



ANNUAL REPORT

2018



Saracen

ABN: 52 009 215 347



CORPORATE DIRECTORY

Board of Directors

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

Company Secretary

Mr Jeremy Ryan

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Stock Exchange Listing

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

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MANAGING DIRECTOR'S REPORT

Dear Fellow Shareholders,

It is with great satisfaction that I present the 2018 Saracen Annual Report.

Highlights include more cash flow, more growth, and more mine life with a robust seven year course now plotted for our business. Most importantly our safety record continues to improve with the LTIFR dropping to 1.0 over the 12 months, well below the industry average. In addition, Saracen's strong environmental track record continued with no significant environmental breaches across our operations.

Gold production for FY2018 exceeded all previous records with over 316,000oz produced from our two operations, Carosue Dam and Thunderbox. This output also exceeded market guidance and was delivered at a low All-In-Sustaining-Cost ("AISC") of \$1,139/oz. Cash and equivalents were over \$118m at year end, despite a \$71.8m investment in growth capital and exploration during the year. In addition, a further 73,532oz of gold was contained in closing stockpiles at year end, a 29% increase on last year.

We continue to develop new ore sources with the commencement of the 'C' zone open pit at Thunderbox and the high grade Kailis open pit, 80km south of the Thunderbox Operation. In addition, two portals were cut at Thunderbox to facilitate the establishment of underground drilling platforms for resource delineation.

This year also featured the publication of our inaugural Sustainability Report. The Report is an acknowledgement of our responsibilities to all of our stakeholders, and the need to operate in a manner that fosters connections with our communities and the environment and promote their well-being and longevity.

An integral part of our sustainability commitment is our engagement with the local indigenous communities in the towns of Leonora and Kalgoorlie. Shooting Stars is an educational programme that uses netball and other tools to increase school attendance rates for young Aboriginal and Torres Strait Islander girls living in WA's remote communities and regional towns. We are embracing an opportunity to make a difference by committing \$150,000 over three years to kick-start this program in Leonora.

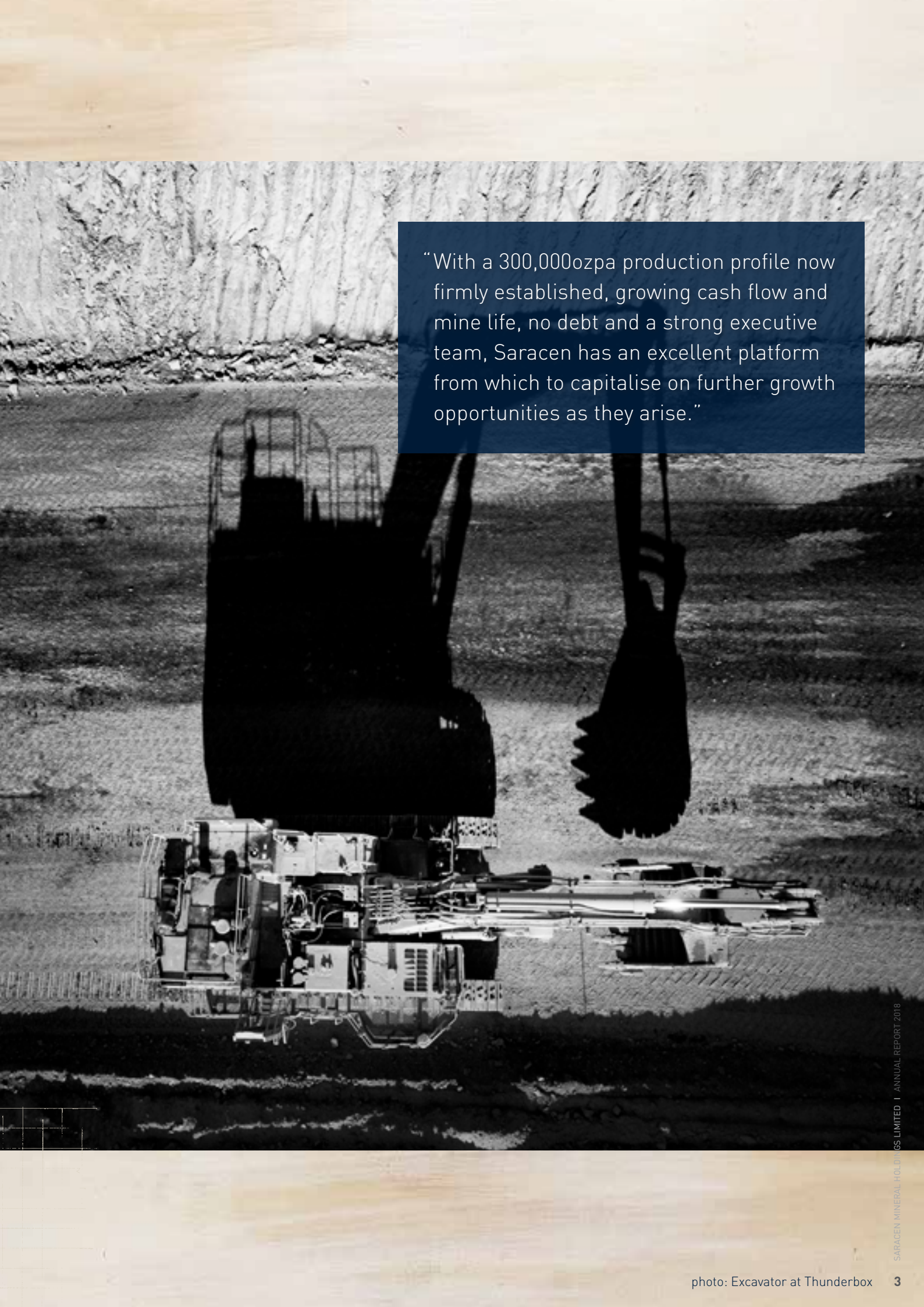
Following outstanding success with the drill bit, we are confident in the longevity of our business. In FY2018 we unveiled our first seven year outlook for group gold production. This is underpinned by the consistent and persistent performance of operations, with production guidance met for the last five consecutive years. We recently increased annual gold production guidance for FY2019 to 325-345,000oz.

We are now focused on delivering our next chapter of growth, the "flight to 400". Investments include a \$60m exploration budget across the Saracen group for FY2019. At our Thunderbox Operations \$13m will be invested in the development of a hanging wall drill drive, drill platforms and associated drilling to delineate the first stage of the Thunderbox underground mine. A further \$17m will be invested in the development of stage 2 of the high grade Kailis open pit. The Carosue Dam Operations will receive investments of \$23m in the construction of a paste fill plant adjacent to the Karari and Whirling Dervish underground mines, the commencement of drilling along the "corridor of riches", the construction of a \$7m sealed aerodrome, the expansion of the accommodation village, the execution of a four year underground mining contract with Byrnescut, and the approval for a feasibility study into the potential expansion of the Carosue Dam processing plant. The exciting joint venture with Anglo Gold Ashanti also continues to deliver positive news flow with deeper drilling programs in the Butcher Well district.

I would like to personally thank all of our dedicated employees and contractors for their contributions to our relentless push for sustainable growth and value creation over the last year. Without the engagement and backing of all of our stakeholders, these efforts would have counted for little. So as we embark on our next exciting chapter of growth, it is of paramount importance that we have the courage to keep our eyes on the prize, and ensure that we deliver our stakeholders safe and prosperous outcomes.



RALEIGH FINLAYSON
Managing Director



“With a 300,000ozpa production profile now firmly established, growing cash flow and mine life, no debt and a strong executive team, Saracen has an excellent platform from which to capitalise on further growth opportunities as they arise.”

REVIEW OF OPERATIONS

OVERVIEW

Saracen Minerals Holdings Limited is an ASX-listed gold company (ASX:SAR) producing ~ 320,000 ounces 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.

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. CDO operations include the Carosue Dam Project (comprising the Karari and Whirling Dervish gold deposits), the Porphyry Project (comprising the Porphyry, Million Dollar, Enterprise, and Wallbrook deposits), and the Deep South Project (comprising of the Deep South and Safari Bore deposits). Saracen acquired the CDO assets in 2006 and commenced commercial gold production in 2010. Since then, Saracen has produced over 1.2 million ounces of gold from open pits and underground mines at CDO. In April 2017, Saracen began the development of its 15th mine in the area with the commencement of the Whirling Dervish underground mine.

Saracen's CDO tenement holdings 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.

Supporting the mines, CDO comprises a processing plant, two accommodation villages (with the ability to support 400 people), various water and power infrastructure facilities 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

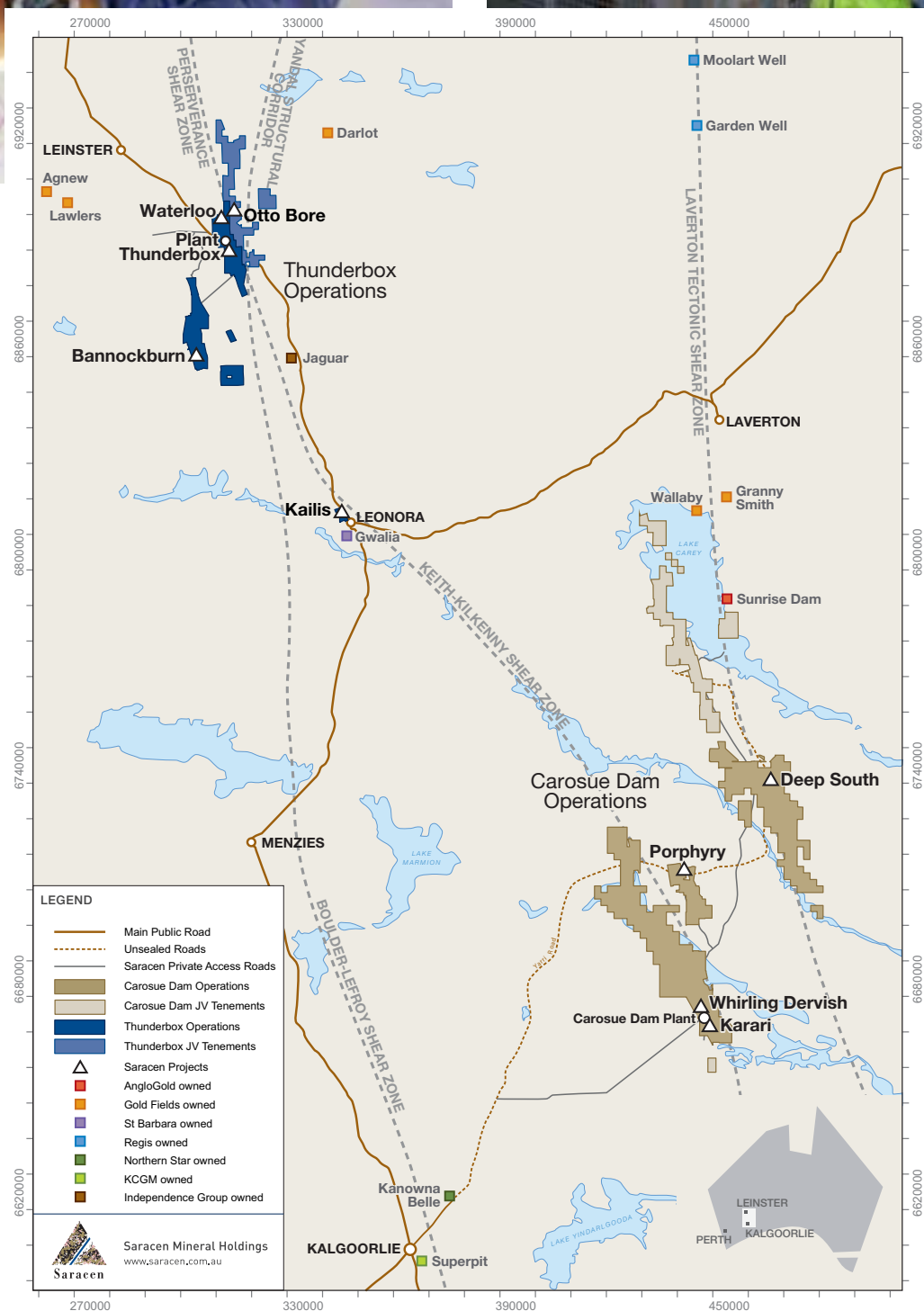
Saracen Mineral Holdings Limited owns 100% of the Thunderbox Operations ("TBO") through its wholly owned subsidiary Saracen Metals Pty Ltd. Saracen acquired the TBO assets in 2014 and commenced commercial gold production in 2016. TBO operations include the Thunderbox Project (comprising the Thunderbox, Rainbow and Mangilla gold deposits), the Kailis Open Pit, the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits). In October 2017, Saracen poured the one millionth ounce of gold produced from the Thunderbox Operations and in June 2018, with the cutting of the portal and establishment of an exploration drill drive, began development of the potential Thunderbox underground mine.

TBO is located in the highly prospective Yandal and the Agnew-Wiluna Belts in the North Eastern Goldfields of Western Australia, centred on the Thunderbox Open Pit and CIL gold treatment plant located 45km south of the town of Leinster in Western Australia, immediately adjacent to the sealed Goldfields Highway.

The Thunderbox processing facility, which was recommissioned by Saracen 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, although, during FY2018 the processing plant did at times, operate at a run rate of up to 2.8Mtpa. Existing infrastructure comprises a 268 person accommodation village, an airstrip, power and water infrastructure, Goldfields Gas Pipeline spur, bore field water supply and telecommunication services.

During FY2018, Saracen completed mining Stage 1 of the Thunderbox open pit, known as A Zone and commenced mining activities at the Thunderbox open pit C Zone. In addition, Saracen commenced and completed mining at the Stage 1 Kailis open pit.





Saracen tenement holdings and principal gold deposits.

HEALTH, SAFETY AND ENVIRONMENT

Health & Safety

The Saracen Group Lost Time Injury Frequency Rate ("LTIFR") for the 12 months to June 2018 was 1.0 (2017: 3.7), a 72% improvement and the Total Recordable Incident Frequency Rate ("TRIFR") was 11.7 (2017: 18.3), a 36% improvement. It is particularly pleasing to report these significant improvements in FY2018 for both of these key lag indicators – a testament to Saracen's continuing business improvement and maturity.

During the year, the focus has been on ensuring that Saracen has a Safety Management System based on the risk management of principal hazards, including the regular review and audit of the Company's critical controls. The monitoring and interpretation of both lead and lag indicators is a core area as part of our drive to achieve and ensure a safe place of work.

To ensure the ongoing readiness of the Company's Operational Emergency Response Teams ("ERT"), training and enhancement of the teams' capabilities continued throughout the year. The value of this was demonstrated during March 2018 when the ERT team was called upon to assist in the management of a small gold room fire at the Thunderbox operation. Pleasingly, this incident was skilfully contained with no injuries and minimal impact on gold production.

During FY2018, the Company has seen considerable improvements in the Health and Safety area but also recognise that further improvements are still required to strive for an injury free workplace. Throughout the year, the Saracen Board and Executive have made themselves available to complete "verification of risk" tasks in the field, which was a positive engagement and demonstrates Company-wide commitment to this critical business area.

To ensure continuing Company focus in this area, a Safety Reset initiative was completed during Q4 of FY2018, setting a new challenge for the next leg of our safety journey. The challenge was encompassed in the following statement "The standard you walk past is the standard you accept". We expect that safety performance across our operations will continue to improve as the business continues to grow and mature.

"During a year of unparalleled growth for Saracen, we are proud to say that our safety record continued to improve, and that there were no significant environmental incidents."

Environmental Regulation and Performance

Saracen recognises that respecting the environmental values held by people both within and outside of the Company is an integral part of doing business.

Saracen is committed to conducting operations in an environmentally sensitive manner. Through the implementation of a Company-wide Environmental Management System ("EMS"), Saracen is able to continually minimise any adverse environmental risks that may be associated with its business activities. The Saracen 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 significant non-compliances during the year.

The Group is also subject to reporting requirements of the National Environmental Protection (National Pollution Inventory) Measure 1998 ("NPI") and the National Greenhouse and Energy Reporting Act 2007 ("NGER"). 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 of these reports submitted in September 2017 and October 2017 respectively.

Key environmental achievements during FY2018 included:

- Completion of a rehabilitation performance assessment report for the Serengeti and Safari Waste Rock Landforms (Mt Celia Project). The landforms have successfully achieved compliance with closure completion criteria commitments, therefore Saracen have applied for "sign off" of the infrastructure under the requirements of the Mining Rehabilitation Fund ("MRF").
- Submission and attainment of all key environmental approvals for 10 years of operations at the Carosue Dam Project. All major infrastructure requirements in the current CDO Life of Mine Plan have been fully approved through the required regulatory bodies.
- Completion of a 10 year Water Supply strategy for CDO. This strategy includes the findings of an airborne Time Delay Electromagnetic survey completed at Carosue Dam and Deep South in December 2017. Importantly, the findings from this survey will enable Saracen to more accurately and efficiently target groundwater resources through future drilling campaigns.
- The Company progressed planning for a semi-integrated landform/Tailings Storage Facility ("TSF") design of the Thunderbox Eastern Waste Rock Dump and TSF to minimise disturbance.
- The Company finalised the updated Risk Assessment on the inherited legacy contamination caused by windblown dust from TSF Cells A & B at Thunderbox. This assessment demonstrated that 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 Company will continue to monitor dust deposits in line with the approved Site Management Plan to ensure that the risk remains low and continues to be managed.
- Construction and development of a new palaeochannel borefield at Bannockburn to deliver 10 years of sustainable process water supply for the Thunderbox operations. All work at the Thunderbox A, B, C and K borefields has been successfully completed during FY2018. Assessing the A, B, C and K borefields, were completed in the adjacent

PRODUCTION & COSTS

Carosue Dam Operations

For the financial year ended 30 June 2018 ("FY2018"), gold production from the CDO was 171,301oz (2017: 155,970oz) at an All in Sustaining Cost ("AISC") of \$1,199/oz (2017: \$1,413/oz).

During FY2018, the Karari underground mine realised a steady state production rate of greater than 1.0Mtpa. Total ore production for the year was 1,134,000t at 2.87g/t for 104,000 contained ounces - a 30% increase to tonnage from the previous year. Underground drilling at Karari has continued throughout the year from two additional drill platforms with the stated aim of providing infill drilling and increased resource confidence.

A number of large capital projects are currently in progress at Karari. The new heavy vehicle workshop construction is on schedule and a contract has been awarded for the construction of a paste backfill plant capable of producing 110 to 120m³/hr of paste for filling stopes in the Karari underground mine (and potentially the Whirling Dervish underground mine also).

As planned, the FY2017 focus at Deep South had been to ramp up ore production to a sustainable profile whilst carrying out the necessary work to increase the understanding of the orebody, and contribute positively towards production during FY2018. This provided a solid platform leading into FY2018 and the improved understanding has enabled development and production activities to successfully be de-coupled during the year allowing ore production to sustain an average 48,000 ore tonnes per month. Ore production for FY2018 from Deep South totalled 584,000t @ 3.09g/t for 58,000 contained ounces.

Production will taper off at Deep South during FY2019. This is in line with the Company's strategy of realising bulk underground production within direct trucking distance of the CDO mill. The Karari / Dervish mine complex is expected to fill the 2.4Mtpa CDO mill from the commencement of FY2020.

Development of the Whirling Dervish decline (which was previously developed to the underground drilling platform), recommenced during the June 2018 quarter after approval was gained to establish the underground mine for production activities in FY2019.

At the end of the financial year the decline has advanced 51m vertical below the access portal (231m below the surface). Ore mineralisation was intersected in the underground workings which will be established for production activities during FY2019.

Carosue Dam		Quarter				
	Units	September 17	December 17	March 18	June 18	FY2018
Underground Mining						
Ore Mined	t	423,000	359,000	473,000	463,000	1,718,000
Mine Grade	g/t	3.2	2.9	2.9	2.8	2.9
Contained Gold	oz	43,217	33,008	44,329	42,060	162,614





Thunderbox Operations

During FY2018, gold production from the Thunderbox Operations was 145,152oz (2017: 116,837oz) at an AISC of \$1,071/oz (2017: \$1,253/oz).

Open pit mining at the Thunderbox A Zone pit and Kailis Stage 1 pit were completed during the year. Total ore production for the year from A Zone was 735,000t at 2.55g/t for 60,000 contained ounces and the Kailis Stage 1 produced 871,000t at 2.31g/t for 65,000 contained ounces of which 32,000 ounces remain on stockpile at the end of FY2018. The Kailis Stage 2 open pit is scheduled to commence production in December 2018.

Mining from the Thunderbox C Zone pit was ongoing with this ore supply replacing the A Zone pit as the base load feed for the Thunderbox processing plant. Total ore production for the year from C Zone was 1,804,000t at 1.04g/t for 60,000 contained ounces.

Performance during the year of the Thunderbox ore body was excellent with 2.5Mt mined at an average grade of 1.5g/t and a yearly mine call reconciliation factor of 101% of the contained ounces.

In late FY2018, underground mining also commenced at Thunderbox with the cutting of two portals in the southern end of the A Zone pit. The focus for FY2019 will be on establishing the drilling platform to allow the ore body to be delineated at depth, through a methodical drilling program. A modest amount of ore will be delivered during the year as part of these development activities.

Thunderbox		Quarter				
	Units	September 17	December 17	March 18	June 18	FY2018
Open Pit Mining						
Total Mining	bcm	4,425,000	3,507,000	2,155,000	1,819,000	11,906,000
Ore Mined	t	575,000	912,000	913,000	1,010,000	3,410,000
Mine Grade	g/t	2.3	1.5	1.9	1.4	1.7
Contained Gold	oz	41,786	44,313	54,557	44,787	185,443



“With Whirling Dervish showing early promise, and Karari’s outstanding form continuing, Saracen is well positioned to continue mining at Carosue Dam for at least the next 10 years”



PROCESSING

The CDO processing plant continued to perform at above nameplate capacity during FY2018, with 2,479,000 tonnes of ore milled. The plant ran at an average head grade of 2.3g/t which reflected the contribution from high grade underground ore sources, namely Karari and Deep South, supplemented with lower grade stockpiles and quantities of the third party ore. Overall recovery for the year was 93.0% which is in line with the long term average for CDO. Total gold produced for the year were 171,301oz.

Carosue Dam		Quarter				
	Units	September 17	December 2017	March 18	June 18	FY2018
Mill Production						
Ore Milled	t	646,000	633,000	589,000	611,000	2,479,000
Mill Grade	g/t	2.2	2.1	2.5	2.5	2.3
Recovery	%	93.0%	93.1%	93.2%	92.6%	93.0%
Recovered Gold	oz	43,083	40,371	43,167	44,680	171,301

In FY2018, the Thunderbox processing plant exceeded nameplate capacity for the first time since its re-start with a total of 2,656,000 tonnes milled at an average cost of \$20/t. The inclusion of Kailis oxide ore in the mill blend contributed to the increase in throughput rates and provided a higher grade supplement for the predominantly fresh ore sourced from the Thunderbox pits (A and C zones). An average feed head grade of 1.8 g/t was realised (a 5% increase on FY2017) and the plant recovery was 93.9% (a 2.5% increase over FY2017). Recoveries progressively increased by an average of 0.3% each quarter following the completion of several improvement and optimisation projects across the CIL and gravity circuits and averaged 94.3% during the second half of the year. The total ounces produced were 145,152oz.

Thunderbox		Quarter				
	Units	September 17	December 17	March 18	June 18	FY2018
Mill Production						
Ore Milled	t	554,000	676,000	710,000	716,000	2,656,000
Mill Grade	g/t	2.2	1.8	1.7	1.6	1.8
Recovery	%	93.3%	93.6%	94.6%	94.1%	93.9%
Recovered Gold	oz	37,191	37,152	36,560	34,249	145,152



photo - Carosue Dam Mill crew

EXPLORATION

During FY2018, Saracen continued to focus on organic growth opportunities proximal to existing resources and operating mines. A significant investment in underground drilling was a key priority aimed at delivering further growth in the Ore Reserves and subsequent mine life. A total of 118,413m of underground diamond core was drilled at Carosue Dam. This drilling was spread across the Karari, Whirling Dervish and Deep South operations.

Underground drilling at Whirling Dervish commenced in the first half of FY2018. The large underground diamond drill program consisting of 43,223m was initially focused on the close spaced infill drilling across the upper levels proximal to the portal location. In the second half of the year a number of deeper resource extension and exploration holes were drilled. The drilling has providing valuable local scale data and has also demonstrated that the mineralised system remains open.

