



SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

Financial results for six months to 31 December 2015

Interim net profit doubles to \$7.9m on production of 82,400oz

Production now ramping up to ~300,000ozpa, paving way for further substantial increases in cashflow

Corporate Details:

24th February 2016

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 792.8m

Unvested employee performance rights: 20.2m

Market Capitalisation: A\$765m
(share price A\$0.965)

Cash & Bullion (31 December): A\$42.1m

Debt: Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Mark Connelly
Non-Executive

Mr Martin Reed
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Wroxby Pty Ltd 8.2%

Paradice Investment Management 8.0%

Van Eck Associates Corporation 6.5%

Karara Capital Pty Ltd 6.1%

Registered Office:

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For further details contact:

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info@saracen.com.au

Key Points

- Net profit after tax of A\$7.9m, up 106% from previous corresponding period (pcp)
- Record low all-in sustaining costs of A\$1017/oz (pcp: A\$1309/oz)
- Revenue rises 5% from pcp to A\$126.6 million
- Operating cashflow of A\$55.1m, up 149% from pcp
- Debt-free with cash and bullion of A\$42.1m at 31 December 2015
- FY16 group production outlook to be reviewed in coming weeks taking into account strong progress at Thunderbox (current 170-180,000oz)

Saracen Mineral Holdings (ASX: SAR) is pleased to report a \$7.9 million net profit after tax for the six months to 31 December 2015, more than double that of the previous corresponding period, reflecting another strong operational and financial performance at its WA gold operations.

The result was driven by a 22 per cent fall in all-in sustaining costs from the previous corresponding period to A\$1017 an ounce. Production was 4 per cent higher at 82,400oz, the average realised price was up 4 per cent to A\$1591/oz and revenue rose 5 per cent to A\$126.6 million.

Operating cashflow surged 149 per cent to A\$55.1 million but Saracen incurred a A\$25 million non-cash charge stemming from expensing the carrying value of the Whirling Dervish ore stockpiles as they were processed. This charge resulted in a net profit before tax of A\$11.9 million, up 116 per cent from the previous corresponding period.

The strong result left Saracen with cash and bullion of A\$42.1 million and no debt at December 31, 2015 compared with net cash of A\$22 million a year earlier.

This was despite spending \$51.9 million during the period on capital development, mainly construction of its second gold mine, Thunderbox.

Saracen announced last week that it had poured the first gold at Thunderbox. The project is forecast to increase the Company's total production rate to ~300,000oz a year, underpinning further substantial growth in cashflow.

Saracen anticipates that, after allowing for development expenses at Thunderbox, it will have total cash and equivalents in excess of A\$20 million at 31 March 2016 with no debt drawn, confirming the Company's growth to ~300,000 ounces per annum will be 100% internally funded.

Table 1 – Key financial and operational results for six months to 31 December 2015

	31-Dec-15	31-Dec-14	% Variance
Key financials (\$m)			
Gold sales revenue	126.6	120.4	5%
Operating cash flow	55.1	22.2	149%
Profit before income tax	11.9	5.5	116%
NPAT	7.9	3.8	106%
Net cash at end	37.5	22.0	70%
Production			
Gold produced (koz)	82.4	79.4	4%
AISC (\$/oz)	1017	1309	-22%
Average gold price realised	1591	1525	4%

Table 2 – Project development expenditure for six months to 31 December 2015

	A\$m
Project development	
Thunderbox open pit development	32.9
Karari underground development	9.2
Deep South underground development	3.1
Kailis / King of the Hills	1.5
Exploration activities	5.2
TOTAL	51.9

Saracen Managing Director Raleigh Finlayson said it had been a pivotal period in the Company's development.

"We have slashed costs, generated a significant increase in cashflow and doubled our profit," Mr Finlayson said.

"At the same time, we funded the development of our second major WA project, Thunderbox, from cashflows and still finished the period with A\$42.1 million in cash and bullion and no debt.

"With the first gold now poured at Thunderbox, we are on track to double production to around 300,000oz a year, underpinning further growth in cashflow.

