



Saracen Mineral Holdings Limited
Quarterly Report - December 2019

Record results highlight step-change in cash flow generation

28th January 2020

FY20 group production guidance +500koz

HIGHLIGHTS

Sustainability

- ▲ **Zero LTIs** during the quarter; **LTIFR at 0.37** (WA Gold Mining Average 1.9)

Production

- ▲ **Record quarterly gold production of 120,127oz at AISC of A\$1,098/oz**
- ▲ **Record quarter at Thunderbox with production of 46,594oz** as the C Zone open pit mine delivered higher grade / lower strip ratio ore as planned
- ▲ Carosue Dam produced 52,899oz; KCGM produced 20,634oz for the month of December* (Saracen's 50%)
- ▲ **Record closing ore stockpile** (inventory awaiting processing) at Carosue Dam (43,996oz) and Thunderbox (121,152oz); **Group stockpiles grew to 3.3Moz** after the addition of KCGM

Financial

- ▲ **Gold sales** for the quarter of **117,575oz** at an **average sale price of A\$2,034/oz**, generating revenue of A\$239m
- ▲ **Net mine operating cashflow of A\$91m** for the quarter (September quarter A\$82m)
- ▲ **Cash and equivalents of A\$283.8m at 31 December** (A\$196.1m at 30 September) after paying US\$750m for 50% of the Super Pit gold mine in Kalgoorlie, paying A\$10m for Sinclair, raising A\$796m in equity, drawing A\$400m in debt and making an **early debt repayment of A\$15m**
- ▲ **Gold hedging** of **538,500oz** at an average delivery price of **A\$1,997/oz** (377,000oz at A\$1,874/oz at 30 September)

KCGM acquisition

- ▲ Acquisition of Barrick's 50% interest in the Super Pit gold mine in Kalgoorlie-Boulder, Western Australia for US\$750m
- ▲ **Executive Management Committee established** comprising two representatives each from Saracen and its equal KCGM JV partner Northern Star Resources (ASX: NST); **joint operatorship agreed**
- ▲ **JV partners have initiated a strategic review / optimisation covering operations, exploration and growth**
- ▲ **Saracen MD Raleigh Finlayson, who is a highly experienced mining engineer and former KCGM employee, to oversee key pillars of the review and initial strategy execution**

Exploration

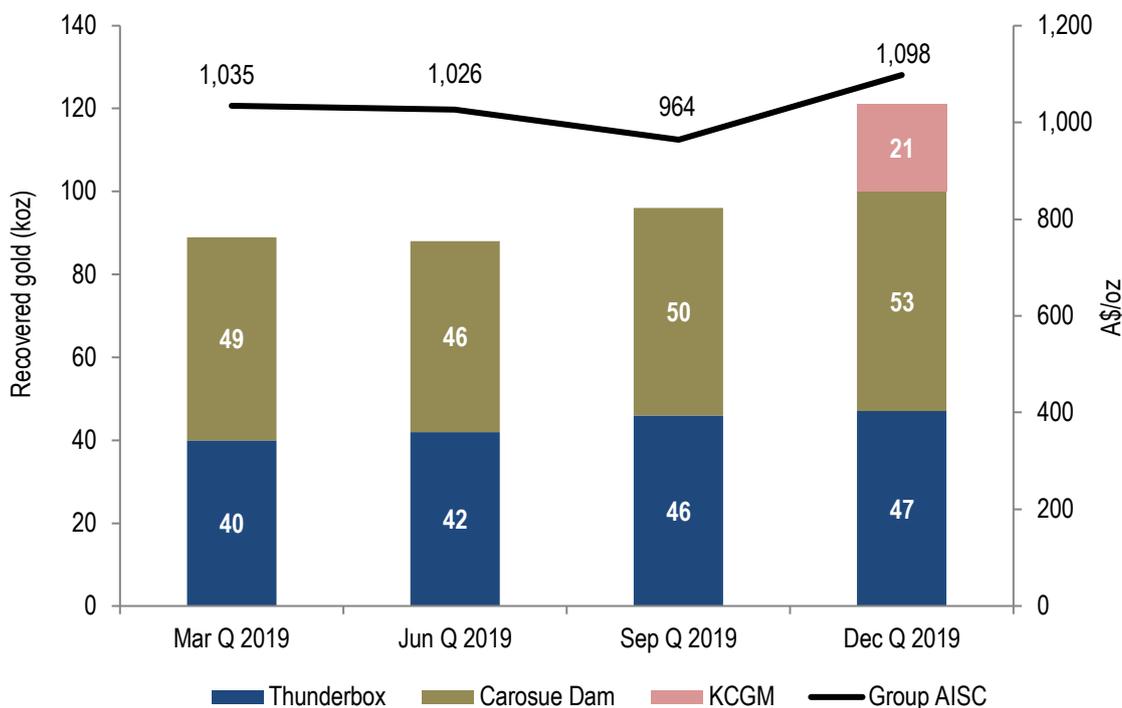
- ▲ **A\$15.3m** invested in exploration during the quarter; Further **exploration success across the portfolio**, including drill results (previously announced) from Carosue Dam; Karari - Dervish **51m @ 8.5g/t, 24m @ 14.3g/t, 33m @ 7.5g/t and 18m @ 6.0g/t**; Thunderbox A Zone **89m @ 2.0g/t and 72m @ 2.4g/t**

*On November 29th 2019, Saracen completed the acquisition of a 50% interest in KCGM. The results represent production and sales attributable to Saracen for the month of December 2019.