Drilling at Karari was accelerated in the second half of FY2018, following the completion of a new diamond drill platform at the 1940 Level. This drill platform provides the next vantage point in the north side of the mine that will continue to facilitate growth and extension of the resource from this location. Drilling the southern extensions will commence early in FY2019, as the 1916 Level drill platform is completed.

Surface drilling was focused across the Thunderbox region, with resource definition programs undertaken at Thunderbox 'D' Zone, Kailis and Otto Bore. These programs were largely resource infill in nature, confirming the geological interpretation and validating inherited historical datasets. These programs were highly successful and will warrant additional follow up drilling during FY2019.

Regionally, a number of high-resolution gravity surveys were conducted across key prospective areas. These included the Bannockburn district and the Carosue Dam mine corridor. The results from these surveys have significantly improved the local scale targeting through increased resolution of the interpreted geology. Drilling of these key targets has commenced and will continue through into FY2019.

The Butcher Well JV project with AngloGold Ashanti Australia (ASX:AGG) has also been advanced during FY2018, with AngloGold completing a number of programs across the Butcher Well and Lake Carey projects. Highlights included a new discovery at Old Camp, which will continue to be a focus of ongoing work for FY2019.



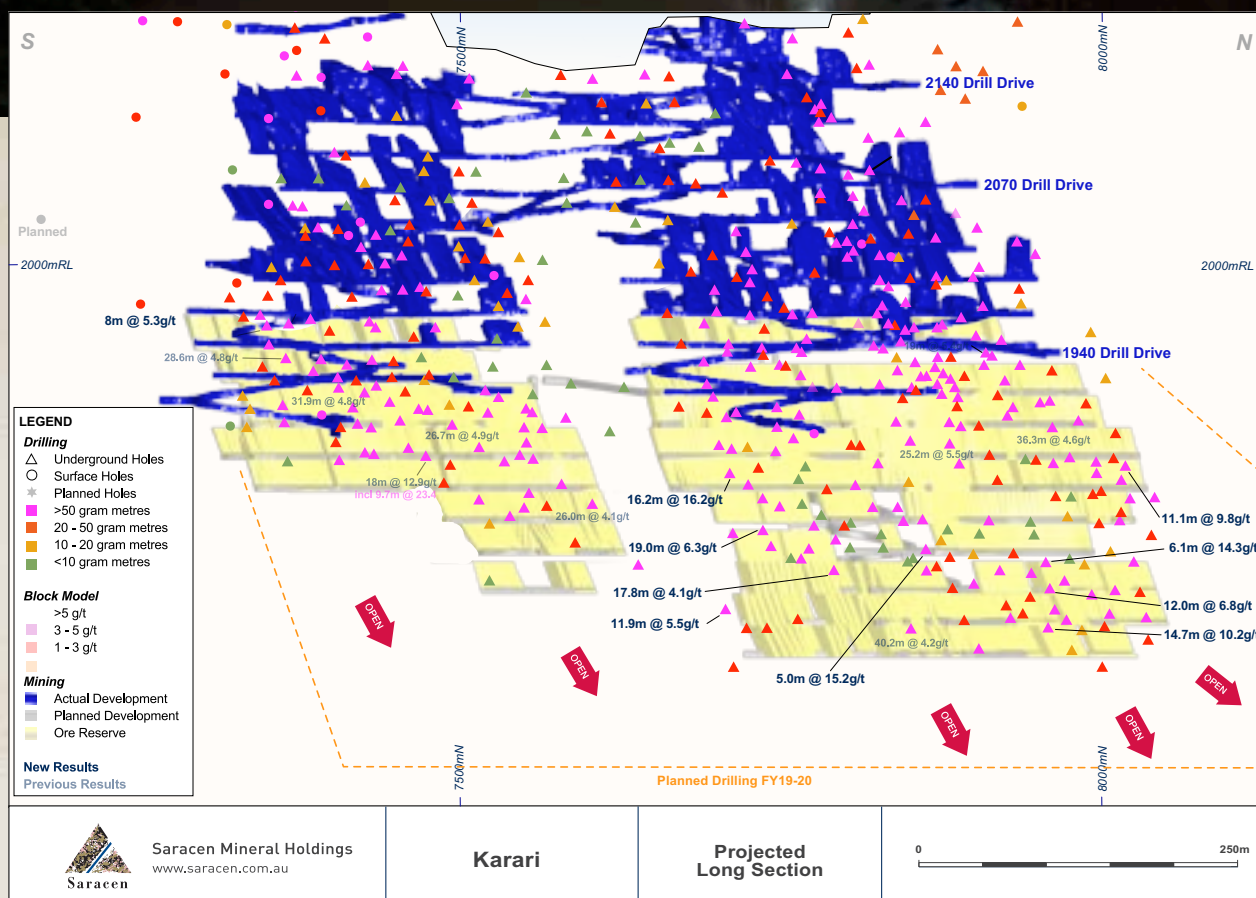
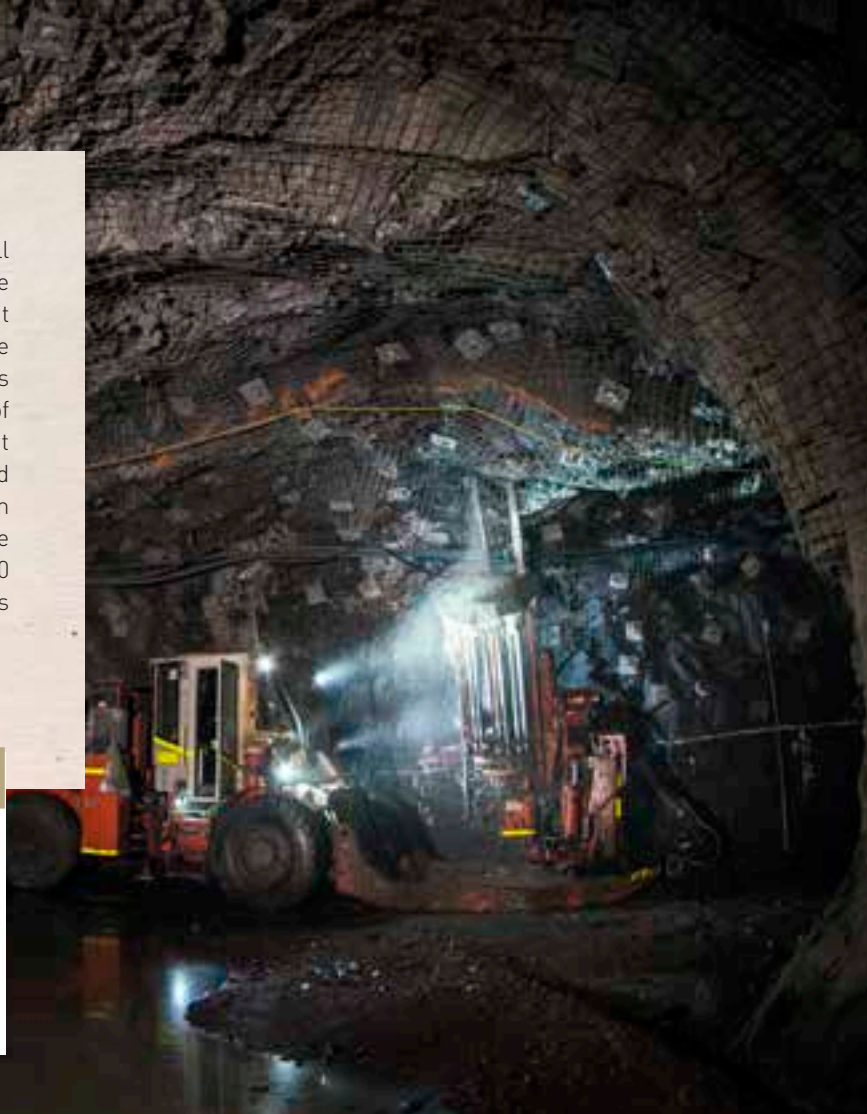
photo: Inspecting new drill core at Luvironza

Karari

Early in FY2018 drilling continued from the upper drill platforms to further enhance the confidence in the mine plan. A small hiatus in drilling while the programs at Whirling Dervish commenced, facilitated a review of the planned surface 'Deeps' program. This program was aimed to test up to 900m below surface. The addition of a third jumbo into Karari accelerated the development of the 1940 Level diamond drill platform, which created the opportunity to complete the 'Deep' holes from underground. These holes will be completed in a more cost effective manner in FY2019. Drilling from the 1940 Level drill platform below the FY2017 Ore Reserve has continued to deliver exceptional widths and grades.

Highlights include:

KREX024:	40.2m @ 4.2g/t from 342.2m
KREX026:	13.8m @ 9.1g/t from 309.0m
KRRD228:	44.7m @ 4.4g/t from 283.0m
KRRD246:	19.1m @ 6.2g/t from 361.0m



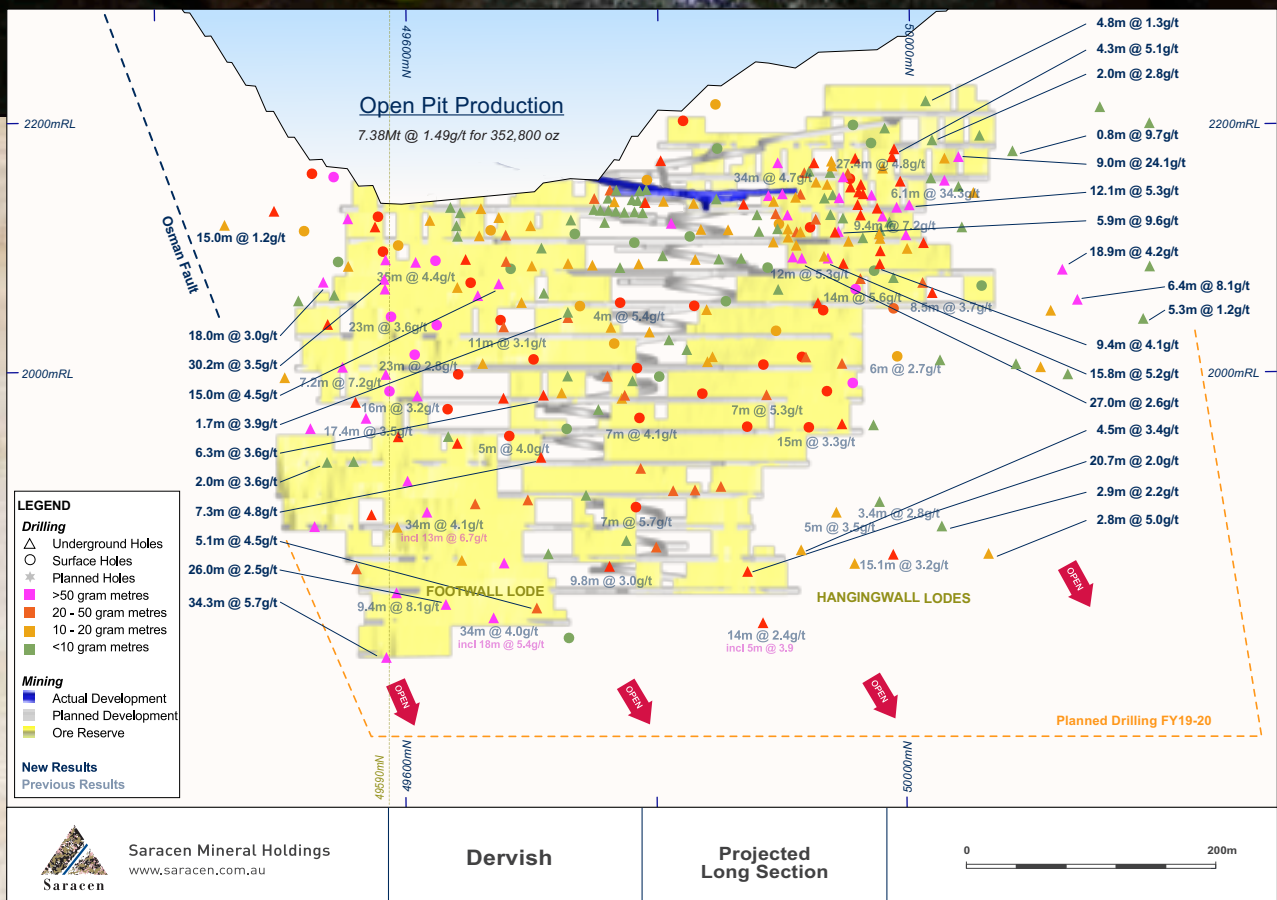


Whirling Dervish

A significant underground drilling program was carried out at Whirling Dervish during FY2018. An underground platform was established early in quarter 1, with drilling commencing as soon as practical. Drilling initially focused on close spaced grade control style infill in the upper areas of the Ore Reserve to confirm grade variability and increase geological confidence. Exceptional drilling productivities were observed early in the program, which expedited the extensional exploration drilling planned for the second half of the year. The exploration program tested the continuity of the down dip position and returned some very encouraging results in the southern end of the lodes. Late in the second half of the year, as the programs focused on the north, further positive results were returned. These areas will be followed up with further drilling in FY2019.

Highlights include:

WDEX033:	32.3m @ 3.0g/t from 261.0m
WDGC095:	6.1m @ 34.3g/t from 224.0m
WDRD044:	34.0m @ 4.1g/t from 273.0m
WDRD045:	34.0m @ 4.0g/t from 330.5m

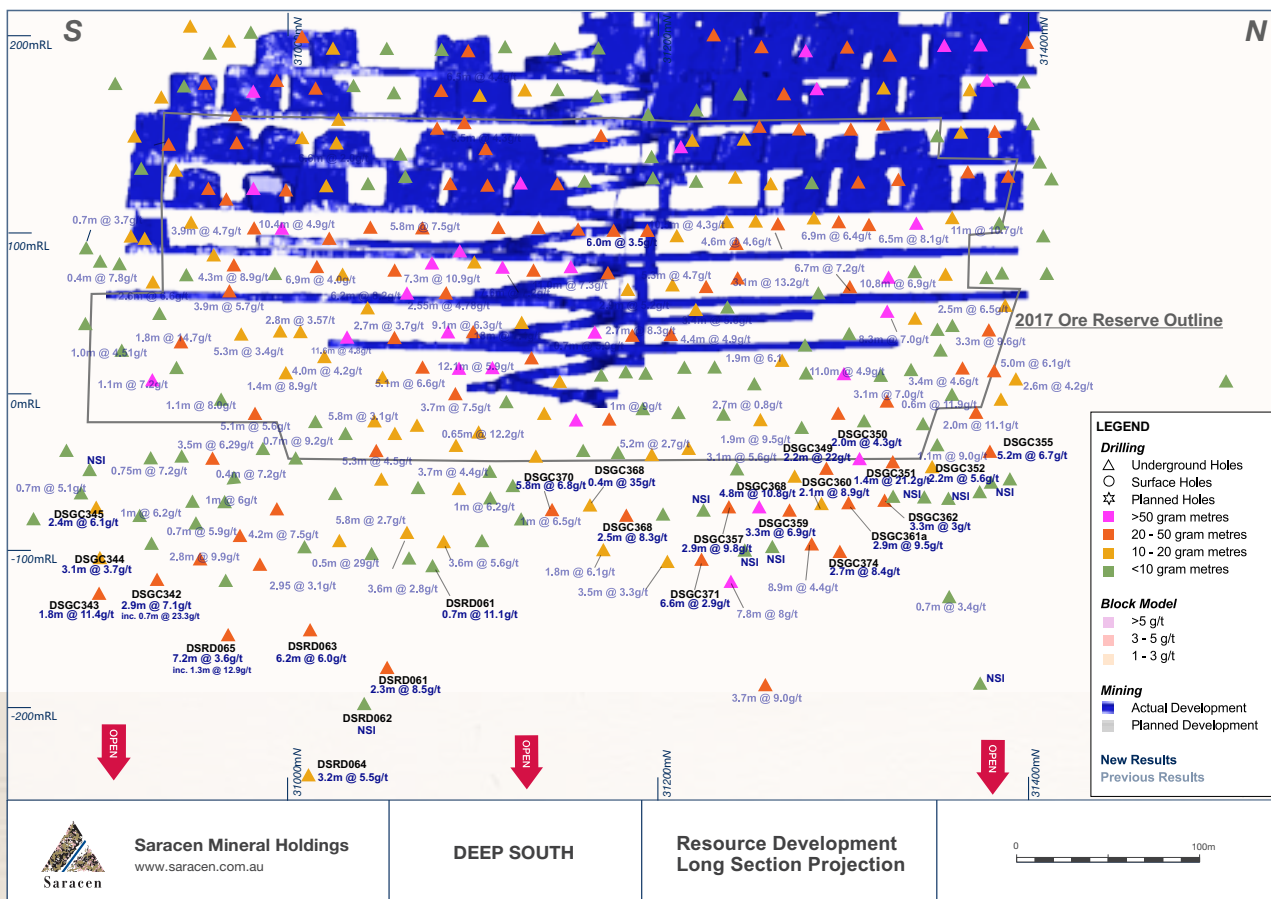


Deep South

Drilling at Deep South during FY2018 was focused on extensional and infill grade control drilling below the Ore Reserve. An underground diamond rig operated for most of the year, and drilled 21,819m, targeting both the Butler and Scarlett Lodes. The grade control drilling correlated well with the previous resource drilling, with the existing high grade trends confirmed and defined. The extensional drill program highlighted further grade variability with depth and an overall reduction in mineralisation widths. A detailed review of the mineralisation controls has identified a number of new targets below the current mine design. These targets will be tested in the first half of FY2019.

Highlights include:

DSGC265:	8.0m @ 7.9g/t from 282.0m
DSGC274:	9.1m @ 6.3g/t from 116.1m
DSGC332:	8.8m @ 8.5g/t from 102.5m
DSGC340:	2.8m @ 9.9g/t from 218.2m





Kailis

Prior to and during the mining of the Kailis open pit, a number of extensive infill drilling programs were executed to de-risk the project. The Kailis mineralisation is controlled by a network of flat dipping shear zones within a large granite host. The grade distribution is highly variable due to the high proportion of visible gold and the influence of the weathering profile. Closed spaced drilling was critical to improve the resource performance and increase the recovery of ounces during mining. A total of 75,408 meters of RC drilling was completed at Kailis during the year.

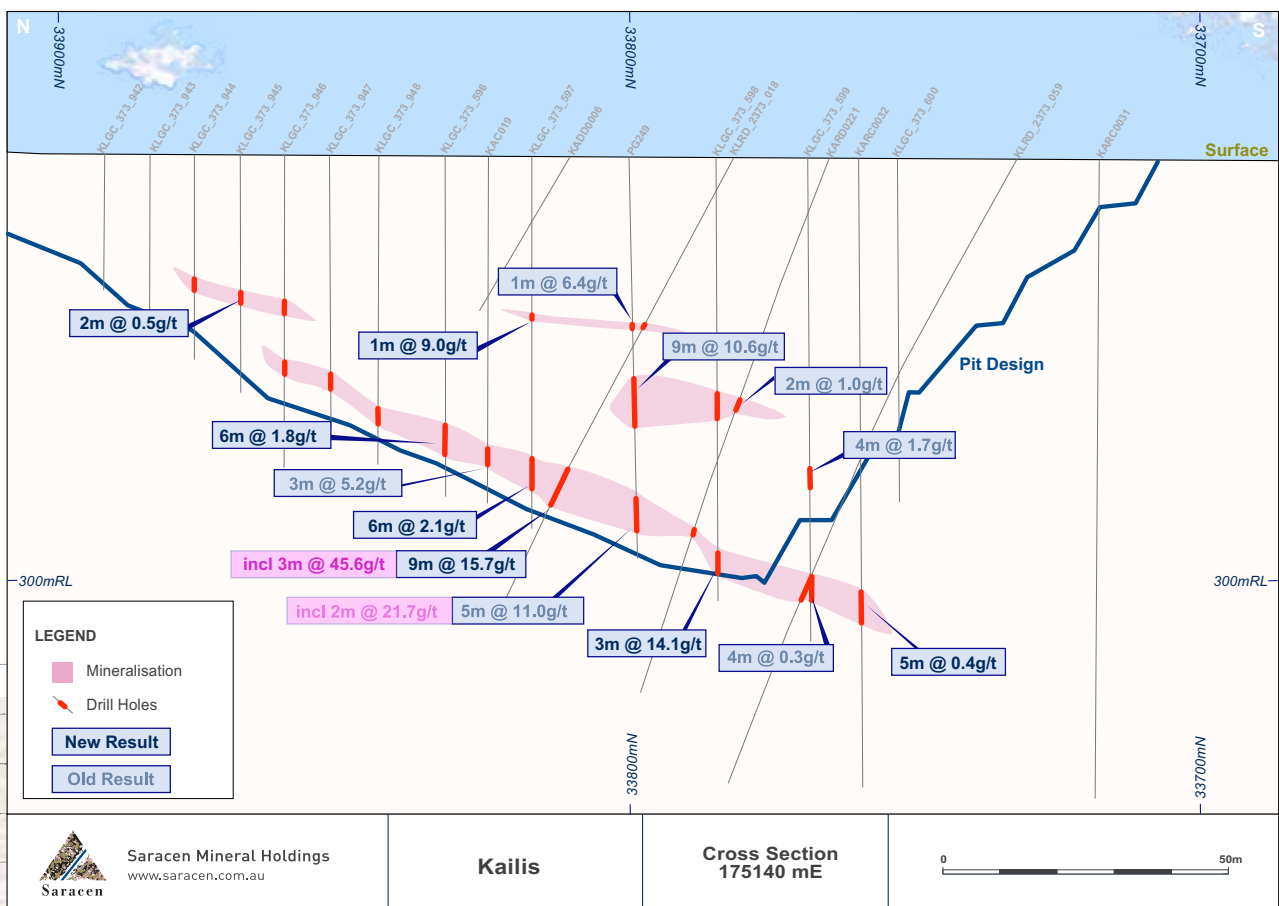
Highlights include:

KLGC_340_258: 22.0m @ 8.8g/t from 32.0m

KLGC_330_031: 12.0m @ 7.2g/t from 20.0m

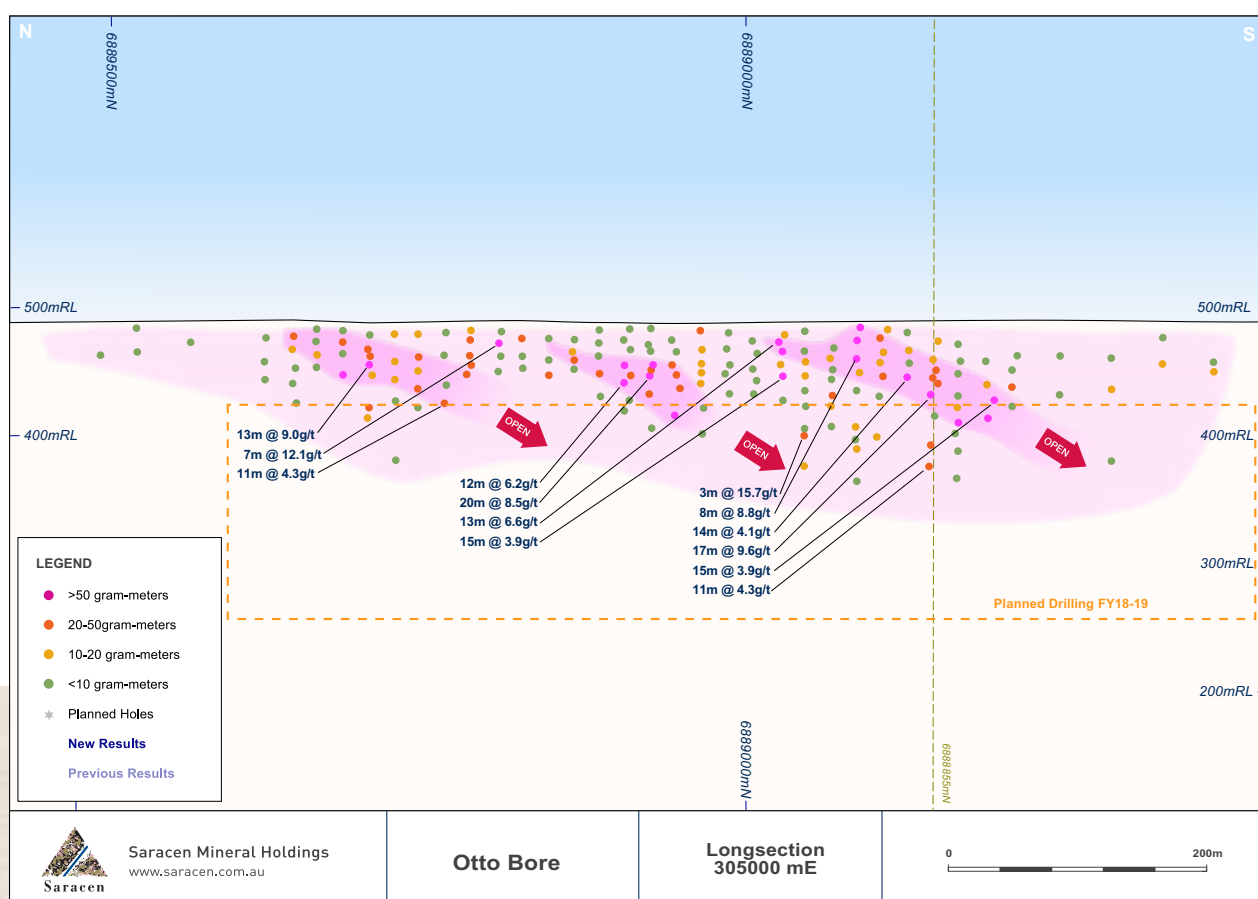
KLGC_330_036: 8.0m @ 5.6g/t from 29.0m

KLGC_330_069: 12.0m @ 19.1g/t from 32.0m



The Otto Bore project (formally known as Mangilla) is a Mineral Resource located 9km north of the Thunderbox mill. Up to FY2018, Saracen had not completed any drilling at the Otto Bore project. With increased throughputs observed at the Thunderbox mill with the introduction of softer oxide ore, the project has been reinvigorated given its high percentage of oxide material. The mineralisation strikes north-south and dips ~60° to the west. A number of higher grade shoots plunge gently to the south and mimic a classic 'pinch and swell' geometry. During FY2018 the first resource definition program aimed to validate the existing data as well as infill the higher grade areas of the resource. Further follow up drilling is planned for FY2019.

