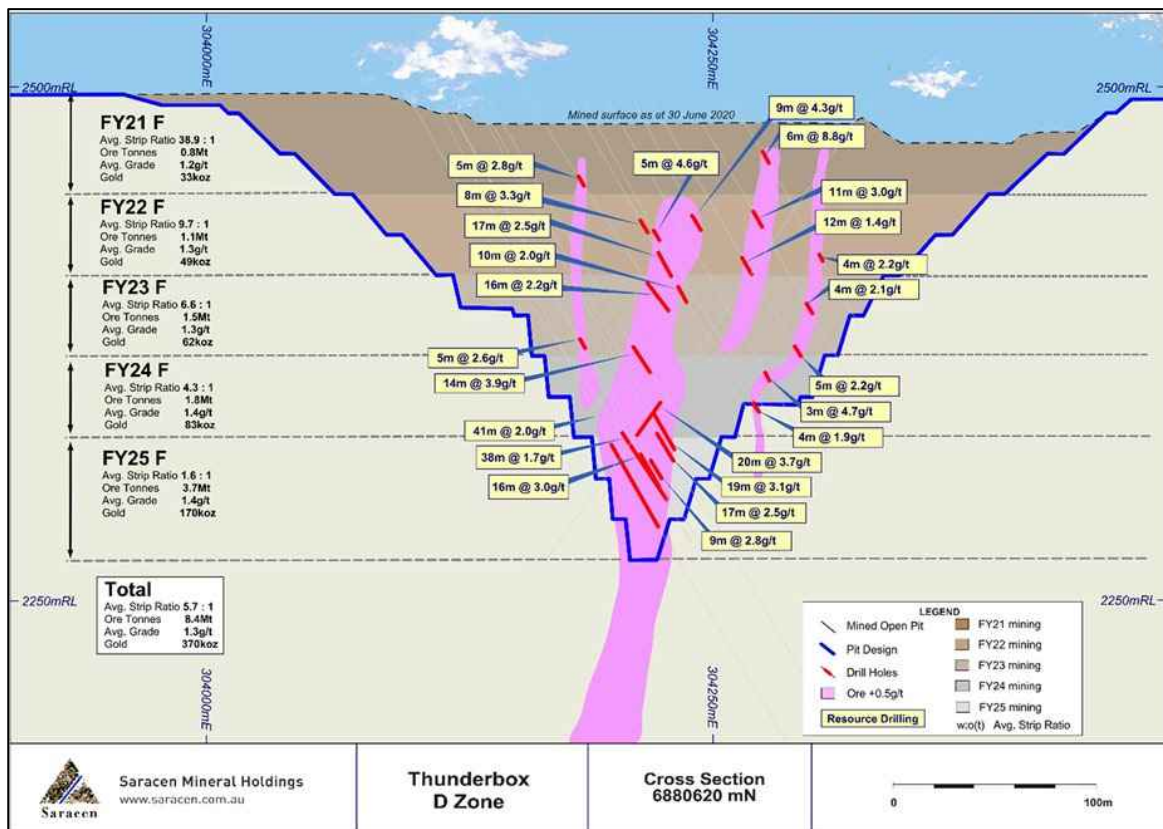


Figure 6-6: D Zone representative cross-section

Source: Saracen Management Information

In SRK's opinion, the LOM for Thunderbox is reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia. The mining inventory included in the LOM is supported by appropriate mine design solids that incorporate the economically minable portions of the inferred material.

In SRK's opinion, one limitation to the LOM is the peak production rate of 2.3 Mt/a. Based on the scale and nature of the mining plan proposed, a peak production rate below 2.0 Mt/a would be reasonable. The underground mining schedule and associated physicals do not contain sufficient production drill metres for the stope tonnes contained in the schedule. The stope bogging rate is excessive for the narrow stopes in the schedule. No delay allowance has been made for rehabilitation and additional ground support during the extraction of the stopes in the later part of the mine life. In addition, there has not been a sufficient allowance for activities associated with bogging on top of paste-filled stopes. Further, the LOM underground unit mining cost is modelled at A\$48.47/t for Thunderbox underground. SRK believes a more reasonable value would be approximately A\$65/t based on the nature and scale of the proposed mining plan.

## **6.11 Environment and mine closure**

### **6.11.1 Environmental considerations**

#### **Flora, vegetation and fauna**

#### **Aboriginal heritage**

Three registered Aboriginal heritage sites (all artefact scatters) lie within the Thunderbox project tenements. Archaeological and ethnographic surveys of the project area have identified a small number of additional sites recommended for protection as heritage sites. To date, no heritage sites have been disturbed by the Thunderbox Operations.

#### **Mine waste**

Summary information presented in the most recent mine closure plan and various mining proposals indicates that the acid generation potential of both waste rock and tailings is low, although a survey of Thunderbox waste landforms conducted in 2018 (Soilwater Consultants, 2018), apparently reported exposed acid-forming materials at the surface of some landforms. Tailings at Thunderbox are reported to contain elevated concentrations of arsenic.

#### **Stakeholder engagement**

Saracen maintains a well-documented stakeholder engagement record, a copy of which was included with the Thunderbox mine closure plan. The records of engagement indicate an active and candid program of engagement, including with pastoral land holders, traditional owners and regulators.

### **6.11.2 Mine closure and rehabilitation**

Mine closure plans have been prepared for both the Thunderbox and Waterloo projects. The structure and content of the mine closure plans are consistent with Saracen's documentation for other projects and generally satisfy DMIRS guidelines, though the level of detail and supporting evidence provided in the Thunderbox closure plans is less than that provided for the Carosue Dam operations.

Mine closure cost models have been prepared for both operations. The reliability of the closure cost models is somewhat undermined by the lack of closure design information. For example, it is not clear what sort of cover system is proposed for the Thunderbox tailings storage facility and whether the design of the cover system considers the geochemical attributes of the stored tailings. The closure cost model allows for placement of a nominal 1 m-thick cover layer and 200 mm of topsoil, but no other information is provided, other than a note to the effect that it has been assumed that seepage recovery



from the TSF will be required for no more than one year. The allocation of funds for further geochemical studies, contamination assessment and related closure design may be insufficient to address rehabilitation requirements at Thunderbox and should be reviewed as part of the next update of the mine closure plan. Only about 3% of land disturbed to date for the Thunderbox project (23 ha out of a total of about 675 ha) is described as being 'under rehabilitation'. The mine closure plan proposes a range of clearly defined completion criteria, but on the basis of information made available to SRK, it is not possible to judge whether or not the proposed criteria will be achievable. DMIRS has indicated that it intends to make attainment of closure criteria legally binding on the tenement holder (K Caple, correspondence dated 30 June 2020). The Model includes a closure allocation of A\$25m.

## 7 The exploration portfolio

### 7.1 Introduction

In addition to its mining operations at Kalgoorlie, Carosue Dam and Thunderbox, Saracen maintains a large tenement portfolio associated with, and surrounding, these operations. These form the basis for Saracen's regional exploration portfolio.

In addition, several recent acquisitions have either supplemented or increased Saracen's interest in its regional landholdings, as outlined below:

- In November 2018, Saracen completed the acquisition of Intermin Resources Limited's 10% interest in the Lehmann's Well Gold Venture (comprising 14 tenements to the north of Saracen's Thunderbox operation and including the Otto Bore deposit).
- In June 2019, Saracen completed the acquisition of the Hawthorn Resources Limited's interests in 16 tenements including the Box Well (now Moody's Reward) and Deep South tenements (M39/1109, M39/1110, and P39/5846) within the Carosue Dam area.
- In September 2019, Saracen completed the acquisition of Bligh Resources Limited, providing it with a 100% interest in Bligh's Bundarra Project. The Bundarra Project is located 30 km south of TBO and comprises five mining leases and six prospecting licences that collectively host the Wonder, Wonder North and Celtic gold deposits.
- In October 2019, Saracen completed the acquisition of the Sinclair Project from Talisman Mining Limited. In addition to significant mine infrastructure, the Sinclair Project offers potential for both nickel and gold mineralisation associated with an extensive tenement package covering units of the Agnew–Wiluna greenstone belt.

### 7.2 Kalgoorlie area

KCGM's Kalgoorlie exploration portfolio includes 328 tenements, comprising General Purpose Leases, Miscellaneous licences, PLs (including applications) and MLs (including applications) covering more than 337 km<sup>2</sup>. Based on its review of the available technical information, SRK notes the following in relation to the potential of KCGM's regional exploration holdings in the Kalgoorlie area:

- Extensive active and historical mining workings cover most of the Kalgoorlie tenement package.
- In addition, infrastructure associated with the nearby city of Kalgoorlie and its associated transportation networks constrain access and availability of certain areas for exploration activities.
- In addition to its near mine exploration opportunities (as discussed in Section 5), KCGM also has defined a number of regional exploration concepts and targets, namely:
  - Eight Mile Dam – a porphyry-hosted stockwork target located between the Gidgi gold processing plant and KCGM's tenement package (P26/3351 / M26/843), and immediately east of the Goldfields Highway. Previous limited drilling in the area was not optimally oriented.
  - Jacks Find – a GMD stockwork target with supergene enrichment to the southwest of the Adadare and Idaho pits in an area that has been under-drilled.
  - Hannans South – a skarn target focused along the main contact with monzogranite at the southern end of the main tenement package. Interpreted to be open for over two km.
  - Shea – a Black Flag vein target with supergene enrichment at the southern end of the main tenement package.

## 7.3 Carosue Dam area

Saracen's Carosue Dam exploration portfolio includes 133 tenements, comprising ELs, PLs and MLs covering more than 1,343 km<sup>2</sup>. For operating purposes, Saracen's portfolio is divided into two broad groupings, which reflect the Company's focus on two comparatively underexplored stratigraphic and structural corridors:

- The Carosue Dam Corridor landholding is primarily located northwest and southeast of the Carosue Dam mining centre and is centred on structures associated with the Keith–Kilkenny Tectonic Zone (KKTZ), particularly the Yilgangi Fault. The KKTZ has been well established in the Leonora greenstone belt and in the Laverton region hosts the deposits of Karari, Whirling Dervish, Luvironza, Monty's and Twin Peak mines.
- The Mount Celia Group is located to the northwest and south of the Deep South and Safari Bore mines and is centred on structures associated with the southern portions of the Laverton Tectonic Zone, including the Celia and Pinjin faults. The LTZ is host to a significant number of gold deposits including Wallaby and Sunrise Dam.
- Between these two near contiguous tenement blocks is a small isolated group of tenements collectively referred to as the Edjudina Block, which hosts the historical Porphyry and current Million Dollar gold deposits.

Most of the Company's key tenements are readily accessible and agreements with local Aboriginal groups form the basis for ongoing grant of title on an as-required basis.

Since acquiring its initial foothold in the Laverton region in 2006, Saracen has focused on the compilation and assessment of all available exploration data, prior to target generation and prospect assessment activities. Saracen has expressed the view that the Carosue Dam Corridor contains some of its highest priority targets. The attraction to the area is influenced in part by Saracen's assessment that the terrane is characterised by widespread hematite alteration, which is indicative of extensive and intense regional hydrothermal alteration, which in its opinion, is a significant and positive factor for the occurrence of gold mineralisation and large gold deposits. Over the last 12–18 months, Saracen has invested heavily into exploration across the underexplored Carosue Dam corridor to add to the lithostratigraphic and structural understanding of the district.

### 7.3.1 Carosue Dam Corridor – exploration prospects

Outside the defined mining areas and associated Mineral Resources, exploration of the Carosue Dam Corridor predominantly remains at an early to advanced exploration stage. The dominant structural control through the area is the KKTZ and extensions of the same structure encountered in the Carosue Dam area.

Saracen's key targets are in the greenstone belt rocks of its core tenement holding covering at least 75 km of strike along the KKTZ:

- Recent exploration activities conducted by Saracen have included mapping and surface sampling, 3D seismic geophysical survey analysis, magnetotelluric surveying, multiple drilling programs (Juba, Atbara, Monty's–Elliot, Jubena, Luvironza North, Osman), resource modelling (at Karari, Whirling Dervish and Atbara), pit optimisation studies (Monty's–Elliot and Karari), heap leach testing, TESCAN Integrated Mineral Analyser (TIMA) and geochronology (Atbara), and metallurgical testing (at Blue Manna). Key outcomes from this include:
  - RC–DD drilling on M28/166 (Osman) encountered a broad zone of low-grade gold (<2 g/t gold) at shallow depth and further drilling is planned to assess the down plunge continuation of this intercept.

- RC–DD drilling at the Whirling Dervish North area (some 750 m north of the open pit) successfully identified mineralisation along strike of Whirling Dervish mine.
- Mineralisation at Atbara is highly variable, and work is still ongoing on the geological controls.
- AC drilling at the Juba target, located 1–2 km southeast of the Karari open pit, encountered numerous narrow zones of greater than 40 ppb gold at shallow depths associated with intermediate volcanoclastics cut by felsic intrusives.
- Drilling has confirmed similar stratigraphy at Jebena with Atbara, Qena, and Luvironza, although notably absent from Jebena is the Atbara monzonite.
- Saracen has identified conceptual targets at Breezeway and MW1.
- Saracen has proposed further evaluation at the following prospects: Omdurman (a 3.5 km anomalous strike length between Whirling Dervish and Luvironza on M31/220), Memphis (E31/1058), Luvironza North (M31/219 and M31/210).
- Saracen has proposed further drill testing at the following prospects: Juba, Memphis North (E31/1058), Village (M28/241), Far East (E31/1239).

## Yilgangi

- Saracen holds a 100% interest in the Yilgangi tenements comprising four ELs covering a combined area of 248.71 km<sup>2</sup>.
- The sub-project area is located within the Menangina and Murrin domains of the Kurnalpi terrane and is characterised by basalt, gabbro, ultramafic rocks, andesite, and sedimentary and felsic volcanic rocks.
- The sub-project area hosts the Yilgangi King and Yilgangi Castle historical workings, in addition to the Webb Find, Castle West, and Memphis prospects.
- The majority of the Yilgangi Project tenements were purchased from Rubicon Resources Limited in November 2011, whereas the Old Plough Dam Project tenements were previously held by Gold Fields Exploration Pty Ltd, in joint venture with Plutonic Baxter Pty Ltd (Homestake). Plutonic Baxter first discovered the Twin Peaks, Monty's Dam and Elliot's Lode gold resources.
- Much of the historical exploration in and around the Yilgangi Project area has been carried out on excised tenement M31/14 held by Gotta Resource Pty Ltd which hosts the Yilgangi Queen deposit. Yilgangi Queen commenced production in 1903 and was intermittently mined by multiple operators until 1970. From 1980 and 1982, 5,535 tonnes of ore and mullock from Yilgangi Queen was treated, with a yield of 1,793.15 oz of fine gold at an average grade of 10.08 g/t gold.
- Since the 1980s, the area surrounding Yilgangi Queen has been explored by numerous parties including Electrolytic Zinc Company of Australasia Ltd, Lynas Gold NL, RGC Exploration Pty Ltd, Gold Fields Exploration Pty Ltd, Normandy Exploration Limited, Heron Resources NL, Jackson Gold Ltd (in Joint Venture with Cazaly Resources) and Rubicon Resources Ltd. This work identified several gold prospects at Bradfords, Runner Zone, Yilgangi Castle line of workings, Webb Find, Leprechaun and Castle West.
- E31/814, E31/1058, and E31/1059 are predominantly covered by the Lake Rebecca Heritage Site (Place ID 19142) and fully covered by the recently registered Maduwonnga Claim (WC2017/001) and Nyalpa Pirniku Claim (WC2019/002). These matters have restricted the opportunity for ground-disturbing exploration over this area, and negotiations and discussions are ongoing.

### 7.3.2 Mount Celia Group – exploration prospects

Outside of the defined mining areas and associated Mineral Resources, exploration of the Mount Celia Group remains at an early to advanced exploration stage of technical assessment. The dominant

structural control through the area is the LTZ and extensions of the same structure encountered in the Safari Bore and Deep South areas.

Saracen's key prospects are in the greenstone belt rocks extending over at least 115 km of strike along the LTZ:

- Saracen holds a 100% interest in the Mount Celia tenements comprising 1 granted PL, 1 PL application, 7 ELs, 9 MLs and 9 miscellaneous licences covering a combined area of 336.95 km<sup>2</sup>.
- Two of the tenements (E39/1272 and E39/1273) are held in Joint Venture (JV) with Royal Harry Gold Mines NL (Royal Harry) and are referred to as the Phantom Well JV. Saracen is the manager of this JV.
- The sub-project area is located within the Linden and Edjudina domains of the Kurnalpi terrane and is characterised by basalt, gabbro, ultramafic rocks, andesite, and sedimentary and felsic volcanic rocks.
- The sub-project hosts the Deep South deposit (M39/740) where Saracen has recently recommenced underground mining (following a brief period of care-and-maintenance), as well as the Safari Bore deposit (M39/307), and the Kalahari (M39/307), Mexico (M39/740), Far South (E39/1273), Caspar (E39/1868) and Patricia North (E39/1580) prospects.
- Early historical exploration within the project area was focused on the Deep Well prospect some 500 m along strike from Deep South to the north within an excised tenement. Modern exploration commenced in the 1980s with WMC, Pancontinental Mining, Goldfields, Sons of Gwalia and St Barbara subsequently carrying out extensive exploration.
- Upon acquisition of the Carosue Dam operation, Saracen re-established open pit mining at Deep South in June 2012, which continued to April 2013, producing 210,000 t ore averaging 3.9 g/t gold for 26,500 oz gold. Development commenced at the Deep South underground mine in October 2014 with some 1.3 Mt averaging 2.9 g/t gold for 122,000 oz gold produced prior to being placed on care-and-maintenance.
- Recent activities by Saracen have included aircore drilling on a regional basis as well as at the Okavango prospect (E39/1849), RC drilling at Safari Bore, diamond drilling at the Deep South deposit, geological mapping, pit mapping, feasibility studies, and an update to the resource model for Deep South.
- Due to the presence of extensive transported cover, minimal outcrop and limited drilling, the stratigraphy of the western portion of the sub-project area (i.e. west of the Two Lids Fault) remained largely unknown. Aircore drilling targeting a number of stratigraphic and structural targets highlighted in earlier datasets was undertaken, outlining a number of narrow anomalous (>300 ppb Au) zones at shallow depths.
- The Okavango aircore program was successful in confirming continuity of mineralisation with multiple 20 m wide >0.5 g/t gold intercepts outlined both within E39/1849 and along the boundary of E39/1580. As a result, RC drilling has been planned at Okavango to further test bedrock gold anomalism.
- Saracen has proposed further evaluation at the Kilimanjaro, Serengeti, Kalahari and Bull Dog prospects.
- Saracen has proposed further drill testing at the Belize, Far South, and Okavango prospects.
- Saracen has proposed resource definition activities at the Mexico prospect.

## Yundamindera

- Saracen holds a 100% interest in the Mount Celia tenements comprising 3 PLs, 9 ELs, and 1 ML extending over a distance of 50 km and covering a combined area of 123.84 km<sup>2</sup>.
- The project area is located predominantly within the Edjudina domain of the Kurnalpi terrane straddling the boundary of the Murrin domain on the west. The Edjudina domain is characterised by clastic metasedimentary rocks and metamorphosed banded iron formations that have been locally intruded by gabbro sills.
- Locally, the geology consists of intermediate schists and quartz feldspar sedimentary rocks with Banded Iron Formations (BIF) as well as the Galvalley and Yarri monzogranites located to the southeast of the Yundamindera Project. Outcropping is limited.
- Previous exploration by Hawthorn focused on the discovery of shear-related, BIF, and porphyry associated gold mineralisation. This led to the discovery of the Box Well (now Moody's Reward within M39/1112).
- Despite an extensive history of modern exploration in the area through various operators, the Moody's Reward mineralisation was only first intercepted in 2014 and progressed to a maiden Mineral Resource in 2017.
- Similar lithologies and alteration to that at Moody's Reward are also observed at the Coffey Bore prospect some 7 km along strike to the southeast within E39/1295.
- Recent exploration activities has included RC drilling at Box Well and Coffey Bore, as well as surface geochemical sampling by Hawthorn, and data acquisition and validation (including reconnaissance field inspections to E39/1791 and E39/1804), geological review, satellite imagery acquisition, ground based gravity survey, field reconnaissance, rock-chip sampling, and planning of pre-feasibility drilling at Moody's Reward by Saracen.
- Saracen has proposed further staged drilling at Moody's Reward to test the continuity of mineralisation along strike and down dip with a view towards advanced the project to a pre-feasibility stage.

### 7.3.3 Edjudina Block

- Saracen holds a 100% interest in the Edjudina tenements comprising 9 MLs covering a combined area of 30.10 km<sup>2</sup>.
- The Edjudina Block lies within the Edjudina pastoral leases and the Yerilla District of the North Coolgardie Mineral Field.
- The project tenements can be accessed via the Yarri Road from Kalgoorlie and thereafter via the Carosue Dam mine site access road and the Red October – Safari Bore haul road, as well as various pastoral tracks and fence lines.
- The project area is located within the Murrin domain of the Kurnalpi terrane and is characterised by basalt, gabbro, granitic rocks, and felsic volcanic rocks.
- The deposit area is characterised by stacked ductile-brittle shear zones consisting of three major zones (Porphyry, Million Dollar North, and Million Dollar South) plunging at 15–25° toward 90-120°. Other mineralised areas include Wallbrook, Margaret's (M31/30), Enterprise (M31/381), Pioneer Paddock (M3 1/3), Porphyry Audex, Red Flag (M31/172), Painted Harlot (M31/172), Eleven Bells (M31/172), and Redbrook (M31/172).
- The Porphyry and Million Dollar deposits are predominantly hosted in a 2.5 × 4 km equigranular syeno-monzonite intrusion that dips shallowly to the north.
- Saracen acquired the Edjudina tenements from St Barbara Limited on 14 February 2006, which formed part of the South Laverton package. The Wallbrook Hill tenements were previously held by Jackson Gold Ltd and were purchased by Saracen in June 2007.

- Saracen operated the Edjudina Project between December 2009 and October 2012, mining an array of satellite pits including the Porphyry, Enterprise, and Margaret's open pits. Mining continued at Margaret's until October 2012, at which time all mining operations in the Edjudina Project area ceased. Ore haulage from the Porphyry legacy stockpile commenced in 2016 with ore treated at the Carosue Dam processing plant. During 2017 ore haulage predominantly from the Red Brook legacy stockpile commenced, during 2018 was sourced from both Enterprise and Porphyry, and intermittently from Porphyry during 2019.
- Recent exploration activities have included in-house feasibility and pit optimisation studies at Million Dollar (M31/3, M31/76), geological reviews, geotechnical review of the main deposits at Enterprise (M31/381), and RC and diamond drilling at Million Dollar, geotechnical logging, and resource modelling at Million Dollar.
- Further drilling is proposed to target mineralisation to the east of the Porphyry open pit and along strike of the Million Dollar trend in line with the proposed recommencement of mining activities in the area.

## 7.4 Thunderbox area

Saracen's exploration tenures in the Thunderbox area encompass an extensive tenement portfolio, most of which are located within two coherent blocks lying between Leonora and Leinster in the Eastern Goldfields of Western Australia.

Like the Carosue Dam portfolio, Saracen has divided its Thunderbox landholding into two main subgroups:

- The Thunderbox Group predominantly extends northwest of the Thunderbox gold mine located along the Yandal–Melita shear which represents the confluence of several major intra-greenstone shear zones (including the KKSZ) to join the Perseverance Fault. This shear system hosts several significant gold deposits including Bronzewing and Mount McClure to the north of Thunderbox and the Tarmoola, Tower Hill, Harbour Lights and Gwalia mines to the south.
- The Bannockburn Group of tenements are principally located to the north and west of the former Bannockburn mining centre. These tenures are principally focused on structures associated with the Wildara Shear Zone (WSZ).

In addition, there are a few small groups of tenements to the south and southeast of the main Thunderbox block, most notably at Bundarra and at Kailis.

The intervening distance between the Bannockburn and Thunderbox deposits is about 40 km. Over this northwest-striking belt of greenstone, the Thunderbox Project tenements cover the entire belt and overlap onto the granites to both its east and west.

### 7.4.1 Extent of past exploration

The Yandal and Wiluna–Agnew greenstone belts have been subjected to relatively intense exploration during the course of the last 50 years and to periods of sporadic exploration dating back to the gold rush days of the late 1800s.

The discovery of the Sons of Gwalia orebody raised the profile of the Leonora district as one with great gold exploration potential and, in succeeding years, many hundreds, if not thousands, of deposits have been located between the towns of Agnew, Leonora and Leinster. While some gold deposits of substance have been discovered, including Redeemer, Tower Hill, Harbour Lights, Tarmoola and Thunderbox, no other gold deposits with the standing of the Sons of Gwalia orebody have been discovered.

Apart from the gold mineralisation potential of the Yandal and Wiluna–Agnew greenstone belt areas, the terrain has demonstrated potential for both base metal deposits and nickel mineralisation both as primary sulphide mineralisation and as laterite-hosted mineralisation.

#### 7.4.2 Thunderbox Corridor – exploration prospects

In the Thunderbox Corridor, Saracen has identified several prospects or targets that it considers worthy of further exploration. Based on its technical review of the exploration potential of the Thunderbox Corridor, SRK notes the following:

- The Thunderbox Corridor is located across the Weebo pastoral lease and lies within the Mt Margaret Mineral Field.
- The project tenement lies north of the Kalgoorlie–Wiluna Highway and near the Eastern Goldfields gas pipeline, with further access provided by the Weebo–Wildara road and numerous pastoral tracks and fence lines.
- For statutory reporting purposes, the Thunderbox Corridor encapsulates tenements held under two separate sub-projects (i.e. Wildara and Warrida).

#### Wildara

- Saracen holds a 100% interest in the Wildara tenements comprising 25 MLs, 1 EL, 1 PL, 6 granted miscellaneous licences and a single miscellaneous licence application covering a combined area of 16,597 ha.
- The Project is located with the Kalgoorlie and Kurnapli terranes and the Boorara, Wiluna, Moilers, Jundee, Gindalbie and Murrin domains. These domains are characterised by granitoids, basalts and mafic volcanoclastic sequences with minor interflow sedimentary units.
- Locally, the Thunderbox shear (extension of the Ockerburry Fault) is a major discontinuity within the project tenements separating the Wiluna–Keith–Leinster–Mt Clifford sequence (ultramafic - mafic dominated greenstone stratigraphy intruded by granitoids) from Yandal belt (sediments, felsic volcanics, and felsic intrusive complexes)
- The Wildara project contains gold deposits including active Thunderbox gold mining operation (A, C and D Zone deposits). Other prospects of current focus include Otto Bore and Lehmann's Well, while a number of other gold prospects have previously been defined at Double A, Rainbow, Morning Glory, Madras, Korma, Rogan Josh, Snapper, Angry Dragon and Vindaloo. Nickel deposits include the former Waterloo mine (including workings, site infrastructure and camp currently on care-and-maintenance), Trafalgar and Amorac.
- Recent activities by Saracen outside of the Thunderbox areas have included AC, RC and DD drilling, bottom of hole sampling, petrophysical analysis, resource modelling, optimisation and a mining proposal submission with a primary focus on the Otto Bore and Lehmann's Well areas.
- Exploration at Otto Bore (M36/421 and M36/462) has upgraded and refined the resource estimate as outlined in Section 6.6.
- In 2019, Saracen completed an aircore drilling program across the Lehmann's Well area that delineated a large 1,700 x 100 m +1 g/t gold anomaly referred to as the 'Headwaters' target, which has been divided into two based on geochemistry (felsic rocks in contact with the mafic rocks in the west, with gold concentrated along this contact).
- Bottom of hole sampling of historical drill holes around Rainbow/Thunderbox North, Lehmann's Well, and Otto Bore North generated trends in anomalous molybdenum, tungsten and bismuth (pathfinder elements to gold mineralisation) in the Lehmann's Well and regional Thunderbox areas.



## Warrida

- Regional-scale exploration of the Warrida and Wildara regions dates back to the late 1960s, when Seltrust Mining carried out nickel exploration, which was followed by base metal exploration as a result of the discovery of the Teutonic Bore deposit approximately 40 km to the south. Since the mid-1980s, the tenements have been targeted as potential gold or base metal producers with various companies completing exploration including Archibald–Normandy Resources JV, Narracoota Exploration, Golden Plateau, BP Minerals and Forsayth NL.
- Saracen purchased the Warrida Well tenements from Norilsk on 6 May 2014 as part of a package of 82 tenements including the Thunderbox and Bannockburn gold resources and the Waterloo nickel project. The Warrida Well JV project was previously held by Barrick Gold Australia Limited, through its wholly owned subsidiary Plutonic Operations Limited, LionOre Australia Wildara NL and Norilsk Nickel Wildara Pty Ltd. The Warrida Well Farm-in and Joint Venture Agreement between Plutonic Operations Ltd and LionOre Australia (Wildara) NL was signed on 29 July 2005 and enabled LionOre to earn up to a 70% interest in the tenements. During August 2007, LionOre Australia was taken over by Norilsk Nickel Australia, which then managed the project until the sale of its share in the tenements to Saracen Metals Pty Limited in May 2014.
- Extensive alluvial and residual cover overlies most of the Project tenements, ranging in depth from less than 1 m to over 65 m. The base of oxidation also varies considerably, ranging from outcrop to greater than 90 m.
- The Warrida Well Project hosts the Toms Well mineralisation (M36/682) and the northern extension of the Otto Bore (formerly Mangilla) prospect (M36/177).
- The Toms Well deposit was discovered in the early 1990s (details unknown) presumably from initial wide-spaced soil sampling and follow-up infill soil sampling. The deposit has been subsequently evaluated by Barrick and Norilsk via both RC and DD drilling. A resource appraisal by Saracen in November 2018 concluded that most of the mineralisation is contained within the saprolite material with the remainder in the underlying mafic rocks. Further investigation was required to upgrade the deposit to Mineral Resource status in accordance with the JORC Code (2012).
- More recent exploration by Saracen has focused on the Dhu's Frustration (E36/628) and Otto Bore prospects including RC drilling, resource modelling and optimisation/feasibility studies (Otto Bore).
- While drilling at Dhu's Frustration encountered multiple low-level gold (<150 ppb gold over intervals ranging from 4 to 36 m) in association with the Ockerburry Shear, Saracen considers this zone is well tested and unlikely to host economic gold mineralisation.
- Further drilling is planned at Otto Bore to provide additional structural constraints to the known mineralisation and support a robust resource model. The current resource estimate following optimisation in 2020 is outlined in Section 6.6 of this report.
- SRK considers the Warrida tenements to warrant additional exploration to the extent being proposed by Saracen.

### 7.4.3 Bannockburn Corridor – exploration prospects

In the Bannockburn Corridor, Saracen has identified several prospects or targets that it considers worthy of further exploration. Based on its technical review of the exploration potential of the Bannockburn Corridor, SRK notes the following:

- The Bannockburn Project is located across the Sturt Meadows, Tarmoola and Weebo pastoral lease and lies within the Mt Margaret Mineral Field.

- Access to the project is via the sealed Kalgoorlie–Leinster road and thereafter by the unsealed old Agnew Road. Access throughout the project is gained via haul roads, station tracks, exploration grid lines and fence lines.
- The Bannockburn Project lies within the Boorara domain of the Kalgoorlie Domain. It is characterised by an extensive sequence of shallow to moderately dipping tholeiitic, high-Mg basalt and komatiitic basalt package intercalated with sedimentary and minor intermediate volcanoclastic units located between the north-trending Wildara Shear to the west and the Perseverance Fault to the east.
- This stratigraphy has been folded into a series of juxtaposed anticlines and synclines with a north-northwest orientation (i.e. the Bannockburn Syncline) with thrusts interpreted to be a major control on the location of gold mineralisation at Bannockburn (and potentially elsewhere within the Project).
- The western portion of the Project is largely covered by a veneer of hardpan and transported tertiary fluvial and lacustrine sediments which range from negligible thickness to depths exceeding 100 m.
- The Project hosts the Bannockburn (M37/339) and North Well (Dakota, Diesel and Frosty's on M37/358 and M37/259) gold deposits and several conceptual and geochemical gold targets including Bluetank (M37/361).
- The Bannockburn deposit was worked by open pit and underground methods on an intermittent basis up until 2005 when it was placed on care-and-maintenance. The former open pit workings, camp site and processing plant have been largely rehabilitated and are currently on care-and-maintenance.
- In 1996, Consolidated Gold Mines (CGM) purchased the North Well project from Dominion and completed the initial RC and diamond drilling to test the North Well primary system. Two pits were eventually mined, Frosties in the north and Diesel in the South. Approximately 640,000 t at a grade of 1.9 g/t gold was extracted for 40 koz.
- The Bannockburn tenements were initially purchased by Saracen from Norilsk on 6 May 2014 as part of a package which included the Thunderbox, Bannockburn and North Well gold resources and the Waterloo Nickel Project.
- Historical exploration at Bannockburn focused on the mineralised corridor located within 1 km of the Bannockburn Shear Zone that extends from the Bannockburn deposit to the Slaughteryard deposit (M37/368) and includes the Northwell deposit.
- In 2017, Saracen defined a small mineralised zone at North Well (M37/358) in the hanging wall of the conglomerate within the shale horizon
- More recent exploration by Saracen has included a reassessment of the regional-scale geological model, geophysical reprocessing, bottom of hole drill hole sampling, sampling of the Bannockburn open pit, AC and RC drilling followed by multi-element downhole sampling and a heritage survey.
- More comprehensive non-invasive work completed by Saracen has focused on M36/444-446 (Fly Bore), M37/339 and M37/383, while two phases of aircore drilling were completed to test the full extents of the Bannockburn and Bluetank shear zones with subsequent RC. These drilling campaigns focused on M37/357 (Evelyn), M37/358 (North Well North), M37/359-361 (Bluetank and Bluetank Regional) and M37/368 (Slaughteryard North).
- During Saracen's 2019 review, several hydrothermal alteration domains were delineated potentially representing distal altered zones to economic orogenic gold mineralisation not directly intersected in the most recent drill programs. Saracen has interpreted this to indicate that potential still exists for blind economically mineralised zones within the Bannockburn tenure.

#### 7.4.4 Kailis

Saracen's 100%-owned Kailis Project area comprises 7 tenements (6 MLs and 1 miscellaneous licence for a total area of 921.214 ha), which host a small gold resource (Indicated and Inferred Resource of 490 kt at 2.3 g/t gold) located within structures associated with the KKTZ to the immediate northwest of the town of Leonora. SRK notes the following in relation to this Project:

- The project lies approximately 80 km south of the Thunderbox mining centre within the Mt Margaret Mineral Field and covering the Braemore and Clover Downs pastoral leases.
- Access is via the Goldfields Highway which passes through the project area.
- The project tenements cover two gold deposits: Trump and Kailis, and the Gold Blocks prospect, which lie along strike and to the north of the Leonora mining centre within the Leonora greenstone belt of the Boorara Domain of the Kalgoorlie Terrane.
- The primary target at Kailis is orogenic gold or lode-gold deposits. Gold mineralisation is hosted in a quartz-sericite schist within a broad, shallow to moderately dipping shear zone. High nugget mineralisation (including visual gold) occur at the intersection of narrow sub vertical northeast-trending quartz vein sets/ structures with the main shear zone.
- The best gold grades tend to occur in the oxide and transitional zones, with lower grades in the fresh rock.
- The Kailis deposit is located on M37/46 and M37/564 and comprises a mafic-ultramafic sequence intruded by granitoid (Raeside Batholith) to the west and locally intruded by felsic, porphyry and lamprophyre dykes. Mineralisation at the Kailis deposit is primarily controlled by the Kailis Shear, which is a 40 m wide shear zone dipping 25–30°.
- The Gold Blocks prospect lies to the north of Kailis in M37/46 with gold hosted along lithological contacts in the greenstone sequence on the edge of the Raeside Batholith. The area has been historically tested with shallow auger drilling.
- Historical underground mining took place along the Gold Blocks–Kailis–Trump–Forest mineralised trend between 1897 and 1924, producing approximately 22 koz at an average grade of 28.3 g/t.
- Modern exploration started along the Gold Blocks–Kailis–Trump–Forest trend in the early 1980s after RAB drilling returned anomalous gold and arsenic values. Carr Boyd Minerals intersected mineralisation with an initial RC program targeting these geochemical anomalies in 1982. Esso, City Resources, Sons of Gwalia and St Barbara all held the project at various times and carried out RAB, RC, AC and DD programs.
- Sons of Gwalia mined two Kailis pits between September 2000 and July 2001. Kailis East pit was backfilled, and the larger West pit was completed early due to the south wall failing. Production from both pits totalled approximately 250,000 t averaging 6.2 g/t for 50 koz.
- Trump pit (M37/219) was subsequently mined by St Barbara from August 2008 to February 2009. Production from Trump totalled approximately 645,810 t averaging 1.14 g/t for 20 koz.
- Saracen acquired the Kailis tenements from St Barbara on 19 August 2015 as part of a tenement package referred to as the King of the Hill (KOTH) and Kailis gold projects. The KOTH tenements were subsequently divested.
- Saracen recommenced exploration operations at Kailis in March 2017 with resources development and grade control drilling before mining recommenced in April 2017. The Kailis Stage 1 pit was completed at the end of June 2018 with 871,520 t of ore produced at 2.33 g/t for 65 koz.
- Mining of the Kailis Stage 2 pit commenced in November 2018, and was completed in March 2020.
- In 2019, Saracen conducted a regional aircore drilling program across the Kailis Project to test for strike continuity of known mineralisation across the tenure package.

- The six Mining Leases are the subject of a 1.5% of the royalty base (refined as either in the case of a sale of Product to an Unrelated Party, the Proceeds of Sale and in all other cases the Mineral Value) payable to a third-party (International Royalty Corporation).
- There are currently no native title claims pertaining to the Project tenements, though a historical agreement for Heritage Protection with the Wutha People applies. Aboriginal Heritage site 17587 (Kailis Project Quartz Site) is located on M37/46.
- SRK considers further exploration of the Kailis Project to be warranted to the extent being proposed currently by Saracen.

#### 7.4.5 Bundarra

Saracen's 100%-owned Bundarra Project area comprises 11 tenements (5 MLs and 6 PLs) which host the Wonder open pit and underground Resource (Measured, Indicated and Inferred Resource 4.5 Mt at 2.2 g/t Au for 320 koz contained gold) located along the KKTZ to the southeast of the Thunderbox Mine. SRK notes the following in relation to this Project:

- The project lies approximately 55 km southeast of Leinster and less than 30 km south of the Thunderbox mining centre within the Weebo and Tarmoola pastoral leases.
- The project is bisected by the Goldfields Highway with unsealed roads and tracks providing reasonable access throughout the site.
- The project tenements cover five gold deposits: Celtic North, Celtic South, Wonder North, Wonder West and Bluebush, which lie along strike and to the south of the Thunderbox mining centre within the Norseman–Wiluna greenstone belt of the Murrin Domain of the Kurnalpi Terrane.
- There are no native title claims registered over the project, but 14 heritage sites are registered in the project area, of which 6 impact the current Wonder Resource area.
- The project geology is dominated by mafic granitoids of the Bundarra Batholith (tonalite and granodiorite) which intrude basalt, gabbro and felsic volcanic units. The Bundarra tonalites have been intruded by numerous andesite, lamprophyre and fractioned intrusions
- The primary target at Bundarra is lode-gold deposits. Gold mineralisation is structurally controlled, occurring within late stage veins within highly oxidised, coarse-grained granitoids located along late stage west-northwest-striking, steeply northeast-dipping faults and shears (most notably the Wonder Shear).
- The project area has been extensively explored with over a century of small-scale mining and gold prospecting centred on the known gold deposits at Bluebush (M37/514), Celtic (M37/350) and Wonder/Wonder North (M37/488 and M37/513).
- Modern gold exploration commenced in the mid-1990s with Mt Edon Gold Mines conducting systematic exploration over the area resulting in the definition of the Wonder deposit. Various companies have held the project since that time including PacMin Mining Corporation Limited (1996–2000), Sons of Gwalia (2000–2004), St Barbara (2004–2006), Terrain Minerals (2006–2011), SM Mining (2011) and Bligh Minerals (2012–2019).
- Four historical gold open pits (Celtic, Wonder, Wonder North and Wonder West) were mined by various companies during the late 1990s and early 2000s. Key production included:
  - Mining at the Celtic and Wonder North deposits commenced in November 2000 and was halted in 2003, with 841,607 t at 2.1 g/t gold being treated at the Tarmoola plant, 37 km south of the mine.
  - Sons of Gwalia mined the Wonder, Wonder North, and Wonder West pits between May 2002 and February 2003, producing 818,931 t at a grade of 2.21 g/t for 115,010 oz contained gold.

- The Great Western and Bluebush deposit are unmined, except for some small historical underground workings at Great Western.
- More recent exploration and mining activities have focused on the Wonder North area, where drilling has shown a significant structure extending from the base of the open pit to at least 400 m below surface. Activities have included two phases of drilling, resampling of historical drill holes, underground conceptual study and ongoing resource modelling.
- In August 2019, Saracen completed the acquisition of the Bundarra project by way of an off-market million all-scrip takeover of Bligh Resources Limited valued at approximately A\$38m at the time of the announcement.
- At the time of acquisition, the Bundarra Project:
  - comprised 5 Mining Leases (M37/514, M37/638, M37/350, M37/488 and M37/513) and 6 Prospecting Licences (P37/8383-8386, and P37/9079) covering a combined area of 26.57 km<sup>2</sup>
  - more than 6,675 holes had been completed with an accumulated depth of 210,000 m
  - hosted a Measured, Indicated and Inferred Mineral Resource of 9.7 Mt averaging 2.1 g/t gold for a total of 660,000 ounces of gold across five deposits.
- Since acquisition, Saracen has completed initial infill drilling at Wonder North to increase confidence and validate historical drilling, returning a number of excellent results and potential to extend the current resource to the south. Wonder North reportedly remains open down plunge and along strike.
- Saracen has announced its intention to progress Wonder to open pit Ore Reserve definition in late 2020.
- The Wonder and Wonder North deposits are amenable to mining by both open pit and underground methods.
- Currently no mining is undertaken at Bundarra and it is expected that any future mining will be processed at the Thunderbox processing facility. Historical reports indicate there is no issue with metallurgy.
- The five Mining Leases are the subject of a 1.5% of the royalty base (refined as either in the case of a sale of Product to an Unrelated Party, the Proceeds of Sale and in all other cases the Mineral Value) payable to a third-party (International Royalty Corporation).
- Growth opportunities at Bundarra include the 2.4 km southeastern strike extension to the Wonder open pit area (with coincident, and coherent auger geochemical anomaly (>5 ppb Au) under shallow cover), as well as the along-strike southeastern extension to the Bluebush deposit.
- In terms of regulatory constraints, four of the Prospecting Licences will reach their 8th year and need to be converted to other forms of tenure by late 2021 or may be lost. Also, a mineralisation report is required to be submitted by mid-2020.
- SRK considers further exploration of the Bundarra Project to be warranted to the extent being proposed currently by Saracen.
- Other.

#### 7.4.6 Butcher Well JV

Only limited information has been assessed in respect of the Butcher Well Project, where Saracen holds a 30% interest in the tenements with AngloGold Ashanti retaining the remaining 70% interest. This is considered to be reasonable with respect to the materiality of the Butcher Well JV within Saracen's portfolio of Mineral Assets. AngloGold currently manage the JV and are actively exploring the tenures.

The Butcher Well JV comprises 1 PL, 7 ELs and 12 MLs covering a combined area of 230.93 km<sup>2</sup>. The Project tenements predominantly follow the western shoreline of Lake Carey and may be accessed from the Linden Road.

Outside the defined mining/resources areas, the key prospects outlined at Butcher Well include the North Lake Carey (E39/1478), Camelback Bore North (E39/1875), Bulldog (M39/591), Old Camp (M39/166), Hronsky (M39/165), Marchelayo (M39/230), Jericho (M39/652) and Butcher Well North (M39/230) prospects.

#### **7.4.7 Pinnacles JV**

The following information is taken from disclosures by Nexus Minerals Limited, Saracen's JV partner at the Pinnacles Project. Nexus reports that as at March 2020, it holds a 90% ownership of the Project and that it is the sole manager of the Project.

The Pinnacles project is located on M28/243, that covers an area of 8 km<sup>2</sup>. The tenement lies 13 km to the south of Saracen's Carosue Dam mine facility and is surrounded on all sides by Nexus' tenement package. Access to the project is from the Carosue Dam Mine site via existing Saracen access roads and station tracks.

There are historical gold mine workings and multiple parallel mineralised structures. Gold mineralisation occurs within a sub-vertical shear zone and is associated with quartz veining and sheared altered host rocks (volcaniclastic sandstones).

There are a number of small shafts that have been worked in the early 1900s extracting gold-bearing ferruginous quartz. There has been limited exploration undertaken on the tenements by a number of companies from the early 1980s to present, but only in the search for shallow oxide gold potential.

The tenement comprises predominantly underlying basalt, with felsic volcaniclastic sandstone and local conglomerate horizons. The sandstone is often ferruginised or laterised.

In February 2020, Nexus announced the project contained an Indicated and Inferred Resource totalling 609 kt averaging 4.0 g/t gold for 78 koz of contained gold, of which 159 kt at 2.4 g/t gold is open pit mineable and 450 kt at 4.6 g/t gold is an underground resource (refer Nexus ASX announcement dated 27 February 2020 for further details).

#### **7.4.8 Nickel**

Outside its gold exploration projects, Saracen holds interests in three nickel resources at the Waterloo (M36/473), Amorac (M36/473 and M36/541) and Sinclair Projects.

The current Mineral Resource estimate for the nickel assets was reported to the ASX on 4 August 2020. The Mineral Resource estimate was reported as at 30 June 2020 (Table 7-1).

SRK notes that it has not performed the role, nor does it accept the responsibilities, of a Competent Person as defined by the JORC Code (2012) in respect to the Mineral Resource estimate.

SRK notes that it was not provided any information by Saracen in relation to the stated nickel Mineral Resources and hence is unable to comment on the veracity of these estimates. However, given the size and tenor of the defined mineralisation along with materiality of these estimates to the overall valuation exercise, SRK has considered these estimates without detailed analysis, noting that it has no material concerns with the estimates.

**Table 7-1: Saracen Group – Nickel Mineral Resources as at 30 June 2020**

Deposit	Measured			Indicated			Inferred			Total		
	Tonnes (kt)	Grade (% Ni)	Metal (Ni kt)	Tonnes (kt)	Grade (% Ni)	Metal (Ni kt)	Tonnes (kt)	Grade (% Ni)	Metal (Ni kt)	Tonnes (kt)	Grade (% Ni)	Metal (Ni kt)
Waterloo							425	2.2	9	425	2.2	9
Amorac							260	2.0	5	260	2.0	5
Sinclair							720	2.3	16	720	2.3	16
<b>Total</b>							<b>1.400</b>	<b>2.1</b>	<b>30</b>	<b>1.400</b>	<b>2.1</b>	<b>30</b>

Note: All data rounded to two significant figures; rounding errors may occur

## Waterloo/Amorac

The Waterloo and Amorac deposits lie within M36/473 and M36/541 deposit in the Wildara project area, some 6 km northwest of the Thunderbox mill:

- The Waterloo nickel deposit was discovered in February 2002 and initial drilling programs were completed by September 2002. A feasibility study was completed in early 2005, which supported the development of an underground mining operation and exploration decline. Commercial production of nickel sulphide ore commenced in October 2006. The mine closed in 2008 and over its life the mine produced 443 kt of ore at 2.63% Ni. There was insufficient ore to justify a dedicated processing facility and therefore all Waterloo production was processed under an ore treatment and concentrate purchase agreement with BHP at Nickel West's Leinster Nickel Operation in Western Australia.
- The Waterloo deposit lies on the eastern limb of a tightly folded ultramafic unit in an anticlinal structure within southern extensions to the Perseverance – Mt Keith nickel belt. The nickel sulphide mineralisation at Waterloo is associated with the basal contact of a serpentinised ultramafic unit in a sequence dominated by low-Mg komatiitic ultramafic rocks, pyroxenites, mafic volcanic or intrusive rocks and metasedimentary rocks. The deposit has been outlined over a strike length of almost 900 m. The dip dimension ranges from 50 to 70 m.
- There are four main styles of mineralisation at Waterloo: massive, matrix, disseminated and remobilised sulphides. The disseminated mineralisation lies stratigraphically above the matrix zone, while the majority of the high-grade mineralisation appears to be localised in the vicinity of the gold structure, which lunges shallowly south.
- The massive (or breccia) sulphides are typified by nickel grades of 10% or more that occur as localised, thin zones on the basal contact of the host ultramafic or, less commonly, as thicker, presumably remobilised, zones internal to the ultramafic.
- The bulk of the contained metal in the deposit occurs in a continuous zone of matrix sulphides that generally grades in the range of about 3 to 10% Ni. This zone usually occurs immediately above the basal contact, separated only by the contact massive sulphides, if present.
- Disseminated sulphide mineralisation occurs stratigraphically above the matrix sulphide zone. A higher-grade zone (generally above about 0.7% Ni) of variable thickness occurs immediately above the matrix sulphides. This is in turn overlain by a zone of weaker disseminated sulphide mineralisation (generally above about 0.4% Ni). The disseminated sulphide zone extends further up dip than the matrix sulphide zone.
- A thin, flat-lying zone of highly variable, partly remobilised mineralisation (massive breccia, stringer and/or disseminated) occurs along the top of the underlying shear zone, sometimes in association with a thin layer of the host ultramafic that appears to have been dragged east along the shear zone. Minor intercepts of remobilised massive to stringer sulphides occur locally in footwall metasediments, close to the ultramafic. These intercepts are generally very thin and are excluded from the resource estimate.

- Amorac is located approximately 600 m southeast of Waterloo, between 100 and 400 m below surface. Amorac comprises low-tenor remobilised nickel sulphides that are largely detached/remobilised from their parent ultramafic.
- In late 2002, another zone of nickel sulphide mineralisation was discovered at the Amorac prospect to the immediate southeast of Waterloo. Infill drilling suggested the nickel sulphide mineralisation at Amorac was separate and distinct from the Waterloo deposit.
- Diamond drilling intercepts typically show mineralisation pinching and swelling, with intersections of up to 6.32 m at 3.54% Ni from 202.70 m in LWDD0619. Exploration drilling tested for further remobilised mineralisation or the presence of a more intact primary position. A subsidiary shoot of remobilised massive to stringer sulphides was identified to the west. Minor matrix and remobilised sulphide were identified to the east. Based on differences in sulphide tenor, the Amorac mineralisation is considered to be derived from a separate source to Waterloo. A more intact primary position potentially remains to be located.
- While preliminary mining evaluations have been conducted at Amorac, no mining has taken place to date.

## Sinclair

The Sinclair project area comprises 31 tenements (28 MLs, 1 EL and 2 Miscellaneous Licences), which host a +350,000 kt/a nickel processing plant and nickel resources (Inferred Resource 720,000 t at 2.3% Ni for 16,200 t contained nickel) located immediately west of the Bannockburn Mine and 25 km south of the Thunderbox mill. SRK notes the following in relation to this Project:

- Tenement package includes 207 km<sup>2</sup> covering more than 80 km of strike of prospective ultramafic contact within 35 km of existing processing plant and infrastructure. The Sinclair tenure is contiguous with Saracen's Bannockburn project.
- The Sinclair deposit (residing on M37/1275) was discovered in 2005 by Jubilee Mines NL drill testing a ground electromagnetic anomaly. Exploration work over the surrounding region has included AC, RC and DD drilling, ground and downhole EM, magnetic and gravity geophysical surveys, soil geochemical sampling and geological interpretation.
- The Sinclair deposit was developed and commissioned in 2008 and operated until August 2013 when it was placed on care-and-maintenance, having extracted 1.58 Mt averaging 2.44% Ni for 38,500 t contained nickel. In February 2015, Talisman Nickel Pty Ltd acquired the project.
- The deposit is an example of Archaean-aged komatiite-hosted nickel with massive nickel-iron sulphides hosted at or near the basal contact of high magnesian ultramafic lava channels with footwall basaltic volcanic and sedimentary rocks (as evident at the Sinclair, Stirling and Skye deposits).
- The Sinclair massive sulphide deposit forms an elongate, north-northeast trending discontinuous body with shallow plunge to the north-northeast, which has been tightly folded and faulted resulting in localised structural repetition.
- In addition to the defined nickel resource, the previous owners (Talisman) outlined an Exploration Target of 670–790 kt at grades between 2.0–2.5% Ni representing the down plunge continuation of the defined mineralisation based on limited drilling.
- Two additional nickel horizons have been identified in the Skye and Stirling prospects.
- On 27 September 2019, Saracen announced that it had acquired the Sinclair Project from Talisman Mining for A\$10m cash and a 2.0% net smelter return royalty payable on metal production from the Sinclair tenements and non-precious metals production from Saracen's Waterloo tenement (M36/473). The transaction was subject to certain trailing royalty and offtake rights as held by Glencore.



- Project assets include a 200-person camp (suitable for exploration and future mining at Bannockburn), mine buildings and workshops, core yard, 2 km sealed airstrip as well as various underground mining components held in storage (primary and secondary ventilation fans, electrical starter boxes and refuge chambers).
- Historical small-scale gold mining is evident within the project area. In the 1980s, Dominion Mining actively explored the area for gold as part of its Agnew Lawlers campaign.
- Following AC and RC drill testing of multiple structural, geophysical and geochemical targets in March 2019, Talisman reported broad zones of oxide nickel mineralisation over a 500 m strike length at the Amy Rix prospect and shallow (<30 m depth) at Fly Bore.
- Other prospects for further exploration were considered to be Cody Well, Cody Well North, Parnassus, Sinclair, Stirling, Skye, Delphi, Outcamp Well, Schmitz Well and Schmitz Well South.
- Recent aircore drilling by Saracen at the adjacent Bannockburn project highlighted significant gold anomalism associated with the Bannockburn and Bluetank Shear zones, the southern extension of which continues onto the Sinclair package.
- Recent data review by Saracen highlighted two broad geological domains within the Sinclair package:
  - In the west, the Sinclair nickel belt, a thin (<3 km), north-northeast-trending ultramafic-mafic belt hosted within the Raeside Batholith.
  - In the east, the Antioch trend represents the extension of the Bannockburn mafic-ultramafic stratigraphic with minor felsic porphyries. No significant gold or nickel has been identified through historical exploration.
- No known Native title claims over the Sinclair tenements.
- Contingent environmental liability for Sinclair was estimated by Talisman (as at 30 June 2019) as A\$9m.
- SRK considers further nickel exploration across the Thunderbox Project to be warranted to the extent being proposed currently by Saracen.

## 7.5 Future exploration

It is SRK's opinion that the ground held within Saracen's exploration portfolio, particularly those tenements underlain by greenstones hold significant prospectivity for gold mineralisation. Periodically, SRK expect that a significant gold deposit will be located. SRK note that Saracen has in recent years acquired tenements over the granite terrain both to the east and west of known greenstone lithologies, as well as tenures offering potential for both buried lode-gold and nickel sulphide mineralisation. It is SRK's opinion that regional-scale exploration programs (including modern, systematic geochemical sampling and geophysical surveying) remain appropriate for exploration of these terranes and to locate anomalies worthy of follow-up drill assessment, given future exploration is likely to focus on deeper covered sequences of greenstone belt and associated granitoid rocks.

It is SRK's opinion that the exploration potential of Saracen's exploration portfolio can be regarded as significant Advanced Exploration tenure.

## 8 Other considerations

### 8.1 Mineral Resource to Ore Reserve conversion

As noted in Section 4.8 (Kalgoorlie Operations), Section 5.8 (Carosue Dam Operations) and Section 6.8 (Thunderbox Operations), the Mineral Resources are reported with reasonable prospects for eventual economic extraction using an A\$2,250/oz gold price within an optimised pit shell outline and above a cut-off of 0.5 g/t gold for the open pit Mineral Resources and within minable stope optimiser solids (MSOs) with a minimum 2.5 m mining width and above a 1.2 g/t gold cut-off for the underground Mineral Resources for the Carosue Dam and Thunderbox, 1.5 g/t gold for KCGM Fimiston underground and 1.4 g/t gold for Mt Charlotte underground.

The Ore Reserves noted in Section 4.10 (Kalgoorlie Operations), Section 5.10 (Carosue Dam Operations) and Section 6.10 (Thunderbox Operations) are reported A\$1,750/oz gold price, except for the Porphyry underground at Carosue Dam which is reported at A\$1,600/oz, and at variable cut-offs for the underground Ore Reserves, but generally above a 0.5 g/t gold cut-off for the open pit Ore Reserves.

The Mineral Resources are reported inclusive of Ore Reserves and are therefore the total of the Mineral Resources that support the Ore Reserves as well as Mineral Resources additional to the Ore Reserves. The conversion percentage of the reported Measured and Indicated Mineral Resources to Ore Reserves are presented in Table 8-1, Table 8-2 and Table 8-3. These tables provide a comparison between the conversions for the operating assets. This comparison provides some measure of the conservatism or otherwise in the classification and reporting of the Mineral Resources compared to those that have actually been converted to and reported as Ore Reserves with the assumptions and modifying factors used for such conversion. The Ore Reserve is not crudely subtracted from the total Mineral Resource to report the quantity of Mineral Resources additional to Ore Reserves that remain available for potential future extraction. The reason for this is that the actual volumes from which the Ore Reserves have been derived are required in order to assess the remaining Mineral Resources and their potential for eventual economic extraction in order to report these Mineral Resources additional to the Ore Reserves.

SRK notes the overall conversion of Measured and Indicated Mineral Resource to Ore Reserve gold ounces for the Carosue Dam Operations and the Thunderbox Operations as approximately 60% (Table 8-1 and Table 8-2), and 69% for the Kalgoorlie Operations (Table 8-3). For the Kalgoorlie Operations this includes a significant contribution (31% of the total Ore Reserve gold ounces) from the two stockpile categories, which Saracen has converted at 100%.

For the open pit Mineral Resources at Carosue Dam the three deposits convert at between 58–75%, at Thunderbox the three main deposits convert at 77–83%, and the three at the Kalgoorlie Operations from 39–85% (Golden Pike being low at 39%). For the underground Ore Reserves, there are two groupings: Thunderbox and Karari–Dervish at 66–69%, and Porphyry, Deep South and Mt Charlotte at 37–39%. SRK understands that the low conversion rates at Golden Pike and Mt Charlotte are due to the physical limitations to extraction within an open pit cutback (Golden Pike) and mining around historical workings (Mt Charlotte).

**Table 8-1: Carosue Dam: Conversion of reported Mineral Resources (Measured + Indicated) to Ore Reserves for gold ounces**

Prospect	Mine type	Proportion of Ore Reserve (% oz)	Resource to Reserve conversion (% oz)
Karari/Devish <sup>1</sup>	UG	50%	69%
Deep South	UG	3%	37%
Carosue Dam OP <sup>2</sup>	OP	10%	57%
Porphyry OP <sup>3</sup>	OP	21%	58%
Safari Bore	OP	7%	75%
Stockpiles	-	4%	100%
<b>Total Ore Reserve</b>		<b>100%</b>	<b>59%</b>

Source: Saracen, June 2020

Notes: Rounding errors may occur.

