



23 October 2015

The Manager
Company Announcements Office
ASX Limited
PO Box H224 Australia Square
SYDNEY NSW 2000

Dear Sir/Madam,

2015 ANNUAL REPORT

Please find attached a copy of Saracen Mineral Holdings Limited's 2015 Annual Report which was despatched to shareholders today.

A copy will also be available on the Company's website at www.saracen.com.au.

Yours sincerely

A handwritten signature in dark ink, appearing to read "G. Kaczmarek". The signature is fluid and cursive, with the first letter "G" being large and prominent.

G F Kaczmarek
Company Secretary

Saracen Mineral Holdings Ltd
ACN 009 215 347
Level 4, 89 St Georges Terrace
Perth, WA 6000
Australia
Telephone (61 8) 6229 9100
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Saracen

ANNUAL REPORT 2015

ABN: 52 009 215 347

CORPORATE DIRECTORY

Board of Directors

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

Secretary

Mr Gerard Kaczmarek

Registered Office and Business Address

Level 4, 89 St Georges Terrace
Perth WA 6000

Telephone: 08 6229 9100

Facsimile: 08 6229 9199

Website: saracen.com.au

Stock Exchange Listing

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

Auditors

BDO Audit (WA) Pty Ltd

38 Station Street, Subiaco WA 6008

Telephone: +61 8 6382 4600

Facsimile: +61 8 6382 6401

Solicitors

Steinepreis Paganin

Level 4, Next Building, 16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited

367 Collins Street, Melbourne VIC 3000

and

Macquarie Bank Limited

50 Martin Place, Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited

452 Johnston Street

Abbotsford VIC 3067

Telephone: 1300 787 272 or 03 9415 5000

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“ Our Company is in an outstanding position
for a pivotal FY16...”



MANAGING DIRECTOR'S REPORT

Dear Shareholders,

I am pleased to report on an outstanding 2015 financial year ("FY2015") across Saracen's four key value drivers:

Produce - In FY2015 Saracen produced a record 167,531oz of gold from Carosue Dam (CDO), eclipsing last year's production by 25% and surpassing guidance of 145,000-155,000ozs. This was achieved while reducing our total incident frequency rate and lowering All-in Sustaining Costs ("AISC"). The outlook for the next financial year is 150,000-160,000oz from CDO.

Develop - Eighteen months ago Saracen announced that it had acquired the Thunderbox gold project. Since finalising the acquisition Saracen has completed a full feasibility study, gained development approval from the Board, secured funding and hedging, gained the necessary statutory approvals and awarded all key contracts. Pre-strip mining commenced at the end of FY2015 and is ahead of schedule. Refurbishment of the village is close to completion and the airstrip is fully operational. The refurbishment team for the 2.5mtpa CIL plant at Thunderbox have been mobilised. Due to the outstanding progress, first gold is anticipated in the June quarter 2016.

Grow - Saracen is committed to increasing earnings visibility via mine life extensions. An aggressive near-mine drill program delivered strong results in FY2015, especially at the rapidly evolving Karari underground (adjacent to the Carosue Dam processing facility) and Thunderbox projects. Recent resource estimates suggest potential mine lives in excess of four years at Karari and ten years at Thunderbox. Both deposits remain open down plunge with further drilling planned.

Monetise - During FY2015 Saracen retired all of its debt and at 30 June 2015 held \$45m in cash and bullion. This was after funding the Karari underground development (\$12.4m), Thunderbox open pit development (\$6.9m) and exploration activities (\$11.1m) from operational cash flows. The Company also has a further \$47m of gold in ore stockpiled on the ROM pad and a \$40m undrawn debt facility. Saracen's key focus going forward is to build a sustainable free cash-flow positive business.

FY2015 returned a 58% increase in EBITDA to \$66.5m, driven by higher production levels combined with a 25% reduction in AISC to A\$1139/oz. The average received gold price for the year was A\$1,547/oz compared with A\$1,526/oz in FY2014. This highlights the benefits of our gold hedge book, which helped insulate revenues from movements in the spot gold price.

Safety performance improved dramatically during the year. There were two Lost Time Injuries (LTIs) recorded in FY2015, both at the lower end of the severity scale. The LTI frequency rate for the year was 2.0, a significant reduction from 3.1 in FY2014.

At the beginning of FY2014, the Group introduced a new safety index which records the Total Incident Frequency Rate (TIFR). This index records and aggregates the number of "incidents" including lost time injuries, medically treated injuries, alternate duty injuries, equipment damage and environmental incidents which are then weighted by severity to produce a composite number. This is monitored on a rolling 12 month basis. After commencing the year at 449, the index finished at 336, a reduction of 25% and well below the target of 400. The Group is aiming to reduce the TIFR rate further and has set a target of 294 for FY2016, a reduction of 12.5% from FY2015.

I would like to take this opportunity to acknowledge the tireless efforts of the volunteers that make up Saracen's mines rescue team. This year Saracen entered the first ever all female Mines Rescue Team to compete in the Chamber of Minerals and Energy of Western Australia (CMEWA) annual Surface Mine Rescue Competition. This took place in Kalgoorlie on May 1-3 2015. Congratulations go to our team having recorded three podium finishes across the 10 scenario events.

Looking forward, our healthy balance sheet and the strong operating performance at Carosue Dam provide a robust foundation for Saracen's plans to join the ranks of the mid-tier gold producers. Our Company is in an outstanding position for a pivotal FY16 as we develop our second processing centre at Thunderbox and double gold production to a targeted rate of ~300,000ozpa within two years, funded from internal cash flows.

I would like to express thanks to our employees whose tireless efforts have made FY2015 a highly successful year. I would also like to thank our shareholders who have supported the Board's vision for earnings stability and growth.

You will note that Barrie Parker has decided not to seek re-election as a Director at the AGM. On behalf of the Board, employees and shareholders I would like to thank Barrie for his contribution to the Company over the past 8 years. Barrie joined the Board soon after the acquisition of the Carosue Dam project and played an important role in the refurbishment of the plant and the re-establishment of mining operations. He was a key contributor on the Risk Management Committee and continually stressed the importance of learning from the past and improving performance. We wish Barrie all the best for the future and he should be proud of his part in establishing a solid foundation for Saracen's growth going forward.

Yours Sincerely



RALEIGH FINLAYSON
Managing Director

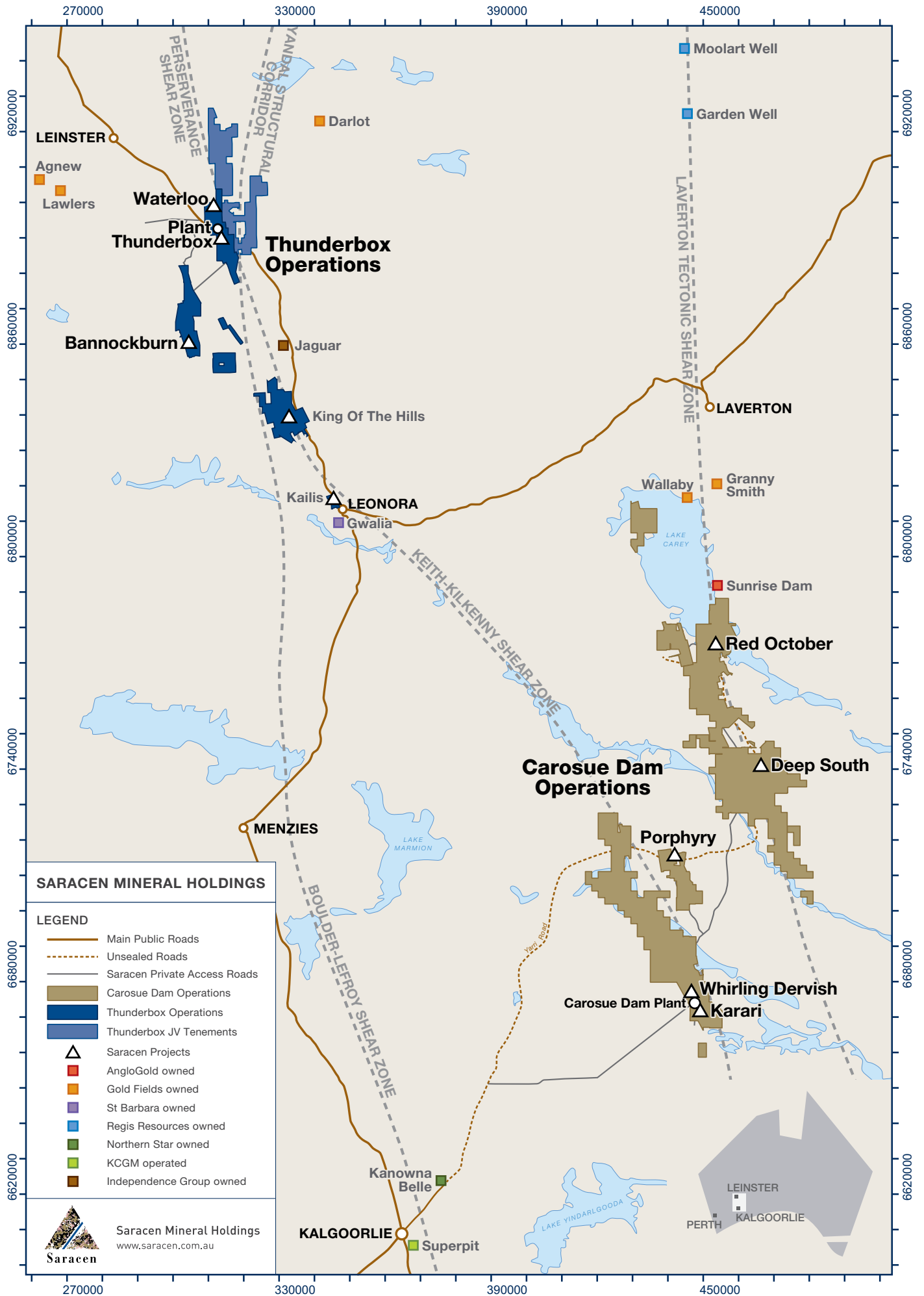


Figure 1 - Saracen tenement holdings and principal gold deposits.

REVIEW OF OPERATIONS

OVERVIEW

Carosue Dam Operations

Saracen Mineral Holdings Limited owns 100% of the Carosue Dam Operations (CDO) through its wholly owned subsidiary Saracen Gold Mines Pty Ltd. Saracen acquired the CDO assets in 2006 and commenced commercial production in 2010. During this period over 700,000 ounces of gold have been won from several open pits and the Red October and Karari underground mines.

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

CDO comprises a processing plant, a modern 238 person accommodation village and water and power infrastructure located approx. 120 km north-north-east of Kalgoorlie. The CDO processing plant was originally commissioned in November 2000 and has a nameplate capacity of 2.4mtpa based on a blend of hard and soft ores.

Thunderbox Operations

In January 2014, the Saracen Group acquired the Thunderbox Operations (TBO) from Norilsk Nickel Australia Pty Ltd for consideration of A\$20 million cash on settlement, A\$3 million cash upon the sooner of commencement of commercial production, or if, after a period of 24 months following settlement, the prevailing gold price has exceeded A\$1,550/oz for a calendar month and a 1.5% NSR Royalty on the TBO gold production (capped at A\$17 million). The acquisition was completed on 7 May 2014 with the payment of the \$20 million initial amount.

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

TBO includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Mangilla gold deposits), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorcac nickel deposits).

The Thunderbox processing facility, which has been in care and maintenance since 2007, has an annual capacity of 2.5 Mtpa and incorporates a single-stage crusher, a SAG mill and a ball mill as well as conventional CIL leaching and elution circuits. Existing infrastructure included in the acquisition comprises a 268 person accommodation village, an airstrip, contract power supply, Goldfields Gas pipeline spur, borefield water supply and telecommunication services.

During the year, Saracen completed a detailed feasibility study on both the open pit and the underground potential of TBO. Subsequent to the study, in March 2015, a decision to re-commence mining at the Thunderbox deposit was taken by the Board. The mining pre-strip commenced in July 2015 with mill refurbishment to commence later in 2015.

HEALTH, SAFETY AND ENVIRONMENT

Safety performance improved markedly during the year. There were two Lost Time Injuries (LTIs) recorded during the year, both at the lower end of the severity scale. The LTI frequency rate for the year was 2.0, a significant reduction from 3.1 in FY2014.

At the beginning of FY2014, the Group introduced a new safety index which records the Total Incident Frequency Rate (TIFR). This index records and aggregates the number of "incidents" including lost time injuries, medically treated injuries, alternate duty injuries, equipment damage and environmental incidents which are then weighted by severity to produce a composite number. This is also monitored on a rolling 12 month basis. After commencing the year at 449, the index finished at 336, a reduction of 25% and well below the target of 400. The Group is aiming to reduce the rate further and has set a lower target of 294 for FY2016, a reduction of 12.5%.

Saracen entered the first all female Mines Rescue Team to compete in the Chamber of Minerals and Energy of Western Australia (CMEWA) annual Surface Mine Rescue Competition in Kalgoorlie on May 1-3 2015. Eight teams took part in the event, which took place over the three days and 10 scenarios. Saracen's team took first place in the First Aid and Medical treatment, second in Confined Space Rescue and third in Hazard Chemical Management.

Environmental Approval work for the Thunderbox Project was a high priority for the year, whilst focus at the Carosue Dam Operations was on progressive rehabilitation of the Whiling Dervish waste landforms and rehabilitation trials at Red October.

The Group's operations are subject to environmental regulations, the Mining Act 1978, Part 5 of the Environmental Protection Act 1986 and the Rights in Water and Irrigation Act 1914. All licences are up to date and Saracen was compliant for the year.

The Group is also subject to the reporting requirements of the National Environmental Protection (National Pollution Inventory (NPI)) Measure 1998 and the National Greenhouse and Energy Reporting (NEGR) Act 2007. The Group continued to meet its obligations under these Acts during FY2015.

PRODUCTION & COSTS

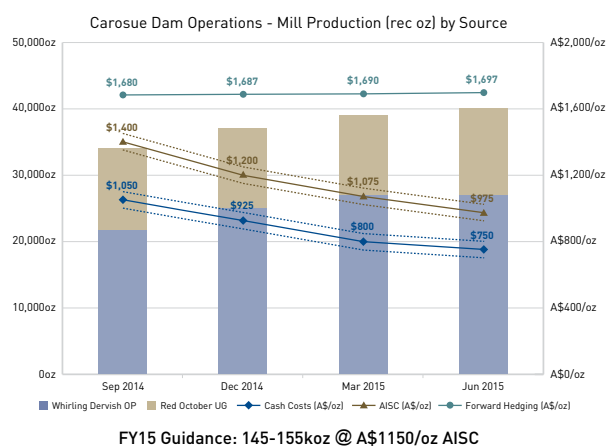
For the financial year ended 30 June 2015 ("FY2015") gold production from the Carosue Dam Operations was 167,531 oz (2014: 133,492 oz) at an "All in" Sustaining Cost of \$1,139/oz (2014: \$1,515/oz).

Carosue Dam		Quarter				
	Unit	September 14	December 14	March 15	June 15	FY2015
Open Pit Mining						
Total Mining	BCM	1,840,000	1,422,000	919,000	505,000	4,686,000
Total Ore Mined	t	920,000	937,000	875,000	735,000	3,467,000
	g/t	1.23	1.48	1.69	1.86	1.55
Contained Ounces	oz	36,420	44,515	47,420	44,017	172,372
Underground Mining						
Total Ore Mined	t	79,000	79,000	68,000	119,200	345,200
	g/t	6.23	8.43	6.08	4.77	6.22
Contained Ounces	oz	15,963	21,511	13,252	18,262	68,988

Figure 2 - Carosue Dam Production FY2015



FY2015 - what we said:



FY2015 - what we delivered:

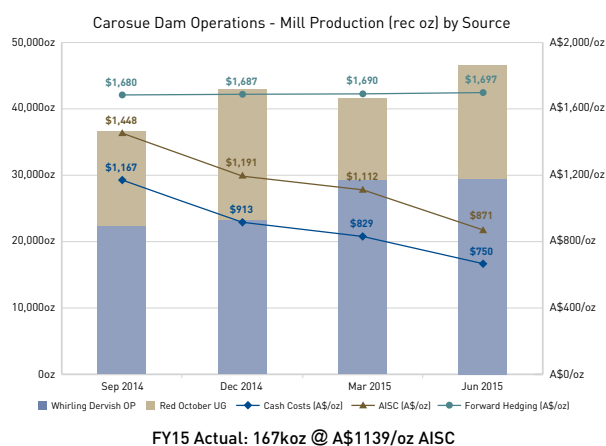


Figure 3 - Production Guidance vs Actual FY2015

“Significantly, the doubling of our production profile to 300,000 ounces per annum will be achieved through organic growth from our Thunderbox and Carosue Dam Operations and will be delivered using internal cashflows.”

CAROSUE DAM OPERATIONS

Karari

The Karari underground mine commenced in November 2014 with the establishment of underground portals for the exploration and main declines. The main aim of the early development was to provide a suitable drill platform from which to test and delineate the underground resource, as well as providing suitable development to open up ore production for the year.

Development ore produced for the financial year amounted to 42,668t @ 2.89g/t, for contained 3,965 ounces. The drilling results from the development and exploration declines have been very encouraging and the project is being progressed to full operational status.

The exploration drill drive was completed in March this year and a substantial 28,000m, two drill rig exploration program commenced at Karari from some of the first platforms established. This early drilling helped identify a new lode (A1), with first assays returning an abundance of high grade drill results in three separate lodges – Hangingwall, Resurrection and A1.

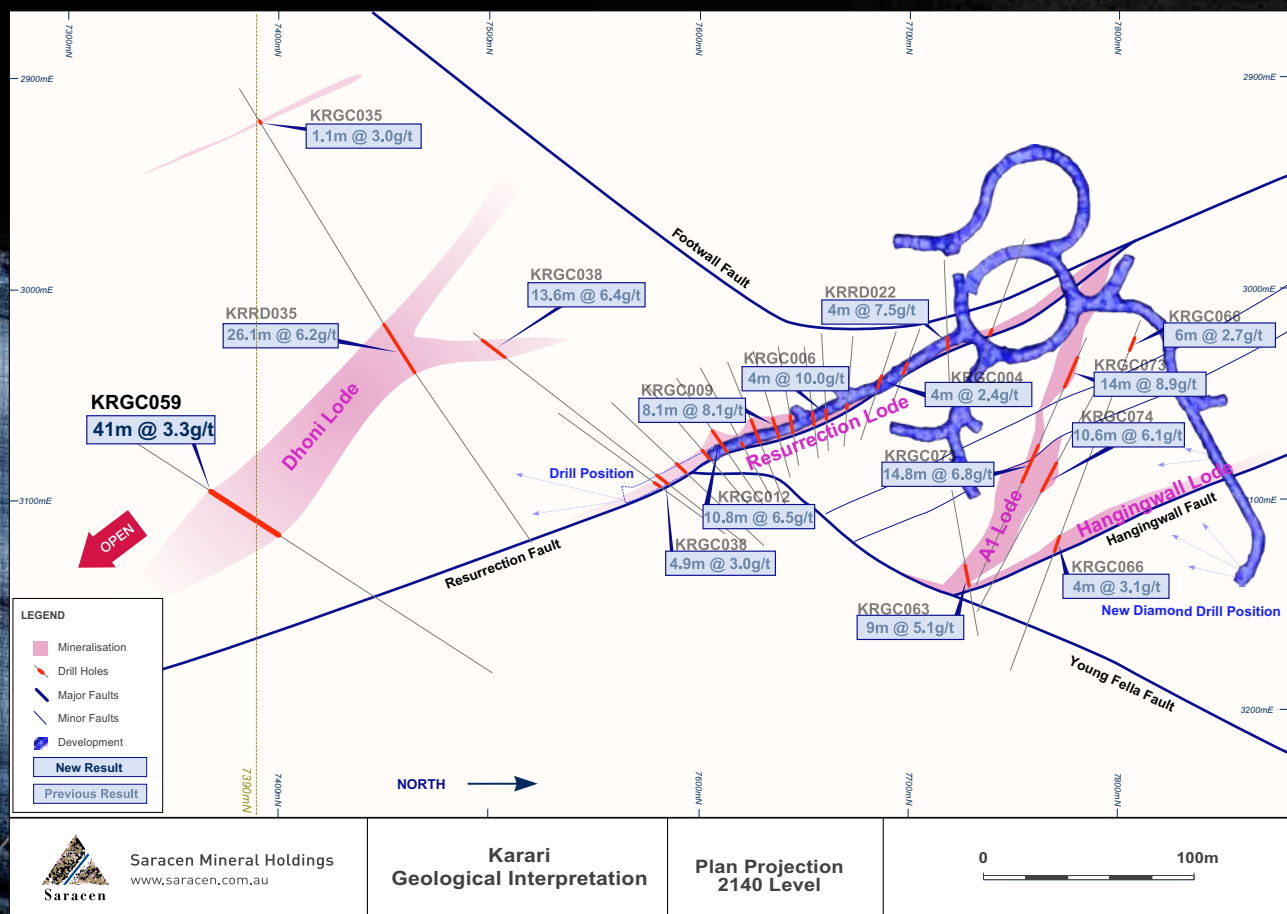


Figure 4 - Karari Geological Interpretation

As the drilling program advanced, confirmation of the presence of a further new lode at Karari (Dhoni Lode) was achieved, whilst also returning more positive results from the Resurrection Lode. Following on the back of these drilling results a maiden underground JORC2012 compliant ore reserve has been announced, with attractive widths boding well for underground stoping, which commenced in September 2015 enabling a full year of underground mine production to be delivered to the Carosue Dam mill during FY2016.

Drilling has continued with two underground rigs, with the mineralisation open along strike and down plunge. Although the original program was scheduled for completion in ~October 2015, Saracen will continue drilling in light of the strong results. The geometry of the mineralisation relative to the installed drill platform enables drill testing of up to 400m of vertical extent, which potentially could translate into >4 years of reserves once the program is completed.

Currently the deepest intersection to date at Karari (23.4m @ 7.5g/t) is located just 405m below surface, and in addition to attractive grades, the widths are conducive to high productivity / low unit cost underground mining.



Red October

The Red October underground mine produced above budget tonnes and ounces for the year with total production of 304,578t @ 6.65g/t for 65,220 contained ounces. The majority of ounces mined came from production activities which primarily involved narrow vein uphole stoping. Capital development extended the mine from the 1022 Level in July 2014 to the 922 level in June 2015 (100m vertically). Underground diamond drilling through the year extended the Red October resource along strike and to the 800 level.

Significant capital investment was also undertaken throughout the year with high voltage electrical reticulation and underground pump chamber upgrades both completed.

