

Saracen

4 September 2017

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street,
Sydney, NSW 2000

Dear Sir/Madam,

2017 ANNUAL REPORT

Please find attached a copy of Saracen Mineral Holdings Limited's 2017 Annual Report.

Shareholders that have elected to receive a copy of the 2017 Annual Report will receive a copy of the same with the 2017 AGM Notice of Meeting.

A copy of the 2017 Annual Report is also available on the Company's website at www.saracen.com.au.

Yours sincerely

Jeremy Ryan
Company Secretary

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Perth, WA 6000
Australia
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CORPORATE DIRECTORY

Board of Directors

Mr Geoffrey Clifford (Non-Executive Chairman)
Mr Raleigh Finlayson (Managing Director)
Mr Mark Connelly (Non-Executive Director)
Mr Martin Reed (Non-Executive Director)
Dr Roric Smith (Non-Executive Director)
Ms Samantha Tough (Non-Executive Director)

Secretary

Mr Jeremy Ryan

Registered Office and Business Address

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Perth WA 6000

Telephone: 08 6229 9100

Facsimile: 08 6229 9199

Website: saracen.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange
(ASX Code: SAR)

Auditors

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38 Station Street, Subiaco WA 6008
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Solicitors

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Level 31, Central Park
152 – 158 St Georges Tce, Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited
367 Collins Street, Melbourne VIC 3000

Share Registry

Computershare Investor Services Pty Limited
452 Johnston Street, Abbotsford VIC 3067

Telephone: 1300 787 272

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MANAGING DIRECTOR'S REPORT

Dear Shareholders,

It is with great pleasure I report that the 2017 financial year (FY2017) heralded the arrival of Australia's newest 300,000 ounce per annum gold producer – Saracen!

The 300,000 ounce milestone was delivered on time and ahead of budget after first being announced back in March 2015. Our cornerstone value is delivery, and I would like to acknowledge the contribution of all of our employees, contractors, project partners, and stakeholders for their contribution towards achieving this longstanding goal.

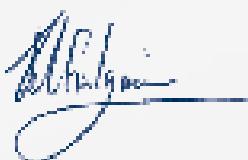
Leading a proactive safety culture underpins our delivery, and pleasingly I can report our total incident frequency rate (TIFR) declined from 348 to 281 during FY2017. I am also pleased to report that there were no significant environmental incidents during the year at our operations.

Organic growth was a key focus for Saracen in FY2017, with record exploration funding of \$31m (up significantly from a total spend of \$25m over the previous two years). This investment delivered excellent results, boosting reserves and growing the mine life at both Carosue Dam and Thunderbox. The deeper drilling at the Karari underground mine is particularly encouraging, with each additional hole not only growing the deposit, but also pointing to higher grades in the future. With Karari located immediately adjacent to the Carosue Dam mill, there is no better place to find more high grade ore. Karari (and indeed all of our active mines) remain open along strike and at depth.

In addition to exploration drilling, we invested in several new growth projects. In response to the growing mine life at Thunderbox we constructed a pipeline to ensure reliable long term water supply to the mill. We commenced mining at the Kailis open pit which will boost the head grade and boost milling rates at Thunderbox. We have also developed an exploration drive at Whirling Dervish, Karari's sister deposit which is adjacent to the Carosue Dam mill.

Saracen is an enthusiastic promoter of our local communities in the Eastern Goldfields of Western Australia, providing funding to numerous community groups including The Leonora Golden Gift, Ride to Conquer Cancer, Perth Special Children's Christmas Parties, Movember, Curtin University students and The Kalgoorlie City Football Club. We continue to provide strong support to the iconic West Australian School of Mines in Kalgoorlie (WASM) and its commitment to provide the world's finest mining and mineral education facilities.

In FY2018 we will be focused on increasing profits and cash generation. Our expanded production will bring in more revenue in a positive gold price environment, and our costs are anticipated to decline significantly. We will also continue to grow our mine life.



RALEIGH FINLAYSON
Managing Director





“In FY2018 we will be focused on increasing profits and cash generation. Our expanded production will bring in more revenue in a positive gold price environment, and our costs are anticipated to decline significantly.”

REVIEW OF OPERATIONS

OVERVIEW

Carosue Dam Operations

Saracen Mineral Holdings Limited owns 100% of the Carosue Dam Operations (CDO) through its wholly owned subsidiary Saracen Gold Mines Pty Ltd. Saracen acquired the CDO assets in 2006 and commenced commercial production in 2010. Since then, Saracen has produced over 850,000 ounces of gold from open pits and underground mines and in May 2017, Saracen poured the one millionth ounce of gold produced from the CDO mine operation.

Saracen's CDO tenement holdings and gold deposits are located in one of the world's most prospective gold provinces, incorporating the Laverton and Keith Kilkenny Tectonic Zones, north-east of Kalgoorlie, Western Australia. This province is home to several world class gold mines and deposits including Sunrise Dam, Granny Smith, and Wallaby. In excess of 23 million ounces of gold in resources have been found and/or brought into production in this province. Saracen is building a long-term strategic infrastructure and resource position in this area.

CDO comprises a processing plant, two accommodation villages with the ability to support 400 persons, various water and power infrastructure and is located 120km north north-east of Kalgoorlie. The CDO processing plant was originally commissioned in November 2000 and has a nameplate capacity of 2.4Mtpa.

Thunderbox Operations

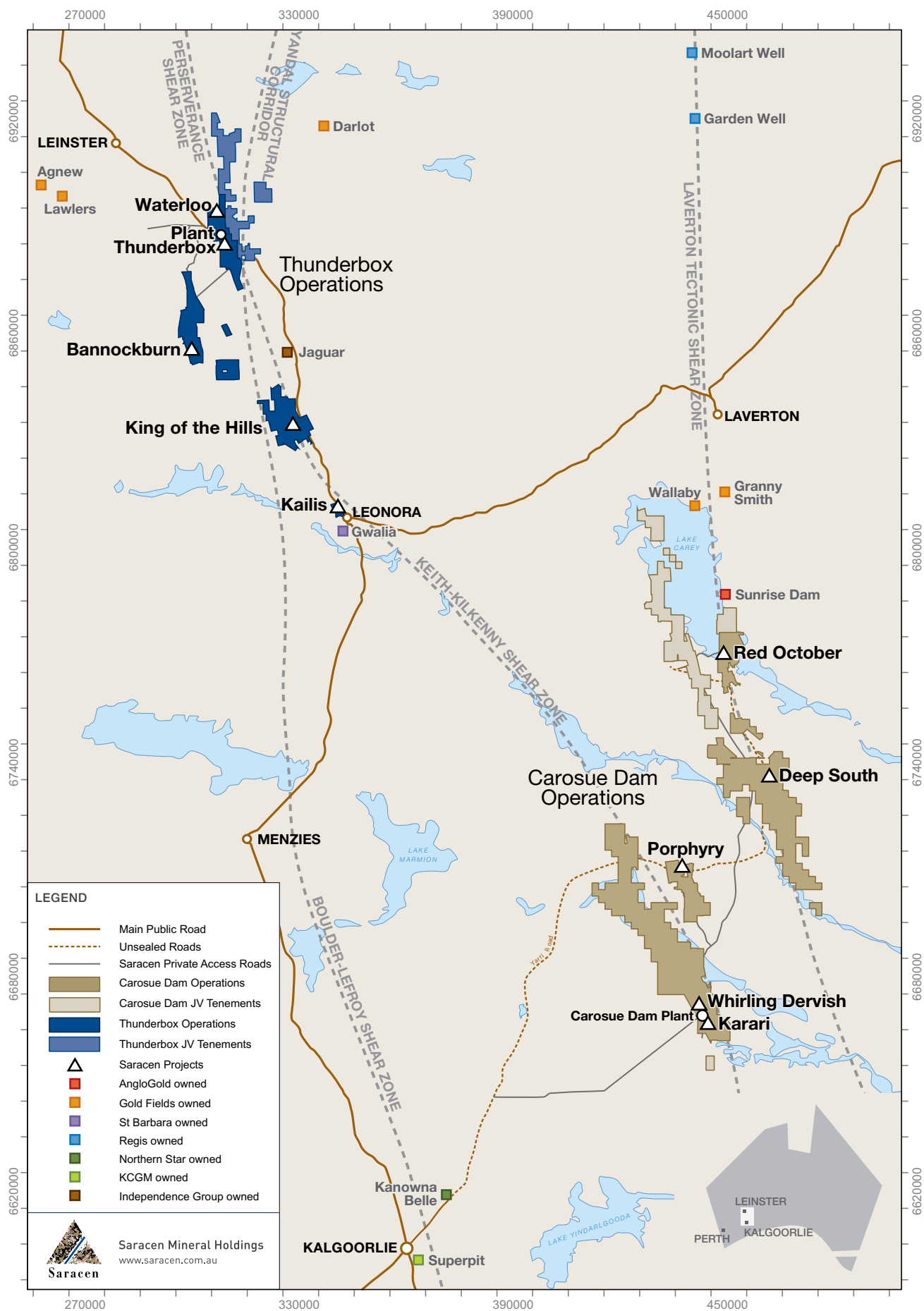
The Thunderbox Operations (TBO) is located in the highly prospective Yandal Belt and the Agnew-Wiluna Belt in the North Eastern Goldfields of Western Australia and are centred on the Thunderbox Open Pit and CIL gold treatment plant located 45km south of the town of Leinster in Western Australia and immediately adjacent to the sealed Goldfields Highway. FY2017 marked the first full year of production at Thunderbox under Saracen ownership since being acquired in May 2014.

TBO includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Mangilla gold deposits), the Kailis Open Pit and King of the Hills Underground mine (since sold to ASX listed Red 5 Ltd, refer ASX Announcement dated 3 August 2017), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits).

The Thunderbox processing facility, which was recommissioned during 2015 incorporates a single-stage crusher, a SAG mill and a ball mill as well as conventional CIL leaching and elution circuits. Nameplate capacity of the TBO processing plant is 2.5Mtpa. Existing infrastructure comprises a 268 person accommodation village, an airstrip, power infrastructure, Goldfields Gas pipeline spur, borefield water supply and telecommunication services.

During FY2017, Saracen continued mining Stage 1 of the Thunderbox open pit, known as A Zone and commenced open cut pre-strip activities at both the Thunderbox open pit C Zone and the Kailis open pit mine (5km from Leonora and 85km south of Saracen's Thunderbox project, purchased from St Barbara Ltd in August 2015).

“We are growing our mine lives towards 10-years, we are producing at our targeted rate of 300,000oz a year and we are reducing our costs to just A\$950/oz by FY2020.”



Saracen tenement holdings and principal gold deposits.

HEALTH, SAFETY AND ENVIRONMENT

Health and Safety

The Saracen Group lost time injury frequency rate (LTIFR) for the 12 months to June 2017 was 3.7 (2016: 3.5). The Total Incident Frequency Rate (TIFR) for the year was 281. This reflected a 23% improvement for the financial year.

During the year, the focus has been on health and safety line management training, operator competency assessments, assurance activities around Critical Risk controls with an emphasis on safe behaviour, as part of the drive to achieve and ensure a safe place of work.

To ensure that the capability of the operational Emergency Response Teams (ERT) was maintained, monthly 'block training' sessions were conducted such that the experienced ERT members continued to improve their skill set and the new members learnt new skills. ERT preparedness remains a critical aspect of the operations given their remote locations.

Throughout the year, the Company has seen considerable stabilisation in the Health and Safety area and the opportunity was taken to readjust procedures and processes and set the strategic direction for the coming year. This safety-focussed strategic planning will provide goals and objectives for the coming year and beyond. As all employees and departments strive to meet these goals, targets and key performance indicators, we expect that the safety performance across the operations will continue to improve.



inset photo: ERT crew in training



Environmental Regulation and Performance

The Group is committed to conducting operations in an environmentally sensitive manner. Through the implementation of a company-wide Environmental Management System (EMS), the Group is able to continually minimise any adverse environmental risks that may be associated with its business activities. The Group recognises that respecting the environmental values held by people within and outside of the organisation is an integral part of doing business.

The Group is subject to environmental regulations associated with the granting of licences by various regulatory bodies, including the Department of Mines Industry Regulation and Safety (DMIRS), Department of Water and Environmental Regulation (DWER), and the Department of Planning, Lands and Heritage (DPLH). The Group continues to operate in compliance with these regulations. Inspection and monitoring of vegetation, groundwater and emissions are conducted to ensure compliance and provide evidence of compliance in accordance with the above mentioned licences. Results are reported in various annual reports to regulatory bodies in accordance with statutory requirements. There were no material non-compliances during the year.

The Group is also subject to reporting requirements of the National Environmental Protection (National Pollution Inventory) Measure 1998 and the National Greenhouse and Energy Reporting Act 2007. This legislation requires the Group to report its annual greenhouse gas emissions and energy use. Systems and processes have been implemented for the collection and calculation of the data required for both reports submitted in September 2016 (NPI) and October 2016 (NGER).

Key environmental achievements during the financial year included:

- Completion of 42ha of rehabilitation work on the Karari Waste Rock Dump at the Carosue Dam project. Including reshaping of 358,000BCM of material to meet rehabilitation design criteria. Top soiling and seeding of this landform will continue in FY2018, once completed this work will reduce the ongoing Mining Rehabilitation Fund (MRF) Liability for the landform and demonstrates the Group's commitment to environmentally responsible development;
- Finalisation of the progressive rehabilitation plan for the Carosue Dam Project Paddock (Cells 1-3) and In-Pit (Luvionza) Tailings Storage Facilities (TSF's) in line with the current life of mine. Progressive rehabilitation is planned to be completed on both facilities based on this design criteria, which will ensure cost effective, successful and efficient rehabilitation is completed;
- The Group has progressed planning for a semi-integrated landform/TSF design of the Thunderbox Eastern Waste Rock Dump (EWRD) and TSF to minimise disturbance footprint.
- The Group has finalised the updated Risk Assessment on the inherited legacy contamination caused by windblown dust from Tailings Storage Facility Cells A & B. This assessment has shown the risk to Human Health and the Environment from dust outside the TSF within vegetated areas immediately adjacent to the TSF is low and can be managed through normal site practices. The Group will continue to monitor dust deposits in line with the approved Site Management Plan (SMP) to ensure risk remain low and are managed.

There were no significant environmental incidents during the year at the Company's operations.

“There were no significant environmental incidents during the year at the Company's operations.”

PRODUCTION & COSTS

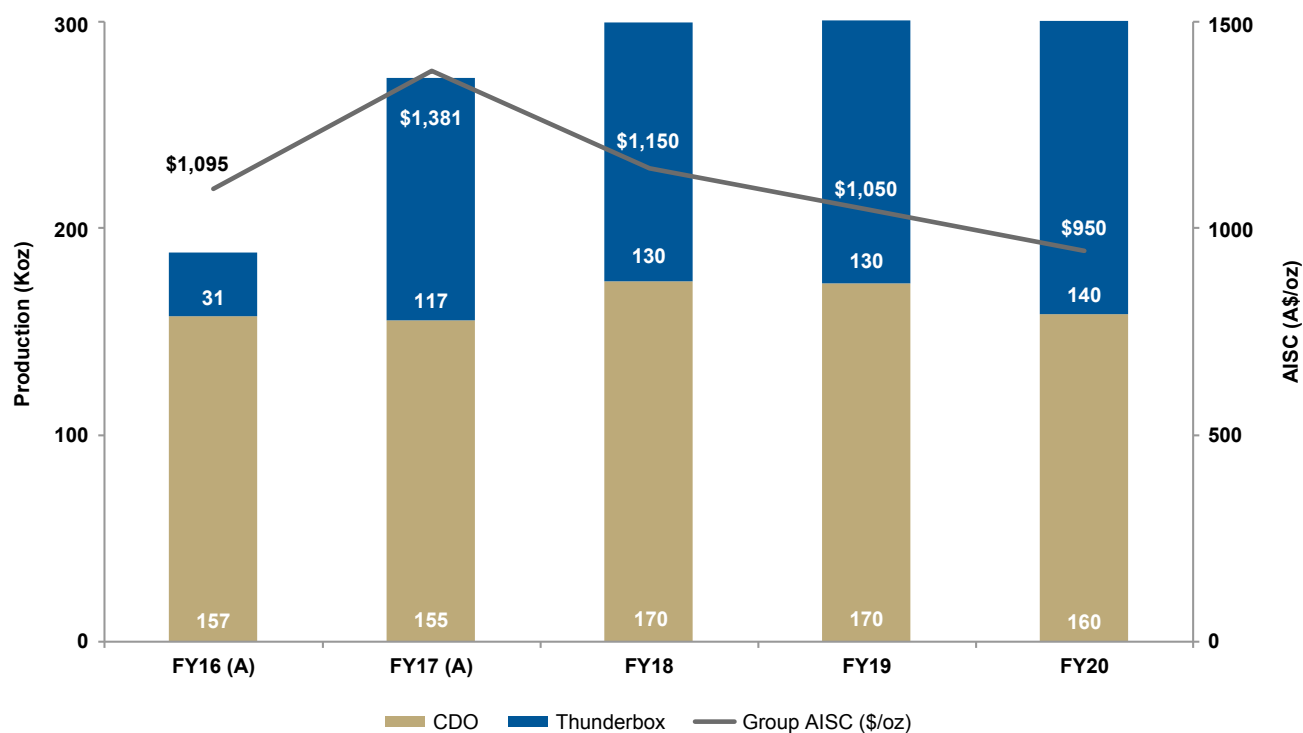
For the financial year ended 30 June 2017 (FY2017) Saracen Group gold production increased by 45% to 272,807 oz (2016: 188,656 oz). During the June quarter the forecast 300,000ozpa production run rate was achieved. Subsequently, revenue was up by 53% to A\$423.1m (2016: A\$276.5m). Forecast all-in sustaining costs (AISC) will decline to A\$950/oz in FY2020, following this year's peak AISC of A\$1,381 resulting from substantial investment in organic growth.

Carosue Dam		Quarter				
	Unit	September 16	December 16	March 17	June 17	FY2017
Ore Mined	t	317,000	357,000	377,000	515,000	1,566,000
	g/t	2.5	2.8	3.2	3.0	2.9
Contained Gold	oz	25,037	31,995	38,385	49,009	144,426

Thunderbox		Quarter				
	Unit	September 16	December 16	March 17	June 17	FY2017
Total Mining	bcm	3,237,000	2,693,000	1,556,000	3,664,000	11,150,000
Total Ore Mined	t	760,000	715,000	583,000	553,000	2,611,000
	g/t	1.2	1.4	1.6	2.2	1.5
Contained Gold	oz	29,519	31,213	30,326	38,242	129,300

Mining of the King of the Hills and Red October underground mines ceased during FY2017, with production ramp-ups at both Karari and Deep South providing increased replacement mill feed. The underground portal at Karari's sister mine, Whirling Dervish, was cut late in the year, with exploration drilling platforms to be established in FY2018.

Saracen Group 5 Year Plan



Karari

Development work commenced at the Karari Underground Mine in November 2014, with the establishment of portals for the exploration and main declines, with the aim of establishing a suitable drill platform from which to test and delineate the underground resource.

Since that time, the mine has been developed to a depth of 230m below the open pit and has invested in dual declines to efficiently extract multiple ore loads using long-hole open stoping methods. Commercial level of production for Karari was declared in October 2015, and sustained production rates to achieve >1.0Mt p.a. were realised in Q4 FY2017.

Total ore production for the year was 866kt at 2.8g/t for 77koz contained ounces - a 66% increase to tonnage from the previous year. Underground drilling at Karari has continued through the year from two additional drill platforms resulting in the orebody being extended a further 100m down dip.




Deep South

The main focus of Deep South in FY2017 was to ramp up to a sustainable ore production profile whilst extending the resource at depth and increasing the understanding of the orebody. The strike length of the orebody and the associated mining front increased to approximately 500m from the average of 230m in the previous financial year. This enabled development and production activities to be successfully de-coupled and allowed Deep South ore production to ramp up and sustain on average 48kt ore tonnes per month. Ore production for the year from Deep South totalled 585kt @ 2.85g/t for 54koz contained ounces.

Two diamond drill platforms were developed approximately 150m to the North and the South of the central mining access to facilitate grade control and exploration diamond drilling down dip and along strike, with the lowest exploration holes intercepting the ore body 280m below current development.

Significant capital investment was also undertaken throughout the year with high voltage electrical reticulation and underground primary ventilation works taking place.



“Significant capital investment was also undertaken throughout the year with high voltage electrical reticulation and underground primary ventilation works taking place.”

Red October

Diamond drilling at Red October tested several target areas which were assessed and quantified, resulting in underground mining activities recommencing during September 2016. A new mining contractor, Pit and Portal was selected for this operation. All remnant mining was completed during FY2017 with a total production of 114,000t @ 3.55g/t for 13,044 contained ounces. Due to the reduced ore body widths at Red October, a narrow vein mining method was adopted and successfully implemented. During June 2017, Red October was placed on care and maintenance whilst the Company completed a strategic review of the asset, including a potential sale.

“During June 2017, Red October was placed on care and maintenance whilst the Company completed a strategic review of the asset, including a potential sale.”





Thunderbox

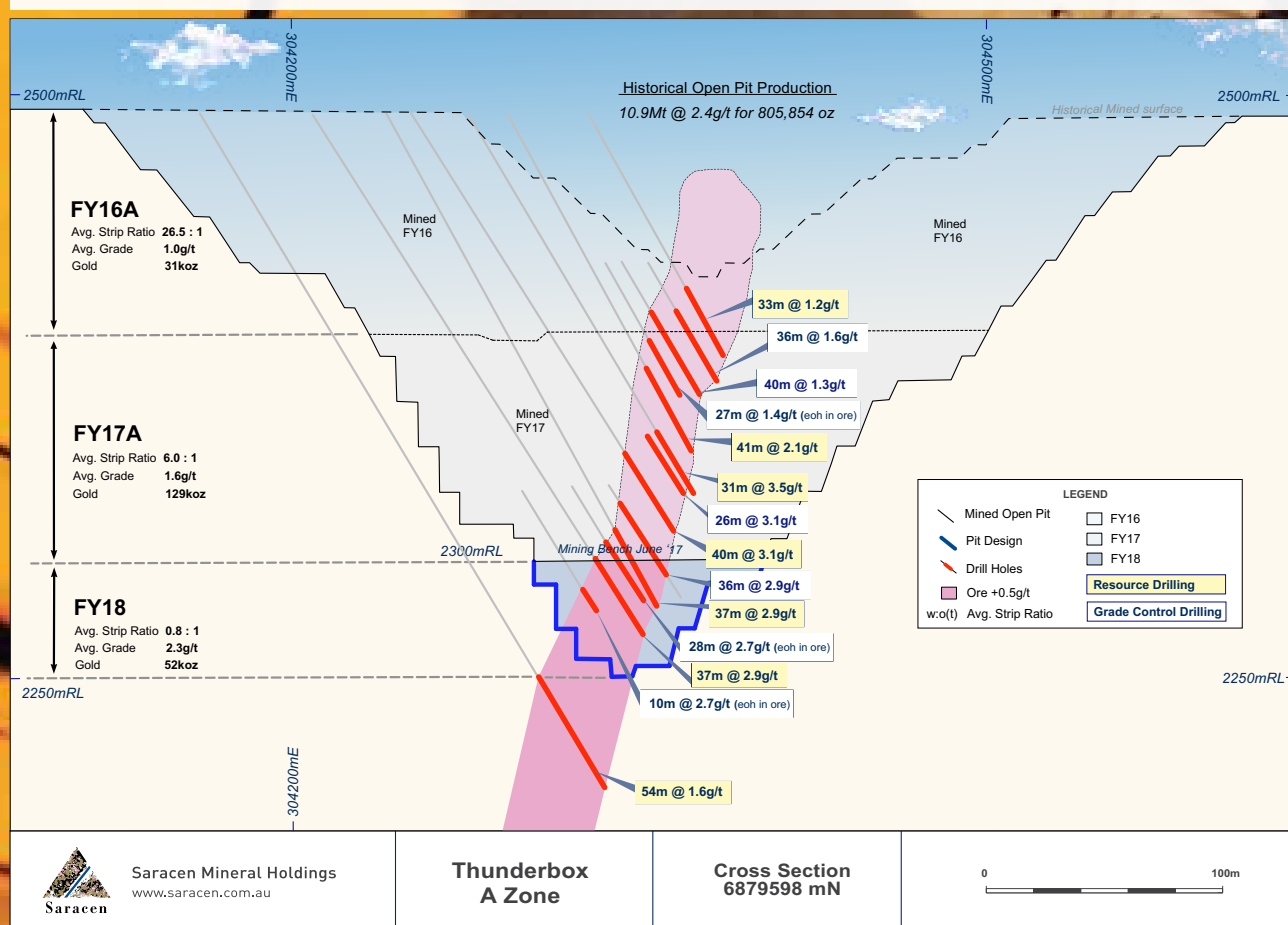
Open cut production mining at the Thunderbox A Zone pit was ongoing during the year. The consistent and predictable performance of the ore body was pleasing with 2,611,000 tonnes mined @ 1.5 g/t for 129,300 contained ounces and a yearly mine call reconciliation factor of 101% of the contained ounces.

In addition, pre-strip activities were carried out in both the Thunderbox pit C Zone and at the Kailis operation (85kms South of Thunderbox) surface mines in preparation for FY2018, where an estimated total of 51,000 oz and 52,000 oz will be mined from each pit respectively. A total of 7.6M BCMs (TBO) and 1.1M BCMs (Kailis) were mined from each of these pits in FY2017. Dewatering of the Kailis pit was advanced along with the site workshop and office facilities established in Q4 of FY2017.

Underground mining was completed at the King of the Hills mine in February 2017 with a total of 610 metres of development for 11k oz which was hauled to Thunderbox and treated during the first 3 quarters of FY2017. The mine was placed into care and maintenance in March 2017 while a strategic review was completed. Further to this, the sale of the operation to ASX listed Red 5 Ltd (ASX:RED) was announced on 3 August 2017 and accordingly the asset was classified as a Non-Current Asset and Liability Held for Sale in the financial statements.

During FY2017 Saracen announced a maiden 518,000 ounce Ore Reserve at the Thunderbox Underground project. The Reserve resulted from an AMC Consultants (AMC) led Pre-Feasibility Study (PFS) on the potential of a bulk underground operation at Thunderbox. The PFS focused on the assessment of an appropriate mining method, based on orebody geometry, grade and geotechnical parameters. These results will now be integrated into the existing Thunderbox Life of Mine Plan.

Importantly Thunderbox remains a growth asset, open along strike and at depth. The establishment of new drill platforms at depth will facilitate further extensions towards a potential long +10 year mine life.



“At Thunderbox, we have delivered a maiden Reserve for what is shaping up to be one of Australia’s larger and more productive underground mines.”





PROCESSING

The Carosue Dam processing plant continued to perform above name plate capacity during FY2017, with a total of 2,469,000 tonnes of ore milled. Red October, Deep South and Karari were the predominant ore sources with supplement mill feed from lower grade stockpiles. The head grade steadily increased throughout the year, a function of the progressive increase in mined tonnes from Deep South and Karari, resulting in an average head grade of 2.14g/t for the year. Recovery remained in line with the historical average for Carosue Dam, achieving 91.8%.

Total ounces produced were 155,970.

The Thunderbox processing plant performed at name plate capacity during FY2017, with 2.3mt tonnes of ore milled. The plant ran at an average head grade of 1.72g/t reflecting the increasing higher grades from the lower sections of the A Zone surface mine along with the contribution of King of the Hills underground ore. Ounces produced for the year stand at 117koz. Installation and commissioning of the Concep Gravity circuit was completed in Q1. The Bannockburn water supply pipeline was also installed and commissioned during the year as part of the long term strategy for process water supply at Thunderbox. Group ore production stands at 272,807oz from 4,774,000 tonnes of ore, for the year.

Carosue Dam		Quarter				
Mill Production	Unit	September 16	December 16	March 17	June 17	FY2017
Total Ore Milled	t	611,000	636,000	581,000	641,000	2,469,000
	g/t	1.9	2.0	2.3	2.4	2.1
Recovery	%	93.5%	92.6%	91.7%	90.2%	91.8%
Gold Produced	oz	34,141	37,692	39,033	45,104	155,970

Thunderbox		Quarter				
Mill Production	Unit	September 16	December 16	March 17	June 17	FY2017
Total Ore Milled	t	649,000	550,000	547,000	559,000	2,305,000
	g/t	1.4	1.8	1.7	2.1	1.7
Recovery	%	92.3%	92.2%	87.9%	92.7%	91.4%
Gold Produced	oz	27,329	28,530	26,097	34,881	116,837

EXPLORATION

Saracen undertook extensive exploration and resource definition drill programs in FY2017 at the Thunderbox, King of the Hills, Deep South, Karari, and Red October mines. A key driver for these programs was to grow the value of these assets and de-risk the operations increased mine resources and reserves.

Surface drilling into the Thunderbox 'A' Zone demonstrated along-strike and down plunge continuity of the orebody beyond the current planned open pit design. These resources are being integrated into an underground mining study that could extend the mine life beyond the 3 years of open pit production previously defined.

Saracen completed 125,930m of underground drilling at the Karari, Deep South, Red October and King of the Hills operations. The drilling at Karari and Deep South has contributed significant additional gold ounces to the resources and reserves for both mines. Saracen remains committed to continuing to expand the resources well ahead of the mining areas during FY2018.

Underground drilling at King of the Hills and Red October served to build confidence in some of the lodes mined during FY2017. Exploration at Red October also included a deep surface drill program co-funded by the WA government that confirmed the down dip continuation of high grade gold mineralisation at 385m vertically below the lowest mined level. Exploration also included surface mapping and sampling north of Red October at the Treasure Island prospect.

Regional greenfields exploration in FY2017 was centred around aircore drill programs over a number of prospects in the Carosue Basin and on the Mount Celia project. The results of these programs have triggered planning for follow up RC drill testing on a number of encouraging intersections.