1 Karari and Dervish Mineral Resources combined for reporting and operationally treated as one mine.

2 Carosue Dam open pits include Karari South and Monty's-Elliots.

3 Porphyry open pits include Million Dollar, Enterprise, Porphyry and Wallbrook.

**Table 8-2: Thunderbox: Conversion of reported Mineral Resources (Measured + Indicated) to Ore Reserves for gold ounces**

Prospect	Mine type	Proportion of Ore Reserve (% oz)	Resource to Reserve conversion (% oz)
Thunderbox Pit	OP	22%	81%
Thunderbox UG	UG	42%	66%
Otto Bore	OP	5%	83%
Bannockburn	OP	27%	77%
Kailis	OP	<1%	14% <sup>1</sup>
Stockpiles	-	7%	100%
<b>Total Ore Reserve</b>		<b>100%</b>	<b>61%</b>

Source: Saracen, June 2020

Note: Rounding errors may occur.

1 Very low quantities, so this value is not reliable.

**Table 8-3: KCGM: Conversion of reported Mineral Resources (Measured + Indicated) to Ore Reserves for gold ounces**

Prospect	Mine type	Proportion of Ore Reserve (% oz)	Resource to Reserve conversion (% oz)
Oroya Brownhill	OP	7%	85%
Golden Pike	OP	15%	39%
Fimiston South	OP	40%	83%
Fimiston UG	UG	-	-
Fimiston Marginal stockpile	-	8%	100%
Fimiston Sub-grade Stockpile	-	23%	100%
Mt Charlotte UG	UG	5%	38%
Mt Charlotte Stockpile	-	-	-
<b>Total Ore Reserve</b>		<b>100%</b>	<b>69%</b>

Source: Saracen, June 2020

Note: Rounding errors may occur

## 8.2 Commodity prices

SRK has carried out a limited analysis of the metal markets. This analysis reflects the prevailing conditions as at 1 November 2020 and is considered reasonable to support the opinions and conclusions presented in this Report.

### 8.2.1 Gold

According to the Australian Government's Resources and Energy Quarterly (September 2020 Edition), gold prices have increased sharply in 2020, driven by the fallout of the global COVID-19 pandemic, including slowing economic growth, plunging real US Treasury bond yields and, more recently, a weaker US dollar. The US dollar gold price has risen by 27 per cent in 2020, peaking at a record high of US\$2,064/oz on 6 August 2020. There are a number of uncertainties that have the potential to impact gold prices for the remainder of 2020, and in 2021 and 2022 including the COVID-19 pandemic and the results of the United States of America's presidential election.

Given the gold price volatility and future price uncertainty, SRK elected to use the Australian dollar 12-month trailing gold price of A\$2,518/oz as at 31 October 2020 to inform SRK's market analysis as presented in the valuation section of the Report (Section 9). This price was supplied by Ernst & Young Strategy and Transactions Limited.

### 8.2.2 Nickel

According to the Australian Government's Resources and Energy Quarterly (September 2020 Edition), nickel prices have continued to increase from the March 2020 lows. Rising Chinese consumption, expectations of stimulus spending and concerns about production shortages have pushed prices higher, despite inventory levels continuing to hold well above the lows of late 2019. The LME spot price reached a 2020 high of US\$15,700/t in early September 2020, spurred by strong stainless-steel production in China.

SRK elected to use the Australian Dollar Nickel spot price of A\$20,561.58/t to inform SRK's market analysis as presented in the valuation section of the Report (Section 9). This price was sourced from the pink sheet World Bank Commodities Price Data Pink Sheet (October 2020).

## 8.3 Previous valuations

The VALMIN Code (2015) requires that practitioners should refer to other recent Valuations or Expert Reports undertaken on the mineral properties being assessed. SRK is not aware of any recent valuations relating to the Mineral Assets that are the subject of this Report.

## 9 Valuation

The objective of this section is to provide the shareholders of Saracen, and Ernst & Young Strategy and Transactions Limited with SRK's opinion regarding the reasonableness of the technical inputs to Saracen's Model and to provide a market valuation of the Mineral Resources and the exploration tenure not considered in the Model. SRK has not valued Saracen Mineral Holdings Limited, this being the corporate entity that is the beneficial owner of the Mineral Assets.

In determining the appropriate parameters for valuation purposes, SRK has considered the assessments that might be made by a willing, knowledgeable and prudent buyer in assessing the value of Saracen's Projects. SRK has relied on information provided by Saracen, as well as information sourced from the public domain, SRK's internal databases and SRK's subscription databases.

The VALMIN Code (2015) outlines three generally accepted valuation approaches:

1. Market Approach
2. Income Approach
3. Cost Approach.

The Market Approach is based primarily on the principle of substitution and is also called the Sales Comparison Approach. The mineral asset being valued is compared with the transaction value of similar mineral assets under similar time and circumstances on an open market (Section 8.2.a) VALMIN Code 2015). Methods include comparable transactions, metal transaction ratio (MTR) and option or farm-in agreement terms analysis.

The Income Approach is based on the principle of anticipation of economic benefits and includes all methods that are based on the anticipated benefits of the potential income or cashflow generation of the mineral asset (Section 8.2.b) VALMIN Code 2015). Valuation methods that follow this approach include Discounted Cashflow (DCF) modelling, Monte Carlo Analysis, Option Pricing and Probabilistic methods.

The Cost Approach is based on the principle of cost contribution to value, with the costs incurred providing the basis of analysis (Section 8.2.c) VALMIN Code 2015). Methods include the appraised value method and multiples of exploration expenditure, where expenditures are analysed for their contribution to the exploration potential of the mineral asset.

The applicability of the various valuation approaches and methods varies depending on the stage of exploration or development of the mineral asset and hence the amount and quality of the information available on the mineral potential of the assets. Table 9-1 presents the various valuation approaches for the valuation of mineral assets at the various stages of exploration and development.

**Table 9-1: Suggested valuation approaches according to development status**

Valuation Approach	Exploration Projects	Pre-development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

Source: VALMIN Code (2015).

The market-based approach to valuation is generally accepted as the most suitable approach for valuation of all projects.

The 'Market Value' is defined in the VALMIN Code (2015) as, in respect of a mineral asset, the amount of money (or the cash equivalent or some other consideration) for which the Mineral Asset should

change hands on the Valuation Date between a willing buyer and a willing seller in an arm's length transaction after appropriate marketing wherein the parties each acted knowledgeably, prudently and without compulsion. The term Market Value has the same intended meaning and context as the International Valuation Standards Committee's (IVSC's) term of the same name. This has the same meaning as Fair Value in Regulatory Guide (RG) 111. In the 2005 edition of the VALMIN Code this was known as Fair Market Value.

The 'Technical Value' is defined in the VALMIN Code (2015) as an assessment of a Mineral Asset's future net economic benefit at the Valuation Date under a set of assumptions deemed most appropriate by a Practitioner, excluding any premium or discount to account for market considerations. The term Technical Value has an intended meaning that is similar to the IVSC term Investment Value.

In estimating the value of Saracen's projects as at the Valuation Date, SRK has considered various valuation methods within the context of the VALMIN Code (2015). SRK's valuation basis is presented in Table 9-2.

**Table 9-2: SRK's adopted valuation basis**

Project	Development Stage	Description	Valuation basis
Kalgoorlie Operations	Production	Ore Reserves considered within the Model	Income: Cashflow Model
		Mineral Resources not considered within the Model (residual resources)	Income: Where reasonable basis exists Market: Comparable Transactions Cost: Yardstick Factors
Carosue Dam Operations	Production	Ore Reserves considered within the Model	Income: Cashflow Model
		Mineral Resources not considered within the Model (residual resources)	Income: Where reasonable basis exists Market: Comparable Transactions Cost: Yardstick Factors
Thunderbox Operations	Production	Ore Reserves considered within the Model	Income: Cashflow Model
		Mineral Resources not considered within the Model (residual resources)	Income: Where reasonable basis exists Market: Comparable Transactions Cost: Yardstick Factors
Exploration Portfolio	Advanced Exploration	Regional project portfolio	Market: Comparable Transactions Cost: Geoscientific Rating

Source: SRK analysis

## 9.1 Reasonableness of technical inputs to the cashflow model

### 9.1.1 SRK recommendations

Saracen has developed a cashflow model (the Model) for its Mineral Assets and has provided this to Ernst & Young Strategy and Transactions Limited and SRK. SRK has reviewed the Model and assessed technical production and technical cost projections in order to advise Ernst & Young Strategy and Transactions Limited of its findings. Table 9-3 presents a summary of SRK's findings and recommendations as made to Ernst & Young Strategy and Transactions Limited in relation to the Kalgoorlie Operations. Additional detail is given in Sections 4.9, 4.10 and 4.11 of the Report.

**Table 9-3: SRK Kalgoorlie Operations model findings**

Sheet/Row Item Name	Units	Model Input	SRK Input recommendation	SRK's findings
Total ore milled (Row 73)	Mt (50% basis)	133.2	82.9	Recommend removal of material attributable to Fimiston Deeps and other minor adjustments attributable to the resource to reserve conversion and SRK's experience working on similar projects in Australia.
Monthly ore milled (Row 73)	kt/month (50% basis)	462.5	465.6	Recommend 465.5 based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Metallurgical recovery (Row 123)	%	84.6	82.1	Recommend 82.1% based on SRK's assessment of the available data and its experience working on similar projects in Australia.
G&A cost (Row 249)	A\$m	409.5	266.8	Recommend A\$266.8m based on SRK's assessment of the available data and its experience working on similar projects in Australia.
G&A cost (ore milled) (Row 249)	A\$/t	3.07	3.22	Recommend A\$3.22 based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Processing cost (Row 274)	A\$m	3,029.60	1,802	Recommend A\$1,802 based on SRK's assessment of the available data and its experience working on similar projects in Australia (largely as a result of the removal of Fimiston deeps from the Model).
Processing cost (Row 274)	A\$/t	22.75	21.74	Recommend A\$21.74 based on SRK's assessment of the available data and its experience working on similar projects in Australia
KCGM/Row 45 – Ore mined – Fimiston Deeps – LOM Total	t	30,614,149	0	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. There is currently not a viable mine plan for this area.
KCGM/Row 196 – Mining costs – Fimiston Deeps – LOM Total	A\$	1,270,487,196	0	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. There is currently no design nor mine plan/schedule for this area. The Model uses a unit mining cost of A\$41.50/t but there is very limited basis for this figure. Given the mining depths and mineralisation width envisaged, SRK consider it more reasonable to adopt a figure in the range A\$70–100/t. Factors such as the production rate, geotechnical conditions and selected mining method could all have a significant impact on this figure. Exclude from Model. Fimiston Deeps resource to be valued by SRK using market and cost-based methods
Marginal grade stockpiles	t	11,250,000	0	SRK to value using market and cost-based methods – no reasonable basis to use an income approach given the current price and cost environment and the assumptions made in the LOM
Sub-grade stockpiles	t	28,396,376	0	SRK to value using market and cost-based methods – no reasonable basis to use an income approach given the current price and cost environment and the assumptions made in the LOM

Source: SRK analysis

Note: All SRK recommendations are undiscounted

Table 9-4 presents a summary of SRK's findings and recommendations made to Ernst & Young Strategy and Transactions Limited in relation to the Carosue Dam Operations. Additional detail is given in Sections 5.9, 5.10 and 5.11 of the Report.

**Table 9-4: SRK Carosue Operations model findings**

Sheet/Row Item Name	Units	Model Input	SRK Input recommendation	SRK's findings
Total Ore Milled (Row 66)	Mt	38.8	33.5	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Monthly Ore Milled (Row 66)	kt/month	283	279	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Metallurgical Recovery (Row 112)	%	93.9	94.2	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
G&A cost (Row 228)	A\$m	122.4	105.6	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
G&A cost(ore milled) (Row 228)	A\$/t	3.16	3.00	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Processing cost (Row 251)	A\$m	761.2	654.0	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Processing cost (Row 251)	A\$/t	19.64	19.54	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Development Capex (Row 396/1117)	A\$m	55.2	55.0	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Sustaining Capex (Row 396/1118)	A\$m	46.6	46.4	Recommend removal of porphyry underground and SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Row 24 – Ore Mined - Karari Underground – LOM Total	t	9,021,539	9,277,515	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 24 – Ore Mined – Karari Underground – LOM Average	t/ month	88,446	88,357	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 25 – Ore Mined – Deep South Underground – LOM Total	t	562,540	562,540	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 25 – Ore Mined – Deep South Underground – LOM Average	t/ month	31,252	31,252	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 26 – Ore Mined – Whirling Dervish Underground – LOM Total	t	4,174,491	4,518,415	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.



Sheet/Row Item Name	Units	Model Input	SRK Input recommendation	SRK's findings
CDO/Line 26 – Ore Mined – Whirling Dervish Underground – LOM Average	t/ month	65,226	64,549	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 162 – Mining Costs – Karari Underground – LOM Total	A\$	830,579,706	854,379,804	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 163 – Mining Costs – Deep South Underground – LOM Total	A\$	63,308,788	63,308,788	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 164 – Mining Costs – Dervish Underground – LOM Total	A\$	347,808,354	376,463,237	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
CDO/Line 165 – Mining Costs – Porphyry Underground – LOM Total	A\$	167,322,584	0	Recommend removal of all costs associated with porphyry underground
CDO/Line 205 – Total Haulage Costs – LOM Total	A\$	98,359,479	122,681,983	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. The total haulage cost estimate of A\$98,359,479 does not consider surface haulage costs for the underground deposits that are remote from the Carosue Dam processing facility. SRK considers that an allowance for surface haulage is required for the deposits located remote from the Carosue Dam processing facility. SRK recommends a total allocation for surface haulage of A\$119,298,527

Source: SRK analysis

Note: All SRK recommendations are undiscounted

Table 9-5 presents a summary of SRK's findings and recommendations made to Ernst & Young Strategy and Transactions Limited in relation to the Thunderbox Operations. Additional detail is given in Sections 6.9, 6.10 and 6.11 of the Report.

**Table 9-5: SRK Thunderbox Operations model findings**

Sheet/Row Item Name	Units	Model Input	SRK Input recommendation	SRK's findings
TBO/Line 24 – Ore Mined – Thunderbox Underground – LOM Total	t	14,035,066	15,371,337	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
TBO/Line 24 – Ore Mined – Thunderbox Underground – LOM Average	t/month	150,915	Peak production rates of approximately 2.0 Mt/a.	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. The supplied model contains peak production rates of 2.3 Mt/a from the Thunderbox Underground. SRK considers that based on the scale and nature of the mining plan proposed a peak production rate of approximately 2.0 Mt/a would be appropriate.
TBO/Line 132 – Mining Costs – Thunderbox Underground – LOM Total	A\$	680,328,260	998,612,502	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia. This includes costs associated with additional recoverable ounces per the SRK analysis.
Total Ore Milled (Row 56)	Mt	43	42	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Monthly Ore Milled (Row 56)	kt/month	287	286	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Metallurgical Recovery (Row 92)	%	94	94	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
G&A cost (Row 184)	A\$m	105.1	103.3	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
G&A cost (ore milled) (Row 184)	A\$/t	2.44	2.44	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Processing cost (Row 202)	A\$m	813	800	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Processing cost (Row 202)	A\$/t	18.91	18.88	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia..
Development Capex (Row 312/848)	A\$m	88.9	88.9	Reasonable based on SRK's assessment of the available data and its experience working on similar projects in Australia.
Sustaining Capex (Row 312/849)	A\$m	48.5	51.7	Recommend change based on SRK's assessment of the available data and its experience working on similar projects in Australia.

Source: SRK analysis

Note: All SRK recommendations are undiscounted

SRK has made a recommendation to Ernst & Young Strategy and Transactions Limited to remove the low-grade stockpiles from the LOM. SRK has valued these stockpiles separately.

## 9.1.2 Mineral Resources not considered in the models (residual resources)

Table 9-6 presents a summary of the changes to the gold ounces in the Model subsequent to Ernst & Young Strategy and Transactions Limited's implementation of SRK's recommendations summarised in Section 9.1.1.

**Table 9-6: Summary of gold ounces considered in the Model**

Ore Reserves	Ounces	Ounces in the Model	SRK Input recommendation	Ounces in revised Model
KCGM (50%)	4,850,000	7,369,161	-2,467,741	4,901,420
Carosue Dam	2,000,000	2,492,174	-217,553	2,274,621
Thunderbox	1,700,000	2,309,774	12,330	2,322,104
<b>Total</b>	<b>8,550,000</b>	<b>12,171,109</b>	<b>-2,672,964</b>	<b>9,498,145</b>

Source: SRK analysis

Table 9-7 presents a summary of the residual resources (those Mineral Resources not considered in the Model) subsequent to Ernst & Young Strategy and Transactions Limited's implementation of SRK's recommendations summarised in Section 9.1.1.

**Table 9-7: Residual resources summary**

Mineral Resources	Ounces	Model Depletion	Residual Resources (oz)
KCGM (50%)	9,500,000	4,901,420	4,598,580
Carosue Dam	4,600,000	2,274,621	2,325,379
Thunderbox	3,200,000	2,322,104	877,896
<b>Total</b>	<b>17,300,000</b>	<b>9,498,145</b>	<b>7,801,855</b>

Source: SRK analysis

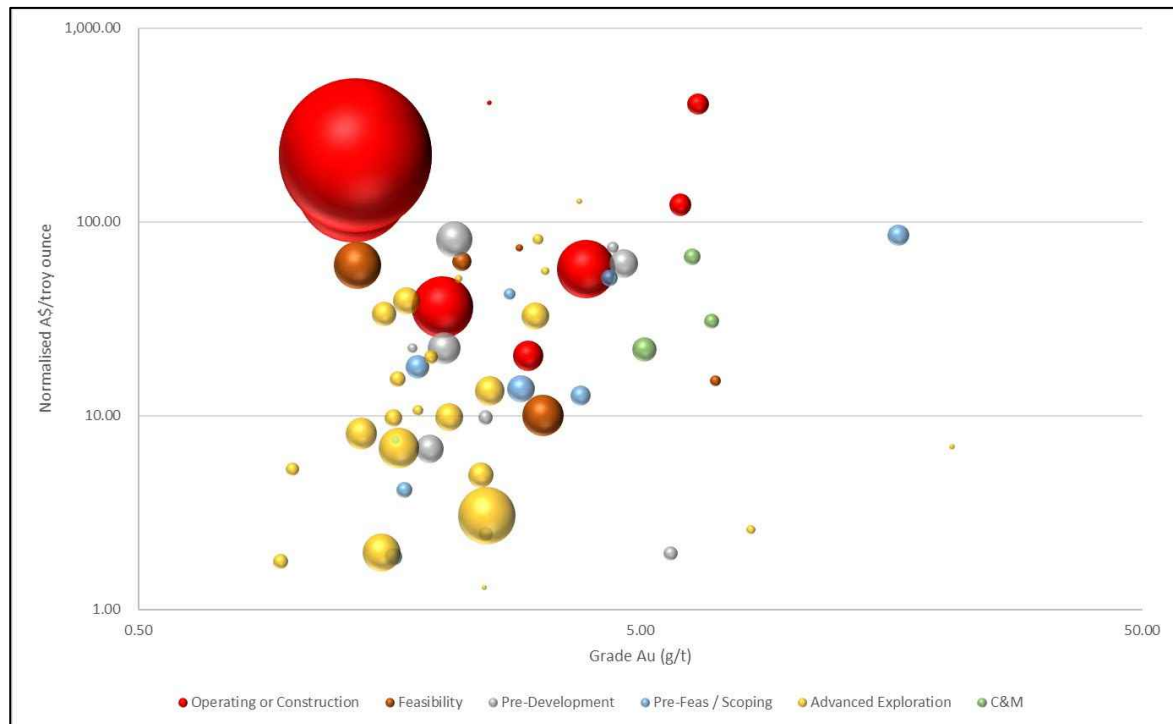
SRK searched its internal databases as well as the S&P Global Market Intelligence subscription database to support its assessment of the Market Value of the Residual Resources shown in Table 9-7. The raw data relied on for the Residual Resource valuation are presented in Appendix B (Comparable Market Transactions).

After compiling the relevant data, SRK reviewed transactions involving Western Australian gold projects (at various development stages) that occurred between November 2015 and October 2020. SRK identified 61 transactions that it considered sufficiently relevant and for which sufficient information was available to calculate a resource multiple. The implied transaction multiple for resources was then expressed in A\$/oz terms. This implied multiple was calculated using the transaction value (at the implied 100% acquisition cost) and the total contained Mineral Resources supporting the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the Australian Dollar 12-month trailing gold price of A\$2,518/oz as at 31 October 2020 to normalise the implied multiples and inform its market analysis. This price was supplied by Ernst & Young Strategy and Transactions Limited, as noted in Section 8.1.1.

Importantly, while transaction multiples are widely used in valuation, they rely on the assumption that the reported Mineral Resources have been appropriately reported and can be taken at face value. The method assumes that differences in reporting regimes, between different Competent Persons, resource classification, metal recovery and adopted cut-off grades (which may change between assets and/or companies) do not materially influence the implied multiple. The method implicitly assumes total recoverability of all metal tonnes/ounces, as reliable and accurate data are generally not disclosed or available around the time of most transactions or for all companies. Importantly, SRK's implied

value calculations are for the purposes of its valuation and do not attempt to estimate or reflect the metal likely to be recovered as required under the JORC Code (2012).

SRK notes that there is a clear relationship between the development stage of the assets that host defined Mineral Resources and their implied multiples with the average, median and weighted average values generally decreasing in line with earlier development stages (Figure 9-1).



**Figure 9-1: Project value by development status**

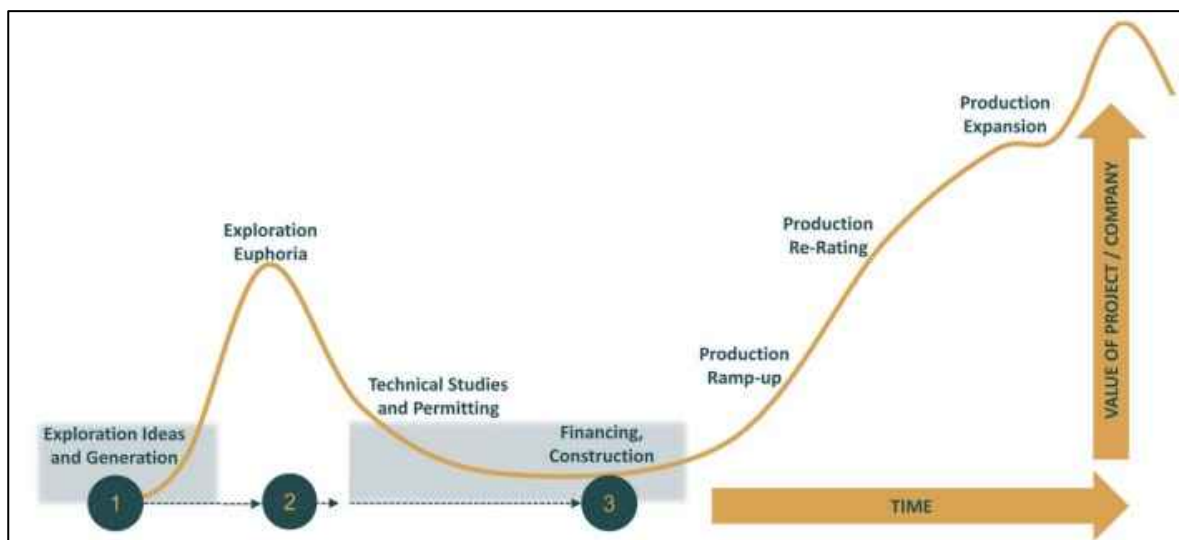
Source: SRK analysis

Note: Logarithmic scale on both axes.

When considering the weighted average normalised multiples only, SRK notes its analysis implies the following normalised transaction multiples:

- projects in operation or construction – A\$188.18/tr oz
- projects at feasibility stage – A\$39.99 /tr oz
- projects at pre-development stage – A\$46.23/tr oz
- projects at scoping and pre-feasibility stage – A\$27.21/tr oz
- projects at advanced exploration stage – A\$11.85/tr oz.

The value price curve identified by this metric is in alignment with prevailing theory on value through a mining project's life cycle (Figure 9-2).



**Figure 9-2: Project value curve**

Source: SRK Consulting

**Table 9-8: Resource-based transaction multiple analysis**

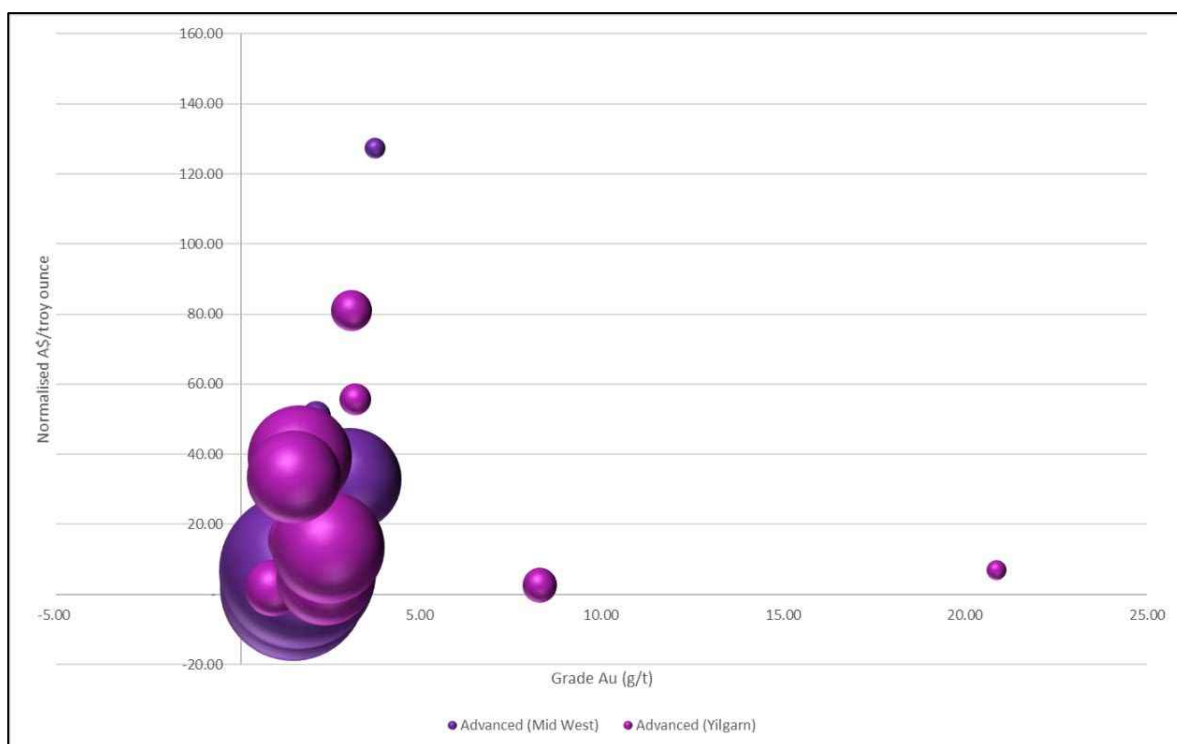
	Resource Multiple – Raw (A\$/oz)	Resource Multiple – Normalised (A\$/oz)
<b>All</b>		
Minimum	0.87	1.30
Median	14.54	22.30
Average	47.09	60.40
Maximum	262.05	411.35
Weighted average	116.57	143.31
<b>Projects in Operation or under Construction (Excludes the Coogee Project)</b>		
Minimum	13.50	20.41
Median	106.02	155.19
Average	128.29	183.33
Maximum	261.37	411.35
Weighted average	153.73	188.18
<b>Projects in Care and Maintenance</b>		
Minimum	14.32	10.03
Median	20.14	45.34
Average	34.33	42.41
Maximum	68.52	73.25
Weighted average	29.41	39.06
<b>Projects at Feasibility stage</b>		
Minimum	6.47	10.03
Median	40.31	59.87
Average	36.10	44.14
Maximum	76.27	73.25
Weighted average	27.49	39.99

	Resource Multiple – Raw (A\$/oz)	Resource Multiple – Normalised (A\$/oz)
<b>Projects at Pre-Development Stage</b>		
Minimum	1.27	1.95
Median	18.89	22.31
Average	26.46	37.64
Maximum	67.46	94.99
Weighted average	31.97	46.23
<b>Project at the Scoping / Pre-feasibility stage</b>		
Minimum	1.25	1.87
Median	10.91	13.79
Average	24.52	26.36
Maximum	89.48	85.38
Weighted average	24.84	27.21
<b>Project at the Advanced Exploration stage</b>		
Minimum	0.87	1.30
Median	6.73	9.82
Average	20.39	23.57
Maximum	133.51	127.40
Weighted average	9.24	11.85

Source: SRK analysis

SRK has further analysed the comparable transactions in terms of region and mine type (in line with VALMIN's development stage groupings). In the advanced stage category, there is a fairly even spread in terms of location (transactions in the Midwest/Pilbara = 8, Yilgarn = 11). Based on analysis of this data (Figure 9-3), SRK is of the opinion that gold projects in the Yilgarn appear to transact at a premium, when compared to those in the Midwest and Pilbara regions (Table 9-9). Further analysis of the transactions at other development categories was in part supportive of a premium in the Yilgarn; however, the limited number of transactions in these categories makes meaningful analysis impossible.

For the avoidance of doubt, SRK has not attempted to quantify a premium for the Yilgarn region, due to a lack of data points for meaningful comparison when location, development stage and mine type are taken into consideration. However, based on the general observation that the market appears to pay a premium for Yilgarn gold projects, SRK has valued projects within the Yilgarn using Yilgarn transaction multiples only. On this basis, no further specific premium for location is warranted.



**Figure 9-3: Transaction (advanced exploration stage) value by location Yilgarn vs Mid-West**

Source: SRK analysis

Note: Limited maximum values on the Y and Y axis

**Table 9-9: Comparison of transaction values (advanced exploration stage only) by location Yilgarn vs Mid-West**

	Advanced Exploration Mid-West only (excluding Gnows Nest) (A\$/tr oz)		Advanced Exploration Yilgarn only (A\$/tr oz)	
	Raw	Normalised	Raw	Normalised
Minimum	0.87	1.30	1.84	1.77
Median	5.89	8.92	12.50	14.41
Average	27.60	29.86	19.41	23.75
Maximum	133.51	127.40	56.73	81.07
Weighted average	7.23	10.54	18.17	22.16

Source: SRK analysis

SRK elected to adopt a resource multiple range of between of A\$100/tr oz and A\$162/tr oz with a preferred multiple of A\$131/tr oz for its valuation of Saracen's residual resources (Table 9-10 and Table 9-11). This range was selected using the upper end of the resource multiples implied by the pre-development stage comparable market transactions and lower quartile of the median and average value implied by the production stage multiples. SRK considers this to be a reasonable approach given its technical assessment of the residual resources and accordingly relevant mine planning.

**Table 9-10: Residual Resources after Model Depletion**

Mineral Resources	Ounces	Model Depletion	Residual Resources
KCGM (50%)	9,500,000	4,901,420	4,598,580
Carosue Dam	4,600,000	2,274,621	2,325,379
Thunderbox	3,200,000	2,322,104	877,896
<b>Total</b>	<b>17,300,000</b>	<b>9,498,145</b>	<b>7,801,855</b>

Source: SRK analysis

**Table 9-11: Selected Resource Multiples – Residual Resources**

Valuation Multiples	Selected Multiple (A\$/tr oz)		
	Low	High	Preferred
KCGM (50%)	100	162	131
Carosue Dam	100	162	131
Thunderbox	100	162	131

Source: SRK analysis

On this basis, the implied value of Saracen's residual resources using the comparable market transaction analysis is A\$777m to A\$1,264m with a preferred valuation of A\$1,020m (Table 9-12).

**Table 9-12: Implied Valuation – Residual Resources**

Valuation	Implied Value (A\$m)		
	Low	High	Preferred
KCGM (50%)	458	745	601
Carosue Dam	231	377	304
Thunderbox	87	142	115
<b>Total</b>	<b>777</b>	<b>1,264</b>	<b>1,020</b>

Source: SRK analysis

### 9.1.3 Yardstick cross-check

As a cross-check to the values implied by market multiples, SRK has also considered standard industry yardsticks.

Under the yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used yardstick factors are between 0.5% and 5% of the spot price.

Further to consultation with Ernst & Young Strategy and Transactions Limited, rather than using the spot price yardsticks noted above, SRK elected to adopt a 2–4% yardstick valuation range using the Australian Dollar 12-month trailing gold price of A\$2,518/oz as at 31 October 2020 to inform SRK's yardstick cross-check given the recent volatility in the gold price. This price was supplied by Ernst & Young Strategy and Transactions Limited as noted in Section 8.1.1. SRK elected to use the relatively wide range of 2-4% of the Australian Dollar 12-month trailing gold price of A\$2,518/oz (approximately the 35<sup>th</sup>-80<sup>th</sup> percentile of the range). Typically a 0.5-1% range would be used to value Inferred Resources and a 1-2% range would be used to value Indicated Resources although these heuristics are based on Specialist opinion only. A range of 2-4% was selected to value both the Indicated and Inferred Mineral Resources not considered in the cashflow model on a cross-check basis. This range, which is higher but broader (twice as wide) than the typical yardstick factors, was selected to reflect SRK's Specialist opinion on the market sentiment for gold resources as at the valuation date and its opinion on the Market Valuation of these resources as at the valuation date.



On this basis, the implied valuation range of the residual resources using the yardstick factors is A\$393m to A\$786m with a preferred valuation of A\$589m based on the mid-point of the range (Table 9-13).

**Table 9-13: Yardstick cross-check – Residual Resources**

Yardstick Factor Low	Yardstick Factor High	Contained Au (troy ounces)	Value Low (A\$m)	Value High (A\$m)	Value Preferred (A\$m)
2%	4%	7,801,855	393	786	589

Source: SRK analysis

The valuation range provided by the yardstick analysis is approximately 50% of that implied by comparable transaction analysis for Saracen's residual resources. This implies that the market is paying a significant premium for gold resources at this time. Therefore, SRK has elected to adopt the values implied by the comparable market transaction analysis (in preference to those implied by industry yardsticks) to inform its valuation range for the residual resources (Table 9-14) given that there is a surfeit of comparable transactions data.

**Table 9-14: Summary of SRK's Valuation of Residual Resources**

Asset	Method	Low (A\$m)	High (A\$m)	Preferred (A\$m)
Residual Resources	Comparable transactions	777	1,264	1,020
	Yardstick	393	786	589
	<b>Selected</b>	<b>777</b>	<b>1,264</b>	<b>1,020</b>

Source: SRK analysis

## 9.2 Exploration potential

### 9.2.1 Comparable transactions – area multiple analysis

In addition to its assessment of the value of the Mineral Resources lying outside the Model, SRK has also considered the value associated with the associated mineral tenure surrounding the currently defined Mineral Resource and Ore Reserve areas.

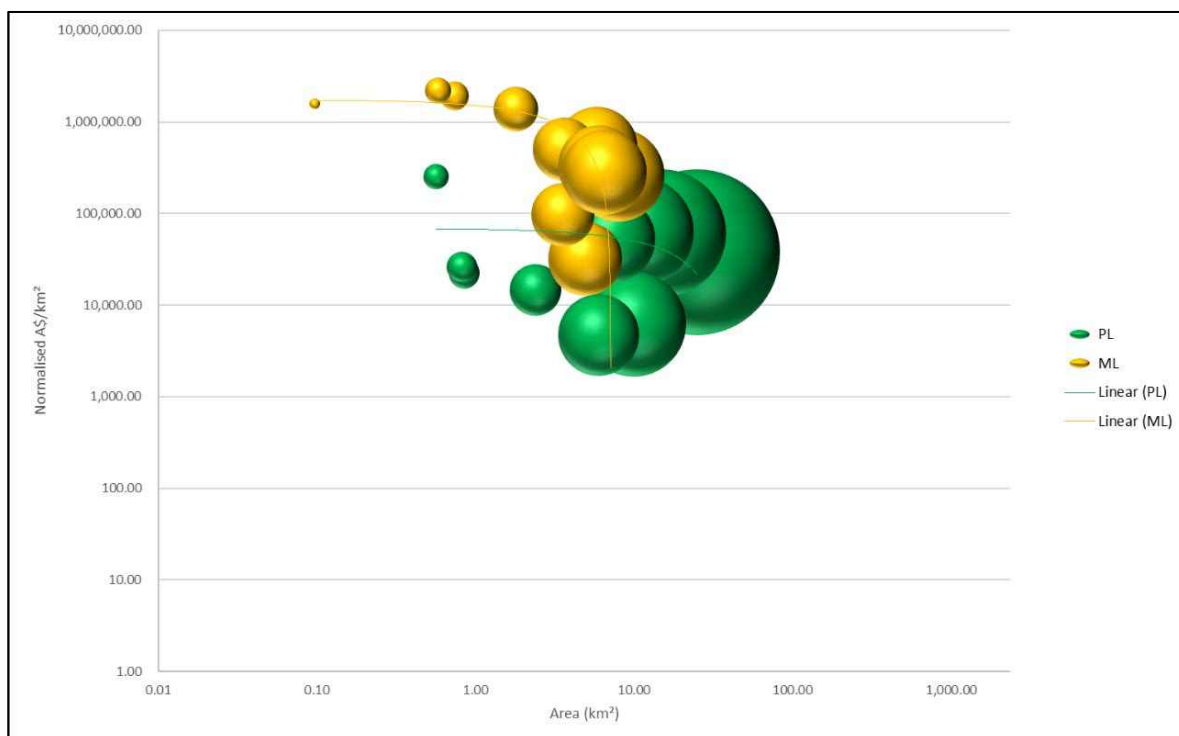
To this end, SRK has also reviewed transactions involving early to advanced stage Western Australian gold exploration projects (i.e. those without defined gold resources) occurring between September 2015 and October 2020. SRK has identified and compiled data for 116 transactions (Appendix B) for which sufficient information was available to calculate an area-based multiple (i.e. A\$/km<sup>2</sup> or A\$/ha). SRK's analysis of the implied multiples was based on the reported areal extent of mineral tenure as described in the earlier sections of this Report.

For the purpose of this section, SRK has expressed the area-based transaction multiple in A\$/km<sup>2</sup> terms. This value has been calculated from the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired at the time of the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the Australian Dollar 12-month trailing gold price of A\$2,518/oz as at 31 October 2020 to normalise the implied multiples and inform its market analysis. This price supplied by Ernst & Young Strategy and Transactions Limited as noted in Section 8.1.1.

SRK has considered the dataset in terms of the type of tenure acquired. There is a clear distinction in the implied price paid for Mining Leases (ML), Prospecting Licences (PL), Exploration Licences (EL) and mixed tenure projects. For example, on a normalised basis and considering the weighted average

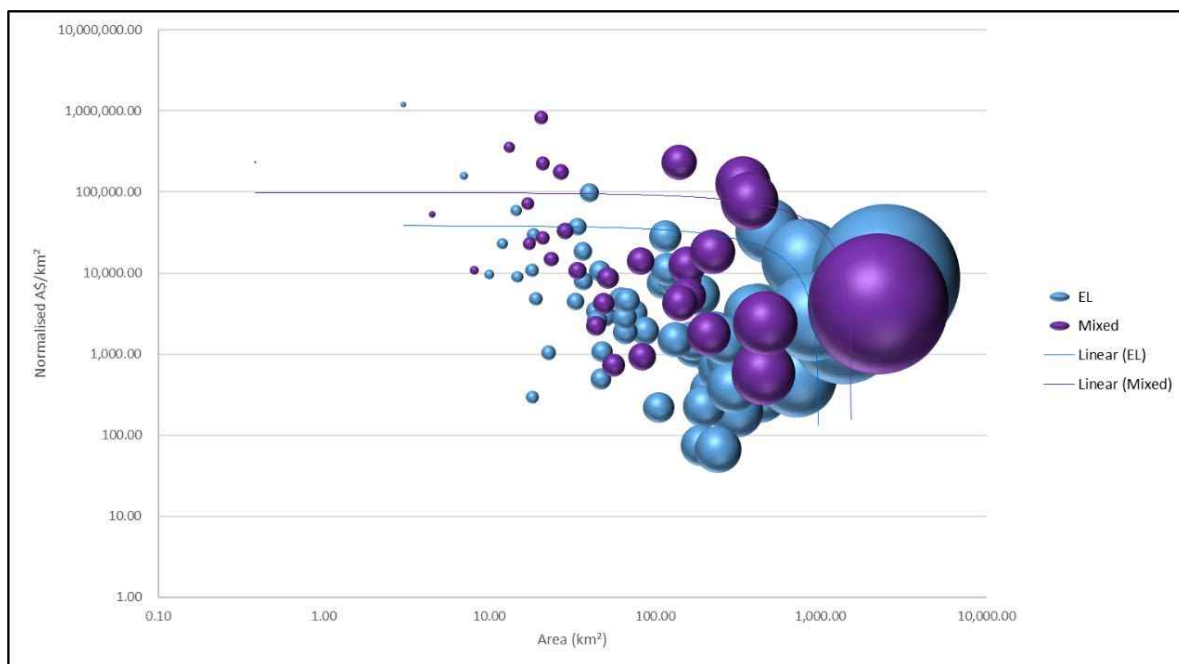
only, ELs transacted for A\$5,529/km<sup>2</sup>, PLs transacted for A\$41,118/km<sup>2</sup>, while MLs transacted for A\$441,263/km<sup>2</sup>. Mixed tenure projects typically transacted between the values implied by ELs and PLs on a standalone basis, with an implied transaction multiple of A\$29,199/km<sup>2</sup>.

SRK notes there is also a clear relationship between the size of tenure acquired and the implied value (in A\$/km<sup>2</sup> terms). MLs (and PLs) are generally smaller than ELs and are also generally more advanced in terms of the exploration completed. Consequently, MLs generally attract higher transaction prices and thus implied multiples. The relationship also holds true when these datasets are reviewed exclusively from each other (Figure 9-4 and Figure 9-5). SRK considers this to be logical and in line with industry practice for, as exploration progresses on a tenure, explorers will, in accordance with regulatory requirements, intermittently relinquish those areas of lower perceived potential and retain only those areas considered to be the most prospective.



**Figure 9-4: Area-based resource multiples for ML and PL tenure types**

Source: SRK analysis



**Figure 9-5: Area-based Resource multiples for EL and mixed tenure types**

Source: SRK analysis

**Table 9-15: Area-based transaction multiple analysis**

	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
<b>All</b>		
Minimum	66	66
Median	5,449	7,438
Average	103,601	125,745
Maximum	1,609,907	2,199,911
Weighted average	9,325	12,191
<b>Gold – Projects with only Exploration Licences</b>		
Minimum	66	66
Median	2,228	2,985
Average	27,252	28,932
Maximum	1,255,877	1,198,386
Weighted average	4,340	5,529
<b>Gold – Projects with only Prospecting Leases</b>		
Minimum	4,167	4,702
Median	25,595	32,079
Average	50,272	54,273
Maximum	258,906	254,079
Weighted average	32,698	41,119
<b>Gold – Projects with only Mining Leases</b>		
Minimum	33,807	32,274
Median	470,085	530,488
Average	753,341	942,816
Maximum	1,609,907	2,199,911

	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
Weighted average	347,574	441,263
<b>Gold – Projects with a mix of Prospecting Licences, Exploration Licences and Mining Leases</b>		
Minimum	391	583
Median	10,627	14,425
Average	68,924	86,106
Maximum	558,264	829,194
Weighted average	21,956	29,199

Source: SRK analysis

## 9.2.2 Comparable transactions – area multiple valuation

Based on its review of the available technical information, SRK has assessed the value of Saracen's regional exploration holdings on an area basis; all values are presented on a 100% equity basis. SRK's ranges for the tenure are based on the mixed tenure projects. In SRK's opinion, applying values based on the ranges indicated by either ELs or MLs only does not reflect the large and coherent nature of Saracen's project tenure and its position relative to the surrounding Mineral Resources (which have been valued separately). SRK has further selected ranges for exploration-stage tenures based on the size of the tenure and selected its preferred value based on the perceived prospectivity of each tenement. SRK has expressed the area-based transaction multiple in A\$/km<sup>2</sup> terms. This value has been calculated from the transaction value (at the implied 100% acquisition cost) and the total area of the project tenure acquired at the time of the transaction. Given the gold price volatility and future price uncertainty, SRK elected to use the Australian Dollar 12-month trailing gold price of A\$2,518/oz as at 31 October 2020 to normalise the implied multiples and inform its market analysis. This price was supplied by Ernst & Young Strategy and Transactions Limited as noted in Section 8.1.1. Where relevant, SRK has estimated the area covered by the currently stated Mineral Resource. For very small MLs containing defined Mineral Resources, this has resulted in little or no remaining area; consequently, these have been assigned no value on an area basis.

The implied values of a 100% interest in the tenures' exploration potential using the comparable transaction method are provided in Table 9-16 with detailed workings presented in Appendix B.

**Table 9-16: Summary Exploration Valuation – comparable transaction method**

Operating Centre	Sub-Project Name	Area (km <sup>2</sup> )	Average* Multiples by area (A\$/km <sup>2</sup> )			Market Value (A\$m)		
			Lower	Upper	Preferred	Lower	Upper	Preferred
Carosue Dam	Carosue Dam	175	187,406	331,107	259,257	30.0	53.1	41.5
	Butcher Well JV	69	34,934	70,607	52,770	2.4	4.9	3.7
	Edjudina	30	83,629	167,257	125,443	2.5	5.0	3.8
	Mt Celia	319	13,269	26,538	19,904	4.2	8.5	6.3
	Yundamindera	124	2,887	6,027	4,457	0.4	0.7	0.6
	Yilgangi	249	3,498	6,493	4,996	0.9	1.6	1.2
	Pinnacles	-	-	-	-	-	-	-
Porphyry	-	-	-	-	-	-	-	
Thunderbox	Bannockburn	123	82,009	161,351	121,680	10.1	19.8	14.9
	Bundarra	27	15,573	31,147	23,360	0.4	0.8	0.6
	Kailis	9	16,896	33,793	25,344	0.2	0.3	0.2

	Talisman	205	67,965	135,929	101,947	14.0	27.9	20.9
	Warrida Well	16	18,553	36,017	27,285	0.3	0.6	0.4
	Wildara	139	78,181	156,131	117,156	10.9	21.7	16.3
KCGM		259.1	183,060	364,087	317,103	49.0	94.3	82.2
<b>Total</b>						<b>136</b>	<b>261</b>	<b>209</b>

Note: \*Indicates the average value of the tenure by total project area. A detailed breakdown of the multiples used for each licence is provided in Appendix B

Using the Comparative Transactions – area-based method, SRK considers Saracen's interests in the exploration potential of the Mineral Assets (excluding the areas covered by the defined Mineral Resources) resides between A\$136m and A\$261m, with a preferred valuation of A\$209m, which represents the mid-point of the adopted range.

### 9.2.3 Geoscientific Rating method

As a cross-check to the values implied by market multiples, SRK has also considered the Geoscientific Rating method, a cost-based method. The Geoscientific Rating or modified Kilburn method of valuation attempts to quantify the relevant technical aspects of a property through appropriate multipliers (factors) applied to an appropriate base (or intrinsic) value and is considered to be a cost-based method of valuation. The intrinsic value is referred to as the Base Acquisition Cost (BAC), which represents the 'average cost to identify, apply for and retain a base unit of area of title' for one year.

Multipliers are considered for off-property aspects, on-property aspects, anomaly aspects, and geology aspects. These multipliers are applied sequentially to the BAC to estimate the Technical Value for each tenement. A further market factor is then considered to derive a Market Value.

A BAC has been assumed in this valuation, which incorporates annual rental, administration and application fees in addition to nominal indicative minimum expenditure on acquisition and costs of identification (Table 9-16) to be the following:

- A\$492/km<sup>2</sup> (A\$5/ha) for EL
- A\$12,569/km<sup>2</sup> (A\$126/ha) for PL
- A\$12,384/km<sup>2</sup> (A\$124/ha) for ML.

**Table 9-17: Base acquisition cost**

Exploration Licence Base acquisition cost		
Metric	Unit	Value
Average licence size	km <sup>2</sup>	67.7
Average licence age	years	4
Application fee	A\$ per licence	1,580
Annual rent Year 1-3	A\$ per km <sup>2</sup>	45.82
Annual rent Year 4	A\$ per km <sup>2</sup>	38.67
Minimal annual expenditure Year 1-3	A\$ per km <sup>2</sup>	324.96
Minimal annual expenditure Year 4	A\$ per km <sup>2</sup>	243.72
Costs of identification, legal costs and negotiations and compensation agreements	A\$ per licence	35,132
Annual rates	A\$ per licence	2,000
<b>BAC of average exploration licence</b>	<b>A\$ per km<sup>2</sup></b>	<b>492</b>
<b>BAC of average exploration licence</b>	<b>A\$ per ha</b>	<b>4.92</b>

<b>Prospecting Licence Base acquisition cost</b>		
<b>Metric</b>	<b>Unit</b>	<b>Value</b>
Average licence size	ha	126
Average licence age	years	3.3
Application fee	A\$ per licence	374
Annual rent Year	A\$ per ha	3.00
Minimal annual expenditure Year	A\$ per ha	40.00
Costs of identification, legal costs and negotiations and compensation agreements	A\$ per licence	35,132
Annual rates	A\$ per licence	500
<b>BAC of average prospecting licence</b>	<b>A\$ per km<sup>2</sup></b>	<b>12,569</b>
<b>BAC of average prospecting licence</b>	<b>A\$ per ha</b>	<b>125.69</b>
<b>Mining Lease Base acquisition cost</b>		
<b>Metric</b>	<b>Unit</b>	<b>Value</b>
Average lease size	ha	467
Average lease age	years	21
Application fee	A\$ per lease	551
Annual rent Year	A\$ per ha	20.00
Minimal annual expenditure Year	A\$ per ha	100.00
Costs of identification, legal costs and negotiations and compensation agreements	A\$ per lease	35,132
Annual rates	A\$ per lease	2,000
<b>BAC of average mining lease</b>	<b>A\$ per km<sup>2</sup></b>	<b>12,384</b>
<b>BAC of average mining lease</b>	<b>A\$ per ha</b>	<b>123.84</b>

In converting its implied technical values to a market value, SRK considers that market participants would apply a premium to the technical value by 20% to account for the current market sentiment and recent gold price performance.

In addition, SRK considers that any tenures in application would attract a 20% discount to reflect the uncertainty in likely timing of the grant as well as approval conditions associated with the grant.

The geoscientific rating criteria are presented in Table 9-18.

**Table 9-18: Modified property rating criteria**

Rating	Off-property factor	On-property factor	Geological factor	Anomaly factor
0.1			Unfavourable geological setting	No mineralisation identified – area sterilised
0.5	Unfavourable district/ basin	Unfavourable area	Poor geological setting	Extensive previous exploration provided poor results
0.9			Generally favourable geological setting, under cover or complexly deformed or metamorphosed	Poor results to date
1.0	No known mineralisation in district	No known mineralisation on lease	Generally favourable geological setting	No targets outlined
1.5	Minor workings	Minor workings or mineralised zones exposed		Target identified; initial indications positive
2.0	Several old workings in district	Several old workings or exploration targets identified	Multiple exploration models being applied simultaneously	Significant grade intercepts evident but not linked on cross or long sections
2.5			Well-defined exploration model applied to new areas	
3.0	Mine or abundant workings with significant previous production	Mine or abundant workings with significant previous production	Significant mineralised zones exposed in prospective host rock	
3.5				
4.0	Along strike from a major deposit	Major mine with significant historical production	Well-understood exploration model, with valid targets in structurally complex area, or under cover	Several economic grade intercepts on adjacent sections
5.0	Along strike for a world class deposit		Well-understood exploration model, with valid targets in well understood stratigraphy	
6.0			Advanced exploration model constrained by known and well-understood mineralisation	
10.0		World class mine		

Source: Modified after Xstract, 2009 and Agricola Mining Consultants, 2011.

Using the geoscientific rating method (Calculations presented as Appendix C) SRK considers Saracen's interests in the exploration potential of the areas not covered by the defined Mineral Resources resides between A\$95.9m and A\$225.6m with a preferred value of A\$160.8m, which represents the mid-point of the range.

**Table 9-19: Summary of Exploration Potential Value using the Geoscientific (Kilburn) Method**

Operating Centre	Sub-Project Name	Market Value (A\$m)		
		Lower	Upper	Preferred
Carosue Dam	Carosue Dam	57.7	124.8	91.2
	Butcher Well JV	0.2	0.2	0.2
	Edjudina	0.8	3.2	2.0
	Mt Celia	0.9	4.3	2.6
	Yilgangi - Carosue Dam	0.4	1.6	1.0
	Yundamindera	0.1	0.3	0.2
Thunderbox	Warrida Well	0.1	0.5	0.3
	Wildara	7.8	25.6	16.7
	Bannockburn	4.8	16.3	10.6
	Bundarra	0.6	1.5	1.0
	Kailis	0.1	0.4	0.3
	Talisman	11.5	26.2	18.9
KCGM	Mining Leases	6.8	12.3	9.6
	Prospecting Leases	4.0	8.5	6.3
<b>Total</b>		<b>96</b>	<b>226</b>	<b>161</b>

Source: SRK analysis (Total is rounded)

## 9.2.4 Summary – exploration potential valuation

In estimating the value of the exploration potential of Saracen's mineral tenures outside the defined Mineral Resource areas, SRK has considered the values implied by comparable transaction analysis and geoscientific rating methods.

SRK notes that the implied valuation range provided by geoscientific rating is approximately 75% of that implied by comparable transaction analysis. SRK has elected to adopt the values implied by the comparable market transaction analysis to inform its valuation range for the exploration potential (Table 9-20), given that there is a surfeit of comparable transactions data.

**Table 9-20: SRK valuation summary – exploration potential**

Asset	Method	Low (A\$m)	High (A\$m)	Preferred (A\$m)
Exploration Potential	Comparable transactions	136	261	209
	Geoscientific Rating	96	226	161
	<b>Selected</b>	<b>136</b>	<b>261</b>	<b>209</b>

Source: SRK analysis (Total is rounded)

## 9.2.5 Comparable market transactions - nickel

In addition to the defined gold Mineral Resources and exploration potential, SRK notes that Saracen's tenures are also highly prospective for nickel sulphide mineralisation.



SRK therefore reviewed transactions involving Australian nickel projects occurring between November 2015 and October 2020 in order to assess the market value of the nickel resources at Waterloo, Amoroc and Sinclair. SRK identified and reviewed 16 transactions that were considered relevant and for which sufficient information was available to calculate a transaction multiple. Of those, 3 included assets in other metals and a further 2 contained only exploration targets and 1 related to exploration potential only. SRK's analysis of the implied resource value multiples for the remaining 10 transactions as based on the reported Mineral Resources is described in Table 9-21 with further details of these transactions provided in Appendix B. SRK elected to use the Australian Dollar Nickel spot price of A\$20,561.58/t to normalise the implied multiples and inform its market analysis. The price was sourced from the pink sheet World Bank Commodities Price Data Pink Sheet (October 2020 Pink Sheet).

**Table 9-21: Resource based transaction multiple analysis – nickel**

	Resource Multiple – Raw (A\$/t)	Resource Multiple – Normalised (A\$/t)	A\$/t MTR Ni eq	MTR%	Normalised MTR%
<b>All</b>					
Minimum	7.46	7.61	6.22	0.03%	0.03%
Median	88.17	100.28	87.62	0.49%	0.55%
Average	126.33	132.57	122.00	0.62%	0.68%
Maximum	603.86	495.33	603.86	2.41%	1.98%
Weighted average	48.61	60.44	43.03	0.26%	0.34%
<b>Sulphide Only (Excludes Musgrave Project)</b>					
Minimum	7.46	7.61	6.22	0.03%	0.03%
Median	99.87	129.89	98.42	0.60%	0.76%
Average	151.98	158.68	148.64	0.75%	0.82%
Maximum	603.86	495.33	603.86	2.41%	1.98%
Weighted average	94.23	119.79	93.28	0.58%	0.77%
<b>Sulphide only Excluding Operating &amp; Feasibility</b>					
Minimum	7.46	7.61	6.22	0.03%	0.03%
Median	100.78	108.60	97.88	0.53%	0.57%
Average	174.71	165.98	169.36	0.77%	0.76%
Maximum	603.86	495.33	603.86	2.41%	1.98%
Weighted average	62.97	58.55	60.39	0.27%	0.26%
<b>Laterite Only</b>					
Minimum	22.32	26.41	13.56	0.08%	0.09%
Median	23.72	28.10	15.45	0.09%	0.11%
Average	23.72	28.10	15.45	0.09%	0.11%
Maximum	25.12	29.80	17.33	0.10%	0.12%
Weighted average	24.36	28.87	16.30	0.09%	0.11%

Source: SRK analysis

- SRK's analysis of the implied values of Saracen's defined nickel resources on a comparable transaction basis is provided in Table 9-22. The Metal Transaction Ratio (MTR%) multiples were selected based on SRK's technical assessment of the Waterloo, Amorac and Sinclair projects as

detailed in Section 7.4.8 of the Report and its analysis of the comparable transactions outlined in Table 9-21 and Table B-3 in Appendix B.

- All three nickel projects have Mineral Resources estimated in the Inferred category.
- The Waterloo project is an advanced exploration project located within a historical mining area (range around average MTR% multiple selected, average prospects for eventual economic extraction).
- The Amoroc project is less advanced in its study status and the low tenor nickel mineralisation is modelled at between 100 and 400 m depth. Range around the average MTR% multiples was selected (lower end of the MTR% range selected, low prospects for eventual economic extraction).
- The previous owners (Talisman) of the Sinclair project outlined an Exploration Target of 670-790 kt at grades between 2.0–2.5% Ni representing the down plunge continuation of the Inferred Mineral Resource estimate (high end of MTR% range selected, good prospects for eventual economic extraction).

**Table 9-22: Summary nickel valuation – comparable transaction method**

Project	Resource (t)	Grade Ni (%)	Contained Ni (t)	MTR% Multiple Low	MTR % Multiple High	Implied Value Low (A\$m)	Implied Value High (A\$m)	Implied Value Preferred (A\$m)
Waterloo	425,000	2.20%	9,350	0.5%	1.0%	0.96	1.92	1.44
Amorac	260,000	2.00%	5,200	0.2%	0.4%	0.21	0.43	0.32
Sinclair	720,000	2.30%	16,560	1.5%	2.5%	5.11	8.51	6.81
<b>Total</b>	<b>1,405,000</b>	<b>2.10%</b>	<b>29,505</b>			<b>6.3</b>	<b>10.9</b>	<b>8.6</b>

Note: Totals are rounded.

Source: SRK analysis

## 9.2.6 Yardstick cross-check

As a cross-check to the values implied by market multiples, SRK has also considered standard industry yardsticks.

Under the yardstick method of valuation, specified percentages of the spot price are used to assess the likely value. Commonly used yardstick factors are between 0.5% and 5% of the spot price.

- Measured Resources - 2.0% to 5.0% of the spot price
- Indicated Resources - 1.0% to 2.0% of the spot price
- Inferred Resources - 0.5% to 1.0% of the spot price
- Exploration Target - 0.1% to 0.5% of the spot price.

As noted in Section 8.2.1, SRK elected to use the Australian Dollar Nickel spot price of A\$20,561.58/t which was sourced from the pink sheet World Bank Commodities Price Data Pink Sheet (October 2020 pink sheet).

Saracen's nickel resources have all been reported as Inferred Mineral Resources. On this basis, the implied valuation range of the nickel resources using the yardstick factors is A\$3.0m to A\$6.1m with a preferred valuation of A\$4.6m, based on the mid-point of the range (Table 9-23).

**Table 9-23: Yardstick cross-check – residual resources**

Yardstick Factor Low	Yardstick Factor High	Contained Ni (tonnes)	Value Low (A\$m)	Value High (A\$m)	Value Preferred (A\$m)
0.5%	1%	29,505	3.0	6.1	4.6

Source: SRK analysis

SRK notes that the valuation range provided by the yardstick analysis is approximately 50% of that implied by comparable market transaction analysis for Saracen's nickel resources. This is largely a result of the multiple adopted for the Sinclair resources. This multiple was selected based on the recent (2019) acquisition of this asset by Saracen. The price paid reflected the inclusion of significant infrastructure in addition to the resources. Therefore, SRK has elected to adopt the values implied by the comparable market transaction analysis to inform its valuation range for the nickel resources, given that there is a surfeit of available market data (Table 9-14).