OBRD040:	20.0m @ 8.5g/t from 33.0m
OBRD112:	17.0m @ 9.6g/t from 55.0m
OBRD012:	13.0m @ 9.0g/t from 25.0m
OBRD052:	13.0m @ 6.6g/t from 12.0m



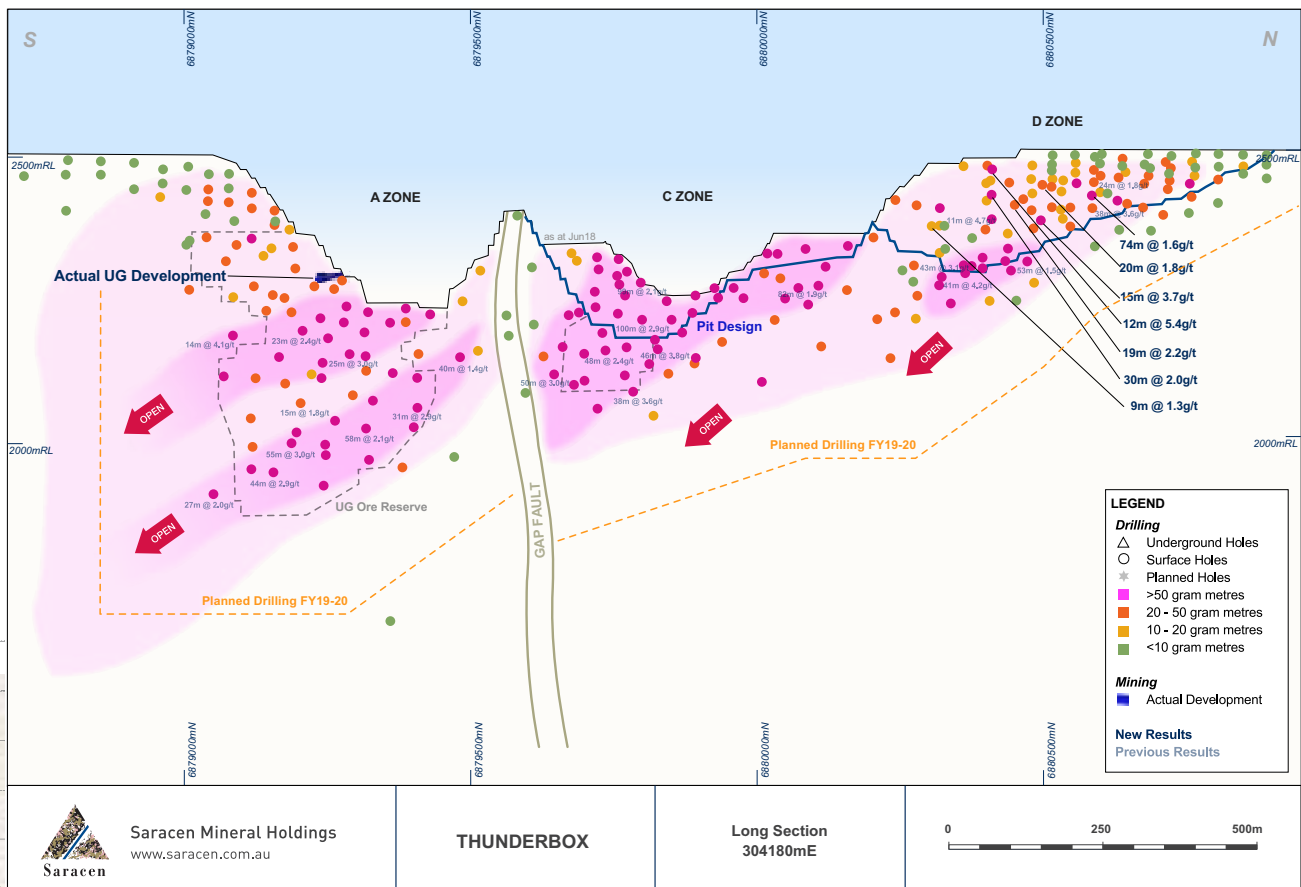


Thunderbox

Following an extensive drilling campaign in the 'A' Zone at Thunderbox in FY2017 which resulted in a maiden underground Ore Reserve, attention returned to potential open pit opportunities. A review of the Thunderbox 'D' Zone highlighted a number of small gaps in the drill coverage which would require infill drilling to increase the confidence in the grade continuity and the geological interpretation. A small resource definition program was carried out in the second half of the year to test these data gaps and work towards building the 'D' Zone into the Thunderbox Ore Reserve. The drill program was successful in defining the mineralisation and returned some positive results.

Highlights include:

TBRD101:	38.0m @ 3.6g/t from 99.0m
TBRD103:	27.0m @ 5.9g/t from 70.0m
TBRD106:	11.0m @ 4.7g/t from 155.0m
TBRD102:	24.0m @ 1.8g/t from 69.0m



Butcher Well Farm-In Joint Venture

The Butcher Well farm-in Joint Venture is an agreement between AngloGold Ashanti Australia Ltd ("AAGA") and Saracen. AAGA is farming in to the project by spending up to \$25M to earn 70%. During the FY2018 period AAGA has been actively exploring both the Butcher Well corridor and key targets across the Lake Carey tenements. Drilling at the Old Camp prospect has successfully delineated a new lode which has significant underground potential. Early metallurgical test work completed confirms historical analysis with variable recoveries being reported. Drilling and test work is ongoing and will form part of future mining studies.

Highlights include:

BWD031:	49.0m @ 5.2g/t from 589.0m
BWD052:	29.0m @ 12.9g/t from 562.0m
BWD037:	5.0m @ 31.0g/t from 416.0m
BWD041:	5.0m @ 10.6g/t from 343.0m

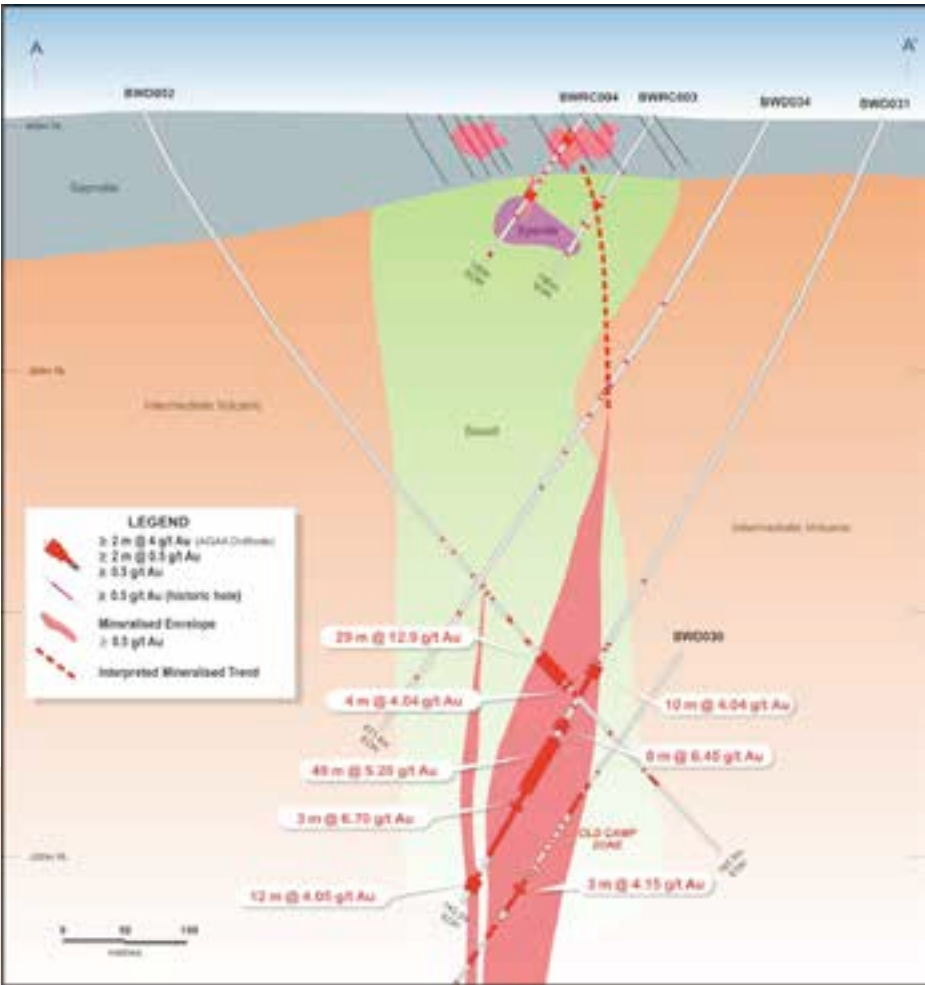


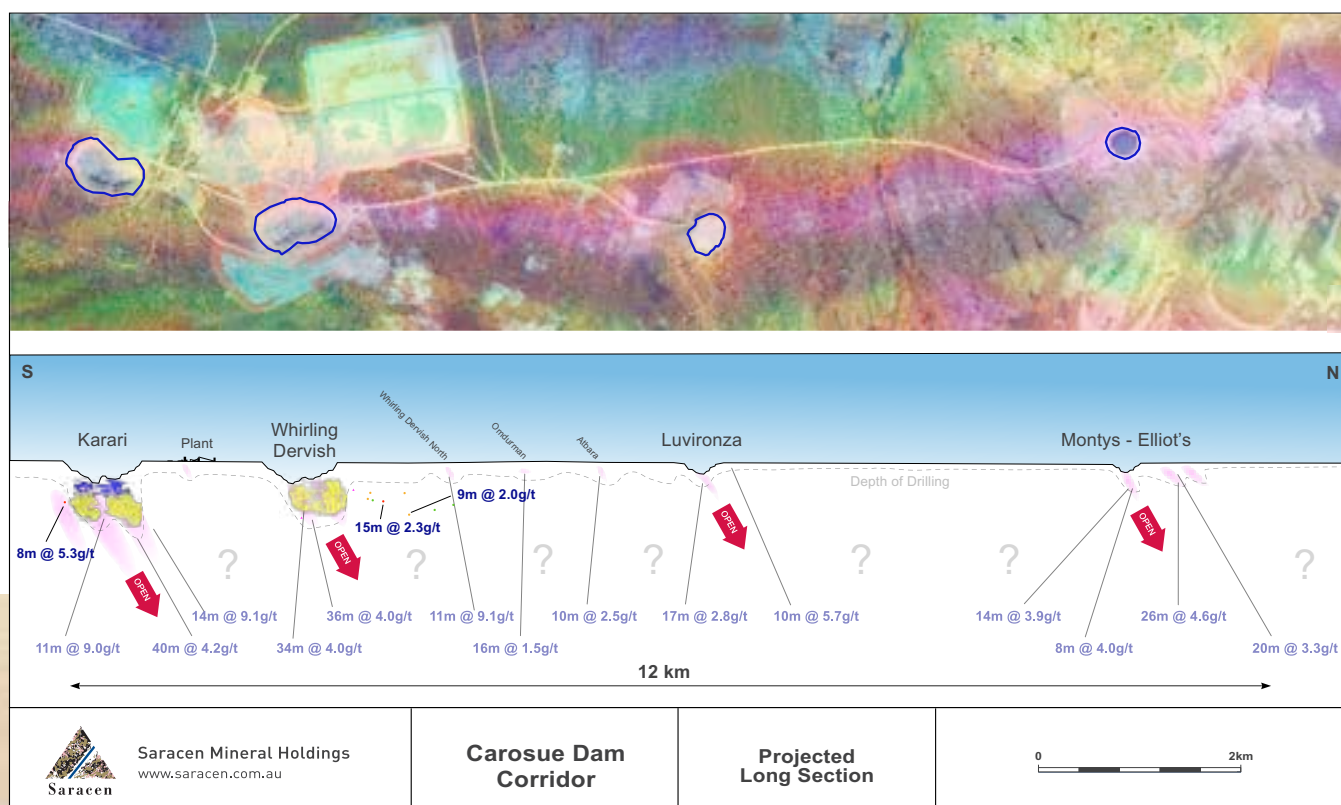
photo: Cutting drill core at Carosue Dam



Regional Exploration

A detailed geological mapping and drill hole logging study was completed at the Karari deposit early in FY2018 to advance the understanding of the controls and mechanisms for gold mineralisation. The outcomes from this work highlighted a number of characteristics which are applicable to further discovery along the Carosue Dam corridor. To improve the targeting along the corridor a high-resolution gravity survey was completed. This targeting work will be followed up with drilling in FY2019. The Bannockburn region was also the subject of intense review during FY2018. The review included detailed mapping of existing pits, geological modelling of historic drill data and acquisition of regional scale high-resolution gravity and magnetotelluric data. This review has upgraded the prospectivity in the Bannockburn district and will be the subject of further work in FY2019.

“We are ramping up our exploration efforts, drilling out a host of targets ranging from immediate extensions to known deposits, to mine corridor anomalies targeting new discoveries.”



FINANCIAL RESULT

The Group reported a net profit after tax of \$75.6 million, an increase of 166% on the previous year (2017: \$28.4 million). This result is inclusive of a non-cash write down of \$0.9 million relating to the disposal of the Wallbrook project, the expensing of \$1.4 million of exploration costs previously capitalised (refer to note 11), and a gain of \$10.6m on the disposal of the King of the Hills project.

Sales revenue for the year was \$511.0 million, up 21% from \$423.1 million in the previous year. Gold production for the year was 316,453 ounces up 16% from 272,807 ounces in FY2017. Gold sales for the year were 317,675 ounces, up 19% from 266,556 ounces in 2017 and the average gold price realised for the year was \$1,606/oz, down 2% from \$1,642/oz in 2017.

Gross profit from mining operations for the year was \$117.6 million (2017: \$51.6 million) after deducting \$17.8 million for royalties and \$94.3 million in depreciation and amortisation (2017: \$14.6 million and \$74.7 million respectively).

Net cash flow from operations for the year was \$191.4 million (2017: \$125.6 million). Capital expenditure on purchases of plant and equipment, mine development and exploration totalled \$130.2 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, Deep South and Whirling Dervish underground mines at CDO (2017: \$117.9 million).

CASH, DEBT & HEDGING

As at 30 June 2018, Saracen's total cash and liquid position was \$106.7 million (30 June 2017: \$43.9 million), comprised of \$99.8 million held in cash and 4,300 ounces of gold in transit (approx. \$6.9 million). Gold in transit was valued using a price of \$1,600/oz. In addition, Saracen holds investments in Red 5 Limited (ASX: RED), Nexus Minerals Limited (ASX: NXM) and Matsa Resources Limited (ASX: MAT) which were valued at \$11.7 million as at 30 June 2018.

The Company maintains a long term senior corporate financing facility. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility is for a term of three years (to November 2019) and features an "evergreen" arrangement with an annual review date whereby the term can be extended.

The Facility also features an accordion provision under which Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the total loan to \$150 million) with the approval of the syndicate members.

As at 30 June 2018, the facility had not been drawn down on.

At 30 June 2018, the Group had in place a total gold hedging program comprising of 275,600oz (2017: 235,343oz) forward sales contracts at an average price of \$1,730/oz (2017: \$1,573/oz) compared to the 30 June 2018 gold spot price of \$1,691/oz. These ounces are scheduled to be delivered over the period from July 2018 to March 2021.

"We have kept our costs tight and remained debt free, this in turn has enabled us to grow our cash and equivalents by another A\$17 million in the last quarter alone to A\$118 million."

PRODUCTION AND GROWTH OUTLOOK FOR FY2019 AND BEYOND

Carosue Dam Operations

In FY2019, gold production will be principally sourced from the Karari, Deep South and Whirling Dervish underground mines with the balance coming from third party ore purchase agreements and various ore stockpiles.

Production guidance at CDO for FY2019 is 190,000 to 200,000ozs.

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

- Delivery aligned to meet or exceed the 7 year production outlook,
- Increase production from Karari underground mine to 1.5Mtpa,
- Commence using cemented paste fill at Karari towards the end of FY2019, increasing overall resource extraction to above 90%,
- Continue growing the Karari resource along strike and at depth,
- Maintain steady state production from the Deep South underground mine (450,000tpa) while exploring the resource at depth and considering future options for this operation,
- Following successful resource drilling of the Whirling Dervish resource, commence full mine development and ramp up to steady state production at Whirling Dervish (700,000tpa),
- Continue growing the Whirling Dervish resource along strike and at depth,
- Maintain a disciplined approach to project execution – start when we need to, aim for projects to be self-funded, ensure the site remains cash flow positive at all times,
- Commence a major exploration program throughout the “Corridor of Riches” and near mine extensions,
- Grow the current gold reserve base,
- Continue working on the strategy of base load feed from Carosue Dam Underground Mines (Karari and Whirling Dervish) with bolt on ‘growth options’ to increase production,
- Optimising production through the Carosue Dam processing plant to increase overall gold production, including investigating grade optimisation opportunities and overall production throughput options,
- Continue the trajectory of reduced All In Sustaining Costs, and
- Generate sustaining cash flows.





Thunderbox Operations

In FY2019, gold production will be principally sourced from the 'C' Zone of the Thunderbox open pit and Kailis Stage 2 open pit. Some production will be sourced from the developing Thunderbox underground mine and various stockpiles.

Production guidance at TBO for FY2019 is 135,000 to 145,000ozs.

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

- Delivery aligned to meet or exceed the 7 year production outlook,
- Maintain base load production from Thunderbox open pits while exploring opportunities for high grade satellite top up feed,
- Continue mining Kailis Stage 2 satellite pit to provide high grade ore feed to optimise ore blending opportunities at the Thunderbox mill,
- Continue developing the Thunderbox underground mine, commence underground resource drilling, and assess various full scale options for this potentially long life mine,
- Continue working on Life of Mine strategy of base load feed from various sources adjacent to the TBO mill with bolt on 'growth options' to increase production,
- Pursue the optimal operation of the Thunderbox mill to maximise cash flow generation,
- Funding all project development through internal cash flow generation,
- Commence major exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine,
- Grow the current gold reserve base,
- Continue the trajectory of reduced All In Sustaining Costs, and
- Generate sustaining cash flows



photo: ROM loader operator at Thunderbox

MINERAL RESOURCES AND ORE RESERVES STATEMENT

As at 30 June 2018

GOLD MINERAL RESOURCES (JORC 2012 COMPLIANT)										
Location	Deposit	Measured		Indicated		Inferred		Total		
		tonnes	g/t	tonnes	g/t	tonnes	g/t	tonnes	g/t	oz
CAROSUE DAM	Karari O/P	21,000	1.3	900	2,100,000	1.5	100,000	230,000	1.4	10,000
	Karari U/G	2,000,000	3.3	210,000	7,700,000	3.4	840,000	2,500,000	3.2	260,000
	Dervish O/P				1,800,000	2.2	120,000	300,000	1.7	16,000
	Dervish U/G				7,100,000	2.3	530,000	1,100,000	2.7	98,000
	Monty's/Elliots	120,000	2.2	9,000	1,400,000	1.8	83,000	370,000	1.6	19,000
	Twin Peaks	40,000	2.3	3,000	560,000	3.4	61,000	80,000	2.8	7,000
	North West				330,000	0.8	9,000	690,000	0.8	18,000
	Pinnacles* (ASX:NXM JV)				260,000	4.8	40,000	290,000	4.7	42,000
	Blue Manna							1,100,000	1.5	51,000
	Porphry O/P				4,200,000	1.3	170,000	2,100,000	1.2	84,000
	Porphry U/G				3,000,000	3.3	310,000	1,600,000	3.3	170,000
	Million Dollar				5,600,000	1.3	230,000	2,100,000	1.5	99,000
	Wallbrook	1,300,000	1.1	44,000	6,800,000	1.0	220,000	4,000,000	1.1	140,000
	Margarets				48,000	1.4	2,000	630,000	1.1	22,000
	Enterprise	220,000	2.1	15,000	310,000	2.2	22,000	140,000	2.2	10,000
	Safari Bore	780,000	2.0	50,000	1,400,000	2.3	100,000	670,000	2.3	50,000
	Deep South O/P	36,000	4.0	5,000	230,000	1.9	14,000	380,000	1.6	19,000
	Deep South U/G	460,000	3.9	58,000	810,000	3.3	85,000	610,000	3.2	63,000
	Deep Well				68,000	2.2	5,000	15,000	2.0	1,000
	Thin Lizzie							330,000	1.3	14,000
	Tin Dog							1,300,000	1.3	54,000
	Bulldog							1,500,000	0.9	44,000
THUNDERBOX	Crimson Belle				970,000	1.8	55,000	570,000	1.4	26,000
	Butcher Well				2,700,000	1.7	140,000	2,300,000	1.7	130,000
	Ore Stockpiles	820,000	1.6	22,000						
	Sub-grade stockpiles	1,900,000	0.6	32,000						
	Carosue Dam Mineral Resources	7,700,000	1.8	450,000	47,000,000	2.1	3,100,000	25,000,000	1.7	1,400,000
	Thunderbox	3,100,000	1.6	160,000	31,000,000	1.7	1,700,000	7,000,000	1.4	310,000
	Otto Bore (Mangilla)				1,100,000	2.0	74,000	310,000	1.6	16,000
	Rainbow	230,000	1.5	11,000	590,000	1.2	23,000	910,000	1.0	30,000
	Bannockburn				9,000,000	2.0	560,000	3,200,000	1.6	160,000
	North Well				4,300,000	1.5	210,000	2,500,000	1.6	120,000
THUNDERBOX	Kailis				1,500,000	2.1	100,000	260,000	1.8	15,000
	Ore Stockpiles	1,300,000	1.1	51,000						
	Sub-grade stockpiles	380,000	0.6	6,800						
	Thunderbox Mineral Resources	5,000,000	1.4	230,000	47,000,000	1.8	2,700,000	14,000,000	1.4	650,000
Total Mineral Resources		13,000,000	1.6	680,000	94,000,000	1.9	5,800,000	39,000,000	1.7	2,100,000
								150,000,000	1.8	8,600,000

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2018

NICKEL MINERAL RESOURCES (JORC 2012 COMPLIANT)									
Location	Deposit	Measured		Indicated		Inferred		Total	
		tonnes	Ni %	tonnes	Ni %	tonnes	Ni %	tonnes	Ni %
THUNDERBOX	Massive					20,000	7.6	20,000	7.5
	Matrix					52,000	4.1	52,000	4.0
	Disseminated					300,000	1.6	300,000	1.6
	Weak Disseminated					48,000	1.8	48,000	1.8
	All Amorac					260,000	2.0	260,000	2.0
Total Mineral Resources		0.0		0.0		680,000	2.1	680,000	2.1