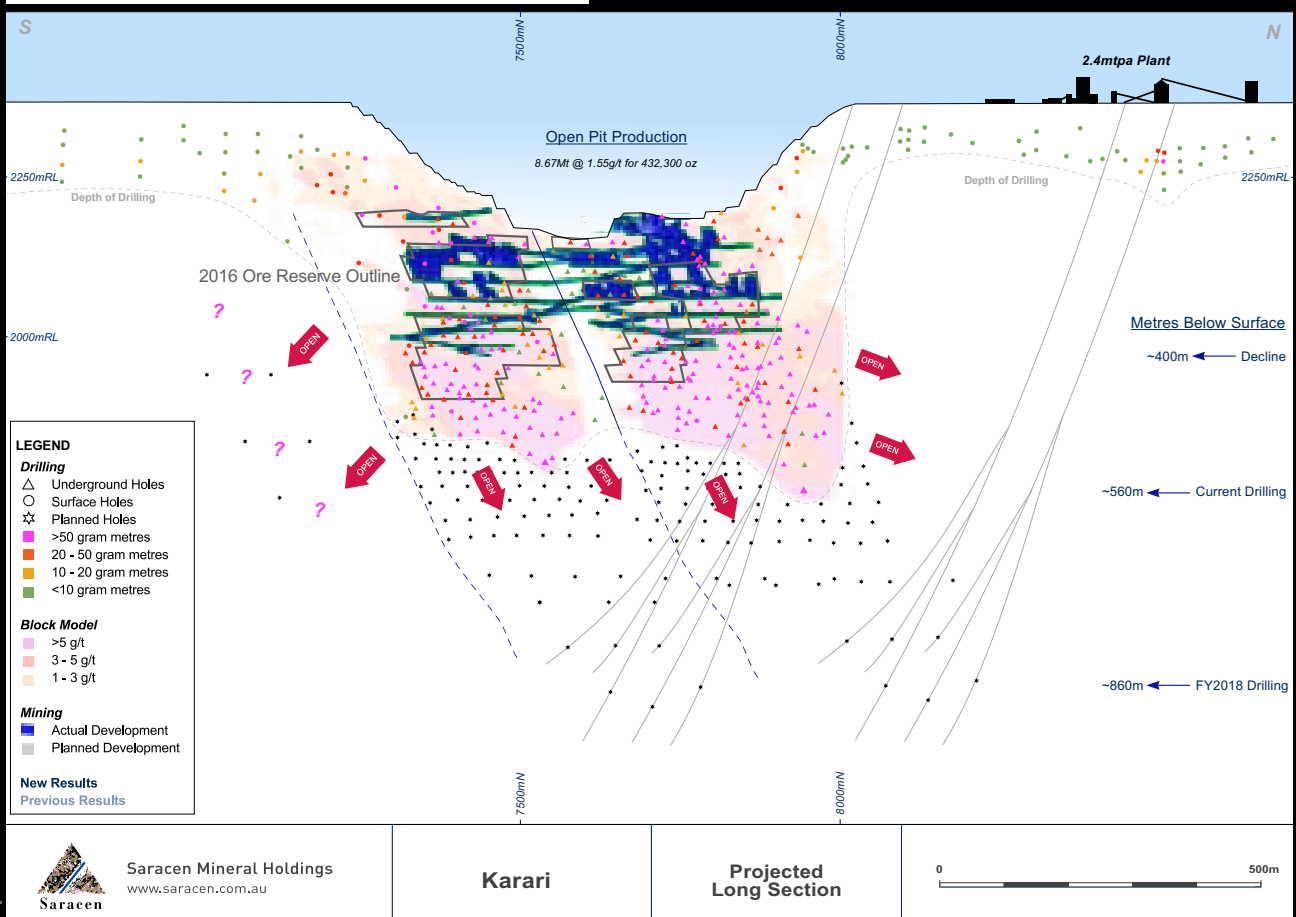


Karari

A significant investment in drilling was undertaken at Karari in FY2017. The drill program targeted near mine grade control but importantly extended the limits of the known mineralisation. The drilling was conducted from two dedicated hangingwall drill drives that allowed for continuous drilling throughout the year. The drilling confirmed the down dip and down plunge extensions and highlighted significant growth in ore width particularly in the north. The encouraging results in the north remain open and will continue to be tested in FY2018. The continued growth in geological understanding of the Karari mineralisation will assist in unlocking the full potential of the corridor.

Highlights include:

KREX014B:	12m @ 7.7g/t from 312.0m
KRRD121:	59.4m @ 3.1g/t from 161.5m
KRRD130:	26.7m @ 4.9g/t from 154.3m
KRRD150:	11m @ 10.2g/t from 218.1m
KRRD170:	48m @ 73.6g/t from 204.2m



Deep South

An intensive drill program was executed at Deep South during FY2017. Deep South consists of two parallel lodes the Scarlett and Butler. The Scarlett lode comprises more than 85% of the mineralisation and is hosted in a marble unit. This marble unit is regionally extensive and the mineralisation is closely associated with the abundance of pyrrhotite which is the dominant sulphide phase. Drilling initially focused on the close spaced grade control areas to ensure accuracy in the mine plan, before testing the down plunge extents of the high grade ore shoots. The extensional drilling has been successful in delineating the mineralisation below the previous limits of drilling. The mineralisation remains open and will continue to be tested during FY2018.

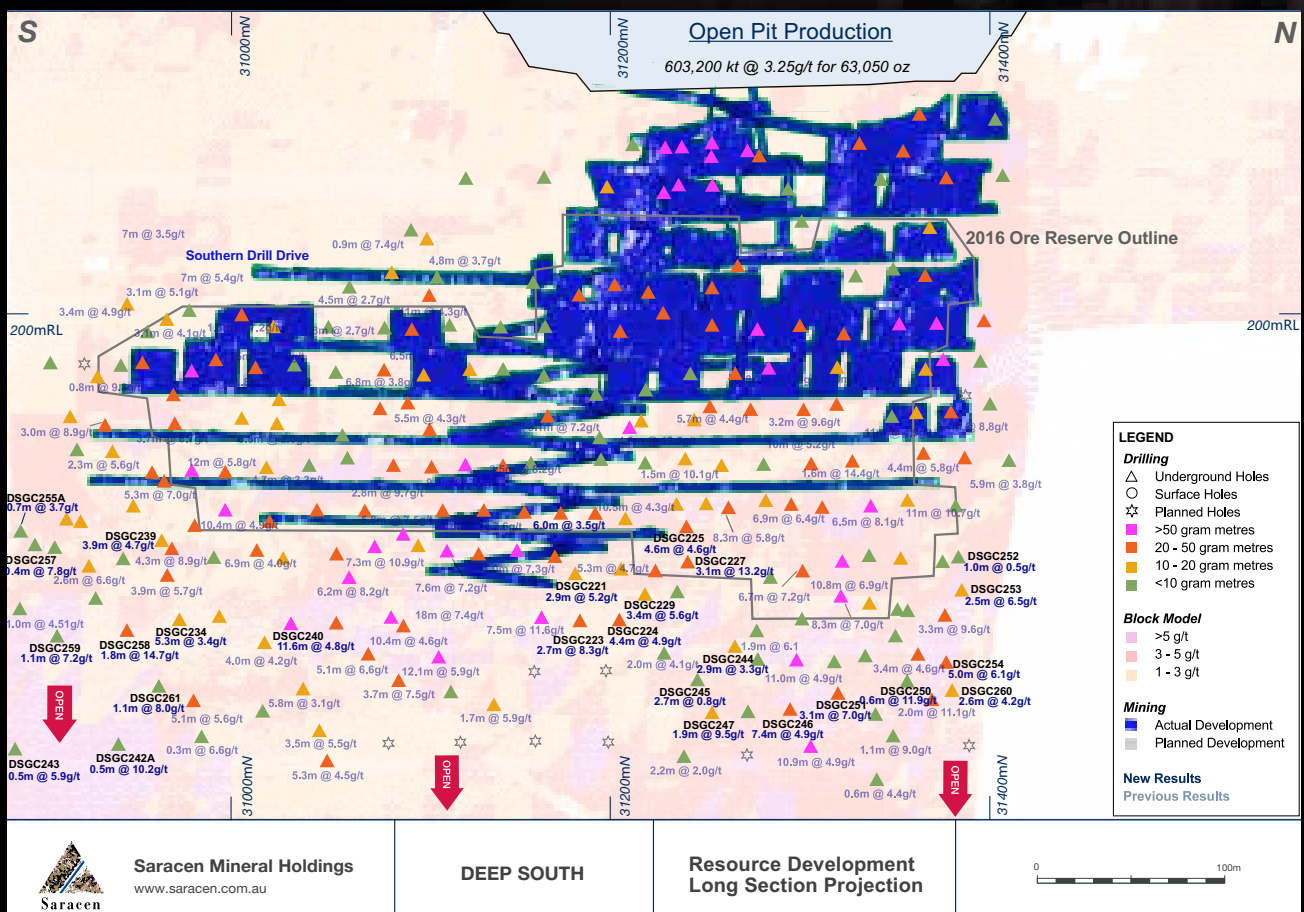
Highlights include:

DSEX001: 3.8m @ 9.0g/t from 331.4m

DSRD039: 12.1m @ 5.9g/t from 242m

DSRD030: 11.0m @ 4.9g/t from 179m

DSRD055: 5.3m @ 4.5g/t from 284m





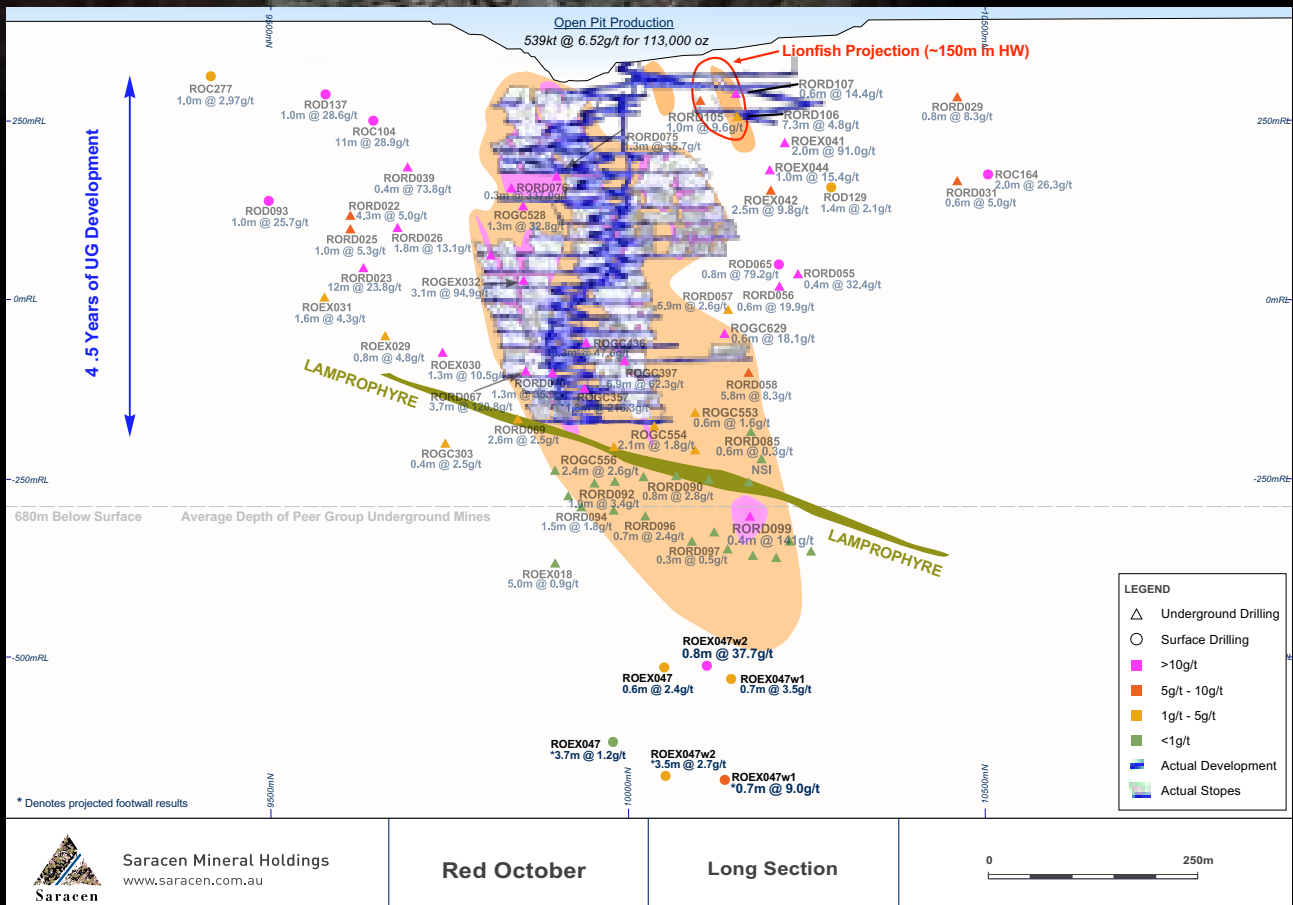
Red October

During H1FY2017 Saracen continued to build on the discovery of the Lionfish lodes in the hangingwall of the Red October deposit and drill tested priority footwall targets. A deep surface diamond drill hole program, co-funded under the Western Australia government Exploration Incentive Scheme, was also carried out to test the potential of the down dip extension of the Red October deposit.

This program confirmed ore-grade mineralisation (0.82m @ 37.7g/t) 350m below the lowest mining levels that has yet to be followed up. Regional surface geochemical sampling programs in the district also confirmed the presence of mineralised structures north of the deposit that await drill testing.

Results include:

ROEX047	0.8m @ 37.7g/t
ROEX047	3.7m @ 1.2g/t
ROEX047w1	3.6m @ 2.7g/t
ROEX047w1	0.4m @ 4.0g/t
ROEX047w2	0.8m @ 9.0g/t
ROEX047w2	0.7m @ 5.4g/t

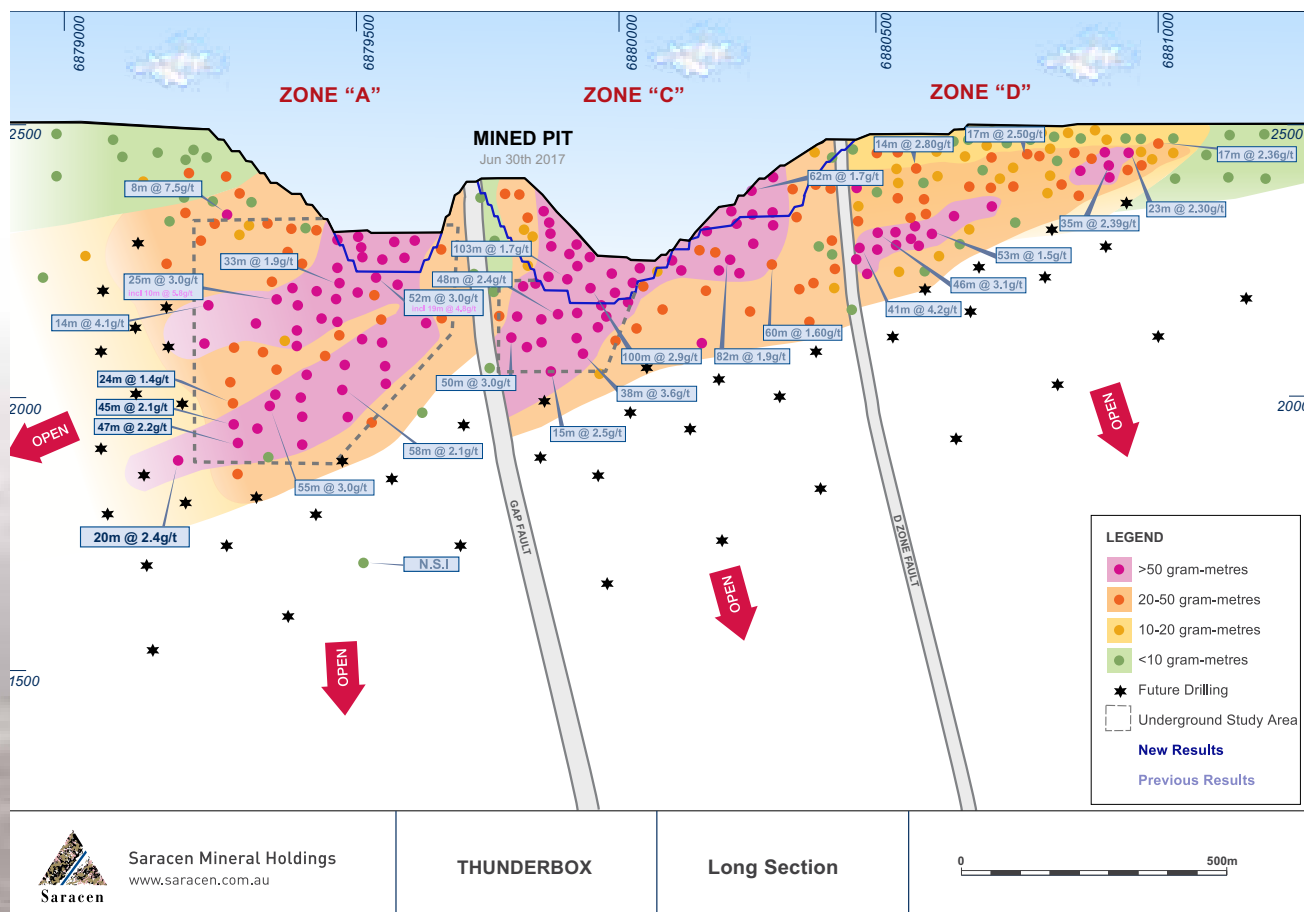


Thunderbox

The ore body at the Thunderbox deposit plunges consistently to the south adjacent to the Thunderbox Shear Zone. A significant portion of the Thunderbox mine resource that lies below the current C Zone pit design has been well-delineated with drilling. Early in FY2017 Saracen commenced an extended surface diamond drill program to similarly explore and delineate the resources in the analogous position below the A Zone pit to the south. The program was completed in March and the results have been integrated into an Underground Mining Scoping Study undertaken by AMC Consultants. The program confirmed the orebody continues 350m below the base of the current A Zone open pit design and remains open.

Highlights include:

TBDD0101:	52m @ 3.0g/t from 345.5m
TBDD0118:	44m @ 2.9g/t from 667.0m
TBDD0127w2:	52m @ 2.2g/t from 603.3m



King of the Hills

Exploration and resource definition drilling was undertaken during the year around the active mining areas in the north of the deposit, where a number of new lodes were identified. The high-grade gold mineralised veins beneath the South Pit of the King of the Hills that were intersected in FY2016 drilling were used to re-interpret and model the open pit resource potential. The full value of both resource areas have yet to be realised and continue to be assessed strategically.

Significant results include:

KHEX008	0.3m @ 110.0g/t (ETW 0.3m)
KHEX008	0.3m @ 126.0g/t (ETW 0.3m)
KHEX008	0.9m @ 80.4g/t (ETW 0.8m)
KHEX008	0.6m @ 51.4g/t (ETW 0.6m)



Regional Exploration

The regional aircore and RAB drill programs over prospects in the Carosue Dam and Mt Celia districts were completed during FY2017. The results of these programs are currently due and will be the subject of analysis and interpretation to refine drill targets for the next exploration phases in FY2018.

“The results show that last year’s record exploration budget was money well spent, supporting the Company’s strategy to grow production and mine life at its existing assets.”



FINANCIAL RESULT

The Group reported a net profit after tax of \$28.4 million, an increase of 10% on the previous year (2016: \$25.9 million). This result is inclusive of a non-cash write down of \$2.8 million relating to Red October (disposal group held for sale) and the expensing of \$2.5 million of exploration costs previously capitalised.

Gold production was substantially higher than the previous year at 272,807 ounces (2016: 188,656 ounces) and therefore revenue also increased substantially to \$423.1 million (2016: \$276.5 million). The average gold price received for the year was A\$1,642/oz versus A\$1,629/oz in 2016.

Net cash flow generated from operations also increased from \$109.8 million in 2016 to \$125.6 million. EBITDA for the year was \$113.4 million (2016: \$73.5 million).

Mine Operating Costs increased to \$282.3 million from \$180.0 million last year mainly due to the increased production level achieved in the current year. The charge for amortisation and depreciation was \$74.7 million compared with \$33.9 million in 2016.

“The substantial investment we have made in growing our inventory and production is now reaping rich rewards,”

CASH, DEBT & HEDGING

At the end of the year, the Company held cash of \$33.7 million and was debt free.

As at 30 June 2017, Saracen had gold hedging in place covering 235,343 ounces at an average price of A\$1,573/oz. These ounces are to be delivered over the period from July 2017 to July 2019 (inclusive).



OUTLOOK

Carosue Dam Operations

In FY2018, gold production will be sourced principally from the Karari and Deep South underground mines and various surface ore stockpiles.

Production guidance is to be 170,000 ozs.

Saracen's business plan for CDO for the next 2 years comprises: -

- Maintain steady state production from Karari (1.1Mtpa) while growing the resource along strike and at depth
- Maintain steady state production from Deep South (550ktpa) while growing the resource at depth
- Complete both the development of the Whirling Dervish drill drive and Resource drilling (36km), looking to de-risk the project prior to FY19 project commencement
- Disciplined approach to project execution – start when we need to, projects are self-funded, site remains cash flow positive at all times
- Exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine
- Continue working "Project Nucleus" – Strategy of Base Load feed from Karari Complex (Karari & Whirling Dervish) with bolt on assets (Deep South) and contingency options
- Optimising production through the Carosue Dam processing plant including processing of the extensive ore stockpiles
- Continue the trajectory of reduced all in sustaining costs; and
- Generating sustaining cash flows

Thunderbox Operations

In FY2018, gold production will be sourced principally from the 'A' & 'C' zones of the Thunderbox pit with high grade top up from the Kailis pit.

Production guidance is to be 130,000 ozs.

Saracen's business plan for TBO for the next 2 years comprises: -

- Maintain base load production from Thunderbox while exploring opportunities for high grade satellite top up feed
- Following completion of the AMC feasibility study for the Thunderbox underground operation, if successful, commence development of this potentially long life mine
- Complete mining of the Kailis satellite pit to provide approximately 1.2Mt of high grade ore feed to the Thunderbox mill
- Pursue the optimal operation of the Thunderbox mill to maximise cash flow generation
- Exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine
- Continue the trajectory of reduced all in sustaining costs
- Funding all project development through internal cash flow generation
- Capital works will focus on Tailings dam expansion to secure long term processing, along with the reticulation of the Bannockburn borefield to the Thunderbox mill to secure processing water; and
- Generating sustaining cash flows



MINERAL RESOURCES AND ORE RESERVES STATEMENT

As at 30 June 2017

GOLD MINERAL RESOURCES (JORC 2012 COMPLIANT)										
Location	District	Deposit	Measured		Indicated		Inferred		Total	
			tonnes	g/t	tonnes	g/t	tonnes	g/t	tonnes	g/t
CAROSUE DAM	Carosue Dam	Whirling Dervish O/P			4,656,000	1.4	206,000	90,000	2,717,000	1.0
		Whirling Dervish U/G			4,016,000	2.3	302,000	161,000	2,462,000	2.0
		Karari O/P	40,000	1.3	2,441,000	1.4	112,000	7,000	194,000	1.1
		Karari U/G	1,530,000	3.2	8,258,000	3.2	852,000	80,000	685,000	3.6
		Monty's/Elliots	123,000	2.2	1,422,000	1.8	83,000	19,000	374,000	1.6
		Twin Peaks	40,000	2.3	564,000	3.4	61,000	7,000	80,000	2.8
		North West			332,000	0.8	9,000	18,000	691,000	0.8
		Pinnacles (ASX:NXM JV)			260,000	4.8	40,000	42,000	291,000	4.7
		Blue Manna						51,000	1,074,000	1.5
		Carosue Dam Sub-Total	1,733,000	3.1	21,949,000	2.4	1,665,000	475,000	8,568,000	1.7
	Porphyry	Porphyry O/P			4,242,000	1.3	173,000	84,000	2,103,000	1.2
		Porphyry U/G			2,957,000	3.3	310,000	170,000	1,579,000	3.3
		Million Dollar			5,569,000	1.3	233,000	99,000	2,093,000	1.5
		Wallbrook	1,286,000	1.1	6,775,000	1.0	216,000	141,000	4,037,000	1.1
		Margarets			48,000	1.4	2,000	22,000	634,000	1.1
		Enterprise	218,000	2.1	310,000	2.2	22,000	10,000	142,000	2.2
	Safari Bore	Porphyry Sub-Total	1,504,000	1.2	19,901,000	1.5	956,000	526,000	10,588,000	1.5
		Safari Bore	780,000	2.0	1,358,000	2.3	100,000	50,000	672,000	2.3
		Deep South O/P	44,000	3.7	214,000	1.9	13,000	19,000	395,000	1.5
		Deep South U/G	408,000	3.9	1,263,000	4.0	163,000	74,000	667,000	3.5
		Deep Well			68,000	2.2	5,000	1,000	15,000	2.0
	Red October	Safari Bore Sub-Total	1,232,000	2.7	2,903,000	3.0	281,000	144,000	1,749,000	2.6
		Red October O/P			251,000	1.7	14,000		251,000	1.7
		Red October U/G			89,000	12.1	35,000	50,000	106,000	14.6
		Thin Lizzie						14,000	325,000	1.3
		Tin Dog						54,000	1,284,000	1.3
	All	Bulldog						44,000	1,529,000	0.9
		Crimson Belle			968,000	1.8	55,000	26,000	572,000	1.4
		Butcher Well			2,692,000	1.7	144,000	126,000	2,280,000	1.7
		Red October Sub-Total	0	0.0	0	1.9	248,000	314,000	6,096,000	1.6
		Ore Stockpiles	245,000	1.4	11,000				245,000	1.4
		Sub-grade stockpiles	3,460,000	0.6	69,000				3,460,000	0.6
		Carosue Dam Mineral Resources	8,174,000	1.6	417,000	2.0	3,150,000	1,459,000	27,001,000	1.7
									83,928,000	1.9
									5,026,000	

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2017

GOLD MINERAL RESOURCES (JORC 2012 COMPLIANT) - CONTINUED														
Location	District	Deposit	Measured		Indicated		Inferred		Total					
			tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz			
THUNDERBOX		Thunderbox	1,916,000	1.7	102,000	34,118,000	1.7	1,878,000	7,053,000	1.4	307,000	43,087,000	1.7	2,287,000
		Mangilla				726,000	2.1	48,000	278,000	2.1	19,000	1,004,000	2.1	67,000
		Rainbow	226,000	1.5	11,000	588,000	1.2	23,000	909,000	1.0	30,000	1,723,000	1.2	64,000
		King of the Hills				1,109,000	5.1	183,000	1,601,000	4.3	219,000	2,710,000	4.6	402,000
		Kailis				1,252,000	3.1	125,000	113,000	3.2	12,000	1,365,000	3.1	137,000
		Thunderbox Sub-Total	2,142,000	1.6	113,000	37,793,000	1.9	2,257,000	9,954,000	1.8	587,000	49,889,000	1.8	2,957,000
		Bannockburn				8,979,000	2.0	564,000	3,152,000	1.6	161,000	12,131,000	1.9	725,000
		North Well				4,321,000	1.5	209,000	2,460,000	1.6	124,000	6,781,000	1.5	333,000
			Bannockburn Sub-Total	0	0.0	0	13,300,000	1.8	773,000	5,612,000	1.6	285,000	18,912,000	1.7
		Ore Stockpiles	473,000	0.9	14,000							473,000	0.9	14,000
		Thunderbox Mineral Resources	2,615,000	1.5	127,000	51,093,000	1.8	3,030,000	15,566,000	1.7	872,000	69,274,000	1.8	4,029,000
		Total Mineral Resources	10,789,000	1.6	544,000	99,846,000	1.9	6,180,000	42,567,000	1.7	2,331,000	153,202,000	1.8	9,055,000

NICKEL MINERAL RESOURCES (JORC 2012 COMPLIANT)															
Location	District	Deposit	Measured		Indicated		Inferred		Total						
			tonnes	Ni %	Ni tonnes	tonnes	Ni %	tonnes	Ni %	tonnes	Ni %				
THUNDERBOX	Waterloo	Massive					20,334	7.6	1,545	20,334	7.6	1,545			
		Matrix					52,027	4.1	2,133	52,027	4.1	2,133			
		Disseminated								304,296	1.6	4,717			
		Weak Disseminated								48,380	1.8	847			
	Amorac	Waterloo Sub-Total	0	0.0	0	0	0	0.0	425,037	2.2	9,200	425,037	2.2	9,200	
		All Amorac								264,277	2.0	5,233	264,277	2.0	5,233
		Amorac Sub-Total	0	0.0	0	0	0	0.0	264,277	2.0	5,200	264,277	2.0	5,200	
		Total Mineral Resources		0	0.0	0	0	0	0.0	689,314	2.1	14,400	689,314	2.1	14,400

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2017

GOLD ORE RESERVES (JORC 2012 COMPLIANT)										
Location	District	Deposit	Mine Type	Proved Reserves		Probable Reserves		Total Ore Reserves		
				tonnes	g/t	tonnes	g/t	tonnes	g/t	oz
CAROSUE DAM	Carosue Dam	Karari	UG			4,729,000	3.1	4,729,000	3.1	465,000
		Whirling Dervish	UG			1,683,000	2.7	1,683,000	2.7	145,000
		Carosue Dam Sub-Total		0	0.0	6,412,000	3.0	6,412,000	3.0	610,000
	Porphyry	Million Dollar	OP			2,942,000	1.1	2,942,000	1.1	100,000
		Wallbrook	OP	242,000	1.1	1,366,000	1.2	1,608,000	1.1	59,000
		Enterprise	OP	168,000	2.0	136,000	2.5	304,000	2.3	22,000
		Porphyry Sub-Total		410,000	1.4	4,444,000	1.1	4,854,000	1.2	181,000
		Deep South	UG			969,000	3.2	969,000	3.2	101,000
THUNDERBOX	Mt. Celia									
		Mt. Celia Sub-Total		0	0.0	969,000	3.2	969,000	3.2	101,000
	All	Stockpiles	S	245,000	1.4			245,000	1.4	11,000
		Carosue Dam Operations Sub-Total		655,000	1.4	11,825,000	2.3	12,480,000	2.3	903,000
	Thunderbox	Thunderbox	OP	397,000	2.2	27,000	1.6	7,280,000	1.7	389,000
		Thunderbox	UG			8,053,000	2.0	8,053,000	2.0	518,000
		Thunderbox Sub-Total		397,000	2.1	27,000	1.8	15,333,000	1.8	907,000
	Bannockburn	Bannockburn	OP			4,166,000	1.5	4,166,000	1.5	199,000
Total	King of the Hills									
		Bannockburn Sub-Total		0	0.0	4,166,000	1.5	4,166,000	1.5	199,000
	All	Kailis	OP			1,155,000	2.5	1,155,000	2.5	91,000
		King of the Hills Sub-Total		0	0.0	1,155,000	2.5	1,155,000	2.5	91,000
	All	Stockpiles	S	473,000	0.9	14,000		473,000	0.9	14,000
		Thunderbox Operations Sub-Total		870,000	1.5	41,000	1.8	21,127,000	1.8	1,211,000
		Total Ore Reserves		1,525,000	1.4	71,000	2.0	33,607,000	2.0	2,114,000

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2017

Notes to accompany Mineral Resources and Ore Reserves Statement (JORC 2012 compliant)

Tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations. Rounding errors may occur.

