Saracen

Saracen Mineral Holdings Limited
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SARACEN MINERAL HOLDINGS LIMITED

(ACN: 009 215 347)

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

ASX APPENDIX 4D

(previous corresponding period is the half-year ended 31 December 2018.)

KEY INFORMATION	31 Dec 2019 $'000	31 Dec 2018 $'000	Up / (down) $'000	Percentage increase / (decrease)
Revenue from ordinary activities	409,932	281,880	128,052	45%
Profit from ordinary activities after tax attributable to members	69,076	42,955	26,121	61%
Net Profit attributable to members	83,017	43,733	39,284	90%

DIVIDEND INFORMATION

No dividend has been declared

NET TANGIBLE ASSETS PER SECURITY	31 Dec 2019	31 Dec 2018
Net tangible assets per security	$1.28	$0.52

EARNINGS PER SHARE	31 Dec 2019 Cents	31 Dec 2018 Cents
Basic earnings (per share)	7.82	5.24
Diluted earnings (per share)	7.59	5.19

CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the period ended 31 December 2019.

Additional Appendix 4D disclosure requirements can be found in the Directors Report which is attached.

This half-yearly report is to be read in conjunction with the 30 June 2019 Annual Report.

Saracen

SARACEN MINERAL HOLDINGS LIMITED

(ACN 009 215 347)

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2019

COMPANY DIRECTORY

Directors

Mr Anthony Kiernan	Non-Executive Chairman
Mr Raleigh Finlayson	Managing Director
Mr Martin Reed	Non-Executive Director
Mr John Richards	Non-Executive Director
Dr Roric Smith	Non-Executive Director
Ms Samantha Tough	Non-Executive Director

Company Secretary

Mr Jeremy Ryan

Registered Office and Business Address

Level 11
40 The Esplanade
Perth WA 6000

Telephone: +61 8 6229 9100
Website: www.saracen.com.au

Stock Exchange Listing

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

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Telephone:+61 8 6382 4600
Facsimile:+61 8 6382 4601

Solicitors

DLA Piper
Level 31, Central Park
152 – 158 St Georges Terrace
Perth WA 6000

Bankers

Australia and New Zealand Banking Group
833 Collins Street
Melbourne VIC 3000

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

Telephone: 1300 850 505
Facsimile: +61 8 9323 2033

DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited ("Saracen" or "the Company" or "the Group") present their report, together with the financial statements on the consolidated entity consisting of Saracen Mineral Holdings Limited and its controlled entities for the half-year ended 31 December 2019. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report is as follows:

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Mr Anthony Kiernan	Non-Executive Chairman
Mr Raleigh Finlayson	Managing Director
Mr Martin Reed	Non-Executive Director
Mr John Richards	Non-Executive Director
Dr Roric Smith	Non-Executive Director
Ms Samantha Tough	Non-Executive Director

CONSOLIDATED RESULTS

The consolidated operating and financial results for the comparative half-year periods are summarised below. All $ figures refer to Australian thousand dollars (A$'000) unless otherwise stated.

KEY OPERATING RESULTS	31-Dec-19*	31-Dec-18	Variance	Percentage
Underground ore mined (kt)	1,257	988	269	27%
Open pit ore mined (kt)	2,834	1,165	1,669	143%
Material processed (kt)	3,191	2,688	503	19%
Grade (g/t)	2.3	2.2	0.1	5%
Production (oz)	216,452	177,774	38,678	22%
All in Sustaining cost ($/oz)	1,041	1,030	11	1%

*The December 2019 numbers include one month of Saracen's 50% share of KCGM.

KEY FINANCIAL RESULTS	31-Dec-19	31-Dec-18	Variance	Percentage
Gold sold (ozs)*	206,277	167,095	39,182	23%
Average gold sales price (A$/oz)	1,981	1,684	297	18%
	$'000	$'000	$'000	
Total Sales Revenue*	409.9	281.8	128.1	45%
Operating Cost & Royalties	(201.8)	(168.9)	(32.9)	19%
Corporate, admin & other (excluding D&A)	(14.1)	(8.8)	(5.4)	61%
Transaction cost on business combination (KCGM JV)	(15.4)	-	(15.4)	N/A
EBITDA[1]	178.6	104.1	74.5	72%
Depreciation and Amortisation	(71.4)	(43.0)	(28.4)	66%
EBIT[2]	107.2	61.1	46.1	75%
Statutory profit after income tax	69.1	43.0	26.1	61%
Underlying profit after income tax[3]	80.2	43.5	36.7	84%

* Excludes 8,605oz totalling $16.3 million (2018: 4,577oz totalling $7.3 million) of sales that relate to development activities (see below).

[1] EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation and is a financial measure which is not prescribed by the International Financial Reporting Standards ("IFRS"). EBITDA has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company.

[2] EBIT stands for Earnings Before Interest and Tax and is a financial measure which is not prescribed by IFRS. EBIT has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company.

[3] Underlying profit after tax is a financial measure which is not prescribed by IFRS and represents the net profit after tax under IFRS, adjusted for specific items.

- Sales revenue for the half-year was $409.9m, up 45% from $281.8m in the previous half-year. Gold production for the half-year was 216,452 ounces, up 22% from 177,774 ounces in the previous half-year. Gold sales for the half-year were 206,277 ounces versus 167,095 ounces in the December 2018 half and the average gold price for the period was A$1,981/oz (2018: A$1,684/oz).

  During the period, approximately $16.3 million (8,605oz) of gold sales were made from gold recovered from development activities at the Thunderbox underground, Kailis Stage 2 and D Zone mines. This amount was offset against those projects' capital development costs and although it is reported in production ounces, it is not accounted for as sales revenue.

- Underlying profit after income tax for the half-year was $80.2m, up 84% from $43.5m in the previous half year mainly due to the increase in revenue as a result of higher production combined with a higher gold price environment.

REVIEW OF OPERATIONS

The Company's main activity during the half-year was gold production and exploration.

At the Carosue Dam Operations, ore was mined from the Karari-Dervish underground mines and Deep South underground mine (development ore). This was supplemented by ore purchased through toll treatment arrangements, together with ore stockpiles previously mined from the Porphyry open pit. All the ore mined was processed at the Carosue Dam 2.4mtpa treatment plant.

At the Thunderbox Operations, ore was mined from the Thunderbox C Zone open pit, Kailis Stage 2 open pit and Thunderbox underground mine (development ore). This was supplemented by ore stockpiles previously mined from the Kailis operation. All ore mined was processed at the 2.5mtpa Thunderbox treatment plant.

In June 2019, the Group made an off-market takeover to acquire ASX listed Bligh Resources Limited ("Bligh"). Bligh's Bundarra project is located less than 30km south of Saracen's Thunderbox operations, and adjacent to the sealed Goldfields Highway. The Bundarra project consists of five mining leases and six prospecting licences that host four known gold deposits. This transaction was completed in September 2019.

In September 2019, the Group entered into a binding agreement to acquire the Sinclair project from ASX listed Talisman Mining Limited. Sinclair is located 25km south-west of Saracen's Thunderbox operations in the world class Agnew-Wiluna greenstone belt. In addition to acquiring significant mine site infrastructure, Sinclair also includes a 207km^2 tenement package covering more than 80km of prospective ultramafic host rocks with gold exploration potential. This transaction was completed in October 2019.

