



Trading Update

27th March 2020

KEY POINTS

COVID-19

- ▲ Saracen has been **pro-active in responding to the evolving COVID-19 crisis**, implementing a host of controls and procedures designed to prevent transmission of the virus
- ▲ **Maintaining the health and safety of our workforce is always the Company's number one priority**
- ▲ **Key focus is reducing the operating "footprint"** in order to minimise the number of people at Saracen's sites, the number of transfers into and out of the sites, and the interaction between them
- ▲ Saracen remains **vigilant and prepared to take more extensive action should it be necessary** to ensure the wellbeing of our people and those of our contract partners

Operations

- ▲ Record group production of between **150,000 and 155,000 ounces** estimated for the **March quarter 2020**; Production in the six months to December 31 was 216,452 ounces
- ▲ **COVID-19 measures** have had **minimal impact on March quarter production**; However, there is **no certainty that operations will not be impacted in the June quarter**
- ▲ Saracen is **not withdrawing FY2020 guidance (+500,000oz)** but will **continually review this in light of the prevailing circumstances** and will continue to update the market in line with our continuous disclosure obligations
- ▲ Commissioning of the Carosue Dam mill to 3.2Mtpa is likely to be slightly delayed until the March quarter 2021
- ▲ Saracen has **large ore stockpiles available for milling (more than 1.7Moz attributable)** which will help insulate the business should mining be further restricted

Financials

- ▲ Discretionary expenditure has been deferred, including greenfields exploration
- ▲ **Balance sheet is robust and flexible; cash and bullion of between A\$325-330m** is estimated for 31 March 2020 (up from A\$239m at December 2019); **debt stands at A\$360m** (after making **voluntary debt repayments of A\$40m** in the past four months)
- ▲ Saracen remains comfortably in compliance with all financial covenants in the facility agreement
- ▲ Gold continues to be delivered into the hedge book as per the current schedule
- ▲ Whilst the balance sheet is strong, precautionary positive discussions are being advanced with the banking syndicate to maximise flexibility, including the potential to draw down the A\$45m revolver facility, delay debt repayments, and roll hedges forward should the Company choose.

Saracen Managing Director Raleigh Finlayson said the Company was committed to taking all measures necessary to ensure the health and safety of its workforce.

“Our number one obligation is to protect our people and, in the process, the wider community,” Mr Finlayson said. “While the measures taken so far have had minimal impact on our production, these are not ‘business as usual’ times.

“The controls and restrictions we have put in place in recent weeks are likely to impact our mining production rates in the coming quarter. At this stage, with the benefit of substantial ore stockpiles, we expect the impact to be limited on mill production, but we will ensure we keep all stakeholders informed if and when circumstances change in the future.

“It may also become necessary to implement further measures, which we will do without hesitation if circumstances require.”

“Saracen’s long-standing strategy to ‘future-proof the business’ offers a high degree of resilience to the risks and challenges posed by COVID-19, in particular the prudent build-up of surface ore stockpiles for processing to the tune of 1.7 million ounces.

Saracen Mineral Holdings (ASX: SAR) provides the following update on operations and finance, including the impact of the COVID-19 pandemic.

COVID-19 Management:

Protecting the health and safety of our workforce and the communities in which we operate is always our number one priority.

Saracen has already been pro-active in responding to the evolving crisis, going above and beyond the formal guidance of State and Federal health authorities in implementing measures to minimise the risk of infection and rate of transmission. This includes strict adherence to social distancing protocols, increased health screening, strict hygiene practices, and strong infection controls (refer to Appendix A).

Core to our approach in tackling COVID-19 is to reduce our operating “footprint” in order to minimise the number of people at our workplaces and the interaction between them. Specific measures include:

- Bans on all non-essential travel
- Cessation of all discretionary expenditures and associated personnel
- Remote working arrangements where practicable both on and offsite
- Longer FIFO rosters for all personnel to at least 3 weeks on / 3 weeks off (from 15 days on / 13 days off and 8 days on / 6 days off i.e. 4 panel structure maintained)
- FIFO travel restricted to charter flights only with strict health screening before departure
 - Employees and contractors living out of WA cannot travel to site unless 14-day quarantine period is met
 - Additional charter flights and buses added to ensure sufficient seating to support social distancing
 - Changes to the operation of mine camp facilities including kitchens, bars and closure of the gyms

Saracen is working to assist our people and their families through the crisis, minimising disruption and provide certainty where possible. Measures include regular employee updates, retraining employees from discretionary areas into back-up for essential areas (e.g. process plant), and the provision of more flexible leave (access to all accrued leave regardless of need to take leave - available to take at half pay if requested, ability to go into negative accrual for up to 20 days, and additional leave for employees impacted by international quarantines). Additional mental health support is readily accessible.

The Company remains **vigilant in monitoring the COVID-19 crisis** and is **prepared to act swiftly should further measures be necessary to ensure the health and safety of our workforce.**

Operations update:

While **operations in the March quarter have performed in-line with previously stated guidance** (record group production of between 150,000 and 155,000 ounces estimated for the March quarter 2020), and are **adapting well to the new protocols and reduced “footprint” model** outlined above, the **COVID-19 crisis is evolving rapidly**. There is **no certainty that operations will not be impacted in the June quarter and Saracen will continue to keep the market fully informed as to the extent of this**.