Overview

Saracen Mineral Holdings Limited (ASX: SAR) is pleased to report a **record December quarter** with group production of 120,127oz at an all-in sustaining cost (AISC) of A\$1,098/oz.

Figure 1 – Group production and AISC



Outlook

FY20 group production guidance is +500koz.

FY21 group production guidance is +600koz.

Saracen plans to update Resources and Reserves and FY21 group production guidance in the September quarter 2020.

Saracen Managing Director Raleigh Finlayson said the results showed Saracen had entered the next league of Australian gold miners based on the three key measures of production, cashflow and mine life.

“The outstanding performance of our Carosue Dam and Thunderbox operations, complemented by the first-up contribution from KCGM, demonstrates the significant new scale of our production and cashflow generation,” Mr Finlayson said.

“Saracen now has annualised production exceeding 600,000oz, long mine lives underpinned by established inventories and extensive scope for ongoing organic growth.

“This combination of scale, longevity and growth ensures we are extremely well-placed to deliver strong, sustainable returns across the cycle.”

Saracen’s quarterly conference call will be held today at 8.00am AWST (11.00am AEST). The call can be accessed at: <https://webcasting.boardroom.media/broadcast/5e1d484afaf62d3f0d924827>

Table 1 - December quarter 2019 gold production and cost summary

Dec Q 2019	Unit	Carosue Dam	Thunderbox	KCGM [#]	Group
Underground Mining					
Ore Mined	kt	551	45	46	642
Mine Grade	g/t	3.2	1.8*	2.2	3.0
Contained Gold	oz	56,140	2,567	3,267	61,974
Open Pit Mining					
Total Mining	bcm '000	-	1,469	432	1,901
Ore Mined	kt	-	1,086	379	1,465
Mine Grade	g/t	-	1.9	1.6	1.8
Contained Gold	oz	-	65,667	18,991	84,658
Mill Production					
Ore Milled	kt	628	735	524	1,887
Mill Grade	g/t	2.8	2.1	1.4	2.2
Contained Gold	oz	56,982	49,510	24,246	130,738
Recovery	%	92.8%	94.1%	85.1%	91.9%
Recovered Gold	oz	52,899	46,594	20,634	120,127
Gold Sales	oz	51,264	45,450	20,861	117,575
Average Price Received	A\$/oz	2,017	1,998	2,156	2,034
Sales Receipts ¹	A\$m	103.4	90.8	45.0	239.2
Closing Ore Stockpile					
Ore	kt	953	2,858	130,354	134,165
Grade	g/t	1.4	1.3	0.8	0.8
Contained Gold	oz	43,996	121,152	3,143,222	3,308,370
Cost summary					
Mining	A\$m	31.2	17.4	9.7	58.3
Processing	A\$m	12.4	13.4	13.9	39.7
Site Administration	A\$m	2.6	1.7	2.5	6.8
Cash Costs	A\$m	46.2	32.4	26.1	104.8
Royalties	A\$m	5.3	2.5	1.1	9.0
Capital Works	A\$m	0.7	1.6	4.1	6.4
Development	A\$m	6.9	2.7	0.1	9.8
Ore Inventory Adjustments	A\$m	(4.5)	(8.6)	(0.8)	(13.9)
Rehabilitation	A\$m	0.1	0.1	0.4	0.7
Corporate	A\$m	2.2	1.8	0.3	4.3
All-in Sustaining Costs	A\$m	56.9	32.6	31.4	121.0
Growth Capital ²	A\$m	24.2	13.2	2.2	39.6
Less: Development Receipts	A\$m	0.0	(6.4)	0.0	(6.4)
Net Growth Capital	A\$m	24.2	6.8	2.2	33.2
Exploration	A\$m	10.8	3.5	0.9	15.3
Third Party Ore Purchase	A\$m	18.1	0.0	0.0	18.1
Unit cost summary					
Mining	A\$/oz	675	402	469	529
Processing	A\$/oz	268	309	675	360
Site Administration	A\$/oz	57	39	120	62
Cash Costs	A\$/oz	1,000	750	1,265	951
Royalties	A\$/oz	115	59	55	82
Capital Works	A\$/oz	14	37	201	58
Development	A\$/oz	150	63	5	89
Ore Inventory Adjustments	A\$/oz	(96)	(200)	(39)	(126)
Rehabilitation	A\$/oz	2	3	22	6
Corporate	A\$/oz	48	42	13	39
All-in Sustaining Costs	A\$/oz	1,231	754	1,522	1,098
Depreciation and Amortisation	A\$/oz	250	353	NA**	
Mine cash flow					
Mine operating cash flow	A\$m	26.1	51.4	13.1	90.6
Net mine cash flow	A\$m	1.9	38.2	10.9	51.0

[#] Saracen's 50% for the month of December 2019

¹ Sales receipts include revenue from pre-commercial development ounces

² Refer to Figure 6 for breakdown

* Underground development ore only

** Pending finalisation of the provisional purchase price allocation for KCGM

Pre-commercial production ounces from Thunderbox underground (3,327oz) and Thunderbox D Zone (13oz) included in recovered gold, excluded from A\$/oz calculations

Third party ore (Carosue Dam 6,651oz) included in recovered gold, excluded from A\$/oz calculations

Mine operating cash flow = Sales receipts less AISC less third party ore purchase costs plus corporate costs plus ore inventory adjustment.

