



**Saracen**

**DECEMBER QUARTER 2019 -**

**RALEIGH FINLAYSON - Managing Director**

**MORGAN BALL - Chief Financial Officer**

**SIMON JESSOP - Chief Operating Officer**

**TROY IRVIN - Corporate Development Officer**

**Presentation**

**28<sup>th</sup> January 2020**

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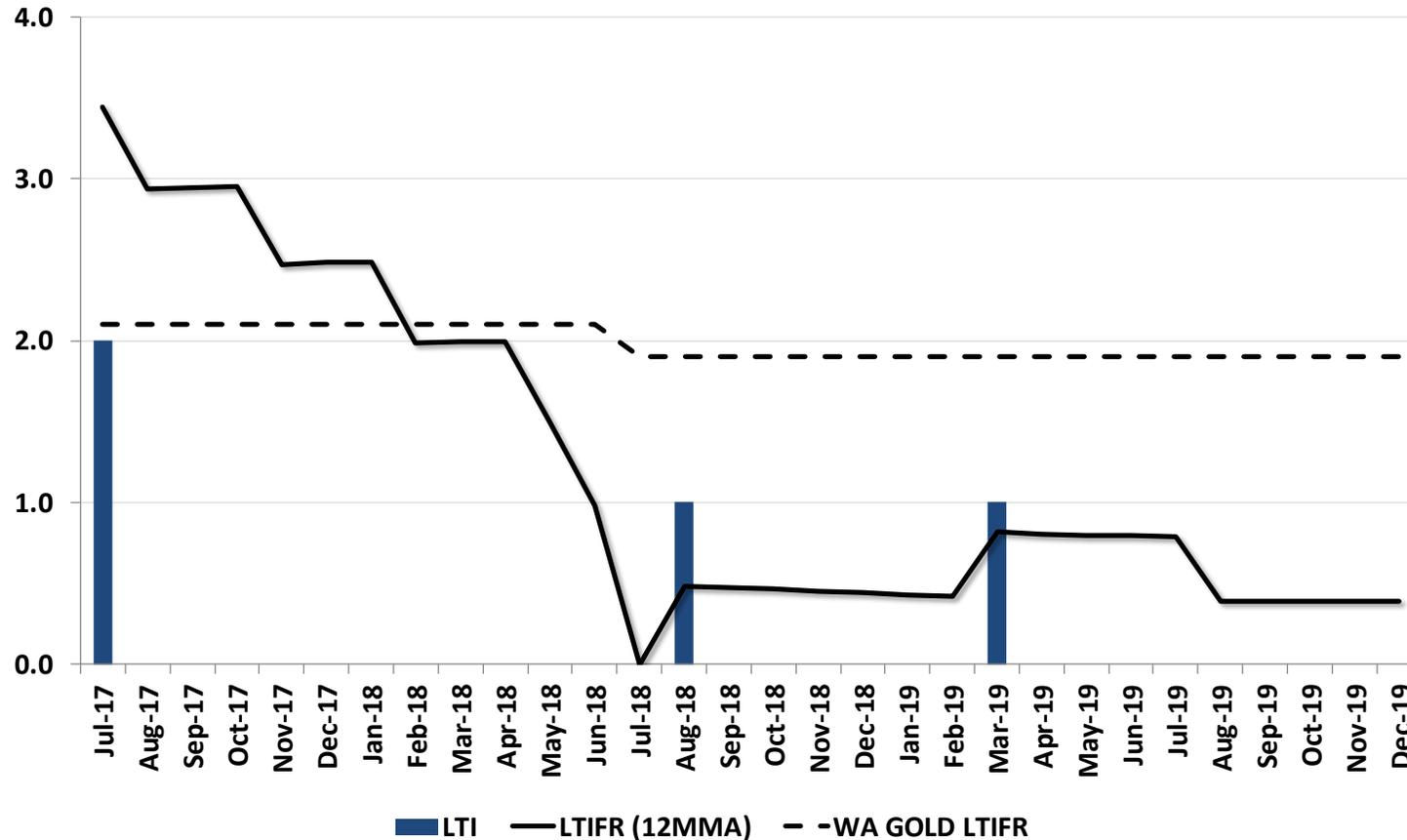
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## RECORD quarterly production:

- ▲ Safety - **LTIFR at 0.37**
- ▲ **Acquisition of Barrick's 50% interest in the Super Pit gold mine for US\$750m**
- ▲ **Record quarterly gold production - 120,127oz at AISC A\$1,098/oz**
- ▲ Closing ore stockpile (ROM) - **3.3Moz**
- ▲ **Cash / liquids - A\$283.8m**
- ▲ **Growth projects:** Carosue Dam mill expansion, Deep South underground development; Thunderbox - Underground development accelerated
- ▲ **A\$15.5m invested in exploration, many strong results point to Reserve growth**
- ▲ Focus on “**future proofing our business**” e.g. stockpiles / inventory buffers

“The standard you walk past is the standard you accept”:



Lost time injury frequency rate (LTIFR) - Calculated as a rolling 12 month average per million hours worked  
 LTIFR WA gold average [www.dmp.wa.gov.au/Documents/Safety/MSH\\_Stats\\_Posters\\_SAFETYPerfWA\\_1718.pdf](http://www.dmp.wa.gov.au/Documents/Safety/MSH_Stats_Posters_SAFETYPerfWA_1718.pdf)

- ▲ Building a **proactive safety culture**
- ▲ Focused on positive leading indicators:
  - Safety interactions
  - Hazard ID and rectification
  - Positive safety communication
- ▲ Lag indicators:
  - LTIFR 0.37
  - TRIFR 7.72
  - Zero LTI's for the last 9 months

## Clontarf "Mining & The Land"



## TBO Santa



## Aboriginal flag raising ceremony



## Christmas Day Volunteering



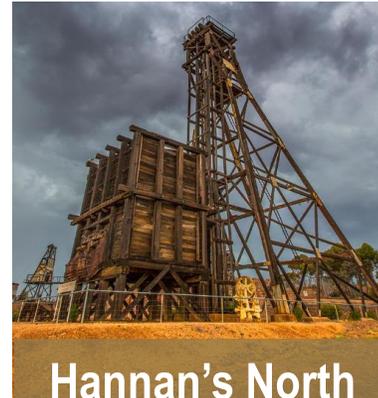
## St Barbara's Day Parade



## Shooting Stars Leonora



## Hannan's North Tourist Mine



## Wadjemup Cup



## Release of 2019 Sustainability Report



**1ST PLACE**  
in CME Surface Mine  
Emergency Response  
Competition

**LTIFR**  
fell 20%  
from 1.0 to 0.8



**TRIFR**  
fell 2%  
to 11.5



**SARACEN EMPLOYEES**  
**= 433**

↑ % FEMALE WORKFORCE UP from 16.45 to 18.00



**CO<sup>2</sup> EMISSIONS**  
**DOWN 7.3%**  
reduced from 36.48kg  
per ore tonne processed  
to 33.83kg per ore  
tonne processed



% water  
allocation used:  
**43.84%**

We are **COMMITTED** to increasing  
**INDIGENOUS EMPLOYMENT** and our  
engagement with indigenous businesses



Through Clontarf we engaged our first indigenous apprentices



**SUSTAINABILITY POLICY** released

**97%** of employees  
own shares

COMMUNITY INVOLVEMENT:

