



SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

QUARTERLY REPORT: JUNE 2017

Corporate Details:

18th July 2017

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 810.5m

Unvested employee performance rights: 11.1m

Market Capitalisation: A\$936m
(share price A\$1.155)

Cash & Bullion (30 June): A\$45.2m

Debt (30 June): Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Mark Connelly
Non-Executive

Mr Martin Reed
Non-Executive

Dr Roric Smith
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Van Eck 11.1%

Wroxby 7.0%

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Saracen hits 300,000ozpa production rate following record June quarter

Rising mine grades, lower costs and exploration success across the portfolio drives strong FY18 outlook

Production

- **Record quarterly gold production of 79,985oz** (Thunderbox record 34,881oz; Carosue Dam 45,104oz)
- Quarterly all-in sustaining cash costs (AISC) of **A\$1,127/oz**, a **25% improvement** on the March quarter
- **Mined grade increased across the portfolio**, rising to an average 2.5g/t (March quarter 2.3g/t, December quarter 1.8g/t)

Development

- **Pre-strip mining continues at Thunderbox C Zone pit**, with ~A\$11m of pre-strip costs included in Thunderbox's AISC of A\$1,045/oz (~A\$728/oz excluding pre-strip)
- **Development commenced at the Kailis pit** (Thunderbox) with milling of this ore to commence in the December 2017 quarter

Financial

- **Gold sales for the quarter of 78,534oz** at an average sale price of A\$1,621/oz for revenue of A\$127.3m
- **Cash and equivalents of A\$45.2m at quarter-end** (up from A\$30.6m last quarter, after spending A\$24.6m on growth capital and exploration, A\$4.3m repaying all finance leases and A\$2.7m on a final acquisition payment for Kailis)
- During the quarter 40koz of hedging was added at A\$1,718/oz, while 41koz of hedging was delivered at A\$1,558/oz

Exploration and growth

- **Drill results point to substantial increases in mine life** at Carosue Dam and Thunderbox, high-grade intercepts at Karari included **18.0m @ 12.9g/t, 22.8m @ 9.2g/t, 20.2m @ 8.9g/t, and 29.6m @ 5.6g/t**
- **Updated Resource and Reserve estimate anticipated August 2017**
- **Excellent early drill results** from the earn-in JV with AngloGold at Butcher Well include **20.7m @ 6.1g/t and 17.0m @ 7.8g/t**

Corporate appointments

- **Experienced mining executive Dr Roric Smith** appointed to the Board as a Non-Executive Director, effective 4 July 2017

Quarterly webcast details

- **Saracen quarterly conference call** to be held today at 9.00am AWST (11.00am AEST). The call can be accessed at: <https://boardroom.media/broadcast/?refid=&eid=595d8018c8d9977c89ce6f8e>

Overview

Saracen Mineral Holdings Limited (ASX: SAR) is pleased to announce an exceptional all-round performance for the June 2017 quarter which saw it post record gold production, achieve its goal of doubling annualised production to 300,000oz, and deliver a host of impressive exploration results.

Production for the June quarter was up 23% on the previous quarter at 79,985 ounces, a record for the company which is above the run-rate required to achieve its 300,000oz pa production target.

This strong performance – which was largely driven by rising mine grades – saw a 25% reduction in all-in sustaining costs to A\$1,127/oz, helping to drive a strong financial performance for the quarter.

Gold sales of 78,534oz underpinned revenues of \$127.3 million, allowing Saracen to grow its cash and equivalents position to \$45.2 million at quarter-end (up from \$30.6 million last quarter). This was after making significant investments in the company's future growth, including \$24.6 million on growth capital and exploration, \$4.3 million to repay all finance leases and \$2.7 million reflecting the early payment to St Barbara Ltd of the final instalment for the Kailis acquisition.

Saracen Managing Director Raleigh Finlayson said the achievement of the 300,000oz per annum production target was a significant milestone for the company.

"Saracen has now cemented its position in the ranks of Australia's leading mid-tier gold producers, with a production profile and growth outlook over the next few years which puts us in an enviable position in the ASX-listed gold sector," he said.

"During the quarter, we began to reap the rewards of our substantial recent investments in growth. At Carosue Dam, the investment in twin declines at the Karari underground mine is now paying off with multiple stope fronts established, helping to drive an increase in mine production and grade.

"At Thunderbox, mill throughput and recoveries increased markedly as a result of improvements to the plant and a higher grade feed – which together drove record gold production.

"Meanwhile, our strengthening balance sheet means we can continue to fund our ongoing commitment to aggressive exploration across our portfolio – which is delivering impressive results.

"Recent drilling at the Karari underground mine at Carosue Dam is beginning to show the true potential of this large and growing gold system, while at Thunderbox drilling has extended the thick A Zone mineralisation at depth – highlighting the potential for a multi-year underground mine."