**Table 9-24: SRK valuation summary – residual resources**

Asset	Method	Low (A\$m)	High (A\$m)	Preferred (A\$m)
Nickel resources	Comparable transactions	6.3	10.9	8.6
	Yardstick	3.0	6.1	4.6
	<b>Selected</b>	<b>6.3</b>	<b>10.9</b>	<b>8.6</b>

Source: SRK analysis

### 9.3 Valuation summary

Table 9-25 summarises SRK's market value assessment of the Mineral Assets.

**Table 9-25: Valuation summary**

Description	Low (A\$m)	High (A\$m)	Preferred (A\$m)
Residual Resources (Not considered in the Model)	777	1,264	1,020
KCGM Exploration	49	94	82
CDO Exploration	30	53	42
TBO Exploration	11	22	16
Regional Exploration	46	92	69
<b>Gold Subtotal</b>	<b>913</b>	<b>1,525</b>	<b>1,229</b>
Nickel Resources	6.3	10.9	8.6
<b>Total</b>	<b>919</b>	<b>1,536</b>	<b>1,238</b>

Note: Any discrepancies between values in the table are due to rounding.

In assigning its valuation range and preferred value, SRK is mindful that the valuation range is also indicative of the uncertainty associated with mineral assets.

The range in value is driven by the confidence limits placed around the size and grade of mineralised occurrences assumed to occur within each project area.

Table 9-26 presents a general guide of the confidence in targets, resource and reserve estimates, and hence value, referred to in the mining industry.

**Table 9-26: General guide regarding confidence for target and Resource/ Reserve estimates**

Classification	Estimate range (90% confidence limit)
Proven/ Probable Reserves	±5 to 10%

Measured Resources	±10 to 20%
Indicated Resources	±30 to 50%
Inferred Resources	±50 to 100%
Exploration Target	+100%

Estimated confidences of +/-60 to 100% or more are not uncommon for exploration areas and are within acceptable bounds, given the level of uncertainty associated with early stage exploration assets. By applying narrower confidence ranges, a greater degree of certainty regarding these assets is being implied than may be the case. Where possible, SRK has endeavoured to narrow its valuation range.

In defining its valuation range, SRK notes that there are always inherent risks involved when deriving any arm's length valuation. These factors can ultimately result in significant differences in valuations over time.

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# Appendices

## **Appendix A: Tenure**

**Table A-1: Carosue Dam Operations**

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
E38/3128	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	1/12/2016	30/11/2021	299.86
E38/3129	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	1/12/2016	30/11/2021	299.81
E38/3130	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	1/12/2016	30/11/2021	299.76
E39/1410	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	23/07/2009	22/07/2021	1,673.18
E39/1478	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	26/02/2010	25/02/2022	3,322.08
E39/1489	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	25/03/2010	24/03/2022	3,406.69
E39/1875	EXPLORATION	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	17/11/2015	16/11/2020	7,663.56
M39/118	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	8/08/1988	7/08/2030	129.95
M39/119	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	8/08/1988	7/08/2030	248.55
M39/120	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	22/04/1988	21/04/2030	500.90
M39/165	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	16/12/1988	15/12/2030	602.35
M39/166	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	16/12/1988	15/12/2030	990.00
M39/230	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	31/07/1990	30/07/2032	446.40
M39/232	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	11/09/1990	10/09/2032	94.48
M39/471	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	10/01/2008	9/01/2029	406.90
M39/588	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	1/07/2009	30/06/2030	762.50
M39/589	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	1/07/2009	30/06/2030	876.35
M39/591	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	1/07/2009	30/06/2030	629.90
M39/652	MINING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	9/02/2001	8/02/2022	432.15
P39/6036	PROSPECTING	LIVE	Butcher Well	SARACEN GOLD MINES PTY LTD	4/04/2019	3/04/2023	7.90
<b>Butcher Well Total Area</b>							<b>23,093.29</b>
E31/1009	EXPLORATION	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	31/10/2012	30/10/2022	296.63
E31/1110	EXPLORATION	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	19/02/2016	18/02/2021	1,485.10
E31/1123	EXPLORATION	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	16/11/2016	15/11/2021	195.26
E31/1239	EXPLORATION	PENDING	Carosue Dam	SARACEN GOLD MINES PTY LTD			891.00
L27/69	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	16/01/2002	15/01/2023	0.40
L27/70	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	17/08/2012	16/08/2033	2.00
L27/71	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	19/06/2002	18/06/2023	14.00



Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
L28/23	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	24/03/2000	23/03/2021	100.00
L28/24	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	28/04/2000	27/04/2021	292.92
L28/25	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	13/10/2000	12/10/2021	586.00
L28/26	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	27/09/2001	26/09/2022	40.00
L28/27	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	9/10/2001	8/10/2022	1,044.00
L28/28	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	11/09/2003	10/09/2024	1.00
L28/29	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	11/09/2003	10/09/2024	3.00
L28/30	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	11/09/2003	10/09/2024	3.00
L28/31	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	11/09/2003	10/09/2024	10.00
L28/32	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	11/09/2003	10/09/2024	2.00
L28/42	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	16/06/2011	15/06/2032	336.70
L28/54	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	7/11/2017	6/11/2038	269.53
L28/63	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	17/04/2019	16/04/2040	7,761.99
L31/37	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	13/10/2000	12/10/2021	94.00
L31/38	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	22/08/2000	21/08/2021	2,428.00
L31/40	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	19/09/2002	18/09/2023	15.00
L31/71	MISCELLANEOUS	PENDING	Carosue Dam	SARACEN GOLD MINES PTY LTD			1,548.50
L39/216	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	14/06/2011	13/06/2032	608.30
L39/217	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/08/2011	1/08/2032	61.20
L39/218	MISCELLANEOUS	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	13/11/2012	12/11/2033	12.10
M28/166	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	15/07/1999	14/07/2041	465.05
M28/167	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	15/07/1999	14/07/2041	933.30
M28/168	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	15/07/1999	14/07/2041	877.80
M28/241	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	395.75
M28/245	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	12/08/2008	11/08/2029	100.10
M28/266	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	444.75
M28/269	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	644.40
M31/156	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	25/02/2008	24/02/2029	360.00
M31/208	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	4/06/2002	3/06/2023	904.40
M31/209	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	4/06/2002	3/06/2023	953.60

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
M31/210	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	4/06/2002	3/06/2023	960.80
M31/212	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	148.38
M31/213	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	682.67
M31/219	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	15/07/1999	14/07/2041	994.20
M31/220	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	15/07/1999	14/07/2041	989.80
M31/273	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	16/06/2009	15/06/2030	261.78
M31/274	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	16/06/2009	15/06/2030	919.95
M31/275	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	468.94
M31/285	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	16/06/2009	15/06/2030	199.03
M31/295	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	601.65
M31/311	MINING	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	2/05/2008	1/05/2029	308.90
E28/1747	EXPLORATION	LIVE	Carosue Dam	SARACEN GOLD MINES PTY LTD	4/07/2008	3/07/2022	1,994.83
<b>Carosue Dam Total Area</b>							<b>32,711.71</b>
M31/172	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	7/01/2008	6/01/2029	242.40
M31/3	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	30/03/1983	29/03/2025	238.90
M31/30	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	8/10/1986	7/10/2028	437.10
M31/380	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	15/02/2007	14/02/2028	4.86
M31/381	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	15/02/2007	14/02/2028	229.05
M31/4	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	30/03/1983	29/03/2025	396.25
M31/5	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	30/03/1983	29/03/2025	652.25
M31/6	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	30/03/1983	29/03/2025	705.30
M31/76	MINING	LIVE	Edjudina	SARACEN GOLD MINES PTY LTD	12/08/1988	11/08/2030	103.65
<b>Edjudina Total Area</b>							<b>3,009.76</b>
E39/1272	EXPLORATION	LIVE	Mt Celia	ROYAL HARRY GOLD MINES NL	21/07/2008	20/07/2020	3,275.85
E39/1273	EXPLORATION	LIVE	Mt Celia	ROYAL HARRY GOLD MINES NL	4/03/2009	3/03/2021	1,646.21
E39/1488	EXPLORATION	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	27/05/2010	26/05/2022	1,476.54
E39/1580	EXPLORATION	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	28/04/2011	27/04/2021	10,063.54
E39/1849	EXPLORATION	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	17/06/2015	16/06/2025	7,114.59
E39/1851	EXPLORATION	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	17/06/2015	16/06/2025	753.28
E39/1868	EXPLORATION	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	16/10/2015	15/10/2020	2,064.11

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
L31/41	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	19/09/2002	18/09/2023	427.05
L39/127	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	20/09/2002	19/09/2023	46.00
L39/128	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	20/09/2002	19/09/2023	433.75
L39/130	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	17/03/2003	16/03/2024	240.00
L39/131	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	31/01/2003	30/01/2024	27.00
L39/132	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	31/01/2003	30/01/2024	318.50
L39/133	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	31/01/2003	30/01/2024	196.00
L39/134	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	31/01/2003	30/01/2024	28.00
L39/135	MISCELLANEOUS	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	25/07/2003	24/07/2024	119.00
M39/1109	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LIMITED	6/07/2017	5/07/2038	297.30
M39/1110	MINING	LIVE	Mt Celia	HAWTHORN RESOURCES LIMITED	6/07/2017	5/07/2038	298.14
M39/129	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	6/05/1988	5/05/2030	116.75
M39/307	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	9/03/1994	8/03/2036	895.15
M39/309	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	9/03/1994	8/03/2036	263.80
M39/638	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	1/07/2009	30/06/2030	890.95
M39/639	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	1/09/2003	31/08/2024	888.95
M39/740	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	1/09/2003	31/08/2024	822.45
M39/741	MINING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	1/07/2009	30/06/2030	895.05
P39/5846	PROSPECTING	LIVE	Mt Celia	SARACEN GOLD MINES PTY LTD	9/03/2018	8/03/2022	64.00
P39/6219	PROSPECTING	PENDING	Mt Celia	SARACEN GOLD MINES PTY LIMITED			33.18
<b>Mt Celia Total Area</b>							<b>36,704.90</b>
L28/41	MISCELLANEOUS	LIVE	Pinnacles	SARACEN GOLD MINES PTY LTD	24/08/2011	23/08/2032	93.80
M28/243	MINING	LIVE	Pinnacles	SARACEN GOLD MINES PTY LTD	26/10/2010	25/10/2031	800.00
<b>Pinnacles Total Area</b>							<b>893.80</b>
L31/10	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	16/08/1983	29/03/2025	2.25
L31/11	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	19/07/1983	29/03/2025	2.02
L31/44	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	3/07/2008	2/07/2029	117.00
L31/45	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	17/04/2008	16/04/2029	218.00
L31/59	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	3/11/2009	2/11/2030	55.81
L31/6	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	20/09/1983	29/03/2025	2.25

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
L31/62	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	28/06/2010	27/06/2031	39.30
L31/63	MISCELLANEOUS	LIVE	Porphyry	SARACEN GOLD MINES PTY LTD	23/12/2010	22/12/2031	8.28
<b>Porphyry Total Area</b>							<b>444.91</b>
E39/1279	EXPLORATION	LIVE	Red October	SARACEN GOLD MINES PTY LTD	18/09/2008	17/09/2020	3,197.74
<b>Red October Total Area</b>							<b>3,197.74</b>
E31/1058	EXPLORATION	LIVE	Yilgangi	SARACEN GOLD MINES PTY LTD	19/06/2014	18/06/2024	7,533.25
E31/1059	EXPLORATION	LIVE	Yilgangi	SARACEN GOLD MINES PTY LTD	19/06/2014	18/06/2024	8,918.08
E31/1093	EXPLORATION	LIVE	Yilgangi	SARACEN GOLD MINES PTY LTD	29/05/2015	28/05/2025	3,573.48
E31/814	EXPLORATION	LIVE	Yilgangi	SARACEN GOLD MINES PTY LTD	25/11/2008	24/11/2020	4,846.66
<b>Yilgangi Total Area</b>							<b>24,871.48</b>
E39/1292	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	24/10/2008	23/10/2020	643.32
E39/1295	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	22/08/2008	21/08/2020	2,965.12
E39/1297	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	24/10/2008	23/10/2020	895.62
E39/1673	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	7/08/2012	6/08/2022	298.76
E39/1674	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	7/08/2012	6/08/2022	298.57
E39/1791	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	16/10/2014	15/10/2024	1,195.83
E39/1804	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	26/11/2014	25/11/2024	1,378.32
E39/1810	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	23/01/2015	22/01/2025	3,284.07
E39/1881	EXPLORATION	LIVE	Yundamindera	SARACEN GOLD MINES PTY LTD	13/01/2016	12/01/2021	848.64
M39/1112	MINING	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	6/07/2017	5/07/2038	253.30
P39/5817	PROSPECTING	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	14/09/2017	13/09/2021	21.56
P39/5821	PROSPECTING	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	21/09/2017	20/09/2021	196.00
P39/5822	PROSPECTING	LIVE	Yundamindera	SARACEN GOLD MINES PTY LIMITED	21/09/2017	20/09/2021	105.00
<b>Yunamindera Total Area</b>							<b>12,384.11</b>

**Table A-2: Thunderbox Operations**

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
E37/907	EXPLORATION	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	18/11/2008	17/11/2020	1,927.39
L37/142	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	28/07/2006	27/07/2027	348.00
L37/215	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	2/06/2016	1/06/2037	2,201.00
L37/216	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	31/07/2015	30/07/2036	26.00
L37/217	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	2/06/2016	1/06/2037	17.61
L37/225	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	18/05/2017	17/05/2038	13,316.00
L37/227	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	6/06/2017	5/06/2038	5,626.00
L37/228	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	7/08/2018	6/08/2039	58.97
L37/229	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	7/08/2018	6/08/2039	12.82
L37/61	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	20/10/1988	19/10/2023	20.00
L37/73	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	29/10/1991	28/10/2021	12.73
L37/86	MISCELLANEOUS	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	19/02/1997	18/02/2022	33.00
M37/339	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	13/01/1992	12/01/2034	656.85
M37/340	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	13/01/1992	12/01/2034	853.45
M37/356	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	21/05/1992	20/05/2034	959.00
M37/357	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	21/05/1992	20/05/2034	918.65
M37/358	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	21/05/1992	20/05/2034	957.70
M37/359	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	21/05/1992	20/05/2034	980.05
M37/360	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	21/05/1992	20/05/2034	698.30
M37/361	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	21/05/1992	20/05/2034	874.95
M37/366	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	12/08/1992	11/08/2034	927.00
M37/367	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	12/08/1992	11/08/2034	928.40
M37/368	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	12/08/1992	11/08/2034	922.80
M37/465	MINING	LIVE	Bannockburn	SARACEN METALS PTY LIMITED	7/11/1994	6/11/2036	653.55
<b>Bannockburn Total Area</b>							<b>33,930.20</b>
M37/350	MINING	LIVE	Bundarra	SR MINING PTY LTD	10/01/1992	9/01/2034	148.50
M37/488	MINING	LIVE	Bundarra	SR MINING PTY LTD	10/02/1995	9/02/2037	27.00
M37/513	MINING	LIVE	Bundarra	SR MINING PTY LTD	21/09/2000	20/09/2021	660.00
M37/514	MINING	LIVE	Bundarra	SR MINING PTY LTD	21/09/2000	20/09/2021	440.00

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
M37/638	MINING	LIVE	Bundarra	SR MINING PTY LTD	10/01/2001	9/01/2022	407.00
P37/8382	PROSPECTING	LIVE	Bundarra	SR MINING PTY LTD	14/11/2013	13/11/2021	198.63
P37/8383	PROSPECTING	LIVE	Bundarra	SR MINING PTY LTD	14/11/2013	13/11/2021	199.74
P37/8384	PROSPECTING	LIVE	Bundarra	SR MINING PTY LTD	14/11/2013	13/11/2021	199.11
P37/8385	PROSPECTING	LIVE	Bundarra	SR MINING PTY LTD	14/11/2013	13/11/2021	197.90
P37/8386	PROSPECTING	LIVE	Bundarra	SR MINING PTY LTD	14/11/2013	13/11/2021	170.73
P37/9079	PROSPECTING	LIVE	Bundarra	SR MINING PTY LTD	16/04/2018	15/04/2022	6.28
<b>Bundarra Total Area</b>							<b>2,654.89</b>
L37/221	MISCELLANEOUS	LIVE	Kailis	SARACEN METALS PTY LIMITED	30/05/2016	29/05/2037	134.03
M37/219	MINING	LIVE	Kailis	SARACEN METALS PTY LIMITED	3/08/1989	2/08/2031	4.86
M37/46	MINING	LIVE	Kailis	SARACEN METALS PTY LIMITED	15/07/1985	14/07/2027	445.30
M37/564	MINING	LIVE	Kailis	SARACEN METALS PTY LIMITED	12/11/1999	11/11/2020	192.70
M37/902	MINING	LIVE	Kailis	SARACEN METALS PTY LIMITED	6/02/2009	5/02/2030	245.40
M37/955	MINING	LIVE	Kailis	SARACEN METALS PTY LIMITED	19/03/2010	18/03/2031	31.00
M37/986	MINING	LIVE	Kailis	SARACEN METALS PTY LIMITED	19/03/2010	18/03/2031	1.96
<b>Kailis Total Area</b>							<b>1,055.25</b>
E37/1231	EXPLORATION	LIVE	Talisman	TALISMAN NICKEL PTY LTD	29/08/2016	28/08/2021	861.59
L36/198	MISCELLANEOUS	LIVE	Talisman	TALISMAN NICKEL PTY LTD	20/04/2007	19/04/2028	103.10
L37/175	MISCELLANEOUS	LIVE	Talisman	TALISMAN NICKEL PTY LTD	20/04/2007	19/04/2028	83.90
M36/444	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	568.00
M36/445	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	973.00
M36/446	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	843.00
M37/1063	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	604.00
M37/1089	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	23/04/2008	22/04/2029	574.00
M37/1090	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	23/04/2008	22/04/2029	478.00
M37/1126	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	603.85
M37/1127	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	606.05
M37/1136	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	988.55
M37/1137	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	850.00
M37/1148	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	45.03

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
M37/1168	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	190.25
M37/1223	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	680.65
M37/1275	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	30/07/2007	29/07/2028	1,961.00
M37/362	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	21/05/1992	20/05/2034	981.50
M37/383	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	29/01/1993	28/01/2035	841.75
M37/384	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	29/01/1993	28/01/2035	536.70
M37/385	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	29/01/1993	28/01/2035	926.85
M37/386	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	29/01/1993	28/01/2035	983.80
M37/424	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	4/02/1994	3/02/2036	905.55
M37/426	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	4/02/1994	3/02/2036	482.20
M37/427	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	4/02/1994	3/02/2036	818.60
M37/590	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	120.05
M37/692	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	136.15
M37/735	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	959.00
M37/816	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	818.40
M37/818	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	28/03/2008	27/03/2029	806.50
M37/819	MINING	LIVE	Talisman	TALISMAN NICKEL PTY LTD	29/08/2008	28/08/2029	397.65
<b>Talisman Total Area</b>							<b>20,728.67</b>
E36/628	EXPLORATION	LIVE	Warrida Well	AGNEW GOLD MINING COMPANY PTY LIMITED	30/01/2009	29/01/2021	1,718.83
M36/177	MINING	LIVE	Warrida Well	AGNEW GOLD MINING COMPANY PTY LIMITED	4/04/1990	3/04/2032	124.95
M36/682	MINING	LIVE	Warrida Well	AGNEW GOLD MINING COMPANY PTY LIMITED	8/11/2013	7/11/2034	482.00
<b>Warrida Well Total Area</b>							<b>2,325.78</b>
E36/837	EXPLORATION	LIVE	Wildara	SARACEN METALS PTY LIMITED	23/02/2015	22/02/2025	640.84
L36/155	MISCELLANEOUS	LIVE	Wildara	SARACEN METALS PTY LIMITED	1/06/2001	31/05/2022	631.00
L36/157	MISCELLANEOUS	LIVE	Wildara	SARACEN METALS PTY LIMITED	1/06/2001	31/05/2022	12.80
L36/158	MISCELLANEOUS	LIVE	Wildara	SARACEN METALS PTY LIMITED	1/06/2001	31/05/2022	1,326.00
L37/166	MISCELLANEOUS	LIVE	Wildara	SARACEN METALS PTY LIMITED	7/06/2007	6/06/2028	179.02
L37/199	MISCELLANEOUS	LIVE	Wildara	SARACEN METALS PTY LIMITED	28/05/2009	27/05/2030	138.00

Tenement	Tenement Type	Status	Project Name	Holder	Grant date	Expiry date	Area (ha)
L37/222	MISCELLANEOUS	LIVE	Wildara	SARACEN METALS PTY LIMITED	1/12/2016	30/11/2037	298.05
M36/35	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	21/06/1988	20/06/2030	197.70
M36/421	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	6/11/2002	5/11/2023	9.71
M36/462	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	3/01/2001	2/01/2022	970.40
M36/473	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	907.00
M36/474	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	908.75
M36/476	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	907.00
M36/494	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	3/01/2001	2/01/2022	9.72
M36/503	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	600.75
M36/504	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	611.35
M36/512	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	3/01/2001	2/01/2022	306.65
M36/513	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	3/01/2001	2/01/2022	482.50
M36/516	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	163.15
M36/525	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	3/01/2001	2/01/2022	625.60
M36/527	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	3/01/2001	2/01/2022	695.40
M36/541	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	906.00
M36/542	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	22/12/2000	21/12/2021	602.00
M36/582	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	5/02/2008	4/02/2029	937.10
M36/584	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	19/02/2001	18/02/2022	6.80
M36/585	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	19/02/2001	18/02/2022	3.85
M36/586	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	6/11/2002	5/11/2023	5.73
M36/587	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	19/02/2001	18/02/2022	2.91
M36/588	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	19/02/2001	18/02/2022	1.89
M36/589	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	6/11/2002	5/11/2023	3.38
M36/599	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	23/01/2002	22/01/2023	302.00
M36/600	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	7/06/2002	6/06/2023	302.50
M37/437	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	27/04/1994	26/04/2036	520.30
M37/493	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	26/07/1999	25/07/2041	736.80
M37/494	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	26/07/1999	25/07/2041	959.35
M37/998	MINING	LIVE	Wildara	SARACEN METALS PTY LIMITED	15/05/2008	14/05/2029	568.65



<b>Tenement</b>	<b>Tenement Type</b>	<b>Status</b>	<b>Project Name</b>	<b>Holder</b>	<b>Grant date</b>	<b>Expiry date</b>	<b>Area (ha)</b>
P37/9319	PROSPECTING	LIVE	Wildara	SARACEN METALS PTY LIMITED	7/04/2020	6/04/2024	1.75
L36/244	MISCELLANEOUS	PENDING	Wildara	SARACEN METALS PTY LIMITED			114.60
<b>Wildara Total Area</b>							<b>18,922.78</b>

**Table A-3: Kalgoorlie Operations**

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
G24/24	GENERAL PURPOSE	LIVE	KCGM	19-Apr-88	18-Apr-30	9.9
G24/25	GENERAL PURPOSE	LIVE	KCGM	19-Apr-88	18-Apr-30	9.9
G24/26	GENERAL PURPOSE	LIVE	KCGM	19-Apr-88	18-Apr-30	9.9
G24/27	GENERAL PURPOSE	LIVE	KCGM	19-Apr-88	18-Apr-30	9.9
G24/28	GENERAL PURPOSE	LIVE	KCGM	14-May-91	13-May-33	9.9
G24/29	GENERAL PURPOSE	LIVE	KCGM	14-May-91	13-May-33	9.9
G24/30	GENERAL PURPOSE	LIVE	KCGM	14-May-91	13-May-33	9.9
G24/31	GENERAL PURPOSE	LIVE	KCGM	14-May-91	13-May-33	9.9
G24/32	GENERAL PURPOSE	LIVE	KCGM	14-May-91	13-May-33	9.9
G24/33	GENERAL PURPOSE	LIVE	KCGM	14-May-91	13-May-33	10
G24/40	GENERAL PURPOSE	LIVE	KCGM	16-Apr-19	15-Apr-40	325.1
G26/08	GENERAL PURPOSE	LIVE	KCGM	11-Mar-86	10-Mar-28	128.57
G26/09	GENERAL PURPOSE	LIVE	KCGM	11-Mar-86	10-Mar-28	106.41
G26/100	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/101	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/102	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/103	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/104	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/105	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/106	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/107	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	10
G26/108	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/109	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/110	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/111	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	5.6
G26/112	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/113	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/114	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/115	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
G26/116	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/117	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/118	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/119	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/129	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/130	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/131	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/132	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/133	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/134	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/135	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/136	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/137	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	10
G26/138	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/139	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/14	GENERAL PURPOSE	LIVE	KCGM	5-Mar-85	4-Mar-27	2.02
G26/140	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/141	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/142	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/143	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/144	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/145	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/146	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/147	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/148	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	10
G26/149	GENERAL PURPOSE	LIVE	KCGM	5-Mar-85	4-Mar-27	2.02
G26/15	GENERAL PURPOSE	LIVE	KCGM	14-Feb-86	21-Nov-25	24.51
G26/150	GENERAL PURPOSE	LIVE	KCGM	7-Oct-09	6-Oct-30	8.6
G26/159	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	4.04
G26/160	GENERAL PURPOSE	LIVE	KCGM	24-Aug-12	23-Aug-33	2.62

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
G26/165	GENERAL PURPOSE	LIVE	KCGM	5-Nov-08	4-Nov-29	34.1745
G26/166	GENERAL PURPOSE	LIVE	KCGM	5-Nov-08	4-Nov-29	453.0755
G26/17	GENERAL PURPOSE	LIVE	KCGM	29-Jul-86	28-Jul-28	29.15
G26/31	GENERAL PURPOSE	LIVE	KCGM	11-Jul-88	10-Jul-30	1.0125
G26/42	GENERAL PURPOSE	LIVE	KCGM	18-Sep-89	17-Sep-31	8.6188
G26/44	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/45	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/46	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/47	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	5
G26/48	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/49	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/50	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/51	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/52	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/53	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/54	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/55	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/56	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/57	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/58	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/59	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/60	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/61	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/62	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/63	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/64	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	8.4
G26/65	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	8.8
G26/66	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.7
G26/67	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/68	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	4

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
G26/69	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	7.9
G26/70	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	7.3
G26/71	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	6.4
G26/72	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/73	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/74	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/75	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/76	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/77	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/78	GENERAL PURPOSE	LIVE	KCGM	15-Apr-91	14-Apr-33	9.9
G26/81	GENERAL PURPOSE	LIVE	KCGM	24-Jun-92	23-Jun-34	2.8
G26/82	GENERAL PURPOSE	LIVE	KCGM	6-Mar-92	5-Mar-34	6.8
G26/83	GENERAL PURPOSE	LIVE	KCGM	6-Mar-92	5-Mar-34	5.8
G26/84	GENERAL PURPOSE	LIVE	KCGM	6-Mar-92	5-Mar-34	5.5
G26/85	GENERAL PURPOSE	LIVE	KCGM	6-Mar-92	5-Mar-34	8.5
G26/86	GENERAL PURPOSE	LIVE	KCGM	6-Mar-92	5-Mar-34	7.8
G26/88	GENERAL PURPOSE	LIVE	KCGM	19-Oct-09	18-Oct-30	9
G26/99	GENERAL PURPOSE	LIVE	KCGM	6-Oct-09	5-Oct-30	3.9
L15/154	MISCELLANEOUS	LIVE	KCGM	28-Mar-91	27-Mar-21	132.3
L15/155	MISCELLANEOUS	LIVE	KCGM	28-Mar-91	27-Mar-21	1
L15/159	MISCELLANEOUS	LIVE	KCGM	17-Jun-91	16-Jun-21	16.6
L24/105	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	31
L24/147	MISCELLANEOUS	LIVE	KCGM	7-Feb-92	6-Feb-22	4
L24/151	MISCELLANEOUS	LIVE	KCGM	5-Feb-93	4-Feb-23	0.73
L24/197	MISCELLANEOUS	LIVE	KCGM	17-Aug-12	16-Aug-33	4.4
L26/100	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	0.7
L26/101	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	0.4
L26/102	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	0.2
L26/104	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	0.6
L26/107	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	0.9

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
L26/109	MISCELLANEOUS	LIVE	KCGM	6-Jun-89	5-Jun-24	7
L26/114	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	2
L26/115	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	2
L26/116	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	2
L26/117	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	2
L26/118	MISCELLANEOUS	LIVE	KCGM	26-Jul-88	25-Jul-23	2
L26/125	MISCELLANEOUS	LIVE	KCGM	25-Oct-88	24-Oct-23	3
L26/126	MISCELLANEOUS	LIVE	KCGM	29-Nov-88	28-Nov-23	0.8101
L26/127	MISCELLANEOUS	LIVE	KCGM	27-Sep-89	26-Sep-24	7
L26/130	MISCELLANEOUS	LIVE	KCGM	5-Apr-89	4-Apr-24	2.2
L26/131	MISCELLANEOUS	LIVE	KCGM	5-Apr-89	4-Apr-24	2.1
L26/132	MISCELLANEOUS	LIVE	KCGM	5-Apr-89	4-Apr-24	2.5
L26/133	MISCELLANEOUS	LIVE	KCGM	5-Apr-89	4-Apr-24	2.1
L26/134	MISCELLANEOUS	LIVE	KCGM	5-Apr-89	4-Apr-24	1.8
L26/135	MISCELLANEOUS	LIVE	KCGM	5-Apr-89	4-Apr-24	2.1
L26/140	MISCELLANEOUS	LIVE	KCGM	26-Sep-89	25-Sep-24	0.3
L26/149	MISCELLANEOUS	LIVE	KCGM	30-Mar-90	29-Mar-25	0.28
L26/151	MISCELLANEOUS	LIVE	KCGM	10-Dec-90	9-Dec-20	179.4
L26/156	MISCELLANEOUS	LIVE	KCGM	28-Mar-91	27-Mar-21	6.7
L26/159	MISCELLANEOUS	LIVE	KCGM	28-Mar-91	27-Mar-21	1.6
L26/160	MISCELLANEOUS	LIVE	KCGM	28-Mar-91	27-Mar-21	10.3
L26/161	MISCELLANEOUS	LIVE	KCGM	28-Mar-91	27-Mar-21	16
L26/163	MISCELLANEOUS	LIVE	KCGM	1-May-91	30-Apr-21	9.9
L26/172	MISCELLANEOUS	LIVE	KCGM	18-Sep-91	17-Sep-21	2.7561
L26/18	MISCELLANEOUS	LIVE	KCGM	13-Aug-85	25-Jul-26	44.52
L26/180	MISCELLANEOUS	LIVE	KCGM	5-Feb-93	4-Feb-23	20
L26/181	MISCELLANEOUS	LIVE	KCGM	21-Nov-91	20-Nov-21	1.7
L26/182	MISCELLANEOUS	LIVE	KCGM	3-Apr-92	2-Apr-22	2.7
L26/184	MISCELLANEOUS	LIVE	KCGM	1-May-92	30-Apr-22	10
L26/185	MISCELLANEOUS	LIVE	KCGM	1-May-92	30-Apr-22	3.5

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
L26/186	MISCELLANEOUS	LIVE	KCGM	19-Jan-93	18-Jan-23	4
L26/19	MISCELLANEOUS	LIVE	KCGM	19-Jan-93	18-Jan-23	0.36
L26/191	MISCELLANEOUS	LIVE	KCGM	5-Feb-93	4-Feb-23	1.2
L26/192	MISCELLANEOUS	LIVE	KCGM	19-Jan-93	18-Jan-23	0.36
L26/193	MISCELLANEOUS	LIVE	KCGM	5-Feb-93	4-Feb-23	1.2
L26/205	MISCELLANEOUS	LIVE	KCGM	28-Jul-97	27-Jul-22	2
L26/216	MISCELLANEOUS	LIVE	KCGM	20-Aug-12	19-Aug-33	13
L26/217	MISCELLANEOUS	LIVE	KCGM	20-Aug-12	19-Aug-33	54
L26/254	MISCELLANEOUS	LIVE	KCGM	22-Aug-12	21-Aug-33	1,067.00
L26/267	MISCELLANEOUS	LIVE	KCGM	24-Feb-14	23-Feb-35	47
L26/282	MISCELLANEOUS	LIVE	KCGM	3-Dec-18	2-Dec-39	94.4827
L26/283	MISCELLANEOUS	LIVE	KCGM	3-Dec-18	2-Dec-39	283.7337
L26/284	MISCELLANEOUS	LIVE	KCGM	3-Dec-18	2-Dec-39	109.97
L26/63	MISCELLANEOUS	LIVE	KCGM	20-Jan-87	19-Jan-22	14.29
L26/64	MISCELLANEOUS	LIVE	KCGM	21-Jul-87	20-Jul-22	1.72
L26/77	MISCELLANEOUS	LIVE	KCGM	28-Jun-88	27-Jun-23	59.8
L26/80	MISCELLANEOUS	LIVE	KCGM	7-Apr-88	6-Apr-23	6.25
L26/81	MISCELLANEOUS	LIVE	KCGM	20-Sep-88	19-Sep-23	4.92
L26/82	MISCELLANEOUS	LIVE	KCGM	17-Aug-88	16-Aug-23	9.1
L26/83	MISCELLANEOUS	LIVE	KCGM	17-Aug-88	16-Aug-23	1.8
L26/84	MISCELLANEOUS	LIVE	KCGM	17-Aug-88	16-Aug-23	1.1
L26/85	MISCELLANEOUS	LIVE	KCGM	17-Aug-88	16-Aug-23	1.2
L26/88	MISCELLANEOUS	LIVE	KCGM	5-May-88	4-May-23	1.2
L26/89	MISCELLANEOUS	LIVE	KCGM	1-Sep-88	31-Aug-23	212
L26/90	MISCELLANEOUS	LIVE	KCGM	17-Aug-88	16-Aug-23	257.5
L26/91	MISCELLANEOUS	LIVE	KCGM	14-Jun-89	13-Jun-24	21.95
L26/92	MISCELLANEOUS	LIVE	KCGM	22-Feb-89	21-Feb-24	175
L26/94	MISCELLANEOUS	LIVE	KCGM	17-Aug-88	16-Aug-23	2.36
L26/96	MISCELLANEOUS	LIVE	KCGM	10-May-88	9-May-23	23
L27/36	MISCELLANEOUS	LIVE	KCGM	20-Sep-88	19-Sep-23	143

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
L27/38	MISCELLANEOUS	LIVE	KCGM	29-Aug-88	28-Aug-23	2.92
M24/462	MINING	LIVE	KCGM	24-Nov-03	23-Nov-24	265.7
M26/113	MINING	LIVE	KCGM	10-Apr-87	9-Apr-29	4.855
M26/120	MINING	LIVE	KCGM	31-Mar-89	30-Mar-31	2.27
M26/131	MINING	LIVE	KCGM	28-Nov-90	27-Nov-32	242.8782
M26/150	MINING	LIVE	KCGM	11-Jul-89	10-Jul-31	22
M26/155	MINING	LIVE	KCGM	31-Dec-87	30-Dec-29	6.46
M26/233	MINING	LIVE	KCGM	10-Oct-89	9-Oct-31	16.1
M26/261	MINING	LIVE	KCGM	17-Dec-90	16-Dec-32	332.7
M26/264	MINING	LIVE	KCGM	7-Sep-89	6-Sep-31	3.22
M26/266	MINING	LIVE	KCGM	23-Oct-90	22-Oct-32	10
M26/267	MINING	LIVE	KCGM	23-Oct-90	22-Oct-32	138
M26/268	MINING	LIVE	KCGM	19-Apr-90	18-Apr-32	7.4
M26/27	MINING	LIVE	KCGM	21-Dec-83	20-Dec-25	7.98
M26/294	MINING	LIVE	KCGM	26-Oct-89	25-Oct-31	122.7
M26/308	MINING	LIVE	KCGM	24-Apr-89	23-Apr-31	761
M26/311	MINING	LIVE	KCGM	19-May-93	18-May-35	24
M26/316	MINING	LIVE	KCGM	22-Jan-90	21-Jan-32	198.49
M26/326	MINING	LIVE	KCGM	23-Oct-90	22-Oct-32	92
M26/353	MINING	LIVE	KCGM	21-Jul-93	20-Jul-35	174.29
M26/359	MINING	LIVE	KCGM	15-Jun-93	14-Jun-35	233.7
M26/365	MINING	LIVE	KCGM	29-May-92	28-May-34	95
M26/373	MINING	LIVE	KCGM	23-Mar-93	22-Mar-35	0.52
M26/375	MINING	LIVE	KCGM	15-Mar-95	14-Mar-37	86.02
M26/376	MINING	LIVE	KCGM	6-Oct-09	5-Oct-30	1.177
M26/377	MINING	LIVE	KCGM	6-Jan-92	5-Jan-34	0.87
M26/379	MINING	LIVE	KCGM	31-Aug-93	30-Aug-35	0.54
M26/382	MINING	LIVE	KCGM	6-Jan-92	5-Jan-34	3.1287
M26/383	MINING	LIVE	KCGM	17-Jul-92	16-Jul-34	647
M26/388	MINING	LIVE	KCGM	11-Jan-93	10-Jan-35	8.4



Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
M26/39	MINING	LIVE	KCGM	3-Apr-86	2-Apr-28	9.71
M26/396	MINING	LIVE	KCGM	10-Sep-92	9-Sep-34	9.9015
M26/40	MINING	LIVE	KCGM	23-May-84	22-May-26	88.35
M26/404	MINING	LIVE	KCGM	13-Oct-92	12-Oct-34	165
M26/405	MINING	LIVE	KCGM	8-Dec-92	7-Dec-34	424
M26/416	MINING	LIVE	KCGM	27-Jan-93	26-Jan-35	33.8
M26/418	MINING	LIVE	KCGM	19-Aug-93	18-Aug-35	34
M26/432	MINING	LIVE	KCGM	17-Nov-93	16-Nov-35	122
M26/448	MINING	LIVE	KCGM	23-Jun-15	22-Jun-36	381
M26/451	MINING	LIVE	KCGM	20-Jan-95	19-Jan-37	150
M26/454	MINING	LIVE	KCGM	21-Feb-95	20-Feb-37	1.7
M26/459	MINING	LIVE	KCGM	15-Mar-95	14-Mar-37	592
M26/46	MINING	LIVE	KCGM	22-Nov-83	21-Nov-25	98.06
M26/462	MINING	LIVE	KCGM	31-Oct-16	30-Oct-37	69
M26/463	MINING	LIVE	KCGM	6-Jul-15	5-Jul-36	0.12
M26/489	MINING	LIVE	KCGM	6-Oct-09	5-Oct-30	180
M26/495	MINING	LIVE	KCGM	6-Oct-09	5-Oct-30	792
M26/496	MINING	LIVE	KCGM	6-Oct-09	5-Oct-30	865
M26/503	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	115
M26/504	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	120
M26/505	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	60
M26/511	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	120
M26/518	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	590
M26/519	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	597
M26/520	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	735
M26/521	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	564
M26/522	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	443
M26/523	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	549
M26/524	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	852
M26/525	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	7

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
M26/526	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	122
M26/527	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	5
M26/528	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	59
M26/529	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	53
M26/530	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	9.7
M26/532	MINING	LIVE	KCGM	19-Oct-09	18-Oct-30	800
M26/533	MINING	LIVE	KCGM	16-Oct-09	15-Oct-30	836
M26/54	MINING	LIVE	KCGM	26-Feb-85	25-Feb-27	22.88
M26/550	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	10
M26/552	MINING	LIVE	KCGM	6-Oct-09	5-Oct-30	24
M26/557	MINING	LIVE	KCGM	6-Oct-09	5-Oct-30	98
M26/56	MINING	LIVE	KCGM	22-Jun-84	21-Jun-26	120
M26/573	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	745.1
M26/575	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	774
M26/577	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	238
M26/58	MINING	LIVE	KCGM	14-May-85	13-May-27	5.09
M26/581	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	186
M26/589	MINING	LIVE	KCGM	12-Oct-12	11-Oct-33	145
M26/60	MINING	LIVE	KCGM	26-Jul-84	25-Jul-26	694.9
M26/61	MINING	LIVE	KCGM	29-May-85	28-May-27	985.8
M26/611	MINING	LIVE	KCGM	11-Oct-12	10-Oct-33	61
M26/612	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	10
M26/615	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	6
M26/622	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	579.23
M26/625	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	94
M26/626	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	8
M26/630	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	166
M26/631	MINING	LIVE	KCGM	6-Aug-13	5-Aug-34	323
M26/645	MINING	LIVE	KCGM	12-Oct-12	11-Oct-33	758
M26/646	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	16

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
M26/648	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	387
M26/661	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	115
M26/662	MINING	LIVE	KCGM	11-Oct-12	10-Oct-33	521
M26/708	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	47
M26/713	MINING	LIVE	KCGM	12-Oct-12	11-Oct-33	113
M26/715	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	2
M26/724	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	5.26
M26/725	MINING	LIVE	KCGM	8-Jan-13	7-Jan-34	200
M26/738	MINING	LIVE	KCGM	31-May-01	30-May-22	100
M26/744	MINING	LIVE	KCGM	31-May-01	30-May-22	13.8
M26/745	MINING	LIVE	KCGM	11-Apr-01	10-Apr-22	6
M26/746	MINING	LIVE	KCGM	12-Apr-01	11-Apr-22	1
M26/747	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	99
M26/748	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	94.29
M26/760	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	118
M26/761	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	84
M26/778	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	193
M26/78	MINING	LIVE	KCGM	18-Dec-84	17-Dec-26	63.45
M26/784	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	256
M26/785	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	5
M26/800	MINING	LIVE	KCGM	29-Aug-12	28-Aug-33	8
M26/803	MINING	LIVE	KCGM	30-Aug-12	29-Aug-33	152
M26/81	MINING	LIVE	KCGM	28-Mar-85	27-Mar-27	18.6
M26/83	MINING	LIVE	KCGM	8-Apr-87	7-Apr-29	101.65
M26/843	MINING	PENDING				
M26/845	MINING	PENDING				
M26/856	MINING	PENDING				
M26/86	MINING	LIVE	KCGM	27-Nov-85	26-Nov-27	244
M26/87	MINING	LIVE	KCGM	11-Jun-86	10-Jun-28	2.83
M26/95	MINING	LIVE	KCGM	18-Aug-88	17-Aug-30	982

Tenement	Tenement Type	Status	Holder	Grant Date	Expiry Date	Area (ha)
M26/96	MINING	LIVE	KCGM	16-Apr-87	15-Apr-29	723
P26/3350	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	197
P26/3351	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	180
P26/3352	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	200
P26/3353	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	200
P26/3354	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	200
P26/3355	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	200
P26/3356	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	200
P26/3357	PROSPECTING	LIVE	KCGM	18-Sep-09	17-Sep-17	200
P26/3669	PROSPECTING	LIVE	KCGM	29-Oct-09	28-Oct-17	33
P26/3670	PROSPECTING	LIVE	KCGM	29-Oct-09	28-Oct-17	176
P26/3671	PROSPECTING	LIVE	KCGM	29-Oct-09	28-Oct-17	165
P26/3779	PROSPECTING	LIVE	KCGM	20-Aug-12	19-Aug-20	128
P26/3780	PROSPECTING	LIVE	KCGM	20-Aug-12	19-Aug-20	86
P26/3876	PROSPECTING	LIVE	KCGM	13-Jun-12	12-Jun-20	193
P26/3972	PROSPECTING	LIVE	KCGM	11-Mar-14	10-Mar-22	83
P26/3976	PROSPECTING	LIVE	KCGM	7-Apr-14	6-Apr-22	27.6
P26/3978	PROSPECTING	LIVE	KCGM	30-May-14	29-May-22	104
P26/4144	PROSPECTING	LIVE	KCGM	28-Jul-16	27-Jul-20	182.995
P26/4145	PROSPECTING	LIVE	KCGM	28-Jul-16	27-Jul-20	163.492
P26/4146	PROSPECTING	LIVE	KCGM	28-Jul-16	27-Jul-20	185.678
P26/4157	PROSPECTING	LIVE	KCGM	17-Oct-16	16-Oct-20	141.04
P26/4223	PROSPECTING	LIVE	KCGM	16-Mar-17	15-Mar-21	117.7
P26/4224	PROSPECTING	LIVE	KCGM	16-Mar-17	15-Mar-21	1.6
P26/4225	PROSPECTING	LIVE	KCGM	16-Mar-17	15-Mar-21	119.1
P26/4226	PROSPECTING	LIVE	KCGM	16-Mar-17	15-Mar-21	119.7
P26/4307	PROSPECTING	PENDING				

## **Appendix B: Comparable transactions**

**Table B-4: Comparable transactions with Mineral Resources**

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A\$/tr oz)	Normalised Resource Transaction Multiple (A\$/tr oz)
Klondyke gold project	Klondyke	Sep-16	Keras Resources Plc	Arcadia Minerals Pty Ltd	2.52	100%	5.60	2.08	374,492	6.73	9.82
Mt Olympus project	Ashburton Regional	Jun-20	Kalamazoo Resources Limited	Northern Star Resources Limited	5.00	100%	20.79	2.47	1,648,429	3.03	3.05
Mt Clement project	Mt Clement	Jul-20	Northern Star Resources Limited	Artemis Resources Limited	0.43	80%	2.44	1.01	79,413	5.41	5.31
Sandstone project	Sandstone	Mar-16	Enterprise Uranium Limited	Undisclosed sellers	0.88	100%	14.52	1.52	710,441	1.24	1.97
Albury Heath Project	Albury Heath Project	Dec-16	Cervantes Corporation Ltd	Undisclosed seller	0.01	100%	0.15	2.44	11,453	0.87	1.30
Trojan project	Trojan	Dec-16	Overland Resources Limited	Westgold Resources Limited	0.95	100%	2.79	1.61	144,492	6.57	9.77
Albury Heath project	Albury Heath	Apr-20	Westgold Resources Limited	Cervantes Corporation Limited	1.30	100%	0.39	2.17	27,200	47.79	50.86
Sandstone project	Sandstone	May-16	Middle Island Resources Limited	Black Oak Minerals Limited	2.50	100%	10.78	1.39	480,693	5.20	8.07
Mt Holland	Mt Holland	Mar-16	Kidman Resources Limited	Convergent Minerals Limited	3.50	100%	15.33	1.65	814,057	4.30	6.82
Break of Day and Lena deposits	Moyagee	Jul-17	Musgrave Minerals Limited	Silver Lake Resources Limited	7.50	20%	3.55	3.09	352,272	21.29	32.70
Grade Gnaws Nest project	0	Sep-20	Emu NL	Undisclosed seller	1.84	100%	0.11	3.78	13,781	133.51	127.40
Leonora project tenements	Leonora	Aug-20	Specrez Pty Ltd	Kingwest Resources Limited	0.19	100%	3.34	0.96	103,088	1.84	1.77
Lehmans Project	Lehmans Well	Nov-18	Saracen Mineral Holdings Limited	Intermin Resources Limited	1.10	100%		1.91	86,678	12.69	20.04
Monument Project	Monument	Aug-20	Six Sigma Metals Limited	DiscovEx Resources Limited	0.55	100%	0.86	1.80	49,480	11.12	10.67
Paris project	Paris	Jul-20	Torque Metals Limited	Austral Pacific Pty Ltd	1.85	100%	0.31	3.23	32,608	56.73	55.68
Malcolm project	Malcolm	Jul-20	GoldLake Two Pty Ltd	Anova Metals Limited	0.10	100%	0.14	8.30	37,946	2.64	2.59
Millrose project	Millrose	Feb-16	Bowlane Nominees (WA) Ltd	Riedel Resources Limited	0.95	100%	4.00	2.40	308,647	3.08	4.92

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A\$/tr oz)	Normalised Resource Transaction Multiple (A\$/tr oz)
Twin Hills project	Twin Hills	Dec-15	Melrose Resources Pty Ltd	Golden Deeps Limited	0.05	100%	0.02	20.86	11,764	4.25	6.94
Polar Bear and Norcott projects, together with the Eundynie joint venture	Polar Bear	Feb-18	Westgold Resources Limited	S2 Resources Limited	9.10	100%	6.42	1.71	352,433	25.82	39.05
Mayday North and North Kanowna Star project	Mayday, North Kanowna Star	Sep-19	Bardoc Gold Limited	Strategic Projects Mining Pty Ltd	1.38	100%	2.13	1.64	112,026	12.32	15.42
Murrin Murrin project	Murrin Murrin	Jul-16	GME Resources Limited	Zeta Resources Limited	3.00	50%	0.55	3.12	54,870	54.67	81.07
Fingals and Rowe's Find projects	Mount Monger	May-20	Black Cat Syndicate Limited	Silver Lake Resources Limited	5.44	100%	5.20	2.50	417,959	13.01	13.39
Nine mining tenements (Ben Hur)	Brightstar	Aug-20	Regis Resources Limited	Stone Resources Australia Limited	10.00	100%	5.80	1.54	287,427	34.79	33.41
Blue Spec project	Blue Spec	Sep-20	Calidus Resources Limited	Novo Resources Corporation	19.50	100%	0.42	16.33	217,933	89.48	85.38
Cables and Mission deposits	Mission/Cables	Dec-19	Red 5 Limited	Private investor- Andrew George Paterson	2.00	100%	1.50	3.80	183,259	10.91	12.73
Trojan, Slate Dam and Clunker Hill projects	Clunker Hill, Slate Dam, Trojan	Oct-20	Black Cat Syndicate Limited	Aruma Resources Limited	0.50	100%	2.12	1.69	115,125	4.34	4.15
Great Western (M37/54)	Great Western	Apr-20	Red 5 Limited	Terrain Minerals Limited	2.50	100%	0.71	2.74	62,512	39.99	42.56
Spargos Reward project	Spargos Reward	May-20	Karora Resources Inc.	Corona Resources Limited	6.53	100%	0.94	4.34	130,581	49.97	51.45
Trojan project	Trojan	Mar-18	Aruma Resources Limited	Westgold Resources Limited	0.18	100%	2.79	1.61	144,492	1.25	1.87
Comet gold project	Comet	Nov-15	Metals X Limited	Silver Lake Resources Limited	3.00	100%	3.80	2.89	353,134	8.50	13.79
Gnaweeda project	Gnaweeda	Apr-16	Doray Minerals Limited	Chalice Gold Mines Limited	2.99	12%	4.60	1.80	266,208	11.24	17.82

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A\$/tr oz)	Normalised Resource Transaction Multiple (A\$/tr oz)
Zelica project	Zelica	Nov-18	Matsa Resources Limited	Anova Metals Limited	0.15	100%	0.57	1.62	30,005	5.00	7.49
Birthday Gift mine and associated mining licence M15/161	Burbanks	Nov-17	Barra Resources Limited	Kidman Resources Limited	0.12	100%	0.51	5.74	95,057	1.27	1.95
MGK Resources Pty Ltd	Quinns & Mt Ida	Jul-16	latitude Consolidated Ltd	MGK Resources Pty Ltd	0.64	100%	1.23	2.46	96,967	6.60	9.79
Lake Carey gold project	Lake Carey, Phantom Well, Wilga	Jul-16	Matsa Resources Limited	Fortitude Gold Pty Ltd	1.75	100%	6.29	1.90	384,111	4.56	6.76
Quinns & Mt Ida	Quinns & Mt Ida	Mar-16	MGK Resources Pty Ltd	Wild Acre Metals Limited	0.15	100%	1.23	2.46	96,967	1.55	2.45
Eureka Gold project	Eureka	Dec-17	Tyranna Resources Limited	Central Iron Ore Limited	3.05	100%	0.45	4.40	63,800	47.88	73.59
King of the Hills gold mine	King of the Hills	Aug-17	Red 5 Limited	Saracen Mineral Holdings Limited	16.00	100%	2.71	4.63	403,176	39.68	60.88
Box Well and Deep South mining leases and 18 tenements	Deep South, Yundamindera	Apr-19	Saracen Mineral Holdings Limited	Hawthorn Resources Limited	13.50	100%	-		200,109	67.46	94.99
Bundarra	Bundarra	Apr-19	Saracen Mineral Holdings Limited	Hawthorn Resources Limited	38.20	100%	9.67		661,239	57.77	81.34
Eureka project	Eureka	Aug-20	Warriedar Mining Pty Ltd	Tyranna Resources Limited	1.00	100%	0.76	1.76	43,043	23.23	22.31
Tuckabianna assets	Murchison	Jun-17	Big Bell Gold Operations Pty. Ltd.	Silver Lake Resources Limited	7.56	100%	7.97	2.03	520,006	14.54	22.30
Plutonic Dome project	Plutonic Dome	May-16	Vango Mining Limited	Dampier Gold Limited	5.50	40%	8.28	3.20	850,724	6.47	10.03
Goongarrie Lady Mining lease (M29/420)	Goongarrie Lady	Aug-20	Resource Mining Pty Ltd	Kingwest Resources Limited	1.90	100%	0.27	2.87	24,910	76.27	73.25
Penny's Find tenements	Penny's Find	Mar-19	Orminex Limited	Empire Resources Limited	0.60	100%	0.25	7.05	56,180	10.68	15.17
Menzies and Goongarrie projects	Goongarrie, Goongarrie Lady, Menzies	Jul-19	Kingwest Resources Limited	Horizon Minerals Limited	8.00	100%	2.42	2.20	171,135	46.75	62.38



Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Resource (Mt)	Grade Au (g/t)	Total Contained troy ounces (Au)	Resource Transaction Multiple (A\$/tr oz)	Normalised Resource Transaction Multiple (A\$/tr oz)
Dalgaranga project	Dalgaranga	Dec-16	Gascoyne Resources Limited	Private Investor - Jaime McDowell	45.05	20%	25.50	1.36	1,117,559	40.31	59.87
Red October project	Red October	Sep-17	Matsa Resources Limited	Saracen Mineral Holdings Limited	2.00	100%	0.45	6.92	99,288	20.14	30.80
Linden project	Linden	Aug-20	Linden Gold Alliance Pty Ltd	Anova Metals Limited	9.00	100%	0.65	6.32	131,341	68.52	65.81
Western Tanami project	Western Tanami	Oct-17	Northern Star (Tanami Gold) Pty Limited	Tanami Gold NL	4.00	100%	1.71	5.09	279,393	14.32	21.98
Coogee project	Coogee	Jul-20	Victory Mines Limited	Investor group	2.75	40%	0.10	3.40	10,494	262.05	257.17
K2 mine	Marymia	Jan-17	Dampier Gold Limited	Vango Mining Limited	6.00	50%	4.63	2.98	444,389	13.50	20.41
Gruyere project	Yamarna	Nov-16	Gold Fields Limited	Gold Road Resources Limited	700.00	50%	153.64	1.34	6,602,524	106.02	155.19
Higginsville Gold Operations	Higginsville	May-19	RNC Minerals	Westgold Resources Limited	50.00	100%	29.42	2.01	1,903,597	26.27	36.43
Plutonic gold mine	Plutonic	Aug-16	2525908 Ontario Inc.	Northern Star Resources Limited	66.20	100%	13.65	3.89	1,709,110	38.73	57.02
Halls Creek (Nicolson's) project	Halls Creek	May-16	Pantoro Limited	Bulletin Resources Limited	58.50	20%	1.07	6.52	223,817	261.37	405.70
Mining lease M24/943	Jackorite open pit	Jan-16	Excelsior Gold Limited	Private investor - Mr Denzle Norbert Schorer	2.40	5%	0.12	2.50	9,481	253.15	411.35
Darlot mine	Darlot	Aug-17	Red 5 Limited	Gold Fields Limited	18.50	100%	1.20	6.00	231,485	79.92	122.60
Super Pit mine	Kalgoorlie	Nov-19	Saracen Mineral Holdings Limited	Barrick Gold Corporation	2,202.30	50%	272.60	1.35	11,852,492	185.81	219.91
Kalgoorlie mine tenements + 20 tenements	Kalgoorlie	Dec-19	Northern Star Resources Limited	Newmont Goldcorp Corporation	2,250.48	50%	272.60	1.35	11,852,492	189.87	221.40
Package of gold tenements	Duketon	Sep-16	Regis Resources Limited	Duketon Mining Limited	20.00	100%	1.90	1.50	91,630	218.27	282.14

**Table B-5: Comparable transactions on an area basis**

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
Ora Banda South project	Ora Banda	Oct-20	Carnavale Resources Limited	Western Resources Pty Ltd	0.59	80%	25.00	23,750.00	37,963.39
Homeward Bound South tenements	Leonora-Laverton	May-20	Magnetic Resources NL	Undisclosed seller	0.77	100%	15.00	51,466.67	60,911.78
Broadwood project	0	Aug-16	Great Boulder Resource Limited	Eastern Goldfields Mining Company Pty Limited	0.67	75%	10.83	61,557.40	63,377.72
Goongarrie project	Goongarrie	Feb-16	Intermin Resources Limited	Investor group	0.04	100%	10.00	4,200.00	6,182.63
Lady Julie project	Leonora-Laverton	Feb-20	Magnetic Resources NL	Pvt invrs - Peter Romeo Gianni and Robert Andrew Jewson	0.25	100%	7.13	35,203.37	52,287.84
Tenement P40/1480	0	Sep-20	Carnavale Resources Limited	Private investor - Mr. Duane Briggs	0.03	100%	6.00	4,166.67	4,702.05
Two tenements	0	Dec-19	Kin Mining NL	Golden Mile Resources Limited	0.03	100%	2.40	12,500.00	14,575.27
PL37/8615	Ironstone Well	Nov-19	Golden Mile Resources Limited	Sullivan's Garage Pty Ltd	0.02	100%	0.85	23,529.41	22,452.28
Violet project	0	Dec-16	Navigator Resources Limited	Undisclosed seller	0.02	100%	0.82	27,439.02	26,195.40
HanTails project	0	Jul-20	Redstone Resources Limited	Undisclosed seller	0.15	51%	0.57	258,906.38	254,079.37
Phantom Tenements	Tropicana East	Sep-20	Carawine Resources Limited	Phantom Resources Pty Ltd	0.23	100%	1,004.65	228.94	218.46
Mount Fisher project	Mt Fisher	May-16	Doray Minerals Limited	Rox Resources Limited	9.80	51%	480.00	20,424.84	33,335.94
Fourteen licenses	0	Nov-19	Golden Mile Resources Limited	Chalice Gold Mines Limited	0.20	100%	455.85	427.77	506.28
Wells Group	Roman Well	Apr-20	NTM Gold Limited	Kingwest Resources Limited	0.13	100%	426.00	293.43	342.14
Gidgee Project	Gidgee	Jul-20	Gateway Mining Limited	Golden Mile Resources Limited	1.24	51%	421.62	2,929.88	3,117.78
Two exploration licences	0	Feb-18	Riversgold Limited	Alloy Resources Limited	0.21	70%	321.57	639.72	757.12
Crest tenements	Edjudina	Mar-20	DiscovEx Resources Limited	Crest Investment Group Limited	0.06	80%	310.00	201.61	197.85
MGK Resources Pty Ltd	Exploration tenements	Sep-15	latitude Consolidated Ltd	Private Consortium	0.11	80%	297.00	357.74	548.86
Edjudina project	Edjudina	Nov-19	Syndicated Metals Limited	Gateway Mining Limited	0.31	80%	226.34	1,380.67	1,784.69
Mt Gill & Kurradjong tenements	Kurradjong South, Mt Gill	May-16	Gold Road Resources	Breaker Resources NL	0.05	100%	221.00	226.24	351.17
Yarri east tenements	Yarri East	Jul-20	Black Cat Syndicate Limited	Investor group	0.20	100%	210.00	952.38	1,110.50
Two tenements	0	Apr-20	Bulletin Resources Limited	Encounter Resources Limited	0.03	100%	198.00	151.52	225.44
Three tenements	0	Sep-18	Nexus Minerals Limited	Newmont Mining Corporation	0.01	100%	190.00	68.42	75.30
Whiteheads project	Whiteheads	Aug-19	Great Boulder Resources Limited	Zebina Minerals Proprietary Limited	0.67	75%	185.00	3,603.60	5,367.67
Lake Rebecca project	0	Jul-19	Bulletin Resources Limited	Matsa Resources Limited	0.16	80%	172.00	908.43	1,212.29
Thunderstruck Tenements	Tropicana East	Sep-20	Carawine Resources Limited	Thunderstruck Investments Pty Ltd	0.26	90%	168.14	1,519.90	1,459.60