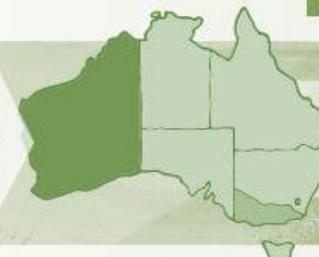


**\$0.6M**  
Total Community  
Investment

**100%**  
COMMUNITY  
spend in WA

**77%** SPEND  
REGIONALLY

**78%** OF  
PROCUREMENT  
SPEND IS IN WA



17% VICTORIA  
4% AUSTRALIA other  
<1% INTERNATIONAL

## Carosue Dam Solar Farm:

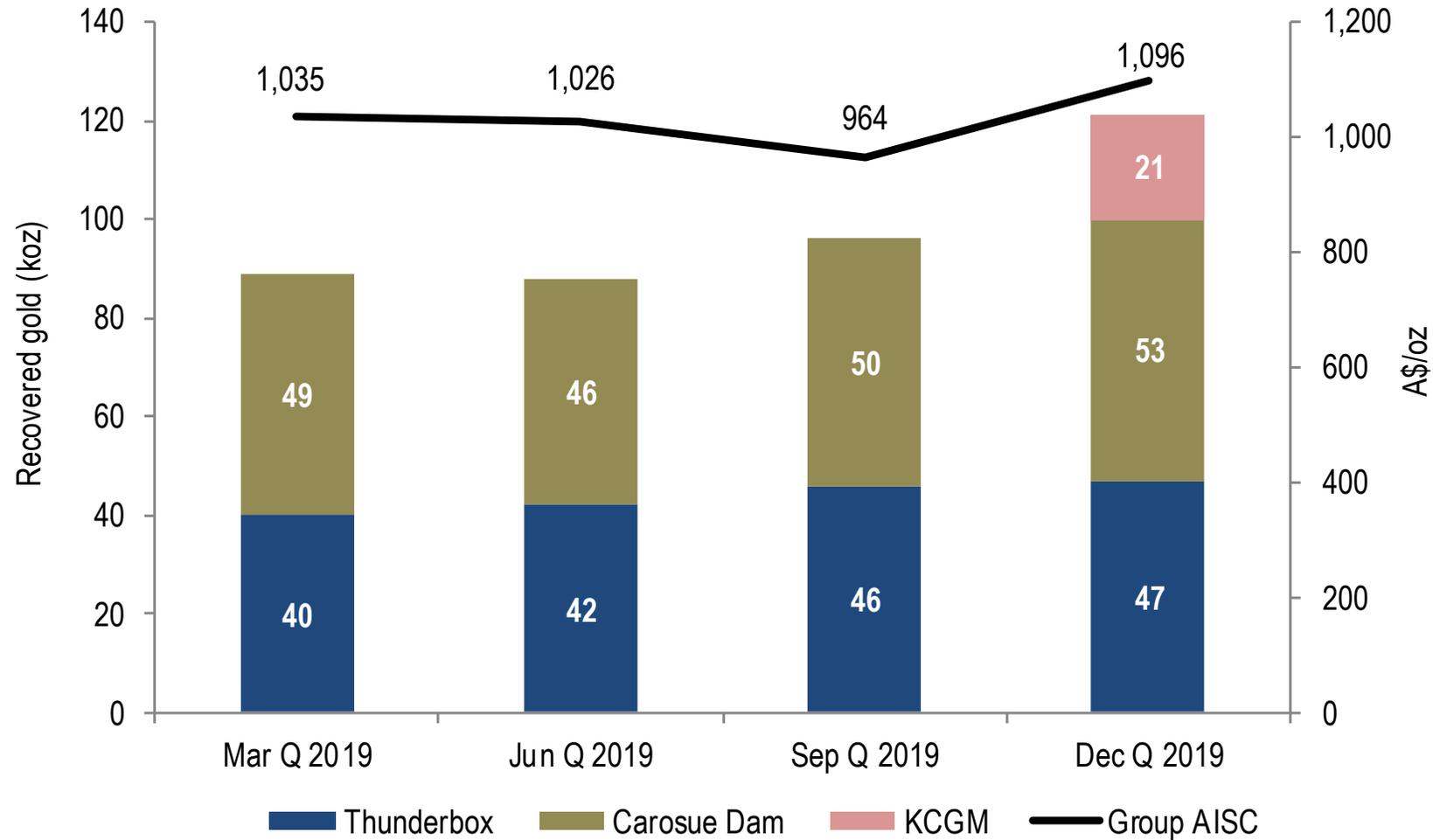


- ▲ New 1MW array – Now live!
- ▲ 40% cheaper than current power generation
- ▲ Forecast to produce 1,647MWh p.a. (equivalent to ~300 households)
- ▲ Offsets 988t of CO<sub>2</sub> p.a.

# Quarter highlights



## Consistent and persistent:



## Quarterly highlights:

- ▲ Acquisition of Barrick's 50% interest in the Super Pit gold mine for US\$750m
- ▲ Executive Management Committee established with two representatives each from SAR and its KCGM JV partner Northern Star Resources; **joint operatorship agreed**
- ▲ JV partners have initiated a strategic review / optimisation covering operations, exploration and growth
- ▲ First month of production (50% basis):
  - **Gold production - 20,634oz at an AISC of A\$1,522/oz**
  - **Mine operating cash flow - A\$13.1m**
  - **Net mine cash flow - A\$10.9m (after growth capital of A\$2.2m)**

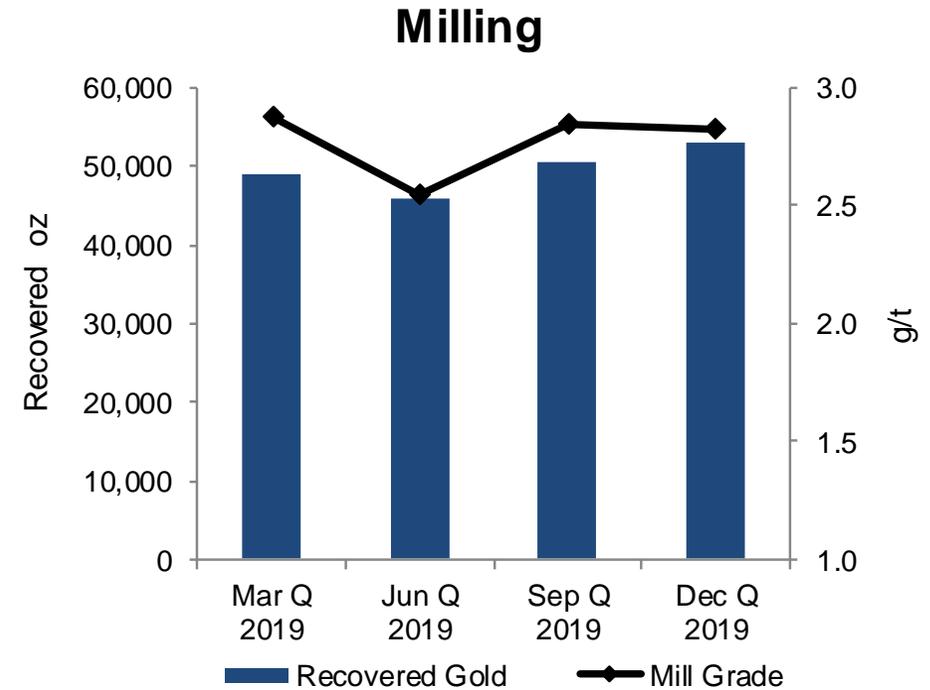
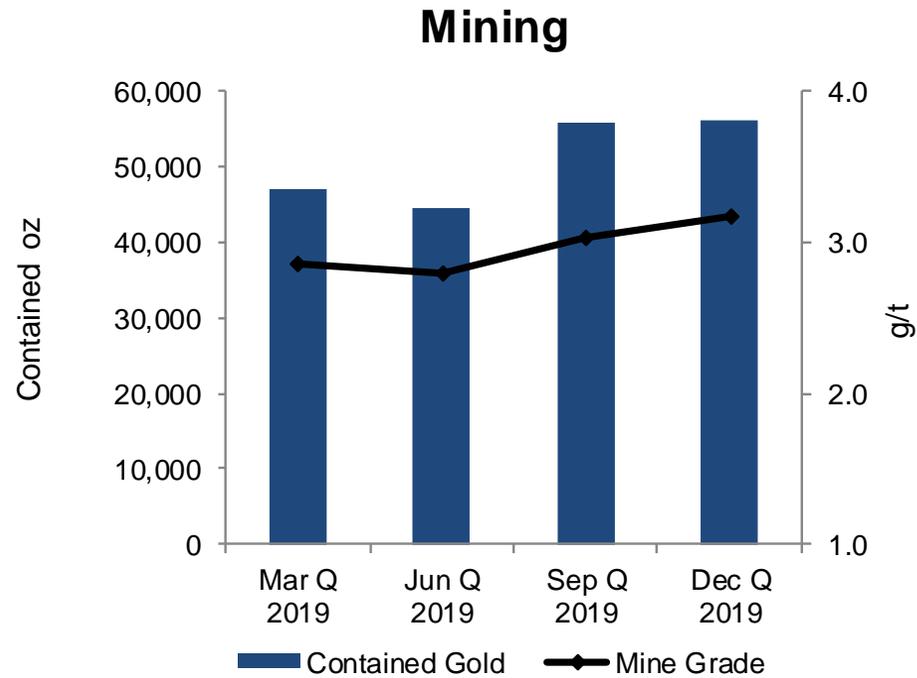
## Quarterly highlights:

- ▲ **Gold production - 52,899oz at an AISC of A\$1,231/oz**
- ▲ **Mine operating cash flow - A\$26.1m**
- ▲ **Net mine cash flow - A\$1.9m (after growth capital of A\$24.2m)**
- ▲ Karari-Dervish underground gold mined - 56.1koz @ 3.2g/t
- ▲ Milling - Processed 628kt of ore @ 2.8g/t with a 92.8% recovery

# Operations - Carosue Dam

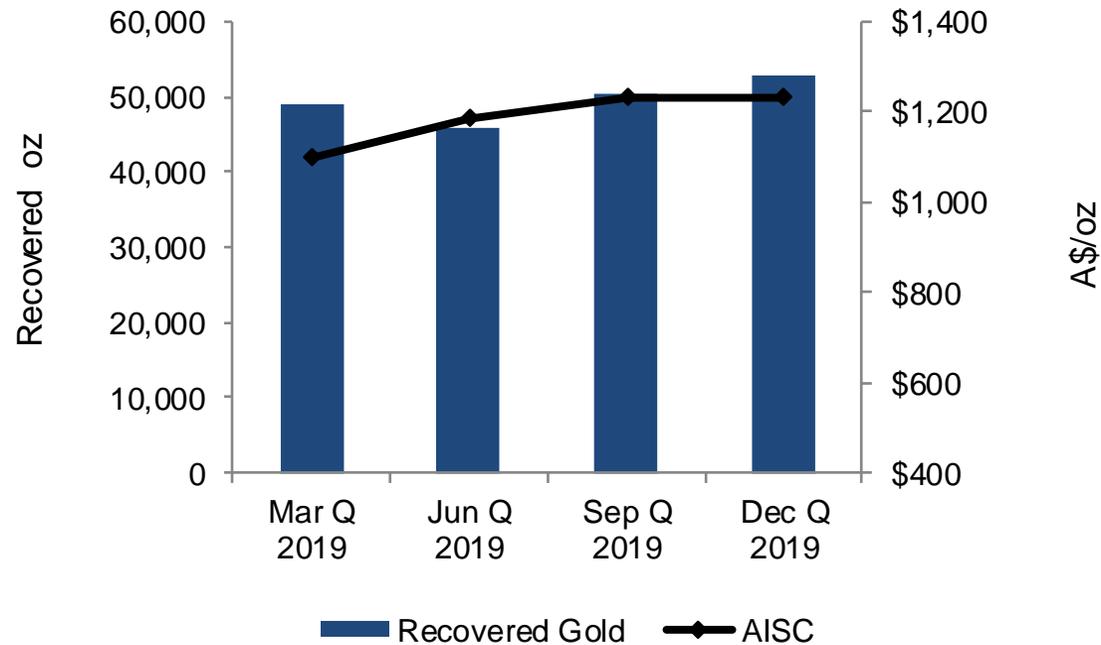


## Quarterly highlights:

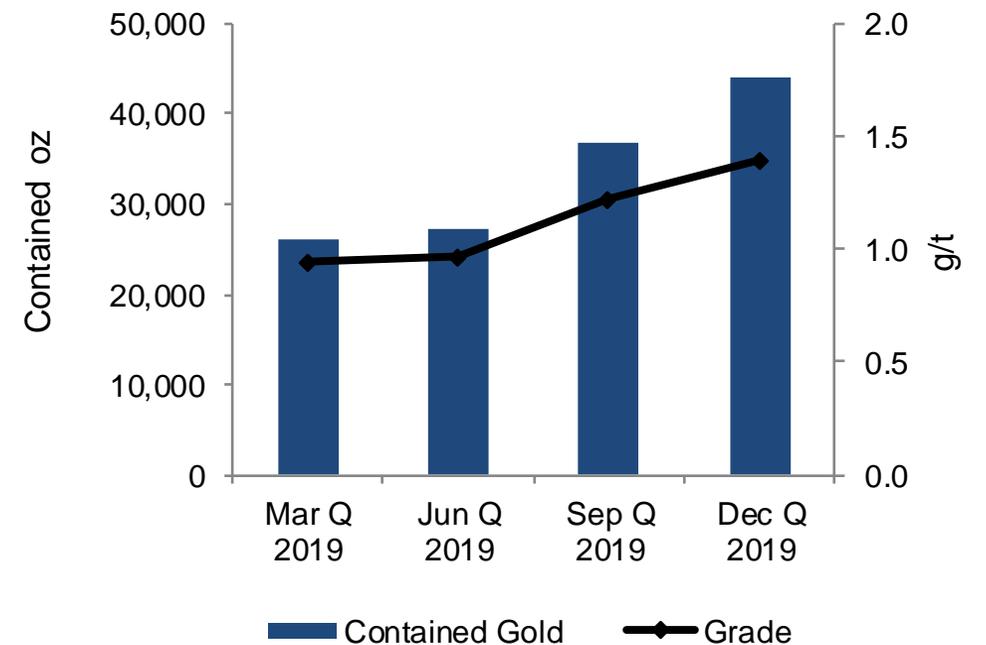


## Quarterly highlights:

### Production and AISC



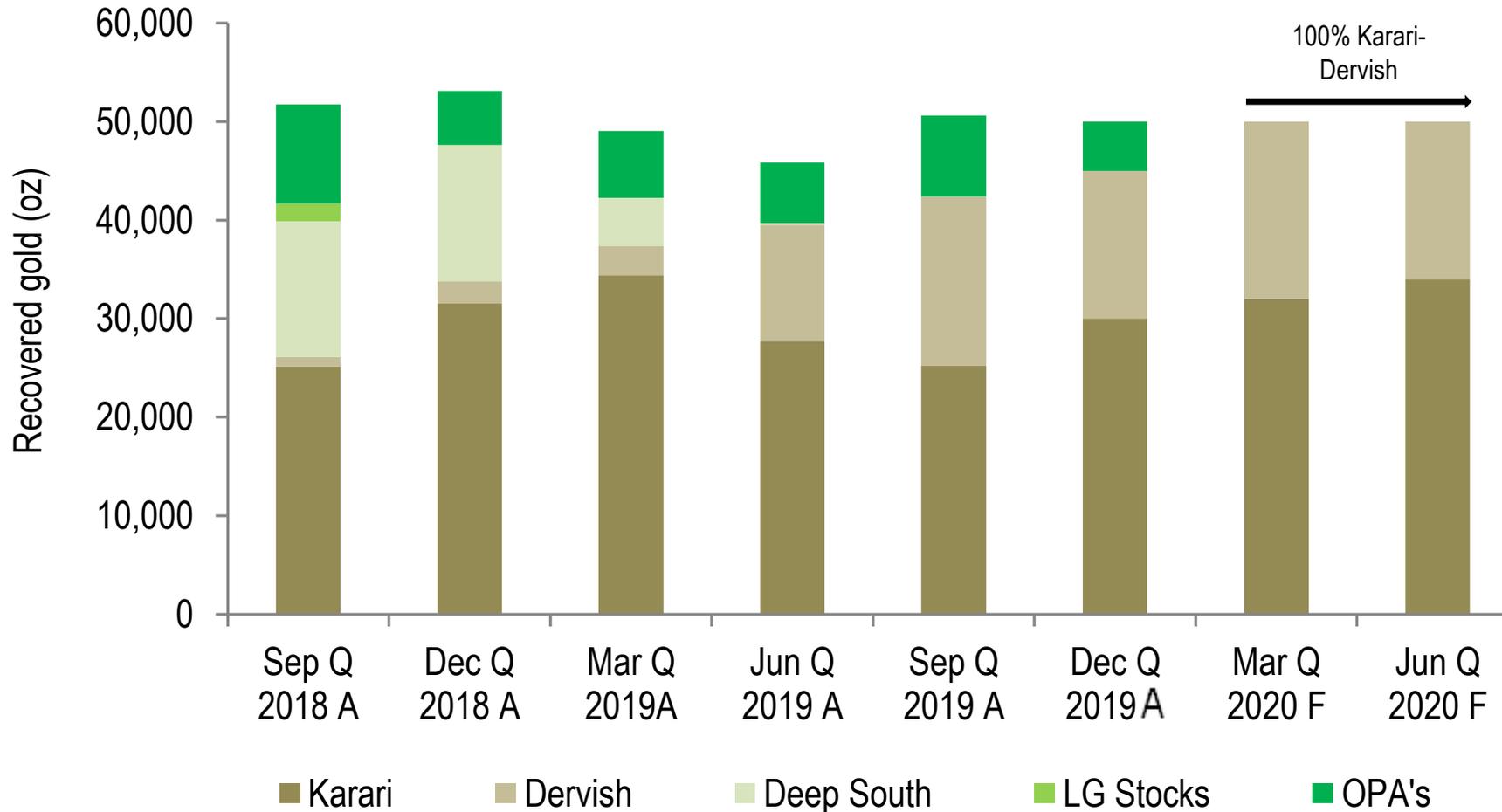
### Closing ore stockpile



# Operations - Carosue Dam



## Production transitioning to 100% Karari-Dervish:



- ▲ Ore production is transitioning to **100% Karari-Dervish** i.e. **adjacent to the mill**
- ▲ Last of the third party ore during the December quarter 2019
- ▲ Deep South development recommenced
- ▲ Mill expansion - Commissioning targeted for December Q 2020

## Quarterly highlights:

- ▲ **Record gold production - 46,594oz at an AISC of A\$751/oz**
- ▲ **Mine operating cash flow - A\$51.4m**
- ▲ **Net mine cash flow - A\$38.2m (after growth capital of A\$13.2m)**
- ▲ Total open pit material movement - 1.5 million BCM
- ▲ Open pit ore mined - 1.1Mt with a mine grade of 1.9g/t
- ▲ Closing ore stockpile (inventory awaiting processing) 121koz
- ▲ Milling - Processed 735kt of ore @ 2.1g/t with a 94.1% recovery