Group summary

Table 1 – Consolidated gold production and sales summary

Group	Units	Sep Q 2016	Dec Q 2016	Mar Q 2017	Jun Q 2017	FY17
Recovered Gold	oz	61,470	66,222	65,130	79,985	272,807
AISC*	A\$/oz	1,402	1,416	1,510	1,127	1,348
Sold Gold	oz	56,636	62,914	68,471	78,534	266,555
Average Sale Price	A\$/oz	1,727	1,628	1,612	1,621	1,642
Sales Revenue**	A\$m	97.8	102.4	110.4	127.3	437.9

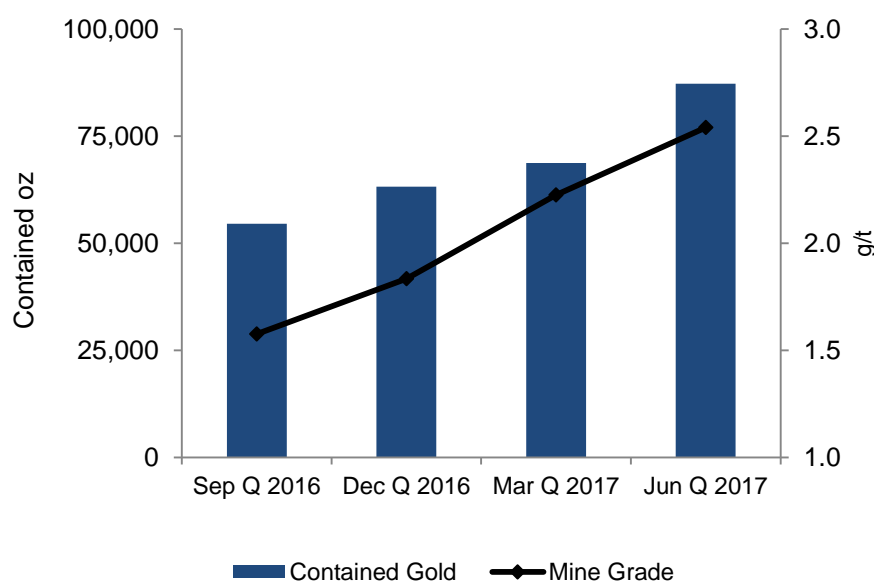
* AISC includes pre-strip mining undertaken at Thunderbox Zone C.

** Includes \$15.7m of gold sales during FY17 derived from development activities at King of the Hills. This amount was offset against the project's capital development cost and is not accounted for as sales revenue (for profit & loss purposes).

The record quarterly gold production of 79,985oz is 23% higher than the previous quarter (65,130oz) and above the run-rate required to achieve 300,000oz per annum.

The June quarter was highlighted by increased mined grades and ounces across the portfolio.

Figure 1 – Rising group mined grade and production



The group production outlook for FY18 remains ~**300,000oz** at an **AISC of A\$1,150/oz**, as per the 5-year outlook released to the ASX on 15 October 2015.

The five-year outlook will be updated in the December quarter 2017 following deeper drilling at the Karari, and imminent drilling at the Whirling Dervish deposit.

