



**Saracen**

**DECEMBER QUARTER 2019 -**

**RALEIGH FINLAYSON - Managing Director**

**MORGAN BALL - Chief Financial Officer**

**SIMON JESSOP - Chief Operating Officer**

**TROY IRVIN - Corporate Development Officer**

**Presentation**

**28<sup>th</sup> January 2020**

# Qualification



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It is uncertain if further exploration will result in the determination of a Resource or Reserve. Where exploration, evaluation, operational and feasibility study expenditure estimates and budgets amounts are presented herein, ongoing prioritisation and scaling of expenditures will be subject to results and, where applicable, scheduling changes. Targeted production and other outcomes are subject to change, and may not eventuate, depending on the results of ongoing performance and assessment of data. All Reserves and Resources as referred to herein are in accordance with the JORC Code. Refer to Appendix A of this presentation for the relevant Competent Person statements. Resources are inclusive of Reserves.

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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**

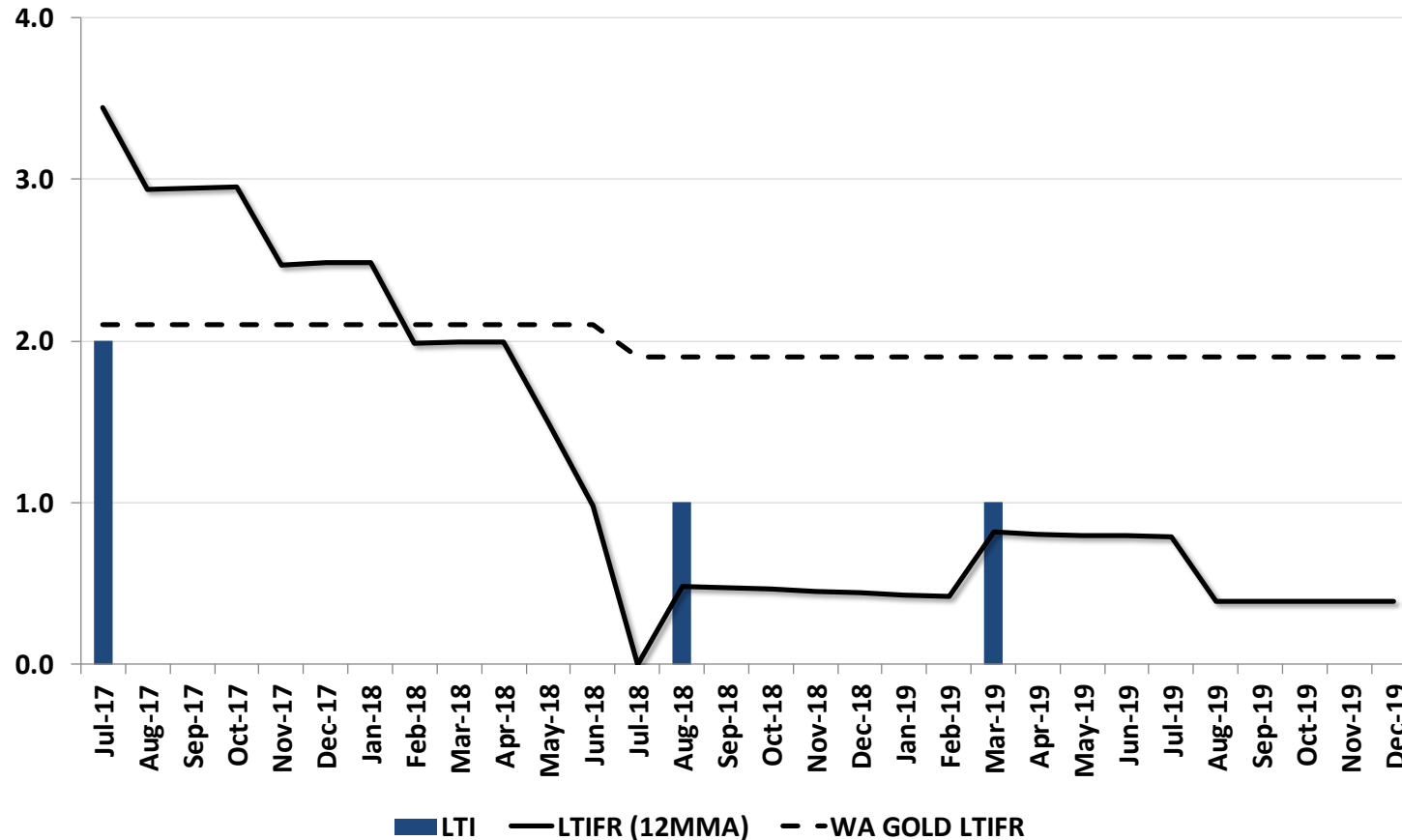
▲ **Cash / liquids - A\$283.8m**

▲ **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](http://www.dmp.wa.gov.au/Documents/Safety/MSH_Stats_Posters_SAFETYPerfWA_1718.pdf)

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



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## 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