GOLD ORE RESERVES (JORC 2012 COMPLIANT)									
Location	Deposit	Mine Type	Proved Reserves		Probable Reserves		Total Ore Reserves		
			tonnes	g/t	tonnes	g/t	tonnes	g/t	
CAROSUE DAM	Karari	UG	-	-	-	-	7,000,000	3.1	7,000,000
	Dervish	UG	-	-	-	-	3,500,000	2.7	3,500,000
	Million Dollar	OP	-	-	-	-	2,800,000	1.1	100,000
	Wallbrook	OP	230,000	1.1	8,000	1.2	1,300,000	1.2	59,000
	Enterprise	OP	170,000	2.0	11,000	2.4	140,000	2.2	22,000
	Deep South	UG	-	-	-	-	430,000	3.0	42,000
	Stockpiles	S	820,000	0.8	22,000	-	-	0.8	22,000
	Carosue Dam Operations Sub-Total		1,200,000	1.1	41,000	2.5	15,000,000	2.3	1,200,000
THUNDERBOX	Thunderbox*	OP	1,100,000	1.3	46,000	1.5	8,500,000	1.5	460,000
	Thunderbox	UG	-	-	-	-	8,100,000	2.0	520,000
	Bannockburn	OP	-	-	-	-	4,200,000	1.5	200,000
	Kailis	OP	-	-	-	-	750,000	1.9	46,000
	Stockpiles	S	1,300,000	1.2	51,000	-	-	1.2	51,000
Thunderbox Operations Sub-Total			2,400,000	1.3	97,000	1.7	22,000,000	1.7	1,300,000
Total Ore Reserves			3,600,000	1.2	140,000	2.0	37,000,000	1.9	2,500,000

Notes:

All data rounded to two significant figures. Rounding errors may occur.
Thunderbox OP includes both C and D Zone pits

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2018

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 by 20% to 2.5Moz', dated 1st August 2018 for further information relating to the 2018 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 (a copy is located 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 and Sustainability Committee, the Remuneration and Nomination Committee and the Exploration and Growth Committee.</p> <p>The Managing Director, supported by senior executives, 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 but are not limited to 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. Appropriate discussions with third parties who know the proposed Director may also be undertaken.</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 public company directorships held within the last 3 years are also provided in the Annual Report. Director's biographical details are also included in the notice of annual general meeting when a Director stands for re-election.</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. Director remuneration details and 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 Chair, on all matters to do with the proper functioning of the Board. In this regard the Company Secretary has a direct line of communication with the Chair. Mr Ryan was appointed as Company Secretary on 5 December 2016.</p> <p>In addition the Company Secretary has a reporting line to the Chief Financial Officer in relation to day to day operational matters.</p>

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment															
1 – Lay solid foundations for management and oversight (continued)																	
1.5	A listed entity should:																
	(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;	✓ 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.															
	(b) disclose that policy or a summary of it; and	✓ 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.															
	(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:	✓ The Company implemented the following measurable gender diversity objectives in FY18:															
	<ul style="list-style-type: none">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	✓ <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 is measured quarterly per year through a report to the Board and Senior Management on gender diversity statistics.															
	<ul style="list-style-type: none">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.	✓ The following table shows the Company's progress in relation to its measurable objective on gender diversity in FY18: The Company's progress in relation to its measurable gender diversity objectives is also included in the Annual Report.															
		<table><tr><th></th><th>Saracen end of Quarter %</th><th>Mining Industry %</th></tr><tr><td>Q1</td><td>13.79</td><td>15.9</td></tr><tr><td>Q2</td><td>13.70</td><td>15.9</td></tr><tr><td>Q3</td><td>15.62</td><td>15.9</td></tr><tr><td>Q4</td><td>16.45</td><td>15.9</td></tr></table>		Saracen end of Quarter %	Mining Industry %	Q1	13.79	15.9	Q2	13.70	15.9	Q3	15.62	15.9	Q4	16.45	15.9
	Saracen end of Quarter %	Mining Industry %															
Q1	13.79	15.9															
Q2	13.70	15.9															
Q3	15.62	15.9															
Q4	16.45	15.9															
		The Group workforce gender profile as at 30 June 2018 is set out in the following table:															
		<table><tr><th></th><th>Proportion of Women</th></tr><tr><td>Board</td><td>1 out of 5 (20%)</td></tr><tr><td>Senior Management *1</td><td>5 out of 32 (16%)</td></tr><tr><td>Other Professional Staff *2</td><td>25 out of 100 (25%)</td></tr><tr><td>Total Other Employees</td><td>33 out of 250 (13%)</td></tr></table>		Proportion of Women	Board	1 out of 5 (20%)	Senior Management *1	5 out of 32 (16%)	Other Professional Staff *2	25 out of 100 (25%)	Total Other Employees	33 out of 250 (13%)					
	Proportion of Women																
Board	1 out of 5 (20%)																
Senior Management *1	5 out of 32 (16%)																
Other Professional Staff *2	25 out of 100 (25%)																
Total Other Employees	33 out of 250 (13%)																
		1 Senior Management excludes the Managing Director who is included as part of the Board statistics.															
		2 Professional staff includes all degree qualified professional employees but excludes the Managing Director and Senior Management.															
		The Company is compliant with the Gender Equality Act 2012 (Cth) and a copy of the 2018 compliance report is available on the Company's website.															

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
1 – Lay solid foundations for management and oversight (continued)		
1.6 A listed entity should:		
(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	✓	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 advisers as considered appropriate.
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓	<p>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. The next review by an external party is due to occur prior to the end of FY19.</p> <p>Prior to appointing any Director a review process is undertaken to ensure any new Director skill set aligns with the Company's strategic plan. Dr Roric Smith was appointed as a Director in FY18. Dr Smith is a geologist with extensive international and Australian experience who will bring considerable support to Saracen's strategic plan.</p> <p>Prior to the appointment of Dr Smith the Board reviewed its Committee structure and composition. Following this review, and Dr Smith's appointment, the Board redistributed Directors responsibilities amongst the Committees and created a new Exploration and Growth Committee. This Committee is chaired by Dr Roric Smith and comprises all Directors and is supported by Daniel Howe (Chief Geologist), Simon Jessop (Chief Financial Officer) and Troy Irvin (Corporate Development Officer).</p> <p>A copy of the Exploration and Growth Committee's Charter is available on the Company's website.</p> <p>The Exploration and Growth Committee's functions include assessing greenfields and brownfields exploration as well as organic/ inorganic growth. In addition the Risk Management Committee was replaced in FY18 with the Risk and Sustainability Committee. Further information on the Risk and Sustainability Committee is included in section 7.1 below.</p>
1.7 A listed entity should:		
(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	✓	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 is evaluated by the Chairman with input from the Board. The review is then discussed with the Board.
(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓	<p>The Managing Director reviews the performance of senior executives.</p> <p>All senior executives, including the Managing Director, participated in half yearly and yearly performance evaluation processes in relation to FY18.</p>

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment																														
2 – Structure the Board to Add Value																																
2.1 The board of a listed entity should: <ul style="list-style-type: none"> (a) have a nomination committee which: <ul style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director; and disclose: the charter of the committee; the members of the committee; and 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. 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ 	<p>The Board has constituted a Remuneration and Nomination Committee which currently comprises Mr Geoff Clifford, Ms Samantha Tough and Dr Roric Smith, all of whom are considered to be independent non-executive Directors.</p> <p>Mr Geoff Clifford, an independent non-executive Director, is the Chair of the Committee.</p> <p>A copy of the Remuneration and Nomination Committee Charter is available on the Company's website.</p> <p>A total of two Remuneration and Nomination Committee meetings were held in FY18. Details of each member's attendance at meetings of the Remuneration and Nomination Committee is set out below:</p> <table> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> <tr> <td>Geoff Clifford (Chair)</td><td>1</td><td>1</td></tr> <tr> <td>Mark Connelly</td><td>1</td><td>1</td></tr> <tr> <td>Martin Reed</td><td>1</td><td>1</td></tr> <tr> <td>Samantha Tough</td><td>2</td><td>2</td></tr> <tr> <td>Dr Roric Smith</td><td>1</td><td>1</td></tr> </table> <p>* The Board re-allocated the composition of the Remuneration and Nomination Committee to the current membership as of 19 October 2017</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Member	Attended	Held	Geoff Clifford (Chair)	1	1	Mark Connelly	1	1	Martin Reed	1	1	Samantha Tough	2	2	Dr Roric Smith	1	1												
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2.2 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>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 effectiveness and efficiency of the Board is achieved through the Directors having substantial knowledge of and experience in the following main areas, operational management, strategy, project development, capital markets and mergers & acquisitions, finance, geology & exploration and legal & corporate governance.</p> <p>Each Director has right to access all Company information and all staff including senior management. 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.</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>Area</th><th>Skill and Experience</th><th>Number of Directors</th></tr> <tr> <td>Operational Management</td><td>Senior executive experience in operational management within a medium to large entity</td><td>5</td></tr> <tr> <td>Strategy</td><td>Senior executive experience in setting strategy within a medium to large scale entity</td><td>5</td></tr> <tr> <td>Project Development</td><td>Senior executive experience in delivery of capital projects</td><td>5</td></tr> <tr> <td>Capital Markets & Mergers and Acquisition</td><td>Senior executive experience in capital markets and / or mergers and acquisition</td><td>5</td></tr> <tr> <td>Finance</td><td>Senior executive experience in financial accounting and reporting</td><td>2</td></tr> <tr> <td>Geology & Exploration</td><td>Senior executive experience in mineral exploration within a large scale entity</td><td>3</td></tr> <tr> <td>Legal & Corporate Governance</td><td>Experience within a large scale entity of legal/ regulatory and governance standards</td><td>5</td></tr> <tr> <td>Experience as Non-executive Director</td><td>Experience as a Non-executive Director on at least 1 other medium to large cap listed company</td><td>4</td></tr> <tr> <td>Tertiary / professional qualification</td><td>Finance/Business Engineering Geology Legal Governance (AICD)</td><td>1 2 1 1 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> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Area	Skill and Experience	Number of Directors	Operational Management	Senior executive experience in operational management within a medium to large entity	5	Strategy	Senior executive experience in setting strategy within a medium to large scale entity	5	Project Development	Senior executive experience in delivery of capital projects	5	Capital Markets & Mergers and Acquisition	Senior executive experience in capital markets and / or mergers and acquisition	5	Finance	Senior executive experience in financial accounting and reporting	2	Geology & Exploration	Senior executive experience in mineral exploration within a large scale entity	3	Legal & Corporate Governance	Experience within a large scale entity of legal/ regulatory and governance standards	5	Experience as Non-executive Director	Experience as a Non-executive Director on at least 1 other medium to large cap listed company	4	Tertiary / professional qualification	Finance/Business Engineering Geology Legal Governance (AICD)	1 2 1 1 4
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CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
2 – Structure the Board to Add Value (continued)		
2.3 A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, an 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 (c) the length of service of each director.	✓ ✓ ✓	The following Directors are currently considered by the Board to be independent – Mr Geoff Clifford (Chair) (5 years of service), Mr Martin Reed (6 years), Ms Samantha Tough (5 years) and Dr Roric Smith (1 year). Mr Raleigh Finlayson (5 years as MD) is not considered to be independent as he is an executive of the Company.
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 Chair of the Company and is an independent, non-executive Director.
2.6 A listed entity should have a program for inducing 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.	✓	New Directors are provided with an induction on the Company's governance framework and operations following commencement by meeting with the Chair, Board and Senior Executives. As part of the induction each new Director is provided with the Company's Corporate Governance Manual which contains information on the Company, fellow Directors, copies of the Constitution, Board committee charters, Policies and associated material. 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. In order to assist in maintaining Director's operational understanding of the Company Directors conduct one on one sessions with staff members including when Directors attend site for Board meetings. Directors then discuss feedback received from these meetings with the Board.
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.

Principle	Complied	Comment															
4 – Safeguard Integrity in Corporate Reporting																	
4.1	The board of a listed entity should: (a) have an audit committee which: <ul style="list-style-type: none"> has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> the charter of the committee; the relevant qualifications and experience of the members of the committee; and 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>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>The Board has constituted an Audit Committee which is currently comprised of Ms Samantha Tough, Mr Geoff Clifford and Mr Martin Reed all of whom are independent non-executive Directors.</p> <p>Ms Samantha Tough, an independent non-executive Director, is the Chair 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>A total of two Audit Committee meetings were held in FY18. Details of each member's attendance at meetings of the Audit Committee is set out below:</p> <table border="1"> <thead> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> </thead> <tbody> <tr> <td>Samantha Tough(Chair)</td><td>2</td><td>2</td></tr> <tr> <td>Martin Reed</td><td>1</td><td>1</td></tr> <tr> <td>Geoff Clifford</td><td>2</td><td>2</td></tr> <tr> <td>Mark Connelly</td><td>1</td><td>1</td></tr> </tbody> </table> <p>* The Board re-allocated composition of the Audit Committee to the current membership as of 19 October 2017.</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Member	Attended	Held	Samantha Tough(Chair)	2	2	Martin Reed	1	1	Geoff Clifford	2	2	Mark Connelly	1	1
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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.	<p>✓</p> <p>The Board receives a written declaration from the Managing Director 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.</p>															
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.	<p>✓</p> <p>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.</p>															
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>✓</p> <p>✓</p> <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 is responsible for other investor relations activities with the assistance of the Corporate Development Officer and the Company Secretary. In FY18 the Company conducted webcasts for investors following the release of material ASX announcements, including quarterly reports. The Company maintains an investor relations calendar which lists seminars, events and shareholder briefings at which the Company will attend or present. In FY18 the Board adopted a Shareholder Communications Policy (located on the Company's website) which outlines the Company's commitment to ensuring transparent, timely and accurate communications to shareholders.												
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> <p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director; <p>and disclose:</p> <ul style="list-style-type: none"> the charter of the committee; the members of the committee; and 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>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p> </div> </div> <div> <div>✓</div> </div> <div> <div>✓</div> </div> <div> <div>✓</div> </div> <div> <div>✓</div> </div> <div> <div>✓</div> </div> <div> <div>✓</div> </div> <div> <div>n/a</div> </div> </div>	<p>In FY18 the Board established the Risk and Sustainability Committee which replaced the Risk Management Committee.</p> <p>The Charter for the Risk and Sustainability Committee is located on the Company's website. The purpose of the Committee is to assist the Board to manage risk and ensure the Company operates in a sustainable manner including in relation to environment and community.</p> <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>Management of risks is divided between the Audit Committee and the Risk and Sustainability Committee.</p> <p>The Risk and Sustainability Committee is currently comprised of Directors Mr Martin Reed (Chair), Dr Roric Smith and Mr Raleigh Finlayson. Each of Messrs Reed and Smith are considered to be independent, non-executive directors and hence the majority of the Risk and Sustainability Committee members are independent.</p> <p>The Chair of the Risk and Sustainability 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 and Sustainability Committee is assisted by other management personnel as required and meets frequently to monitor the Company's progress in relation to sustainability initiatives, identify risks and monitor mitigation strategies and outcomes. The Risk and Sustainability Committee reports to the Board on a quarterly basis and risk management is a standing agenda item for all regular Board Meetings. The operations are visited twice yearly by the Risk and Sustainability Committee.</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 and Sustainability Committee Charter can be accessed on the Company's website (www.saracen.com.au) under the Corporate Governance section. A total of four Risk and Sustainability Committee meetings were held in FY18. Details of each member's attendance at meetings of the Risk and Sustainability Committee is set out below:</p> <table> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> <tr> <td>Martin Reed (Chair)</td><td>4</td><td>4</td></tr> <tr> <td>Roric Smith</td><td>4</td><td>4</td></tr> <tr> <td>Raleigh Finlayson</td><td>4</td><td>4</td></tr> </table> <p>* The Board re-allocated composition of the Risk and Sustainability Committee to the current membership as of 19 October 2017.</p>	Member	Attended	Held	Martin Reed (Chair)	4	4	Roric Smith	4	4	Raleigh Finlayson	4	4
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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 and Sustainability 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.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
7 – Recognise and Manage Risk (continued)		
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.	✓	<p>The Company has exposure to the following material risks:</p> <p>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, in Australian dollars, for a portion of its gold production. The level of hedging is actively reviewed by management and the Board, in accordance with a Board approved hedging policy, with the assistance of expert external consultants.</p> <p>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. These long term contracts support Company's 7 year plan which was announced to the market in FY18. 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. In FY18 the Company also implemented the 'Think and Act Like Owners' program which is directed at encouraging employees to present business improvement initiatives.</p> <p>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. These activities are monitored and reviewed quarterly by the Exploration and Growth Committee.</p> <p>Mineral Resource: The Company has numerous Mineral Resources which it bases its future production and annual budgets on. The Mineral Resource estimate is the product of many inputs and assumptions, and by nature is not a precise determination of quality and quantity of gold available for economic assessment. Given the sampling used to define and inform the mineral resources can be broadly spaced, it is important that appropriate measures are taken to mitigate the risk of poor Mineral Resource estimation. The Company has implemented a rigorous internal peer review process that focuses on all critical steps in building a Mineral Resource estimate. This process aims to validate the process and assumptions used to create the Mineral Resource. These reviews are carried out by senior employees who have had specific technical training in the appropriate area of estimation. Further to this the Company also has the Mineral Resource estimates reviewed by external consultants who specialise in the estimation of Mineral Resources. These external reviews are conducted annually. All resource activities are monitored and reviewed by the Exploration & Growth Committee.</p> <p>Environmental: 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. Environment risk is currently overseen by the Risk and Sustainability Committee. 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. All environmental activities are monitored and reviewed by the Risk and Sustainability Committee.</p> <p>Social: The Company recognises that a failure to manage stakeholder expectations may lead to disruption to the Company's operations. As such the Company's Community Policy is designed to support the Company's objectives to make a positive difference to its stakeholders through building relationships based on trust, mutual respect and partnership. To assist in this regard the Company holds two Board meetings per year in regional locations associated with its operations to provide the opportunity for direct stakeholder engagement with Directors. The Company is proud to be involved in and supportive of community groups, organisations and charities in the region in which it operates. All social activities are monitored and reviewed by the Risk and Sustainability Committee.</p> <p>Sustainability: In FY18 the Company established the Risk and Sustainability Committee which is responsible for overseeing risk in relating to health, safety, environment, community and sustainability. Additional disclosure on sustainability is included in the Company's Sustainability Report located on the Company's website.</p> <p>The Company has a Risk Management Policy which sets out the Company's risk management systems and processes. 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.</p>

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment																		
8 – Remunerate Fairly and Responsibly																				
<p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> has at least three members, a majority of whom are independent directors; and is chaired by an independent director, and disclose: the charter of the committee; the members of the committee; and 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>(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 Mr Geoff Clifford, Ms Samantha Tough and Dr Roric Smith all of whom are independent non-executive Directors.</p> <p>Mr Clifford, an independent non-executive Director is the Chair of the Committee.</p> <p>A copy of the Remuneration and Nomination 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>A total of two Remuneration and Nomination Committee meeting were held in FY18. Details of each member's attendance at meetings of the Remuneration and Nomination Committee is set out below:</p> <table> <tr> <th>Member</th><th>Attended</th><th>Held</th></tr> <tr> <td>Geoff Clifford (Chair)</td><td>1</td><td>1</td></tr> <tr> <td>Mark Connelly</td><td>1</td><td>1</td></tr> <tr> <td>Martin Reed</td><td>1</td><td>1</td></tr> <tr> <td>Samantha Tough</td><td>2</td><td>2</td></tr> <tr> <td>Dr Roric Smith</td><td>1</td><td>1</td></tr> </table> <p>* The Board re-allocated the composition of the Remuneration and Nomination Committee to the current membership as of 19 October 2017.</p> <p>* Mr Mark Connelly resigned from the Board effective 23 November 2017.</p>	Member	Attended	Held	Geoff Clifford (Chair)	1	1	Mark Connelly	1	1	Martin Reed	1	1	Samantha Tough	2	2	Dr Roric Smith	1	1
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Samantha Tough	2	2																		
Dr Roric Smith	1	1																		
<p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>✓</p>	<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. The Non-executive Directors have the ability to receive performance rights and / or options under the Company's shareholder approved long term incentive plan. At present no performance rights or options have been allocated under the plan to the Non-executive Directors. Senior Executives (including the Managing Director) 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 (including the Managing Director) are included in the Remuneration Report that forms part of the Directors' Report within the Annual Report.</p>																		
<p>8.3 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.</p> <p>The Performance Rights Plan has been approved at a meeting of shareholders. The Performance Rights Plan was updated and approved 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.</p> <p>A copy of the Company's Performance Rights Plan 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 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

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) (Chair of the Remuneration & Nomination Committee, Member of the Audit and Exploration & Growth 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. In addition to his role at Saracen, he is currently serving as the non-executive Chairman of Tyranna Resources Ltd and is also 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 public listed companies:

Company	Appointed	Resigned
Independence Group NL	December 2012	Current
Tyranna Resources Limited	January 2018	Current

Raleigh Finlayson

Managing Director (appointed 2 April 2013) (Member of the Risk Management & Sustainability and Exploration & Growth Committees)

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.

Martin Reed

Non-Executive Director (appointed 24 August 2012) (Chair of the Risk Management & Sustainability Committee, Member of the Audit and Exploration & Growth Committees)

Mr Reed is a 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 size 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.

DIRECTORS' REPORT (CONTINUED)

Samantha Tough

Non-Executive Director (appointed 1 October 2013) (Chair of the Audit Committee, Member of the Remuneration & Nomination and Exploration & Growth Committees)

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 18 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.

Ms Tough became Chair of the Audit Committee upon the resignation of the then Chairman, Mr Connelly, at the conclusion of the Annual General Meeting held on 23 November 2017.

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

Company	Appointed	Resigned
Cape plc	January 2015	January 2016
Molopo Energy Limited	December 2014	April 2017
Strike Resources Limited	January 2012	November 2015
Aurora Labs Limited	June 2017	July 2017

Roric Smith

Non-Executive Director (appointed 4 July 2017) (Chair of the Exploration & Growth Committee, Member of the Risk Management & Sustainability and Remuneration & Nomination Committees)

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 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 public listed companies:

Company	Appointed	Resigned
Sandfire Resources NL	January 2017	Current

Mark Connelly

Non-Executive Director (appointed 1 May 2015 / Resigned 23 November 2017)

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.

DIRECTORS' REPORT (CONTINUED)

COMPANY SECRETARY

Jeremy Ryan

(appointed 5 December 2016)

Mr Ryan joined Saracen 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.

INTERESTS IN SHARES AND PERFORMANCE RIGHTS 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	4,016,819	845,000
Mark Connelly (resigned 23 November 2017)	-	-
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 (ASX:SAR) producing ~ 320,000 ounces 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. CDO operations include the Carosue Dam Project (comprising the Karari and Whirling Dervish gold deposits), the Porphyry Project (comprising the Porphyry, Million Dollar, Enterprise, and Wallbrook deposits), and the Deep South Project (comprising of the Deep South and Safari Bore deposits). Saracen acquired the CDO assets in 2006 and commenced commercial gold production in 2010. Since then, Saracen has produced over 1.2 million ounces of gold from open pits and underground mines at CDO. In April 2017, Saracen began the development of its 15th mine in the area with the commencement of the Whirling Dervish underground mine.

Saracen's CDO tenement holdings 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.

Supporting the mines, CDO comprises a processing plant, two accommodation villages (with the ability to support 400 people), various water and power infrastructure facilities 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

Saracen Mineral Holdings Limited owns 100% of the Thunderbox Operations ("TBO") through its wholly owned subsidiary Saracen Metals Pty Ltd. Saracen acquired the TBO assets in 2014 and commenced commercial gold production in 2016. TBO operations include the Thunderbox Project (comprising the Thunderbox, Rainbow and Mangilla gold deposits), the Kailis Open Pit, the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits). In October 2017, Saracen poured the one millionth ounce of gold produced from the Thunderbox Operations and in June 2018, with the cutting of the portal and establishment of an exploration drill drive, began development of the potential Thunderbox underground mine.

TBO is located in the highly prospective Yandal and the Agnew-Wiluna Belts in the North Eastern Goldfields of Western Australia, centred on the Thunderbox Open Pit and CIL gold treatment plant located 45km south of the town of Leinster in Western Australia, immediately adjacent to the sealed Goldfields Highway.

The Thunderbox processing facility, which was recommissioned by Saracen 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, although, during FY2018 the processing plant did at times, operate at a run rate of up to 2.8Mtpa. Existing infrastructure comprises a 268 person accommodation village, an airstrip, power and water infrastructure, Goldfields Gas Pipeline spur, bore field water supply and telecommunication services.

During FY2018, Saracen completed mining Stage 1 of the Thunderbox open pit, known as A Zone and commenced mining activities at the Thunderbox open pit C Zone. In addition, Saracen commenced and completed mining at the Stage 1 Kailis open pit.