For further information please contact:

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**SARACEN MINERAL HOLDINGS LIMITED**

(ACN: 009 215 347)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015****ASX APPENDIX 4D**

(previous corresponding period is the half-year ended 31 December 2014.)

KEY INFORMATION	31 Dec 2015 \$'000	31 Dec 2014 \$'000	Up / (down) \$'000	Percentage increase / (decrease)
Revenue from ordinary activities	126,612	120,383	6,229	5%
Profit from ordinary activities after tax attributable to members	7,910	3,834	4,076	106%
Net Profit/(Loss) attributable to members	6,329	(2,755)	9,084	N/A

DIVIDEND INFORMATION

No dividend has been declared

NET TANGIBLE ASSETS PER SECURITY	31 Dec 2015	31 Dec 2014
Net tangible assets per security	\$0.30	\$0.29

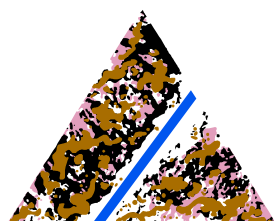
EARNINGS PER SHARE	31 Dec 2015 Cents	31 Dec 2014 Cents
Basic and earnings (per share)	1.00	0.48
Diluted earnings (per share)	0.99	0.48

CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the period ended 31 December 2015.

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

This half-yearly report is to be read in conjunction with the 30 June 2015 Annual Report.



Saracen

SARACEN MINERAL HOLDINGS LIMITED

(ACN 009 215 347)

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015

COMPANY DIRECTORY

Directors

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

Secretary

Mr Gerry Kaczmarek

Registered Office and Business Address

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Auditors

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Telephone: +61 8 6382 4600
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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

Macquarie Group Limited
No.1 Martin Place
Sydney NSW 2000
Australia

Share Registry

Computershare Investor Services Pty Limited
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Abbotsford VIC 3067

Telephone: 1300 787 272 or +61 3 9415 5000
Facsimile: +61 3 9473 2500

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 for the half-year ended 31 December 2015. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

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

Geoffrey Clifford (Non-executive Chairman)
Raleigh Finlayson (Managing Director)
Mark Connelly (Non-Executive Director)
Martin Reed (Non-Executive Director)
Samantha Tough (Non-Executive Director)
Barrie Parker (Non-Executive Director), retired 25 November 2015

CONSOLIDATED RESULTS

The consolidated profit after tax for the half-year was \$7.9 million (31 December 2014: profit after tax of \$3.8 million). The following largely contributed to the current period's profit:-

- Profit from mining operations before depreciation and amortisation for the reporting period was \$32.3 million (2014: \$33.9 million). Operating results for the comparative half-year periods are summarised below:-

	31/12/2015	31/12/2014
Mill production (tonnes)	1,146,000	1,189,000
Grade (g/t)	2.43	2.31
Production (ozs)	82,405	79,419
Average "All in Sustaining Cost" (AISC) (A\$/oz)	1,017	1,309
Gold sold (ozs)	83,440	78,825
Average gold sales price (A\$/oz)	1,591	1,525
Total Gold Sales Revenue (A\$ millions)	126.4	120.2
Depreciation & amortisation (A\$ millions)	14.3	23.5

- Depreciation and amortisation for the reporting period was \$14.3 million (2014: \$23.5 million). Also, a non-cash amount of \$26 million from reduction in inventories were included in expenses during the half year as ore stockpiles were consumed.
- At period end, the consolidated entity recognised a deferred tax expense of \$3.9 million (2014: deferred tax expense of \$1.7 million). However, the consolidated entity has accumulated tax losses and is currently not in a tax paying position.
- Payments to suppliers and employees for the period were \$71.7 million (2014: \$98.1 million), partly due to lower costs, the cessation of open pit mining at Whirling Dervish and the treatment of ore stockpiles during the period. Ore inventories will continue to decrease during the remainder of the financial year.

REVIEW OF OPERATIONS

The Company's main activity during the half-year was gold production and exploration. Ore was mined from the Red October and Karari underground mines. This, supplemented by ore stockpiles previously mined from the Whirling Dervish open pit, was processed at the Carosue Dam treatment plant.