In November 2019, the Group announced that it had entered into a binding sale agreement with Barrick Gold Corporation ("Barrick") to acquire its 50% interest in the Kalgoorlie Consolidated Gold Mines Joint Venture ("KCGM JV") through the purchase of 100% of the shares in its subsidiary, Barrick (Australia Pacific) Pty Limited, for a price of US$750 million. The KCGM JV owns and operates the Super Pit gold mine in Kalgoorlie-Boulder, Western Australia. This transaction was completed in November 2019.

Health and Safety

The Saracen Group* Lost Time Injury Frequency Rate ("LTIFR") for the 6 months to December 2019 reduced by 53% to 0.37 (30 June 2019: 0.79). The Total Recordable Injury Frequency Rate ("TRIFR") decreased by 33% to 7.72 (30 June 2019: 11.49).

The increasing focus on areas of safety improvement and leading activities is helping drive the positive TRIFR and LTIFR changes.

During the 6 months, Saracen has:

- continued to focus on areas where safety improvements are needed to drive further reductions in incident and injury rates;
- maintained a strong focus on critical risk controls and the ongoing management of them will continue to be a key area of focus along with increased safety communications as part of driving towards a safe place of work;
- undertaken safety cultural and systems reviews at all level of the business to identify areas of excellence and areas for improvement from different perspectives;
- ensured the Board, executive and senior leaders have continued to focus on risk verification and task communication during field engagements;
- increased focus, communication and strategies on improving safety systems and tools for all workers;
- encouraged greater input and feedback to and from its workforce through the Group's Think and Act like Owners program, which not only looks for financial improvements but also health, safety, environment and community opportunities; and
- upgraded our HSEC reporting system to enable better reporting, analysis and increased communication.

* includes 50% KCGM exposure hours and recordable injuries from 1 December 2019

Sustainability

Saracen released its second Sustainability Report In October 2019.

Our commitment to reducing environmental impacts and implementing proactive and sustainable projects has seen the construction of our first solar farm at Carosue Dam. The project was successfully installed and commissioned, and in the first week reduced our carbon emissions by 39 tonnes, the equivalent of planting 3,756 trees. Saracen is looking forward to developing further renewable energy projects and implementing further carbon reduction programs into the future.

As part of our ongoing commitment to our communities we have provided strategic support to a number of programs and partners in H1 FY2020 with a focus on long term sustainable projects that will leave a positive community impact long after Saracen's initial input. Some of the major ones include:

- Shooting Stars, Leonora District High School. A WA-based program to encourage indigenous girls to attend school, with significant positive impacts already measured;
- Clontarf, a national program that supports indigenous boys to attend school and gain employment;
- Leonora High School – Indigihack & Art Competition, Young Indigenous Art & Writers Awards, East Kalgoorlie Primary School, Core Learning Foundation, Bushfire Relief – Red Cross and Wires, WASM and WA Netball

Production Overview*

Gold sale proceeds during the period totalled $425.6 million (inclusive of $16.3 million of pre-commercial production sales offset against development costs and therefore not included in revenue in the Profit & Loss) (2018: $288.7 million, inclusive of $7.3 million of pre-commercial production sales). Gold sales for the period were 214,882 ounces (including 8,605oz pre-commercial production) (2018: 171,673 ounces, inclusive of 4,578oz pre-commercial production) at an average gold sale price of A$1,981 per ounce (2018: A$1,684 per ounce).

*All numbers under production overview include Saracen's 50% share of one month of KCGM which was acquired on 29 November 2019.

All In Sustaining Costs ("AISC") for the period were A$1,041 per ounce (2018: A$1,030 per ounce).

During the six month period, the Company produced 216,452 ounces of gold (2018: 177,774 ounces) from the processing of 3,191,000 tonnes of ore (2018: 2,688,000 tonnes) at an average grade of 2.3g/t (2018: 2.2g/t).

Carosue Dam Operations

During the six month period, gold production from the Carosue Dam Operations ("CDO") was 103,489 ounces (2018: 104,861 ounces) at an AISC of A$1,233/oz (2018: A$996/oz). The increase in the AISC is mainly due to the Dec'18 period including 28koz of production from the higher grade Deep South underground before it was placed in care and maintenance, pending further exploration. There was minimal development at Deep South during the six month period up to Dec'18 with the focus on stoping only resulting in a much lower production cost.

Carosue Dam	Units	Sep Q 2019	Dec Q 2019	Dec H1 FY20
Underground Mining				
Ore Mined	t	576,000	550,000	1,126,000
Mine Grade	g/t	3.0	3.2	3.1
Contained Gold	oz	56,062	56,140	112,202
Mill Production				
Ore Milled	t	591,000	628,000	1,219,000
Mill Grade	g/t	2.9	2.8	2.8
Contained Gold	oz	54,011	56,982	110,993
Recovery	%	93.7%	92.8%	93.2%
Recovered Gold	oz	50,590	52,899	103,489
Gold Sales	oz	53,450	51,264	104,714

During the six month period, 1,126,000 tonnes (@ 3.1g/t for 112,202 contained ounces) were mined from the Karari-Dervish and Deep South (development ore) underground mines.

Mining production from Karari-Dervish was at steady state for the H1 FY2020 following the completion of the Dervish ramp-up in June 2019. During the period, the focus at Karari was the ramp-up of the newly commissioned paste plant and the delivery of paste to the Karari underground. Pleasingly, during Q2 of FY2020, record paste production was achieved for three consecutive months.
Mine development at Deep South commenced early in October and remains on schedule with stoping planned to commence during the June quarter of FY2020.
Development of an important diamond drill drive for FY2020 Reserve conversion at Karari was completed on schedule and diamond drilling commenced in December. A diamond drill drive at Deep South was also completed with drilling scheduled to commence early in H2 FY2020.

Future Development

Procurement of long-lead items commenced for the CDO mill expansion to increase throughput from 2.4mtpa to 3.2mtpa. During the December quarter, MACA-Interquip completed construction and commissioned (on schedule and budget) the first of two additional CIL tanks at the CDO processing plant. The second tank will be commissioned during the March quarter of CY2020. The additional tanks will improve processing recoveries and support the planned reduction in processing costs. 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 CY2020.

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 late in H2 FY2020.

Thunderbox Operations

During the six month period, gold production from the Thunderbox Operations ("TBO") was 92,329 ounces (2018: 72,912 ounces) at an AISC of A$719/oz (2018: A$1,072/oz). The decrease in the AISC is mainly a result of the low stripping ratio at the bottom of the C Zone pit where the Company is currently mining. During the six month period to Dec'19 Saracen mined 644k bank cubic metres ("bcm") of ore at C Zone compared to 416k bcm of ore in the previous corresponding period.