Net mine cash flow = Mine operating cash flow less growth capital

Table 2 – FY20 YTD gold production and cost summary

YTD FY20	Unit	Carosue Dam	Thunderbox	KCGM [#]	Group
Underground Mining					
Ore Mined	kt	1,126	85	46	1,257
Mine Grade	g/t	3.1	1.9*	2.2	3.0
Contained Gold	oz	112,202	5,107	3,267	120,576
Open Pit Mining					
Total Mining	bcm '000	-	3,107	432	3,539
Ore Mined	kt	-	2,455	379	2,834
Mine Grade	g/t	-	1.9	1.6	1.9
Contained Gold	oz	-	151,936	18,991	170,927
Mill Production					
Ore Milled	kt	1,219	1,448	524	3,191
Mill Grade	g/t	2.8	2.1	1.4	2.3
Contained Gold	oz	110,993	98,558	24,246	233,797
Recovery	%	93.2%	93.7%	85.1%	92.6%
Recovered Gold	oz	103,489	92,329	20,634	216,452
Gold Sales	oz	104,713	89,308	20,861	214,882
Average Price Received	A\$/oz	1,977	1,944	2,156	1,981
Sales Receipts ¹	A\$m	207.1	173.6	45.0	425.6
Closing Ore Stockpile					
Ore	kt	953	2,858	130,354	134,165
Grade	g/t	1.4	1.3	0.8	0.8
Contained Gold	oz	43,996	121,152	3,143,222	3,308,370
Cost summary					
Mining	A\$m	60.4	32.4	9.7	102.5
Processing	A\$m	23.8	24.9	13.9	62.6
Site Administration	A\$m	5.3	3.2	2.5	10.9
Cash Costs	A\$m	89.4	60.5	26.1	176.0
Royalties	A\$m	9.9	4.7	1.1	15.7
Capital Works	A\$m	2.4	1.9	4.1	8.5
Development	A\$m	14.9	3.1	0.1	18.1
Ore Inventory Adjustments	A\$m	(12.1)	(14.0)	(0.8)	(26.9)
Rehabilitation	A\$m	0.1	0.1	0.4	0.7
Corporate	A\$m	4.6	4.0	0.3	8.8
All-in Sustaining Costs	A\$m	109.3	60.2	31.4	200.9
Growth Capital*	A\$m	34.8	30.9	3.2	68.9
Less: Development Receipts	A\$m	0.0	(6.4)	0.0	(6.4)
Net Growth Capital	A\$m	34.8	24.5	3.2	62.5
Exploration	A\$m	22.4	8.3	0.9	31.6
Third Party Ore Purchase	A\$m	33.6	0.0	0.0	33.6
Unit cost summary					
Mining	A\$/oz	681	387	469	531
Processing	A\$/oz	268	298	675	324
Site Administration	A\$/oz	59	38	120	57
Cash Costs	A\$/oz	1,009	723	1,265	912
Royalties	A\$/oz	112	56	55	81
Capital Works	A\$/oz	27	23	201	44
Development	A\$/oz	168	36	5	94
Ore Inventory Adjustments	A\$/oz	(136)	(167)	(39)	(139)
Rehabilitation	A\$/oz	1	2	22	3
Corporate	A\$/oz	52	47	13	46
All-in Sustaining Costs	A\$/oz	1,232	719	1,522	1,041
Depreciation and Amortisation	A\$/oz	227	408	NA**	
Mine cash flow					
Mine operating cash flow	A\$m	56.7	103.3	13.1	173.0
Net mine cash flow	A\$m	21.9	72.4	9.8	104.2

Saracen's 50% for the month of December 2019

¹ Sales receipts include revenue from pre-commercial development ounces

* Underground development ore only

** Pending finalisation of the provisional purchase price allocation for KCGM

Pre-commercial production ounces from Thunderbox underground (4,697oz), Kailis Stage 2 (Thunderbox 3,885oz) and Thunderbox D Zone (23oz) included in recovered gold, excluded from A\$/oz calculations

Third party ore (Carosue Dam 14,836oz) included in recovered gold, excluded from A\$/oz calculations

Mine operating cash flow = Sales receipts less AISC less third party ore purchase costs plus corporate costs plus ore inventory adjustment.

Net mine cash flow = Mine operating cash flow less growth capital

Sustainability

Zero Lost Time Injuries (LTI) were reported in the December quarter.