Production

Carosue Dam Operations

For the financial year ended 30 June 2018 ("FY2018"), gold production from the CDO was 171,301oz (2017: 155,970oz) at an All in Sustaining Cost ("AISC") of \$1,199/oz (2017: \$1,413/oz).

Carosue Dam		Quarter				
	Unit	September 17	December 17	March 18	June 18	FY2018
Mill Production						
Total Ore Milled	t	646,000	633,000	589,000	611,000	2,479,000
	g/t	2.2	2.1	2.5	2.5	2.3
Recovery	%	93.0%	93.1%	93.2%	92.6%	93.0%
Gold Produced	oz	43,083	40,371	43,167	44,680	171,301
Underground Mining						
Total Ore Mined	t	424,000	359,000	472,000	463,000	1,718,000
	g/t	3.2	2.9	2.9	2.8	2.9
Contained Ounces	oz	43,217	33,008	44,329	42,060	162,614

DIRECTORS' REPORT (CONTINUED)

During FY2018, the Karari underground mine realised a steady state production rate of greater than 1.0Mtpa. Total ore production for the year was 1,134,000t at 2.87g/t for 104,000 contained ounces - a 30% increase to tonnage from the previous year. Underground drilling at Karari has continued throughout the year from two additional drill platforms with the stated aim of providing infill drilling and increased resource confidence.

A number of large capital projects are currently in progress at Karari. The new heavy vehicle workshop construction is on schedule and a contract has been awarded for the construction of a paste backfill plant capable of producing 110 to 120m³/hr of paste for filling stopes in the Karari underground mine (and potentially the Whirling Dervish underground mine also).

As planned, the FY2017 focus at Deep South had been to ramp up ore production to a sustainable profile whilst carrying out the necessary work to increase the understanding of the orebody, and contribute positively towards production during FY2018. This provided a solid platform leading into FY2018 and the improved understanding has enabled development and production activities to successfully be de-coupled during the year allowing ore production to sustain an average 48,000 ore tonnes per month. Ore production for FY2018 from Deep South totalled 584,000t @ 3.09g/t for 58,000 contained ounces.

Production will taper off at Deep South during FY2019. This is in line with the Company's strategy of realising bulk underground production within direct trucking distance of the CDO mill. The Karari / Dervish mine complex is expected to fill the 2.4Mtpa CDO mill from the commencement of FY2020.

Development of the Whirling Dervish decline (which was previously developed to the underground drilling platform), re-commenced during the June 2018 quarter after approval was gained to establish the underground mine for production activities in FY2019.

At the end of the financial year the decline has advanced 51m vertical below the access portal (231m below the surface). Ore mineralisation was intersected in the underground workings which will be established for production activities during FY2019.

The CDO processing plant continued to perform at above nameplate capacity during FY2018, with 2,479,000 tonnes of ore milled. The plant ran at an average head grade of 2.3g/t which reflected the contribution from high grade underground ore sources, namely Karari and Deep South, supplemented with lower grade stockpiles and quantities of the third party ore. Overall recovery for the year was 93.0% which is in line with the long term average for CDO. Total gold produced for the year were 171,301oz.

Thunderbox Operations

During FY2018, gold production from the Thunderbox Operations was 145,152oz (2017: 116,837oz) at an AISC of \$1,071/oz (2017: \$1,253/oz).

Thunderbox		Quarter				
	Unit	September 17	December 17	March 18	June 18	FY2018
Mill Production						
Total Ore Milled	t	554,000	676,000	710,000	716,000	2,656,000
	g/t	2.2	1.8	1.7	1.6	1.8
Recovery	%	93.3%	93.6%	94.6%	94.1%	93.9%
Gold Produced	oz	37,190	37,152	36,560	34,250	145,152
Open Pit Mining						
Total Mining	BCM	4,425,000	3,508,000	2,154,000	1,819,000	11,906,000
Total Ore Mined	t	575,000	912,000	913,000	1,010,000	3,410,000
	g/t	2.3	1.5	1.9	1.4	1.7
Contained Ounces	oz	41,785	44,312	54,557	44,787	185,441

Open pit mining at the Thunderbox A Zone pit and Kailis Stage 1 pit were completed during the year. Total ore production for the year from A Zone was 735,000t at 2.55g/t for 60,000 contained ounces and the Kailis Stage 1 produced 871,000t at 2.31g/t for 65,000 contained ounces of which 32,000 ounces remain on stockpile at the end of FY2018. The Kailis Stage 2 open pit is scheduled to commence production in December 2018.

Mining from the Thunderbox C Zone pit was ongoing with this ore supply replacing the A Zone pit as the base load feed for the Thunderbox processing plant. Total ore production for the year from C Zone was 1,804,000t at 1.04g/t for 60,000 contained ounces.

DIRECTORS' REPORT (CONTINUED)

Performance during the year of the Thunderbox ore body was excellent with 2.5Mt mined at an average grade of 1.5g/t and a yearly mine call reconciliation factor of 101% of the contained ounces.

In late FY2018, underground mining also commenced at Thunderbox with the cutting of two portals in the southern end of the A Zone pit. The focus for FY2019 will be on establishing the drilling platform to allow the ore body to be delineated at depth, through a methodical drilling program. A modest amount of ore will be delivered during the year as part of these development activities.

In FY2018, the Thunderbox processing plant exceeded nameplate capacity for the first time since its re-start with a total of 2,656,000 tonnes milled at an average cost of \$20/t. The inclusion of Kailis oxide ore in the mill blend contributed to the increase in throughput rates and provided a higher grade supplement for the predominantly fresh ore sourced from the Thunderbox pits (A and C zones). An average feed head grade of 1.8 g/t was realised (a 5% increase on FY2017) and the plant recovery was 93.9% (a 2.5% increase over FY2017). Recoveries progressively increased by an average of 0.3% each quarter following the completion of several improvement and optimisation projects across the CIL and gravity circuits and averaged 94.3% during the second half of the year. The total ounces produced were 145,152oz.

Health and Safety

The Saracen Group Lost Time Injury Frequency Rate ("LTIFR") for the 12 months to June 2018 was 1.0 (2017: 3.7), a 72% improvement and the Total Recordable Incident Frequency Rate ("TRIFR") was 11.7 (2017: 18.3), a 36% improvement. It is particularly pleasing to report these significant improvements in FY2018 for both of these key lag indicators – a testament to Saracen's continuing business improvement and maturity.

During the year, the focus has been on ensuring that Saracen has a Safety Management System based on the risk management of principal hazards, including the regular review and audit of the Company's critical controls. The monitoring and interpretation of both lead and lag indicators is a core area as part of our drive to achieve and ensure a safe place of work.

To ensure the ongoing readiness of the Company's Operational Emergency Response Teams ("ERT"), training and enhancement of the teams' capabilities continued throughout the year. The value of this was demonstrated during March 2018 when the ERT team was called upon to assist in the management of a small gold room fire at the Thunderbox operation. Pleasingly, this incident was skilfully contained with no injuries and minimal impact on gold production.

During FY2018, the Company has seen considerable improvements in the Health and Safety area but also recognise that further improvements are still required to strive for an injury free workplace. Throughout the year, the Saracen Board and Executive have made themselves available to complete "verification of risk" tasks in the field, which was a positive engagement and demonstrates Company-wide commitment to this critical business area.

To ensure continuing Company focus in this area, a Safety Reset initiative was completed during Q4 of FY2018, setting a new challenge for the next leg of our safety journey. The challenge was encompassed in the following statement "The standard you walk past is the standard you accept". We expect that safety performance across our operations will continue to improve as the business continues to grow and mature.

Financial Performance

The Group reported a net profit after tax of \$75.6 million, an increase of 166% on the previous year (2017: \$28.4 million). This result is inclusive of a non-cash write down of \$0.9 million relating to the disposal of the Wallbrook project, the expensing of \$1.4 million of exploration costs previously capitalised (refer to note 11), and a gain of \$10.6m on the disposal of the King of the Hills project.

Sales revenue for the year was \$511.0 million, up 21% from \$423.1 million in the previous year. Gold production for the year was 316,453 ounces up 16% from 272,807 ounces in FY2017. Gold sales for the year were 317,675 ounces, up 19% from 266,556 ounces in 2017 and the average gold price realised for the year was \$1,606/oz, down 2% from \$1,642/oz in 2017.

Gross profit from mining operations for the year was \$117.6 million (2017: \$51.6 million) after deducting \$17.8 million for royalties and \$94.3 million in depreciation and amortisation (2017: \$14.6 million and \$74.7 million respectively).

Net cash flow from operations for the year was \$191.4 million (2017: \$125.6 million). Capital expenditure on purchases of plant and equipment, mine development and exploration totalled \$130.2 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, Deep South and Whirling Dervish underground mines at CDO (2017: \$117.9 million).

DIRECTORS' REPORT (CONTINUED)

Cash, Debt and Hedging

As at 30 June 2018, Saracen's total cash and liquid position was \$106.7 million (30 June 2017: \$43.9 million), comprised of \$99.8 million held in cash and 4,300 ounces of gold in transit (approx. \$6.9 million). Gold in transit was valued using a price of \$1,600/oz. In addition, Saracen holds investments in Red 5 Limited (ASX: RED), Nexus Minerals Limited (ASX: NXM) and Matsa Resources Limited (ASX: MAT) which were valued at \$11.7 million as at 30 June 2018.

The Company maintains a long term senior corporate financing facility. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility is for a term of three years (to November 2019) and features an "evergreen" arrangement with an annual review date whereby the term can be extended.

The Facility also features an accordion provision under which Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the total loan to \$150 million) with the approval of the syndicate members.

As at 30 June 2018, the facility had not been drawn down on.

At 30 June 2018, the Group had in place a total gold hedging program comprising of 275,600oz (2017: 235,343oz) forward sales contracts at an average price of \$1,730/oz (2017: \$1,573/oz) compared to the 30 June 2018 gold spot price of \$1,691/oz. These ounces are scheduled to be delivered over the period from July 2018 to March 2021.

Production & Operational Outlook for FY2019 and Beyond

Carosue Dam Operations

In FY2019, gold production will be principally sourced from the Karari, Deep South and Whirling Dervish underground mines with the balance coming from third party ore purchase agreements and various ore stockpiles.

Production guidance at CDO for FY2019 is 190,000 to 200,000ozs.

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

- Delivery aligned to meet or exceed the 7 year production outlook,
- Increase production from Karari underground mine to 1.5Mtpa,
- Commence using cemented paste fill at Karari towards the end of FY2019, increasing overall resource extraction to above 90%,
- Continue growing the Karari resource along strike and at depth,
- Maintain steady state production from the Deep South underground mine (450,000tpa) while exploring the resource at depth and considering future options for this operation,
- Following successful resource drilling of the Whirling Dervish resource, commence full mine development and ramp up to steady state production at Whirling Dervish (700,000tpa),
- Continue growing the Whirling Dervish resource along strike and at depth,
- Maintain a disciplined approach to project execution – start when we need to, aim for projects to be self-funded, ensure the site remains cash flow positive at all times,
- Commence a major exploration program throughout the "Corridor of Riches" and near mine extensions,
- Grow the current gold reserve base,
- Continue working on the strategy of base load feed from Carosue Dam Underground Mines (Karari and Whirling Dervish) with bolt on 'growth options' to increase production,
- Optimising production through the Carosue Dam processing plant to increase overall gold production, including investigating grade optimisation opportunities and overall production throughput options,
- Continue the trajectory of reduced All In Sustaining Costs, and
- Generate sustaining cash flows.

Thunderbox Operations

In FY2019, gold production will be principally sourced from the C Zone of the Thunderbox open pit and Kailis Stage 2 open pit. Some production will be sourced from the developing Thunderbox underground mine and various stockpiles.

Production guidance at TBO for FY2019 is 135,000 to 145,000ozs.

DIRECTORS' REPORT (CONTINUED)

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

- Delivery aligned to meet or exceed the 7 year production outlook,
- Maintain base load production from Thunderbox open pits while exploring opportunities for high grade satellite top up feed,
- Continue mining Kailis Stage 2 satellite pit to provide high grade ore feed to optimise ore blending opportunities at the Thunderbox mill,
- Continue developing the Thunderbox underground mine, commence underground resource drilling, and assess various full scale options for this potentially long life mine,
- Continue working on Life of Mine strategy of base load feed from various sources adjacent to the TBO mill with bolt on 'growth options' to increase production,
- Pursue the optimal operation of the Thunderbox mill to maximise cash flow generation,
- Funding all project development through internal cash flow generation,
- Commence major exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine,
- Grow the current gold reserve base,
- Continue the trajectory of reduced All In Sustaining Costs, and
- Generate sustaining cash flows.

Exploration

During FY2018, Saracen continued to focus on organic growth opportunities proximal to existing resources and operating mines. A significant investment in underground drilling was a key priority aimed at delivering further growth in the Ore Reserves and subsequent mine life. A total of 118,413m of underground diamond core was drilled at Carosue Dam. This drilling was spread across the Karari, Whirling Dervish and Deep South operations.

Underground drilling at Whirling Dervish commenced in the first half of FY2018. The large underground diamond drill program consisting of 43,223m was initially focused on the close spaced infill drilling across the upper levels proximal to the portal location. In the second half of the year a number of deeper resource extension and exploration holes were drilled. The drilling has providing valuable local scale data and has also demonstrated that the mineralised system remains open.

Drilling at Karari was accelerated in the second half of FY2018, following the completion of a new diamond drill platform at the 1940 Level. This drill platform provides the next vantage point in the north side of the mine that will continue to facilitate growth and extension of the resource from this location. Drilling the southern extensions will commence early in FY2019, as the 1916 Level drill platform is completed.

Surface drilling was focused across the Thunderbox region, with resource definition programs undertaken at Thunderbox D Zone, Kailis and Otto Bore. These programs were largely resource infill in nature, confirming the geological interpretation and validating inherited historical datasets. These programs were highly successful and will warrant additional follow up drilling during FY2019.

Regionally, a number of high-resolution gravity surveys were conducted across key prospective areas. These included the Bannockburn district and the Carosue Dam mine corridor. The results from these surveys have significantly improved the local scale targeting through increased resolution of the interpreted geology. Drilling of these key targets has commenced and will continue through into FY2019.

The Butcher Well JV project with AngloGold Ashanti Australia (ASX:AGG) has also been advanced during FY2018, with AngloGold completing a number of programs across the Butcher Well and Lake Carey projects. Highlights included a new discovery at Old Camp, which will continue to be a focus of ongoing work for FY2019.

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, Kalgoorlie, August 2017,
- Denver Gold Conference, September 2017,
- Macquarie Bank WA Resources Forum, October 2017,
- RBC Sydney Mining Day, February 2018,

DIRECTORS' REPORT (CONTINUED)

- BMO Global Metals and Mining Conference, February 2018,
- Euroz Conference, March 2018,
- Macquarie Bank Australia Conference, May 2018,
- Various investor mine site visits to CDO and TBO, and
- Various presentations to brokers and investors in the Eastern States.

Each presentation is released to the ASX and available on both the ASX (www.asx.com.au) and the Saracen website (www.saracen.com.au).

Human Resources

In FY2018, Saracen continued to grow its Human Resources ("HR") focus building on the solid foundation set in past years. Marianne Dravnieks was appointed as the General Manager People, Culture and Communication in the first quarter of 2018 and her remit includes further developing the Saracen Key Talent and Succession Plans, ensuring that Saracen maintains and grows the culture that will enable future success as well as supporting the ongoing development and growth of the HR and Community functions.

As at 30 June 2018, the business had 383 employees following continued growth to support our operations. The Company continues to promote a workplace culture that embraces diversity, and our submission to the Workplace Gender Quality Agency ("WGEA") in May 2018 recorded an increasing female participation rate of 15.6%, a 13% increase from the 2017 WGEA submission and exceeding the targets set last year. This positive trend has continued and as at 30 June 2018, Saracen had a female participation rate of 16.45% in comparison to the industry average of 15.90%.

Through FY19, there will be continued focus on maintaining the gains made in female participation as well as extending our diversity focus to include measurement of other diversity elements including Aboriginal and Torres Strait Islanders and regional employment.

The Company is committed to further improving female participation rates across the Group in line with fair recruitment practices. We will continue to include suitable ready now female candidates in recruiting pools as opportunities arise. Further, the Saracen executive team will continue to provide leadership in the area of diversity including growing our female participation at all levels of the organisation. Saracen supports the Women in Mining Association Western Australia ("WIMWA") and encourages its entire staff, both male and female, to be active participants at events sponsored by WIMWA.

During FY2018, the Saracen Core Values of Attitude, Communication, Courage and Delivery, continued to define and guide our actions and interactions. Supporting our strong, results-driven, "can do" culture, where our people are at the heart of our success a "Think and Act Like Owners" programme was rolled out to encourage our employees to engage with the ongoing and long term success of Saracen. This included the introduction of a Company-wide Employee Share Plan offering all Saracen employees, the opportunity to be "Owners" of the Company.

As part of our ongoing review of our suite of Corporate Policies, all of Saracen's human resources policies have been updated including equal employment, violence, harassment and bullying and flexible work.

Our focus on training and development has been enhanced this year:

- The Saracen apprenticeship programme has continued with the apprentices moving through the programme and rotations across our sites.
- Development of a Graduate programme that will be implemented fully in FY2019.
- Implementation of a leadership training programme to enhance the skills and capability of our leaders.

For FY2019 Saracen will continue down the path of further improving our people focus, including the implementation of a number of initiatives:

- Continue to seek to align or exceed the mining industry average for female participation in the workforce subject to availability and suitability of candidates.
- Implement measures to understand how many of our people identify as Aboriginal and Torres Strait Islanders.
- Implementation of the Graduate programme and traineeship programmes.

Community Support

Saracen, through its investment in our local communities and our industry, wishes to leave a lasting positive legacy of improved outcomes for all parties. Saracen views engagement, communication and consultation with stakeholders as crucial for business success, including maintaining a social license to operate. Saracen is committed to improving its community engagement through open and transparent dialogue with government representatives, pastoral and community representatives and other key stakeholders.

DIRECTORS' REPORT (CONTINUED)

The Company's Core Values of Attitude, Communication, Courage and Delivery, define and guide our interactions with all our stakeholders. The Risk and Sustainability Board Committee was updated during FY2018, with community consultation and engagement being introduced as additional key pillars of the Committee's remit. During FY2018, Saracen implemented a Community Policy and allocated a number of staff to support the growth of our community engagement and commitment. As part of developing the Community Policy, we have agreed the level of funding we will support and established management processes for allocation of funds at both a site and corporate level.

Prior to FY2018, Saracen had formed several strong relationships with local communities and pastoralists close to our operations - this engagement with our surrounding communities has been further expanded upon this year.

Two significant new sponsorships where Saracen has taken a leading role are:

1. **Shooting Stars** - an opportunity was presented to Saracen to support Shooting Stars in Leonora. Shooting Stars is an educational programme that partners with Netball WA to use netball and other tools to increase school attendance rates for young Aboriginal and Torres Strait Islander girls living in WA's remote communities and regional towns.

Saracen has agreed to fund the initial start-up of the Leonora Shooting Stars site and we are working with Shooting Stars to secure ongoing funding from private and public sources. We took this as an opportunity to make a difference in one of the key communities we work in and we are excited about the ongoing partnership with Shooting Stars.

2. **Heart of Gold Trail** - Saracen is a major sponsor of the Kalgoorlie and Perth Heart of Gold Trails and the associated schools programme. This interactive self-guided virtual trail provides an opportunity to understand gold mining in WA from the early days to the present, increasing the community's knowledge of its contribution and importance to our society. As a proud member of the WA gold mining community we were very pleased to support this innovative programme.

In addition to these major sponsorships, Saracen has continued its involvement and commitment to a broad range of community groups and organisations during FY2018. This year Saracen has also provided funding and other support to:

- Clontarf Foundation,
- WA School of Mines Graduates Association,
- Perth Special Needs Children's Christmas Parties,
- Curtin University,
- Leonora Golden Gift,
- Leinster Art Programme,
- Goolarri Goldfields Girls, and
- Leinster Cup.

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 21 August 2018, Saracen entered into a contract with GR Engineering Services Limited for the engineering design, procurement and construction of a paste backfill plant at the Carosue Dam operations for an estimated contract value of \$17.9m.

No other material events have occurred since 30 June 2018 requiring disclosure.

Except for the event detailed above, no other matter or circumstance has arisen since 30 June 2018 that has significant affected, or may significantly affect:

- The Group's operation in future financial years, or
- The result of those operations in future financial years, or
- The Group's state of affairs in future financial years.

DIRECTORS' REPORT (CONTINUED)

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 operating and expanding the Company's operations. Refer to the Production and Operational Outlook for FY2019 and beyond on pages 47 to 48.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Saracen recognises that respecting the environmental values held by people both within and outside of the Company is an integral part of doing business.

Saracen is committed to conducting operations in an environmentally sensitive manner. Through the implementation of a Company-wide Environmental Management System ("EMS"), Saracen is able to continually minimise any adverse environmental risks that may be associated with its business activities. The Saracen 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 significant non-compliances during the year.

The Group is also subject to reporting requirements of the National Environmental Protection (National Pollution Inventory) Measure 1998 ("NPI") and the National Greenhouse and Energy Reporting Act 2007 ("NGER"). 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 of these reports submitted in September 2017 and October 2017 respectively.

Key environmental achievements during FY2018 included:

- Completion of a rehabilitation performance assessment report for the Serengeti and Safari Waste Rock Landforms (Mt Celia Project). The landforms have successfully achieved compliance with closure completion criteria commitments, therefore Saracen have applied for "sign off" of the infrastructure under the requirements of the Mining Rehabilitation Fund ("MRF").
- Submission and attainment of all key environmental approvals for 10 years of operations at the Carosue Dam Project. All major infrastructure requirements in the current CDO Life of Mine Plan have been fully approved through the required regulatory bodies.
- Completion of a 10 year Water Supply strategy for CDO. This strategy includes the findings of an airborne Time Delay Electromagnetic survey completed at Carosue Dam and Deep South in December 2017. Importantly, the findings from this survey will enable Saracen to more accurately and efficiently target groundwater resources through future drilling campaigns.
- The Company progressed planning for a semi-integrated landform/Tailings Storage Facility ("TSF") design of the Thunderbox Eastern Waste Rock Dump and TSF to minimise disturbance.
- The Company finalised the updated Risk Assessment on the inherited legacy contamination caused by windblown dust from TSF Cells A & B at Thunderbox. This assessment demonstrated that 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 Company will continue to monitor dust deposits in line with the approved Site Management Plan to ensure that the risk remains low and continues to be managed.
- Construction and development of a new palaeochannel borefield at Bannockburn to deliver 10 years of sustainable process water supply for the Thunderbox operations.

DIRECTORS' REPORT (CONTINUED)

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 & Sustainability Committee Meetings		Exploration & Growth 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	Meetings held while a member	Meetings attended
Geoff Clifford	10	10	2	2	1	1	-	-	2	2
Raleigh Finlayson	10	10	-	-	-	-	4	4	2	2
Mark Connelly	4	4	1	1	1	1	-	-	-	-
Martin Reed	10	10	1	1	1	1	4	4	2	2
Roric Smith	10	10	-	-	1	1	4	4	2	2
Samantha Tough	10	10	2	2	2	2	-	-	2	2

In addition to the scheduled Board and Committee meetings, Directors regularly communicate by telephone, email or other 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 2018 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 the 2017 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 the financial year were:

Geoffrey Clifford	Non-Executive Chairman
Raleigh Finlayson	Managing Director (Executive)
Mark Connelly	Non-Executive Director (resigned effective 23 November 2017)
Martin Reed	Non-Executive Director
Roric Smith	Non-Executive Director (appointed 4 July 2017)
Samantha Tough	Non-Executive Director

The KMP during were:

Morgan Ball	Chief Financial Officer
Simon Jessop	Chief Operating Officer (appointed 11 December 2017)
Daniel Howe	Chief Geologist
William (Troy) Irvin	Corporate Development Officer
Marianne Dravnieks	General Manager - People, Culture and Communication (appointed 6 March 2018)

2. Key changes since the 2017 Remuneration Report

2A. Changes to Board of Directors

As highlighted in the 2017 Remuneration Report, Dr Roric Smith was appointed to the Saracen Board on 4 July 2017 and Mr Mark Connelly stepped down from the Saracen Board following the Company's 2017 AGM on 23 November 2017.

2B. Appointment of KMP

Mr Simon Jessop was appointed as Saracen's Chief Operating Officer on 11 December 2017. Mr Jessop brings a wealth of industry and operational experience to Saracen's management team most recently as General Manager Underground Operations at Evolution Mining.