Thunderbox	Units	Sep Q 2019	Dec Q 2019	Dec H1 FY20
Underground Mining				
Ore Mined	t	40,000	45,000	85,000
Mine Grade	g/t	2.0	1.8	1.9
Contained Gold	oz	2,540	2,567	5,107
Open Pit Mining				
Total Mining	bcm	1,639,000	1,503,000	3,142,000
Ore Mined	t	1,370,000	1,086,000	2,456,000
Mine Grade	g/t	2.0	1.9	1.9
Contained Gold	oz	86,269	65,667	151,936
Mill Production				
Ore Milled	t	714,000	735,000	1,449,000
Mill Grade	g/t	2.1	2.1	2.1
Contained Gold	oz	49,048	49,510	98,558
Recovery	%	93.2%	94.1%	93.7%
Recovered Gold	oz	45,735	46,594	92,329
Gold Sales	oz	43,858	45,450	89,308

3.1 million bcm were mined from Thunderbox C Zone and D Zone and Kailis Stage 2 during the six months. Mining production for the period was 2.46 million tonnes @ 1.9g/t for 151,936 contained ounces.

Mining operations at C Zone progressed well throughout H1 FY2020. This pit is expected to be completed by May 2020 as planned. Pre-stripping of D Zone commenced three months ahead of schedule to optimise utilisation of the TBO mining fleet when opportunistic spare capacity is available from C Zone operations.

Mining at Kailis Stage 2 continued during this period with the pit expected to be completed in April 2020.

Thunderbox underground ("Thunderground") development progressed well during the six month period with 85,000 tonnes of development ore being mined @ 1.9g/t for 5,107 contained ounces.

Future Development

Thunderbox C Zone is currently providing the bulk of the mill feed supplemented by ore from Kailis Stage 2. These two pits will be completed in Q4 FY2020 and as planned, the Thunderground and D Zone deposits will then provide the next mill feed sources of fresh and oxide ore respectively.

Thunderground mining is progressing well with the planned diamond drilling campaign completed. Underground development is ahead of schedule with the upper 4 levels (2270-2195 L) now complete and ready for FY2020 pre-production activities commencing in Q3. Plans are continuing to be developed for the successful ramp-up of Thunderground production in FY2021. In preparation for this the new mining contract tender is in its initial stages.

Resource development at TBO has been focussed on the Otto Bore deposit where a major reverse circulation ("RC") drill program has been completed and designed to infill existing results and test for extensions to mineralisation. Interpretation is ongoing to evaluate this potential satellite orebody. RC drilling has also been completed at D Zone to increase resource confidence as well as sterilisation drilling to support future infrastructure planning decisions. The Bundarra project, acquired from Bligh, will be the focus of the next six months with a maiden drill program underway to assess the potential of Wonder North deposit.

Tailings Storage Facility ("TSF") works were completed on Cell B in June 2019 and provide 6-9 months of tailings storage capacity. Plans are now underway to commence the next Cell B lift from RL 506m to 508.8m during which deposition will commence into the northern void. The next Cell B lift is expected to provide storage capacity for a further 6-9 months after completion.

KCGM Operations

On 29 November 2019 the Company acquired Barrick's 50% interest in the KCGM Super Pit gold mine in Kalgoorlie-Boulder, Western Australia for US$750m.

Saracen and its JV partner Northern Star, have moved quickly to finalise 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 confirmed the KCGM Executive Committee, comprising two Saracen representatives and two Northern Star representatives.

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.

Since acquisition, Saracen's share of the gold production for the KCGM Operations was 20,634 ounces at an AISC of $1,522/oz. Refer to the table below for Saracen's share of the mining and milling physicals since acquisition.

KCGM	Units	Sep Q 2019	Dec Q 2019*	Dec H1 FY20
Underground Mining				
Ore Mined	t	-	46,000	46,000
Mine Grade	g/t	-	2.2	2.2
Contained Gold	oz	-	3,267	3,267
Open Pit Mining				
Total Mining	bcm	-	432,000	432,000
Ore Mined	t	-	379,000	379,000
Mine Grade	g/t	-	1.6	1.6
Contained Gold	oz	-	18,991	18,991
Mill Production				
Ore Milled	t	-	524,000	524,000
Mill Grade	g/t	-	1.4	1.4
Contained Gold	oz	-	24,246	24,246
Recovery	%	-	85.1%	85.1%
Recovered Gold	oz	-	20,634	20,634
Gold Sales	oz	-	20,861	20,861

*Note that this represents Saracen's 50% share of one month's production.

Exploration and Resource Evaluation

General

Exploration has been very active across the Group in H1 FY2020. Over 230,000m has been drilled across the various project areas. Drilling has been conducted at various stages of exploration from greenfields regional aircore ("AC") to near mine resource definition. The motivation for this activity stems from the Company's stated strategy of growing the organic project pipeline to deliver additional growth and mine life to the existing operations.

Carosue Dam

The accelerated exploration and resource definition effort continues across the key projects at CDO. Drilling has focused on the key operating underground mines (Karari-Dervish) and the Carosue Dam corridor, including the recent discovery at Atbara.

Karari underground drilling focused on infill grade control following a significant increase in Ore Reserves at 30 June 2019. Drilling has continued with two underground rigs from the 1940 and 1916 drill drives. Multiple thick high-grade results have confirmed the increasing grade profile with depth. Drilling in the northern area of Karari focused on Resource definition below the current Ore Reserve in the north of the mine. Significant results include 51m @ 8.5g/t, 33m @ 7.5g/t and 24m @ 14.3g/t (ASX: 11th November 2019). The high-grade shoots remain open at depth and will be tested further during FY2020.

The drilling at Whirling Dervish was balanced between extensional exploration in the north, Resource definition in the south and infill drilling proximal to development. Resource extension drilling in the south continued to highlight the thick high grade shoot controlled by the Osman Fault, with results including 17.0m @ 4.0g/t, 26.1m @ 3.5g/t and 13.9m @ 3.6g/t (ASX: 11th November 2019). Extensional exploration drilling to the north also returned very encouraging results. The next extensional exploration and Resource definition program at Whirling Dervish will commence when a new drill drive is established at depth, anticipated late in the June quarter 2020.

Drilling along the prospective Carosue Dam corridor delivered early success, with a new discovery at Atbara, only 4km north of the mill. This exciting discovery was the focus for the corridor drilling activities for H1 FY2020. The phase 1 framework drill testing successfully identified thick zones of mineralisation in areas where prior drilling has been shallow and broad spaced. Drilling focused on extensional and infill holes which aimed at building context around the initial encouraging results. The system has now been identified over 860m of strike and remains open at depth. The Atbara mineralisation is entirely hosted in a large monzonite complex. Following completion of the framework drilling, a tight spaced 20m x 20m program commenced. This program will assess the close space variability and continuity of the mineralisation, and assist in optimising the drill spacing required to define and build a future Mineral Resource estimate. A number of samples are being collected for early metallurgical test work.

At Dervish North, 6 holes for 3,418 metres of RC and diamond drilling ("DD") drilling tested the northern extensions to the Dervish mine with early results indicating the continuation of the mineralised structures through the target area.

In January 2019 five 2D seismic lines were collected across key areas of the Carosue Dam corridor. This 2D data acquisition was a precursor to a much larger and more detailed 3D seismic survey. The 3D seismic survey and the data processing was completed in the December quarter FY2020. The high-resolution acquisition recorded 263 million traces of seismic data over 50km^2 including Karari, Dervish and Atbara. This is the highest resolution hard rock survey in Australia and the second largest by area to date. The early reviews of the processed data confirm the high geological resolution that has been mapped by the survey and the early indications suggest the resolution of geological features in the 3D cube are excellent. This model will be extremely valuable when defining new drilling targets proximal to the existing mines and along the Carosue Dam corridor north to Atbara.