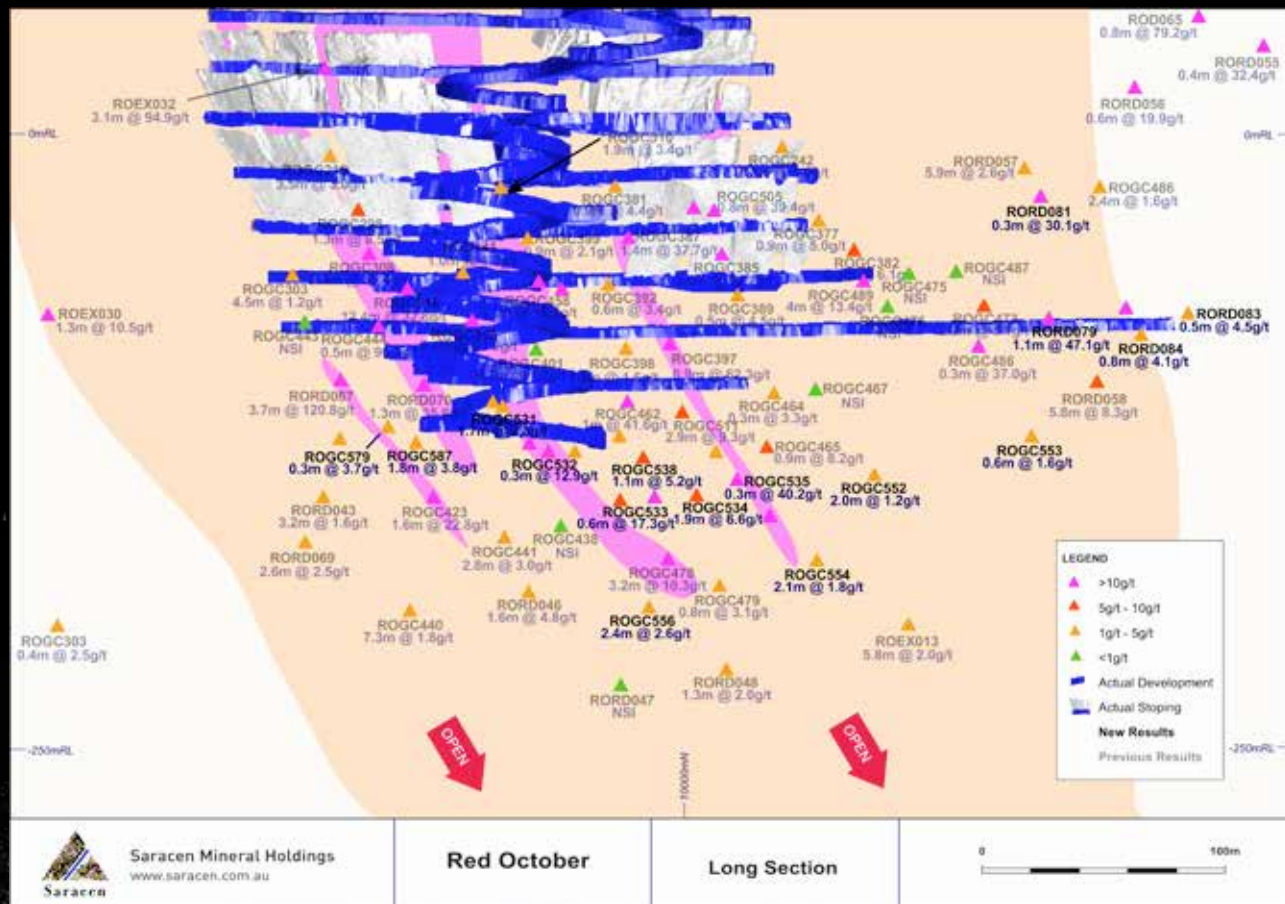


Figure 5 - Red October Long Section

Whirling Dervish

Mining was completed at the highly successful Whirling Dervish open pit at the end of the financial year, within 36 hours of the original completion date of 30 June 2015, which was set back in 2012 before mining commenced. Over the last 12 months, the Whirling Dervish pit produced 3.48mt @ 1.55g/t for 172,372 contained ounces. Although the pit itself is complete the vast ore stockpile that has accumulated on the ROM over the last 12 months will continue to provide a vital base load feed for the CDO plant in the coming year. The next chapter in the Whirling Dervish story will be the assessment of the potential for any underground development of the deposit.

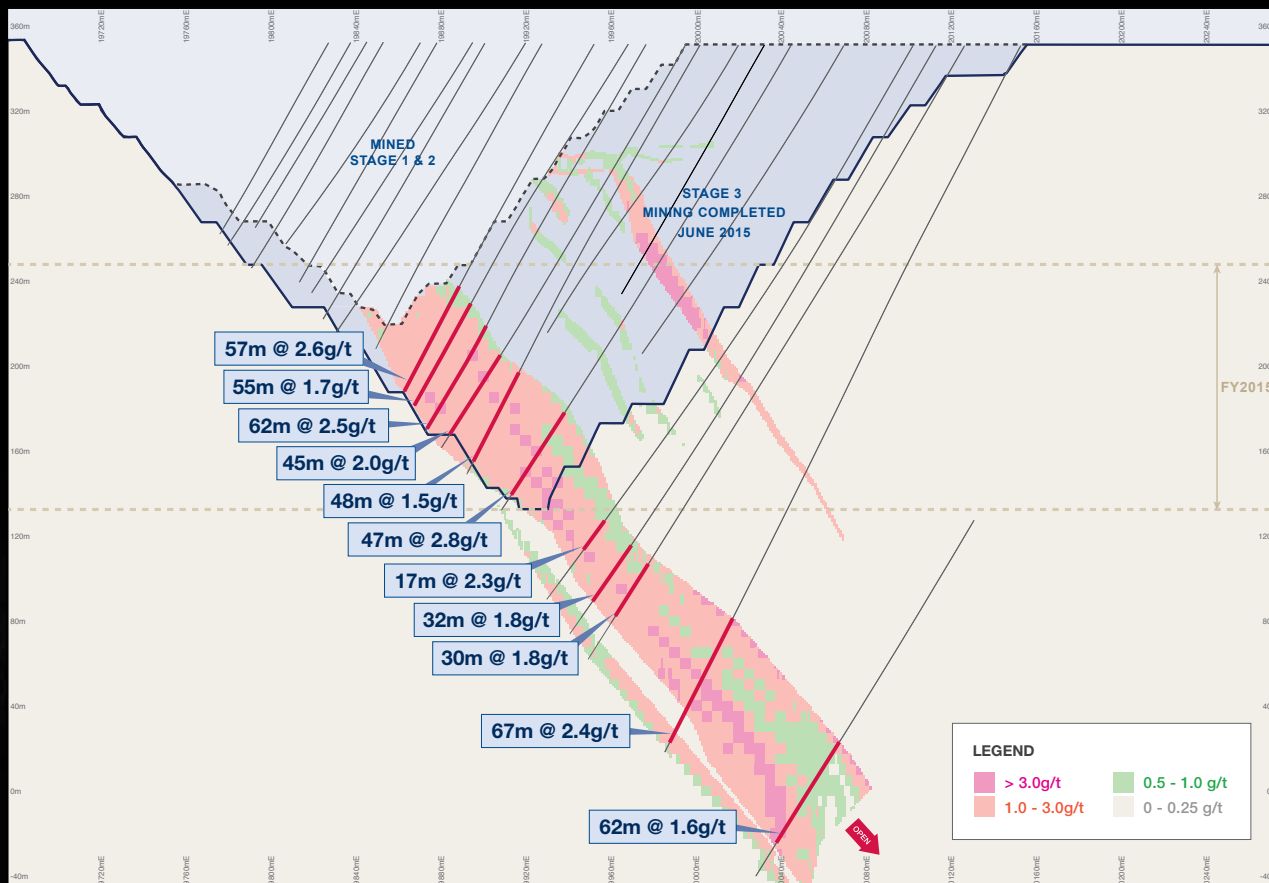


Figure 6 – Whirling Dervish Cross Section



THUNDERBOX OPERATIONS

Open pit development commenced at Saracen's \$65M Thunderbox project at the end of the financial year and has advanced ahead of schedule, to a depth of 25m. Excavation of 1.69 million BCMs to date compares favourably with a budget of 1.57 million BCMs. The first program of grade control drilling in the 'A' zone cutback has commenced, with first assay results pending. The first ore to be mined from Thunderbox is now anticipated during the December Quarter 2015.

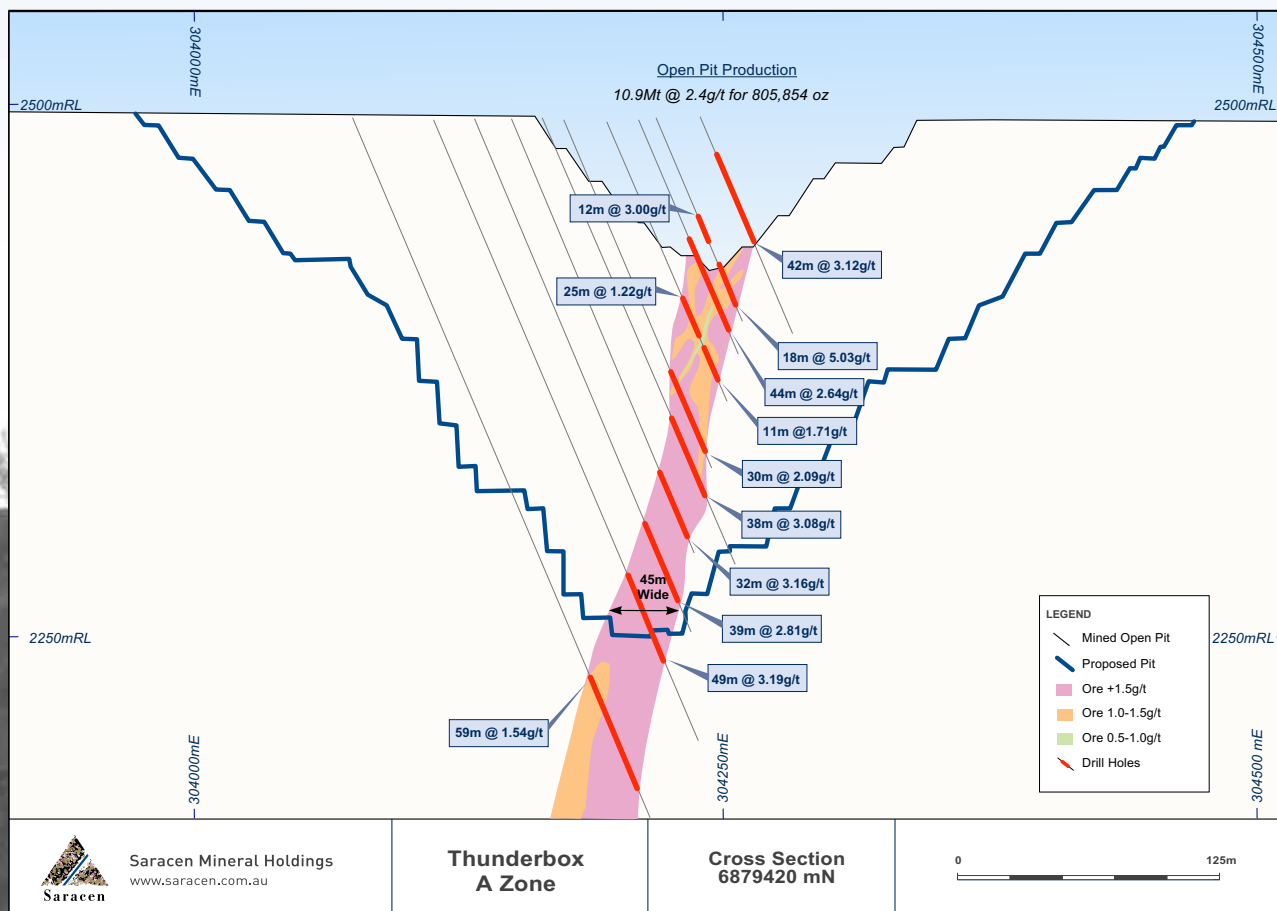


Figure 7 - Thunderbox A Zone Cross Section



Refurbishment of the village is close to completion and the airstrip is fully operational. The refurbishment team for the 2.5mtpa CIL plant at Thunderbox have been mobilised, with first gold forecast to be produced in the last quarter of this financial year, with full year production resulting in a doubling of Saracen's gold output to 300,000oz p.a.

Thunderbox Operations	FY2015		FY2016				FY2017			
	Mar Q	Jun Q	Sep Q	Dec Q	Mar Q	Jun Q	Sep Q	Dec Q	Mar Q	Jun Q
Feasibility Study - Stage 1	✓									
Development Decision	✓									
Approvals		✓								
Implementation & Mobilisation		✓								
Pre-Strip Mining - Zone A			✓							
Mining - Zone A										
Pre-Strip Mining - Zone C										
Mining - Zone C										
Plant Refurbishment			✓							
Commissioning										
Mill Production										

Figure 8 - Thunderbox Operations Schedule





“ Karari is now well on the way to becoming a key driver of Saracen’s future growth, with multiple lodes, impressive grades and attractive mining characteristics, it ticks all the boxes to become a shallow, long-life, high margin underground mine which will underpin our future production for many years at Carosue Dam.”

PROCESSING

The Carosue Dam processing plant continued to perform above expectations during 2014-15, with 2,314,000 tonnes of ore milled. The plant ran at an average head grade of 2.49g/t reflecting the contribution from underground ore as well as the higher grades at the base of the Whirling Dervish pit, with an overall recovery of 90.5%. Ounces produced for the year stand at 167,531, which is a 25% increase over the previous year and exceeds the guidance range of 145,000ozs to 155,000ozs.

Carosue Dam		Quarter				
Mill Production	Unit	September 14	December 14	March 15	June 15	FY2015
Total Ore Milled	t	587,000	602,000	549,000	576,000	2,314,000
	g/t	2.17	2.45	2.58	2.77	2.49
Recovery	%	89.4%	90.3%	91.5%	90.8%	90.5%
Gold Produced	oz	36,525	42,894	41,550	46,563	167,531

Figure 9 – Carosue Dam Operations gold production for 2014-2015

Following on from last year's completion of the bulk earthworks for the new Tailings storage facility (TSF 3), this year saw the completion of the inner impermeable dam liner layer, with the associated decant and under-drainage installed. TSF3 was commissioned in March 2015 with initial build capacity capable of 5 years tailings storage at current CDO mill throughput levels.



EXPLORATION

Exploration over the 2014/15 period has focused heavily on near mine extensional opportunities and building additional detail in the regional geophysical datasets. This work ensures the sustainability of the current operating mines and enhances our ability to unlock opportunity in the future from the two key regions, Carosue Dam and Thunderbox.

Drilling activities at Carosue Dam were centred on Karari, Red October, Whirling Dervish and Blue Manna. These programs were focused on improving the current resource confidence and extending the known mineralisation. At Thunderbox an extensive program was carried out in conjunction with the feasibility study. This program successfully identified down plunge opportunities, improved the resource confidence and provided valuable data for geotechnical assessment. A drill program was also completed at Bannockburn to test the void model and resource interpretation.

Regionally, a number of detailed gravity surveys were conducted to improve the geological interpretation across the two regions (Carosue Dam and Thunderbox). At Carosue Dam, data collection was focused on the Keith-Kilkenny Shear Zone lineament and the Mt Celia corridor. A small survey was also completed north of Thunderbox to complement the existing data. All surveys delivered high quality results and will be used to build improved interpretations of the regional architecture.

Whirling Dervish

Following the completion of open pit mining at Whirling Dervish, an 11 hole drill program was undertaken to infill the lower levels of the underground reserve. This drilling aimed to confirm the continuity and grade estimation for the underground mine design and feasibility study which are currently underway.

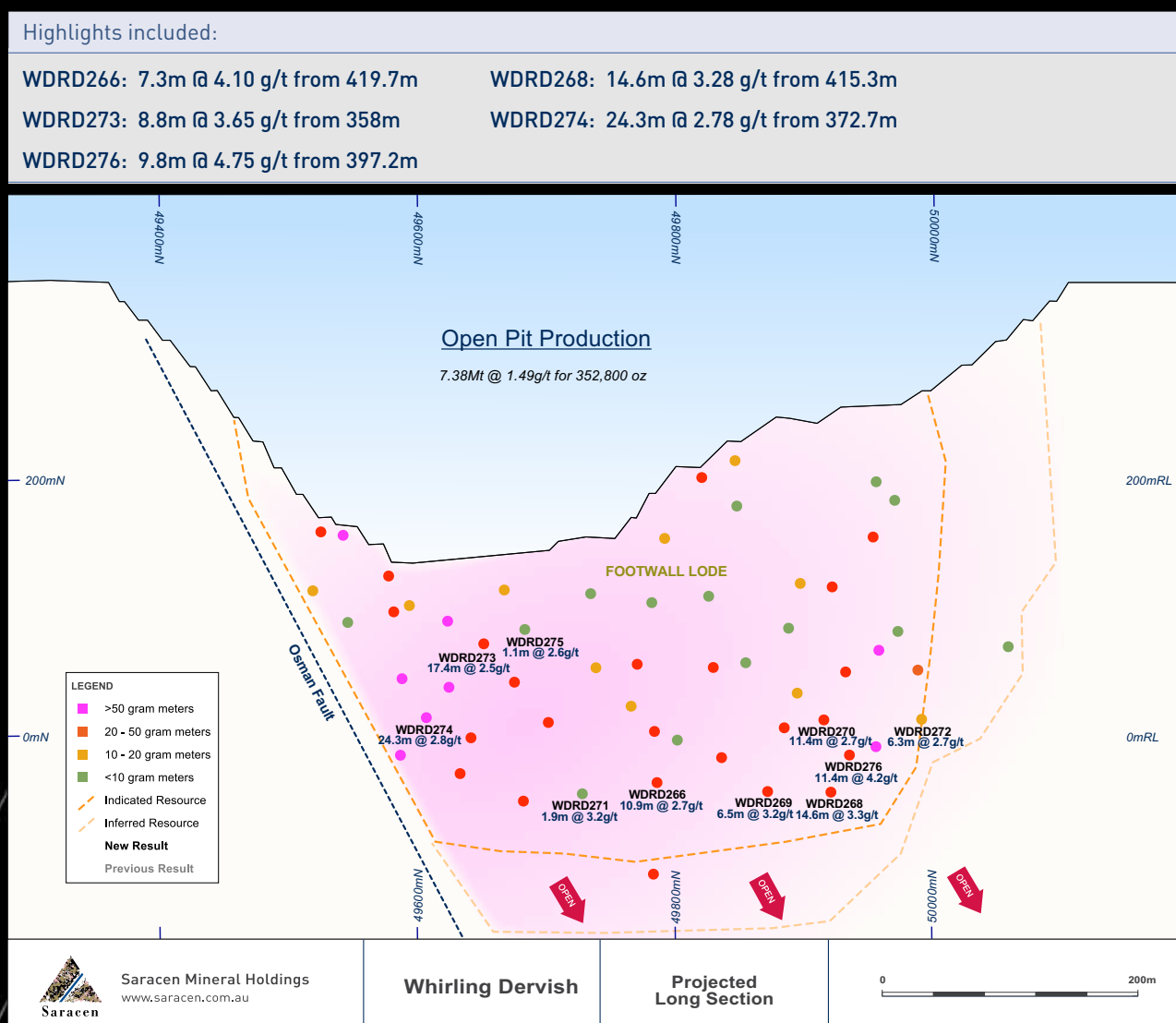


Figure 10 - Whirling Dervish Longsection, highlighting FY2015 infill drilling results

Karari

Following a small but highly successful RC program in 2013/14, approval was given to commence an exploration decline in the hangingwall of the Karari resource to test and define a significant resource base proximal to the Carosue Dam Plant. The aim was to define a large panel of mineralisation that would become the basis for a sustainable underground mining operation. The drill program systematically stepped down dip extending and infilling the drill density below the previously mined open pit. The observed geology and subsequent results has opened up opportunity to the south, and increased our understanding of the northern high grade linking structures. These learnings will be applied to the regional and near mine environments to optimise future targeting.

Highlights included:

KRRD059: 41m @ 3.3g/t from 296.9m KRRD035: 26m @ 6.2g/t from 298.9m KRRD055: 23m @ 7.5g/t from 320.5m

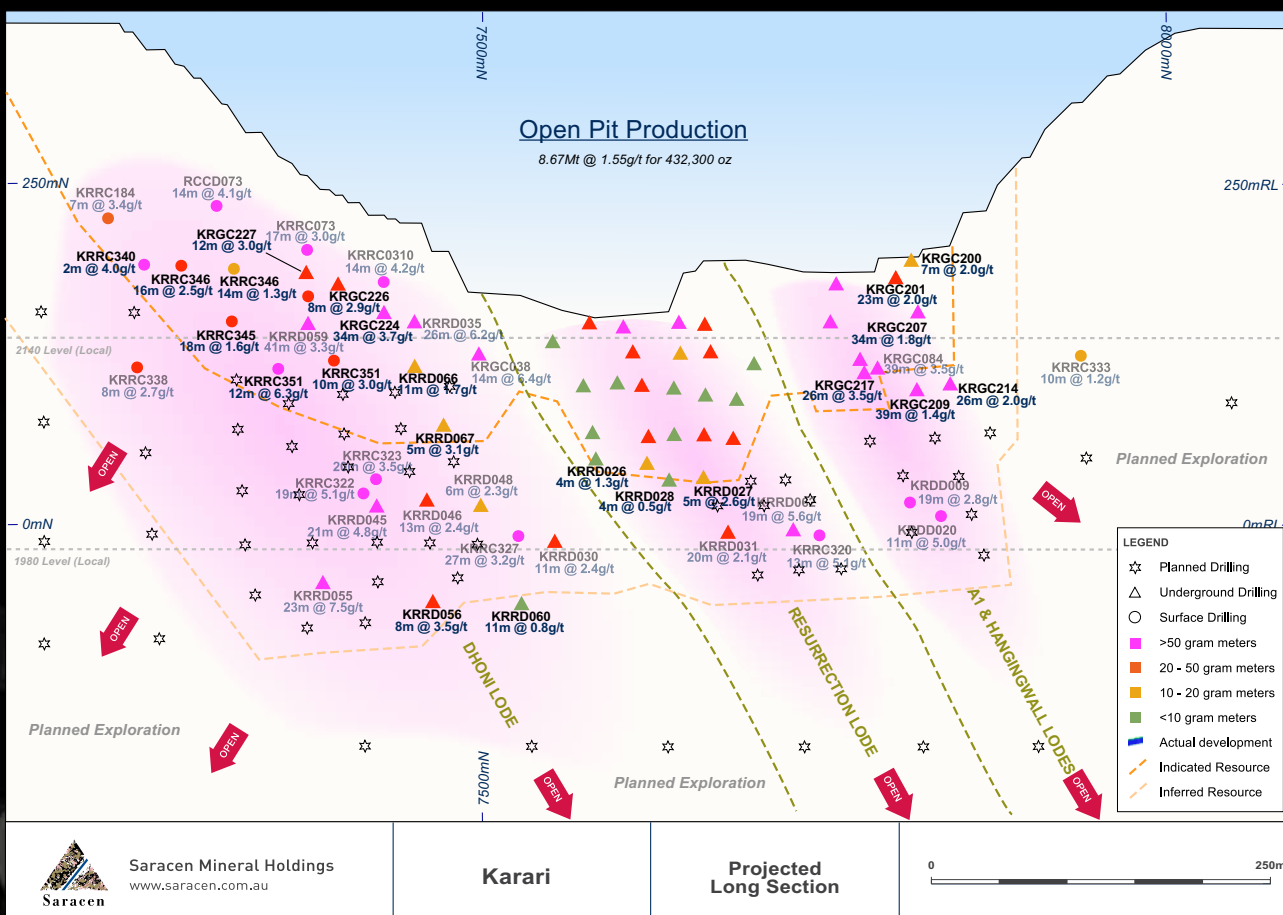


Figure 11 - Karari Longsection highlighting some of the key results from the underground drill program.



