

Saracen

ANNUAL REPORT

2019

ABN: 52 009 215 347

CORPORATE DIRECTORY

Board of Directors

Mr Anthony Kiernan	Non-Executive Chairman
Mr Raleigh Finlayson	Managing Director
Mr Martin Reed	Non-Executive Director
Mr John Richards	Non-Executive Director
Dr Roric Smith	Non-Executive Director
Ms Samantha Tough	Non-Executive Director

Company Secretary

Mr Jeremy Ryan

Registered Office and Business Address

Level 11, 40 The Esplanade
Perth WA 6000

Telephone: +61 8 6229 9100

Facsimile: +61 8 6229 9199

Website: www.saracen.com.au

Stock Exchange Listing

Listed on the Australian Securities Exchange
(ASX Code: SAR)

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Telephone: +61 8 6382 4600

Solicitors

DLA Piper, Level 31, Central Park
152 - 158 St Georges Terrace, Perth WA 6000

Telephone: +61 8 6467 6000

Bankers

Australia and New Zealand Banking Group
833 Collins Street, Docklands VIC 3008

Telephone: +61 3 9273 5555

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace, Perth WA 6000

Telephone: 1300 850 505



CONTENTS

Managing Director's Report	2
Review of Operations	4
Health Safety & Environment	6
Production & Costs	8
Processing	12
Exploration	13
Financial Result	23
Cash, Investments Debt & Hedging	24
Production and Growth	25
People	27
Community	28
Mineral Resources and Ore Reserves Statement	30
Financial Statements	34
- Consolidated Statement of Profit or Loss and Other Comprehensive Income	73
- Consolidated Statement of Financial Position	74
- Consolidated Statement of Changes In Equity	75
- Consolidated Statement of Cash Flows	76
- Notes to the Financial Statements	77
Shareholder Information	110



MANAGING DIRECTOR'S REPORT

Dear Fellow Shareholders,

It is with great pride that I present the 2019 Saracen Annual Report.

FY2019 has seen us maintain the positive trend that I highlighted last year. We increased our cash flow and production growth, whilst also updating our seven-year production outlook and finalising our plan for the "Flight to 400". Most importantly our safety record continues to improve with our LTIFR dropping to 0.8 over the 12 months, well below the industry average. In addition, Saracen's strong environmental track record continued, with no significant environmental breaches across our operations.

Gold production for FY2019 exceeded all our previous years with over 355,000oz produced from our two operations, Carosue Dam and Thunderbox. This output met our upgraded market guidance and was delivered at a very competitive All-In-Sustaining-Cost ("AISC") of \$1,030/oz. Cash and equivalents were over \$150M at year end, after allowing for in excess of \$210M invested in growth capital and exploration during the year and an initial FY2019 income tax payment of \$5M as we commenced paying instalments in April 2019. Further to this, the Company is pleased to have announced its inaugural Dividend Policy to apply from FY2020.

The "Flight to 400" literally took off this year with the completion of our sealed airstrip at Carosue Dam. The ongoing investments we are making in our business contribute to the goal of "future proofing" the business so that we maintain a strong position through all business cycles. Our investments this year included mine development of the first stage of the Thunderbox underground mine, commencing Stage 2 of the high-grade Kailis open pit mine and the successful completion of our paste fill plant at Carosue Dam. In addition, we set a challenging exploration budget; exploring both within our existing mine areas and focussing on the "corridor of riches" to the north of Carosue Dam.

In the upcoming months, we will release our 2019 Sustainability Report. Sustainability is not something we just "do"; we work to run our business in a sustainable manner to support our long term growth strategy and provide benefit for our shareholders and the communities in which we operate. As part of our engagement with our stakeholders, we have continued our support of these communities. We have supported both small and large programmes across the Goldfields and in Perth. Our focus is on providing support to local organisations and to corporate organisations that are working to make a sustainable positive change. In 2019, some of our major partners have been WA Netball (as part of Gold Industry Group sponsorship), Shooting Stars, Telethon, Clontarf Foundation, WA School of Mines and the CoRE Learning Foundation, amongst many others.


We remain confident in the longevity of our business. We have updated our seven-year outlook for group gold production and this is 100% supported by existing ore reserves. This is underpinned by the consistent and persistent performance of our Operations, with production guidance met for the last six consecutive years. I am pleased that we have been able to maintain our credibility and be consistent in our delivery, continue to build cash, continue to grow, keep our people safe and look for the right external and internal development opportunities. Our drilling continues to deliver results at the right price and our FY2020 budget for exploration again demonstrates our confidence in our exploration prospects. We will undertake further growth capital spend this year including a Mill Upgrade at Carosue Dam and significant investment in our mines and our tenure.

I would like to thank all of our dedicated employees and contractors for their contributions to our business. We are proud of the company we have created and our people are at the heart of that. I would also like to thank all of our stakeholders, who have supported us for many years and it is very pleasing to continue to deliver value to them. I, with my team, will have the courage to keep our eyes on the prize, and ensure that we deliver all our stakeholders sustainable, safe and prosperous outcomes for the long term.



RALEIGH FINLAYSON

Managing Director



“FY2019 has seen us maintain the positive trend that I highlighted last year. We increased our cash flow and production growth, whilst also updating our seven year production outlook and finalising our plan for the “Flight to 400”.”

REVIEW OF OPERATIONS

OVERVIEW

Saracen Mineral Holdings Limited (ASX:SAR) is an ASX200 listed gold company with guidance for FY2020 of 350,000 - 370,000oz and growth plans in place to achieve 400,000oz p.a. from FY2021 onwards, from its two operations in Western Australia:

- The Carosue Dam Operation, approximately 120km north-east of Kalgoorlie; and
- The Thunderbox Operation, approximately 45km south of Leinster.

The Company had an extremely strong year in FY2019 resulting in record production of 355,077oz (FY2018: 316,453oz) and lower All-In-Sustaining-Costs of \$1,030/oz (FY2018: \$1,139/oz). In addition, following the end of the financial year the Company released its updated group Reserves as at 30 June 2019 of 3.3Moz (up 32% from 2.5Moz at 30 June 2018).

The Company's Head Office is in Perth, Western Australia.

Carosue Dam Operations

Saracen Mineral Holdings Limited owns 100% of the Carosue Dam Operations ("CDO") through its wholly-owned subsidiary Saracen Gold Mines Pty Ltd.

CDO includes the Carosue Dam Project (comprised of the Karari and Dervish gold deposits), the Porphyry Project (comprised of the Porphyry, Million Dollar, Enterprise, and Wallbrook gold deposits), and the Deep South Project (comprised of the Deep South, Safari Bore and newly acquired Box Well gold deposits). Saracen acquired the CDO assets in 2006 and commenced commercial production in 2010.

Saracen's CDO tenement holdings and gold deposits are located in one of the world's most prospective gold provinces, incorporating the Laverton and Keith Kilkenny Tectonic Zones, north-east of Kalgoorlie, Western Australia. This province is home to several world class gold mines and deposits including Sunrise Dam, Granny Smith, and Wallaby. Saracen is building a significant resource position supported by long-term strategic infrastructure in this area and continues to focus on its exploration efforts in this region.

Demonstrating Saracen's long term commitment to CDO, during FY2019, Saracen completed the construction of a bitumen airstrip to support the operation's ongoing growth as well as completing the installation of a thickener and paste plant as part of the existing processing infrastructure.

CDO infrastructure now consists of a paste plant, processing plant & thickener, two accommodation villages with the ability to support ~400 persons, various water and power infrastructure assets and an airstrip. During FY2020, the Company plans to upgrade the existing CDO processing plant to a nameplate capacity of 3.2Mtpa from the current 2.4Mtpa and will also complete construction of a bespoke 1MW solar farm to support power generation to the accommodation village.

Thunderbox Operations

Saracen Mineral Holdings Limited owns 100% of the Thunderbox Operations ("TBO") through its wholly owned subsidiary Saracen Metals Pty Ltd.

Saracen acquired TBO in 2014 and commenced commercial production in 2016. TBO includes the Thunderbox Project (comprised of the Thunderbox, Rainbow and Otto Bore gold deposits), the Kailis Project (comprised of the Kailis Stage 1 & 2 gold deposits), the Bannockburn Project (comprised of the Bannockburn and North Well gold deposits) and the Waterloo Project (comprised of the Waterloo and Amorac nickel deposits).

At the date of this report, Saracen (via its 100%-owned subsidiary Saracen Metals Pty Ltd) is in the process of finalising the acquisition of ASX listed Bligh Resources Limited ("Bligh"). Bligh owns the Bundarra Gold Project which is located ~30km to the south of TBO and comprises of a 660,000oz JORC Resource.

TBO is located in the highly prospective Yandal Belt and the Agnew-Wiluna Belt in the North Eastern Goldfields of Western Australia.

The Thunderbox processing facility, which was recommissioned during 2015, has a nameplate capacity of 2.5Mtpa, although during FY2019 the processing plant operated above nameplate capacity at 2.8Mtpa. Existing infrastructure comprises a ~340 person accommodation village, an airstrip, power infrastructure, a spur to the Goldfields Gas Pipeline, bore field water supply and telecommunication services.



HEALTH, SAFETY AND ENVIRONMENT

Health & Safety

The Saracen Group Lost Time Injury Frequency Rate ("LTIFR") for the 12 months to June 2019 was 0.8 (2018: 1.0), a 20% improvement on FY2018 and the Total Recordable Incident Frequency Rate ("TRIFR") was 11.5 (2018: 11.7), a 2% improvement. It is pleasing to report this continued improvement in our safety numbers for FY2019, and although the TRIFR reduction is small, this is not a reflection of the significant amount of work that our team has put into our continued growth and preparation for future improvements. The ability to maintain and improve our injury performance during such a substantial growth period is a testament to Saracen's business improvement focus and positive safety culture.

During the year, our focus has been on improving our tools and systems for Health, Safety, Environment and Community ("HSEC"), increasing our engagement and communication across the business and preparing for a review of our Safety Management System and Environmental Management System ("EMS") with a view to ongoing enhancement and further integration in FY2020. The Group has continued to review and implement best practice opportunities in relation to HSEC systems, injury management, emergency response, critical controls, and risk identification.

To ensure the ongoing readiness of the Company's Operational Emergency Response Teams ("ERT"), training and enhancement of the teams' capabilities continued throughout the year. The value of this was demonstrated during FY2019 when the Carosue Dam ERT participated in the 2019 CME Surface Mine Competition at Kalgoorlie and won the Best Team Award, as well as achieving an impressive suite of other wins including Best New Captain, Best Overall Captain, Best New Team, 1st in Team Skills and 1st in Team Safety.

During FY2019, the Company demonstrated the importance of safety by making it a core value in its own right. Safety had always formed a key part of our values and this important step fits in with our continued growth, maturity and focus on all core aspects of our operations. Throughout the year, the Saracen Board and Executive have continued to complete "verification of risk" tasks in the field, which has continued the positive engagement, increased communication and demonstrated Company-wide commitment to this critical business area.

To ensure continuing Company focus in this area, our operating sites and exploration team carried out Short Term Improvement Plans ("Plans"). Key leaders, within teams, took ownership and responsibility for safety projects in their workplace. This placed emphasis on our leading safety programs and helped drive changes in safety behaviours. The Plans initiative commenced during Q3 and Q4 of FY2019, and their effectiveness was reflected in the successful completion of a number of leading tasks. We expect that safety performance across our operations will continue to improve as the business continues to grow and mature.



photo: ERT Training

Environmental Regulation & Performance

Saracen recognises that respecting the environmental values held by people both within and outside of the Company is an integral part of doing business.

Saracen is committed to conducting operations in an environmentally sensitive manner. Through the implementation of a Company-wide EMS, Saracen is able to continually minimise any adverse environmental risks that may be associated with its business activities. The Saracen Group is subject to environmental regulations associated with the granting of licences by various regulatory bodies, including the Department of Mines Industry Regulation and Safety, Department of Water and Environmental Regulation, and the Department of Planning, Lands and Heritage. The Group continues to operate in compliance with these regulations.

Inspection and monitoring of vegetation, groundwater and emissions are conducted to ensure compliance and provide evidence of compliance in accordance with the above mentioned licences. Results are reported in various annual reports to regulatory bodies in accordance with statutory requirements. There were no significant non-compliances during the year.

The Group is also subject to reporting requirements of the National Environmental Protection (National Pollution Inventory) Measure 1998 and the National Greenhouse and Energy Reporting Act 2007. This legislation requires the Group to report its annual greenhouse gas emissions and energy use.

Key environmental achievements during FY2019 included:

- Completion of all environmental approvals for key Carosue Dam projects that will grow the future of the site, including but not limited to: CDO Airstrip; an extensive 2D and 3D Seismic exploration program; and construction of lifts on our Tailings Storage Facility ("TSF") cells.
- Approvals for and the successful recommissioning of the Kailis open pit mine just north of Leonora;
- Construction of a semi-integrated landform/TSF design at the Thunderbox Eastern Waste Rock Dump and TSF to minimise disturbance. The facility commenced operation during the year, and submissions have been made to approve the full lifts of the facility to proposed maximum design heights. This will provide long term tailings storage for the Thunderbox operations.
- Completion of all negotiations, approvals, and construction and commencement of operations for a new palaeochannel borefield at Bannockburn to deliver 10 years of sustainable process water supply for the Thunderbox Operations.

“Saracen recognises that respecting the environmental values held by people both within and outside of the Company is an integral part of doing business.”



PRODUCTION & COSTS

Carosue Dam Operations

For the financial year ended 30 June 2019, gold production from CDO was 199,743oz (2018: 171,301oz) at an All in Sustaining Cost ("AISC") of \$1,056/oz (2018: \$1,199/oz).

Carosue Dam		Quarter				
Mill Production	Unit	Sep Q 2018	Dec Q 2018	Mar Q 2019	Jun Q 2019	FY2019
Total Ore Milled	kt	647	617	570	604	2,437
	g/t	2.7	2.9	2.9	2.5	2.7
Recovery	%	93.4%	92.8%	93.3%	92.9%	93.1%
Gold Produced	oz	51,753	53,108	49,038	45,844	199,743
Underground Mining						
Total Ore Mined	kt	460	509	513	494	1,976
	g/t	3.3	3.0	2.9	2.8	3.0
Contained Ounces	oz	48,081	48,783	47,029	44,523	188,416

During FY2019, the Karari underground mine realised a steady state production rate of greater than 1.3Mtpa. Total ore production for the year was 1,341,471t at 3.0g/t for 131,290 contained ounces. This is another step change in production of both ore and ounces from this mine. Underground diamond drilling at Karari continued throughout the year providing infill drilling for greater mining confidence and significant resource extensions.