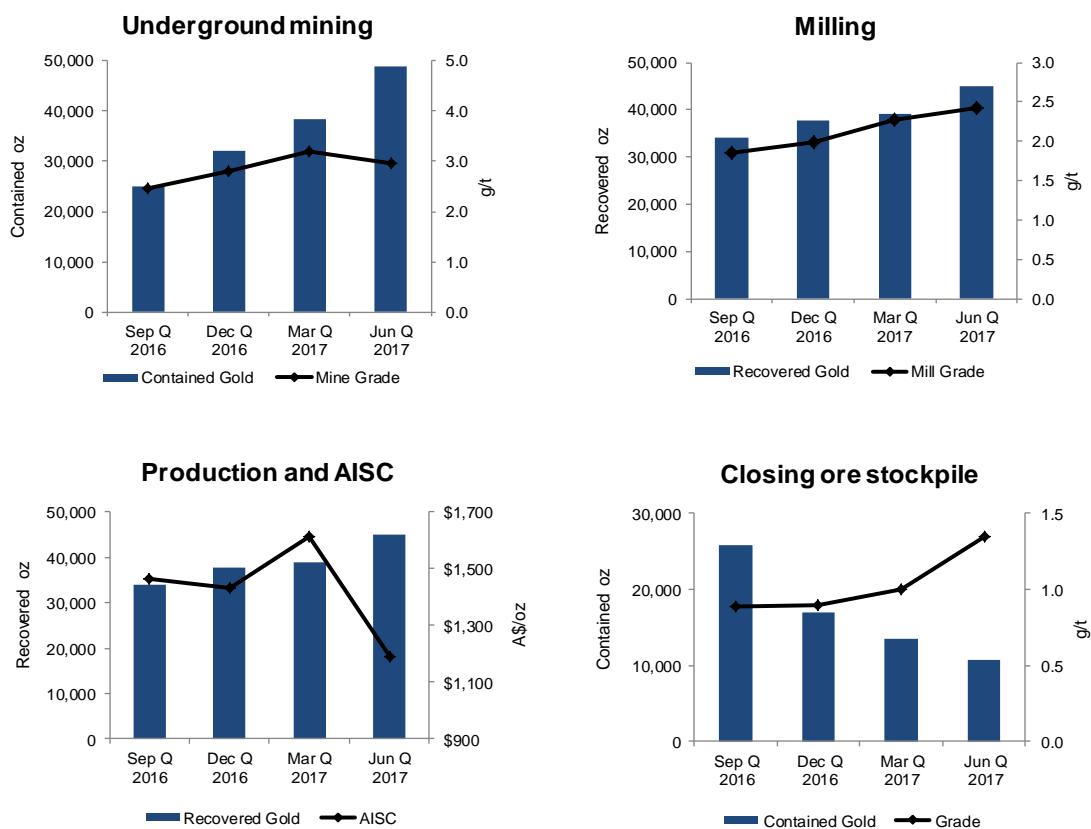
Carosue Dam operations

Table 2 – Carosue Dam - Key metrics

Carosue Dam	Units	Sep Q 2016	Dec Q 2016	Mar Q 2017	Jun Q 2017	FY17
Underground Mining						
Ore Mined	t	317,000	357,000	377,000	515,000	1,566,000
Mine Grade	g/t	2.5	2.8	3.2	3.0	2.9
Contained Gold	oz	25,037	31,995	38,385	49,009	144,426
Mill Production						
Ore Milled	t	611,000	636,000	581,000	641,000	2,469,000
Mill Grade	g/t	1.9	2.0	2.3	2.4	2.1
Contained Gold	oz	36,534	40,721	42,588	50,017	169,860
Recovery	%	93.5%	92.6%	91.7%	90.2%	91.8%
Recovered Gold	oz	34,141	37,692	39,033	45,104	155,970
Gold Sales	oz	32,075	36,043	39,665	44,808	152,591
Closing Ore Stockpile						
Ore	t	906,000	589,000	425,000	245,000	
Grade	g/t	0.9	0.9	1.0	1.4	
Contained Gold	oz	25,846	16,906	13,489	10,638	

Total underground ore production **increased 37%** to 515,000 tonnes (+2.0Mtpa) on the back of the ramp-up in production from Karari. Mill production **increased 16%** to 45,104oz as a result of the higher ore tonnes and grade.

Figures 2-5 – Carosue Dam - Key charts

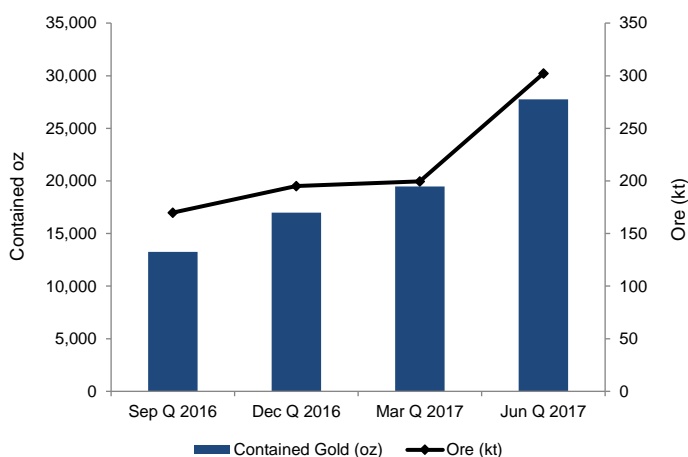


Underground mining

Karari – 27.7koz @ 2.9g/t (v March quarter 19.5koz @ 3.0g/t)

Karari has realised the investment made in the twin declines (North and South) with multiple stoping fronts established, resulting in a substantial increase in mine production. The June quarter represents a milestone as the mine achieved its initial target of >1.0Mtpa ore and >100kozpa contained gold. Gold production of 27,700oz represents a **42% increase** on the previous quarter. Ore tonnes mined of 302,000 tonnes (~1.2Mtpa) represents a **52% increase** on the previous quarter.

Figure 6 – Karari production ramp-up over FY17



Capital projects to support the >1.0Mtpa production profile continued throughout the quarter, with the southern primary fan upgrade due early in the September 2017 quarter. Two underground diamond drill rigs continued at Karari throughout the quarter.

Infrastructure and portal works were completed at **Whirling Dervish** early in the quarter (Figure 7). Underground development totalled 446m, with the drill drive on track for completion in the coming weeks.

In the second half of 2017, two underground diamond drill rigs will complete a planned 30km of drilling at Whirling Dervish. This drilling is designed to de-risk the underground Resource ahead of mine development.

Deep South – 16.2koz @ 3.1g/t (v March quarter 13.1koz @ 2.9g/t)

Deep South maintained its steady state of production during the June quarter. With the decline now sufficiently decoupled from the production front, lateral development will be reduced to a single jumbo during the September quarter. The mine grade increased 7% to 3.1g/t relative to the March quarter as higher grade areas of the mine start to be accessed. Underground diamond drill rigs continued at Deep South throughout the quarter.

Red October – 5.1koz @ 3.0g/t (v March quarter 5.7koz @ 4.8g/t)

Final production activities were completed during the June quarter.

A strategic review (including potential sale) is underway for Saracen's non-core assets including Red October. In the coming years, Carosue Dam will focus on sourcing ore from underground mines at Karari and Whirling Dervish (both located within 500m of the central processing plant), supplemented by ore from the Deep South underground mine.