A 159-hole AC drill program was also completed in the Carosue Dam district area to the south of the Karari mine where prior historic drilling had not been completed. The 4,371 metre program returned anomalous results at the Juba South target area.

Broad pattern drilling (900m x 100m) continued to progress south along the unexplored corridor proximal to the Pinjin Fault (approximately 80km north of the Carosue Dam mill). A total of 592 drill holes for 52,990 metres were completed in H1 FY2020. The AC drilling has delivered multiple multi-kilometre scale gold anomalies and successfully identified a large anomaly (Okavango) to the west of Safari Bore. This significant anomaly is defined over a strike length of 6.0 km and is up to 1.2 km wide. Infill AC at Okavango on 200m line spacing will then form the basis of the initial deep RC drilling to test for primary mineralisation.

Resource definition drilling at Safari Bore tested extensions for a southern pit cutback with 25 RC holes for 4,226 metres and 5 diamond geotechnical holes for 890 metres.

Prior to the resumption of open-pit mining at the Porphyry Mining Centre, a Resource Definition RC program was completed at Million Dollar of 75 holes for 6,098 metres. Drilling targeted extensions to the historical pit for a planned pit cutback in FY2021.

Thunderbox

Underground drilling focused on testing the extents of the known A Zone mineralisation and increasing the data density outside the current Ore Reserve. Drilling tested the margins of the mineralisation to optimise the extents of the Ore Reserve ahead of underground mining. A total of 10,691 metres of underground grade control and 10,721 metres of exploration/resource definition diamond drilling were completed during H1 FY2020. The results continued to demonstrate the consistent and persistent nature of the Thunderbox mineralisation, boding well for future underground mining. Significant new A Zone underground results include 89m @ 2.0g/t and 72m @ 2.4 g/t (ASX: 11th November 2019).

A surface RC program for a total of 8,026 metres tested the northern extents of the D Zone to increase the definition of the high-grade shoot. Previous drilling highlighted the prominence of the shoot with the new drilling adding further confidence. Significant new D Zone open-pit results include 86m @ 1.7g/t and 72m @ 2.4 g/t (ASX: 11th November 2019).

Extensional infill RC drilling resumed at Otto Bore following the successful maiden Ore Reserve of 950,000t at 2.0g/t for 60,000 ounces at 30 June 2019. The extensional drilling focused on further defining the high-grade shoots proximal to the Ore Reserve and demonstrated the growth potential of the project with some impressive results returned. Significant new Otto Bore results include 8m @ 27.2g/t, 13m @ 7.8g/t and 16m @ 6.1 g/t (ASX: 11th November 2019). Drilling to the north of the Reserve was completed in December 2019.

A small exploration program comprising 4,043 metres of AC and 2,654 metres of RC drilling was completed at Kailis, testing for extensions and repeats to the mineralised structures.

A 191-hole for 6,779 metre infill AC program at Bannockburn was completed during H1 FY2020 which continued to define the significant anomalism along the prospective Bannockburn and Blue Tank shear zones. RC follow up to these anomalies will be completed in H2 FY2020.

The Sinclair project was acquired from Talisman Mining on 27th September 2019. This prospective yet underexplored gold tenure is located 25km south-west of Thunderbox and immediately along strike from the Bannockburn project area where recent AC drilling has highlighted additional significant anomalism. The southern extension of these anomalous structures continues on to the Sinclair tenement package.

A review of the data received from Bligh was completed during the period and a RC drilling program at the Bundarra project, testing strike extensions to the Wonder North Pit is planned for H2 FY2020.

Corporate and Finance

Statement of Financial Position

As at 31 December 2019, Saracen's total cash and liquid position was $278.8 million (30 June 2019: $154.5 million), comprising $216.7 million held in cash, $16.7 million of gold in transit (9,252 ounces) and investments valued at $45.5 million (30 June 2019: $25.5 million).

During the half year, the Company entered into new senior corporate financing facilities. The facilities include a $450 million term loan, a three year $45 million revolving corporate facility and a $5 million contingent instrument facility.

As part of the 50% KCGM JV acquisition, the Company drew down $400 million from the new term loan. During December 2019, the Company made an early debt repayment of $15 million against this loan.

Hedging

As at 31 December 2019, Saracen had gold hedging in place covering 538,500 ounces at an average price of A$1,997/oz (ranging from A$1,697/oz to A$2,310oz). These ounces are to be delivered over the period from January 2020 to November 2022 (inclusive). This reflects Saracen's guided hedging approach of approximately one third of production hedged over a three-year period.

Dividends

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

The Directors do not propose to declare or pay any dividend for the half year ended 31 December 2019.

Significant Changes in State of Affairs

Refer to Review of Operations on page 4.

Events Subsequent to the Reporting Date

On 30 January 2020, the Company advised that it has sold its 10.5% interest in Red 5 Limited (ASX: RED) for approximately $39 million before fees. The proceeds of the sale will be used to pay down debt drawn as part of the Company's recent acquisition of a 50% share of the KCGM JV.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in Page 11 of this half-year financial report.

Rounding Off

The Company is a company of the kind referred to in 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.306 (3) of the *Corporations Act 2001.*

For and on behalf of the Board.

Raleigh Finlayson
Managing Director
14 February 2020

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Australia

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

As lead auditor for the review of Saracen Mineral Holdings Limited for the half-year ended 31 December 2019, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 14 February 2020

Index to the Consolidated Financial Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 $'000
Revenue from continuing operations		**409,932**	281,880
Mine operating costs		**(186,068)**	(159,845)
Depreciation and amortisation		**(71,397)**	(43,036)
Royalties		**(15,715)**	(9,075)
Gross profit from mining operations		**136,752**	69,924
Administration expenses		**(8,690)**	(6,922)
Transaction cost on business combination	15	**(15,369)**	-
Share based payment expense		**(5,326)**	(2,081)
Finance costs		**(2,868)**	(314)
Other income		**814**	1,155
Expensing of deferred exploration costs	6	**(128)**	(224)
(Loss) on disposal of fixed assets		**(313)**	(321)
Profit before income tax		**104,872**	61,217
Income tax expense	2	**(35,796)**	(18,262)
Profit for the period after income tax		**69,076**	42,955
Other comprehensive profit, net of income tax			
Items that will not be reclassified to profit or loss			
Fair value of equity investments at fair value through other comprehensive income		**13,941**	778
Other comprehensive income, net of income tax		**13,941**	778
Total comprehensive profit attributable to members of Saracen Mineral Holdings Limited		**83,017**	43,733
Earnings per share attributable to members of Saracen Mineral Holdings Limited			
Basic earnings per share in cents		**7.82**	5.24
Diluted earnings per share in cents		**7.59**	5.19