Development of the neighbouring Dervish decline continued to be advanced as priority and the ore body was accessed on several levels to commence long-hole open stoping. Stoping commenced in Q3 FY2019 and has since been steadily ramping up to the current production level, in excess of 50,000t per month. Ore production for FY2019 from Dervish totalled 329,512t at 2.2g/t for 22,835 contained ounces. Major infrastructure to support the underground mining operation was also installed such as a primary ventilation fan, an underground electrical substation and an emergency ladder-way. Production will continue to increase towards the mine's steady state range of between 60,000t - 80,000t per month during Q1 FY2020. This is in line with the Company's strategy of realising bulk underground production within direct trucking distance of the CDO mill.

Ore production for FY2019 from Deep South totalled 304,460t at 3.5g/t for 34,291 contained ounces. Mining at Deep South was completed in February 2019 following the extraction of the current economic reserve and the operation was placed on care and maintenance pending the outcome of further underground exploration drilling. The drilling programme was completed late in June 2019 and a Feasibility Study is underway to determine whether mining will recommence. A decision on Deep South's future will be made during Q1 FY2020.





During the period several major capital projects were successfully completed and commissioned including:

- Purpose built heavy vehicle workshop to support the underground mines;
- Paste backfill plant capable of producing 110 to 120m³/hr of paste for filling stopes in the Karari underground mine;
- Thickener at the processing plant which will allow greater water recovery and reduce reagent usage and costs; and
- 2km long sealed airstrip and terminal to allow charter flights to land directly on site, providing a significant improvement to employee lifestyle as well as realising productivity gains.





photo: Aerial photo at Thunderbox



Thunderbox Operations

For the financial year ended 30 June 2019, gold production from the Thunderbox Operations was 155,333oz (2018: 145,152oz) at an AISC of \$1,004/oz (2018: \$1,071/oz).

Thunderbox		Quarter					
Mill Production	Unit	Sep Q 2018	Dec Q 2018	Mar Q 2019	Jun Q 2019	FY2019	
Total Ore Milled	kt	741	684	707	695	2,826	
	g/t	1.7	1.7	1.9	2.0	1.8	
Recovery	%	94.3%	94.4%	93.8%	93.5%	94.0%	
Gold Produced	oz	37,187	35,725	40,170	42,251	155,333	
Underground Mining							
Total Ore Mined	kt	1	28	48	51	127	
	g/t	1.8	2.1	2.0	2.5	2.4	
Contained Ounces	oz	92	1,797	3,545	4,108	9,542	
Open Pit Mining							
Total Mining	bcm ('000)	1,373	1,694	2,327	1,903	7,296	
Total Ore Mined	kt	620	545	713	1,348	3,226	
	g/t	1.2	1.4	1.5	1.7	1.5	
Contained Ounces	oz	24,015	25,109	34,860	74,876	158,860	

Mining from the Thunderbox C Zone open pit was ongoing during the year, with this ore supply providing the base load feed for the Thunderbox processing plant. Total ore mined for the year from C Zone was 3,077,203t at 1.6g/t for 153,971 contained ounces. In addition, mining from the Kailis open pit provided 147,864t at 1.0g/t for a total of 4,889 contained ounces.

Underground mining continued at Thunderbox with a modest amount of development ore delivered to the plant to confirm model estimation and performance. A total of 126,171t at 2.4g/t was mined during the year with an excellent 100% production reconciliation.



photo: Mill - Thunderbox

“A total of 126,171t at 2.4g/t was mined during the year with an excellent 100% production reconciliation.”



photo: Thunderbox Pit

PROCESSING

Carosue Dam Operations

The CDO processing plant continued to perform consistently at or above nameplate capacity during FY2019, with 2,436,000 tonnes of ore milled. The plant ran at an average head grade of 2.7g/t which is an increase on last year due to the larger contribution of higher grade underground ore from Karari and Deep South. The underground ore was supplemented with lower grade stockpiles and quantities of third party ore. Overall recovery for the year was 93.1% which is in line with the long term average for CDO. Total gold produced for the year was 199,743oz, a 17% increase from FY2018 production of 171,301oz.

Thunderbox Operations

In FY2019, the Thunderbox processing plant again exceeded nameplate capacity (2.5mtpa) with a total of 2,825,114 tonnes milled at an average cost of \$19.00/t. The inclusion of oxide ore in the mill blend coupled with improved utilisation metrics contributed to the increase in throughput rates. An average feed head grade of 1.8g/t was realised and the plant recovery was 94.0%. Total ounces produced were 155,333oz (a 6% increase on FY2018).



EXPLORATION

During FY2019 \$60M was budgeted to unlock value from both brownfields and greenfields opportunities within the Company's exploration tenure. The activities focused on building the early stage project pipeline, whilst at the same time exploring opportunities for growth at the current operating mines.

Underground exploration drilling at Karari was completed from the 1940 hangingwall drill drive. This platform has facilitated the next phase of growth at the Karari mine. Exploration and resource definition drilling primarily focused on the north of the mine, where some exceptional results were seen. Karari remains open to the north and down dip which will be a key area of focus moving into FY2020.

Drilling activities at Dervish over the last 12 months have been focused on increasing the definition of the resource ahead of mining and extending the resource at depth. Infill drilling has been successful and the extensional drilling, particularly at the south of the mine has been encouraging. Infill drilling is ongoing to further de-risk the Life of Mine plan.

A number of small underground drill programs were completed at the Deep South mine during FY2019. Deep South is currently on care and maintenance, however recent drilling has identified further extensions to the known high grade shoots. The drilling has defined additional indicated resources at depth, which are currently under economic evaluation.

A 40,000m underground drill program was completed at Thunderbox (A Zone) to delineate the upper levels of the future underground project, and extend the resource down plunge. The drill program was designed to give more veracity to the underground feasibility and ongoing assessment of the optimal mining method. The close spaced data will allow for an improved assessment of the grade distribution below the previously mined open pit.

Surface resource definition drilling was completed across a number of projects this year including; Bannockburn, Otto Bore, Montys-Elliot, Luvironza and Million Dollar. These projects had not been active for some time and the new drilling has added significant value in terms of geological understanding and resource growth. Further work is required at all projects in the future.

Exploration drilling along the CDO corridor has discovered a new gold project only 4km north of the current processing plant. Atbara is a new prospect identified in a large monzonite intrusive unit. Atbara is early in its understanding and is broadly drilled. Further work is required to understand the nature and distribution of the mineralisation. The system remains open and will be the focus of ongoing work.

A number of regional full field aircore programs were completed during the year. A large infill and extensional aircore program was drilled at Bannockburn. This program identified a large alteration anomaly proximal to the Blue Tank shear zone and will be the subject of ongoing exploration. At the Mt Celia district, an extensive aircore program was completed west of Safari Bore where little was known of the geology due to an absence of prior drilling and significant surface cover. The first phase of drilling has successfully identified a large gold anomaly which will be investigated further in FY2020.

Unlocking value from the highly productive CDO corridor is a key focus for the exploration group. Building the understanding around the current mines is an enabler for future growth. To assist in this understanding, a large 3D seismic survey was completed at CDO in the last quarter of FY2019. This data is being processed and interpretation will commence in H1 FY2020. This new dataset will assist in future targeting at depth, and provide the basis for building a reinterpreted 3D geological model.

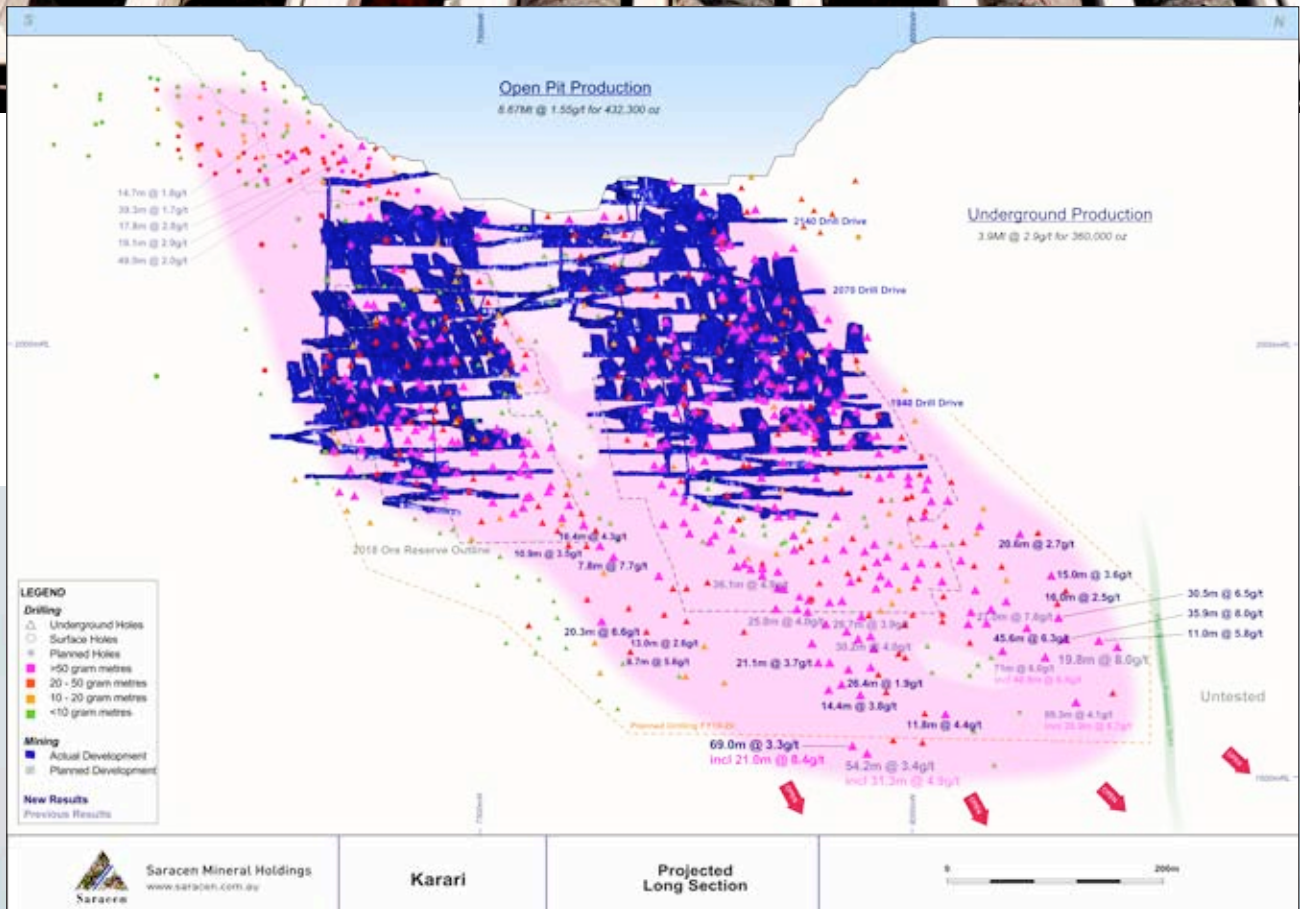


Karari

The completion of the 1940 underground diamond drill platform early in FY2019 provided an optimal location to continue to test the growing Mineral Resource. Throughout the year drilling has focused on extensional and infill programs predominantly in the north of the mine. Significant growth has been observed here and continues to remain open down plunge. A small drill program was undertaken to test the geological interpretation of the mineralised structures south of the existing open pit. This program improved the confidence in this area of the resource. Drilling is ongoing at Karari, following up the exceptional results in the north.

Highlights include:

KREX041:	70.9m @ 6.0g/t from 342.2m
KREX045A:	19.8m @ 8.0g/t from 309.0m
KREX046:	20.2m @ 9.3g/t from 283.0m
KREX048:	54.2m @ 3.4g/t from 361.0m



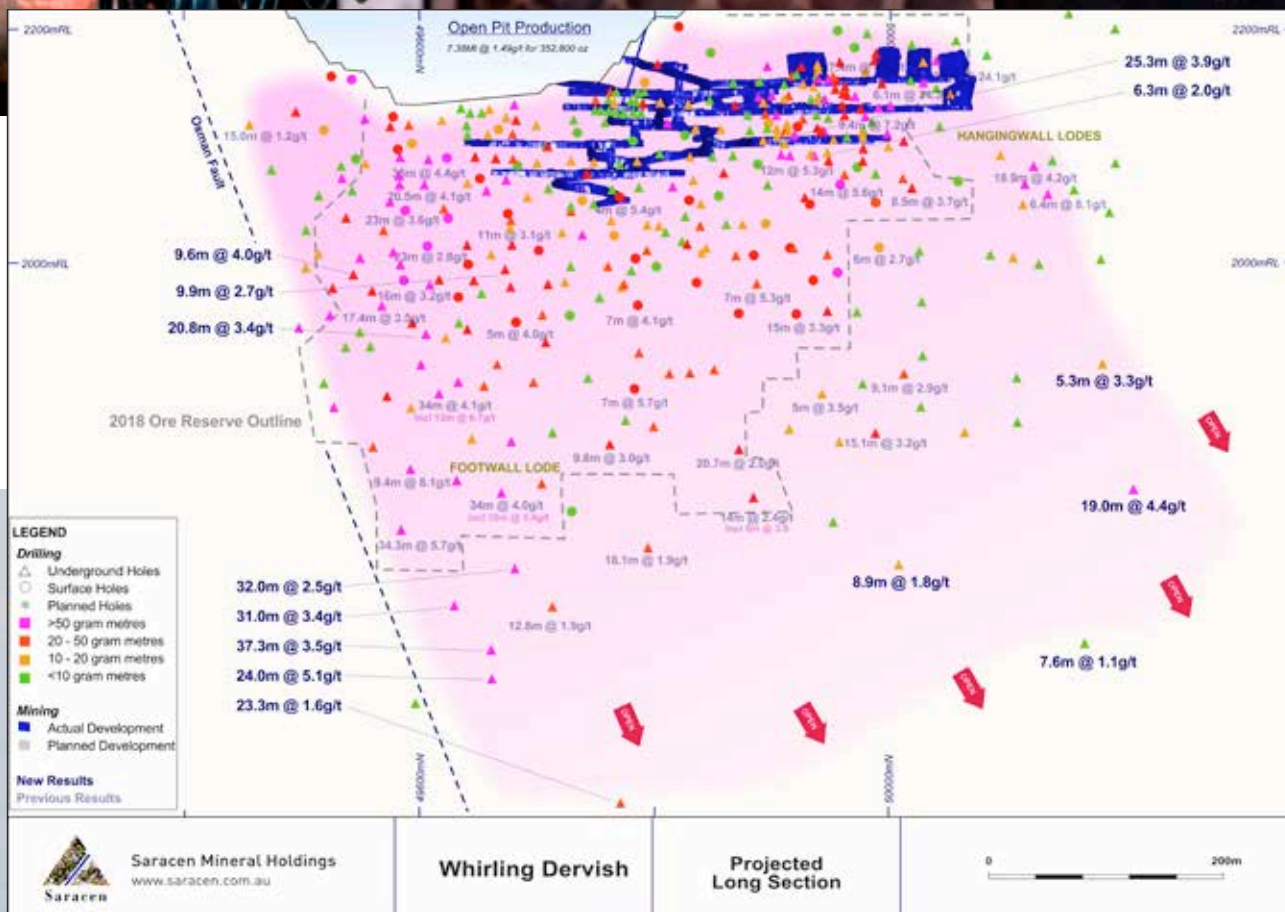


Dervish

Drilling at Dervish during FY2019, was focused on pre-production infill in the areas proximal to the mine plan and extensional drilling outside the Ore Reserve. The drilling was carried out from the existing hangingwall drill platform that was developed the previous year. The infill drilling confirmed the existing geological interpretation and the grade distribution in the new drilling aligned well with existing drilling. The extensional drilling has highlighted that the thick high grade shoot at the south continues down plunge. Extensional drilling to the north has been encouraging and remains open.