Health and Safety

Saracen continues to focus on assessing and reducing risks in each facet of its operations. There were two Lost Time Injuries (LTI's) recorded during the half year. The LTI Frequency Rate is 3.7 and the Total Incident Frequency Rate ("TIFR") was 376 at the end of the period.

Production Overview

Gold sale proceeds during the period totalled A\$126.4 million (2014: A\$120.2 million). Gold sales for the period were 83,440 ounces (2014: 78,825 ounces) at an average gold sale price of A\$1,591 per ounce (2014: A\$1,525 per ounce). During the period, approx. \$6.2 million of sales were made from gold recovered from development activities at the Karari underground mine before commercial production was declared. This amount was offset against the project's capital development costs and is not accounted for as sales revenue in the Statement of Profit or Loss and other Comprehensive Income.

All In Sustaining Costs (AISC) for the period were A\$1,017 per ounce (2014: A\$1,309 per ounce).

During the six month period, Carosue Dam Operations produced 82,405 ounces of gold (2014: 79,419 ounces) from the processing of 1,146,000 tonnes of ore (2014: 1,189,000 tonnes) at an average grade of 2.43g/t (2014: 2.31g/t).

Operations	Units	Sep Qtr 2015	Dec Qtr 2015	Half Year to Dec 2015
Underground Mining				
Ore Mined	t	143,000	248,000	391,000
Mine Grade	g/t	4.30	4.54	4.45
Contained Gold	oz	19,759	36,229	55,988
Mill Production				
Ore Milled	t	577,000	569,000	1,146,000
Mill Grade	g/t	2.25	2.62	2.43
Contained Gold	oz	41,753	47,854	89,607
Recovery	%	91.3%	92.5%	92.0%
Recovered Gold	oz	38,140	44,265	82,405

Note: Rounding errors may occur.

Open Pit Mining

Mining of the **Whirling Dervish** open pit concluded at the end of June 2015 hence there was no open pit mining undertaken during the period. The mining of ore had been well in excess of ore being processed and the Company commenced the half year with an ore stockpile of 1.8mt @ 1.1g/t for 65,000 ounces. At the end of the period, Whirling Dervish ore stockpiles had been reduced to 1.0mt @ 0.9g/t for 31,000 ounces. These stockpiles will continue to be treated over the balance of the financial year.

Underground Mining

The **Red October** underground mine continued to exceed guidance on tonnes, grade and ounces by producing 192,000t @ 5.95g/t for 36,700 contained ounces during the half year.

Development and stoping activities on these very high grade areas on the 922 and 902 levels significantly contributed to the production profile in the half year.

Total cash expenditure for Red October for the period was A\$26.5 million including \$6.4 million on development and exploration activities.

Development work commenced at the **Karari** underground mine in November 2014 and full scale commercial production was declared at the end of September 2015. During its first full quarter of production in the December 2015 quarter, Karari produced 149,000t @ 3.14g/t for 15,100 contained ounces.

A maiden underground Ore Reserve of 1.0mt @ 3.1g/t for 98,000 contained ounces was released 15 October 2015 within a Mineral Resource of 6.9mt @ 2.8g/t for 619,000 contained ounces. Significant drilling (both underground and surface) has been undertaken since the release of those estimates with the intention of increasing the size of both the Mineral Resource and the Ore Reserve.

Total cash expenditure for Karari for the period was A\$20.4 million including \$11.9 million on development and exploration activities.

Underground development commenced at the **Deep South** deposit with the cutting of the main decline portal on 23 October 2015. The decline is progressing on schedule with a total of 519m of development completed during the period. First development ore was intersected at the end of December 2015. Full scale commercial production is due to commence at the end of the June quarter 2016.

Total development expenditure at Deep South during the period was \$3.2 million.

Capital Projects/Development

In March 2015, the Saracen Board approved the development of Stage 1 of the **Thunderbox** Project comprising the development of open pit mining operations on the A and C Zones as well as refurbishment and recommissioning the processing plant and all associated infrastructure. The capital value of the project is estimated at \$65 million and is to be fully financed from internal funds.