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

Consolidated Statement of Financial Position
As at 31 December 2019

	Note	31 Dec 2019 $'000	30 Jun 2019 $'000
Current assets			
Cash and cash equivalents		**216,767**	118,715
Trade and other receivables		**17,715**	4,058
Inventories	3	**247,625**	57,885
Other assets		**4,748**	1,514
Other financial assets	4	**43,655**	-
Total current assets		**530,510**	182,172
Non-current assets			
Other financial assets	4	**1,797**	25,536
Plant and equipment	5a	**382,908**	133,607
Right-of-use assets	5b	**81,804**	-
Exploration and evaluation costs	6	**166,150**	103,215
Mine properties	7	**822,386**	236,040
Inventories	3	**367,196**	-
Total non-current assets		**1,822,241**	498,398
TOTAL ASSETS		**2,352,751**	680,570
Current liabilities			
Trade and other payables		**112,061**	57,007
Income Tax Payable		**41,474**	11,862
Provisions	9	**15,402**	6,075
Lease liabilities	5b	**22,247**	-
Borrowings	8	**77,000**	-
Total current liabilities		**268,184**	74,944
Non-current liabilities			
Deferred tax liabilities	2	**75,186**	61,468
Other payables		**-**	1,102
Provisions	9	**232,148**	49,975
Lease liabilities	5b	**60,249**	-
Borrowings	8	**302,004**	-
Total non-current liabilities		**669,587**	112,545
Total liabilities		**937,771**	187,489
Net assets		**1,414,980**	493,081
Equity			
Contributed equity	10	**1,095,677**	261,392
Reserves		**53,793**	35,255
Accumulated profits		**265,510**	196,434
Total equity		**1,414,980**	493,081

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

Consolidated Statement of Changes in Equity
Half-Year Ended 31 December 2019

	Contributed equity $'000	Accumulated profits $'000	Fair value through other comprehensive income reserve $'000	Share based payments reserves $'000	Total $'000
As at 1 July 2019	**261,392**	**196,434**	**11,310**	**23,945**	**493,081**
Profit for the period after tax	**-**	**69,076**	**-**	**-**	**69,076**
Other comprehensive income	**-**	**-**	**13,941**	**-**	**13,941**
Total comprehensive income for the period after tax	**-**	**69,076**	**13,941**	**-**	**83,017**
Share based payments	**-**	**-**	**-**	**5,326**	**5,326**
Vesting of performance rights	**1,421**	**-**	**-**	**(1,421)**	**-**
Tax effect on share based payments	**-**	**-**	**-**	**692**	**692**
Contribution of equity net of transaction costs	**827,950**	**-**	**-**	**-**	**827,950**
Tax effect on share issue cost	**4,914**				**4,914**
As at 31 December 2019	**1,095,677**	**265,510**	**25,251**	**28,542**	**1,414,980**
As at 1 July 2018	259,991	103,940	2,609	14,624	381,164
Profit for the period after tax	-	42,955	-	-	42,955
Other comprehensive income	-	-	778	-	778
Total comprehensive income for the period after tax	-	42,955	778	-	43,733
Share based payments	-	-	-	2,081	2,081
Vesting of performance rights	1,023	-	-	(1,023)	-
Tax effect on share based payments	-	-	-	1,107	1,107
As at 31 December 2018	261,014	146,895	3,387	16,789	428,085

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
Half-Year Ended 31 December 2019

	Note	31 Dec 2019 $'000	31 Dec 2018 $'000
Cash flows from operating activities			
Receipts from customers		**409,932**	281,880
Payments to suppliers and employees		**(245,465)**	(170,210)
Interest received		**993**	980
Interest paid		**(1,462)**	(182)
Income tax paid		**(11,994)**	-
Net cash flows provided by operating activities		**152,004**	112,468
Cash flows from investing activities			
Purchase of plant, equipment and development assets		**(78,668)**	(89,239)
Receipt from King of the Hills deferred consideration		**-**	4,466
Receipt from Red October deferred consideration		**-**	550
Disposal of tenements (previously classified as Held for Sale)		**-**	452
Purchase of financial assets at fair value through other comprehensive income		**-**	(1,252)
Payments for exploration and evaluation		**(21,809)**	(13,835)
Payments for acquisition of KCGM JV, net of cash acquired	15	**(1,094,425)**	-
Payments for acquisition of Sinclair nickel project		**(10,415)**	-
Net cash flows used in investing activities		**(1,205,317)**	(98,858)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		**779,654**	-
AASB16 leases interest paid		**(1,210)**	
Repayment of finance lease liabilities		**(5,889)**	(163)
Loan establishment fees		**(6,190)**	-
Proceeds from borrowings		**400,000**	
Repayment of borrowings		**(15,000)**	-
Net cash flows provided by/(used in) financing activities		**1,151,365**	(163)
Net increase in cash held		**98,052**	13,447
Cash at beginning of period		**118,715**	99,774
Cash at end of period		**216,767**	113,221

The consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Saracen Mineral Holdings Limited for the financial year ended 30 June 2019 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2019 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company is a company of the kind referred to in 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 indicated.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2019, except for the application of the following standards for the first time for the half-year period commencing 1 July 2019:

- AASB 16 *Leases* ("AASB 16")
- AASB 2018-6 Amendments to the Australia Accounting Standards – Definition of a Business

The Group had to change its accounting policies following the adoption of AASB 16. This is disclosed in note 1(c). There were no impacts or retrospective adjustments required as a result of the new standard.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

In addition to those accounting policies disclosed in the company's annual financial report for the financial year ended 30 June 2019, two additional accounting policies have been applied relating to new transactions and balances during the period ended 31 December 2019. These are disclosed in note 1(c).

There are no other issued standards which are not yet effective other than those disclosed in the company's annual financial report for the financial year ended 30 June 2019.

(c) New accounting policies

AASB 16 Leases

The Group adopted the new standard using the modified retrospective approach and applied the practical expedient per AASB 16.C10(a) and (c). Lease assets and liabilities are measured at the present value of future payments on the initial date of application, being 1 July 2019.

The Group has not restated comparative for the reporting period as permitted under the specific transitional provisions in the standard. The reclassification and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019

The impact on the statement of financial position as at 1 July 2019 on the adoption of AASB16 are noted below:

	$'000
Right-of-use assets	
Right-of-use assets – Buildings	**63,611**
Right-of-use assets – Plant & Equipment	**759**
Total right-of-use assets	**64,370**
Lease liabilities	
Current	**9,695**
Non-current	**54,675**
Total lease liabilities	**64,370**

The leases recognised by the Group under AASB 16 predominantly relate to powerhouse and infrastructure for the supply of oxygen at the Carosue Dam and Thunderbox mines.

AASB 16 provides a new lessee accounting model which requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. The depreciation of the lease assets and interest on the lease liabilities are recognised in the consolidated profit or loss and other comprehensive income statement.

Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at inception either as a finance lease or operating lease.

Practical expedients applied

In applying AASB16 for the first time, the Group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessment on whether leases are onerous;
- The accounting for operating leases with a remaining term of less than 12 months as at 1 July 2019 as short-term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the leases term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB117 and IFRIC4 *Determining whether an Arrangement contains a Lease*.

Leases accounting policy (applied from 1 July 2019)

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and accounts for these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices.

Leases as a lessee

Lease assets and lease liabilities are recognised at the lease commencement date, which is when the assets are available for use. The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make-good obligations and initial direct costs incurred.

Lease assets are depreciated using the straight-line method over the lease term. Periodic adjustments are made for any re-measurements of the lease liabilities and impairment losses, assessed in accordance with the Group's impairment policies.