Highlights include:

WDGC149:	21.3m @ 4.7g/t from 147.9m
WDGC186:	29.6m @ 4.9g/t from 302.0m
WDGC116:	30.2m @ 3.5g/t from 226.0m
WDRD095:	24.0m @ 5.1g/t from 480.0m



Deep South

Exploration activities during FY2019 at Deep South focused on the extensional opportunities below the existing mine infrastructure. The host lithology (Marble) remained open at depth, with limited drilling below the -100mRL. The initial program consisted of 11 holes aiming to test a potential high grade shoot that was based on the modelled intersection of key lithologies and structures. This target returned some excellent results and was subsequently followed up with further drilling. With the lodes remaining open, Deep South continues to represent an opportunity of growth.

Highlights include:

DSEX019:	10.9m @ 18.3g/t from 226.6m
DSEX016:	5.0m @ 18.0g/t from 188.6m
DSEX040:	13.9m @ 8.7g/t from 244.1m
DSEX024:	11.0m @ 8.4g/t from 170.0m



photo: Bolting and meshing

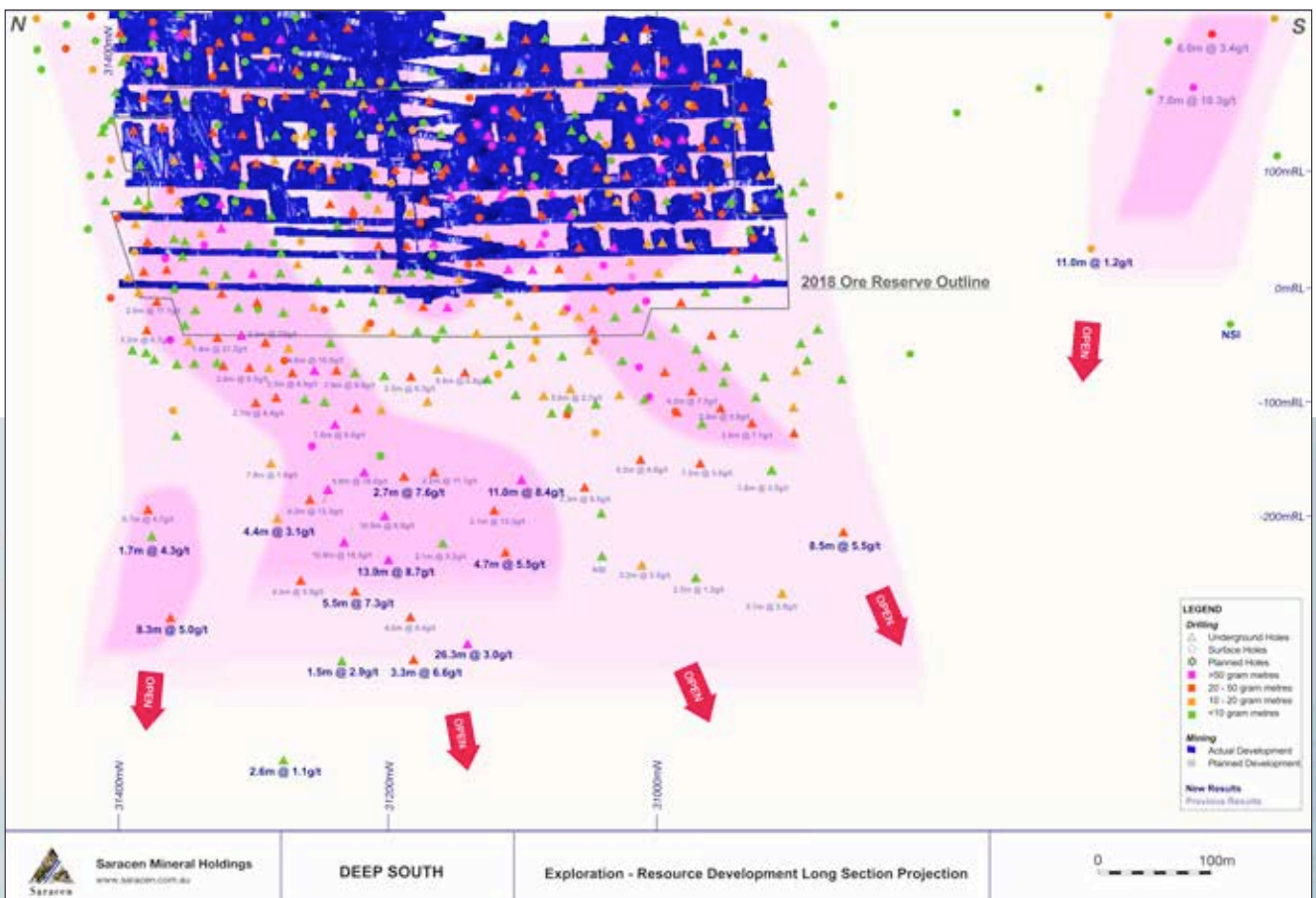




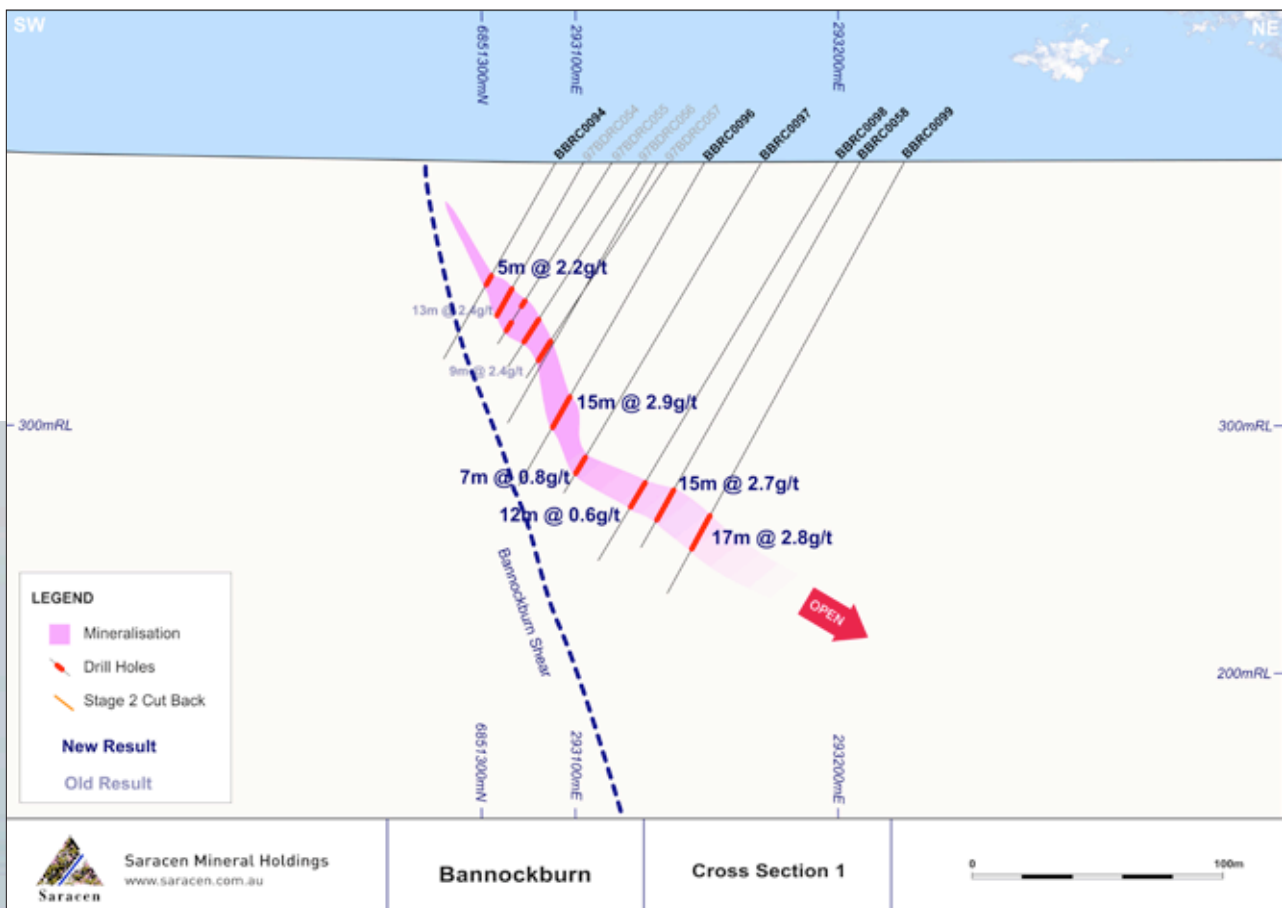
photo: Bannockburn

Bannockburn

Bannockburn is a large resource located 40km southwest of the Thunderbox processing plant. A large drill program was executed at Bannockburn during FY2019. The aim of the program was to increase the resource confidence in the north of the Project from Inferred to Indicated. This program was successful in increasing the resource category in the north and also confirming the existing geological interpretation, which was largely based off historical data. Drilling results were in line with expectations and the mineralisation remains open.

Highlights include:

BBRC0099:	17.0m @ 2.8g/t from 199.0m
BBRC0058:	15.0m @ 2.7g/t from 187.0m
BBRC0096:	15.0m @ 2.9g/t from 107.0m
BBRC0138:	28.0m @ 1.4g/t from 116.0m



Otto Bore

The FY2019 drill program expanded on the prior work completed in FY2018. The drilling predominantly focused on extending and infilling the known high grade shoots. A series of deeper exploration holes were also drilled to test the structure up to 100m below the prior drilling. The program was successful in demonstrating that the mineralisation remains open at depth. Further drilling is planned in FY2020.

Highlights include:

OBRD038:	10.0m @ 7.0g/t from 132.0m
OBRD048:	4.0m @ 11.0g/t from 38.0m
OBRD026:	5.0m @ 8.3g/t from 100.0m
OBRD034:	6.0m @ 6.0g/t from 46.0m