Red October

Drilling activities have focused heavily on defining and adding incremental resources to the immediate mine plan. The hangingwall exploration drill drive has been the primary drilling location throughout the year as well as taking advantage of more proximal positions off the decline. The drilling has identified a number of narrow high grade structures in both the northern and southern areas of the mine. As the resource deepens and the mine develops, down dip extensions from the hangingwall drill drive become more difficult to test. The exploration strategy at Red October involves understanding the extents of the narrow high grade areas and building a lithological, structural and alteration model that can be integrated to form the basis for ongoing targeting.

Highlights included:

ROEX032: 3.1m @ 94.9 g/t from 131.2m

ROEX031: 1.3m @ 10.5 g/t from 263.4m

RORD070 : 1.3m @ 35.9 g/t from 142.6m

ROGC444: 0.5m @ 90.3 g/t from 128.1m

ROGC462: 1.0m @ 41.6 g/t from 101.6m

ROGC489: 4.0m @ 13.4 g/t from 158.5m

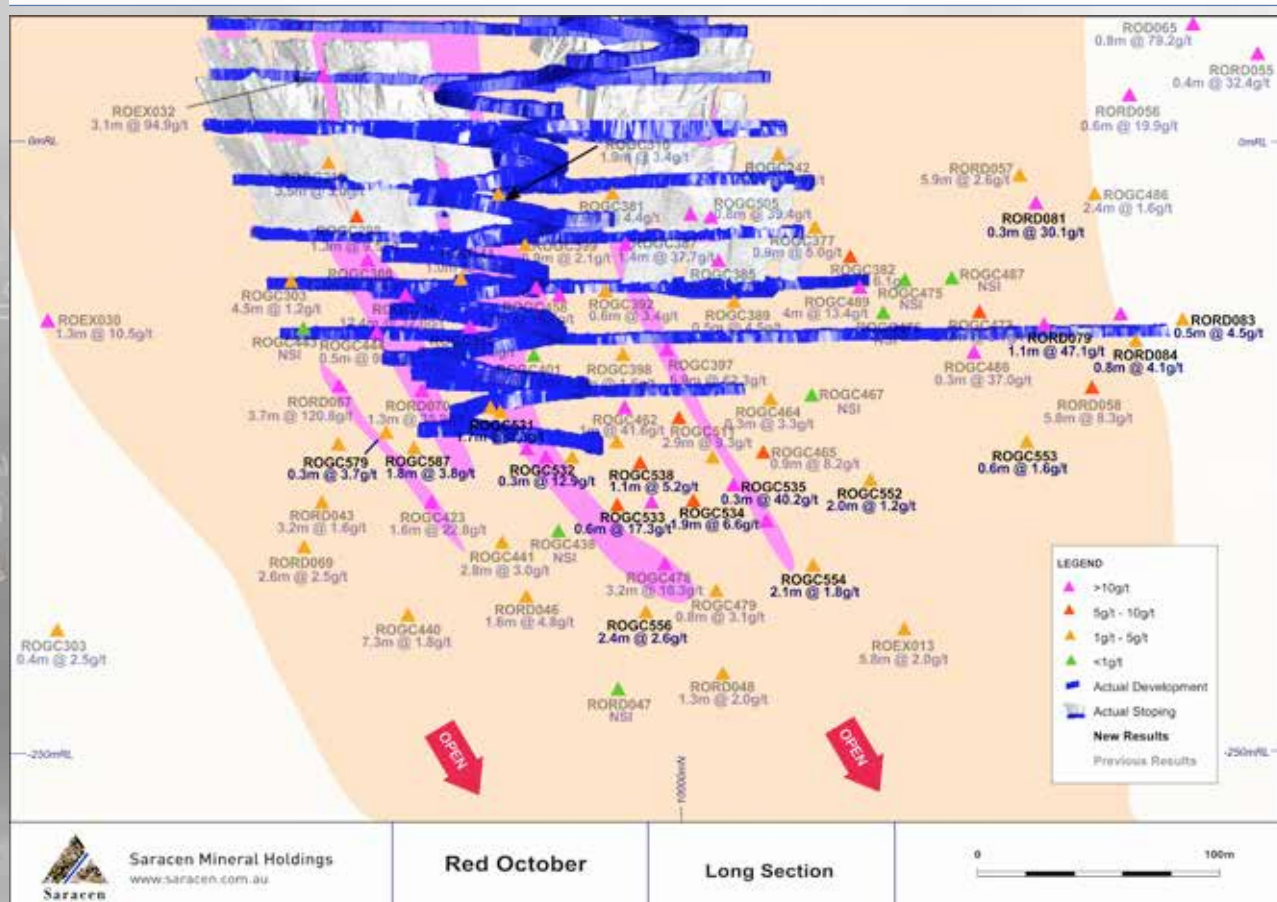


Figure 12 - Longsection of Red October

Blue Manna

Blue Manna is a small shallow resource that is located 8km from the Carosue Dam Plant. This year's activities focused on extensional drilling opportunities to the north and south of the previously tested areas. The last program highlighted strong shallow mineralisation 80m south of the resource (OPDRC053 – 23m @ 3.52g/t). The drilling aimed at understanding the strike continuity of the mineralisation previously identified. Results returned from the drilling further illustrate the short strike and boudinaged nature of the thicker and higher grade mineralisation.

To fully understand the regional potential of the Blue Manna corridor an extensive auger program was undertaken to discover anomalous areas in the sub-crop and residual overburden covering the area. The program successfully identified a number of anomalies that will warrant further follow up in the next phase of activities.

Highlights included:

OPDRC085: 24m @ 3.4 g/t from 37m
includes - 6m @ 3.2g/t
and - 6m @ 8.5g/t

OPDRC061: 9m @ 6.9 g/t from 38m

OPDRC058: 9m @ 6.3 g/t from 57m

OPDRC077: 5m @ 5.9 g/t from 17m

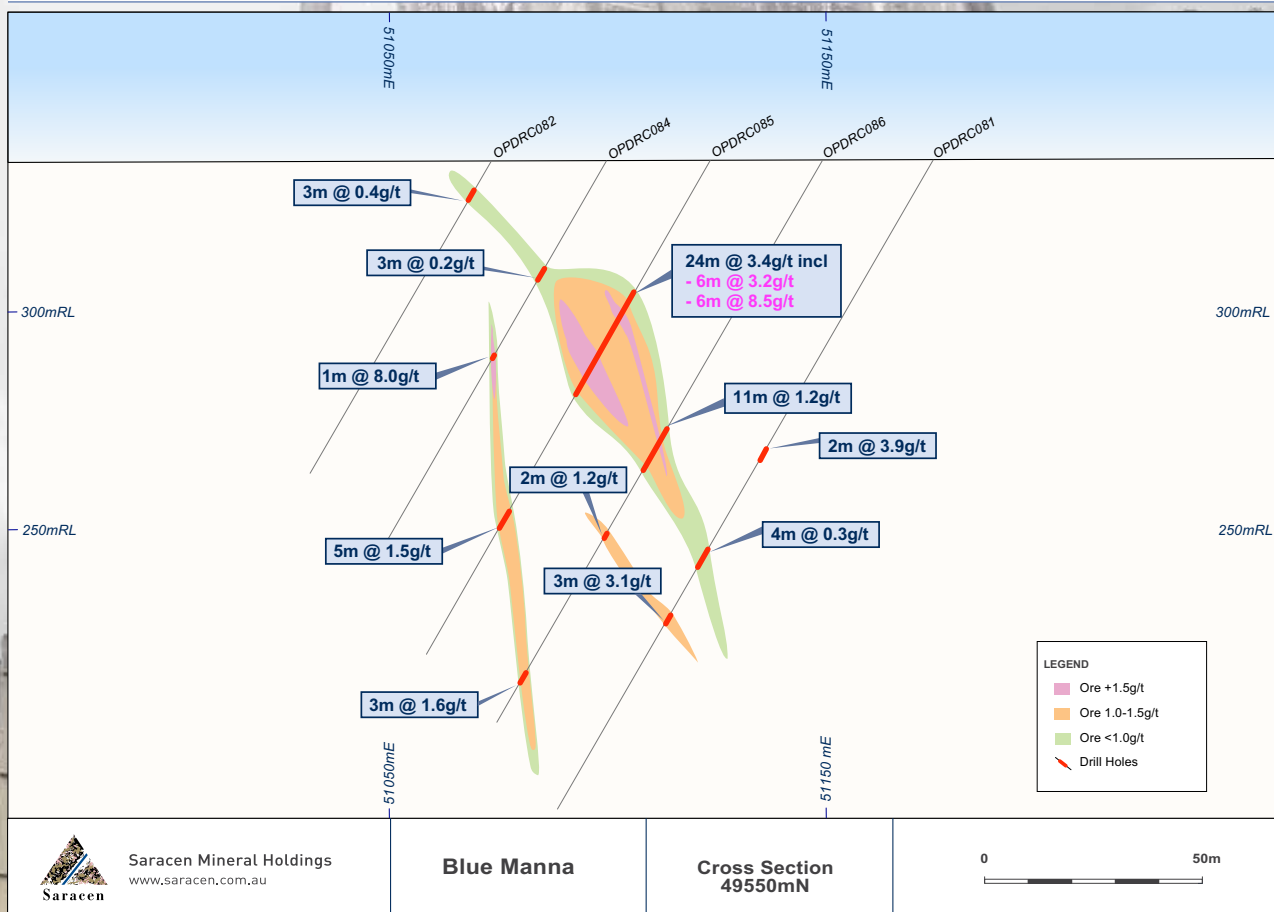


Figure 13 - Recently drilled cross section of Blue Manna, highlighting mineralised intersections



Thunderbox

A substantial drill program was completed at Thunderbox, which included a combination of RC and diamond drilling. A total of 43 holes for 16,793m were completed over a 5 month period. The focus of the program was to increase the resource confidence, extend the known resource and improve the geotechnical knowledge of the rock mass. Following the successful program the resource was updated and delivered a significant increase to 37.4Mt @ 1.7 for 2.03Moz.

The program also established that further upside remains, particularly down plunge in Zone "A". The final hole drilled in the program (TBRD019) intercepted a spectacular result (55m @ 3.0g/t) in the down plunge position. Further drilling in this area will be required to define the high grade shoot at depth.

Highlights included:

TBRD019: 55m @ 3.0 g/t from 605.6m

TBDD0093: 77m @ 1.8 g/t from 388.0m

TBRD002: 39m @ 1.5 g/t from 475.5m

TBRD018: 38m @ 2.9 g/t from 228.0m

TBRD017: 41m @ 2.5 g/t from 300.2m

TBRD015: 38m @ 2.3 g/t from 280.1m

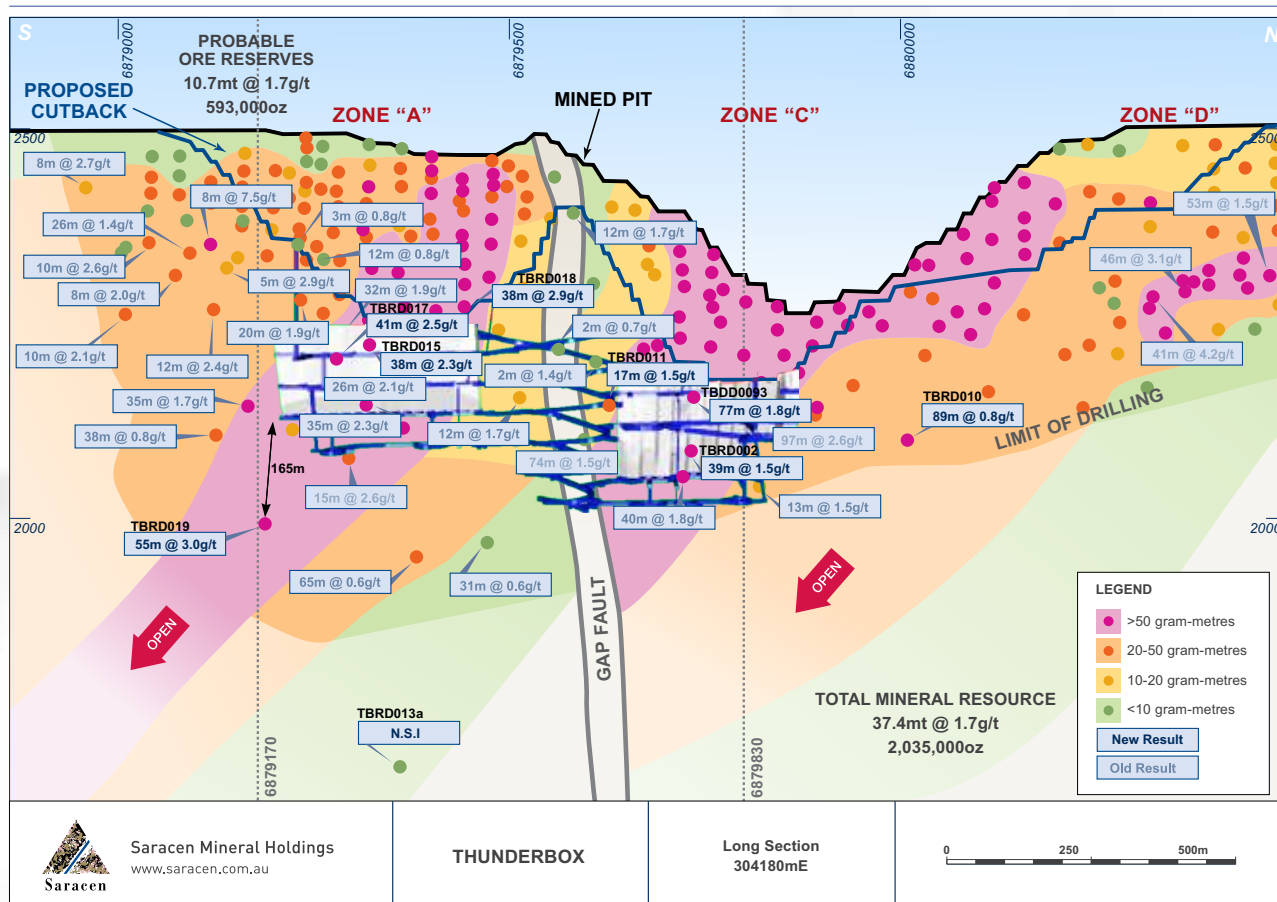


Figure 14 - Thunderbox longsection highlighting Zone "A" down plunge potential

Regional Exploration

Regional exploration was focused on adding detail to the geophysical data sets, in particular the regional gravity data. In many areas the existing gravity data was restricted to the regional government surveys. Two key structural corridors at Carosue Dam were chosen for further detailed data collection (Deep South and Lake Rebecca) and a smaller extensional survey north of Thunderbox was also collected.

The surveys provided valuable data which will be used to aid the interpretation of the basement geology. The improved geological interpretation will assist in identifying favourable architecture for the development of gold mineralisation and improve regional targeting.

FINANCIAL RESULT

The Company reported a net profit after tax of A\$11.1 million (2014: A\$6.0 million) after allowing for an income tax provision of A\$5.0 million (2014: \$1.9 million).

Gold production was substantially higher than the previous year at 167,531 ounces (2014: 133,492 ounces) and therefore revenue also increased substantially to \$249.9 million (2014: \$211.4 million). The average gold price received for the year was A\$1,547/oz versus A\$1,526/oz in 2014.

Net cash flow generated from operations was \$65.4 million (2014: \$49.4 million). EBITDA for the year was \$66.5 million (2014: \$42.2 million).

Mine Operating Costs increased to \$162.7 million from \$150.9 million last year. The increase was mainly due to the expensing back of amounts previously capitalised as Deferred Waste at the Whirling Dervish open pit. The charge for amortisation and depreciation was \$49.5 million compared with \$32.1 million in 2014.

CASH, DEBT & HEDGING

At the end of the year, the Company held cash of \$38.4 million and was debt free after repaying the final \$12.0 million during the year. The Company retains an undrawn debt facility of A\$40 million.

As at 30 June 2015, Saracen had gold hedging in place covering 280,717 ounces at an average price of A\$1,520.25/oz. These ounces are to be delivered over the period from July 2015 to March 2019 (inclusive).

“The strong cash generation by our WA gold operations during the year has enabled us to repay all of our debt while at the same time funding mine development and a significant exploration campaign.”

OUTLOOK

Carosue Dam Operations

In FY2016, gold production will be sourced principally from the Red October and Karari underground mines, along with the Whirling Dervish ore stockpiles. Production is forecast to be in the range of 150,000ozs to 160,000ozs at an "All in" Sustaining Cost of between A\$1,025/oz and A\$1,075/oz.

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

- Completing the development of the Karari underground mine to deliver approx. 75,000 contained ozs per annum;
- Developing consistent gold production from the Northern (Red October and Deep South) and Southern (Karari and Whirling Dervish) underground mining strategy;
- Delivering consistent gold production from the underground Red October mine in FY2016;
- Extending the life of Red October underground mine through the exploration drilling campaign beyond 2016;
- Commencing underground development of the Deep South deposit in the second half of FY2016;
- Progress the feasibility study on the Whirling Dervish underground mining project;
- Extending the life and quality of its open-pittable resources;
- Optimising production through the Carosue Dam processing plant including processing of the extensive ore stockpiles; and
- Generating sustaining cash flows.

Thunderbox Operations

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

- Development of the Thunderbox A and C zone open pits;
- Completion of the plant refurbishment and plant commissioning during the third quarter of FY2016;
- First gold production in fourth quarter in FY2016;
- Commencing stable, long life, commercial production;
- Forecast production of 20,000oz in FY2016;
- Completion of the underground mining feasibility study for the Thunderbox A and C zone orebodies;
- Extensional drilling down plunge on the Thunderbox A zone orebody; and
- Generate sustaining cash flows.

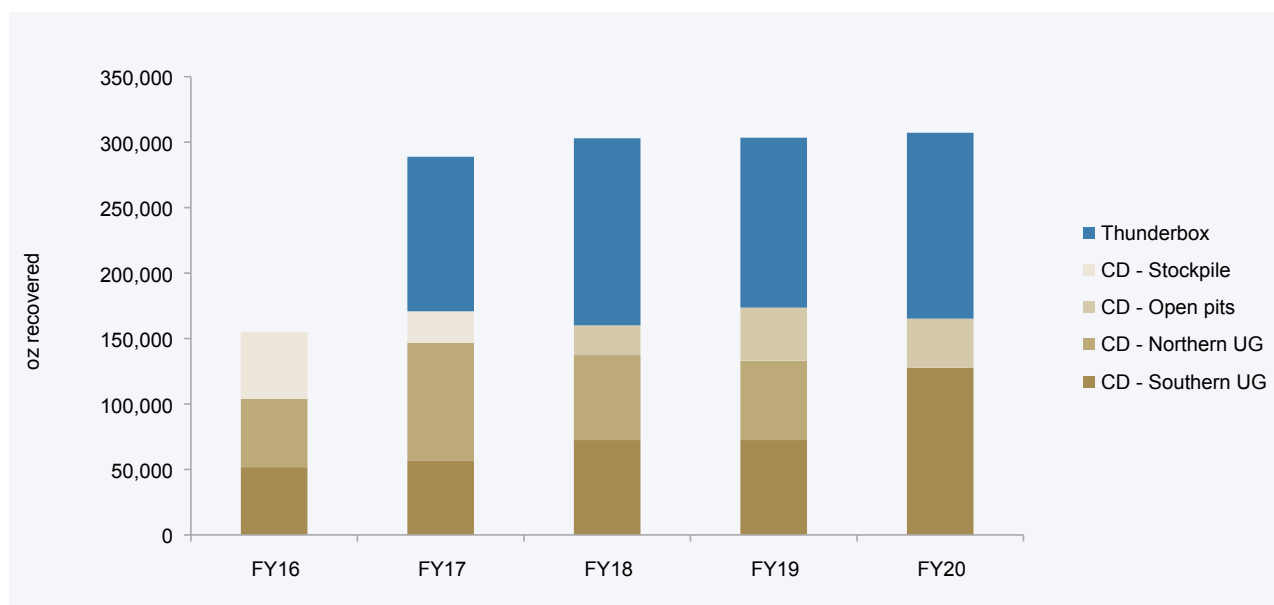


Figure 15 - 5 year Production Outlook

King of the Hills & Kailis


On 19 August 2015, the Saracen Group entered into an agreement to acquire 100% of the King of the Hills and Kailis gold projects in Australia from St Barbara Limited. Consideration for the acquisition of the two projects is \$3m cash in two tranches: \$0.3m on Completion, plus \$2.7m upon the earlier of commercial production from Kailis or 4 years after completion.

Kailis is located 5km from Leonora and 80km south of Saracen's Thunderbox project, and within 1km of the sealed Goldfields Highway. In the 1990's Sons of Gwalia mined a small open pit at Kailis with reconciled production of 250kt @ 6.2g/t for ~50koz.

King of the Hills is located 65km to the south of Thunderbox, immediately adjacent to the sealed Goldfields Highway. King of the Hills is a significantly mineralised system, which produced ~30Mt @ 1.9g/t for 1.9Moz since 1985. King of the Hills has been on care and maintenance since April 2015.

Following the acquisition the mines will be kept on care and maintenance, with data being scrutinised to complete feasibility studies on the projects.