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
NWA Nickel Sulphide and Reindlers Gossans	Illaara	Dec-19	Dreadnought Resources Limited	Private investors - Gianni & Peter Romeo	1.10	100%	146.37	7,515.05	7,997.02
Porphyry project	0	Sep-20	Pacific American Holdings Limited	Salazar Gold Pty Ltd	2.29	35%	114.76	19,917.34	28,298.68
Bronzewing South project	Bronzewing South	Mar-19	Hammer Metals Limited	Investor group	0.55	100%	111.00	4,954.95	7,494.53
Tempest project	0	Nov-19	Nelson Resources Limited	Undisclosed seller	0.02	100%	105.00	147.35	218.86
Jindalee tenements	0	Apr-20	Torque Metals Limited	Jindalee Resources Limited	0.25	80%	75.00	3,350.00	3,196.64
Sunrise Dam South project	0	Dec-16	Matsa Resources Limited	Raven Resources Pty Ltd	0.50	60%	46.32	10,794.47	10,593.22
Sentinel Project	0	Feb-18	Fin Resources Limited	Crosspick Resources Pty Ltd	0.10	51%	44.00	2,228.16	3,370.17
White Eagle (E29/991) tenement	Mt Ida	Dec-19	Alt Resources Limited	Private investor - Bruce Legendre	0.02	100%	22.78	877.96	1,039.09
E25/526	Slate Dam	Apr-18	Aruma Resources Limited	Rare Earth Contracting Pty Limited	0.06	100%	19.00	3,157.89	4,776.42
E37/1214	0	Dec-15	Terrain Minerals Limited	Wildviper Pty Ltd	0.01	100%	18.21	274.63	292.25
E37/1259 & E37/1270	0	Nov-17	NTM Gold Limited	Undisclosed seller	0.12	100%	18.08	6,637.17	10,844.87
Cutler gold prospect	0	Feb-18	Riversgold Limited	Westex Resources Pty Ltd	0.11	100%	14.70	7,687.07	8,963.29
Metzkes Find	Illaara	Dec-19	Dreadnought Resources Limited	Private investors - Gianni & Peter Romeo	0.18	100%	11.98	14,858.10	23,062.18
Gladiator project	0	Sep-20	Pursuit Minerals Limited	Investor group	0.10	100%	10.00	10,000.00	9,542.22
Eclipse project	0	Aug-20	Empire Metals Limited	Philips Exploration Pty Ltd	3.81	75%	3.03	1,255,877.44	1,198,385.71
Jillewarra project	0	Oct-20	S2 Resources Limited	Black Raven Mining Pty Ltd	11.76	51%	790.00	14,892.03	14,217.08
Sandstone project	Sandstone	Feb-20	Westar Resources Ltd	Rafaella Resources Limited	0.15	100%	255.89	586.19	661.51
Mt Maitland project	Mt Maitland	Jul-20	Red Mountain Mining Limited	Private investor- Simon Jones	0.30	100%	62.00	4,838.71	4,748.50
Side Well project	Side Well	Jul-20	Great Boulder Resources Limited	Zebina Minerals Proprietary Limited	1.13	75%	131.74	8,602.74	8,442.35
Thundelarra project	0	Dec-17	Blaze International Limited	Investor group	0.02	100%	47.00	319.15	490.49
Bulgera project	Bulgera	Jul-19	Norwest Minerals Limited	Accelerate Resources Limited	0.22	100%	36.80	5,978.26	7,977.95
South Yamarna Project	South Yamarna	Feb-18	Gold Road Resources Limited	Sumitomo Metal Mining Company Limited	14.00	50%	2,467.00	5,674.91	8,583.48
Wanganui project	Wanganui	Apr-20	Castle Minerals Limited	Bar None Exploration Pty Ltd	0.51	100%	18.40	27,717.39	29,495.02
Exploration Licenses	Murchison	Jul-17	Enterprise Metals Limited	Zelda Therapeutics Pty Ltd	0.11	100%	87.00	1,252.87	1,924.19
Paynes Find project	Paynes Find	Dec-16	Cervantes Corporation Ltd	European Lithium Limited	0.75	100%	7.00	107,142.86	159,140.14
Polelle project	Polelle	Apr-20	Castle Minerals Limited	Investor group	1.01	100%	144.50	6,989.62	7,437.89
Yuinmery project	0	Aug-19	Golden Mile Resources Limited	Legend Resources Pty Ltd	0.10	100%	66.00	1,439.39	1,860.60

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
Kirkalocka project	0	May-18	Blaze International Limited	Bar None Exploration Pty Limited	0.10	100%	33.14	3,017.50	4,473.03
Mt Magnet project	0	Jul-20	Blaze International Limited	Eastern Goldfields Exploration (Pty) Ltd	1.25	100%	147.00	8,503.40	8,344.87
Jundee South project	0	Apr-20	Avenira Limited	Faurex Pty Ltd	0.35	100%	720.00	486.11	517.29
EL77/2607	Bullfinch	May-20	Torque Metals Limited	Tribal Mining Pty Ltd	0.05	100%	48.00	1,041.67	1,072.47
E59/1989	0	Sep-20	Venture Minerals Limited	Bright Point Gold Pty Ltd	1.33	90%	33.98	39,238.77	37,442.49
Challa project	0	Jun-20	Platina Resources Limited	Investor group	0.23	100%	293.00	784.98	788.58
South Big Bell project	0	Feb-18	Fin Resources Limited	Neon Space Pty Ltd	0.10	51%	49.67	1,973.81	2,985.45
West pilbara gold project	0	Sep-16	Chalice Gold Mines Limited	Red Hill Iron Limited	1.96	51%	1,390.00	1,410.64	2,058.36
EL 45/4807	0	Jun-18	Rio Tinto Exploration Proprietary Limited	Alloy Resources Limited	0.77	70%	424.02	1,819.32	2,681.53
Harris Find project	Harris Find	Nov-16	Great Western Exploration Limited	Investor group	0.46	80%	36.68	12,608.02	18,455.91
E59/2237 and E59/2249	0	Mar-19	Blaze International Limited	Beau Resources Pty Limited	0.13	100%	65.07	1,997.85	2,838.56
E59/2310 and E59/2309	0	Mar-19	Blaze International Limited	Iron Clad Prospecting Pty Limited	0.14	100%	132.25	1,058.60	1,504.07
E 77/2313	0	Oct-18	Marindi Metals Limited	Bar None Exploration Pty Ltd	0.58	100%	14.48	39,709.94	59,240.88
Hong Kong project	0	Oct-18	Pacton Gold Inc.	Sagon Resources Limited	2.64	70%	40.15	65,824.59	98,199.75
Two tenements	Warrawoona	Mar-18	Keras (Pilbara) Gold Pty Limited	Gardner Mining Pty Ltd	0.08	100%	44.72	1,721.82	2,588.74
Meentheena and Coongan projects	0	Jul-20	Azure Minerals Limited	Creasy Group Pty Ltd	2.57	70%	884.00	2,942.14	2,887.29
Koongulla Project	0	Jun-20	Boadicea Resources Ltd	Undisclosed seller	0.02	95%	240.00	65.79	66.09
EL38/3302	Laverton Links	Sep-20	Tigers Paw Prospecting Pty Ltd	Trigg Mining Limited	0.12	100%	293.85	408.37	389.68
Doolgunna project	0	Mar-16	DGO Gold Limited	TasEx Geological Services Pty Ltd	0.20	51%	68.00	2,883.51	4,575.78
Biranup project	Biranup	Jul-20	New Energy Metals Limited	VRX Silica Limited	1.25	100%	393.00	3,180.66	3,121.36
Pincunah and Jimblebar project	0	Jul-20	Trek Metals Limited	Australian Commercial Minerals Exporters Pty Ltd	0.40	100%	265.00	1,509.43	1,481.29
Pascalle and Gnama projects	0	Jun-20	ScandiVanadium Ltd	Private investor - Thomas Edward Langley	1.32	100%	118.00	11,158.19	11,209.37
Three Gold projects	0	Nov-16	Western Mining Network Limited	Investor group	0.06	100%	8.08	7,428.50	10,874.01
Bellevue project	Bellevue	Aug-16	Draig Resources Limited	Golden Spur Resources Pty Ltd	3.22	100%	27.00	119,296.30	175,610.73
Monument gold project	0	Jul-16	Syndicated Metals Limited	Monument Exploration Pty Ltd	0.25	100%	210.00	1,190.48	1,765.12
Kookynie project	0	Aug-20	Carnavale Resources Limited	Western Resources Pty Ltd	0.59	80%	21.00	28,273.81	27,152.04
Smokebush gold project	0	Dec-19	Terrain Minerals Limited	Private investor-Watts-Butler	0.34	80%	17.32	19,847.00	23,142.02

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
Bronzewing North project	Horse Well	Jul-20	Hammer Metals Limited	Alloy Resources Limited	0.08	100%	83.33	945.04	927.42
Glandore project	Glandore	Apr-16	Southern Gold Limited	Aruma Resources Limited	0.60	50%	28.70	20,905.92	33,133.33
Rembrandt gold project	Rembrandt	Sep-15	Terrain Minerals Limited	Rembrandt Mining Pty Ltd	0.03	100%	56.00	446.43	729.45
Cosmo tenements	Yarri	May-20	OreCorp Limited	Cosmo Holdings (WA) Pty Ltd	0.35	100%	34.00	10,332.04	10,637.57
Desdemona South project	Desdemona	Dec-19	Genesis Minerals Limited	Kin Mining NL	1.67	60%	156.00	10,683.76	12,457.49
South Three project	Bulong	Jun-20	Black Cat Syndicate Limited	Undisclosed sellers	0.45	100%	52.00	8,630.77	8,670.35
Abbotts project	Abbotts	Oct-18	Thundelarra Limited	Doray Minerals Limited	0.18	100%	450.00	391.11	583.48
Reedy South Project	Reedy South	Sep-20	White Cliff Minerals Limited	Investor Group	0.85	100%	156.00	5,448.72	5,199.29
Warriedar project	Warriedar	Jul-20	Warriedar Mining Pty Ltd	Norwest Minerals Limited	0.10	100%	43.85	2,280.50	2,237.98
78 tenements	0	Jun-20	Novo Resources Corp.	Creasy Group Pty Ltd	9.24	100%	2,232.00	4,141.70	4,160.70
Island project	Island	Aug-20	Caprice Resources Limited	Investor group	4.94	100%	21.00	235,066.67	225,740.32
Holland tenements	0	Aug-20	Firefly Resources Limited	Undisclosed sellers	0.25	100%	4.50	55,555.56	53,351.37
Gold tenements	Wilga, Socrates, Yarrie and Happy Jack	Dec-16	Nelson Resources Limited	MTWH Corporate Pty Ltd	11.45	100%	20.51	558,264.26	829,194.38
Bardoc project	Bardoc	May-19	Bardoc Gold Limited	Torian Resources Limited	0.15	100%	49.00	3,061.22	4,245.42
Leonora Project	0	Apr-19	Blaze International Limited	CoxsRocks Pty Ltd	0.25	100%	23.65	10,570.82	14,883.54
Cue Project	Cue Goldfield	Sep-17	Cue Consolidated Mining Pty Ltd	Western Mining Pty Ltd	0.72	100%	462.00	1,558.44	2,383.09
Butcher Well and Lake Carey	Celia, South Laverton-Carosue Dam	Oct-16	AngloGold Ashanti Limited	Saracen Mineral Holdings Limited	29.41	51%	339.56	86,617.28	125,877.07
Bulong project	Bulong	Jan-18	Black Cat Syndicate Limited	Bulong Mining Pty Ltd	0.75	100%	81.80	9,168.70	13,965.91
Little Wonder North	0	Oct-20	Torian Resources Limited	Private investors	0.10	100%	0.39	246,753.25	235,569.60
Lake Lefroy tenements	Lefroy	Jun-18	St. Ives Gold Mining Company Pty Ltd	Lefroy Exploration Limited	19.61	51%	372.00	52,709.26	77,689.06
Credo Well project	Zuleika	Oct-19	Dampier Gold Ltd	Torian Resources Ltd	1.00	50%	17.00	58,823.53	71,329.50
Zuleika project	Zuleika	Oct-19	Dampier Gold Ltd	Torian Resources Ltd	3.33	30%	222.00	15,015.02	18,207.23
Cue Project JV	Lake Austin / Cue JV	Sep-19	Evolution Mining Limited	Musgrave Minerals Limited	26.00	75%	139.70	186,113.10	232,982.60
Kalgoorlie - Menzies projects	Baden Powell, Bullabulling, Goongarrie Lady, Windanya	Mar-16	Intermin Resources Limited	Metaliko Resources Limited	0.38	100%	141.00	2,659.6	4,220.4
Fair Adelaide East project	Fair Adelaide	Dec-19	Majestic Gold Corporation	Plutus Resources Pty. Ltd	4.04	51%	13.22	305,538.3	356,264.1
M29/410 tenement	Menzies	Jan-17	Intermin Resources Limited	Undisclosed seller	0.17	30%	4.93	33,806.6	32,274.4

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Area (km <sup>2</sup> )	Area Multiple (A\$/km <sup>2</sup> )	Normalised Area Multiple (A\$/km <sup>2</sup> )
M27/263 tenement	Silver Swan North	Jun-20	Moho Resources Limited	Odin Metals Limited	1.38	30%	7.93	173,392.2	264,113.6
Kalpini project	Kalpini	Oct-20	Horizon Minerals Limited	NBT Metals Proprietary Limited	2.75	100%	5.85	470,085.5	530,487.7
Munda Gold project (*M15/	Armstrong	Jul-20	Auric Mining Limited	Estrella Resources Limited	1.24	100%	3.64	339,835.2	503,759.2
Currans Find and Pinchers mining leases	Youanmi	Apr-19	Investor group	Murchison Earthmoving & Rehabilitation Pty Ltd	0.34	90%	3.56	96,754.1	97,197.8
Mulwarrie project	Mulwarrie	May-18	Spitfire Materials Limited	Goldfield Argonaut Pty Ltd	2.24	49%	1.80	1,249,456.2	1,375,028.0
Mining lease M16/560	0	Mar-20	Beacon Minerals Limited	Boulder Investments Group Pty Ltd	1.00	100%	0.74	1,351,351.4	1,902,679.7
Mt Lucky project	Mon Ami	Jan-18	Forte Consolidated Limited	Valleybrook Investments Pty Ltd	0.85	100%	0.58	1,455,479.5	2,199,911.0
Nicholson Well project (M38/1041)	Leonora-Laverton	Feb-20	Magnetic Resources NL	Private investors - Messrs Christopher Flessler and James Hanna	0.16	100%	0.10	1,609,907.1	1,579,892.2
Balagundi project	0	Aug-16	Great Boulder Resource Limited	Eastern Goldfields Mining Company Pty Limited	1.33	75%	6.00	222,222.2	327,123.4
Klondyke gold project	Haoma	Sep-16	Keras Resources Plc	Arcadia Minerals Pty Ltd	1.25	100%	6.50	192,307.7	280,610.5

**Table B-6: Comparable nickel transactions with Mineral Resources**

Project	Assets	Date	Purchaser	Vendor	Consideration (100% basis) (A\$M)	Equity Acquired (%)	Resource (Mt)	Grade Ni (%t) (US\$M)	Total Contained Nickel (t)	Resource Transaction Multiple (A\$/t)	Normalised Resource Transaction Multiple (A\$/t)	MTR%	Normalised MTR%
Irwin-Coglia project	Irwin-Coglia	Sep-18	Glencore Plc	Brockman Mining Limited	4.25	40%	17.9	1.75%	190,430	26.41	13.56	0.08%	0.09%
Wiluna project	Wiluna	Oct-18	A-Cap Energy Limited	Blackham Resources Limited	14.50	20%	78	1.07%	577,200	29.80	17.33	0.10%	0.12%
Saints and Leinster projects	Leinster, Scotia	May-19	Auroch Minerals Limited	Minotaur Exploration Limited	1.27	100%	1.65	2.01%	29,400	51.14	38.07	0.22%	0.26%
Sinclair	Sinclair	Oct-19	Saracen Mineral Holdings	Talisman Mining	10.0	100%	0.72	2.3%	16,560	603.86	495.33	2.41%	1.98%
Pardoo project	Pardoo-Highway	Jun-18	Caeneus Minerals Limited	Arrow Minerals Limited	1.00	20%	44.7	0.36%	134,100	7.61	6.22	0.03%	0.03%
Carr Boyd project	Carr Boyd	Oct-17	Estrella Resources Limited	Apollo Phoenix Resources Pty Limited	1.01	100%	0.618	1.67%	8,546.94	167.22	97.88	0.67%	0.95%
Mt Jewell project	Mt Jewell	Feb-20	Great Boulder Resources Limited	Private investor - Simon Buswell-Smith	0.17	75%	0.086	2.00%	1,720	108.60	100.78	0.53%	0.57%
Avebury nickel mine	Avebury	Sep-16	Dundas Mining Pty Limited	MMG Limited	25.00	100%	29.4	0.86%	252,600	151.18	98.97	0.74%	1.12%
Long Operation	Long Complex	May-19	Mincor Resources NL	Independence Group NL	3.50	100%	1.171	3.86%	45,236.64	91.97	77.37	0.45%	0.53%
Lanfranchi project	Lanfranchi	Sep-18	Black Mountain Metals LLC	Panoramic Resources Limited	15.10	100%	5.446	1.67%	90,991.54	196.39	165.95	0.96%	1.13%

## **Appendix C: Kilburn Matrix**



Lease	Area	BAC \$/ha	Share	Technical Value								Market Value (1.2 Market Factor)					
				Off property		On property		Anomaly		Geology		Lower	Upper	Preferred	High	Low	Preferred
E31/1110	1,485.1 ha	\$5	100%	2.5	3	1	1.2	0.9	1	1	1.5	\$16,000	\$39,000	\$28,000	\$19,000	\$47,000	\$34,000
E31/1123	195.3 ha	\$5	100%	2.5	3	1	1.2	0.9	1	0.9	1	\$2,000	\$3,000	\$3,000	\$2,000	\$4,000	\$4,000
E28/1747	1,994.8 ha	\$5	100%	2.5	3	1	1.2	1	1.5	1	1.5	\$25,000	\$79,000	\$52,000	\$30,000	\$95,000	\$62,000
E31/1009	296.6 ha	\$5	100%	2.5	3	1	1.2	0.9	1	0.9	1	\$3,000	\$5,000	\$4,000	\$4,000	\$6,000	\$5,000
M31/208	904.4 ha	\$124	100%	2.5	3	2	2.5	3	3.5	3	3.5	\$5,047,000	\$10,303,000	\$7,675,000	\$6,056,000	\$12,364,000	\$9,210,000
M31/209	953.6 ha	\$124	100%	2.5	3	2	2.5	3	3.5	3	3.5	\$5,321,000	\$10,864,000	\$8,093,000	\$6,385,000	\$13,037,000	\$9,712,000
M31/210	960.8 ha	\$124	100%	2.5	3	2	2.5	3	3.5	3	3.5	\$5,361,000	\$10,946,000	\$8,154,000	\$6,433,000	\$13,135,000	\$9,785,000
M31/156	360.0 ha	\$124	100%	2.5	3	2	2.5	3	3.5	3	3.5	\$2,009,000	\$4,101,000	\$3,055,000	\$2,411,000	\$4,921,000	\$3,666,000
M28/241	395.8 ha	\$124	100%	2.5	3	2	2.5	3	3.5	3	3.5	\$2,208,000	\$4,509,000	\$3,359,000	\$2,650,000	\$5,411,000	\$4,031,000
M28/266	444.8 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$1,241,000	\$3,040,000	\$2,141,000	\$1,489,000	\$3,648,000	\$2,569,000
M28/269	644.4 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$1,798,000	\$4,405,000	\$3,102,000	\$2,158,000	\$5,286,000	\$3,722,000
M31/212	148.4 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$414,000	\$1,014,000	\$714,000	\$497,000	\$1,217,000	\$857,000
M31/213	682.7 ha	\$124	100%	2.5	3	2	2.5	3	3.5	3	3.5	\$3,809,000	\$7,777,000	\$5,793,000	\$4,571,000	\$9,332,000	\$6,952,000
M31/275	468.9 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$1,308,000	\$3,205,000	\$2,257,000	\$1,570,000	\$3,846,000	\$2,708,000
M31/295	601.6 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$1,679,000	\$4,113,000	\$2,896,000	\$2,015,000	\$4,936,000	\$3,475,000
M31/311	308.9 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$862,000	\$2,111,000	\$1,487,000	\$1,034,000	\$2,533,000	\$1,784,000
M28/245	100.1 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$279,000	\$684,000	\$482,000	\$335,000	\$821,000	\$578,000
M31/273	261.8 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$730,000	\$1,789,000	\$1,260,000	\$876,000	\$2,147,000	\$1,512,000
M31/274	919.9 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$2,567,000	\$6,288,000	\$4,428,000	\$3,080,000	\$7,546,000	\$5,314,000
M31/285	199.0 ha	\$124	100%	2.5	3	2.5	3	3	3.5	3	3.5	\$1,388,000	\$2,721,000	\$2,055,000	\$1,666,000	\$3,265,000	\$2,466,000
M28/166	465.1 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M28/167	933.3 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$2,604,000	\$6,380,000	\$4,492,000	\$3,125,000	\$7,656,000	\$5,390,000
M28/168	877.8 ha	\$124	100%	2.5	3	1	1.5	3	3.5	3	3.5	\$2,449,000	\$6,000,000	\$4,225,000	\$2,939,000	\$7,200,000	\$5,070,000
M31/219	994.2 ha	\$124	100%	2.5	3	2.5	3	3	3.5	3	3.5	\$6,935,000	\$13,592,000	\$10,264,000	\$8,322,000	\$16,310,000	\$12,317,000
M31/220	989.8 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
E31/1239	891.0 ha	\$5	100%	2.5	3	1	1.2	0.9	1	1	1.5	\$10,000	\$24,000	\$17,000	\$10,000	\$23,000	\$16,000
26	17,478	16,023										\$48,065,000	\$103,992,000	\$76,036,000	\$57,677,000	\$124,786,000	\$91,239,000

Lease	Area	BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E39/1875	7,663.6 ha	\$5	30%	1	1	1	1	1	1	1	1	\$11,000	\$11,000	\$11,000	\$13,000	\$13,000	\$13,000
E39/1410	1,673.2 ha	\$5	30%	1	1	1	1	1	1	1	1	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
E38/3128	299.9 ha	\$5	30%	1	1	1	1	1	1	1	1	\$0	\$0	\$0	\$0	\$0	\$0
E38/3129	299.8 ha	\$5	30%	1	1	1	1	1	1	1	1	\$0	\$0	\$0	\$0	\$0	\$0
E38/3130	299.8 ha	\$5	30%	1	1	1	1	1	1	1	1	\$0	\$0	\$0	\$0	\$0	\$0
M39/652	432.1 ha	\$124	30%	1	1	1	1	1	1	1	1	\$16,000	\$16,000	\$16,000	\$19,000	\$19,000	\$19,000
E39/1478	3,322.1 ha	\$5	30%	1	1	1	1	1	1	1	1	\$5,000	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000
E39/1489	3,406.7 ha	\$5	30%									\$0	\$0	\$0	\$0	\$0	\$0
P39/6036	7.9 ha	\$126	30%	1	1	1	1	1	1	1	1	\$0	\$0	\$0	\$0	\$0	\$0
M39/471	406.9 ha	\$124	30%	1	1	1	1	1	1	1	1	\$15,000	\$15,000	\$15,000	\$18,000	\$18,000	\$18,000
M39/120	500.9 ha	\$124	30%									\$0	\$0	\$0	\$0	\$0	\$0
M39/588	762.5 ha	\$124	30%	1	1	1	1	1	1	1	1	\$28,000	\$28,000	\$28,000	\$34,000	\$34,000	\$34,000
M39/589	876.4 ha	\$124	30%	1	1	1	1	1	1	1	1	\$33,000	\$33,000	\$33,000	\$40,000	\$40,000	\$40,000
M39/591	629.9 ha	\$124	30%	1	1	1	1	1	1	1	1	\$23,000	\$23,000	\$23,000	\$28,000	\$28,000	\$28,000
M39/118	129.9 ha	\$124	30%	1	1	1	1	1	1	1	1	\$5,000	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000

M39/119	248.6 ha	\$124	30%	1	1	1	1	1	1	1	1	\$9,000	\$9,000	\$9,000	\$11,000	\$11,000	\$11,000
M39/165	602.4 ha	\$124	30%									\$0	\$0	\$0	\$0	\$0	\$0
M39/166	990.0 ha	\$124	30%	1	1	1	1	1	1	1	1	\$37,000	\$37,000	\$37,000	\$44,000	\$44,000	\$44,000
M39/230	446.4 ha	\$124	30%									\$0	\$0	\$0	\$0	\$0	\$0
M39/232	94.5 ha	\$124	30%	1	1	1	1	1	1	1	1	\$4,000	\$4,000	\$4,000	\$5,000	\$5,000	\$5,000
20	6,928	5,441										\$188,000	\$188,000	\$188,000	\$226,000	\$226,000	\$226,000

Lease	Area	BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
M31/3	238.9 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M31/4	396.3 ha	\$124	100%	1.5	2	1	1.5	1.5	2	1	1.5	\$111,000	\$442,000	\$277,000	\$133,000	\$530,000	\$332,000
M31/5	652.3 ha	\$124	100%	1.5	2	1	1.5	2	2.5	1	1.5	\$243,000	\$910,000	\$577,000	\$292,000	\$1,092,000	\$692,000
M31/6	705.3 ha	\$124	100%	1.5	2	1	1.5	1.5	2	1	1.5	\$197,000	\$787,000	\$492,000	\$236,000	\$944,000	\$590,000
M31/380	4.9 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M31/381	229.1 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M31/30	437.1 ha	\$124	100%	1.5	2	1	1.5	1.5	2	1	1.5	\$122,000	\$488,000	\$305,000	\$146,000	\$586,000	\$366,000
M31/172	242.4 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M31/76	103.7 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
9	3,010	2,191										\$673,000	\$2,627,000	\$1,651,000	\$807,000	\$3,152,000	\$1,980,000

Lease	Area	BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E39/1272	3,275.9 ha	\$5	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$16,000	\$82,000	\$49,000	\$19,000	\$98,000	\$59,000
E39/1868	2,064.1 ha	\$5	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$10,000	\$51,000	\$31,000	\$12,000	\$61,000	\$37,000
E39/1273	1,646.2 ha	\$5	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$8,000	\$41,000	\$25,000	\$10,000	\$49,000	\$30,000
E39/1580	10,063.5 ha	\$5	100%	1	1.5	1	1.5	2	2.5	1.5	2	\$149,000	\$557,000	\$353,000	\$179,000	\$668,000	\$424,000
P39/5846	64.0 ha	\$126	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$8,000	\$41,000	\$25,000	\$10,000	\$49,000	\$30,000
E39/1488	1,476.5 ha	\$5	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$7,000	\$37,000	\$22,000	\$8,000	\$44,000	\$26,000
M39/639	889.0 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$110,000	\$558,000	\$334,000	\$132,000	\$670,000	\$401,000
M39/740	822.5 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
E39/1849	7,114.6 ha	\$5	100%	1	1.5	1	1.5	2	2.5	1.5	2	\$105,000	\$394,000	\$250,000	\$126,000	\$473,000	\$300,000
E39/1851	753.3 ha	\$5	100%	1	1.5	1	1.5	2	2.5	1.5	2	\$11,000	\$42,000	\$27,000	\$13,000	\$50,000	\$32,000
M39/129	116.8 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$14,000	\$73,000	\$44,000	\$17,000	\$88,000	\$53,000
M39/638	891.0 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$110,000	\$559,000	\$335,000	\$132,000	\$671,000	\$402,000
M39/741	895.0 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$111,000	\$562,000	\$337,000	\$133,000	\$674,000	\$404,000
M39/307	895.1 ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M39/309	263.8 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$33,000	\$166,000	\$100,000	\$40,000	\$199,000	\$120,000
M39/1109	297.3 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$37,000	\$187,000	\$112,000	\$44,000	\$224,000	\$134,000
M39/1110	298.1 ha	\$124	100%	1	1.5	1	1.5	1	1.5	1	1.5	\$37,000	\$187,000	\$112,000	\$44,000	\$224,000	\$134,000
P39/6219	33.2 ha	\$126	100%	1	1.5	1	1.5	2	2.5	1.5	2	\$13,000	\$47,000	\$30,000	\$16,000	\$56,000	\$36,000
18	31,860	30,142										\$779,000	\$3,584,000	\$2,186,000	\$935,000	\$4,298,000	\$2,622,000

E39/1279	3,197.7 ha	\$5	100%	2.5	3	1	1	1	1	1	1.5	\$39,000	\$71,000	\$55,000	\$47,000	\$85,000	\$66,000
1	3,198	3,198										\$39,000	\$71,000	\$55,000	\$47,000	\$85,000	\$66,000

Lease	Area	BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E31/814	4,846.7 ha	\$5	100%	2	2.5	1	1.5	1.5	2	1.5	2	\$107,000	\$358,000	\$233,000	\$128,000	\$430,000	\$280,000
E31/1058	7,533.3 ha	\$5	100%	2	2.5	1.5	2	1	1.5	1	1.5	\$111,000	\$417,000	\$264,000	\$133,000	\$500,000	\$317,000
E31/1059	8,918.1 ha	\$5	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$88,000	\$370,000	\$229,000	\$106,000	\$444,000	\$275,000

E31/1093	3,573.5	ha	\$5	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$35,000	\$148,000	\$92,000	\$42,000	\$178,000	\$110,000
4	24,871	24,871											\$341,000	\$1,293,000	\$818,000	\$409,000	\$1,552,000	\$982,000
Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E39/1295	2,965.1	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$15,000	\$33,000	\$24,000	\$18,000	\$40,000	\$29,000
E39/1292	643.3	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$3,000	\$7,000	\$5,000	\$4,000	\$8,000	\$6,000
E39/1297	895.6	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$4,000	\$10,000	\$7,000	\$5,000	\$12,000	\$8,000
E39/1881	848.6	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$4,000	\$9,000	\$7,000	\$5,000	\$11,000	\$8,000
P39/5817	21.6	ha	\$126	100%	1	1.5	1	1	1	1	1	1.5	\$3,000	\$6,000	\$5,000	\$4,000	\$7,000	\$6,000
P39/5821	196.0	ha	\$126	100%	1	1.5	1	1	1	1	1	1.5	\$25,000	\$56,000	\$41,000	\$30,000	\$67,000	\$49,000
P39/5822	105.0	ha	\$126	100%	1	1.5	1	1	1	1	1	1.5	\$13,000	\$30,000	\$22,000	\$16,000	\$36,000	\$26,000
E39/1673	298.8	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$1,000	\$3,000	\$2,000	\$1,000	\$4,000	\$2,000
E39/1674	298.6	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$1,000	\$3,000	\$2,000	\$1,000	\$4,000	\$2,000
E39/1791	1,195.8	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$6,000	\$13,000	\$10,000	\$7,000	\$16,000	\$12,000
E39/1804	1,378.3	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$7,000	\$15,000	\$11,000	\$8,000	\$18,000	\$13,000
E39/1810	3,284.1	ha	\$5	100%	1	1.5	1	1	1	1	1	1.5	\$16,000	\$36,000	\$26,000	\$19,000	\$43,000	\$31,000
M39/1112	253.3	ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
13	12,384	12,131											\$98,000	\$221,000	\$162,000	\$118,000	\$266,000	\$192,000
Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E37/907	1,927.4	ha	\$5	100%	1.5	2	1.5	2	2	2.5	1.5	2	\$64,000	\$190,000	\$127,000	\$77,000	\$228,000	\$152,000
M37/339	656.9	ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M37/340	853.5	ha	\$124	100%	1.5	2	1	1.5	1.5	2	1.5	2	\$357,000	\$1,270,000	\$814,000	\$428,000	\$1,524,000	\$977,000
M37/356	959.0	ha	\$124	100%	1.5	2	1	1.5	1.5	2	1.5	2	\$401,000	\$1,427,000	\$914,000	\$481,000	\$1,712,000	\$1,097,000
M37/357	918.7	ha	\$124	100%	1.5	2	1	1.5	1.5	2	1.5	2	\$384,000	\$1,367,000	\$876,000	\$461,000	\$1,640,000	\$1,051,000
M37/358	957.7	ha	\$124	100%	1.5	2	1.5	2	1.5	2	1.5	2	\$601,000	\$1,900,000	\$1,251,000	\$721,000	\$2,280,000	\$1,501,000
M37/359	980.1	ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M37/360	698.3	ha	\$124	100%	1.5	2	1	1.5	1.5	2	1	1.5	\$195,000	\$779,000	\$487,000	\$234,000	\$935,000	\$584,000
M37/361	875.0	ha	\$124	100%	1.5	2	1.5	2	1.5	2	1	1.5	\$366,000	\$1,302,000	\$834,000	\$439,000	\$1,562,000	\$1,001,000
M37/366	927.0	ha	\$124	100%	1.5	2	1	1.5	1.5	2	1.5	2	\$388,000	\$1,379,000	\$884,000	\$466,000	\$1,655,000	\$1,061,000
M37/367	928.4	ha	\$124	100%	1.5	2	1	1.5	1.5	2	1.5	2	\$389,000	\$1,381,000	\$885,000	\$467,000	\$1,657,000	\$1,062,000
M37/368	922.8	ha	\$124	100%	1.5	2	1.5	2	2	2.5	1.5	2	\$772,000	\$2,289,000	\$1,531,000	\$926,000	\$2,747,000	\$1,837,000
M37/465	653.6	ha	\$124	100%	1.5	2	1	1.5	1	1.5	0.8	0.9	\$97,000	\$328,000	\$213,000	\$116,000	\$394,000	\$256,000
13	12,258	10,621											\$4,014,000	\$13,612,000	\$8,816,000	\$4,816,000	\$16,334,000	\$10,579,000
Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
M37/488	27.0	ha	\$124	100%	2	2.5	1	1.2	1	1.2	1	1.2	\$7,000	\$14,000	\$11,000	\$8,000	\$17,000	\$13,000
M37/514	440.0	ha	\$124	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$109,000	\$295,000	\$202,000	\$131,000	\$354,000	\$242,000
M37/638	407.0	ha	\$124	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$101,000	\$273,000	\$187,000	\$121,000	\$328,000	\$224,000
P37/8382	198.6	ha	\$126	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$50,000	\$135,000	\$93,000	\$60,000	\$162,000	\$112,000
P37/8383	199.7	ha	\$126	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$50,000	\$136,000	\$93,000	\$60,000	\$163,000	\$112,000
P37/8384	199.1	ha	\$126	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$50,000	\$135,000	\$93,000	\$60,000	\$162,000	\$112,000
P37/8385	197.9	ha	\$126	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$50,000	\$135,000	\$93,000	\$60,000	\$162,000	\$112,000
P37/8386	170.7	ha	\$126	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$43,000	\$116,000	\$80,000	\$52,000	\$139,000	\$96,000
P37/9079	6.3	ha	\$126	100%	2	2.5	1	1.2	1	1.2	1	1.5	\$2,000	\$4,000	\$3,000	\$2,000	\$5,000	\$4,000
11	2,655	1,846											\$462,000	\$1,243,000	\$855,000	\$554,000	\$1,492,000	\$1,027,000
Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
M37/902	245.4	ha	\$124	100%	2	2.5	1	1.2	1.5	2	1	1.5	\$91,000	\$274,000	\$183,000	\$109,000	\$329,000	\$220,000
M37/955	31.0	ha	\$124	100%	2	2.5	1	1.2	1.5	2	1	1.5	\$12,000	\$35,000	\$24,000	\$14,000	\$42,000	\$29,000
M37/986	2.0	ha	\$124	100%	2	2.5	1	1.2	1.5	2	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
6	921	278											\$104,000	\$311,000	\$209,000	\$124,000	\$373,000	\$251,000

Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E37/1231	861.6	ha	\$5	100%	2.5	3	1	1	1	1.5	1.5	2	\$16,000	\$38,000	\$27,000	\$19,000	\$46,000	\$32,000
M36/444	568.0	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$264,000	\$634,000	\$449,000	\$317,000	\$761,000	\$539,000
M36/445	973.0	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$679,000	\$1,448,000	\$1,064,000	\$815,000	\$1,738,000	\$1,277,000
M36/446	843.0	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$588,000	\$1,254,000	\$921,000	\$706,000	\$1,505,000	\$1,105,000
M37/1063	604.0	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$281,000	\$674,000	\$478,000	\$337,000	\$809,000	\$574,000
M37/1089	574.0	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$267,000	\$641,000	\$454,000	\$320,000	\$769,000	\$545,000
M37/1090	478.0	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$222,000	\$533,000	\$378,000	\$266,000	\$640,000	\$454,000
M37/1126	603.9	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$421,000	\$899,000	\$660,000	\$505,000	\$1,079,000	\$792,000
M37/1127	606.1	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$282,000	\$676,000	\$479,000	\$338,000	\$811,000	\$575,000
M37/1136	988.6	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$460,000	\$1,103,000	\$782,000	\$552,000	\$1,324,000	\$938,000
M37/1137	850.0	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$593,000	\$1,265,000	\$929,000	\$712,000	\$1,518,000	\$1,115,000
M37/1148	45.0	ha	\$124	100%	2.5	3	1	1	1	1.5	1	1.5	\$14,000	\$38,000	\$26,000	\$17,000	\$46,000	\$31,000
M37/1168	190.3	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$133,000	\$283,000	\$208,000	\$160,000	\$340,000	\$250,000
M37/1223	680.7	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$317,000	\$760,000	\$539,000	\$380,000	\$912,000	\$647,000
M37/1275	1,961.0	ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M37/362	981.5	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$456,000	\$1,095,000	\$776,000	\$547,000	\$1,314,000	\$931,000
M37/383	841.8	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$587,000	\$1,253,000	\$920,000	\$704,000	\$1,504,000	\$1,104,000
M37/384	536.7	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$374,000	\$799,000	\$587,000	\$449,000	\$959,000	\$704,000
M37/385	926.9	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$431,000	\$1,034,000	\$733,000	\$517,000	\$1,241,000	\$880,000
M37/386	983.8	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$457,000	\$1,098,000	\$778,000	\$548,000	\$1,318,000	\$934,000
M37/424	905.6	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$421,000	\$1,011,000	\$716,000	\$505,000	\$1,213,000	\$859,000
M37/426	482.2	ha	\$124	100%	2.5	3	1	1	1	1.5	1	1.5	\$149,000	\$404,000	\$277,000	\$179,000	\$485,000	\$332,000
M37/427	818.6	ha	\$124	100%	2.5	3	1	1	1	1.5	1	1.5	\$254,000	\$685,000	\$470,000	\$305,000	\$822,000	\$564,000
M37/590	120.1	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$84,000	\$179,000	\$132,000	\$101,000	\$215,000	\$158,000
M37/692	136.2	ha	\$124	100%	2.5	3	1	1	1	1.5	1	1.5	\$42,000	\$114,000	\$78,000	\$50,000	\$137,000	\$94,000
M37/735	959.0	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$446,000	\$1,070,000	\$758,000	\$535,000	\$1,284,000	\$910,000
M37/816	818.4	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$571,000	\$1,218,000	\$895,000	\$685,000	\$1,462,000	\$1,074,000
M37/818	806.5	ha	\$124	100%	2.5	3	1	1	1.5	2	1.5	2	\$563,000	\$1,200,000	\$882,000	\$676,000	\$1,440,000	\$1,058,000
M37/819	397.7	ha	\$124	100%	2.5	3	1	1	1	1.5	1.5	2	\$185,000	\$444,000	\$315,000	\$222,000	\$533,000	\$378,000
29	20,542	18,581											\$9,557,000	\$21,850,000	\$15,711,000	\$11,467,000	\$26,225,000	\$18,854,000

Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E36/628	1,718.8	ha	\$5	67.8%	2	2.5	1	1.5	1	1.5	1	1.5	\$11,000	\$48,000	\$30,000	\$13,000	\$58,000	\$36,000
M36/177	125.0	ha	\$124	67.8%									\$0	\$0	\$0	\$0	\$0	\$0
M36/682	482.0	ha	\$124	67.8%	2	2.5	1	1.5	1	1.5	1	1.5	\$81,000	\$342,000	\$212,000	\$97,000	\$410,000	\$254,000
3	1,577	1,492											\$92,000	\$390,000	\$242,000	\$110,000	\$468,000	\$290,000

Lease	Area		BAC \$/ha	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
E36/837	640.8	ha	\$5	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$6,000	\$27,000	\$17,000	\$7,000	\$32,000	\$20,000
M36/35	197.7	ha	\$124	100%	2	2.5	1.5	2	2	2.5	1.5	2	\$221,000	\$613,000	\$417,000	\$265,000	\$736,000	\$500,000
M36/421	9.7	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$2,000	\$10,000	\$6,000	\$2,000	\$12,000	\$7,000
M36/462	970.4	ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M36/473	907.0	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$675,000	\$2,109,000	\$1,392,000	\$810,000	\$2,531,000	\$1,670,000
M36/474	908.8	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$225,000	\$951,000	\$588,000	\$270,000	\$1,141,000	\$706,000
M36/476	907.0	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$675,000	\$2,109,000	\$1,392,000	\$810,000	\$2,531,000	\$1,670,000
M36/494	9.7	ha	\$124	100%	2	2.5	1.5	2	2	2.5	1.5	2	\$11,000	\$30,000	\$21,000	\$13,000	\$36,000	\$25,000
M36/503	600.8	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$447,000	\$1,397,000	\$922,000	\$536,000	\$1,676,000	\$1,106,000
M36/504	611.4	ha	\$124	100%									\$0	\$0	\$0	\$0	\$0	\$0
M36/512	306.7	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$76,000	\$321,000	\$199,000	\$91,000	\$385,000	\$239,000
M36/513	482.5	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$120,000	\$505,000	\$313,000	\$144,000	\$606,000	\$376,000

M36/516	163.2	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$40,000	\$171,000	\$106,000	\$48,000	\$205,000	\$127,000
M36/525	625.6	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$155,000	\$655,000	\$405,000	\$186,000	\$786,000	\$486,000
M36/527	695.4	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1	1.5	\$345,000	\$1,213,000	\$779,000	\$414,000	\$1,456,000	\$935,000
M36/541	906.0	ha	\$124	100%	2	2.5	1.5	2	2	2.5	1.5	2	\$1,011,000	\$2,809,000	\$1,910,000	\$1,213,000	\$3,371,000	\$2,292,000
M36/542	602.0	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$149,000	\$630,000	\$390,000	\$179,000	\$756,000	\$468,000
M36/582	937.1	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$232,000	\$980,000	\$606,000	\$278,000	\$1,176,000	\$727,000
M36/584	6.8	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$2,000	\$7,000	\$5,000	\$2,000	\$8,000	\$6,000
M36/585	3.9	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$1,000	\$4,000	\$3,000	\$1,000	\$5,000	\$4,000
M36/586	5.7	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$1,000	\$6,000	\$4,000	\$1,000	\$7,000	\$5,000
M36/587	2.9	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$1,000	\$3,000	\$2,000	\$1,000	\$4,000	\$2,000
M36/588	1.9	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$0	\$2,000	\$1,000	\$0	\$2,000	\$1,000
M36/589	3.4	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$1,000	\$4,000	\$3,000	\$1,000	\$5,000	\$4,000
M36/599	302.0	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$225,000	\$702,000	\$464,000	\$270,000	\$842,000	\$557,000
M36/600	302.5	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$75,000	\$316,000	\$196,000	\$90,000	\$379,000	\$235,000
M37/437	520.3	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$387,000	\$1,210,000	\$799,000	\$464,000	\$1,452,000	\$959,000
M37/493	736.8	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$548,000	\$1,713,000	\$1,131,000	\$658,000	\$2,056,000	\$1,357,000
M37/494	959.4	ha	\$124	100%	2	2.5	1	1.5	2	2.5	1.5	2	\$714,000	\$2,230,000	\$1,472,000	\$857,000	\$2,676,000	\$1,766,000
M37/998	568.7	ha	\$124	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$141,000	\$595,000	\$368,000	\$169,000	\$714,000	\$442,000
P37/9319	1.8	ha	\$126	100%	2	2.5	1	1.5	1	1.5	1	1.5	\$0	\$2,000	\$1,000	\$0	\$2,000	\$1,000
31	13,898	12,316											\$6,486,000	\$21,324,000	\$13,912,000	\$7,780,000	\$25,588,000	\$16,693,000

KCGM MLs																		
Lease	Area		BAC	Share	Off property		On property		Anomaly		Geology		Lower	Upper	Preferred			
M26/61	985.8	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$214,000	\$367,000	\$291,000	\$257,000	\$440,000	\$349,000
M26/78	63.5	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/81	18.6	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$4,000	\$7,000	\$6,000	\$5,000	\$8,000	\$7,000
M26/83	101.7	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$22,000	\$38,000	\$30,000	\$26,000	\$46,000	\$36,000
M26/86	244.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$53,000	\$91,000	\$72,000	\$64,000	\$109,000	\$86,000
M26/87	2.8	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/95	982.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$213,000	\$365,000	\$289,000	\$256,000	\$438,000	\$347,000
M26/96	723.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$157,000	\$269,000	\$213,000	\$188,000	\$323,000	\$256,000
M26/113	4.9	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
M26/120	2.3	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$1,000	\$1,000	\$0	\$1,000	\$1,000
M26/131	242.9	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/150	22.0	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/155	6.5	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
M26/233	16.1	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/261	332.7	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/264	3.2	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/266	10.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$4,000	\$3,000	\$2,000	\$5,000	\$4,000
M26/267	138.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$30,000	\$51,000	\$41,000	\$36,000	\$61,000	\$49,000
M26/268	7.4	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$3,000	\$3,000	\$2,000	\$4,000	\$4,000
M26/294	122.7	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$27,000	\$46,000	\$37,000	\$32,000	\$55,000	\$44,000
M26/308	761.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$165,000	\$283,000	\$224,000	\$198,000	\$340,000	\$269,000
M26/311	24.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$5,000	\$9,000	\$7,000	\$6,000	\$11,000	\$8,000
M26/316	198.5	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/326	92.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$20,000	\$34,000	\$27,000	\$24,000	\$41,000	\$32,000
M26/353	174.3	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/359	233.7	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/365	95.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$21,000	\$35,000	\$28,000	\$25,000	\$42,000	\$34,000

M26/373	0.5	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$0	\$0	\$0	\$0	\$0
M26/375	86.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$19,000	\$32,000	\$26,000	\$23,000	\$38,000	\$31,000
M26/376	1.2	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$0	\$0	\$0	\$0	\$0
M26/377	0.9	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$0	\$0	\$0	\$0	\$0
M26/379	0.5	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$0	\$0	\$0	\$0	\$0
M26/382	3.1	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
M26/383	647.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$140,000	\$241,000	\$191,000	\$168,000	\$289,000	\$229,000
M26/388	8.4	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/396	9.9	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$4,000	\$3,000	\$2,000	\$5,000	\$4,000
M26/404	165.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$36,000	\$61,000	\$49,000	\$43,000	\$73,000	\$59,000
M26/405	424.0	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/416	33.8	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$7,000	\$13,000	\$10,000	\$8,000	\$16,000	\$12,000
M26/418	34.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$7,000	\$13,000	\$10,000	\$8,000	\$16,000	\$12,000
M26/432	122.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$45,000	\$36,000	\$31,000	\$54,000	\$43,000
M26/448	381.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$83,000	\$142,000	\$113,000	\$100,000	\$170,000	\$136,000
M26/451	150.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$33,000	\$56,000	\$45,000	\$40,000	\$67,000	\$54,000
M26/454	1.7	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$1,000	\$1,000	\$0	\$1,000	\$1,000
M26/459	592.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$128,000	\$220,000	\$174,000	\$154,000	\$264,000	\$209,000
M26/462	69.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$15,000	\$26,000	\$21,000	\$18,000	\$31,000	\$25,000
M26/463	0.1	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$0	\$0	\$0	\$0	\$0
M26/489	180.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$39,000	\$67,000	\$53,000	\$47,000	\$80,000	\$64,000
M26/495	792.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$172,000	\$295,000	\$234,000	\$206,000	\$354,000	\$281,000
M26/496	865.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$188,000	\$322,000	\$255,000	\$226,000	\$386,000	\$306,000
M26/503	115.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$25,000	\$43,000	\$34,000	\$30,000	\$52,000	\$41,000
M26/504	120.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$45,000	\$36,000	\$31,000	\$54,000	\$43,000
M26/505	60.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$13,000	\$22,000	\$18,000	\$16,000	\$26,000	\$22,000
M26/511	120.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$45,000	\$36,000	\$31,000	\$54,000	\$43,000
M26/518	590.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$128,000	\$219,000	\$174,000	\$154,000	\$263,000	\$209,000
M26/519	597.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$130,000	\$222,000	\$176,000	\$156,000	\$266,000	\$211,000
M26/520	735.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$159,000	\$273,000	\$216,000	\$191,000	\$328,000	\$259,000
M26/521	564.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$122,000	\$210,000	\$166,000	\$146,000	\$252,000	\$199,000
M26/522	443.0	ha	\$124	50%	3.5	4	1	1.2	2	2.5	2.5	3	\$481,000	\$989,000	\$735,000	\$577,000	\$1,187,000	\$882,000
M26/523	549.0	ha	\$124	50%	3.5	4	1.2	1.5	2	2.5	2	2.5	\$572,000	\$1,276,000	\$924,000	\$686,000	\$1,531,000	\$1,109,000
M26/524	852.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$185,000	\$317,000	\$251,000	\$222,000	\$380,000	\$301,000
M26/525	7.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$3,000	\$3,000	\$2,000	\$4,000	\$4,000
M26/526	122.0	ha	\$124	50%	3.5	4	1.2	1.5	2	2.5	1.5	2	\$95,000	\$227,000	\$161,000	\$114,000	\$272,000	\$193,000
M26/527	5.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
M26/528	59.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$13,000	\$22,000	\$18,000	\$16,000	\$26,000	\$22,000
M26/529	53.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$12,000	\$20,000	\$16,000	\$14,000	\$24,000	\$19,000
M26/530	9.7	ha	\$124	50%	3.5	4	1.2	1.5	2	2.5	2	2.5	\$10,000	\$23,000	\$17,000	\$12,000	\$28,000	\$20,000
M26/532	800.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$174,000	\$298,000	\$236,000	\$209,000	\$358,000	\$283,000
M26/533	836.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$181,000	\$311,000	\$246,000	\$217,000	\$373,000	\$295,000
M26/550	10.0	ha	\$124	50%	3.5	4	1.2	1.5	2	2.5	2	2.5	\$10,000	\$23,000	\$17,000	\$12,000	\$28,000	\$20,000
M26/552	24.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$5,000	\$9,000	\$7,000	\$6,000	\$11,000	\$8,000
M26/557	98.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$21,000	\$36,000	\$29,000	\$25,000	\$43,000	\$35,000
M26/573	745.1	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$162,000	\$277,000	\$220,000	\$194,000	\$332,000	\$264,000
M26/575	774.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$168,000	\$288,000	\$228,000	\$202,000	\$346,000	\$274,000
M26/577	238.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$52,000	\$89,000	\$71,000	\$62,000	\$107,000	\$85,000
M26/581	186.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$40,000	\$69,000	\$55,000	\$48,000	\$83,000	\$66,000
M26/589	145.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$31,000	\$54,000	\$43,000	\$37,000	\$65,000	\$52,000

M26/611	61.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$13,000	\$23,000	\$18,000	\$16,000	\$28,000	\$22,000
M26/612	10.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$4,000	\$3,000	\$2,000	\$5,000	\$4,000
M26/615	6.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
M26/622	579.2	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$126,000	\$215,000	\$171,000	\$151,000	\$258,000	\$205,000
M26/625	94.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$20,000	\$35,000	\$28,000	\$24,000	\$42,000	\$34,000
M26/626	8.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$3,000	\$3,000	\$2,000	\$4,000	\$4,000
M26/630	166.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$36,000	\$62,000	\$49,000	\$43,000	\$74,000	\$59,000
M26/631	323.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$70,000	\$120,000	\$95,000	\$84,000	\$144,000	\$114,000
M26/645	758.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$164,000	\$282,000	\$223,000	\$197,000	\$338,000	\$268,000
M26/646	16.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$3,000	\$6,000	\$5,000	\$4,000	\$7,000	\$6,000
M26/648	387.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$84,000	\$144,000	\$114,000	\$101,000	\$173,000	\$137,000
M26/661	115.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$25,000	\$43,000	\$34,000	\$30,000	\$52,000	\$41,000
M26/662	521.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$113,000	\$194,000	\$154,000	\$136,000	\$233,000	\$185,000
M26/708	47.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$10,000	\$17,000	\$14,000	\$12,000	\$20,000	\$17,000
M26/713	113.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$25,000	\$42,000	\$34,000	\$30,000	\$50,000	\$41,000
M26/715	2.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$1,000	\$1,000	\$0	\$1,000	\$1,000
M26/724	5.3	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/725	200.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$43,000	\$74,000	\$59,000	\$52,000	\$89,000	\$71,000
M26/738	100.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$22,000	\$37,000	\$30,000	\$26,000	\$44,000	\$36,000
M26/744	13.8	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$3,000	\$5,000	\$4,000	\$4,000	\$6,000	\$5,000
M26/745	6.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
M26/746	1.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$0	\$0	\$0	\$0	\$0
M26/747	99.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$21,000	\$37,000	\$29,000	\$25,000	\$44,000	\$35,000
M26/748	94.3	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$20,000	\$35,000	\$28,000	\$24,000	\$42,000	\$34,000
M26/760	118.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$44,000	\$35,000	\$31,000	\$53,000	\$42,000
M26/761	84.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$18,000	\$31,000	\$25,000	\$22,000	\$37,000	\$30,000
M26/778	193.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$42,000	\$72,000	\$57,000	\$50,000	\$86,000	\$68,000
M26/784	256.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$56,000	\$95,000	\$76,000	\$67,000	\$114,000	\$91,000
M26/785	5.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$1,000	\$2,000	\$2,000	\$1,000	\$2,000	\$2,000
M26/800	8.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$2,000	\$3,000	\$3,000	\$2,000	\$4,000	\$4,000
M26/803	152.0	ha	\$124	50%	3.5	4	1	1	1	1	1	1.5	\$33,000	\$57,000	\$45,000	\$40,000	\$68,000	\$54,000
M26/843*	1595.0	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/845*	317.0	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
M26/856*	193.0	ha	\$124	50%									\$0	\$0	\$0	\$0	\$0	\$0
111	12,839	10,923											\$5,659,000	\$10,245,000	\$7,976,000	\$6,787,000	\$12,290,000	\$9,572,000

Lease	Area	BAC	Share	Off property	On property	Anomaly	Geology	Lower	Upper	Preferred								
P26/2960	0.0	ha	\$126	50%				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P26/3087	0.0	ha	\$126	50%				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P26/3088	0.0	ha	\$126	50%				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P26/3089	0.0	ha	\$126	50%				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P26/3144*	0.0	ha	\$126	50%				\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
P26/3350	197.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$261,000	\$558,000	\$410,000	\$313,000	\$670,000	\$492,000
P26/3351	180.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$238,000	\$510,000	\$374,000	\$286,000	\$612,000	\$449,000
P26/3352	200.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$265,000	\$567,000	\$416,000	\$318,000	\$680,000	\$499,000
P26/3353	200.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$265,000	\$567,000	\$416,000	\$318,000	\$680,000	\$499,000
P26/3354	200.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$265,000	\$567,000	\$416,000	\$318,000	\$680,000	\$499,000
P26/3355	200.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$265,000	\$567,000	\$416,000	\$318,000	\$680,000	\$499,000
P26/3356	200.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$265,000	\$567,000	\$416,000	\$318,000	\$680,000	\$499,000

P26/3357	200.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$265,000	\$567,000	\$416,000	\$318,000	\$680,000	\$499,000
P26/3668	0.0	ha	\$126	50%									\$0	\$0	\$0	\$0	\$0	\$0
P26/3669	33.0	ha	\$126	50%	3.5	4	2	2.5	2	2.5	2.5	3	\$73,000	\$156,000	\$115,000	\$88,000	\$187,000	\$138,000
P26/3670	176.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$233,000	\$499,000	\$366,000	\$280,000	\$599,000	\$439,000
P26/3671	165.0	ha	\$126	50%	3.5	4	2	2.5	2	2.5	2.5	3	\$364,000	\$780,000	\$572,000	\$437,000	\$936,000	\$686,000
P26/3779	128.0	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$28,000	\$48,000	\$38,000	\$34,000	\$58,000	\$46,000
P26/3780	86.0	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$19,000	\$33,000	\$26,000	\$23,000	\$40,000	\$31,000
P26/3876	193.0	ha	\$126	50%	3.5	4	1.2	1.5	2	2.5	2.5	3	\$255,000	\$547,000	\$401,000	\$306,000	\$656,000	\$481,000
P26/3971	0.0	ha	\$126	50%									\$0	\$0	\$0	\$0	\$0	\$0
P26/3972	83.0	ha	\$126	50%	3.5	4	1.2	1.5	1	1.5	2	2.5	\$44,000	\$118,000	\$81,000	\$53,000	\$142,000	\$97,000
P26/3976	27.6	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$6,000	\$10,000	\$8,000	\$7,000	\$12,000	\$10,000
P26/3977	0.0	ha	\$126	50%									\$0	\$0	\$0	\$0	\$0	\$0
P26/3978	104.0	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$23,000	\$39,000	\$31,000	\$28,000	\$47,000	\$37,000
P26/4144	183.0	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$40,000	\$69,000	\$55,000	\$48,000	\$83,000	\$66,000
P26/4145	163.5	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$36,000	\$62,000	\$49,000	\$43,000	\$74,000	\$59,000
P26/4146	185.7	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$41,000	\$70,000	\$56,000	\$49,000	\$84,000	\$67,000
P26/4157	141.0	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$31,000	\$53,000	\$42,000	\$37,000	\$64,000	\$50,000
P26/4223	117.7	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$44,000	\$35,000	\$31,000	\$53,000	\$42,000
P26/4224	1.6	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$0	\$1,000	\$1,000	\$0	\$1,000	\$1,000
P26/4225	119.1	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$45,000	\$36,000	\$31,000	\$54,000	\$43,000
P26/4226	119.7	ha	\$126	50%	3.5	4	1	1	1	1	1	1.5	\$26,000	\$45,000	\$36,000	\$31,000	\$54,000	\$43,000
P26/4307*	1.0	ha	\$126	50%	3.5	4	1	1	1	1	1	1	\$0	\$0	\$0	\$0	\$0	\$0
34	1,802	1,802											\$3,360,000	\$7,089,000	\$5,228,000	\$4,033,000	\$8,506,000	\$6,271,000



## SRK Report Client Distribution Record

Project Number: SRC005

Report Title: Independent Specialist Report on the Mineral Assets of Saracen Mineral Holdings Limited

Date Issued: 4 December 2020

Name	Company
Evgeny Khrustalev	Ernst &Young Strategy & Transactions Limited

Rev No.	Date	Revised By	Revision Details
0	13/11/2020	Karen Lloyd	Draft Report
1	02/12/2020	Karen Lloyd	Final Report
2	04/12/2020	Karen Lloyd	Revised Final Report

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**THIS FINANCIAL SERVICES GUIDE FORMS PART OF THE INDEPENDENT EXPERT'S REPORT**

8 December 2020

## **PART 2 - FINANCIAL SERVICES GUIDE**

### **1. Ernst & Young Strategy and Transactions Limited**

Ernst & Young Strategy and Transactions Limited (“we,” or “us” or “our”) has been engaged to provide general financial product advice in the form of an Independent Expert’s Report (“Report”) in connection with a financial product of another person. The Report is set out in Part 1.