**CO<sup>2</sup> 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:

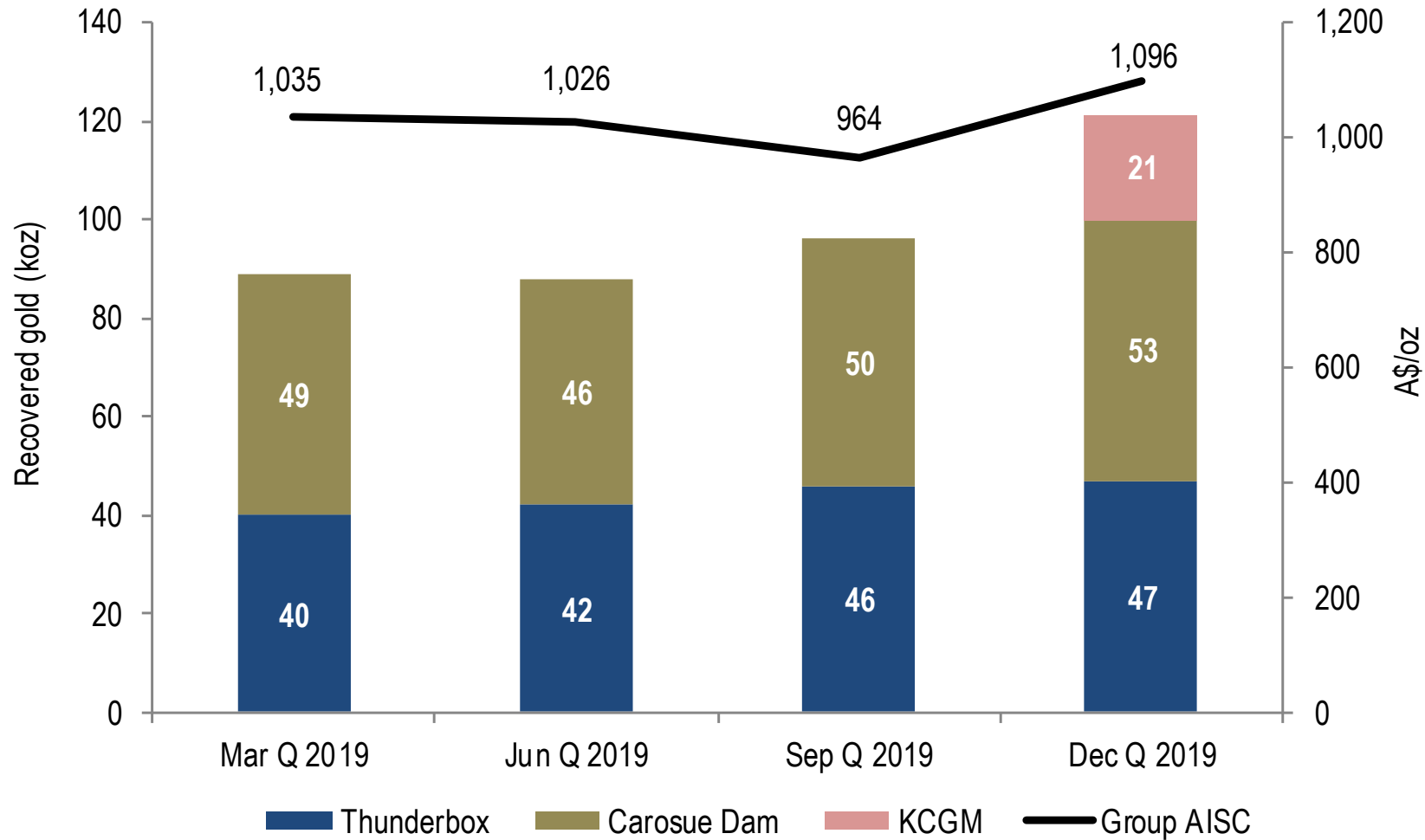


- ▲ New 1MW array – Now live!
- ▲ 40% cheaper than current power generation
- ▲ Forecast to produce 1,647MWh p.a. (equivalent to ~300 households)
- ▲ Offsets 988t of CO<sub>2</sub> p.a.

# Quarter highlights



## Consistent and persistent:



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## 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)**

## 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

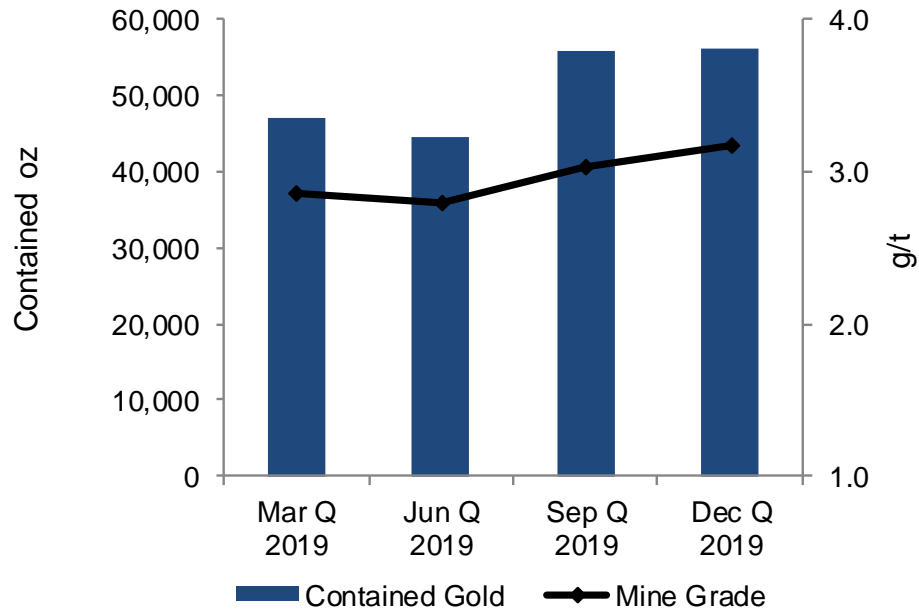
# Operations - Carosue Dam



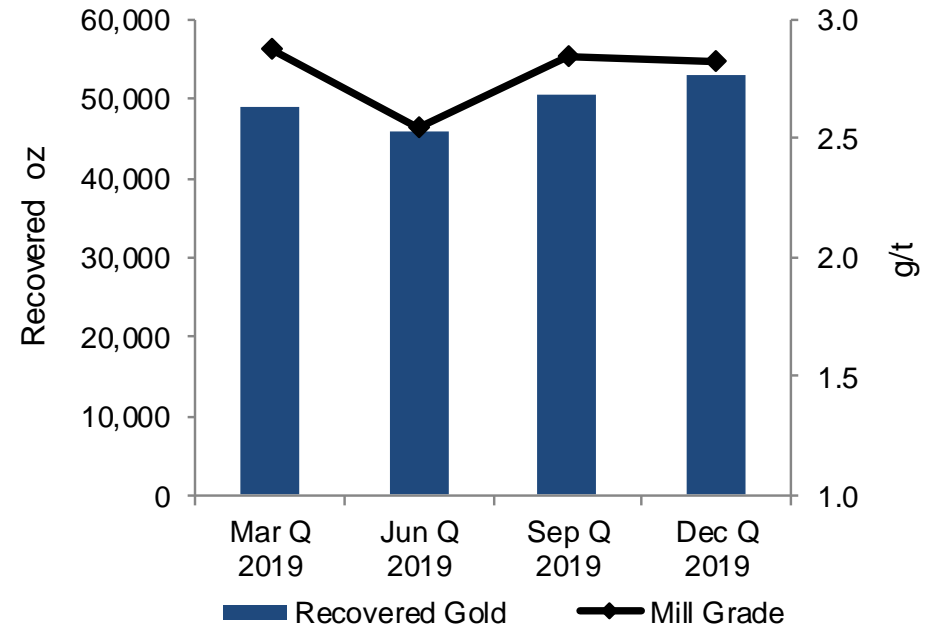
## Quarterly highlights:

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### Mining



### Milling

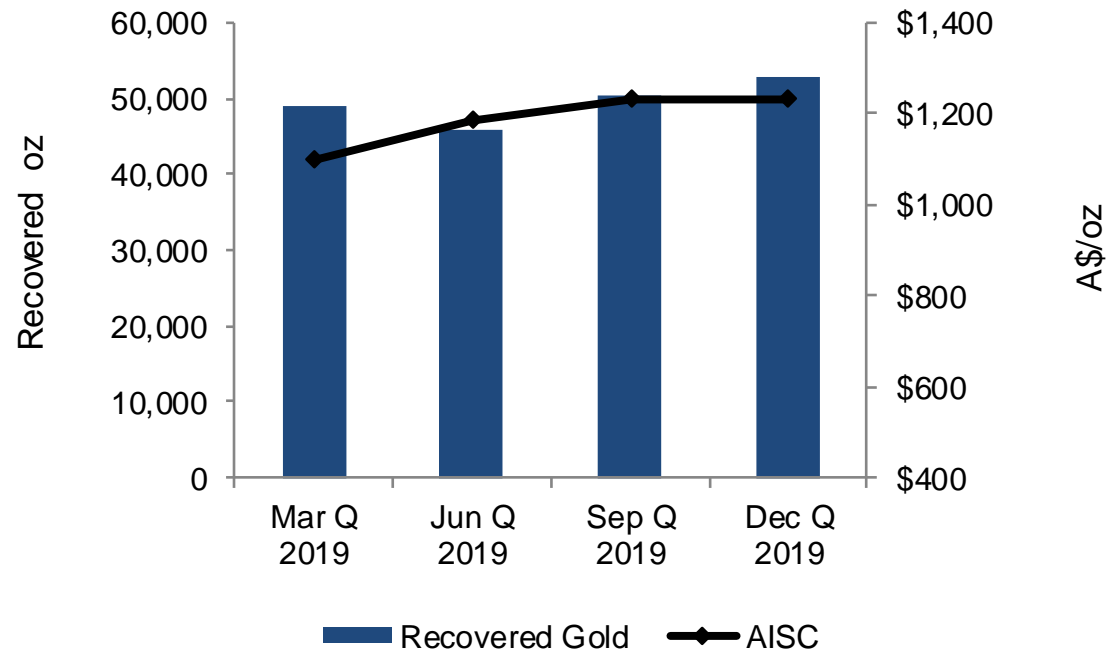


# Operations - Carosue Dam

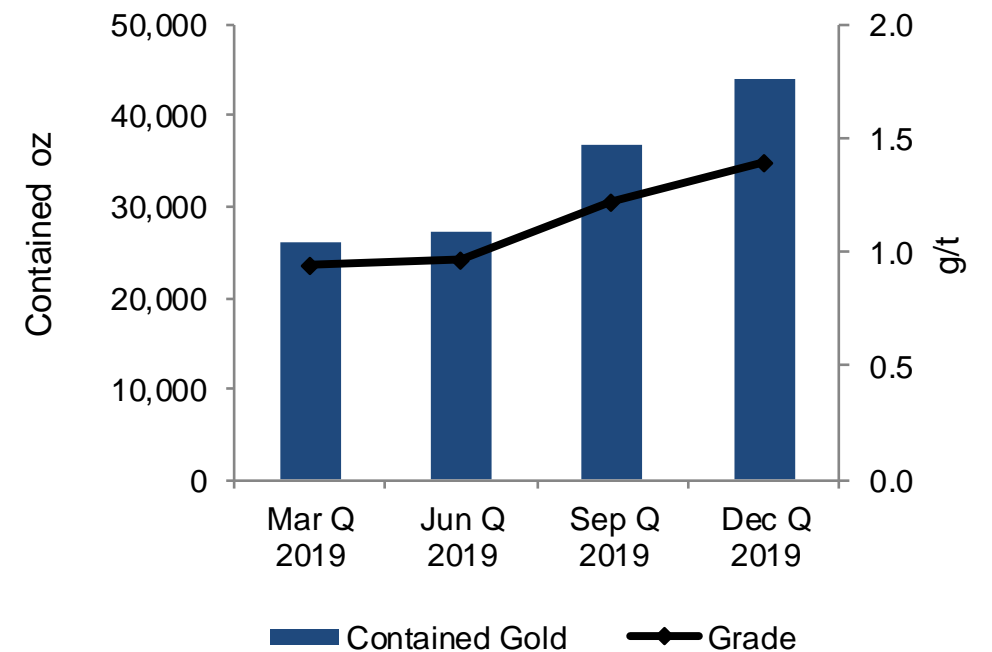


## Quarterly highlights:

### Production and AISC



### Closing ore stockpile



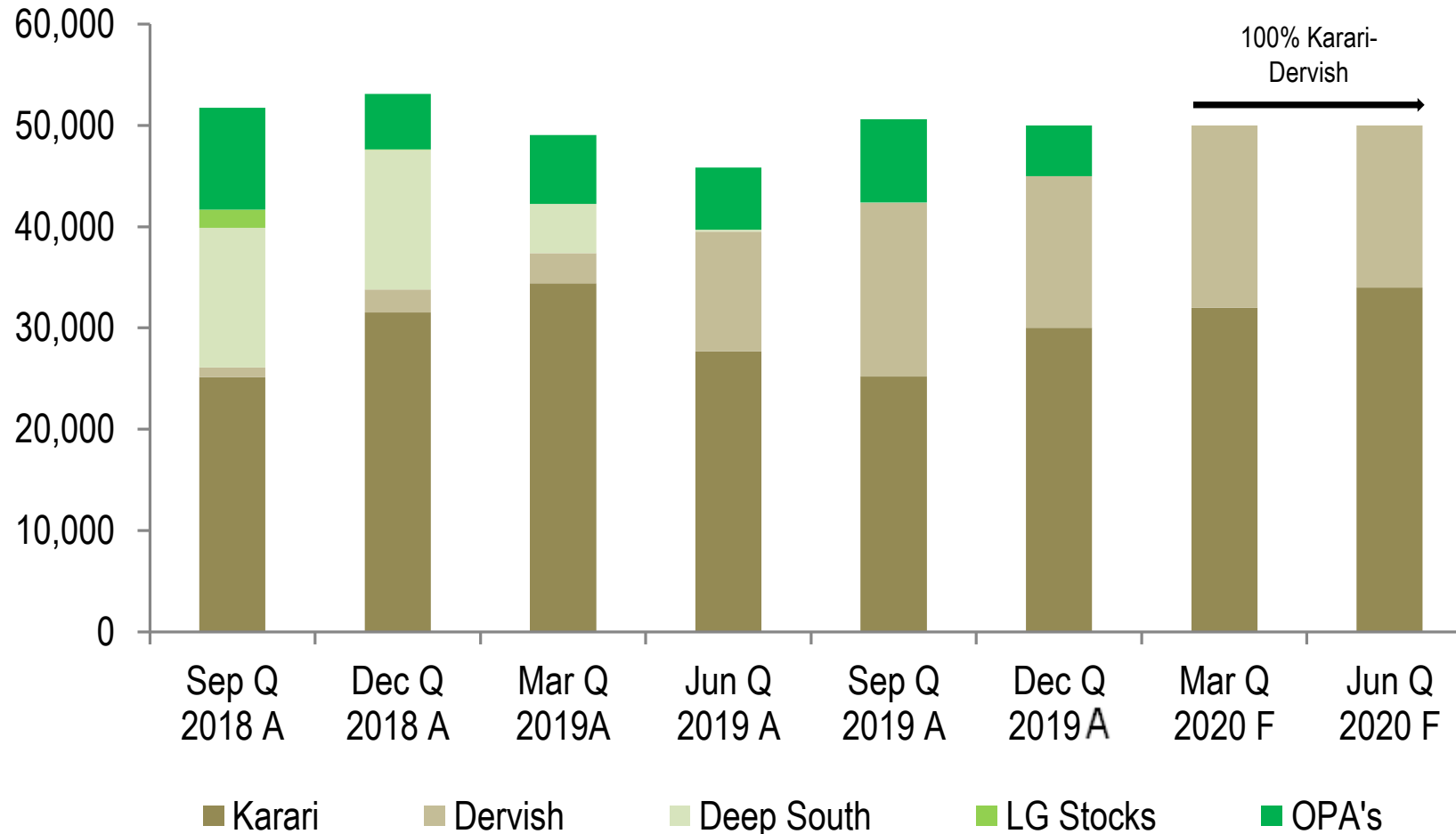
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# Operations - Carosue Dam



