



Saracen

DECEMBER QUARTER 2019 -

RALEIGH FINLAYSON - Managing Director

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TROY IRVIN - Corporate Development Officer

Presentation

28th January 2020

Qualification



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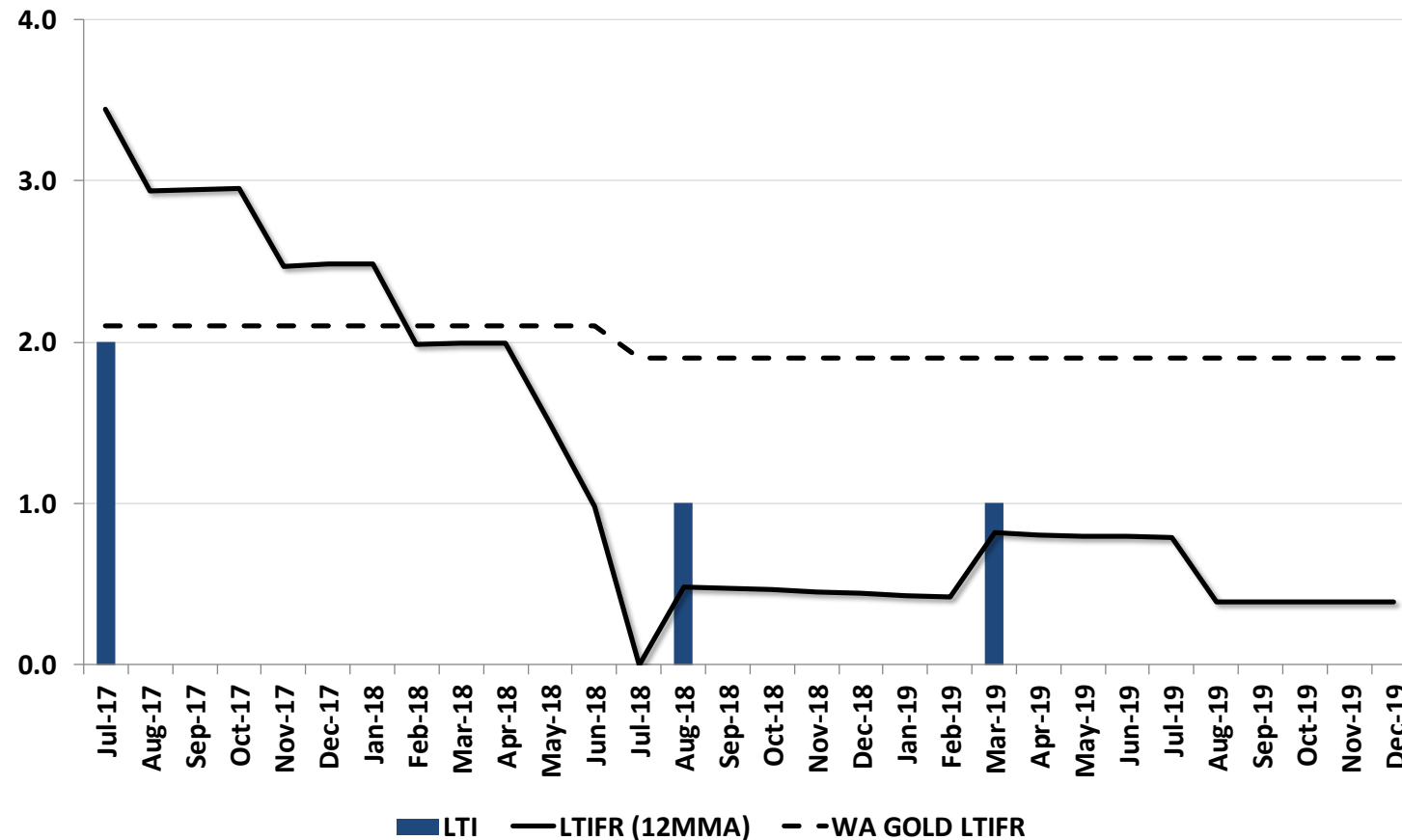
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RECORD quarterly production:

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

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



▲ Building a **proactive safety culture**

▲ Focused on positive leading indicators:

- Safety interactions
- Hazard ID and rectification
- Positive safety communication

▲ Lag indicators:

- LTIFR 0.37
- TRIFR 7.72
- Zero LTI's for the last 9 months

Lost time injury frequency rate (LTIFR) - Calculated as a rolling 12 month average per million hours worked
 LTIFR WA gold average www.dmp.wa.gov.au/Documents/Safety/MSH_Stats_Posters_SAFETYPerfWA_1718.pdf

Community



Clontarf "Mining & The Land"



TBO Santa



Aboriginal flag raising ceremony



Christmas Day Volunteering



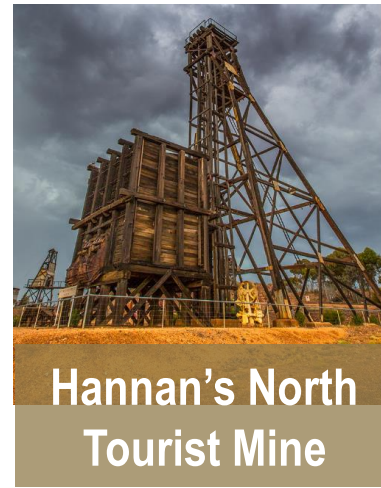
St Barbara's Day Parade



Shooting Stars Leonora



Hannan's North
Tourist Mine



Wadjemup Cup



Release of 2019 Sustainability Report



1ST PLACE
in CME Surface Mine
Emergency Response
Competition

LTIFR
fell 20%
from 1.0 to 0.8



TRIFR
fell 2%
to 11.5



SARACEN EMPLOYEES
= 433

▲ **% FEMALE WORKFORCE UP** from 16.45 to 18.00



**CO² EMISSIONS
DOWN 7.3%**
reduced from 36.48kg
per ore tonne processed
to 33.83kg per ore
tonne processed



**% water
allocation used:**
43.84%

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



Through Clontarf we engaged our first indigenous apprentices



SUSTAINABILITY POLICY released

97% of employees
own shares

COMMUNITY INVOLVEMENT:



\$0.6M
Total Community
Investment

100%
COMMUNITY
spend in WA

**77% SPEND
REGIONALLY**

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



17% VICTORIA
4% AUSTRALIA other
<1% INTERNATIONAL

Carosue Dam Solar Farm:

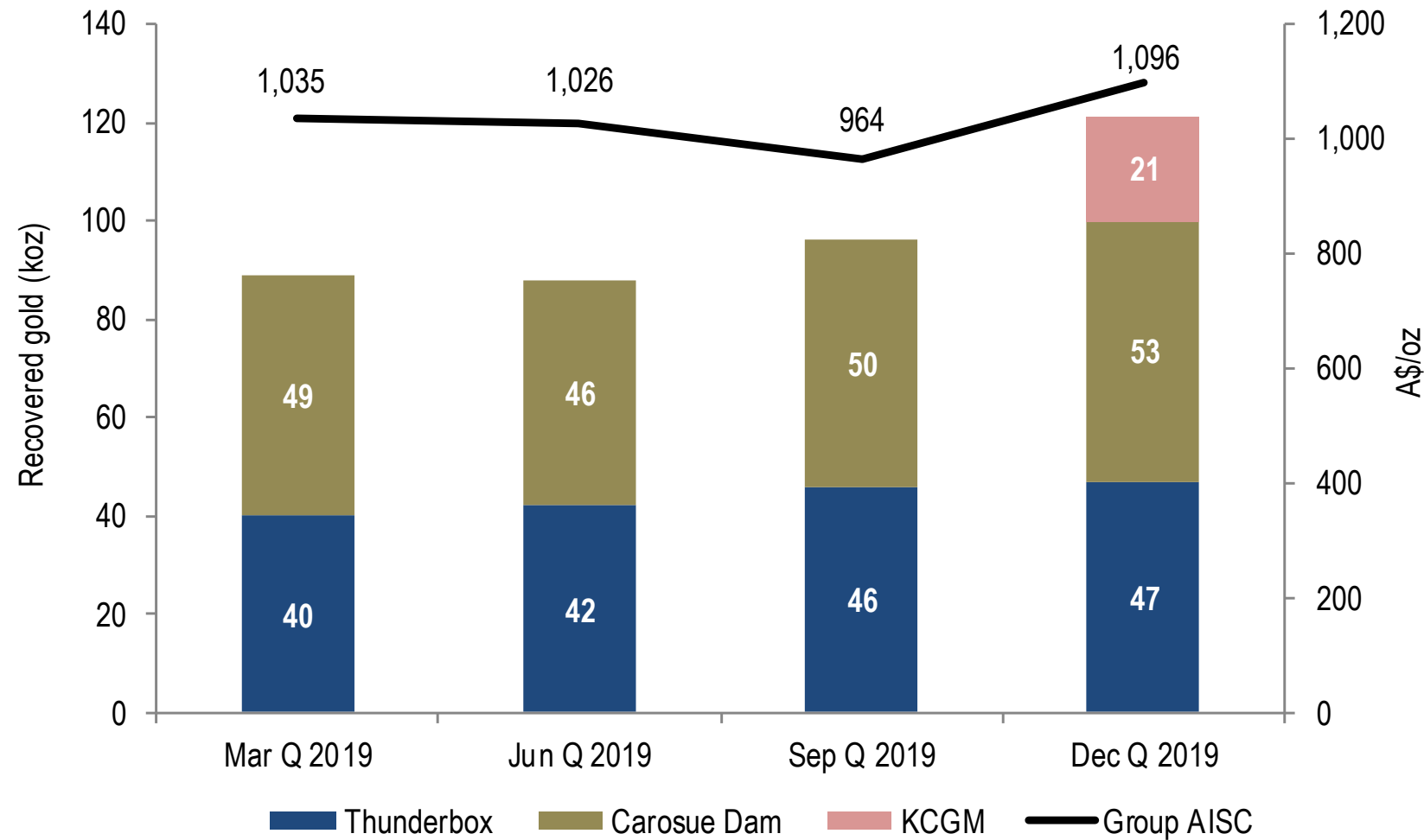


- ▲ New 1MW array – Now live!
- ▲ 40% cheaper than current power generation
- ▲ Forecast to produce 1,647MWh p.a. (equivalent to ~300 households)
- ▲ Offsets 988t of CO₂ p.a.

Quarter highlights



Consistent and persistent:



Quarterly highlights:

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

Operations - Carosue Dam



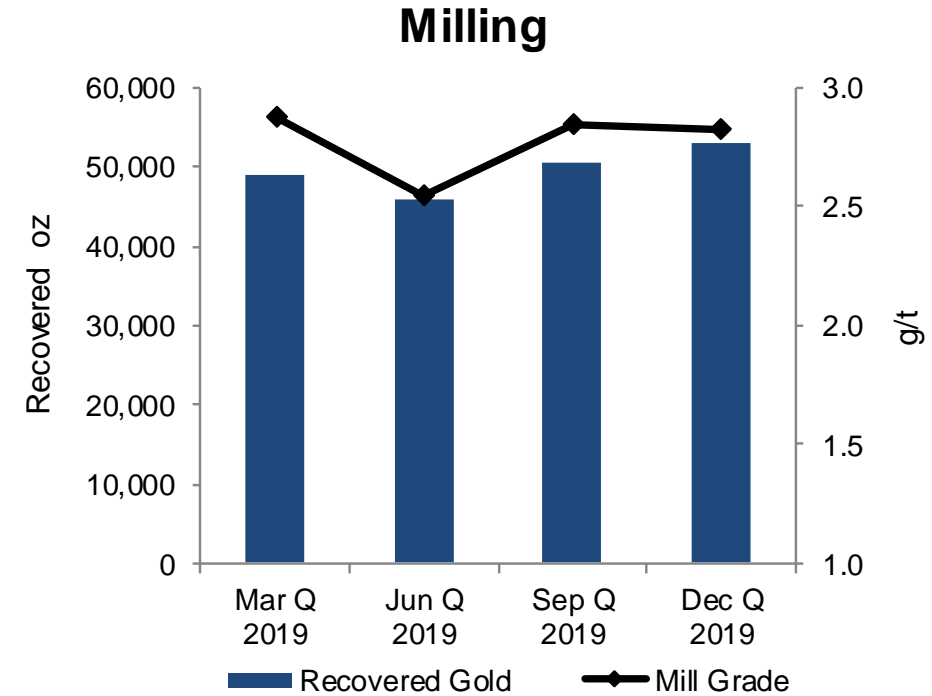
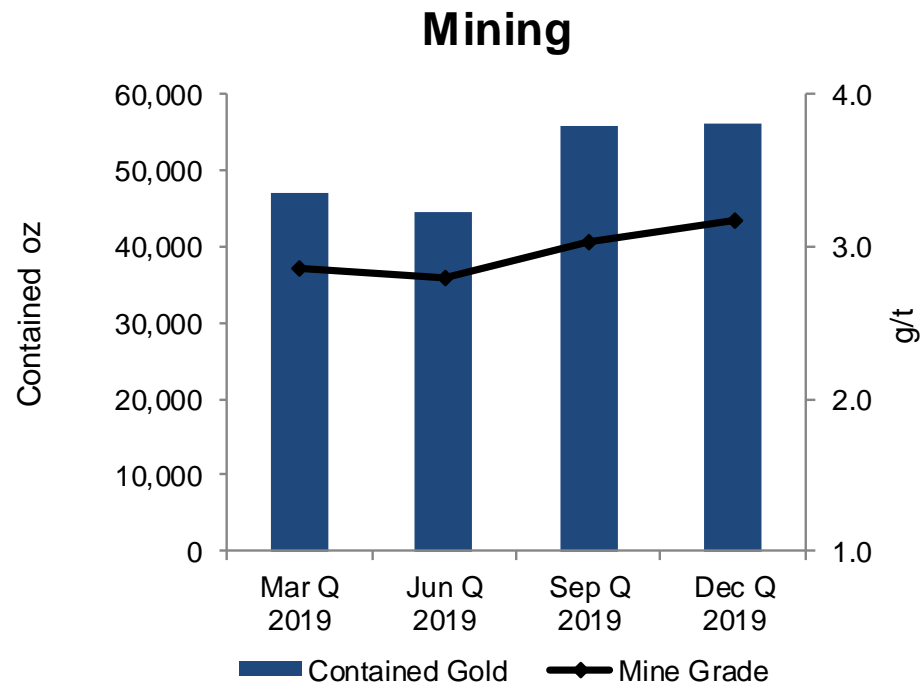
Quarterly highlights:

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

Operations - Carosue Dam



Quarterly highlights:

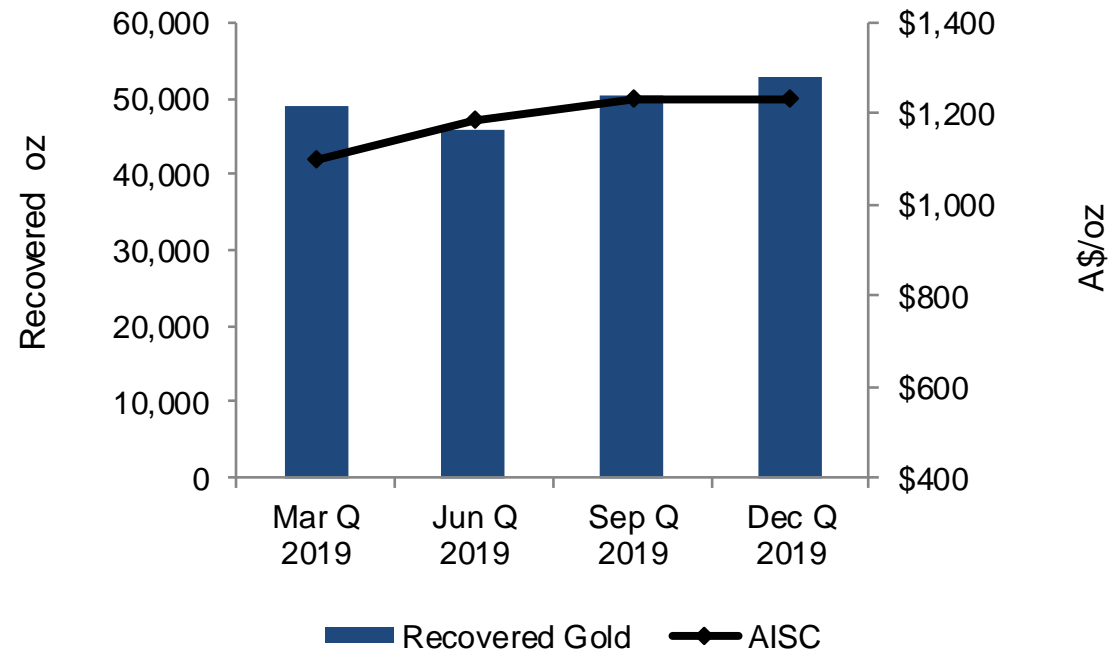


Operations - Carosue Dam

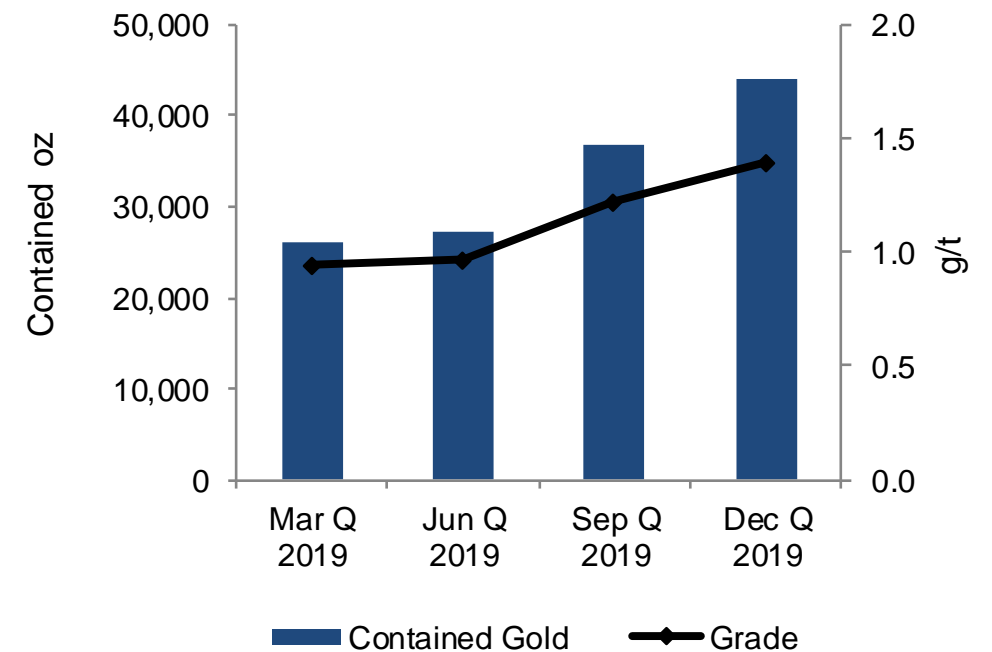


Quarterly highlights:

Production and AISC



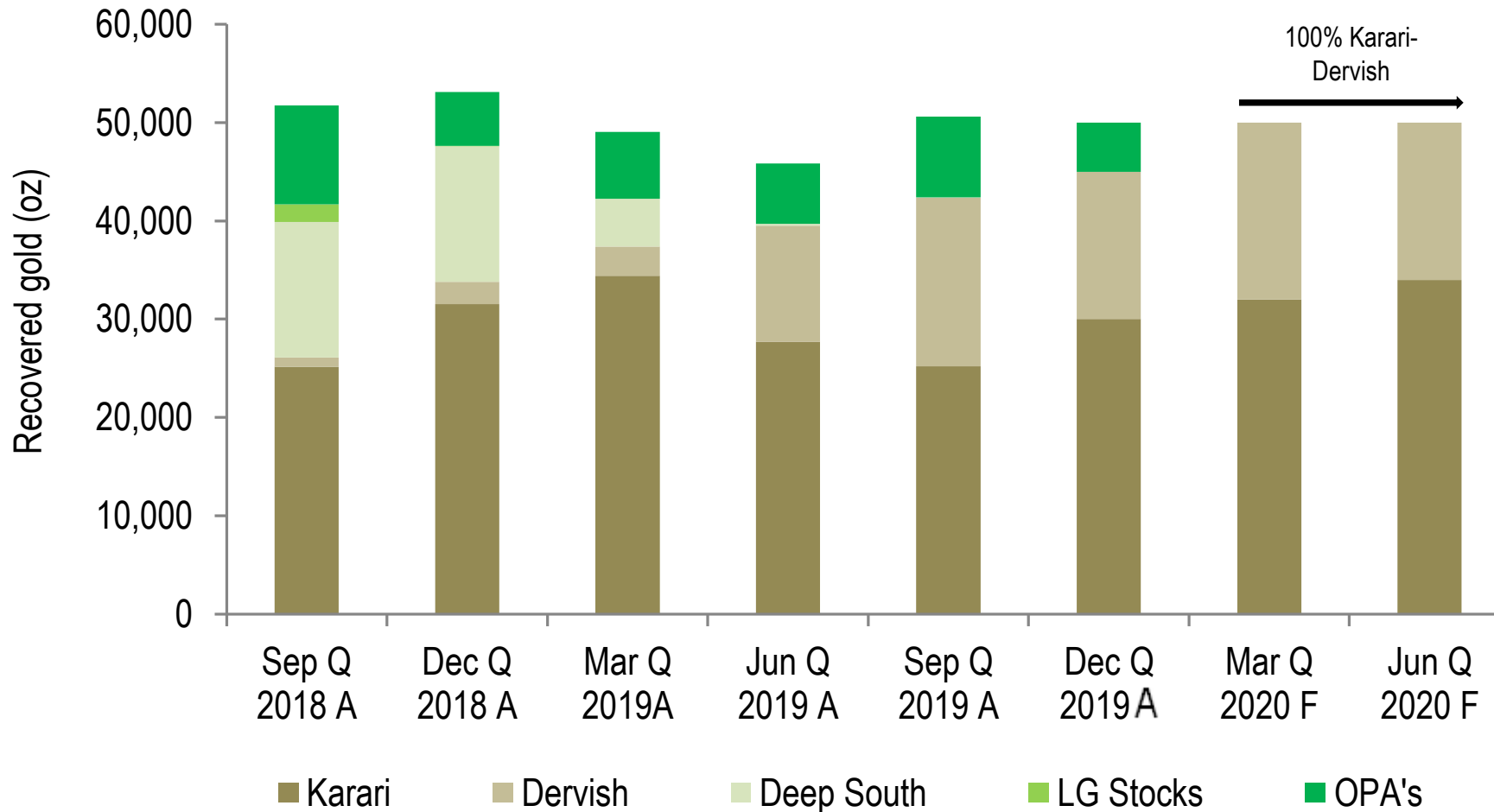
Closing ore stockpile



Operations - Carosue Dam



Production transitioning to 100% Karari-Dervish:



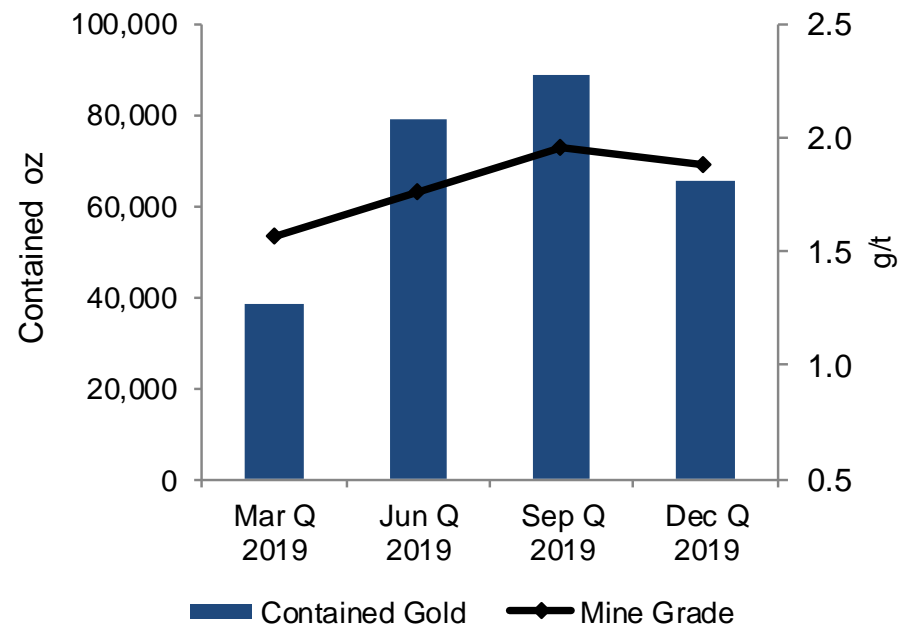
- ▲ Ore production is transitioning to **100% Karari-Dervish** i.e. adjacent to the mill
- ▲ Last of the third party ore during the December quarter 2019
- ▲ Deep South development recommenced
- ▲ Mill expansion - Commissioning targeted for December Q 2020

Quarterly highlights:

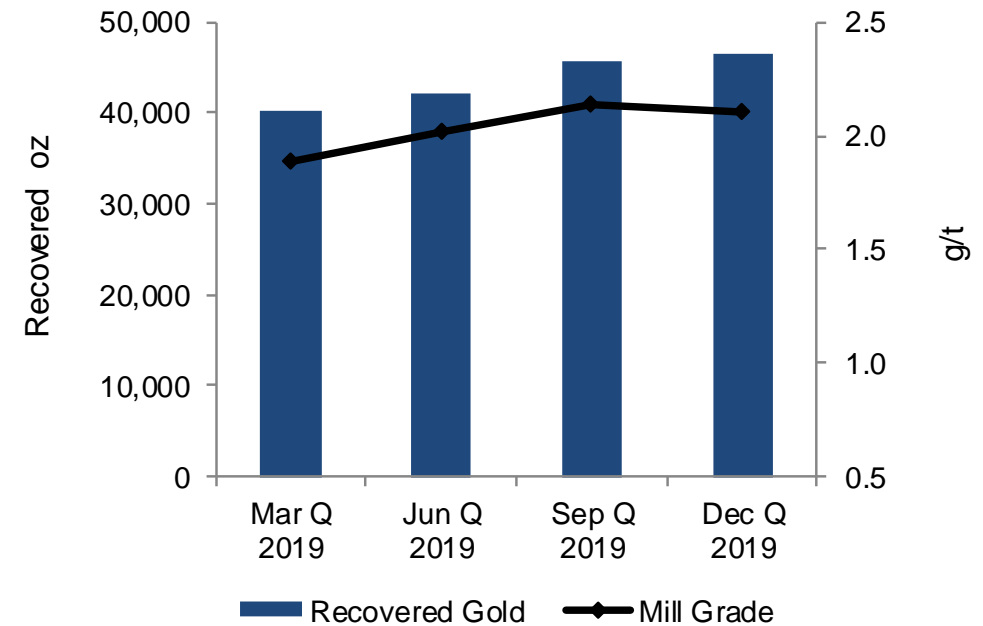
- ▲ **Record gold production - 46,594oz at an AISC of A\$751/oz**
- ▲ **Mine operating cash flow - A\$51.4m**
- ▲ **Net mine cash flow - A\$38.2m (after growth capital of A\$13.2m)**
- ▲ Total open pit material movement - 1.5 million BCM
- ▲ Open pit ore mined - 1.1Mt with a mine grade of 1.9g/t
- ▲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

Quarterly highlights:

Mining

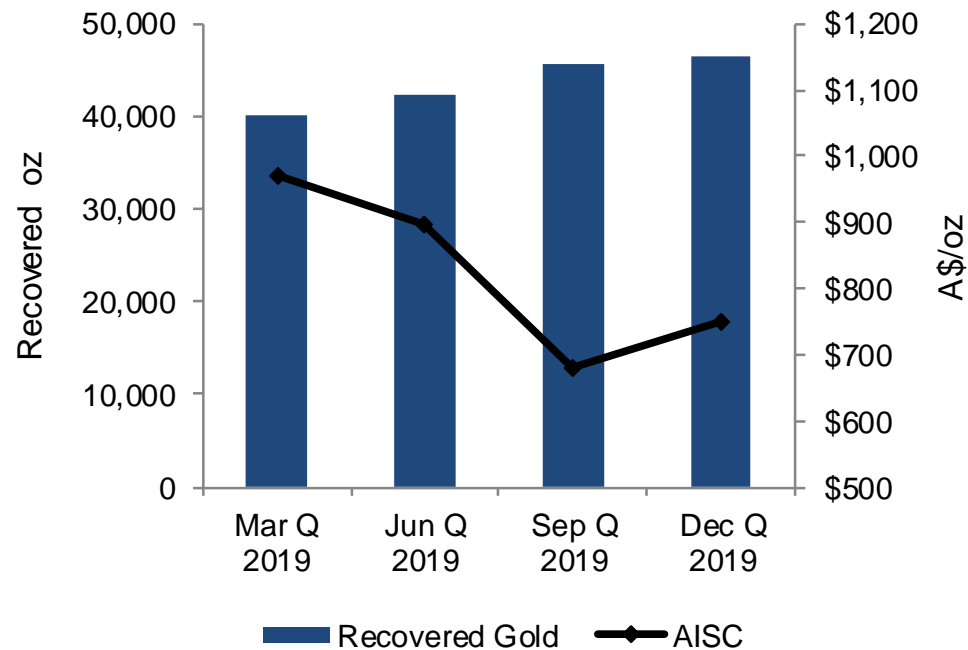


Milling

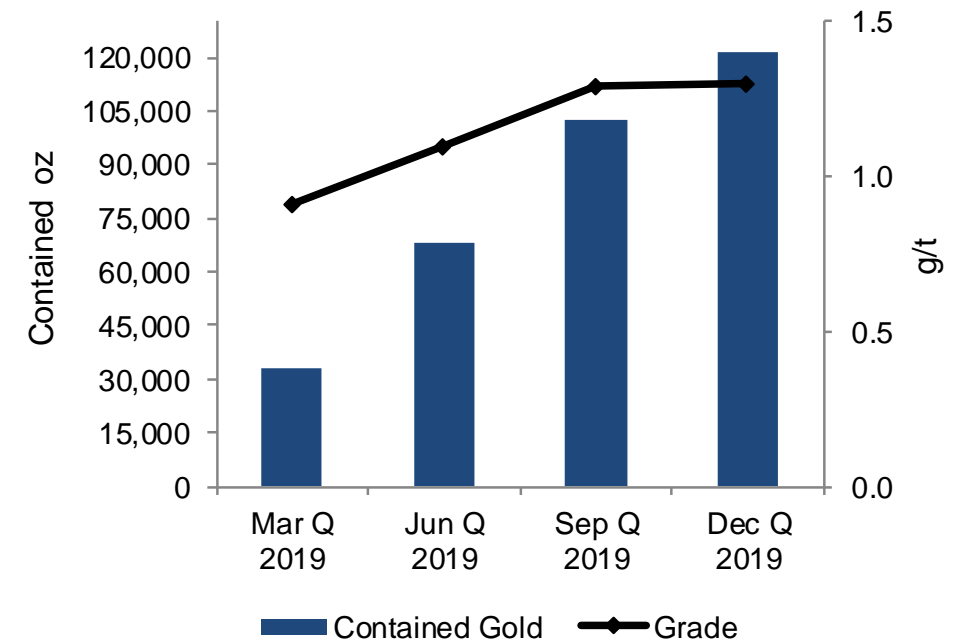


Quarterly highlights:

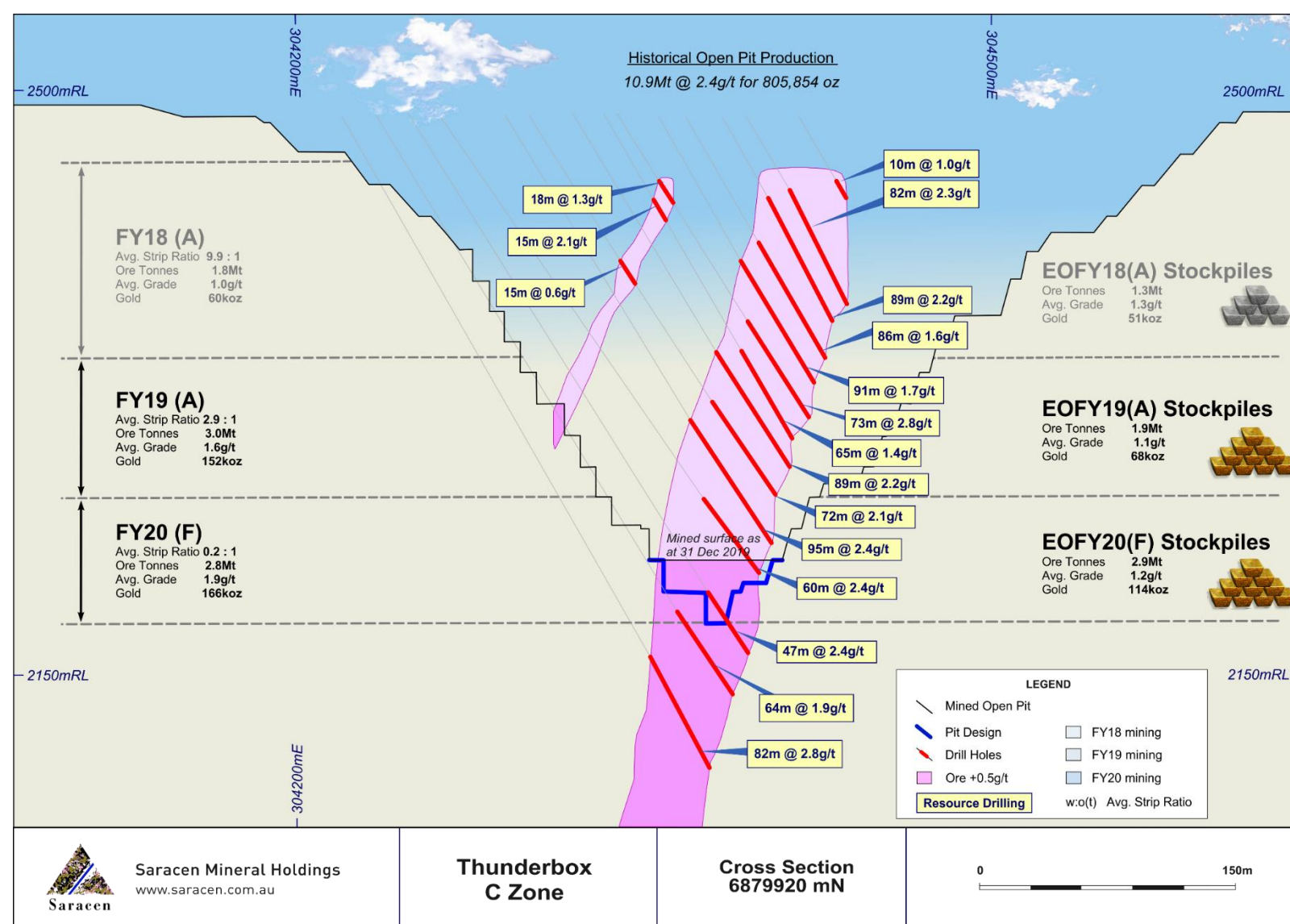
Production and AISC



Closing ore stockpile



Thunderbox - 'Does what it says on the tin'