### **2. Financial Services Guide**

This Financial Services Guide (“FSG”) provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

### **3. Financial services we offer**

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

### **4. General financial product advice**

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

## 5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee for this Report is \$339,900 (inclusive of GST).

Ernst & Young Strategy and Transactions Limited is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services, including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Strategy and Transactions Limited, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

## 6. Associations with product issuers

Ernst & Young Strategy and Transactions Limited and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

## 7. Responsibility

The liability of Ernst & Young Strategy and Transactions Limited, if any, is limited to the contents of this Financial Services Guide and the Report.

## 8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Australian Financial Complaints Authority Limited.

## 9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

<p><b>Contacting Ernst &amp; Young Strategy and Transactions Limited</b></p> <p>AFS Compliance Manager Ernst &amp; Young 200 George Street Sydney NSW 2000</p> <p>Telephone: (02) 9248 5555</p>	<p><b>Contacting the Independent Dispute Resolution Scheme:</b></p> <p>Australian Financial Complaints Authority Limited GPO Box 3 Melbourne, VIC 3001</p> <p>Telephone: 1800 931 678</p>
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This Financial Services Guide has been issued in accordance with ASIC Corporations (Financial Services Guides) Instrument 2015/541.



Annexure 2 :- Investigating Accountant's Report

The Directors  
Saracen Minerals Holdings Limited  
Level 11, 40 The Esplanade  
Perth, WA 6000

Tel: +61 (0) 8 9365 7350  
Fax: +61 (0) 8 9365 7001

The Directors  
Northern Star Resources Limited  
Level 1, 388 Hay St  
Subiaco, WA 6008

7 December 2020

Dear Sirs

## **INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA HISTORICAL FINANCIAL INFORMATION**

Deloitte Corporate Finance Pty Limited (“Deloitte”) has been engaged by the Directors of Saracen Minerals Holdings Limited (“Saracen”) and the Directors of Northern Star Resources Limited (“Northern Star”) (collectively the “Merged Group”) to report on the pro forma historical financial information of the Merged Group for inclusion in the Scheme Booklet dated 4 December 2020, in respect of the proposed merger (the “Transaction”) between Saracen and Northern Star.

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services Licence (AFSL) under the Corporations Act 2001. This report should be read in conjunction with the Deloitte Transaction Services Financial Services Guide included in the Scheme Booklet.

Expressions and terms defined in the Scheme Booklet have the same meaning in this report.

### **Scope**

You have requested Deloitte to perform a limited assurance engagement in relation to the pro forma historical financial information of the Merged Group described below and disclosed in the Scheme Booklet.

The pro forma historical financial information is presented in the Scheme Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

### ***Merged Group Pro Forma Historical Financial Information***

The Merged Group Pro Forma Historical Financial Information has been derived from the historical financial information of Northern Star and Saracen after adjusting for the effects of pro forma adjustments described in Section 7.11 of the Scheme Booklet. The pro forma historical financial information of the Merged Group comprises:

- the Merged Group Pro Forma Historical Statement of Financial Position as at 30 June 2020, based on the historical Statements of Financial Position of both Saracen and Northern Star as at 30 June 2020;
- the Merged Group Pro Forma Historical Statements of Financial Performance for the year ended 30 June 2020 based on the historical Statements of Financial Performance of both Saracen and Northern Star for the year ended 30 June 2020 and six months ended 30 June 2020 derived by subtracting the 31 December 2019 half year results from the 30 June 2020 full year results for both Saracen and Northern Star based on the historical Statements of Financial Performance of both Saracen and Northern Star for the half year ended 31 December 2019; and

- the Merged Group Pro Forma Historical Statements of Cash Flows for the year ended 30 June 2020 based on the historical Statements of Cash Flows of both Saracen and Northern Star for the year ended 30 June 2020 and six months ended 30 June 2020 derived by subtracting the 31 December 2019 half year cash flows from the 30 June 2020 full year cash flows for both Saracen and Northern Star based on the historical Statements of Cash Flows of both Saracen and Northern Star for the half year ended 31 December 2019;

collectively, 'the Merged Group Pro Forma Historical Financial Information'.

The Merged Group Pro Forma Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in Section 7.11 of the Scheme Booklet, as if those event(s) or transaction(s) had occurred as at the date of the historical financial information. Due to its nature, the pro forma historical financial information does not represent the Merged Group's actual or prospective financial position, financial performance or cash flows.

The Merged Group Pro Forma Historical Financial Information has been compiled by Saracen and Northern Star for illustrative purposes to provide an indication of the financial performance and cash flows and the financial position of the Merged Group as if the Scheme had been implemented prior to 1 July 2019 in respect of the financial performance and cash flows, and as at 30 June 2020 in respect of the financial position.

The Merged Group Pro Forma Historical Financial Information is based on the:

- audited or reviewed Saracen historical financial information for the year ended 30 June 2020 and half year ended 31 December 2019 (presented in Section 7.11);
- audited or reviewed Northern Star historical financial information for the year ended 30 June 2020 and half year ended 31 December 2019 (presented in Section 7.11);
- pro forma adjustments described in Section 7.11

The Saracen historical financial information has been extracted from the consolidated financial statements of Saracen for the year ended 30 June 2020 and the half year ended 31 December 2019.

The financial statements of Saracen for the year ended 30 June 2020 and the half year ended 31 December 2019 were audited and reviewed, respectively, by Saracen's external auditor in accordance with Australian Auditing Standards. The audit opinion and review conclusion, respectively, issued to the members of Saracen relating to those financial statements were unqualified.

The historical financial information of Saracen has been prepared in accordance with the significant accounting policies described in the consolidated financial statements of Saracen for the financial year ended 30 June 2020.

The Northern Star historical financial information has been extracted from the consolidated financial statements of Northern Star for the year ended 30 June 2020 and the half year ended 31 December 2019.

The financial statements of Northern Star for the year ended 30 June 2020 and the half year ended 31 December 2019 were audited and reviewed, respectively, by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. The audit opinion and review conclusion, respectively, issued to the members of Northern Star relating to those financial statements were unqualified.

The historical financial information of Northern Star has been prepared in accordance with the significant accounting policies described in the consolidated financial statements of Northern Star for the financial year ended 30 June 2020.



## Directors' responsibility

The directors of Saracen and Northern Star are responsible for the preparation of the Pro Forma Historical Financial Information, including the selection and determination of the pro forma adjustments made to the historical financial information, and adequately disclosing and describing the basis of preparation of the Merged Group Pro Forma Historical Financial Information and consistently applying the stated basis of preparation to the Merged Group Pro Forma Historical Financial Information on the basis stated in Section 7.11 of the Scheme Booklet.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

## Our responsibility

For the purpose of preparing this report we have performed limited assurance procedures in relation to the Merged Group Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Merged Group Pro Forma Historical Financial Information is not presented fairly, in all material respects, by the directors of Saracen and Northern Star in accordance with the stated basis of preparation as set out in Section 7.11 of the Scheme Booklet.

Our responsibility is to express a limited assurance conclusion on the Merged Group Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review 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 reasonable 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.

## Conclusion

### *Pro Forma Historical Financial Information*

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information of the Merged Group, comprising the:

- Merged Group Pro Forma Historical Statements of Financial Performance as set out in Section 7.11 (b) of the Scheme Booklet;
- Merged Group Pro Forma Historical Statement of Financial Position as set out in Section 7.11 (c) of the Scheme Booklet; and
- Merged Group Pro Forma Historical Statements of Cash Flows as set out in Section 7.11 (d) of the Scheme Booklet,

are not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 7.11 of the Scheme Booklet.

## Restrictions on Use

Without modifying our conclusions, we draw attention to Section 7.11 of the Scheme Booklet which describes the purpose of the Merged Group Pro Forma Historical Financial Information, being for inclusion in the Scheme Booklet. As a result, the Merged Group Pro Forma Historical Financial Information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

## Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this limited assurance report in the Scheme Booklet in the form and context in which it is included but has not authorised the issue of the Scheme Booklet. Accordingly, Deloitte Corporate Finance Pty Limited makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Scheme Booklet.



#### Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this transaction other than the preparation of this report for which normal professional fees will be received.

Deloitte Touche Tohmatsu is the auditor of Northern Star and from time to time Deloitte Touche Tohmatsu also provides Northern Star with certain other professional services for which normal professional fees are received.

Yours faithfully

A handwritten signature in black ink, consisting of a stylized, cursive 'L' followed by a horizontal line.

**Leanne Karamfiles**

Authorised Representative Number 1009196



## Financial Services Guide (FSG)

### What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (**DCF**) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

### Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (**AR**) and DCF authorises the AR to distribute this FSG. Their AR number and contact details are in the document that accompanies this FSG.

### What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

### General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

### Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

### How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you. The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

### Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu. We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

### What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220  
[complaints@deloitte.com.au](mailto:complaints@deloitte.com.au)  
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (**AFCA**). AFCA provides fair and independent financial services dispute resolution free to consumers.

[www.afca.org.au](http://www.afca.org.au)  
1800 931 678 (free call)  
Australian Financial Complaints Authority Limited  
GPO Box 3 Melbourne VIC 3001

### What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).



Annexure 3 : – Merger Implementation Deed



## Merger Implementation Deed

Northern Star Resources Ltd

ABN 43 092 832 892

Saracen Mineral Holdings Limited

ABN 52 009 215 347

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**THIS DEED** is made on

2020

**BETWEEN:**

- (1) **Northern Star Resources Ltd** ABN 43 092 832 892 whose registered office is at Level 1, 388 Hay Street, Subiaco, Western Australia (**Northern Star**); and
- (2) **Saracen Mineral Holdings Limited** ABN 52 009 215 347 whose registered office is at Level 11, 40 The Esplanade, Perth, Western Australia (**Saracen**).

**RECITALS:**

- (A) Northern Star and Saracen have agreed to merge through Northern Star acquiring all of the Saracen Shares by way of a scheme of arrangement between Saracen and Scheme Shareholders under Part 5.1 of the Corporations Act.
- (B) Saracen intends to propose the Scheme and issue the Scheme Booklet.
- (C) Northern Star and Saracen have agreed to implement the Scheme, and to undertake other associated matters, in accordance with this document.

**THE PARTIES AGREE AS FOLLOWS:**

1. **INTERPRETATION**

1.1 **Definitions**

The following definitions apply in this document.

**Announcement** means a press release, announcement or other public statement (other than a draft explanatory statement, an explanatory statement or supplementary explanatory statement as required under Part 5.1 of the Corporations Act).

**Approach Notice** means a notice setting out that a Competing Proposal has been received or that an approach has been made by a person in relation to a Competing Proposal.

**ASIC** means the Australian Securities and Investments Commission.

**ASIC Review Draft** means the draft of the Scheme Booklet which is provided to ASIC for approval under section 411(2) of the Corporations Act.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**ATO** means the Australian Taxation Office.

**Authorisation** means:

- (a) an approval, authorisation, consent, declaration, exemption, licence, notarisation, permit or waiver, however it is described, including any renewal or amendment and any condition attaching to it from or by a Government Agency; and
- (b) in relation to anything that could be prohibited or restricted by law, if a Government Agency acts in any way within a specified period, the expiry of that period without that action being taken.

**Business Day:**

- (a) when used in relation to the Implementation Date and the Scheme Record Date, has the meaning given in the ASX Listing Rules; and
- (b) in all other cases, means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**CGT Withholding Law** means the foreign resident capital gains tax withholding law in Subdivision 14-D of Schedule 1 of the TAA.

**Claim**, in relation to a person, means any claim, allegation, cause of action, proceeding, liability, suit or demand made against the person concerned however it arises and whether it is present or future, fixed or unascertained, actual or contingent.

**Commissioner** means the Commissioner of Taxation of the Commonwealth of Australia.

**Competing Proposal** means:

- (a) in relation to Saracen, any proposal, offer, transaction, agreement or arrangement which is publicly announced or is in writing and which, if entered into or completed substantially in accordance with its terms:
  - (i) would result in a person (either alone or together with one or more associates) other than any member of the Northern Star Group, directly or indirectly:
    - (A) acquiring control (within the meaning given in section 50AA of the Corporations Act) of Saracen or any member of the Saracen Group which holds all, a substantial part or a material part of the assets of the Saracen Group;
    - (B) acquiring an interest (including an economic interest by way of an equity swap, contract for difference or similar transaction or arrangement) or a relevant interest in more than 25% of the Saracen Shares;
    - (C) acquiring, becoming the holder of, or having a right to acquire an economic interest in all or a substantial part of the business, or a material part of the assets, of the Saracen Group; or
    - (D) otherwise acquiring control (within the meaning given in section 50AA of the Corporations Act) of, or merging with, Saracen or any other member or members of the Saracen Group holding a substantial or a material part of the assets of the Saracen Group,

(where a material part of the assets of the Saracen Group is an asset or assets representing more than 20% of the value of the Saracen Group's total consolidated assets) whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement; or
  - (ii) would result in the Scheme not being able to be Implemented substantially on the basis set out in this document; or



- (b) in relation to Northern Star, any proposal, offer, transaction, agreement or arrangement which is publicly announced or is in writing and which, if entered into or completed substantially in accordance with its terms:
  - (i) would result in a Northern Star Change of Control; or
  - (ii) would result in the Scheme not being able to be Implemented substantially on the basis set out in this document.

**Condition** means a condition precedent set out in clause 3.2 and **Conditions** means all of them.

**Consideration Share** means a Northern Star Share to be issued under the Scheme as Scheme Consideration.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Counter Proposal** has the meaning given in clause 11.2(b)(iii).

**Court** means the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Northern Star and Saracen.

**D&O run-off policy** has the meaning given in clause 6.4(b).

**DD Cut-off Time** means 5.00 pm (Perth time) on the Business Day that is 2 Business Days prior to the date of this document, or such later date as Northern Star and Saracen agree in writing.

**Deed Poll** means a document in the form of Schedule 4, or in such other form as is agreed in writing between Northern Star and Saracen.

**Defaulting Party** has the meaning given in clause 14.1(d).

**EBITDA** means earnings before interest, taxes, depreciation and amortisation.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

**Effective Date** means the date on which the Scheme becomes Effective.

**Encumbrance** means:

- (a) a Security Interest; or
- (b) an easement, restrictive covenant, caveat or similar restriction over property.

**End Date** means the date that is 6 months after the date of this document, subject to any extension to that date made under clause 3.7.

**Exclusivity Period** means the period commencing on the date of this document and ending on the earlier of:

- (a) termination of this document in accordance with its terms;
- (b) the Implementation Date; and
- (c) the End Date.

**Fairly Disclosed** means any information disclosed in writing by or on behalf of a party, in sufficient detail and with sufficient specificity so as to enable a reasonable and sophisticated recipient of the relevant information, who is experienced in transactions similar to the transactions contemplated by this document and experienced in an industry similar to the industry in which the businesses conducted by Northern Star and Saracen operate, to identify the nature and scope of the relevant matter, event or circumstance and the fact it may have financial, operational or other consequences and be capable of properly assessing those consequences.

**First Court Date** means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Scheme Meeting.

**Government Agency** means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

**GST** means a goods and services tax or similar value added tax levied or imposed in Australia under the GST Law.

**GST Law** means the same as "GST Law" in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

**Headcount Test** means the requirement under section 411(4)(a)(ii)(A) of the Corporations Act that the resolution to approve the Scheme is passed by a majority in number of Saracen Shareholders present and voting, either in person or by proxy at the Scheme Meeting.

**Implementation** means the implementation of the Scheme.

**Implementation Date** means the fifth Business Day following the Scheme Record Date, or such other date as ordered by the Court or agreed in writing between Northern Star and Saracen.

**Impugned Amount** means all or any part of the payment required to be made under clause 13.2 or 13.3 (as the case may be) that is found by the Takeovers Panel or Court to:

- (a) be unlawful;
- (b) involve a breach of directors' duties; or
- (c) constitute Unacceptable Circumstances.

**Independent Expert** means the independent expert appointed by Saracen (following prior consultation with Northern Star) to provide an opinion on whether the Scheme is in the best interest of Saracen Shareholders.

**Independent Expert's Report** means the report prepared by the Independent Expert on whether the Scheme is in the best interest of Saracen Shareholders, including any updates or amendments to that report.

**Ineligible Overseas Shareholder** means a Saracen Shareholder whose address shown in the Saracen Share Register at the Scheme Record Date is a place outside Australia or New Zealand and their respective external territories or any other jurisdictions agreed by the parties in writing (each acting reasonably), other than any Saracen Shareholder in respect of whom Northern Star determines (in its sole and absolute discretion) that it is lawful and

not unduly impracticable or onerous for Northern Star to issue that Saracen Shareholder with Consideration Shares on Implementation in accordance with the terms of this document.

**Insolvency Event** means, in respect of a person:

- (a) an administrator being appointed to the person;
- (b)
  - (i) a controller or analogous person being appointed to the person or any of the person's property;
  - (ii) an application being made to a court for an order to appoint a controller, provisional liquidator, trustee for creditors or in bankruptcy or analogous person to the person or any of the person's property, other than where the application is stayed, withdrawn, dismissed or set aside within 14 days; or
  - (iii) an appointment of the kind referred to in subparagraph (ii) being made (whether or not following a resolution or application);
- (c) the person being taken under section 459F(1) of the Corporations Act to have failed to comply with a statutory demand;
- (d) an application being made to a court for an order for its winding up which is not set aside within 14 days;
- (e) an order being made, or the person passing a resolution, for its winding up;
- (f) the person:
  - (i) suspending payment of its debts, ceasing (or threatening to cease) to carry on all or a material part of its business, stating that it is unable to pay its debts or being or becoming otherwise insolvent; or
  - (ii) being unable to pay its debts or otherwise insolvent;
- (g) the person entering into a compromise or arrangement with, or assignment for the benefit of, its members or creditors generally;
- (h) a court or other authority enforcing any judgment or order against the person for the payment of money or the recovery of any property; or
- (i) any analogous event under the laws of any applicable jurisdiction,

unless this takes place as part of a solvent reconstruction, amalgamation, merger or consolidation that has been approved by Northern Star or Saracen.

**Investor Presentation** means the investor presentation announced to ASX by each of Northern Star and Saracen on the date of this document.

**Joint Announcement** means the announcement contemplated in clause 9.1.

**Loss** includes any loss, damage, liability, obligation, compensation, fine, penalty, charge, payment, cost or expense (including any legal cost and expense) however it arises and whether it is present or future, fixed or unascertained, actual or contingent but excluding any consequential or indirect loss, economic loss or loss of profits.

**Matching Period** has the meaning given in clause 11.2(b).

**Matching Right Notice** means a notice given in accordance with clause 11.2(a)(i), setting out all material details of a Competing Proposal, including, without limitation, the consideration, conditions and proposed timing of the Competing Proposal, that the Saracen Board has determined is a Superior Proposal, excluding the person's name and other details which would otherwise be reasonably expected to identify the person who has made the Superior Proposal.

**Material Authorisation** means any Authorisation held by a member of the Saracen Group at the date of this document, which, if that Authorisation was revoked or terminated would materially adversely impact the ability of any member of the Saracen Group to conduct its business in substantially the same manner and at the same locations as conducted in the 6 months preceding the date of this document.

**Material Northern Star Authorisation** means any Authorisation held by a member of the Northern Star Group at the date of this document, which, if that Authorisation was revoked or terminated, would materially adversely impact the ability of any member of the Northern Star Group to conduct business in substantially the same manner and at the same locations as conducted in the 6 months preceding the date of this document.

**Material Northern Star Contract** means any contract to which a member of the Northern Star Group is a party at the date of this document, which, if revoked or terminated, would materially adversely impact the ability of any member of the Northern Star Group to conduct its business in substantially the same manner and at the same locations as conducted in the 6 months preceding the date of this document.

**Material Saracen Contract** means any contract to which a member of the Saracen Group is a party at the date of this document, which, if revoked or terminated, would materially adversely impact the ability of any member of the Saracen Group to conduct its business in substantially the same manner and at the same locations as conducted in the 6 months preceding the date of this document.

**Material Saracen Facility** means:

- (a) the facilities provided to Saracen under the 'Syndicated Facility Agreement' dated 3 November 2016 between, among others, Saracen and Westpac Administration Pty Ltd as security trustee (as amended by a deed of amendment dated 26 November 2019) and all related security and other finance documents as further amended and supplemented by the substitution and accession deed dated 26 February 2020 and a letter of amendment dated in or about August 2020; and
- (b) the hedging provided to Saracen under:
  - (i) the ISDA Master Agreement and Schedule dated as of 2 December 2016 between BNP Paribas and Saracen, as amended by the amendment dated as at 14 January 2020;
  - (ii) the ISDA Master Agreement and Schedule dated as of 2 December 2016 between Westpac Banking Corporation and Saracen, as amended by the amendment dated as at 14 January 2020; and
  - (iii) the ISDA Master Agreement and Schedule dated as of 2 December 2016 between Citibank N.A. and Saracen, as amended by the first amendment agreement and the amendment dated as at 14 January 2020,

and all related security and other finance documents.

**Merged Group** means the combination of Northern Star and Saracen following implementation of the Scheme, comprising Northern Star and its then subsidiaries.

**Merged Group Information** means any information in the Scheme Booklet or any supplementary disclosure to Saracen Shareholders in respect of the Scheme, regarding the Merged Group.

**Mutual Confidentiality Agreement** means the deed of that name dated 29 June 2020 between Northern Star and Saracen in respect of the proposed Scheme.

**Northern Star Board** means the board of directors of Northern Star.

**Northern Star Break Fee** means \$57,600,000.

**Northern Star Change of Control** means where a person (either alone or together with one or more associates) (other than Saracen or any member of the Saracen Group) acquires control (within the meaning given in section 50AA of the Corporations Act) of Northern Star or any member of the Northern Star Group which holds all, a substantial part or a material part of the assets of the Northern Star Group, whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.

**Northern Star Consolidated Tax Group** means the consolidated group of which Northern Star is the head company. In this definition, "consolidated group" and "head company" have the respective meanings given by the *Income Tax Assessment Act 1997* (Cth).

**Northern Star Data Room** means the online data room established by or on behalf of Northern Star in connection with the Scheme, to which Saracen and its Representatives have been given access.

**Northern Star Disclosure Material** means:

- (a) the Northern Star Due Diligence Information; and
- (b) information that would have been disclosed to Saracen had Saracen conducted searches of the Public Registers on the Business Day prior to the date of this document.

**Northern Star Dividend** means any interim dividend declared by Northern Star in respect of the half-year ended 31 December 2020 with a record date after the date on which Implementation occurs.

**Northern Star Due Diligence Information** means all documents and other written information provided or made available:

- (a) in the Northern Star Data Room; and
- (b) on any other external hard drive provided by Northern Star to Saracen,

prior to the DD Cut-off Time as part of the due diligence investigations carried out in connection with the Scheme, as recorded in the external hard drive provided by Northern Star to Saracen by no later than 5.00 pm (Perth time) on Thursday, 15 October 2020 (on the basis that, in the period prior to provision of that external hard drive, the Northern Star

Data Room is not amended by any person other than to include a data room index for the purposes of identification).

**Northern Star Excluded Transaction** means:

- (a) a transaction Fairly Disclosed in the Northern Star Disclosure Material or which ought to have been expected to arise from a matter, event or circumstance that was so disclosed;
- (b) a transaction consistent with a policy relating to employment which was Fairly Disclosed in the Northern Star Disclosure Material;
- (c) anything required or expressly permitted to be done or procured by Northern Star under this document or the Scheme or the transactions contemplated by either;
- (d) anything set out in the operational budget shared with Saracen as part of the Northern Star Due Diligence Information;
- (e) anything done in connection with the transactions contemplated by clause 7;
- (f) the grant of 1,647,490 Northern Star Performance Rights (to employees of Northern Star, including Northern Star's Executive Chair);
- (g) the issue of any Northern Star Shares on the exercise of any Northern Star NED Share Rights or any Northern Star Performance Rights that, :
  - (i) have been announced by Northern Star to ASX prior to the date of this document; and
  - (ii) vest in accordance with their terms existing as at the date of this document; or
- (h) any transaction in relation to which Saracen has expressly consented in writing.

**Northern Star Group** means Northern Star and its subsidiaries (Northern Star and each subsidiary being a **member of the Northern Star Group**).

**Northern Star Incoming Director** means each of the current directors of Saracen listed in clause 6.1(a) (that is, those who will join the Northern Star Board on and from the Implementation Date).

**Northern Star Information** means the information regarding the Northern Star Group and the Merged Group provided by Northern Star to Saracen in writing for inclusion in the Scheme Booklet or any supplementary disclosure to Saracen Shareholders in respect of the Scheme (in each case, excluding any Saracen Information contained in, or used in the preparation of, the Merged Group Information), including:

- (a) a letter from Northern Star's Executive Chair;
- (b) information about Northern Star, Northern Star Shares and rights attaching to Northern Star Shares, other members of the Northern Star Group, the businesses of the Northern Star Group, Northern Star's interests and dealings in Saracen Shares and Northern Star's intentions for Saracen's business and employees;
- (c) the Merged Group Information (excluding any Saracen Information contained in, or used in the preparation of, the Merged Group Information); and

- (d) any other information required under the Corporations Act or ASIC Regulatory Guide 60 Schemes of arrangement to enable the Scheme Booklet to be prepared, that the parties agree is "Northern Star Information" and that is identified in the Scheme Booklet or supplementary disclosure as such.

To avoid doubt, the Northern Star Information excludes the Saracen Information, the Independent Expert's Report, any "Investigating Accountant's Report" to be included in or accompany the Scheme Booklet, and any information about the potential taxation consequences of the Scheme on Scheme Shareholders in the Scheme Booklet.

**Northern Star Joint Announcement Information** means any information regarding the Northern Star Group or the Merged Group in the Joint Announcement and Investor Presentation.

**Northern Star Material Adverse Effect** means an event, matter or circumstance that occurs, is announced or becomes known to Saracen after the date of this document which, either individually or when aggregated with all such events or circumstances which have occurred, has had the effect of, or is reasonably likely to have the effect of diminishing the net asset value of the Northern Star Group by an amount of at least \$550,000,000, other than any event, matter or circumstance:

- (a) required or expressly permitted by this document, the Scheme or the transactions contemplated by either;
- (b) that is Fairly Disclosed in the Northern Star Disclosure Material (or which ought reasonably to have been expected to arise from a matter, event or circumstance which was so disclosed);
- (c) consented to in writing by Saracen (in its absolute discretion);
- (d) resulting from:
  - (i) a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect), including in relation to Tax;
  - (ii) general changes in economic, political or business conditions (including interest rates, gold prices and exchange rates), or in securities, credit or financial markets, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), any pandemic or escalation of the same,  
  
affecting Australian or North American gold mining businesses generally; or
- (e) which has a similar or substantially similar impact on Saracen.

**Northern Star Outgoing Director** means each of the current directors of Northern Star, other than those listed in clause 6.1(a) (that is, those who will step down from the Northern Star Board on and from the Implementation Date).

**Northern Star Prescribed Event** means the occurrence of any of the following:

- (a) **(share conversions)** Northern Star converting all or any of its shares into a larger or smaller number of shares;

- (b) **(capital reduction)** Northern Star resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buyback)** Northern Star:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** other than in respect of the Northern Star Dividend in accordance with clause 8, Northern Star declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) **(issue of securities)** a member of the Northern Star Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option other than to Northern Star or a wholly-owned subsidiary of Northern Star;
- (f) **(convertible notes)** a member of the Northern Star Group issues, or agrees to issue, convertible notes, other than to Northern Star or a wholly-owned subsidiary of Northern Star;
- (g) **(change to constitution)** a member of the Northern Star Group making any change to its constitution;
- (h) **(deregistration)** a member of the Northern Star Group being deregistered as a company or otherwise dissolved except in the case of an Northern Star Group member with less than \$10 million in net assets as at the date of this document;
- (i) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Northern Star Group (except in the case of an Northern Star Group member with less than \$10 million in net assets as at the date of this document),

excluding any Northern Star Excluded Transaction.

**Northern Star Regulated Event** means the occurrence of any of the following:

- (a) a member of the Northern Star Group acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of:
  - (i) any asset or business; or
  - (ii) any interest in the following: Pogo, KCGM, Kalgoorlie Operations, Jundee, Bronzewing or Tanami or the mines or processing facilities owned by them,

other than in the usual and ordinary course of business and consistent with past practice, including in respect of the maintenance and surrender of immaterial tenements and the expansion or reduction of existing project tenement areas undertaken in the usual and ordinary course of business and consistent with past practice;
- (b) a member of the Northern Star Group varying in any materially adverse respect or terminating or allowing to lapse or expire (without renewal or replacement on terms



and conditions that are no less favourable to the Northern Star Group) any Material Northern Star Authorisation;

- (c) a member of the Northern Star Group entering into, agreeing or announcing a joint venture, asset or profit sharing arrangement or partnership in respect of an interest in Pogo, KCGM, Kalgoorlie Operations, Jundee, Bronzewing or Tanami or the mines or processing facilities owned by them;
- (d) a member of the Northern Star Group creating, granting or agreeing to any Encumbrance over any of the assets of any member of the Northern Star Group, other than a lien that arises by operation of law, legislation or in the usual and ordinary course of business;
- (e) a member of the Northern Star Group entering into a contract or commitment restraining a member of the Northern Star Group from competing with any person or conducting activities in any market;
- (f) a member of the Northern Star Group:
  - (i) other than in the usual and ordinary course of business and consistent with past practice:
    - (A) incurring any additional financial indebtedness by way of borrowings, hedging and other financial facilities, including operating and finance leases (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs); or
    - (B) guaranteeing or indemnifying the obligations of any person other than a member of the Northern Star Group,
  - (ii) entering into any new financing arrangement, agreement or otherwise providing financial accommodation in excess of \$10 million other than to a member of the Saracen Group or another member of the Northern Star Group, or amending the terms of any existing financial arrangement, agreement or instrument which provides for financial accommodation to be provided by a member of the Northern Star Group in excess of \$10 million;
  - (iii) incurring capital expenditure in excess of \$10 million;
  - (iv) waiving any material third party default where the financial impact on the Northern Star Group will be in excess of \$10 million individually or in aggregate;
  - (v) accepting as a compromise of a matter less than the full compensation due to a member of the Northern Star Group where the financial impact of the compromise on the Northern Star Group is more than \$10 million individually or in aggregate; or
  - (vi) agreeing to do any of the matters listed in paragraphs (i) to (v);
- (g) a member of the Northern Star Group entering into, or resolving to enter into, a transaction with any related party of Northern Star (other than a related party which is a member of the Northern Star Group), as defined in section 228 of the Corporations Act;

- (h) a member of the Northern Star Group entering into any employment, consulting, severance or similar agreement or arrangement other than in the ordinary course of business and on terms consistent with past and market practice;
- (i) a member of the Northern Star Group materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:
  - (i) contractual arrangements in effect on the date of this document and which are contained in the Northern Star Disclosure Material; or
  - (ii) Northern Star's policies and guidelines in effect on the date of this document and which are contained in the Northern Star Disclosure Material,
 provided that the aggregate of all increases in compensation or benefits is no greater than \$1 million;
- (j) a member of the Northern Star Group paying any of its officers, directors, other executives or employees a bonus, termination or retention payment, other than in accordance with contractual arrangements in effect on the date of this document and which are contained in the Northern Star Disclosure Materials;
- (k) a member of the Northern Star Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this document and which are contained in the Northern Star Disclosure Materials;
- (l) a member of the Northern Star Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; or
- (m) a member of the Northern Star Group doing anything that would result in a change in the Northern Star Consolidated Tax Group,

excluding any Northern Star Excluded Transaction.

**Northern Star Release Period** means, in respect of each Saracen Trigger Date, the period commencing at 12.01 am (Perth time) on the day after that Saracen Trigger Date and ending on the earlier of:

- (a) the time at which Saracen makes an Announcement to ASX stating that:
  - (i) the Saracen directors have determined that the applicable Competing Proposal is not a Superior Proposal;
  - (ii) the Saracen directors unanimously recommend that Saracen Shareholders vote in favour of the Scheme at the Scheme Meeting; and
  - (iii) each director of Saracen who holds Saracen Shares intends to vote his or her Saracen Shares in favour of the Scheme at the Scheme Meeting,
 in the case of paragraphs (a)(ii) and (a)(iii), subject only to no Superior Proposal emerging and to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interest of Saracen Shareholders; and
- (b) the end of the Exclusivity Period.

**Northern Star Share** means a fully paid ordinary share in Northern Star.

**Northern Star Shareholder** means a person entered in the register of members of Northern Star as a holder of a Northern Star Share.

**Northern Star Trigger Date** means, in respect of any Announcement to ASX contemplated by clause 11.2(f)(i), the date that is 10 Business Days after the date of that Announcement.

**Opt-in Notice** means a notice by an Unmarketable Parcel Shareholder requesting to receive the Scheme Consideration as Consideration Shares.

**Order** has the meaning given in clause 3.9.

**PPS Security Interest** means a security interest that is subject to the PPSA.

**PPSA** means the *Personal Property Securities Act 2009* (Cth).

**Proposal Details** means the material details of a Competing Proposal, including, without limitation, the consideration offered or proposed, conditions and proposed timing of the Competing Proposal and the name and other details which would otherwise be reasonably expected to identify the person who has made the Competing Proposal or approach.

**Public Registers** means:

- (a) the records made available for public inspection by ASIC and which are revealed on an electronic search under a party's name, ACN or ABN; and
- (b) the announcements made by a party to ASX.

**Regulated Event** means, in relation to:

- (a) Northern Star, a Northern Star Regulated Event; or
- (b) Saracen, a Saracen Regulated Event.

**Regulated Event Notice** means a written notice which sets out the details of any action proposed to be taken or refrained from being taken that may be a Regulated Event by:

- (a) Northern Star during the Northern Star Release Period; or
- (b) Saracen during the Saracen Release Period.

**Relevant Agreement** means each agreement entered into by a member of the Saracen Group that Northern Star and Saracen agree in writing to be Relevant Agreement for the purposes of this document.

**Relevant Event** has the meaning given in clause 13.2(b)(i).

**Relevant Unmarketable Parcel Shareholder** means an Unmarketable Parcel Shareholder who has not provided Saracen with an Opt-in Notice before 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date.

**Representatives** means, in relation to an entity:

- (a) each of the entity's subsidiaries and each of the directors, officers and employees of the entity and its subsidiaries; and

- (b) each of the legal, financial and other expert advisers of the entity or any of its subsidiaries in connection with the Scheme.

**Sale Nominee** has the meaning given in clause 2.7(a).

**Saracen Break Fee** means \$57,600,000.

**Saracen Board** means the board of directors of Saracen.

**Saracen Cancelling Performance Rights** means the Performance Rights identified as Saracen Cancelling Performance Rights set out in the table in Schedule 5.

**Saracen Consolidated Tax Group** means the consolidated group of which Saracen is the head company. In this definition, "consolidated group" and "head company" have the respective meanings given by the *Income Tax Assessment Act 1997* (Cth).

**Saracen Data Room** means the online data room established by or on behalf of Saracen in connection with the Scheme, to which Northern Star and its Representatives have been given access.

**Saracen Disclosure Material** means:

- (a) the Saracen Due Diligence Information; and
- (b) information that would have been disclosed to Northern Star had Northern Star conducted searches of the Public Registers on the Business Day prior to the date of this document.

**Saracen Dividend** means a dividend of up to 3.8 cents (fully franked) per Saracen Share that may be paid to each Saracen Shareholder recorded as such in the Saracen Share Register at the Saracen Dividend Record Date, subject to and conditional on the Scheme becoming Effective.

**Saracen Dividend Record Date** means 7.00 pm (Sydney time) on the day which is two Business Days before the Scheme Record Date.

**Saracen Due Diligence Information** means all documents and other written information provided or made available in the Saracen Data Room prior to the DD Cut-off Time as part of the due diligence investigations carried out in connection with the Scheme, as recorded in the external hard drive provided by Saracen to Northern Star, an index of the contents of which will be initialled for the purposes of identification by Saracen's Company Secretary (on behalf of Saracen) and by Northern Star's Company Secretary (on behalf of Northern Star) by no later than 5 Business Days after the date of this document (on the basis that, in the period prior to initialling, the Saracen Data Room is secured in such manner so that access by any person other than the Company Secretaries of Northern Star and Saracen will be restricted and, if granted, recorded by way of SharePoint metadata).

**Saracen Excluded Transaction** means:

- (a) a transaction Fairly Disclosed in the Saracen Disclosure Material or which ought to have been expected to arise from a matter, event or circumstance that was so disclosed;
- (b) a transaction consistent with a policy relating to employment which was Fairly Disclosed in the Saracen Disclosure Material;

- (c) anything required or expressly permitted to be done or procured by Saracen under this document or the Scheme or the transactions contemplated by either;
- (d) anything set out in the operational budget shared with Northern Star as part of the Saracen Due Diligence Information;
- (e) anything done in connection with the transactions contemplated by clause 7;
- (f) the grant of:
  - (i) 181,100 Saracen Performance Rights; and
  - (ii) Saracen NED Share Rights proposed to be granted to Sally Langer in the notice convening the annual general meeting of members of Saracen dated 4 September 2020;
- (g) subject to clause 7, the issue of any Saracen Shares on the exercise of any Saracen Unlisted Securities that, at the date of this document, have previously been announced by Saracen to ASX or are contemplated by paragraph (f); or
- (h) any transaction in relation to which Northern Star has expressly consented in writing.

**Saracen FY18 LTIP Performance Right** means the Saracen Performance Rights identified as FY18 LTIP Performance Rights set out in the table in Part A of Schedule 2.

**Saracen Group** means Saracen and its subsidiaries (Saracen and each subsidiary being a member of the Saracen Group).

**Saracen Information** means all the information Scheme Booklet or any supplementary disclosure to Saracen Shareholders in respect of the Scheme (other than the Northern Star Information, the Independent Expert's Report, any "Investigating Accountant's Report" to be included in or accompany the Scheme Booklet and any report or opinion prepared by a third party in relation to the potential taxation consequences of the Scheme on Scheme Shareholders in the Scheme Booklet), and includes any information about the Saracen Group:

- (a) provided by Saracen to Northern Star in writing for use in the preparation of the Merged Group Information; or
- (b) obtained by Northern Star from an announcement made by Saracen to ASX or from a publicly available document lodged by Saracen with ASIC, and used in the preparation of the Merged Group Information, provided that Northern Star has obtained written confirmation from Saracen that the information can be used in the preparation of the Merged Group Information.

**Saracen Joint Announcement Information** means any information regarding the Saracen Group or the Merged Group in the Joint Announcement and Investor Presentation.

**Saracen LTI Plan** means the long term incentive plan approved by Saracen Shareholders at Saracen's annual general meeting on 23 November 2017 (and, in respect of any performance rights or share rights granted by Saracen after the date of this document, means the long term incentive plan approved or to be approved by Saracen Shareholders at Saracen's annual general meeting on 6 October 2020).

**Saracen Material Adverse Effect** means an event, matter or circumstance that occurs, is announced or becomes known to Northern Star after the date of this document which, either individually or when aggregated with all such events or circumstances which have

occurred, has had the effect of, or is reasonably likely to have the effect of diminishing the net asset value of the Saracen Group by an amount of at least \$295,000,000, other than any event, matter or circumstance:

- (a) required or expressly permitted by this document, the Scheme or the transactions contemplated by either;
- (b) that is Fairly Disclosed in the Saracen Disclosure Material (or which ought reasonably to have been expected to arise from a matter, event or circumstance which was so disclosed);
- (c) consented to in writing by Northern Star (in its absolute discretion);
- (d) resulting from:
  - (i) a change to legislation or regulation, any judicial or administrative interpretation of the law or any practice or policy of a Government Agency (whether or not retrospective in effect), including in relation to Tax; or
  - (ii) general changes in economic, political or business conditions (including interest rates, gold prices and exchange rates), or in securities, credit or financial markets, including material adverse changes or major disruptions to, or fluctuations in, domestic or international financial markets, and acts of terrorism, war (whether or not declared), any pandemic or escalation of the same, affecting Australian gold mining businesses generally; or
- (e) which has a similar or substantially similar impact on Northern Star.

**Saracen NED Share Right** means a share right granted under the Saracen LTI Plan.

**Saracen Performance Right** means a performance right granted under the Saracen LTI Plan.

**Saracen Prescribed Event** means the occurrence of any of the following:

- (a) **(share conversions)** Saracen converting all or any of its shares into a larger or smaller number of shares;
- (b) **(capital reduction)** Saracen resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;
- (c) **(buyback)** Saracen:
  - (i) entering into a buy-back agreement; or
  - (ii) resolving to approve the terms of a buy-back agreement under the Corporations Act;
- (d) **(distribution)** other than the payment of the Saracen Dividend in accordance with clause 8, Saracen declaring, paying or distributing any dividend, bonus or other share of its profits or assets or returning or agreeing to return any capital to its members;
- (e) **(issue of securities)** a member of the Saracen Group issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make

such an issue or grant such an option other than to Saracen or a wholly-owned subsidiary of Saracen;

- (f) **(convertible notes)** a member of the Saracen Group issues, or agrees to issue, convertible notes, other than to Saracen or a wholly-owned subsidiary of Saracen;
- (g) **(change to constitution)** a member of the Saracen Group making any change to its constitution;
- (h) **(deregistration)** a member of the Saracen Group being deregistered as a company or otherwise dissolved except in the case of a Saracen Group member with less than \$10 million in net assets as at the date of this document; or
- (i) **(Insolvency Event)** an Insolvency Event occurring in relation to a member of the Saracen Group (except in the case of a Saracen Group member with less than \$10 million in net assets as at the date of this document),

excluding any Saracen Excluded Transaction.

**Saracen Regulated Event** means the occurrence of any of the following:

- (a) a member of the Saracen Group acquiring or disposing of, or entering into or announcing any agreement for the acquisition or disposal of:
  - (i) any asset or business; or
  - (ii) any interest in the following: KCGM, Carosue Dam or Thunderbox or the mines or processing facilities owned by them,  
  
other than in the usual and ordinary course of business and consistent with past practice, including in respect of the maintenance and surrender of immaterial tenements and the expansion or reduction of existing project tenement areas undertaken in the usual and ordinary course of business and consistent with past practice;
- (b) a member of the Saracen Group varying in any materially adverse respect or terminating or allowing to lapse or expire (without renewal or replacement on terms and conditions that are no less favourable to the Saracen Group) any Material Authorisation;
- (c) a member of the Saracen Group entering into, agreeing or announcing a joint venture, asset or profit sharing arrangement or partnership in relation to any interest in KCGM, Carosue Dam or Thunderbox or the mines or processing facilities owned by them;
- (d) a member of the Saracen Group creating, granting or agreeing to any Encumbrance over any of the assets of any member of the Saracen Group, other than a lien that arises by operation of law, legislation or in the usual and ordinary course of business;
- (e) a member of the Saracen Group entering into a contract or commitment restraining a member of the Saracen Group from competing with any person or conducting activities in any market;

- (f) a member of the Saracen Group:
  - (i) other than in the usual and ordinary course of business and consistent with past practice:
    - (A) incurring any additional financial indebtedness by way of borrowings, hedging and other financial facilities, including operating and finance leases (except for draw-downs on existing banking facilities or utilisation of existing securitisation programs); or
    - (B) guaranteeing or indemnifying the obligations of any person other than a member of the Saracen Group;
  - (ii) entering into any new financing arrangement, agreement or otherwise providing financial accommodation in excess of \$10 million other than to a member of the Northern Star Group or a member of the Saracen Group, or amending the terms of any existing financial arrangement, agreement or instrument which provides for financial accommodation to be provided by a member of the Saracen Group in excess of excess of \$10 million;
  - (iii) incurring capital expenditure in excess of \$10 million;
  - (iv) waiving any material third party default where the financial impact on the Saracen Group will be in excess of \$10 million individually or in aggregate;
  - (v) accepting as a compromise of a matter less than the full compensation due to a member of the Saracen Group where the financial impact of the compromise on the Saracen Group is more than \$10 million individually or in aggregate; or
  - (vi) agreeing to do any of the matters listed in paragraphs (i) to (v);
- (g) a member of the Saracen Group entering into, or resolving to enter into, a transaction with any related party of Saracen (other than a related party which is a member of the Saracen Group), as defined in section 228 of the Corporations Act;
- (h) a member of the Saracen Group entering into any employment, consulting, severance or similar agreement or arrangement other than in the ordinary course of business and on terms consistent with past and market practice;
- (i) a member of the Saracen Group materially altering, varying or amending any employment, consulting, severance or similar agreement or arrangement with one or more of its officers, directors, other executives or employees, or accelerating or otherwise materially increasing compensation or benefits for any of the above, in each case other than pursuant to:
  - (i) contractual arrangements in effect on the date of this document and which are contained in the Saracen Disclosure Material; or
  - (ii) Saracen's policies and guidelines in effect on the date of this document and which are contained in the Saracen Disclosure Material,
 provided that the aggregate of all increases in compensation or benefits is no greater than \$1 million;
- (j) a member of the Saracen Group paying any of its officers, directors, other executives or employees a bonus, termination or retention payment, other than in accordance



with contractual arrangements in effect on the date of this document and which are contained in the Saracen Disclosure Materials;

- (k) a member of the Saracen Group entering into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this document and which are contained in the Saracen Disclosure Materials;
- (l) a member of the Saracen Group changing any accounting policy applied by them to report their financial position other than any change in policy required by a change in accounting standards; or
- (m) a member of the Saracen Group doing anything that would result in a change in the Saracen Consolidated Tax Group,

excluding any Saracen Excluded Transaction.

**Saracen Release Period** means, in respect of each Northern Star Trigger Date, the period commencing 12.01 am (Perth time) on the day after that Northern Star Trigger Date and ending on the earlier of:

- (a) the time at which Northern Star makes an Announcement to ASX stating that the Northern Star directors unanimously endorse and support the Scheme, subject to no Superior Proposal (for Northern Star) emerging; and
- (b) the end of the Exclusivity Period.

**Saracen Share** means a fully paid ordinary share in Saracen.

**Saracen Shareholder** means a person entered in the Saracen Share Register as a holder of a Saracen Share.

**Saracen Shareholder Approval** means a resolution in favour of the Scheme being passed by the required majorities of Saracen Shareholders under section 411(4)(a)(ii) of the Corporations Act.

**Saracen Share Register** means the register of members of Saracen.

**Saracen Trigger Date** means, in respect of any Announcement to ASX contemplated by clause 11.2(d)(i), the date that is 10 Business Days after that Announcement.

**Saracen Unlisted Securities** means the:

- (a) Saracen Performance Rights; and
- (b) Saracen NED Share Rights.

**Saracen Vesting Performance Rights** means the Saracen Performance Rights identified as Saracen Vesting Performance Rights set out in the table in Schedule 5.

**Saracen Vesting Retention Rights** means the Saracen Performance Rights identified as Saracen Vesting Retention Rights set out in the table in Schedule 5.

**Saracen Vesting RF Retention Rights** means the Saracen Performance Rights identified as Saracen Vesting RF Retention Rights set out in the table in Schedule 5.

**Scheme** means a scheme of arrangement under Part 5.1 of the Corporations Act between Saracen and Scheme Shareholders in the form of Schedule 3, or in such other form as is

agreed in writing between Northern Star and Saracen, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and approved by each party.

**Scheme Booklet** means the information memorandum in respect of the Scheme to be approved by the Court and dispatched to Saracen Shareholders, and that includes the Scheme, a copy of the Deed Poll executed by Northern Star, an explanatory statement (as that term is defined in section 412 of the Corporations Act), the Independent Expert's Report and a notice of meeting and proxy form in respect of the Scheme Meeting.

**Scheme Consideration** means the consideration to be provided by Northern Star to each Scheme Shareholder for the transfer of each Scheme Share under the Scheme, being, subject to clauses 2.6 and 2.7, the number of Consideration Shares per Scheme Share set out in clause 2.4.

**Scheme Meeting** means the meeting of Saracen Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider the Scheme.

**Scheme Record Date** means 7.00 pm (Sydney time) on the day which is two Business Days after the Effective Date.

**Scheme Shareholder** means a Saracen Shareholder recorded as such in the Saracen Share Register at the Scheme Record Date.

**Second Court Date** means the first day on which the Court hears the application for an order under section 411(4)(b) of the Corporations Act approving the Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Security Interest** means any security interest, including:

- (a) a PPS Security Interest;
- (b) any other mortgage, charge, pledge or lien; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**Share Splitting** means the splitting, by a holder of Saracen Shares, of their single holding of Saracen Shares into two or more parcels of Saracen Shares, whether or not it results in any change in beneficial ownership of the Saracen Shares.

**Superior Proposal** means a bona fide Competing Proposal:

- (a) in relation to Saracen, which the Saracen Board, acting in good faith and after taking advice from Saracen's financial and legal advisers, determines:
  - (i) is reasonably capable of being implemented within a reasonable timeframe and substantially in accordance with its terms; and
  - (ii) would, if so implemented, result in a more favourable outcome for Saracen Shareholders than would result from the implementation of the Scheme;
- (b) in relation to Northern Star, which the Northern Star Board, acting in good faith and after taking advice from Northern Star's financial and legal advisers, determines:

- (i) is reasonably capable of being implemented within a reasonable timeframe and substantially in accordance with its terms; and
- (ii) would, if so implemented, result in a more favourable outcome for Northern Star Shareholders than would result from the implementation of the Scheme.

**TAA** means the *Taxation Administration Act 1953* (Cth).

**Takeovers Panel** means the Takeovers Panel constituted under the *Australian Securities and Investments Commission Act 2001* (Cth).

**Tax** means any tax, levy, charge, impost, fee, deduction, GST, compulsory loan or withholding, stamp, transaction or registration duty or similar charge that is assessed, levied, imposed or collected by any Government Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.

**Terminating Party** has the meaning given in clause 14.1.

**Timetable** means the timetable set out in Schedule 1, subject to any modifications as the parties may agree in writing.

**Transition Team** means the committee comprised of senior Saracen executives and senior Northern Star executives established in accordance with clause 5.4(a).

**Unacceptable Circumstances** has the meaning given to that term in section 657A of the Corporations Act.

**Unmarketable Parcel Shareholder** means a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Consideration Shares (assessed by reference to the price of Northern Star Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date).

**Valid Variation Notice** means a Variation Notice, which contains:

- (a) the name of each Saracen Shareholder, referred to in clause 2.9(a), which matches the name of the same Saracen Shareholder on the Saracen Share Registry; and
- (b) an expiry date which is on or after the date Northern Star becomes the owner of the shares referred to in clause 2.9(a).

**Variation Notice** means a notice of variation granted by the Commissioner under subsection 14-235(2) of Schedule 1 to the TAA

**Withholding Amount** means the amount that Northern Star is required to pay to the Commissioner under Subdivision 14-D of Schedule 1 of the TAA in respect of the acquisition of any Saracen Shares from a Saracen Shareholder.

**Withholding Declaration** means a declaration under section 14-225 of Schedule 1 to the TAA in respect of the acquisition of any Saracen Shares from a Saracen Shareholder.

## 1.2 Rules for interpreting this document

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
  - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a document (including this document) or agreement, or a provision of a document (including this document) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iii) a party to this document or to any other document or agreement includes a permitted substitute or a permitted assign of that party;
  - (iv) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
  - (v) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The words **associate, controller, entity, officer, key management personnel, related body corporate, relevant interest, security interest** and **subsidiary** have the same meanings as given by the Corporations Act.
- (g) A reference to **\$** or **dollar** is to Australian currency.
- (h) The expression **this document** includes the agreement, arrangement, understanding or transaction recorded in this document.
- (i) Terms defined in the GST Law have the same meaning in this document unless the context otherwise requires.
- (j) If a person is a member of a GST group, references to GST for which the person is liable and to input tax credits to which the person is entitled include GST for which the representative member of the GST group is liable and input tax credits to which the representative member is entitled.
- (k) A reference to time in this document is a reference to time in Perth, Western Australia.

### 1.3 **Non-Business Days**

If the day on or by which a person must do something under this document is not a Business Day the person must do it on or by the next Business Day.

## 2. **SCHEME**

### 2.1 **Agreement to propose and implement Scheme**

- (a) Saracen agrees to propose the Scheme to Saracen Shareholders and implement the Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of this document, and must use reasonable endeavours to do so substantially in accordance with the Timetable.
- (b) Northern Star agrees to assist Saracen to propose and implement the Scheme in accordance with Part 5.1 of the Corporations Act and subject to the terms of this document, and must use reasonable endeavours to do so substantially in accordance with the Timetable.
- (c) Subject to the terms of this document, Northern Star covenants in favour of Saracen (in its own right and separately as trustee or nominee for each Scheme Shareholder) that, if the Scheme becomes Effective, in consideration for the transfer to Northern Star of each Saracen Share held by a Scheme Shareholder under the terms of the Scheme, Northern Star will, on the Implementation Date, subject to the terms of the Deed Poll and the Scheme, provide to each Scheme Shareholder the Scheme Consideration for each Saracen Share held by that Scheme Shareholder at the Scheme Record Date.

### 2.2 **Outline of Scheme**

Subject to the terms of this document and the Scheme, on the Implementation Date:

- (a) all of the Saracen Shares held by Scheme Shareholders will be transferred to Northern Star; and
- (b) the Scheme Shareholders will receive the Scheme Consideration for each Saracen Share they held on the Scheme Record Date.

### 2.3 **No amendments to Scheme without consent**

Saracen must not consent to:

- (a) any modification of;
- (b) any amendment to; or
- (c) the making or imposition by the Court of any condition in respect of,

the Scheme, that is not immaterial, without the prior written consent of Northern Star.

### 2.4 **Scheme Consideration**

The Scheme Consideration in respect of each Saracen Share held on the Scheme Record Date is 0.3763 Consideration Shares.

### 2.5 **Issue of Consideration Shares**

- (a) Northern Star covenants in favour of Saracen (in its own right and separately as trustee or nominee for each Scheme Shareholder) that:
  - (i) subject to clauses 2.6 and 2.7 and to the Scheme becoming Effective, Northern Star will issue to the Scheme Shareholders the Consideration Shares that comprise the Scheme Consideration in accordance with the Scheme on

terms such that each Consideration Share will rank equally in all respects with each existing Northern Star Share on issue at the Implementation Date; and

- (ii) Northern Star will apply to ASX for the official quotation of the Consideration Shares on ASX and use all reasonable endeavours to ensure that the Consideration Shares are approved for official quotation on ASX and that trading in the Consideration Shares commences with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis, and with effect from the first Business Day after the Implementation Date, on an ordinary (T+2) basis.
- (b) Northern Star covenants in favour of Saracen (in its own right and separately as trustee or nominee for each Scheme Shareholder) that:
- (i) the Consideration Shares will entitle the holder to participate in and receive any dividends or distribution of capital and any other entitlements accruing in respect of Northern Star Shares on and from the Implementation Date; and
  - (ii) on issue, each such Consideration Share will be validly issued, fully paid and free from any Encumbrance.

## 2.6 **Fractional entitlements and Share Splitting**

- (a) Any fractional entitlement of a Scheme Shareholder to part of a Consideration Share will be rounded up or down to the nearest whole number of Consideration Shares in accordance with the Scheme.
- (b) The Scheme will contain standard provisions under which Northern Star will have the discretion to deem the holdings of two or more Scheme Shareholders to be held by one Scheme Shareholder, to prevent any Share Splitting designed to obtain an unfair advantage by reference to such rounding.

## 2.7 **Ineligible Overseas Shareholders, Relevant Unmarketable Parcel Shareholders and Withholding Amount Shares**

- (a) Northern Star must issue the Consideration Shares to which each Ineligible Overseas Shareholder and each Relevant Unmarketable Parcel Shareholder would otherwise have become entitled and any Withholding Amount Shares (as defined in clause 2.9(a)(ii)) to a nominee appointed by Saracen and Northern Star (**Sale Nominee**) to be dealt with in accordance with the Scheme.
- (b) Saracen and Northern Star must appoint the Sale Nominee at least 5 Business Days prior to the Scheme Meeting.
- (c) The terms of appointment of the Sale Nominee under clause 2.7(a) must provide for the Sale Nominee to deal with the Consideration Shares to which each Ineligible Overseas Shareholder and each Relevant Unmarketable Parcel Shareholder would otherwise be entitled and any Withholding Amount Shares issued to the Sale Nominee in accordance with the requirements of the Scheme.

## 2.8 **Unmarketable parcels**

- (a) Saracen must provide each Unmarketable Parcel Shareholder with, or procure the provision to each Unmarketable Parcel Shareholder of, an Opt-in Notice.
- (b) Unless an Unmarketable Parcel Shareholder provides Saracen with a duly completed Opt-in Notice prior to 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date requesting to receive the Scheme Consideration as Consideration Shares, Northern Star will be under no obligation under the Scheme or Deed Poll to

issue, and will not issue, any Consideration Shares to any Unmarketable Parcel Shareholder, and instead, unless Northern Star and Saracen otherwise agree, Northern Star must procure that the Consideration Shares that each Unmarketable Parcel Shareholder would otherwise be entitled to receive as Scheme Consideration are dealt with in accordance with clause 2.7.

- (c) Saracen must notify Northern Star by 12.00 noon (Perth time) on the Scheme Record Date of the details of each Unmarketable Parcel Shareholder who provided Saracen with a duly completed Opt-in Notice prior to 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date.

## 2.9 **Withholding**

- (a) If Northern Star determines (acting reasonably) that it must pay an amount to the Commissioner under Subdivision 14-D of Schedule 1 of the TAA in relation to the acquisition of any Saracen Shares from a Saracen Shareholder, Northern Star will:
  - (i) determine the Withholding Amount to be paid to the Commissioner in respect of the acquisition of the Saracen Shares from such Saracen Shareholder;
  - (ii) notify Saracen and the Sale Nominee by 12:00 noon (Perth time) on the second Business Day following the Scheme Record Date of the number of Consideration Shares that Northern Star has determined (in its reasonable opinion which, for the avoidance of doubt, includes a sufficient provision for potential Northern Star Share price movement up to the potential sale date of the Northern Star Shares by the Sale Nominee) should be issued to the Sale Nominee, that would otherwise have been directly issued to such Scheme Shareholder, to enable the Withholding Amount to be realised from the sale of those Consideration Shares and paid to the Commissioner (or reimburse Northern Star where Northern Star has already paid the Withholding Amount to the Commissioner), and to satisfy the fees and any taxes and duty which the Sale Nominee may be entitled to be paid or reimbursed for in connection with the sale of those Consideration Shares (**Withholding Amount Shares**);
  - (iii) pay the Withholding Amount to the Commissioner within the timeframe required under the TAA; and
  - (iv) if requested in writing by the relevant Saracen Shareholder, provide a receipt or other appropriate evidence of payment of the Withholding Amount to the Commissioner (or procure the provision of such receipt or other evidence) to the relevant Saracen Shareholder.
- (b) [INTENTIONALLY LEFT BLANK]
- (c) Saracen agrees that Northern Star may approach the ATO to obtain clarification as to the application of the CGT Withholding Law to the Scheme and will provide such information and assistance that Northern Star reasonably requires in making that approach.
- (d) The parties agree to:
  - (i) consult in good faith as to the application of the CGT Withholding Law to the Scheme; and
  - (ii) use reasonable endeavours to take all actions that are necessary or desirable in relation to the CGT Withholding Law, which may include, without limitation, promptly communicating with any Saracen Shareholder to obtain a Valid Variation Notice or Withholding Declaration contemplated by the CGT

Withholding Law so as to reduce or eliminate the Withholding Amount payable to the Commissioner in respect of any Saracen Shareholder.