Refurbishment work commenced in April 2015 and mining of the A Zone pit cutback in July 2015. Work has continued on the refurbishment and mining during the half year with 6.7 million bcm being moved in that period. First ore was mined in October 2015. Commissioning of the processing plant commenced at the end of January 2016, 3 months ahead of the original timetable.

Total development expenditure at Thunderbox (both mining and plant refurbishment) during the period was \$36.2 million.

Future Development

The latest **Thunderbox** Life of Mine Plan ("LOMP") indicates that at the conclusion of the mining of the open pits would be followed by the development of a large scale underground mine. Open pit mining at **Bannockburn, North Well, Mangilla** and **Rainbow** would then provide supplementary ore supply (subject to positive feasibility study results).

During the period, the Company also acquired the Kailis and King of the Hills (KoTH) projects. **Kailis** has an Ore Reserve and a Stage 1 open pit cutback development is scheduled to commence in FY17 to produce approx. 50,000 ounces @ 2.9 g/t which will be processed at the Thunderbox mill. Work has commenced on a scoping study to assess potential mining options for mining the **KoTH** project which is located approx. 55 kms to the south of Thunderbox.

At Carosue Dam, open pit ore sources within the Company's Ore Reserves are planned to be developed including the **Million Dollar** and **Wallbrook** Projects. The Company is also conducting a feasibility study into the potential for an underground mine at **Whirling Dervish** which is immediately adjacent to the processing plant.

Exploration and Resource Evaluation

Exploration activities during the half year focused primarily on the extension and infill of current operating mines.

A significant drilling campaign was commenced at the **Karari** underground mine, which comprised a combination of underground diamond drilling and surface reverse circulation (RC) drilling. The program aims to extend the known resource and improve resource confidence in previously known areas. This program will continue into the second half of the year.

Prior to the commencement of underground activities at **Deep South**, a targeted drill program was executed to test the upper section of the mine where initial development would be focused. This program which included diamond tails provided valuable information regarding the interpretation of the lode widths in an area dominated by historical RC drilling. The drilling confirmed that the widths and the grades which had been interpreted were accurate. The holes also provided valuable geotechnical information in the upper areas of the mine.

Regionally ongoing interpretive work on previously collected geophysical and geochemical data continued.

Corporate and Finance

Cash Position

As at 31 December 2015, Saracen's total cash and liquid position was A\$42.1 million (30 June 2015: A\$44.9 million), comprised of A\$37.4 million held in cash and 3,175 ounces of gold in transit (approx. A\$4.7 million). Gold in transit was valued using the spot price of A\$1,470/oz.

Debt

During the half year, there were no drawdowns made under the Company's banking facilities and there was no outstanding debt at the end of the period.

Hedging

As at 31 December 2015, Saracen had gold hedging in place (including spot deferred ounces) covering 265,152 ounces at an average price of A\$1,511/oz. These ounces are to be delivered over the period from January 2016 to March 2019 (inclusive).

Dividends

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

The directors do not propose to declare or pay any dividend for the half year ended 31 December 2015.

Events Subsequent to the Reporting Date

There has not been any matter or circumstance, other than that referred to in the financial report that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in page 7 of this half-year financial report.

Rounding Off

The Company is a company of the kind referred to in ASIC Class Order 98/100, 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.306 (3) of the Corporations Act 2001.

For and on behalf of the Board.



Raleigh Finlayson
Managing Director
22 February 2016

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

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

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



Ian Skelton
Director

BDO Audit (WA) Pty Ltd
Perth, 22 February 2016

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2015

	31 December 2015 \$'000	31 December 2014 \$'000
Revenue from continuing operations	126,612	120,383
Mine operating costs	(88,253)	(81,390)
Depreciation and amortisation	(14,321)	(23,460)
Royalties	(6,012)	(5,137)
Gross profit from mining operations	18,026	10,396
Administration expenses	(3,505)	(4,291)
Share based payment expense	(1,799)	(168)
Finance costs	(423)	(725)
Other income	416	441
Change in fair value of listed shares	(1)	75
Loss from sale of shares	-	(71)
Expensing of exploration costs	(822)	(154)
Loss on disposal of fixed assets	(27)	-
Profit before income tax	11,865	5,503
Income tax expense	(3,955)	(1,669)
Profit for the period	7,910	3,834
Other comprehensive profit/(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 tax	(1,581)	(6,589)
Other comprehensive loss, net of income tax	(1,581)	(6,589)
Total comprehensive profit/(loss) attributable to members of Saracen Mineral Holdings Limited	6,329	(2,755)
Earnings per share attributable to members of Saracen Mineral Holdings Limited		
Basic earnings per share in cents	1.00	0.48
Diluted earnings per share in cents	0.99	0.48