Ms Marianne Dravnieks was appointed as General Manager - People, Culture and Communications on 6 March 2018. Ms Dravnieks brings a depth of resources and people management experience, most recently through her own strategic HR consulting business working with a number of ASX listed companies.

DIRECTORS' REPORT (CONTINUED)

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

The issue of 660,000 performance rights to Raleigh Finlayson was approved by shareholders at the Annual General Meeting held on 23 November 2017. Refer to "5 - Executive Remuneration Policy and Framework" below for further details.

2D. Issue of Performance Rights to KMP

During the year, 5,030,700 performance rights were granted to Saracen employees. Of this total, 1,900,000 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:

- (i) the over-arching executive remuneration framework,
- (ii) operation of the incentive plans which apply to executive directors and senior executives including key performance indicators and performance hurdles,
- (iii) remuneration levels of executives, and
- (iv) 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 Saracen's 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 Board approved Group wide remuneration levels, structures and budgets.

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

- Geoff Clifford – Chair of Committee, Non- Executive Chairman,
- Roric Smith – Non-Executive Director, and
- Samantha Tough – 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. Securities Trading Policy

The Group's Securities Trading Policy applies to all employees including Directors and KMP. In accordance with the Policy, employees 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

DIRECTORS' REPORT (CONTINUED)

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.

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 Incentives ("STIs") – this is generally reflected as a cash payment that is only received by an eligible employee if specified annual targets are achieved and performance is satisfactory, and
3. Long Term Incentives ("LTIs") – this generally comprises of Performance Rights with a minimum three year vesting period that are subject to specified performance based vesting conditions (both relative and absolute) set by the Board. This benefit is available to selected employees and may include KMP.

The Group targets remuneration at TFR to be positioned on or around the industry median (the 50th percentile) based primarily on the industry benchmark AON Hewitt McDonald Report (an independent, industry recognised general mining remuneration benchmarking survey that is updated twice each calendar year). From time to time, the RNC accesses other industry benchmark data as required in order to ensure full data is considered. In addition, with Managing Director approval, there is scope for high performers or key talent to be remunerated between the industry 50th and 75th percentile.

Most 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 (generally based on exceeding budgeted targets, which are both operational and financial in nature, and may also include a personal performance component).

Selected employees may also be 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 minimum three year period.

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

- Total remuneration for each level of the workforce is appropriate and sustainable,
- 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 key talent retention, and
- The principles and integrity of the remuneration review process deliver fair and transparent outcomes.

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

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 peer assessments, external remuneration surveys and industry practices, commensurate with the scale, size and complexity of the Group's operations.

Executive Remuneration - FY2018

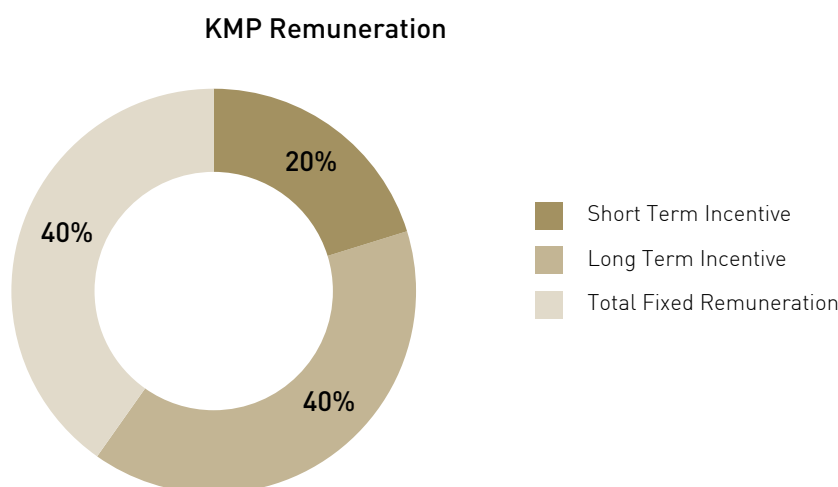
The Remuneration Principles that the Saracen Board has designed in relation to its executive remuneration strategies include:

- Align the interests of shareholders with executive remuneration
 - KMP Total Remuneration ("TR") includes a significant "at risk" component
- Measure and Reward performance relevant to organisation success
 - Link Key Performance Indicators ("KPIs") for executives to key business drivers and long term strategy
- Attract, motivate and retain highest quality KMP
 - Align executive TFR with the Group's stated objective of positioning TFR at the market median (50th percentile) and 75th percentile for Total Variable Remuneration ("TVR")

This executive remuneration framework that was updated during FY2017 has remained unchanged in FY2018 and no changes are proposed.

DIRECTORS' REPORT (CONTINUED)

A key tenet of the framework implemented in FY2017 was to ensure that the majority of KMP salary is "at risk", in order to ensure KMP interests are aligned with shareholders. As illustrated below, if paid at full value, the "at risk" component comprises 60% of TR.



Executive Remuneration Framework FY2018

The Executive Remuneration framework in place for KMP for FY2018 has three components as per the table below:

Element	Consist of	Performance Metrics
Total Fixed Remuneration	Base pay and benefits, including superannuation	Ongoing Performance in Role
Short-Term Incentives	Cash payments targeted at a percentage of TFR	As per annual targets set and approved each year Includes an individual performance component Board Discretion
Long-Term Incentives	Performance Rights based on a percentage of TFR	3 Year Peer Group Total Shareholder Return* comparison 3 Year growth of Ore Reserves 3 Year EPS Growth Board discretion

* 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.

DIRECTORS' REPORT (CONTINUED)

Operating and non-operating 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 directly aligned to the Group's 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.

(ii) Performance linked remuneration

Performance linked remuneration includes both short term incentives (in the form of cash payments) and long term incentives (in the form of equity instruments – currently Performance Rights) and is designed to reward KMP for meeting or exceeding targets which align with business performance and creating shareholder value both on a relative and absolute basis.

(a) Short term incentives

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 and is generally made in the following financial year.

For FY2018, the KPIs set for KMP related to safety, implementation of strategic plan, delivery of guidance relating to production and costs, free cash generation and personal KPIs dependent on a number of qualitative factors. These KPIs were chosen in order to align KMP with measures that increase long term shareholder value through the achievement of annual performance measures.

Refer to the table below for the structure of the STI Plan:

Element	Description						
Maximum opportunity	100% achieved ("Stretch Target") equates to 50% of TFR						
Performance metrics:	Metric	Base Target	Stretch Target	Weighting	Actuals	Bonus Achieved	Weighted Bonus
	ESG (Environmental, Social and Governance)	Group TRIFR 10% Reduction	Group TRIFR 20% Reduction	20%	32%* Reduction	62.5%	6.25%
		Maintain social license to operate			Qualitative		
	Implement Strategic Plan	Agree and implement Strategy Plans with the Board and then deliver specific Business		20%	Qualitative	75%	7.5%
	Deliver Guidance	Production 300,000oz AISC: \$1,150/oz	Production 315,000oz AISC: \$1,100/oz	20%	316,453oz \$1,139/oz	75%	7.5%
	Cash and Liquid Investments	\$86M	\$100M	20%	\$118M	100%	10%
	Personal KPIs			20%	Qualitative	75%	7.5%
Percentage of maximum STI achieved							38.75%

* Despite exceeding the Stretch Target for Group TRIFR reduction, the Board and KMP reduced the Safety STI component due to a number of Serious Potential Incidents recorded in FY2018

The RNC determined that for FY2018, the Managing Director and other KMP would receive 38.75% as their STI compared to a maximum available of 50%. The STI amounts payable for FY2018 are included in the remuneration calculation in the table under section "7 - Details of Remuneration". These amounts are expected to be paid in October 2018. Note that Mr Jessop and Ms Dravnieks received prorated amounts reflecting their length of service in FY2018.

DIRECTORS' REPORT (CONTINUED)

(b) Long term incentives

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 on an absolute basis and relative to peers. These are currently granted in the form of 3 Year Performance Rights in line with the shareholder approved Long Term Incentive Plan (LTIP). Details of existing (issued during FY2017 & FY2018) and proposed (to be issued during FY2019) LTI performance measures are set out below.

FY2019 Executive Remuneration

As noted, each year the Board considers Executive remuneration for the upcoming financial year based on Saracen's Remuneration Policy and framework and also against independent remuneration data and peer analysis.

Further to this, Saracen's Executive remuneration principles for FY2019 are confirmed as follows:

1. Base Salary – maintain target around the 50th percentile.
2. Confirmation that as in FY2018, 60% of Executive Total Remuneration (TR) is to be "at risk"
3. Incentives – maintain target around the 75th percentile:
 - a. Maximum STI that the Executive can receive to be up to 50% of TFR, and
 - b. Maximum LTI that the Executive can receive to be up to 100% of TFR.

FY2019 Executive Remuneration: STI Measures

The RNC recommended the following measures to apply to the KMP STI's for FY2019. For full payment of STIP all stretch targets must be met.

Annual KPIs	Measure	
	Target	Stretch
1. HSEC and Sustainability		
Safety	10% reduction TRIFR	20% reduction TRIFR
	Progress towards strong safety culture	
	Safety interactions occurring across sites	
Environment & Community	Compliance with regulatory requirements	
	Zero significant environmental breaches	
	Engagement with stakeholders & community	
2. Deliver Guidance – AISC	Achieve market guidance range of \$1,050 to \$1,100/oz	Exceed market guidance by at least 10%
3. Deliver Guidance – Production	Meet annual production guidance of 325,000 to 345,000ozs	Exceed market guidance by at least 10%
4. Cash Balance	Achieve budgeted free cash flow generation	Exceed budgeted free cash flow generation by at least 20%
5. Deliver Strategic Plan	Horizon 1: Deliver Strategic Plan FY19	Horizon 1: Exceed Strategic Plan for FY19 Demonstrating progress towards Horizon 2 (Years 2 to 5) & Horizon 3 (Years 5 to 10)

FY2019 Executive Remuneration: LTI Measures

The RNC recommended the following performance measures apply to KMP LTI's (in the form of Performance Rights) to be awarded during FY2019. An additional measure, absolute share price increase, has been added compared to the FY2018 LTIP measures.

DIRECTORS' REPORT (CONTINUED)

LTIP Measures	Split	Performance Rights (measured over a 3 year performance period)	Measure
Relative TSR	25%	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 at the relative measure points
Increase in Ore Reserves	25%	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	25%	Negative - Nil vest 5% pa growth - 50% vest 5 to 10% pa growth - pro rata between 50% and 100% vest 10% pa or greater growth - 100% vest	EPS calculation to exclude non-recurring items and measured as the cumulative annual growth rate over a 3 year period
Increase in Share Price	25%	Below 25% - 0% Between 25% & 50% - pro rata between 50% and 75% More than 50% - 100%	Measure by comparing 30 day VWAP at 30 June 2018 to 30 day VWAP at 30 June 2021

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

Newcrest (ASX: NCM)	Evolution (ASX: EVN)
Northern Star (ASX: NST)	Regis (ASX: RRL)
St Barbara (ASX: SBM)	Oceana (ASX: OGC)
Ramellius (ASX: RMS)	Westgold (ASX: WGX)
Silver Lake (ASX: SLR)	Millennium (ASX: MOY)
Dacian (ASX: DCN)	Doray (ASX: DRM)
Pantoro (ASX: PNR)	Blackham (ASX: BLK)

Performance Rights

The Saracen Mineral Holdings Limited Performance Rights Plan ("Plan") was approved at the November 2017 AGM. The Plan provides the Board with the discretion to grant Performance Rights to eligible participants that will vest subject to the achievement of performance measures 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 selected employees 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, selected employees will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the achievement of a number of KPIs which can be varied each year.

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.

DIRECTORS' REPORT (CONTINUED)

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

Any grants under the Plan will be subject to the achievement of KPIs. Appropriate KPIs are formulated to align each Eligible Participant with the interests of the Company's shareholders.

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.

Each year the Company issues Performance Rights in Tranches. Details in relation to the relevant Performance Rights Tranches issued to the Managing Director and KMP are below.

The KPIs for Tranches 3, 4, and 6 to 11 that have been issued are below. Note that Tranches 3 and 4 have now vested based on the relevant performance metrics and been converted to shares prior to 30 June 2018. Note also that Tranches 6 and 9, based on the relevant performance metrics vested post 30 June 2018 and have been converted to shares during the year ending 30 June 2019 (details included 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. Note that Tranche 5 has now vested based on the achievement of the relevant performance metrics and been converted to shares prior to 30 June 2018:

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%

DIRECTORS' REPORT (CONTINUED)

The KPIs for Tranches 12 and 13 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 earnings per share.	
Vesting Condition	Percentile	Proportion of rights vesting	Increase in ore reserves	Proportion of rights vesting	Earnings per share increase	Proportion of rights vesting
	Below 50th percentile	0%	Between 0% and 25%	Between 50% and 100% on a pro percentile rata basis	Between 5% and 10%	Between 50% and 100% on a pro rata basis
	Between 50th and 75th percentile	Between 50% and 100% on a pro rata basis	More than 25%	100%	More than 10%	100%
	Above 75th percentile	100%				

As at 30 June 2018, tranches 6, 7, 8, 9 and 10 to 13 remain unvested as the relevant performance period is continuing.

For the comparison of the Total Shareholder Return (TSR) metric for the Class A Performance Rights, the Board agrees on an appropriate peer group each year. This peer group is assessed for its relevance to Saracen each year and may also be adjusted 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.

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

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. 100% of these rights vested during FY2018.

Summary of FY2015 Performance Rights (Tranche 4 – KMP)

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. 30% of these rights (relating to KMP) vested during FY2017 with an additional 39% vesting in FY2018. The remaining rights did not vest in line with the conditions in the performance rights plan.

DIRECTORS' REPORT (CONTINUED)

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

Issue Date and Price:	21 May 2015 - 53.5 cents
Performance Period:	<ul style="list-style-type: none">• Class A – N/A• Class B – 16 March 2015 to 16 March 2017• Class C – 16 March 2015 to 16 March 2018
Vesting Date:	<ul style="list-style-type: none">• Class A – 1 January 2017• Class B – 17 March 2017• Class C – 17 March 2018
Fair Value per Right:	<ul style="list-style-type: none">• Class A – 53.5 cents• Class B – 45.1 cents• Class C – 45.4 cents

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. 100% of the Class A and Class B rights vested during FY2017 and 100% of the Class C rights vested during FY2018.

Summary of FY2016 Performance Rights (Tranche 6 – KMP)

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)

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)

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

DIRECTORS' REPORT (CONTINUED)

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.

Summary of FY2017 Performance Rights (Tranche 9 – CFO)

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)

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.

Summary of FY2018 Performance Rights (Tranche 11 – COO)

Issue Date and Price:	15 December 2017 - 158.0 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 – 81.5 cents• Class B – 158.0 cents• Class C – 87.7 cents

On 15 December 2017, an allocation of 450,000 Rights were granted to the Company's newly appointed COO, Mr Simon Jessop, 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 \$446,290.

DIRECTORS' REPORT (CONTINUED)

Summary of FY2018 Performance Rights (Tranche 12 – Managing Director)

Issue Date and Price:	23 November 2017 – 147.0 cents
Performance Period	1 July 2017 to 30 June 2020
Vesting Date:	1 July 2020
Fair Value per Right:	<ul style="list-style-type: none"> Class A – 94.3 cents Class B – 147.0 cents Class C – 147.0 cents

An allocation of 660,000 Rights were granted to the Managing Director, Raleigh Finlayson following shareholder approval at the Annual General Meeting in November 2017.

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 \$796,290.

Summary of FY2018 Performance Rights (Tranche 13 – KMP)

Issue Date and Price:	15 December 2017 – 158.0 cents
Performance Period	1 July 2017 to 30 June 2020
Vesting Date:	1 July 2020
Fair Value per Right:	<ul style="list-style-type: none"> Class A – 110.2 cents Class B – 158.0 cents Class C – 158.0 cents

An allocation of 1,450,000 Rights were granted to KMP on 15 December 2017.

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 \$1,944,450.

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

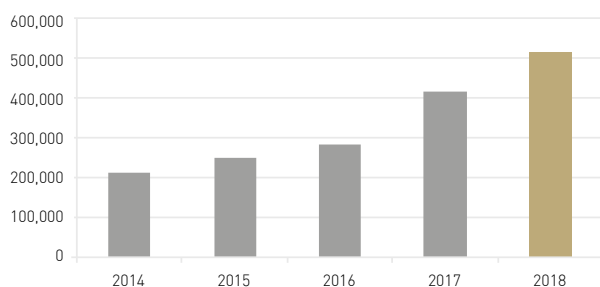
6. Link between Remuneration and Performance

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. Note that 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.

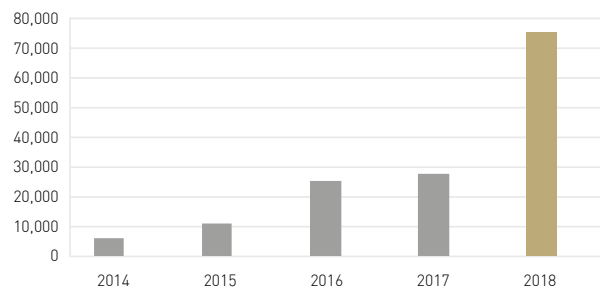
	2014	2015	2016	2017	2018
Sales Revenue (\$'000)	211,424	249,872	276,502	423,058	510,961
Profit/(loss) after income tax (\$'000)	5,995	11,148	25,889	28,386	75,585
Basic EPS (cents per share)	0.91	1.41	3.26	3.52	9.29
Share price (\$)	0.41	0.43	1.44	1.17	2.19

DIRECTORS' REPORT (CONTINUED)

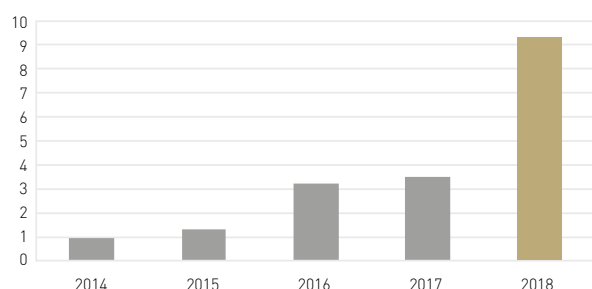
Sales Revenue (\$'000)



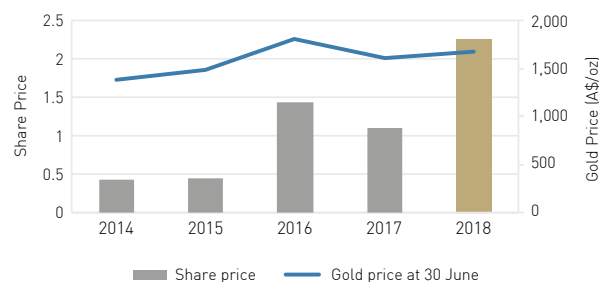
Profit/(loss) after tax (\$'000)



Basic EPS (cents per share)



Share price (\$)



In relation to the most recent Performance Period assessed - 1 July 2015 to 30 June 2018 (Performance Rights Tranches 6 & 9):

- The TSR of the Company has been independently calculated to be 382% placing it at the 81st percentile of the identified Peer Group. Therefore, as stipulated for the vesting of Tranche 6 & Tranche 9 Class A Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1FY2019.
- The ore reserves of the Company increased by 68.5% over the period. Therefore, as stipulated for the vesting of Tranche 6 & Tranche 9 Class B Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1FY2019.
- The share price of the Company has been calculated to have increased 409% over the period. Therefore, as stipulated for the vesting of Tranche 6 & Tranche 9 Class C Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1FY2019.

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 2018	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 ^(iv)</i>	<i>Other benefits ⁽ⁱⁱ⁾</i>	<i>Super- annuation and other</i>	<i>Performance Rights</i>	<i>Long Service Leave ^(iv)</i>		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
G Clifford	155,251	-	-	14,749	-	-	170,000	-
R Finlayson ^{(iii)(v)}	716,406	285,757	6,407	25,000	818,315	8,436	1,860,321	59.3%
M Connelly (resigned effective 23 November 2017)	43,531	-	-	4,135	-	-	47,666	-
M Reed ⁽ⁱⁱⁱ⁾	120,000	-	-	-	-	-	120,000	-
R Smith (appointed 4 July 2017)	109,589	-	-	10,411	-	-	120,000	-
S Tough	109,589	-	-	10,411	-	-	120,000	-
Key Management Personnel								
M Ball ^{(iii)(v)}	416,790	169,338	9,868	18,928	230,469	1,620	847,013	47.2%
M Dravnieks (appointed 6 March 2018)	87,970	58,210	-	8,357	-	-	154,537	37.7%
D Howe ⁽ⁱⁱⁱ⁾	300,000	127,003	6,111	31,243	152,265	10,818	627,440	44.5%
W T Irvin ⁽ⁱⁱⁱ⁾	300,000	127,003	-	31,243	152,265	1,962	612,473	45.6%
S Jessop ⁽ⁱⁱⁱ⁾ (appointed 11 December 2017)	250,404	106,683	-	23,788	300,859	1,159	682,893	59.7%
Total	2,609,530	873,994	22,386	178,265	1,654,173	23,995	5,362,343	

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

(ii) Share based payments are the performance rights which are expensed over the vesting period (refer to note 18 in the consolidated financial statements).

(iii) Martin Reed's Directors Fees of \$120,000 are paid/payable to PilotHole Pty Ltd, an entity controlled by Mr Reed.

(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 at the employees election.

DIRECTORS' REPORT (CONTINUED)

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 ^(iv)	Other benefits ⁽ⁱ⁾	Super- annuation and other	Performance Rights	Long Service Leave ^(iv)		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
G Clifford	143,836	-	-	13,664	-	-	157,500	-
R Finlayson ^{(iii)(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 18 in the consolidated financial statements).

(iii) Martin Reed's Directors Fees of \$107,500 are paid/payable to PilotHole Pty Ltd, an entity controlled by Mr Reed.

(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 at the employees election.

(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.

8. Contractual Arrangements with Executive KMP - FY2018

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 FY2018 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	\$675,000pa	If Mr Finlayson is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a payment equal to 12 months earnings. Otherwise any other redundancy payment is calculated based on the Fair Work Act 2009. There are no other termination payments specified in Mr Finlayson's contract other than the agreed notice period.
M Ball <i>Chief Financial Officer</i>	No fixed term 3 Months by Employee 12 Months by Company for first year of employment and 9 months thereafter	\$400,000pa	If Mr Ball is terminated by the Company following a "change of control" event, he will be entitled to a payment equal to 12 months earnings if the change of control occurs in the first year of employment and 9 months earnings thereafter. Otherwise any other redundancy payment is calculated based on the Fair Work Act 2009. There are no other termination payments specified in Mr Ball's contract other than the agreed notice period
S Jessop <i>Chief Operating Officer (appointed 11 December 2017)</i>	No fixed term 3 Months by Employee 12 Months by Company for first year of employment and 9 months thereafter	\$450,000pa	If Mr Jessop is terminated by the Company following a "change of control" event, he will be entitled to a payment equal to 12 months earnings if the change of control occurs in the first year of employment and 9 months earnings thereafter. Otherwise any other redundancy payment is calculated based on the Fair Work Act 2009. There are no other termination payments specified in Mr Jessop's contract other than the agreed notice period
D Howe, <i>Chief Geologist</i>	No fixed term 3 Months	\$300,000pa	If Mr Howe is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a payment equal to 6 months earnings. Otherwise any other redundancy payment is calculated based on the Fair Work Act 2009. There are no other termination payments specified in Mr Howe's contract other than the agreed notice period
W T Irvin, <i>Chief Corporate Development Officer</i>	No fixed term 3 Months	\$300,000pa	If Mr Irvin is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a payment equal to 6 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009. There are no other termination payments specified in Mr Irvin's contract other than the agreed notice period
M Dravnieks <i>General Manager – People, Culture and Communications (appointed 6 March 2018)</i>	No fixed term 3 Months	\$275,000pa	If Ms Dravnieks is terminated by the Company within 1 year following a "change of control" event, she will be entitled to a redundancy payment equal to 6 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009. There are no other termination payments specified in Ms Dravniek's contract other than the agreed notice period

DIRECTORS' REPORT (CONTINUED)

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, 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. They do not receive performance based pay. The Chairman and the Non-Executive Directors do 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 July 2017 to 30 June 2018	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	\$170,000	\$140,000	\$140,000
Other non-executive directors (including committee membership)	\$120,000	\$120,000	\$90,000	\$90,000

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	
	2018	2017	2018	2017	2018	2017
Executive Director						
R Finlayson	41%	29%	15%	4%	44%	67%
Key Management Personnel						
M Ball	53%	76%	20%	6%	27%	18%
M Dravnieks (appointed 6 March 2018)	62%	-	38%	-	-	-
D Howe	55%	76%	20%	6%	24%	18%
W T Irvin	54%	76%	21%	7%	25%	17%
S Jessop (appointed 11 December 2017)	40%	-	16%	-	44%	-

10B. Details of Share Based Compensation

Performance Rights

Performance rights vest during the period after the performance period ended due to them being subject to final Board approval. The Performance Rights are expensed over the performance period 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:

DIRECTORS' REPORT (CONTINUED)

Tranche 3 (Managing Director) – vested in FY2018

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	100%
26 November 2014 – Class B	1 July 2017	1 July 2014 – 30 June 2017	\$0.275	100%
26 November 2014 – Class C	1 July 2017	1 July 2014 – 30 June 2017	\$0.173	100%

Tranche 4 (KMP) – vested in FY2018

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	69%
1 April 2015 – Class B	1 July 2017	1 July 2014 – 30 June 2017	\$0.410	69%
1 April 2015 – Class C	1 July 2017	1 July 2014 – 30 June 2017	\$0.253	69%

Tranche 5 (Managing Director) – vested in FY2018

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	100%

Tranche 6 (KMP) – vested in FY2019

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) – to be assessed in FY2020

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) – to be assessed in FY2020

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	-

Tranche 9 (CFO) – vested in FY2019

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	-

DIRECTORS' REPORT (CONTINUED)

Tranche 10 (CFO) – to be assessed in FY2020

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	-

Tranche 11 (COO) – to be assessed in FY2020

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
15 December 2017 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.815	-
15 December 2017 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$1.580	-
15 December 2017 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.877	-

Tranche 12 (Managing Director) – to be assessed in FY2021

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
23 November 2017 – Class A	1 July 2020	1 July 2017 – 30 June 2020	\$0.943	-
23 November 2017 – Class B	1 July 2020	1 July 2017 – 30 June 2020	\$1.470	-
23 November 2017 – Class C	1 July 2020	1 July 2017 – 30 June 2020	\$1.470	-

Tranche 13 (KMP) – to be assessed in FY2021

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
15 December 2017 – Class A	1 July 2020	1 July 2017 – 30 June 2020	\$1.102	-
15 December 2017 – Class B	1 July 2020	1 July 2017 – 30 June 2020	\$1.580	-
15 December 2017 – Class C	1 July 2020	1 July 2017 – 30 June 2020	\$1.580	-

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 18 to the financial statements.