## Production transitioning to 100% Karari-Dervish:

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- ▲ 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

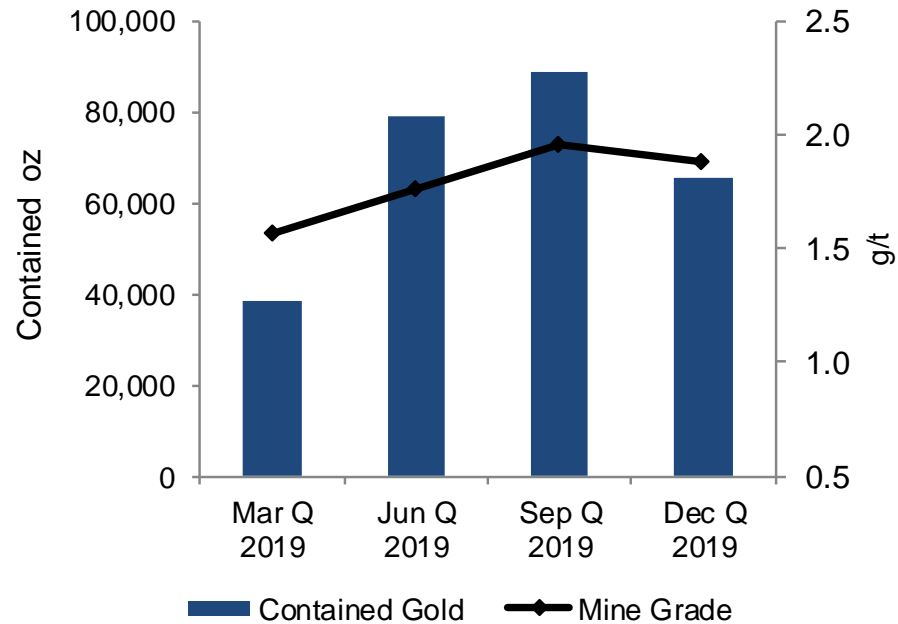
# Operations - Thunderbox



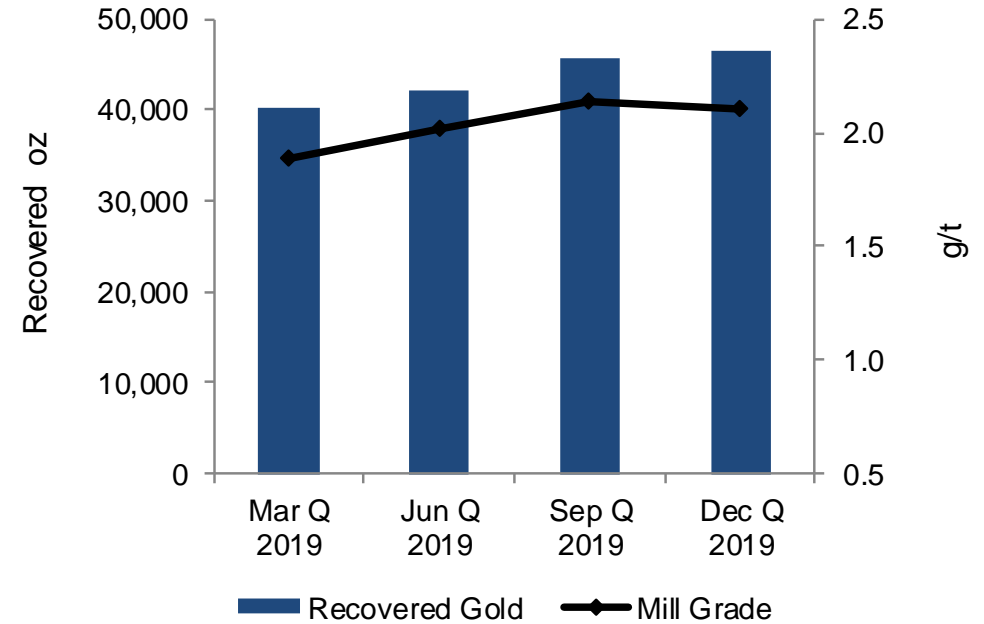
## Quarterly highlights:

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### Mining



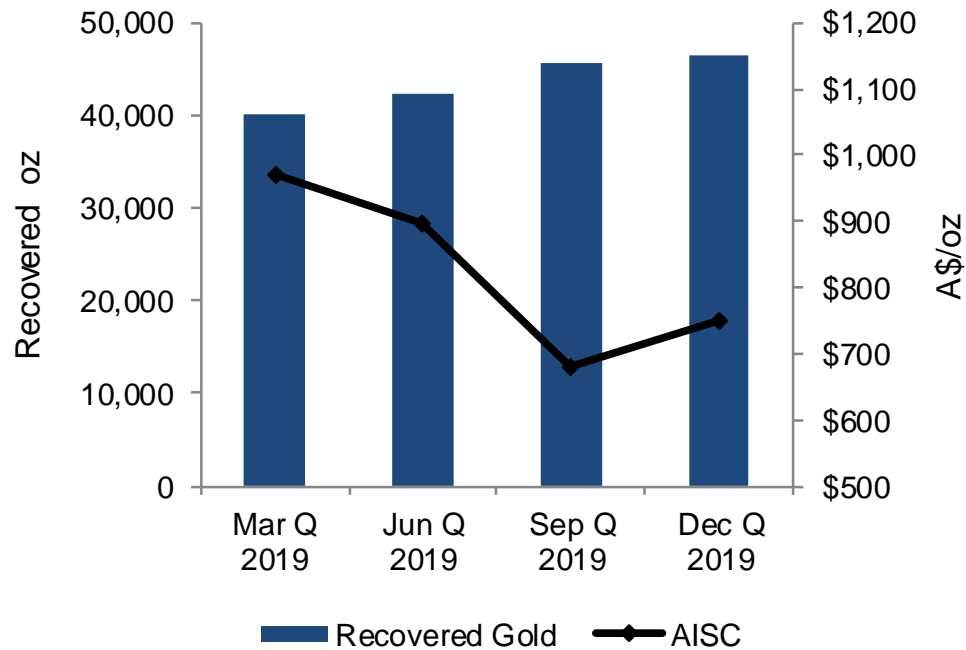
### Milling



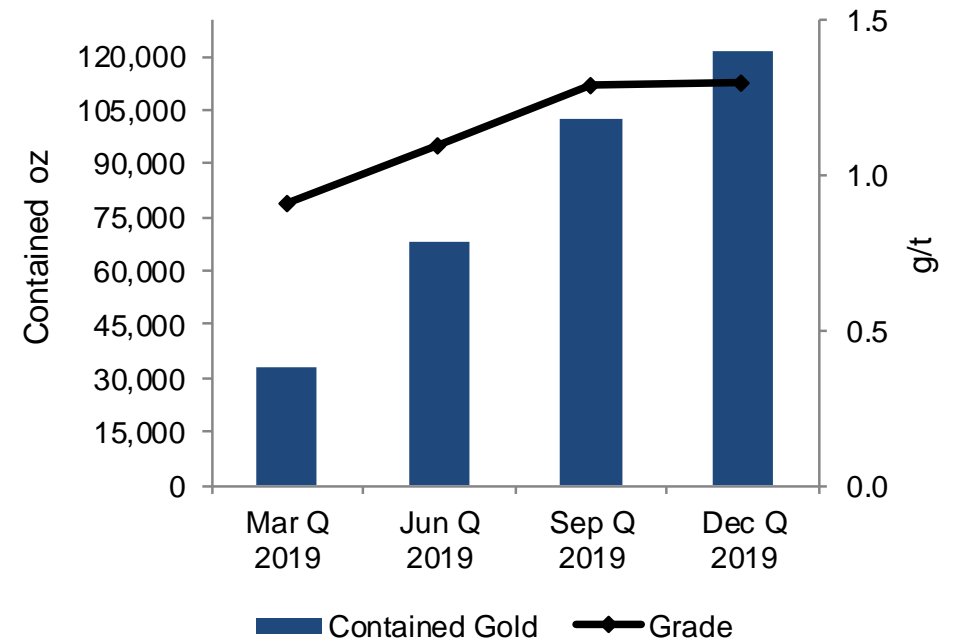
## Quarterly highlights:

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### Production and AISC