Please refer to Saracen's ASX announcement: 'Reserves Grow 40% to 2.1Moz', dated 2nd August 2017 for further information relating to the 2017 Resources and Reserves statement as required under the relevant JORC Code. This announcement can be found on the Company's website, www.saracen.com.au or on the ASX website www.asx.com.au

Competent Person Statements

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources related to Gold is based upon information compiled by Mr Daniel Howe, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Daniel Howe is a full-time employee of the Company. Daniel Howe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Daniel Howe consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to Exploration Results and Mineral Resources related to Nickel is based upon information compiled by Mr Lynn Widenbar, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Lynn Widenbar is a consultant to Saracen Mineral Holdings. Lynn Widenbar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lynn Widenbar consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to underground Ore Reserves at Deep South, Karari and Whirling Dervish is based upon information compiled by Stephen King, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Stephen King is a full-time employee of the Company. Stephen King has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Stephen King consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to all open pit Ore Reserves relating to Gold is based upon information compiled by Hemal Patel, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Hemal Patel is a full-time employee of the Company. Hemal Patel has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Hemal Patel consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information in the report to which this statement is attached that relates to underground Ore Reserves at Thunderbox is based upon information compiled by Brad Watson, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Brad Watson is a consultant to Saracen Mineral Holdings through AMC Consultants. Brad Watson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Brad Watson consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

Principle	Complied	Comment
1 – Lay solid foundations for management and oversight		
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>✓</p> <p>The Company has a formal Board Charter (which is disclosed on the Company's website) which sets out those matters reserved for the Board and those delegated to management.</p> <p>✓</p> <p>The Board's functions include: developing and setting the Company's strategic direction in conjunction with management, overall review of performance against targets and objectives, reviewing management's performance, ensuring the Company has adequate systems and internal controls together with appropriate monitoring of compliance activities, approval and compliance with policies including health, safety and environment and reporting to shareholders on the direction and performance of the Company.</p> <p>The Board has also established various committees to assist in carrying out its duties. These Committees include the Audit Committee, Risk Management Committee and the Remuneration and Nomination Committee. In FY2018 the Company will replace the Risk Management Committee with the Risk and Sustainability Committee, which will have the additional responsibility of sustainability and community as well as health, safety, environment and business continuity.</p> <p>The Managing Director/CEO, supported by senior management, is responsible for the day-to-day management of the Company's affairs and the implementation of strategy and policy initiatives.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>✓</p> <p>Before the Company proposes to appoint a new Director, appropriate checks are undertaken which include reviewing the person's character, experience, education, work experience and criminal record. Interviews with the potential candidates are conducted by existing Directors to make sure their experience, personality and ethics are an appropriate fit for the strategic direction of Company.</p> <p>✓</p> <p>Directors' biographical details, including their relevant qualifications, experience and the skills they bring to the Board are detailed on the Company website and in the Annual Report. Details of any other material directorships held within the last 3 years are also provided in the Annual Report.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	<p>✓</p> <p>Written agreements are in place with each Director and Senior Executive setting out the terms of their appointment. Key terms of the agreements with Senior Executives are included in the Remuneration Report within the Annual Report.</p>
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	<p>✓</p> <p>The Company Secretary, Mr Jeremy Ryan, is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board. Mr Ryan was appointed as Company Secretary on 5 December 2016.</p>

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment										
1 – Lay solid foundations for management and oversight (continued)												
1.5	<div>A listed entity should:</div> <div>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</div> <div>(b) disclose that policy or a summary of it; and</div> <div>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</div> <div>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</div> <div>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</div>	<div>✓</div> <div>✓</div> <div>✗</div> <div>✓</div> <div>✓</div> <div>The Board has adopted a Diversity Policy which outlines the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Board proactively monitors the Company's performance in meeting the standards and guidance outlined in this Policy.</div> <div>A copy of the Diversity Policy is located on the Company's website. The Company does not discriminate based on gender, age, ethnicity, religious or cultural background. The Company ensures that all employees are provided with the same opportunities through open and honest communication, training and development opportunities and annual remuneration reviews.</div> <div>Measurable objectives in relation to gender diversity were not established by the Board in FY2017. However, the Company will implement the following measurable gender diversity objectives commencing in FY2018:</div> <div><ul style="list-style-type: none">The Company will seek to align or exceed the mining industry average for female participation in the workforce subject to availability and suitability of candidates;Progress towards achieving the above objective will be measured twice per year through a report to the Board and Senior Management on gender diversity statistics.</div> <div>The Group workforce gender profile as at 30 June 2017 is set out in the following table:-</div> <table><tr><th colspan="2">Proportion of Women</th></tr><tr><td>Board</td><td>1 out of 5 (20%)</td></tr><tr><td>Senior Management¹</td><td>3 out of 25 (12%)</td></tr><tr><td>Other Professional Staff ²</td><td>19 out of 97 (20%)</td></tr><tr><td>Total Other Employees</td><td>23 out of 190 (12%)</td></tr></table> <div><div>1 Senior Management excludes the Managing Director/CEO who is included as part of the Board statistics.</div><div>2 Professional staff includes all degree qualified professional employees but excludes the Managing Director/CEO and Senior Management</div></div> <div>The Company is compliant with the Gender Equality Act 2012 (Cth) and a copy of the compliance report is available on the Company's website.</div>	Proportion of Women		Board	1 out of 5 (20%)	Senior Management ¹	3 out of 25 (12%)	Other Professional Staff ²	19 out of 97 (20%)	Total Other Employees	23 out of 190 (12%)
Proportion of Women												
Board	1 out of 5 (20%)											
Senior Management ¹	3 out of 25 (12%)											
Other Professional Staff ²	19 out of 97 (20%)											
Total Other Employees	23 out of 190 (12%)											
1.6	<div>A listed entity should:</div> <div>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</div> <div>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</div>	<div>✓</div> <div>✓</div> <div>The Board, with the assistance of the Remuneration and Nomination Committee, regularly monitors its performance and the performance of the Directors and Board Committees. This may occur through an internal review led by the Chairman, or be performed with the assistance of external advisors as considered appropriate.</div> <div>During the year the Board internally discussed, reviewed and evaluated its performance with respect to their roles as Directors individually, as a Board and as Board Committees. Every three years an external party is engaged by the Company to facilitate a review of the Board and Directors individually.</div>										
1.7	<div>A listed entity should:</div> <div>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</div> <div>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</div>	<div>✓</div> <div>✓</div> <div>The Company has a process of conducting half yearly and annual performance reviews of all staff including Senior Executives. The performance of the Managing Director/CEO is evaluated by the Chairman and this is then reviewed and discussed with the Board.</div> <div>The Managing Director/CEO reviews the performance of senior executives.</div> <div>All senior executives, including the Managing Director/CEO, participated in a performance evaluation process in relation to the financial year ended 30 June 2017.</div>										

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle		Complied	Comment																		
2 – Structure the Board to Add Value																					
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The Board has constituted a Remuneration and Nomination Committee which currently comprises Ms Samantha Tough, Mr Mark Connelly and Mr Martin Reed, all of whom are considered to be independent non-executive Directors.</p> <p>Ms Samantha Tough, an independent non-executive Director, is the Chairman of the Committee.</p> <p>A copy of the Nomination Committee Charter is available on the Company's website.</p> <p>Details of each member's attendance at meetings of the Remuneration and Nomination Committee are :-</p> <table><tr><th>Member</th><th>Attended</th><th>Held</th></tr><tr><td>Samantha Tough (Chairman)</td><td>5</td><td>5</td></tr><tr><td>Mark Connelly</td><td>4</td><td>5</td></tr><tr><td>Martin Reed</td><td>5</td><td>5</td></tr></table>	Member	Attended	Held	Samantha Tough (Chairman)	5	5	Mark Connelly	4	5	Martin Reed	5	5						
Member	Attended	Held																			
Samantha Tough (Chairman)	5	5																			
Mark Connelly	4	5																			
Martin Reed	5	5																			
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>✓</p>	<p>The Company seeks to structure its Board so as to add value through an appropriate composition with a balance of the different attributes, skills and experience relevant to the Company's operations and strategic direction. The main areas designated as being required include operational management, mining engineering, geology, legal and finance. In addition to those general areas, the following skills have also been identified as being necessary to compose a well-rounded Board: experience in exploration, project delivery, corporate governance and equity & capital markets.</p> <p>The following table summarises some of the key skills and experience of the incumbent Board. Numbers are out of 5 being the total number of Directors.</p> <table><tr><th>Skills and Experience</th><th>Number of Directors</th></tr><tr><td>Operational Management</td><td>5</td></tr><tr><td>Mining Engineering</td><td>2</td></tr><tr><td>Project Development</td><td>4</td></tr><tr><td>Finance & Capital Markets</td><td>3</td></tr><tr><td>Geology</td><td>2</td></tr><tr><td>Legal</td><td>1</td></tr><tr><td>Experience as Non-executive Director on at least 2 other listed entities</td><td>4</td></tr><tr><td>Corporate Governance</td><td>4</td></tr></table> <p>* On 4 July 2017 Dr Roric Smith was appointed to the Board. Dr Smith is a geologist with extensive international and Australian experience and has held numerous senior executive positions in the mining industry.</p>	Skills and Experience	Number of Directors	Operational Management	5	Mining Engineering	2	Project Development	4	Finance & Capital Markets	3	Geology	2	Legal	1	Experience as Non-executive Director on at least 2 other listed entities	4	Corporate Governance	4
Skills and Experience	Number of Directors																				
Operational Management	5																				
Mining Engineering	2																				
Project Development	4																				
Finance & Capital Markets	3																				
Geology	2																				
Legal	1																				
Experience as Non-executive Director on at least 2 other listed entities	4																				
Corporate Governance	4																				
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	<p>The following Directors are currently considered by the Board to be independent – Mr Geoff Clifford (Chairman) (4 years of service), Mr Martin Reed (5 years), Ms Samantha Tough (4 years) and Mr Mark Connelly (2 and a half years).</p> <p>Mr Raleigh Finlayson (4 years as MD) is not considered to be independent as he is an executive of the Company.</p>																		

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
2 – Structure the Board to Add Value (continued)		
2.4	A majority of the board of a listed entity should be independent directors.	✓ A majority of the Directors are independent. At the date of this report, four of the five Directors are considered to be independent. The only non-independent director is the Managing Director as he is an employee of the Company.
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	✓ Mr Geoff Clifford is the Chairman of the Company and is an independent, non-executive Director.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	✓ There is a formal induction program for new Directors and all Directors are provided with a Corporate Governance Manual which contains information on the Company, fellow Directors, copies of the Constitution, Board committee charters and policy documents and associated material. The Manual also contains a copy of the Director's letter of appointment and their Deed of Access, Indemnity and Insurance as executed with the Company. The Corporate Governance Manual is updated regularly. Directors are encouraged to continue to expand their knowledge base and professional skills through attendance at suitable seminars and conferences. This includes undertaking finance related courses for directors whose background comes from disciplines outside of the accounting and finance field. Directors have the right, in connection with the discharge of their duties and responsibilities, to seek independent professional advice at the Company's expense within guidelines provided in the Company's Board Charter.
3 – Act Ethically and Responsibly		
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	✓ The Board's policy is that the Directors and management should conduct themselves with the highest ethical standards. All Directors and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. ✓ The Board has adopted a Code of Conduct which sets out standards for appropriate ethical and professional behaviour that applies to all employees, including Directors and management, when dealing with each other, shareholders, customers and the broader community. In addition to the Code of Conduct, the Company has an Anti-Bribery and Corruption Policy. A copy of the Company's Code of Conduct and the Anti-Bribery and Corruption Policy are available on the Company's website.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment												
4 – Safeguard Integrity in Corporate Reporting														
4.1 The board of a listed entity should: (a) have an audit committee which: (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	✓ ✓ ✓ ✓ ✓	<p>The Board has constituted an Audit Committee which is currently comprised of Mr Mark Connelly, Ms Samantha Tough and Mr Geoff Clifford, all of whom are independent non-executive Directors.</p> <p>Mr Connelly, an independent non-executive Director, is the Chairman of the Committee.</p> <p>The Audit Committee Charter is located on the Company's website.</p> <p>The relevant qualifications and experience of the Committee members is included in Directors' Report contained in the Annual Report.</p> <p>Details of each member's attendance at meetings of the Audit Committee are :-</p> <table> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> <tr> <td>Mark Connelly (Chairman)</td><td>4</td><td>4</td></tr> <tr> <td>Samantha Tough</td><td>4</td><td>4</td></tr> <tr> <td>Geoff Clifford</td><td>4</td><td>4</td></tr> </table>	Member	Attended	Held	Mark Connelly (Chairman)	4	4	Samantha Tough	4	4	Geoff Clifford	4	4
Member	Attended	Held												
Mark Connelly (Chairman)	4	4												
Samantha Tough	4	4												
Geoff Clifford	4	4												
4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	✓	The Board receives a written declaration from the Managing Director/ CEO and the Chief Financial Officer in accordance with section 295A of the Corporations Act. The declaration provides that, to the best of their knowledge and belief, the accounting systems and financial records are founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks.												
4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	✓	The Company's external auditor is invited to, and attends, the Company's Annual General Meeting. The auditor's presence is made known to the meeting and shareholders are provided with an opportunity to ask questions of them in relation to the accounts of the Company and the performance and findings of the audit.												
5 – Make Timely and Balanced Disclosure														
5.1 A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	✓ ✓	<p>The Board has adopted a Continuous Disclosure Policy which raises awareness of the Company's obligations under the continuous disclosure regime; establishes a process to ensure that information about the Company, which may be market sensitive and which may require disclosure, is brought to the attention of the person(s) primarily responsible for ensuring that the Company complies with its continuous disclosure obligations in a timely manner and is kept confidential; and sets out the obligations of Directors, officers, employees and contractors of the Company to ensure that the Company complies with its continuous disclosure obligations.</p> <p>A copy of the Continuous Disclosure Policy is located on the Company's website.</p>												

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment															
6 – Respect the Rights of Security Holders																	
6.1	✓	The Company provides information about itself and its governance to investors via its website. The Corporate Governance tab/menu provides access to all Committee Charters and other relevant Corporate Governance Policies. The Company's website also includes copies of its annual reports and financial statements, copies of its ASX announcements, copies of Notices of Meetings, presentations, as well as an overview of the Company's business activities in separately designated areas of the website.															
6.2	✓	The Board aims to ensure that shareholders are provided with all of the information necessary to assess the performance of the Company. The Company follows the principles of Continuous Disclosure to ensure all investors are fully informed on the activities of the Company. The Managing Director/CEO is responsible for other investor relations activities with the assistance of the Chief Corporate Development Officer and the Company Secretary. In FY2018 the Company will be conducting webcasts for investors following the release of material ASX announcements, including quarterly reports and will be implementing a shareholder communication policy. The Company maintains an investor relations calendar which lists seminars, events and shareholder briefings at which the Company will attend or present.															
6.3	✓	The Board notifies all shareholders with a notice of general meeting so they can be fully informed of all matters to be put to the meeting and encourages shareholders to vote and attend these shareholder meetings.															
6.4	✓	The Company, via its share registry, provides the capability for shareholders to elect to receive electronic communications from the Company through direct emails, through its website and via the share registry. Electronic contact details are provided on the Company's website.															
7 – Recognise and Manage Risk																	
7.1	<div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>n/a</div> </div>	<p>The Board has a formal overarching Risk Management Policy to govern the management of risks and has established systems for the management of its material risks.</p> <p>The Board has established a Risk Management Committee governed by its own Charter. Under the overarching Risk Management Policy, the management of risks is divided between the Audit Committee and the Risk Management Committee.</p> <p>The Risk Management Committee is currently comprised of Directors Mr Martin Reed (Chairman), Mr Geoff Clifford and Mr Raleigh Finlayson. The Company's Chief Operating Officer, Mr Craig Bradshaw was a member of the Committee until his resignation from the Company on 13 April 2017. Each of Messrs Reed and Clifford are considered to be independent, non-executive directors and hence the majority of the Risk Management Committee members are independent.</p> <p>The Chairman of the Risk Management Committee, Mr Reed, is an independent, non-executive Director.</p> <p>The skills, experience and qualifications of those individuals together with details of their attendance at meetings held during the reporting period are included in the Directors' Report in the Annual Report. The Risk Management Committee is assisted by other management personnel as required and meets frequently to identify risks and monitor mitigation strategies and outcomes. The Risk Management Committee reports to the Board on a regular basis and risk management is a standing agenda item for all regular Board Meetings.</p> <p>Commencing in FY2018 the Risk Management Committee charter will be amended so that matters relating to health, safety, environment and community will be the responsibility of the newly created Risk and Sustainability sub-committee, which sub-committee will be created in FY2018.</p> <p>Details of the Audit Committee are included in section 4.1 above.</p> <p>The Company's Risk Management Policy and the Risk Management Committee Charter can be accessed on the Company's website (www.saracen.com.au) under the Corporate Governance section. Details of each member's attendance at meetings of the Risk Management Committee are :-</p> <table> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> <tr> <td>Martin Reed (Chairman)</td><td>4</td><td>4</td></tr> <tr> <td>Geoff Clifford</td><td>4</td><td>4</td></tr> <tr> <td>Raleigh Finlayson</td><td>4</td><td>4</td></tr> <tr> <td>Craig Bradshaw</td><td>3</td><td>4</td></tr> </table>	Member	Attended	Held	Martin Reed (Chairman)	4	4	Geoff Clifford	4	4	Raleigh Finlayson	4	4	Craig Bradshaw	3	4
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Raleigh Finlayson	4	4															
Craig Bradshaw	3	4															

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
7 – Recognise and Manage Risk (continued)		
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	✓ ✓	The Company has, and continues to, undertake various organisation wide risk reviews to identify potential business risks which are then assessed and ranked using the Company's risk matrix. The effectiveness of controls in place to address each risk is reviewed on a regular basis and, where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are developed and implemented.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; OR (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	n/a ✓	The Company does not have a formal internal audit function. The Audit Committee and the Risk Management Committee monitor the risk factors of the Company in place of an internal audit function. The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed. The Company's external auditors also review the process and procedures related to the financial and accounting functions of the Company.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓	The Company has exposure to the following risks: Gold Price: The Company's revenue comes from the sale of gold in Australian dollars which is a combination of the US dollar gold price and A\$:US\$ exchange rates. The US gold price fluctuates and is affected by many factors including the relationship between global supply and demand, forward selling by producers, costs of production and general global economic conditions which also affects exchange rates. To mitigate the impact of price fluctuations, the Company has entered into hedging programs for a portion of its gold production. The level of hedging is actively reviewed by management and the Board with the assistance of expert external consultants. Costs of Production: The Company has many cost inputs into its production profile and maintaining a tight reign over these costs is essential to maintaining the financial health of the business and maintaining shareholder value. To assist in controlling these inputs, the Company has entered into long term contract for most of its larger cost inputs including mining contractors, diesel, lime and cyanide. In FY2017 the Company tendered a 4 year underground mining contract for its Carosue Dam operations. The Company also has site specific Enterprise Agreements with its workforce. These mechanisms help provide a firm cost base on which the Company can operate and maintain its business margins. Exploration Success and Project Development: The Company has a finite economic life based on existing mineral resources. The Company requires continued exploration success in finding new projects or extending the life of existing projects and/or successful acquisitions for continuity of production. The Company undertakes a targeted exploration programme and employs the best technical personnel to assess all existing and potential new opportunities both within and outside its existing project portfolio. Sustainability: In FY2018 the Company will establish Risk and Sustainability Board sub-committee which will be responsible for overseeing matters including risk relating to health, safety, environment, community and sustainability. The Company has a Risk Management Policy which sets out the Company's risk management systems, processes and risk profile. The Company's Risk Management Standard provides detail as to how the Company fulfils the expectations and requirements set out in the Risk Management Policy. Pursuant to the Risk Management Standard the Company has, and continues to, undertake various organisation wide risk reviews to identify potential business risks which are then assessed and ranked using the Company's risk matrix. The effectiveness of controls in place to address each risk is reviewed on a regular basis and, where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are developed and implemented. Additional disclosure in relation to environmental, social and sustainability risk is included in the attached 'Sustainability Annexure'.

Principle	Complied	Comment												
8 – Remunerate Fairly and Responsibly														
8.1														
<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>n/a</p>	<p>The Board has established a Remuneration and Nomination Committee which comprises Ms Samantha Tough, Mr Mark Connelly and Mr Martin Reed, all of whom are independent non-executive Directors.</p> <p>Ms Tough, an independent non-executive Director is the Chairman of the Committee.</p> <p>A copy of the Remuneration Committee Charter is located on the Company's website.</p> <p>The relevant qualifications and experience of the Committee members is included in Directors' Report contained in the Annual Report.</p> <p>Details of each member's attendance at meetings of the Remuneration and Nomination Committee are :-</p> <table border="1"> <thead> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> </thead> <tbody> <tr> <td>Samantha Tough (Chairman)</td><td>5</td><td>5</td></tr> <tr> <td>Mark Connelly</td><td>4</td><td>5</td></tr> <tr> <td>Martin Reed</td><td>5</td><td>5</td></tr> </tbody> </table>	Member	Attended	Held	Samantha Tough (Chairman)	5	5	Mark Connelly	4	5	Martin Reed	5	5
Member	Attended	Held												
Samantha Tough (Chairman)	5	5												
Mark Connelly	4	5												
Martin Reed	5	5												
8.2	✓	<p>The structure of non-executive Director remuneration is clearly distinguishable from that of executive Directors and other Senior Executives. Non-executive Directors are remunerated on a fixed fee basis for time and responsibility as part of an aggregate pool of remuneration approved by shareholders. No incentives are available for non-executive Directors. Senior Executives (including Executive Directors) are remunerated on an annual basis based on a combination of fixed remuneration and variable remuneration, comprising – short term and long term incentives.</p> <p>Further details regarding the remuneration practices for the Company's Key Management Personnel are included in the Remuneration Report that forms part of the Directors' Report within the Annual Report.</p>												
8.3														
<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>✓</p> <p>✓</p>	<p>The Company issues equity based remuneration to its employees through its Performance Rights Plan. The Plan details the terms and conditions under which performance rights can be granted and stipulates that a Participant in the Plan must not enter into any arrangement for the purpose of hedging, or otherwise affecting, their economic exposure to their Performance Rights. The Performance Rights Plan has been approved at a meeting of shareholders. The Performance Rights Plan will be updated and approval for the amended plan will be sought at the Company's 2017 AGM.</p> <p>Details of Performance Rights that have been issued to employees and the performance hurdles attaching to those Rights are listed in the Remuneration Report. A copy of the Company's Performance Rights Plan is available on the Company's website.</p>												

SUSTAINABILITY ANNEXURE

Principle	Comment
1 – Environmental Management	
<p>1.1 Track record of environmental management for FY2017:</p> <p>(a) Fines and non-monetary sanctions for non-compliance with environmental laws and regulations;</p> <p>(b) Environmental provisions as reported on the balance sheet;</p> <p>(c) Number and severity of breaches of environmental licence conditions;</p> <p>(d) Proportion of operations with ISO 14001 certifications.</p>	<p>The Company has not received and fines or non-monetary sanctions for environmental non-compliance in FY2017.</p> <p>Environmental provision is included in Company's Annual Report in accordance with AASB137 Accounting Standard.</p> <p>Breaches of environmental licence conditions are reported to the relevant department in accordance with regulations and recorded on the Company's data base. There were no breaches of environmental licence conditions in FY2017.</p> <p>The Company's operations are not certified with ISO14001 however the Company's Environmental Management System is aligned with ISO 14001 so that ISO 14001 certification can be pursued if required at a later date.</p>
<p>1.2 Policies and systems relating to environmental management including:</p> <p>(a) Biodiversity impact management;</p> <p>(b) Water management;</p> <p>(c) Emissions;</p> <p>(d) Waste management;</p> <p>(e) Rehabilitation.</p>	<p>The Company is subject to, and responsible for, ensuring compliance with various regulations, licenses, approvals and standards so that its activities do not cause unauthorised environmental harm.</p> <p>Environment risk is currently overseen by the Risk Management Committee. In FY2018 the Company will establish a Health and Safety, Environment and Community Board sub-committee which will be responsible for overseeing matters relating to health, safety, environment and community.</p> <p>The Company has an environment management policy that applies to the Company's operations including contractors. The policy provides that the Company is committed to conducting its business in an environmentally responsible manner. The policy ensures that environmental considerations are factored into all aspects of the business and sets guiding principles for the implementation of a Company-wide Environmental Management System (EMS). The EMS ensures environmental aspects and impacts specific to the Company's operations are addressed including in relation to the following key areas:</p> <p>Biodiversity: Protection of native flora and fauna is fundamental to conducting business in environmentally responsible manner. The Company has invested heavily in baseline studies to gain a thorough understanding of local and regional ecosystems. Clearing of native vegetation is avoided where possible and monitoring programs are in place to ensure that the health of these areas is being preserved. Eradication of non-native species, both flora and fauna, is a key operational objective and one of the targets set as a responsible land manager.</p> <p>Water Resources (Ground and Surface): Efforts are focused on ensuring that local and regional water resources are preserved for post mining land users. Site specific Groundwater Operating Strategies are implemented in conjunction with groundwater licences to ensure that abstraction doesn't result in long term impacts to local water resources. Water usage is monitored and annual reviews are undertaken in order to identify any efficiencies that can be implemented and to ensure any wastage is limited.</p> <p>Emissions: Strategies are in place for the reduction of emissions associated with the combustion of fossil fuels, blasting, particulates from vehicle movements and processing operations.</p> <p>Waste Management: The Company adopts a 'reduce, reuse and recycle' ideology across all of its operations. Waste streams are segregated to limit the reliance on landfill. Recyclable materials, both domestic and industrial, are identified and are either reused on site, gifted to local stakeholders or sent to the nearest facility for processing. Site employees and contractors undergo regular training sessions to promote sustainability within the workforce.</p> <p>Rehabilitation: Works are progressively staged throughout the life of mine to ensure that targets are set and achieved prior to the closure phase of operations. Mine Closure Plans exist for all of the Company's operations and have gained regulatory approval. Closure strategies for Tailings Storage Facilities and landforms are in place to allow for proactive campaigns of rehabilitation. Once completed all rehabilitated landforms are monitored annually to ensure viability post closure.</p> <p>During FY2017 the major rehabilitation program was focused on the Whirling Dervish waste landform to completion. The key focus during FY2018 will be on the Karari waste landform. An independent review of the Company's accounting for rehabilitation provisions was undertaken and confirmed the Company's processes are appropriate.</p> <p>Through its ongoing management of environmental activities at its operating mines, the Company has been able to operate in an environmentally sustainable and responsible manner.</p>

Principle		Comment
1 – Environmental Management (continued)		
1.3	Recording and reporting of environmental data	Water is sourced from groundwater aquifers licensed under Section 5C of the Rights In Water And Irrigation Act 1914 (RIWI). The Company has two approved groundwater operation strategies which cover all group operations and specify how groundwater abstraction is conducted, monitored and reported. Compliance reports are submitted annually under the RIWI to demonstrate compliance. The Environmental Protection Act 1986 (EP Act) also licences discharge of water to open pits, turkeys nests and salt lakes, for which the Company had seven licences in FY2017. The EP Act also licences energy production and waste disposal which is also covered by the Company's EP Act Licences. The Company conducts monitoring and report annually under EP Act to ensure compliance.
2 – Climate Change		
2.1	Reporting in relation to carbon emissions and opportunities to reduce carbon emissions	The Company reports carbon emissions annually under the National Greenhouse and Energy Reporting Act 2007 and Environment Protection (NEPM NPI) Regulations 1998.
2.2	Opportunities to reduce carbon emissions	Part of the Company's fuel usage is made up of LNG (Carosue Dam operations) and gas sourced via a pipeline (Thunderbox operations) which assists in reducing the Company's carbon emissions.
3 – Human Capital Management		
3.1	Qualitative indicators: (a) Board oversight of Human capital management (HCM); (b) Executive remuneration linked to achievement of Company objectives; (c) Policies and systems to encourage employee satisfaction and engagement outcomes, and key drivers of same; (d) OH&S policies and systems.	<p>A HCM Report is provided to the Board on a monthly basis, inclusive of recruitment, retention, leave liability and employment relations. A Bi-annual report is provided to the Board on diversity statistics.</p> <p>The Company participates in the Workplace Gender Equality Agency reporting (WGEA) each financial year. A copy of the 2016-2017 WGEA report is available on the Company's website.</p> <p>The Company has a Remuneration and Nominations Committee that assist the Board in relation to setting remuneration and bonuses' that align with the Company's objectives. Executive's remuneration is linked to KPI's approved by the Board.</p> <p>The Company has a Diversity Policy which sets out that differences are recognised, respected and valued including differences based on gender, ethnicity, age, race, religion, disability and sexual orientation.</p> <p>A gender diversity target has been implemented for FY2018, The Company will seek to align or exceed the mining industry average for female participation in the workforce subject to availability and suitability of candidates. Progress towards achieving the above objective will be measured twice per year through a report to the Board and Senior Management on gender diversity statistics.</p> <p>The Company has an Equal Employment Opportunity Policy which states that the Company will provide all employees with a workplace environment that is founded on the principles of fairness and equality for all.</p> <p>Various flexible working arrangements are available to employees. The Company will introduce a Flexible Working Arrangement Policy in FY2018.</p> <p>Training and development opportunities are available to employees. The Company will introduce a Training and Development Policy in FY2018.</p> <p>The Company is committed to providing a safe and healthy working environment. The Company's safety policy ensures alignment of the Company's safety management systems with AS/NZS 4801:2001 – OHS Management Systems and AS/NZS 31000: 2009 – Risk Management. The Company through its Risk Management Committee monitors risks associated with safety and health.</p> <p>The Company has an 'Event Reporting Performance Standard'. Based on qualitative risk analysis, either a 'Simple' incident investigation will be applied or a 'Detailed' root cause analysis to prevent recurrence and develop corrective actions. All 'Events' are captured in the Company's database and all corrective actions are tracked for completion.</p>

Principle		Comment
3 – Human Capital Management (continued)		
3.2	Quantitative indicators: (a) Voluntary turnover rates; (b) Employee engagement/ satisfaction; (c) Rate of return from maternity/ parental leave; (d) Professional development training data; (e) % of women at Board and Senior management levels; (f) Remuneration levels for male and females employees; (g) OH&S performance indicators.	<p>Voluntary turnover rates are recorded in the monthly Board report and a quarterly exit report is provided to Senior Management.</p> <p>The Company distributes an annual Cultural Survey to all employees to measure performance in relation to, amongst other things, Core Values, workplace of inclusion, diversity and safety. The Cultural Survey provides upon which the Company can make decision of matters affecting employee satisfaction and engagement.</p> <p>For FY2017 the Company had a 100% maternity/paternity leave rate of return.</p> <p>Professional development and training needs are recorded pursuant to annual performance reviews and from time to time throughout the year.</p> <p>The percentage of women at Board and senior management levels are recorded in the WGEA and Corporate Governance Statement.</p> <p>A remuneration review is conducted for all Company positions yearly utilising industry remuneration reports. The Company has enterprise agreements in place which dictate rates of pay for certain positions, all others are benchmarked against remuneration reports. The Company demonstrates no bias in employee remuneration.</p> <p>In FY2018 the Company will move from the Total Injury Frequency Rate 'TIFR' to the Total Recordable Injury Frequency Rate 'TRIFR' method of safety metric reporting. The Company also records Lost Time Injury Frequency 'LTIFR' rates. This method of data capture focusses on principal hazards.</p>
4 – Other Stakeholder accountability		
4.1	(a) Stakeholder engagement mechanisms eg meetings, surveys, briefings, use of online media; (b) Other processes to manage stakeholder risk, eg community involvement, partnerships, local employment; (c) Corporate codes of conduct and other significant policies.	<p>The Company has a Community Policy and will develop a stakeholder engagement business plan in FY2018. The Company deploys a range of stakeholder engagement methods to ensure effective communication between stakeholders and the Company.</p> <p>The Company is proud to be involved in and supportive of community groups, organisations and charities in the region in which it operates. Where possible the Company employs locally.</p> <p>The Board has adopted a Code of Conduct which sets out standards for appropriate ethical and professional behaviour that applies to all employees, including Directors and management, when dealing with each other, shareholders, customers and the broader community. A copy of the Company's Code of Conduct is available on the Company's website.</p> <p>The Company has an Anti-Bribery and Corruption Policy which sets out that the Company is committed to conducting its business and activities with integrity and that bribery and corruption is prohibited in any form. A copy of the Company's Anti-Bribery and Corruption Policy is available on the Company's website.</p> <p>The Company has a Whistleblower Policy which sets out that Directors, officers and employees are expected to observe high standards of business and personal ethics in the conduct of their duties and responsibilities as set out in the Company's Code of Conduct. The Whistleblower Policy encourages reporting of violations and provides protection from victimisation or dismissal. A copy of the Company's Code of Conduct Policy is available on the Company's website.</p>

DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited ("Saracen" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Saracen Mineral Holdings Limited and its controlled entities (the "Group") for the financial year ended 30 June 2017. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follow:-

DIRECTORS

The names and particulars of the Company's directors in office during the financial year and at the date of this report are as follows. Directors held office for this entire period unless otherwise stated.