The consolidated statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2015

	Note	31 December 2015 \$'000	30 June 2015 \$'000
Current assets			
Cash and cash equivalents		37,453	38,378
Trade and other receivables		4,155	2,690
Financial derivative instruments	8	6,266	8,524
Other financial assets		7	8
Inventories		36,761	59,384
Other		1,687	655
Total current assets		86,329	109,639
Non-current assets			
Plant and equipment	2	54,865	44,436
Other financial assets		55	55
Deferred tax assets		3,049	6,326
Exploration and evaluation costs	3	41,215	38,409
Mine properties	4	149,270	101,444
Total non-current assets		248,454	190,670
TOTAL ASSETS		334,783	300,309
Current liabilities			
Trade and other payables	5	24,646	17,869
Borrowings	6	2,251	802
Provisions	7	5,810	4,871
Total current liabilities		32,707	23,542
Non-current liabilities			
Borrowings	6	2,652	570
Provisions	7	62,069	46,970
Total non-current liabilities		64,721	47,540
Total liabilities		97,428	71,082
Net assets		237,355	229,227
Equity			
Contributed equity	9	245,079	245,079
Reserves		10,286	10,068
Accumulated losses		(18,010)	(25,920)
Total equity		237,355	229,227

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

Consolidated Statement of Changes in Equity

Half-Year Ended 31 December 2015

	Contributed equity \$'000	Accumulated losses \$'000	Cash Flow Hedge Reserve \$'000	Share Based Payments Reserves \$'000	Total \$'000
As at 1 July 2015	245,079	(25,920)	5,967	4,101	229,227
Profit for the period after tax	-	7,910	-	-	7,910
Other comprehensive loss	-	-	(1,581)	-	(1,581)
Total comprehensive income/(loss) for the period after tax	-	7,910	(1,581)	-	6,329
Share based payments	-	-	-	1,799	1,799
As at 31 December 2015	245,079	(18,010)	4,386	5,900	237,355
 As at 1 July 2014	 245,079	 (37,068)	 19,527	 3,518	 231,056
Profit for the period after tax		3,834	-	-	3,834
Other comprehensive loss	-	-	(6,589)	-	(6,589)
Total comprehensive income/(loss) for the period after tax	-	3,834	(6,589)	-	(2,755)
Share based payments	-	-	-	168	168
 As at 31 December 2014	 245,079	 (33,234)	 12,938	 3,686	 228,469

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

Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2015

	31 December 2015 \$'000	31 December 2014 \$'000
Cash flows from operating activities		
Receipts from customers	126,612	120,383
Payments to suppliers and employees	(71,669)	(98,054)
Interest received	327	386
Interest paid	(210)	(563)
Net cash flows provided by operating activities	55,060	22,152
Cash flows from investing activities		
Payments for CWIP, plant and equipment	(5,100)	(9,305)
Payments for mine properties	(45,120)	(9,057)
Payments for exploration & evaluation	(4,605)	(4,994)
Net cash flows used in investing activities	(54,825)	(23,356)
Cash flows from financing activities		
Payment of finance lease liabilities	(594)	(721)
Payment of loan establishment fees	(566)	-
Net cash flows used in financing activities	(1,160)	(721)
Net decrease in cash held	(925)	(1,925)
Cash at beginning of period	38,378	35,859
Cash at end of period	37,453	33,934

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

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Saracen Mineral Holdings Limited as at 30 June 2015 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2015 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of accounting

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

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

The company is a company of the kind referred to in ASIC Class Order 98/100, 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 indicated.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2015, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

- (i) AASB 2015-3 'Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality'

This amendment completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations.