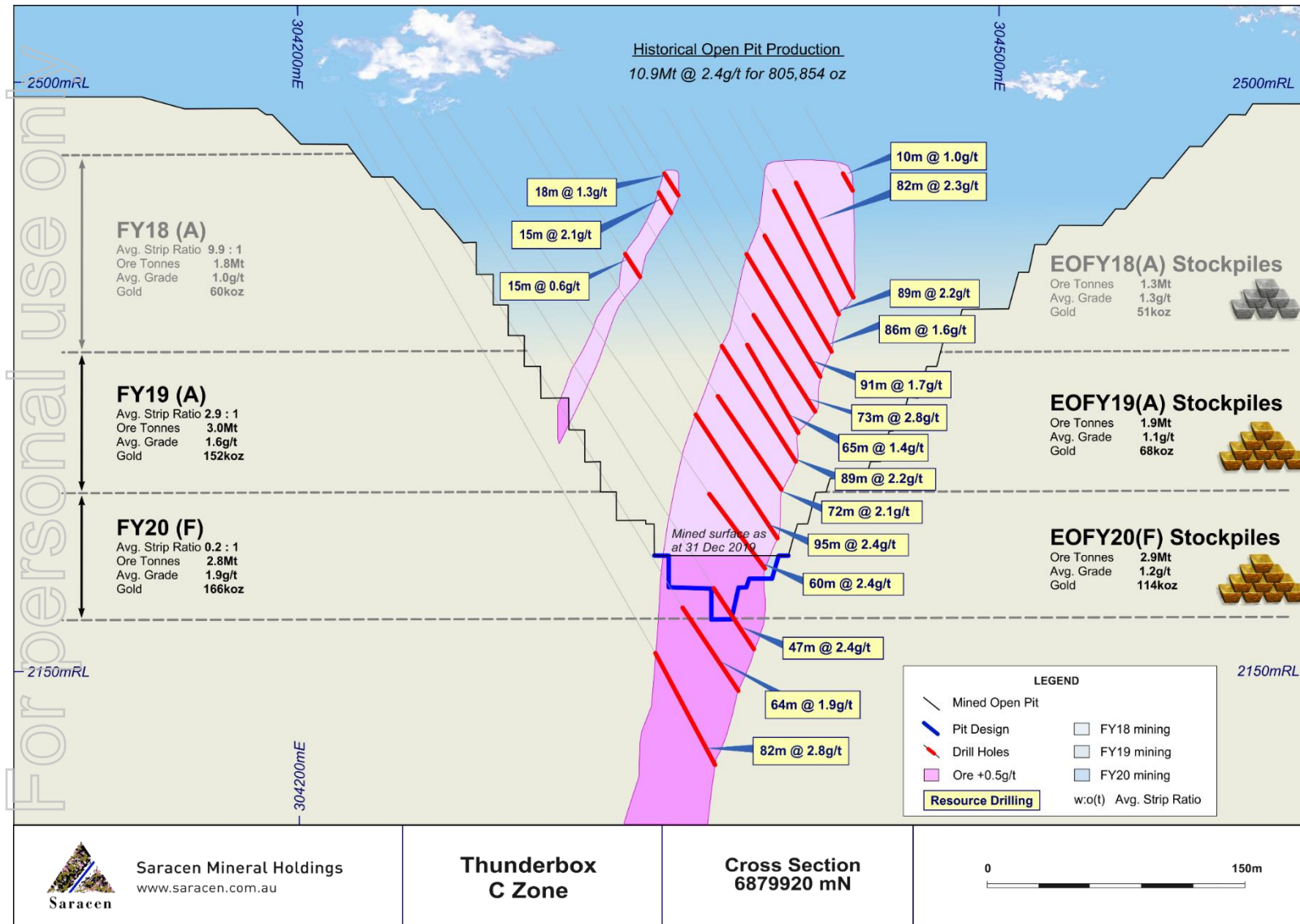


### Closing ore stockpile





# 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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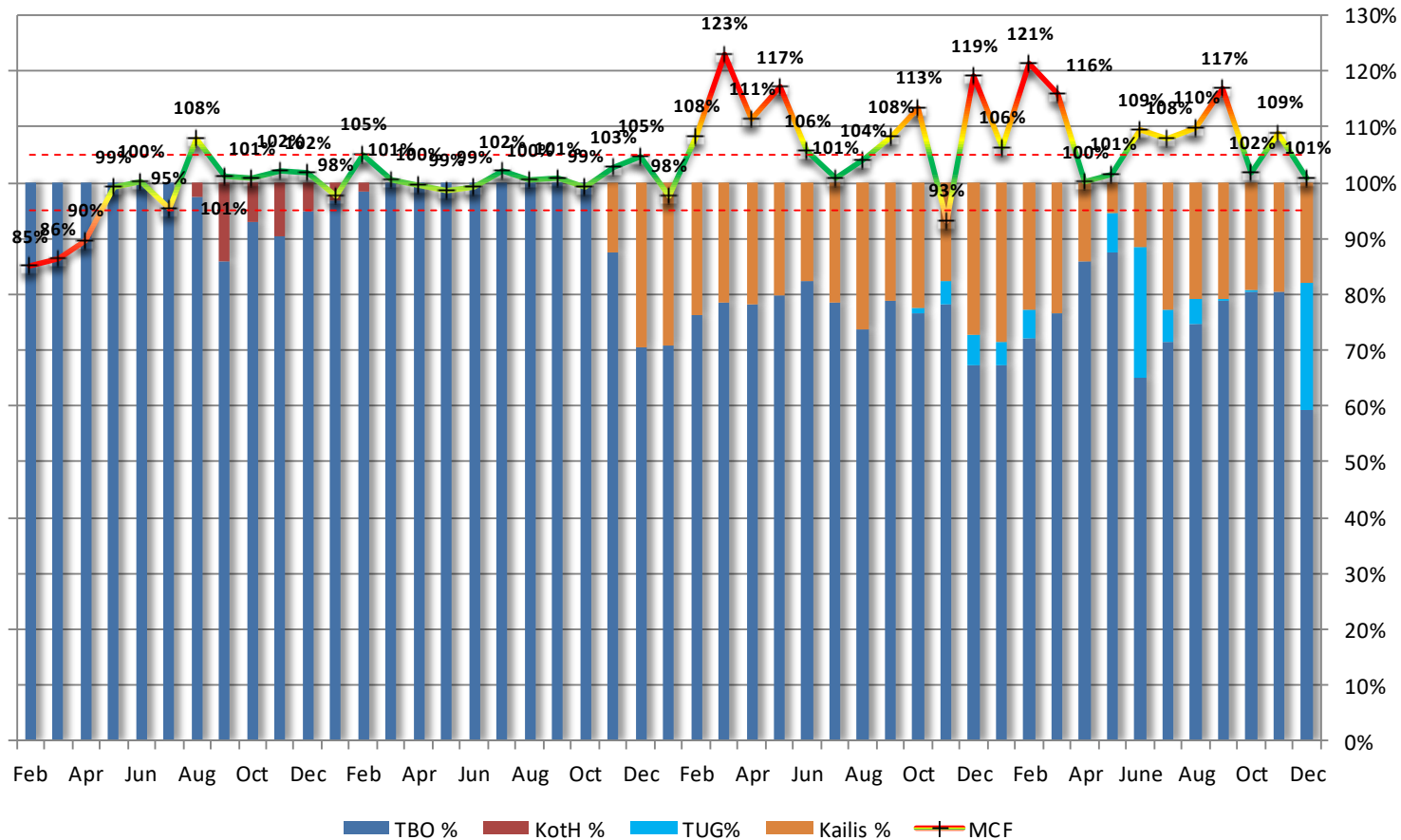
Saracen Mineral Holdings  
www.saracen.com.au