3. **CONDITIONS**

3.1 **Obligations not binding until Conditions satisfied**

Subject to this clause 3, the obligations of the parties with respect to Implementation (including the obligations of Northern Star under clauses 2.1(c), 2.5 and 4.3(p)) do not become binding unless and until each Condition is satisfied or waived under clause 3.3.

3.2 **Conditions**

The Conditions are as follows.

	<b>CONDITION</b>	<b>PARTY ENTITLED TO BENEFIT</b>	<b>PARTY RESPONSIBLE</b>
<b><i>For the benefit of both parties</i></b>			
1.	<b>Orders convening Meeting</b> The Court makes orders convening the Scheme Meeting under section 411(1) of the Corporations Act.	Northern Star and Saracen, but cannot be waived	Saracen
2.	<b>Saracen Shareholder Approval</b> Before 7.00 am (Perth time) on the Second Court Date, Saracen Shareholder Approval is obtained at the Scheme Meeting (or any adjournment or postponement of it) convened in accordance with the orders made under section 411(1) of the Corporations Act.	Northern Star and Saracen, but cannot be waived	Saracen
3.	<b>Court approval of Scheme</b> Subject to clause 3.8, the Court makes orders under section 411(4)(b) of the Corporations Act approving the Scheme.	Northern Star and Saracen, but cannot be waived	Saracen
4.	<b>Order lodged with ASIC</b> An office copy of the Court order approving the Scheme under section 411(4)(b) of the Corporations Act is lodged with ASIC.	Northern Star and Saracen, but cannot be waived	Saracen
5.	<b>No regulatory actions</b> At 7.00 am (Perth time) on the Second Court Date, there is not in effect:  (a) any temporary, preliminary or final decision, order, injunction or decree issued by a court of competent jurisdiction or other Government Agency; or	Northern Star and Saracen	Northern Star and Saracen



	<b>CONDITION</b>	<b>PARTY ENTITLED TO BENEFIT</b>	<b>PARTY RESPONSIBLE</b>
	(b) any action or investigation by any Government Agency,  in consequence of or in connection with the Scheme which restrains, prohibits or impedes the implementation of the Scheme (including the acquisition of any or all of the Saracen Shares by Northern Star).		
6.	<b>ASX quotation</b>  Before 7.00 am (Perth time) on the Second Court Date, ASX has not indicated to Northern Star that it will not grant permission for the official quotation of the Consideration Shares on ASX from the Business Day following the Implementation Date.	Northern Star and Saracen	Northern Star
7.	<b>Northern Star financier consents</b>  By 7.00 am (Perth time) on the Second Court Date, all required consents or waivers in respect of any merger, acquisition, scheme of arrangement, restrictions on group finance debt or security interests (triggered by finance debt or security interests of any member of the Saracen Group) and obligations as to group guarantors (in respect of any member of the Saracen Group) or similar provisions existing in any financing or hedging arrangements of any member of the Northern Star Group have been given to Northern Star by the relevant financier or hedge counterparty (or an agent on its behalf) on terms acceptable to Northern Star and Saracen acting reasonably and in good faith.	Northern Star and Saracen	Northern Star
8.	<b>Material Saracen Facilities and Relevant Agreements</b>  By 7.00 am (Perth time) on the Second Court Date:  (a) in respect of each Material Saracen Facility, any of the following occurs:  (i) consent to or waiver of any change of control, merger, amalgamation, scheme of arrangement, delisting from ASX or similar provisions and any restriction on paying the Saracen Dividend existing in that Material Saracen Facility	Northern Star and Saracen	Saracen

	<b>CONDITION</b>	<b>PARTY ENTITLED TO BENEFIT</b>	<b>PARTY RESPONSIBLE</b>
	<p>has been given to Saracen on terms acceptable to Northern Star and Saracen acting reasonably and in good faith;</p> <p>(ii) a standstill agreement has been entered into between Saracen and the counterparty to that Material Saracen Facility, on terms acceptable to Northern Star and Saracen acting reasonably and in good faith; or</p> <p>(iii) Saracen has prepaid and cancelled all facilities under that Material Saracen Facility.</p> <p>(b) consent to any change of control, merger, amalgamation, scheme of arrangement, delisting from ASX or similar provisions existing in each of the Relevant Agreements has been given to Saracen by each counterparty to each of the Relevant Agreements on terms acceptable to Northern Star and Saracen acting reasonably and in good faith.</p>		
<b><i>For the benefit of Northern Star</i></b>			
9.	<p><b>No Saracen Material Adverse Effect</b></p> <p>No Saracen Material Adverse Effect occurs between the date of this document and 7.00 am (Perth time) on the Second Court Date.</p>	Northern Star	Saracen
10.	<p><b>No Saracen Prescribed Event</b></p> <p>No Saracen Prescribed Event occurs between the date of this document and 7.00 am (Perth time) on the Second Court Date.</p>	Northern Star	Saracen
11.	<p><b>No Saracen Regulated Event</b></p> <p>No Saracen Regulated Event occurs between the date of this document and 7.00 am (Perth time) on the Second Court Date.</p>	Northern Star	Saracen
12.	<p><b>Saracen representations and warranties</b></p> <p>Each of the representations and warranties given or made by Saracen under clause 15 is true and correct in all material respects as at the time it is given or made or if this is not</p>	Northern Star	Saracen

	<b>CONDITION</b>	<b>PARTY ENTITLED TO BENEFIT</b>	<b>PARTY RESPONSIBLE</b>
	the case the breach has been remedied in accordance with clause 14.1(a)(i)(C) or is not of such materiality that Northern Star could rely on clause 14.1(d) to terminate this document as a result of the breach.		
<b><i>For the benefit of Saracen</i></b>			
13.	<b>Independent Expert's Report</b> The Independent Expert issues the Independent Expert's Report, which concludes that the Scheme is in the best interest of Saracen Shareholders and the Independent Expert does not change, withdraw or qualify its conclusion in any written update to its Independent Expert's Report or withdraw the Independent Expert's Report prior to 7.00 am (Perth time) on the Second Court Date.	Saracen	Saracen
14.	<b>No Northern Star Material Adverse Effect</b> No Northern Star Material Adverse Effect occurs between the date of this document and 7.00 am (Perth time) on the Second Court Date.	Saracen	Northern Star
15.	<b>No Northern Star Prescribed Event</b> No Northern Star Prescribed Event occurs between the date of this document and 7.00 am (Perth time) on the Second Court Date.	Saracen	Northern Star
16.	<b>No Northern Star Regulated Event</b> No Northern Star Regulated Event occurs between the date of this document and 7.00 am (Perth time) on the Second Court Date.	Saracen	Northern Star
17.	<b>Northern Star representations and warranties</b> Each of the representations and warranties given or made by Northern Star under clause 15 is true and correct in all material respects as at the time it is given or made or if this is not the case the breach has been remedied in accordance with clause 14.1(a)(i)(C) or is not of such materiality that Saracen could rely on clause 14.1(d) to terminate this document as a result of the breach.	Saracen	Northern Star

### 3.3 **Waiver of Conditions**

- (a) To avoid any doubt, the Conditions that the table in clause 3.2 specifies "cannot be waived", cannot be waived.
- (b) Subject to clause 3.3(a), if a Condition has been included for the benefit of:
  - (i) one party only, only that party may, in its sole and absolute discretion, waive the breach or non-fulfilment of the Condition;
  - (ii) more than one party, the breach or non-fulfilment of the Condition may be waived only by the consent of all those parties.
- (c) The breach or non-fulfilment of a Condition may only be waived in writing.
- (d) If a party waives the breach or non-fulfilment of a Condition, that waiver precludes the party from suing another party for any breach of this document that resulted in the breach or non-fulfilment of the Condition.
- (e) Waiver of a breach or non-fulfilment in respect of one Condition does not constitute:
  - (i) a waiver of breach or non-fulfilment of any other Condition resulting from the same event; or
  - (ii) a waiver of breach or non-fulfilment of that Condition resulting from any other event.
- (f) Subject to clause 3.7, any waiver of a breach or non-fulfilment of a Condition must take place prior to 8:00 am (Perth time) on the Second Court Date.

### 3.4 **Satisfaction of Conditions**

Each party must:

- (a) use its best endeavours (other than waiver) to ensure and procure that each Condition for which that party is responsible (as set out in the table in clause 3.2, and whether solely or jointly) is satisfied as soon as practicable after the date of this document and continues to be satisfied until the last time it is to be satisfied (as the context requires);
- (b) not take any action or refrain from taking any action (except as required by law) designed to prevent the Conditions being satisfied, without the prior consent of the other party; and
- (c) where it is reasonable and lawful for it do so, provide any information or assistance reasonably requested by the other party to satisfy a Condition for which the other party is solely responsible for satisfying.

### 3.5 **Notifications**

Each party must:

- (a) keep the other party promptly and reasonably informed of the steps it has taken and of its progress towards satisfaction of the Conditions;
- (b) promptly notify the other party in writing if it becomes aware that any Condition has been satisfied, in which case the notifying party must provide reasonable evidence to the other party that the Condition has been satisfied if requested by the other party; and

- (c) promptly notify the other party in writing of any circumstances of which it becomes aware which has resulted in or may result in any of the Conditions being breached or not being satisfied in accordance with its terms; and
- (d) on receipt of a notice given under clause 3.5(c), as soon as reasonably practicable and in any event no later than 8.00 am (Perth time) on the Second Court Date, give notice to the other party stating whether or not the breach or non-fulfilment of any Condition the subject of the notice given under clause 3.5(c) is waived.

### 3.6 **Parties to provide certificate to Court**

- (a) Before 8.00 am (Perth time) on the Second Court Date, each party must provide:
  - (i) to the other party, and to the Court, a certificate signed by a duly authorised representative (or such other evidence as the Court requests) confirming whether or not the Conditions set out in clause 3.2 included for its benefit (whether solely or jointly), other than the Conditions in items 3 and 4 in clause 3.2, have been satisfied or waived in accordance with this document; and
  - (ii) to the other party a certificate signed by a duly authorised representative stating whether or not:
    - (A) it has materially breached any of its obligations under this document; and
    - (B) each of the representations and warranties given by it under clause 15 is true and accurate in all material respects as at the time(s) it is given or made under clause 15.
- (b) A certificate provided under clause 3.6(a)(i) constitutes conclusive evidence that the relevant Conditions have been fulfilled, waived or taken to be waived.

### 3.7 **If a Condition is not fulfilled or waived**

If:

- (a) any Condition is not satisfied or (where capable of waiver) waived by the time or date specified in this document for its satisfaction;
- (b) for any reason, a Condition is not capable of being satisfied, or a circumstance occurs which is reasonably likely to result in a Condition not being capable of being satisfied, and the Condition has not for the time being been waived in accordance with clause 3.3 or cannot be waived; or
- (c) the Scheme has not become Effective by 11.59 pm (Perth time) on the End Date, then the parties must promptly consult in good faith to determine whether to:
  - (d) proceed by way of alternative means or method so as to achieve a commercial outcome that is substantially the same as the Scheme;
  - (e) extend the relevant time or date for satisfaction of a particular Condition or Conditions;
  - (f) change the date of the application to be made to the Court for orders under section 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed by the parties;

- (g) extend the End Date; or
- (h) do any combination of the matters listed in clauses 3.7(d) to 3.7(g) (inclusive).

### 3.8 **Court approval**

If the Court's approval of the Scheme in accordance with section 411(4) of the Corporations Act would impose any terms or conditions other than those set out in the Scheme, then each such term or condition must be approved in writing by Northern Star and Saracen (both acting reasonably) prior to the Court granting the final orders and if not so agreed, the Condition in item 3 of clause 3.2 will not be satisfied.

### 3.9 **Scheme voted down**

If Saracen Shareholder Approval is not obtained at the Scheme Meeting by reason only of the non-satisfaction of the Headcount Test, and it appears to either party (acting reasonably) that there are reasonable grounds on which an application could be made to the Court to exercise its discretion under section 411(4)(a)(ii)(A) of the Corporations Act to disregard the Headcount Test (**Order**), that party may give notice to the other within three Business Days after the Scheme Meeting setting out those grounds and if such notice is given:

- (a) Saracen must, promptly after such notice is given, apply to Court for the Order by making such submissions to the Court, and filing such evidence, as counsel engaged by Saracen to represent it in Court proceedings related to the Scheme, in consultation with Northern Star, considers is reasonably required to persuade the Court to exercise its discretion; and
- (b) the cost of the application for the Order is to be borne equally between the parties.

## 4. **OBLIGATIONS OF THE PARTIES**

### 4.1 **Timetable**

Without limiting clause 2.1, each of Northern Star and Saracen acknowledges and agrees that:

- (a) failure by a party to meet any timeframe or deadline set out in the Timetable will not constitute a breach of clause 4.2 (by Saracen) or clause 4.3 (by Northern Star) provided that the party has been working in good faith and in a timely manner to meet the timeframe or deadline or to the extent that such failure is due to circumstances and matters outside the party's control;
- (b) each party must:
  - (i) keep the other party informed about their progress against the Timetable; and
  - (ii) notify each other if it believes that any of the dates in the Timetable are unachievable; and
- (c) where any dates in the Timetable become unachievable, the parties will consult in good faith to agree how to implement the Scheme as soon as reasonably practicable.

## 4.2 Saracen obligations

Saracen must take all steps reasonably necessary to propose and implement the Scheme in accordance with this document as soon as reasonably practicable, and use reasonable endeavours to do so in accordance with the Timetable, including that Saracen must:

- (a) **(Saracen Board recommendation and director intentions)** on the date of this document, and in accordance with clause 9.1, make an Announcement, in a form agreed between Northern Star and Saracen, which includes a statement (on the basis of written statements made to it by each of its directors) that:
  - (i) the Saracen directors unanimously recommend that Saracen Shareholders vote in favour of the Scheme at the Scheme Meeting; and
  - (ii) each director of Saracen who holds Saracen Shares intends to vote his or her Saracen Shares in favour of the Scheme at the Scheme Meeting,

in each case, subject only to no Superior Proposal emerging and to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interest of Saracen Shareholders;

- (b) **(directors' support):**
  - (i) procure that Saracen's directors maintain the recommendation referred to in clause 4.2(a)(i) and the voting intention referred to in clause 4.2(a)(ii) until the Implementation Date, unless:
    - (A) a Superior Proposal is received by Saracen or announced and either:
      - (aa) five Business Days have passed after Saracen gives a Matching Right Notice without Northern Star having made a Counter Proposal; or
      - (bb) Northern Star makes a Counter Proposal within that five Business Day period and the Saracen Board acting in good faith determines that the terms and conditions of the Counter Proposal taken as a whole would not provide an equivalent or superior outcome to shareholders of Saracen than those in the relevant Competing Proposal; or
    - (B) the Independent Expert concludes (either in its initial Independent Expert's Report or in any written update, revision, amendment, addendum or supplementary reports to it) that the Scheme is not in the best interest of Saracen Shareholders, or the Independent Expert withdraws its Independent Expert's Report prior to 7.00 am (Perth time) on the Second Court Date,

and provided that, in each case, Saracen has complied with its obligations under clause 10.

- (ii) For the purposes of this document, if a Competing Proposal is publicly announced by a third party in respect of Saracen, the release by Saracen of one or more Announcements to the effect that Saracen Shareholders should take no action while the Saracen Board considers its response will not (in and of itself) be regarded as a failure of Saracen directors to maintain the recommendation referred to in clause 4.2(a)(i) and the voting intention referred to in clause 4.2(a)(ii), provided that the Announcement contains a statement to the effect that Saracen remains committed to the merger with

Northern Star and will continue to comply with its obligations under this document.

- (c) **(Independent Expert's Report):**
  - (i) commission the preparation of the Independent Expert's Report and provide all assistance and information reasonably requested by the Independent Expert to enable it to prepare the Independent Expert's Report; and
  - (ii) provide to Northern Star successive drafts of the Independent Expert's Report for the purposes of a factual review only, and provide any of Northern Star's reasonable comments on the Independent Expert's Report to the Independent Expert;
- (d) **(prepare Scheme Booklet)** prepare the Scheme Booklet and provide successive drafts of the Scheme Booklet to Northern Star for the purpose of enabling Northern Star to review and comment on those drafts and ensure that the Scheme Booklet includes all information required by applicable laws, ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules;
- (e) **(Merged Group Information)** promptly prepare and provide to Northern Star any information regarding the Saracen Group reasonably required in order for Northern Star to prepare the Merged Group Information for inclusion in the Scheme Booklet;
- (f) **(Court documents)** prepare all documents necessary for the Court proceedings relating to the Scheme in accordance with all applicable laws, and:
  - (i) promptly provide successive drafts of those documents (including any affidavits given by any Representative of Saracen) to Northern Star for the purpose of enabling Northern Star to review and comment on those drafts; and
  - (ii) take into account Northern Star's reasonable comments in relation to the documents required for the Court proceedings;
- (g) **(due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the Saracen Information and, once such processes have been completed, provide written confirmation to Northern Star of their completion;
- (h) **(consult with Northern Star)** without limiting clauses 4.2(d) to 4.2(f), in a timely manner consult with Northern Star as to the form and content of all material documents required for the purposes of the Scheme, including the Scheme Booklet, including taking into account Northern Star's reasonable comments on drafts of the Scheme Booklet, and incorporating the Northern Star Information;
- (i) **(lodgement of ASIC Review Draft)** as soon as reasonably practicable, and no later than 14 days before the First Court Date, provide a draft of the Scheme Booklet to ASIC as contemplated by section 411(2) of the Corporations Act;
- (j) **(keep Northern Star informed)** keep Northern Star reasonably informed and consult with Northern Star in relation to any material matters raised by ASIC or ASX in relation to the Scheme Booklet or the Scheme, including by consulting with Northern Star in relation to the making of any material submission in writing to ASIC or ASX in connection with such matters;
- (k) **(apply to Court for order to convene Meeting)** apply to the Court under section 411(1) of the Corporations Act for an order directing Saracen to convene the Scheme Meeting;



- (l) (**register Scheme Booklet**) if the Court directs Saracen to convene the Scheme Meeting, request ASIC to register the Scheme Booklet under section 412(6) of the Corporations Act;
- (m) (**convene Scheme Meeting**) convene the Scheme Meeting in accordance with any order made by the Court under section 411(1) of the Corporations Act;
- (n) (**dispatch Scheme Booklet**) as expeditiously as practicable following an order made by the Court under section 411(1) of the Corporations Act, dispatch a copy of the Scheme Booklet to each Saracen Shareholder and to all other persons entitled to receive notice of the Scheme Meeting;
- (o) (**inform Saracen Shareholders**) if it becomes aware after the date of dispatch of the Scheme Booklet that any information included in the Scheme Booklet (including by incorporation into the Merged Group Information) is or has become misleading or deceptive in any material respect (whether by omission or otherwise) or otherwise does not comply with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules, including due to any further or new information of which Saracen becomes aware, subject to applicable laws and any order of the Court:
  - (i) promptly advise Northern Star;
  - (ii) if that information is Saracen Information, promptly provide to Northern Star such further information in relation to the Saracen Group as may be reasonably required by Northern Star to update the Merged Group Information so that is not misleading or deceptive in any material respect (whether by omission or otherwise) and otherwise complies with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules;
  - (iii) consult with Northern Star as to the form and content of any supplementary disclosure to Saracen Shareholders;
  - (iv) consider in good faith any comments provided by or on behalf of Northern Star on the form and content of the supplementary disclosure; and
  - (v) inform Saracen Shareholders of such information in an appropriate and timely manner (with Northern Star's prior written consent, to the extent the information is "Northern Star Information");
- (p) (**promote Scheme**) participate in efforts reasonably requested by Northern Star to promote the merits of the Scheme including, where requested by Northern Star, meeting with key Saracen Shareholders;
- (q) (**section 411(17)(b) statement**) if Saracen Shareholder Approval is obtained, apply to ASIC for the production of a statement under section 411(17)(b) of the Corporations Act in relation to the Scheme;
- (r) (**proxy reports**) keep Northern Star informed on the status of proxy forms received by its share registry for the Scheme Meeting, including:
  - (i) on the day that is 15 Business Days before the Scheme Meeting;
  - (ii) on each Business Day following the day that is 15 Business Days before the Scheme Meeting, up to the deadline for the receipt of proxy forms; and
  - (iii) immediately following the deadline for the receipt of proxy forms;

- (s) **(Court approval)** subject to satisfaction or waiver of all Conditions other than the Conditions in items 3 and 4 of clause 3.2, apply to the Court for orders approving the Scheme under section 411(4) of the Corporations Act;
- (t) **(provide certificate)** before 8.00 am (Perth time) on the Second Court Date, give to Northern Star and the Court the certificate referred to in clause 3.6;
- (u) **(lodge copy of order)** if the Court approves the Scheme under section 411(4) of the Corporations Act, lodge an office copy of the Court order with ASIC in accordance with section 411(10) of the Corporations Act no later than the first Business Day after the day on which the Court approves the Scheme;
- (v) **(representation at Court hearings)** procure that it is represented by Senior Counsel or Queen's Counsel at the Court hearings convened for the purposes of sections 411(1) and 411(4)(b) of the Corporations Act;
- (w) **(provision of information to Northern Star)** provide Northern Star with such information as Northern Star reasonably requests in relation to the shareholdings of Saracen Shareholders in a form reasonably requested by Northern Star for the purposes of Northern Star canvassing approval and soliciting votes in favour of the Scheme by Saracen Shareholders and otherwise promoting the Scheme;
- (x) **(third party consents)** keep Northern Star informed as to Saracen's progress in obtaining the consents referred to in the Condition in item 8 of clause 3.2, whether or not Northern Star and Saracen waive that Condition at any time in accordance with clause 3.3;
- (y) **(Scheme)** do all things within its power that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme; and
- (z) **(Implementation):** subject to the Scheme becoming Effective:
  - (i) apply to ASX to suspend trading in Saracen Shares with effect from the close of trading on the Effective Date, or such other date and time agreed between Northern Star and Saracen;
  - (ii) give to the share registry of Northern Star details of the names, registered addresses and holdings of Saracen Shares of every Saracen Shareholder as shown in the Saracen Share Register on the Scheme Record Date, in such form as Northern Star may reasonably require, and determine Saracen Shareholders' respective entitlements to the Scheme Consideration in accordance with the Scheme;
  - (iii) register all transfers of Saracen Shares to Northern Star on the Implementation Date (subject to provision of the Scheme Consideration in accordance with the Scheme and Deed Poll); and
  - (iv) take all steps reasonably necessary for Saracen to be removed from the official list of ASX on the Business Day following Implementation, including lodging a request for removal with ASX prior to the Implementation Date and satisfying any conditions reasonably required by ASX for it to act on that request.

#### 4.3 Northern Star obligations

Northern Star must take all steps reasonably necessary to assist Saracen to propose and implement the Scheme in accordance with this document as soon as reasonably practicable,

and use reasonable endeavours to do so in accordance with the Timetable, including that Northern Star must:

- (a) **(Announcement)** on the date of this document, and in accordance with clause 9.1, make an Announcement, in a form agreed between Northern Star and Saracen, which includes a statement (on the basis of written statements made to it by each of its directors) that the Northern Star directors unanimously endorse and support the Scheme, subject to no Superior Proposal (for Northern Star) emerging;
- (b) **(directors' support)** procure that Northern Star's directors maintain the unanimous endorsement and support for the Scheme referred to in clause 4.3(a) until the Implementation Date, unless a Superior Proposal in relation to Northern Star is received by Northern Star or announced and Northern Star has complied with its obligations under clause 10;
- (c) **(Independent Expert's Report)** provide all assistance and information reasonably requested by Saracen or the Independent Expert in connection with the preparation of the Independent Expert's Report (and any update or variation to the Independent Expert's Report);
- (d) **(Scheme Booklet):**
  - (i) prepare the Northern Star Information for inclusion in the Scheme Booklet in accordance with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes and the ASX Listing Rules; and
  - (ii) provide Saracen with drafts of the Northern Star Information in a timely manner and consider in good faith any reasonable comments provided by or on behalf of Saracen;
- (e) **(assistance)** provide any assistance or information reasonably requested by Saracen in connection with the preparation of the Scheme Booklet (including any supplementary disclosure to Saracen Shareholders) including promptly reviewing and providing comments on drafts of the Scheme Booklet given to Northern Star by Saracen;
- (f) **(due diligence and verification)** undertake appropriate due diligence and verification processes in relation to the Northern Star Information and, after those processes have been completed, provide on or before the First Court Date an affidavit to the Court confirming the due diligence and verification processes undertaken and their completion;
- (g) **(consent)** promptly after Saracen requests that it does so, confirm in writing to Saracen that it consents in writing to the inclusion of the Northern Star Information in the Scheme Booklet (or any supplementary disclosure to Saracen Shareholders in respect of the Scheme);
- (h) **(Court documents)** promptly:
  - (i) review and provide comments on the drafts of the documents necessary to the Court proceedings relating to the Scheme given to Northern Star by Saracen;
  - (ii) provide Saracen with such evidence as is reasonably recommended by Saracen's counsel to be provided by Northern Star in connection with the Court proceedings; and
  - (iii) provide successive drafts of each affidavit or other document to be provided by Northern Star (or its Representatives) necessary for the Court proceedings

in relation to the Scheme to Saracen for the purpose of enabling Saracen to review and comment on those drafts;

- (i) **(liaison with ASIC and ASX)** promptly provide assistance reasonably requested by Saracen in resolving any matter raised by ASIC or ASX regarding the Scheme, Scheme Booklet, or any supplementary disclosure by Saracen to Saracen Shareholders in connection with the Scheme;
- (j) **(further information)**: if it becomes aware that any information in the Scheme Booklet is or has become misleading or deceptive in any material respect (including because of any material omission) or otherwise does not comply with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules, including due to any further or new information of which Northern Star becomes aware after despatch of the Scheme Booklet:
  - (i) promptly advise Saracen;
  - (ii) consult with Saracen as to the form and content of any supplementary disclosure to Saracen Shareholders; and
  - (iii) if the information is Northern Star Information:
    - (A) promptly prepare such updates to the Northern Star Information for inclusion in supplementary disclosure by Saracen to Saracen Shareholders as is reasonably required to ensure that the Northern Star Information is not misleading or deceptive in any material respect (whether by omission or otherwise) and otherwise complies with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules; and
    - (B) provide Saracen with drafts of the updates to the Northern Star Information in a timely manner, and consider in good faith any reasonable comments provided by or on behalf of Saracen;
- (k) **(Deed Poll)** on the date of this document, duly execute and enter into the Deed Poll and deliver it to Saracen, and comply with its obligations under the Deed Poll;
- (l) **(provide certificate)** before 8.00 am (Perth time) on the Second Court Date, give to Saracen and the Court the certificate referred to in clause 3.6;
- (m) **(Consideration Shares)** apply for the Consideration Shares to be approved for official quotation on ASX subject to the Scheme becoming Effective and use reasonable endeavours to obtain ASX's approval for official quotation from the Business Day after the Effective Date, initially on a deferred settlement basis, and with effect from the first Business Day after the Implementation Date on an ordinary (T+2) basis;
- (n) **(share transfer)** if the Scheme becomes Effective, execute and deliver instruments of transfer in respect of the Scheme Shares and accept a transfer of the Scheme Shares as contemplated by the Scheme;
- (o) **(director and officer changes)** comply with its obligations under clause 6.1;
- (p) **(Scheme Consideration)** subject to the Scheme becoming Effective, on the Implementation Date, provide the Scheme Consideration as contemplated by the Scheme and in accordance with the Deed Poll; and
- (q) **(Scheme)** do all things within its power that are reasonably necessary to lawfully give effect to the Scheme and the orders of the Court approving the Scheme.

#### 4.4 **Scheme Booklet content and responsibility statements**

- (a) The Scheme Booklet will contain a responsibility statement to the effect that:
  - (i) Saracen is responsible for the Saracen Information contained in the Scheme Booklet and is not responsible for the Northern Star Information; and
  - (ii) Northern Star is responsible for the Northern Star Information contained in the Scheme Booklet and is not responsible for the Saracen Information.
- (b) If the parties disagree on the form or content of the Scheme Booklet or any supplementary disclosure to Saracen Shareholders in respect of the Scheme, the parties must consult in good faith to try to settle on an agreed form of the Scheme Booklet or supplementary disclosure.
- (c) If, after a reasonable period of consultation under clause 4.4(b) and in any event 5 Business Days (or such longer period as the parties approve in writing), Northern Star and Saracen are unable to agree on the form or content of the Scheme Booklet:
  - (i) where the determination relates to Northern Star Information, Northern Star (acting in good faith) will make the final determination as to the form and content of that information; and
  - (ii) in any other case, Saracen (acting in good faith) will make the final determination as to the form and content of the Scheme Booklet.

### 5. **PRE-IMPLEMENTATION OBLIGATIONS**

#### 5.1 **Conduct of the business**

- (a) Subject to clause 5.2, each of Northern Star and Saracen must, during the period commencing on the date of this document and ending on the Implementation Date:
  - (i) conduct (and must procure that each of their respective subsidiaries conduct) its business:
    - (A) in the ordinary course and in compliance with all applicable laws, regulations and regulatory approvals; and
    - (B) in substantially the same manner and at the same locations as conducted during the period:
      - (aa) commencing on the date of completion of the parties' respective acquisitions of a 50% interest in the Kalgoorlie Super Pit; and
      - (bb) ending on the date of this document;
  - (ii) use reasonable efforts to:
    - (A) preserve intact its business organisation;
    - (B) retain the services of its key officers and employees;
    - (C) preserve its relationship with financiers, customers, suppliers, licensors, licensees, Government Agencies and others having business dealings with it; and

(D) maintain its business and assets, including maintaining at least its current level of insurance,

as in place on the date of this document;

(iii) keep the other party informed of any material developments concerning the financial affairs or conduct of its business and the businesses of its subsidiaries; and

(iv) promptly provide copies of any material correspondence between a Government Agency and it or any of its subsidiaries;

## 5.2 **Exception**

(a) Clause 5.1 does not apply to anything:

(i) which the party is required to do, permitted to do or is permitted not to do, under or in accordance with this document or the Scheme;

(ii) which has been Fairly Disclosed in the Saracen Disclosure Material or in the Northern Star Disclosure Material (as applicable);

(iii) required by law, stock exchange listing rules or by order of a court or any applicable Government Agency;

(iv) required to be done to reasonably and prudently respond to an emergency or disaster (including a situation giving rise to a risk of personal injury or material damage to property); or

(v) in respect of which the other party has provided its consent (such consent not to be unreasonably withheld or delayed).

(b) For the avoidance of doubt, nothing in clause 5.1 restricts the ability of Saracen to respond to a Competing Proposal, subject to clauses 10 and 11.

## 5.3 **No Regulated Events or Prescribed Events**

(a) Subject to clause 11.2(d), during the period commencing on the date of this document and ending on the Implementation Date, Northern Star must ensure that no member of the Northern Star Group:

(i) takes or fails to take any action that constitutes, or that could reasonably be expected to result in or otherwise give rise to, a Northern Star Regulated Event or a Northern Star Prescribed Event; or

(ii) authorises, commits or agrees to do any such thing.

(b) During the period commencing on the date of this document and ending on the Implementation Date, Saracen must ensure that no member of the Saracen Group:

(i) takes or fails to take any action that constitutes, or that could reasonably be expected to result in or otherwise give rise to, a Saracen Regulated Event or a Saracen Prescribed Event; or

(ii) authorises, commits or agrees to do any such thing.

#### 5.4 Transition Team and access

- (a) As soon as practicable following the date of this document, Northern Star and Saracen must establish a Transition Team comprising:
  - (i) Darren Stralow and Morgan Ball (as Co-Chairs of the Transition Team); and
  - (ii) representatives of each of Saracen and Northern Star from a range of business functions as Northern Star and Saracen may agree from time to time.
- (b) Between (and including) the date of this document and the Implementation Date, the Transition Team will act as a forum for discussion and planning by Northern Star and Saracen to oversee and implement the Scheme. The Transition Team will determine the frequency and format of its meetings from time to time.
- (c) From the date of this document and up to and including the Implementation Date, subject to applicable laws, each party must give (and must procure each of its subsidiaries gives) the other party reasonable access to its records (subject to any existing confidentiality obligations owed to third parties), premises, and such senior executives, as reasonably requested by the other party at mutually convenient times for the purpose of:
  - (i) understanding the financial position and operations of it and its subsidiaries including the cashflow and working capital position of each of them;
  - (ii) planning for integrating the business of Saracen with the business of Northern Star;
  - (iii) understanding the operations of the business of it and its subsidiaries;
  - (iv) planning for Implementation; and
  - (v) any other purpose which is agreed in writing between the parties.
- (d) To avoid doubt, Northern Star and Saracen acknowledge and agree that:
  - (i) the requirements of this clause 5 are subject to the prohibitions contained in the *Competition and Consumer Act 2010* (Cth) and all other applicable laws;
  - (ii) the Transition Team is a consultative body only that will make recommendations to Northern Star and Saracen, and the members of the Transition Team have no power to bind, or to give any consent, approval or waiver on behalf of, the party of which they are a representative;
  - (iii) the business of each of Northern Star and Saracen will continue to operate independently of the other until (and subject to) Implementation; and
  - (iv) nothing in this clause 5.3 or elsewhere in this document:
    - (A) requires either Northern Star or Saracen to act at the direction of the other;
    - (B) constitutes the relationship of a partnership, joint venture or similar between Northern Star and Saracen;
    - (C) requires a party to take any action that would reasonably be expected to conflict with or violate that party's constituent documents or any applicable law;

- (D) requires a party to provide information to the other party concerning their directors' or management's consideration of the Scheme or, in the case of Saracen, a Competing Proposal (without limiting Saracen's obligations under clauses 10 or 11);
- (E) requires a party to provide or procure the provision of information or access to the other party if such provision would result in unreasonable disruptions to, or interference with, the other party or its subsidiary's business;
- (F) requires a party to provide information concerning the party or its subsidiaries' business that, in the reasonable opinion of the disclosing party:
  - (aa) is commercially sensitive;
  - (bb) is subject to an existing confidentiality obligation to a third party;
  - (cc) would require a party to make further disclosures to any other entity or to a Government Agency; or
  - (dd) would compromise legal privilege;
- (G) gives a party any rights to undertake further due diligence; or
- (H) gives a party any rights as to the decision making of the other party (or its subsidiaries).

#### 5.5 **Change of control consents**

- (a) As soon as reasonably practicable after the date of this document, Saracen must seek to identify any change of control or similar provisions in favour of any counterparty in any Material Saracen Facility and in each of the Relevant Agreements which would, or would reasonably be likely to, be triggered by Implementation (**Change of Control Right**).
- (b) In respect of each of the Relevant Agreements with a Change of Control Right:
  - (i) Saracen and Northern Star must use reasonable endeavours to agree a proposed strategy for obtaining, prior to 7:00 am (Perth time) on the Second Court Date, any required consents;
  - (ii) following agreement of the proposed strategy, Saracen must seek the required consents in accordance with the agreed strategy; and
  - (iii) Northern Star must provide reasonable assistance to Saracen in connection with seeking the required consents, including by promptly providing any information reasonably required by the relevant counterparty and making Representatives available, where possible, necessary and reasonable, to meet with the relevant counterparty in connection with seeking the required consents.
- (c) In respect of each Material Saracen Facility with a Change of Control Right, unless Saracen prepaays and cancels the applicable Material Saracen Facility:
  - (i) Saracen and Northern Star must use reasonable endeavours to agree a proposed strategy for obtaining, prior to 7:00 am (Perth time) on the Second Court Date, any required consents (including, for the avoidance of doubt,



- entry into any standstill agreement) on terms reasonably acceptable to Northern Star (acting reasonably);
- (ii) following agreement of the proposed strategy, Saracen must seek the required consents in accordance with the agreed strategy; and
  - (iii) Northern Star must provide reasonable assistance to Saracen in connection with seeking the required consents, including by promptly providing any information reasonably required by the relevant counterparty and making Representatives available, where possible, necessary and reasonable, to meet with the relevant counterparty, in connection with seeking the required consents.
- (d) In respect of each Northern Star financier consent in respect of any merger, acquisition, scheme of arrangement, restrictions on group finance debt or security interests (triggered by finance debt or security interests of any member of the Saracen Group) and obligations as to group guarantors (in respect of any member of the Saracen Group) or similar provisions existing in any financing or hedging arrangements of any member of the Northern Star Group:
- (i) Saracen and Northern Star must use reasonable endeavours to agree a proposed strategy for obtaining, prior to 7:00 am (Perth time) on the Second Court Date, any required consents;
  - (ii) following agreement of the proposed strategy, Northern Star must seek the required consents in accordance with the agreed strategy; and
  - (iii) Saracen must provide reasonable assistance to Northern Star in connection with seeking the required consents, including by promptly providing any information reasonably required by the relevant counterparty and making Representatives available, where possible, necessary and reasonable, to meet with the relevant counterparty, in connection with seeking the required consents.
- (e) To avoid doubt, subject to complying with clauses 5.5(a) and (b), and without limiting clause 3.4 insofar as item 8 of clause 3.2 is concerned, a failure by Saracen to obtain any consent in respect of a Change of Control Right will not constitute a breach of this document by Saracen.

## 5.6 **Information on representations and warranties**

From the date of this document and up to and including the Implementation Date each party must promptly give to the other party details of any matter or occurrence that it becomes aware of which has resulted, will result, or is reasonably likely to result, in any representation or warranty given under this document by the first-mentioned party being inaccurate in a material respect.

## 5.7 **Information provided subject to confidentiality obligation**

All information provided under or in connection with this document is subject to the terms of the Mutual Confidentiality Agreement which continues to have full force and effect subject to this document.

## 6. DIRECTORS AND EMPLOYEES

### 6.1 Merged Group board composition

- (a) On and from the Implementation Date, subject to the Scheme Consideration being issued and receipt by Northern Star of duly signed consents to act, the Northern Star Board will comprise:
- (i) Bill Beament, as Executive Chair;
  - (ii) Raleigh Finlayson, as Managing Director;
  - (iii) Anthony Kiernan, as Lead Independent Director;
  - (iv) Shirley In't Veld, as Non-Executive Director;
  - (v) Mary Hackett, as Non-Executive Director;
  - (vi) Nick Cernotta, as Non-Executive Director;
  - (vii) John Fitzgerald, as Non-Executive Director;
  - (viii) John Richards, as Non-Executive Director; and
  - (ix) Sally Langer, as Non-Executive Director.
- (b) To give effect to clause 6.1(a), on the Implementation Date, subject to the Scheme Consideration being issued and receipt by Northern Star of duly signed consents to act, Northern Star must:
- (i) effect the appointment of each Northern Star Incoming Director to the Northern Star Board; and
  - (ii) procure that each Northern Star Outgoing Director retires from the Northern Star Board, unconditionally and irrevocably releasing Northern Star from any claims they may have against Northern Star in their capacity as a director (without prejudice to any rights they may have under any deed of indemnity, access and insurance or policy of directors and officers insurance),
- in each case, in accordance with Northern Star's constituent documents, the Corporations Act and the ASX Listing Rules.

### 6.2 Merged Group senior management team composition

On and from the Implementation Date, subject to the Scheme Consideration being issued (and, as applicable, receipt by Northern Star of a duly signed consent to act), the Northern Star senior management team will comprise:

- (a) Bill Beament, as Executive Chairman;
- (b) Raleigh Finlayson, as Managing Director;
- (c) Stuart Tonkin, as Chief Executive Officer;
- (d) Morgan Ball, as Chief Financial Officer;
- (e) Luke Creagh, as Chief Operating Officer – Yandal / Pogo; and
- (f) Simon Jessop, as Chief Operating Officer – Kalgoorlie.

### 6.3 Saracen board composition

On and from the Implementation Date, subject to the Scheme Consideration being issued (and, as applicable, receipt by the applicable member of the Saracen Group of duly signed consents to act), Saracen must:

- (a) effect the appointment of each person nominated by Northern Star to the Saracen Board and the board of directors of each other member of the Saracen Group; and
- (b) procure that each director of Saracen and of all other members of the Saracen Group (other than any directors Northern Star and Saracen agree in writing will continue to be directors) retires from their position as director and unconditionally and irrevocably releases Saracen and each applicable other member of the Saracen Group from any claims they may have against any member of the Saracen Group in their capacity as a director (without prejudice to any rights they may have under any deed of indemnity, access and insurance or policy of directors and officers insurance),

in each case, in accordance with the relevant member of the Saracen Group's constituent documents, the Corporations Act and the ASX Listing Rules.

### 6.4 Deed of insurance and indemnity

- (a) Subject to the Scheme becoming Effective, each of Saracen and Northern Star undertakes, in favour of the Saracen Group and all of their respective past and present directors and officers, that it will:
  - (i) for a period of seven years after the Implementation Date, ensure that the constituent documents of Saracen and each other member of the Saracen Group continue to contain such rules as are contained in those constituent documents at the date of this document that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a member of the Saracen Group; and
  - (ii) from the Implementation Date, procure that Saracen and each member of the Saracen Group complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and, without limiting the foregoing, ensure that directors' and officers' run-off insurance cover for such directors and officers is maintained for a period of seven years from the retirement date of each director and officer.
- (b) Saracen may enter into a directors' and officers' run-off insurance policy in respect of any directors and officers (and relevant former directors and officers) of the Saracen Group for a period of up to 7 years following the Implementation Date (**D&O run-off policy**), provided that:
  - (i) Saracen engages an independent consultant (approved by Northern Star, such approval not to be unreasonably withheld or delayed) to run a tender process for the D&O run-off policy;
  - (ii) the independent consultant referred to in clause 6.4(b)(i) seeks at least three proposals for a D&O run-off policy from reputable insurers that have a rating that is similar to or better than the rating of the insurers for Saracen's directors' and officers' insurance policy in place as at the date of this document for the current financial year, which D&O run-off policy:
    - (A) has the same coverage;

- (B) has the same deductible or excess; and
- (C) is otherwise on terms substantially similar to,
  - the directors' and officers' insurance policies in place for the current directors or officers of Saracen;
- (iii) Saracen keeps Northern Star reasonably informed of all material developments in the tender process and provides a copy of the proposals received under the tender process to Northern Star; and
- (iv) the D&O run-off policy entered into by Saracen:
  - (A) is entered into before 7.00 am (Perth time) on the Second Court Date; and
  - (B) is the lowest cost policy (inclusive of the costs of brokerage, stamp duty and any other transactions costs) of the three proposals received under the tender process which complies with the requirements in clause 6.4(b)(ii).
- (c) Each party acknowledges that, provided that clause 6.4(b) has been complied with, the entry into directors' and officers' run-off insurance policies will not constitute a Saracen Prescribed Event or a Saracen Regulated Event.
- (d) The undertakings contained in clause 6.4(a):
  - (i) are subject to restrictions in the Corporations Act or in any other applicable law, and will be read down accordingly; and
  - (ii) that are given by Northern Star are given until the earlier of the end of the relevant period specified in that clause, or the relevant member of the Saracen Group ceases to be part of the Northern Star Group.
- (e) Saracen receives and holds the benefit of clause 6.4(a) to the extent it relates to each of the respective past and present directors and officers of Saracen and the other members of the Saracen Group, as trustee for them.

## 6.5 Release of Representatives of Northern Star

- (a) To the maximum extent permitted by law, Saracen releases its rights against, and will not make any Claim against, any past or present Representatives of Northern Star (other than Northern Star and the other members of the Northern Star Group) in connection with:
  - (i) anything done or purported to be done in connection with this document, the Scheme or Implementation including any breach of any of the obligations, representations and warranties of Northern Star or any other member of the Northern Star Group in this document;
  - (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
  - (iii) any failure to provide information,

except where the Representative has not acted in good faith or has engaged in wilful misconduct or fraud.

- (b) Nothing in clause 6.5(a) limits the rights of Saracen to make a Claim against Northern Star or any member of the Northern Star Group or to terminate this document.
- (c) Clause 6.5(a) is subject to restrictions contained in the Corporations Act or in any other applicable law and will be read down accordingly.
- (d) Northern Star holds the benefit of clause 6.5(a) to the extent it relates to each of the past and present Representatives of Northern Star, as trustee for them.

## 6.6 Release of Representatives of Saracen

- (a) To the maximum extent permitted by law, Northern Star releases its rights against, and will not make any Claim against, any past or present Representatives of Saracen (other than Saracen and the other members of the Saracen Group) in connection with:
  - (i) anything done or purported to be done in connection with this document, the Scheme or Implementation including any breach of any of the obligations, representations and warranties of Saracen or any other member of the Saracen Group in this document;
  - (ii) any disclosures containing any statement which is false or misleading (whether by omission or otherwise); or
  - (iii) any failure to provide information,

except where the Representative has not acted in good faith or has engaged in wilful misconduct or fraud.
- (b) Nothing in clause 6.6(a) limits the rights of Northern Star to make a Claim against Saracen or any member of the Saracen Group or to terminate this document.
- (c) Clause 6.6(a) is subject to restrictions contained in the Corporations Act or in any other applicable law and will be read down accordingly.
- (d) Saracen holds the benefit of clause 6.6(a) to the extent it relates to each of the past and present Representatives of Saracen, as trustee for them.

## 7. SARACEN UNLISTED SECURITIES AND SARACEN RESTRICTED SHARES

### 7.1 Treatment of Saracen Performance Rights

- (a) Saracen will procure that the Scheme will have the following effect on the Saracen Performance Rights on issue:
  - (i) upon Saracen Shareholder Approval being obtained, all Saracen Vesting Performance Rights and Saracen Vesting Retention Rights will automatically vest in accordance with their terms and, prior to the Scheme Record Date, either:
    - (A) expire; or
    - (B) be exercised, with any resulting Saracen Shares issued (or, in the case of the Saracen FY18 LTIP Performance Rights, transferred from CPU Share Plans Pty Ltd as trustee of the employee share trust) to the holder of those rights prior to the Scheme Record Date;

(ii) upon Saracen Shareholder Approval being obtained, all Saracen Vesting RF Retention Rights held by Mr Raleigh Finlayson will automatically vest in accordance with their terms and, prior to the Scheme Record Date, either:

(A) expire; or

(B) be exercised by Mr Raleigh Finlayson, with any resulting Saracen Shares issued to Mr Raleigh Finlayson prior to the Scheme Record Date,

and will procure that Mr Raleigh Finlayson agrees to:

(C) a holding lock to 30 June 2021 being applied to 7,839 Consideration Shares issued to Mr Raleigh Finlayson in respect of the vesting and exercise of the Saracen Vesting RF Retention Rights with a 3 year performance period, in accordance with clause 7.1(a)(ii)(B);

(D) a holding lock to 30 June 2022 being applied to 29,398 Consideration Shares issued to Mr Raleigh Finlayson in respect of the vesting and exercise of the Saracen Vesting RF Retention Rights with a 4 year performance period, in accordance with clause 7.1(a)(ii)(B); and

(E) a holding lock to 30 June 2023 being applied to 42,333 Consideration Shares issued to Mr Raleigh Finlayson in respect of the vesting and exercise of the Saracen Vesting RF Retention Rights with a 5 year performance period, in accordance with clause 7.1(a)(ii)(B);

(iii) the Saracen Board will exercise its discretion to accelerate the vesting of the Saracen Discretionary Retention Rights such that those Saracen Discretionary Retention Rights, prior to the Scheme Record Date, either:

(A) expire; or

(B) are exercised, with any resulting Saracen Shares issued prior to the Scheme Record Date,

and will procure that the holders of the Saracen Discretionary Retention Rights each agree to:

(C) a holding lock to 30 June 2021 being applied to 50% of any Consideration Shares issued to the holder in respect of the vesting and exercise of the Saracen Discretionary Retention Rights with a 3 year performance period, in accordance with clause 7.1(a)(iii)(B);

(D) a holding lock to 30 June 2022 being applied to 50% of any Consideration Shares issued to the holder in respect of Saracen Discretionary Retention Rights with a 4 year performance period, in accordance with clause 7.1(a)(iii)(B); and

(E) a holding lock to 30 June 2023 being applied to 50% of any Consideration Shares issued to the holder in respect of Saracen Discretionary Retention Rights with a 5 year vesting period, in accordance with clause 7.1(a)(iii)(B); and

(iv) subject to the Scheme becoming Effective, on the Scheme Record Date:

(A) all Saracen Cancelling Performance Rights will be automatically cancelled in accordance with their terms; and

- (B) all Saracen Performance Rights that have vested in accordance with clauses 7.1(a)(i) to 7.1(a)(iii) and all Saracen FY18 LTIP Performance Rights that have vested, but which have not been exercised (or in respect of which the resulting Saracen Shares have not been issued) prior to the Scheme Record Date, will lapse.
- (b) Saracen and Northern Star acknowledge and agree that the terms of any holding lock to be applied to Consideration Shares in accordance with clause 7.1(a), including the conditions that apply to the lifting of any such holding lock, will be agreed between Saracen and Northern Star (each acting reasonably and in good faith).
- (c) Saracen covenants in favour of Northern Star that, as at the date of this document:
  - (i) all Saracen FY18 LTIP Performance Rights have vested in accordance with their terms; and
  - (ii) the resulting Saracen Shares in respect of all of the Saracen FY18 LTIP Performance Rights have been issued, such that there will be no increase in the number of Saracen Shares on issue as a result of the exercise by any person of any Saracen FY18 LTIP Performance Rights.

## 7.2 Treatment of NED Share Rights

Saracen will procure that:

- (a) upon Saracen Shareholder Approval being obtained, all Saracen NED Share Rights will continue to vest in accordance with their terms and, upon the Saracen Shareholder Approval occurring, prior to the Scheme Record Date, either:
  - (i) expire; or
  - (ii) be exercised, with any resulting Saracen Shares issued to the holder of those NED Share Rights prior to the Scheme Record Date; and
- (b) all holding locks applying to any resulting Saracen Shares are released prior to Implementation.

## 7.3 Covenant in respect of Saracen Unlisted Securities

Saracen covenants in favour of Northern Star that:

- (a) by no later than the Scheme Record Date, there will be no Saracen Unlisted Securities on issue;
- (b) all of the Saracen Unlisted Securities will have been cancelled and extinguished, or will have expired (including in accordance with the balance of this clause 7); and
- (c) there are no other performance rights, retention rights, share rights, options, warrants, convertible notes, instruments, shares or other securities (or offers or agreements to issue any of the foregoing) that may convert into Saracen Shares.

## 7.4 Release from restrictions on transfer

The Saracen Board will exercise any discretion, or take any other action, as is necessary to procure that any holding locks or other disposal restrictions applying to Saracen Shares are lifted prior to the Implementation Date, so as to enable the holders of those Saracen Shares to participate in the Scheme in respect of those Saracen Shares.

## 8. **DIVIDENDS**

Notwithstanding any other provision of this document:

- (a) Northern Star may pay the Northern Star Dividend; and
- (b) Saracen may pay the Saracen Dividend.

## 9. **ANNOUNCEMENT**

### 9.1 **Announcement of execution**

Immediately following execution of this document (or as otherwise agreed by Northern Star and Saracen), each of Northern Star and Saracen must make a joint Announcement in respect of the execution of this document and any other documents relating to the Scheme in a form agreed by them, and the Announcement will attach a copy of this document (excluding any commercially sensitive information).

### 9.2 **No Announcement**

Neither party may make an Announcement relating to the subject matter of this document or make public this document (or any of its terms) unless the Announcement or publication:

- (a) is required by this document;
- (b) has the prior approval of the other party; or
- (c) is required to be made by any applicable law or the ASX Listing Rules.

### 9.3 **Consultation on Announcements**

- (a) Subject to clause 9.3(b), if a party is permitted to make an Announcement under clause 9.2, it may only do so after:
  - (i) giving the other party such notice as is reasonably practicable in the circumstances of its intention to make the Announcement; and
  - (ii) consulting with the other party, to the extent reasonably practicable in the circumstances, as to the form and content of that Announcement (and after having taken all reasonable steps to restrict that disclosure to the greatest extent possible); and
  - (iii) providing the other party with a draft of the Announcement and an opportunity, to the extent reasonably practicable in the circumstances, to comment on the contents of the draft Announcement.
- (b) For the avoidance of doubt, nothing in this clause 9.3 requires the giving of prior notice or the taking of any action if doing so would lead to a party breaching an applicable law or the ASX Listing Rules.

### 9.4 **Excluded Announcements**

The requirements in clauses 9.2 and 9.3 do not apply to any Announcement relating to:

- (a) a Competing Proposal; or
- (b) the termination of this document in accordance with its terms.



## 10. EXCLUSIVITY

### 10.1 Existing discussions

- (a) Saracen represents and warrants to Northern Star that, as at the date of this document:
- (i) it is not a party to any agreement or arrangement with any third party entered into for the purposes of facilitating a Competing Proposal or Saracen Regulated Event;
  - (ii) it is not, directly or indirectly, participating in any discussions or negotiations with a third party that concern, or that could be reasonably expected to lead to, a Competing Proposal or Saracen Regulated Event;
  - (iii) any due diligence access granted to any third party for the purposes of such third party making, formulating, developing or finalising, or assisting in the making, formulation, development or finalisation of, a Competing Proposal or Saracen Regulated Event has been terminated; and
  - (iv) any third party to whom non-public information in relation to the Saracen Group has been provided or made available in the previous 24 months for the purposes of such third party making, formulating, developing or finalising, or assisting in the making, formulation, development or finalisation of, a Competing Proposal or Saracen Regulated Event, has been requested to immediately return or destroy that non-public information in accordance with the provisions of any confidentiality agreement with such third party.
- (b) Northern Star represents and warrants to Saracen that, as at the date of this document:
- (i) it is not a party to any agreement or arrangement with any third party entered into for the purposes of facilitating a Competing Proposal or Northern Star Regulated Event;
  - (ii) it is not, directly or indirectly, participating in any discussions or negotiations with a third party that concern, or that could be reasonably expected to lead to, a Competing Proposal or Northern Star Regulated Event; and
  - (iii) any due diligence access granted to any third party for the purposes of such third party making, formulating, developing or finalising, or assisting in the making, formulation, development or finalisation of, a Competing Proposal or Northern Star Regulated Event has been terminated.

### 10.2 No shop, no talk and no due diligence

During the Exclusivity Period, each of Saracen and Northern Star must not (and must ensure that none of their respective related bodies corporate or Representatives, nor any other person on their respective behalf) directly or indirectly:

- (a) **(no shop)** solicit, encourage, initiate or invite any offer, enquiry, expression of interest, discussion or proposal in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal or Regulated Event, or announce or communicate to any person any intention to do any of these things;
- (b) **(no talk)** subject to clause 10.3, negotiate or enter into, participate in or continue any discussion or negotiation in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal or Regulated Event, or otherwise

facilitate a Competing Proposal or Regulated Event, or announce or communicate to any person any intention to do any of these things; or

- (c) **(no due diligence)** without limiting clause 10.2(b), and at all times subject to clause 10.3, make available to any third party, or cause or permit any third party to receive, any non-public information relating to (in the case of Saracen) Saracen or any of its related bodies corporate or (in the case of Northern Star) Northern Star or any of its related bodies corporate that may reasonably be expected to assist such third party in formulating, developing or finalising a Competing Proposal or Regulated Event.

### 10.3 **Fiduciary exception**

The restrictions in clauses 10.2(b) and 10.2(c) do not:

- (a) in the case of Saracen, apply in respect of a Competing Proposal where:
  - (i) there has not been any breach of clause 10.2(a) in respect of that Competing Proposal;
  - (ii) the Saracen Board, acting in good faith and after taking written advice from Saracen's financial and legal advisers, determines that such Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
  - (iii) the Saracen Board, acting in good faith and after taking advice from Saracen's external legal advisers, determines that failing to respond or take or refrain from taking an action in response to such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Saracen Board to Saracen;
- (b) in the case of Northern Star, apply in respect of a Competing Proposal where:
  - (i) there has not been any breach of clause 10.2(a) in respect of that Competing Proposal;
  - (ii) the Northern Star Board, acting in good faith and after taking written advice from Northern Star's financial and legal advisers, determines that such Competing Proposal is, or may reasonably be expected to lead to, a Superior Proposal; and
  - (iii) the Northern Star Board, acting in good faith and after receiving advice from Northern Star's external legal advisers, determines that failing to respond or take or refrain from taking an action in response to such Competing Proposal would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Northern Star Board to Northern Star; or
- (c) prevent either party from disclosing non-public information to its auditors or advisers, or a Government Agency or regulatory body in the ordinary course of its business or as required under the applicable party's existing contractual obligations provided it is not done in a manner which is intended to circumvent the intent of clause 10.

## 11. NOTIFICATION AND MATCHING RIGHTS

### 11.1 Initial notification

(a) If, during the Exclusivity Period:

- (i) Saracen or any of its related bodies corporate or Representatives receives a Competing Proposal or is approached by a person in relation to a Competing Proposal; and
- (ii) Saracen proposes or determines to take any action in reliance on the exception in clause 10.3(a),

Saracen must, as soon as reasonably practicable (and in any event, within one Business Day of receiving the Competing Proposal):

- (iii) give Northern Star an Approach Notice in relation to that Competing Proposal; and
  - (iv) disclose the Proposal Details to Northern Star on a confidential basis except that Saracen may withhold the name (of the person who has made the Competing Proposal or approach) and other details which would otherwise be reasonably expected to identify that person if the Saracen Board, acting in good faith and on the basis of written advice from its external legal advisers, determines that giving those details to Northern Star would be likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Saracen Board to Saracen.
- (b) If Saracen is entitled under clause 11.1(a)(iv) to withhold the identity of the person who has made the Competing Proposal or approach, Saracen must use reasonable endeavours to obtain the consent of that person to disclose to Northern Star on a confidential basis that person's identity.

(c) If, during the Exclusivity Period:

- (i) Northern Star or any of its related bodies corporate or Representatives receives a Competing Proposal or is approached by a person in relation to a Competing Proposal; and
- (ii) Northern Star proposes or determines to take any action in reliance on the exception in clause 10.3(a),

Northern Star must, as soon as reasonably practicable (and in any event, within one Business Day of receiving the Competing Proposal):

- (iii) give Saracen an Approach Notice in relation to that Competing Proposal; and
  - (iv) disclose the Proposal Details to Saracen on a confidential basis except that Northern Star may withhold the name (of the person who has made the Competing Proposal or approach) and other details which would otherwise be reasonably expected to identify that person if the Northern Star Board, acting in good faith and on the basis of written advice from its external legal advisers, determines that giving those details to Saracen would be likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Northern Star Board to Northern Star.
- (d) If Northern Star is entitled under clause 11.1(c)(iv) to withhold the identity of the person who has made the Competing Proposal or approach, Northern Star must use

reasonable endeavours to obtain the consent of that person to disclose to Saracen a confidential basis that person's identity.