"Whirling Dervish has been the cornerstone asset for Saracen over recent years, however we believe that Thunderbox is even more robust on the basis of scale, resource confidence, geotechnical competency, profitability and overall predictability."

MINERAL RESOURCES AND ORE RESERVES STATEMENT

As at 30 June 2015

GOLD MINERAL RESOURCES (JORC 2012 COMPLIANT)															
Location	District	Deposit	Measured			Indicated			Inferred			Total			
			tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz	
CAROSUE DAM	Carosue Dam	Whirling Dervish O/P				5,619,000	1.5	277,000	305,000	1.1	11,000	5,924,000	1.5	288,000	
		Whirling Dervish U/G				4,400,000	2.4	355,000	1,624,000	2.7	147,000	6,024,000	2.6	502,000	
		Karari O/P				136,000	1.2	5,000	191,000	1.5	9,000	327,000	1.3	14,000	
		Karari U/G	26,000	2.7	2,000	4,234,000	2.4	331,000	2,602,000	3.4	286,000	6,862,000	2.8	619,000	
		Monty's/Elliots	123,000	2.2	9,000	1,422,000	1.8	83,000	374,000	1.6	19,000	1,919,000	1.8	111,000	
		Twin Peaks	40,000	2.3	3,000	564,000	3.4	61,000	80,000	2.8	7,000	684,000	3.2	71,000	
		North West				332,000	0.8	9,000	691,000	0.8	18,000	1,023,000	0.8	27,000	
		Pinnacles				387,000	2.1	27,000	26,000	1.4	1,000	413,000	2.1	28,000	
	Porphyry	Blue Manna										1,074,000	1.5	51,000	
		Carosue Dam Sub- Total	189,000	2.3	14,000	17,094,000	2.1	1,148,000	6,967,000	2.5	549,000	24,250,000	2.2	1,711,000	
		Porphyry O/P	702,000	1.1	25,000	7,262,000	1.0	239,000	1,551,000	1.0	48,000	9,515,000	1.0	312,000	
		Porphyry U/G				488,000	5.0	78,000	243,000	2.9	23,000	731,000	4.3	101,000	
		Million Dollar				9,270,000	1.0	298,000	1,639,000	0.9	47,000	10,909,000	1.0	345,000	
		Wallbrook	1,286,000	1.1	44,000	6,775,000	1.0	216,000	4,037,000	1.1	141,000	12,098,000	1.0	401,000	
		Margarets				48,000	1.4	2,000	634,000	1.1	22,000	682,000	1.1	24,000	
		Enterprise	218,000	2.1	15,000	310,000	2.2	22,000	142,000	2.2	10,000	670,000	2.2	47,000	
	Safari Bore	Porphyry Sub-Total	2,206,000	1.2	84,000	24,153,000	1.1	855,000	8,246,000	1.1	291,000	34,605,000	1.1	1,230,000	
		Safari Bore	780,000	2.0	50,000	1,358,000	2.3	100,000	672,000	2.3	50,000	2,810,000	2.2	200,000	
		Deep South O/P				355,000	2.5	29,000			0	355,000	2.5	29,000	
		Deep South U/G				1,256,000	4.0	163,000	430,000	4.0	55,000	1,886,000	4.0	218,000	
		Deep Well				68,000	2.2	5,000	15,000	2.0	1,000	83,000	2.2	6,000	
		Safari Bore Sub-Total	780,000	2.0	50,000	3,037,000	3.0	297,000	1,117,000	3.0	106,000	4,934,000	2.9	453,000	
		Red October O/P				251,000	1.7	14,000				251,000	1.7	14,000	
		Red October U/G	9,000	8.6	2,000	152,000	16.8	82,000	33,000	13.9	15,000	194,000	15.9	99,000	
Red October	Thin Lizzie							325,000	1.3	14,000	325,000	1.3	14,000		
	Tin Dog							1,284,000	1.3	54,000	1,284,000	1.3	54,000		
	Bulldog							1,529,000	0.9	44,000	1,529,000	0.9	44,000		
	Crimson Belle				916,000	1.4	41,000	577,000	1.3	24,000	1,493,000	1.4	65,000		
	Butcher Well				2,692,000	1.7	144,000	2,280,000	1.7	126,000	4,972,000	1.7	270,000		
	Red October Sub-Total	9,000	6.9	2,000	4,011,000	2.2	281,000	6,028,000	1.4	277,000	10,048,000	1.7	560,000		
All	Ore Stockpiles				2,296,000	1.0	81,000				2,296,000	1.0	81,000		
	Sub-grade stockpiles				3,460,000	0.6	69,000				3,460,000	0.6	69,000		
	Carosue Dam Mineral Resources	8,940,000	1.0	300,000	48,295,000	1.7	2,581,000	22,358,000	1.7	1,223,000	79,593,000	1.6	4,104,000		
	Mineral Resources Statement by commodity and district.														

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2015

GOLD MINERAL RESOURCES (JORC 2012 COMPLIANT) - CONTINUED															
Location	District	Deposit	Measured		Indicated		Inferred		Total						
			tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz				
THUNDERBOX		Thunderbox				27,278,000	1.7	1,516,000	9,940,000	1.6	505,000	37,218,000	1.7	2,021,000	
		Mangilla				726,000	2.1	48,000	278,000	2.1	19,000	1,004,000	2.1	67,000	
		Rainbow	226,000	1.5	11,000	588,000	1.2	23,000	909,000	1.0	30,000	1,723,000	1.2	64,000	
		King of the Hills *				799,000	5.5	142,000	71,000	12.3	28,000	870,000	6.1	170,000	
		Kailis *				1,287,000	3.3	135,000	76,000	2.7	7,000	1,363,000	3.2	142,000	
		Thunderbox Sub-Total	226,000	1.5	11,000	30,678,000	1.9	1,864,000	11,274,000	1.6	589,000	42,178,000	1.8	2,464,000	
		Bannockburn				8,979,000	2.0	564,000	3,152,000	1.6	161,000	12,131,000	1.9	725,000	
		North Well				4,321,000	1.5	209,000	2,460,000	1.6	124,000	6,781,000	1.5	333,000	
			Bannockburn Sub-Total	0	0.0	0	13,300,000	1.8	773,000	5,612,000	1.6	285,000	18,912,000	1.7	1,058,000
		Thunderbox Mineral Resources	226,000	1.5	11,000	43,978,000	1.9	2,637,000	16,886,000	1.6	874,000	61,090,000	1.8	3,522,000	
TOTAL		Total Mineral Resources	9,166,000	1.1	311,000	92,273,000	1.8	5,218,000	39,244,000	1.7	2,097,000	140,683,000	1.7	7,626,000	

NICKEL MINERAL RESOURCES (JORC 2012 COMPLIANT)											
Location	District	Deposit	Measured		Indicated		Inferred		Total		
			tonnes	Ni %	tonnes	Ni %	tonnes	Ni %	tonnes	Ni %	
THUNDERBOX	Waterloo	Massive					20,000	7.6	2,000	10.0	2,000
		Matrix					52,000	4.1	2,000	3.8	2,000
		Disseminated					304,000	1.6	5,000	1.6	5,000
		Weak Disseminated					48,000	1.8	1,000	2.1	1,000
		Waterloo Sub-Total	0	0.0	0	0.0	424,000	2.4	10,000	2.4	10,000
	Amorac	All Amorac					264,000	2.0	5,000	1.9	5,000
		Amorac Sub-Total	0	0.0	0	0.0	264,000	1.9	5,000	1.9	5,000
TOTAL		Total Mineral Resources	0	0.0	0	0.0	688,000	2.2	15,000	2.2	15,000

Mineral Resources Statement by commodity and district (continued).

As at 30 June 2015

Ore Reserves Statement by District.

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2015

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

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

Please refer to Saracen's ASX announcement: '2015 Mineral Resources and Ore Reserves', dated 15th October 2015 for further information relating to the 2015 Resources and Reserves statement as required under the relevant JORC Code. This announcement can be found on the Company's website, www.saracen.com.au or on the ASX website www.asx.com.au

- * On 19 August 2015 Saracen Mineral Holdings Limited (SMH), Saracen Metals Pty Ltd (SM) and St Barbara Limited entered an Agreement for the sale and purchase of the King of the Hills and Kailis projects (Agreement). Please see SMH's ASX announcement dated 20 August 2015. All conditions precedent under the Agreement have been satisfied and completion is expected to take place on 15 October 2015, upon and following which SM will take ownership of the King of the Hills and Kailis projects.

Competent Person Statements

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

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

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

The information in the report to which this statement is attached that relates to open pit Ore Reserves related to Gold is based upon information compiled by Chris Burton, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy. Chris Burton is a full-time employee of the company. Chris Burton 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'. Chris Burton consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

CORPORATE GOVERNANCE STATEMENT

Principle		Complied	Comment
1 – Lay solid foundations for management and oversight			
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>✓</p> <p>✓</p>	<p>The Company has a formal Board Charter (which is disclosed on the Company's website) which sets out those matters reserved for the Board and those delegated to management.</p> <p>The Board's functions include: developing and setting the Company's strategic direction in conjunction with management, overall review of performance against targets and objectives, reviewing management's performance, ensuring the Company has adequate systems and internal controls together with appropriate monitoring of compliance activities, approval and compliance with policies including health, safety and environment and reporting to shareholders on the direction and performance of the Company.</p> <p>The Managing Director/CEO, supported by senior management, is responsible for the day-to-day management of the Company's affairs and the implementation of strategy and policy initiatives.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>✓</p> <p>✓</p>	<p>The last Director appointed to the Board was Mr Mark Connelly on 1 May 2015.</p> <p>Before the Company proposes to appoint a new Director, appropriate checks are undertaken which include reviewing the person's character, experience, education, work experience and criminal record. Interviews are conducted with existing Directors to make sure their experience, personality and ethics are an appropriate fit for the Company.</p> <p>Directors' biographical details, including their relevant qualifications, experience and the skills they bring to the Board are detailed on the Company website and in the Annual Report. Details of any other material directorships held within the last 3 years are also provided in the Annual Report.</p>
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	✓	Written agreements are in place with each Director and Senior Executive setting out the terms of their appointment. Key terms of the agreements with Senior Executives are included in the Remuneration Report within the Annual Report.
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	✓	The Company Secretary, Mr Gerry Kaczmarek, is accountable directly to the Board, through the Chairman, on all matters to do with the proper functioning of the Board.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment										
1 – Lay solid foundations for management and oversight (continued)												
1.5	A listed entity should:											
	(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;	✓ The Board has adopted a Diversity Policy which outlines the Company's commitment to ensuring a diverse mix of skills and talent exists amongst its Directors, officers and employees. The Diversity Policy addresses equal opportunities in the hiring, training and career advancement of Directors, officers and employees. The Board proactively monitors the Company's performance in meeting the standards and guidance outlined in this Policy.										
	(b) disclose that policy or a summary of it; and	✓ A copy of the Diversity Policy is on the Company's website.										
	(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:	x Measurable objectives in relation to the Diversity Policy have not yet been established by the Board, however, the Company makes its appointment decisions based on merit, by assessing whether a person's skills and experience are appropriate for particular roles. It does not discriminate based on gender, age, ethnicity, religious or cultural background.										
	(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or	✓ The Group workforce gender profile as at 30 June 2015 is set out in the following table:- <table><tr><th colspan="2">PROPORTION OF WOMEN</th></tr><tr><td>Board</td><td>1 out of 6 (17%) (2014: 20%)</td></tr><tr><td>Senior Management ¹</td><td>1 out of 14 (7%) (2014: 9%)</td></tr><tr><td>Other Professional Staff ²</td><td>9 out of 59 (15%) (2014: 28%)</td></tr><tr><td>Total Other Employees</td><td>24 out of 150 (16%) (2014: 17%)</td></tr></table>	PROPORTION OF WOMEN		Board	1 out of 6 (17%) (2014: 20%)	Senior Management ¹	1 out of 14 (7%) (2014: 9%)	Other Professional Staff ²	9 out of 59 (15%) (2014: 28%)	Total Other Employees	24 out of 150 (16%) (2014: 17%)
PROPORTION OF WOMEN												
Board	1 out of 6 (17%) (2014: 20%)											
Senior Management ¹	1 out of 14 (7%) (2014: 9%)											
Other Professional Staff ²	9 out of 59 (15%) (2014: 28%)											
Total Other Employees	24 out of 150 (16%) (2014: 17%)											
	(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.	✓ <div>1 Senior Management excludes the Managing Director/CEO.</div> <div>2 Professional staff includes all degree qualified professional employees but excludes the Managing Director/CEO and Senior Management.</div> The Company is compliant with the Gender Equality Act 2012 (Cth) and a copy of the compliance report is available on the Company's website.										
1.6	A listed entity should:											
	(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and	✓ The Board, with the assistance of the Remuneration and Nomination Committee, regularly monitors its performance and the performance of the Directors and Board Committees. This may occur through an internal review led by the Chairman, or be performed with the assistance of external advisers as considered appropriate.										
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓ No performance evaluation with respect to the Directors and Board Committees was undertaken during the year. A review was undertaken in the 2013/14 year with the assistance of an independent, external third party consultant. The review was based on a formal questionnaire followed by interviews with each of the Directors. The outcomes of the review were delivered to the Board by the consultant and discussed and considered by the Directors.										
1.7	A listed entity should:											
	(a) have and disclose a process for periodically evaluating the performance of its senior executives; and	✓ The Company has a process of conducting annual performance reviews of all staff including Senior Executives. The performance of the Managing Director/CEO is evaluated by the Chairman and this is the reviewed and discussed with the Remuneration and Nomination Committee. The Managing Director/CEO reviews the performance of senior executives.										
	(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	✓ All senior executives, including the Managing Director/CEO, participated in a performance evaluation process in relation to the financial year ended 30 June 2015.										

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle		Complied	Comment																		
2 – Structure the Board to Add Value																					
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	<p>The Board has constituted a Remuneration and Nomination Committee which currently comprises Ms Samantha Tough, Mr Mark Connelly and Mr Martin Reed, all of whom are independent non-executive Directors.</p> <p>Ms Samantha Tough, an independent non-executive Director, is the Chairman of the Committee.</p> <p>A copy of the Nomination Committee Charter is available on the Company's website.</p> <p>As above.</p> <p>Details of each member's attendance at Committee meetings are included in the Annual Report.</p>																		
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>✓</p>	<p>The Company seeks to structure its Board so as to add value through an appropriate composition with a balance of the different attributes, skills and experience relevant to the Company's operations. The main areas designated as being required include operational management, mining engineering, geology, legal and finance. In addition to those general areas, the following skills have also been identified as being necessary to compose a well-rounded Board: experience in exploration, project delivery, corporate governance and equity & capital markets.</p> <p>The following table summarises some of the key skills and experience of the incumbent Board. Numbers are out of 6 being the total number of Directors.</p> <table><tr><th>SKILLS and EXPERIENCE</th><th>NUMBER of DIRECTORS</th></tr><tr><td>Operational Management</td><td>6</td></tr><tr><td>Mining Engineering</td><td>2</td></tr><tr><td>Project Development</td><td>5</td></tr><tr><td>Finance & Capital Markets</td><td>3</td></tr><tr><td>Geology</td><td>2</td></tr><tr><td>Legal</td><td>1</td></tr><tr><td>Experience as Non-executive Director on at least 2 other listed entities</td><td>4</td></tr><tr><td>Corporate Governance</td><td>4</td></tr></table>	SKILLS and EXPERIENCE	NUMBER of DIRECTORS	Operational Management	6	Mining Engineering	2	Project Development	5	Finance & Capital Markets	3	Geology	2	Legal	1	Experience as Non-executive Director on at least 2 other listed entities	4	Corporate Governance	4
SKILLS and EXPERIENCE	NUMBER of DIRECTORS																				
Operational Management	6																				
Mining Engineering	2																				
Project Development	5																				
Finance & Capital Markets	3																				
Geology	2																				
Legal	1																				
Experience as Non-executive Director on at least 2 other listed entities	4																				
Corporate Governance	4																				
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p>✓</p> <p>✓</p>	<p>The following Directors are currently considered by the Board to be independent – Mr Geoff Clifford (Chairman) (2 yrs), Mr Barrie Parker (8 yrs), Mr Martin Reed (3 yrs) (also refer below), Ms Samantha Tough (2 yrs) and Mr Mark Connelly (6 mths).</p> <p>Mr Raleigh Finlayson (2 years as MD) is not considered to be independent as he is an executive of the Company.</p> <p>Mr Martin Reed undertook the role of Project Manager for the Thunderbox Feasibility Study during which time he received remuneration for that role in addition to his Directors Fee. During that period (April 2014 to March 2015) he was considered not to be independent.</p> <p>Refer above.</p>																		

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
6 – Respect the Rights of Security Holders		
6.1	✓	<p>A listed entity should provide information about itself and its governance to investors via its website.</p> <p>The Company provides information about itself and its governance to investors via its website. The Corporate Governance tab/menu provides access to all Committee Charters and other relevant Corporate Governance Policies.</p> <p>The Company's website also includes copies of its annual reports and financial statements, copies of its ASX announcements, copies of Notices of Meetings, presentations, as well as an overview of the Company's business activities in separately designated areas of the website.</p>
6.2	✓	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> <p>The Board aims to ensure that shareholders are provided with all of the information necessary to assess the performance of the Company. The Company follows the principles of Continuous Disclosure to ensure all investors are fully informed on the activities of the Company.</p> <p>The Managing Director/CEO is responsible for all other investor relations activities with the assistance of the Chief Corporate Development Officer and the Company Secretary.</p>
6.3	✓	<p>A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p> <p>The Board notifies all shareholders with a notice of general meeting so they can be fully informed of all matters to be put to the meeting and encourages shareholders to vote and attend these shareholder meetings.</p>
6.4	✓	<p>A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p> <p>The Company, via its share registry, provides the capability for shareholders to elect to receive electronic communications from the Company through direct emails, through its website and via the share registry. Electronic contact details are provided on the Company's website.</p>
7 – Recognise and Manage Risk		
7.1		<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>
	✓	<p>The Board has a formal overarching Risk Management Policy to govern the management of risks and has established systems for the management of its material risks.</p> <p>The Board has established a Risk Management Committee governed by its own Charter. Under the overarching Risk Management Policy, the management of risks is divided between the Audit Committee and the Risk Management Committee.</p>
	✓	<p>The Risk Management Committee is currently comprised of Directors Mr Martin Reed (Chairman), Mr Barrie Parker, Mr Geoff Clifford, Mr Raleigh Finlayson and the Company's Chief Operating Officer, Mr Craig Bradshaw. Each of Messer's Reed, Clifford and Parker are independent, non-executive directors and hence the majority of the Risk Management Committee members are independent.</p>
	✓	<p>The Chairman of the Risk Management Committee, Mr Reed, is an independent, non-executive Director.</p>
	✓	<p>The Company's Risk Management Policy and the Risk Management Committee Charter can be accessed on the Company's website (www.saracen.com.au) under the Corporate Governance section.</p>
	✓	<p>Details of the Audit Committee are included in section 4.1 above.</p>
	✓	<p>The skills, experience and qualifications of those individuals together with details of their attendance at meetings held during the reporting period are included in the Directors' Report in the Annual Report. The Risk Management Committee is assisted by other management personnel as required and meets frequently to identify risks and monitor mitigation strategies and outcomes. The Risk Management Committee reports to the Board on a regular basis and risk management is a standing agenda item for all regular Board Meetings.</p>
	n/a	

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Principle	Complied	Comment
7 – Recognise and Manage Risk (continued)		
7.2 The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	✓ ✓	The Company has, and continues to, undertake various risk reviews to identify potential business risks which are then assessed and ranked using the Company's risk matrix. The effectiveness of controls in place to address each risk is reviewed on a regular basis and, where the residual risk is considered outside of acceptable limits, further controls and risk mitigation measures are developed and implemented.
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; OR (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	✓ ✓	The Company does not have a formal internal audit function. The Audit Committee monitors the need for an internal financial audit. The Company's Management periodically undertakes an internal review of financial systems and processes and where systems are considered to require improvement these systems are developed.
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	✓	The Company has exposure to the following risks: Gold price: The Company's revenue comes from the sale of gold in Australian dollars which is a combination of the US dollar gold price and A\$:US\$ exchange rates. The US gold price fluctuates and is affected by many factors including the relationship between global supply and demand, forward selling by producers, the cost of production and general global economic conditions which also affects exchange rates. To mitigate the impact of price fluctuations, the Company has entered into hedging programs for a portion of its gold production. The level of hedging is actively reviewed by management and the Board with the assistance of expert external consultants. Exploration success and project development: The Company has a finite economic life based on existing mineral resources. The Company requires continued exploration success in finding new projects or extending the life of existing projects and/or successful acquisitions for continuity of production. The Company undertakes a targeted exploration programme and employs the best technical personnel to assess all existing and potential new opportunities both within and outside its existing project portfolio. Environmental: The Company is subject to, and responsible for, ensuring compliance with various regulations, licenses, standards and expectations so that its activities do not cause unauthorised environmental harm. Through its ongoing management of environmental activities at its operating mines, the Company has been able to operate in an environmentally sustainable and responsible manner. Social: Saracen is proud to be involved in and supportive of community groups and organisations and is committed to supporting the local communities in which we operate.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

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

DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited ("Saracen" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of Saracen Mineral Holdings Limited and its controlled entities (the "Group") for the financial year ended 30 June 2015. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follow:-

DIRECTORS

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

Geoffrey Clifford

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

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

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

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

Company	Appointed	Resigned
Independence Group Limited	December 2012	Current

Raleigh Finlayson

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

Mr Finlayson is a Mining Engineer, having studied at the Western Australian School of Mines and is the holder of a First Class Mine Managers Certificate, a Graduate Certificate in Applied Finance and Investment and is part way through a Masters of Mineral Economics at Curtin University. He is a member of the Australasian Institute of Mining and Metallurgy. Mr Finlayson has over 17 years of technical and operational experience in the mining industry in multiple disciplines including both underground and open pit operations. Since joining the Company, he has managed the timely completion of the Definitive Feasibility Study and development of the Carosue Dam operations in 2009 and was the Chief Operating Officer before being appointed Managing Director in April 2013. Mr Finlayson is a member of the Risk Management Committee. Mr Finlayson does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

Mark Connelly

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

Mr Connelly holds a Bachelor of Business degree from Edith Cowan University and has over 27 years' experience covering the development, construction and operation of mining projects across a variety of commodities (including gold and base metals) and jurisdictions (including Australia, West Africa, North America and Europe).