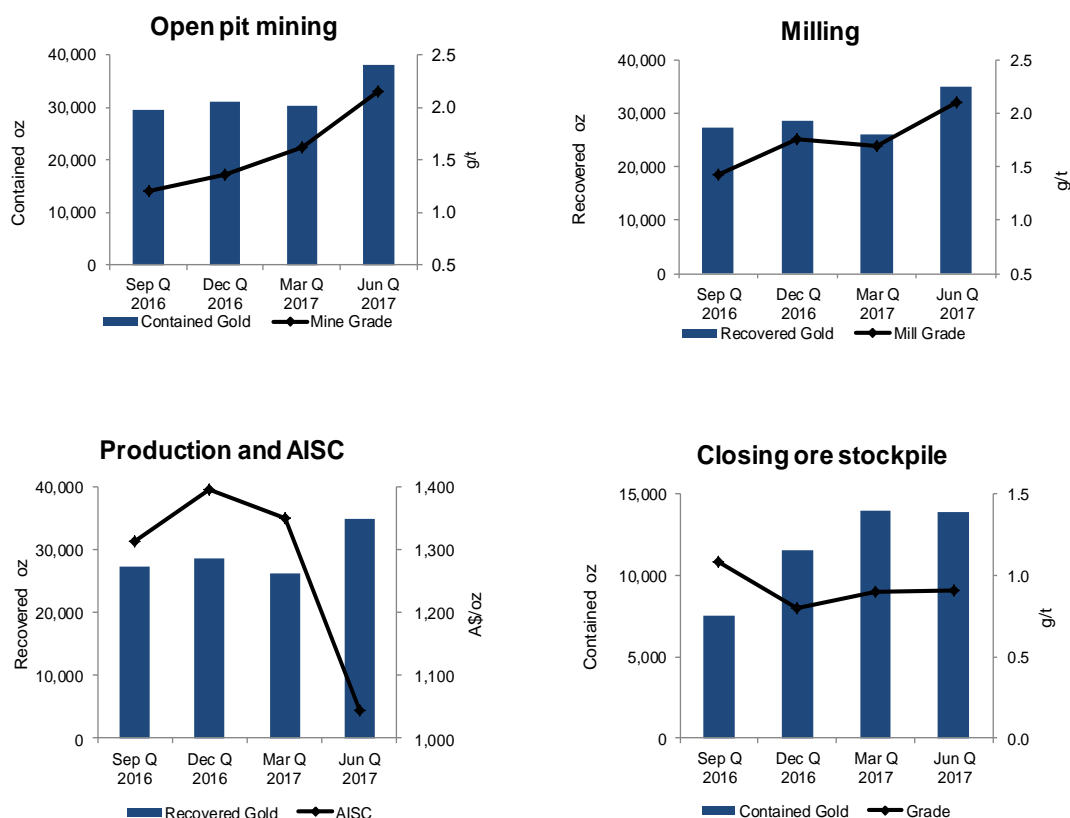
Thunderbox operations

Table 3 – Thunderbox - Key metrics

Thunderbox	Units	Sep Q 2016	Dec Q 2016	Mar Q 2017	Jun Q 2017	FY17
Open Pit Mining						
Total Mining	bcm	3,237,000	2,693,000	1,556,000	3,664,000	11,150,000
Ore Mined	t	760,000	715,000	583,000	553,000	2,611,000
Mine Grade	g/t	1.2	1.4	1.6	2.2	1.5
Contained Gold	oz	29,519	31,213	30,326	38,242	129,300
Mill Production						
Ore Milled	t	649,000	550,000	547,000	559,000	2,305,000
Mill Grade	g/t	1.4	1.8	1.7	2.1	1.7
Contained Gold	oz	29,596	30,950	29,706	37,630	127,883
Recovery	%	92.3%	92.2%	87.9%	92.7%	91.4%
Recovered Gold	oz	27,329	28,530	26,097	34,881	116,837
Gold Sales	oz	24,561	26,871	28,806	33,726	113,964
Closing Ore Stockpile						
Ore	t	217,000	435,000	483,000	473,000	
Grade	g/t	1.1	0.8	0.9	0.9	
Contained Gold	oz	7,544	11,578	13,962	13,864	

Both mill throughput and recoveries have improved markedly via the continued contribution of secondary crushing coupled with continuous improvements associated with reagents and oxygen injection. Mill recoveries have improved 4.8% which, combined with the higher feed grade (2.1g/t, +24%) and mill throughput (559,000 tonnes, +2%), resulted in record gold production of 34,881 ounces, **up 34%** from the March quarter.

Figures 7-10 – Thunderbox - Key charts



Open pit mining

Total material movement more than **doubled to 3.7 million BCM** relative to the March quarter due to the commencement of development at the Kailis open pit coupled with the ramp-up in pre-strip mining in C Zone at Thunderbox.

The mine grade **increased 38%** to 2.2g/t relative to the March quarter, which remains slightly ahead of the predicted grade due to excellent mining practices. The year-to-date Metal Call Factor (MCF), which measures the actual grade relative to the predicted grade, sits at 100.6%, demonstrating a highly predictable Resource.