# Operations - Thunderbox

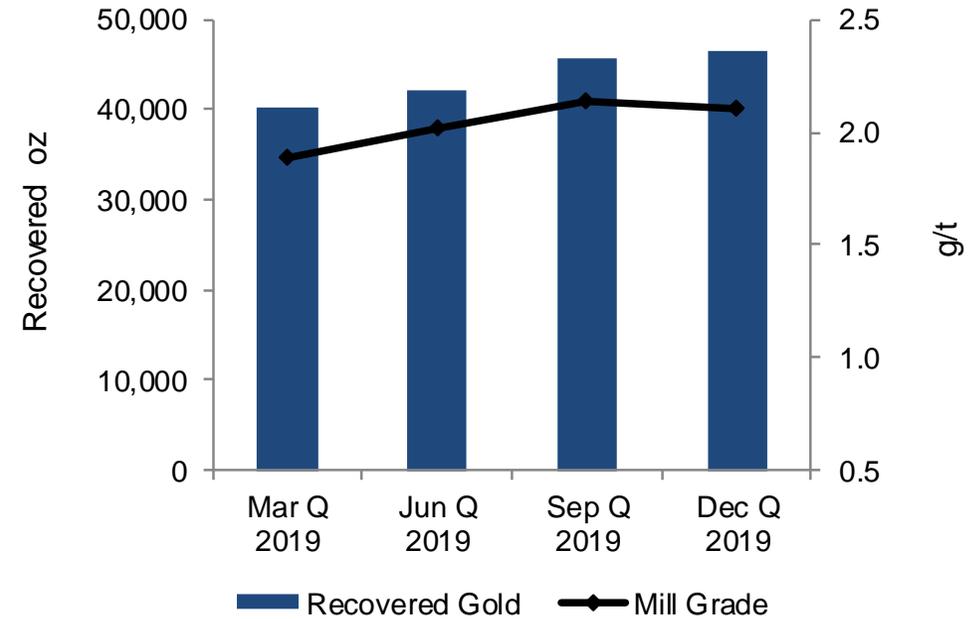


## Quarterly highlights:

### Mining

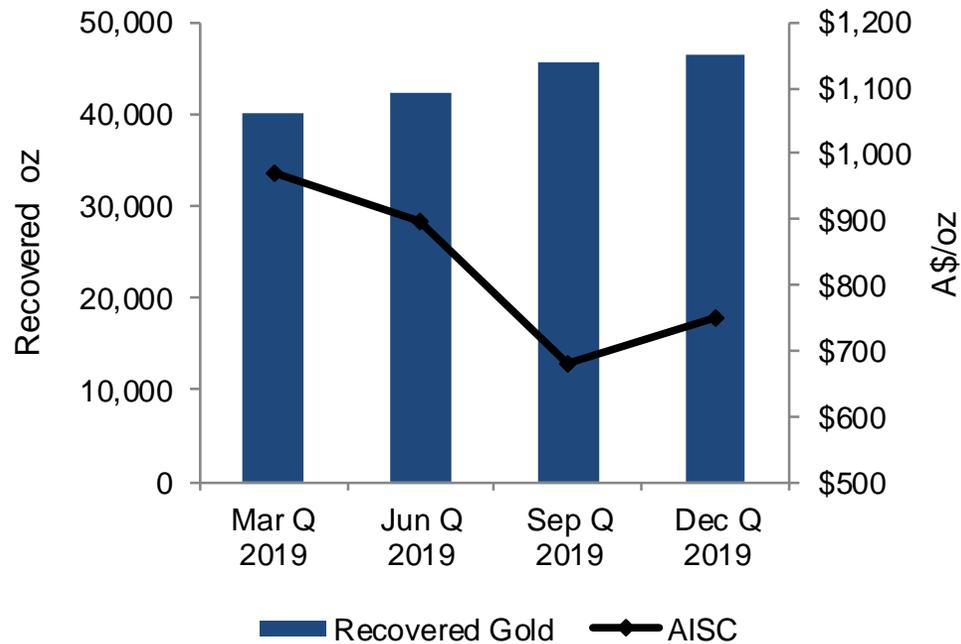


### Milling

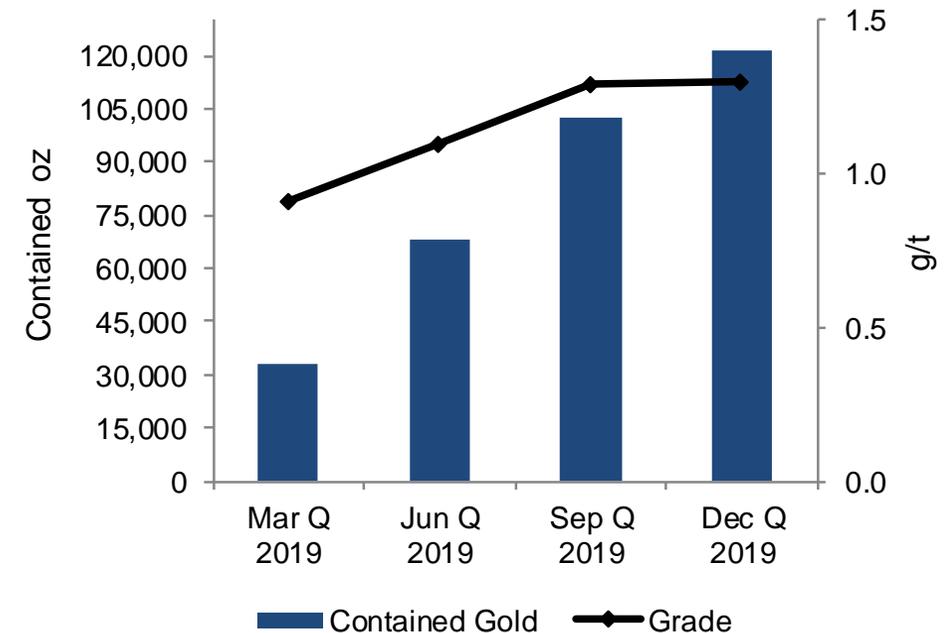


## Quarterly highlights:

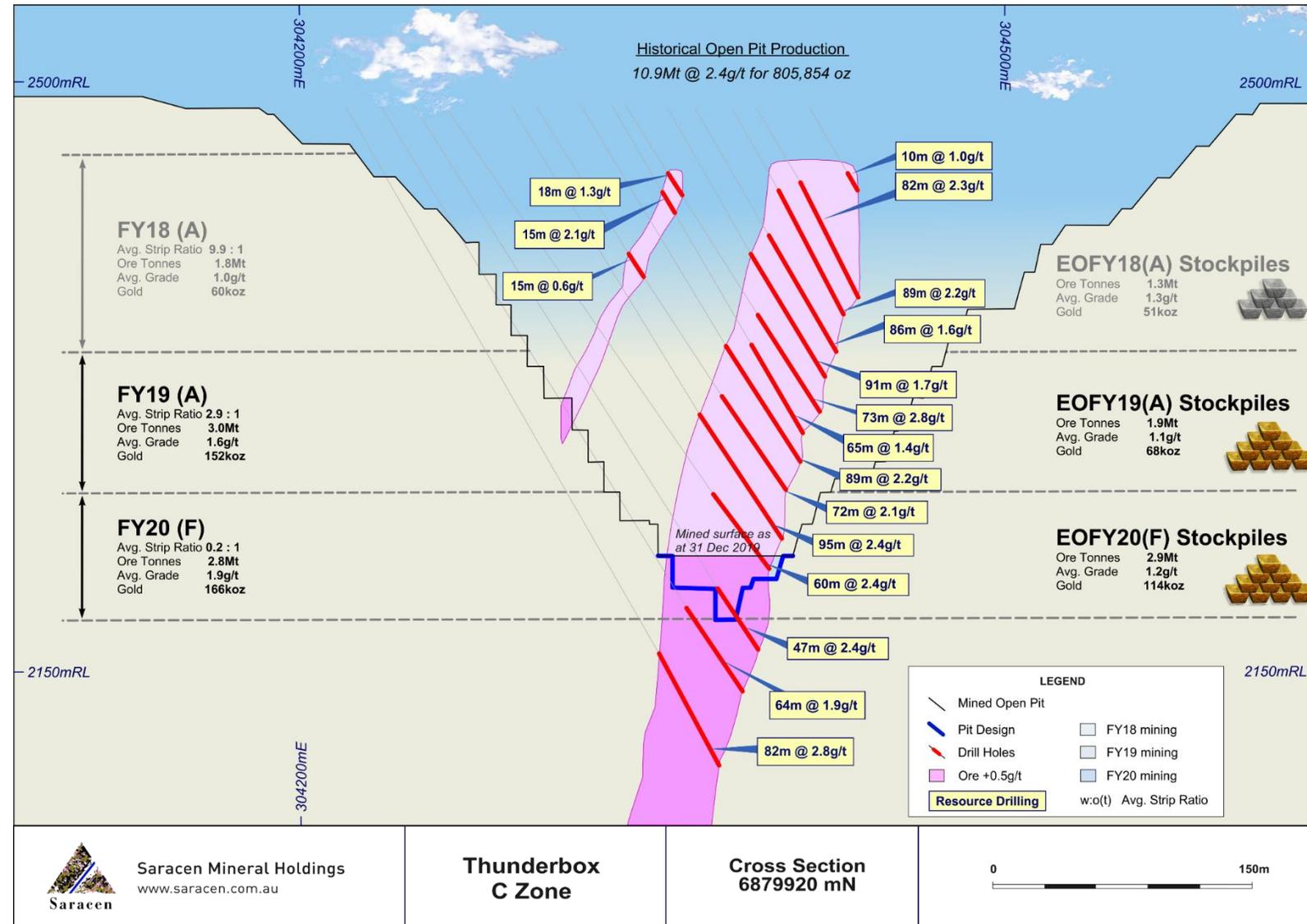