## 11.2 Matching right

- (a) If the Saracen Board determines that a Competing Proposal is a Superior Proposal, Saracen must as soon as is reasonably practicable (and in any event within one Business Day of making that determination):
  - (i) give Northern Star a Matching Right Notice; and
  - (ii) disclose the identity of the person(s) who has made the Superior Proposal to Northern Star on a confidential basis to the extent that those details were not previously disclosed to Northern Star under clause 11.1(a)(iv).
- (b) During the five Business Day period starting from the time that Saracen gives Northern Star a Matching Right Notice under clause 11.2(a)(i) (**Matching Period**):
  - (i) Saracen must not enter into, or agree to enter into, any binding documentation to give effect or implement the Competing Proposal;
  - (ii) Saracen must use reasonable endeavours to ensure that no director of Saracen makes any public statement recommending the Competing Proposal to its shareholders; and
  - (iii) Northern Star may offer to amend the terms of the Scheme, this document or make an alternative proposal to Saracen or the Saracen Shareholders with a view to providing an equivalent or a superior outcome for the Saracen Shareholders than those offered under the relevant Competing Proposal (**Counter Proposal**).
- (c) If, during the Matching Period, Northern Star makes a Counter Proposal:
  - (i) Saracen must use reasonable endeavours to procure that the Saracen Board considers the Counter Proposal in good faith before entering into, or agreeing to enter into, any binding documentation to give effect to or implement the Competing Proposal; and
  - (ii) if the Saracen Board acting in good faith determines that the terms and conditions of the Counter Proposal taken as a whole would provide an equivalent or superior outcome to shareholders of Saracen than those in the relevant Competing Proposal, then:
    - (A) Northern Star and Saracen must use their reasonable endeavours to agree and enter into such documentation as is necessary to give effect to and implement the Counter Proposal as soon as reasonably practicable; and
    - (B) Saracen must use its reasonable endeavours to procure that each director of Saracen makes a public statement recommending the Counter Proposal to the Saracen Shareholders, subject only to no Superior Proposal (in relation to that Counter Proposal) emerging and to the Independent Expert concluding (and continuing to conclude) that the Counter Proposal is in the best interest of Saracen Shareholders.

- (d) If:
- (i) Saracen makes an Announcement to ASX in respect of the receipt of a Competing Proposal by Saracen; and
  - (ii) by no later than 11.59 pm (Perth time) on the Saracen Trigger Date, Saracen has not notified Northern Star whether or not the Competing Proposal is a Superior Proposal or given Northern Star a Matching Right Notice under clause 11.2(a)(i),

then, during the Northern Star Release Period, Northern Star is automatically released from:

- (iii) all of its obligations under clause 10.2;
- (iv) all of its obligations under clause 3.4 insofar as they relate to the Condition in item 16 of clause 3.2 ("No Northern Star Regulated Event"), but for the avoidance of doubt that Condition will continue to apply (except to the extent it has been, or is subsequently, waived, in accordance with the terms of this document); and
- (v) all of its obligations under clause 5.3(a) in so far as they relate to any Northern Star Regulated Event provided Northern Star provides a Regulated Event Notice to Saracen no later than 5 Business Days prior to taking or refraining from taking a relevant action,

until Saracen notifies Northern Star that the Competing Proposal is not a Superior Proposal.

- (e) For the avoidance of doubt:
- (i) Northern Star will not breach any provision of this document as a result of taking or refraining from taking any action that is a Northern Star Regulated Event during the Northern Star Release Period provided it gives Saracen a Regulated Event Notice under clause 11.2(d)(v); and
  - (ii) notwithstanding any other provision of this document, Saracen will not be entitled to any Break Fee under clause 13.3 in respect of, or in any way arising out of or relating to the occurrence of, any Northern Star Regulated Event in respect of which, during the Northern Star Release Period, Northern Star enters into, or offers to accept or enter into, any binding agreement, arrangement or understanding to give effect to or implement the Northern Star Regulated Event, provided it has given Saracen a Regulated Event Notice under clause 11.2(d)(v).

- (f) If:
- (i) Northern Star makes an Announcement to ASX in respect of the receipt of a Competing Proposal by Northern Star; and
  - (ii) by no later than 11.59 pm (Perth time) on the Northern Star Trigger Date, Northern Star has not notified Saracen whether or not the Competing Proposal is a Superior Proposal,

then, during the Saracen Release Period, Saracen is automatically released from:

- (iii) all of its obligations under clause 10.2;

- (iv) all of its obligations under clause 3.4 insofar as they relate to the Condition in item 11 of clause 3.2 ("No Saracen Regulated Event"), but for the avoidance of doubt that Condition will continue to apply (except to the extent it has been, or is subsequently, waived, in accordance with the terms of this document); and
- (v) all of its obligations under clause 5.3(b) insofar as they relate to any Saracen Regulated Event provided Saracen provides a Regulated Event Notice to Northern Star no later than 5 Business Days prior to the taking or refraining from taking a relevant action,

until Northern Star notifies Saracen that the Competing Proposal is not a Superior Proposal.

- (g) For the avoidance of doubt:
  - (i) Saracen will not breach any provision of this document as a result of taking or refraining from taking any action that is a Saracen Regulated Event during the Saracen Release Period provided it gives Northern Star a Regulated Event Notice under clause 11.2(f)(v); and
  - (ii) notwithstanding any other provision of this document, Northern Star will not be entitled to any Break Fee under clause 13.2 in respect of, or in any way arising out of or relating to the occurrence of, any Saracen Regulated Event in respect of which, during the Saracen Release Period, Saracen enters into, or offers to accept or enter into or implement the Saracen Regulated Event, provided it has given Northern Star a Regulated Event Notice under clause 11.2(f)(v).
- (h) Any material change to a Competing Proposal will be taken to constitute a new Competing Proposal in respect of which:
  - (i) Saracen must separately comply with its obligations under clauses 11.2(a) to 11.2(d) (inclusive); and
  - (ii) Northern Star must separately comply with its obligations under clause 11.2(f).

## 12. **STANDSTILL**

- (a) For the avoidance of doubt, the parties acknowledge that the standstill in clause 7 of the Mutual Confidentiality Agreement continues in full force and effect, in accordance with the terms of the Mutual Confidentiality Agreement.
- (b) Saracen waives the standstill in clause 7 of the Mutual Confidentiality Agreement to the extent required in connection with the Scheme and its implementation or any other transaction with Northern Star contemplated by clause 3.7(d).

## 13. **BREAK FEE**

### 13.1 **Background**

Each of Northern Star and Saracen:

- (a) confirms its belief that the Scheme will provide significant benefits to Saracen, Northern Star and their respective shareholders;

- (b) has requested that provisions be made in this document for the payments set out in clauses 13.2 and 13.3, in the absence of which it would not have entered into this document;
- (c) confirms its belief that it is appropriate to agree to the payment which it agrees to make under clause 13.2 or 13.3 (as applicable) in order to secure the other party's participation in the Scheme;
- (d) acknowledges that each of them has incurred, and will further incur, significant costs and expenses in connection with performing its obligations under this document and the Scheme, which will include significant opportunity costs if the Scheme is not implemented;
- (e) acknowledges the costs and expenses actually incurred by it and its subsidiaries are of such nature that they cannot accurately be ascertained;
- (f) acknowledges that it has received external legal and financial advice in relation to this clause 13 and that the amount it has agreed to pay under this clause 13 is an amount which is appropriate to compensate the other party for its reasonable external and internal costs and opportunity costs in connection with the Scheme (and is a genuine and reasonable pre-estimate thereof), including for:
  - (i) reasonable advisory costs relating to the Scheme;
  - (ii) costs of management and directors' time;
  - (iii) reasonable out-of-pocket expenses relating to the Scheme;
  - (iv) reasonable opportunity costs incurred by Northern Star and Saracen (as applicable) in pursuing the Scheme or in not pursuing other alternative acquisitions or strategic initiatives which Northern Star or Saracen (as applicable) could have developed to further its business and objectives.

### 13.2 **Payment of Saracen Break Fee by Saracen to Northern Star**

- (a) Saracen undertakes to pay Northern Star the Saracen Break Fee if:
  - (i) **(change of recommendation or voting intention statement)** during the Exclusivity Period:
    - (A) any Saracen director does not recommend the Scheme or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by this document to) an earlier recommendation, or approves, endorses, recommends or makes an announcement in support of a Competing Proposal in relation to Saracen, or announces an intention to do any of these acts;
    - (B) any Saracen director does not state that they intend to vote in favour of the Scheme at the Scheme Meeting or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by this document to) an earlier statement that they intend to vote in favour of the Scheme at the Scheme Meeting; or
    - (C) Saracen or any of its directors acts in a manner which is materially inconsistent with obtaining approval for the Scheme (including by

recommending, approving, endorsing or making an announcement in support of a Competing Proposal),

except where:

- (D) the Independent Expert concludes (either in its initial Independent Expert's Report or in any written update, revision, amendment, addendum or supplementary report to it) that the Scheme is not in the best interest of Saracen Shareholders; or
- (E) the Independent Expert withdraws its Independent Expert's Report prior to 7.00 am (Perth time) on the Second Court Date,

in either case, other than where the conclusion or withdrawal is due (whether in whole or in part) to the existence, announcement or publication of a Superior Proposal.

(ii) **(Competing Proposal)** either:

- (A) during the Exclusivity Period, subject to clause 11.2(f), Saracen accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal in relation to Saracen or a Saracen Regulated Event; or
- (B) during the Exclusivity Period, a Competing Proposal in relation to Saracen is announced, received by Saracen or becomes open for acceptance and within 9 months after the date of announcement or the date that the Competing Proposal is received by Saracen or becomes open for acceptance (whichever is earliest) (regardless of whether by that time this document has terminated) the relevant bidder:
  - (aa) acquires voting power of (or an economic interest in) 50% or more of all Saracen Shares and that Competing Proposal (including any agreement to acquire Saracen Shares related to the Competing Proposal) is (or becomes) free from any conditions; or
  - (bb) subject to clause 13.2(b), otherwise substantially completes the Competing Proposal in relation to Saracen;

(iii) **(Superior Proposal)** Saracen validly terminates this document in accordance with clause 14.3(a);

(iv) **(No determination)** both of the following occur:

- (A) during the Exclusivity Period, but prior to the date that is 10 Business Days before the End Date, Saracen makes an announcement to ASX in respect of the receipt of a Competing Proposal by Saracen; and
- (B) Saracen has not notified Northern Star whether or not the Competing Proposal is a Superior Proposal before the date that is the End Date; or

(v) **(Saracen breach)** Northern Star has validly terminated this document in accordance with clause 14.1(d).



- (b) Saracen is not liable to pay Northern Star the Saracen Break Fee under clause 13.2(a)(ii)(B)(bb) in circumstances where:
  - (i) an event of the kind described in paragraph (a)(i)(B) of the definition of Competing Proposal has occurred (regardless of whether that event also has the effect referred to in paragraph (a)(ii) of the definition of Competing Proposal) (**Relevant Event**); and
  - (ii) that Competing Proposal does not result in an event of the kind described in any of paragraphs (a)(i)(A), (a)(i)(C) or (a)(i)(D) of the definition of Competing Proposal occurring; and
  - (iii) no Saracen director:
    - (A) has recommended, approved, endorsed or made an announcement in support of a Competing Proposal, or announced an intention to do any of these acts;
    - (B) has withdrawn or adversely modified (including by attaching any qualifications not expressly permitted by this document to) an earlier recommendation in favour of the Scheme; or
    - (C) has acted in a manner which is materially inconsistent with obtaining approval for the Scheme (including by recommending, approving, endorsing or making an announcement in support of a Competing Proposal); and
  - (iv) no other obligation on Saracen to pay the Saracen Break Fee under clause 13.2 has arisen prior to the occurrence of the Relevant Event.
- (c) For the avoidance of doubt, if a Competing Proposal is publicly announced, the release by Saracen of one or more Announcements to the effect that Saracen Shareholders should take no action while the Saracen Board considers its response will not (in and of itself) trigger an obligation for Saracen to pay Northern Star the Saracen Break Fee under clause 13.2(a)(i), provided that Saracen has complied with clause 4.2(b)(ii).

### 13.3 **Payment of Northern Star Break Fee by Northern Star to Saracen**

Northern Star undertakes to pay Saracen the Northern Star Break Fee if:

- (a) (**Northern Star breach or change of endorsement**) Saracen validly terminates this document in accordance with:
  - (i) clause 14.1(d), 14.3(b) or 14.3(d); or
  - (ii) subject to clause 11.2(d), clause 14.3(c);
- (b) (**Superior Proposal**) Northern Star validly terminates this document in accordance with clause 14.2(a)(v);
- (c) (**Competing Proposal**) during the Exclusivity Period, a Competing Proposal in relation to Northern Star is announced, received by Northern Star or becomes open for acceptance and within 9 months after the date of announcement or the date that the Competing Proposal is received by Northern Star or becomes open for acceptance (whichever is earliest) (regardless of whether by that time this document has terminated) the relevant bidder acquires voting power of (or an economic interest in) 50% or more of all Northern Star Shares and that Competing Proposal (including

any agreement to acquire Northern Star Shares related to the Competing Proposal) is (or becomes) free from any conditions; or

- (d) **(No determination)** both of the following occur:
- (i) during the Exclusivity Period, but prior to the date that is 10 Business Days before the End Date, Northern Star makes an announcement to ASX in respect of the receipt of a Competing Proposal by Northern Star; and
  - (ii) Northern Star has not notified Saracen whether or not the Competing Proposal is a Superior Proposal before the date that is the End Date.

#### 13.4 **Demand for payment**

- (a) If an event referred to in clause 13.2 occurs, any demand by Northern Star for payment under clause 13.2 must be in writing and Saracen must pay the amount referred to in clause 13.2 to Northern Star within 10 Business Days of receipt of the demand, and in any event, in respect of an event referred to in clause 13.2(a)(ii)(A) or 13.2(a)(iii), before any nominee of the relevant bidder is appointed to the Saracen Board.
- (b) If an event referred to in clause 13.3 occurs, any demand by Saracen for payment under clause 13.3 must be in writing and Northern Star must pay the amount referred to in clause 13.3 to Saracen within 10 Business Days of receipt of the demand, and in any event, in respect of an event referred to in clause 13.3(b) or 13.3(c), before any nominee of the relevant bidder is appointed to the Northern Star Board.

#### 13.5 **No payment if Scheme becomes Effective**

- (a) No amount is payable by Northern Star or Saracen under this clause 13 if the Scheme becomes Effective, notwithstanding the occurrence of an event in clause 13.2 or clause 13.3 (as the case may be), and any amount paid under this clause 13 in circumstances where the Scheme becomes Effective is immediately repayable by the payee.
- (b) No amount is payable by Saracen to Northern Star under this clause 13 if Northern Star acquires voting power of (or an economic interest in) 50% or more of all Saracen Shares or otherwise acquires control (within the meaning given in section 50AA of the Corporations Act) of Saracen within 12 months after the date of this document, notwithstanding the occurrence of an event in clause 13.2 and if any amount is paid by Saracen to Northern Star under this clause 13 and Northern Star acquires voting power of (or an economic interest in) 50% or more of all Saracen Shares or otherwise acquires control (within the meaning given in section 50AA of the Corporations Act) of Saracen within 12 months after the date of this document the amount is immediately repayable by Northern Star.
- (c) Notwithstanding anything else in this document, an amount payable by Northern Star or Saracen (as applicable) under this clause 13 is payable only once.

#### 13.6 **Other Claims**

- (a) Subject to clause 13.6(e), the maximum aggregate amount that Saracen is required to pay in relation to this document (including any breach of this document) is the Saracen Break Fee and in no event will the aggregate liability of Saracen in connection with this document exceed the Saracen Break Fee.
- (b) Subject to clause 13.6(e), the maximum aggregate amount that Northern Star is required to pay in relation to this document (including any breach of this document)

is the Northern Star Break Fee and in no event will the aggregate liability of Northern Star in connection with this document exceed the Northern Star Break Fee.

- (c) Notwithstanding any clause in this document other than clause 13.6(e), if an amount is paid by Saracen under clause 13.2, that amount is received by Northern Star in complete settlement of any and all Claims that Northern Star may have against Saracen in respect of the Scheme or in connection with this document.
- (d) Notwithstanding any clause in this document other than clause 13.6(e), if an amount is paid by Northern Star under clause 13.3, that amount is received by Saracen in complete settlement of any and all Claims that Saracen may have against Northern Star in respect of the Scheme or in connection with this document.
- (e) This clause 13 does not limit any rights or obligations under the Deed Poll.

### 13.7 **Compliance with law**

- (a) If the Takeovers Panel or a court of competent jurisdiction determines that an amount paid or payable under clause 13.2 or clause 13.3 is an Impugned Amount and:
  - (i) the period for lodging an application for review or a notice of appeal of that decision has expired without such application or notice having been lodged; or
  - (ii) an application for review or a notice of appeal has been lodged with the Takeovers Panel or a court within the prescribed period and the relevant review Panel or court also determines that the amount is an Impugned Amount,then:
  - (iii) the undertaking under clause 13.2 or clause 13.3 (as applicable) does not apply to the extent of the Impugned Amount; and
  - (iv) if a party has been paid an Impugned Amount under this document, it must refund that Impugned Amount to the other party.
- (b) The parties must not make or cause to be made, any application to the Takeovers Panel or a court of competent jurisdiction for or in relation to a declaration or other order that an amount paid or payable under clause 13.2 or clause 13.3 is an Impugned Amount.

## 14. **TERMINATION**

### 14.1 **Termination by either party**

Northern Star or Saracen (the **Terminating Party**) may terminate this document by notice in writing to the other party if:

- (a) without limiting any other rights to terminate which may arise under another provision of this document, Northern Star and Saracen are unable to reach agreement to do any matter listed in clauses 3.7(d) to 3.7(g) (inclusive), or any combination of the matters listed in clauses 3.7(d) to 3.7(g) (inclusive), after consulting in good faith under clause 3.7 for a period of five Business Days after both parties become aware of the occurrence of a circumstance in clause 3.7(a) (Condition

not satisfied or waived), 3.7(b) (Condition not capable of being satisfied or waived) or 3.7(c) (Scheme not Effective), provided that:

- (i) if clause 3.7(a) or 3.7(b) applies:
  - (A) the Terminating Party has the benefit of the relevant Condition;
  - (B) a breach of this document by the Terminating Party or one or more deliberate acts or omissions of the Terminating Party has not caused or materially contributed to:
    - (aa) the relevant Condition not being satisfied or becoming incapable of being satisfied; or
    - (bb) it becoming reasonably likely that the relevant Condition will not be satisfied; and
  - (C) where the relevant Condition is the Condition in item 12 or 17 of clause 3.2:
    - (aa) the Terminating Party has given written notice to the other party setting out the relevant circumstances giving rise to the breach, and stating an intention to terminate this document; and
    - (bb) the relevant circumstances giving rise to the breach are not remedied to the Terminating Party's reasonable satisfaction by the earlier of:
      - (a) five Business Days after the date of the notice given by the Terminating Party under clause 14.1(a)(i)(C)(aa); or
      - (b) 7.00 am (Perth time) on the Second Court Date;
- (b) where the Terminating Party has not given or received a notice under clause 3.9 within three Business Days after the Scheme Meeting, if Saracen Shareholder Approval is not obtained at the Scheme Meeting;
- (c) where the Terminating Party has given or received a notice under clause 3.9 within three Business Days after the Scheme Meeting, any application to the Court for the Order in accordance with clause 3.9 is unsuccessful; or
- (d) at any time before 8.00 am (Perth time) on the Second Court Date, the other party (the **Defaulting Party**) commits a breach of this document (including a representation and warranty) and:
  - (i) the breach is material;
  - (ii) the Terminating Party has given the Defaulting Party written notice setting out the relevant circumstances giving rise to the breach, and stating an intention to terminate this document; and
  - (iii) the relevant circumstances giving rise to the breach are not remedied to the Terminating Party's reasonable satisfaction by the earlier of:
    - (A) five Business Days after the date of the notice given by the Terminating Party under clause 14.1(d)(ii); or
    - (B) 7.00 am (Perth time) on the Second Court Date.

#### 14.2 Termination by Northern Star

- (a) Northern Star may terminate this document by giving notice in writing to Saracen at any time before 8.00 am (Perth time) on the Second Court Date if, for any reason:
- (i) any Saracen director does not recommend the Scheme or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by this document to) an earlier recommendation, or approves, endorses, recommends or makes an announcement in support of a Competing Proposal in relation to Saracen, or announces an intention to do any of these acts;
  - (ii) any Saracen director does not state that they intend to vote in favour of the Scheme at the Scheme Meeting or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by this document to) an earlier statement that they intend to vote in favour of the Scheme at the Scheme Meeting;
  - (iii) Saracen or any of its directors acts in a manner which is materially inconsistent with obtaining approval for the Scheme (including by recommending, approving, endorsing or making an announcement in support of a Competing Proposal);
  - (iv) a member of the Saracen Group accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal in relation to Saracen or a Saracen Regulated Event ; or
  - (v) a Superior Proposal in respect of Northern Star is received or announced and:
    - (A) the Superior Proposal requires as a condition, that the Scheme not be implemented; and
    - (B) a majority or the directors of Northern Star acting in good faith and after receiving advice from Northern Star's external legal advisers, determines that failing to terminate this document would be reasonably likely to constitute a breach of the fiduciary duties or statutory obligations of any member of the Northern Star Board to Northern Star.
- (b) To avoid doubt, if a Competing Proposal in respect of Saracen is publicly announced by a third party, the release by Saracen of one or more Announcements to the effect that Saracen Shareholders should take no action while the Saracen Board considers its response will not (in and of itself) trigger a right for Northern Star to terminate this document under this clause 14.2, provided Saracen has complied with clause 4.2(b)(ii).

#### 14.3 Termination by Saracen

Saracen may terminate this document by giving notice to Northern Star at any time before 8:00 am (Perth time) on the Second Court Date if:

- (a) Either of the following occurs:
- (i) five Business Days have passed after Saracen gives a Matching Right Notice without Northern Star having made a Counter Proposal; or
  - (ii) Northern Star makes a Counter Proposal within that five Business Day period and the Saracen Board acting in good faith determines that the terms and conditions of the Counter Proposal taken as a whole would not provide an

equivalent or superior outcome to shareholders of Saracen than those in the relevant Competing Proposal;

- (b) any Northern Star director does not endorse and support the Scheme or withdraws or adversely modifies (including by attaching any qualifications not expressly permitted by this document to) an earlier statement of endorsement or support, or approves, endorses, recommends or makes an announcement in support of a Competing Proposal in relation to Northern Star, or announces an intention to do any of these acts; or
- (c) a member of Northern Star Group accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding to give effect to or implement a Competing Proposal in relation to Northern Star or a Northern Star Regulated Event; or
- (d) Northern Star or any of its directors acts in a manner which is materially inconsistent with endorsing and supporting the Scheme (including by recommending, approving, endorsing or making an announcement in support of a Competing Proposal in relation to Northern Star).

#### 14.4 **Effect of termination**

If a party terminates this document in accordance with this clause 14, this document will cease to have force and effect without any liability or obligation on or in respect of any party, except that:

- (a) this clause 14, clauses 6.5 (Release of Representatives of Northern Star), 6.6 (Release of Representatives of Saracen), 9 (Announcement) (but only insofar as it relates to the Announcement each party makes in relation to the termination), 13 (Break Fee), 15 (Representations and warranties), 16 (Indemnities), 17 (GST), 18 (Notices), 19 (Amendment and Assignment) and 20 (General) will survive termination and remain in force; and
- (b) each party will retain any rights it has or may have against the other party in respect of any past breach of this document, including in respect of the breach giving rise to termination.

#### 14.5 **Notice of termination**

Where a party has a right to terminate this document, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this document and the provision under which it terminates this document.

#### 14.6 **Remedies**

- (a) The parties acknowledge and agree that damages may not be a sufficient remedy for breach of this document. Specific performance, injunctive relief or any other remedies which would otherwise be available in equity or law are available as a remedy for a breach or threatened breach of this document by any party, notwithstanding the ability of any party to terminate this document or seek damages for such a breach or threatened breach.
- (b) To avoid doubt, clause 14.6(a) is subject to clause 13.6.

## 15. REPRESENTATIONS AND WARRANTIES

### 15.1 Saracen representations and warranties

Saracen represents and warrants to Northern Star that:

- (a) **(status)** it is a validly existing company limited by shares under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to:
  - (i) own its property and to carry on its business; and
  - (ii) enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary to authorise it entering into this document and has taken or will take all necessary corporate action necessary to carrying out the transactions that this document contemplates in accordance with its terms;
- (d) **(Authorisations)** subject to satisfaction of the Conditions, it holds each Authorisation that is necessary to:
  - (i) enable it to properly execute this document and to carry out the transactions that this document contemplates in accordance with its terms; and
  - (ii) ensure that this document is legal, valid, binding and admissible in evidence, and it is complying with any conditions to which any such Authorisation is subject in all material respects;
- (e) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;
- (f) **(no contravention)** subject to satisfaction of the Conditions, neither its execution of this document nor the carrying out by it of the transactions that it contemplates in accordance with its terms, does or will contravene:
  - (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
  - (ii) any Authorisation held by it;
  - (iii) any undertaking or instrument binding on it or any of its property; or
  - (iv) its constitution,disregarding any instances of non-compliance that individually and in aggregate, could not reasonably be expected to have a materially adverse effect on Saracen or the implementation of the Scheme;
- (g) **(no Insolvency Event)** neither it nor any of its subsidiaries is affected by an Insolvency Event;
- (h) **(not representative capacity)** it is not entering into this document as trustee of any trust or settlement or otherwise in a representative capacity;

- (i) **(information provided to the Independent Expert)** all information provided by it to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report for inclusion in the Scheme Booklet;
- (j) **(Saracen Due Diligence Information not false or misleading)** Saracen has not knowingly or recklessly:
  - (i) omitted to disclose information to Northern Star, the disclosure of which might reasonably be expected to have resulted in Northern Star not entering into this document, or entering into it on materially different terms;
  - (ii) omitted anything from the Saracen Due Diligence Information that would make any part of that information false or misleading in any material respect;
  - (iii) included anything in the Saracen Due Diligence Information that is false or misleading in any material respect; or
  - (iv) denied access to requested information with the intention of misleading Northern Star;
- (k) **(Saracen Information)** as at the First Court Date, the date of dispatch of the Scheme Booklet, the date of the Scheme Meeting and 7:00 am (Perth time) on the Second Court Date, the Saracen Information in the Scheme Booklet, as updated by the Saracen Information in any supplementary disclosure to Saracen Shareholders in respect of the Scheme:
  - (i) will not contain any material statement which is false or misleading (including because of any material omission) and will not contain any material omission; and
  - (ii) will otherwise comply in all material respects with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules;
- (l) **(Saracen Joint Announcement Information)** as at the time of release of the Joint Announcement to ASX, the Saracen Joint Announcement Information will not contain any material statement which is false or misleading (including because of any material omission) and will otherwise comply in all material respects with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules.
- (m) **(continuous disclosure)** Saracen is not in breach of its continuous disclosure obligation under ASX Listing Rule 3.1 and, except for information contained in the Announcement to be made in accordance with clause 4.2(a) or as otherwise Fairly Disclosed to Northern Star, there is no information to which ASX Listing Rule 3.1 does not apply because of ASX Listing Rule 3.1A;
- (n) **(compliance)** Saracen and its wholly owned subsidiaries have complied in all material respects with all applicable laws and the ASX Listing Rules (disregarding any instances of non-compliance that individually and in aggregate, could not reasonably be expected to have a materially adverse effect on Saracen);
- (o) **(no default):**
  - (i) neither Saracen nor any of its wholly owned subsidiaries is in default under any document or agreement binding on it or its assets; and



- (ii) nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement,

which individually or in aggregate could reasonably be expected to have a materially adverse effect on Saracen;

- (p) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a materially adverse effect on Saracen;
- (q) **(schedule accurately details Saracen capital)** Part A of Schedule 2 accurately records the total number and details of Saracen Shares, securities convertible into Saracen Shares, Saracen Unlisted Securities, notes or other securities issued by Saracen at the date of this document and, other than as disclosed in writing to Northern Star on or before the DD Cut-off Time, Saracen is not under any actual or contingent obligation to issue, convert or cancel any securities other than as listed in Part A of Schedule 2; and
- (r) **(Material Authorisations / Material Saracen Facilities / Material Saracen Contracts)** to Saracen's knowledge, there are no existing or potential material disputes or breaches in relation to any Material Authorisation, any Material Saracen Facility or Material Saracen Contracts.

## 15.2 Northern Star representations and warranties

Northern Star represents and warrants to Saracen that:

- (a) **(status)** it is a validly existing company limited by shares under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to:
  - (i) own its property and to carry on its business; and
  - (ii) enter into this document and carry out the transactions that this document contemplates in accordance with its terms;
- (c) **(corporate authority)** it has taken all corporate action that is necessary to authorise it entering into this document and has taken or will take all necessary corporate action necessary to carrying out the transactions that this document contemplates in accordance with its terms;
- (d) **(Authorisations)** it holds each Authorisation that is necessary to:
  - (i) enable it to properly execute this document and to carry out the transactions that this document contemplates in accordance with its terms; and
  - (ii) ensure that this document is legal, valid, binding and admissible in evidence, and it is complying with any conditions to which any such Authorisation is subject in all material respects;
- (e) **(document effective)** this document constitutes its legal, valid and binding obligations, enforceable against it in accordance with its terms;

- (f) **(no contravention)** neither its execution of this document nor the carrying out by it of the transactions that it contemplates in accordance with its terms, does or will contravene:
- (i) any law to which it or any of its property is subject or any order of any Government Agency that is binding on it or any of its property;
  - (ii) any Authorisation held by it;
  - (iii) any undertaking or instrument binding on it or any of its property; or
  - (iv) its constitution,
- disregarding any instances of non-compliance that individually and in aggregate, could not reasonably be expected to have a materially adverse effect on Northern Star or the implementation of the Scheme;
- (g) **(no Insolvency Event)** neither it nor any of its subsidiaries is affected by an Insolvency Event;
- (h) **(not representative capacity)** it is not entering into this document as trustee of any trust or settlement or otherwise in a representative capacity;
- (i) **(information provided to the Independent Expert)** all information provided by it to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report for inclusion in the Scheme Booklet.
- (j) **(Northern Star Due Diligence Information not false or misleading)** Northern Star has not knowingly or recklessly:
- (i) omitted to disclose information to Saracen, the disclosure of which might reasonably be expected to have resulted in Saracen not entering into this document, or entering into it on materially different terms;
  - (ii) omitted anything from the Northern Star Due Diligence Information that would make any part of that information false or misleading in any material respect;
  - (iii) included anything in the Northern Star Due Diligence Information that is false or misleading in any material respect; or
  - (iv) denied access to requested information with the intention of misleading Saracen;
- (k) **(Northern Star Information)** as at the First Court Date, the date of dispatch of the Scheme Booklet, the date of the Scheme Meeting and 7:00 am (Perth time) on the Second Court Date, the Northern Star Information in the Scheme Booklet, as updated by the Northern Star Information in any supplementary disclosure to Saracen Shareholders in respect of the Scheme:
- (i) will not contain any material statement which is false or misleading (including because of any material omission) and will not contain any material omission; and
  - (ii) will otherwise comply in all material respects with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules;

- (l) **(Northern Star Joint Announcement Information)** as at the time of release of the Joint Announcement to ASX, the Northern Star Joint Announcement Information will not contain any material statement which is false or misleading (including because of any material omission) and will otherwise comply in all material respects with all applicable laws, relevant ASIC regulatory guides, Takeovers Panel policy and guidance notes or the ASX Listing Rules.
- (m) **(continuous disclosure)** Northern Star is not in breach of its continuous disclosure obligation under ASX Listing Rule 3.1 and, except for information contained in the Announcement to be made in accordance with clause 4.2(a), or as otherwise Fairly Disclosed to Saracen, there is no information to which ASX Listing Rule 3.1 does not apply because of ASX Listing Rule 3.1A;
- (n) **(compliance)** Northern Star and its wholly owned subsidiaries have complied in all material respects with all applicable laws and the ASX Listing Rules (disregarding any instances of non-compliance that individually and in aggregate, could not reasonably be expected to have a materially adverse effect on Northern Star);
- (o) **(no default):**
  - (i) neither Northern Star nor any of its wholly owned subsidiaries is in default under any document or agreement binding on it or its assets; and
  - (ii) nothing has occurred which is or would, with the giving of notice or lapse of time or both, constitute an event of default, prepayment event or similar event under any such document or agreement,

which individually or in aggregate could reasonably be expected to have a materially adverse effect on Northern Star;
- (p) **(no litigation)** no litigation, arbitration, mediation, conciliation or administrative proceedings are taking place, pending or to its knowledge, threatened which, if adversely decided, could reasonably be expected to have a materially adverse effect on Northern Star;
- (q) **(schedule accurately details Northern Star capital)** Part B of Schedule 2 accurately records the total number and details of Northern Star Shares, securities convertible into Northern Star Shares, notes or other securities issued by Northern Star at the date of this document and, other than as disclosed in writing to Saracen on or before the DD Cut-off Time, Northern Star is not under any actual or contingent obligation to issue, convert or cancel any securities other than as listed in Part A of Schedule 2;
- (r) **(Consideration Shares)** the Consideration Shares will, on issue:
  - (i) be duly issued and fully paid;
  - (ii) be free from any Encumbrance and interest of third parties of any kind, whether legal or otherwise, or restriction on transfer of any kind, other than as provided for in the constitution of Northern Star or as contemplated by clause 7; and
  - (iii) rank equally in all respects, including for future dividends, with all existing Northern Star Shares; and
- (s) **(Material Northern Star Authorisations / Material Northern Star Contracts)** to Northern Star's knowledge, there are no existing or potential material disputes or breaches in relation to any of the Material Northern Star Authorisations or Material Northern Star Contracts.

### 15.3 **Qualifications on representations and warranties**

- (a) Each of the representation and warranties made or given by Saracen in clause 15.1 and the indemnity in clause 16.1 are subject to matters that:
  - (i) have been Fairly Disclosed in the Saracen Disclosure Material; or
  - (ii) are required or expressly permitted by this document or the Scheme.
- (b) Each of the representations and warranties made or given by Northern Star in clause 15.2 and the indemnity in clause 16.2 are subject to matters that:
  - (i) have been Fairly Disclosed in the Northern Star Disclosure Material; or
  - (ii) are required or expressly permitted by this document or the Scheme.

### 15.4 **Reliance on representations and warranties**

- (a) Each party acknowledges that the other party has executed this document and agreed to take part in the transactions that this document contemplates in reliance on the representations and warranties that are made in clauses 15.1 and 15.2.
- (b) Each party acknowledges and confirms that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this document, other than the representations and warranties made by the parties in accordance with clauses 15.1 and 15.2, and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this document, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.

### 15.5 **When warranties are given**

Each representation and warranty given or made under clauses 15.1 and 15.2 is given:

- (a) as at the date of this document;
- (b) as at 7.00 am (Perth time) on the Second Court Date;
- (c) in the case of representations and warranties in clauses 15.1(j) and 15.2(j), as at the DD Cut-off Time; and
- (d) at any other date at which the representation or warranty is expressed to be given under this document.

### 15.6 **Information on representations and warranties**

From the date of this document and up to and including the Implementation Date, each party must promptly give to the other party details of any matter or occurrence which might reasonably make any representation and warranty given by the first mentioned party under this document inaccurate in any material respect.

### 15.7 **Survival of representations and warranties**

Each representation and warranty given by the parties in clause 15.1 and 15.2:

- (a) is severable;
- (b) survives the termination of this document;

- (c) is given with the intent that liability thereunder will not be confined to breaches which are discovered prior to the date of termination of this document;
- (d) is to be construed independently of all other representations and warranties given under clause 15.1 and 15.2; and
- (e) is not limited by any other representation or warranty given under clause 15.1 and 15.2.

## 16. **INDEMNITIES**

### 16.1 **Indemnities by Saracen**

Subject to clause 13.6, Saracen indemnifies Northern Star and members of the Northern Star Group and their respective directors, officers and employees against, and must pay on demand, any Loss, Claim or damages (including any right to common law damages) arising from or incurred in connection with a breach of the representations and warranties in clause 15.1, to the fullest extent permitted by law.

### 16.2 **Indemnities by Northern Star**

Subject to clause 13.6, Northern Star indemnifies Saracen and members of the Saracen Group and their respective directors, officers and employees against, and must pay on demand, any Loss, Claim or damages (including any right to common law damages) arising from or incurred in connection with a breach of the representation and warranties in clause 15.2, in each case, to the fullest extent permitted by law.

### 16.3 **Survival of indemnities**

Each indemnity given in clause 16.1 and 16.2:

- (a) is severable;
- (b) survives the termination of this document;
- (c) is a continuing obligation; and
- (d) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this document.

## 17. **GST**

### 17.1 **GST pass on**

If GST is or will be payable on a supply made under or in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount for GST on the supply:

- (a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and
- (b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within seven days of receiving a written demand from the supplier.

## 17.2 **Tax Invoice**

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient except where the recipient is required to issue the tax invoice or adjustment note.

## 17.3 **Consideration exclusive of GST**

Any consideration otherwise provided for a supply or payment obligation, and any reference to an amount, in connection with this document is stated exclusive of GST unless indicated otherwise.

## 17.4 **Later adjustment to price or GST**

If the amount of GST on a supply is or should be different from the amount in respect of GST already recovered by the supplier, as appropriate, the supplier:

- (a) may recover from the recipient the amount by which the amount of GST on the supply exceeds the amount already recovered by giving seven days written notice; or
- (b) must refund to the recipient the amount by which the amount already recovered exceeds the amount of GST on the supply; and
- (c) must issue an adjustment note or tax invoice reflecting any adjustment event in relation to the supply to the recipient within 28 days of the adjustment.

## 17.5 **Reimbursements**

Costs actually or estimated to be incurred or revenue actually or estimated to be earned or lost by a party that is required to be reimbursed or indemnified by another party, or used as the basis for calculation of consideration for a supply, under this document must exclude the amount of GST referable to the cost to the extent to which an entitlement arises or would arise to claim an input tax credit and in relation to revenue must exclude any amount in respect of GST referable to the revenue.

## 18. **NOTICES**

### 18.1 **How to give a notice**

A notice, consent or other communication under this document is only effective if it is:

- (a) in writing, legible and in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or
  - (ii) sent in electronic form (such as email).

## 18.2 **When a notice is given**

A notice, consent or other communication that complies with this clause 18 is regarded as given and received:

- (a) if it is sent by mail:
  - (i) within Australia – three Business Days after posting; or
  - (ii) to or from a place outside Australia – seven Business Days after posting;
- (b) if it is sent in electronic form:
  - (i) if it is transmitted by 5.00 pm (local time of receipt) on a Business Day – when sent; or
  - (ii) if it is transmitted:
    - (A) after 5.00 pm (local time of receipt) on a Business Day; or
    - (B) on a day that is not a Business Day,  
on the next Business Day,

provided that no notice of failure of transmission or other error message is received by the sender.

## 18.3 **Address for notices**

A person's address and email address are those set out below, or as the person notifies the sender.

### **Saracen**

Address: Level 11, 40 The Esplanade  
Perth, WA 6000

Email Address: JRyan@saracen.com.au

Attention: Jeremy Ryan

Copy to: James Stewart, Partner, DLA Piper  
(james.f.stewart@dlapiper.com)

### **Northern Star**

Address: Level 1, 388 Hay Street  
Subiaco WA 6008

Email Address: compliance@nsrltd.com

Attention: Company Secretary

Copy to: Antonella Pacitti, Partner, Ashurst (antonella.pacitti@ashurst.com)  
Roger Davies, Partner, Ashurst (roger.davies@ashurst.com)

## 19. **AMENDMENT AND ASSIGNMENT**

### 19.1 **Amendment**

This document can only be amended or replaced by another document executed by the parties.

### 19.2 **Assignment**

A party may only assign, encumber, declare a trust over or otherwise deal with its rights under this document with the prior written consent of the other party.

## 20. **GENERAL**

### 20.1 **Governing law**

- (a) This document and any dispute arising out of or in connection with the subject matter of this document is governed by the laws of the State of Western Australia.
- (b) Each party submits to the non-exclusive jurisdiction of the courts of that State and courts of appeal from them, in respect of any proceedings arising out of or in connection with the subject matter of this document.

### 20.2 **Liability for expenses**

- (a) Northern Star must pay for all stamp duty payable on this document or any instrument or transaction contemplated in or necessary to give effect to this document.
- (b) Subject to clause 20.2(a), each party must pay its own expenses incurred in negotiating, preparing, executing and registering this document.
- (c) Between the date of this document and the Implementation Date, Saracen must provide to Northern Star any information or record in Saracen's possession or control which Northern Star reasonably requests in order for it to estimate the stamp duty payable in respect of the transactions contemplated by this document or in order to satisfy the requirements of any Government Agency in connection with the assessment of any stamp duty referred to in clause 20.2(a).

### 20.3 **Giving effect to this document**

Each party must do anything within its power (including execute any document) that the other party may reasonably require to give full effect to this document.

### 20.4 **Variation of rights**

The exercise of a right partially or on one occasion does not prevent any further exercise of that right in accordance with the terms of this document. Neither a forbearance to exercise a right nor a delay in the exercise of a right operates as an election between rights or a variation of the terms of this document.

### 20.5 **No partnership or agency**

Nothing in this document is to be treated as creating a partnership and, except as specifically provided in this document, no party may act as agent of or in any way bind another party to any obligation.



## 20.6 **Operation of this document**

- (a) Subject to clause 5.7:
  - (i) this document, the Scheme, the Deed Poll and the Mutual Confidentiality Agreement contain the entire agreement between the parties about its subject matter;
  - (ii) any previous understanding, agreement, representation or warranty relating to that subject matter is replaced by this document, the Scheme, the Deed Poll and the Mutual Confidentiality Agreement and has no further effect.
- (b) Any right that a person may have under this document is in addition to, and does not replace or limit, any other right that the person may have.
- (c) Any provision of this document which is unenforceable or partly unenforceable is, where possible, to be severed to the extent necessary to make this document enforceable, unless this would materially change the intended effect of this document.

## 20.7 **Operation of indemnities**

- (a) Without limiting clause 16.3, each indemnity in this document survives the expiry or termination of this document.
- (b) A party may recover a payment under an indemnity in this document before it makes the payment in respect of which the indemnity is given.

## 20.8 **Third party benefit**

If a provision of this document is expressed to be for the benefit of (for example, by conferring an indemnity or an exclusion of liability upon) a person such as an officer, employee, agent or adviser of Northern Star or Saracen that is not a party to this document (**third party**, for the purposes of this clause 20.8), the third party:

- (a) (**benefit, enforcement**) is entitled to the benefit of the provision and may enforce it but only in accordance with this clause;
- (b) (**variation, cancellation**) accepts that before Implementation Northern Star and Saracen may vary or cancel the provision as they see fit without the consent of and without having regard to the interests of or being responsible for any detriment to the third party;
- (c) (**indemnity acceptance**) may accept the benefit of an indemnity only when the third party has suffered a Loss or received a Claim to which the indemnity would apply;
- (d) (**indemnity time limit**) must accept the benefit of an indemnity and issue and serve any legal proceedings to enforce it within two years after suffering the Loss or receiving the Claim;
- (e) (**exclusion acceptance**) may accept the benefit of an exclusion from or limitation of liability only when the third party has received a Claim or a threat of a Claim to which the exclusion would apply; and
- (f) (**exclusion time limit**) must accept the benefit of an exclusion from or limitation of liability and issue and serve any legal proceedings to enforce it within two years after receiving the Claim or threat of a Claim,

provided that clauses 20.8(c) to 20.8(f) do not apply in relation to clauses 6.4, 6.5 or 6.6.

**20.9 Consents**

Where this document contemplates that a party may agree or consent to something (however it is described), unless this document expressly contemplates otherwise, the party may:

- (a) agree or consent, or not agree or consent, in its sole and absolute discretion; and
- (b) agree or consent subject to conditions.

**20.10 No merger**

No provisions of this document merge on Implementation.

**20.11 Inconsistency with other documents**

If this document is inconsistent with any other document or agreement between the parties, this document prevails to the extent of the inconsistency.

**20.12 Counterparts**

This document may be executed in counterparts. Transmission of an executed counterpart of this document by email (in PDF format) will be taken to be valid and effective delivery of a duly executed counterpart of this document.

## SCHEDULE 1

### Timetable

Event	Date
Release of Joint Announcement	6 October 2020
ASIC Review Draft provided to ASIC	18 November 2020
First Court Hearing	10 December 2020
Scheme Meeting	15 January 2021
Second Court Hearing	2 February 2021
Effective Date	3 February 2021
Scheme Record Date	5 February 2021
Implementation Date	12 February 2021

## SCHEDULE 2

### Issued capital

#### Part A - Saracen's issued capital

1. **Saracen Shares**

As at the date of this document, Saracen has 1,107,628,120 fully paid ordinary shares on issue.

2. **Saracen Performance Rights**

As at the date of this document, Saracen has on issue 19,754,150 Saracen Performance Rights, comprising the following.<sup>1</sup>

Class / description	Number of Saracen Performance Rights	Number of Saracen Shares to be issued on vesting and exercise
<b>LTI Performance Rights</b>		
FY18 LTIP Performance Rights	3,930,130	3,930,130 (The FY18 LTIP Performance Rights vested on 10 August 2020, with all resulting Saracen Shares issued to a trustee on or prior to 18 August 2020. The resulting Saracen Shares will be transferred to the holders of those Saracen Performance Rights when exercised by each applicable holder.)
FY19 LTIP Performance Rights	3,697,500	3,697,500
FY20 LTIP Performance Rights	2,724,920	2,724,920
FY21 LTIP Performance Rights	2,201,600	2,201,600
<b>Retention Performance Rights</b>		
FY19 Retention Rights (Tranche 1)	2,400,000	2,400,000

<sup>1</sup> In addition to these Saracen Performance Rights, Saracen is seeking shareholder approval at its annual general meeting on 6 October 2020 to issue to Raleigh Finlayson up to 181,100 additional Saracen Performance Rights.

FY19 Retention Rights (Tranche 2)	2,400,000	2,400,000
FY19 Retention Rights (Tranche 3)	2,400,000	2,400,000

3. **Saracen NED Share Rights**

As at the date of this document, Saracen has on issue 35,190 Saracen NED Share Rights, comprising the following.<sup>2</sup>

Class / description	Number of Saracen Share Rights	Number of Saracen Shares to be issued on vesting and exercise
Tranche 1 Share Right	8,798	8,798
Tranche 2 Share Right	8,797	8,797
Tranche 3 Share Right	8,798	8,798
Tranche 4 Share Right	8,797	8,797

**Part B - Northern Star's issued capital**

4. **Northern Star Shares**

As at the date of this document, Northern Star has 740,962,173 fully paid ordinary shares on issue.

5. **Northern Star Performance Rights**

As at the date of this document, Northern Star has on issue 1,523,770 Northern Star Performance Rights, comprising the following.<sup>3</sup>

Class / description	Number of Northern Star Performance Rights	Number of Northern Star Shares to be issued on vesting and exercise
NSTAA Unlisted FY19 Long Term Incentive Plan Performance Rights	343,640	343,640
NSTAA Unlisted FY20 Long Term Incentive Performance Rights	1,180,130	1,180,130

<sup>2</sup> In addition to these Saracen NED Share Rights, Saracen is seeking shareholder approval at its annual general meeting on 6 October 2020 to issue to Sally Langer additional Saracen NED Share Rights.

<sup>3</sup> In addition to these Northern Star Performance Rights, Northern Star intends to issue up to 1,061,950 additional Northern Star FY21 Long Term Incentive Performance Rights and 585,540 Northern Star FY21 Short Term Incentive Performance Rights on or after 6 October 2020.

6. **Northern Star NED Share Rights**

As at the date of this document, Northern Star has on issue 18,560 Northern Star NED Share Rights, comprising the following.

<b>Class / description</b>	<b>Number of Northern Star NED Share Rights</b>	<b>Number of Northern Star Shares to be issued on vesting and exercise</b>
NSTAC Unlisted FY21 NED Share Rights	18,560	18,560

**SCHEDULE 3**  
**Scheme of Arrangement**

**SCHEDULE 4**

**Deed Poll**



**SCHEDULE 5**

**Treatment of Saracen Unlisted Securities**

Name	Class / description	Performance Period	Number of Saracen Performance Rights	Number of Saracen Shares to be issued on vesting and exercise of each Saracen Performance Right
<b>Saracen Performance Rights that have vested</b>				
<b>Saracen Vesting Performance Rights</b>	FY18 LTIP Performance Rights	3 years	3,930,130, less any FY18 LTIP Performance Rights exercised prior to Saracen Shareholder Approval being obtained	1  (The FY18 LTIP Performance Rights vested on 10 August 2020, with all resulting Saracen Shares issued to a trustee on or prior to 18 August 2020. The resulting Saracen Shares will be transferred to the holders of those Saracen Performance Rights when exercised by each applicable holder.)
<b>Saracen Performance Rights to automatically vest upon Saracen Shareholder Approval being obtained</b>				
<b>Saracen Vesting Performance Rights</b>	FY19 LTIP Performance Rights	3 years	3,697,500, less any FY19 LTIP Performance Rights forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
	FY20 LTIP Performance Rights	3 years	2,710,620, less any FY20 LTIP Performance Rights forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1

	FY21 LTIP Performance Rights	3 years	1,467,733, less two-thirds of any FY21 LTIP Performance Rights forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
<b>Saracen Vesting Retention Rights</b>	FY19 Retention Rights (Tranche 1)	3 years	1,741,667, less eleven-twelfths of any FY19 Retention Rights (Tranche 1) forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
	FY19 Retention Rights (Tranche 2)	4 years	1,306,250, less eleven-sixteenths of any FY19 Retention Rights (Tranche 2) forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
	FY19 Retention Rights (Tranche 3)	5 years	1,045,000, less eleven-twentieths of any FY19 Retention Rights (Tranche 3) forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
<b>Saracen Vesting RF Retention Rights</b>	FY19 Retention Rights (Tranche 1)	3 years	500,000	1
	FY19 Retention Rights (Tranche 2)	4 years	500,000	1
	FY19 Retention	5 years	500,000	1

	Rights (Tranche 3)			
<b>Saracen Performance Rights to vest at the discretion of the Saracen Board prior to the Scheme Record Date</b>				
<b>Saracen Discretionary Retention Rights</b>	FY19 Retention Rights (Tranche 1)	3 years	158,333, less one-twelfth of any FY19 Retention Rights (Tranche 1) forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
	FY19 Retention Rights (Tranche 2)	4 years	593,750, less five-sixteenths of any FY19 Retention Rights (Tranche 2) forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
	FY19 Retention Rights (Tranche 3)	5 years	855,000, less nine-twentieths of any FY19 Retention Rights (Tranche 3) forfeited or cancelled prior to Saracen Shareholder Approval being obtained	1
<b>Saracen Performance Rights to be cancelled prior to the Scheme Record Date</b>				
<b>Saracen Cancelling Performance Rights</b>	FY21 LTIP Performance Rights	3 years	733,867, less one-third of any FY21 LTIP Performance Rights forfeited or cancelled prior to the Scheme Record Date	N/A

**EXECUTED** as a Deed.

**EXECUTED** by **NORTHERN STAR RESOURCES LTD ABN 43 092 832 892** in accordance with section 127 of the *Corporations Act 2001* (Cth):

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature of director/secretary

\_\_\_\_\_  
Name

**EXECUTED** by **SARACEN MINERAL HOLDINGS LIMITED ABN 52 009 215 347** in accordance with section 127 of the *Corporations Act 2001* (Cth):

\_\_\_\_\_  
Signature of director

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature of director/secretary

\_\_\_\_\_  
Name



Annexure 4 :- Scheme

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## Scheme of Arrangement

Saracen Mineral Holdings Limited

ABN 52 009 215 347

Scheme Shareholders

## SCHEME OF ARRANGEMENT

### Under section 411 of the Corporations Act

#### BETWEEN:

- (1) Saracen Mineral Holdings Limited ABN 52 009 215 347 whose registered office is at Level 11, 40 The Esplanade, Perth, Western Australia 6000 (**Saracen**); and
- (2) Scheme Shareholders.

#### PRELIMINARY MATTERS

- (A) Saracen is a public company limited by shares incorporated in Australia. It has its registered office at Level 11, 40 The Esplanade, Perth, Western Australia 6000. Saracen is admitted to the official list of ASX and Saracen Shares are quoted on the securities exchange operated by ASX.
- (B) As at the date of the Merger Implementation Deed, Saracen had on issue or had granted:
  - (i) 1,107,628,120 Saracen Shares;
  - (ii) 19,754,150 Saracen Performance Rights; and
  - (iii) 35,190 Saracen NED Share Rights.
- (C) Northern Star Resources Ltd ABN 43 092 832 892 (**Northern Star**) is a public company limited by shares incorporated in Australia. It has its registered office at Level 1, 388 Hay Street, Subiaco, Western Australia 6008. Northern Star is admitted to the official list of ASX and Northern Star Shares are quoted on the securities exchange operated by ASX.
- (D) Saracen and Northern Star entered into the Merger Implementation Deed on or about 6 October 2020 to facilitate the implementation of this Scheme.
- (E) Northern Star has executed the Deed Poll under which it covenants in favour of the Scheme Shareholders to carry out its obligations under this Scheme, including to provide the Scheme Consideration in accordance with the terms of this Scheme.
- (F) If this Scheme becomes Effective, on the Implementation Date:
  - (1) Northern Star will provide the Scheme Consideration to Scheme Shareholders in accordance with the terms of this Scheme and the Deed Poll;
  - (2) all of the Scheme Shares, and all of the rights and entitlements attaching to them as at the Implementation Date, will be transferred to Northern Star; and
  - (3) Saracen will enter Northern Star's name in the Saracen Share Register as the holder of all of the Scheme Shares.

#### OPERATIVE PROVISIONS

##### 1. INTERPRETATION

###### 1.1 Definitions

The following definitions apply in this Scheme.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

**ASX Listing Rules** means the listing rules of ASX.

**Business Day:**

- (a) when used in relation to the Implementation Date and the Scheme Record Date, has the meaning given in the ASX Listing Rules; and
- (b) in all other cases, means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

**CHESS** means the clearing house electronic subregister system for the electronic transfer of securities operated by ASX Settlement Pty Limited ABN 49 008 504 532.

**Commissioner** means the Commissioner of Taxation of the Commonwealth of Australia.

**Consideration Share** means a Northern Star Share to be issued under this Scheme as Scheme Consideration.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Court** means the Supreme Court of Western Australia or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Northern Star and Saracen.

**Deed Poll** means the deed poll dated on or about the date of the Merger Implementation Deed under which Northern Star covenants in favour of Scheme Shareholders to (among other things) provide the Scheme Consideration in accordance with the terms of this Scheme.

**Effective** means the coming into effect, under section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to this Scheme.

**Effective Date** means the date on which this Scheme becomes Effective.

**Encumbrance** means:

- (a) a Security Interest; or
- (b) an easement, restrictive covenant, caveat or similar restriction over property.

**End Date** means the date that is 6 months after the date of the Merger Implementation Deed, subject to any extension to that date made under clause 3.7 of the Merger Implementation Deed.

**Excess** means:

- (a) the amount if any, by which the Total Withholding Share Sale Proceeds, after the deduction of any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of the Withholding Amount Shares, exceeds the Total Withholding Amount; plus
- (b) the total proceeds of sale of all of the Rounding Shares after the deduction of any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of the Rounding Shares.



**First Court Date** means the first day of the hearing of the Court of an application for an order under section 411(1) of the Corporations Act convening of the Scheme Meeting.

**Government Agency** means a government, government department or a governmental, semi-governmental, administrative, statutory or judicial entity, agency, authority, commission, department, tribunal, or person charged with the administration of a law or agency, whether in Australia or elsewhere, including the Australian Competition and Consumer Commission, ASIC, ASX, the Takeovers Panel, and any self-regulatory organisation established under statute or by ASX.

**Implementation** means the implementation of this Scheme.

**Implementation Date** means the fifth Business Day following the Scheme Record Date, or such other date as ordered by the Court or agreed in writing between Northern Star and Saracen.

**Ineligible Consideration Shares** has the meaning given in clause 4.4(a).

**Ineligible Overseas Shareholder** means a Saracen Shareholder whose address shown in the Saracen Share Register at the Scheme Record Date is a place outside Australia or New Zealand and their respective external territories or any other jurisdictions agreed by Saracen and Northern Star in writing (each acting reasonably), other than any Saracen Shareholder in respect of whom Northern Star determines (in its sole and absolute discretion) that it is lawful and not unduly impracticable or onerous for Northern Star to issue that Saracen Shareholder with Consideration Shares on Implementation in accordance with the terms of the Merger Implementation Deed.

**Ineligible Shareholder** means an Ineligible Overseas Shareholder, a Relevant Unmarketable Parcel Shareholder or a Withholding Amount Shareholder (in the case of a Withholding Amount Shareholder, only to the extent of the Withholding Amount Shares that are attributable to that Withholding Amount Shareholder, as determined by applying the Withholding Proportion).

**Merger Implementation Deed** means the merger implementation deed dated on or about 6 October 2020 between Saracen and Northern Star relating to (among other things) implementation of this Scheme.

**Northern Star Share** means a fully paid ordinary share in Northern Star.

**Northern Star Share Register** means the register of members of Northern Star.

**Opt-in Notice** means a notice by an Unmarketable Parcel Shareholder requesting to receive the Scheme Consideration as Consideration Shares.

**Other Ineligible Shares** means the Ineligible Consideration Shares that are not Withholding Amount Shares.

**Other Net Proceeds** means the total proceeds of sale of all of the Ineligible Consideration Shares after the deduction of: (i) any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of the Ineligible Consideration Shares; (ii) the Total Withholding Amount; and (iii) the Excess (if any).

**Registered Address** means, in relation to a Saracen Shareholder, the address of the shareholder shown in the Saracen Share Register.

**Relevant Unmarketable Parcel Shareholder** means an Unmarketable Parcel Shareholder who has not provided Saracen with an Opt-in Notice before 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date.

**Rounding Shares** has the meaning given in clause 4.4(b)(ii)(C).

**Sale Nominee** means the nominee appointed by Saracen (following prior consultation and agreement with Northern Star (each acting reasonably and in good faith) in accordance with clause 2.7 of the Merger Implementation Deed) to sell the Consideration Shares that are attributable to Ineligible Shareholders under the terms of this Scheme (or any nominee of such person).

**Saracen LTI Plan** means the long term incentive plan approved by Saracen Shareholders at Saracen's annual general meeting on 23 November 2017 (and, in respect of any performance rights or share rights granted by Saracen after the date of this document, means the long term incentive plan approved or to be approved by Saracen Shareholders at Saracen's annual general meeting on 6 October 2020).

**Saracen NED Share Right** means a share right granted under the Saracen LTI Plan.

**Saracen Performance Right** means a performance right granted under the Saracen LTI Plan.

**Saracen Share** means a fully paid ordinary share in Saracen.

**Saracen Shareholder** means a person entered in the Saracen Share Register as a holder of a Saracen Share.

**Saracen Share Register** means the register of members of Saracen.

**Saracen Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Scheme** means this scheme of arrangement under Part 5.1 of the Corporations Act between Saracen and the Scheme Shareholders, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Northern Star and Saracen.

**Scheme Consideration** means the consideration to be provided by Northern Star to each Scheme Shareholder for the transfer of each Scheme Share under this Scheme, as set out in clause 4.

**Scheme Meeting** means the meeting of Saracen Shareholders to be convened as ordered by the Court under section 411(1) of the Corporations Act, to consider this Scheme.

**Scheme Record Date** means 7.00 pm (Sydney time) on the day which is two Business Days after the Effective Date.

**Scheme Share** means a Saracen Share held by a Scheme Shareholder as at the Scheme Record Date.

**Scheme Shareholder** means a Saracen Shareholder as at the Scheme Record Date, taking into account registration of all registrable transfers and transmission applications in accordance with clause 5.1.