Despite lower ore tonnes mined, total ounces mined **increased 26%** to 38,242oz due to a significant increase in head grade. The 2.1 million BCMs of additional mining relative to the March quarter is an investment in FY18 – FY21 (C Zone and Kailis). All of the costs associated with C zone pre-strip mining (A\$11.0m) have been included in the June quarter and full year AISC.

Figure 11 – Thunderbox A Zone Pit



A total of 1.4 million BCMs of pre-strip mining at Kailis was conducted during the quarter. Ore mining will commence in the current quarter, with milling planned to commence in the December quarter.

Mill throughputs are expected to further increase once the softer Kailis ore is blended with the fresh rock from Thunderbox.

Underground mining

King of the Hills (KOTH) – No Mining (v December quarter 1.0koz @ 4.3g/t)

A strategic review (including potential sale) is underway for Saracen's non-core mines including KOTH.

Exploration and growth

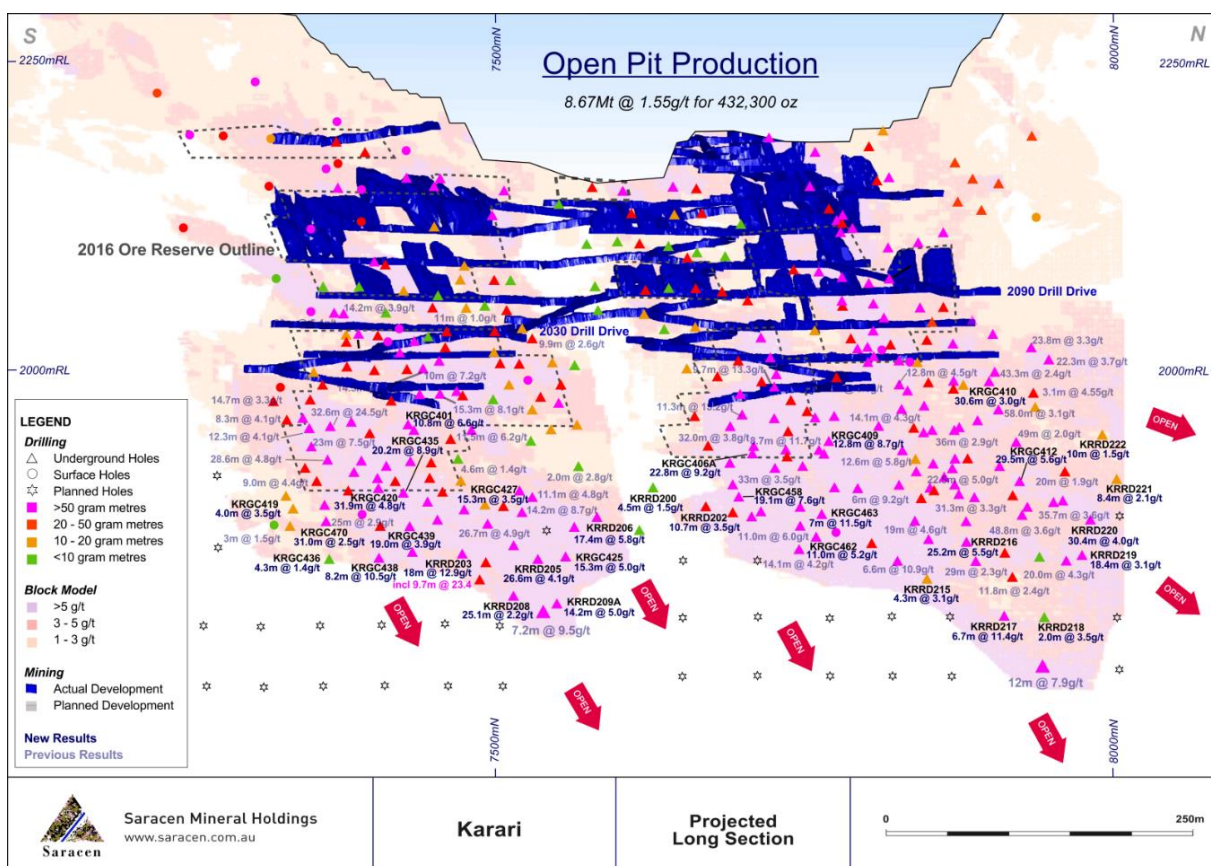
Drilling update

Saracen's commitment to near-mine exploration drilling continued, with A\$7.8 million spent during the June quarter. Drill results continued to be received from Karari, Deep South and Thunderbox during the quarter, plus maiden results from the earn-in JV with AngloGold at Butcher Well.

Drilling at Karari has progressed rapidly over the last two months, focused on extending and in-filling both the north and south ends of the mine. The drilling has delivered a large number of stand-out results including: **18m @ 12.9g/t (including 9.7m @ 23.4g/t), 22.8m @ 9.2g/t and 20.2m @ 8.9g/t.**

This drilling points to significant mine life upside at Karari, already extending up to 270m below the 2016 Ore Reserve. Recent results confirm the continuity of the mineralisation.

Figure 12 – Karari Long Section, New Drill Results



The strong results highlight the potential to grow mine life and production at both Carosue Dam and Thunderbox. The drilling results are currently being incorporated into an updated Mineral Resource estimate, due to be released in August 2017.