### Production and AISC



### Closing ore stockpile

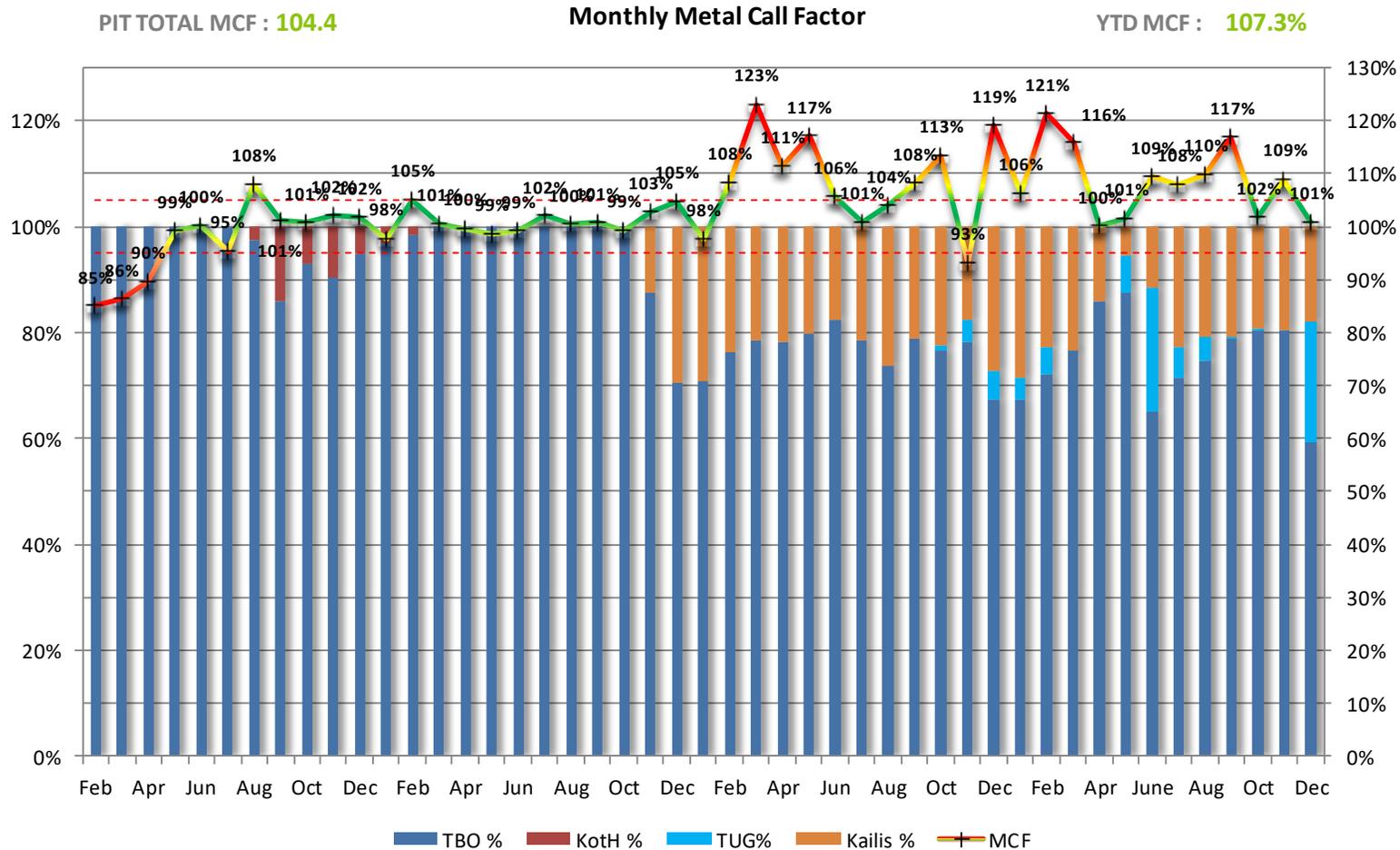


# Thunderbox - 'Does what it says on the tin'



- ▲ High productivity / low cost
- ▲ Top down method (no pit staging)
- ▲ As the mine progresses:
  - Grade rises (1.0 to 1.9g/t)
  - Strip ratio falls (10 to zero)
  - **AISC falls to ~A\$625/oz**