**Scheme Transfer** means a duly completed and executed proper instrument of transfer in respect of the Scheme Shares for the purposes of section 1071B of the Corporations Act, in favour of Northern Star, being a master transfer of all of the Scheme Shares.

**Second Court Date** means the first day on which the Court hears an application for an order under section 411(4)(b) of the Corporations Act approving this Scheme or, if the application is adjourned or subject to appeal for any reason, the first day on which the adjourned or appealed application is heard.

**Security Interest** means any security interest, including:

- (a) a security interest that is subject to the *Personal Property Securities Act 2009* (Cth);
- (b) any other mortgage, charge, pledge or lien; or
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property.

**TAA** means the *Taxation Administration Act 1953* (Cth).

**Total Withholding Amount** means the aggregate Withholding Amounts in respect of all Withholding Amount Shareholders.

**Total Withholding Shares** means the total number of Ineligible Consideration Shares that are Withholding Amount Shares.

**Total Withholding Shares Sale Proceeds** means the total proceeds from the sale of the number of Total Withholding Shares sold by the Sale Nominee, determined in accordance with the following formula:

$$A = \left( \frac{B}{C} \right) \times D$$

where:

A = the total proceeds from the sale of the number of Total Withholding Shares sold by the Sale Nominee;

B = the total proceeds from the sale of Ineligible Consideration Shares by the Sale Nominee;

C = the total number of Ineligible Consideration Shares sold by the Sale Nominee; and

D = the number of Total Withholding Shares sold by the Sale Nominee.

**Unclaimed Money Act** means the *Unclaimed Money Act 1990* (WA).

**Unmarketable Parcel Shareholder** means a Scheme Shareholder (other than an Ineligible Overseas Shareholder) who, based on their holding of Scheme Shares on the Scheme Record Date, would, on Implementation, be entitled to receive less than a marketable parcel (as that term is defined in the ASX Listing Rules) of Consideration Shares (assessed by reference to the price of Northern Star Shares on ASX at the close of trade on the trading day prior to the Scheme Record Date) as Scheme Consideration.

**Unsold Shares** has the meaning given in clause 4.4(b)(ii)(C).

**Withholding Amount** means the amount that Northern Star is required to pay to the Commissioner under Subdivision 14-D of Schedule 1 of the TAA in respect of the acquisition of any Saracen Shares from a relevant Scheme Shareholder.

**Withholding Amount Shareholder** means a Scheme Shareholder who Northern Star determines (acting reasonably) that a Withholding Amount must be paid to the Commissioner in relation to the acquisition of any Saracen Shares from.

**Withholding Amount Shares** means the number of Consideration Shares that Northern Star determines (in its reasonable opinion which, for the avoidance of doubt, includes a sufficient provision for potential Northern Star Share price movement up to the potential date of sale of the Ineligible Consideration Shares by the Sale Nominee) should be issued to the Sale Nominee as Ineligible Consideration Shares, to ensure that:

- (a) the Total Withholding Amount is accounted for in full, after taking into account an amount necessary to cover applicable fees, brokerage, taxes and charges reasonably incurred by the Sale Nominee in respect of the sale of those Ineligible Consideration Shares; and
- (b) Northern Star is reimbursed for the full amount of the Total Withholding Amount that Northern Star has paid or will pay to the Commissioner of Taxation.

**Withholding Amount Transfer** means a duly completed and executed proper instrument of transfer in respect of the Withholding Amount Shares for the purposes of section 1071B of the Corporations Act, in favour of the Withholding Amount Shareholder.

**Withholding Proportion** means, in relation to any Withholding Amount Shareholder, the proportion determined by dividing the Total Withholding Amount by the Withholding Amount (for that Withholding Amount Shareholder).

## 1.2 **Rules for interpreting this Scheme**

Headings and catchwords are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this Scheme, except where the context makes it clear that a rule is not intended to apply.

- (a) A reference to:
  - (i) a legislative provision or legislation (including subordinate legislation) is to that provision or legislation as amended, re-enacted or replaced, and includes any subordinate legislation issued under it;
  - (ii) a clause is to a clause of this Scheme;
  - (iii) a document (including this Scheme) or agreement, or a provision of a document (including this Scheme) or agreement, is to that document, agreement or provision as amended, supplemented, replaced or novated;
  - (iv) a party to this Scheme, or to any other document or agreement, includes a permitted substitute or a permitted assign of that party;
  - (v) a person includes any type of entity or body of persons, whether or not it is incorporated or has a separate legal identity, and any executor, administrator or successor in law of the person; and
  - (vi) anything (including a right, obligation or concept) includes each part of it.
- (b) A singular word includes the plural, and vice versa.
- (c) A word which suggests one gender includes the other genders.
- (d) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.

- (e) If an example is given of anything (including a right, obligation or concept), such as by saying it includes something else, the example does not limit the scope of that thing.
- (f) The word **officer** and **subsidiary** have the same meaning as given by the Corporations Act.
- (g) A reference to **\$** or **dollar** is to Australian currency.
- (h) A reference to time in this Scheme is a reference to time in Perth, Western Australia.
- (i) Nothing in this Scheme is to be construed adversely to a party just because that party prepared this Scheme or prepared or proposed the relevant part of this Scheme.

### 1.3 **Non-Business Days**

If the day on or by which a person must do something under this Scheme is not a Business Day the person must do it on or by the next Business Day.

## 2. **CONDITIONS PRECEDENT**

### 2.1 **Conditions precedent to the Scheme**

This Scheme is conditional upon, and will not become Effective unless and until, each of the following conditions precedent is satisfied.

- (a) As at 7.00 am (Perth time) on the Second Court Date, each of the conditions set out in clause 3.2 of the Merger Implementation Deed (other than the conditions in items 3 (Court approval of Scheme) and 4 (Order lodged with ASIC) of clause 3.2 of the Merger Implementation Deed) has been satisfied or waived in accordance with the terms of the Merger Implementation Deed.
- (b) Prior to 7.30 am (Perth time) on the Second Court Date, neither the Merger Implementation Deed nor the Deed Poll has been terminated in accordance with their terms.
- (c) The Court makes an order under section 411(4)(b) of the Corporations Act approving this Scheme, either unconditionally or with any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act which have been agreed to in writing by Northern Star and Saracen.
- (d) Any conditions made or required by the Court under section 411(6) of the Corporations Act in relation to this Scheme (which conditions were agreed to in writing by each of Saracen and Northern Star) have been satisfied or waived.
- (e) The order of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) approving this Scheme comes into effect pursuant to section 411(10) of the Corporations Act on or before the End Date (or any later date agreed to in writing by Northern Star and Saracen).

### 2.2 **Certificates**

- (a) Before 8.00 am (Perth time) on the Second Court Date, each of Saracen and Northern Star must provide to the Court a certificate signed by a duly authorised representative confirming whether or not the conditions precedent in clause 2.1(a) and 2.1(b) have been satisfied.
- (b) The certificates referred to in clause 2.2(a) constitute conclusive evidence that the conditions precedent in clauses 2.1(a) and 2.1(b) have been satisfied.

### 2.3 **Effective Date**

Subject to clauses 2.1, this Scheme takes effect on the Effective Date.

### 2.4 **When Scheme will lapse**

Unless Saracen and Northern Star otherwise agree in writing (and, if required, as approved by the Court), this Scheme will immediately lapse and be of no further force or effect if, without limiting any rights under the Merger Implementation Deed, either or both of the Merger Implementation Deed and the Deed Poll are terminated in accordance with their respective terms.

## 3. **THE SCHEME**

### 3.1 **Lodgement of copy of Court Order with ASIC**

Saracen must lodge with ASIC an office copy of the order of the Court approving this Scheme under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) (**Court Orders**) in accordance with section 411(10) of the Corporations Act by 5.00 pm (Perth time) on the first Business Day following the day on which the Court approves this Scheme or by 5.00 pm (Perth time) on the Business Day on which the Court Orders are entered, whichever is the later, or by such other Business Day and by such other time as agreed to in writing by Northern Star and Saracen.

### 3.2 **Transfer of Scheme Shares**

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clause 4, all of the Scheme Shares, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, will be transferred to Northern Star without the need for any further act by any Scheme Shareholder (other than acts performed by Saracen or its directors and officers as attorney and agent for the Scheme Shareholders under this Scheme) by:
  - (i) Saracen delivering to Northern Star a duly completed registrable Scheme Transfer to transfer the Scheme Shares to Northern Star, which Scheme Transfer has been duly executed by Saracen (or any of its directors and officers) as the attorney and agent of each Scheme Shareholder as a transferor under clauses 6.2 and 6.4; and
  - (ii) Northern Star duly completing and executing the Scheme Transfer as transferee, attending to stamping of the Scheme Transfer (if required) and delivering it to Saracen for registration; and
- (b) immediately following receipt of the Scheme Transfer in accordance with clause 3.2(a)(ii), Saracen must:
  - (i) attend to registration of the Scheme Transfer; and
  - (ii) enter or procure the entry of the name and address of Northern Star in the Saracen Share Register as the holder of all of the Scheme Shares.

### 3.3 **Alteration or condition to Scheme**

If the Court proposes to approve this Scheme subject to any alterations or conditions under section 411(6) of the Corporations Act, and those alterations or conditions have been agreed to in writing by each of Saracen and Northern Star:

- (a) Saracen may, by its counsel, consent on behalf of all persons concerned, including each Scheme Shareholder, to those alterations or conditions; and
- (b) each Scheme Shareholder agrees to any such alterations or conditions which counsel for Saracen has consented to.

## 4. **SCHEME CONSIDERATION**

### 4.1 **Entitlement to Scheme Consideration**

On the Implementation Date, in consideration for the transfer to Northern Star of the Scheme Shares by each Scheme Shareholder under the terms of this Scheme, each Scheme Shareholder will be entitled to receive, and Northern Star will issue to each Scheme Shareholder (subject to clauses 4.2 to 4.9), 0.3763 Consideration Shares for each Scheme Share in accordance with clauses 4.2 to 4.9 and the Deed Poll.

### 4.2 **Provision of Scheme Consideration**

Subject to clauses 4.3 to 4.9, Northern Star must:

- (a) on the Implementation Date:
  - (i) issue to each Scheme Shareholder the applicable Scheme Consideration in accordance with this Scheme and the Deed Poll; and
  - (ii) procure that the name and address of each Scheme Shareholder is entered in the Northern Star Share Register as the holder of the applicable Consideration Shares (being the name and Registered Address entered in the Saracen Share Register in relation to the relevant Scheme Shares); and
- (b) no later than five Business Days after the Scheme Record Date, send or procure the dispatch to each Scheme Shareholder (other than Ineligible Shareholders), to their Registered Address as at the Scheme Record Date, a holding statement representing the Consideration Shares issued to that Scheme Shareholder.

### 4.3 **Election by Unmarketable Parcel Shareholders**

- (a) Saracen must provide each Unmarketable Parcel Shareholder with, or procure the provision to each Unmarketable Parcel Shareholder of, an Opt-in Notice.
- (b) Unless an Unmarketable Parcel Shareholder provides Saracen with a duly completed Opt-in Notice prior to 5.00 pm (Perth time) on the Business Day prior to the Scheme Record Date, Northern Star will be under no obligation under this Scheme or Deed Poll to issue, and will not issue, any Consideration Shares to any Unmarketable Parcel Shareholder, and instead, unless Northern Star and Saracen otherwise agree, Northern Star must procure that the Consideration Shares that each Unmarketable Parcel Shareholder would otherwise be entitled to receive as Scheme Consideration are dealt with in accordance with clause 4.4 of this Scheme.

### 4.4 **Ineligible Shareholders**

- (a) Northern Star has no obligation to issue, and will not issue, any Consideration Shares under this Scheme to any Ineligible Shareholder (unless that Ineligible Shareholder

is an Unmarketable Parcel Shareholder who provides Saracen with a duly completed Opt-in Notice in accordance with clause 4.3(b)) and instead, subject to clauses 4.6 and 4.9, Northern Star must issue the Consideration Shares which would otherwise be required to be issued to any Ineligible Shareholder under this Scheme (**Ineligible Consideration Shares**) to the Sale Nominee.

- (b) Saracen and Northern Star will procure that the Sale Nominee:
- (i) sells:
    - (A) such number of Withholding Amount Shares as is necessary or appropriate to ensure that the Total Withholding Shares Sale Proceeds are at least equal to the Total Withholding Amount, plus any applicable fees, brokerage, taxes and charges of the Sale Nominee reasonably incurred in connection with the sale of those Total Withholding Shares;
    - (B) all Other Ineligible Shares; and
    - (C) all Rounding Shares (if any),on ASX or off-market as soon as reasonably practicable and in any event no more than 10 Business Days after the Implementation Date, in the manner, and on the terms, the Sale Nominee determines in good faith (and at the risk of the Ineligible Shareholder); and
  - (ii) remits or transfers:
    - (A) the Total Withholding Amount to Northern Star;
    - (B) the Other Net Proceeds and the Excess to Saracen; and
    - (C) subject to clause 4.4(c), the Withholding Amount Shares that are not sold in accordance with clause 4.4(b)(i)(A) (if any) to the Withholding Amount Shareholders, with the number of such Withholding Amount Shares to be transferred to each Withholding Amount Shareholder to be determined by applying the Withholding Proportion to the number of unsold Withholding Amount Shares (with the resulting number of Withholding Amount Shares to be rounded down to the nearest whole number of Withholding Amount Shares, being the **Unsold Shares**, and the remaining Withholding Amount Shares after rounding that are not Unsold Shares being the **Rounding Shares**).
- (c) If the Sale Nominee notifies Saracen and Northern Star in writing that it cannot transfer some or all of the Unsold Shares to the Withholding Amount Shareholders in the manner contemplated in clause 4.4(b)(ii)(C) because of licensing restrictions applicable to the Sale Nominee or other legal or regulatory impediment:
- (i) Saracen and Northern Star will procure that the Sale Nominee transfers the relevant Unsold Shares to Saracen to hold as bare trustee for and on behalf of the applicable Withholding Amount Shareholders, with each applicable Withholding Amount Shareholder holding all beneficial rights and interests in the corresponding Unsold Shares (and clauses 4.4(h)(i) and 4.4(h)(ii) will apply, with the necessary modifications, to the transfer of Unsold Shares from the Sale Nominee to Saracen under this clause 4.4(c)(i), with the Withholding Amount Transfer to be in favour of Saracen at its nominated address, as bare trustee for the applicable Withholding Amount Shareholders and to be executed by or on behalf of the Sale Nominee and by Saracen, as bare trustee, unless a different share transfer mechanism acceptable to the Sale Nominee (acting reasonably) is used); and



- (ii) promptly after the transfer of the Unsold Shares to Saracen under clause 4.4(c)(i), Saracen will transfer the relevant Unsold Shares to the applicable Withholding Amount Shareholders in accordance with clause 4.4(h).
- (d) Promptly after receipt of the Other Net Proceeds, Saracen must, pay each Ineligible Shareholder, or procure the payment to each Ineligible Shareholder of, such proportion of the Other Net Proceeds to which that Ineligible Shareholder is entitled (rounded down to the nearest cent), to be determined in accordance with the following formula:

$$A = \left( \frac{B}{C} \right) \times D$$

where:

A = the proportion of the Other Net Proceeds to which that Ineligible Shareholder is entitled;

B = the number of Other Ineligible Shares to which that Ineligible Shareholder would have been entitled if they had not been an Ineligible Shareholder;

C = the total number of Other Ineligible Shares which were issued to and sold by the Sale Nominee; and

D = the Other Net Proceeds.

- (e) Promptly after receipt of the Excess, Saracen must pay each Withholding Amount Shareholder, or procure the payment to each Withholding Amount Shareholder of, such proportion of the Excess to which that Withholding Amount Shareholder is entitled (rounded down to the nearest whole cent), with that proportion to be determined by applying the Withholding Proportion to the Excess.
- (f) Each Ineligible Shareholder acknowledges and agrees that:
  - (i) none of Saracen, Northern Star or the Sale Nominee give any assurance as to the price that will be achieved for the sale of the Ineligible Consideration Shares described in clause 4.4(b); and
  - (ii) Saracen, Northern Star and the Sale Nominee each expressly disclaim any fiduciary duty to any Ineligible Shareholder which may arise in connection with this clause 4.4.
- (g) Saracen must pay or procure that each Ineligible Shareholder is paid any amounts owing under clause 4.4(d) or 4.4(e) by either (in the absolute discretion of Saracen):
  - (i) where an Ineligible Shareholder has, before the Scheme Record Date, made a valid election in accordance with the requirements of the Saracen Share Registry to receive dividend payments from Saracen by electronic funds transfer to a bank account nominated by the Ineligible Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
  - (ii) dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Shareholder by prepaid post to their Registered Address (as at the Scheme Record Date), such cheque being drawn in the name of the Ineligible Shareholder (in the case of joint holders, the cheque will be drawn in the name of the joint holders and dispatched in accordance with the procedures set out in clause 4.7(b)).

- (h) Saracen and Northern Star must procure that any Unsold Shares that are required to be transferred to the Withholding Amount Shareholders are transferred using the names and Registered Addresses of the Withholding Amount Shareholders entered in the Saracen Register at the Scheme Record Date in relation to the relevant Scheme Shares acquired from the Withholding Amount Shareholders by:
  - (i) Saracen delivering to Northern Star a duly completed registrable Withholding Amount Transfer in respect of the applicable Withholding Amount Shares, which has been executed by Saracen (or any of its directors and officers) as attorney or agent, and/or as trustee, of each Withholding Amount Shareholder (as applicable); and
  - (ii) Northern Star:
    - (A) attending to registration of each Withholding Amount Transfer; and
    - (B) entering or procuring the entry of the name and address of each Withholding Amount Shareholder in the Northern Star Register as the holder of the applicable Withholding Amount Shares (being the name and Registered Address entered in the Saracen Register at the Scheme Record Date in relation to the relevant Scheme Shares acquired from the Withholding Amount Shareholder); or
  - (iii) if effected in accordance with clause 4.4(b)(ii)(C), as set out in clauses 4.4(h)(i) and 4.4(h)(ii), with the Withholding Amount Transfer also executed by or on behalf of the Sale Nominee, or by way of a different share transfer mechanism acceptable to the Sale Nominee (acting reasonably).
- (i) Each Ineligible Shareholder appoints Saracen, and each director and officer of Saracen, as its agent to receive on its behalf any financial services guide (or similar or equivalent document) and any other notices (including any updates of those documents) that the Sale Nominee is required to provide to Ineligible Shareholders under the Corporations Act or any other applicable law.
- (j) Payment of the relevant amounts calculated in accordance with clauses 4.4(d) and 4.4(e) (if applicable) and the transfer of remaining Withholding Amount Shares (as applicable) to an Ineligible Shareholder in accordance with this clause 4.4, subject to Northern Star making payment of the Withholding Amount to the Commissioner, satisfies in full Northern Star's obligations to the Ineligible Shareholder under this Scheme in respect of the Scheme Consideration.

#### 4.5 **Other ineligible Scheme Shareholders**

Where the issue of Consideration Shares to which a Scheme Shareholder (other than an Ineligible Shareholder) would otherwise be entitled under this Scheme would result in a breach of law:

- (a) Northern Star will issue the maximum possible number of Consideration Shares to the Scheme Shareholder without giving rise to such a breach; and
- (b) any further Consideration Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the Sale Nominee and dealt with under clause 4.4, as if:
  - (i) references to Ineligible Shareholders also included that Scheme Shareholder; and

- (ii) references to Ineligible Consideration Shares also included any of that Scheme Shareholder's Consideration Shares that have been issued to the Sale Nominee.

#### 4.6 **Fractional Entitlements**

Where the calculation of a total number of Consideration Shares to be issued to (or in respect of) a particular Scheme Shareholder as Scheme Consideration would result in an entitlement to a fraction of a Consideration Share, then, any such fractional entitlement:

- (a) of 0.5 or more will be rounded up to the nearest whole number; and
- (b) of less than 0.5 will be rounded down to the nearest whole number.

#### 4.7 **Joint holders**

In the case of Scheme Shares held in joint names:

- (a) any Scheme Consideration will be issued to and registered in the names of the joint holders; and
- (b) any other document required to be sent under this Scheme (including any holding statement under clause 4.2(b)) will be forwarded to the holder whose name appears first in the Saracen Share Register as at the Scheme Record Date.

#### 4.8 **Shareholder splitting or division**

- (a) If Northern Star is of the reasonable opinion that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6), have, before the Scheme Record Date, been party to shareholder splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Northern Star may give notice to those Scheme Shareholders:
  - (i) setting out their names and Registered Address;
  - (ii) stating that opinion; and
  - (iii) attributing the Scheme Shares held by all of them to one of them as specifically identified in the notice.
- (b) The Scheme Shareholder specifically identified in a notice given under clause 4.8(a) as the deemed holder of all the specified Scheme Shares will, for the purposes of this Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names and Registered Addresses are set out in the notice will, for the purposes of this Scheme, be taken to hold no Scheme Shares.
- (c) Northern Star, in complying with the other provisions of this Scheme relating to it in respect of the Scheme Shareholder specifically identified in a notice given under clause 4.8(a) as the deemed holder of all of the specified Scheme Shares, will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of this Scheme.

#### 4.9 **Orders of a court or Government Agency**

- (a) If Saracen (or the Saracen Share Registry) or Northern Star receives written notice of an order or direction made by a court of competent jurisdiction or by a Government Agency that:

- (i) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Saracen or Northern Star in accordance with this clause 4, then Saracen or Northern Star (as applicable) will be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (ii) prevents Saracen or Northern Star from providing consideration to any particular Scheme Shareholder in accordance with this clause 4, or the payment or issuance of such consideration is otherwise prohibited by applicable law, Saracen or Northern Star (as applicable) will be entitled to:
  - (A) in the case of any Ineligible Shareholder, retain an amount, in Australian dollars, equal to the relevant Ineligible Shareholder's share of any proceeds of sale received by Saracen pursuant to clause 4.4; and
  - (B) not issue (or, in the case of Saracen, direct Northern Star not to issue), or issue (or, in the case of Saracen, direct Northern Star to issue) to a permitted trustee or nominee, such number of Consideration Shares as that Scheme Shareholder would otherwise be entitled to under clause 4.2,

until such time as provision of the Scheme Consideration in accordance with this clause 4 is permitted by that (or another) order or direction or otherwise by law.

- (b) To avoid doubt, any payment or retention by Saracen or Northern Star (as applicable) under clause 4.9(a) will constitute the full discharge of Northern Star's obligations under clause 4.2 with respect to the amount so paid or retained until, in the case of clause 4.9(a)(ii), the amount is no longer required to be retained.

#### 4.10 **Consideration Shares to rank equally**

Northern Star covenants in favour of each Scheme Shareholder that:

- (a) the Consideration Shares to be issued as the Scheme Consideration will, on issue:
  - (i) be duly issued and fully paid;
  - (ii) be free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise, or restriction on transfer of any kind, other than as provided for in the constitution of Northern Star or as contemplated by clause 7 of the Merger Implementation Deed; and
  - (iii) rank equally in all respects, including for future dividends, with all existing Northern Star Shares then on issue; and
- (b) it will apply to ASX for the official quotation of the Consideration Shares and use all reasonable endeavours to ensure that the Consideration Shares are approved for official quotation on ASX by 8.00 am (Perth time) on the Business Day following the Effective Date (or such later day as ASX may require), initially on a deferred settlement basis, and with effect from the first Business Day after the Implementation Date on an ordinary (T+2) basis (which approval may be conditional on the issue of those Consideration Shares and other conditions customarily imposed by ASX).

#### 4.11 **Unclaimed monies**

- (a) Saracen may cancel a cheque issued under clause 4.4(g) if the cheque:
  - (i) is returned to Saracen; or
  - (ii) has not been presented for payment within 6 months after the date on which the cheque was sent.
- (b) During the period of 12 months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Saracen (or the Saracen Share Registry) (which request may not be made until the date which is 20 Business Days after the Implementation Date), Saracen must reissue a cheque that was previously cancelled under clause 4.11(a).
- (c) The Unclaimed Money Act will apply in relation to any Scheme Consideration which becomes "unclaimed money" (as defined in section 6 of the Unclaimed Money Act).

#### 4.12 **Title to and rights in Scheme Shares**

- (a) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder or to the Sale Nominee (as applicable, and in accordance with this clause 4), Northern Star will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Saracen of the name and address of Northern Star in the Saracen Share Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Northern Star will, at the time of transfer to Northern Star, vest in Northern Star free from all:
  - (i) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
  - (ii) restrictions on transfer of any kind.
- (c) To avoid doubt, notwithstanding clause 4.12(a), to the extent that clause 4.9(a) applies to any Scheme Shareholder, Northern Star will be beneficially entitled to any Scheme Shares held by that Scheme Shareholder immediately upon compliance with clause 4.9 on the Implementation Date as if Northern Star had provided the Scheme Consideration to that Scheme Shareholder.

### 5. **DEALINGS IN SARACEN SHARES**

#### 5.1 **Saracen Share dealings that are recognised**

To establish the identity of the Scheme Shareholders, dealings in Saracen Shares (or other alterations to the Saracen Share Register) will be recognised only if:

- (a) in the case of dealings of the type to be effected using CHES, the transferee is registered in the Saracen Share Register as the holder of the relevant Saracen Shares as at the Scheme Record Date; and

- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings, or valid requests in respect of other alternations, are received by the Saracen Share Registry at or before the Scheme Record Date,

and Saracen must not accept for registration, nor recognise for any purpose (except a transfer to Northern Star pursuant to this Scheme and any subsequent transfer by Northern Star or its successors in title), any transfer or transmission application or other request in respect of Saracen Shares received after the Scheme Record Date, or received prior to the Scheme Record Date but not in registrable or actionable form.

## **5.2 Saracen to register transfer and transmission applications**

Saracen must register registrable transfers and transmission applications of the kind referred to in clause 5.1(b) by the Scheme Record Date, provided that, for the avoidance of doubt, nothing in this clause 5.2 requires Saracen to register a transfer that would result in a Saracen Shareholder holding a parcel of Saracen Shares that is less than a "marketable parcel" (within the meaning given to that term in the operating rules of ASX).

## **5.3 Transfers received after Scheme Record Date not recognised**

If this Scheme becomes Effective, each Scheme Shareholder (and any person claiming through any Scheme Shareholder) must not dispose of or transfer, or purport or agree to dispose of or transfer, any Scheme Share or any interest in them after the Scheme Record Date, other than pursuant to this Scheme, and any such disposal or transfer, purported disposal or transfer or attempted disposal or transfer will be void and of no legal effect whatsoever and Saracen must disregard any disposal, transfer or transmission application in respect of Scheme Shares received after the Scheme Record Date.

## **5.4 Saracen to maintain Saracen Share Register to determine entitlements**

- (a) In order to determine entitlements to the Scheme Consideration, Saracen must maintain, or procure the maintenance of, the Saracen Share Register in accordance with this clause 5 until the Scheme Consideration has been paid to Scheme Shareholders and Northern Star has been entered into the Saracen Share Register as the holder of the Scheme Shares.
- (b) The Saracen Share Register in this form will solely determine entitlements to the Scheme Consideration.

## **5.5 Holding statements no effect from Scheme Record Date**

- (a) All holding statements for Saracen Shares (other than holding statements in favour of Northern Star) will cease to have effect as documents of title (or evidence thereof) after the Scheme Record Date.
- (b) Each entry on the Saracen Share Register at and from the Scheme Record Date (other than those entries in respect of Northern Star) will cease to have any effect other than as evidence of an entitlement to the Scheme Consideration in respect of the Scheme Shares relating to that entry.

## **5.6 Saracen to provide contact information for Scheme Shareholders**

Saracen must ensure that, as soon as practicable after the Scheme Record Date (and in any event by 8.00 am (Perth time) on the day that is two Business Days after the Scheme Record Date), Northern Star is given details of the name, Registered Address and holding of Saracen Shares of each Scheme Shareholder, as shown in the Saracen Share Register at the Scheme Record Date, in the form Northern Star reasonably requires.

## 5.7 **Suspension of trading**

Saracen will apply to ASX to suspend trading of Saracen Shares on the securities exchange operated by ASX with effect from the close of trading on the Effective Date or such other date as agreed between Northern Star and Saracen, acting reasonably, following consultation with ASX.

## 5.8 **Termination of official quotation**

Saracen will apply to ASX:

- (a) for termination of the official quotation of Saracen Shares on the securities exchange operated by ASX; and
- (b) to have itself removed from the official list of ASX,

in each case, with effect on and from the close of trading on the trading day immediately following the Implementation Date, or such other date as Northern Star and Saracen may agree, acting reasonably, following consultation with ASX.

## 6. **GENERAL PROVISIONS**

### 6.1 **Saracen giving effect to the Scheme**

Saracen must do all things (including executing all documents), and must ensure that its employees and agents do all things (including executing all documents), that are necessary or desirable to give full effect to the Scheme and the transactions contemplated by it.

### 6.2 **Scheme Shareholders' agreements and consents**

Each Scheme Shareholder (and the Sale Nominee on behalf of all Ineligible Shareholders, as applicable) irrevocably:

- (a) agrees for all purposes to:
  - (i) the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Northern Star, in accordance with this Scheme;
  - (ii) become a member of Northern Star and to have their name registered in the Northern Star Share Register as a holder of Northern Star Shares (in respect of the Consideration Shares which they are issued pursuant to this Scheme); and
  - (iii) be bound by the constitution of Northern Star;
- (b) agrees to the variation, cancellation or modification of the rights attached to their Scheme Shares constituted by or resulting from, and in accordance with, this Scheme;
- (c) acknowledges that this Scheme binds Saracen and all Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting);
- (d) consents to Saracen and Northern Star doing all things (including executing all deeds, instruments, transfers or other documents) as may be necessary or desirable to give full effect to this Scheme and the transactions contemplated by it; and

- (e) acknowledges and agrees that Saracen, as agent of each Scheme Shareholder, may sub-delegate its functions under this Scheme to any of its directors and officers, jointly and severally,

in each case, without the need for any further act by the Scheme Shareholder.

### 6.3 **Scheme Shareholders' warranties**

- (a) Each Scheme Shareholder is taken to have warranted to Saracen and Northern Star on the Implementation Date, and to have appointed and authorised Saracen as its attorney and agent to warrant to Northern Star on the Implementation Date, that:
  - (i) all their Scheme Shares (including any rights and entitlements attaching to their Scheme Shares) which are transferred under this Scheme will, at the time of transfer of them to Northern Star, be fully paid and free from all:
    - (A) Encumbrances and interests of third parties of any kind, whether legal or otherwise; and
    - (B) restrictions on transfer of any kind;
  - (ii) they have full power and capacity to transfer their Scheme Shares to Northern Star, together with any rights and entitlements attaching to those Scheme Shares, under this Scheme; and
  - (iii) as at the Scheme Record Date, they have no existing right to be issued any other Scheme Shares or any other form of securities in Saracen.
- (b) Saracen undertakes that it will provide such warranty to Northern Star as agent and attorney of each Scheme Shareholder.

### 6.4 **Appointment of Saracen as attorney of Scheme Shareholders**

On the Effective Date, each Scheme Shareholder, without the need for any further act, irrevocably appoints Saracen and each of its directors and officers, jointly and severally, as its attorney and agent to:

- (a) execute any document or do any other act necessary, expedient or incidental to give full effect to this Scheme and the transactions contemplated by it, including executing and delivering the Scheme Transfer under clause 3.2; and
- (b) enforce the Deed Poll against Northern Star,

and Saracen accepts such appointment in respect of itself and on behalf of each of its directors and officers.

### 6.5 **Appointment of Northern Star as agent, attorney and sole proxy in respect of Scheme Shares**

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder or to the Sale Nominee (as applicable, and in accordance with clause 4), until Northern Star is registered as the holder of all Scheme Shares in the Saracen Share Register, each Scheme Shareholder:

- (a) appoints, and is deemed to irrevocably appoint, Northern Star as its attorney and agent (and directs Northern Star as its attorney and agent to appoint any of the directors and officers of Northern Star as its sole proxy and, where applicable, corporate representative, of that Scheme Shareholder) to:



- (i) attend shareholders' meetings of Saracen;
  - (ii) exercise the votes attaching to the Scheme Shares registered in the name of the Scheme Shareholder; and
  - (iii) sign any Saracen Shareholders' resolution (whether in person, by proxy or by corporate representative);
- (b) must take all other action in the capacity of a registered holder of Scheme Shares as Northern Star reasonably directs;
- (c) undertakes not to attend or vote at any shareholders' meetings of Saracen or sign any Saracen Shareholders' resolution (whether in person, by proxy or by corporate representative) other than pursuant to clause 6.5(a); and
- (d) acknowledges and agrees that in exercising the powers conferred by clause 6.5(a), Northern Star and any director, officer or agent nominated by Northern Star may act in the best interests of Northern Star as the intended registered holder of the Scheme Shares.

#### **6.6 Binding effect of Scheme**

This Scheme binds Saracen and all of the Scheme Shareholders (including those who did not attend the Scheme Meeting and those who did not vote, or voted against this Scheme, at the Scheme Meeting) and, to the extent of any inconsistency, overrides the constitution of Saracen.

#### **6.7 No liability when acting in good faith**

Neither Saracen nor Northern Star, nor any of their respective directors, officers, secretaries or employees will be liable for anything done or omitted to be done in good faith in the performance of this Scheme or the Deed Poll.

#### **6.8 Deed Poll**

Saracen undertakes in favour of each Scheme Shareholder to enforce the Deed Poll against Northern Star for and on behalf of each Scheme Shareholder.

#### **6.9 Notices**

- (a) Where a notice, transfer, transmission application, direction or other communication referred to in this Scheme is sent by post to Saracen, it will be deemed to be received on the date (if any) on which it is actually received at Saracen's registered office or at the Saracen Share Registry and on no other date.
- (b) The accidental omission to give notice of the Scheme Meeting or the non-receipt of such notice by a Saracen Shareholder will not, unless so ordered by the Court, invalidate the Scheme Meeting or the proceedings of the Scheme Meeting.

#### **6.10 Stamp duty**

Northern Star will pay all stamp duty (if any) and any related fines and penalties payable on, or in connection with, the transfer by the Scheme Shareholders of the Scheme Shares to Northern Star pursuant to this Scheme or the Deed Poll.

#### **6.11 Governing law**

- (a) This Scheme and any dispute arising out of or in connection with the subject matter of this Scheme is governed by the laws of Western Australia.

- (b) Each party irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts with respect to any proceedings that may be brought at any time arising out of or in connection with the subject matter of this Scheme. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in any inconvenient forum.



Annexure 5 : – Deed Poll



Execution Version

## Deed Poll

Northern Star Resources Ltd

ABN 43 092 832 892

In favour of each person registered as a holder of a fully paid ordinary share in Saracen Mineral Holdings Limited as at the Scheme Record Date

Deed Poll relating to proposed Scheme of Arrangement between Saracen Mineral Holdings Limited and its members

## DEED POLL

**THIS DEED POLL** is made on

6 October 2020

**BY:**

Northern Star Resources Ltd ABN 43 092 832 892, whose registered office is at Level 1, 388 Hay Street, Subiaco, Western Australia 6008 (**Northern Star**).

**IN FAVOUR AND FOR THE BENEFIT OF:**

Each person registered as a holder of a fully paid ordinary share in Saracen Mineral Holdings Limited ABN 52 009 215 347 (**Saracen**) in the Saracen Share Register as at the Scheme Record Date (each a **Scheme Shareholder**).

**BACKGROUND**

- (A) Saracen and Northern Star have entered into a merger implementation deed with respect to the Scheme and associated matters (**Merger Implementation Deed**).
- (B) Under the Merger Implementation Deed:
  - (1) Saracen has agreed to propose the Scheme, pursuant to which (among other things):
    - (i) the Scheme Shareholders will transfer to Northern Star, and Northern Star will acquire, all of the Scheme Shares; and
    - (ii) Northern Star will provide to each Scheme Shareholder the Scheme Consideration in respect of each of their Scheme Shares; and
  - (2) Northern Star has agreed to enter into this Deed Poll.
- (C) Northern Star is executing this Deed Poll to covenant in favour of the Scheme Shareholders to perform the obligations attributed to Northern Star under the Merger Implementation Deed and the Scheme.

**NORTHERN STAR DECLARES AS FOLLOWS**

1. **INTERPRETATION**

1.1 **Definitions**

**Scheme** means the proposed scheme of arrangement pursuant to Part 5.1 of the Corporations Act between Saracen and Scheme Shareholders in respect of all Scheme Shares, subject to any alterations or conditions made or required by the Court under section 411(6) of the Corporations Act and agreed to in writing by Northern Star and Saracen.

Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this Deed Poll.

1.2 **Rules for interpreting this Deed Poll**

Clause 1.2 of the Scheme applies to the interpretation of this Deed Poll, except that references to "Scheme" are to be read as references to "Deed Poll".

## 2. **NATURE OF THIS DEED POLL**

Northern Star acknowledges and agrees that:

- (a) this Deed Poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Saracen and each of its directors and officers, jointly and severally, as its agent and attorney to enforce this Deed Poll against Northern Star.

## 3. **CONDITIONS PRECEDENT AND TERMINATION**

### 3.1 **Conditions precedent**

This Deed Poll and Northern Star's obligations under this Deed Poll are subject to the Scheme becoming Effective.

### 3.2 **Termination**

- (a) Northern Star's obligations under this Deed Poll will automatically terminate, and the terms of this Deed Poll will be of no further force or effect, if the Merger Implementation Deed is terminated in accordance with its terms, unless Northern Star and Saracen otherwise agree in writing (and, if required, as approved by the Court).
- (b) If this Deed Poll is terminated pursuant to clause 3.2(a) then:
  - (i) Northern Star is released from its obligations under this Deed Poll; and
  - (ii) each Scheme Shareholder retains any rights it has against Northern Star in respect of any breach of this Deed Poll which occurred before it was terminated.

## 4. **SCHEME OBLIGATIONS**

### 4.1 **Undertaking to provide Scheme Consideration**

Subject to clause 3, in consideration of the transfer of each Scheme Share to Northern Star in accordance with the Scheme, Northern Star covenants in favour of each Scheme Shareholder that it will:

- (a) provide the Scheme Consideration to each Scheme Shareholder on the Implementation Date; and
- (b) undertake all other actions, and give each covenant, attributed to it under the Scheme, as if named as a party to the Scheme,

in each case, subject to and in accordance with the terms of the Scheme.

### 4.2 **Consideration Shares to rank equally**

Northern Star covenants in favour of each Scheme Shareholder that each Consideration Share will, upon issue:

- (a) be duly issued and fully paid;

- (b) be free from any Encumbrances and interests of third parties of any kind, whether legal or otherwise, or restriction on transfer of any kind, other than as provided for in the constitution of Northern Star or as contemplated by clause 7 of the Merger Implementation Deed; and
- (c) rank equally in all respects, including for future dividends, with all existing Northern Star Shares then on issue.

## 5. REPRESENTATIONS AND WARRANTIES

Northern Star represents and warrants in favour of each Scheme Shareholder that:

- (a) **(status)** it is a validly existing company limited by shares under the Corporations Act;
- (b) **(power)** it has full legal capacity and power to enter into this Deed Poll and to carry out the transactions contemplated by this Deed Poll;
- (c) **(corporate authority)** it has taken all corporate action that is necessary to authorise it to enter into this Deed Poll and it has taken or will take all corporate action that is necessary to authorise it to carry out the transactions contemplated by this Deed Poll;
- (d) **(Deed Poll effective)** this Deed Poll constitutes legal, valid and binding obligations on it, enforceable against it in accordance with its terms; and
- (e) **(no contravention)** neither its execution of this Deed Poll nor the carrying out by it of the transactions contemplated by this Deed Poll contravenes or will contravene:
  - (i) any law to which it is subject;
  - (ii) any order of any Government Agency that is binding on it;
  - (iii) any undertaking or instrument binding on it; or
  - (iv) its constitution.

## 6. CONTINUING OBLIGATIONS

This Deed Poll is irrevocable and, subject to clause 3, remains in full force and effect until the earlier of:

- (a) Northern Star having fully performed its obligations under this Deed Poll; and
- (b) termination of this Deed Poll pursuant to clause 3.2.

## 7. NOTICES

### 7.1 How to give a notice

A notice, consent or other communication under this Deed Poll is only effective if it is:

- (a) in writing, legible and in English, signed by or on behalf of the person giving it;
- (b) addressed to the person to whom it is to be given; and
- (c) either:
  - (i) delivered or sent by pre-paid mail (by airmail, if the addressee is overseas) to that person's address; or

- (ii) sent in electronic form (such as email).

## 7.2 **When a notice is given**

A notice, consent or other communication that complies with this clause 7 is regarded as given and received upon:

- (a) if sent by mail:
  - (i) within Australia – three Business Days after posting; or
  - (ii) to or from a place outside Australia – seven Business Day after posting;
- (b) if sent in electronic form:
  - (i) if it is transmitted by 5.00 pm (Perth time) on a Business Day – when sent; or
  - (ii) if it is transmitted after 5.00 pm (Perth time) on a Business Day, or at any time on a day that is not a Business Day – on the next Business Day,

provided that no notice of failure of transmission or other error message is received by the sender.

## 7.3 **Address for notices**

Northern Star's mail address and email address are those set out below, or as Northern Star otherwise notifies.

### **Northern Star**

Address: Level 1, 388 Hay Street  
Subiaco WA 6008

Email Address: compliance@nsrltd.com

Attention: Company Secretary

## 8. **GENERAL**

### 8.1 **Assignment**

- (a) The rights created by this Deed Poll are personal to Northern Star and each Scheme Shareholder and, except with the prior written consent of Northern Star, cannot and must not be assigned, encumbered, charged or otherwise dealt with at law or in equity by a Scheme Shareholder.
- (b) Any purported dealing in contravention of clause 8.1(a) is invalid.

### 8.2 **Waiver of rights**

A right may only be waived in writing, signed by the party giving the waiver, and:

- (a) no other conduct of a party (including a failure to exercise, or delay in exercising, the right) operates as a waiver of the right or otherwise prevents the exercise of that right;



- (b) a waiver of a right on one or more occasions does not operate as a waiver of that right if it arises again; and
- (c) the exercise, or partial exercise, of a right does not prevent any further exercise of that right or of any other right;

### 8.3 **Operation of this Deed Poll**

- (a) The rights, powers and remedies of Northern Star and the Scheme Shareholders under this Deed Poll are in addition to, and do not replace, exclude or limit, any other rights, powers or remedies provided by law independently of this Deed Poll.
- (b) Any provision of this Deed Poll that is void, illegal or unenforceable:
  - (i) in a particular jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions of this Deed Poll in that or any other jurisdiction; and
  - (ii) is, where possible, to be severed to the extent necessary to make this Deed Poll valid, legal or enforceable, unless this would materially change the intended effect of this Deed Poll.

### 8.4 **Duty**

Northern Star must:

- (a) pay all stamp duty payable or assessed as being payable in connection with this Deed Poll, the Scheme, or the transfer by the Scheme Shareholders of the Scheme Shares pursuant to the Scheme (including any fees, fines, penalties and interest in connection with any of these amounts); and
- (b) indemnify each Scheme Shareholder against any liability arising from any failure by Northern Star to comply with clause 8.4(a).

### 8.5 **Consent**

Northern Star consents to Saracen producing this Deed Poll to the Court.

### 8.6 **Further acts**

Northern Star must, at its own expense, promptly do all things and execute all documents reasonably necessary to give full effect to this Deed Poll and all transactions contemplated by it.

### 8.7 **Governing law**

- (a) This Deed Poll and any dispute arising out of or in connection with the subject matter of this Deed Poll is governed by the laws of Western Australia.
- (b) Northern Star irrevocably submits to the non-exclusive jurisdiction of the courts of Western Australia and of the courts competent to determine appeals from those courts with respect to any proceedings that may be brought at any time arising out of or in connection with the subject matter of this Deed Poll.

**EXECUTED** as a deed poll.

**EXECUTED** by **NORTHERN STAR RESOURCES LTD** ABN 43 092 832 892 in accordance with section 127 of the *Corporations Act 2001* (Cth):



\_\_\_\_\_  
Signature of director

Bill Beament

\_\_\_\_\_  
Name (print)



\_\_\_\_\_  
Signature of ~~director~~/secretary

Hilary Macdonald

\_\_\_\_\_  
Name (print)

Annexure 6 : – Notice of Scheme Meeting

# SARACEN MINERAL HOLDINGS LTD

ACN 009 215 347

## NOTICE OF SCHEME MEETING

A meeting of the members of Saracen Mineral Holdings Ltd will be held on 15 January 2021 at 9:00am (AWST) electronically through an online platform at <https://web.lumiagm.com/349257825>

As a result of the potential health risks associated with large gatherings and the corona virus (COVID-19) pandemic, shareholders are only permitted to attend the Scheme Meeting electronically.

This Notice of Scheme Meeting should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

Should you wish to discuss any matter please do not hesitate to contact the Shareholder Information Line by telephone on 1300 209 842 (Within Australia) or +61 3 9415 4199 (Outside of Australia)

Shareholders are urged to attend or appoint a proxy to attend and vote on their behalf (see the Explanatory Memorandum for further details).



## SARACEN MINERAL HOLDINGS LTD

ACN 009 215 347

### NOTICE OF SCHEME MEETING

Notice is given that, by an order of the Supreme Court of Western Australia made on 9 December 2020 pursuant to section 411(1) of the Corporations Act, a meeting of the holders of ordinary shares in Saracen will be held electronically on Friday, 15 January 2021 at 9:00am (AWST) through an online platform at <https://web.lumiagm.com/349257825>.

The Court has also directed that Michael Bowen act as chairman of the Scheme Meeting or failing him James Stewart, and has directed the chairman to report the results of the Scheme Meeting to the Court.

Due to the COVID-19 pandemic, in the interests of the health and safety of Saracen Shareholders and staff, the Scheme Meeting will be held electronically. It will not be possible to physically attend the Scheme Meeting. Details on how to attend electronically are set out in the Explanatory Memorandum below.

The persons eligible to vote on the Scheme Meeting are those who are registered as shareholders of Saracen on Wednesday, 13 January 2021 at 7:00pm (AEDT).

#### Purpose of Meeting

The purpose of the Scheme Meeting is to consider and, if thought fit, to agree to (with or without modification) a scheme of arrangement proposed to be made between Saracen and Saracen Shareholders.

To enable you to make an informed voting decision, important information on the Scheme is set out in the Scheme Booklet accompanying this Notice of Scheme Meeting.

The Explanatory Memorandum forms part of this Notice of Scheme Meeting. Unless otherwise defined, capitalised terms used in this notice have the same meaning as set out in the defined terms in Section 12 of the Scheme Booklet.

### AGENDA

#### 1. RESOLUTION 1 – APPROVAL OF THE SCHEME

To consider and if, thought fit, to pass, with or without amendment, the following resolution in accordance with section 411 of the Corporations Act:

“That, pursuant to and in accordance with section 411 of the Corporations Act, the scheme of arrangement proposed between Saracen and the holders of its ordinary shares as contained in and more particularly described in the Scheme Booklet of which the Notice of Scheme Meeting forms part, is agreed to (with or without alterations or conditions as approved by the Court to which Saracen and Northern Star agree), and Saracen is authorised, subject to the terms of the Merger Implementation Deed, to agree to any such alterations or conditions and, subject to approval by the Court, to implement the Scheme with any such alterations or conditions.”

By order of the Court and the Saracen Board

**Jeremy Ryan**

Company Secretary

Saracen Mineral Holdings Ltd

Dated 10 December 2020

## SARACEN MINERAL HOLDINGS LTD

ACN 009 215 347

## EXPLANATORY MEMORANDUM

**1. INTRODUCTION**

This Explanatory Memorandum has been prepared for the information of Saracen Shareholders in connection with the business to be conducted at the Scheme Meeting to be held electronically on Friday, 15 January 2021 at 9:00am (AWST) through an online platform at <https://web.lumiagm.com/349257825>.

This Explanatory Memorandum should be read in conjunction with the Notice of Scheme Meeting and the information in the Scheme Booklet (of which the Notice of Scheme Meeting forms part).

Any changes to the Scheme Meeting will be communicated to Saracen Shareholders electronically via Saracen's ASX platform.

A copy of the Scheme is set out in Annexure 4 to the Scheme Booklet.

**2. PARTICIPATING IN THE SCHEME MEETING**

Due to the COVID-19 pandemic, in the interests of the health and safety of Saracen Shareholders and staff, to the Scheme Meeting will be held electronically. Accordingly, Saracen Shareholders and their proxies, attorneys or corporate representatives will not be able to physically attend the Scheme Meeting and will instead be able to participate online from their computer or mobile device by:

- (a) entering the URL in their browser: <https://web.lumiagm.com/349257825>; and
- (b) entering the Meeting ID: 349-257-825.

Participating in the Scheme Meeting via the online platform will allow eligible Saracen Shareholders, their proxies, attorneys or corporate representatives to listen to the Scheme Meeting live, view slides and ask questions and vote in real time at appropriate times during the Scheme Meeting.

Saracen Shareholders, will need the following information to participate in the Scheme Meeting:

- (c) the Meeting ID, which is: 349-257-825;
- (d) Username: which is your SRN/HIN; and
- (e) Password: Your password is the postcode registered to your holding if you are an Australian shareholder. Overseas shareholders should refer to the Lumi Online Voting Guide available from the Saracen website at <https://www.saracenscheme.com/> for their password details.

Attorneys and corporate representatives of Saracen Shareholders will need the username and password of the Saracen Shareholder they are representing.

Proxies will need their unique username and password which will be provided by Saracen's Share Registry, Computershare Investor Services Pty Limited, no later than 24 hours prior to the Scheme Meeting.

Further information regarding participating in the Scheme Meeting electronically, including browser requirements, is detailed in the Lumi Online Voting Guide available on Saracen's website: <https://www.saracenscheme.com/>.

Registration will open 1 hour prior to the start of Scheme Meeting. We recommend logging on to the online platform at least 15 minutes prior to the scheduled start time for the Scheme Meeting. If you require technical assistance please call +61 9415 4024.

**How to ask questions?**

Saracen Shareholders who would like to ask questions at the Scheme Meeting are encouraged to do so in writing before the Scheme Meeting by emailing their question to [saracen@computershare.com](mailto:saracen@computershare.com) prior to 9:00am (AWST) on Wednesday, 13 January 2021.

Alternatively Saracen Shareholders can submit questions when attending the Scheme Meeting online via the Lumi platform.

**6. REQUIRED VOTING MAJORITY**



In order for the Scheme to become effective, the resolution set out in the Notice of Scheme Meeting must be passed at the Scheme Meeting by:

- (a) unless the Court orders otherwise, a majority of the number of Saracen Shareholders present and voting on the resolution (whether in person or by proxy, attorney or, in the case of corporate shareholders, a corporate representative) at the meeting; and
- (b) at least 75% of the votes cast on the resolution.

The Court has the discretion under section 411(4)(a)(ii)(A) of the Corporations Act to approve the Scheme if it is approved by at least 75% of the votes cast on the resolution but not by a majority in number of Saracen Shareholders (other than excluded shareholders) present and voting at the Scheme Meeting.

Voting at the Scheme Meeting will be by poll rather than by a show of hands.

### 3. COURT APPROVAL

In accordance with section 411(4)(b) of the Corporations Act, the Scheme (with or without alteration or conditions) is subject to approval of the Court. If the resolution proposed at the Scheme Meeting is approved by the requisite majority, and the relevant conditions of the Scheme (other than approval by the Court) are satisfied, or waived, by the time required under the Scheme, Saracen intends to apply to the Court for the necessary orders to give effect to the Scheme.

### 4. HOW TO VOTE

Saracen Shareholders entitled to vote at the Scheme Meeting can vote:

- (a) by attending the Scheme Meeting electronically; or
- (b) by appointing an attorney to attend the Scheme Meeting electronically and vote on their behalf, or, in the case of corporate shareholders, a corporate representative to attend the Scheme Meeting electronically and vote on its behalf; or
- (c) by appointing a proxy to attend the Scheme Meeting electronically and vote on their behalf.

Voting will be conducted by poll.

#### Voting by proxy

A Saracen Shareholder entitled to attend and vote at the Scheme Meeting is entitled to appoint not more than two proxies. Each proxy will have the right to vote on the resolution to be put to the Scheme Meeting and also to speak at the Scheme Meeting. The appointment of a proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed, and if the appointment does not specify the proportion or number of the Saracen Shareholder's votes each proxy may exercise, each proxy may exercise half of the votes. A proxy need not be a Saracen Shareholder.

If a proxy is not directed how to vote any item of business, the proxy may vote or abstain from voting, as that person thinks fit. If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on the poll, and the Saracen Shares the subject of the proxy appointment will not be counted in computing the required majority.

Saracen Shareholders who appoint a proxy but do not nominate the identity of their proxy will be taken to have appointed the chairman of the Scheme Meeting as their proxy to vote on their behalf. If a proxy is lodged and the proxy specifies the way the proxy is to vote on the Scheme Resolution but the nominated proxy is either not recorded as attending the Scheme Meeting or does not vote on the Scheme Resolution, the chairman of the Scheme Meeting will act in place of the nominated proxy and vote in accordance with the directions.

Proxy appointments in favour of, or which default, to the chairman of the Scheme Meeting which do not contain a direction will be voted in favour of the Scheme Resolution at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert continuing to conclude that the Scheme is in the best interest of Saracen Shareholders.

If you appoint a proxy, you may still attend the Scheme Meeting in person. Please note that if you appoint a proxy and attend the Scheme Meeting, your proxy will still be able to participate in the Scheme Meeting and your proxy's authority to vote will not be suspended while you are present. However, you may still vote on the Scheme Resolution. If you do so and your proxy also votes, your vote will be counted and your proxy's will not.

#### How to appoint a proxy



### Online

Saracen Shareholders who have elected to receive notices of meeting electronically will receive an email with a personalised link to the Computershare site at [www.investorvote.com.au](http://www.investorvote.com.au) which can be used to appoint a proxy online by following instructions on that website.

You will be taken to have signed a Proxy Form and appointed a proxy if you submit your proxy online in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

The online proxy appointment must be received by Saracen or the Share Registry, Computershare Investor Services Pty Limited, by no later than 9:00am (AWST) on Wednesday, 13 January 2021 to be effective. A proxy cannot be appointed using the online system if they are appointed under a power of attorney or similar authority.

### Hard copy

Saracen Shareholders who have not elected to receive notices of meeting electronically will receive a letter which includes a hard copy of the Proxy Form.

The signed Proxy Form (and an original or certified copy of any power of attorney under which it has been signed unless already provided) must be received by Saracen or the Share Registry, Computershare Investor Services Pty Limited, by no later than 9:00am (AWST) on Wednesday, 13 January 2021 to be effective. Proxies given by corporations must be executed in accordance with the Corporations Act.

Saracen Shareholders who receive a hard copy of the Proxy Form may appoint a proxy by returning the Proxy Form to Saracen or the Share Registry, Computershare Investor Services Pty Limited, by either posting it in the reply-paid envelope provided (only for use in Australia) or by sending, delivering, faxing or lodging it online as follows:

(a) **Mail to:**

Computershare Investor Services Pty Limited  
GPO Box 1282  
Melbourne VIC 3001  
Australia

(b) **Fax to:**

**In Australia:** 1800 783 447  
**From Outside of Australia:** +61 3 9473 2555

(c) **Online:**

[www.investorvote.com.au](http://www.investorvote.com.au)

You will need your SRN or HIN, the allocated control number and PIN as shown on your Proxy Form.

You will be taken to have signed the Proxy Form if you lodge your proxy in accordance with the instructions on the website. Please read the instructions for online proxy submissions carefully before you lodge your proxy.

(d) **Mobile Device:**

Scan the QR code on your Proxy Form and follow the prompts. You will need your SRN or HIN, the allocated control number and PIN as shown on your Proxy Form.

(a) **By Custodians:**

For Intermediary Online subscribers only (custodians), please visit [intermediaryonline.com](http://intermediaryonline.com) to submit your voting intentions.

### Voting by corporate representative

A Saracen Shareholder or proxy, which is a body corporate, may appoint an individual to act as its representative to vote in the Scheme Meeting. The appointment must comply with section 250D of the Corporations Act. If a representative of a Saracen Shareholder or proxy, which is a body corporate is to participate in the meeting you will need to provide the appropriate "Appointment of Corporate Representative" to Saracen's Share



Registry or Saracen. A form may be obtained from Computershare or online at [www.investorcentre.com.au](http://www.investorcentre.com.au) under "Printable Forms".

Unless otherwise specified in the appointment, a representative acting in accordance with his or her authority, until it is revoked by the body corporate Saracen Shareholder, is entitled to exercise the same powers on behalf of that body corporate as that body corporate could exercise at a meeting or in voting on a resolution.

A corporation may appoint an individual as a representative to exercise its powers as Shareholder or as a Shareholder's proxy.

Saracen Shareholders who wish to appoint a corporate representative for the Scheme Meeting should, if they have not already presented an appropriate appointment, deliver to Saracen's Share Registry or Saracen an original or certified copy of the appointment by no later than 9:00am (AWST) on Wednesday, 13 January 2021.

#### **Voting by attorney**

Saracen Shareholders who wish to vote by attorney at the Scheme Meeting should, if they have not already presented an appropriate power of attorney to Saracen, deliver to Saracen's Share Registry or Saracen an original or certified copy of the power of attorney by no later than 9:00am (AWST) on Wednesday, 13 January 2021.

#### **2. JOINT HOLDERS**

In the case of Saracen Shares held by joint holders, only one of the joint holders is entitled to vote. If more than one Saracen Shareholder votes in respect of jointly held Saracen Shares, the vote of the senior who tenders a vote must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the Saracen Register.

#### **3. FURTHER INFORMATION FOR SARACEN SHAREHOLDERS**

Further information for Saracen Shareholders is set out in the Scheme Booklet. If you have any questions please contact Shareholder Information Line on 1300 209 842 (within Australia) or +61 3 9415 4199 (outside of Australia) between 5:30am and 5:00pm (AWST) Monday to Friday.



# Corporate Directory

## Directors

Anthony (Tony) Kiernan AM – Chairperson

Raleigh Finlayson – Managing Director

Sally Langer – Non-Executive Director

Martin Reed – Non-Executive Director

John Richards – Non-Executive Director

Roric Smith – Non-Executive Director

Samantha Tough – Non-Executive Director

Jeremy Ryan – Company Secretary

## Legal Advisers

DLA Piper Australia

Level 21

240 St Georges Terrace

Perth WA 6000

Tel +61 8 6467 6000

## Independent Expert

Ernst & Young Strategy and Transactions Limited

11 Mounts Bay Road

Perth WA 6000

## Independent Technical Specialist

SRK Consulting (Australasia) Pty Ltd

Level 1, 10 Richardson Street

West Perth WA 6005

## Investigating Accountant

Deloitte Corporate Finance Pty Limited

Tower 2, Brookfield Place

123 St Georges Terrace

Perth WA 6000

## Registered and Corporate Office

Level 11, 40 The Esplanade Perth WA 6000

Telephone: +61 8 6229 9100

Website: [www.saracen.com.au](http://www.saracen.com.au)

## Financial Adviser

Macquarie Capital Australia Limited

Level 23

240 St Georges Terrace

Perth WA 6000

## Tax Adviser

PricewaterhouseCoopers

Brookfield Place, 125 St Georges Terrace

Perth WA 6000

## Share Registry

Computershare Investor Services Pty Limited

Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

Website: [www.computershare.com.au](http://www.computershare.com.au)

## Stock Exchange Listing

ASX Code: SAR