photo: Core Farm

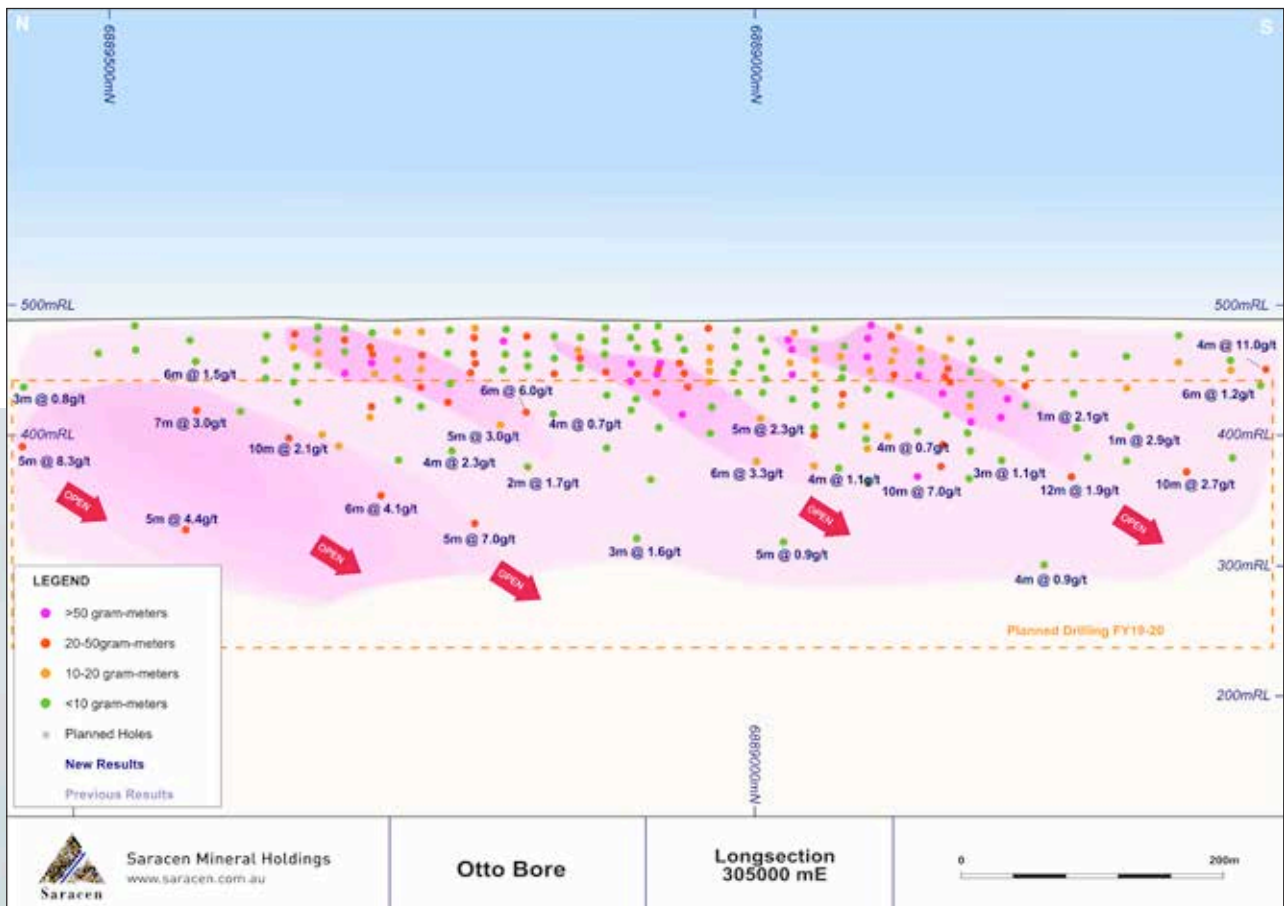




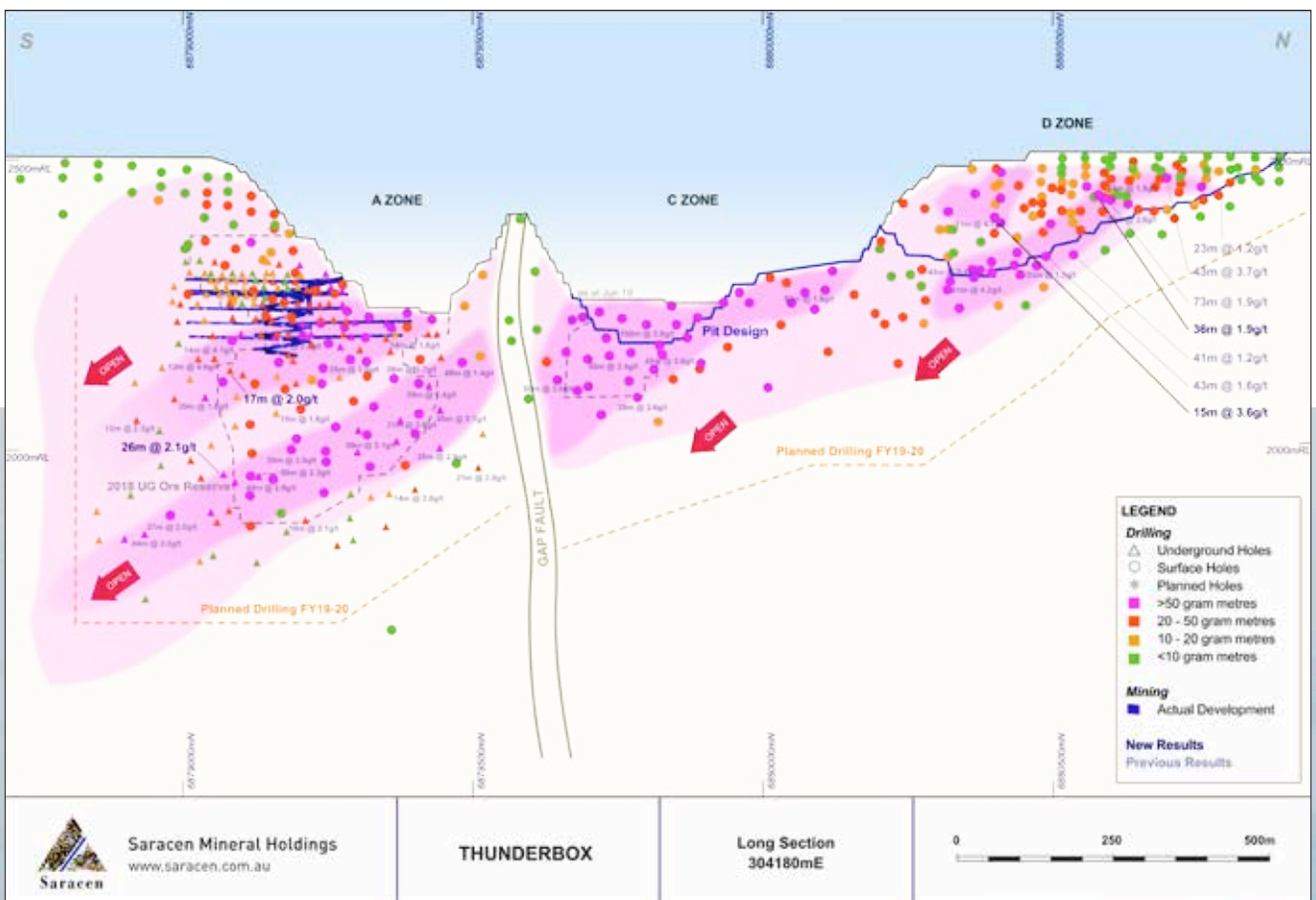
photo: Core Farm

Thunderbox

A significant drill program has been completed at the Thunderbox A Zone from the dedicated underground drill platform. Over 40,000m was drilled from underground to improve the confidence of the existing resource and extend the known high grade shoots. This program highlighted the consistency of the mineralisation and formed the basis of an updated underground mining study. In the north, a combination of RC and diamond drilling focused on improving the drill coverage across the D Zone. This drilling decreased the drill spacing and has improved the confidence in the resource.

Highlights include:

THEX005:	49.0m @ 2.3g/t from 365.0m
THRD019:	86.1m @ 2.1g/t from 241.0m
TBRC061:	43.0m @ 3.7g/t from 45.0m
TBRC063:	73.0m @ 1.9g/t from 74.0m



REGIONAL EXPLORATION UPDATE

Atbara (New Discovery)

Drilling along the highly prospective Carosue Dam corridor has delivered early success, with a new discovery only 4km north of the mill. The target was based off reinterpreted basement geology, which highlighted a confluence of structures in key mineralising orientations. Strong mineralisation was identified in the initial program and was subsequently followed up with broad framework drilling. This drilling aimed to define the greater extents of the host monzonite. The Atbara mineralisation is contained within several broad domains characterised by the presence of narrow quartz-biotite-calcite-pyrite veins and quartz-sulphide (pyrite-molybdenite-chalcocopyrite) veins of varying orientation. Drilling is ongoing.

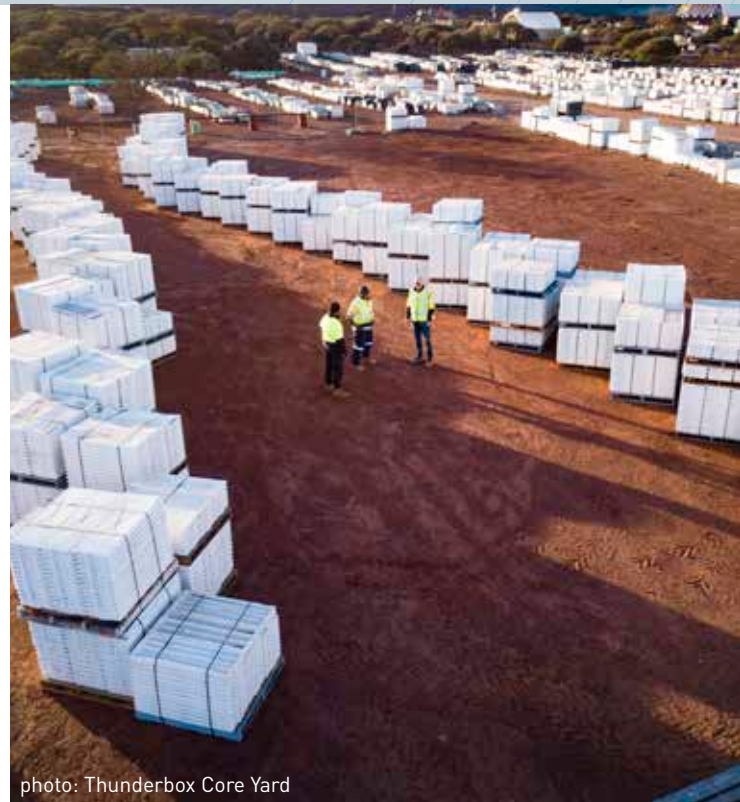


photo: Thunderbox Core Yard

Highlights include:

ATEX009A:	104.0m @ 1.4g/t aggregated
ATEX012:	130.0m @ 1.1g/t aggregated
ATEX013:	82.0m @ 1.3g/t aggregated
ATEX011:	91.0m @ 1.1g/t aggregated

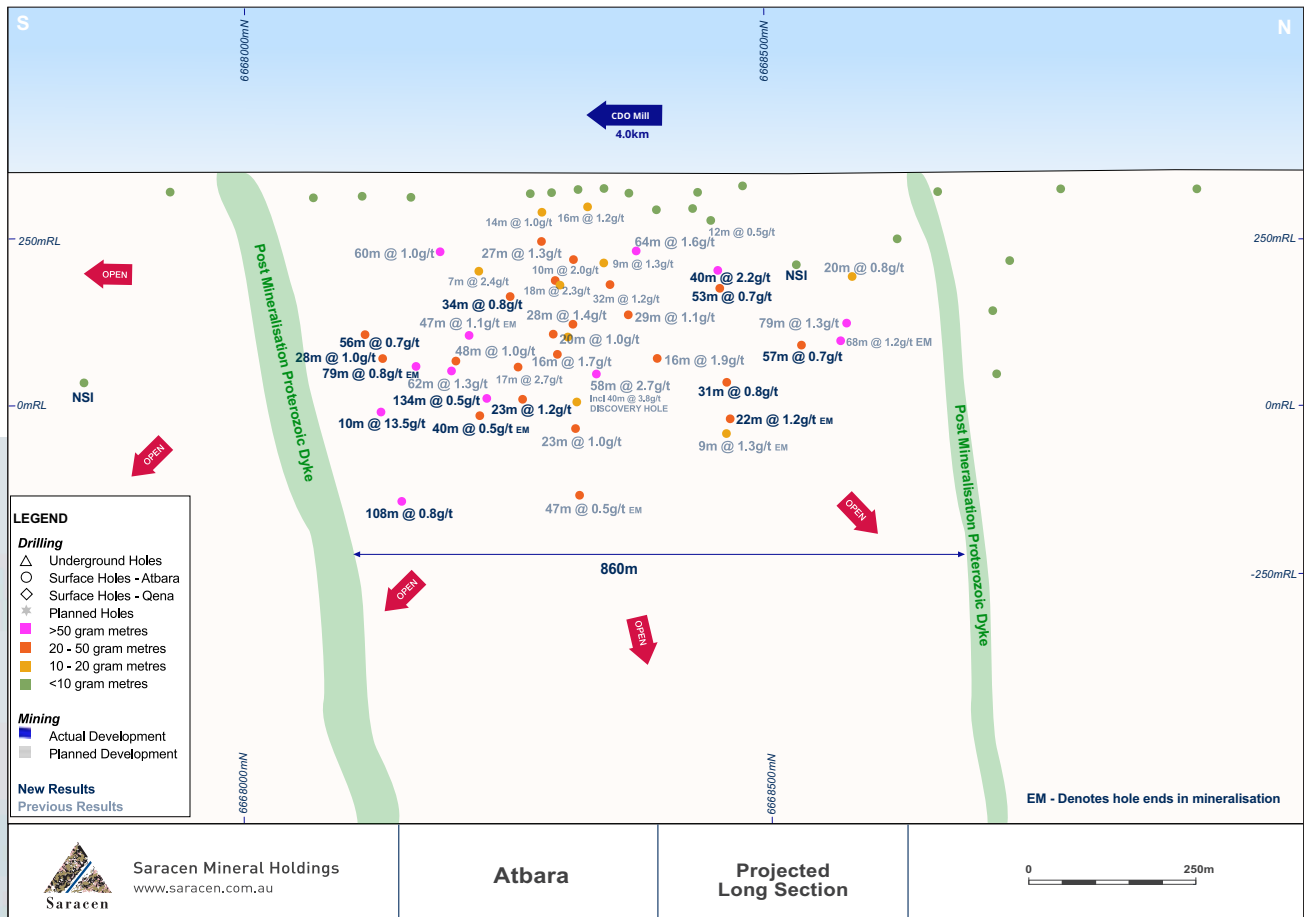
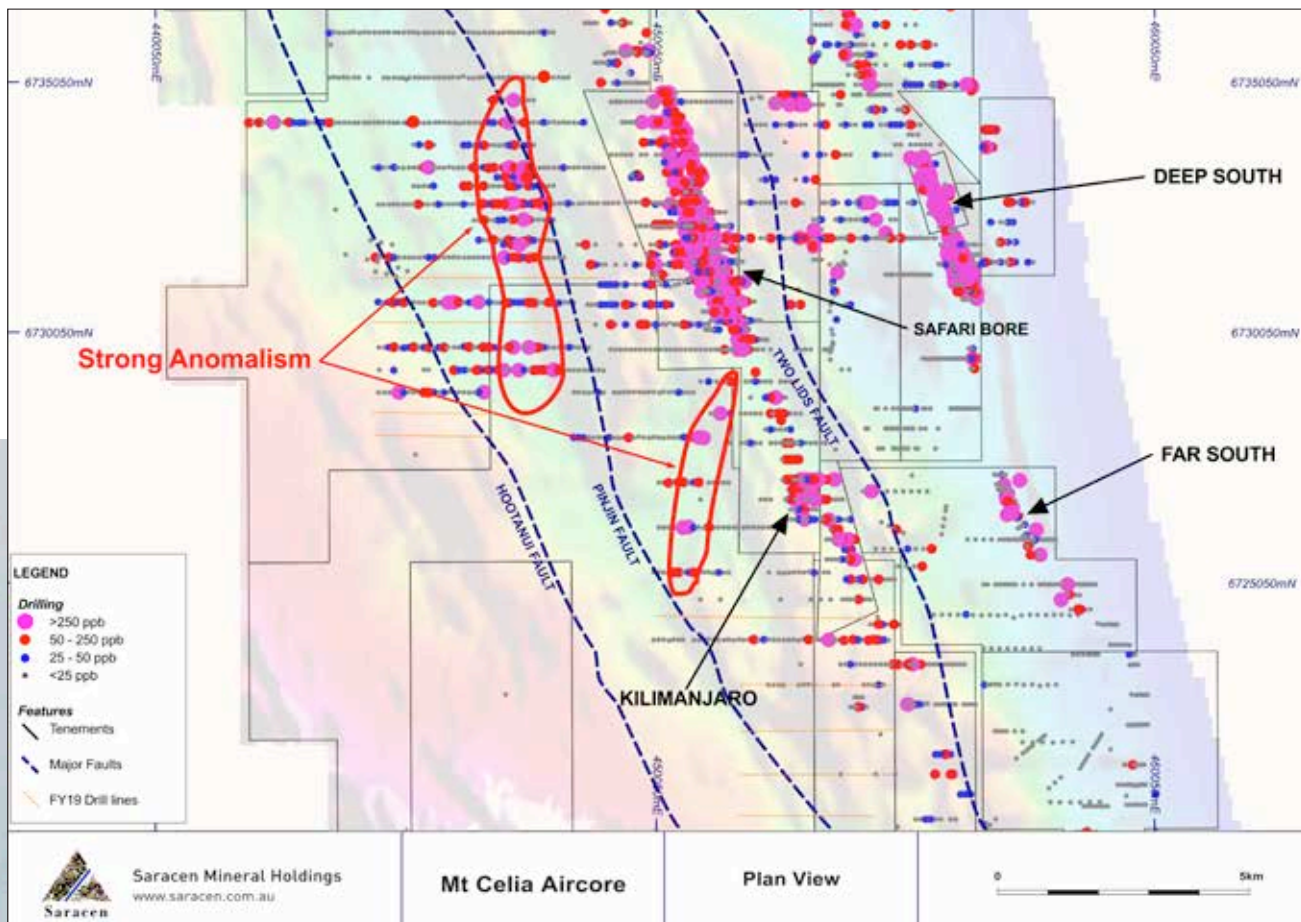