  - Stockpiles grow to 114,000oz
  - Cash flow increases dramatically

## Mill reconciliation:

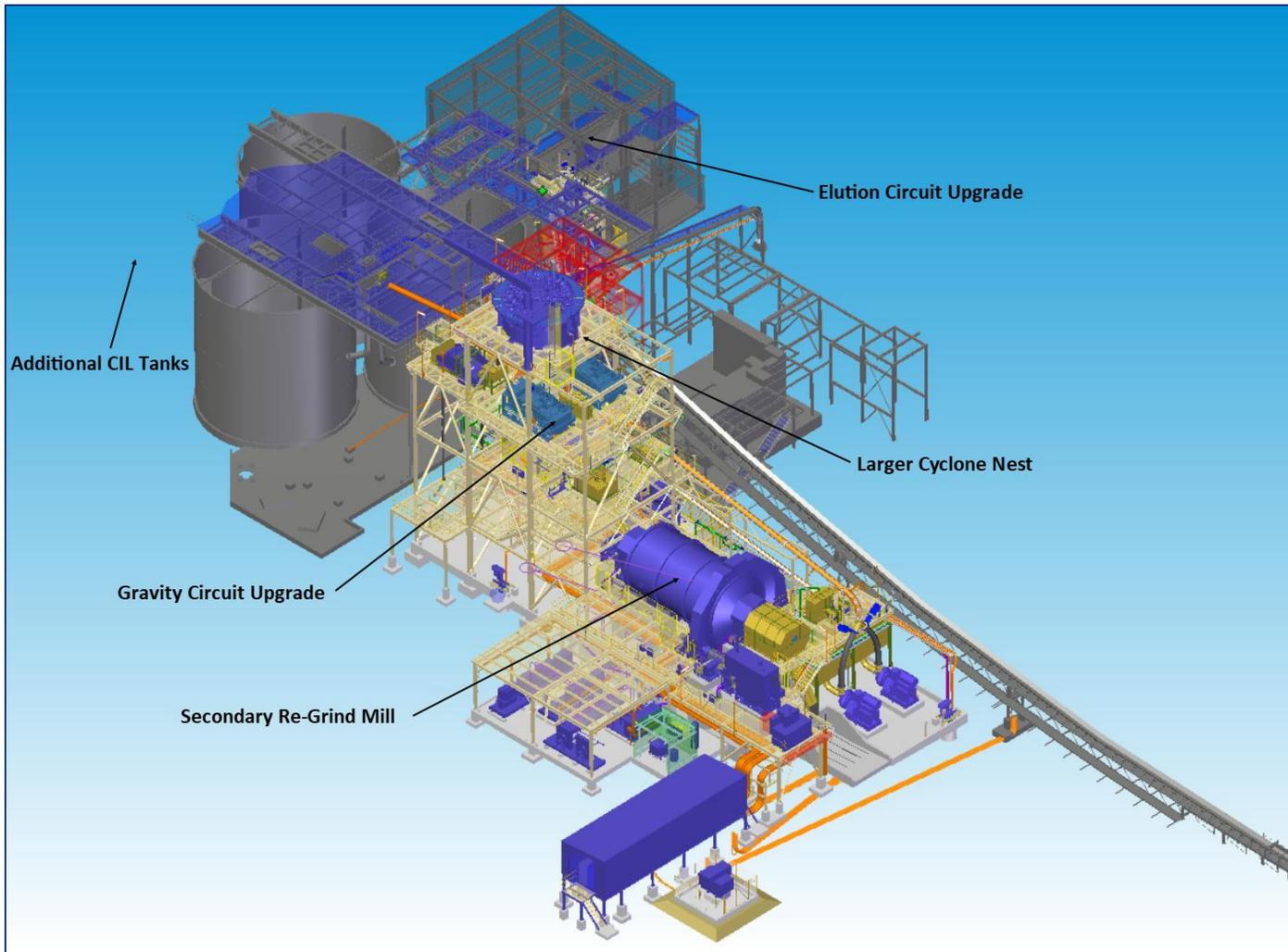


- ▲ Average MCF pre-Kailis 99%
  - Predictable - homogeneous Thunderbox orebody
- ▲ Average MCF following introduction of Kailis ore 108%
  - Positive impact of high nugget ore