The expansion of the Carosue Dam mill to 3.2Mtpa (currently 2.4Mtpa) is proceeding, although commissioning is likely to be delayed to the March quarter 2021 (previously December quarter 2020). The delay stems from the uncertainty of timing around critical lead items including the new mill (ex-China) and new mill motor (ex-France). Tank 8 and tank 9 have already been constructed and commissioned as part of the upgrade. GR Engineering has moved to a 6 weeks on / 3 weeks off roster to continue with the construction works and limit the construction footprint of people and activity.

Saracen’s **long-standing strategy to “future-proof the business” offers a high degree of resilience to the risks and challenges posed by COVID-19**. Of particular note is the prudent build-up of surface ore stockpiles for processing. Ore stockpiles currently available at each site comprise:

- Carosue Dam - Approximately 9 months processing
- Thunderbox - Approximately 13 months processing
- KCGM low grade - Approximately 25 months processing
- KCGM sub-grade - Approximately 92 months processing

In order to reduce the number of personnel on site and to maximise balance sheet flexibility, discretionary expenditure has been deferred where possible. All greenfields exploration is suspended. In-mine activities have been curtailed where possible (for example, Resource definition drilling into Fimiston South at KCGM has been curtailed for now).

Finance update:

Saracen has a **robust and flexible balance sheet**. Cash and bullion of A\$325-330 million is estimated for 31 March 2020. Drawn debt is A\$360 million, after making voluntary debt repayments of A\$40 million since initial drawdown of A\$400 million in November 2019 to fund the Super Pit acquisition.

Saracen remains comfortably in compliance with all financial covenants in the facility agreement.

Gold continues to be delivered into the hedge book as per the latest schedule.

Table 1 - Hedging at 31st March 2020

Quarter	Quantity	Price
	oz	A\$/oz
Jun-20	73,300	\$1,946
Sep-20	67,800	\$1,953
Dec-20	60,300	\$1,995
Mar-21	58,800	\$2,015
Jun-21	55,800	\$2,032
Sep-21	49,300	\$2,065
Dec-21	51,200	\$2,093
Mar-22	42,500	\$2,147
Jun-22	35,500	\$2,198
Sep-22	26,000	\$2,262
Dec-22	18,000	\$2,280
Mar-23	4,000	\$2,480
Total	542,500	\$2,056

Whilst the balance sheet is strong, the Company has held positive precautionary discussions with its longstanding banking syndicate and is confident that it will offer Saracen **maximum flexibility** in the event of an imposed curtailment or temporary shutdown of operations as a result of COVID-19. This includes the potential to:

- Draw down the A\$45 million revolver facility
- Delay debt repayments
- Roll hedges forward

Appendix A - COVID-19 site general notice



SARACEN GROUP
SITE GENERAL NOTICE

Issue: Novel coronavirus (COVID-19) **Updated Information V7**

Date: 26/03/2020
Site: All Sites

Detail: The World Health Organization has announced that COVID-19 is a pandemic. The Coronavirus (COVID-19) can cause a range of symptoms, from ranging from mild illness to more severe pneumonia. The Australian Federal and State Governments have enacted a number of controls to reduce the risk of spread. Saracen has also adopted restrictions on site mobilization in line with these controls, as well as amended site protocols.

Action(s) Taken:

All employees, contractors or visitors who meet the following criteria, will be **excluded from mobilisation** to any Saracen **office or site** until approved by site management:

- Visited/transited through **any overseas countries** until a mandatory 14 day self-isolation is completed as per government requirements, and you are symptom free;
- Transited from **interstate** until a mandatory 14 day self-isolation is completed (no exemptions); or
- Had **close contact in the past 14 days** with any person who:
 - has a **suspected or confirmed case of Coronavirus**; or
 - is **undertaking any mandatory quarantines** (state/international/other); or
 - **Displaying symptoms:** fever, cough, sore throat, fatigue, nausea/vomiting, or difficulty breathing.

Everyone should practice good hygiene and infection minimization protocols. These measures include:

- Maintain **social distancing** requirements;
- **Abide by limits** for social, public and work gatherings
- **Abide by site protocols** around transport, dry and wet mess processes, camp and work hygiene, meeting and room protocols and so on.
- **Maintain personal and home/work hygiene**
- Covering your mouth while coughing or sneezing
- Avoid touching your face and mouth
- Do **NOT** attempt to mobilise to site with symptoms
- If you develop symptoms seek medical advice early
- Abide at all times to any site medic directives in relation to isolation and quarantine requirements

Corporate Structure:

Ordinary shares on issue:	1,102.9m
Unvested employee performance rights:	17.2m
Market capitalisation:	A\$3.9b (share price A\$3.54)
Cash and bullion (31 March estimate):	A\$325-330m
Debt (26 March):	A\$360m
Substantial shareholders:	Van Eck Global 12.0% BlackRock Group 9.8%

This announcement has been authorised for release to the ASX by Jeremy Ryan, Manager Legal / Company Secretary.

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