There are no issued standards which are not yet effective other than those disclosed in the company's annual financial report for the financial year ended 30 June 2015.

(c) Comparatives

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

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

	31 December 2015 \$'000	30 June 2015 \$'000
NOTE 2 PLANT AND EQUIPMENT		
Plant and equipment		
Opening balance net of accumulated depreciation	34,616	39,807
Transfer from capital work in progress	2,170	3,417
Transfer from mines under construction	607	-
Transfer from mines in production	15,844	-
Additions	3,849	160
Increase in rehab provision	2,059	-
Disposals	(27)	-
Depreciation	(6,032)	(8,768)
Closing balance net of accumulated depreciation	<u>53,086</u>	<u>34,616</u>
Capital work in progress		
Opening balance net of accumulated depreciation	9,820	4,133
Additions	1,890	11,020
Transfer to mines under construction	(16)	(1,019)
Transfer to mines in production	(7,745)	(897)
Transfer to plant and equipment	(2,170)	(3,417)
Closing balance net of accumulated depreciation	<u>1,779</u>	<u>9,820</u>
Accumulated depreciation		
Opening balance	30,121	21,353
Depreciation	6,032	8,768
Disposals	(38)	-
Transfer from mines in production	10,784	-
Closing balance	<u>46,899</u>	<u>30,121</u>
Cost	101,764	74,557
Accumulated depreciation	(46,899)	(30,121)
Net carrying amount	<u>54,865</u>	<u>44,436</u>

NOTE 3 EXPLORATION AND EVALUATION COSTS

Deferred exploration and evaluation costs		
Balance at the start of the period	38,409	27,811
Additions	4,754	11,116
Transferred from mines under construction	929	-
Transferred to mines under construction	(1,421)	(518)
Transferred to mines in production	(634)	-
Capitalised exploration expensed	(822)	-
Balance at the end of the period	<u>41,215</u>	<u>38,409</u>

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

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

	31 December 2015 \$'000	30 June 2015 \$'000
NOTE 4 MINE PROPERTIES		
Mines under construction ¹	108,478	56,986
Mines in production ²	40,792	44,458
Deferred mining expenditure ³	-	-
Balance at the end of the period	<u>149,270</u>	<u>101,444</u>
1. Mines under construction/feasibility study		
Balance at the start of the period	56,986	36,213
Additions	48,730	19,236
Transferred from capital work in progress	16	1,019
Transferred from exploration and evaluation costs	1,421	518
Transferred from mines in production	6,365	-
Transferred to plant and equipment	(607)	-
Transferred to exploration and evaluation costs	(929)	-
Transferred to mines in production	(16,745)	-
Increase in rehabilitation provision	13,241	-
Balance at the end of the period	<u>108,478</u>	<u>56,986</u>
2. Mines in production		
Balance at the start of the period	44,458	80,480
Additions	1,850	3,843
Transferred from exploration and evaluation costs	634	-
Transferred from capital work in progress	7,745	897
Transferred from mines under construction	16,745	-
Transferred to mines under construction	(6,365)	-
Transferred to property, plant and equipment	(15,844)	-
Amortisation for the period	(8,431)	(40,762)
Balance at the end of the period	<u>40,792</u>	<u>44,458</u>
3. Deferred mining expenditure – Non-Current		
Balance at the start of the period	-	32,208
Additions	-	2,849
Expensing of deferred costs	-	(35,057)
Balance at the end of the period	<u>-</u>	<u>-</u>
NOTE 5 TRADE AND OTHER PAYABLES		
Current		
Trade and other payables	<u>24,646</u>	<u>17,869</u>

Trade and other payables are non-interest bearing and are normally settled on 30 day terms. The significant increase in trade and other payables is due to increased mining activities at Thunderbox.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

	31 December 2015 \$'000	30 June 2015 \$'000
NOTE 6 BORROWINGS		
Current		
Finance lease liabilities	1,469	802
Insurance Premium Funding	782	-
	<u>2,251</u>	<u>802</u>
Non-current		
Finance lease liabilities	<u>2,652</u>	<u>570</u>

The Company has a finance facility with Macquarie Bank Limited ("MBL") comprising a \$40 million project loan facility. As at 31 December 2015, nothing was drawn down on the facility. The current maturity date for the facility is 31 December 2018.