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

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

Company	Appointed	Resigned
West African Resources Limited	June 2015	Current
Ausdrill Limited	July 2012	Current
B2Gold Corporation	October 2014	Current
Manas Resources Limited	January 2013	June 2015
Papillon Resources Limited	November 2012	October 2014
Endeavour Mining Corporation	December 2011	October 2012

DIRECTORS REPORT (CONTINUED)

Barrie Parker

Non-Executive Director (appointed 24 December 2007) (Member of the Risk Management Committee)

Mr Parker holds a degree in Minerals Engineering from the University of Birmingham and is a Fellow of the Australasian Institute of Mining and Metallurgy. He has worked in the international mining industry for almost 50 years, primarily in operations management and project development roles, including managing the initial development of the Boddington and Sunrise Dam Gold mines. His most recent position was as the Regional Manager and Director of the AngloGold companies in Australia and South East Asia. Mr Parker is a member of the remuneration and chairman of the risk management committee. Mr Parker does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

Martin Reed

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

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

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

Company	Appointed	Resigned
Endeavour Mining Corporation	December 2011	October 2012

Samantha Tough

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

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

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

Company	Appointed	Resigned
Cape plc	January 2015	Current
Molopo Energy Limited	December 2014	Current
Southern Cross Goldfields Limited	July 2007	September 2013
Strike Resources Limited	January 2012	Current
Murchison Metals Limited	May 2011	February 2012

Guido Staltari

Non-Executive Chairman (retired 26 November 2014)

Mr Staltari holds a Bachelor of Science (Honours) degree and is a Fellow of the Australian Institute of Geoscientists. He worked for North Broken Hill Ltd, BHP Minerals Ltd, and also as a mining and petroleum industry consultant before establishing his first publicly listed mineral exploration company in early 1987. He has experience in the management of public companies and is currently a director of Renaissance Capital Pty Limited. Mr Staltari held the joint positions of Executive Chairman and Managing Director until 2 April 2013 when he stood down from the role of Managing Director. He remained as Executive Chairman before reverting to a Non-executive Chairman role effective 1 July 2013. Mr Staltari does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

Mr Staltari retired as the Chairman and as a Director of the Company at the conclusion of the Annual General Meeting held on 26 November 2014.

DIRECTORS REPORT (CONTINUED)

COMPANY SECRETARY

Gerard Kaczmarek

[appointed 17 September 2012]

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

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

Company	Appointed	Resigned
Kimberley Rare Earths Limited	2 December 2010	9 February 2012

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

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

Director	Ordinary Shares	Options over ordinary shares	Performance Rights over ordinary shares - unlisted
Geoffrey Clifford	-	-	-
Raleigh Finlayson	1,181,819	-	12,235,000 (i)
Mark Connelly	-	-	-
Barrie Parker	118,182	-	-
Martin Reed	30,000	-	-
Samantha Tough	-	-	-

(i) Includes 10,000,000 Performance Rights which are subject to approval of shareholders at the Annual General Meeting in November 2015. For further details refer to "[Summary of Proposed FY2016 Performance Rights to be Issued to Managing Director \(Tranche 5\)](#)" under section "**(e) Executive remuneration policy and framework**" of the Remuneration Report on page 49 of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was gold mining and mineral exploration.

REVIEW AND RESULTS OF OPERATIONS

Overview

Carosue Dam Operations

Saracen Mineral Holdings Limited owns 100% of the Carosue Dam Operations (CDO) through its wholly owned subsidiary Saracen Gold Mines Pty Ltd. Saracen acquired the CDO assets in 2006 and commenced commercial production in 2010. During this period over 700,000 ounces of gold have been won from several open pits and the Red October and Karari underground mines.

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

CDO comprises a processing plant, a modern 238 person accommodation village and water and power infrastructure located approx. 120 km north-north-east of Kalgoorlie. The CDO processing plant was originally commissioned in November 2000 and has a nameplate capacity of 2.4mtpa based on a blend of hard and soft ores.

DIRECTORS REPORT (CONTINUED)

Thunderbox Operations

In January 2014, the Group acquired the Thunderbox Operations (TBO) from Norilsk Nickel Australia Pty Ltd for consideration of A\$20 million cash on settlement, A\$3 million cash upon the sooner of commencement of commercial production, or if, after a period of 24 months following settlement, the prevailing gold price has exceeded A\$1,550/oz for a calendar month and a 1.5% NSR Royalty on the TBO gold production (capped at A\$17 million). The acquisition was completed on 7 May 2014 with the payment of the \$20 million initial amount.

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

TBO includes the Thunderbox Project (comprising the Thunderbox, Rainbow and Mangilla gold deposits), the Bannockburn Project (comprising the Bannockburn and North Well gold deposits) and the Waterloo Project (comprising the Waterloo and Amorac nickel deposits).

The Thunderbox processing facility, which has been in care and maintenance since 2007, has an annual capacity of 2.5 Mtpa and incorporates a single-stage crusher, a SAG mill and a ball mill as well as conventional CIL leaching and elution circuits. Existing infrastructure included in the acquisition comprises a 268 person accommodation village, an airstrip, contract power supply, Goldfields Gas pipeline spur, borefield water supply and telecommunication services.

During the year, Saracen completed a detailed feasibility study on both the open pit and the underground potential of TBO. Subsequent to the study, in March 2015, a decision to re-commence mining at the Thunderbox deposit was taken by the Board. The mining pre-strip commenced in July 2015 with mill refurbishment to commence later in 2015.

Health and Safety

Safety performance improved markedly during the year. There were two Lost Time Injuries (LTIs) recorded during the year, both at the lower end of the severity scale. The LTI frequency rate for the year was 2.0, a significant reduction from 3.1 in FY2014.

At the beginning of FY2014, the Group introduced a new safety index which records the Total Incident Frequency Rate (TIFR). This index records and aggregates the number of "incidents" including lost time injuries, medically treated injuries, alternate duty injuries, equipment damage and environmental incidents which are then weighted by severity to produce a composite number. This is also monitored on a rolling 12 month basis. After commencing the year at 449, the index finished at 336, a reduction of 25% and well below the target of 400. The Group is aiming to reduce the rate further and has set a lower target of 294 for FY2016, a reduction of 12.5%.

Saracen entered the first all female Mines Rescue Team to compete in the Chamber of Minerals and Energy of Western Australia (CMEWA) annual Surface Mine Rescue Competition in Kalgoorlie on May 1-3 2015. Eight teams took part in the event, which took place over the three days and 10 scenarios. Saracen's team took first place in the First Aid and Medical treatment, second in Confined Space Rescue and third in Hazard Chemical Management.

Financial Performance

The Group reported a net profit before tax of \$16.2 million (2014: \$7.9m) and profit after tax of \$11.1 million (2014: \$6.0m).

Sales revenue for the year was \$249.9 million, up 18% from \$211.4 million in the previous year. Gold production for the year was 167,531 ounces up 25% from 133,492 ounces in FY2014. Gold sales for the year were 164,114 versus 138,081 ounces in 2014. Average gold price for the year was A\$1,547/oz (2014: A\$1,526/oz). During the year, approx. \$4.4 million of gold sales were made from gold recovered from development activities at the Karari underground mine. This amount was offset against the project's capital development costs and is not accounted for as sales revenue.

Gross profit from mining operations for the year was \$26.5 million (2014: \$20.5 million) after deducting \$11.1 million for royalties and \$49.5 million in depreciation and amortisation (2014: \$7.9 million and \$32.1 million respectively).

Net cash flow from operations for the year was \$65.4 million (2014: \$49.4 million). Capital expenditure on purchases of plant & equipment, mine development and exploration totalled \$49.3 million for the year (2014: \$76.9 million).

As at 30 June 2015, the Group had in place a total gold hedging program comprising 280,717 oz of forward and spot sales contracts at an average price of A\$1,520/oz.

Production Operations

For the financial year ended 30 June 2015 ("FY2015") gold production from the Carosue Dam Operations was 167,531 oz (2014: 133,492 oz) at an "All in" Sustaining Cost of \$1,139/oz (2014: \$1,515/oz).

DIRECTORS REPORT (CONTINUED)

Carosue Dam		Quarter				
	Unit	September 14	December 14	March 15	June 15	FY2015
Mill Production						
Total Ore Milled	t	587,000	602,000	549,000	576,000	2,314,000
	g/t	2.17	2.45	2.58	2.77	2.49
Recovery	%	89.4%	90.3%	91.5%	90.8%	90.5%
Gold Produced	oz	36,525	42,894	41,550	46,563	167,531
Open Pit Mining						
Total Mining	BCM	1,840,000	1,422,000	919,000	505,000	4,686,000
Total Ore Mined	t	920,000	937,000	875,000	735,000	3,467,000
	g/t	1.23	1.48	1.69	1.86	1.55
Contained Ounces	oz	36,420	44,515	47,420	44,017	172,372
Underground Mining						
Total Ore Mined	t	79,000	79,000	68,000	119,200	345,200
	g/t	6.23	8.43	6.08	4.77	6.22
Contained Ounces	oz	15,963	21,511	13,252	18,262	68,988

Mining of the Whirling Dervish open pit concluded at the end of June 2015. During the year, the Whirling Dervish pit produced 3.48mt @ 1.55g/t for 172,372 contained ounces.

The Red October underground mine produced above budget tonnes and ounces for the year with total production of 304,000t @ 6.65g/t for 65,023 contained ounces. Capital development extended the mine from the 1022 Level in July 2014 to the 922 level in June 2015 (100m vertically). Underground diamond drilling through the year extended the Red October resource to the 800 level.

Development work commenced at the Karari underground mine in November 2014 with 41,000 t @ 2.89g/t, for contained 3,965 ounces, mined to the end of the financial year. The drilling results from the development and exploration declines have been very encouraging and the project is being progressed to full operational status.

Production & Operational Outlook for 2015/16 and Beyond

Carosue Dam Operations

In FY2016, gold production will be sourced principally from the Red October and Karari underground mines and the Whirling Dervish ore stockpiles. Production is forecast to be in the range of 150,000 to 160,000 ozs at an "All in" Sustaining Cost of A\$1,025 to A\$1,075/oz.

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

- Completing the development of the Karari underground mine to deliver approx. 75,000 contained ozs per annum;
- Developing consistent gold production from the Northern (Red October and Deep South) and Southern (Karari and Whirling Dervish) underground mining strategy;
- Delivering consistent gold production from the underground Red October mine in FY2016;
- Extending the life of Red October underground mine through the exploration drilling campaign beyond FY2016;
- Commencing underground development of the Deep South deposit in the second half of FY2016;
- Progressing the feasibility study on the Whirling Dervish underground mining project;
- Extending the life and quality of its open-pittable resources;
- Optimising production through the Carosue Dam processing plant including processing of the extensive ore stockpiles; and
- Generating sustaining cash flows.

DIRECTORS REPORT (CONTINUED)

Thunderbox Operations

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

- Development of the Thunderbox A and C zone open pits;
- Completion of the plant refurbishment and plant commissioning by the third quarter of FY2016;
- First gold production by July 2016;
- Commencing stable, long life, commercial production;
- Completion of the underground mining feasibility study for the Thunderbox A and C zone orebodies;
- Extensional drilling down plunge on the Thunderbox A zone orebody; and
- Generate sustaining cash flows.

Exploration

During FY2015 the exploration effort was heavily focused on near mine extensional opportunities and improving the regional geological framework.

Extensive near mine programs were carried out at Thunderbox, Bannockburn, Red October and Karari. By volume of meters Thunderbox was the largest of the programs. The aim of the program was to test the southern extension of the known mineralisation to ensure the optimisation of the open pit cut back is sufficiently tested. The program successfully added to the resource inventory below the open pit reserves. The Bannockburn drill program served a dual purpose. Firstly the program defined the remnant mineralisation proximal to the previously mined underground voids, but also tested the northern down plunge extensions of the mineralisation. Further mineralisation was intersected to the north and will be followed up with drilling in the future. Our underground efforts continued at Red October with a substantial program completed from the hangingwall drill drive. Drilling targeted the along strike opportunities and the depth extension of known mineralisation. During the second half of the year, development at the Karari underground had progressed with several drill positions established to complete the first diamond drilling at the new mine. The program focused on the near term production areas, before stepping out to commence a significant resource extension campaign which remains in progress.

Regionally a number of small drill programs were carried out at Blue Manna, Yilgangi and Patricia. The Blue Manna program aimed at extending the inferred resource to the north and south. This program was predominantly RC drilling, with the first two diamond holes at the project also completed. The drill programs at Yilgangi and Patricia were aimed at defining the stratigraphy and confirming known mineralised trends.

FY2015 also saw the completion of two large regional gravity surveys. The surveys were completed over the Carosue Dam – Yilgangi trend and the Deep South to Patricia trend. These two areas are considered highly prospective and the completion of the gravity data acquisition will enable the construction of a 3D model of the regional architecture. This adds significant value to our regional data set used for targeting and prospectivity mapping.

Investor Relations

During the year the Company presented at several conferences and undertook roadshows to current and potential investors, analysts and brokers. These included:-

- Diggers & Dealers Conference, Kalgoorlie WA, 4-6 August 2014;
- Macquarie Bank WA Resources Forum 15 October 2014;
- Denver Gold Conference and North American roadshow, September/October 2014;
- North American investor roadshow in February 2015;
- Euroz Conference, WA, 11 March 2015;
- European investor roadshow in May 2015; and
- Various presentations in Sydney & Melbourne during FY2015.

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

DIRECTORS REPORT (CONTINUED)

Human Resources

The business currently has 213 employees. We continue to promote a workplace culture that embraces diversity, and we currently have approximately 17% female participation.

Saracen's core values – Accountability, Communication, Delivery and Choose Your Attitude – continue to promote a strong, results-driven culture, where our people are at the heart of the success of our business. We included our core values in the 2014-15 bonuses with the assessment being completed at the employees' annual performance reviews.

With the start-up of the Thunderbox operations under the Saracen Metals banner, a new Enterprise Agreement was required. The Saracen Metals Pty Ltd Enterprise Agreement 2015 was approved by Fair Work on 15 July 2015, with an operational effective date of 22 July 2015.

Community Support

Saracen is proud to be involved in and supportive of community groups and organisations and has maintained our commitment to supporting the local communities in which we operate, despite the current difficult market conditions. During FY2015 Saracen has provided funding to:-

- Rotary Club of Boulder
- Leonora Golden Gift
- The Kalgoorlie City Football Club
- The Kalgoorlie School of Mines
- Ride to Conquer Cancer
- University of NSW Field Trip
- The Chamber of Minerals & Energy Theory Event

DIVIDENDS

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 19 August 2015, the Group has entered into an agreement to acquire 100% of the King of the Hills and Kailis gold projects in Western Australia from St Barbara Limited. Consideration for the acquisition of the two projects is \$3m cash in two tranches: \$0.3m on Completion, plus \$2.7m upon the earlier of commercial production from Kailis or 4 years following Completion.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors continue to seek suitable mineral opportunities for acquisition or farm-in, as well as corporate investment interests, while progressing the Company's operations. Refer to the Production and Operational Outlook for 2015/16 and beyond on page 41.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to environmental regulations attached to the granting of licences by the Department of Mines and Petroleum, Western Australia. The Group continues to comply with these regulations.

The operations are also licenced under Part 5 of the Environmental Protection Act 1986 and the Rights in Water and Irrigation Act 1914. All licences are up to date and Saracen is in compliance.

The group is subject to the reporting requirements of the National Environment Protection (National Pollutant Inventory) Measure 1998 and the National Greenhouse and Energy Reporting Act 2007.

The National Environment Protection (National Pollutant Inventory) Measure 1998 and the National Greenhouse and Energy Reporting Act 2007 require the group to report its annual greenhouse gas emissions and energy use. The group has implemented systems and processes for the collection and calculation of the data required and submitted reports to the National Pollution Inventory (NPI) in September 2013 and National Green house and Energy (NGER) in October 2013.

DIRECTORS REPORT (CONTINUED)

DIRECTORS' MEETINGS

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

Director	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Risk Management Committee Meetings	
	Meetings held while a director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Geoff Clifford	13	13	4	4	-	-	4	4
Raleigh Finlayson	13	13	-	-	-	-	4	2
Mark Connelly **	1	1	-	-	-	-	-	-
Barrie Parker	13	12	-	-	3	3	4	4
Martin Reed	13	13	4	4	-	-	4	4
Samantha Tough	13	13	2	2	3	3	-	-
Guido Staltari *	5	5	2	2	3	3	-	-

* Retired 26 November 2014

** Appointed 1 May 2015

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

REMUNERATION REPORT (AUDITED)

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

The Directors present this Remuneration Report which sets out remuneration information for Saracen Mineral Holdings Limited's Executive and Non-executive Directors and other key management personnel. This report forms part of the Directors' Report.

a) Remuneration Guidance

The Board is ultimately responsible for determining and reviewing remuneration arrangements for Directors, within the limits approved by shareholders for such remuneration. The maximum aggregate amount that can be paid for Non-executive Directors remuneration is set at \$500,000 as approved by shareholders at the Annual General Meeting held on 25 November 2011.

b) Directors and Key Management Personnel Disclosed in this Report

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

Geoffrey Clifford	Non-executive Chairman
Raleigh Finlayson	Managing Director (Executive)
Mark Connelly	Non-Executive Director (appointed 1 May 2015)
Barrie Parker	Non-Executive Director
Martin Reed	Non-Executive Director
Samantha Tough	Non-Executive Director
Guido Staltari	Non-Executive Chairman (retired 26 November 2014)

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

Craig Bradshaw	Chief Operating Officer
Gerry Kaczmarek	Company Secretary / Chief Financial Officer
Daniel Howe	Chief Geologist
William (Troy) Irvin	Chief Corporate Development Officer (appointed 30 March 2015)

DIRECTORS REPORT (CONTINUED)

c) Remuneration Governance

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

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

The objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Group.

d) Use of Remuneration Consultants

The RNC commissioned Egan Associates (EA) in 2014 to provide information and advice on the level of KMP remuneration, as well as the structure of both the short-term and long-term incentive plans for executives of the Group. Under the terms of the engagement, EA provided remuneration advice as defined in Section 9B of the Corporations Act 2001. EA was paid \$25,200 for these services.

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

- EA was engaged by, and reported directly to, the Chair of the RNC. The agreement for the provision of their consulting services was negotiated by the Chair of the RNC under the delegated authority of the Board;
- The report was provided directly by EA to the Chair of the RNC; and
- EA was not permitted to, and did not, provide any member of management with a copy of their draft or final report regarding any of their advice or recommendations.

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

e) Executive Remuneration Policy and Framework

The RNC is responsible for determining remuneration policies in respect of executives and key management personnel (KMP). In establishing such policies, the RNC is guided by external remuneration surveys and industry practices, commensurate with the scale and size of the Group's operations. The policies and remuneration levels are reviewed regularly to ensure that the Group remains competitive as an employer.

The executive remuneration framework for KMPs has three components:-

- base pay and benefits, including superannuation;
- short-term incentives through cash bonuses; and
- long-term incentives through participation in the Performance Rights Plan.

(i) Base pay and benefits

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

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

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

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

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

DIRECTORS REPORT (CONTINUED)

(ii) Short-term incentives ("STI")

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

For FY2015, the KPIs set for KMP related to safety, gold production, cash flow generation, closing cash balance and debt level, production costs, business continuity, business growth and personal performance. Refer to the table below for the structure of the STI plan:

Feature	Description							
Max opportunity	CEO: 40% of base salary; Other KMP: 30% of base salary							
	Metric	Target			Weighting	Actuals	Bonus Achieved	Weighted Bonus
		Base Case - 0%	Mid Case - 50%	Stretch Case - 100%				
Performance metrics	Group TFIR	400	360	330	20%	336	91%	18%
	Mill Production	155,000oz	160,000oz	165,000oz	20%	167,531	100%	20%
	Core Values (specific to individual)	3 rating	2 rating	1 rating	20%	2*	50%	10%
	Business Growth	165,000oz	206,000oz	248,000oz	10%	85,000oz	0%	0%
	All in Sustaining Cost	\$1,200/oz	\$1,150/oz	\$1,100/oz	30%	\$1,139/oz	64%	19%
Percentage of maximum STI received								67%**

* The CEO and all other KMP achieved the same rating.

** Due to the CEO and other KMP achieving the same rating under core values, everyone achieved the same percentage of maximum available STI.

The RNC determined that for FY2015, the Managing Director and other KMP would receive 67% of their maximum available STI. The STI amounts payable for FY2015 are included in the remuneration calculation in the table under section "(i) Details of Remuneration". These amounts will be paid in FY2016.

(iii) Long-term incentives ("LTI")

LTI awards are structured to reward KMPs for the long term performance of the Group relative to its peers and, from the commencement of FY2014, are granted in the form of Performance Rights. Prior to this, LTIs had been in the form of Employee Options. The latter are no longer used for employee incentive purposes.

Share options

At the date of this report there are no share options on issue. During the year, 357,000 unlisted employee incentive options expired.

Details of movements in the unlisted employee incentive options are provided in Note 19(c) of the Notes to the Financial Statements. Option holders do not have any right, by virtue of the option, to vote or participate in any share issues of any related body corporate.

There were no shares issued during or since the end of the financial year as a result of exercise of options or vesting of Share Rights.

Performance Rights

The Saracen Mineral Holdings Limited Performance Rights Plan ("Plan") was approved by shareholders at the Company's 2013 Annual General Meeting.

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

The objective of the Plan is to attract, motivate and retain KMPs and it is considered by the Group that the Plan and the future issue of Performance Rights under the Plan will provide selected participants with the opportunity to participate in the future growth of the Group.

DIRECTORS REPORT (CONTINUED)

The Plan will enable the Group to make grants to Eligible Participants so that long term incentives form a key component of their total annual remuneration.

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

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

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

Each Performance Right represents a right to be issued one Share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price is payable and eligibility to receive the Performance Rights under the Plan is at the Board's discretion.

The quantum of Performance Rights to be granted will be determined with reference to market practice and will be subject to approval by the Board.

Performance will be assessed at the end of the performance period.

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

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

The KPIs for the 2013 and 2014 Tranches are the same for the Managing Director and all KMPs and are set out below:-

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

For the comparison of shareholder return for the Class A Performance Rights, the peer group includes the following companies:-

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

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

DIRECTORS REPORT (CONTINUED)

Summary of 2013 Performance Rights (Tranche 1 – Managing Director)

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

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

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

No allocation of Rights has been made to KMPs during 2013.