# Discovery and Growth - Carosue Dam



## Mill expansion to 3.2Mtpa:

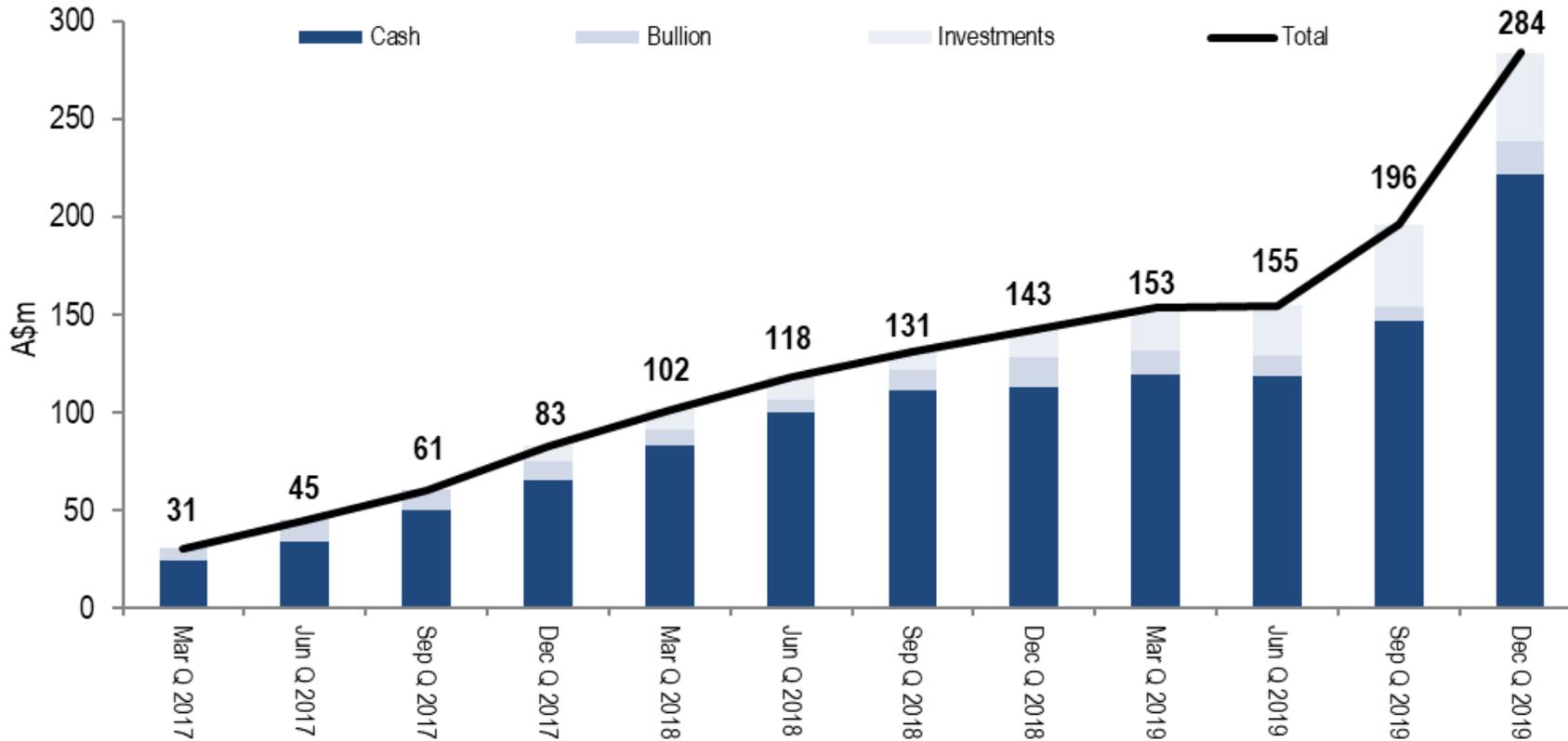


- ▲ Mill throughput **increases to 3.2Mtpa** (from 2.4Mtpa) during FY20-21, **A\$34m capital cost**
- ▲ **Recovery increases to 94%** (from 93%)
- ▲ **Unit milling costs reduce by ~A\$1.50 - A\$2.50/t**
- ▲ Additional ore required to fill the expanded mill will be sourced from the Carosue Dam open pits (+10 years at 800ktpa in Reserves)
- ▲ Mill feed 70-75% underground ore / 30-25% open pit ore
- ▲ **Commissioning targeted December Q 2020**

# Cash and equivalents



A\$284m at 31 December:



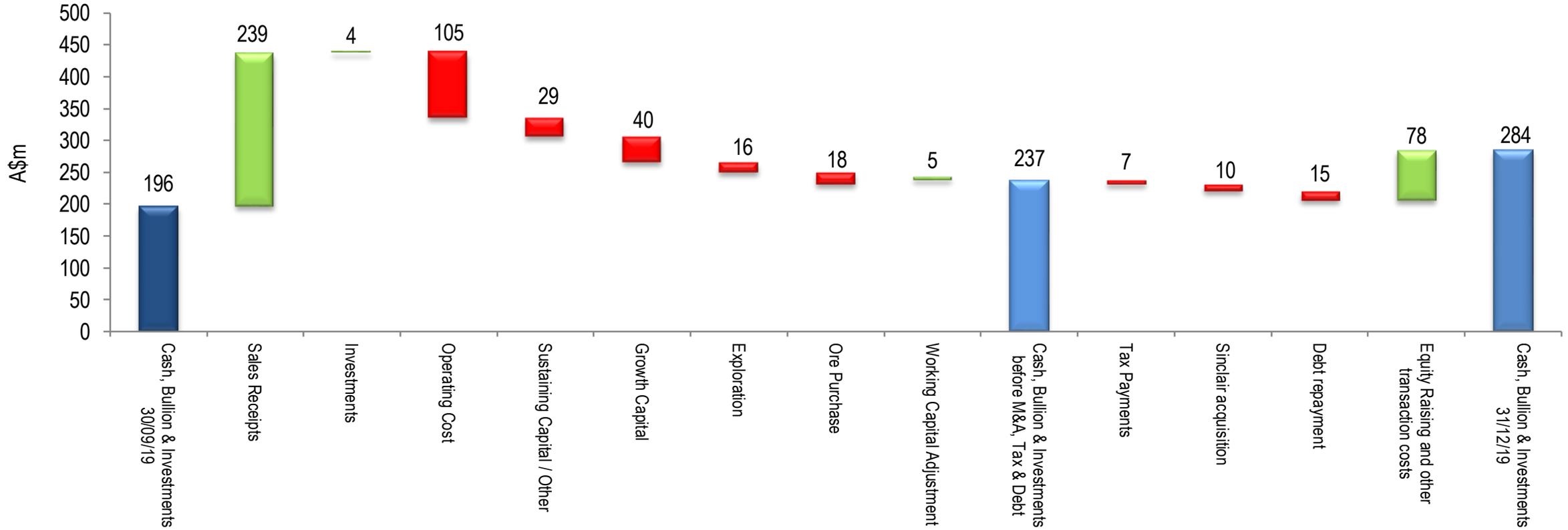
▲ Cash and equivalents of A\$283.8m at 31 December after:

- Paying US\$750m for 50% of the Super Pit
- Paying A\$10m for Sinclair
- Raising A\$796m in equity
- Drawing A\$400m in debt
- Making an **early debt repayment of A\$15m**
- Paying A\$6m tax