Excellent early drill results were reported from the earn-in JV at Butcher Well (Anglogold earning up to 70%). Intercepts include **20.7m @ 6.1g/t** and **17.0m @ 7.8g/t**, suggesting the Enigmatic zone extends down-dip beyond 400m vertical. A new discovery was identified at Old Camp, with a drill result of **8m @ 5.4g/t**.

For further information on the drill results provided please refer to the ASX announcement “Further Drilling Success for Saracen” dated 13 July 2017.

Corporate and finance

Health and safety

There were two Lost Time Injuries (LTI) recorded during the June quarter. The LTIFR is currently at 3.6 and the Total Incident Frequency Rate (TIFR) ended the June quarter at 2.8.

Board and management

Geologist Dr Roric Smith joined the Board as an Independent Non-Executive Director on 4 July 2017. Dr Smith's previous positions include Vice-President, Discovery for Evolution Mining and Senior Vice-President, Global Greenfield Exploration at AngloGold Ashanti.

Mark Connelly will not nominate for re-election as a Non-executive Director at the AGM in November 2017, but remains available to provide ongoing strategic assistance on a consultancy basis.

Cash position

As at 30 June 2017, Saracen's total cash and equivalents position was A\$45.2 million (A\$30.6 million at 31 March 2017), comprising A\$33.8 million cash and A\$11.4 million gold in transit. There was no corporate debt drawn at the end of the quarter.

Gold sales

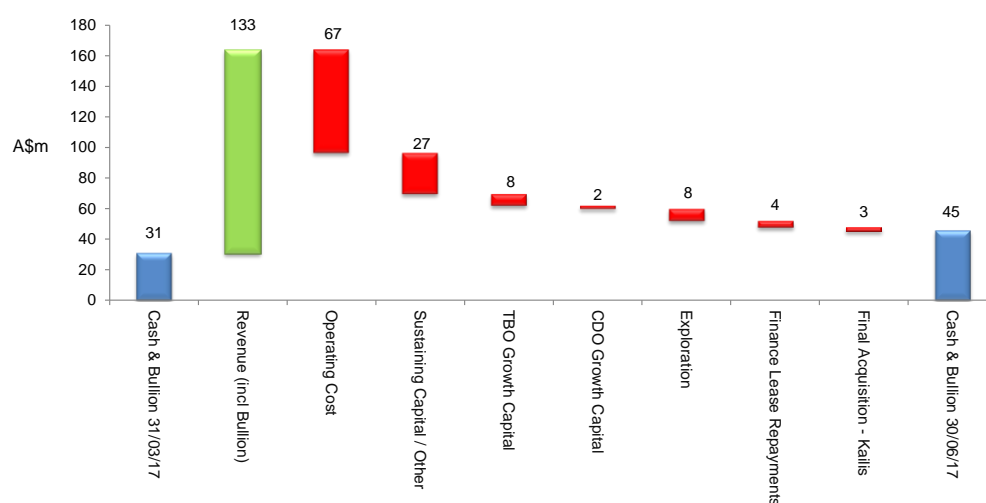
Gold sales for the quarter were 78,534oz at an average sale price of A\$1,621/oz, for total revenue of A\$127.3 million (note that gold sales excludes movements of gold in transit).

Hedging

41,000oz of gold hedging was delivered during the quarter, representing 15% of the total hedge book. At 30 June 2017 the hedge book comprised 235,343oz at an average delivery price of A\$1,573/oz (Appendix 1). The hedge book is forecast to reduce a further 18% to 192,143oz by 30 September 2017 with 43,200oz to be delivered in the September quarter at an average price of A\$1,556/oz.

Cash flows

Figure 13 – June 2017 quarter cash movements



- **Revenue:** Revenue from gold sales (includes movements in gold in transit)
- **Operating Costs:** Cash outflows for mining, ore cartage, processing, site administration and ore purchase
- **Sustaining Capital & Other:** Cash outflows for royalties, sustaining capital works, open pit development, underground development, active mine exploration and corporate expenses
- **TBO Growth Capital:** Cash outflows for TSF lift construction, bore fields and pipeline capital works and Kallis Development
- **CDO Growth Capital:** Cash outflows for Whirling Dervish Development and Drill Drive
- **Exploration:** Cash outflows for exploration activities