Geoffrey Clifford

Non-Executive Chairman (appointed Director 1 October 2013 & Chairman 26 November 2014) (Member of the Audit and Risk Management Committees)

Mr Clifford is an accountant with more than 35 years' experience in senior accounting, finance and company secretarial roles. He holds a Bachelor of Business degree from Curtin University and is a FCPA, FGIA and FAICD. Mr Clifford is a professional company director, currently serving as a non-executive director on the Board of Independence Group NL. From 2007 to 2011, he was a non-executive director (including as Chairman for the period 2008 to 2011) of Atlas Iron Limited. Prior to this, he spent eight years as the General Manager Administration and Company Secretary of Portman Limited.

Mr Clifford became Non-Executive Chairman of the Company upon the retirement of the then Chairman, Mr Staltari, at the conclusion of the Annual General Meeting held on 26 November 2014.

During the past three (3) years Mr Clifford has held directorships in the following other listed entities:-

Company	Appointed	Resigned
Independence Group Limited	December 2012	Current

Raleigh Finlayson

Managing Director (appointed 2 April 2013) (Member of the Risk Management Committee)

Mr Finlayson is a Mining Engineer, having studied at the Western Australian School of Mines and is the holder of a First Class Mine Managers Certificate and a Graduate Certificate in Applied Finance and Investment. He is a member of the Australasian Institute of Mining and Metallurgy. Mr Finlayson has over 18 years of technical and operational experience in the mining industry in multiple disciplines including both underground and open pit operations. Since joining the Company, he has overseen the Feasibility Studies and development of both the Carosue Dam and Thunderbox operations. He held position of Chief Operating Officer before being appointed Managing Director in April 2013.

Mr Finlayson does not hold, and has not over the last three (3) years held, a directorship in any other public listed company.

Mark Connelly

Non-Executive Director (appointed 1 May 2015) (Chairman of the Audit Committee and member of the Remuneration & Nomination Committee)

Mr Connelly holds a Bachelor of Business degree from Edith Cowan University and has over 29 years' experience covering the development, construction and operation of mining projects across a variety of commodities (including gold and base metals) and jurisdictions (including Australia, West Africa, North America and Europe).

Most recently Mr Connelly was Managing Director of Papillon Resources and was instrumental in the US\$570m takeover of Papillon by B2Gold Corp in October 2014. Prior to Papillon, Mr Connelly was Chief Operating Officer of Endeavour Mining Corporation, following its merger with Adamus Resources Limited, where he was Managing Director and CEO. Mr Connelly has also held senior executive positions with Newmont Mining Corporation and Inmet Mining Corporation. He is a CPA, MAICD, AIM and SME.

During the past three (3) years Mr Connelly has held directorships in the following other listed entities:-

Company	Appointed	Resigned
Cardinal Resources	November 2015	Current
Tiger Resources Limited	October 2015	Current
West African Resources Limited	June 2015	Current
Ausdrill Limited	July 2012	Current
B2Gold Corporation	October 2014	June 2016
Manas Resources Limited	January 2013	June 2015
Papillon Resources Limited	November 2012	October 2014

DIRECTORS REPORT (CONTINUED)

DIRECTORS (continued)

Martin Reed

Non-Executive Director (appointed 24 August 2012) (Chairman of the Risk Management Committee and a member of the Remuneration & Nomination Committee)

Mr Reed is a qualified mining engineer (BE Mining, Grad Dip Management, AICD Diploma) with over 35 years' experience in operations management and project development across a range of commodities, countries and sizes of operations. Recent roles have included Chief Operating Officer and Project Manager for a number of metals companies including Sirius Resources, Sandfire Resources, St Barbara Limited, Paladin Energy Ltd and Windimurra Vanadium Limited. Prior to these appointments, Mr Reed held a number of senior executive positions in the mining industry including roles where he was responsible for the planning and development of several large mining operations in remote locations.

Mr Reed does not hold, and has not over the last three (3) years held, a directorship in any other public listed company.

Samantha Tough

Non-Executive Director (appointed 1 October 2013) (Chairman of the Remuneration and Nomination Committee and a member of the Audit Committee)

Ms Tough completed a Bachelor of Laws and Bachelor of Jurisprudence at the University of Western Australia and worked as a barrister and solicitor before progressing to the commercial sector. She is a Fellow of the AICD. Ms Tough is a professional company director with more than 15 years' experience on public and private company boards. She has a depth of industry experience in resources and energy. Ms Tough's executive roles included General Manager North West Shelf at Woodside Energy Ltd, Director Strategy for Hardman Resources Ltd, Senior Vice President Natural Resources at the Commonwealth Bank and Project Director for the Pilbara Power Project. Ms Tough is also a Non-Executive Director of Synergy and The Clean Energy Finance Corporation.

During the past three (3) years Ms Tough has held directorships in the following other listed entities:-

Company	Appointed	Resigned
Cape plc	January 2015	January 2016
Molopo Energy Limited	December 2014	April 2017
Southern Cross Goldfields Limited	July 2007	September 2013
Strike Resources Limited	January 2012	November 2015
Aurora Labs Limited	June 2017	July 2017

Roric Smith

Non-Executive Director (appointed 4 July 2017)

Dr Smith is a geologist who has held several senior technical and management positions. He has played key roles in the discovery and development of exploration and mining projects both locally and internationally in the gold-copper sector. He is currently a Non-Executive Director of Sandfire Resources (ASX: SFR) and a Principal Consultant with HiSeis, specialists in hard-rock seismic acquisition and processing. He also serves on the Advisory Board of the Core to Crust Fluid Systems (CCFS) CRC at Macquarie University, Sydney. Dr Smith's previous positions include Vice-President, Discovery for Evolution Mining and Senior Vice-President, Global Greenfield Exploration at AngloGold Ashanti.

During the past three (3) years Dr Smith has held directorships in the following other listed entities:-

Company	Appointed	Resigned
Sandfire Resources NL	January 2017	Current

DIRECTORS REPORT (CONTINUED)

COMPANY SECRETARY

Jeremy Ryan

(appointed 5 December 2016)

Mr Jeremy Ryan joined Saracen Gold Mines in March 2012 as Manager - Legal. Mr Ryan was admitted to practice in 1998 and has extensive experience in advising on the development and operation of mining and infrastructure projects. Prior to joining the Company Mr Ryan worked as a lawyer for a native title representative body, State and Federal government departments and in the Finance & Projects team of a large international law firm.

Mr Ryan does not hold, and has not over the last three (3) years held, a directorship in any other public listed company.

Gerard Kaczmarek

(resigned 31 December 2016)

Mr Kaczmarek graduated from the Australian National University (ANU) with a Bachelor in Economics and Accounting. He has over 30 years' experience in the resources and mineral processing industry in Australia and overseas. He was Company Secretary and Chief Financial Officer for gold mining company Troy Resources Limited for almost ten years and prior to that spent seven years at Burmine Limited before its merger with Sons of Gwalia Limited. He commenced his career with the base metals division of CRA, now Rio Tinto. He is a CPA and MAICD.

Mr Kaczmarek does not hold, and has not over the last three (3) years held, a directorship in any other public listed company.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the direct and indirect interests of the Directors and their related parties in the shares and Performance Rights of Saracen were:-

Director	Ordinary Shares	Performance Rights over ordinary shares - unlisted
Geoffrey Clifford	-	-
Raleigh Finlayson	8,416,819	5,185,000
Mark Connelly	-	-
Martin Reed	30,000	-
Samantha Tough	-	-
Roric Smith	-	-

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was gold mining, processing & sales and mineral exploration.

REVIEW AND RESULTS OF OPERATIONS

Overview

Saracen Minerals Holdings Limited is an ASX-listed gold company producing ~ 300,000 oz per annum from its two operations in Western Australia:

1. Carosue Dam approximately 120km north-east of Kalgoorlie; and
2. Thunderbox approximately 45km south of Leinster.

The Company's Head Office is in Perth, Western Australia.

DIRECTORS REPORT (CONTINUED)

Carosue Dam Operations

Saracen Mineral Holdings Limited owns 100% of the Carosue Dam Operations (CDO) through its wholly owned subsidiary Saracen Gold Mines Pty Ltd. Saracen acquired the CDO assets in 2006 and commenced commercial production in 2010. Since then, Saracen has produced over 850,000 ounces of gold from open pits and underground mines and in May 2017, Saracen poured the one millionth ounce of gold produced from the CDO mine operation.

Saracen's CDO tenement holdings and gold deposits are located in one of the world's most prospective gold provinces, incorporating the Laverton and Keith Kilkenny Tectonic Zones, north-east of Kalgoorlie, Western Australia. This province is home to several world class gold mines and deposits including Sunrise Dam, Granny Smith, and Wallaby. In excess of 23 million ounces of gold in resources have been found and/or brought into production in this province. Saracen is building a long-term strategic infrastructure and resource position in this area.

CDO comprises a processing plant, two accommodation villages with the ability to support 400 persons, various water and power infrastructure and is located 120km north north-east of Kalgoorlie. The CDO processing plant was originally commissioned in November 2000 and has a nameplate capacity of 2.4Mtpa.

Thunderbox Operations

The Thunderbox Operations (TBO) is located in the highly prospective Yandal Belt and the Agnew-Wiluna Belt in the North Eastern Goldfields of Western Australia and are centred on the Thunderbox Open Pit and CIL gold treatment plant located 45km south of the town of Leinster in Western Australia and immediately adjacent to the sealed Goldfields Highway. FY2017 marked the first full year of production at Thunderbox under Saracen ownership since being acquired in May 2014.

TBO includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Mangilla gold deposits), the Kailis Open Pit and King of the Hills Underground mine (since sold to ASX listed Red 5 Ltd, refer ASX Announcement dated 3 August 2017), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits).

The Thunderbox processing facility, which was recommissioned during 2015 incorporates a single-stage crusher, a SAG mill and a ball mill as well as conventional CIL leaching and elution circuits. Nameplate capacity of the TBO processing plant is 2.5Mtpa. Existing infrastructure comprises a 268 person accommodation village, an airstrip, power infrastructure, Goldfields Gas pipeline spur, borefield water supply and telecommunication services.

During FY2017, Saracen continued mining Stage 1 of the Thunderbox open pit, known as A Zone and commenced open cut pre-strip activities at both the Thunderbox open pit C Zone and the Kailis open pit mine (5km from Leonora and 85km south of Saracen's Thunderbox project, purchased from St Barbara Ltd in August 2015).

Production:

Carosue Dam Operations

For the financial year ended 30 June 2017 (FY2017), gold production from the Carosue Dam Operations was 155,970 oz (2016: 157,191 oz) at an All in Sustaining Cost (AISC) of \$1,413/oz (2016: \$1,067/oz).

Carosue Dam		Quarter				
	Unit	September 16	December 16	March 17	June 17	FY2017
Mill Production						
Total Ore Milled	t	611,000	636,000	581,000	641,000	2,469,000
	g/t	1.9	2.0	2.3	2.4	2.1
Recovery	%	93.5%	92.6%	91.7%	90.2%	91.8%
Gold Produced	oz	34,141	37,692	39,033	45,104	155,970
Underground Mining						
Total Ore Mined	t	317,000	357,000	377,000	515,000	1,566,000
	g/t	2.5	2.8	3.2	3.0	2.9
Contained Ounces	oz	25,037	31,995	38,385	49,009	144,426

Mining of the Whirling Dervish open pit concluded at the end of June 2015 resulting in a large stockpile of ore at the end of FY2015. This stockpile was used to make up the base load mill tonnages during the year, supplemented with higher grade underground ore from Karari, Deep South and Red October mines.

DIRECTORS REPORT (CONTINUED)

Development of the twin declines at the Karari underground operation continued during the FY2017. The mine is now beginning to realise the productivity improvements stemming from the decoupling of development from production areas. Targeted sustained production rates of approximately 300,000 tonnes of ore per quarter were realised in Q4 FY2017 for approximately 27,000 ounces of contained gold. Total production for FY2017 was 866,000 tonnes @ 2.8g/t for 77,487 contained ounces. Underground drilling at Karari continued throughout the year from two additional drill platforms resulting in the orebody being extended a further 100m down dip.

Commercial production was declared at the Deep South underground mine effective 1 July 2016. The main focus of Deep South in FY2017 was to ramp up to a sustainable ore production profile whilst extending the resource at depth and increasing the understanding of the orebody. The strike length of the orebody and the associated mining front increased to approximately 500m from the average of 230m in the previous financial year. This enabled development and production activities to be successfully de-coupled and allowed Deep South ore production to ramp up and sustain on average 48,000 tonnes of ore per month.

Production for the year was 585,000 tonnes @ 2.85g/t for 53,895 contained ounces. Two diamond drill platforms were developed approximately 150m to the North and the South of the central mining access to facilitate grade control and exploration diamond drilling down dip and along strike, with the lowest exploration holes intercepting the ore body 280m below current development.

Diamond drilling at Red October tested several target areas which were assessed and quantified, resulting in underground mining activities recommencing during September 2016. A new mining contractor, Pit and Portal was selected for this operation. All remnant mining was completed during FY2017 with a total production of 114,000t @ 3.55g/t for 13,044 contained ounces. Due to the reduced ore body widths at Red October, a narrow vein mining method was adopted and successfully implemented. During June 2017, Red October was placed on care and maintenance whilst the Company completed a strategic review of the asset, including a potential sale. Accordingly, it has been classified as a Non-Current Asset Held for Sale as at 30 June 2017 (refer to note 13 in the financial statements).

Thunderbox Operations

During FY2017, gold production from the Thunderbox Operations was 116,837 oz (2016: 31,465 oz) at an AISC of A\$1,253/oz (2016: A\$1,293/oz).

Thunderbox		Quarter				
	Unit	September 16	December 16	March 17	June 17	FY2017
Mill Production						
Total Ore Milled	t	649,000	550,000	547,000	559,000	2,305,000
	g/t	1.4	1.8	1.7	2.1	1.7
Recovery	%	92.3%	92.2%	87.9%	92.7%	91.4%
Gold Produced	oz	27,329	28,530	26,097	34,881	116,837
Open Pit Mining						
Total Mining	BCM	3,237,000	2,693,000	1,556,000	3,664,000	11,150,000
Total Ore Mined	t	760,000	715,000	583,000	553,000	2,611,000
	g/t	1.2	1.4	1.6	2.2	1.5
Contained Ounces	oz	29,519	31,213	30,326	38,242	129,300

Open cut production mining at the Thunderbox A Zone pit was ongoing during the year. The consistent and predictable performance of the ore body was pleasing with 2,611,000 tonnes mined @ 1.5 g/t for 129,300 contained ounces and a yearly mine call reconciliation factor of 101% of the contained ounces.

In addition, pre-strip activities were carried out in both the Thunderbox pit C Zone and at the Kailis operation (85kms South of Thunderbox) surface mines in preparation for FY2018, where an estimated total of 51,000 oz and 52,000 oz will be mined from each pit respectively. A total of 7.6M BCMs (TBO) and 1.1M BCMs (Kailis) were mined from each of these pits in FY2017. Dewatering of the Kailis pit was advanced along with the site workshop and office facilities established in Q4 of FY2017.

Underground mining was completed at the King of the Hills mine in February 2017 with a total of 610 metres of development for 11k oz which was hauled to Thunderbox and treated during the first 3 quarters of FY2017. The mine was placed into care and maintenance in March 2017 while a strategic review was completed. Further to this, the sale of the operation to ASX listed Red 5 Ltd (ASX:RED) was announced on 3 August 2017 and accordingly the asset was classified as a Non-Current Asset and Liability Held for Sale in the financial statements (refer to note 13 of the financial statements).

DIRECTORS REPORT (CONTINUED)

Health and Safety

The Saracen Group lost time injury frequency rate (LTIFR) for the 12 months to June 2017 was 3.7 (2016: 3.5). The Total Incident Frequency Rate (TIFR) for the year was 281. This reflected a 23% improvement for the financial year.

During the year, the focus has been on health and safety line management training, operator competency assessments, assurance activities around Critical Risk controls with an emphasis on safe behaviour, as part of the drive to achieve and ensure a safe place of work.

To ensure that the capability of the operational Emergency Response Teams (ERT) was maintained, monthly 'block training' sessions were conducted such that the experienced ERT members continued to improve their skill set and the new members learnt new skills. ERT preparedness remains a critical aspect of the operations given their remote locations.

Throughout the year, the Company has seen considerable stabilisation in the Health and Safety area and the opportunity was taken to readjust procedures and processes and set the strategic direction for the coming year. This safety-focussed strategic planning will provide goals and objectives for the coming year and beyond. As all employees and departments strive to meet these goals, targets and key performance indicators, we expect that the safety performance across the operations will continue to improve.

Financial Performance

The Group reported a net profit after tax of \$28.4 million, an increase of 10% on the previous year (2016: \$25.9 million). This result is inclusive of a non-cash write down of \$2.8 million relating to Red October (disposal group held for sale) (refer to note 13) and the expensing of \$2.5 million of exploration costs previously capitalised (refer to note 11).

Sales revenue for the year was \$423.0 million, up 53% from \$276.5 million in the previous year. Gold production for the year was 272,807 ounces up 45% from 188,656 ounces in FY2016. Gold sales for the year were 266,556 ounces versus 188,024 ounces in 2016 and the average gold price for the year was A\$1,642/oz (2016: A\$1,629/oz). During the year, approximately \$15.7 million of gold sales were made from gold recovered from development activities at the King of the Hills underground mine. This amount was offset against the project's capital development costs and is not accounted for as sales revenue.

Gross profit from mining operations for the year was \$51.6 million (2016: \$51.3 million) after deducting \$14.6 million for royalties and \$74.7 million in depreciation and amortisation (2016: \$11.4 million and \$33.9 million respectively). The increase in depreciation and amortisation primarily relates to Thunderbox A Zone, Karari underground and Deep South underground operations being in commercial production for the full FY2017 compared to only a portion of FY2016 in relation to Thunderbox A Zone (commercial production declared Q4FY2016) and Karari underground (commercial production declared Q2FY2016). In relation to Deep South underground no amortisation and depreciation were recognised in FY2016 as commercial production was only declared in Q1FY2017.

Net cash flow from operations for the year was \$125.6 million (2016: \$109.8 million). Capital expenditure on purchases of plant and equipment, mine development and exploration totalled \$117.9 million for the year. This was primarily relating to the development of the Thunderbox C Zone and Kailis open pits at TBO and the Karari and Deep South underground mines at CDO (2016: \$111.9 million).

As at 30 June 2017, the Group had in place a total gold hedging program comprising 235,343 oz of forward and spot sales contracts at an average price of A\$1,573/oz.

During the year the Company entered into a long-term senior corporate financing facility with a syndicate of three major international banks. The facility is a senior secured revolving loan shared equally between BNP Paribas, Citibank N.A. and Westpac Banking Corporation. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility is for an initial term of three years. It features an "evergreen" arrangement with an annual review date whereby the term can be extended for an additional year each year to maintain its three year tenure.

The Facility also features an accordion provision whereby Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the loan to \$150 million) with the approval of the syndicate members. As at 30 June 2017, the new facility had not been drawn down on.

During FY2017 the Group made the decision to repay all finance leases as part of its ongoing Balance Sheet management strategy.

Production & Operational Outlook for 2017/18 and Beyond

Carosue Dam Operations

In FY2018, gold production will be sourced principally from the Karari and Deep South underground mines and various surface ore stockpiles.

Production guidance for FY2018 is 170,000 ozs.

DIRECTORS REPORT (CONTINUED)

Saracen's business plan for CDO for the next 2 years comprises: -

- Maintain steady state production from Karari underground mine (1.1Mtpa) while growing the resource along strike and at depth;
- Maintain steady state production from Deep South underground mine (550ktpa) while growing the resource at depth;
- Complete the development of the Whirling Dervish drill drive and Resource drilling (36km), focussed on further de-risking this underground project prior to scheduled FY20 project commencement;
- Disciplined approach to project execution – start when we need to, projects are self-funded, site remains cash flow positive at all times;
- Exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine;
- Continue working "Project Nucleus" – Strategy of Base Load feed from the Karari Complex (Karari & Whirling Dervish) with bolt on assets (Deep South) and contingency options;
- Optimising production through the Carosue Dam processing plant including processing of the extensive ore stockpiles;
- Continue the trajectory of reduced all in sustaining costs; and
- Generating sustaining cash flows.

Thunderbox Operations

In FY2018, gold production will be sourced principally from the 'A' & 'C' zones of the Thunderbox pit with high grade top up from the Kailis pit.

Production guidance for FY2018 is 130,000ozs.

Saracen's business plan for TBO for the next 2 years comprises: -

- Maintain base load production from Thunderbox while exploring opportunities for high grade satellite top up feed;
- Following completion of the AMC feasibility study for the Thunderbox underground operation, assess development options for this potentially long life mine;
- Complete mining of the Kailis satellite pit to provide approximately 1.2Mt of high grade ore feed to optimise blending opportunities at the Thunderbox mill;
- Pursue the optimal operation of the Thunderbox mill to maximise cash flow generation;
- Exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine;
- Continue the trajectory of reduced all in sustaining costs;
- Funding all project development through internal cash flow generation;
- Capital works will focus on Tailings Dam expansion to secure long term processing, along with the reticulation of the Bannockburn borefield to the Thunderbox mill to secure processing water; and
- Generating sustaining cash flows.

Exploration

Brownfields

The underground exploration and resource definition drill programs undertaken at Saracen's Karari and Deep South operations have substantially grown the resources and reserves for the Carosue Dam Operations and have bolstered the future production outlook. Over 58,000m of underground drilling was completed at Karari extending the Indicated Resource significantly from 563 koz to 852 koz. The increasing strike of the Karari ore body with depth has been an exciting outcome from this year's drilling and Saracen is looking to significantly grow the orebody with another year of aggressive underground and surface exploration drilling.

At Deep South, the 53,500m of mainly grade control and resource definition drilling from underground has extended the resource 150m below the current mine reserve. The Deep South mine remains open at depth, the Tennessee and Mexico resources north and south of the mine also remain open at depth. Further drilling throughout FY2018 will continue to support mining and increase the production potential.

A comprehensive surface drilling program to delineate potential underground mining resources beneath the A Zone pit in the Thunderbox Mine was completed in the last quarter of FY2017. The drill results demonstrated the dacite-hosted ore continues to depths of more than 350m below the current planned pit design and remains open. The ore body also remains open at depth beneath the C and D zones with further drilling of these areas plus additional targets to the north on the Thunderbox shear zone planned for FY2018.

DIRECTORS REPORT (CONTINUED)

Relatively small underground grade control and exploration drill programs were completed at King of the Hills and Red October during FY2017. These programs assisted mining at both operations.

Although the width and grade of the high-grade Marlin Lode in Red October decreases in the lower part of the mine, the potential for further high-grade lodes at depth has been shown in the deep surface drill program co-funded by the WA government that was completed during FY2017. The program not only confirmed the presence of high grade gold mineralisation 385m vertically below the lowest mined levels in proximity to multiple shear zones with gold-related alteration but identified a high potential target of a sulphidic iron-chert sediment package in the hanging wall to the mine. The surface drilling was also supported with surface mapping and sampling north of Red October at the Treasure Island.

Greenfields

Saracen sought to leverage off the regional exploration datasets collected in the past 2 years over the Mount Celia project by drilling priority structural targets with reconnaissance aircore drilling in the latter part of FY2017. The results demonstrated the prospectivity of the interpreted continuation of the Deep South mine rock sequence and other structural targets in the district. Further early stage exploration drilling to follow up and expand the exploration over the project is planned for FY2018.

Greenfields exploration in the Carosue and Yilgarn areas in FY2017 included aircore drilling on four targets, with two targets likely to be the focus of follow up RC drill testing in FY2018. Saracen is also looking to reinvigorate exploration of the 3.5km long anomalous corridor that lies between the historic Luvionza mine and the recently recommissioned Whirling Dervish mine based on the recent advances in knowledge at Karari and Whirling Dervish.

Saracen is pleased with the progress made by AngloGold Ashanti (AGA) drill testing the depth extensions in the Butcher Well gold project. The Butcher Well gold project is part of a Farm-In Agreement between AGA and Saracen that also includes highly prospective areas within the Laverton Tectonic Zone that has received minimal exploration to date.

Investor Relations

During the year the Company presented at several conferences and conducted roadshows to existing and prospective investors, analysts and stockbrokers. These included:-

- Diggers and Dealers Conference, August 2016;
- Deutsche Bank Gold Day, September 2016;
- Denver Gold Conference, September 2016;
- Macquarie Bank WA Resources Forum, October 2016;
- BMO Global Metals and Mining Conference, February 2017;
- Euroz Conference, March 2017;
- Macquarie Bank Australia Conference, May 2017;
- UK and North American investor roadshow, June 2017;
- Various investor mine site visits; and
- Various presentations in Sydney and Melbourne.

A copy of each presentation given to these conferences and roadshows has been released to the ASX and are available on both the ASX and the Company's website, www.saracen.com.au.

Human Resources

As at 30 June 2017, the business had 317 employees following continued growth over the 2017 financial year. The Company continues to promote a workplace culture that embraces diversity, and our submission to WGEA in May 2017 recorded an increasing female participation rate of 13.8%.

During the 2017 financial year the Saracen core values were amended to inspire a challenge to the status quo, the core values are Courage, Delivery, Communication and Attitude. The aim being to continue to promote a strong, results-driven, 'can do' culture, where our people are at the heart of our success.

The Saracen apprenticeship program was implemented in December 2016 and four internal Saracen employees were selected to be on boarded into either a mechanical or electrical apprenticeship. This demonstrates a commitment from Saracen to train, develop and grow internal resources.

For FY2018 Saracen will continue down the path of further improving the Human Resource function, including the implementation of a number of initiatives around diversity in the workplace.