Summary of 2014 Performance Rights (Tranche 2 – KMPs)

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

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

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

Summary of 2014 Performance Rights (Tranche 3 – Managing Director)

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

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

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

DIRECTORS REPORT (CONTINUED)

Summary of 2015 Performance Rights (Tranche 4 - KMPs)

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

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

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

Summary of Proposed 2015 Performance Rights to be Issued to Managing Director (Tranche 5)

Subject to the approval of shareholders at the 2015 Annual General Meeting (scheduled to be held in November 2015), it is proposed that the following Performance Rights be issued to the Managing Director:

Tranche	Performance Rights	Vesting Conditions	Expiry Date	Estimated Grant Date Fair Value
Class A	2,000,000	(i) Mr Finlayson being Managing Director; and	31/12/2016	38.0 cents
Class B	3,000,000	(ii) First gold production at the Thunderbox Operations.		
Class C	5,000,000	(i) Mr Finlayson being Managing Director; and	16/03/2019	33.8 cents
		(ii) Saracen is in the top 50% of Total Shareholder Returns ("TSR") over the period commencing 16 March 2015 and ending on or after 16 March 2017, when compared with the TSR of the Peer Companies calculated over the same period	16/03/2020	33.8 cents

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

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

Refer to "(k) - Details of share based compensation" for a detailed breakdown of performance rights issued to each KMP.

DIRECTORS REPORT (CONTINUED)

f) Group Performance

The following table shows the sales revenue, profit/(loss) before tax and basic earnings per share (EPS) for the last five years for the Group, as well as the share price at the end of the respective financial years.

	2011	2012	2013	2014	2015
Sales Revenue (\$'000)	155,671	183,759	210,605	211,424	249,872
Profit/(loss) before tax (\$'000)	51,736	26,692	(88,324)	7,890	16,181
Basic EPS (cents per share)	9.74	3.3	(10.6)	0.91	1.41
Share price	0.54	0.56	0.12	0.41	0.43

g) Non-Executive Director Remuneration Policy

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

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

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

The maximum aggregate amount that can be paid for Non-executive Directors remuneration is set at \$500,000 as approved by shareholders at the AGM held on 25 November 2011.

Base fees (including superannuation)	From 1 July 2014 to 30 June 2015	From 1 July 2013 to 30 June 2014
Chairman	\$140,000	\$140,000
Other non-executive directors	\$80,000	\$80,000
Additional fees (including superannuation)		
Membership of a Board Committee	\$10,000	\$10,000

h) Voting on the Remuneration Report at the 2014 AGM

The Group received more than 95% of "yes" votes on its Remuneration Report for the 2014 financial year at the November 2014 Annual General Meeting. The Group did not receive any specific feedback from shareholders at that meeting, or during the year, on its remuneration practices.

DIRECTORS REPORT (CONTINUED)

i) Details of Remuneration

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

30 June 2015	Short-term Employee Benefits			Post Employ- ment	Share Based Payments	Long Term Benefits	Total	Proportion of total performance related
	Salary & fees \$	Cash bonus \$	Non monetary benefits \$	Super- annuation and other \$	Performance Rights / Options ^(vii) \$	Long Service Leave ^(vii) \$	\$	
Directors								
G Staltari (retired 26 November 2014)	56,639	-	-	-	-	-	56,639	-
R Finlayson ^{(i) (ii)}	628,679	172,566	5,078	46,349	120,926 169,682 ^(v)	53,403	1,196,683	38.7%
G Clifford	98,784	-	-	24,549	-	-	123,333	-
B Parker	47,945	-	-	42,055	-	-	90,000	-
M Reed – Director Fees ⁽ⁱⁱⁱ⁾	90,000	-	-	-	-	-	90,000	-
M Reed – Consulting Fees ^(iv)	227,469	-	-	-	-	-	227,469	-
S Tough	82,191	-	-	7,809	-	-	90,000	-
M Connelly (appointed 1 May 2015)	13,699	-	-	1,301	-	-	15,000	-
Key Management Personnel								
C Bradshaw ⁽ⁱⁱ⁾	400,000	99,457	-	49,871	48,200	1,630	599,158	24.6%
G Kaczmarek ⁽ⁱⁱ⁾	350,000	64,712	-	44,243	64,225	2,513	525,693	24.5%
D Howe ^{(i) (ii)}	256,250	50,846	4,394	30,979	36,061	6,132	384,662	22.6%
W T Irvin ^{(ii) (vi)} (appointed 30 March 2015)	65,997	-	-	6,270	27,301	-	99,568	27.4%
Total	2,317,653	387,581	9,472	253,426	466,395	63,678	3,498,205	

(i) Non-monetary benefits include Group provided health insurance.

(ii) Share based payments are the performance rights which are expensed over the vesting period (refer to note 21 in the consolidated financial statements).

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

(iv) An amount of \$227,469 has been paid/is payable to PilotHole Pty Ltd relating to professional service provided by Martin Reed.

(v) This is an estimated value of the Tranche 5 Performance Rights approved by the Board and advised to the ASX on 22 May 2015. Even though these performance rights are subject to shareholder approval (in November 2015), AASB 2 requires an estimate to be made as employment services have been rendered prior to grant date. If the allocation of Performance Rights is not approved, this deemed value will not be received.

(vi) William (Troy) Irvin did not qualify to receive a cash bonus having only being appointed on 30 March 2015.

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

DIRECTORS REPORT (CONTINUED)

30 June 2014	Short-term Employee Benefits			Post Employ- ment	Share Based Payments	Long Term Benefits	Total	Proportion of total performance related
	Salary & fees	Cash bonus	Non monetary benefits	Super- annuation and other	Performance Rights / Options ^(vii)	Long Service Leave ^(vii)		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
G Staltari	107,917	-	-	32,083	-	-	140,000	-
R Finlayson ^{(i) (ii)}	504,863	165,000	4,778	25,000	58,333	18,490	776,464	7.5%
G Clifford (appointed 1 October 2013)	61,785	-	-	5,715	-	-	67,500	-
B Parker	57,510	-	-	34,990	-	-	92,500	-
M Reed – Director Fees ⁽ⁱⁱⁱ⁾	92,500	-	-	-	-	-	92,500	-
M Reed – Consulting Fees ^(iv)	87,633	-	-	-	-	-	87,633	-
S Tough (appointed 1 October 2013)	61,785	-	-	5,715	-	-	67,500	-
I Hoffman (resigned 25 July 2013)	7,628	-	-	705	-	-	8,333	-
Key Management Personnel								
C Bradshaw	400,000	25,500	-	37,000	-	898	463,398	-
G Kaczmarek	346,450	51,000	-	25,000	-	1,208	423,658	-
D Howe (appointed to the position on 9 August 2013) ^{(i) (ii) (vi)}	223,579	19,000	3,307	20,681	3,867	1,630	272,064	1.4%
R Maddocks ^(v) (resigned 9 August 2013)	28,607	-	6,050	24,573	-	-	59,230	-
Total	1,980,257	260,500	14,135	211,462	62,200	22,226	2,550,780	-

(i) Non-monetary benefits include Group provided health insurance.

(ii) Share based payments are the performance rights/options expensed over the performance/vesting period (refer to note 21 in the consolidated financial statements).

(iii) \$92,500 is the amount paid/payable to Pilot Hole Pty Ltd referable to Martin Reed's Directors Fees.

(iv) An amount of \$87,633 has been paid/is payable to Pilot Hole Pty Ltd relating to professional service provided by Martin Reed.

(v) Non-monetary benefits include Group provided health insurance and car parking. Post-employment benefits consist of an annual leave pay-out on resignation of \$21,927 and superannuation of \$2,646.

(vi) Includes salary for his time in the position of Group Geology Manager prior to being appointed as General Manager – Geology and Exploration.

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

Relative proportions of fixed vs variable remuneration expense

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

Name	Fixed Remuneration		At Risk - STI		At Risk – LTI	
	2015	2014	2015	2014	2015	2014
Executive Directors						
R Finlayson	61%	92%	15%	-	24%	8%
Key Management Personnel						
C Bradshaw	75%	100%	17%	-	8%	-
G Kaczmarek	76%	100%	12%	-	12%	-
D Howe	77%	99%	13%	-	10%	1%
W T Irvin	73%	-	-	-	27%	-

DIRECTORS REPORT (CONTINUED)

j) Service Agreements

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

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

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

Name	Term of agreement and notice period	Base salary (excluding superannuation)	Termination payments
R Finlayson, <i>Managing director</i>	No fixed term 3 Months	\$550,000pa up to 31 March 2015, increasing to \$700,000pa from 1 April 2015	If Mr Finlayson is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a redundancy payment equal to 12 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009.
C Bradshaw, <i>Chief Operating Officer</i>	No fixed term 3 Months	\$400,000pa	If Mr Bradshaw is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a redundancy payment equal to 6 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009.
G Kaczmarek, <i>Chief Financial Officer</i>	No fixed term 1 Month	\$350,000pa	This is calculated based on the number of years of service up to a maximum of 12 weeks.
D Howe, <i>General Manager – Geology and Exploration</i>	No fixed term 1 Month	\$250,000pa up to 31 March 2015, increasing to \$275,000pa from 1 April 2015	This is calculated based on the number of years of service up to a maximum of 12 weeks.
W T Irvin (appointed 30 March 2015), <i>Chief Corporate Development Officer</i>	No fixed term 1 Month	\$275,000pa	If Mr Irvin is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a redundancy payment equal to 6 months earnings. Otherwise payment is calculated based on the Fair Work Act 2009.

DIRECTORS REPORT (CONTINUED)

k) Details of Share Based Compensation

Performance Rights

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

Tranche 1

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

Tranche 2

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

Tranche 3

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

Tranche 4

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

Tranche 5 *(Proposed issue - subject to shareholder approval at the 2015 Annual General meeting)*

Grant Date	Vesting date	Performance period	Value per performance Right at grant date	% Vested
21 May 2015 – Class A	31 December 2016	21 May 2015 – 31 December 2016	\$0.380	-
21 May 2015 – Class B	16 March 2017	16 March 2015 – 16 March 2017	\$0.338	-
21 May 2015 – Class C	16 March 2018	16 March 2015 – 16 March 2018	\$0.338	-

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

Details of Performance Rights provided as part of remuneration to key management personnel are shown below. The vesting conditions are set out in section “(e) – Executive remuneration policy and framework”. Further information on the performance rights is set out in note 21 to the financial statements.

DIRECTORS REPORT (CONTINUED)

Name	Financial Year of grant	Financial Years in which Performance Rights may vest	Number of Performance Rights granted	Value of the Performance Right at grant date	Number of Performance Rights vested	Vested %
R Finlayson	Tranche 1					
	2013/14 (Class A)	2016/17	600,000	\$117,000	-	-
	2013/14 (Class B)	2016/17	300,000	\$64,500	-	-
	2013/14 (Class C)	2016/17	600,000	\$81,000	-	-
	Tranche 3					
	2014/15 (Class A)	2016/17	294,000	\$56,742	-	-
	2014/15 (Class B)	2016/17	147,000	\$40,425	-	-
	2014/15 (Class C)	2016/17	294,000	\$50,862	-	-
	Tranche 5 (Provisional)					
	2014/15 (Class A)	2016/17	2,000,000	\$760,000	-	-
C Bradshaw	2014/15 (Class B)	2016/17	3,000,000	\$1,014,000	-	-
	2014/15 (Class C)	2017/18	5,000,000	\$1,690,000	-	-
	Tranche 2					
	2014/15 (Class A)	2016/17	120,000	\$43,560	-	-
	2014/15 (Class B)	2016/17	60,000	\$22,200	-	-
	2014/15 (Class C)	2016/17	120,000	\$27,720	-	-
	Tranche 4					
G Kaczmarek	2014/15 (Class A)	2017/18	92,000	\$31,096	-	-
	2014/15 (Class B)	2017/18	46,000	\$18,860	-	-
	2014/15 (Class C)	2017/18	92,000	\$23,276	-	-
	Tranche 2					
	2014/15 (Class A)	2016/17	168,000	\$60,984	-	-
	2014/15 (Class B)	2016/17	84,000	\$31,080	-	-
	2014/15 (Class C)	2016/17	168,000	\$38,808	-	-
D Howe	Tranche 4					
	2014/15 (Class A)	2017/18	92,000	\$31,096	-	-
	2014/15 (Class B)	2017/18	46,000	\$18,860	-	-
	2014/15 (Class C)	2017/18	92,000	\$23,276	-	-
	Tranche 2					
	2014/15 (Class A)	2016/17	90,000	\$32,670	-	-
	2014/15 (Class B)	2016/17	45,000	\$16,650	-	-
W T Irvin	2014/15 (Class C)	2016/17	90,000	\$20,790	-	-
	Tranche 4					
	2014/15 (Class A)	2017/18	68,000	\$22,984	-	-
	2014/15 (Class B)	2017/18	34,000	\$13,940	-	-
	2014/15 (Class C)	2017/18	68,000	\$17,204	-	-
	Tranche 2					
	2014/15 (Class A)	2016/17	68,000	\$24,684	-	-
W T Irvin	2014/15 (Class B)	2016/17	34,000	\$12,580	-	-
	2014/15 (Class C)	2016/17	68,000	\$15,708	-	-
	Tranche 4					
	2014/15 (Class A)	2017/18	52,000	\$17,576	-	-
	2014/15 (Class B)	2017/18	26,000	\$10,660	-	-
	2014/15 (Class C)	2017/18	52,000	\$13,156	-	-

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

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

DIRECTORS REPORT (CONTINUED)

U) Equity Instruments held by Directors and Key Management Personnel

The tables below show the number of:-

- (i) options over ordinary shares in the Company;
- (ii) performance rights granted under Performance Rights Plan; and
- (iii) shares in the Company.

that were held during the financial year by directors and key management personnel of the Group, including their close family members and entities related to them.

There were no shares or options granted as compensation during the reporting period.

(i) Option holdings

30 June 2015	Balance at beginning of period 1 July 2014	Granted as remuneration	Options exercised	Options lapsed	Balance at end of period 30 June 2015	Not exercisable	Exercisable
Directors							
G Clifford	-	-	-	-	-	-	-
R Finlayson	-	-	-	-	-	-	-
M Connelly	-	-	-	-	-	-	-
B Parker	-	-	-	-	-	-	-
M Reed	-	-	-	-	-	-	-
S Tough	-	-	-	-	-	-	-
G Staltari	-	-	-	-	-	-	-
Key Management Personnel							
C Bradshaw	-	-	-	-	-	-	-
G Kaczmarek	-	-	-	-	-	-	-
D Howe	89,250	-	-	89,250	-	-	-
W T Irvin	-	-	-	-	-	-	-
Total	89,250	-	-	89,250	-	-	-

(ii) Performance Rights holdings

30 June 2015	Balance at beginning of period 1 July 2014	Granted as remuneration	Vested	Lapsed	Balance at end of period 30 June 2015 (Unvested)
Directors					
G Clifford	-	-	-	-	-
R Finlayson	1,500,000	10,735,000 ⁽ⁱ⁾	-	-	12,235,000 ⁽ⁱ⁾
M Connelly	-	-	-	-	-
B Parker	-	-	-	-	-
M Reed	-	-	-	-	-
S Tough	-	-	-	-	-
G Staltari	-	-	-	-	-
Key Management Personnel					
C Bradshaw	-	530,000	-	-	530,000
G Kaczmarek	-	650,000	-	-	650,000
D Howe	-	395,000	-	-	395,000
W T Irvin	-	300,000	-	-	300,000
Total	1,500,000	12,610,000 ⁽ⁱ⁾	-	-	14,110,000 ⁽ⁱ⁾

(i) Includes 10,000,000 Performance Rights under Tranche 5 above which are subject to approval of shareholders at the Annual General Meeting in November 2015.

DIRECTORS REPORT (CONTINUED)

(iii) Shareholdings

30 June 2015	Balance at beginning of period 1 July 2014	Granted as remuneration	Options exercised	Net change - other	Balance at end of period 30 June 2015
Directors					
G Clifford	-	-	-	-	-
R Finlayson	1,181,819	-	-	-	1,181,819
M Connelly	-	-	-	-	-
B Parker	118,182	-	-	-	118,182
M Reed	-	-	-	-	-
S Tough	-	-	-	-	-
G Staltari (retired 26 November 2014)	12,520,155	-	-	-	N/A
Key Management Personnel					
C Bradshaw	-	-	-	-	-
G Kaczmarek	38,100	-	-	-	38,100
D Howe	-	-	-	-	-
W T Irvin	-	-	-	-	-
Total	13,858,256	-	-	-	1,338,101

m) Other Transactions with Key Management Personnel

During the period July – September 2014, Renaissance Capital Pty Limited (“RenCap”) provided the Group with office facilities in Melbourne. RenCap is controlled by interests associated with Mr Guido Staltari. The Company paid RenCap a fee of \$90,000 (plus GST) for the provision of those office facilities. The RenCap agreement expired in September 2014.

During the year an amount of \$317,469 has been paid/is payable to PilotHole Pty Ltd, an entity controlled by Mr Martin Reed. The amount relates to Director’s Fees (\$90,000) and professional services in relation to the Thunderbox feasibility study (\$227,469).

This concludes the audited Remuneration Report.

DIRECTORS REPORT (CONTINUED)

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

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

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

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

During the year, BDO Audit (WA) Pty Ltd, the Group's auditor, and BDO Corporate Tax (WA) Pty Ltd, a related party of the Group's auditor, provided tax compliance and advisory services in addition to audit services. Together, BDO Audit (WA) Pty Ltd and BDO Corporate Tax (WA) Pty Ltd received, or are due to receive, \$63,067 (2014: \$29,700) for the non-audit services. The directors are satisfied that the provision of these services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

For and on behalf of the board



RALEIGH FINLAYSON

Managing Director

26 August 2015

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor of Saracen Mineral Holdings Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in blue ink, appearing to read 'Ian Skelton'.

Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 26 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Revenue from continuing operations	2	249,872	211,424
Mine operating costs		(162,730)	(150,905)
Depreciation and amortisation	2	(49,521)	(32,118)
Royalties		(11,097)	(7,919)
Gross profit from mining operations		26,524	20,482
Administration expenses	2	(9,067)	(10,387)
Share based payments expense		(583)	(72)
Finance costs	2	(1,039)	(2,530)
Other revenue	2	802	776
Profit on disposal of fixed assets		-	8
Expensing of deferred exploration costs		(447)	(329)
Loss from sale of shares		(72)	-
Change in fair value of listed shares		63	(58)
Profit before income tax		16,181	7,890
Income tax expense	4	(5,033)	(1,895)
Profit after income tax for the period		11,148	5,995
Other comprehensive income/(loss), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Fair value loss on hedging instruments entered into for cash flow hedges (net of deferred tax)	19(f)	(13,560)	(12,915)
Other comprehensive loss for the year		(13,560)	(12,915)
Total comprehensive loss attributable to members of Saracen Mineral Holdings Limited		(2,412)	(6,920)
Earnings per share for the year attributable to the members of Saracen Mineral Holdings Limited:			
Basic Earnings (cents per share)	5	1.41	0.91
Diluted Earnings (cents per share)	5	1.40	0.91

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	Note	2015 \$'000	2014 \$'000
Current assets			
Cash and cash equivalents	23(a)	38,378	35,859
Trade and other receivables	7	2,690	2,843
Financial derivative instruments	11	8,524	14,992
Other financial assets	8	8	27
Inventories	9	59,384	19,251
Other Assets	10	655	746
Total current assets		109,639	73,718
Non-current assets			
Plant and equipment	13	44,436	43,940
Financial derivative instruments	11	-	13,158
Other financial assets	12	55	110
Deferred tax assets	4	6,326	5,548
Deferred exploration and evaluation costs	14	38,409	27,811
Mine properties	15	101,444	148,901
Total non-current assets		190,670	239,468
Total assets		300,309	313,186
Current liabilities			
Trade and other payables	16	17,869	16,128
Borrowings	18	802	1,722
Financial derivative instruments	11	-	255
Provisions	17	4,871	5,783
Total current liabilities		23,542	23,888
Non-current liabilities			
Borrowings	18	570	12,323
Provisions	17	46,970	45,919
Total non-current liabilities		47,540	58,242
Total liabilities		71,082	82,130
Net assets		229,227	231,056
Equity			
Contributed equity	19(a)	245,079	245,079
Reserves	19(f)	10,068	23,045
(Accumulated Losses)/Retained profits		(25,920)	(37,068)
Total equity		229,227	231,056

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2015

	Contributed Equity \$'000	(Accumulated Losses) / Retained profits \$'000	Cash Flow Hedge Reserve \$'000	Share Based Payments Reserves \$'000	Total \$'000
As at 1 July 2014	245,079	(37,068)	19,527	3,518	231,056
Profit for the year after tax	-	11,148	-	-	11,148
Other comprehensive loss	-	-	(13,560)	-	(13,560)
Total comprehensive profit/(loss) for the year after tax	-	11,148	(13,560)	-	(2,412)
Share based payments	-	-	-	583	583
As at 30 June 2015	245,079	(25,920)	5,967	4,101	229,227
As at 1 July 2013	185,901	(43,063)	32,442	3,446	178,726
Profit for the year after tax	-	5,995	-	-	5,995
Other comprehensive income	-	-	(12,915)	-	(12,915)
Total comprehensive profit/(loss) for the year after tax	-	5,995	(12,915)	-	(6,920)
Transactions with owners in their capacity as owners	61,232	-	-	-	61,232
Share issue cost	(2,054)	-	-	-	(2,054)
Share based payments	-	-	-	72	72
As at 30 June 2014	245,079	(37,068)	19,527	3,518	231,056

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2015

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Receipts from customers		249,872	211,424
Payments to suppliers and employees		(184,316)	(160,447)
Interest received		743	687
Interest paid and other finance costs		(896)	(2,307)
Net cash flows provided by operating activities	23(b)	65,403	49,357
Cash flows from investing activities			
Proceeds from sale of shares		10	-
Purchase of plant, equipment and development assets		(35,933)	(70,887)
Stamp duty on Thunderbox acquisition		(2,260)	-
Proceeds from the sale of non-current assets		-	40
Exploration and evaluation costs		(11,116)	(6,042)
Security deposit refund		55	7,313
Net cash flows used in investing activities		(49,244)	(69,576)
Cash flows from financing activities			
Proceeds from issue of shares		-	61,232
Payment of share issue costs		-	(2,935)
Payment of finance lease liabilities		(1,659)	(1,243)
Repayment of Borrowings		(11,950)	(10,000)
Payment of loan establishment fees		(31)	-
Net cash flows provided by financing activities		(13,640)	47,054
Net increase in cash held		2,519	26,835
Add opening cash brought forward		35,859	9,024
Closing cash carried forward	23(a)	38,378	35,859

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

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

Operations and Principal Activities

The operations and principal activities comprise mineral development and exploration.

Registered Office

Level 4, 89 St Georges Terrace, Perth Western Australia 6000.