Cash Costs

Table 5 – Group cash costs

Cash Costs	Unit	Sep Q 2016	Dec Q 2016	Mar Q 2017	Jun Q 2017	FY17
Mining - Open Pit	A\$m	8.6	7.9	15.4	6.6	38.5
Mining - Underground	A\$m	18.9	15.9	31.0	22.8	88.6
Ore Cartage	A\$m	1.4	2.3	2.2	3.7	9.6
Processing	A\$m	23.1	19.2	25.5	25.3	93.2
Site Administration	A\$m	3.6	3.9	3.8	5.0	16.4
Ore Purchase	A\$m	4.3	1.3	0.0	0.0	5.6
Cash Costs	A\$m	\$59.9	\$50.5	\$78.0	\$63.4	\$251.8
Royalties	A\$m	3.7	2.5	3.5	3.8	13.6
Capital Works	A\$m	1.6	3.6	1.5	1.0	7.7
Open Pit Development	A\$m	7.6	11.2	4.5	11.0	34.3
Underground Development	A\$m	5.0	16.7	6.7	8.7	37.1
Active Mine Exploration	A\$m	0.0	0.0	0.0	0.0	0.0
Corporate	A\$m	3.1	2.7	2.6	2.2	10.6
"All in" Cash Costs	A\$m	\$81.0	\$87.2	\$96.8	\$90.1	\$355.0
Growth Capital*	A\$m	8.6	6.3	17.3	16.8	49.0
Exploration	A\$m	8.5	8.3	7.2	7.8	31.7
Production (oz) **		57,735	61,586	64,089	79,985	263,396
Mining - Open Pit	A\$/oz	149	129	240	82	146
Mining - Underground	A\$/oz	327	258	484	285	336
Ore Cartage	A\$/oz	24	37	34	46	36
Processing	A\$/oz	400	312	399	317	354
Site Administration	A\$/oz	62	63	60	63	62
Ore Purchase	A\$/oz	75	22	0	0	21
Cash Costs	A\$/oz	\$1,037	\$820	\$1,217	\$793	\$956
Royalties	A\$/oz	65	40	55	47	51
Capital Works	A\$/oz	29	59	23	12	29
Open Pit Development	A\$/oz	132	182	69	138	130
Underground Development	A\$/oz	87	271	105	109	141
Active Mine Exploration	A\$/oz	0	0	0	0	0
Corporate	A\$/oz	53	44	40	28	40
"All in" Cash Costs	A\$/oz	\$1,402	\$1,416	\$1,510	\$1,127	\$1,348

*Growth Capital includes the early payment of A\$2.7 million to St Barbara for the acquisition of Kailis (final payment) and A\$4.3 million to repay all finance leases which will result in savings on interest costs.

**Production excludes gold produced from the processing of King of the Hills development ore (September quarter 3,735oz, December quarter 4,636oz, March quarter 1,041oz) which is costed under Growth Capital and hence is not applicable to the calculation of AISC.

Quarterly all-in sustaining cash costs (AISC) improved 25% on the previous (weather-impacted) quarter to A\$1,127/oz, predominantly due to record quarterly production as a result of increased mined tonnes and grade across the portfolio.

Despite higher gold production, the total spend (A\$ million) reduced due to lower mining costs as a result of decreased development at Karari and the winding down of activities at the non-core Red October operation.

Table 6 – Carosue Dam cash costs

Cash Costs	Unit	Sep Q 2016	Dec Q 2016	Mar Q 2017	Jun Q 2017	FY17
Mining - Open Pit	A\$m	0.0	0.0	0.0	0.0	0.0
Mining - Underground	A\$m	18.9	15.9	31.0	22.8	88.6
Ore Cartage	A\$m	1.4	2.3	2.2	3.7	9.6
Processing	A\$m	12.8	10.5	13.1	11.3	47.8
Site Administration	A\$m	2.1	2.9	2.4	2.8	10.1
Ore Purchase	A\$m	4.3	1.3	0.0	0.0	5.6
Cash Costs	A\$m	\$39.5	\$32.9	\$48.7	\$40.5	\$161.7
Royalties	A\$m	2.8	1.9	2.4	2.7	9.8
Capital Works	A\$m	0.9	0.8	3.6	0.5	5.9
Open Pit Development	A\$m	0.0	0.0	0.0	0.0	0.0
Underground Development	A\$m	5.0	16.7	6.7	8.7	37.1
Active Mine Exploration	A\$m	0.0	0.0	0.0	0.0	0.0
Corporate	A\$m	1.7	1.5	1.6	1.2	6.0
"All in" Cash Costs	A\$m	\$50.0	\$53.9	\$63.0	\$53.7	\$220.4
Growth Capital*	A\$m	1.5	0.4	0.0	4.2	6.1
Exploration	A\$m	4.3	3.2	5.2	5.9	18.6
Production (oz)		34,141	37,692	39,033	45,104	155,970
Mining - Open Pit	A\$/oz	0	0	0	0	0
Mining - Underground	A\$/oz	553	421	795	505	568
Ore Cartage	A\$/oz	41	60	56	81	61
Processing	A\$/oz	376	280	336	251	306
Site Administration	A\$/oz	62	76	60	61	65
Ore Purchase	A\$/oz	126	35	0	0	36
Cash Costs	A\$/oz	\$1,158	\$873	\$1,248	\$899	\$1,037
Royalties	A\$/oz	83	51	61	59	63
Capital Works	A\$/oz	27	22	93	11	38
Open Pit Development	A\$/oz	0	0	0	0	0
Underground Development	A\$/oz	147	442	172	193	238
Active Mine Exploration	A\$/oz	0	0	0	0	0
Corporate	A\$/oz	50	41	40	27	38
"All in" Cash Costs	A\$/oz	\$1,465	\$1,430	\$1,613	\$1,190	\$1,413

*Growth Capital includes A\$2.1million to repay all finance leases.

Carosue Dam AISCs **decreased 26% to A\$1,190/oz**, predominantly due to increased production as a result of increased tonnes and grades.