Table 3 – December quarter 2019 group safety performance

	LTI	LTIFR	TRIFR
Carosue Dam	0	0.00	6.55
Thunderbox	0	0.79	10.37
KCGM	0	1.31	5.89
Group	0	0.37	7.72

KCGM update

Saracen and its JV partner Northern Star have moved quickly to agree a joint operatorship model, establish a new management structure and initiate an extensive strategic review / optimisation process.

As part of this new structure, the JV partners have established the KCGM Executive Committee, comprising two Saracen representatives and two Northern Star representatives, and agreed joint operatorship of the mine.

Three JV sub-committees have also been established:

- Technical and Operations
- Financial and Commercial
- Exploration and Growth

The JV partners will share knowledge and resources to maximise performance. This co-operative approach will enable the partners to capitalise on, among other aspects, **Saracen's** widely-recognised **open pit mining capability** and **Northern Star's** highly successful **underground mining knowledge and experience**.

In line with this strategy, Saracen Managing Director Raleigh Finlayson will play a leading role in the strategic review / optimisation process, with a particular emphasis on open pit mine planning.

This recognises Mr Finlayson's extensive operational experience in open pit mining, including at KCGM. The decision also reflects the fact that Saracen's 50 per cent share of KCGM is a core asset for the Company and is central to its growth ambitions.

As part of its longer-term growth strategy, over the past three years Saracen set out to establish an outstanding management team which would give it the skills and resources to bed-down and manage a substantial acquisition such as KCGM. During this period, the Company appointed Morgan Ball as CFO and Simon Jessop as COO, both of whom have extensive management experience in the resources sector.

Saracen's success in building its team will enable Mr Finlayson to dedicate a meaningful share of his time to KCGM during the initial integration phase while ensuring that sufficient management resources are retained at Carosue Dam and Thunderbox. **the delivery of consistent production results at Carosue Dam and Thunderbox remains a priority after a seven year track record of meeting or beating guidance.**

Operations

KCGM (December 2019 only)

KCGM produced 20.6koz at an AISC of A\$1,522/oz in the month of December 2019.

Mine operating cash flow was A\$13.1m. Net mine cash flow was A\$10.9m after growth capital of A\$2.2m.

Carosue Dam

Carosue Dam produced 52.9koz for the quarter at an AISC of A\$1,231/oz (September quarter 50.6koz @ A\$1,234/oz).

Mine operating cash flow for the December quarter was A\$26.1m. Net mine cash flow was A\$1.9m after growth capital of A\$24.2m. Key growth capital items included Deep South development (A\$8.8m) and the mill expansion (A\$4.3m).

The Karari - Dervish underground mine produced 56.1koz @ 3.2g/t (September quarter 56.1koz @ 3.0g/t). The priority for the quarter was the paste filling of stope voids to maintain the mining sequence and build the production drilled stocks. This will again be a primary focus for the first half of March quarter. The 1805 level diamond drill drive at Karari was also completed for Reserve conversion drilling during the June half 2020.

Development at Deep South underground commenced at the beginning of the quarter and remains on schedule. Stopping is on schedule to commence in the June quarter 2020.