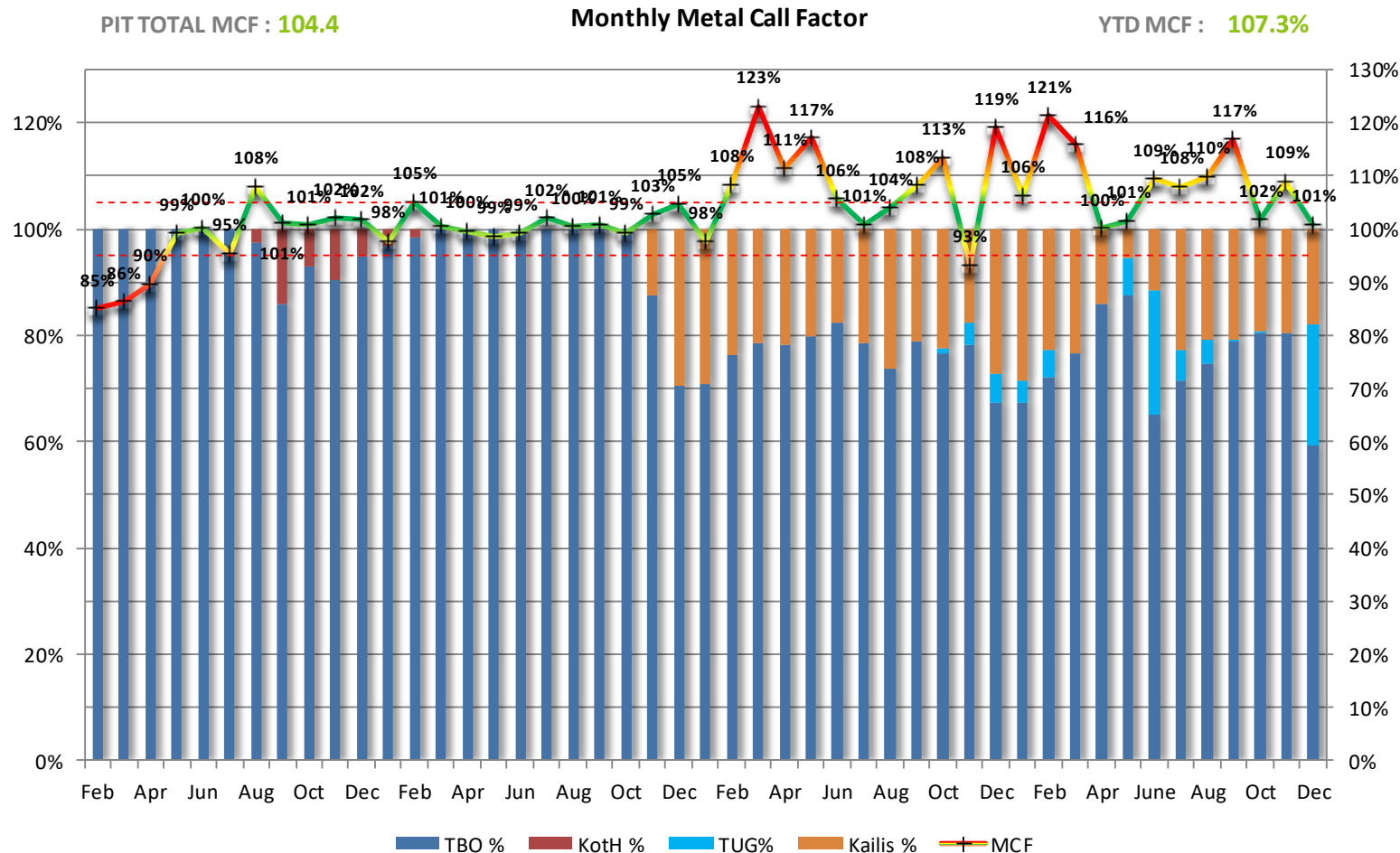


- ▲ High productivity / low cost
- ▲ Top down method (no pit staging)
- ▲ As the mine progresses:
 - Grade rises (1.0 to 1.9g/t)
 - Strip ratio falls (10 to zero)
 - **AISC falls to ~A\$625/oz**
 - Stockpiles grow to 114,000oz
 - Cash flow increases dramatically



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Mill reconciliation:

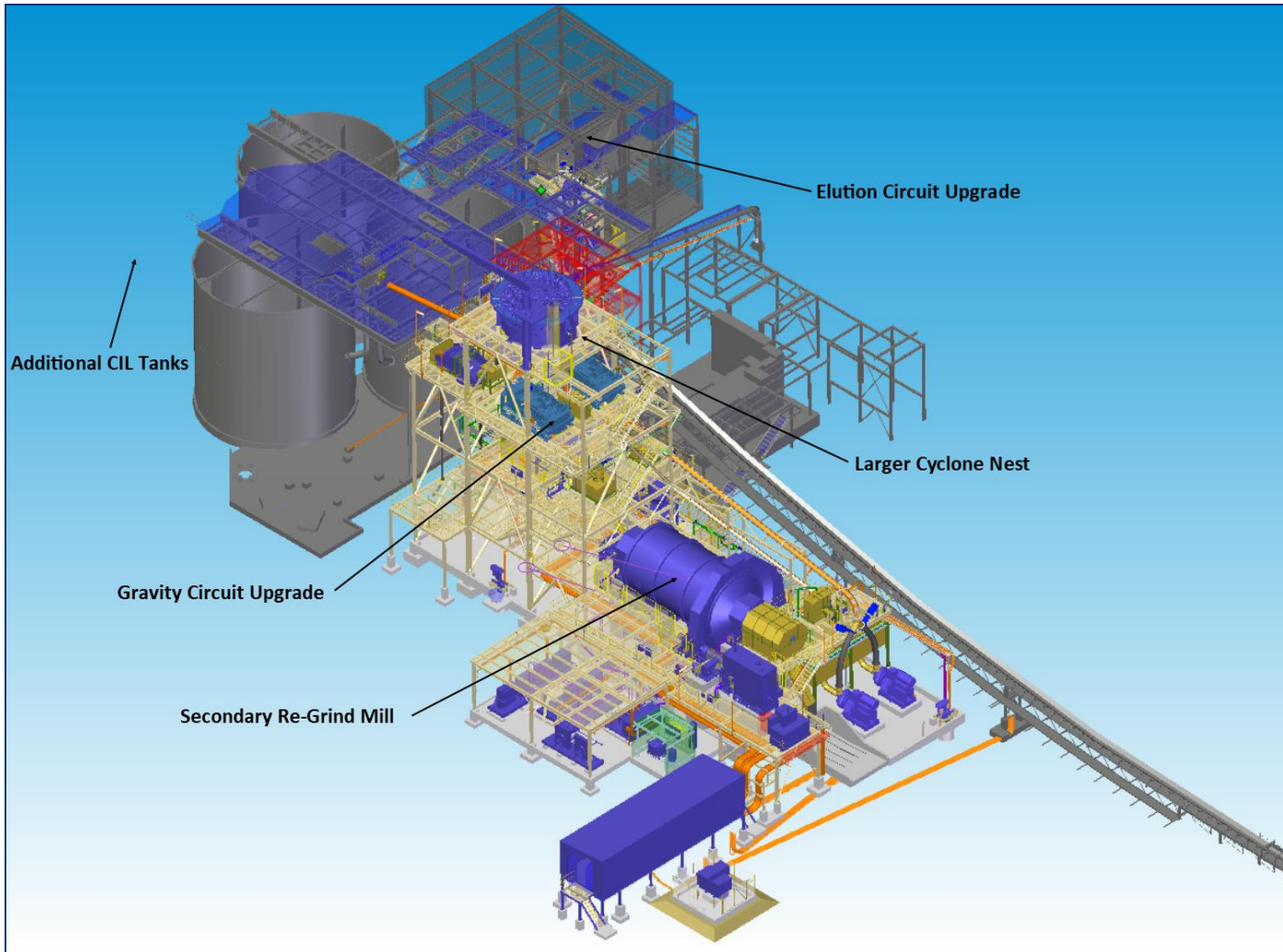


- ▲ Average MCF pre-Kailis 99%
 - Predictable - homogeneous Thunderbox orebody
- ▲ Average MCF following introduction of Kailis ore 108%
 - Positive impact of high nugget ore

Discovery and Growth - Carosue Dam



Mill expansion to 3.2Mtpa:

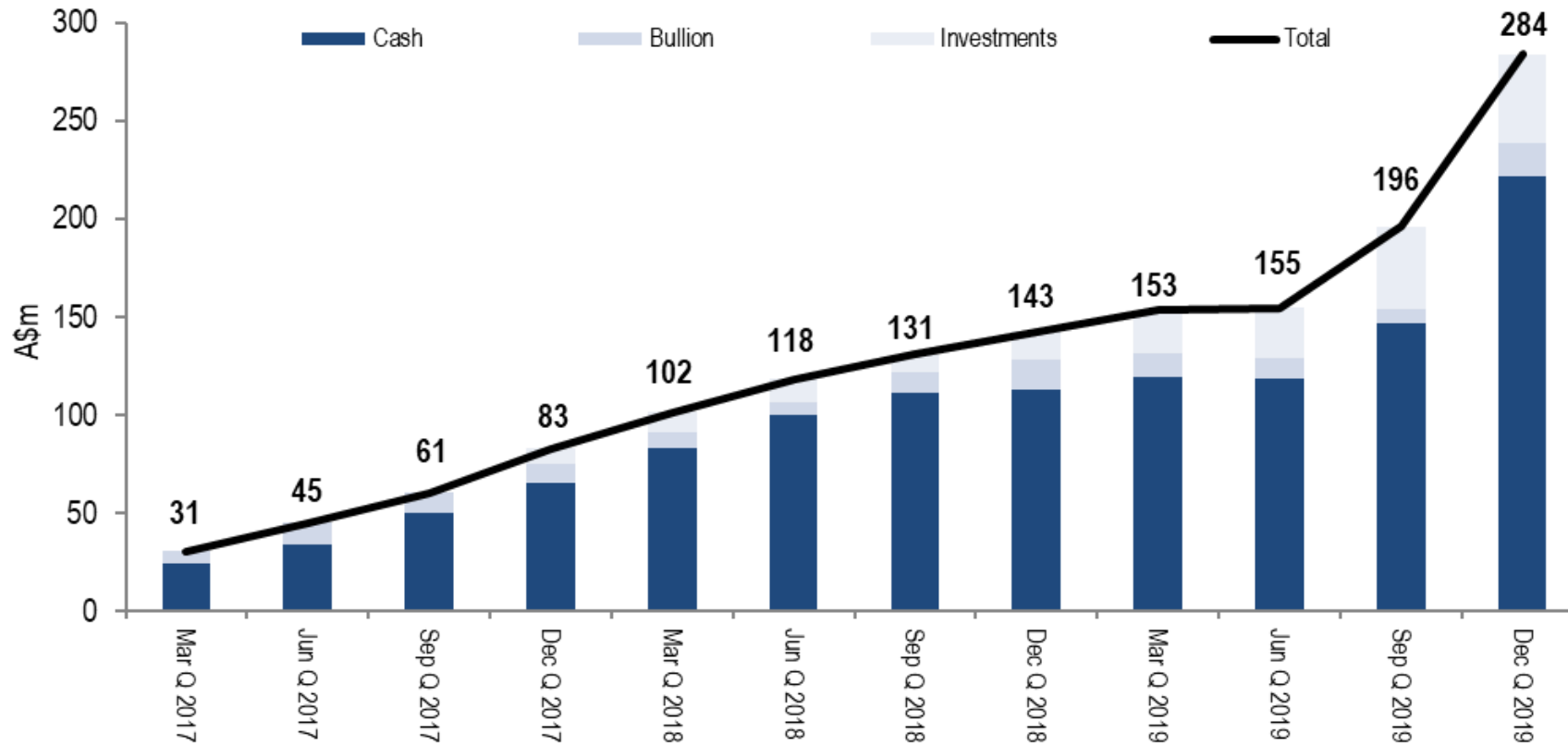


- ▲ Mill throughput **increases to 3.2Mtpa** (from 2.4Mtpa) during FY20-21, **A\$34m capital cost**
- ▲ **Recovery increases to 94%** (from 93%)
- ▲ **Unit milling costs reduce by ~A\$1.50 - A\$2.50/t**
- ▲ Additional ore required to fill the expanded mill will be sourced from the Carosue Dam open pits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

Cash and equivalents



A\$284m at 31 December:



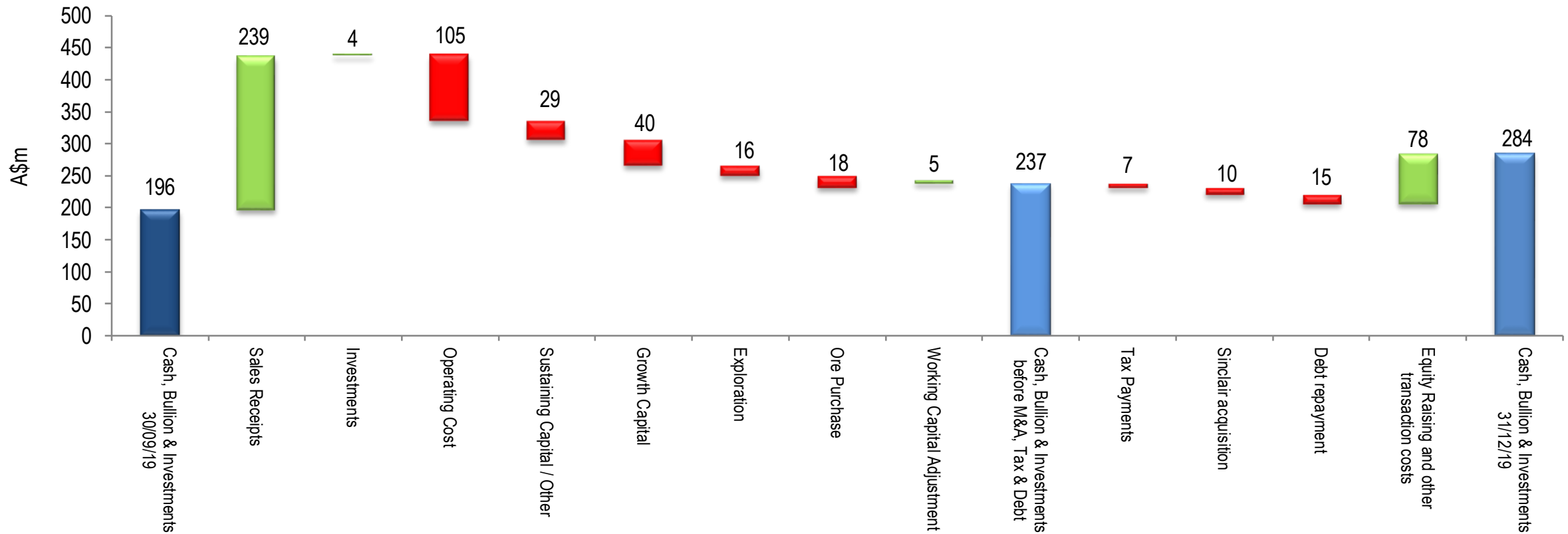
▲ Cash and equivalents of A\$283.8m at 31 December after:

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

Cash Flows

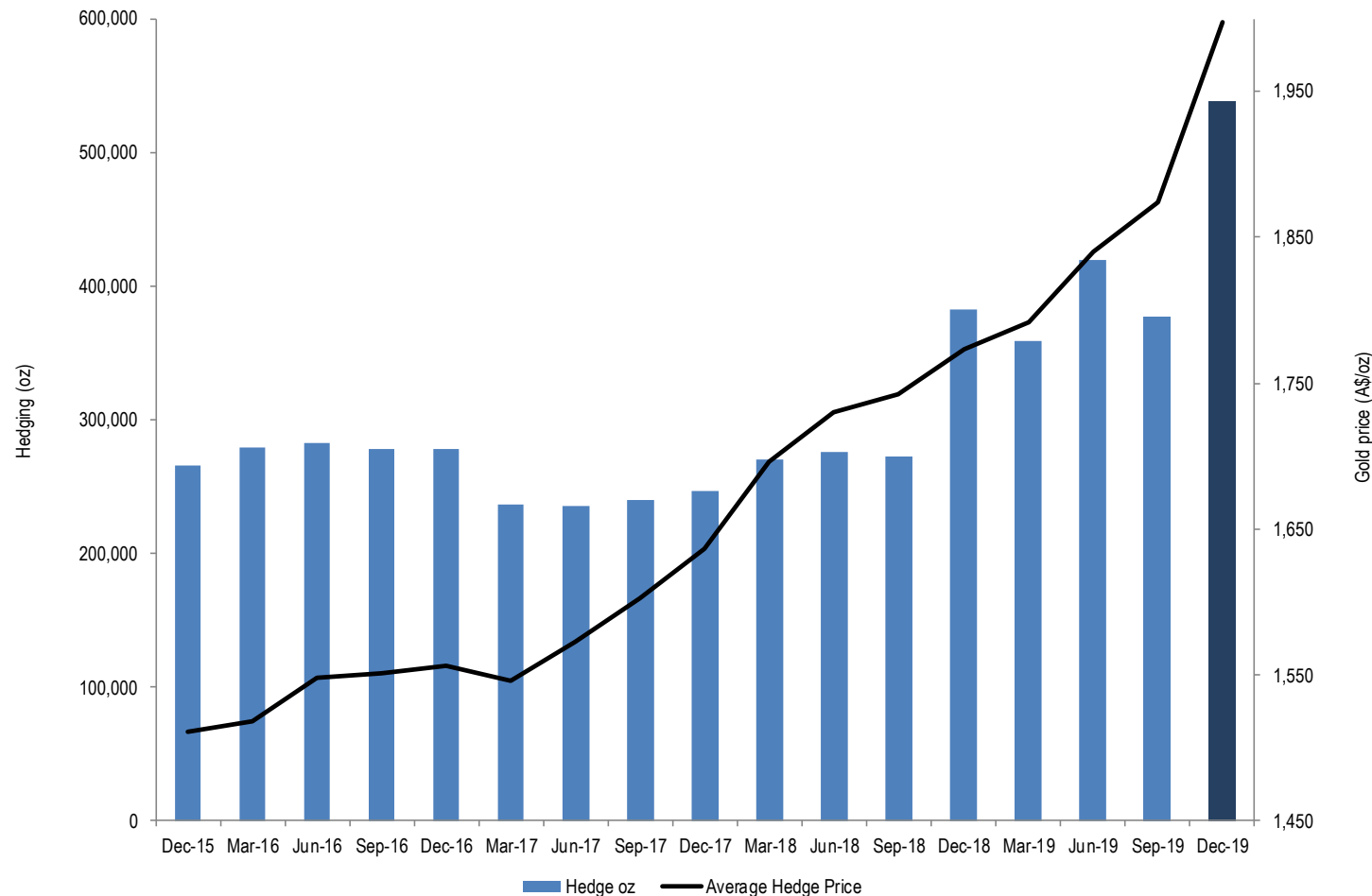


A\$284m cash and equivalents at 31 December 2019:



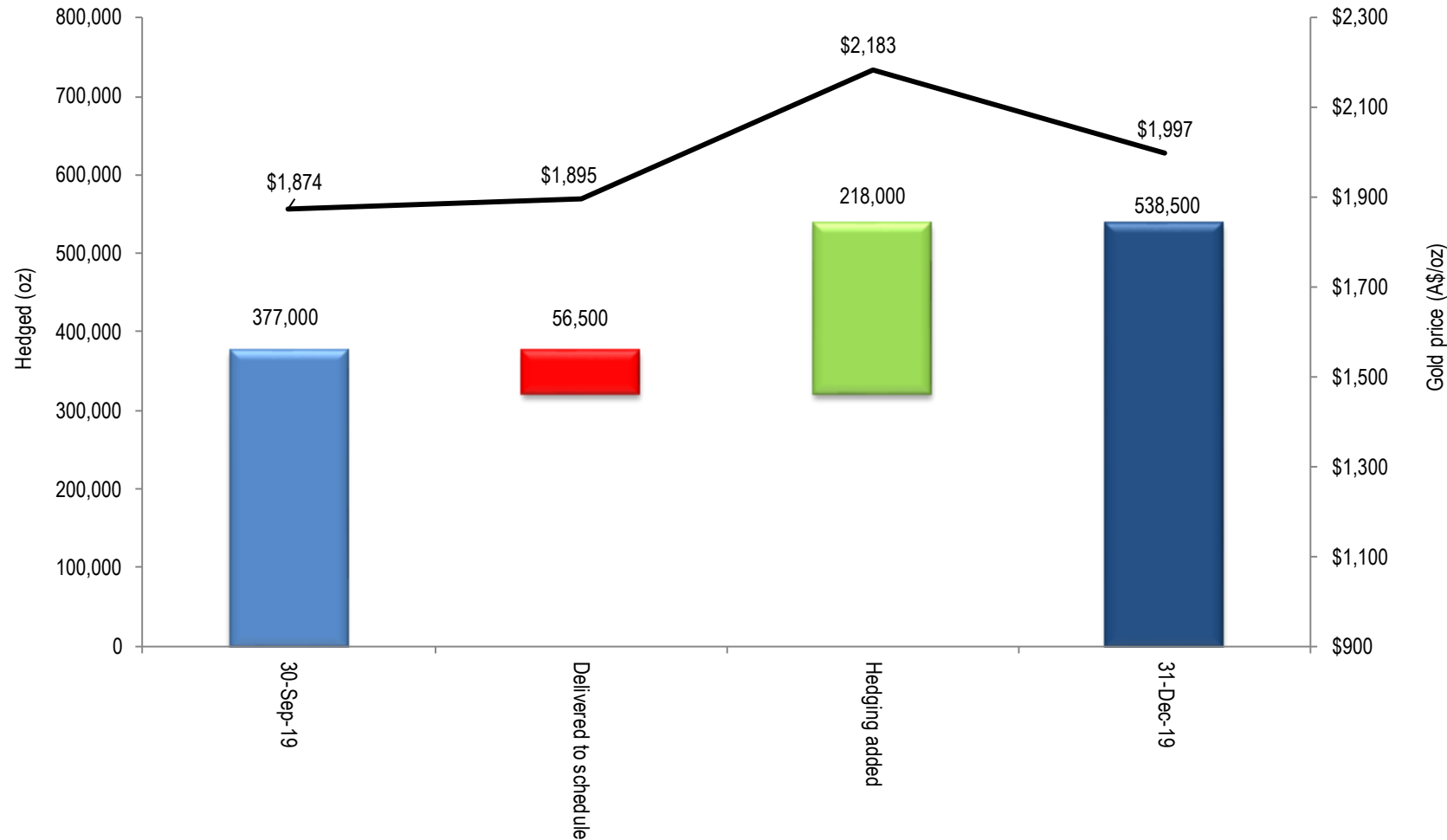
Prudent hedging caps financial risk:

Hedge Book



Quarter	Quantity	Price
	oz	A\$/oz
Mar-20	68,000	\$1,952
Jun-20	65,300	\$1,900
Sep-20	61,800	\$1,919
Dec-20	54,300	\$1,961
Mar-21	52,800	\$1,969
Jun-21	49,800	\$1,985
Sep-21	43,300	\$2,015
Dec-21	45,200	\$2,050
Mar-22	36,500	\$2,099
Jun-22	29,500	\$2,149
Sep-22	20,000	\$2,208
Dec-22	12,000	\$2,199
Total	538,500	\$1,997

Movements:



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

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

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