# Cash Flows

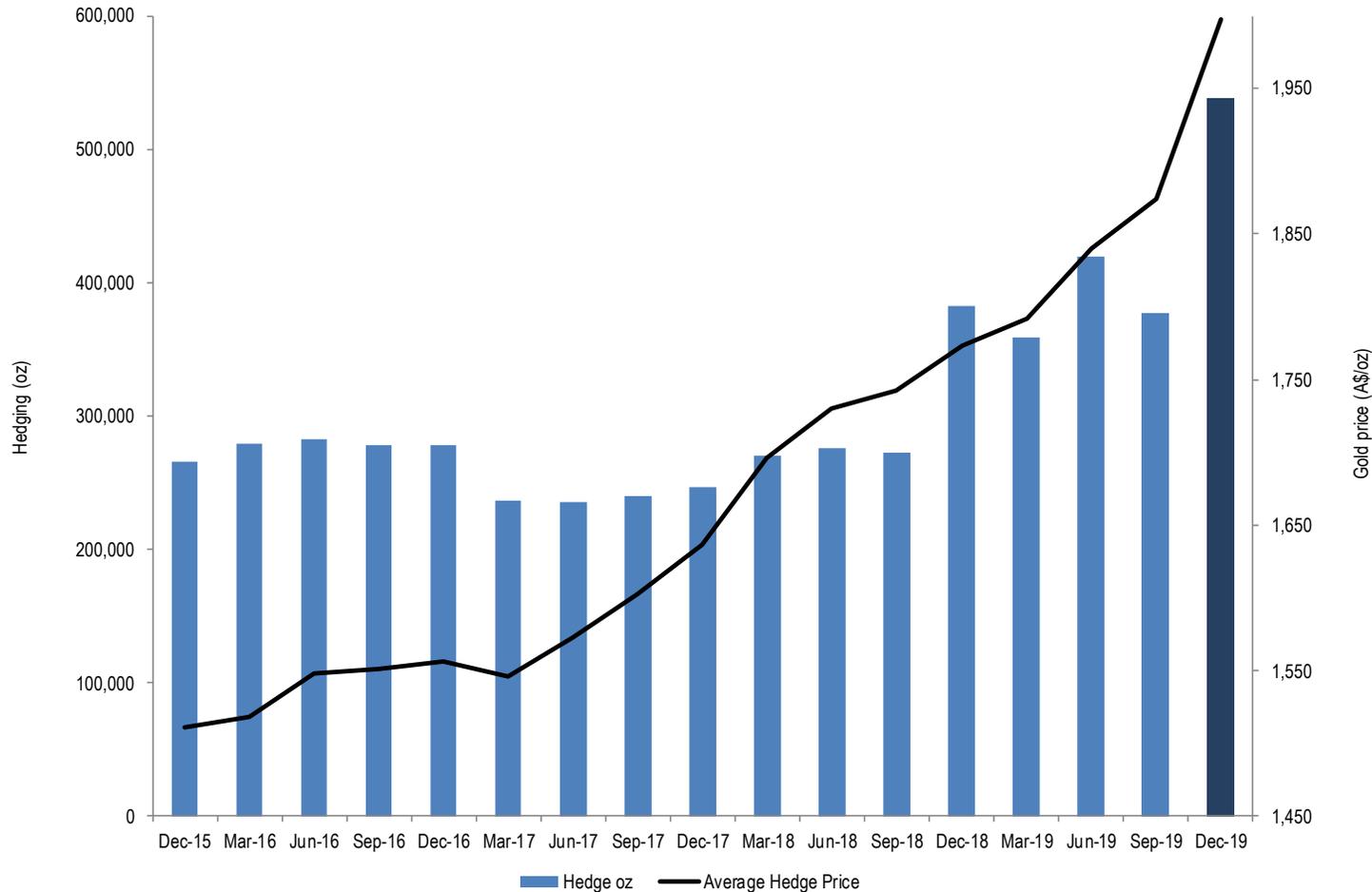


A\$284m cash and equivalents at 31 December 2019:



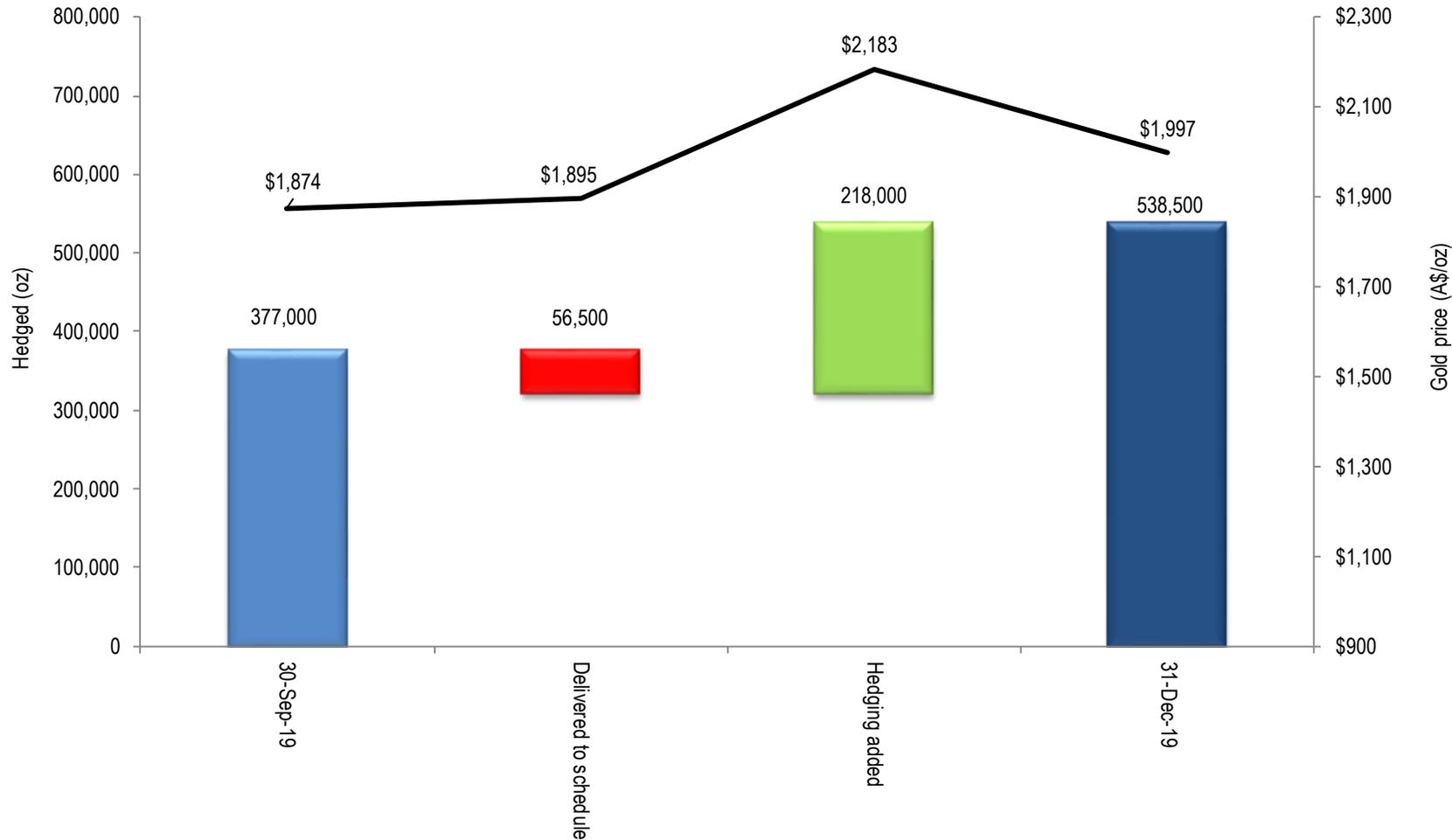
## Prudent hedging caps financial risk:

Hedge Book



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
<b>Total</b>	<b>538,500</b>	<b>\$1,997</b>

## Movements:



- ▲ 200,000oz added at an average delivery price of A\$2,187/oz
- ▲ Hedging follows the drawdown of A\$400m debt to partially fund the Super Pit acquisition
- ▲ Debt repayment is underpinned by strong forecast cashflow from the Super Pit, Carosue Dam and Thunderbox
- ▲ Hedging provides further financial certainty while the debt is repaid
- ▲ New hedging maintains policy of having ~one year's production hedged over three years

- ▲ We have a simple business plan - **We mine where we mill, within 300km of Kalgoorlie**
- ▲ We deliver - **7 year track record of meeting or beating guidance, tracking ahead of FY20 guidance**
- ▲ We have acquired 50% of the globally renowned Super Pit - **Immediate step-change in cash flow generation**
- ▲ We have an outstanding platform for growth - **People, assets, balance sheet**
- ▲ We are **future proofing our business**

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