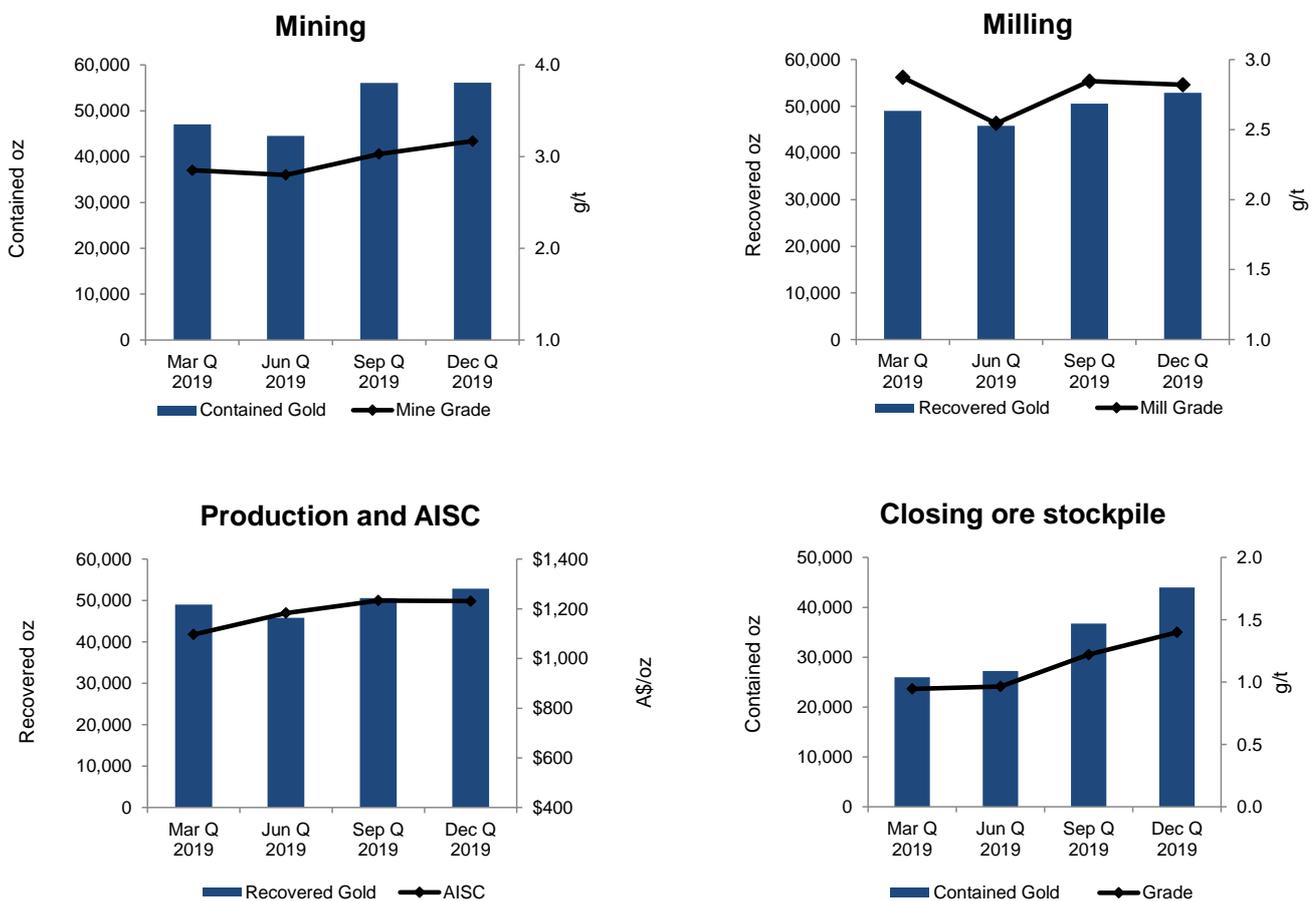
The mill processed 628kt at an average grade of 2.8g/t with a metallurgical recovery of 92.8% (September quarter 591kt @ 2.9g/t).

Procurement of long lead items commenced for the mill expansion to increase throughput to 3.2Mtpa. MACA-Interquip completed construction and commissioned the first of two additional CIL tanks on schedule. The second tank will be commissioned during the March quarter. The additional tanks will improve processing recoveries. GR Engineering Services will mobilise to site late in the March quarter to commence major construction works for the expansion. Commissioning of the mill expansion remains on target for the December quarter 2020.

Planning and approvals for the commencement of open-pit mining at the Porphyry Mining Centre are well underway. The open pits will provide the additional ore feed to the mill post expansion. Open-pit mining is on track to commence early in FY21.

Contracted third party ore deliveries contributed 6.7koz to recovered gold from Carosue Dam in the December quarter 2019. Currently there are **no contracted obligations in 2020 and beyond**.

Figure 2 - Carosue Dam - Key trends



Thunderbox

Thunderbox delivered another record quarter with 46.6koz at an AISC of A\$754/oz (September quarter 45.7koz @ A\$682/oz).

Mine operating cash flow for the quarter was an impressive A\$51.4m. Net mine cash flow was A\$38.2m after growth capital of A\$13.2m. Key growth capital items included Thunderbox underground development (A\$8.8m) and Thunderbox D Zone development (A\$3.0m).