photo credit: Hayden Lindsay

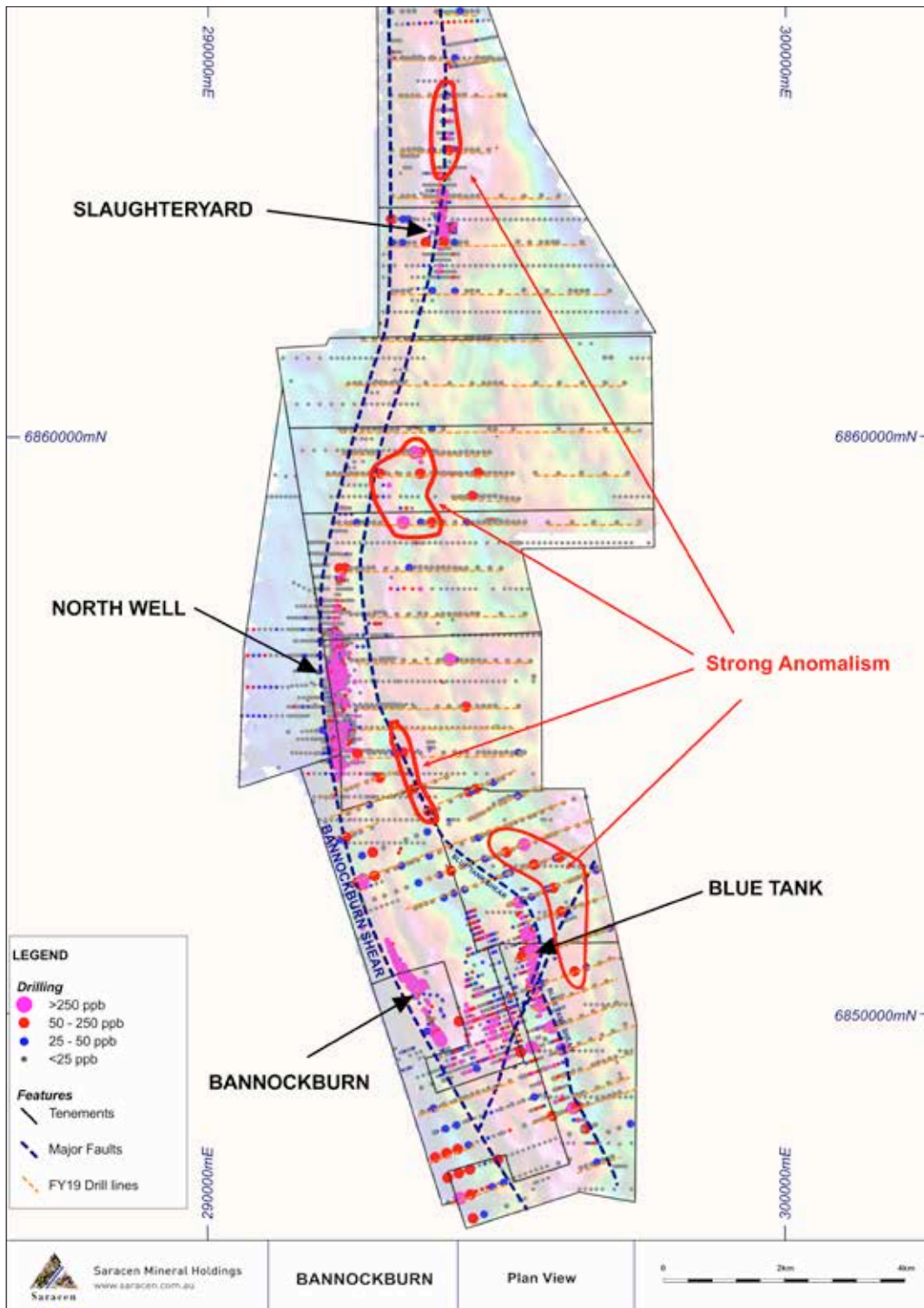
Mt Celia

Activities across the Mt Celia area have been focused on the corridor west of Safari Bore. The stratigraphy in the western Mt Celia district, west of the Two Lids Fault, was largely unknown due to extensive transported cover, minimal outcrop and limited drilling. Previously completed detailed gravity highlighted a number of stratigraphic and structural features which presented as strong targets. During FY2019 a significant aircore drill campaign was commenced to build the basement geology from the BOH litho geochemistry and identify any large scale alteration that may be associated with primary mineralisation. This program has successfully delineated a strong gold anomaly west of Safari Bore which will require follow up drilling in FY2020. The corridor remains untested to the south and will be the focus of ongoing exploration.



Bannockburn

The Bannockburn project is a large mineralised system that extends over a 20km strike length. The major Bannockburn Shear has been variably tested in the past and recent MT-AMT survey along with detailed gravity surveys have highlighted a complex structural architecture in the hangingwall of the Bannockburn Shear. During FY2019, a large full field aircore program was drilled to systematically test the Bannockburn corridor and eastern Blue Tank Shear. The aircore program infilled gaps in the existing prior drilling and extended the coverage in previously untested areas. The program successfully identified new gold anomalism and revealed an extensive alteration halo surrounding the Blue Tank Shear, making it a much more prominent structure than previously recognised. Follow up aircore is planned for FY2020.



FINANCIAL RESULT

The Group reported a net profit after tax of \$92.5 million, an increase of 22% on the previous year (2018: \$75.6 million).

Sales revenue for the year was \$555.6 million, up 9% from \$511.0 million in the previous year. Gold production for the year was 355,077 ounces, up 12% from 316,453 ounces in FY2018. FY2019 revenue was derived from gold sales for the year of 321,882 ounces (excluding gold sales in relation to gold recovered from development activities), up 1% from 317,675 ounces in 2018 and the average gold price realised for the year was \$1,726/oz, up 7% from \$1,606/oz in FY2018. During the period, approximately \$49.6 million (29,022oz) of gold sales were made from gold recovered from development activities at the Dervish underground mine at CDO, the Thunderbox underground mine, the Kailis open pit and D Zone open pit at TBO. This amount was offset against those projects' capital development costs and although these ounces are reported in production, they are not accounted for in sales revenue.

Gross profit from mining operations for the year was \$153.1 million (2018: \$117.6 million) after deducting \$17.9 million for royalties and \$87.9 million in depreciation and amortisation (2018: \$17.8 million and \$94.3 million respectively).

Net cash flow from operations for the year was \$227.0 million (2018: \$191.4 million). Capital expenditure on purchases of plant and equipment, mine development and exploration totalled \$198.8 million for the year (2018: \$130.2 million). This was primarily related to the development of the Kailis open pit and the Thunderbox underground mine at TBO, and the Karari and Dervish underground mines, the construction of the paste plant and airstrip at CDO. The ramp-up in exploration activities across Thunderbox, Karari-Dervish and in the Carosue Dam corridor also contributed.



CASH, INVESTMENTS, DEBT & HEDGING

As at 30 June 2019, Saracen's total cash and liquid position was \$154.5 million (30 June 2018: \$118.3 million), comprising of \$118.7 million in cash and 5,882 ounces of gold in transit (approx. \$10.3 million). This total also includes Saracen's strategic investments in a number of ASX listed companies, which were valued at \$25.5 million as at 30 June 2019.

The Company also maintains a long term senior corporate financing facility. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility features an "evergreen" arrangement with an annual review date whereby the term can be extended for an additional year each year to maintain a three year facility tenure. During the year, the term of the facility was extended by one year to November 2020.

The facility also features an accordion provision under which Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the total loan to \$150 million) with the approval of the syndicate members. As at 30 June 2019, the facility had not been drawn down on.

At 30 June 2019, the Group had in place a total gold hedging program comprising of 419,000oz (2018: 275,600oz) forward sales contracts at an average price of \$1,840/oz, up 6% from last year (2018: \$1,730/oz). These ounces are scheduled to be delivered over a period of 3 years, from July 2019 to June 2022.

“ At 30 June 2019, the Group had in place a total gold hedging program comprising of 419,000oz (2018: 275,600oz) forward sales contracts at an average price of \$1,840/oz, up 6% from last year (2018: \$1,730/oz). ”



PRODUCTION AND GROWTH

Carosue Dam Operations

In FY2020, gold production will be principally sourced from the Karari / Dervish underground mines and potentially the Deep South underground mine with the balance coming from third party ore purchase agreements and various ore stockpiles. Production guidance at CDO for FY2020 is 190,000 to 200,000ozs. Saracen's primary business plan for CDO over the next 2 years is to develop the operation to achieve a long-term sustained production rate of 240,000 - 250,000oz per annum by:

- Delivery aligned to meet or exceed the 7 year production outlook;
- Increased production rates from the Karari / Dervish underground mines at 1.9 – 2.1Mtpa;
- Continuing to grow the Karari / Dervish resources along strike and at depth;
- Completing the Feasibility Study for the re-commencement of mining at the Deep South underground mine;
- Largely completing the major upgrade at the processing plant including; construction of a regrind mill to increase processing capacity to 3.2Mtpa, upgrade gravity and elution circuits and install two additional CIL tanks (Tanks 8 & 9);
- Commencing open pit mining from the Porphyry Mining Centre to provide additional long-term mill feed at a rate of ~800,000tpa;
- Continuing to upgrade existing infrastructure on site to support growth of the Operation including a camp upgrade and the establishment of Porphyry Mining Centre infrastructure;
- Continuing the major exploration programme along the "Corridor of Riches" and near mine extensions;
- Completing study work into alternative haulage options from the Karari / Dervish underground mines;
- Completing ore sorting studies into the beneficiation of low grade stockpiles; and
- Continuing the focus on reducing costs throughout the operation to generate strong and sustained cash flows.



Thunderbox Operations

In FY2020, gold production will be principally sourced from the Thunderbox C Zone open pit and Kailis Stage 2 open pit. Some production will be sourced from the developing Thunderbox underground mine and various stockpiles. Production guidance at TBO for FY2020 is 160,000 to 170,000ozs. Saracen's business plan for TBO over the next 2 years comprises:

- Delivery aligned to meet or exceed the 7 year production outlook;
- Maintaining base load production from the Thunderbox C Zone open pit whilst assessing opportunities for higher grade satellite top up feed;
- Continuing mining the Kailis Stage 2 open pit contributing higher grade ore feed to optimise ore blending opportunities at the Thunderbox mill;
- Continuing developing the Thunderbox underground mine, deliver the finalised Thunderbox underground Feasibility Study;
- Commencing operations at the nearby Otto Bore satellite open pit;
- Commencing pre-strip at the D Zone open pit cutback;
- Continuing working on the Life of Mine strategy of base load feed from various sources adjacent to the TBO mill with bolt on growth options to increase production;
- Pursuing the optimal operation of the Thunderbox mill to maximise production and cash flow generation;
- Funding all project development through internal cash flow generation;
- Commencing major exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine;
- Growing the Reserve base;
- Continuing the trajectory of reduced AISC; and
- Generating sustaining cash flows.



PEOPLE

As at 30 June 2019, the business had 433 employees following continued growth to support our current and future operations. The Company continues to promote a workplace culture that embraces diversity, and our submission to the Workplace Gender Equality Agency ("WGEA") in May 2019 recorded a female participation rate of 15.7%. As at 30 June 2019, Saracen's female participation rate had increased further to 18.0% in comparison to the industry average of 16.7%. It was pleasing to see this increase in recent months and we expect this trend will continue throughout FY2020. The increase reflects the work done to improve female participation rates across the Group in line with fair recruitment practices. We will continue to include suitable female candidates in recruiting pools as opportunities arise.

Through FY2019, there has been a continued focus on maintaining and increasing female participation as well as extending our diversity focus to include the promotion and recording of other diversity elements, such as age and regional employment. As at 30 March 2019 we had 95.7% of employees living within Western Australia and our mean age was 41 years old. In FY2020 we are implementing systems to capture Aboriginal and Torres Strait Islanders representation in the workforce to add to our ability to report on a range of diversity measures.

During FY2019, the Saracen core values of Safety, Attitude, Communication, Courage and Delivery continued to define and guide our actions and interactions. Whilst Safety has always been integral to our values, in FY2019 we highlighted Safety as an overarching value and implemented the motto "The Standard You Walk Past Is the Standard You Accept".