DIRECTORS REPORT (CONTINUED)

- Saracen will seek to align or exceed the mining industry average for female participation in the workforce subject to availability and suitability of candidates. Progress towards achieving this objective will be measured twice per year through a report to the Board and Senior Management on diversity statistics.
- In addition, Saracen will implement policies and procedures to support employees and managers on matters surrounding diversity, flexible working arrangements and domestic violence, these will further complement the current policies and procedures for the Group.

Community Support

Saracen views communication and consultation as crucial for maintaining a social licence to operate. The Company is committed to our Core Values of Attitude, Communication, Courage and Delivery, which play a major role in ensuring that we continue to operate in a socially responsible manner. Saracen is committed to improving its community engagement through open and transparent dialogue with government representatives, pastoral and community representatives and other key stakeholders.

In FY2018 Saracen will be implementing a Community Policy and providing training to staff in community consultation to assist in improving its community engagement.

Saracen will also be establishing a Risk Management and Sustainability Board sub-committee during FY2018, with community consultation and engagement being a key pillar to the committee.

Saracen is proud to be involved in and supportive of community groups and organisations and has maintained our commitment to supporting the local communities in which we operate. During FY2017 Saracen has provided funding to:-

- Leonora Golden Gift;
- The Kalgoorlie City Football Club;
- Ride to Conquer Cancer;
- WA School of Mines Graduates Association;
- Perth Special Children's Christmas Parties;
- Curtin University; and
- Movember – for Men's health.

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 3 August 2017, the Group signed a Sale Agreement with Red 5 Ltd (ASX: RED) for the sale of the King of the Hills asset. The consideration comprises:

- \$7 million upfront cash;
- 90 million Red 5 shares, escrowed for 12 months;
- \$4.5 million in cash or Red 5 shares (at Saracen's election) 12 months after completion;
- Red 5 to assume all environmental liabilities.

The sale is expected to be completed by 30 September 2017.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company continues to seek suitable mineral opportunities for acquisition or farm-in, as well as corporate investments, while progressing the Company's operations. Refer to the Production and Operational Outlook for 2017/18 and beyond on page 47.

DIRECTORS REPORT (CONTINUED)

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is committed to conducting operations in an environmentally sensitive manner. Through the implementation of a company-wide Environmental Management System (EMS), the Group is able to continually minimise any adverse environmental risks that may be associated with its business activities. The Group recognises that respecting the environmental values held by people within and outside of the organisation is an integral part of doing business.

The Group is subject to environmental regulations associated with the granting of licences by various regulatory bodies, including the Department of Mines Industry Regulation and Safety (DMIRS), Department of Water and Environmental Regulation (DWER), and the Department of Planning, Lands and Heritage (DPLH). The Group continues to operate in compliance with these regulations. Inspection and monitoring of vegetation, groundwater and emissions are conducted to ensure compliance and provide evidence of compliance in accordance with the above mentioned licences. Results are reported in various annual reports to regulatory bodies in accordance with statutory requirements. There were no material non-compliances during the year.

The Group is also subject to reporting requirements of the National Environmental Protection (National Pollution Inventory) Measure 1998 and the National Greenhouse and Energy Reporting Act 2007. This legislation requires the Group to report its annual greenhouse gas emissions and energy use. Systems and processes have been implemented for the collection and calculation of the data required for both reports submitted in September 2016 (NPI) and October 2016 (NGER).

Key environmental achievements during the financial year included:

- Completion of 42ha of rehabilitation work on the Karari Waste Rock Dump at the Carosue Dam project. Including reshaping of 358,000BCM of material to meet rehabilitation design criteria. Top soiling and seeding of this landform will continue in FY2018, once completed this work will reduce the ongoing Mining Rehabilitation Fund (MRF) Liability for the landform and demonstrates the Group's commitment to environmentally responsible development;
- Finalisation of the progressive rehabilitation plan for the Carosue Dam Project Paddock (Cells 1-3) and In-Pit (Luvionza) Tailings Storage Facilities (TSF's) in line with the current life of mine. Progressive rehabilitation is planned to be completed on both facilities based on this design criteria, which will ensure cost effective, successful and efficient rehabilitation is completed;
- The Group has progressed planning for a semi-integrated landform/TSF design of the Thunderbox Eastern Waste Rock Dump (EWRD) and TSF to minimise disturbance footprint.
- The Group has finalised the updated Risk Assessment on the inherited legacy contamination caused by windblown dust from Tailings Storage Facility Cells A & B. This assessment has shown the risk to Human Health and the Environment from dust outside the TSF within vegetated areas immediately adjacent to the TSF is low and can be managed through normal site practices. The Group will continue to monitor dust deposits in line with the approved Site Management Plan (SMP) to ensure risk remain low and are managed.

There were no significant environmental incidents during the year at the Company's operations.

DIRECTORS' MEETINGS

The number of Board and Committee meetings held, and the number of those meetings attended by each Director or Committee member during the financial year were:-

Director	Board Meetings		Audit Committee Meetings		Remuneration and Nomination Committee Meetings		Risk Management Committee Meetings	
	Meetings held while a director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Geoff Clifford	11	11	4	4	-	-	4	4
Raleigh Finlayson	11	11	-	-	-	-	4	4
Mark Connelly	11	10	4	4	5	4	-	-
Martin Reed	11	11	-	-	5	5	4	4
Samantha Tough	11	10	4	4	5	5	-	-
Craig Bradshaw (COO)	-	-	-	-	-	-	4	3

In addition to the scheduled Board and Committee meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

DIRECTORS REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED)

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001.

The Directors present the Saracen Mineral Holdings Limited 2017 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. This report forms part of the Directors' Report.

The report is structured as follows:

1. Key management personnel (KMP) covered in this report
2. Key changes since 2016 remuneration report
3. Remuneration governance
4. Remuneration philosophy
5. Executive remuneration policy and framework
6. Link between remuneration and performance
7. Details of remuneration
8. Contractual arrangements with executive KMP
9. Non-executive director arrangements
10. Additional statutory information

1. Key Management Personnel covered in this Report

The Directors of the Group during or since the end of the financial year were:-

Geoffrey Clifford	Non-Executive Chairman
Raleigh Finlayson	Managing Director (Executive)
Mark Connelly	Non-Executive Director
Martin Reed	Non-Executive Director
Samantha Tough	Non-Executive Director
Roric Smith	Non-Executive Director (appointed 4 July 2017)

The Key Management Personnel (KMP) during or since the end of the financial year were:-

Craig Bradshaw	Chief Operating Officer (COO) (resigned 13 April 2017)
Gerard (Gerry) Kaczmarek	Company Secretary / Chief Financial Officer (resigned 31 December 2016)
Morgan Ball	Chief Financial Officer (appointed 12 December 2016)
Daniel Howe	Chief Geologist
William (Troy) Irvin	Corporate Development Officer

2. Key changes since 2016 Remuneration Report

2A. Changes to Board of Directors

As part of Saracen's ongoing skills assessment of its Board of Directors, the Company was pleased to announce the appointment of Dr Roric Smith to its Board on 4 July 2017. Dr Smith is an experienced geologist who has held several senior technical and management roles, both in Australia and internationally, at a number of significant resource companies. Given the Company's strategy of replacing and increasing its reserves and resources through both brownfields and greenfields exploration, this is an important addition to the Saracen Board.

In addition, Mr Mark Connelly has advised that he will be stepping down from the Saracen Board at its 2017 AGM in November but will remain available to assist the Company in a consulting capacity as required.

2B. Resignation of KMP

CFO & Company Secretary, Gerard Kaczmarek resigned effective 31 December 2016 and was replaced by Morgan Ball on 12 December 2016. Mr Ball was most recently the Managing Director and CEO of ASX listed BC Iron Limited and prior to this was BC Iron's CFO. Mr Ball brings a wealth of industry and financial experience to Saracen's management team.

COO Craig Bradshaw resigned on 13 April 2017. The role of COO is currently covered by Raleigh Finlayson whilst a suitable replacement is being sought.

DIRECTORS REPORT (CONTINUED)

2C. Approval of Performance Rights issued to the Managing Director

The issue of 185,000 performance rights to Raleigh Finlayson was approved by shareholders at the Annual General Meeting held on 30 November 2016. Refer to "5 - Executive Remuneration Policy and Framework" below for further details.

2D. Issue of Performance Rights to KMP

During the year, 1,345,000 performance rights were granted to employees of which 555,000 were allocated to KMP. Refer to "5 - Executive Remuneration Policy and Framework" below for further details.

3. Remuneration Governance

3A. Remuneration decision making

The Remuneration & Nomination Committee (RNC) is a sub-committee of the Board. It is primarily responsible for making recommendations to the Board on:-

- the over-arching executive remuneration framework;
- operation of the incentive plans which apply to executive directors and senior executives (the executive team) including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- Non-executive Director Fees.

The committee reviews and determines the Group's remuneration policy and structure annually to ensure it remains aligned to business needs, meets the Group's remuneration principles and is reflective of generally acceptable market practices. From time to time, the committee also engages external remuneration consultants to assist with this review, see "10E - Use of remuneration consultants" below for further information.

In particular, the RNC and Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the company to attract and retain key talent;
- aligned to the company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

The RNC has delegated authority to the Managing Director for approving remuneration recommendations for employees other than KMP, within the parameters of approved Group wide remuneration levels and structures.

The members of the RNC are all independent, Non-Executive Directors and, as at the date of this report, comprised:

- Samantha Tough – Chair of Committee, Non-Executive Director;
- Mark Connelly – Non-Executive Director; and
- Martin Reed – Non-Executive Director.

3B. Clawback of remuneration

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested short term or long term incentives.

3C. Share trading policy

The Group's securities trading policy applies to all Directors and KMP. In accordance with the policy, employees, other than Directors of the company, may only deal in Saracen Mineral Holdings Limited securities in the period of 30 days from the day following:-

- the announcement of half-year results; or
- the announcement of annual results; or
- the announcement of quarterly results; or
- the holding of the Annual General Meeting.

These are collectively referred to as the "Window Period".

The policy prohibits employees from dealing in Saracen Mineral Holdings Limited securities while in possession of material non-public information relevant to the Group, even if it is within a Window Period.

Directors of the Group are prohibited from dealing in securities of Saracen Mineral Holdings Limited outside of a Window Period and must receive written consent from the Chairman or the Board for any dealing in the Group's securities within a Window Period. Similarly, KMP must receive written consent from the Managing Director or Chairman for any dealing in the Group's securities within a Window Period.

DIRECTORS REPORT (CONTINUED)

4. Remuneration Philosophy

The RNC has determined that the Group's overall remuneration structure may comprise of:

1. Total Fixed Remuneration (TFR) – this is generally comprised of base salary plus statutory superannuation;
2. Short Term Incentive (STI) – this is generally reflected as a cash payment that is only received by an eligible employee if specified annual targets are achieved; and
3. Long Term Incentive (LTI) – this generally comprises of Performance Rights with a three year vesting period that are subject to specified vesting conditions set by the Board. This benefit is available to selected employees.

The Group's target remuneration philosophy is that TFR be positioned on or around the industry median (the 50th percentile) based primarily on the industry benchmark McDonald Report (an independent, industry recognised general mining remuneration benchmarking survey that is updated twice each calendar year). This philosophy does provide scope for high performers to be remunerated between the 50th and 75th percentile if market forces dictate this.

Most Group employees have the opportunity to participate in the Company's short term incentive plan (STIP) which is based upon the Company achieving annual performance metrics (which are generally based on exceeding budgeted targets and are both operational and financial in nature). Selected employees may also invited annually to participate in the Company's long term incentive plan (LTIP) which is based upon the Company achieving certain market, operational and financial performance related metrics both on an absolute basis and relative to a nominated peer group over a three year period.

The overall objectives of the Group's remuneration strategy are that:

- Total remuneration for each level of the workforce is appropriate;
- Short term incentives are subject to appropriate hurdles that are generally measurable and transparent;
- Incentive plans are designed to motivate high performance and delivery of Company objectives;
- Long term incentives are focussed on shareholder value; and
- The principles and integrity of the remuneration review process deliver fair and transparent outcomes.

The policies and remuneration levels are reviewed regularly to ensure that the Group remains competitive as an employer.

Annual Remuneration Planning Timetable

Month	Remuneration related items	Comment
January	Employee ½ Year Performance Reviews	Assess progress and performance against both Company and Individual STI targets and KPIs
April - May	Receive latest McDonalds report	Assess SAR remuneration position against industry benchmarks in relation to salary reviews for the next financial year
April - June	Commence Annual Budget setting process	Consider potential remuneration matters May include independent remuneration advice Consider potential STI and LTI targets for the next financial year(s)
July - August	Employee full year Performance Reviews	Final assessment of the Company and Individual performance against both Company and Individual STI targets and KPIs
July - August	Present SAR Remuneration recommendations to SAR Board	Review of Remuneration Framework, relevant TFR position, STI performance, LTI performance Determine relevant awards as appropriate Set future STI and LTI targets, measures and amounts
August	Prepare Remuneration Report	Included in Annual Financial Statements
August - September	Finalise Annual Report	
October	Receive latest McDonalds report	Assess SAR remuneration position against industry benchmarks
November	Annual General Meeting	Shareholder approval of Remuneration Report, relevant remuneration matters and Managing Director LTI proposal (if applicable)

DIRECTORS REPORT (CONTINUED)

5. Executive Remuneration Policy and Framework

The RNC is responsible for determining remuneration policies in respect of Executive Directors and KMP. In establishing such policies, the RNC is guided by the Group's overall remuneration philosophy (set out above), as well as external remuneration surveys and industry practices, commensurate with the scale, size and complexity of the Group's operations.

Executive Remuneration FY2018

The RNC commissioned an independent expert remuneration review during Q4 of FY2017 from the BDO Remuneration and Rewards Services. Following this, the RNC has refreshed its Executive remuneration framework effective from FY2018 to align Executive Director and KMP objectives with shareholder and business objectives as follows:

- Align Executive TFR with the Group's stated objective of positioning TFR at the market median (50th percentile).
 - Further to this review, and in agreement with the incumbent, the Managing Director's Base Salary for FY2018 has been reduced to \$675,000, down from \$700,000 in FY2017.
- Increase the % of Total Remuneration (TR) categorised as "at risk" and reducing the % of TR categorised as fixed.
 - More specifically, the "at risk" component of the Executive TR for FY2018 will increase to 60%, up from the previous range of 25%-35%.
- Align Executive "at risk" components of TR, namely STI and LTI maximum targets with up to the market's 75th percentile to ensure that the Group remains market competitive and is able to retain key personnel.
 - This resulted in the maximum STI that the Executive could receive, increasing from the FY2017 range of 25% - 40%, to 50% of TFR and the maximum LTI from 40% of TFR to 100% of TFR.

In addition, the RNC approved the following measures to apply to the Company's STIP and LTIP from FY2018:

STIP Measures	Target (50% of Maximum)	Stretch (100% of Maximum)
Safety & ESG (20%)	15% reduction in TRIFR A number of environmental, community and sustainability targets	25% reduction in TRIFR A number of environmental, community and sustainability targets
Cash Generation (20%)	Achieve budget	Achieve ~15% above budget
Operations (20%)	Achieve guidance production and AISC	Achieve ~5% greater than guidance production and ~5% lower than guidance AISC
Strategy (20%)	Deliver Business Plans that make up the Company's Strategic Plan	Exceed on delivery of Business Plans that make up the Company's Strategic Plan
Personal (20%)	Achieve specific KPI's identified	Exceed achievement of specific KPI's identified

LTIP Measures	Performance Rights (measured over a 3 year performance period)	Measure
Relative TSR (50%)	Below 50th % - Nil vest At 50th % - 50% vest 50th to 75th % - pro rata between 50% and 100% vest 75th % and above - 100% vest	Measured against Peer Group* based on 30 day VWAP
Increase in Ore Reserves (20%)	Negative - Nil vest Depletion replacement - 50% vest Depletion replacement to 25% increase - pro rata between 50% and 100% vest 25% increase or greater - 100% vest	Annual FY JORC compliant Reserves & Resource Statement
EPS Growth (30%)	Achieve guidance production and AISC	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3 year period

DIRECTORS REPORT (CONTINUED)

*The Peer Group for calculation of the relative TSR performance is as follows:

Blackham Resources Limited	Gold Road Resources Limited	Regis Resources Limited
Beadell Resources Limited	Millenium Minerals Limited	Resolute Mining Limited
Dacian Gold Limited	Northern Star Resources Limited	Silver Lake Resources Limited
Doray Minerals Limited	Oceanagold Corporation	St Barbara Limited
Eastern Goldfields Limited	Perseus Mining Limited	Troy Resources Limited
Evolution Mining Limited	Ramelius Resources Limited	Westgold Resources Limited

Executive Remuneration FY2017

In relation to FY2017, the executive remuneration framework in place for KMPs has three components as per the table below:-

Element	Consist of	Purpose	Performance Metrics
Total Fixed Remuneration (TFR)	Base pay and benefits, including superannuation	Provide competitive market salary including superannuation and benefits	Nil
Short-term incentives (STI)	Cash payments targeted at a percentage of FR	Reward for in-year performance	<ul style="list-style-type: none"> - Group Total Incident Frequency Rate (TIFR); - Closing cash balance; - Group grade and production - Board discretion.
Long-term incentives (LTI)	Performance Rights	Alignment to long-term shareholder value	<p>All issued except Tranche 5</p> <ul style="list-style-type: none"> - 3 Year Peer Group total shareholder return* comparison; - 3 Year growth of ore reserves; and - 3 Year increase in share price. <p>Tranche 5 issued to Managing Director</p> <ul style="list-style-type: none"> - Commencement of production at Thunderbox before 31 December 2016; and - 2 and 3 Year Peer Group TSR comparison.

* Total Shareholder Return (TSR) is calculated as the increase in the price of a Group's shares on the ASX over and in respect of the performance, based on the 30 day VWAP for those shares, plus any reinvested dividends, expressed as a percentage of the 30 day VWAP share price.

(i) Base pay and benefits

The Group has employment agreements with all KMP. These agreements are capable of termination in accordance with standard employment terms. The terms of the agreements are open ended although the Group retains the right to terminate an agreement immediately by making a payment equal to the notice period in lieu of that person working out their notice period. KMP are also entitled to receive, on termination of employment, their statutory entitlements of accrued annual and long service leave. Each employment agreement outlines the components of remuneration paid to each executive but does not prescribe how remuneration levels are modified from year to year. Remuneration levels are reviewed each year. Additional details of KMP employment agreements can be found below at section "8 – Contractual arrangements with executive KMP".

Other than above, or as disclosed elsewhere in the Remuneration Report, no KMP are subject to specific employment agreements.

Operating and non-operating key performance indicators (KPIs) relevant to each KMP are set so as to form a basis of assessment of future levels of remuneration. The KPIs set for KMP are mostly directly aligned to the Group's intrinsic business performance, for example, performance against the annual budget, health and safety measures, and other operational criteria. The Board retains the right to determine an executive's remuneration depending on the outcome of the annual performance reviews and other factors that the Directors consider relevant.

A formal annual performance review system is in place whereby KMP performance against individual and corporate KPI's are reviewed and discussed.

In addition to base salary, superannuation is paid on the base salary at the statutory level. KMP may elect to contribute additional amounts to superannuation subject to legislative limits.

DIRECTORS REPORT (CONTINUED)

(ii) Short-term incentives (STI)

The STI is an annual “at risk” component of remuneration for KMP. It is payable based on Saracen’s performance against KPIs set at the beginning of the financial year. STIs are structured to remunerate KMP for achieving annual targets on an individual and a group basis which are designed around the success of the business. The STI is payable in cash after allowance for tax deductions.

For FY2017, the KPIs set for KMP related to safety, closing cash balance, group grade and production and Board discretion based on a number of qualitative factors. Refer to the table below for the structure of the STI plan:

Feature	Description						
Maximum opportunity	Managing Director: 100% achieved equates to 40% of base salary KMP: 100% achieved equates to 28% of base salary						
Performance Metrics	Metric	Target		Weighting	Actuals	Bonus Achieved	Weighted Bonus
		Base Case - 0%	Stretch Case - 100%				
	Group TIFR	Budget	10% below budget	25%	Stretch	100%	25%
	Grade	Budget	10% above Budget	25%	Below Budget	0%	0%
	Cash Balance	Budget	15% above Budget	25%	Below Budget	0%	0%
	Board Discretion	N/A	N/A	25%	N/A	37.5%	9.38%
Percentage of maximum STI achieved							34.38%*

* The RNC determined that for FY2017, the Managing Director and other KMP would receive 34.38% of their maximum available STI (that is, 13.75% of base salary for the Managing Director and 9.63% of base salary for Other KMP). The STI amounts payable for FY2017 are included in the remuneration calculation in the table under section “7 - Details of Remuneration”. These amounts are expected to be paid in October 2017.

(iii) Long-term incentives (LTI)

LTI awards are structured to retain and incentivise KMP and selected employees to achieve business objectives and are aligned with shareholder interests for the long term performance of the Group relative to its peers. These are currently granted in the form of Performance Rights.

Performance Rights

The Saracen Mineral Holdings Limited Performance Rights Plan (“Plan”) was initially approved at the November 2013 AGM and was re-approved by shareholders at the Company’s 2016 AGM. Further to the independent remuneration review conducted in Q4 of FY2017, the Company plans to update its LTIP to reflect current best practice and also provide the flexibility to consider the grant of Options as well as Performance Rights. It is intended that the proposed updated LTIP will be presented to the Company’s shareholders at the 2017 AGM in November for consideration.

The current Plan provides the Board with the discretion to grant Performance Rights to eligible participants that will vest subject to the achievement of performance hurdles or KPIs as determined by the Board from time to time.

The objective of the Plan is to attract, motivate and retain KMPs and it is considered by the Group that the Plan and the future issue of Performance Rights under the Plan will provide selected participants with the opportunity to participate in the future growth of the Group. The Plan will enable the Group to make grants to Eligible Participants so that long term incentives form a key component of their total annual remuneration.

The Board believes that grants under the Plan will serve a number of purposes including:-

- to act as a key retention tool; and
- to focus attention on future shareholder value generation.

Under the Plan, Eligible Participants will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the achievement of various KPIs which can be varied each year and aligned to the individual’s performance.

Each Performance Right represents a right to be issued one share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price is payable. The quantum of Performance Rights to be granted will be determined with reference to market practice and will be subject to approval by the Board.

Performance will be assessed at the end of the performance period which is generally three years in duration.

Any grants under the Plan will be subject to the achievement of KPIs. Appropriate KPIs may be formulated for each Eligible Participant to participate in the Plan based on their role and responsibilities in the Group.

DIRECTORS REPORT (CONTINUED)

Performance Rights will lapse if the participant leaves the Group prior to all the vesting conditions being fulfilled although the Board has the ability, at its sole discretion, to vest some or all the Rights if “good leaver” exemptions apply to the ceasing of employment. Persons who are terminated for “bad leaver” reasons automatically lose their entitlement. The Board also has the right to allow early vesting of Rights if a change of control event occurs or the Company applies for voluntary winding up.

The KPIs for current Tranches 1 to 4 and 6 to 10 that have been issued are set out below:-

	Class A		Class B		Class C	
Performance Condition	Comparison of the Company's Total Shareholder Return (TSR) with that of a group of peer companies.		Increase in ore reserves.		Increase in the share price.	
Vesting Condition	Percentile	Proportion of rights vesting	Increase in ore reserves	Proportion of rights vesting	Share price increase	Proportion of rights vesting
	Below 50th percentile	0%	Between 0% and 25%	50%	Below 25%	0%
	Between 50th and 75th percentile	Between 50% and 100% on a straight line basis	More than 25%	100%	Between 25% and 50%	Between 50% and 75%
	Above 75th percentile	100%			More than 50%	100%

The KPIs for Tranche 5 issued to the Managing Director and approved by the shareholders at the Annual General Meeting held on 25 November 2015 are set out below:-

	Class A		Class B		Class C	
Performance Condition	First gold production at the Thunderbox Operations by 31 December 2016		Comparison of the Company's Total Shareholder Return (TSR) with that of a group of peer companies (2 years).		Comparison of the Company's Total Shareholder Return (TSR) with that of a group of peer companies (3 years).	
Vesting Condition	Thunderbox goes into production	Proportion of rights vesting	Percentile	Proportion of rights vesting	Percentile	Proportion of rights vesting
	No	0%	Below 50th percentile	0%	Below 50th percentile	0%
	Yes	100%	Above 50th percentile	100%	Above 50th percentile	100%

For the comparison of the Total Shareholder Return (TSR) for the Class A Performance Rights, the peer group includes the following companies:-

- Beadell Resources Limited
- Millennium Minerals Limited
- Ramelius Resources Limited
- St Barbara Limited
- Troy Resources Limited
- Doray Minerals Limited
- Teranga Gold Corporation
- Kingsrose Mining Limited
- Evolution Mining Limited
- Northern Star Resources Limited
- Resolute Mining Limited
- Silver Lake Resources Limited
- Regis Resources Limited
- Perseus Mining Limited
- Oceanagold Corporation

The above peer Group will be amended and updated to make allowance for changes in the circumstances of any of those companies or any new company determined to enter into a peer ranking position.

DIRECTORS REPORT (CONTINUED)

Summary of FY2014 Performance Rights (Tranche 1 – Managing Director)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	19 November 2013 - 21.5 cents
Performance Period:	1 July 2013 to 30 June 2016
Vesting Date:	1 July 2016
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 19.5 cents• Class B – 21.5 cents• Class C – 13.5 cents

An allocation of 1,500,000 Rights were granted to the Managing Director, Raleigh Finlayson following shareholder approval at the Annual General Meeting in November 2013.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value was estimated, for accounting purposes, to be \$262,500. 100% of these rights vested during FY2017.

Summary of FY2014 Performance Rights (Tranche 2 – KMP)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	23 September 2014 - 37 cents
Performance Period:	1 July 2013 to 30 June 2016
Vesting Date:	1 July 2016
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 36.3 cents• Class B – 37.0 cents• Class C – 23.1 cents

An allocation of 1,115,000 Rights were granted to KMP on 23 September 2014.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value relating to KMP's was estimated, for accounting purposes, to be \$347,434. 100% of these rights (relating to KMP vested during FY2017).

Summary of FY2015 Performance Rights (Tranche 3 – Managing Director)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	26 November 2014 - 27.5 cents
Performance Period:	1 July 2014 to 30 June 2017
Vesting Date:	1 July 2017
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 19.3 cents• Class B – 27.5 cents• Class C – 17.3 cents

An allocation of 735,000 Rights were granted to the Managing Director, Raleigh Finlayson following shareholder approval at the Annual General Meeting in November 2014.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value was estimated, for accounting purposes, to be \$148,029.

DIRECTORS REPORT (CONTINUED)

Summary of FY2015 Performance Rights (Tranche 4 - KMP)

Vesting Conditions:	<ul style="list-style-type: none"> Group peer TSR comparison; Growth of Ore Reserves; and Increase in share price.
Issue Date and Price:	1 April 2015 - 41 cents
Performance Period:	1 July 2014 to 30 June 2017
Vesting Date:	1 July 2017
Fair Value per Right:	<ul style="list-style-type: none"> Class A – 33.8 cents Class B – 41.0 cents Class C – 25.3 cents

An allocation of 760,000 Rights were granted to KMP on 1 April 2015.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value relating to KMP was estimated, for accounting purposes, to be \$241,984.

Summary of FY2016 Performance Rights (Tranche 5 – Managing Director)

The KPIs for the FY2016 Performance Rights issued to the Managing Director are set out below:-

Tranche	Performance Rights	Vesting Conditions	Issue Price	Measurement Date	Fair Value at Grant Date	Vesting Date
Class A	2,000,000	(i) Mr Finlayson being Managing Director; and (ii) First gold production at the Thunderbox Operations before 31 December 2016.	53.5 cents	31/12/2016	53.5 cents	1/01/2017
Class B	3,000,000	(i) Mr Finlayson being Managing Director; and (ii) Saracen is in the top 50% of Total Shareholder Returns ("TSR") over the period commencing 16 March 2015 and ending on or after 16 March 2017, when compared with the TSR of the Peer Companies calculated over the same period	53.5 cents	16/03/2017	45.1 cents	17/03/2017
Class C	5,000,000	(i) Mr Finlayson being Managing Director; and (ii) Saracen is in the top 50% of Total Shareholder Returns ("TSR") over the period commencing 16 March 2015 and ending on or after 16 March 2018, when compared with the TSR of the Peer Companies calculated over the same period	53.5 cents	16/03/2018	45.4 cents	17/03/2018

For the comparison of shareholder return for the Class B and Class C Performance Rights, the peer Group includes the following companies:-

<ul style="list-style-type: none"> Beadell Resources Limited Millennium Minerals Limited Ramelius Resources Limited St Barbara Limited Troy Resources Limited Doray Minerals Limited Teranga Gold Corporation Kingsrose Mining Limited 	<ul style="list-style-type: none"> Evolution Mining Limited Northern Star Resources Limited Resolute Mining Limited Silver Lake Resources Limited Regis Resources Limited Perseus Mining Limited Oceanagold Corporation
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An allocation of 10,000,000 Rights were granted to the Managing Director, Raleigh Finlayson following shareholder approval at the Annual General Meeting in November 2015.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value was estimated, for accounting purposes, to be \$4,693,000.

DIRECTORS REPORT (CONTINUED)

Summary of FY2016 Performance Rights (Tranche 6 - KMP)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	18 December 2015 - 57 cents
Performance Period:	1 July 2015 to 30 June 2018
Vesting Date:	1 July 2018
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 42.7 cents• Class B – 57.0 cents• Class C – 39.5 cents

An allocation of 800,000 Rights were granted to KMP on 18 December 2015.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value relating to KMP was estimated, for accounting purposes, to be \$354,240.

Summary of FY2017 Performance Rights (Tranche 7 - KMP)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	31 August 2016 - 132 cents
Performance Period:	1 July 2016 to 30 June 2019
Vesting Date:	1 July 2019
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 74 cents• Class B – 132 cents• Class C – 81.5 cents

An allocation of 255,000 Rights were granted to KMP on 31 August 2016.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value relating to KMP was estimated, for accounting purposes, to be \$225,930.