(b) Basis of preparation

Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 26 August 2015

Basis of measurement

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

Functional and presentation currency

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

Rounding off

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

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

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

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

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

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

- (i) AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
- (ii) AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets
- (iii) Annual Improvements to IFRSs 2010-2012 Cycle
- (iv) Annual Improvements to IFRSs 2011-2013 Cycle

New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

(i) AASB 9 Financial Instruments and its consequential amendments

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

(ii) AASB 15 Revenue from Contracts with Customers

The AASB has issued this new standard for the recognition of revenue. This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The Group will adopt this standard and the amendments from 1 July 2018. Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.

(iii) New standards and interpretations not expected to have a significant impact

The following standards are not yet effective and are not expected to have a significant impact on the Group's consolidated financial statements:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-9 'Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements'	1 January 2016	30 June 2017
AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	30 June 2017
AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101'	1 January 2016	30 June 2017
AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'	1 July 2015	30 June 2016

Significant Judgements and Estimates

The preparation of the consolidated financial statements in conformity with Australian Accounting Standards requires judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

The Group has identified the Provision for Rehabilitation (Note 1(v) and Note 17), Deferred Exploration and Evaluation Costs (Note 1(s) and Note 14), Mine Properties (Note 1(t) and Note 15), Inventories (Note 1(n) and Note 9), Cash Flow Hedges (Note 1(z) and Note 11), Share Based Payments (Note 1(i) and Note 21), Reserve Estimates (Note 1(t)), the Estimation of obligations for post-employment costs (Note 1(ii)) and Deferred Tax (Note 1(f) and Note 4), under which significant judgements, estimates and assumptions are made, and where actual results may differ from those estimates under different assumptions and conditions.

(c) Principles of Consolidation

Subsidiaries

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

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

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

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

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors.

(e) Revenue Recognition

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

Gold and silver sales

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

Interest income

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

(f) Taxation

Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Taxation (continued)

Deferred tax

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

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

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

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

Goods and Services Tax (GST)

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

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

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

(g) Financial Assets and Liabilities

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when the Group becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

Listed shares held for trading are included in the category financial assets at fair value through profit and loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Financial assets not measured at fair value comprise:

- loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest method.
- held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method.
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost.

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity (except for impairment losses and foreign exchange gains and losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Plant and equipment 3 – 33 years

Capital work in progress is not depreciated, and is transferred to the relevant asset category on completion.

Where depreciation is attributable to exploration and evaluation activities, costs are treated in accordance with the Accounting Policy Note 1(s). The assets' residual value, useful lives and amortisation methods are reviewed at each financial year end and if appropriate adjusted.

(i) Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share-based payments

Share based compensation benefits are provided to employees via the Incentive Option Scheme and a Performance Rights Plan (Note 21). The fair value of options/rights granted under these schemes is recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

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

(j) Superannuation Funds

The Group contributes to several accumulation type superannuation funds. Contributions are charged as an expense as they are made. Further information is set out in Note 20(e).

(k) Earnings Per Share

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Earnings Per Share (continued)

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

(l) Cash and Cash Equivalents

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

(m) Trade and Other Receivables

Receivables to be settled within 30 - 90 days are carried at amounts due. The collectability of debts is assessed at the reporting date and specific allowance is made for any doubtful accounts.

(n) Inventories

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

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

Inventories require certain estimates and assumptions most notably in regards grades, volumes and densities. Such estimates and assumptions may change as new information becomes available and could impact on the carrying value of inventories (Note 9).

(o) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(p) Trade and Other Payables

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

(q) Borrowings

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Provisions

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

(s) Exploration and Evaluation Expenditure

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

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

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

The above accounting policy requires certain estimates and assumptions on future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of deferred exploration and evaluation costs (Note 14). Exploration and evaluation assets are assessed for impairment where facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount and an impairment loss recognised.

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

(t) Mines Properties

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Mines Properties (continued)

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

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

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

Reserve estimates

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

(u) Borrowing Costs

Borrowing costs incurred for the acquisition, construction or production of qualifying assets are capitalised during the period of time it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are recognised as an expense in the period in which they are incurred.

(v) Restoration, Rehabilitation and Environmental Provision

Obligations associated with exploration and development assets are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure and a corresponding rehabilitation asset is also recognised. The determination of the provision requires significant judgement in terms of the best estimate of the costs of performing the work required, the timing of the cash flows and the appropriate discount rate. In support of these judgements, the Group periodically seeks independent external advice on the adequacy of the provision. A change in any, or a combination of, the key assumptions used to determine the provision could have a material impact on the carrying value of the provision (Note 17).

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

(w) Contributed Equity

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Leased Assets

Leases are classified as finance leases when the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases. Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed, unless they are directly attributable to qualifying assets, in which case they are capitalised. Finance leased assets are amortised on a straight line basis over the estimated useful life of the asset. Where amortisation is attributable to exploration and evaluation activities, costs are treated in accordance with the Accounting Policy Note 1(s).

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

(y) Asset Acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

(z) Derivative Financial Instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and commodity risk exposures. On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 – 125 percent. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reporting profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, any changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(aa) Comparatives

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
2 REVENUE AND EXPENSES		
Gold sales	249,487	210,764
Silver sales	385	660
Revenue from continuing operations	249,872	211,424
Interest revenue	702	705
Other revenue	100	71
Other revenue	802	776
Total revenue	250,674	212,200
Amortisation of mine properties	40,762	23,475
Depreciation of plant and equipment	8,759	8,643
Depreciation and amortisation	49,521	32,118
Directors and employee expenses	6,244	6,949
Indirect taxes and charges	1,071	1,939
Management fees	90	360
Professional fees	458	218
Other	1,204	921
Administration expenses	9,067	10,387
Borrowing costs	1,039	2,530
Finance costs	1,039	2,530
Perth office rentals	419	404
Provision of office facilities to Chairman (note 24)	90	360
Operating lease rentals	509	764
Defined contribution superannuation expense	2,935	2,447
3 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditor of the Group for:		
BDO Audit (WA) Pty Ltd		
- Audit / review of the financial report	87	98
- Other assurance services	28	-
	115	98
Amounts received or due and receivable by an associate of the auditor of the Group for:		
BDO Corporate Tax (WA) Pty Ltd		
- Tax services	35	30

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
4 INCOME TAX		
(a) Income tax expense comprises:		
Current income tax		
- Current income tax charge / (benefit)	-	(9,104)
- Under / (over) recognition in the prior year	-	(499)
Deferred tax		
- Movement in temporary differences	5,033	11,498
Income tax expense / (benefit)	5,033	1,895
(b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidated Statement of Profit or Loss and Comprehensive Income:		
Accounting profit before tax	16,181	7,890
Prima facie income tax expense / (benefit) at 30% (2014: 30%)	4,854	2,367
- Non-deductible expenses	185	27
- Recognition of previously unrecognised temporary differences (6)	(499)	
Income tax (benefit)/expense	5,033	1,895
Effective tax rate	31%	24%

(c) Deferred tax assets and liabilities

	Balance at 1 July 2014 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 30 June 2015 \$'000
Deferred tax assets				
Tax losses	23,060	(10,256)	-	12,804
Provisions	7,737	201	-	7,938
Other	64	145	-	209
Undeducted borrowing cost	83	(77)	-	6
Undeducted share issue costs	1,189	(438)	-	751
Total	32,133	(10,425)	-	21,708
Deferred tax liabilities				
Deferred mining expenditure	(18,216)	5,392	-	(12,824)
Derivatives	(8,369)	-	5,811	(2,558)
Total	(26,585)	5,392	5,811	(15,382)
Net deferred tax asset	5,548	5,033	5,811	6,326

(d) Tax-consolidated group

Saracen Mineral Holdings Limited and its wholly-owned subsidiaries formed a tax consolidated group with effect from 1 July 2003. Saracen Mineral Holdings Limited is the head entity in the tax consolidated group. At the financial year end, members of the tax consolidated group have not yet entered into a tax funding arrangement. Hence, no compensation is receivable or payable for any deferred tax asset arising from tax losses or current tax payable assumed by the head entity from the wholly owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
5 EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share.		
Net profit from continuing operations	11,148	5,995
Net profit after tax	11,148	5,995
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	792,784,738	655,751,724
Effect of dilution – share options and performance rights	4,692,137	1,500,000
Weighted average number of ordinary shares adjusted for the effect of dilution	797,476,875	657,251,724
6 DIVIDENDS		
During the year no dividends were paid or provided for.		
Franking account balance at the end of the financial year at 30%.	19	19
7 TRADE AND OTHER RECEIVABLES		
Current		
Goods and services tax (GST) recoverable	2,059	2,396
Other (i)	631	447
	2,690	2,843
(i) Other receivables comprise accrued interest income and fuel supplied to contractors which are settled on 30 day terms. These receivables are within term and do not show signs of impairment.		
The Group's exposure to credit and market risks is disclosed in Note 26.		
8 OTHER FINANCIAL ASSETS		
Current		
Listed shares at fair value	8	27
The value of listed shares, designated as financial assets at fair value through profit and loss, has been determined by reference to the quoted last trade price at the close of business on the reporting date. Listed shares are readily saleable and have no fixed maturity date.		
9 INVENTORIES		
Ore stocks (i)	44,280	7,136
Gold in circuit	3,824	3,028
Gold on hand	4,561	2,849
Consumable supplies and spares	6,219	5,738
Consumables acquired on acquisition of Thunderbox	500	500
	59,384	19,251

(i) Inventories require estimates and assumptions most notably in regards to grades, volumes, densities, future completion costs and ultimate sale price. Such estimates and assumptions may change as new information becomes available which may impact upon the carrying value of inventory. There were no write down to net realisable value of ore stockpiles in the current financial year (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
10 OTHER ASSETS		
Prepayments	655	746
Prepayments consist of prepaid insurance and prepaid establishment/ professional fees on the Macquarie Bank Limited debt facilities.		
11 FINANCIAL DERIVATIVE INSTRUMENTS		
Financial derivative assets		
Current: Cash flow hedge asset	8,524	14,992
Non-Current: Cash flow hedge asset	-	13,158
Current: Cash flow hedge liability	-	(255)
	8,524	27,895

The Group has exposure to gold commodity prices. To manage any adverse impact of movements in commodity prices, management determined it may be appropriate to protect predicted financial outcomes by hedging the price of gold on gold bullion sales. Anticipated gold sales are forecast after considering reserve calculations and mine production schedules.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve to the extent that the hedge is effective. All hedging was deemed effective as at reporting date.

12 OTHER FINANCIAL ASSETS

Non-Current

Security deposits

The \$55,000 is held as security for minor guarantees and facilities provided by the Commonwealth Bank.

55	110
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13 PLANT AND EQUIPMENT

Plant and equipment

Opening balance net of accumulated depreciation

Acquired on acquisition of Thunderbox

Additions

Transfer from capital work in progress

Disposals

Depreciation

Closing balance net of accumulated depreciation

Capital work in progress

Opening balance net of accumulated depreciation

Additions

Transfer to mines in production

Transfer to mines under construction

Transfer to plant and equipment

Closing balance net of accumulated depreciation

Cost

Accumulated depreciation

Net carrying amount

39,807	34,712
-	8,167
160	67
3,417	5,536
-	(32)
(8,768)	(8,643)
34,616	39,807
4,133	5,493
11,020	9,841
(897)	(5,665)
(1,019)	-
(3,417)	(5,536)
9,820	4,133
74,557	65,293
(30,121)	(21,353)
44,436	43,940

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
14 DEFERRED EXPLORATION AND EVALUATION COSTS		
Deferred exploration and evaluation costs		
Balance at the start of the year	27,811	22,098
Additions	11,116	6,042
Transferred to mines under construction	(518)	-
Capitalised exploration expensed	-	(329)
Balance at the end of the year	38,409	27,811

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

The Group has interests in the following non-wholly owned exploration activities:

Agreement	Principal Activity	Percentage Interest	Other Participants
Phantom Well	Exploration	85.15%	Royal Harry Gold Mines NL
Mount Minnie	Exploration	73.9%	Anglogold Ashanti Australia Ltd
Wilga Well West	Exploration	90.0%	Richmond, William Robert
Mount Florence	Exploration	87.8%	Ladyman, R.P; Ladyman, I.M; Evans, A.
Lehmanns Well	Exploration	90.0%	Black Mountain Gold Ltd
Spider Well	Exploration	65.0%	Devant Pty Ltd; Charles George Chitty
Warrida Well	Exploration	67.8%	Agnew Gold Mining Company

As at 30 June 2015 the Group's interests in the above mentioned exploration activities, being deferred exploration and evaluation costs, total \$3,844,142 (2014: \$3,034,414).

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements. As these expenditure commitments can be reduced by selective rationalisation of interests in exploration tenements or by renegotiation of the agreement terms it is difficult to accurately forecast the amount of future expenditure. The Group's nominal expenditure obligations over the above tenements for the next 12 months are approximately \$1 million. Contingent liabilities are nil.

15 MINE PROPERTIES

Mine properties

Mines under construction	56,986	36,213
Mines in production	44,458	80,480
Deferred mining expenditure	-	32,208
Balance at the end of the year	101,444	148,901

Mines under construction

Balance at the start of the year	36,213	-
Additions – Thunderbox Project	6,877	16,333
Additions – Karari	12,359	10
Transferred from capital work in progress	1,019	-
Transferred from deferred exploration and evaluation costs	518	-
Increase in rehabilitation provision (Thunderbox Project)	-	19,870
Balance at the end of the year	56,986	36,213

Thunderbox was subject to impairment testing in 2015 and no impairment was identified.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
15 MINE PROPERTIES (continued)		
Mines in production		
Balance at the start of the year	80,480	78,313
Additions	3,843	9,881
Transferred from capital work in progress	897	5,665
Amortisation for the year	(40,762)	(23,475)
Increase in rehabilitation provision	-	10,096
Balance at the end of the year	44,458	80,480
The Group undertakes regular impairment reviews incorporating an assessment of recoverability of cash generating assets. Cash generating assets relate to specific areas of interest in the Group's mine property assets. The recoverable value of specific areas of interest are assessed by value in use calculations determined with reference to the projected net cash flows estimated under the life of mine plan. No impairment charges for producing mines or mines under development have been recorded in 2015.		
Deferred mining expenditure		
Balance at the start of the year	32,208	3,595
Additions	2,849	32,208
Expensing of deferred costs	(35,057)	(3,595)
Balance at the end of the year	-	32,208
16 TRADE AND OTHER PAYABLES		
Current		
Trade and other payables	17,869	16,128
Trade and other payables are non-interest bearing and are normally settled on 30 day terms.		
17 PROVISIONS		
Current		
Employee benefits	4,871	3,683
Provision for stamp duty – Thunderbox Acquisition	-	2,000
Provision for rehabilitation	-	100
	4,871	5,783
Non-current		
Employee benefits	756	437
Deferred consideration – Thunderbox Acquisition	3,000	3,000
Provision for rehabilitation	43,214	42,482
	46,970	45,919
Movement in provision for rehabilitation		
Balance at the start of the year	42,582	12,341
Unwinding of discount	632	274
Increase as a result of Thunderbox acquisition	-	19,870
Increase in provision on existing assets	-	10,097
Balance at the end of the year	43,214	42,582

The nature and purpose of the provision for rehabilitation is disclosed in Note 1(v).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

	2015 \$'000	2014 \$'000
18 BORROWINGS		
Current		
Finance lease liabilities	802	1,722
	802	1,722
Non-current		
Macquarie Bank loan	-	11,950
Prepaid establishment fees	-	(570)
Finance lease liabilities	570	943
	570	12,323

(a) Macquarie Bank Loan

During the year the Group repaid the Macquarie Bank Loan and elected to close out the remaining working capital facility.

The group's exposure to risks arising from current and non-current liabilities is set out in Note 26.

(b) Leasing arrangements

Finance leases relate to equipment and vehicles with lease terms not exceeding 5 years.

(c) Finance lease liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
No later than 1 year	854	1,844	802	1,722
Later than 1 year and not later than 5 years	593	987	570	943
Minimum future lease payments	1,447	2,831	1,372	2,665
Less future finance charges	(75)	(166)	-	-
Present value of minimum lease payments	1,372	2,665	1,372	2,665
Included in the Statement of Financial Position as:				
Current Borrowings			802	1,722
Non-current Borrowings			570	943
			1,372	2,665

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

19 CONTRIBUTED EQUITY AND RESERVES

	Number of shares	2015 \$'000	Number of shares	2014 \$'000
(a) Issued capital				
Ordinary shares fully paid	792,784,738	245,079	792,784,738	245,079
The Company does not have a limited authorised capital and issued shares have no par value.				
(b) Movements in shares on issue				
Beginning of the financial period	792,784,738	245,079	595,263,186	185,901
- share placement & rights issue	-	-	155,812,369	48,302
- rights issue	-	-	41,709,183	12,930
- share issue costs	-	-	-	(2,935)
- Tax effect on share issue costs	-	-	-	881
End of the financial period	792,784,738	245,079	792,784,738	245,079

(c) Share options

	2014	Granted	Exercised	Lapsed	2015
Unlisted incentive options exercisable between 1 October 2014 and 31 December 2014 at 98.88 cents each	357,000	-	-	357,000	-

	2013	Granted	Exercised	Lapsed	2014
Unlisted incentive options exercisable between 1 October 2013 and 31 December 2013 at 58.00 cents each	2,796,550	-	-	2,796,550	-
Unlisted incentive options exercisable between 1 October 2013 and 31 December 2013 at 92.00 cents each	331,500	-	-	331,500	-
Unlisted incentive options exercisable between 1 March 2014 and 31 May 2014 at 96.00 cents each	497,250	-	-	497,250	-
Unlisted incentive options exercisable between 1 October 2014 and 31 December 2014 at 98.88 cents each	497,250	-	-	140,250	357,000
	4,122,550	-	-	3,765,550	357,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

(d) Performance Rights (See note 21(a))

	2014	Granted	Exercised	Lapsed	2015
Tranche 1					
Class A performance rights vesting on 19 November 2016	600,000	-	-	-	600,000
Class B performance rights vesting on 19 November 2016	300,000	-	-	-	300,000
Class C performance rights vesting on 19 November 2016	600,000	-	-	-	600,000
Tranche 2					
Class A performance rights vesting on 30 June 2016	-	1,148,000	-	-	1,148,000
Class B performance rights vesting on 30 June 2016	-	574,000	-	-	574,000
Class C performance rights vesting on 30 June 2016	-	1,148,000	-	-	1,148,000
Tranche 3					
Class A performance rights vesting on 30 June 2017	-	294,000	-	-	294,000
Class B performance rights vesting on 30 June 2017	-	147,000	-	-	147,000
Class C performance rights vesting on 30 June 2017	-	294,000	-	-	294,000
Tranche 4					
Class A performance rights vesting on 30 June 2017	-	890,000	-	-	890,000
Class B performance rights vesting on 30 June 2017	-	445,000	-	-	445,000
Class C performance rights vesting on 30 June 2017	-	890,000	-	-	890,000
Tranche 5 ⁽ⁱ⁾					
Class A performance rights vesting on 31 December 2016	-	2,000,000	-	-	2,000,000
Class B performance rights vesting on 16 March 2017	-	3,000,000	-	-	3,000,000
Class C performance rights vesting on 16 March 2018	-	5,000,000	-	-	5,000,000
	1,500,000	15,830,000	-	-	17,330,000

(i) Includes 10,000,000 Performance Rights which are subject to approval of shareholders at the Annual General Meeting in November 2015. For further details refer to "[Summary of Proposed FY2016 Performance Rights to be Issued to Managing Director \(Tranche 5\)](#)" under section "(e) Executive remuneration policy and framework" of the Remuneration Report on page 49 of this report.

	2013	Granted	Exercised	Lapsed	2014
Tranche 1					
Class A performance rights vesting on 19 November 2016	-	600,000	-	-	600,000
Class B performance rights vesting on 19 November 2016	-	300,000	-	-	300,000
Class C performance rights vesting on 19 November 2016	-	600,000	-	-	600,000
	-	1,500,000	-	-	1,500,000

(e) Terms and conditions of contributed equity

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

19 CONTRIBUTED EQUITY AND RESERVES (continued)

	2015 \$'000	2014 \$'000
(f) Reserves		
Share based payments		
Balance at beginning of year	3,518	3,446
Share based payments - options	-	14
Share based payments - performance rights	583	58
Balance at end of year	4,101	3,518
The share based payments reserve is used to recognise the fair value of options and performance rights issued.		
Cash Flow Hedge Reserve		
Balance at beginning of year	19,527	32,442
Hedge reserve	(19,371)	(18,450)
Tax effect on the movement in hedge reserve	5,811	5,535
Balance at end of year	5,967	19,527

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

20 COMMITMENTS

(a) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price A\$/oz	Value of committed sales \$'000
Within one year*	48,600	1,722	83,679
Within one year**	92,117	1,414	130,282
Later than one but not later than five years	140,000	1,520	212,800
	280,717		426,761

* The forward sales gold delivery contracts entered into in December 2012 were classified as falling within the scope of AASB 139 Financial Instruments: Recognition and Measurement and hedge accounting has been applied to these instruments (also refer to note 11).

** The counterparty to the physical gold delivery contracts is Macquarie Bank Limited. 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 Macquarie. The physical gold delivery contracts are considered a contract to sell a non-financial item and therefore do not fall within the scope of AASB 139 Financial Instruments: Recognition and Measurement. Hence, no derivatives recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

NOTE 20 COMMITMENTS (continued)

	2015 \$'000	2014 \$'000
(b) Operating lease commitments		
The Group has entered into commercial leases on items of plant, machinery and property. Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:		
- not later than one year	547	524
- later than one year and not later than five years	473	1,030
	1,020	1,554
(c) Other expenditure commitments		
Commitments contracted for corporate services as at 30 June, but not recognised as liabilities are as follows:		
- not later than one year	-	90

(d) Exploration expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet minimum expenditure requirements. As these expenditure commitments can be reduced by selective rationalisation of interests in exploration tenements or by renegotiation of joint venture commitments it is difficult to accurately forecast the amount of future expenditure. On current tenement holdings, the Group's nominal expenditure obligations for the next 12 months are approximately \$7.9 million.

(e) Superannuation

The Group contributes to superannuation funds in accordance with the requirements of the Superannuation Guarantee Legislation. Employer contributions are based on various percentages of salaries or directors' fees. All funds are accumulation type and as such an actuarial assessment is not required.

21 SHARE BASED PAYMENTS

(a) Performance Rights

During the financial year the Group granted Performance Rights to eligible management personnel under the Saracen Mineral Holdings Limited Performance Rights Plan ("Plan") (Refer to Tranche 2 and 4 below). In addition to this the group also granted Performance Rights to Mr Raleigh Finlayson (Managing Director) under the Plan (Tranche 3). The issue of Performance Rights to Mr Finlayson were approved by shareholders at the Company's Annual General Meeting held in November 2014. Under the Plan, Eligible Participants will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the satisfaction of performance hurdles. Each Performance Right represents a right to be issued one Share at a future point in time, subject to the satisfaction of any vesting conditions. No exercise price will be payable and eligibility to receive Performance Rights under the Plan will be at the Board's discretion. The Performance Rights cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). There are no voting rights attached to the Performance Rights.