NOTE 7 PROVISIONS

Current		
Employee benefits	2,810	4,871
Deferred consideration – Thunderbox Acquisition	3,000	-
	<u>5,810</u>	<u>4,871</u>
Non-current		
Employee benefits	849	756
Deferred consideration – Thunderbox Acquisition	-	3,000
Deferred consideration – King of the Hills Acquisition	2,700	-
Provision for rehabilitation	58,520	43,214
	<u>62,069</u>	<u>46,970</u>
Movement in provision for rehabilitation		
Balance at the start of the period	43,214	42,582
Unwinding of discount	7	632
Increase as a result of King of the Hills acquisition	16,184	-
Increase as a result of Kailis acquisition	1,844	-
Decrease in provision on existing assets	(2,729)	-
Balance at the end of the period	<u>62,069</u>	<u>43,214</u>

The decrease in the provision for rehabilitation on existing assets is due to a change in estimated volumes and application of current unit costs in the mine closure plans.

NOTE 8 FINANCIAL DERIVATIVE INSTRUMENTS

Financial derivative assets		
Current: Cash flow hedge asset	<u>6,266</u>	<u>8,524</u>

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.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

NOTE 9 CONTRIBUTED EQUITY

	31 December 2015		30 June 2015	
	Number of shares	\$'000	Number of shares	\$'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	792,784,738	245,079
- movements	-	-	-	-
End of the financial period	792,784,738	245,079	792,784,738	245,079

(c) Performance Rights (See note 10)

	30 June 2015	Granted	Exercised	Lapsed	31 December 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					
Class A performance rights vesting on 31 December 2016	2,000,000	-	-	-	2,000,000
Class B performance rights vesting on 16 March 2017	3,000,000	-	-	-	3,000,000
Class C performance rights vesting on 16 March 2018	5,000,000	-	-	-	5,000,000
Tranche 6					
Class A performance rights vesting on 30 June 2018	-	1,162,000	-	-	1,162,000
Class B performance rights vesting on 30 June 2018	-	581,000	-	-	581,000
Class C performance rights vesting on 30 June 2018	-	1,162,000	-	-	1,162,000
	17,330,000	2,905,000	-	-	20,235,000

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

NOTE 10 SHARE BASED PAYMENTS

During the period under review the Group granted Performance Rights to eligible management personnel under the Saracen Mineral Holdings Limited Performance Rights Plan ("Plan"). In addition to this the Group also granted Performance Rights to Mr Raleigh Finlayson (Managing Director) under the Plan. The issue of Performance Rights to Mr Finlayson were approved by shareholders at the Company's Annual General Meeting held in November 2015. 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.

a) Tranches 1 – 4

Details of the fair value calculations are set out on page 84 of the Annual Report for the financial year ended 30 June 2015.

b) Tranche 5 - Managing Director

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

	Class A	Class B	Class C
Stock Price at Grant	\$0.535	\$0.535	\$0.535
Exercise Price	N/A	N/A	N/A
Volatility	N/A	70.9%	76.4%
Grant Date	25/11/2015	25/11/2015	25/11/2015
Performance Period	25/11/2015 - 31/12/2016	16/03/2015 - 16/03/2017	16/03/2015 - 16/03/2018
Vesting Date	31/12/2016	16/03/2017	16/03/2018
Risk free rate	N/A	2.35%	2.48%
Number of rights granted	2,000,000	3,000,000	5,000,000
Fair Value per right	\$0.535	\$0.451	\$0.454

The fair value of the Performance Rights granted is \$4,690,353.