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined, and are subsequently measured at amortised cost using the effective interest rate. Minimum lease payments are fixed payments.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. A corresponding adjustment is made to the carrying amount of the lease assets, with any excess recognised in the consolidated profit or loss and other comprehensive income statement.

Short-term leases and lease of low value assets

Short-term leases (lease term of 12 months or less) and leases of low value assets are recognised as incurred as an expense in the consolidated profit or loss and other comprehensive income statement. Low value assets comprise plant and equipment.

AASB 2018-6 Amendments to the Australia Accounting Standards – Definition of a business

This standard has been early adopted by the Group on 1 July 2019. This Standard amends AASB 3 Business Combinations' ("AASB 3") definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contributes to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present.

The revisions to AASB 3 also introduced an optional concentration test. If the concentration test is met, the set of activities and assets acquired is determined not to be a business combination and asset acquisition accounting is applied. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

This standard has been applied by the Group in the current period. Refer to note 15 for further details.

Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a business comprises the fair value of the assets transferred and liabilities assumed by the Group. The consideration transferred also includes the fair value of any asset of liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition related costs are expensed as incurred.

Joint operation

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has a joint operation, KCGM JV.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operation and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in note 15.

(d) New significant estimates and judgements

In addition to those significant estimates and judgements disclosed in the company's annual financial report for the financial year ended 30 June 2019, three additional significant estimates and judgements have been applied relating to new transactions and balances during the period ended 31 December 2019. These are detailed below.

Fair value of assets acquired and liabilities assumed in a business combination

Estimates and judgements were made in determining the fair value of assets acquired and liabilities assumed in a business combination. Assets and liabilities which judgement were made in determining fair value were:

Assets – Inventories, Right-of-use assets, Property, Plant and Equipment (including capital works in progress) and Mine properties.

Liabilities – Provisions.

For the period ended 31 December 2019, the Group has elected to provisionally account for the acquisition of the KCGM JV in accordance with the provisions of AASB 3 Business Combinations.

Assessment of a joint operation

The joint venture agreements in relation to the KCGM JV requires unanimous consent from all parties for all relevant activities and has the legal form of an unincorporated joint venture vehicle. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. The entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses.

Lease identification

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception. The arrangement is assessed to determine whether the fulfilment is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset (or those assets are) not explicitly specified in an arrangement.

The Group has applied judgement in relation to the determination of a lease for purposes of the adoption of AASB 16 Leases.

(e) Comparatives

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

	31 Dec 2019 $'000	31 Dec 2018 $'000

NOTE 2 INCOME TAX

(a) Income tax expense comprises:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Current income tax charge	**39,221**	5,913
Movement in temporary differences	**(3,425)**	12,349
Income tax expense	**35,796**	18,262

(b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidated Statement of Profit or Loss and Comprehensive Income:

	31 Dec 2019 $'000	31 Dec 2018 $'000
Accounting profit before tax	**104,872**	61,217
Prime facie income tax expense at 30% (31 December 2018: 30%)	**31,462**	18,365
- Non-deductible expenses	**10**	14
- Non-deductible expenses – KCGM acquisition	**4,324**	-
- Recognition of previously unrecognised temporary differences	**-**	(117)
Income tax expense	**35,796**	18,262
Effective tax rate	**34%**	30%

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 Jul 2019 $'000	Charged / credited to income $'000	Charged / credited to equity $'000	Fair Value of Business Combination $'000	Balance at 31 Dec 2019 $'000
Deferred tax assets					
Provisions	**17,572**	**346**	**-**	**48,720**	**66,638**
Share based payments	**7,427**	**(368)**	**692**	**-**	**7,751**
Lease liability	**-**	**17,848**	**-**	**7,205**	**25,053**
Share issue cost	**-**	**-**	**4,914**	**-**	**4,914**
Total	**24,999**	**17,826**	**5,606**	**55,925**	**104,356**
Deferred tax liabilities					
Deferred mining expenditure	**(78,404)**	**3,372**	**-**	**(65,495)**	**(140,527)**
Property, plant and equipment	**(2,259)**	**18**	**-**	**-**	**(2,241)**
Financial assets at fair value through other comprehensive income	**(4,830)**		**(5,975)**	**-**	**(10,805)**
Right of use asset	**-**	**(17,682)**	**-**	**(7,205)**	**(24,887)**
Other	**(47)**	**(403)**	**-**	**-**	**(450)**
Inventories	**(926)**	**294**	**-**	**-**	**(632)**
Total	**(86,464)**	**(14,401)**	**(5,975)**	**(72,700)**	**(179,542)**
Net deferred tax asset/(liability)	**(61,468)**	**3,425**	**(369)**	**(16,775)**	**(75,186)**

c) Deferred tax assets and liabilities (continued)

	Balance at 1 Jul 2018 $'000	Charged / credited to income $'000	Charged / credited to equity $'000	Balance at 30 Jun 2019 $'000
Deferred tax assets				
Tax losses	6,159	(6,159)	-	-
Provisions	16,707	865	-	17,572
Undeducted share issue costs	2	(2)	-	-
Share based payments	3,006	668	3,753	7,427
Non-refundable R&D offset	33	(33)	-	-
Total	25,907	(4,661)	3,753	24,999
Deferred tax liabilities				
Deferred mining expenditure	(61,973)	(16,431)	-	(78,404)
Property, plant and equipment	(2,117)	(143)	-	(2,259)
Financial assets at fair value through other comprehensive income	(1,118)	-	(3,712)	(4,830)
Other	934	(981)		(47)
Inventories	(843)	(83)	-	(926)
Total	(65,117)	(17,638)	(3,712)	(86,464)
Net deferred tax asset/(liability)	(39,210)	(22,299)	41	(61,468)

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

NOTE 3 INVENTORIES

	31 Dec2019 $'000	30 Jun 2019 $'000
Current		
Ore stocks (at cost)	**163,491**	30,160
Gold in circuit (at cost)	**35,860**	8,433
Gold in transit (at cost)	**12,360**	5,128
Consumable supplies and spares	**35,914**	14,164
	247,625	57,885
Non-Current		
Ore stocks (at cost)	**367,196**	-
	367,196	57,885

Non-current ore stocks are KCGM's stock not processed in the next 12 months

NOTE 4 OTHER FINANCIAL ASSETS

Current		
Financial assets at fair value through other comprehensive income	**43,655**	-
	43,655	-
Non-Current		
Financial assets at fair value through other comprehensive income	**1,797**	25,536
	1,797	25,536

All financial assets at fair value through other comprehensive income held are saleable and have no contracted liquidity restrictions.
The value of Financial assets at fair value through other comprehensive income has been determined by reference to the quoted last trade price at the close of business on reporting date.