Supporting our strong, results-driven, "can do" culture, where our people are at the heart of our success, the "Think and Act Like Owners" ("TALO") programme was rolled out to encourage our employees to engage with the ongoing and long term success of Saracen. Employees were invited to suggest TALO ideas and the submissions received have been wide ranging - small and large improvements, cost savings, efficiencies and positive impacts in operations, safety, environment and the community. Importantly, every one of these submissions represents our employees truly thinking and acting like owners. In May 2019, Saracen were pleased to offer the Employee Share Scheme for the second year and it again had a strong level of take up. This means all our employees are able to say they truly are owners of Saracen and engage with our success.

In FY2019 Saracen implemented a number of programmes and policies to support our employee group and our operations by improving our employee value proposition, these included:

- The introduction of Paid Parental Leave for both primary and secondary carers. This benefit is provided to expecting/new parents and is paid at their full salary and in addition to the applicable Government scheme;
- The introduction of Paid Domestic and Family Violence Leave for all employees. The legislated requirement is to provide unpaid leave - by providing this leave as paid we provide a further level of support to our people;
- Recruitment of graduates, trainees and apprentices to support the next generation of mining employees and leaders within our business. This has included development of a formal graduate development programme; and
- Internal HR Training rolled out to supervisors and managers, focussed on improving front-line management skills.



COMMUNITY

Saracen, through its investment in our local communities and our industry, wishes to leave a lasting positive legacy of improved outcomes for all parties. Saracen views engagement, communication and consultation with stakeholders as crucial for business success, including maintaining a social license to operate. We are committed to improving community engagement through open and transparent dialogue with government representatives, pastoral and community representatives and other key stakeholders.

The Company's core values of Safety, Attitude, Communication, Courage and Delivery, apply equally when we engage with any of our community and stakeholders. During FY2019, we maintained our Community Policy targets and funding levels that commenced in FY2018. The corporate focus for community funding is engaging with long term partners in order to build partnerships that return significant value to all participants. At a site level, our teams have engaged with a number of local organisations and events providing support and networks for the local communities in which we work. Prior to FY2019, Saracen had formed several strong relationships with local communities and stakeholders close to our operations. This engagement with our surrounding communities has been further expanded upon in FY2019 and we will continue to expand this important part of our business in FY2020.

“Saracen, through its investment in our local communities and our industry, wishes to leave a lasting positive legacy of improved outcomes for all parties.”



photo: Leonora art students receiving their awards



photo: 1kg gold bar donated to Telethon for auction



There are a number of significant sponsorships that Saracen has supported this year:

- Shooting Stars & Leonora High School: We continued our support of Shooting Stars in Leonora and the programme is already having an impact with noted improvements in school attendance. Our support for Shooting Stars included hosting their leadership camp in our Perth office. We have expanded our support for the Leonora High School including supporting a computing course, a dance event to encourage school attendance and the inaugural Saracen Art Prize. Lakeisha Whitby, a Leonora resident, who is only 13 years old was our first winner with her beautiful painting, which now hangs in the corporate boardroom.
- Clontarf Foundation: Saracen has supported Clontarf for a number of years and this year we agreed to a three year partnership to support the Foundation, in particular the Kalgoorlie Boulder Academy. During the inaugural year of this partnership, we have hosted visits of the students to our operations, visited the Academy and engaged with the Alumni of the school and from this we are very pleased to have offered two apprenticeships to Clontarf Alumni.
- East Kalgoorlie Primary School ("EKPS"): EKPS and Saracen have developed a multi-year sponsorship agreement to allow the school to continue and further extend its Health and Family Support Program. A multi-year partnership allows the school to undertake long-term planning and institute projects and staffing to achieve the long-term support the families require. In addition, our people have supported the school undertaking a Primary Extension and Challenge programme ("PEAC") and met with the students to discuss their schooling.
- Telethon: As part of supporting this iconic WA event, Saracen donated a 1kg gold bar auctioned on the Telethon Weekend. Telethon provides support to families in need, particularly country families, and providing such an unusual item to be auctioned created a lot of interest internally and externally with a wonderful auction result on the night.
- Ride to Conquer Cancer: Thirteen of our employees as part of Team Saracen rode the 200km to Mandurah and back to raise money for cancer research. The team raised over \$63,000 for the Harry Perkins Institute.

In addition to these major sponsorships, Saracen has continued its involvement and commitment to a broad range of community groups and organisations during FY2019. This year Saracen has also provided funding and other support to:

- AUSIMM UWA Student Chapter;
- WA School of Mines and Alumni;
- Menzies Rodeo;
- Kalgoorlie Kingsbury Park Youth Shipping Container Project;
- Leonora Golden Gift;
- Leinster Art Programme;
- Leinster Cup; and
- St Johns Ambulance Goldfields.



photo: Lighting the flame at ANZAC Day Ceremony

MINERAL RESOURCES AND ORE RESERVES STATEMENT

As at 30 June 2019

GOLD MINERA L RESOURCES (JORC 2012 COMPLIANT)													
Location	Deposit	Measured		Indicated		Inferred		Total					
		tonnes	g/t	tonnes	g/t	tonnes	g/t	tonnes	g/t				
		oz		oz		oz		oz					
CAROSUE DAM	Karari / Dervish O/P1	24,000	1.3	990	4,100,000	1.7	220,000	280,000	1.6	14,000	4,400,000	1.6	230,000
	Karari / Dervish U/G1	3,900,000	3.8	480,000	16,000,000	2.8	1,400,000	2,100,000	3.1	210,000	22,000,000	3.0	2,100,000
	Monty's/Elliots				1,400,000	2.2	98,000	660,000	1.8	38,000	2,100,000	2.1	140,000
	Twin Peaks	40,000	2.3	3,000	560,000	3.4	61,000	80,000	2.8	7,000	680,000	3.2	71,000
	North West				680,000	1.1	24,000	1,600,000	0.9	49,000	2,300,000	1.0	73,000
	Pinnacles3 (ASX:NXM JV)				28,000	4.8	4,300	31,000	4.5	4,500	59,000	4.6	8,800
	Blue Manna							1,100,000	1.5	51,000	1,100,000	1.4	51,000
	Porphyry O/P				4,200,000	1.3	170,000	2,100,000	1.2	84,000	6,300,000	1.2	250,000
	Porphyry U/G				3,000,000	3.3	310,000	1,600,000	3.3	170,000	4,600,000	3.2	480,000
	Million Dollar				7,000,000	1.4	310,000	3,100,000	1.3	130,000	10,000,000	1.4	440,000
	Wallbrook	1,300,000	1.1	44,000	6,100,000	1.0	190,000	1,500,000	0.8	36,000	8,900,000	0.9	270,000
	Margarets				48,000	1.4	2,000	630,000	1.1	22,000	680,000	1.1	24,000
	Enterprise	220,000	2.1	15,000	310,000	2.2	22,000	140,000	2.2	10,000	670,000	2.2	47,000
	Safari Bore	780,000	2.0	50,000	1,400,000	2.3	100,000	670,000	2.3	50,000	2,900,000	2.1	200,000
	Deep South O/P	43,000	4.0	5,500	260,000	1.9	16,000	410,000	1.6	21,000	710,000	1.9	43,000
	Deep South U/G	230,000	3.7	27,000	1,200,000	3.6	140,000	830,000	3.4	91,000	2,300,000	3.5	260,000
	Deep Well				68,000	2.2	5,000	15,000	2.0	1,000	83,000	2.2	6,000
	Box Well				1,800,000	1.6	94,000	920,000	1.2	36,000	2,700,000	1.5	130,000
	Belize				280,000	2.1	19,000	1,000,000	1.8	58,000	1,300,000	1.8	77,000
	Thin Lizzie4 (ASX:AGG JV)							160,000	1.3	6,900	160,000	1.3	6,900
Tin Dog							1,300,000	1.3	54,000	1,300,000	1.3	54,000	
Bulldog							1,500,000	0.9	44,000	1,500,000	0.9	44,000	
Crimson Belle 4 (ASX:AGG JV)				470,000	1.8	27,000	280,000	1.4	13,000	750,000	1.7	40,000	
Butcher Well O/P4 (ASX:AGG JV)							1,200,000	1.6	64,000	1,200,000	1.7	64,000	
Butcher Well U/G4 (ASX:AGG JV)							1,600,000	4.5	230,000	1,600,000	4.5	230,000	
Ore Stockpiles	840,000	1.0	26,000							840,000	1.0	26,000	
Sub-grade stockpiles	930,000	0.6	17,000							930,000	0.6	17,000	
Carosue Dam Mineral Resources	8,300,000	2.5	670,000	49,000,000	2.0	3,200,000	25,000,000	1.9	1,500,000	82,000,000	2.0	5,400,000	
Thunderbox	8,300,000	1.8	480,000	29,000,000	1.6	1,600,000	7,200,000	1.3	300,000	45,000,000	1.7	2,400,000	
Otto Bore				1,300,000	2.1	85,000	820,000	1.6	41,000	2,100,000	1.9	130,000	
Rainbow	230,000	1.5	11,000	590,000	1.2	23,000	910,000	1.0	30,000	1,700,000	1.2	64,000	
Bannockburn				12,000,000	1.7	660,000	960,000	1.7	51,000	13,000,000	1.7	710,000	
North Well				4,300,000	1.5	210,000	2,500,000	1.6	120,000	6,800,000	1.5	330,000	
Kaitis				1,600,000	2.2	110,000	290,000	1.6	15,000	1,900,000	2.1	130,000	
Ore Stockpiles	1,900,000	1.1	68,000							1,900,000	1.1	68,000	
Sub-grade stockpiles	340,000	0.5	5,900							340,000	0.5	5,900	
Thunderbox Mineral Resources	11,000,000	1.6	560,000	49,000,000	1.7	2,700,000	13,000,000	1.3	560,000	73,000,000	1.6	3,800,000	
TOTAL MINERAL RESOURCES	19,000,000	2.0	1,200,000	98,000,000	1.9	5,900,000	38,000,000	1.7	2,100,000	160,000,000	1.8	9,200,000	

Notes: All data rounded to two significant figures. Rounding errors may occur.

1 Karari and Dervish Mineral Resources combined for reporting and operationally treated as one mine

2 Thunderbox Open Pit includes both C Zone and D Zone Ore Reserves

3 Pinnacles Mineral Resource is a Joint Venture with Nexus Minerals (ASX:NXM). Figure reported relate only to Saracen's portion.

4 Butcher Well, Crimson Belle and Thin Lizzie Mineral Resources are a Joint Venture with AngloGold Ashanti Australia. Figures reported relate only to Saracen's portion.

MINERAL RESOURCES AND ORE RESERVES STATEMENT (CONTINUED)

As at 30 June 2019

NICKEL MINERAL RESOURCES (JORC 2012 COMPLIANT)										
Location	Deposit	Measured		Indicated		Inferred		Total		
		tonnes	Ni %	tonnes	Ni %	tonnes	Ni %	tonnes	Ni %	
THUNDERBOX	Massive					20,000	7.6	1,500	20,000	7.5
	Matrix					52,000	4.1	2,100	52,000	4.0
	Disseminated					300,000a	1.6	4,700	300,000	1.6
	Weak Disseminated					48,000	1.8	840	48,000	1.8
	ALL Amorac					260,000	2.0	5,100	260,000	2.0
TOTAL MINERAL RESOURCES						680,000	2.1	14,000	680,000	2.1
GOLD ORE RESERVES (JORC 2012 COMPLIANT)										
Location	Deposit	Mine Type	Proved Reserves		Probable Reserves		Total Ore Reserves			
			tonnes	g/t	tonnes	oz	tonnes	g/t	oz	
CAROSUE DAM	Karari / Dervish ¹	UG			12,000,000	3.1	1,200,000	12,000,000	3.1	1,200,000
	Deep South	UG			530,000	3.2	54,000	530,000	3.2	54,000
	Karari South	OP			1,700,000	1.4	78,000	1,700,000	1.4	78,000
	Monty's Elliot	OP			880,000	1.9	53,000	880,000	1.9	53,000
	Million Dollar	OP			3,900,000	1.3	160,000	3,900,000	1.3	160,000
	Wallbrook	OP		8,000	1,300,000	1.2	51,000	1,500,000	1.2	59,000
	Enterprise	OP		11,000	250,000	2.2	18,000	420,000	2.1	29,000
	Porphyry	OP			570,000	1.5	27,000	570,000	1.5	27,000
	Porphyry	UG			1,200,000	2.9	110,000	1,200,000	2.9	110,000
	Stockpiles	S		26,000	-	-	-	840,000	1.0	26,000
	Carosue Dam Operations Sub-Total				1,200,000	1.2	45,000	2,500,000	24,000,000	2.3
THUNDERBOX	Thunderbox ²	OP		150,000	1.6	6,800,000	1.4	310,000	9,700,000	1.5
	Thunderbox	UG			11,000,000	2.0	710,000	11,000,000	2.0	710,000
	Otto Bore	OP			950,000	2.0	60,000	950,000	2.0	60,000
	Bannockburn	OP			3,500,000	1.7	190,000	3,500,000	1.7	190,000
	Kailis	OP			770,000	2.0	49,000	770,000	2.0	49,000
Thunderbox Operations Sub-Total				1,900,000	1.1	68,000	1,300,000	28,000,000	1.7	1,500,000
TOTAL ORE RESERVES				6,000,000	1.4	270,000	3,100,000	52,000,000	2.0	3,300,000

Notes: All data rounded to two significant figures. Rounding errors may occur.

1 Karari and Dervish Mineral Resources combined for reporting and operationally treated as one mine

2 Thunderbox Open Pit includes both C Zone and D Zone Ore Reserves

3 Pinnacles Mineral Resource is a Joint Venture with Nexus Minerals (ASX:NXM). Figure reported relate only to Saracen's portion.

4 Butcher Well, Crimson Belle and Thin Lizzie Mineral Resources are a Joint Venture with AngloGold Ashanti Australia. Figures reported relate only to Saracen's portion.



“We are proud of the company we have created and our people are at the heart of that.”



Saracen

SARACEN MINERAL HOLDINGS LIMITED

ABN: 52 009 215 347

FINANCIAL REPORT

for the Year Ended 30 June 2019

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 ("the Group") for the financial year ended 30 June 2019. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

DIRECTORS

The names and particulars of the Company's Directors in office during the financial year and at the date of this report are as follows:

Directors held office for this entire period unless otherwise stated.