Summary of FY2017 Performance Rights (Tranche 8 – Managing Director)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	30 November 2016 - 95.5 cents
Performance Period:	1 July 2016 to 30 June 2019
Vesting Date:	1 July 2019
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 39.9 cents• Class B – 95.5 cents• Class C – 43.7 cents

An allocation of 185,000 Rights were granted to the Managing Director, Raleigh Finlayson following shareholder approval at the Annual General Meeting in November 2016.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value was estimated, for accounting purposes, to be \$97,199.

DIRECTORS REPORT (CONTINUED)

Summary of FY2017 Performance Rights (Tranche 9 – CFO)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	18 January 2017 - 116.5 cents
Performance Period:	1 July 2015 to 30 June 2018
Vesting Date:	1 July 2018
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 49.6 cents• Class B – 116.5 cents• Class C – 72.7 cents

On 18 January 2017, an allocation of 100,000 Rights were granted to the Company's newly appointed CFO, Mr Morgan Ball, in relation to the period 1 July 2015 to 30 June 2018 as part of his initial employment.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value was estimated, for accounting purposes, to be \$72,220.

Summary of FY2017 Performance Rights (Tranche 10 – CFO)

Vesting Conditions:	<ul style="list-style-type: none">• Group peer TSR comparison;• Growth of Ore Reserves; and• Increase in share price.
Issue Date and Price:	18 January 2017 - 116.5 cents
Performance Period	1 July 2016 to 30 June 2019
Vesting Date:	1 July 2019
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 53.8 cents• Class B – 116.5 cents• Class C – 79.2 cents

On 18 January 2017, an allocation of 200,000 Rights were granted to the Company's newly appointed CFO, Mr Morgan Ball, in relation to the period 1 July 2016 to 30 June 2019 as part of his initial employment.

A Monte Carlo simulation was undertaken on these Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value for the Rights. This value was estimated, for accounting purposes, to be \$153,000.

Refer to "10B - Details of share based compensation" for a detailed breakdown of performance rights issued to each KMP.

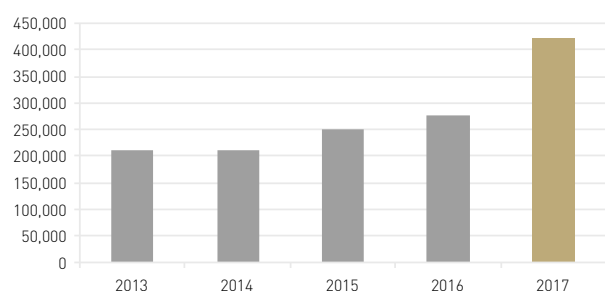
DIRECTORS REPORT (CONTINUED)

6. Link between Remuneration and Performance

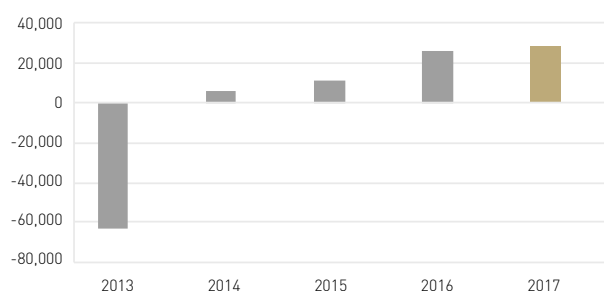
The Group aims to align its executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table and graphs below show the measures of the Group's financial performance over the last five (5) years as required by the Corporations Act 2001. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMP, refer to "5 - Executive Remuneration Policy and Framework" above for actual measures used. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2013	2014	2015	2016	2017
Sales Revenue (\$'000)	210,605	211,424	249,872	276,502	423,058
Profit/(loss) after income tax (\$'000)	(63,098)	5,995	11,148	25,889	28,386
Basic EPS (cents per share)	(10.6)	0.91	1.41	3.26	3.52
Share price	0.12	0.41	0.43	1.44	1.17

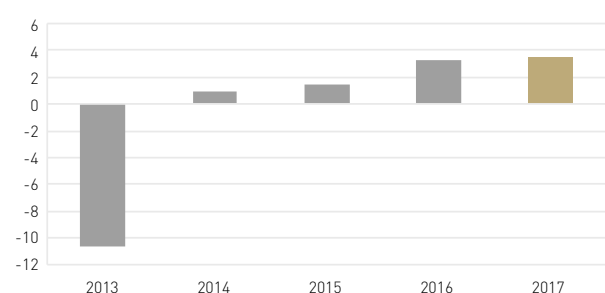
Sales Revenue (\$'000)



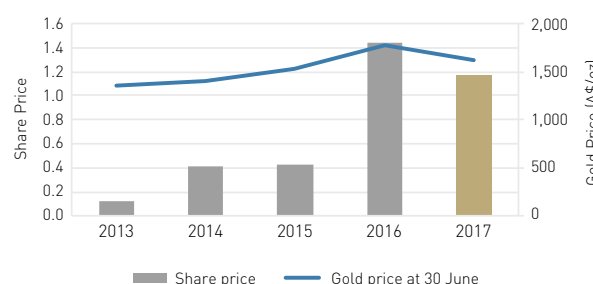
Profit/(loss) after tax (\$'000)



Basic EPS (cents per share)



Share price (\$)



In relation to the most recent Performance Period assessed - 1 July 2014 to 30 June 2017:

- The TSR of the Company has been independently calculated to be 192% placing it at the 75th percentile of the identified Peer Group. Therefore, as stipulated for the vesting of Tranche 3 & Tranche 4 Class A Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1FY2018.
- The ore reserves of the Company increased by 27.9% over the period. Therefore, as stipulated for the vesting of Tranche 3 & Tranche 4 Class B Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1FY2018.
- The share price of the Company has been calculated to have increased 185% over the period. Therefore, as stipulated for the vesting of Tranche 3 & Tranche 4 Class C Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1FY2018.

DIRECTORS REPORT (CONTINUED)

7. Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each director of the Group and each of the KMP of the Group during the financial year are:-

30 June 2017	Short-term Employee Benefits			Post Employ- ment	Share Based Payments	Long Term Benefits	Total	Proportion of total performance related
	Salary & fees	Cash bonus	Non monetary benefits ⁽ⁱ⁾	Super- annuation and other	Performance Rights / Options	Long Service Leave ^(iv)		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
G Clifford	143,836	-	-	13,664	-	-	157,500	-
R Finlayson ^{(ii) (v)}	743,724	96,250	5,773	30,000	1,800,988	13,397	2,690,132	70.5%
M Connelly	98,173	-	-	9,327	-	-	107,500	-
M Reed – Director Fees ⁽ⁱⁱⁱ⁾	107,500	-	-	-	-	-	107,500	-
M Reed – Consulting Fees ^(vi)	8,768	-	-	-	-	-	8,768	-
S Tough	98,173	-	-	9,327	-	-	107,500	-
Key Management Personnel								
M Ball ⁽ⁱⁱ⁾ (appointed 12 December 2016)	213,600	19,777	4,766	13,790	54,673	966	307,572	24.2%
C Bradshaw (resigned 13 April 2017)	313,759	-	65,000	23,704	-	-	402,463	-
G Kaczmarek ⁽ⁱⁱ⁾ (resigned 31 December 2016)	178,707	-	368,034	16,625	102,234	-	665,600	15.4%
D Howe ⁽ⁱⁱ⁾	297,917	28,875	5,704	31,256	81,050	13,678	458,480	24.0%
W T Irvin ⁽ⁱⁱ⁾	297,917	28,875	-	31,256	75,390	1,255	434,693	24.0%
Total	2,502,074	173,777	449,277	178,949	2,114,335	29,296	5,447,708	

(i) Other benefits include Group provided health insurance, car parking and termination payments.

(ii) Share based payments are the performance rights which are expensed over the vesting period (refer to note 19 in the consolidated financial statements).

(iii) \$107,500 is the amount paid/payable to PilotHole Pty Ltd referable to Martin Reed's Directors Fees.

(iv) These amounts are accounting accruals and have not actually been paid during the year.

(v) Employee has reached the maximum super contribution base. The amount of deemed superannuation in excess of the maximum contribution base was paid out as a salary.

(vi) An amount of \$8,768 has been paid to PilotHole Pty Ltd relating to professional service provided by Martin Reed in relation to a due diligence project. The Board considered that these services were in the best interests of the shareholders for this specific circumstance and considering the limited nature of the work required.

DIRECTORS REPORT (CONTINUED)

30 June 2016	Short-term Employee Benefits			Post Employ- ment	Share Based Payments	Long Term Benefits	Total	Proportion of total performance related
	<i>Salary & fees</i>	<i>Cash bonus</i>	<i>Non monetary benefits ⁽ⁱ⁾</i>	<i>Super- annuation and other</i>	<i>Performance Rights / Options</i>	<i>Long Service Leave ^(iv)</i>		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
G Clifford	127,854	-	-	12,146	-	-	140,000	-
R Finlayson ^{(iii) (v)}	736,500	76,048	5,918	30,000	2,359,767	13,434	3,221,667	75.6%
M Connelly	82,192	-	-	7,808	-	-	90,000	-
M Reed – Director Fees ⁽ⁱⁱⁱ⁾	90,000	-	-	-	-	-	90,000	-
S Tough	82,192	-	-	7,808	-	-	90,000	-
B Parker (retired 25 November 2015)	34,247	-	-	3,253	-	-	37,500	-
Key Management Personnel								
C Bradshaw ^{(iii) (v)}	408,807	44,313	-	29,193	104,838	2,566	589,717	25.3%
G Kaczmarek ⁽ⁱⁱⁱ⁾	350,000	39,024	-	33,250	126,205	6,748	555,227	29.8%
D Howe ⁽ⁱⁱⁱ⁾	275,000	31,090	5,355	26,125	82,993	7,169	427,732	26.7%
W T Irvin ⁽ⁱⁱⁱ⁾	275,000	34,743	-	26,472	67,540	690	404,445	25.3%
Total	2,461,792	225,218	11,273	176,055	2,741,343	30,607	5,646,288	

(i) Other benefits include Group provided health insurance.

(ii) Share based payments are the performance rights which are expensed over the vesting period (refer to note 19 in the consolidated financial statements).

(iii) \$90,000 is the amount paid/payable to PilotHole Pty Ltd referable to Martin Reed's Directors Fees.

(iv) These amounts are accounting accruals and have not actually been paid during the year.

(v) Employee has reached the maximum super contribution base. The amount of deemed superannuation in excess of the maximum contribution base was paid out as a salary.

8. Contractual Arrangements with Executive KMP

Remuneration of the Managing Director and other executives are formalised in letters of appointment and employment agreements. These agreements provide details of the salary and employment conditions relating to each employee.

Participation in the Performance Rights Plan is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration in relation to FY2017 are set out below.

All employment agreements comply with the provisions of Part 2, D.2, Division 2 of the Corporations Law.

DIRECTORS REPORT (CONTINUED)

Name	Term of agreement and notice period	Base salary (excluding superannuation)	Termination payments
R Finlayson, <i>Managing director</i>	No fixed term 3 Months	\$700,000pa (As noted above, following the independent benchmarking report, the Managing Director's base salary was reduced to \$675,000pa for FY2018)	If Mr Finlayson is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a redundancy payment equal to 12 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009.
D Howe, <i>Chief Geologist</i>	No fixed term 3 Months	\$300,000pa (increased from \$275,000pa on 1 August 2016)	If Mr Howe is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a redundancy payment equal to 6 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009.
W T Irvin, <i>Chief Corporate Development Officer</i>	No fixed term 3 Months	\$300,000pa (increased from \$275,000pa on 1 August 2016)	If Mr Irvin is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a redundancy payment equal to 6 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009.
M Ball, <i>Chief Financial Officer</i> (appointed 12 December 2016)	No fixed term 3 Months by Employee 12 Months by Company for first year of employment and 9 months thereafter	\$375,000pa (following the independent benchmarking report, the CFO's base salary was increased to \$400,000pa for FY2018)	If Mr Ball is terminated by the Company following a "change of control" event, he will be entitled to a redundancy payment equal to 12 months earnings if the change of control occurs in the first year of employment and 9 months earnings thereafter. Otherwise payment is calculated based on the Fair Work Act 2009.

9. Non-Executive Director Arrangements

The Board is ultimately responsible for determining and reviewing remuneration arrangements for Directors, within the limits approved by shareholders for such remuneration. The maximum aggregate amount that can be paid for Non-executive Directors remuneration is set at \$800,000 as approved by shareholders at the AGM held on 30 November 2016.

The Board policy for determining the nature and amount of remuneration of Directors and KMP, as well as the relevant specific arrangements, are detailed below.

Non-executive Directors' remuneration is subject to review from time to time, as the Directors deem appropriate, having regard to the scope, scale and degree of complexity of the Group's operations.

Non-executive directors receive a Board retainer fee and an additional fee for membership of a Board committee. They do not receive performance based pay. The Chairman does not receive additional fees for participating on a committee. All fees provided to non-executive directors are inclusive of superannuation.

Base fees (including superannuation)	From 1 December 2016 to 30 June 2017	From 1 July 2016 to 30 November 2016	From 1 July 2015 to 30 June 2016
Chairman	\$170,000	\$140,000	\$140,000
Other non-executive directors (including committee membership)	\$120,000	\$90,000	\$90,000

DIRECTORS REPORT (CONTINUED)

10. Additional Statutory Information

10A. Relative Proportion of Fixed vs Variable Remuneration Expense

The following table shows the relative proportions of executive remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2017	2016	2017	2016	2017	2016
Executive Directors						
R Finlayson	29%	25%	4%	2%	67%	73%
Key Management Personnel						
M Ball ⁽ⁱ⁾	76%	-	6%	-	18%	-
C Bradshaw ⁽ⁱⁱⁱ⁾	100%	75%	-	7%	-	18%
G Kaczmarek ⁽ⁱⁱⁱ⁾	85%	70%	-	7%	15%	23%
D Howe	76%	74%	6%	7%	18%	19%
W T Irvin	76%	75%	7%	8%	17%	17%

(i) Mr Ball commenced employment on 12 December 2016 and the STI received in relation to FY2017 was pro-rated accordingly.

(iii) Mr Bradshaw and Mr Kaczmarek resigned during FY2017 and accordingly were not entitled to an FY2017 STI allocation.

As detailed above, following the independent remuneration benchmarking review, the table below sets out the FY2018 relative proportions of Executive remuneration linked to performance ("at risk") and the proportion that is fixed:

Name	Fixed Remuneration	At Risk - STI	At Risk - LTI
	FY2018	FY2018	FY2018
Executive Directors			
R Finlayson	40%	20%	40%
KMP			
M Ball	40%	20%	40%
D Howe	40%	20%	40%
W T Irvin	40%	20%	40%

10B. Details of Share Based Compensation

Performance Rights

Performance rights vest during the period after the performance period ended due to it being subject to Board approval. The performance rights are expensed over the performance period to which is consistent with the period over which the services have been performed.

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future reporting period are as follows:

Tranche 1 (Managing Director)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
19 November 2013 – Class A	1 July 2016	1 July 2013 – 30 June 2016	\$0.195	100%
19 November 2013 – Class B	1 July 2016	1 July 2013 – 30 June 2016	\$0.215	100%
19 November 2013 – Class C	1 July 2016	1 July 2013 – 30 June 2016	\$0.135	100%

Tranche 2 (KMP)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
23 September 2014 – Class A	1 July 2016	1 July 2013 – 30 June 2016	\$0.363	100%
23 September 2014 – Class B	1 July 2016	1 July 2013 – 30 June 2016	\$0.370	100%
23 September 2014 – Class C	1 July 2016	1 July 2013 – 30 June 2016	\$0.231	100%

DIRECTORS REPORT (CONTINUED)

Tranche 3 (Managing Director)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
26 November 2014 – Class A	1 July 2017	1 July 2014 – 30 June 2017	\$0.193	-
26 November 2014 – Class B	1 July 2017	1 July 2014 – 30 June 2017	\$0.275	-
26 November 2014 – Class C	1 July 2017	1 July 2014 – 30 June 2017	\$0.173	-

Tranche 4 (KMP)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
1 April 2015 – Class A	1 July 2017	1 July 2014 – 30 June 2017	\$0.338	-
1 April 2015 – Class B	1 July 2017	1 July 2014 – 30 June 2017	\$0.410	-
1 April 2015 – Class C	1 July 2017	1 July 2014 – 30 June 2017	\$0.253	-

Tranche 5 (Managing Director)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
21 May 2015 – Class A	1 January 2017	21 May 2015 – 31 December 2016	\$0.535	100%
21 May 2015 – Class B	17 March 2017	16 March 2015 – 16 March 2017	\$0.451	100%
21 May 2015 – Class C	17 March 2018	16 March 2015 – 16 March 2018	\$0.454	-

Tranche 6 (KMP)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
18 December 2015 – Class A	1 July 2018	1 July 2015 – 30 June 2018	\$0.427	-
18 December 2015 – Class B	1 July 2018	1 July 2015 – 30 June 2018	\$0.570	-
18 December 2015 – Class C	1 July 2018	1 July 2015 – 30 June 2018	\$0.395	-

Tranche 7 (KMP)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
31 August 2016 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.740	-
31 August 2016 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$1.320	-
31 August 2016 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.815	-

Tranche 8 (Managing Director)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
30 November 2016 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.399	-
30 November 2016 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$0.955	-
30 November 2016 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.437	-

DIRECTORS REPORT (CONTINUED)

Tranche 9 (CF0)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
18 January 2017 – Class A	1 July 2018	1 July 2015 – 30 June 2018	\$0.496	-
18 January 2017 – Class B	1 July 2018	1 July 2015 – 30 June 2018	\$1.165	-
18 January 2017 – Class C	1 July 2018	1 July 2015 – 30 June 2018	\$0.727	-

Tranche 10 (CF0)

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
18 January 2017 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.538	-
18 January 2017 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$1.165	-
18 January 2017 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.792	-

Rights granted under the plan carry no dividend or voting rights.

Details of performance rights provided as part of remuneration to key management personnel are shown below. The vesting conditions are set out in section “5 – Executive remuneration policy and framework”. Further information on the performance rights is set out in note 19 to the financial statements.

Name	Financial Year of grant	Financial Years in which Performance Rights may vest	Number of Performance Rights granted	Value of the Performance Right at grant date	Number of Performance Rights vested	Vested %
R Finlayson	Tranche 1					
	2013/14 (Class A)	2016/17	600,000	\$117,000	600,000	100%
	2013/14 (Class B)	2016/17	300,000	\$64,500	300,000	100%
	2013/14 (Class C)	2016/17	600,000	\$81,000	600,000	100%
	Tranche 3					
	2014/15 (Class A)	2017/18	294,000	\$56,742	-	-
	2014/15 (Class B)	2017/18	147,000	\$40,425	-	-
	2014/15 (Class C)	2017/18	294,000	\$50,862	-	-
	Tranche 5					
	2015/16 (Class A)	2016/17	2,000,000	\$1,070,000	2,000,000	100%
	2015/16 (Class B)	2016/17	3,000,000	\$1,353,000	3,000,000	100%
	2015/16 (Class C)	2017/18	5,000,000	\$2,270,000	-	-
	Tranche 8					
C Bradshaw ^(a)	2016/17 (Class A)	2019/20	74,000	\$29,526	-	-
	2016/17 (Class B)	2019/20	37,000	\$35,335	-	-
	2016/17 (Class C)	2019/20	74,000	\$32,338	-	-
	Tranche 2					
	2014/15 (Class A)	2016/17	120,000	\$43,560	120,000	100%
	2014/15 (Class B)	2016/17	60,000	\$22,200	60,000	100%
	2014/15 (Class C)	2016/17	120,000	\$27,720	120,000	100%
	Tranche 4					
	2014/15 (Class A)	2017/18	92,000	\$31,096	-	-
	2014/15 (Class B)	2017/18	46,000	\$18,860	-	-
	2014/15 (Class C)	2017/18	92,000	\$23,276	-	-
	Tranche 6					
	2015/16 (Class A)	2018/19	80,000	\$34,160	-	-
	2015/16 (Class B)	2018/19	40,000	\$22,800	-	-
	2015/16 (Class C)	2018/19	80,000	\$31,600	-	-
	Tranche 7					
	2016/17 (Class A)	2019/20	34,000	\$25,160	-	-
	2016/17 (Class B)	2019/20	17,000	\$22,440	-	-
	2016/17 (Class C)	2019/20	34,000	\$27,710	-	-

DIRECTORS REPORT (CONTINUED)

Name	Financial Year of grant	Financial Years in which Performance Rights may vest	Number of Performance Rights granted	Value of the Performance Right at grant date	Number of Performance Rights vested	Vested %
G Kaczmarek ⁽ⁱⁱⁱ⁾	Tranche 2					
	2014/15 (Class A)	2016/17	168,000	\$60,984	168,000	100%
	2014/15 (Class B)	2016/17	84,000	\$31,080	84,000	100%
	2014/15 (Class C)	2016/17	168,000	\$38,808	168,000	100%
	Tranche 4					
	2014/15 (Class A)	2017/18	92,000	\$31,096	92,000	100%
	2014/15 (Class B)	2017/18	46,000	\$18,860	46,000	100%
	2014/15 (Class C)	2017/18	92,000	\$23,276	92,000	100%
	Tranche 6					
	2015/16 (Class A)	2018/19	80,000	\$34,160	80,000	100%
	2015/16 (Class B)	2018/19	40,000	\$22,800	40,000	100%
	2015/16 (Class C)	2018/19	80,000	\$31,600	80,000	100%
D Howe	Tranche 2					
	2014/15 (Class A)	2016/17	90,000	\$32,670	90,000	100%
	2014/15 (Class B)	2016/17	45,000	\$16,650	45,000	100%
	2014/15 (Class C)	2016/17	90,000	\$20,790	90,000	100%
	Tranche 4					
	2014/15 (Class A)	2017/18	68,000	\$22,984	-	-
	2014/15 (Class B)	2017/18	34,000	\$13,940	-	-
	2014/15 (Class C)	2017/18	68,000	\$17,204	-	-
	Tranche 6					
	2015/16 (Class A)	2018/19	80,000	\$34,160	-	-
	2015/16 (Class B)	2018/19	40,000	\$22,800	-	-
	2015/16 (Class C)	2018/19	80,000	\$31,600	-	-
	Tranche 7					
	2016/17 (Class A)	2019/20	34,000	\$25,160	-	-
	2016/17 (Class B)	2019/20	17,000	\$22,440	-	-
	2016/17 (Class C)	2019/20	34,000	\$27,710	-	-
W T Irvin	Tranche 2					
	2014/15 (Class A)	2016/17	68,000	\$24,684	68,000	100%
	2014/15 (Class B)	2016/17	34,000	\$12,580	34,000	100%
	2014/15 (Class C)	2016/17	68,000	\$15,708	68,000	100%
	Tranche 4					
	2014/15 (Class A)	2017/18	52,000	\$17,576	-	-
	2014/15 (Class B)	2017/18	26,000	\$10,660	-	-
	2014/15 (Class C)	2017/18	52,000	\$13,156	-	-
	Tranche 6					
	2015/16 (Class A)	2018/19	80,000	\$34,160	-	-
	2015/16 (Class B)	2018/19	40,000	\$22,800	-	-
	2015/16 (Class C)	2018/19	80,000	\$31,600	-	-
	Tranche 7					
	2016/17 (Class A)	2019/20	34,000	\$25,160	-	-
	2016/17 (Class B)	2019/20	17,000	\$22,440	-	-
	2016/17 (Class C)	2019/20	34,000	\$27,710	-	-
M Ball	Tranche 9					
	2016/17 (Class A)	2018/19	40,000	\$19,840	-	-
	2016/17 (Class B)	2018/19	20,000	\$23,300	-	-
	2016/17 (Class C)	2018/19	40,000	\$29,080	-	-
	Tranche 10					
	2016/17 (Class A)	2019/20	80,000	\$43,040	-	-
	2016/17 (Class B)	2019/20	40,000	\$46,600	-	-
	2016/17 (Class C)	2019/20	80,000	\$63,360	-	-

(i) Mr Bradshaw resigned during the year and as a result his Tranche 4, Tranche 6 and Tranche 7 performance rights lapsed.

(ii) The Board determined that 100% of Mr Kaczmarek's Tranche 4 and Tranche 6 performance rights vested in line with the Good Leaver exceptions in the performance rights plan.

DIRECTORS REPORT (CONTINUED)

The assessed fair value at grant date of performance rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

Fair values at grant date are independently determined using a Monte Carlo simulation that takes into account the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the performance right and the correlation of Group's Total Shareholders Return (TSR) and share price to the TSR and share prices of the other companies within the peer group.

10C. Equity Instruments held by KMP

The tables below show, as at 30 June 2017, the number of:-

- (i) performance rights over ordinary shares in the Company granted under Performance Rights Plan; and
- (ii) shares in the Company that were held during the financial year by directors and KMP of the Group, including their close family members and entities related to them.

(i) Performance Rights holdings

30 June 2017	Balance at beginning of period 1 July 2016	Granted as remuneration	Vested and converted	Lapsed	Balance at end of period 30 June 2017
Directors					
G Clifford	-	-	-	-	-
R Finlayson	12,235,000	185,000	(6,500,000)	-	5,920,000
M Connelly	-	-	-	-	-
M Reed	-	-	-	-	-
S Tough	-	-	-	-	-
G Staltari	-	-	-	-	-
Key Management Personnel					
M Ball (appointed 12 December 2016)	-	300,000	-	-	300,000
C Bradshaw (resigned 13 April 2017)	730,000	85,000	(300,000)	(515,000)	N/A
G Kaczmarek (resigned 31 December 2016)	850,000	-	(850,000)	-	N/A
D Howe	595,000	85,000	(225,000)	-	455,000
W T Irvin	500,000	85,000	(170,000)	-	415,000
Total	14,910,000	740,000	(8,045,000)	(515,000)	7,090,000

(ii) Shareholdings

30 June 2017	Balance at beginning of period 1 July 2016	Granted as remuneration	Conversion of Performance Rights	Net change - other	Balance at end of period 30 June 2017
Directors					
G Clifford	-	-	-	-	-
R Finlayson	1,181,819	-	6,500,000	-	7,681,819
M Connelly	-	-	-	-	-
S Tough	-	-	-	-	-
M Reed	30,000	-	-	-	30,000
Key Management Personnel					
M Ball (appointed 12 December 2016)	-	-	-	5,000	5,000
C Bradshaw (resigned 13 April 2017)	-	-	300,000	(300,000)	N/A
G Kaczmarek (resigned 31 December 2016)	38,100	-	850,000	(888,100)	N/A
D Howe	-	-	225,000	(225,000)	-
W T Irvin	-	-	170,000	(136,000)	34,000
Total	1,249,919	-	8,045,000	(1,549,100)	7,745,819

DIRECTORS REPORT (CONTINUED)

10D. Other Transactions with KMP

During the year an amount of \$116,268 (2016: \$90,000) has been paid/is payable to PilotHole Pty Ltd, an entity controlled by Mr Martin Reed. The amount relates to Director's Fees (\$107,500) and professional services rendered for limited due diligence on one specific project (\$8,768).

10E. Use of remuneration consultants

The Company subscribes for the McDonald Gold & General Mining Industries Remuneration Report (Australasia) as prepared by Aon Hewitt Limited as a tool to use to bench mark remuneration levels of the Company against those of the peer group mining companies. These reports are received twice annually.

In addition, the RNC commissioned an independent expert remuneration review from BDO Remuneration and Rewards Services to provide information and recommendations regarding the level of KMP remuneration, as well as the structure of both the short-term and long-term incentive plans for executives of the Group based upon market related remuneration packages from a comparator group of companies and general market practices. BDO was paid \$17,250 for these services.

The following arrangements were made to ensure that the recommendations of BDO were free from undue influence:-

- BDO was engaged by, and reported to, the Chairs of the RNC and the Audit Committee. The agreement for the provision of their consulting services was agreed by the Chair of the RNC under the delegated authority of the Board; and
- The report was provided directly by BDO to the Chair of the RNC.

As a consequence, the Board is satisfied that the report is free from undue influence from any members of the key management personnel.

10F. Voting on the Remuneration Report at the 2016 AGM

At the Annual General Meeting held in November 2016, the Company received a "yes" vote of more than 90% on its Remuneration Report for the 2016 financial year. The Group did not receive any specific feedback from shareholders at that meeting. During the year, the Company consulted with various shareholders and proxy advisory groups on its remuneration practices. Many of the comments and recommendations from these meetings have been incorporated into the Group's Remuneration policy.

This concludes the audited Remuneration Report.

DIRECTORS REPORT (CONTINUED)

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company indemnifies all Directors of the Company named in this report and current and former KMP of the Group against all liabilities to persons (other than a Group company) which arise out of the performance of their normal duties as a Director or executive officer, unless the liability relates to conduct involving bad faith. The Company also has a policy to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments. There are Director's Deed of Access, Indemnity and Insurance in place for all Directors of the Company.

The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured under the policy.

During the year the Company paid the premium on a Personal Accident - Working Director insurance policy on behalf of the Managing Director as normal workers compensation insurance coverage for company directors is not allowed under the Western Australian Worker's Compensation scheme.

Other than to the extent permitted by law, the Group has not, during or since the financial year, indemnified or agreed to indemnify an auditor of the Group or any related body corporate against a liability incurred as an auditor.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is attached to this report.