NOTE 5(a) PLANT AND EQUIPMENT

	31 Dec 2019 $'000	30 Jun 2019 $'000
Plant and equipment		
Opening balance net of accumulated depreciation	**100,154**	89,618
Acquired as part of KCGM JV acquisition	**195,130**	-
Acquired as part of Sinclair project	**6,580**	
Additions	**1,726**	3,111
Transfer from capital work in progress	**35,588**	29,096
Disposals	**(313)**	(133)
Depreciation	**(15,523)**	(21,538)
Closing balance net of accumulated depreciation	**323,342**	100,154
Capital work in progress		
Opening balance net of accumulated depreciation	**33,453**	9,857
Acquired as part of KCGM JV acquisition	**39,311**	
Additions	**22,389**	52,691
Transfer to mines in production	**-**	(67)
Transfer from deferred exploration and evaluation costs	**-**	68
Transfer to mines under construction	**-**	-
Transfer to plant and equipment	**(35,588)**	(29,096)
Closing balance net of accumulated depreciation	**59,565**	33,453
Plant and equipment accumulated depreciation		
Opening balance	**108,444**	86,963
Depreciation	**15,522**	21,538
Disposals	**-**	(57)
Closing balance	**123,966**	108,444
Cost	**506,874**	242,051
Accumulated depreciation	**(123,966)**	(108,444)
Net carrying amount	**382,908**	133,607

NOTE 5(b) LEASES

This note provides information for leases where the Group is a lessee.

Amounts recognised in statement of financial position

Right-of-use assets		
Right-of-use assets on transition	**64,369**	-
Acquired as part of KCGM JV acquisition	**24,017**	-
Depreciation	**(6,582)**	-
Closing balance net of accumulated depreciation	**81,804**	-
Lease liabilities		
Current	**22,247**	-
Non-current	**60,249**	-
	82,496	-

Amounts recognised in statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 Dec 2019	31 Dec 2018
Depreciation charge of right-of-use assets	**6,582**	-
Interest expense (included in finance costs)	**1,210**	-

NOTE 6 EXPLORATION AND EVALUATION COSTS

	31 Dec 2019 $'000	30 Jun 2019 $'000
Deferred exploration and evaluation costs		
Balance at the start of the period	**103,215**	53,556
Additions	**20,390**	35,512
Purchase of Box Well tenements	**-**	14,836
Purchase of Bundarra tenements	**49,843**	-
Purchase of Sinclair project	**21,466**	-
Transferred to capital work in progress	**-**	(68)
Transferred to mines in production	**(15,650)**	-
Transferred to mines under construction	**(12,986)**	-
Exploration expensed	**(128)**	(391)
Disposal of tenements	**-**	(230)
Balance at the end of the period	**166,150**	103,215

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

NOTE 7 MINE PROPERTIES

Mines under construction	**80,446**	102,494
Mines in production	**730,372**	110,881
Deferred mining expenditure	**11,568**	22,665
Balance at the end of the period	**822,386**	236,040
Mines under construction		
Balance at the start of the period	**102,494**	47,272
Additions	**23,018**	55,351
Transferred from mines in production	**4,944**	-
Transferred from deferred exploration and evaluation costs	**12,986**	-
Transferred to mines in production	**(62,996)**	-
Change in rehabilitation provision	**-**	(129)
Balance at the end of the period	**80,446**	102,494
Mines in production		
Balance at the start of the period	**110,881**	121,695
Acquired as part of KCGM JV acquisition	**551,037**	-
Additions	**28,143**	41,756
Transferred from capital work in progress	**-**	67
Transferred from deferred exploration and evaluation costs	**15,650**	-
Transferred from mines under construction	**62,996**	-
Transferred to mines under construction	**(4,944)**	-
Amortisation for the period	**(33,774)**	(52,082)
Change in rehabilitation provision	**383**	(555)
Balance at the end of the period	**730,372**	110,881
Deferred mining expenditure – Non-Current		
Balance at the start of the period	**22,665**	26,363
Additions	**3,054**	10,331
Amortisation of deferred mining expenditure	**(14,151)**	(14,029)
Balance at the end of the period	**11,568**	22,665

Deferred mining expenditure relates to capitalised overburden relating to the Thunderbox C Zone and Kailis Stage 2 open-pit mines.

NOTE 8 BORROWINGS

During the half year, the Group entered into new senior corporate financing facilities. The facilities include a $450 million term loan, a three year $45 million revolving corporate facility and a $5 million contingent instrument facility. In November 2019, the Group drew down $400 million under the Group's new $450 million term loan. During the period under review, the Group paid $15 million in advance of the first required debt repayment.

Transaction costs are costs that are directly attributable to the loan and include loan origination fees and legal fees. The balance of unamortised transaction cost of $5,996,000 (30 June 2019: $123,000) is offset against the borrowings of $385,000,000 (30 June 2019: $0). Total capitalised transaction costs relating to the facility agreement are $6,190,000.

The security for the facility is a first ranking charge in relation to Saracen's present and after-acquired property. It includes anything in respect of which Saracen has at any time sufficient right, interest or power to grant a security interest and includes mortgages over key tenements at the Carouse Dam, Thunderbox and the Super Pit operations (to the extent of Saracen's interest).

	31 Dec2019 $'000	30 Jun 2019 $'000
Current	**77,000**	-
Non-current	**302,004**	-
	379,004	-
Reconciliation of Borrowings		
Debt Drawdown	**400,000**	-
Repaid during the period	**(15,000)**	
Transaction costs	**(5,996)**	-
	379,004	-

NOTE 9 PROVISIONS

Provisions		
Current		
Employee benefits	**15,402**	6,075
	15,402	6,075
Non-Current		
Employee benefits	**800**	780
Provision for rehabilitation	**231,348**	49,195
	232,148	49,975
Movements in provision for rehabilitation		
Balance at the start of the year	**49,195**	49,406
Unwinding of discount	**196**	267
Increase/ (decrease) in provision on existing assets	**616**	(478)
Balance taken up as part of Sinclair project acquisition	**17,392**	-
Balance taken up as part of KCGM JV acquisition	**163,949**	-
Balance at the end of the period	**231,348**	49,195

NOTE 10 CONTRIBUTED EQUITY

Contributed Equity	**31 Dec 2019 $'000**	30 Jun 2019 $'000
Fully paid issued capital	**1,090,763**	261,392

Movements in ordinary shares:	**Dec 2019 Number of shares**	**Dec 2019 $'000**	Jun 2019 Number of shares	Jun 2019 $'000
Beginning of the financial period (1 July)	**820,413,896**	**261,392**	818,009,271	259,991
-Shares issued on vesting of Performance Rights	**1,625,000**	**1,421**	2,262,500	1,023
-Shares issued to employees	**-**	**-**	142,125	378
-Shares issued to Bligh	**11,011,352**	**48,295**	-	-
-Shares issued for KCGM JV acquisition	**269,840,659**	**784,569**	-	-
End of the financial period (31 December)	**1,102,890,907**	**1,095,677**	820,413,896	261,392

NOTE 11 SHARE BASED PAYMENTS

During the period under review the Group granted 2,406,900 Performance Rights to eligible management and staff under the Saracen Mineral Holdings Limited Performance Rights Plan (**"Plan"**). The fair value of the Performance Rights granted is $5,919,965.

In addition to this, the Group also granted 180,000 Performance Rights to Managing Director, Mr Raleigh Finlayson under the Plan. The issue of Performance Rights to Mr Finlayson was approved by shareholders at the Company's Annual General Meeting held on 19 November 2019. The fair value of the Performance Rights granted is $435,150.