Anthony (Tony) Kiernan (age 68)

Non-Executive Chairman (appointed Chairman 13 September 2018)

Member of the Audit Committee and the Remuneration & Nomination Committee

Mr Kiernan is a former solicitor with extensive experience gained over 35 years' involvement in the management and operation of publicly-listed companies. Mr Kiernan has extensive experience as a director of publicly-listed companies and is currently the Non-Executive Chair of Pilbara Minerals Ltd and Venturex Resources Ltd. Mr Kiernan is also the Chairman of the Fiona Wood Foundation.

Mr Kiernan was appointed as the Non-Executive Chairman of the Company upon the retirement of the then Chairman, Mr Clifford, on 13 September 2018.

During the past three (3) years Mr Kiernan has held directorships in the following other publicly-listed companies:

Company	Appointed	Resigned
Pilbara Minerals Limited	July 2016	Current
Venturex Resources Limited	July 2010	Current
Chalice Gold Mines Ltd	February 2007	September 2018
BCI Minerals Ltd	October 2006	December 2016

Geoffrey Clifford (age 69)

Non-Executive Director (appointed Director 1 October 2013 / Resigned 4 April 2019)

Mr Clifford is an accountant with more than 35 years' experience in senior accounting, finance and company secretarial roles. He holds a Bachelor of Business degree from Curtin University and is a FCPA, FGIA and FAICD. In addition to his role at Saracen, at the date of his resignation he was serving as the Non-Executive Chairman of Tyranna Resources Ltd and was also a Non-Executive Director of Independence Group NL. From 2007 to 2011, he was a Non-Executive Director (including as Chairman for the period 2008 to 2011) of Atlas Iron Limited. Prior to this, he spent eight years as the General Manager - Administration and Company Secretary of Portman Limited.

Raleigh Finlayson (age 40)

Managing Director (appointed 2 April 2013)

Member of the Risk & Sustainability Committee and the Exploration & Growth Committee

Mr Finlayson is a Mining Engineer with over 20 years' of technical and operational experience in the mining industry. Mr Finlayson previously held positions of Underground Manager for Panoramic Resources and various mining engineering roles with OceanaGold and Gold Fields. Mr Finlayson has served as the President of the WA School of Mines Alumni since 2017. Mr Finlayson, who studied at the Western Australian School of Mines, is a holder of a First Class Mine Manager's Certificate and a Graduate Certificate in Applied Finance and Investment. Since joining the Company, he has overseen the Feasibility Studies and development of both the Carosue Dam and Thunderbox operations. Mr Finlayson was the Company's Chief Operating Officer before being appointed Managing Director in April 2013.

Mr Finlayson does not currently hold, and has not over the past three (3) years held, a directorship in any other publicly-listed company.

Martin Reed (age 68)

Non-Executive Director (appointed 24 August 2012)

Chair of the Risk & Sustainability Committee and Member of the Exploration & Growth Committee

Mr Reed is a qualified mining engineer (BE Mining, Grad Dip Management, AICD Diploma) with over 45 years' of experience in operations management and project development across a range of commodities, countries and sizes of operations. Previous roles have included Chief Operating Officer and Project Manager for a number of resources companies including Sandfire Resources Ltd, St Barbara Ltd and Paladin Energy Ltd.

Mr Reed does not currently hold, and has not over the past three (3) years held, a directorship in any other publicly-listed company.

Samantha Tough (age 53)

Non-Executive Director (appointed 1 October 2013)

Chair of the Remuneration & Nomination Committee and Member of the Audit Committee

Ms Tough has over 20 years' experience on public and private company boards. Ms Tough is a Director of Clean Energy Finance Corporation, Synergy and OxMt Pty Ltd and is the Chair of COAG National Energy Selection Panel. Previous positions include Chair of Southern Cross Goldfields Ltd, Chair of Retail Energy Market Company, Chair of Aerison Pty Ltd, Chair of Advanced Well Technologies Pty Ltd, Chair of Proactiv Pty Ltd, Director of Strike Resources Ltd, Director of Murchison Metals Ltd and Director of Cape LLC. Executive roles have included General Manager of North West Shelf at Woodside Energy Ltd, Director of Strategy for Hardman Resources Ltd, Senior Vice President (Natural Resources) at the Commonwealth Bank and Project Director for the Pilbara Power Project.

Ms Tough completed a Bachelor of Laws and Bachelor of Jurisprudence at the University of Western Australia and is a Fellow of the AICD.

During the past three (3) years Ms Tough has held directorships in the following other publicly-listed companies:

Company	Appointed	Resigned
Molopo Energy Limited	December 2014	April 2017
Aurora Labs Limited	June 2017	July 2017

Roric Smith (age 57)

Non-Executive Director (appointed 4 July 2017)

Chair of the Exploration & Growth Committee and Member of the Risk & Sustainability Committee

Dr Smith is a highly experienced geologist with extensive Australian and international experience and is a Non-Executive Director of ASX listed copper producer, Sandfire Resources. Prior to joining Saracen, Dr Smith served as Vice President Discovery and Chief Geologist for Evolution Mining and Senior Vice President of Global Greenfield Exploration at AngloGold Ashanti. Dr Smith holds a BSc (Hons) Geology and PhD from the University of Natal in South Africa.

During the past three (3) years Dr Smith has held directorships in the following other publicly-listed companies:

Company	Appointed	Resigned
Sandfire Resources NL	January 2017	Current

John Richards (age 58)








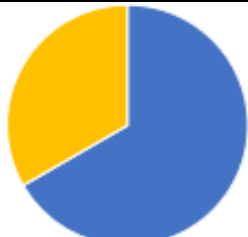


Non-Executive Director (appointed 1 May 2019)

Chair of the Audit Committee and Member of the Remuneration & Nomination Committee

Mr Richards is an economist with more than 35 years' experience in the resources industry. During this time he has been involved in a wide range of mining M&A transactions in multiple jurisdictions. Previous positions include Group Executive - Strategy and Business Development at Normandy Mining, Head of Mining and Metals Advisory (Australia) at Standard Bank, Managing Director at Buka Minerals and Operating Partner at GNRI. Mr Richards holds a BEcon (Hons) from the University of Queensland.

At 30 June 2019, Mr Richards did not hold, and has not over the past three (3) years held, a directorship in any other publicly listed company. On 2 August 2019 Mr Richards was appointed as a Non-Executive Director of ASX listed Sheffield Resources Ltd.

Board Skills Matrix

Skill and Description	Board	Skill and Description	Board
Executive Leadership - Senior Executive experience and able to evaluate executive performance		Strategy - Identifying and critically assessing strategic opportunities and threats to the organisation and, developing and implementing successful strategies in the context of an organisation's policies and business objectives	
Operations and Technical - Advanced technical understanding of exploration, mine geology, mining engineering or processing		Health and Safety - Workplace health and safety experience, appropriate measures to support proactive identification and prevention of health and safety risks	
Finance & Legal - Financial accounting and reporting, internal financial and risk controls and Treasury. Legal experience and proactive identification of legal and regulatory risk		People, Culture and Workplace Relations - Remuneration and talent management (including incentive programs), the legislative and contractual framework governing remuneration & workplace relations	
Environment, Sustainability, Governance (ESG) - Experience in integrating ESG principles into decision-making and proactive identification and prevention of ESG risk		IT and Innovation - Executive knowledge and experience in the management of information technology including but not limited to IT strategies, cyber security and experience in applying new technologies and innovation to deliver business improvement	
Mergers and Acquisitions (M&A) - Experience in M&A, implementation and corporate finance		Capital Markets - Experience in capital management strategies including debt financing and capital raisings	

Legend:

Expert ●

Experienced ●

General ●

COMPANY SECRETARY

Jeremy Ryan
(appointed 5 December 2016)

Mr Ryan joined Saracen in March 2012 as Manager - Legal. Mr Ryan was admitted to practice in 1998 and has extensive experience in advising on the development and operation of mining and infrastructure projects. Prior to joining the Company, Mr Ryan worked as a lawyer for a native title representative body, State and Federal government departments and in the Finance & Projects team of a large international law firm.

INTERESTS IN SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the direct and indirect interests of the Directors and their related parties in the Shares and Performance Rights of Saracen were:

Director	Ordinary Shares	Performance Rights over ordinary shares - unlisted
Raleigh Finlayson	4,201,819	2,465,000
Anthony (Tony) Kiernan	40,000	-
Martin Reed	30,000	-
Samantha Tough	1,718	-
Roric Smith	-	-
John Richards	-	-

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year were gold mining, processing & sales and mineral exploration.

REVIEW AND RESULTS OF OPERATIONS¹

Overview

Saracen Minerals Holdings Limited (ASX: SAR) is an ASX 200 listed gold company with guidance for FY2020 of 350,000 - 370,000oz and growth plans in place to achieve 400,000oz p.a from FY2021 onwards, from its two operations in Western Australia:

- The Carosue Dam Operation, approximately 120km north-east of Kalgoorlie; and
- The Thunderbox Operation, approximately 45km south of Leinster.

The Company had an extremely strong year in FY2019 resulting in record production of 355,077oz (FY2018: 316,453oz) and lower All-In-Sustaining-Costs of \$1,030/oz (FY2018: \$1,139/oz). In addition, following the end of the financial year the Company released its updated group Reserves as at 30 June 2019 of 3.3Moz (up 32% from 2.5Moz at 30 June 2018).

The Company's Head Office is in Perth, Western Australia.

Carosue Dam Operations

Saracen Mineral Holdings Limited owns 100% of the Carosue Dam Operations ("CDO") through its wholly-owned subsidiary Saracen Gold Mines Pty Ltd.

CDO includes the Carosue Dam Project (comprised of the Karari and Dervish gold deposits), the Porphyry Project (comprised of the Porphyry, Million Dollar, Enterprise, and Wallbrook gold deposits), and the Deep South Project (comprised of the Deep South, Safari Bore and newly acquired Box Well gold deposits). Saracen acquired the CDO assets in 2006 and commenced commercial production in 2010.

Saracen's CDO tenement holdings and gold deposits are located in one of the world's most prospective gold provinces, incorporating the Laverton and Keith Kilkenny Tectonic Zones, north-east of Kalgoorlie, Western Australia. This province is home to several world class gold mines and deposits including Sunrise Dam, Granny Smith, and Wallaby. Saracen is building a significant resource position supported by long-term strategic infrastructure in this area and continues to focus on its exploration efforts in this region.

¹ These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Demonstrating Saracen's long term commitment to CDO, during FY2019, Saracen completed the construction of a bitumen airstrip to support the operation's ongoing growth as well as completing the installation of a thickener and paste plant as part of the existing processing infrastructure.

CDO infrastructure now consists of a paste plant, processing plant & thickener, two accommodation villages with the ability to support ~400 persons, various water and power infrastructure assets and an airstrip. During FY2020, the Company plans to upgrade the existing CDO processing plant to a nameplate capacity of 3.2Mtpa from the current 2.4Mtpa and will also complete construction of a bespoke 1MW solar farm to support power generation to the accommodation village.

Thunderbox Operations

Saracen Mineral Holdings Limited owns 100% of the Thunderbox Operations ("TBO") through its wholly owned subsidiary Saracen Metals Pty Ltd.

Saracen acquired TBO in 2014 and commenced commercial production in 2016. TBO includes the Thunderbox Project (comprised of the Thunderbox, Rainbow and Otto Bore gold deposits), the Kailis Project (comprised of the Kailis Stage 1 & 2 gold deposits), the Bannockburn Project (comprised of the Bannockburn and North Well gold deposits) and the Waterloo Project (comprised of the Waterloo and Amorar nickel deposits).

At the date of this report, Saracen (via Saracen Metals Pty Ltd) is in the process of finalising the acquisition of ASX listed Bligh Resources Limited ("Bligh"). Bligh owns the Bundarra Gold Project which is located ~30km to the south of TBO and comprises of a 660,000oz JORC Resource.

TBO is located in the highly prospective Yandal Belt and the Agnew-Wiluna Belt in the North Eastern Goldfields of Western Australia.

The Thunderbox processing facility, which was recommissioned during 2015 has a nameplate capacity of 2.5Mtpa, although during FY2019 the processing plant operated above nameplate capacity at 2.8Mtpa. Existing infrastructure comprises a ~340 person accommodation village, an airstrip, power infrastructure, a spur to the Goldfields Gas Pipeline, bore field water supply and telecommunication services.

Production:

Carosue Dam Operations

For the financial year ended 30 June 2019, gold production from CDO was 199,743oz (2018: 171,301oz) at an All in Sustaining Cost ("AISC") of \$1,056/oz (2018: \$1,199/oz).

Carosue Dam	Unit	Quarter				FY2019
		Sep Q 2018	Dec Q 2018	Mar Q 2019	Jun Q 2019	
Mill Production						
Total Ore Milled	kt	647	617	570	604	2,437
	g/t	2.7	2.9	2.9	2.5	2.7
Recovery	%	93.4%	92.8%	93.3%	92.9%	93.1%
Gold Produced	oz	51,753	53,108	49,038	45,844	199,743
Underground Mining						
Total Ore Mined	kt	460	509	513	494	1,976
	g/t	3.3	3.0	2.9	2.8	3.0
Contained Ounces	oz	48,081	48,783	47,029	44,523	188,416

During FY2019, the Karari underground mine realised a steady state production rate of greater than 1.3Mtpa. Total ore production for the year was 1,341,471t at 3.0g/t for 131,290 contained ounces. This is another step change in production of both ore and ounces from this mine. Underground diamond drilling at Karari continued throughout the year providing infill drilling for greater mining confidence and significant resource extensions.

Development of the neighbouring Dervish decline continued to be advanced as priority and the ore body was accessed on several levels to commence long-hole open stoping. Stoping commenced in Q3 FY2019 and has since been steadily ramping up to the current production level, in excess of 50,000t per month. Ore production for FY2019 from Dervish totalled 329,512t at 2.2g/t for 22,835 contained ounces. Major infrastructure to support the underground mining operation was also installed such as a primary ventilation fan, an underground electrical substation and an emergency ladder-way. Production will continue to increase towards the mine's steady state range of between 60,000t - 80,000t per month during Q1 FY2020. This is in line with the Company's strategy of realising bulk underground production within direct trucking distance of the CDO mill.