Growth Capital increased to A\$4.2 million mainly due to the commencement of the Whirling Dervish Development and Drill Drive.

Table 7 – Thunderbox cash costs

Cash Costs	Unit	Sep Q 2016	Dec Q 2016	Mar Q 2017	Jun Q 2017	FY17
Mining - Open Pit	A\$m	8.6	7.9	15.4	6.6	38.5
Mining - Underground	A\$m	0.0	0.0	0.0	0.0	0.0
Ore Cartage	A\$m	0.0	0.0	0.0	0.0	0.0
Processing	A\$m	10.3	8.7	12.4	14.0	45.4
Site Administration	A\$m	1.5	1.0	1.5	2.3	6.2
Ore Purchase	A\$m	0.0	0.0	0.0	0.0	0.0
Cash Costs	A\$m	\$20.4	\$17.6	\$29.3	\$22.8	\$90.1
Royalties	A\$m	0.9	0.6	1.2	1.1	3.8
Capital Works	A\$m	0.7	2.8	-2.1	0.5	1.9
Open Pit Development	A\$m	7.6	11.2	4.5	11.0	34.3
Underground Development	A\$m	0.0	0.0	0.0	0.0	0.0
Active Mine Exploration	A\$m	0.0	0.0	0.0	0.0	0.0
Corporate	A\$m	1.4	1.2	1.0	1.0	4.6
"All in" Cash Costs	A\$m	\$31.0	\$33.3	\$33.8	\$36.5	\$134.6
Growth Capital*	A\$m	7.1	5.9	17.3	12.6	42.9
Exploration	A\$m	4.2	5.1	2.0	1.9	13.2
Production (oz) **		23,594	23,894	25,057	34,881	107,426
Mining - Open Pit	A\$/oz	364	332	615	189	358
Mining - Underground	A\$/oz	0	0	0	0	0
Ore Cartage	A\$/oz	0	0	0	0	0
Processing	A\$/oz	435	363	496	401	423
Site Administration	A\$/oz	63	42	59	65	58
Ore Purchase	A\$/oz	0	0	0	0	0
Cash Costs	A\$/oz	\$863	\$736	\$1,170	\$655	\$839
Royalties	A\$/oz	38	24	46	32	35
Capital Works	A\$/oz	31	117	-86	14	17
Open Pit Development	A\$/oz	323	469	178	317	319
Underground Development	A\$/oz	0	0	0	0	0
Active Mine Exploration	A\$/oz	0	0	0	0	0
Corporate	A\$/oz	58	48	41	28	43
"All in" Cash Costs	A\$/oz	\$1,312	\$1,394	\$1,349	\$1,045	\$1,253

*Growth Capital includes early payment of A\$2.7 million to St Barbara for the acquisition of Kailis (final payment) and A\$2.1million to repay all finance leases.

**Production excludes gold produced from the processing of King of the Hills development ore (September quarter 3,735oz, December quarter 4,636oz, March quarter 1,041oz) which is costed under Growth Capital and hence is not applicable to the calculation of AISC.

Thunderbox AISCs **decreased 23% to A\$1,045/oz**. This includes pre-strip mining costs in C Zone of ~A\$11 million (AISC ~A\$728/oz excluding C Zone pre-strip).

The largest items included in the growth capital of A\$12.6 million were the construction of the Bannockburn water pipeline to provide a reliable (+10-year) water supply to the Thunderbox plant, commencement of Development at Kailis and the final acquisition payment for Kailis (\$2.7 million).

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Appendix 1 – Details of hedging contracts at 30 June 2017

Month	Quantity	Price
	oz	A\$/oz
31-Jul-17	14,000	\$1,556
31-Aug-17	14,600	\$1,555
30-Sep-17	14,600	\$1,556
31-Oct-17	14,600	\$1,554
30-Nov-17	14,600	\$1,555
31-Dec-17	14,600	\$1,556
31-Jan-18	15,100	\$1,560
28-Feb-18	15,000	\$1,587
31-Mar-18	15,500	\$1,618
30-Apr-18	14,943	\$1,639
31-May-18	15,100	\$1,671
30-Jun-18	15,100	\$1,673
31-Jul-18	3,600	\$1,520
31-Aug-18	4,300	\$1,520
30-Sep-18	4,300	\$1,520
31-Oct-18	4,300	\$1,520
30-Nov-18	4,300	\$1,520
31-Dec-18	5,200	\$1,520
31-Jan-19	5,200	\$1,520
28-Feb-19	5,200	\$1,520
31-Mar-19	5,200	\$1,520
30-Apr-19	4,000	\$1,520
31-May-19	4,000	\$1,520
30-Jun-19	4,000	\$1,520
31-Jul-19	4,000	\$1,520
Total	235,343	\$1,573

Competent Persons Statements

The information in the report to which this statement is attached that relates to Exploration Results 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 on Mineral Resources and Ore Reserves has been extracted from the ASX announcement titled "2016 Mineral Resources and Ore Reserves" dated 12 October 2016. The report is available to view on the ASX Website at www.asx.com.au and on the Company's website at www.saracen.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all market assumptions and technical assumptions underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.