Name	Financial Year of grant	Period 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 3					
	2014/15 (Class A)	2017/18	294,000	\$56,742	294,000	100%
	2014/15 (Class B)	2017/18	147,000	\$40,425	147,000	100%
	2014/15 (Class C)	2017/18	294,000	\$50,862	294,000	100%
	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	5,000,000	100%
	Tranche 8					
	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 12					
	2017/18 (Class A)	2020/21	330,000	\$311,190	-	-
	2017/18 (Class B)	2020/21	132,000	\$194,040	-	-
	2017/18 (Class C)	2020/21	198,000	\$291,060	-	-

DIRECTORS' REPORT (CONTINUED)

Name	Financial Year of grant	Period 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 %
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	-	-
	Tranche 13					
	2017/18 (Class A)	2020/21	200,000	\$220,400	-	-
	2017/18 (Class B)	2020/21	80,000	\$126,400	-	-
	2017/18 (Class C)	2020/21	120,000	\$189,600	-	-
D Howe	Tranche 4					
	2014/15 (Class A)	2017/18	68,000	\$22,984	68,000	100%
	2014/15 (Class B)	2017/18	34,000	\$13,940	34,000	100%
	2014/15 (Class C)	2017/18	68,000	\$17,204	68,000	100%
	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	-	-
	Tranche 13					
	2017/18 (Class A)	2020/21	150,000	\$165,300	-	-
	2017/18 (Class B)	2020/21	60,000	\$94,800	-	-
	2017/18 (Class C)	2020/21	90,000	\$142,200	-	-
W T Irvin	Tranche 4					
	2014/15 (Class A)	2017/18	52,000	\$17,576	52,000	100%
	2014/15 (Class B)	2017/18	26,000	\$10,660	26,000	100%
	2014/15 (Class C)	2017/18	52,000	\$13,156	52,000	100%
	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	-	-
	Tranche 13					
	2017/18 (Class A)	2020/21	150,000	\$165,300	-	-
	2017/18 (Class B)	2020/21	60,000	\$94,800	-	-
	2017/18 (Class C)	2020/21	90,000	\$142,200	-	-
S Jessop	Tranche 11					
	2017/18 (Class A)	2019/20	180,000	\$146,700	-	-
	2017/18 (Class B)	2019/20	90,000	\$142,200	-	-
	2017/18 (Class C)	2019/20	180,000	\$157,860	-	-
	Tranche 13					
	2017/18 (Class A)	2020/21	225,000	\$247,950	-	-
	2017/18 (Class B)	2020/21	90,000	\$142,200	-	-
	2017/18 (Class C)	2020/21	135,000	\$213,300	-	-

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 2018, 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 relevant family members and entities related to them.

(i) Performance Rights holdings

30 June 2018	Balance at beginning of period 1 July 2017	Granted as remuneration	Vested and converted	Lapsed	Balance at end of period 30 June 2018
Directors					
G Clifford	-	-	-	-	-
R Finlayson	5,920,000	660,000	(5,735,000)	-	845,000
M Connelly	-	-	-	-	-
M Reed	-	-	-	-	-
R Smith	-	-	-	-	-
S Tough	-	-	-	-	-
Key Management Personnel					
M Ball	300,000	400,000	-	-	700,000
M Dravnieks (appointed 6 March 2018)	-	-	-	-	-
D Howe	455,000	300,000	(170,000)	-	585,000
W T Irvin	415,000	300,000	(130,000)	-	585,000
S Jessop (appointed 11 December 2017)	-	900,000	-	-	900,000
Total	7,090,000	2,560,000	(6,035,000)	-	3,615,000

(ii) Shareholdings

30 June 2018	Balance at beginning of period 1 July 2017	Granted as remuneration	Conversion of Performance Rights	Net change - other	Balance at end of period 30 June 2018
Directors					
G Clifford	-	-	-	-	-
R Finlayson	7,681,819	-	5,735,000	(3,500,000)	9,916,819
M Connelly	-	-	-	-	-
M Reed	30,000	-	-	-	30,000
R Smith	-	-	-	-	-
S Tough	-	-	-	-	-
Key Management Personnel					
M Ball (appointed 12 December 2016)	5,000	-	-	-	5,000
M Dravnieks (appointed 6 March 2018)	-	-	-	5,870	5,870
D Howe	-	-	170,000	(135,000)	35,000
W T Irvin	34,000	-	130,000	(164,000)	-
S Jessop (appointed 11 December 2017)	-	-	-	-	-
Total	7,750,819	-	6,035,000	(3,793,130)	9,992,689

10D. Other Transactions with KMP

During the year Director's Fees of \$120,000 (2017: \$116,268) have been paid/are payable to PilotHole Pty Ltd, an entity controlled by Mr Martin Reed. The 2017 amount included an amount of \$8,768 for professional services rendered for limited due diligence on one specific project.

DIRECTORS' REPORT (CONTINUED)

10E. Use of remuneration consultants

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

In addition, the Company subscribes to remuneration information from BDO Remuneration and Rewards Services to ensure that KMP remuneration information was considered in the market context.

In line with Company policy – Saracen obtains an independent review of its KMP remuneration every two years to ensure it remains in line with the market.

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 2017 AGM

At the Annual General Meeting held in November 2017, the Company received a "yes" vote of more than 95% on its Remuneration Report for the 2017 financial year. The Group did not receive any specific remuneration related 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.

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 Corporate Tax (WA) Pty Ltd, a related party of the Group's auditor, provided advisory tax services in addition to audit services. BDO Corporate Tax (WA) Pty Ltd received, or are due to receive, \$1,200 (2017: \$60,036 - BDO Reward (WA) Pty Ltd together with BDO Corporate Tax (WA) Pty Ltd) 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
21 August 2018

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

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 2018, 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.

BDO
A handwritten signature in blue ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Partner

BDO Audit (WA) Pty Ltd

Perth, 21 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2018

	Note	2018 \$'000	2017 \$'000
Revenue from continuing operations	2	510,961	423,058
Mine operating costs		(281,174)	(282,262)
Depreciation and amortisation	2	(94,346)	(74,679)
Royalties		(17,835)	(14,552)
Gross profit from mining operations		117,606	51,565
Administration expenses	2	(10,048)	(10,317)
Share based payments expense	18	(3,379)	(2,736)
Finance costs	2	(411)	(764)
Other revenue	2	1,213	522
Profit on disposal of King of the Hills		10,594	-
Profit/(Loss) on disposal of fixed assets		-	(39)
Expensing of deferred exploration costs	11	(1,405)	(2,477)
Impairment of assets	11	(896)	(2,776)
Profit before income tax		113,274	32,978
Income tax expense	4	(37,689)	(4,592)
Profit after income tax for the period		75,585	28,386
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value profit on available for sale investments	16(e)	2,609	-
Other comprehensive profit for the year, net of income tax		2,609	-
Total comprehensive income attributable to members of Saracen Mineral Holdings Limited		78,194	28,386
Earnings per share for the year attributable to the members of Saracen Mineral Holdings Limited:			
Basic earnings (cents per share)	5	9.29	3.52
Diluted earnings (cents per share)	5	9.21	3.47

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 2018

	Note	2018 \$'000	2017 \$'000
Current assets			
Cash and cash equivalents	20(a)	99,774	33,726
Trade and other receivables	6	9,340	6,353
Other financial assets		-	7
Inventories	7	52,323	32,924
Other assets	8	1,239	1,357
Assets classified as held for sale	13	450	21,961
Total current assets		163,126	96,328
Non-current assets			
Other financial assets	9	11,737	55
Buildings, plant and equipment	10	99,475	93,751
Deferred exploration and evaluation costs	11	53,556	46,764
Mine properties	12	195,330	167,559
Total non-current assets		360,098	308,129
Total assets		523,224	404,457
Current liabilities			
Trade and other payables	14	44,208	39,253
Borrowings		163	-
Provisions	15	8,281	6,636
Liabilities classified as held for sale	13	-	16,086
Total current liabilities		52,652	61,975
Non-current liabilities			
Deferred tax liabilities	4	39,210	5,986
Provisions	15	50,198	42,488
Total non-current liabilities		89,408	48,474
Total liabilities		142,060	110,449
Net assets		381,164	294,008
Equity			
Contributed equity	16(a)	259,991	256,740
Reserves	16(e)	17,233	8,913
Retained profits		103,940	28,355
Total equity		381,164	294,008

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 2018

	Contributed Equity \$'000	(Accumulated Losses) / Retained profits \$'000	Investment Revaluation Reserve \$'000	Share Based Payments Reserves \$'000	Total \$'000
As at 1 July 2017	256,740	28,355	-	8,913	294,008
Profit for the year after tax	-	75,585	-	-	75,585
Other comprehensive income	-	-	2,609	-	2,609
Total comprehensive profit/(loss) for the year after tax	-	75,585	2,609	-	78,194
Transactions with owners in their capacity as owners					
Share based payments	335	-	-	3,044	3,379
Vesting of performance rights	2,916	-	-	(2,916)	-
Tax effect on share based payments	-	-	-	5,583	5,583
As at 30 June 2018	259,991	103,940	2,609	14,624	381,164
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

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 2018

	Note	2018 \$'000	2017 \$'000
Cash flows from operating activities			
Receipts from customers		510,961	423,058
Payments to suppliers and employees		(320,129)	(297,154)
Interest received		989	331
Interest paid and other finance costs		(396)	(603)
Net cash flows provided by operating activities	20(b)	191,425	125,632
Cash flows from investing activities			
Purchase of plant, equipment and development assets		(121,617)	(105,009)
Exploration and evaluation costs		(8,580)	(12,842)
Disposal of mine properties		4,970	-
Purchase of equity shares		(319)	-
Disposal of equity shares		6	-
Net cash flows used in investing activities		(125,540)	(117,851)
Cash flows from financing activities			
Payment of finance lease liabilities		(1,440)	(7,648)
Proceeds from finance lease liabilities		1,603	(709)
Net cash flows provided by/ (used) in financing activities		163	(8,357)
Net increase/ (decrease) in cash held		66,048	(576)
Add opening cash brought forward		33,726	34,302
Closing cash carried forward	20(a)	99,774	33,726

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 2018

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 21 August 2018

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 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'
- (ii) AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'
- (iii) AASB 2017-2 'Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle'.

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 2018. 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 2018

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 standard is likely to impact the Group's mining contractor, property lease and powerhouse contracts. 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.

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:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

These include:

Judgements, estimates and assumptions:

- Exploration and evaluation expenditure (note 11)
- Impairment of assets (note 1(d))
- Inventories (note 7)
- Mine rehabilitation (note 15)
- Ore reserve estimates (note 12)
- Production start date (note 12)
- Recovery of deferred tax assets (note 4)
- Share based payments (note 18)
- 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 Wallbrook operations were impaired by \$0.9m due to the carrying amount of the assets exceeding the fair value less cost to sell (refer to note 11).

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 2018

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.

	2018 \$'000	2017 \$'000
Gold sales	510,071	422,148
Silver sales	890	910
Revenue from continuing operations	510,961	423,058
Interest revenue	989	331
Other	224	191
Other revenue	1,213	522
Total revenue	512,174	423,580
Amortisation of mine properties	62,690	52,424
Amortisation of deferred mining expenditure	12,351	5,437
Depreciation of plant and equipment	19,305	16,818
Depreciation and amortisation	94,346	74,679
Directors and employee expenses	6,981	6,796
Professional fees	1,309	1,043
Other	1,758	2,478
Administration expenses	10,048	10,317
Borrowing costs	411	764
Finance costs	411	764
Perth office rental	404	395
Operating lease rentals	404	395
Defined contribution superannuation expense	4,338	3,925

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

3 AUDITOR'S REMUNERATION

	2018 \$'000	2017 \$'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	115	98
Amounts received or due and receivable by an associate of the auditor of the Group for: BDO Corporate Tax (WA) Pty Ltd		
- Tax services	1	43
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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

4 INCOME TAX (continued)

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.

	2018 \$'000	2017 \$'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	33,998	4,592
- Recognition of previously unrecognised temporary differences	3,691	-
Income tax expense	37,689	4,592
(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	113,274	32,978
Prime facie income tax expense at 30% (2017: 30%)	33,982	9,894
- Non-deductible expenses	16	14
- Recognition of previously unrecognised temporary differences	3,691	(5,316)
Income tax expense	37,689	4,592
Effective tax rate	33%	14%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

4 INCOME TAX (continued)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 July 2017 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 30 June 2018 \$'000
Deferred tax assets				
Tax losses	26,192	(20,033)	-	6,159
Provisions	19,380	(2,673)	-	16,707
Other	545	389	-	934
Undeducted share issue costs	200	(198)	-	2
Share based payments	3,870	(6,447)	5,583	3,006
Non-refundable R&D offset	71	(38)	-	33
Total	50,258	(29,000)	5,583	26,841
Deferred tax liabilities				
Deferred mining expenditure	(55,120)	(6,853)	-	(61,973)
Property, plant and equipment	(445)	(1,672)	-	(2,117)
Investments	32	(32)	(1,118)	(1,118)
Inventories	(711)	(132)	-	(843)
Total	(56,244)	(8,689)	(1,118)	(66,051)
Net deferred tax asset / (liability)	(5,986)	(37,689)	4,465	(39,210)

	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)

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 2018

5 EARNINGS PER SHARE

Accounting Policy

Basic earnings per share is calculated as profit/(loss) after tax attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as profit/(loss) after tax attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends, the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses, and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share after tax attributable to members of the company.

	2018 \$'000	2017 \$'000
Net profit after income tax from continuing operations	75,585	28,386
	75,585	28,386
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	814,021,324	806,848,268
Effect of dilution - performance rights	6,582,344	11,079,945
Weighted average number of ordinary shares adjusted for the effect of dilution	820,603,668	817,928,213
Basic earnings (cents per share)	9.29	3.52

	2018 \$'000	2017 \$'000
6 TRADE AND OTHER RECEIVABLES		
Accounting Policy		
Receivables to be settled within 30 - 90 days are carried at amounts due. The collectability of debts is assessed at the reporting date and specific allowance is made for any doubtful accounts.		
Current		
Goods and services tax (GST) recoverable	3,100	5,452
Deferred Consideration - King of the Hills	4,500	-
Deferred Consideration - Red October	550	-
Other	1,190	901
	9,340	6,353

The Group's exposure to credit and market risks is disclosed in note 23.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

7 INVENTORIES

Accounting Policy

Raw materials and stores are valued at the lower of cost and net realisable value. Regular reviews are undertaken to establish whether any items are obsolete or damaged, and if so their carrying value is written down to net realisable value.

Inventories of ore and gold in circuit are valued at the lower of cost and net realisable value. Costs comprise direct material, labour and an appropriate proportion of variable and fixed overhead on the basis of normal operating capacity, and are included as part of mine operating costs in the consolidated statement of profit or loss and comprehensive income. Net realisable value is the estimated selling price in the ordinary course of business less processing cost and the estimated selling cost.

If the ore stockpile is not expected to be processed in 12 months after reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis.

Significant judgements, estimates and assumptions

Inventories require certain estimates and assumptions most notably in regards grades, volumes and densities.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces based on assay data, and the estimated recovery percentage. Stockpile tonnages are verified to periodic surveys.

Net reliable value tests are performed at each reporting date and represent the estimate future sales price of gold, less cost of completion (processing costs) and the estimated cost necessary to perform the sale.

Such estimates and assumptions may change as new information becomes available and could impact on the carrying value of inventories.

	2018 \$'000	2017 \$'000
Ore stocks (at cost)	26,812	9,182
Gold in circuit (at cost)	7,866	5,786
Gold in transit (at cost)	5,250	6,396
Consumable supplies and spares	12,395	11,560
	52,323	32,924
8 OTHER ASSETS		
Prepayments	1,239	1,357

Prepayments mainly consist of prepaid amounts for insurance and establishment and professional fees on the Company's debt facilities.

9 OTHER FINANCIAL ASSETS

Accounting Policy

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

9 OTHER FINANCIAL ASSETS (continued)

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and/or loss are initially recognised at fair value and transaction costs are expensed in the statement of profit or loss and other comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets are subsequently carried at fair value. Gains on available-for-sale financial assets are recognised in other comprehensive income.

Details on how the fair value of financial instruments is determined is disclosed in note 23.

Impairment

The Group assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the statement of profit or loss and other comprehensive income.

	2018 \$'000	2017 \$'000
Non-current		
Security deposits	55	55
Available for sale financial assets	11,682	-
	11,737	55

During the period Saracen acquired 130.6 million shares in Red 5 Limited ("Red 5") (ASX: RED). 90 million Red 5 shares were received as part of the consideration for the sale of Saracen's King of the Hills operation (refer ASX announcement dated 3 August 2017) and Saracen also purchased an additional 40.6 million shares as a participant in the associated Rights Issue conducted by Red 5 as part of its Eastern Goldfields strategy. 90 million Red 5 shares are escrowed for 12 months until 1 October 2018.

As part of consideration received for the Wallbrook Project sale, Saracen received 1.49 million shares in Nexus Minerals Limited (ASX: NXM). In addition to this, Saracen purchased additional 3.8 million shares in Nexus Minerals Limited during the financial year. Refer note 11 and note 13 for further details.

As part of consideration received for the Red October sale, Saracen received 4.545 million shares in Matsa Resources Limited (ASX: MAT). Refer note 13 for further details.

Nexus and Matsa shares held are saleable and have no contracted liquidity restrictions.

The value of listed shares has been determined by reference to the quoted last trade price at the close of business on reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

10 BUILDINGS, PLANT AND EQUIPMENT

Accounting Policy

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line method over the estimated useful life, or over the remaining life of mine if that is shorter and there is no alternative use for the asset. The useful lives of major assets of a cash-generating unit are often dependant on the lives of the orebodies in the region to which they relate. Where the major assets of a cash-generating unit are not dependant on the life of a related ore orebody, management applies judgement in estimating the remaining service potential of long-lived assets.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

10 BUILDINGS, PLANT AND EQUIPMENT (continued)

	2018 \$'000	2017 \$'000
Buildings, plant and equipment		
Opening balance net of accumulated depreciation	81,496	77,971
Additions	5,168	2,889
Transfer from capital work in progress	22,073	18,258
Transfer from mines under construction	-	311
Disposals	-	(39)
Transfer to assets classified as held for sale (note 13)	-	(1,242)
Depreciation	(19,119)	(16,652)
Closing balance net of accumulated depreciation	89,618	81,496
Capital work in progress		
Opening balance net of accumulated depreciation	12,255	6,826
Additions	20,071	25,125
Transfer to mines in production	(253)	(1,230)
Transfer to mines under construction	(143)	(208)
Transfer to plant and equipment	(22,073)	(18,258)
Closing balance net of accumulated depreciation	9,857	12,255
Accumulated depreciation		
Opening balance	67,976	52,876
Depreciation	19,119	16,652
Disposals	(132)	(121)
Transfer to assets classified as held for sale (note 13)	-	(1,431)
Closing balance	86,963	67,976
Cost	186,438	161,727
Accumulated depreciation	(86,963)	(67,976)
Net carrying amount	99,475	93,751

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

11 DEFERRED EXPLORATION AND EVALUATION COSTS (continued)

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.

	2018 \$'000	2017 \$'000
Deferred exploration and evaluation costs		
Balance at the start of the year	46,764	43,552
Additions	9,218	12,868
Transferred to mines in production	-	(26)
Exploration expensed	(1,405)	(2,477)
Disposal of tenements	(125)	-
Impairment on tenements sold*	(896)	-
Transferred to assets classified as held for sale (note 13)	-	(7,153)
Balance at the end of the year	53,556	46,764

* In April 2018, Saracen entered into a binding agreement to sell the Wallbrook Project to Nexus Minerals Limited (ASX:NSM) for a consideration of 1.49 million Nexus Minerals Limited shares at a deemed share price of \$0.08.

An impairment of \$896,000 was recognised during the period relating to the Wallbrook tenements as the carrying values exceeded the fair value less cost of disposal of the asset. The fair value of the Wallbrook asset has been determined based on the agreed sale price.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

12 MINE PROPERTIES (continued)

Accounting Policy (continued)

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 2018

12 MINE PROPERTIES (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, and
- 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.

Impairment of mine properties

Significant judgements and estimates

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of mine properties exceeds its estimated recoverable amount. The asset is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

12 MINE PROPERTIES (continued)

	2018 \$'000	2017 \$'000
Mine properties		
Mines under construction	47,272	91,836
Mines in production	121,695	68,868
Deferred mining expenditure	26,363	6,855
Total	195,330	167,559
Mines under construction		
Balance at the start of the year	91,836	87,359
Additions	13,447	35,388
Transferred from capital work in progress	143	208
Transferred to mines in production	(57,887)	(15,310)
Transferred to plant and equipment	-	(311)
Transferred to assets classified as held for sale (note 13)	-	(14,111)
Change in rehabilitation provision	(267)	(1,387)
Balance at the end of the year	47,272	91,836
Mines in production		
Balance at the start of the year	68,868	70,088
Additions	51,122	36,841
Transferred from capital work in progress	253	1,230
Transferred from deferred exploration and evaluation costs	3,075	26
Transferred from mines under construction	57,887	15,310
Amortisation for the year	(62,690)	(52,424)
Transferred to assets classified as held for sale (note 13)	-	(2,231)
Change in rehabilitation provision	3,180	28
Balance at the end of the year	121,695	68,868

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.

	2018 \$'000	2017 \$'000
Deferred mining expenditure		
Balance at the start of the year	6,855	5,774
Additions	31,859	6,518
Amortisation of deferred mining expenditure	(12,351)	(5,437)
Balance at the end of the year	26,363	6,855

Deferred mining expenditure relates to capitalised overburden of the Thunderbox and Kailis open pit mines.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

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 and associated liabilities 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 Assets and Liabilities Held for Sale in the previous financial year.

The King of the Hills sale was completed in October 2017, with a gain on disposal of \$10.6 million recognised in the profit or loss. The consideration comprised:

- \$7 million upfront cash (consideration for the purchase of additional 40.6m underwriting shares of \$2.03m was offset against the upfront cash payment, reducing the total cash received by Saracen to \$4.97m),
- 90 million Red 5 shares (at a deemed price of \$0.05) 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.