NOTE 12 COMMITMENTS

(a) Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A$/oz	Value of committed sales $'000
Within one year	249,400	1,932	481,884
Later than one but not later than five years	289,100	2,052	593,312
	538,500	1,997	1,075,196

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 9 *Financial Instruments*. Hence, no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

(b) Contractual Commitments

During the period the Group entered into a contract with GR Engineering Services Limited ("GR Engineering") for the engineering design, procurement and construction for Carosue Dam's mill expansion for approximately $24.5 million. As at 31 December 2019 GR Engineering's work was 17% complete and the Group had remaining commitments of $20.3 million.

NOTE 13 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

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

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

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2019 and 30 June 2019 on a recurring basis:

31 December 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through other comprehensive income	**45,452**	**-**	**-**	**45,452**
	45,452	**-**	**-**	**45,452**

30 June 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Assets				
Financial assets at fair value through other comprehensive income	25,536	-	-	25,536
	25,536	-	-	25,536

NOTE 13 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

The Group did not measure any other financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2019 and did not transfer any fair value amounts between the fair value hierarchies during the half-year period FY2020.

NOTE 14 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, development, production and administration relating to the Karari-Dervish and Deep South operations.
- Saracen Metals Pty Limited ("SME") which includes the Group's exploration, development, production and administration relating to the Thunderbox and Kailis operations.
- Saracen Mineral Holdings Limited ("SAR") which includes the Group's corporate administration.
- Saracen Bundarra Pty Ltd ("SBU") which includes the Group's exploration and administration relating to Bundarra tenements.
- Saracen Nickel Pty Ltd ("SNI") which includes the Group's exploration and infrastructure relating to the Sinclair nickel (Talisman) project.
- Saracen Goldfields Pty Ltd ("SGO") which includes the Group's 50% interest in KCGM JV.

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.

		31 Dec 2019 $'000	31 Dec 2018 $'000
(a)	**Segment external revenues**		
	SGM - Metal sales	**207,257**	168,000
	SGM - Other	**18**	56
	SME- Metal sales	**157,621**	113,880
	SME - Interest income	**1**	-
	SME - Other	**75**	119
	SAR - Interest income	**990**	980
	SGO – Metal sales	**45,053**	-
	SGO – Interest income	**1**	-
		411,016	283,035
(b)	**Segment profit/ (loss) before tax**		
	SGM	**57,642**	44,950
	SME	**73,982**	22,406
	SAR	**(23,360)**	(4,899)
	SBU	**(25)**	-
	SNI	**(4)**	-
	SGO	**4,091**	-
		112,254	62,457
	Finance costs	**(2,868)**	(314)
	Other income	**814**	1,155
	Share based payments	**(5,326)**	(2,081)
	Profit before income tax	**104,874**	61,217

NOTE 14 SEGMENT INFORMATION (continued)

	31 Dec 2019 $'000	30 Jun 2019 $'000
(c) Segment assets and liabilities		
Assets		
SGM	**385,712**	295,123
SME	**278,016**	144,332
SAR	**259,515**	241,115
SBU	**50,035**	-
SNI	**28,627**	-
SGO	**1,350,846**	-
	2,352,751	680,570
Liabilities		
SGM	**112,894**	69,081
SME	**68,377**	15,171
SAR	**426,129**	41,770
SBU	**2**	-
SNI	**17,983**	-
SGO	**237,200**	-
Unallocated – Deferred Tax Asset	**75,186**	61,468
	937,771	187,490

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 $9.9 million (31 December 2018: $0), $23.5 million (31 December 2018: $21.8 million) and $37.6 million (31 December 2018: $21.1 million) are attributable to the SGO, SGM and SME segments respectively.

Non-current asset additions of $558.0 million (30 June 2019: $0), $65.1 million (30 June 2019: $141.4 million) and $26.7 million (30 June 2019: $73.2 million) are attributable to the SGO, SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTE 15 BUSINESS COMBINATION

(a) Summary of acquisition

On 29 November 2019, Saracen Mineral Holdings Ltd completed the acquisition of a 50% interest in the KCGM JV from Barrick through the purchase of 100% of the shares in Barrick (Australia Pacific) Pty Limited for a price of US$750 million. The KCGM JV owns and operates the Super Pit gold mine in Kalgoorlie-Boulder, Western Australia.

Details of the purchase consideration and the provisionally determined fair value of the net assets acquired are as follows:

Purchase consideration (refer to (b) below):	$'000
Cash paid	1,101,243
Total purchase consideration	1,101,243

NOTE 15 BUSINESS COMBINATION (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair Value $'000
Cash	6,818
Trade and other receivables	5,828
Inventories	527,441
Other assets	2,743
Property, plant and equipment (includes capital work in progress)	234,440
Right-of-use assets	24,016
Mine properties	551,037
Trade and other payables	(36,314)
Lease liabilities	(24,016)
Provisions	(173,975)
Deferred tax liability	(16,775)
Net identifiable assets acquired	**1,101,243**

There were no acquisitions in the period ending 31 December 2018.

Note that the Fair Values as presented have only been provisionally determined as at period end and will be finalised within 12 months of the acquisition date in accordance with applicable accounting standards.

The KCGM JV contributed revenue of $45 million and net profit of $3.7 million to the Group for the period of December 2019.

(b) Purchase consideration – cash outflow

Outflow of cash to acquire KCGM JV, net of cash acquired	$'000
Cash consideration	1,101,243
Less: balance acquired	
Cash	(6,818)
Outflow of cash – investing activities	1,094,425

Acquisition-related costs

Acquisition related costs of $15.4m are included in the Transaction cost on business combination in consolidated profit or loss and other comprehensive income.

Note also that the Company has not at this stage accrued for any stamp duty that may be payable in relation to the KCGM JV acquisition. Potential stamp duty payable is in the early stages of being assessed and the Company is not yet at a point where the amount can be reasonably estimated. Any stamp duty payable will be accrued in the 30 June 2020 Financial Statements and expensed as part of the Business Combination transaction cost.

NOTE 16 CONTINGENT LIABILITES

Regarding the transaction detailed in Note 15 above, the transaction will be subject to State Government stamp duty. This amount will be determined based on the outputs from the valuation exercise being conducted for Saracen as part of the above referenced PPA work, along with independent external advice being sought with respect to this obligation. At the date of this Financial Report, the valuation work and independent external advice has not been sufficiently finalised to provide an accurate estimate of the applicable stamp duty and accordingly, no amount has been recognised in the Accounts during the period. It is expected that this work will be completed during H2 of FY2020 and the valuation submission will be provided to the State Government during this period. Saracen will recognise an accrual for the estimated stamp duty associated with the transaction in its accounts at that time.

NOTE 17 EVENTS SUBSEQUENT TO THE REPORTING DATE

On 30 January 2020, the Company advised that it has sold its 10.5% interest in Red 5 Limited (ASX: RED) for approximately $39 million before fees. Net proceeds of the sale will be primarily used to pay down debt drawn as part of the Company's recent acquisition of a 50% share of the KCGM JV.

Except for the event detailed above, no other matter or circumstance has arisen since 31 December 2019 that has significantly 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' state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the financial position as at 31 December 2019 and the performance for the half-year ended on that date of the consolidated entity.

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board.

Raleigh Finlayson
Managing Director
14 February 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saracen Mineral Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Saracen Mineral Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, 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 half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001 including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2019 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 14 February 2020