## Mill reconciliation:

PIT TOTAL MCF : 104.4

Monthly Metal Call Factor

YTD MCF : 107.3%



▲ Average MCF pre-Kailis 99%

- Predictable - homogeneous Thunderbox orebody

▲ Average MCF following introduction of Kailis ore 108%

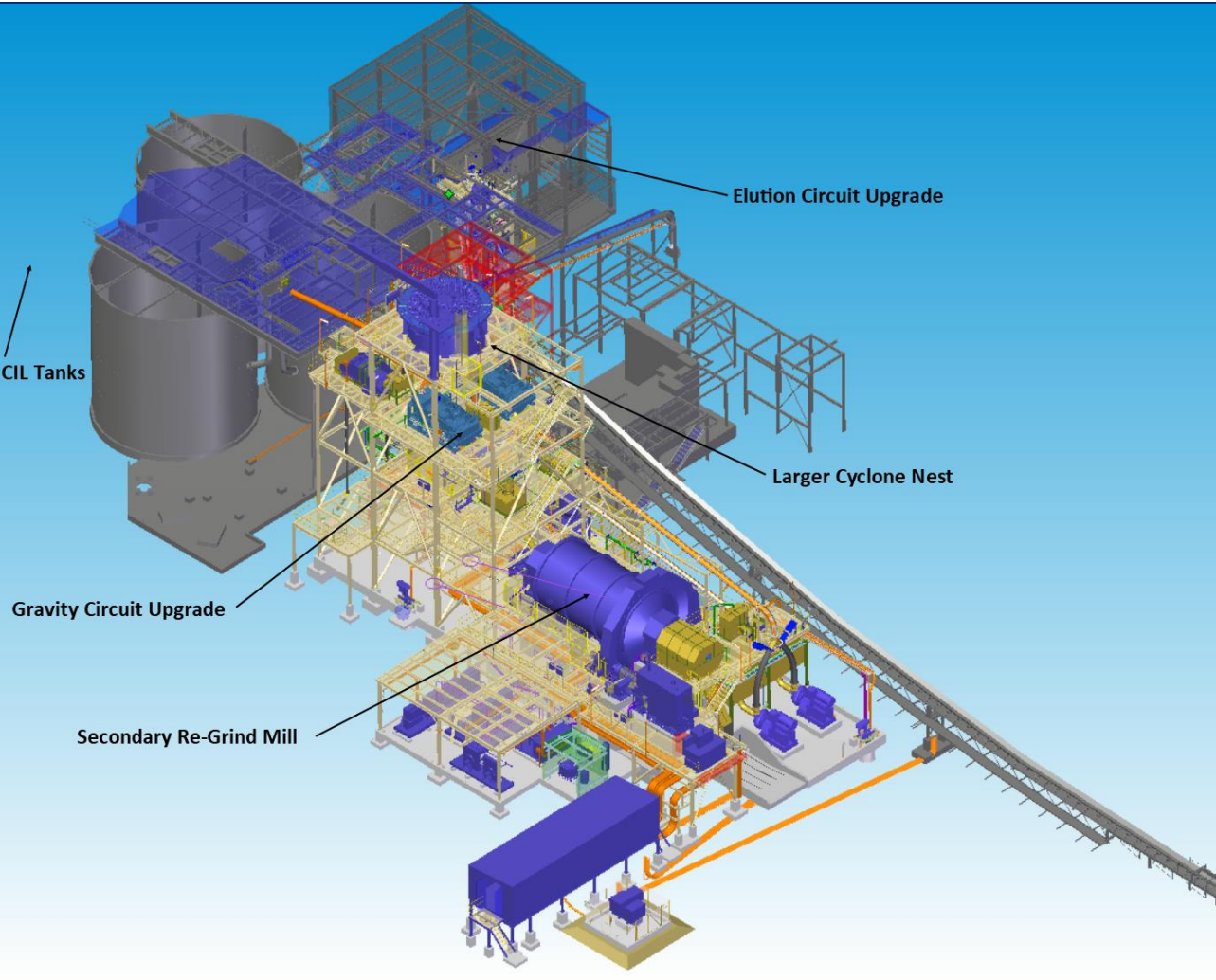
- Positive impact of high nugget ore

# Discovery and Growth - Carosue Dam



## Mill expansion to 3.2Mtpa:

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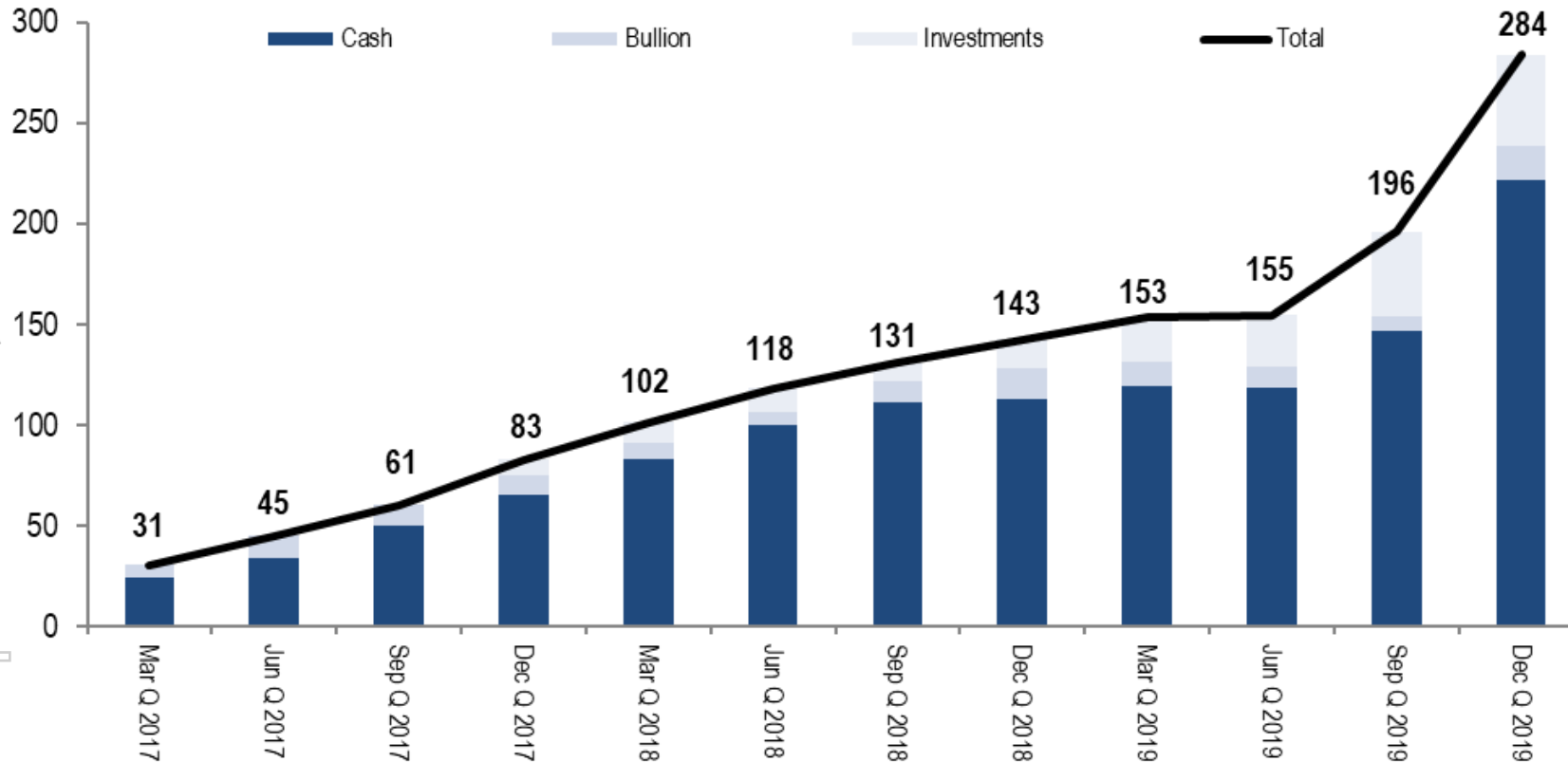


- ▲ Mill throughput **increases to 3.2Mtpa** (from 2.4Mtpa) during FY20-21, **A\$34m capital cost**
- ▲ **Recovery increases to 94%** (from 93%)
- ▲ **Unit milling costs reduce by ~A\$1.50 - A\$2.50/t**
- ▲ Additional ore required to fill the expanded mill will be sourced from the Carosue Dam open pits (+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:

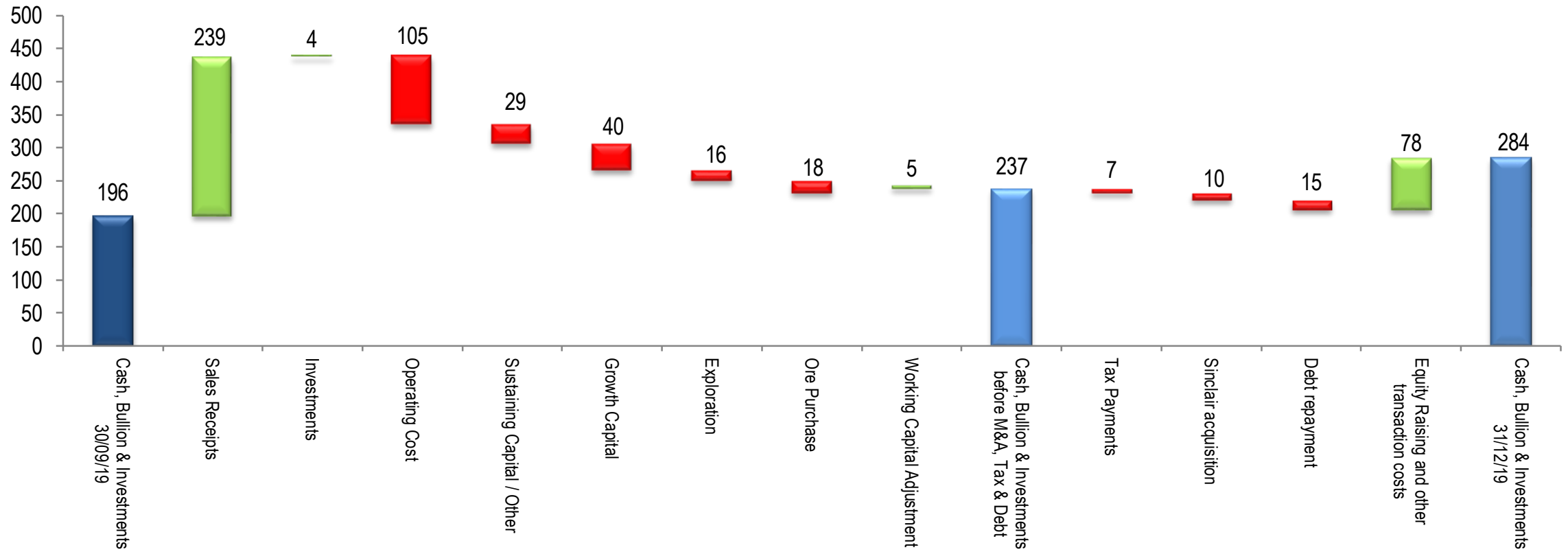
- Paying US\$750m for 50% of the Super Pit
- Paying A\$10m for Sinclair
- Raising A\$796m in equity
- Drawing A\$400m in debt
- Making an **early debt repayment of A\$15m**
- Paying A\$6m tax