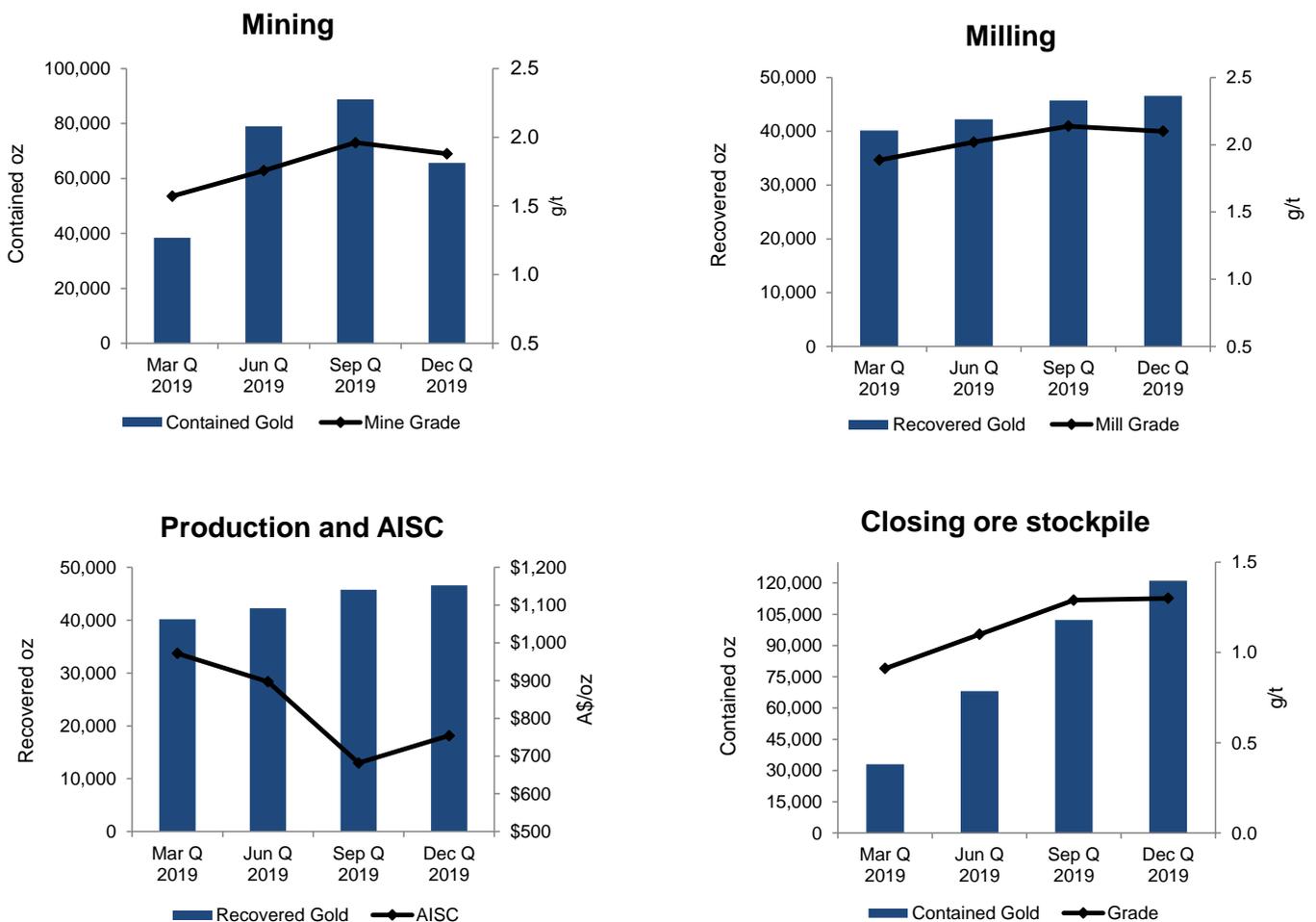
Thunderbox C zone pit continued to progress on schedule with the strip ratio during the quarter dropping to almost zero. The Kailis pit also progressed very well supplying good quantities of high grade oxide blend material to the mill. Closing stockpiles climbed further to a total of 121.1koz at the end of the quarter.

Total material movement from the open pits was 1.5 million BCM, down 6% on the previous quarter as both Kailis and the C Zone pit reduced in strip ratio. The D Zone cutback also commenced during the quarter. Total open pit ore mined for the quarter was 1,086kt with a mine grade of 1.9g/t for a total of 65,667 contained ounces.

Development of the Thunderbox Underground continued to progress well with 1,037 meters of horizontal development completed. The underground mine is on track to commence stoping in FY21.

The Thunderbox mill processed 735kt (up 3%) of ore at an average grade of 2.1g/t with a metallurgical recovery of 94.1% (up 1%).

Figure 3 - Thunderbox - Key trends



Discovery and growth

Business development

The acquisition of Barrick's 50% interest in the Super Pit gold mine for US\$750m was completed during the quarter - Refer to the ASX announcement 29th November 2019 "Completion of the Super Pit acquisition".

Exploration

A\$15.3m was invested on exploration activities in the December quarter (September quarter A\$16.3m).

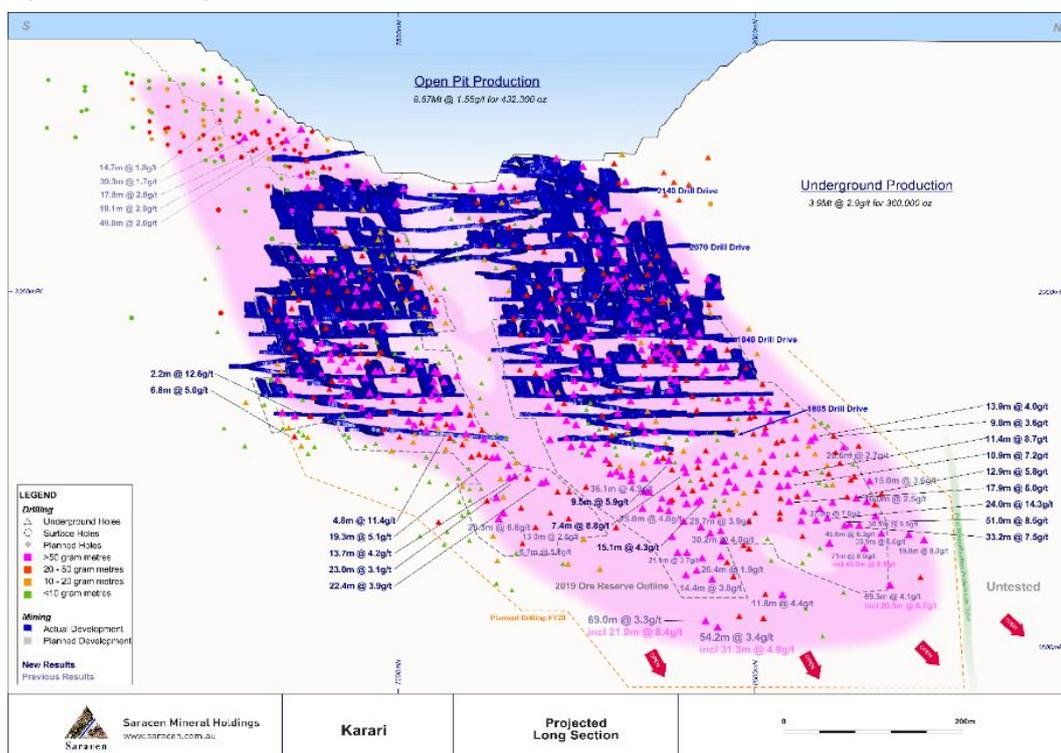
Recent highlights are summarised below (all results previously released - Refer to the ASX announcement 11th November 2019 "Organic growth strategy continues to deliver").