c) Tranche 6 – Management

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

	Class A	Class B	Class C
Stock Price at Grant	\$0.57	\$0.57	\$0.57
Exercise Price	N/A	N/A	N/A
Volatility	76.6%	N/A	76.6%
Grant Date	18/12/2015	18/12/2015	18/12/2015
Performance Period	01/07/2015 - 30/06/2018	01/07/2015 - 30/06/2018	01/07/2015 - 30/06/2018
Vesting Date	30/06/2018	30/06/2018	30/06/2018
Risk free rate	2.47%	N/A	2.47%
Number of rights granted	1,162,000	581,000	1,162,000
Fair Value per right	\$0.427	\$0.57	\$0.395

The fair value of the Performance Rights granted is \$1,286,334.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

NOTE 11 GOLD DELIVERY COMMITMENTS

Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A\$/oz	Value of committed sales \$'000
Within one year - Derivative*	23,400	1,735	40,599
Within one year – No Derivative**	117,752	1,457	171,557
Later than one but not later than five years**	124,000	1,520	188,480
	265,152	1,511	400,636

*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 8).

**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. The contracted sales price is rounded to the nearest dollar.

NOTE 12 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

a) Fair value hierarchy

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

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

The following table presents the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2015 and 30 June 2015 on a recurring basis:

31 December 2015	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Assets</i>				
Listed shares at fair value	7	-	-	7
Derivative assets	-	6,266	-	6,266
Total	7	6,266	-	6,273
<i>Liabilities</i>				
Deferred consideration – Thunderbox	3,000	-	-	3,000
Deferred consideration – King of the Hills	2,700	-	-	2,700
Total	5,700	-	-	5,700
30 June 2015				
<i>Assets</i>				
Listed shares at fair value	8	-	-	8
Derivative assets	-	8,524	-	8,524
Total	8	8,524	-	8,532
<i>Liabilities</i>				
Deferred consideration – Thunderbox	3,000	-	-	3,000

The group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2015 and did not transfer any fair value amounts between the fair value hierarchies during the half year period FY 2016.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

NOTE 12 FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

b) 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.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date.
- 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.

NOTE 13 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 consolidated entity's exploration, production and related administration (excluding Thunderbox and King of the Hills)
- 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 and King of the Hills 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.

	31 December 2015 \$'000	31 December 2014 \$'000
(a) Segment external revenues		
SGM - Metal sales	126,612	120,383
SGM - Interest income	30	38
SGM - Other	39	46
SAR - Interest income	347	357
	127,028	120,824

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

NOTE 13 SEGMENT INFORMATION (continued)

	31 December 2015 \$'000	31 December 2014 \$'000
(b) Segment profit before tax		
SGM	15,163	7,777
SAR	(1,426)	(1,826)
SME	(65)	-
	<u>13,672</u>	<u>5,951</u>
Finance costs	(423)	(725)
Other income	416	441
Share based payments	(1,799)	(168)
Loss on sale of listed shares	-	(71)
Change in fair value of listed shares	(1)	75
Profit before income tax	<u>11,865</u>	<u>5,503</u>
	31 December 2015 \$'000	30 June 2015 \$'000
(c) Segment assets and liabilities		
Assets		
SGM	178,802	195,111
SAR	33,083	39,799
SME	119,849	59,073
Tax	3,049	6,326
	<u>334,783</u>	<u>300,309</u>
Liabilities		
SGM	47,175	43,800
SAR	569	2,515
SME	49,684	24,767
	<u>97,428</u>	<u>71,082</u>

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 \$14.3 million (31/12/14: \$23.46 million) are attributable to the SGM segment. Non-current asset additions of \$16.10 million (30/06/15: \$35.63 million) and \$44.97 million (30/06/2015: \$12.59 million) are attributable to the SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTE 14 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2015.

NOTE 15 EVENTS SUBSEQUENT TO THE REPORTING DATE

Apart from those matters detailed in the Directors' Report on pages 3 to 6 of these financial statements, there has not been any matter or circumstance, that has arisen since the half-year ended 31 December 2015, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

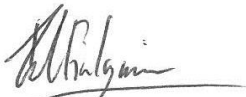
DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the consolidated entity.
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the board.



Raleigh Finlayson
Managing Director

22 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saracen Mineral Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Saracen Mineral Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Saracen Mineral Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

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

Ian Skelton

Director

Perth, 22 February 2016