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# Cash Flows



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

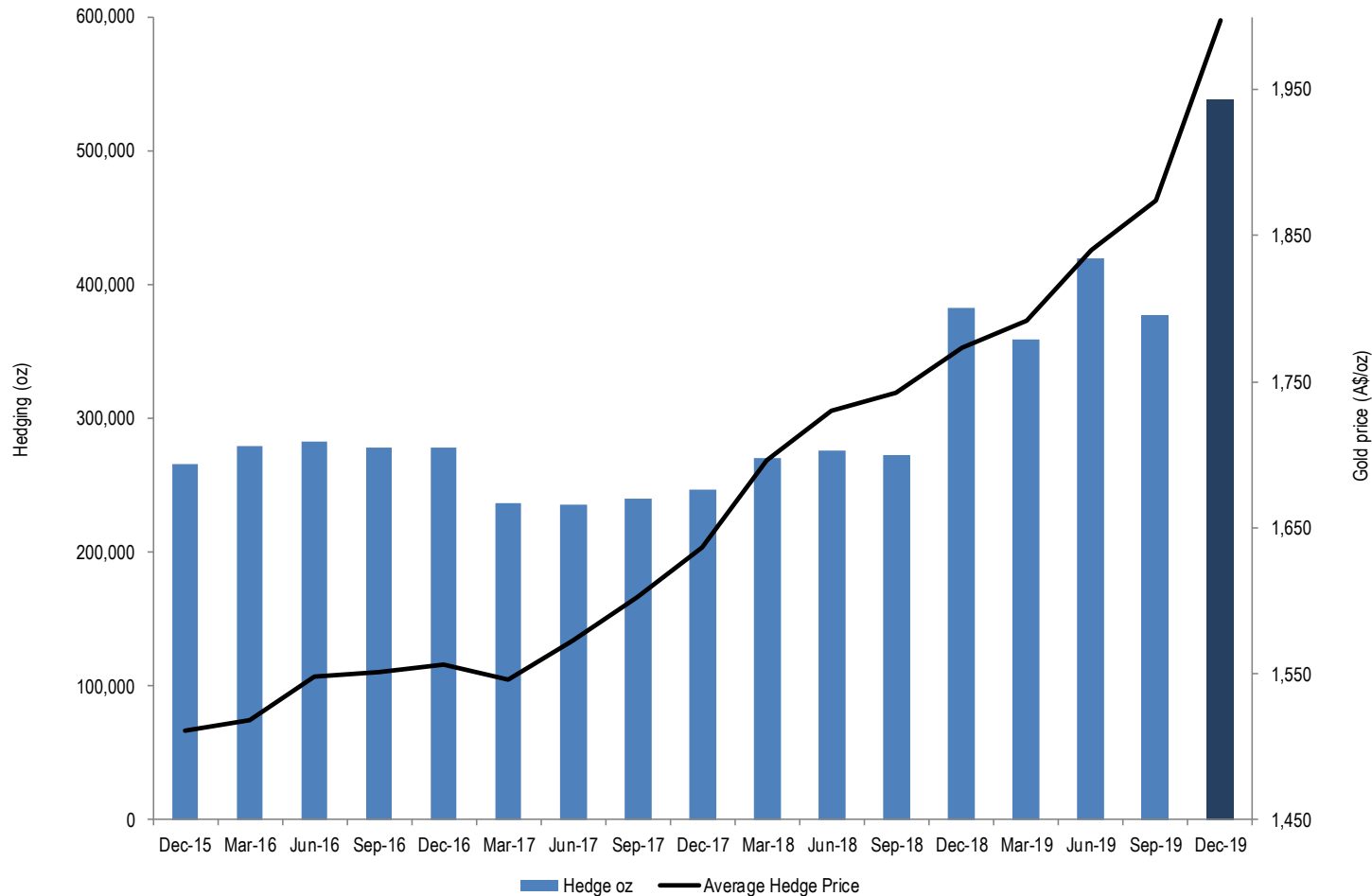


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## Prudent hedging caps financial risk:

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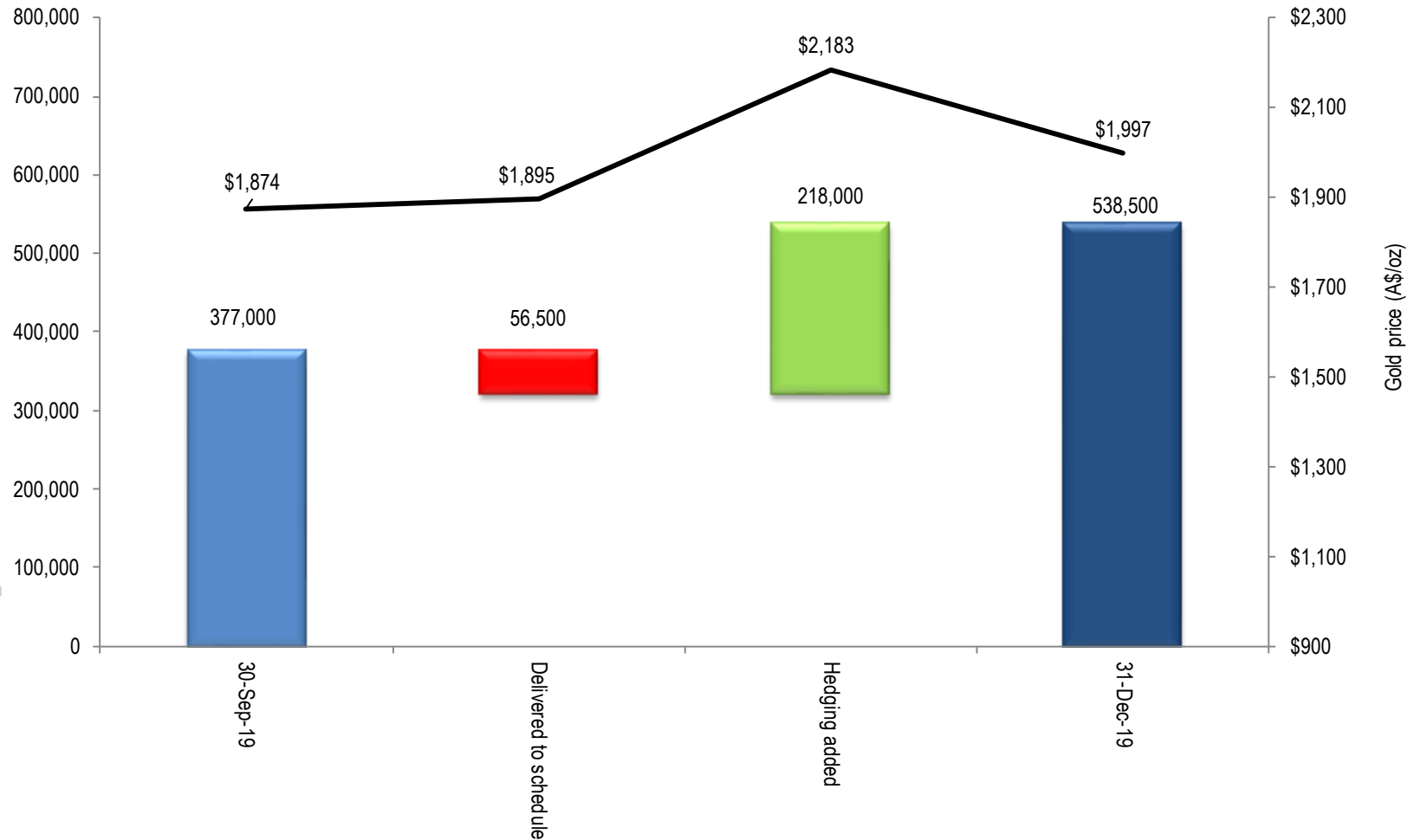
**Hedge Book**



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
<b>Total</b>	<b>538,500</b>	<b>\$1,997</b>

## Movements:

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- ▲ 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**



Contact Details:

**Troy Irvin**

*Corporate Development Officer*

phone: +61 8 6229 9100

email: [info@saracen.com.au](mailto:info@saracen.com.au)

[www.saracen.com.au](http://www.saracen.com.au)



**Saracen**

SARACEN.COM.AU

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