Carosue Dam

At Karari - Dervish, thick high-grade drill results included:

- Karari: 51m @ 8.5g/t, 24m @ 14.3g/t, 33m @ 7.5g/t and 18m @ 6.0g/t
- Dervish: 20m @ 4.6g/t, 21m @ 4.5g/t, 26m @ 3.5g/t and 17m @ 4.0g/t

Figure 4 - Karari Long Section with recent drill results



At the Atbara discovery (just 4km from the Carosue Dam mill), drill results included (aggregated):

- 139m @ 1.1g/t (including 122m @ 1.1g/t, 8m @ 2.6g/t and 9m @ 1.1g/t)
- 127m @ 1.3g/t (including 90m @ 1.1g/t, 10m @ 1.0g/t and 27m @ 2.2g/t)

At Mt Celia regional, air core drilling identified another strong anomaly south of the previously reported Okavango prospect, with new results up to 1640ppb.

At the Carosue Dam Seismic Project, the 3D seismic survey completed.

Thunderbox

At Thunderbox A Zone underground, drill results included 89m @ 2.0g/t and 72m @ 2.4g/t.

At Thunderbox D Zone open pit, drill results included 86m @ 1.7g/t and 72m @ 2.4g/t.

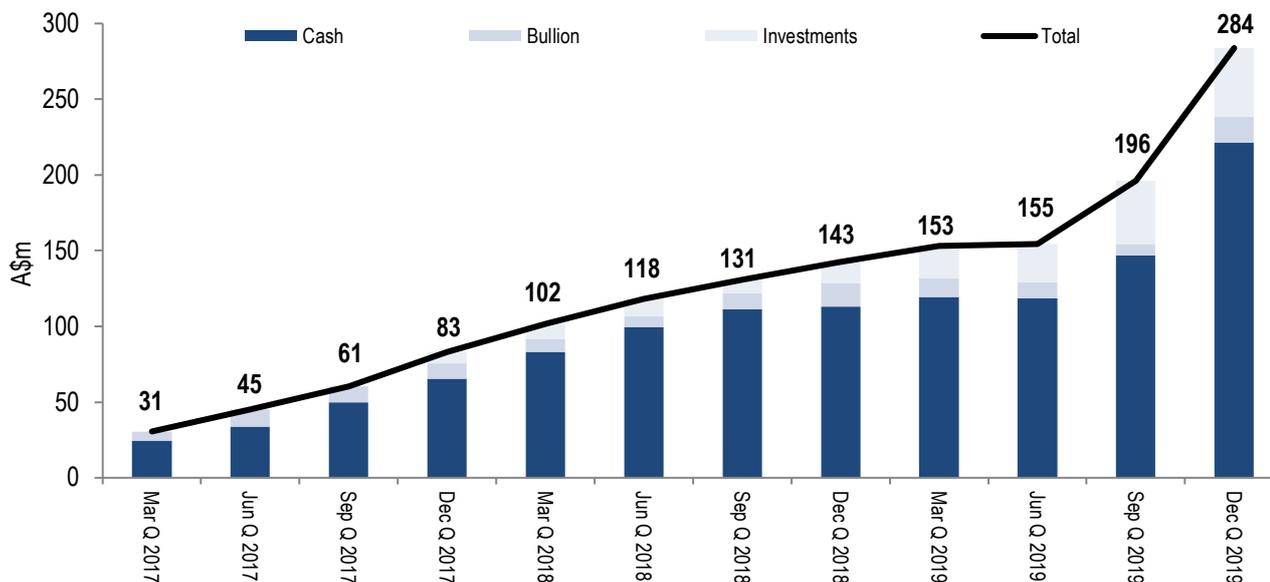
At Otto Bore, drill results included 8m @ 27.2g/t and 13m @ 7.9g/t.

Corporate and Finance

Cash position

As at 31 December 2019, total cash, bullion and investments was A\$283.8m and debt was A\$385.0m.