NON-AUDIT SERVICES

During the year, BDO Reward (WA) Pty Ltd and BDO Corporate Tax (WA) Pty Ltd, related parties of the Group's auditor, provided advisory tax and remuneration benchmarking services in addition to audit services. Together, BDO Reward (WA) Pty Ltd and BDO Corporate Tax (WA) Pty Ltd received, or are due to receive, \$60,036 (2016: \$76,487) for the non-audit services. The Directors are satisfied that the provision of these services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

For and on behalf of the board



RALEIGH FINLAYSON

Managing Director

22 August 2017

AUDITOR'S INDEPENDENCE DECLARATION



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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor of Saracen Mineral Holdings Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Saracen Mineral Holdings Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'P. Murdoch', with a horizontal line extending to the right.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 22 August 2017

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Revenue from continuing operations	2	423,058	276,502
Mine operating costs		(282,262)	(179,960)
Depreciation and amortisation	2	(74,679)	(33,896)
Royalties		(14,552)	(11,381)
Gross profit from mining operations		51,565	51,265
Administration expenses	2	(10,317)	(8,165)
Share based payments expense	17	(2,736)	(3,635)
Finance costs	2	(764)	(856)
Other revenue	2	522	729
Profit/(Loss) on disposal of fixed assets		(39)	3
Expensing of deferred exploration costs	11	(2,477)	(1,005)
Impairment of assets	13	(2,776)	-
Change in fair value of listed shares		-	(1)
Profit before income tax		32,978	38,335
Income tax expense	4	(4,592)	(12,446)
Profit after income tax for the period		28,386	25,889
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on hedging instruments entered into for cash flow hedges (net of deferred tax)	17(e)	-	(5,967)
Other comprehensive loss for the year		-	(5,967)
Total comprehensive income attributable to members of Saracen Mineral Holdings Limited		28,386	19,922
Earnings per share for the year attributable to the members of Saracen Mineral Holdings Limited:			
Basic earnings (cents per share)	5	3.52	3.26
Diluted earnings (cents per share)	5	3.47	3.20

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Current assets			
Cash and cash equivalents	21(a)	33,726	34,302
Trade and other receivables	7	6,353	5,189
Other financial assets		7	7
Inventories	8	32,924	29,589
Other assets	9	1,357	1,391
Assets classified as held for sale	13	21,961	-
Total current assets		96,328	70,478
Non-current assets			
Buildings, plant and equipment	10	93,751	84,797
Other financial assets		55	55
Deferred exploration and evaluation costs	11	46,764	43,552
Mine properties	12	167,559	163,221
Total non-current assets		308,129	291,625
Total assets		404,457	362,103
Current liabilities			
Trade and other payables	14	39,253	27,331
Borrowings	16	-	1,373
Provisions	15	6,636	5,112
Liabilities classified as held for sale	13	16,086	-
Total current liabilities		61,975	33,816
Non-current liabilities			
Deferred tax liabilities	4	5,986	3,562
Borrowings	16	-	2,359
Provisions	15	42,488	61,648
Total non-current liabilities		48,474	67,569
Total liabilities		110,449	101,385
Net assets		294,008	260,718
Equity			
Contributed equity	17(a)	256,740	253,013
Reserves	17(e)	8,913	7,736
(Accumulated Losses)/Retained profits		28,355	(31)
Total equity		294,008	260,718

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2017

	Contributed Equity \$'000	(Accumulated Losses) / Retained profits \$'000	Cash Flow Hedge Reserve \$'000	Share Based Payments Reserves \$'000	Total \$'000
As at 1 July 2016	253,013	(31)	-	7,736	260,718
Profit for the year after tax	-	28,386	-	-	28,386
Other comprehensive loss	-	-	-	-	-
Total comprehensive profit/(loss) for the year after tax	-	28,386	-	-	28,386
Transactions with owners in their capacity as owners					
Share based payments	-	-	-	2,736	2,736
Vesting of performance rights	3,727	-	-	(3,727)	-
Tax effect on share based payments	-	-	-	2,168	2,168
As at 30 June 2017	256,740	28,355	-	8,913	294,008
As at 1 July 2015	245,079	(25,920)	5,967	4,101	229,227
Profit for the year after tax	-	25,889	-	-	25,889
Other comprehensive loss	-	-	(5,967)	-	(5,967)
Total comprehensive profit/(loss) for the year after tax	-	25,889	(5,967)	-	19,922
Transactions with owners in their capacity as owners					
Issue of ordinary shares as consideration for asset acquisition	7,934	-	-	-	7,934
Share based payments	-	-	-	3,635	3,635
As at 30 June 2016	253,013	(31)	-	7,736	260,718

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Cash flows from operating activities			
Receipts from customers		423,058	276,502
Payments to suppliers and employees		(297,154)	(166,709)
Interest received		331	604
Interest paid and other finance costs		(603)	(593)
Net cash flows provided by operating activities	21(b)	125,632	109,804
Cash flows from investing activities			
Purchase of plant, equipment and development assets		(105,009)	(104,591)
Exploration and evaluation costs		(12,842)	(7,326)
Net cash flows used in investing activities		(117,851)	(111,917)
Cash flows from financing activities			
Payment of finance lease liabilities		(7,648)	(1,396)
Payment of loan establishment fees		(709)	(567)
Net cash flows used in financing activities		(8,357)	(1,963)
Net decrease in cash held		(576)	(4,076)
Add opening cash brought forward		34,302	38,378
Closing cash carried forward	21(a)	33,726	34,302

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 30 June 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Saracen Mineral Holdings Limited is a for-profit, public company listed on the Australian Securities Exchange (trading under the code: 'SAR'), incorporated and operating in Australia.

Operations and Principal Activities

The operations and principal activities comprise mineral development and exploration.

Registered Office

Level 11, 40 The Esplanade, Perth Western Australia 6000.

(b) Basis of preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 22 August 2017

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Rounding off

The Company is a company of the kind referred to in ASIC Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

New, revised or amended standards and interpretations adopted by the group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the Group:

- (i) AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'
- (ii) AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'
- (iii) AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'

New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2017. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

(i) AASB 9 Financial Instruments and its consequential amendments

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The Group will adopt this standard and the amendments from 1 July 2018. It is not expected for the application of the new standard to have a significant impact on the Group's financial statements.

(ii) AASB 15 Revenue from Contracts with Customers

The AASB has issued this new standard for the recognition of revenue. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. It is not expected for the application of the new standard to have a significant impact on the Group's financial statements.

(iii) AASB 16 Leases

AASB 16 will replace AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, Interpretation 115 Operating Leases – Incentives and Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The Standard will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new leases accounting model for lessees that require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

Lessor accounting will not significantly change.

The Group will adopt this standard and the amendments from 1 July 2019. The standard is likely to affect future financial reporting and the Group is still assessing all of the potential consequences. The Group expects that AASB 16 will result in an increase in assets and liabilities as fewer contracts will qualify as operating leases and thus will not be expensed as payments are made. The Group also expects an increase in depreciation expense and an increase in cash flow from operating activities as these lease payments will now be recorded as financing outflows in our cash flow statement.

Significant Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are either described with the associated accounting policy note or are described below:

These include:

Judgements, estimates and assumptions:

- Exploration and evaluation expenditure (Note 11)
- Impairment of assets (Note 1(d))
- Inventories (Notes 8)
- Mine rehabilitation (Notes 15)
- Ore reserve estimates (Note 12)
- Production start date (Note 12)
- Recovery of deferred tax assets (Note 4)
- Share based payments (Note 19)
- Stripping costs (Note 12)

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Saracen Mineral Holdings Limited and its subsidiaries (the Group) as at 30 June each year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses from intra-group transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(d) Impairment of Assets

The Group undertakes an impairment review to determine whether any indicators of impairment are present. Where indicators of impairment exist, an estimate of the recoverable amount of the Cash Generating Unit (CGU) is made. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

An impairment indicator assessment was undertaken for all operations at reporting date. The Red October operations were impaired by \$2.8m due to the carrying amount of the assets exceeding the fair value less cost to sell (refer to note 13).

Significant judgements, estimates and assumptions

Assessments of the recoverable amounts require the use of estimates and assumptions such as reserves, mine lives, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates.

(e) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current year disclosures.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

2 REVENUE AND EXPENSES

Accounting Policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Gold and silver sales

Revenue from the sale of gold and silver is measured at fair value of the consideration received or receivable. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest income

Interest income is recognised when the Group gains control of the right to receive the interest payment.

	2017 \$'000	2016 \$'000
Gold sales	422,148	276,056
Silver sales	910	446
Revenue from continuing operations	423,058	276,502
Interest revenue	331	639
Other revenue	191	90
Other revenue	522	729
Total revenue	423,580	277,231
Amortisation of mine properties	52,424	20,668
Amortisation of deferred mining expenditure	5,437	-
Depreciation of plant and equipment	16,818	13,228
Depreciation and amortisation	74,679	33,896
Directors and employee expenses	6,796	6,728
Professional fees	1,043	385
Other	2,478	1,052
Administration expenses	10,317	8,165
Borrowing costs	764	856
Finance costs	764	856
Perth office rentals	395	440
Operating lease rentals	395	440
Defined contribution superannuation expense	3,925	3,175

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

3 AUDITOR'S REMUNERATION

	2017 \$'000	2016 \$'000
Amounts received or due and receivable by the auditor of the Group for: BDO Audit (WA) Pty Ltd		
- Audit / review of the financial report	98	94
Amounts received or due and receivable by an associate of the auditor of the Group for: BDO Corporate Tax (WA) Pty Ltd		
- Tax services	43	76
BDO Reward (WA) Pty Ltd		
- Remuneration benchmarking	17	-

4 INCOME TAX

Accounting Policy

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises assets and liabilities for the potential tax effect based on the Group's current understanding of tax laws and requirements. Where the final tax outcome of these items is different from the carrying amounts, such differences will impact the current and deferred tax assets and/or provisions in the period in which such determination is made.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

4 INCOME TAX (continued)

Significant judgements, estimates and assumptions

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will comply with the relevant tax legislation and will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations. These assessments require the use of estimates and assumptions such as commodity prices, exchange rates and operating performance over the life of the assets.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

	2017 \$'000	2016 \$'000
(a) Income tax expense comprises:		
Current income tax		
- Current income tax charge / (benefit)	-	-
- Under / (over) recognition in the prior year	-	-
Deferred tax		
- Movement in temporary differences	4,592	12,446
Income tax expense	4,592	12,446
(b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidated Statement of Profit or Loss and Comprehensive Income:		
Accounting profit before tax	32,978	38,335
Prima facie income tax expense at 30% (2016: 30%)	9,894	11,500
- Non-deductible expenses	14	1,098
- Recognition of previously unrecognised temporary differences*	(5,316)	(152)
Income tax expense	4,592	12,446
Effective tax rate	14%	32%

*\$5 million of the 30 June 2017 previously unrecognised temporary differences is a one off tax benefit relating to the implementation of an Employee Share Trust to manage the Group's Long Term Incentive Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

4 INCOME TAX (continued)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 July 2016 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 30 June 2017 \$'000
Deferred tax assets				
Tax losses	22,031	4,161	-	26,192
Provisions	18,251	1,129	-	19,380
Other	212	365	-	577
Undeducted borrowing cost	2	(2)	-	-
Undeducted share issue costs	352	(152)	-	200
Share based payments	-	1,702	2,168	3,870
Non-refundable R&D offset	-	71	-	71
Total	40,848	7,274	2,168	50,290
Deferred tax liabilities				
Deferred mining expenditure	(44,914)	(10,206)	-	(55,120)
Property, plant and equipment	504	(949)	-	(445)
Inventories	-	(711)	-	(711)
Total	(44,410)	(11,866)	-	(56,276)
Net deferred tax asset/(liability)	(3,562)	(4,592)	2,168	5,986

	Balance at 1 July 2015 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 30 June 2016 \$'000
Deferred tax assets				
Tax losses	12,804	9,227	-	22,031
Provisions	7,938	10,313	-	18,251
Other	209	3	-	212
Undeducted borrowing cost	6	(4)	-	2
Undeducted share issue costs	751	(399)	-	352
Total	21,708	19,140	-	40,848
Deferred tax liabilities				
Deferred mining expenditure	(12,824)	(32,090)	-	(44,914)
Property, plant and equipment	-	504	-	504
Derivatives	(2,558)	-	2,558	-
Total	(15,382)	(31,586)	2,558	(44,410)
Net deferred tax asset / (liability)	6,326	(12,446)	2,558	(3,562)

Deferred tax liabilities are set-off against deferred tax assets pursuant to set-off provisions.

(d) Tax-consolidated group

Saracen Mineral Holdings Limited and its wholly-owned subsidiaries formed a tax consolidated group with effect from 1 July 2003. Saracen Mineral Holdings Limited is the head entity in the tax consolidated group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

10 BUILDINGS, PLANT AND EQUIPMENT (continued)

The following useful lives are used in the calculation of depreciation:

Plant and equipment 3 – 33 years

Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.

Where depreciation is attributable to exploration and evaluation activities, costs are treated in accordance with the Accounting Policy in Note 11. The assets' residual value, useful lives and amortisation methods are reviewed at each financial year end and if appropriate adjusted.

	2017 \$'000	2016 \$'000
Buildings, plant and equipment		
Opening balance net of accumulated depreciation	77,971	34,616
Additions	2,889	4,431
Transfer from capital work in progress	18,258	36,458
Transfer from mines in production	-	15,844
Transfer from mines under construction	311	231
Disposals	(39)	(31)
Transfer to assets classified as held for sale (note 13)	(1,242)	-
Depreciation	(16,652)	(13,578)
Closing balance net of accumulated depreciation	81,496	77,971
Capital work in progress		
Opening balance net of accumulated depreciation	6,826	9,820
Additions	25,125	68,260
Transfer to mines in production	(1,230)	(34,780)
Transfer to mines under construction	(208)	(16)
Transfer to plant and equipment	(18,258)	(36,458)
Closing balance net of accumulated depreciation	12,255	6,826
Accumulated depreciation		
Opening balance	52,876	30,121
Depreciation	16,652	13,578
Disposals	(121)	(1,607)
Transfer from mines in production	-	10,784
Transfer to assets classified as held for sale (note 13)	(1,431)	-
Closing balance	67,976	52,876
Cost	161,727	137,673
Accumulated depreciation	(67,976)	(52,876)
Net carrying amount	93,751	84,797

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

11 DEFERRED EXPLORATION AND EVALUATION COSTS

Accounting Policy

Exploration and evaluation costs related to areas of interest are carried forward to the extent that:

- the rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred; and
- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs include the acquisition of rights to explore, studies, exploratory drilling, sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

The above accounting policy requires certain estimates and assumptions on future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of deferred exploration and evaluation costs. Exploration and evaluation assets are assessed for impairment where facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount and an impairment loss recognised.

Where economically recoverable reserves for an area of interest have been identified, and a decision to develop has occurred, capitalised expenditure is classified as mines under construction. In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made.

Significant judgements, estimates and assumptions

The application of the Group's accounting policy for exploration and evaluation expenditure requires certain estimates and assumptions on future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of deferred exploration and evaluation costs. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

	2017 \$'000	2016 \$'000
Deferred exploration and evaluation costs		
Balance at the start of the year	43,552	38,409
Additions	12,868	7,568
Transferred to mines under construction	-	(521)
Transferred to mines in production	(26)	(899)
Exploration expensed	(2,477)	(1,005)
Transferred to assets classified as held for sale (note 13)	(7,153)	-
Balance at the end of the year	46,764	43,552

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

12 MINE PROPERTIES

Accounting Policy

Mines under construction are accumulated separately for each area of interest in which economically recoverable reserves have been identified and a decision to develop has occurred. This expenditure includes all capitalised exploration and evaluation expenditure in respect of the area of interest, direct costs of construction, an appropriate allocation of overheads and where applicable borrowing costs capitalised during construction. Once mining of the area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production or an appropriate class of property, plant and equipment.

Mines in production represent the aggregated exploration and evaluation expenditure and capitalised development costs in respect of areas of interest in which mining is ready to or has commenced. Mine development costs are deferred until commercial production commences, at which time they are amortised on a units-of-production basis over the mineable reserves. Once production commences, further development expenditure is classified as part of the cost of production, unless substantial future economic benefits can be established.

Deferred stripping costs represent certain mining costs, principally those that relate to the stripping of waste, which provides access so that future economically recoverable ore can be mined. Stripping (i.e. overburden and other waste removal) costs incurred in the production phase of a surface mine are capitalised to the extent that they improve access to an identified component of the ore body and are subsequently amortised on a systematic basis over the expected useful life of the identified component of the ore body. Capitalised stripping costs are disclosed as a component of Mine Properties.

Components of an ore body are determined with reference to life of mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions.

Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected waste to ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the statement of profit or loss when the stripping ratio falls below the life of mine ratio. These are a function of the mine design and therefore any changes to the design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves may also have an impact on the component ratio even though they may not impact the mine design.

Changes to the life of mine plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively.

Deferred stripping costs form part of the total investment in a cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgements, estimates and assumptions

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping asset.

Once the Group has identified its production stripping for each surface mining operation it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g. tonnes) of waste to be stripped for an expected volume (e.g. in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

12 MINE PROPERTIES (continued)

Accounting Policy (continued)

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, recovery rates and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the profit or loss and the calculation of inventory. The Group prepares reserve estimates in accordance with the JORC Code, guidelines prepared by the Joint Ore Reserves Committee of The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.

Significant judgements and estimates

The determination of ore reserves impacts the accounting for asset carrying values.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast commodity prices, exchange rates, discount rates, recovery rates and production and transportation costs may change the economic status of reserves and may ultimately results in reserves being restated.

Production Start Date

Significant judgements and estimates

The Group assesses the stage of each mine under construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under construction' to 'Mines in production'. Some of the criteria used to identify the production start date include, but are not limited to:

- Level of capital expenditure incurred compared with the original construction cost estimate
- Completion of a reasonable period of testing of the mine plant and equipment
- Ability to produce metal in saleable form (within specifications)
- Ability to sustain ongoing production of metal
- Positive cash flow position from operations.

When a mine development project moves into the production phase, the capitalisation of certain mine development costs and pre-production revenues cease and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that amortisation commences.

	2017 \$'000	2016 \$'000
Mine properties		
Mines under construction	91,836	87,359
Mines in production	68,868	70,088
Deferred mining expenditure	6,855	5,774
Total	167,559	163,221

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

12 MINE PROPERTIES (continued)

	2017 \$'000	2016 \$'000
Mines under construction		
Balance at the start of the year	87,359	56,986
Additions	35,388	29,842
Acquired as part of asset acquisition	-	2,500
Transferred from capital work in progress	208	16
Transferred from deferred exploration and evaluation costs	-	521
Transferred to mines in production	(15,310)	(15,516)
Transferred to plant and equipment	(311)	(231)
Transferred to assets classified as held for sale (note 13)	(14,111)	-
Change in rehabilitation provision	(1,387)	13,241
Balance at the end of the year	91,836	87,359
Mines in production		
Balance at the start of the year	70,088	44,458
Additions	36,841	10,947
Transferred from capital work in progress	1,230	34,780
Transferred from deferred exploration and evaluation costs	26	899
Transferred from mines under construction	15,310	15,516
Transferred to plant and equipment	-	(15,844)
Amortisation for the year	(52,424)	(20,668)
Transferred to assets classified as held for sale (note 13)	(2,231)	-
Change in rehabilitation provision	28	-
Balance at the end of the year	68,868	70,088

The Group undertakes regular impairment reviews incorporating an assessment of recoverability of cash generating assets. Cash generating assets relate to specific areas of interest in the Group's mine property assets. The recoverable value of specific areas of interest are assessed by value in use calculations determined with reference to the projected net cash flows estimated under the life of mine plan.

	2017 \$'000	2016 \$'000
Deferred mining expenditure		
Balance at the start of the year	5,774	-
Additions	6,518	5,774
Amortisation of deferred mining expenditure	(5,437)	-
Balance at the end of the year	6,855	5,774

Deferred mining expenditure relates to capitalised overburden relating to the Thunderbox mine.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

13 DISPOSAL GROUP HELD FOR SALE

Accounting Policy

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

In March 2017, Saracen started to actively market the sale of the King of the Hills and Red October projects. At this point in time the assets were available for immediate sale and the sale was highly probable within a 12 month period as management was committed to sell these projects and there was an active programme to locate a buyer. Hence, both these projects were classified as Non-Current Assets and Liabilities Held for Sale.

Subsequently, on 3 August 2017, the Group signed a Sale Agreement with Red 5 (ASX: RED) for the sale of the King of the Hills asset. The consideration comprises:

- \$7 million upfront cash;
- 90 million Red 5 shares, escrowed for 12 months;
- \$4.5 million in cash or Red 5 shares (at Saracen's election) 12 months after completion; and
- Red 5 to assume all environmental liabilities.

The sale is expected to be completed by 30 September 2017.

An impairment of \$2.8 million was recognised relating to the Red October disposal group as the carrying values exceeded the fair value of the cash-generating unit. The fair value for the Red October asset cash-generating unit has been determined based on the sale agreement price / offer received.

(a) Assets and liabilities of the disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale as at 30 June 2017:

	2017 \$'000	2016 \$'000
Assets		
Plant and equipment (net of accumulated depreciation)(note 10)	1,242	-
Deferred exploration (note 11)	7,153	-
Mine properties (note 12)	16,342	-
Less: Impairment of assets	(2,776)	-
	21,961	-
Liabilities		
Rehabilitation provisions (note 15)	16,086	-
	16,086	-
Net assets held for sale	5,875	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

14 TRADE AND OTHER PAYABLES

Accounting Policy

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Group. Trade payables are usually settled within 30 days of recognition.

	2017 \$'000	2016 \$'000
Current		
Trade and other payables	39,253	27,331

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

Due to the short term nature of these payables, their carrying value is assumed to be the same as their fair value.

15 PROVISIONS

Accounting Policy

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable a future sacrifice of economic benefits will be required and a reliable estimate of obligation can be made.

Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Restoration, Rehabilitation and Environmental Provision

Obligations associated with exploration and development assets are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure and a corresponding rehabilitation asset is also recognised.

On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances (recognised as additions to a corresponding asset and rehabilitation liability).

Significant judgements and estimates

The determination of the provision requires significant judgement in terms of the best estimate of the future costs of performing the work required, the timing of the cash flows, the appropriate discount rate and inflation rate.

In relation to estimating the costs of performing the work required, significant judgement and estimates are required in relation to estimating the extent of rehabilitation activities, including volume to be rehabilitated and unit rates, technological changes and regulatory changes.

When these estimates change or become known in the future, such differences will impact the mine rehabilitation provision on the period in which they change or become known.

A change in any, or a combination of, the key estimates used to determine the provision could have a material impact on the carrying value of the provision.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

15 PROVISIONS (continued)

	2017 \$'000	2016 \$'000
Current		
Employee benefits	6,636	5,112
Non-current		
Employee benefits	866	1,055
Deferred consideration – King of the Hills Acquisition	-	2,700
Provision for rehabilitation	41,622	57,893
	42,488	61,648
Movement in provision for rehabilitation		
Balance at the start of the year	57,893	43,214
Unwinding of discount	160	120
Increase as a result of King of the Hills acquisition	-	16,184
Increase as a result of Kailis acquisition	-	1,844
Increase/(decrease) in provision on existing assets	353	(2,729)
Rehabilitation work	(698)	(740)
Transferred to liabilities held for sale (note 13)	(16,086)	-
Balance at the end of the year	41,622	57,893

16 BORROWINGS

Accounting Policy

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed, unless they are directly attributable to qualifying assets, in which case they are capitalised. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Where amortisation is attributable to exploration and evaluation activities, costs are treated in accordance with the Accounting Policy in Note 11.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

16 BORROWINGS (continued)

	2017 \$'000	2016 \$'000
Current		
Finance lease liabilities	-	1,373
Non-current		
Finance lease liabilities	-	2,359

(a) Leasing arrangements

Finance leases relate to equipment and vehicles with lease terms not exceeding 5 years. Saracen repaid all finance leases during the 2017 financial year.

(b) Finance lease liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
No later than 1 year	-	1,486	-	1,373
Later than 1 year and not later than 5 years	-	2,463	-	2,359
Minimum future lease payments	-	3,949	-	3,732
Less future finance charges	-	(217)	-	-
Present value of minimum lease payments	-	3,732	-	3,732
Included in the Statement of Financial Position as:				
Current borrowings			-	1,373
Non-current borrowings			-	2,359
			-	3,732

17 CONTRIBUTED EQUITY AND RESERVES

Accounting Policy

Ordinary share capital is recognised at the fair value of the consideration received by the Group or at the fair value of equity issued as consideration for the acquisition of assets. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	Number of shares	2017 \$'000	Number of shares	2016 \$'000
(a) Issued capital				
Ordinary shares fully paid	810,548,859	256,740	800,799,292	253,013
The Company does not have a limited authorised capital and issued shares have no par value.				
(b) Movements in shares on issue				
Beginning of the financial period	800,799,292	253,013	792,784,738	245,079
- Shares issued on vesting of performance rights*	9,749,567	3,727	-	-
- Asset acquired (royalty purchase)	-	-	8,014,554	7,934
End of the financial period	810,548,859	256,740	800,799,292	253,013

*During the period 9,749,567 shares were issued to employees under the employee share scheme.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

17 CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Performance Rights (See note 19(a))

	2016	Granted	Vested	Lapsed	2017
Tranche 1					
Class A performance rights vesting on 1 July 2016	600,000	-	(600,000)	-	-
Class B performance rights vesting on 1 July 2016	300,000	-	(300,000)	-	-
Class C performance rights vesting on 1 July 2016	600,000	-	(600,000)	-	-
Tranche 2					
Class A performance rights vesting on 1 July 2016	1,103,000	-	(1,103,000)	-	-
Class B performance rights vesting on 1 July 2016	551,500	-	(551,500)	-	-
Class C performance rights vesting on 1 July 2016	1,103,000	-	(1,103,000)	-	-
Tranche 3					
Class A performance rights vesting on 1 July 2017	294,000	-	-	-	294,000
Class B performance rights vesting on 1 July 2017	147,000	-	-	-	147,000
Class C performance rights vesting on 1 July 2017	294,000	-	-	-	294,000
Tranche 4					
Class A performance rights vesting on 1 July 2017*	850,000	-	(110,933)	(113,067)	626,000
Class B performance rights vesting on 1 July 2017*	425,000	-	(46,000)	(66,000)	313,000
Class C performance rights vesting on 1 July 2017*	850,000	-	(118,667)	(105,333)	626,000
Tranche 5					
Class A performance rights vesting on 31 December 2016	2,000,000	-	(2,000,000)	-	-
Class B performance rights vesting on 16 March 2017	3,000,000	-	(3,000,000)	-	-
Class C performance rights vesting on 16 March 2018	5,000,000	-	-	-	5,000,000
Tranche 6					
Class A performance rights vesting on 1 July 2018*	1,122,000		(85,633)	(100,367)	936,000
Class B performance rights vesting on 1 July 2018*	561,000		(42,167)	(50,833)	468,000
Class C performance rights vesting on 1 July 2018*	1,122,000		(88,667)	(97,333)	936,000
Tranche 7					
Class A performance rights vesting on 1 July 2019	-	418,000	-	(58,000)	360,000
Class B performance rights vesting on 1 July 2019	-	209,000	-	(29,000)	180,000
Class C performance rights vesting on 1 July 2019	-	418,000	-	(58,000)	360,000
Tranche 8					
Class A performance rights vesting on 1 July 2019	-	74,000	-	-	74,000
Class B performance rights vesting on 1 July 2019	-	37,000	-	-	37,000
Class C performance rights vesting on 1 July 2019	-	74,000	-	-	74,000
Tranche 9					
Class A performance rights vesting on 1 July 2018	-	40,000	-	-	40,000
Class B performance rights vesting on 1 July 2018	-	20,000	-	-	20,000
Class C performance rights vesting on 1 July 2018	-	40,000	-	-	40,000
Tranche 10					
Class A performance rights vesting on 1 July 2019	-	80,000	-	-	80,000
Class B performance rights vesting on 1 July 2019	-	40,000	-	-	40,000
Class C performance rights vesting on 1 July 2019	-	80,000	-	-	80,000
	19,922,500	1,530,000	(9,749,567)	(677,933)	11,025,000

* During the financial year, a portion of the rights vested relating to employees resigning in line with the Good Leaver exceptions in the performance rights plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

17 CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Performance Rights (Continued)

	2015	Granted	Vested	Lapsed	2016
Tranche 1					
Class A performance rights vesting on 28 September 2016	600,000	-	-	-	600,000
Class B performance rights vesting on 28 September 2016	300,000	-	-	-	300,000
Class C performance rights vesting on 28 September 2016	600,000	-	-	-	600,000
Tranche 2					
Class A performance rights vesting on 28 September 2016	1,148,000	-	-	(45,000)	1,103,000
Class B performance rights vesting on 28 September 2016	574,000	-	-	(22,500)	551,500
Class C performance rights vesting on 28 September 2016	1,148,000	-	-	(45,000)	1,103,000
Tranche 3					
Class A performance rights vesting on 28 September 2017	294,000	-	-	-	294,000
Class B performance rights vesting on 28 September 2017	147,000	-	-	-	147,000
Class C performance rights vesting on 28 September 2017	294,000	-	-	-	294,000
Tranche 4					
Class A performance rights vesting on 28 September 2017	890,000	-	-	(40,000)	890,000
Class B performance rights vesting on 28 September 2017	445,000	-	-	(20,000)	445,000
Class C performance rights vesting on 28 September 2017	890,000	-	-	(40,000)	890,000
Tranche 5					
Class A performance rights vesting on 31 December 2016	2,000,000	-	-	-	2,000,000
Class B performance rights vesting on 16 March 2017	3,000,000	-	-	-	3,000,000
Class C performance rights vesting on 16 March 2018	5,000,000	-	-	-	5,000,000
Tranche 6					
Class A performance rights vesting on 28 September 2018	-	1,122,000	-	-	1,122,000
Class B performance rights vesting on 28 September 2018	-	561,000	-	-	561,000
Class C performance rights vesting on 28 September 2018	-	1,122,000	-	-	1,122,000
	17,330,000	2,805,000	-	(212,500)	19,922,500

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

17 CONTRIBUTED EQUITY AND RESERVES (continued)

(e) Reserves

	2017 \$'000	2016 \$'000
Share based payments		
Balance at beginning of year	7,736	4,101
Share based payments – performance rights	2,736	3,635
Vesting of performance rights	(3,727)	-
Tax effect on share based payments	2,168	-
Balance at end of year	8,913	7,736
The share based payments reserve is used to recognise the fair value of options and performance rights issued. Refer to Note 19 for further details.		
Cash flow hedge reserve		
Balance at beginning of year	-	5,967
Hedge reserve	-	(8,525)
Tax effect on the movement in hedge reserve	-	2,558
Balance at end of year	-	-

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

18 COMMITMENTS

(a) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price A\$/oz	Value of committed sales \$'000
Within one year	177,743	1,591	282,729
Later than one but not later than five years	57,600	1,520	87,552
	235,343		370,281

The counterparties to the physical gold delivery contracts are Westpac Banking Corporation, BNP Paribas and Citibank N.A. Contracts are settled by the physical delivery of gold as per the contract terms. The contracts are accounted for as sale contracts with revenue recognised once gold has been delivered to the scheduled counterparties. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 139 Financial Instruments: Recognition and Measurement. Hence, no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

(b) Operating lease commitments

	2017 \$'000	2016 \$'000
The Group has entered into commercial leases on items of plant, machinery and property. Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
- not later than one year	378	473
- later than one year and not later than five years	740	-
	1,118	473

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

(c) Contractual commitments

The Group has entered into a gas supply agreement for the supply of gas to the Thunderbox gold mine. The terms of this agreement commit the Group to purchasing a minimum amount of gas at a price escalating on a quarterly basis in line with CPI. As at 30 June 2017, at the current contract price, the Group had commitments to purchase gas over the remaining term of \$993,789.