In the 2014 financial year, Performance Rights were issued to Mr Finlayson under the same Plan (refer to Tranche 1 below). In addition to this, subject to the approval of shareholders at the 2015 Annual General Meeting (in November 2015), another 10,000,000 performance rights will be issued to Mr Finlayson (refer to Tranche 5 below).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

21 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

Tranche 1 – Managing Director

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

	Class A	Class B	Class C
Stock Price at Grant	\$0.215	\$0.215	\$0.215
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	68.9%	68.9%	68.9%
Grant Date	19/11/2013	19/11/2013	19/11/2013
Performance Period	01/07/13 - 30/06/2016	01/07/13 - 30/06/2016	19/11/13 - 19/11/2016
Vesting Date	19/11/2016	19/11/2016	19/11/2016
Risk free rate	3.06%	3.06%	3.06%
Number of rights granted	600,000	300,000	600,000

At the reporting date there were 600,000 Class A, 300,000 Class B and 600,000 Class C performance rights on issue. The fair value of the Performance Rights granted is \$262,500.

Tranche 2 – Management

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

	Class A	Class B	Class C
Stock Price at Grant	\$0.37	\$0.37	\$0.37
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	75.5%	75.5%	75.5%
Grant Date	23/09/2014	23/09/2014	23/09/2014
Performance Period	01/07/13 - 30/06/2016	01/07/13 - 30/06/2016	01/07/13 - 30/06/2016
Vesting Date	30/06/2016	30/06/2016	30/06/2016
Risk free rate	2.87%	2.87%	2.87%
Number of rights granted	1,148,000	574,000	1,148,000

At the reporting date there were 1,148,000 Class A, 574,000 Class B and 1,148,000 Class C performance rights on issue. The fair value of the Performance Rights granted is \$894,292.

Tranche 3 – Managing Director

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

	Class A	Class B	Class C
Stock Price at Grant	\$0.275	\$0.275	\$0.275
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	76.5%	76.5%	76.5%
Grant Date	26/11/2014	26/11/2014	26/11/2014
Performance Period	01/07/14 - 30/06/2017	01/07/14 - 30/06/2017	01/07/14 - 30/06/2017
Vesting Date	30/06/2017	30/06/2017	30/06/2017
Risk free rate	2.81%	2.81%	2.81%
Number of rights granted	294,000	147,000	294,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

21 SHARE BASED PAYMENTS (continued)

(a) Performance Rights (continued)

At the reporting date there were 294,000 Class A, 147,000 Class B and 294,000 Class C performance rights on issue. The fair value of the Performance Rights granted is \$148,029.

Tranche 4 - Management

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

	Class A	Class B	Class C
Stock Price at Grant	\$0.41	\$0.41	\$0.41
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	80%	80%	80%
Grant Date	01/04/2015	1/04/2015	1/04/2015
Performance Period	01/07/14 - 30/06/2017	01/07/14 - 30/06/2017	01/07/14 - 30/06/2017
Vesting Date	30/06/2017	30/06/2017	30/06/2017
Risk free rate	2.65%	2.65%	2.65%
Number of rights granted	890,000	445,000	890,000

At the reporting date there were 890,000 Class A, 445,000 Class B and 890,000 Class C performance rights on issue. The fair value of the Performance Rights granted is \$708,440.

Tranche 5 - Managing Director

Tranche 5 performance rights are subject to shareholder approval however, in accordance with AASB 2, when services have been rendered before grant date, services should be recognised when received. In this instance an estimate should be made of the grant date fair value.

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

	Class A	Class B	Class C
Stock Price at date from which services are rendered	\$0.465	\$0.465	\$0.465
Exercise Price	N/A	N/A	N/A
Volatility based on historical annual volatility of SAR securities	80%	80%	80%
Date from which services rendered	21/05/2015	21/05/2015	21/05/2015
Performance Period	21/05/15 - 31/12/2016	16/03/15 - 16/03/2017	16/03/15 - 16/03/2018
Vesting Date	31/12/2016	16/03/2017	16/03/2018
Risk free rate	2.65%	2.65%	2.65%
Number of rights granted	2,000,000	3,000,000	5,000,000

At the reporting date there were 2,000,000 Class A, 3,000,000 Class B and 5,000,000 Class C performance rights on issue. The estimated fair value of the Performance Rights granted is \$3,464,000.

(b) Options

An incentive option scheme has been established where employees and other eligible participants of the Group are issued with options over the ordinary shares of Saracen Mineral Holdings Limited. The options, issued for nil consideration, are issued in accordance with the position, skills, experience and length of service with the Group and such other criteria that the Directors consider appropriate in the circumstances. The options cannot be transferred and are not quoted on the Australian Securities Exchange (ASX). There are no voting rights attached to the options.

During the financial year no employee options were granted. The last 357,000 outstanding options expired during the year and as at balance date there are no options on issue.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

21 SHARE BASED PAYMENTS (continued)

(c) Share based payments expense reconciliation

	2015 \$'000	2014 \$'000
Share based payments expense		
Options	-	14
Performance Rights	583	58
Total	583	72

22 INTERESTS IN SUBSIDIARIES

	Percentage of equity interest held by the group	
	2015 %	2014 %

Parent Entity:

Saracen Mineral Holdings Limited (i)(ii)

Subsidiaries:

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

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

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

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

(iii) The subsidiaries have entered into a deed of cross guarantee with Saracen Mineral Holdings Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

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

	2015 \$'000	2014 \$'000
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23 STATEMENT OF CASH FLOWS

(a) Reconciliation of cash

Cash balance comprises:

- Cash	37,993	25,791
- Cash at call and in short term deposits	385	10,068
Closing cash balance	38,378	35,859

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

23 STATEMENT OF CASH FLOWS (continued)

	2015 \$'000	2014 \$'000
(b) Reconciliation of the operating result after income tax to the net cash flows from operating activities		
Operating profit/(loss) after income tax	11,148	5,995
Non-cash items		
Depreciation and amortisation	49,521	32,118
(Profit)/Loss on the sale of assets	-	(8)
Effective interest on establishment fees	795	471
Decrease in market value of listed securities	(63)	58
Loss on the sale of listed securities	72	-
Expensing of deferred exploration cost	-	329
Expensing of deferred mining costs	35,057	3,595
Tax effect of movement in temporary differences	5,033	1,895
Share based payments	583	72
Unwinding of discount - rehab provision	340	-
Changes in assets and liabilities:		
(Increase)/Decrease in trade and other receivables	152	205
(Increase)/Decrease in prepayments	(103)	(171)
(Increase)/Decrease in inventory	(40,134)	6,286
Increase in trade and other payables	3,496	(3,211)
Increase in provisions	(494)	1,723
Net cash flows provided by operating activities	65,403	49,357

(c) Non-cash financing and investing activities

In the current year, the Group acquired \$373,000 (30 June 2014: \$75,000) of equipment under finance lease. These acquisitions will be reflected in the statement of cash flows over the term of the lease via their lease payments.

(d) Cash balances not available for use

As described in Note 12, the Group has deposits of \$55,000 (2014: \$110,000) held as security by a bank for guarantees. This amount is not available for use and has therefore not been included in cash and cash equivalents.

24 RELATED PARTY DISCLOSURES

(a) Ultimate parent

Saracen Mineral Holdings Limited is the ultimate parent company.

Information relating to Saracen Mineral Holdings Limited:

Current assets	39,767	50,727
Total assets	232,119	244,748
Current liabilities	2,509	1,694
Total liabilities	2,516	11,998
Contributed equity	245,079	245,079
Share based payment reserve	4,101	3,518
Hedge Reserve	5,967	19,527
Accumulated loss	(25,920)	(37,068)
Total equity	229,227	231,056
Net profit/(loss) of the parent	11,148	6,012

Saracen Mineral Holdings Limited is party to a deed of cross guarantee with its wholly owned subsidiary Saracen Gold Mines Pty Limited and Saracen Metals Pty Limited as described in Note 22(iii) pursuant to ASIC Class Order 98/1418.

At 30 June 2015 Saracen Mineral Holdings Limited had no contingent liabilities and had not entered into contractual commitments to purchase property, plant or equipment (2014: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

24 RELATED PARTY DISCLOSURES (continued)

	2015 \$'000	2014 \$'000
(b) Subsidiaries		
Details of interests in subsidiaries are set out in Note 22.		
Loans between group entities have no specific repayment terms and are unsecured.		
The aggregate amounts receivable/ (payable) by the Company from/to subsidiaries at the reporting date were:		
Non-current receivable	185,617	174,520
Reconciliation of non-current receivable		
Balance at beginning of year	174,520	137,093
Loans repaid by subsidiaries	(11,666)	23,668
Reversal of prior year impairment	60,319	74,078
Impairment	(37,556)	(60,319)
Balance at end of year	185,617	174,520

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

(c) Key management personnel

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

	2015 \$	2014 \$
Short term benefits	2,705,234	2,240,757
Post-employment benefits	253,426	211,462
Non-monetary benefits	9,472	14,135
Long term benefits	63,678	22,226
Equity	466,395	62,200
	3,498,205	2,550,780

Detailed remuneration disclosures are provided in the Remuneration Report on pages 44 to 57.

Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:

Provision of office facilities to Renaissance Capital Pty Ltd (a director related entity of Guido Staltari)

90,000 360,000

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

227,469 87,633

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

90,000 92,500

Payable to related parties

PilotHole Pty Ltd

- 40,488

Loans to/from related parties

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

Terms and conditions

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

25 SEGMENT INFORMATION

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

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

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

	2015 \$'000	2014 \$'000
(a) Segment external revenues		
SGM - Metal sales	249,872	211,424
SGM - Interest income	70	7
SGM - Other	100	71
SAR - Interest income	632	698
	250,674	212,200
(b) Segment profit before tax		
SGM	23,079	14,231
SAR	(6,069)	(4,457)
Operating profit before other income / (expenses)	17,010	9,774
Finance costs	(1,039)	(2,530)
Other income	802	776
Share based payments expense	(583)	(72)
Loss from sale of share	(72)	-
Change in fair value of listed shares	63	(58)
Profit before income tax	16,181	7,890
(c) Segment assets and liabilities		
Assets		
SGM	195,111	197,117
SAR	39,799	64,110
SME	59,073	46,411
Unallocated – Deferred Tax Asset	6,326	5,548
	300,309	313,186
Liabilities		
SGM	43,800	43,963
SAR	2,515	13,122
SME	24,767	25,045
	71,082	82,130

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 \$49.521 million (2014: \$32.118 million) is attributable to the SGM segment. Total non-current asset additions of \$35.636 million (2014: \$56.535 million) and \$12.588 million (2014: \$26.013 million) are attributable to the SGM and SME segments respectively. The Group operates within one geographical segment, being Australia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

26 FINANCIAL RISK MANAGEMENT

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

(a) Market risk

(i) Interest rate risk

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

30 June 2015	Weighted average rate	Variable Interest Rate	Fixed Interest Rate				Non-interest bearing	Consolidated Total
			Under 1 year	1 – 2 years	2 – 5 years	5+ years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>								
Cash assets	1.84	38,378	-	-	-	-	-	38,378
Other receivables	N/A	-	-	-	-	-	2,690	2,690
Security deposits	N/A	-	-	-	-	-	55	55
Financial Derivative Asset	N/A	-	-	-	-	-	8,524	8,524
Listed Investments	N/A	-	-	-	-	-	8	8
Total Financial Assets		38,378	-	-	-	-	11,277	49,655
<i>Financial Liabilities</i>								
Trade payables	N/A	-	-	-	-	-	17,869	17,869
Finance leases	5.71	-	802	376	194	-	-	1,372
Total Financial Liabilities		-	802	376	194	-	17,869	19,241

30 June 2014	Weighted average rate	Variable Interest Rate	Fixed Interest Rate				Non-interest bearing	Consolidated Total
			Under 1 year	1 – 2 years	2 – 5 years	5+ years		
	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial Assets</i>								
Cash assets	2.46	35,859	-	-	-	-	-	35,859
Other receivables	2.50	41	-	-	-	-	2,802	2,843
Security deposits	N/A	-	-	-	-	-	110	110
Financial Derivative Asset	N/A	-	-	-	-	-	28,150	28,150
Listed Investments	N/A	-	-	-	-	-	27	27
Total Financial Assets		35,900	-	-	-	-	31,089	66,989
<i>Financial Liabilities</i>								
Trade payables	N/A	-	-	-	-	-	16,128	16,128
Financial Derivative Liability	N/A	-	-	-	-	-	255	255
Borrowings	5.99	11,380	-	-	-	-	-	11,380
Finance leases	6.93	-	1,722	650	293	-	-	2,665
Total Financial Liabilities		11,380	1,722	650	293	-	16,383	30,428

(ii) Commodity risk

The Group's exposure to commodity risk arises from movements in the gold price. The Group is party to a hedge contract (Note 11) whereby specified quantities of gold are sold on specific dates to partly manage the commodity risk.

(iii) Currency risk

The Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. The Group is party to a hedge contract (Note 11) for specified quantities of gold on specific dates to partly manage the currency risk.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

26 FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

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

(c) Liquidity risk

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

30 June 2015	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	17,869	-	-	-	17,869
Finance leases	465	337	570	-	1,372
Total Financial Liabilities	18,334	337	570	-	19,241

30 June 2014	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	16,128	-	-	-	16,128
Borrowings	-	-	11,380	-	11,380
Finance leases	909	813	943	-	2,665
Total Financial Liabilities	17,037	813	12,323	-	30,173

(d) Sensitivity analysis

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

30 June 2015	Profit/(loss) \$'000	Equity \$'000
- Increase interest rate by 1%	259	259
- Decrease interest rate by 1%	(259)	(259)
Gold price risk associated with the financial derivative instruments		
- Increase \$AUD gold price by 10%	-	(7,423)
- Decrease \$AUD gold price by 10%	-	7,423

30 June 2014	Profit/(loss) \$'000	Equity \$'000
- Increase interest rate by 1%	153	153
- Decrease interest rate by 1%	(153)	(153)
Gold price risk associated with the financial derivative instruments		
- Increase \$AUD gold price by 10%	-	(18,017)
- Decrease \$AUD gold price by 10%	-	18,017

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

26 FINANCIAL INSTRUMENTS (continued)

(e) Derivative assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair values of the related hedging instruments.

30 June 2015	Expected cash flows					
	Fair value	Total	2 months or less	2 - 12 months	1 - 2 years	2+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Hedged Assets	8,524	83,679	15,300	68,379	-	-

30 June 2014	Expected cash flows					
	Fair value	Total	2 months or less	2 - 12 months	1 - 2 years	2+ years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Hedged Assets	27,895	213,230	13,104	109,622	83,679	6,825

(f) Net fair values

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

	Total carrying amount as per the Statement of Financial Position Consolidated		Aggregate net fair value Consolidated	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Financial Assets</i>				
Cash and cash equivalents	38,378	35,859	38,378	35,859
Other receivables	2,690	2,843	2,690	2,843
Investments – listed	8	27	8	27
Financial Derivative Asset	8,524	28,150	8,524	28,150
Other financial assets	55	110	55	110
Total Financial Assets	49,655	66,989	49,655	66,989
<i>Financial Liabilities</i>				
Trade payables	17,869	16,128	17,869	16,128
Financial Derivative Liability	-	255	-	255
Borrowings	-	11,380	-	11,380
Finance leases	1,372	2,665	1,372	2,665
Total Financial Liabilities	19,241	30,428	19,241	30,428

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

26 FINANCIAL INSTRUMENTS (continued)

(f) Net fair values (continued)

Fair value hierarchy

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

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

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2015 and 30 June 2014 on a recurring basis:-

30 June 2015	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 Total
Assets				
Listed shares at fair value	8	-	-	8
Derivative assets	-	8,524	-	8,524
<i>Total</i>	8	8,524	-	8,532
30 June 2014	\$'000 Level 1	\$'000 Level 2	\$'000 Level 3	\$'000 Total
Assets				
Listed shares at fair value	27	-	-	27
Derivative assets	-	28,150	-	28,150
<i>Total</i>	27	28,150	-	28,177
Liabilities				
Derivative liabilities	-	255	-	255
<i>Total</i>	-	255	-	255

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2015 and did not transfer any fair value amounts between the fair value hierarchy during the period FY 2015.

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

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

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

Specific valuation techniques used to value financial instruments include:

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

In accordance with AASB 13, Fair Value Measurement, the Group has classified, according to fair value hierarchy, the cash flow hedge as a level 2 asset. The fair value of the cash flow hedge is determined by using observable foreign exchange forward prices and the forward gold prices at the reporting date. The forward curves are derived using a combination of cash and futures prices. Cash flows are then net present valued using the derived forward curves.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the Financial Year ended 30 June 2015

27 CAPITAL MANAGEMENT

Management's objective is to ensure the Group continues as a going concern and in the interests of shareholders. It aims to maintain a capital structure with the lowest cost of capital available to the Group. The Group has detailed planning processes, budgets and cash flow forecasts through which it continually monitors its position against the above objectives. At 30 June 2015 the capital structure consisted of total shareholders' funds, cash and other financial assets less finance lease borrowings. The Group's overall strategy remains unchanged from 2014.

28 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2015 (2014: Nil).

29 MATTERS SUBSEQUENT TO THE REPORTING DATE

On 19 August 2015, the Group has entered into an agreement to acquire 100% of the King of the Hills and Kailis gold projects in Western Australia from St Barbara Limited. Consideration for the acquisition of the two projects is \$3m cash in two tranches: \$0.3m on Completion, plus \$2.7m upon the earlier of commercial production from Kailis or 4 years following Completion.

The financial effect of this transaction has not been recognised at 30 June 2015.

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes and the Remuneration Report in the Directors' Report set out on pages 44 to 57, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

At the date of this declaration there are reasonable grounds to believe that the Company and the group entities identified in Note 22 will be able to meet any obligations or liabilities to which they are or may have become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive officer and chief financial officer for the financial year ended 30 June 2015.

Signed in accordance with a resolution of the directors.



RALEIGH FINLAYSON

Managing Director

26 August 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Saracen Mineral Holdings Limited



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Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

To the members of Saracen Mineral Holdings Limited

Report on the Financial Report

We have audited the accompanying financial report of Saracen Mineral Holdings Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

To the members of Saracen Mineral Holdings Limited



Independence

In conducting our audit, 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 Saracen Mineral Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Saracen Mineral Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Saracen Mineral Holdings Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Ian Skelton', is written over a faint, stylized BDO logo.

Ian Skelton

Director

Perth, 26 August 2015

SHAREHOLDER INFORMATION

The following additional information was applicable as at 30 September 2015.

1. SUBSTANTIAL SHAREHOLDERS

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

Substantial Shareholder	Fully Paid Ordinary Shares	%
Wroxby Pty Ltd *	64,922,703	8.19
Seven Group Holdings Limited *	64,922,703	8.19
Paradise Investment Management Pty Ltd	62,869,566	7.93
Karara Capital Pty Ltd	49,062,976	6.19
Van Eck Associates Corporation	40,266,101	5.08

* Note: Covers the same parcel of shares.

2. FULLY PAID ORDINARY SHARES

(a) There are 4,375 holders of fully paid ordinary shares. Holders of fully paid ordinary shares are entitled to one vote per fully paid ordinary share.

(b) Distribution of fully paid ordinary shareholders:

Category (Size of Holding)	Number of Fully Paid Ordinary Shareholders
1 - 1,000	426
1,001 - 5,000	1,159
5,001 - 10,000	812
10,001 - 100,000	1,722
100,001 and over	256
Total	4,375

(c) The number of fully paid ordinary shareholdings held in less than marketable parcels is 339 (based on a share price of \$0.50).

(d) The 20 largest fully paid ordinary shareholders together held 82.33% of the securities in this class.

SHAREHOLDER INFORMATION (CONTINUED)

20 LARGEST FULLY PAID ORDINARY SHAREHOLDERS			
	Name	Number	%
1	HSBC Custody Nominees (Australia) Limited	169,025,328	21.32
2	National Nominees Limited	159,993,517	20.18
3	J P Morgan Nominees Australia Limited	108,923,620	13.74
4	Citicorp Nominees Pty Limited	75,936,714	9.58
5	Wroxby Pty Ltd	64,922,703	8.19
6	BNP Paribas Noms Pty Ltd <DRP>	19,291,594	2.43
7	HSBC Custody Nominees (Australia) Limited <NT-Commonwealth Super Corp A/C>	12,665,381	1.60
8	AMP Life Limited	6,541,459	0.83
9	Nefco Nominees Pty Ltd	5,440,000	0.69
10	HSBC Custody Nominees (Australia) Limited - A/C 2	3,976,196	0.50
11	RBC Investor Services Australia Nominees Pty Ltd <BKCUST A/C>	3,520,831	0.44
12	Zero Nominees Pty Ltd	3,431,818	0.43
13	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	3,084,022	0.39
14	ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	2,701,951	0.34
15	Quality Life Pty Ltd <Neill Family A/C>	2,650,000	0.33
16	Pasagean Pty Limited	2,500,000	0.32
17	Quality Life Pty Ltd <Neill Family A/C>	2,218,182	0.28
18	UBS Wealth Management Australia Nominees Pty Ltd	2,130,856	0.27
19	Bond Street Custodians Limited <Laman 0 D05019 A/C>	2,000,000	0.25
20	Auralindia Pty Ltd	1,750,000	0.22
Total		652,704,172	82.33

There is a total of 792,784,738 fully paid ordinary shares on issue, all of which are listed on the Australian Securities Exchange.

3. UNLISTED EMPLOYEE OPTIONS

There are a total of 7,117,500 unlisted Performance Rights on issue held by 22 persons. These Rights have no exercise price and vest either on 30 June 2016 or on 30 June 2017 subject to the fulfilment of the relevant vesting conditions and that the holder is still an employee of the Saracen Group at that time.

4. COMPANY SECRETARY

Mr G. Kaczmarek

SHAREHOLDER INFORMATION (CONTINUED)

5. REGISTERED AND PRINCIPAL OFFICE

The address of the registered and principal office is:-

Level 4
89 St Georges Terrace
Perth, WA 6000

Telephone: (08) 6229 9100

Facsimile: (08) 6229 9199

6. REGISTER OF SECURITIES

Held at the following address:-

Computershare Investor Services Pty Limited

452 Johnston Street
Abbotsford, VIC 3067

Telephone: 1300 787 272 or (03) 9415 5000

Facsimile: (03) 9473 2500



photo: Fine ore bin loader at Carosue Dam



Saracen

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