Figure 5 - Cash, bullion and investments



A\$6.5m was paid during the quarter in monthly tax instalments in relation to the FY20 tax year. A final FY19 tax year payment of A\$16m is estimated to be paid in the March quarter (in addition to regular instalments for the FY20 tax year). During the quarter, Saracen also paid \$10m for the Sinclair acquisition in addition to making an **early debt repayment of A\$15m**.

Gold sales

Gold sales for the quarter were 117,575oz at an average sale price of A\$2,034/oz, for sales receipts of A\$239.2m (note that gold sales excludes movements of gold in transit).

During the quarter A\$6.4m (unaudited) of the A\$239.2m of sales receipts were made from gold recovered from development activities at Thunderbox Underground. This amount will be offset against the capital development cost of this project and **will not be accounted for as sales revenue in the financial accounts**.

Hedging

During the quarter 218,000oz of hedging was added at A\$2,183/oz. 56,500oz of hedging was delivered at A\$1,895/oz.

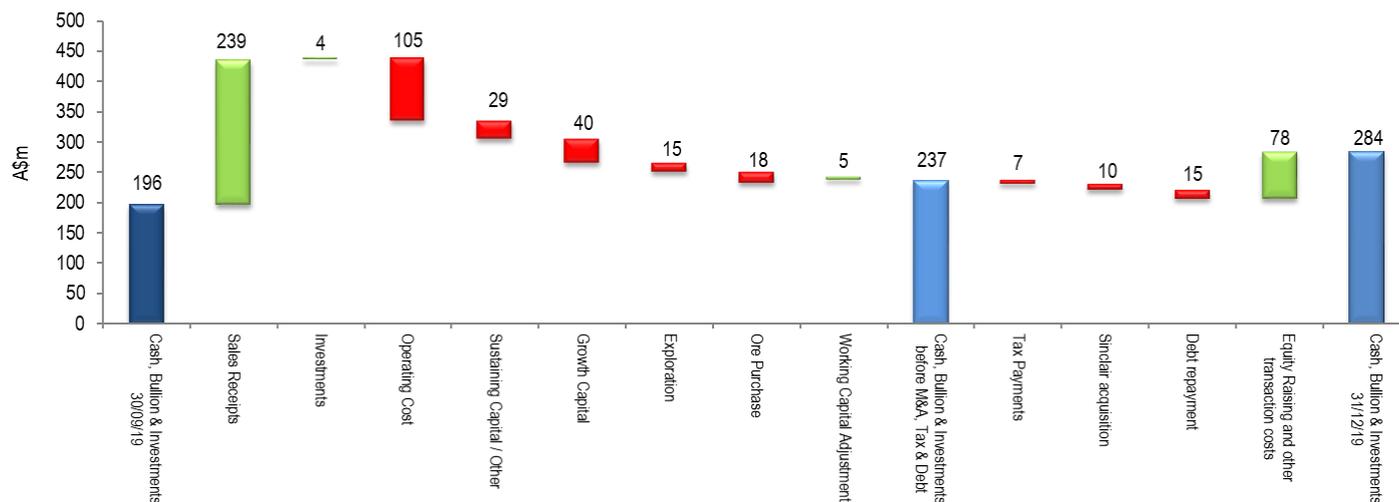
At 31 December 2019, the hedge book comprised 538,500oz at an average delivery price of A\$1,997/oz.

Table 4 - Hedging at 31 December 2019

Quarter	Quantity	Price
	oz	A\$/oz
Mar-20	68,000	\$1,952
Jun-20	65,300	\$1,900
Sep-20	61,800	\$1,919
Dec-20	54,300	\$1,961
Mar-21	52,800	\$1,969
Jun-21	49,800	\$1,985
Sep-21	43,300	\$2,015
Dec-21	45,200	\$2,050
Mar-22	36,500	\$2,099
Jun-22	29,500	\$2,149
Sep-22	20,000	\$2,208
Dec-22	12,000	\$2,199
Total	538,500	\$1,997

Cash flows

Figure 6 - December 2019 quarter cash movements



- **Operating Costs:** Cash outflows for mining, ore cartage, processing, and site administration.
- **Sustaining Capital / Other:** Cash outflows for royalties, sustaining capital works, open pit and underground development, active mine exploration and corporate expenses.
- **Growth Capital:** Cash outflows for mine development (Thunderbox underground A\$8.8m, Thunderbox D Zone A\$3.0m, Deep South A\$8.3m, and Karari-Dervish A\$4.6m), the CDO Mill expansion A\$4.3m and miscellaneous items A\$11.7m.
- **Exploration:** Cash outflows for Carosue Dam (A\$10.9m), Thunderbox (A\$3.7m) and KCGM (A\$0.9m) exploration activities.
- **Ore Purchase:** Purchase of third party ore.

Corporate Structure:

Ordinary shares on issue:	1,102.9m
Unvested employee performance rights:	17.2m
Market Capitalisation:	A\$4.1b (share price A\$3.74)
Cash, bullion and investments (31 December):	A\$283.8m
Debt (31 December):	A\$385.0m
Substantial Shareholders:	Van Eck Global 12.0% BlackRock Group 9.8%

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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.