The Group has entered into an agreement for the supply of electricity to the Carosue Dam gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of electricity at a price which is reviewed annually. As at 30 June 2017, at the current contract price, the Group had commitments to purchase electricity over the remaining term of \$1,023,760.

The Group has entered into an electricity supply agreement for the supply of liquefied natural gas (LNG) to the Carosue Dam gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of LNG at a price which is reviewed annually. As at 30 June 2017, at the current contract price, the Group had commitments to purchase LPG over the remaining term of \$14,700,000.

The Group has entered into an electricity supply agreement for the supply of electricity to the Thunderbox gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of electricity at a price which is reviewed annually. As at 30 June 2017, at the current contract price, the Group had commitments to purchase electricity over the remaining term of \$13,021,772.

19 SHARE BASED PAYMENTS

Accounting Policy

Share based compensation benefits are provided to employees via a Performance Rights Plan. The fair value of rights granted under this scheme is recognised as a share based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Group measures the cost of equity settled transactions with vendors by reference to the fair value of goods or services received.

Significant judgements, estimates and assumptions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted.

(a) Performance Rights

During the financial year the Group granted Performance Rights to eligible management personnel under the Saracen Mineral Holdings Limited Performance Rights Plan ("Plan") (Refer to Tranche 7 below). Performance Rights were also granted to the Company's newly appointed CFO, Mr Morgan Ball as part of his initial employment (Refer to Tranches 9 and 10 below). In addition to these, Performance Rights were granted to Mr Raleigh Finlayson (Managing Director) under the Plan (Tranche 8). These Performance Rights were approved by shareholders at the Company's Annual General Meeting held in November 2016.

Under the Plan, Eligible Participants will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the satisfaction of performance hurdles. Each Performance Right represents a right to be issued one 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 Australian Securities Exchange (ASX). There are no voting rights attached to the Performance Rights.

For details regarding the vesting conditions of performance rights refer to page 58 of the remuneration report.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

19 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

Refer below for details regarding performance rights issued:

Tranche 1 – Managing Director

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$0.215	\$0.215	\$0.215
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	68.9%	68.9%	68.9%
Grant Date	19-Nov-13	19-Nov-13	19-Nov-13
Performance Period	1-Jul-13 – 30-Jun-16	1-Jul-13 – 30-Jun-16	1-Jul-13 – 30-Jun-16
Vesting Date	1 July 2016	1 July 2016	1 July 2016
Risk free rate	3.06%	3.06%	3.06%
Number of rights granted	600,000	300,000	600,000

100% of the performance rights vested during FY2017. At reporting date there were no rights on issue.

The fair value of the performance rights granted is \$262,500.

Tranche 2 – Management

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$0.37	\$0.37	\$0.37
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	75.5%	75.5%	75.5%
Grant Date	23-Sep-14	23-Sep-14	23-Sep-14
Performance Period	1-Jul-13 – 30-Jun-16	1-Jul-13 – 30-Jun-16	1-Jul-13 – 30-Jun-16
Vesting Date	1 July 2016	1 July 2016	1 July 2016
Risk free rate	2.87%	2.87%	2.87%
Number of rights granted	1,148,000	574,000	1,148,000

1,103,000 Class A, 551,500 Class B and 1,103,000 Class C performance rights vested during FY2017. At reporting date there were no rights on issue. The remaining performance rights lapsed prior to the vesting date.

The fair value of the performance rights granted is \$894,292.

Tranche 3 – Managing Director

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$0.275	\$0.275	\$0.275
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	76.5%	76.5%	76.5%
Grant Date	26-Nov-14	26-Nov-14	26-Nov-14
Performance Period	1-Jul-14 – 30-Jun-17	1-Jul-14 – 30-Jun-17	1-Jul-14 – 30-Jun-17
Vesting Date	1 July 2017	1 July 2017	1 July 2017
Risk free rate	2.81%	2.81%	2.81%
Number of rights granted	294,000	147,000	294,000

At reporting date there were 294,000 Class A, 147,000 Class B and 294,000 Class C performance rights on issue.

The fair value of the performance rights granted is \$148,029.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

19 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

Tranche 4 - Management

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$0.41	\$0.41	\$0.41
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	80%	80%	80%
Grant Date	1-Apr-15	1-Apr-15	1-Apr-15
Performance Period	1-Jul-14 – 30-Jun-17	1-Jul-14 – 30-Jun-17	1-Jul-14 – 30-Jun-17
Vesting Date	1 July 2017	1 July 2017	1 July 2017
Risk free rate	2.65%	2.65%	2.65%
Number of rights granted	890,000	445,000	890,000

At reporting date there were 626,000 Class A, 313,000 Class B and 626,000 Class C performance rights on issue. The remaining performance rights lapsed prior to the vesting date.

The estimated fair value of the performance rights granted is \$708,440.

Tranche 5 - Managing Director

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at date from which services are rendered	\$0.535	\$0.535	\$0.535
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	80%	80%	80%
Date from which services rendered	21-May-15	21-May-15	21-May-15
Performance Period	21-May-15 – 31-Dec-16	16-Mar-15 – 16-Mar-17	16-Mar-15 – 16-Mar-18
Vesting Date	31-Dec-16	16-Mar-17	16-Mar-18
Risk free rate	2.65%	2.65%	2.65%
Number of rights granted	2,000,000	3,000,000	5,000,000

2,000,000 Class A and 3,000,000 Class B performance rights vested during FY2017. At reporting date there were 5,000,000 Class C performance rights on issue.

The estimated fair value of the performance rights granted is \$4,693,000.

Tranche 6 - Management

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$0.57	\$0.57	\$0.57
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	76.6%	76.6%	76.6%
Grant Date	18-Dec-15	18-Dec-15	18-Dec-15
Performance Period	1-Jul-15 – 30-Jun-18	1-Jul-15 – 30-Jun-18	1-Jul-15 – 30-Jun-18
Vesting Date	1 July 2018	1 July 2018	1 July 2018
Risk free rate	2.47%	2.47%	2.47%
Number of rights granted	1,122,000	561,000	1,122,000

At the reporting date there were 936,000 Class A, 468,000 Class B and 936,000 Class C performance rights on issue. The remaining performance rights lapsed prior to the vesting date.

The fair value of the performance rights granted is \$1,242,054.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

19 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

Tranche 7 - Management

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$1.32	\$1.32	\$1.32
Exercise Price	N/A	N/A	N/A
Volatility	70%	N/A	70%
Grant Date	31-Aug-16	31-Aug-16	31-Aug-16
Performance Period	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19
Vesting Date	1 July 2019	1 July 2019	1 July 2019
Risk free rate	1.4%	N/A	1.4%
Number of rights granted	418,000	209,000	418,000

At the reporting date there were 360,000 Class A, 180,000 Class B and 360,000 Class C performance rights on issue. The remaining performance rights lapsed prior to the vesting date.

The fair value of the Performance Rights granted is \$925,870.

Tranche 8 – Managing Director

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$0.955	\$0.955	\$0.955
Exercise Price	N/A	N/A	N/A
Volatility	65%	N/A	65%
Grant Date	30-Nov-16	30-Nov-16	30-Nov-16
Performance Period	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19
Vesting Date	1 July 2019	1 July 2019	1 July 2019
Risk free rate	1.8%	N/A	1.8%
Number of rights granted	74,000	37,000	74,000

At the reporting date there were 74,000 Class A, 37,000 Class B and 74,000 Class C performance rights on issue.

The fair value of the Performance Rights granted is \$97,199.

Tranche 9 – Management (issued to newly appointed CFO)

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$1.165	\$1.165	\$1.165
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	15%	65%	65%
Grant Date	18-Jan-17	18-Jan-17	18-Jan-17
Performance Period	1-Jul-15 – 30-Jun-18	1-Jul-15 – 30-Jun-18	1-Jul-15 – 30-Jun-18
Vesting Date	1 July 2018	1 July 2018	1 July 2018
Risk free rate	1.84%	2.47%	1.84%
Number of rights granted	40,000	20,000	40,000

At the reporting date there were 40,000 Class A, 20,000 Class B and 40,000 Class C performance rights on issue.

The fair value of the performance rights granted is \$72,220

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

19 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

Tranche 10 – Management (issued to newly appointed CFO)

The fair value at grant date is determined using a Monte Carlo model with the following factors relevant:-

	Class A	Class B	Class C
Stock Price at Grant	\$1.165	\$1.165	\$1.165
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities 65%		15%	65%
Grant Date	18-Jan-17	18-Jan-17	18-Jan-17
Performance Period	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19	1-Jul-16 – 30-Jun-19
Vesting Date	1 July 2019	1 July 2019	1 July 2019
Risk free rate	1.84%	2.47%	1.84%
Number of rights granted	80,000	40,000	80,000

At the reporting date there were 80,000 Class A, 40,000 Class B and 80,000 Class C performance rights on issue.

The fair value of the performance rights granted is \$153,000

20 INTERESTS IN SUBSIDIARIES

	Percentage of equity interest held by the group	
	2017	2016
	%	%

Parent Entity:

Saracen Mineral Holdings Limited (i)(ii)

Subsidiaries:

Saracen Gold Mines Pty Limited (ii)(iii)	100	100
Saracen Metals Pty Limited (ii)(iii)	100	100

All entities are incorporated in Australia and shareholdings relate to ordinary shares.

(i) Saracen Mineral Holdings Limited is the head entity within the tax-consolidated Group and the parent entity.

(ii) These companies are members of the tax-consolidated Group.

(iii) The subsidiaries have entered into a deed of cross guarantee with Saracen Mineral Holdings Limited pursuant to ASIC Instrument 2016/191, dated 1 April 2016 and are relieved from the requirement to prepare and lodge an audited financial report.

In the current and prior year the consolidated statements of profit or loss and other comprehensive income and financial position of the entities party to the Deed of Cross Guarantee are the same as the Group's and have therefore not been reproduced.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

21 STATEMENT OF CASH FLOWS

Accounting Policy

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily converted to cash, net of outstanding bank overdrafts.

	2017 \$'000	2016 \$'000
(a) Reconciliation of cash		
Cash balance comprises:		
- Cash	15,511	19,557
- Cash at call and in short term deposits	18,215	14,745
Closing cash balance	33,726	34,302
(a) Reconciliation of the operating result after income tax to the net cash flows from operating activities		
Operating profit after income tax	28,386	25,889
Non-cash items		
Depreciation and amortisation	74,679	33,896
(Profit)/loss on the sale of assets	39	(3)
Effective interest on establishment fees	238	478
Decrease in market value of listed securities	-	1
Expensing of deferred exploration cost	2,477	763
Impairment of assets	2,776	-
Tax effect of movement in deferred tax balances	4,592	12,446
Share based payments	2,736	3,635
Unwinding of discount - rehab provision	160	330
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	(169)	(2,499)
(Increase)/decrease in prepayments	506	(648)
(Increase)/decrease in inventory	(3,335)	29,796
Increase in trade and other payables	9,348	8,921
Increase/(decrease) in provisions	3,199	(3,201)
Net cash flows provided by operating activities	125,632	109,804

(c) Non-cash financing and investing activities

In the current year, the Group acquired \$2,504,000 (30 June 2016: \$3,756,000) of equipment under finance lease. All finance leases were repaid before the end of the reporting period.

(d) Cash balances not available for use

The Group has deposits of \$55,000 (2016: \$55,000) held as security by a bank for guarantees and credit card facilities. This amount is not available for use and has therefore not been included in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

22 RELATED PARTY DISCLOSURES

	2017 \$'000	2016 \$'000
(a) Ultimate parent		
Saracen Mineral Holdings Limited is the ultimate parent company. Information relating to Saracen Mineral Holdings Limited:		
Current assets	30,065	17,809
Total assets	248,913	257,194
Current liabilities	2,970	2,735
Total liabilities	9,007	6,315
Contributed equity	256,740	250,879
Share based payment reserve	8,319	7,736
Accumulated loss	(25,748)	(9,871)
Total equity	239,905	253,013
Net profit/(loss) of the parent	(15,877)	16,050

Saracen Mineral Holdings Limited is party to a deed of cross guarantee with its wholly owned subsidiary Saracen Gold Mines Pty Limited and Saracen Metals Pty Limited as described in Note 20(iii) pursuant to ASIC Instrument 2016/191, dated 1 April 2016.

At 30 June 2017 Saracen Mineral Holdings Limited had no contingent liabilities and had not entered into contractual commitments to purchase property, plant or equipment (2016: Nil).

(b) Subsidiaries

Details of interests in subsidiaries are set out in Note 20.

Loans between group entities have no specific repayment terms and are unsecured.

The aggregate amounts receivable/ (payable) by the Company from/to subsidiaries at the reporting date were:

	2017 \$'000	2016 \$'000
Non-current receivable	218,256	239,265
Reconciliation of non-current receivable		
Balance at beginning of year	239,265	185,617
Loans provided to/(repaid by) subsidiaries	(21,009)	16,092
Reversal of prior year impairment	-	37,556
Balance at end of year	218,256	239,265

During the year the non-current receivable was written down to the net asset value of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

22 RELATED PARTY DISCLOSURES (continued)

(c) Key management personnel

Disclosures relating to key management personnel are set out in the remuneration report in the Directors' Report.

	2017 \$	2016 \$
Short term benefits	2,675,851	2,687,010
Post-employment benefits	178,949	176,055
Other benefits	16,243	11,273
Termination benefits	433,034	-
Long term benefits	29,296	30,607
Share based payments	2,114,335	2,741,343
	5,447,708	5,646,288

Detailed remuneration disclosures are provided in the remuneration report on pages 52 to 72.

Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:

Professional Services from PilotHole Pty Ltd
(director related entity of Martin Reed)

8,768

-

Director's fees PilotHole Pty Ltd (director related entity of Martin Reed)

107,500

90,000

Payable to related parties

There were no payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

Transactions with Directors and key management personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

23 SEGMENT INFORMATION

The Group require operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("CODM") in order to allocate resources to the segments and to assess their performance. On this basis the Group's reportable segments under AASB 8 are as follows:

- Saracen Gold Mines Pty Limited ("SGM") which includes the Group's exploration, production and administration relating to the Carosue Dam operations.
- Saracen Mineral Holdings Limited ("SAR") which includes the Group's corporate administration.
- Saracen Metals Pty Limited ("SME") which includes the Group's exploration, development, production and administration relating to the Thunderbox operations.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 1. The CODM reviews segment profit before tax in assessing segment performance which corresponds to operating profit before other income / expenses in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Information regarding the Group's reportable segments is presented below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

23 SEGMENT INFORMATION (continued)

	2017 \$'000	2016 \$'000
(a) Segment external revenues		
SGM - Metal sales	251,826	240,048
SME - Metal sales	171,232	36,454
SGM - Other	11	63
SME - Other	178	30
SGM - Interest income	42	67
SME - Interest income	6	1
SAR - Interest income	285	571
	423,580	277,234
(b) Segment profit before tax		
SGM	14,358	34,157
SME	32,950	13,505
SAR	(8,576)	(5,567)
Operating profit before other income / (expenses)	38,732	42,095
Finance costs	(764)	(856)
Other income	522	732
Share based payments expense	(2,736)	(3,635)
Impairment of assets	(2,776)	-
Change in fair value of listed shares	-	(1)
Profit before income tax	32,978	38,335
(c) Segment assets and liabilities		
Assets		
SGM	173,417	179,089
SAR	30,656	17,928
SME	200,384	165,086
	404,457	362,103
Liabilities		
SGM	51,389	43,924
SAR	3,020	2,753
SME	50,054	51,146
Unallocated – Deferred Tax Liability	5,986	3,562
	110,449	101,385

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments other than tax assets and liabilities.

(d) Other segment information

Depreciation and amortisation of \$39.167 million (2016: \$27.755 million) and \$35.512 million (2016: \$6.141 million) are attributable to the SGM and SME segments respectively.

An impairment of \$2.776 million relating to non-current assets held for sale is attributable to the SGM segment.

Total non-current asset additions of \$55.791 million (2016: \$37.890 million) and \$63.540 million (2016: \$89.272 million) are attributable to the SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

24 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short-term deposits. In addition the Group has financial assets at fair value through profit or loss, trade receivables and trade payables arising directly out of its operations. Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement depending upon the nature and materiality of the matter being dealt with.

The Board as a whole guides and monitors the business and affairs of Saracen. The Board has also constituted Risk Management and Audit Committees which oversee various aspects of the financial risks of the Group.

(a) Market risk

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the assets and liabilities bearing variable interest rates. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. The following tables set out the carrying amount, by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each financial instrument.

30 June 2017	Weighted average rate	Variable Interest Rate	Fixed Interest Rate				Non- interest bearing	Con- solidated Total
			Under 1	1 – 2	2 – 5	5+		
			year	years	years	years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>								
Cash assets	0.97	33,726	-	-	-	-	-	33,726
Other receivables	N/A	-	-	-	-	-	6,353	6,353
Security deposits	N/A	-	-	-	-	-	55	55
Total Financial Assets		33,726	-	-	-	-	6,408	40,134

30 June 2016	Weighted average rate	Variable Interest Rate	Fixed Interest Rate				Non- interest bearing	Con- solidated Total
			Under 1	1 – 2	2 – 5	5+		
			year	years	years	years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>								
Cash assets	1.76	34,302	-	-	-	-	-	34,302
Other receivables	N/A	-	-	-	-	-	5,189	5,189
Security deposits	N/A	-	-	-	-	-	55	55
Total Financial Assets		34,302	-	-	-	-	5,244	39,546
<i>Financial Liabilities</i>								
Finance leases	4.40	-	1,373	1,087	1,272	-	-	3,732
Total Financial Liabilities		-	1,373	1,087	1,272	-	-	3,732

Commodity risk

The Group's exposure to commodity risk arises from movements in the gold price. The Group is party to gold delivery contracts (Note 18) whereby specified quantities of gold are sold on specific dates to partially manage the commodity risk.

Currency risk

The Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. The Group is party to gold delivery contracts (Note 18) for specified quantities of gold on specific dates to partially manage the currency risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

24 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

The Group trades only with recognised, creditworthy third parties. There are no significant concentrations of credit risk within the Group. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with a minimum credit rating of -AA assigned by reputable credit rating agencies.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial liabilities:

30 June 2017	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	39,111	-	-	-	39,111
<i>Total Financial Liabilities</i>	39,111	-	-	-	39,111

30 June 2016	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	27,331	-	-	-	27,331
Finance leases	816	557	2,359	-	3,732
<i>Total Financial Liabilities</i>	28,147	557	2,359	-	31,063

(d) Sensitivity analysis

The following table summarises the Group's exposure to interest rate risk at the reporting date. The sensitivities are based on management's best estimate of the market views for future interest rates over the next 12 months with reference to recent historical movements. The analysis demonstrates the after tax effect on the profit/(loss) and equity which could result from changes based on the following:

30 June 2017	Profit/(loss) \$'000	Equity \$'000
Interest rate risk		
- Increase interest rate by 1%	236	236
- Decrease interest rate by 1%	(236)	(236)

30 June 2016	Profit/(loss) \$'000	Equity \$'000
Interest rate risk		
- Increase interest rate by 1%	214	214
- Decrease interest rate by 1%	(214)	(214)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

24 FINANCIAL RISK MANAGEMENT (continued)

(e) Net fair values

The net fair values of financial assets and financial liabilities at the reporting date are as follows:

	Total carrying amount as per the Statement of Financial Position Consolidated		Aggregate net fair value Consolidated	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<i>Financial Assets</i>				
Cash and cash equivalents	33,726	34,302	33,726	34,302
Other receivables	6,353	5,189	6,353	5,189
Investments – listed	7	7	7	7
Other financial assets	55	55	55	55
Assets held for sale	4,900	-	4,900	-
Total Financial Assets	45,041	39,553	45,041	39,553
<i>Financial Liabilities</i>				
Trade payables	39,111	27,331	39,111	27,331
Finance leases	-	3,732	-	3,732
Liabilities held for sale	2,900	-	2,900	-
Total Financial Liabilities	42,011	31,063	42,011	31,063

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2017 and 30 June 2016 on a recurring basis:-

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 Total
30 June 2017				
<i>Assets</i>				
Listed shares at fair value	7	-	-	7
Assets held for sale (Red October operation)	-	4,900	-	4,900
	7	4,900	-	4,900
<i>Liabilities</i>				
Liabilities held for sale (Red October operation)	-	2,900	-	2,900

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 Total
30 June 2016				
<i>Assets</i>				
Listed shares at fair value	7	-	-	7

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2017 and did not transfer any fair value amounts between the fair value hierarchy during the period FY2017.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2017

24 FINANCIAL RISK MANAGEMENT (continued)

(e) Net fair values (continued)

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

During the financial year and in accordance with AASB 13, Fair Value Measurement, the Group has classified, according to fair value hierarchy, the Red October operation as a level 2 asset. The fair value of Red October was determined by using the expected selling price at the reporting date (refer to note 13).

The Group does not have any level 3 assets or liabilities.

25 CAPITAL MANAGEMENT

Management's objective is to ensure the Group continues as a going concern and in the interests of shareholders. It aims to maintain a capital structure with the lowest cost of capital available to the Group. The Group has detailed planning processes, budgets and cash flow forecasts through which it continually monitors its position against the above objectives. At 30 June 2017, the capital structure consisted of total shareholders' funds, cash and other financial assets less finance lease borrowings. The Group's overall strategy remains unchanged from 2016.

26 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2017 (2016: Nil).

27 MATTERS SUBSEQUENT TO THE REPORTING DATE

On 3 August 2017, the Group signed a Sale Agreement with Red 5 (ASX: RED) for the sale of the King of the Hills asset. The consideration comprises:

- \$7 million upfront cash;
- 90 million Red 5 shares, escrowed for 12 months;
- \$4.5 million in cash or Red 5 shares (at Saracen's election) 12 months after completion;
- Red 5 to assume all environmental liabilities.

The sale is expected to be completed by 30 September 2017.

DIRECTORS' DECLARATION

The Directors of Saracen Mineral Holdings Limited declare that, in their opinion:

- (a) the financial statements and notes and the Remuneration Report in the Directors' Report set out on pages 52 to 72, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

At the date of this declaration there are reasonable grounds to believe that the Company and the group entities identified in Note 20 will be able to meet any obligations or liabilities to which they are or may have become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Instrument 2016/191.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2017.

Signed in accordance with a resolution of the directors.



RALEIGH FINLAYSON

Managing Director

22 August 2017

INDEPENDENT AUDITOR'S REPORT



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Australia

To the members of Saracen Mineral Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Saracen Mineral Holdings (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.



Recognition and measurement of provision for rehabilitation

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2017, the carrying value of the Group's provision for rehabilitation was \$41.62 million (2016: \$57.89 million).</p> <p>The Group's provision for rehabilitation as disclosed in Note 15 was a key audit matter as it requires significant estimates of future costs.</p> <p>The rehabilitation provision is required to be reassessed each reporting period to reflect the best estimate of future costs necessary to restore the land and the estimated timing of when those costs will be incurred, discounted to a present value.</p> <p>The determination of the provision requires management's judgement in relation to estimating the costs of performing the work required, including volume and unit rates, the timing of cash flows, the appropriate discount rate and environmental legislative requirements.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the competency and objectivity of both the Group's internal and external experts involved in the cost models preparation and review; • evaluating the adequacy of the expert's work; • holding discussions with the experts to assess the significant assumptions, methods and source data used in the cost models; • assessing the expected timing of the rehabilitation to the respective life of mine ('LoM') models and assessing the reasonableness of the discount rate applied to the expected cash flows; • performing a sensitivity analysis assessment on the key estimates and assumptions in the cost models; and • testing the mathematical accuracy of the net present value calculations and reasonableness of the discount rates applied. <p>We have also assessed the adequacy of the related disclosures in Note 15 to the financial statements.</p>



Valuation of ore stocks

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>As at 30 June 2017, the carrying value of the Group's ore stocks was \$9.18 million (2016: \$12.32 million), as disclosed in Note 8.</p> <p>The valuation of ore stocks is a significant area of judgement by management as detailed in Note 8, including determining estimates of future gold prices, future processing costs and related selling costs, ore grades and tonnages.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the model applied by the Group in determining the net realisable value for ore stocks against the requirements of AASB 102 <i>Inventories</i>; • obtaining management's technical reports, including surveying reports and agreeing the ore grades and tonnages included in the model as at 30 June 2017; • evaluating the processes undertaken by the expert in preparing the technical reports; • assessing the competency and objectivity of the expert used by management in the preparation of the technical reports; • observing the surveying process and procedures at as part of our year end site visits; • assessing processing costs and estimated selling costs within the model against actual costs; • comparing future gold prices and exchange rates used in management's model to current gold price data, market consensus and trends; and • assessing the future expected processing costs and related selling costs used in management's model to actual costs incurred during the year. <p>We have also assessed the adequacy of the related disclosures in Note 8 to the financial statements.</p>



Other information

The directors are responsible for the other information. The other information comprises the information contained in the Financial Report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual report to Shareholders, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report to Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf



This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 52 to 72 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Saracen Mineral Holdings, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 22 August 2017

SHAREHOLDER INFORMATION

The following additional information was applicable as at 31 August 2017.

1. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders and the number of shares in which they have a relevant interest are:

Substantial Shareholder	Fully Paid Ordinary Shares	%
Van Eck Associates Corporation	89,685,821	11.07
Wroxby Pty Ltd	48,422,703	5.96

2. FULLY PAID ORDINARY SHARES

(a) There are 6,884 holders of fully paid ordinary shares. Holders of fully paid ordinary shares are entitled to one vote per fully paid ordinary share.

(b) Distribution of fully paid ordinary shareholders:

Range	Top holders	Units	% Units
1 - 1,000	1,197	656,753	0.08
1,001 - 5,000	2,258	6,776,238	0.83
5,001 - 10,000	1,260	10,167,213	1.25
10,001 - 100,000	1,947	59,673,813	7.34
100,001 Over	222	735,574,842	90.49
Rounding			0.01
Total	6,884	812,848,859	100.00

(c) The number of fully paid ordinary shareholdings held in less than marketable parcels is 363 (based on a share price of \$1.38).

(d) The 20 largest fully paid ordinary shareholders together held 83.74% of the securities in this class.

20 LARGEST FULLY PAID ORDINARY SHAREHOLDERS			
Rank	Name	Units	% Units
1.	Hsbc Custody Nominees (Australia) Limited	314,142,108	38.65
2.	J P Morgan Nominees Australia Limited	160,921,615	19.80
3.	Citicorp Nominees Pty Limited	61,357,939	7.55
4.	Wroxby Pty Ltd	48,422,703	5.96
5.	National Nominees Limited	27,781,427	3.42
6.	Ubs Nominees Pty Ltd	11,242,225	1.38
7.	Bnp Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	10,017,571	1.23
8.	Hsbc Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	8,449,627	1.04
9.	Bnp Paribas Noms Pty Ltd <Drp>	5,205,818	0.64
10.	Ff Okram Pty Ltd <Ff Okram A/C>	4,700,000	0.58
11.	Pershing Australia Nominees Pty Ltd <Patersons Securities A/C>	4,640,000	0.57
12.	Mrs Vanessa Marnie Finlayson <Finlayson Family A/C>	4,181,819	0.51
13.	National Nominees Limited <Db A/C>	3,861,946	0.48
14.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,286,447	0.40
15.	Quality Life Pty Ltd <The Neill Family A/C>	2,600,000	0.32
16.	Bnp Paribas Nominees Pty Ltd <Ib Au Noms Retailclient Drp>	2,472,582	0.30
17.	Quality Life Pty Ltd <The Neill Family A/C>	2,200,000	0.27
18.	Rbc Investor Services Australia Nominees Pty Limited <Bkcust A/C>	2,090,308	0.26
19.	Bnp Paribas Nominees Pty Ltd <Agency Lending Collateral>	1,641,000	0.20
20.	Asia Union Investments Pty Ltd	1,500,000	0.18
Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)		680,715,135	83.74
Total Remaining Holders Balance		132,133,724	16.26

There is a total of 812,848,859 fully paid ordinary shares on issue, all of which are listed on the Australian Securities Exchange.

SHAREHOLDER INFORMATION (CONTINUED)

3. UNLISTED EMPLOYEE PERFORMANCE RIGHTS

As at 31 August 2017, there are a total of 8,725,000 unlisted Performance Rights on issue held by 42 different persons. These Rights have no exercise price and vest between 1 July 2017 and 1 July 2019 subject to the fulfilment of the relevant vesting conditions and that the holder is still an employee of the Saracen Group at that time.

4. COMPANY SECRETARY

Mr J Ryan

5. REGISTERED AND PRINCIPAL OFFICE

The address of the registered and principal office is:-

Level 11,
40 The Esplanade
Perth WA 6000

Telephone: 08 6229 9100

Facsimile: 08 6229 9199

6. REGISTER OF SECURITIES

Held at the following address:-

Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford, VIC 3067

Telephone: 1300 787 272 or 03 9415 5000

Facsimile: 03 9473 2500



SARACEN.COM.AU

ABN: 52 009 215 347