On 26 September 2017, Saracen announced the signing of a binding agreement to sell the Red October gold mine to ASX-listed gold company Matsa Resources Limited (ASX: MAT) (Matsa). The consideration for Red October comprises:

- \$1 million cash,
- 4.545 million Matsa shares (at a deemed price of \$0.22), and
- Matsa to assume all environmental liabilities.

The Red October sale was completed in March 2018, however three tenements that were part of the original agreement have not yet been able to be transferred and as a result \$450,000 was withheld until the matter is resolved. As a result, these deferred exploration assets have been recognised as assets held for sale at 30 June 2018.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

13 DISPOSAL GROUP HELD FOR SALE (continued)

(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 2018 and 30 June 2017:

	2018 \$'000	2017 \$'000
Assets		
Plant and equipment (net of accumulated depreciation)	-	1,242
Deferred exploration	450	7,153
Mine properties	-	16,342
Less: Impairment of assets	-	(2,776)
	450	21,961
Liabilities		
Rehabilitation provisions	-	16,086
	-	16,086
Net assets held for sale	450	5,875

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.

	2018 \$'000	2017 \$'000
Current		
Trade and other payables	44,208	39,253

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

15 PROVISIONS (continued)

Employee Benefits (continued)

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 to restore the land 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, regulatory changes and appropriate discount rates.

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.

	2018 \$'000	2017 \$'000
Current		
Employee benefits	8,281	6,636
Non-current		
Employee benefits	792	866
Provision for rehabilitation	49,406	41,622
	50,198	42,488
Movement in provision for rehabilitation		
Balance at the start of the year	41,622	57,893
Unwinding of discount	34	160
Increase in provision on existing assets	7,917	353
Rehabilitation work	(167)	(698)
Transferred to liabilities held for sale (note 13)	-	(16,086)
Balance at the end of the year	49,406	41,622

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

16 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.

	2018 Number of shares	2018 \$'000	2017 Number of shares	2017 \$'000
(a) Issued capital				
Ordinary shares fully paid	818,009,271	259,991	810,548,859	256,740
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	810,548,859	256,740	800,799,292	253,013
- Shares issued on vesting of performance rights	7,300,000	2,916	9,749,567	3,727
- Shares issued to employees	160,412	335	-	-
End of the financial period	818,009,271	259,991	810,548,859	256,740

During the period 7,300,000 shares were issued to eligible employees under the employee share scheme relating to the vesting of performance rights. In addition, 160,412 shares were issued to employees under the \$1,000 Tax Exempt Share Plan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

16 CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Performance Rights (See note 18(a))

	2017	Granted	Vested	Lapsed	2018
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	626,000	-	(626,000)	-	-
Class B performance rights vesting on 1 July 2017	313,000	-	(313,000)	-	-
Class C performance rights vesting on 1 July 2017	626,000	-	(626,000)	-	-
Tranche 5					
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	936,000	-	-	(80,000)	856,000
Class B performance rights vesting on 1 July 2018	468,000	-	-	(40,000)	428,000
Class C performance rights vesting on 1 July 2018	936,000	-	-	(80,000)	856,000
Tranche 7					
Class A performance rights vesting on 1 July 2019	360,000	-	-	(12,000)	348,000
Class B performance rights vesting on 1 July 2019	180,000	-	-	(6,000)	174,000
Class C performance rights vesting on 1 July 2019	360,000	-	-	(12,000)	348,000
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
Tranche 11					
Class A performance rights vesting on 1 July 2019	-	180,000	-	-	180,000
Class B performance rights vesting on 1 July 2019	-	90,000	-	-	90,000
Class C performance rights vesting on 1 July 2019	-	180,000	-	-	180,000
Tranche 12					
Class A performance rights vesting on 1 July 2020	-	330,000	-	-	330,000
Class B performance rights vesting on 1 July 2020	-	132,000	-	-	132,000
Class C performance rights vesting on 1 July 2020	-	198,000	-	-	198,000
Tranche 13					
Class A performance rights vesting on 1 July 2020	-	2,290,350	-	(16,075)	2,274,275
Class B performance rights vesting on 1 July 2020	-	916,140	-	(6,430)	909,710
Class C performance rights vesting on 1 July 2020	-	1,374,210	-	(9,645)	1,364,565
	11,025,000	5,690,700	(7,300,000)	(262,150)	9,153,550

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

16 CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Performance Rights (See note 18(a)) (continued)

	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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

16 CONTRIBUTED EQUITY AND RESERVES (continued)

(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.

(e) Reserves

	2018 \$'000	2017 \$'000
Share based payments reserve		
Balance at beginning of year	8,913	7,736
Share based payments – performance rights	3,044	2,736
Vesting of performance rights	(2,916)	(3,727)
Tax effect on share based payments	5,583	2,168
Balance at end of year	14,624	8,913
The share based payments reserve is used to recognise the fair value of performance rights issued. Refer to note 18 for further details.		
Investment Revaluation Reserve		
Balance at beginning of year	-	-
Fair value movement on available for sale investments	3,727	-
Tax effect on investment revaluations	(1,118)	-
Balance at end of year	2,609	-
Total reserves		
Share based payments reserve	14,624	8,913
Investment revaluation reserve	2,609	-
Balance at end of year	17,233	8,913

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

17 COMMITMENTS

(a) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price \$/oz	Value of committed sales \$'000
Within one year	187,600	1,712	321,162
Later than one but not later than five years	88,000	1,769	155,636
	275,600	1,730	476,798

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

	2018 \$'000	2017 \$'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	395	378
- later than one year and not later than five years	350	740
	745	1,118

(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 fixed price. As at 30 June 2018, at the current contract price, the Group had commitments to purchase gas over the remaining term of \$3,099,541.

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 2018, at the current contract price, the Group had commitments to purchase electricity over the remaining term of \$11,321,387.

The Group has entered into an electricity supply 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 2018, at the current contract price, the Group had commitments to purchase electricity over the remaining term of \$11,698,135.

The Group has entered into an 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 2018, at the current contract price, the Group had commitments to purchase LPG over the remaining term of \$12,833,334.

18 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

18 SHARE BASED PAYMENTS (continued)

Accounting Policy (continued)

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.

Significant judgement is required in determining the achievement of non-market conditions.

(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") (Tranche 13). Performance Rights were also granted to the Company's newly appointed COO, Mr Simon Jessop as part of his initial employment (Tranche 11). In addition to these, Performance Rights were granted to Mr Raleigh Finlayson (Managing Director) under the Plan (Tranche 12). These Performance Rights were approved by shareholders at the Company's Annual General Meeting held in November 2017.

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 the performance rights refer to page 60 of the remuneration report.

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 was \$262,500.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

18 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

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	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. The remaining performance rights lapsed prior to the vesting date. At reporting date there were no rights on issue.

The fair value of the performance rights granted was \$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	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

100% of the performance rights vested during FY2018. At reporting date there were no rights on issue.

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

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	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

626,000 Class A, 313,000 Class B and 626,000 Class C performance rights vested during FY2018. The remaining performance rights lapsed prior to the vesting date. At reporting date there were no rights on issue.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

18 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

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	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 and 5,000,000 Class C performance rights vested during FY2018. At reporting date there were no performance rights on issue.

The estimated fair value of the performance rights granted was \$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	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 856,000 Class A, 428,000 Class B and 856,000 Class C performance rights on issue. The remaining performance rights lapsed prior to the vesting date.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

18 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

At the reporting date there were 348,000 Class A, 174,000 Class B and 348,000 Class C performance rights on issue. The remaining performance rights lapsed prior to the vesting date.

The fair value of the Performance Rights granted was \$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

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	65%	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 was \$72,220

Tranche 10 – 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	\$1.165	\$1.165	\$1.165
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	65%	65%	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 was \$153,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

18 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

Tranche 11 – Management (issued to newly appointed COO)

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	\$1.58	\$1.58	\$1.58
Exercise Price	N/A	N/A	N/A
Volatility	60%	N/A	60%
Grant Date	15-Dec-17	15-Dec-17	15-Dec-17
Performance Period	1-Jul-16 to 30-Jun-19	1-Jul-16 to 30-Jun-19	1-Jul-16 to 30-Jun-19
Vesting Date	1 July 2019	1 July 2019	1 July 2019
Risk free rate	1.7%	N/A	1.7%
Number of rights granted	180,000	90,000	180,000
Fair Value per right	\$0.815	\$1.58	\$0.877

At the reporting date there were 180,000 Class A, 90,000 Class B and 180,000 Class C performance rights on issue. The fair value of the Performance Rights granted was \$446,760.

Tranche 12 – 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	\$1.47	\$1.47	\$1.47
Exercise Price	N/A	N/A	N/A
Volatility	60%	N/A	N/A
Grant Date	23-Nov-17	23-Nov-17	23-Nov-17
Performance Period	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20
Vesting Date	1 July 2020	1 July 2020	1 July 2020
Risk free rate	1.8%	N/A	N/A
Number of rights granted	330,000	132,000	198,000
Fair Value per right	\$0.943	\$1.47	\$1.47

At the reporting date there were 330,000 Class A, 132,000 Class B and 198,000 Class C performance rights on issue. The fair value of the Performance Rights granted was \$796,290.

Tranche 13 – 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	\$1.58	\$1.58	\$1.58
Exercise Price	N/A	N/A	N/A
Volatility	60%	N/A	N/A
Grant Date	15-Dec-17	15-Dec-17	15-Dec-17
Performance Period	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20	1-Jul-17 to 30-Jun-20
Vesting Date	1 July 2020	1 July 2020	1 July 2020
Risk free rate	2%	N/A	N/A
Number of rights granted	2,290,350	916,140	1,374,210
Fair Value per right	\$1.102	\$1.58	\$1.58

At the reporting date there were 2,274,275 Class A, 909,710 Class B and 1,364,565 Class C performance rights on issue. The fair value of the Performance Rights granted is \$6,099,605.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

18 SHARE BASED PAYMENTS (continued)

(b) Tax exempt shares

During FY2018 160,412 shares were issued to employees under the \$1,000 Tax Exempt Share Plan.

The fair value of the shares issued was \$335,261.

(c) Reconciliation of Share based payments expense

	2018 \$'000	2017 \$'000
Performance rights	3,044	2,736
Tax Exempt shares	335	-
Balance at end of year	3,379	2,736

19 INTERESTS IN SUBSIDIARIES

	Percentage of equity interest held by the parent	
	2018 %	2017 %

Parent Entity:

Saracen Mineral Holdings Limited ^{(i) (ii)}

Subsidiaries:

Saracen Gold Mines Pty Limited ^{(iii) (iii)}	100	100
Saracen Metals Pty Limited ^{(iii) (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 and have therefore not been reproduced.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

20 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.

	2018 \$'000	2017 \$'000
(a) Reconciliation of cash		
Cash balance comprises:		
- Cash	88,687	15,511
- Cash at call and in short term deposits	11,087	18,215
Closing cash balance	99,774	33,726
(b) Reconciliation of the operating profit after income tax to the net cash flows from operating activities		
Operating profit after income tax	75,585	28,386
Non-cash items		
Depreciation and amortisation	94,346	74,679
(Profit)/loss on the sale of assets	(10,594)	39
Effective interest on establishment fees	-	238
Expensing of deferred exploration cost	1,405	2,477
Impairment of assets	896	2,776
Tax effect of movement in deferred tax balances	37,689	4,592
Share based payments	3,379	2,736
Unwinding of discount - rehab provision	34	160
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(289)	(169)
(Increase)/decrease in prepayments	(118)	506
(Increase)/decrease in inventory	(19,399)	(3,335)
Increase in trade and other payables	7,410	9,348
Decrease in provisions	1,081	3,199
Net cash flows provided by operating activities	191,425	125,632

(c) Cash balances not available for use

The Group has deposits of \$55,000 (2017: \$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.

(d) Non cash financing and investing activities

During the year the Group acquired Available for Sale assets with a fair value of \$7.7m as consideration for the sale of the King of the Hills, Red October and Wallbrook operations per notes 11 and 13. These acquisitions are not reflected in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

21 RELATED PARTY DISCLOSURES

	2018 \$'000	2017 \$'000
(a) Ultimate parent		
Saracen Mineral Holdings Limited is the ultimate parent company.		
Information relating to Saracen Mineral Holdings Limited:		
Current assets	111,506	30,065
Total assets	245,019	248,913
Current liabilities	4,026	2,970
Total liabilities	43,274	9,007
Contributed equity	259,992	256,740
Share based payment reserve	14,625	8,319
Investment revaluation reserve	2,609	-
Accumulated loss	(75,480)	(25,748)
Total equity	201,744	239,905
Net loss of the parent	(49,732)	(15,877)

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 19(iii) pursuant to ASIC Instrument 2016/191, dated 1 April 2016.

At 30 June 2018, Saracen Mineral Holdings Limited had no contingent liabilities and had not entered into contractual commitments to purchase property, plant or equipment (2017: Nil).

(b) Subsidiaries

Details of interests in subsidiaries are set out in note 19.

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:

	2018 \$'000	2017 \$'000
Non-current receivable	133,158	218,256
Reconciliation of non-current receivable		
Balance at beginning of year	218,256	239,265
Loans provided to/(repaid by) subsidiaries	(85,098)	(21,009)
Balance at end of year	133,158	218,256

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

21 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.

	2018 \$	2017 \$
Short term benefits	3,483,524	2,675,851
Post-employment benefits	178,265	178,949
Other benefits	22,386	16,243
Termination benefits	-	433,034
Long term benefits	23,995	29,296
Share based payments	1,654,173	2,114,335
	5,362,343	5,447,708

Detailed remuneration disclosures are provided in the remuneration report on pages 53 to 74.

Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:

	2018 \$'000	2017 \$'000
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)	120,000	107,500

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.

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

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 2018

22 SEGMENT INFORMATION (continued)

	2018 \$'000	2017 \$'000
(a) Segment external revenues		
SGM - Metal sales	276,168	251,826
SME - Metal sales	234,793	171,232
SGM - Other	52	11
SME - Other	72	178
SGM - Interest income	6	42
SME - Interest income	7	6
SAR - Interest income	1,076	285
	512,174	423,580
(b) Segment profit before tax		
SGM	51,680	14,358
SME	74,417	32,950
SAR	(9,350)	(8,576)
Operating profit before other income / (expenses)	116,747	38,732
Finance costs	(411)	(764)
Other income	1,213	522
Share based payments expense	(3,379)	(2,736)
Impairment of assets	(896)	(2,776)
Profit before income tax	113,274	32,978
(c) Segment assets and liabilities		
Assets		
SGM	189,662	173,417
SAR	111,861	30,656
SME	221,701	200,384
	523,224	404,457
Liabilities		
SGM	58,451	51,389
SAR	4,063	3,020
SME	40,335	50,054
Unallocated – Deferred Tax Liability	39,211	5,986
	142,060	110,449

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 \$35.627 million (2017: \$39.167 million) and \$58.483 million (2017: \$35.512 million) are attributable to the SGM and SME segments respectively.

An impairment of \$0.9 million relating to the sale of the Wallbrook tenements is attributable to the SGM segment.

Total non-current asset additions of \$58.246 million (2017: \$55.791 million) and \$73.129 million (2017: \$63.540 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 2018

23 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 sets 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 2018	Weighted average rate	Variable interest Rate	Fixed Interest Rate				Non- interest bearing	Con- solidated Total
			Under 1 year	1 – 2 years	2 – 5 years	5+ years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
Cash assets	1.48	99,774	-	-	-	-	-	99,774
Other receivables	N/A	-	-	-	-	-	9,340	9,340
Security deposits	N/A	-	-	-	-	-	55	55
Total Financial Assets		99,774	-	-	-	-	9,395	109,169

30 June 2017	Weighted average rate	Variable interest Rate	Fixed Interest Rate				Non- interest bearing	Con- solidated Total
			Under 1 year	1 – 2 years	2 – 5 years	5+ years		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets								
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

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 17) 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 17) for specified quantities of gold on specific dates to partially manage the currency risk.

(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.

DIRECTORS' DECLARATION

23 FINANCIAL RISK MANAGEMENT (continued)

(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 2018	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	44,208	-	-	-	44,208
Borrowings	163	-	-	-	163
Total Financial Liabilities	44,371	-	-	-	44,371

30 June 2017	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	39,253	-	-	-	39,253
Total Financial Liabilities	39,253	-	-	-	39,253

(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 2018	Profit/(loss) \$'000	Equity \$'000
Interest rate risk		
- Increase interest rate by 1%	698	698
- Decrease interest rate by 1%	(698)	(698)
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)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

23 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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial Assets				
Cash and cash equivalents	99,774	33,726	99,774	33,726
Other receivables	9,340	6,353	9,340	6,353
Investments – listed	11,682	7	11,682	7
Other financial assets	55	55	55	55
Assets held for sale	450	4,900	450	4,900
Total Financial Assets	121,301	45,041	121,301	45,041
Financial Liabilities				
Trade payables	44,208	39,253	44,208	39,253
Borrowings	163	-	163	-
Liabilities held for sale	-	2,900	-	2,900
Total Financial Liabilities	44,371	42,153	44,371	42,153

Fair value hierarchy

AASB 13 Fair Value Measurement 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 2018 and 30 June 2017 on a recurring basis:

	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 Total
30 June 2018				
Assets				
Listed shares at fair value	11,682	-	-	11,682
Assets held for sale (Red October operation)	-	450	-	450
	11,682	450	-	12,132
Liabilities				
Liabilities held for sale	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

23 FINANCIAL RISK MANAGEMENT (continued)

(e) Net fair values (continued)

30 June 2017	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 Total
Assets				
Listed shares at fair value	7	-	-	7
Assets held for sale (Red October operation)	-	4,900	-	4,900
	7	4,900	-	4,907
Liabilities				
Liabilities held for sale (Red October operation)	-	2,900	-	2,900

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2018 and did not transfer any fair value amounts between the fair value hierarchy during the period FY2018.

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.

In accordance with AASB 13, Fair Value Measurement the Group has classified 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2018

24 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 2018, 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 2017.

The Company maintains a long term senior corporate financing facility. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility was for a term of three years and features an "evergreen" arrangement with an annual review date whereby the term can be extended.

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 2018, the facility had not been drawn down on.

25 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2018 (2017: Nil).

26 MATTERS SUBSEQUENT TO THE REPORTING DATE

On 21 August 2018, Saracen entered into a contract with GR Engineering Services Limited for the engineering design, procurement and construction of a paste backfill plant at the Carosue Dam operations for an estimated contract value of \$17.9m.

No other material events have occurred since 30 June 2018 requiring disclosure.

Except for the event detailed above, no other matter or circumstance has arisen since 30 June 2018 that has significant affected, or may significantly affect:

- The Group's operation in future financial years, or
- The result of those operations in future financial years, or
- The Group's state of affairs in future financial years.

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 53 to 74, 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 2018 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 19 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 2018.

Signed in accordance with a resolution of the directors.



RALEIGH FINLAYSON

Managing Director
21 August 2018

INDEPENDENT AUDITOR'S REPORT



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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 Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 2018 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.

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Provision for rehabilitation

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<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"> • agreeing provision balances to supporting reconciliations and cost models; • checking the mathematical accuracy of the provision for rehabilitation calculations; • verifying significant amendments in the cost models to supporting documentation and correspondence; • 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 experts work; • assessing the expected timing of the rehabilitation to the respective Life of Mine ("LoM") models and evaluating 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 • assessing the adequacy of the related disclosures in Note 15 to the financial statements.



Accounting for mine properties

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's carrying value of mine properties, as disclosed in Note 12 was a key audit matter as the carrying value of mine properties is impacted by various key estimates and judgements, in particular the following:</p> <ul style="list-style-type: none"> • Reserves and estimates; • Commercial production start date; • Amortisation rates; and • LoM average stripping ratio. <p>Furthermore, as the carrying value of mine properties represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • evaluating the Group's amortisation policy in accordance with the Australian Accounting Standards and relevant accounting interpretations and reviewing its consistency in application across the Group's operating mines; • agreeing the inputs including the ore reserve estimates and ounces of gold produced during the year that were used in the calculation of the amortisation rates to supporting documentation; • testing the mathematical accuracy and application of the amortisation rates applied to the carrying values of all mine properties in commercial production by recalculating amortisation for the year; • reviewing Board minutes and ASX announcements to confirm mines have entered commercial production; • assessing the competency and objectivity of the expert used by management in the preparation of the ore reserve report; • assessing management's calculation of the stripping asset based on actual stripping ratios from technical reports and compared this data to the average stripping ratio included within the LoM; • evaluating whether there were any indicators of impairment under the Australian Accounting Standards; and • assessing the adequacy of the related disclosures in Note 12 to the financial statements.



Valuation of ore stocks

Key audit matter	How the matter was addressed in our audit
<p>The Group's inventory, as disclosed in Note 7 was a key audit matter as the inventory costing models require significant estimates to calculate the cost of the ore stocks and net realisable value ("NRV").</p> <p>The determination of the NRV of the ore stocks requires management's judgement in relation to estimating the future gold prices, future processing costs and related selling costs, ore grades, volumes and densities.</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 NRV for ore stocks against the requirements of the Australian Accounting Standards; • obtaining management's technical reports, including surveying reports and agreeing the ore grades and tonnages included in the inventory costing models as at 30 June 2018; • 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 as part of our year end site visit; • comparing future gold prices used in management's models to current gold price data, market consensus and trends and assessing future expected processing and selling costs used in management's models to actual costs incurred during the year; and • assessing the adequacy of the related disclosures in Note 7 to the financial statements.



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 2018, 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 53 to 74 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Saracen Mineral Holdings Limited, for the year ended 30 June 2018, 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
A handwritten signature in blue ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch

Partner

Perth, 21 August 2018

SHAREHOLDER INFORMATION

The following additional information was applicable as at 28 August 2018.

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	107,878,540	13.2
Wroxby Pty Ltd	48,422,703	6.0
Paradice Investment Management Pty Ltd	41,285,327	5.1

2. FULLY PAID ORDINARY SHARES

(a) There are 6,652 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:

Category (Size of Holding)	Number of Fully Paid Ordinary Shareholders
1-1,000	1,310
1,001-5,000	2,293
5,001-10,000	1,173
10,001-100,000	1,709
100,001 and over	167
Total	6,652

(c) The number of fully paid ordinary shareholdings held in less than marketable parcels is 359 (based on a share price of \$1.95).

(d) The 20 largest fully paid ordinary shareholders together held 87.10% of the securities in this class.

SHAREHOLDER INFORMATION (CONTINUED)

20 LARGEST FULLY PAID ORDINARY SHAREHOLDERS			
	Name	Number	%
1	HSBC Custody Nominees (Australia) Limited	329,860,127	40.21
2	J P Morgan Nominees Australia Limited	147,309,044	17.96
3	Citicorp Nominees Pty Limited	78,370,096	9.55
4	Wroxby Pty Ltd	48,422,703	5.90
5	National Nominees Limited	28,210,720	3.44
6	BNP Paribas Nominees Pty Ltd <Agency Lending Drp A/C>	17,922,373	2.18
7	UBS Nominees Pty Ltd	11,721,639	1.43
8	HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	10,943,959	1.33
9	BNP Paribas Noms Pty Ltd <Drp>	8,618,076	1.05
10	FF Okram Pty Ltd <Ff Okram A/C>	4,700,000	0.57
11	National Nominees Limited <Db A/C>	4,263,606	0.52
12	Mrs Vanessa Marnie Finlayson <Finlayson Family A/C>	4,016,819	0.49
13	Mr Richard Arthur Lockwood	3,500,000	0.43
14	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,299,755	0.40
15	CS Third Nominees Pty Limited <HSBC Cust Nom Au Ltd 13 A/C>	2,925,358	0.36
16	AMP Life Limited	2,457,000	0.30
17	Quality Life Pty Ltd <The Neill Family A/C>	2,450,000	0.30
18	Quality Life Pty Ltd <The Neill Family A/C>	2,200,000	0.27
19	BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	1,769,914	0.22
20	Asia Union Investments Pty Ltd	1,500,000	0.18
	Total	714,461,189	87.10

There is a total of 820,249,271 fully paid ordinary shares on issue, all of which are listed on the Australian Securities Exchange.

3. UNLISTED EMPLOYEE PERFORMANCE RIGHTS

As at 28 August 2018, there are a total of 6,913,550 unlisted Performance Rights on issue held by 68 different persons. These Rights have no exercise price and vest between 1 July 2019 and 1 July 2020 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 Jeremy 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
Level 11, 172 St Georges Terrace
Perth, WA 6000

Telephone: 1300 850 505
Facsimile: (03) 9473 2500







Saracen

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