Ore production for FY2019 from Deep South totalled 304,460t at 3.5g/t for 34,291 contained ounces. Mining at Deep South was completed in February 2019 following the extraction of the current economic reserve and the operation was placed on care and maintenance pending the

outcome of further underground exploration drilling. The drilling programme was completed late in June 2019 and a Feasibility Study is underway to determine whether mining will recommence. A decision on Deep South's future will be made during Q1 FY2020.

The CDO processing plant continued to perform consistently at or above nameplate capacity during FY2019, with 2,436,000 tonnes of ore milled. The plant ran at an average head grade of 2.7g/t which is an increase on last year due to the larger contribution of higher grade underground ore from Karari and Deep South. The underground ore was supplemented with lower grade stockpiles and quantities of third party ore. Overall recovery for the year was 93.1% which is in line with the long term average for CDO. Total gold produced for the year was 199,743oz, a 17% increase from FY2018 production of 171,301oz.

During the period several major capital projects were successfully completed and commissioned including:

- Purpose built heavy vehicle workshop to support the underground mines;
- Paste backfill plant capable of producing 110 to 120m³/hr of paste for filling stopes in the Karari underground mine;
- Thickener at the processing plant which will allow greater water recovery and reduce reagent usage and costs; and
- 2km long sealed airstrip and terminal to allow charter flights to land directly on site, providing a significant improvement to employee lifestyle as well as realising productivity gains.

Thunderbox Operations

For the financial year ended 30 June 2019, gold production from the Thunderbox Operations was 155,333oz (2018: 145,152oz) at an AISC of \$1,004/oz (2018: \$1,071/oz).

Thunderbox	Unit	Quarter				FY2019
		Sep Q 2018	Dec Q 2018	Mar Q 2019	Jun Q 2019	
Mill Production						
Total Ore Milled	kt	741	684	707	695	2,826
	g/t	1.7	1.7	1.9	2.0	1.8
Recovery	%	94.3%	94.4%	93.8%	93.5%	94.0%
Gold Produced	oz	37,187	35,725	40,170	42,251	155,333
Underground Mining						
Total Ore Mined	kt	1	28	48	51	127
	g/t	1.8	2.1	2	2.5	2.4
Contained Ounces	oz	92	1,797	3,545	4,108	9,542
Open Pit Mining						
Total Mining	BCM ('000)	1,373	1,694	2,327	1,903	7,296
Total Ore Mined	kt	620	545	713	1,348	3,226
	g/t	1.2	1.4	1.5	1.7	1.5
Contained Ounces	oz	24,015	25,109	34,860	74,876	158,860

Mining from the Thunderbox C Zone open pit was ongoing during the year, with this ore supply providing the base load feed for the Thunderbox processing plant. Total ore mined for the year from C Zone was 3,077,203t at 1.6g/t for 153,971 contained ounces. In addition, mining from the Kailis open pit provided 147,864t at 1.0g/t for a total of 4,889 contained ounces.

Underground mining continued at Thunderbox with a modest amount of development ore delivered to the plant to confirm model estimation and performance. A total of 126,171t at 2.4g/t was mined during the year with an excellent 100% production reconciliation.

In FY2019, the Thunderbox processing plant again exceeded nameplate capacity (2.5mtpa) with a total of 2,825,114 tonnes milled at an average cost of \$19.00/t. The inclusion of oxide ore in the mill blend coupled with improved utilisation metrics contributed to the increase in throughput rates. An average feed head grade of 1.8g/t was realised and the plant recovery was 94.0%. Total ounces produced were 155,333oz (a 6% increase on FY2018).

Health and Safety

The Saracen Group Lost Time Injury Frequency Rate ("LTIFR") for the 12 months to June 2019 was 0.8 (2018: 1.0), a 20% improvement on FY2018 and the Total Recordable Incident Frequency Rate ("TRIFR") was 11.5 (2018: 11.7), a 2% improvement. It is pleasing to report this continued improvement in our safety numbers for FY2019, and although the TRIFR reduction is small this is not a reflection of the significant amount of work that our team has put into our continued growth and preparation for future improvements. The ability to maintain and improve our injury performance during such a substantial growth period is a testament to Saracen's business improvement focus and positive safety culture.

During the year, our focus has been on improving our tools and systems for Health, Safety, Environment and Community ("HSEC"), increasing our engagement and communication across the business and preparing for a review of our Safety Management System ("SMS") and Environmental Management System ("EMS") with a view to ongoing enhancement and further integration in FY2020. The Group has continued to review and implement best practice opportunities in relation to HSEC systems, injury management, emergency response, critical controls, and risk identification.

To ensure the ongoing readiness of the Company's Operational Emergency Response Teams ("ERT"), training and enhancement of the teams' capabilities continued throughout the year. The value of this was demonstrated during FY2019 when the Carosue Dam ERT participated in the 2019 CME Surface Mine Competition at Kalgoorlie and won the Best Team Award, as well as achieving an impressive suite of other wins including Best New Captain, Best Overall Captain, Best New Team, 1st in Team Skills and 1st in Team Safety.

During FY2019, the Company demonstrated the importance of safety by making it a core value in its own right. Safety had always formed a key part of our values and this important step fits in with our continued growth, maturity and focus on all core aspects of our operations. Throughout the year, the Saracen Board and Executive have continued to complete "verification of risk" tasks in the field, which has continued the positive engagement, increased communication and demonstrated Company-wide commitment to this critical business area.

To ensure continuing Company focus in this area, our operating sites and exploration team carried out Short Term Improvement Plans ("STIP"). Key leaders, within teams, took ownership and responsibility for safety projects in their workplace. This placed emphasis on our leading safety programs and helped drive changes in safety behaviours. The STIP initiative commenced during Q3 and Q4 of FY2019, and its effectiveness was reflected in the successful completion of a number of leading tasks. We expect that safety performance across our operations will continue to improve as the business continues to grow and mature.

Financial Performance (numbers below are A\$)

The Group reported a net profit after tax of \$92.5 million, an increase of 22% on the previous year (2018: \$75.6 million).

Sales revenue for the year was \$555.6 million, up 9% from \$511.0 million in the previous year. Gold production for the year was 355,077 ounces up 12% from 316,453 ounces in FY2018. FY2019 revenue was derived from gold sales for the year of 321,882 ounces (excluding gold sales in relation to gold recovered from development activities), up 1% from 317,675 ounces in 2018 and the average gold price realised for the year was \$1,726/oz, up 7% from \$1,606/oz in FY2018. During the period, approximately \$49.6 million (29,022oz) of gold sales were made from gold recovered from development activities at the Dervish underground mine at CDO, the Thunderbox underground mine, the Kailis open pit and D Zone open pit at TBO. This amount was offset against those projects' capital development costs and although these ounces are reported in production, they are not accounted for in sales revenue.

Gross profit from mining operations for the year was \$153.1 million (2018: \$117.6 million) after deducting \$17.9 million for royalties and \$87.9 million in depreciation and amortisation (2018: \$17.8 million and \$94.3 million respectively).

Net cash flow from operations for the year was \$227.0 million (2018: \$191.4 million). Capital expenditure on purchases of plant and equipment, mine development and exploration totalled \$198.8 million for the year (2018: \$130.2 million). This was primarily related to the development of the Kailis open pit and the Thunderbox underground mine at TBO, and the Karari and Dervish underground mines, the construction of the paste plant and airstrip at CDO. The ramp-up in exploration activities across Thunderbox, Karari-Dervish and in the Carosue Dam corridor also contributed.

Cash, Investments, Debt and Hedging

As at 30 June 2019, Saracen's total cash and liquid position was \$154.5 million (30 June 2018: \$118.3 million), comprising of \$118.7 million in cash and 5,882 ounces of gold in transit (approx. \$10.3 million). This total also includes Saracen's strategic investments in a number of ASX listed companies, which were valued at \$25.5 million as at 30 June 2019.

The Company also maintains a long term senior corporate financing facility. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility features an "evergreen" arrangement with an annual review date whereby the term can be extended for an additional year each year to maintain a three year facility tenure. During the year, the term of the facility was extended by one year to November 2020.

The facility also features an accordion provision under which Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the total loan to \$150 million) with the approval of the syndicate members. As at 30 June 2019, the facility had not been drawn down on.

At 30 June 2019, the Group had in place a total gold hedging program comprising of 419,000oz (2018: 275,600oz) forward sales contracts at an average price of \$1,840/oz, up 6% from last year (2018: \$1,730/oz). These ounces are scheduled to be delivered over a period of 3 years, from July 2019 to June 2022.

Production & Operational Outlook for FY2020 and beyond

Carosue Dam Operations

In FY2020, gold production will be principally sourced from the Karari / Dervish underground mines and potentially the Deep South underground mine with the balance coming from third party ore purchase agreements and various ore stockpiles. Production guidance at CDO for FY2020 is 190,000 to 200,000ozs. Saracen's primary business plan for CDO over the next 2 years is to develop the operation to achieve a long-term sustained production rate of 240,000 - 250,000oz per annum by:

- Delivery aligned to meet or exceed the 7 year production outlook;
- Increased production rates from the Karari / Dervish underground mines at 1.9 – 2.1Mtpa;
- Continuing to grow the Karari / Dervish resources along strike and at depth;
- Completing the Feasibility Study for the re-commencement of mining at the Deep South underground mine;
- Largely completing the major upgrade at the processing plant including; construction of a regrind mill to increase processing capacity to 3.2Mtpa, upgrade gravity and elution circuits and install two additional CIL tanks (Tanks 8 & 9);
- Commencing open pit mining from the Porphyry Mining Centre to provide additional long-term mill feed at a rate of ~800,000tpa;
- Continuing to upgrade existing infrastructure on site to support growth of the Operation including a camp upgrade and the establishment of Porphyry Mining Centre infrastructure;
- Continuing the major exploration programme along the "Corridor of Riches" and near mine extensions;
- Completing study work into alternative haulage options from the Karari / Dervish underground mines;
- Completing ore sorting studies into the beneficiation of low grade stockpiles; and
- Continuing the focus on reducing costs throughout the operation to generate strong and sustained cash flows.

Thunderbox Operations

In FY2020, gold production will be principally sourced from the Thunderbox C Zone open pit and Kailis Stage 2 open pit. Some production will be sourced from the developing Thunderbox underground mine and various stockpiles. Production guidance at TBO for FY2020 is 160,000 to 170,000ozs. Saracen's business plan for TBO over the next 2 years comprises:

- Delivery aligned to meet or exceed the 7 year production outlook;
- Maintain base load production from the Thunderbox C Zone open pit whilst assessing opportunities for higher grade satellite top up feed;
- Continue mining the Kailis Stage 2 open pit contributing higher grade ore feed to optimise ore blending opportunities at the Thunderbox mill;
- Continue developing the Thunderbox underground mine, deliver the finalised Thunderbox underground Feasibility Study;
- Commence operations at the nearby Otto Bore satellite open pit;
- Commence pre-strip at the D Zone open pit cutback;
- Continue working on the Life of Mine strategy of base load feed from various sources adjacent to the TBO mill with bolt on growth options to increase production;
- Pursue the optimal operation of the Thunderbox mill to maximise production and cash flow generation;
- Fund all project development through internal cash flow generation;
- Commence major exploration focus on near mine extensions – the best spot to find a new mine is at an existing mine;
- Grow the Reserve base;
- Continue the trajectory of reduced AISC; and
- Generate sustaining cash flows.

Exploration

During FY2019 \$60M was budgeted to unlock value from both brownfields and greenfields opportunities within the Company's exploration tenure. The activities focused on building the early stage project pipeline, whilst at the same time exploring opportunities for growth at the current operating mines.

Underground exploration drilling was completed from the 1940 hangingwall drill drive at Karari. This platform has facilitated the next phase of growth at the Karari mine. Exploration and resource definition drilling primarily focused on the north of the mine, where some exceptional results were seen. Karari remains open to the north and down dip which will be a key area of focus moving into FY2020.

Drilling activities at Dervish over the last 12 months have been focused on increasing the definition of the resource ahead of mining and extending the resource at depth. Infill drilling has been successful and the extensional drilling, particularly at the south of the mine has been encouraging. Infill drilling is ongoing to further de-risk the Life of Mine plan.

A number of small underground drill programs were completed at the Deep South mine during FY2019. Deep South is currently on care and maintenance, however recent drilling has identified further extensions to the known high grade shoots. The drilling has defined additional indicated resources at depth, which are currently under economic evaluation.

A 40,000m underground drill program was completed at Thunderbox (A Zone) to delineate the upper levels of the future underground project, and extend the resource down plunge. The drill program was designed to provide greater confidence to the underground feasibility study and ongoing assessment of the optimal mining method. The close spaced data will allow for an improved assessment of the grade distribution below the previously mined open pit.

Surface resource definition drilling was completed across a number of projects this year including; Bannockburn, Otto Bore, Montys-Elliott, Luvironza and Million Dollar. These projects had not been active for some time and the new drilling has added significant value in terms of geological understanding and resource growth. Further work is required at all projects in the future.

Exploration drilling along the CDO corridor has discovered a new gold deposit only 4km north of the current processing plant. Atbara is a new prospect identified in a large monzonite intrusive unit. Atbara is early in its understanding and is broadly drilled. Further work is required to understand the nature and distribution of the mineralisation. The system remains open and will be the focus of ongoing work.

A number of regional full field aircore programs were completed during the year. A large infill and extensional aircore program was drilled at Bannockburn. This program identified a large alteration anomaly proximal to the Blue Tank shear zone and will be the subject of ongoing exploration. At the Mt Celia district, an extensive aircore program was completed west of Safari Bore where little was known of the geology due to an absence of prior drilling and significant surface cover. The first phase of drilling has successfully identified a large gold anomaly which will be investigated further in FY2020.

Unlocking value from the highly productive CDO corridor is a key focus for the exploration group. Building the understanding around the current mines is an enabler for future growth. To assist in this understanding, a large 3D seismic survey was completed at CDO in the last quarter of FY2019. This data is being processed and interpretation will commence in H1 FY2020. This new dataset will assist in future targeting at depth, and provide the basis for building a reinterpreted 3D geological model.

Investor Relations

During the year the Company presented at several conferences and conducted road shows to existing and prospective investors, analysts and stockbrokers. These included:

- Diggers and Dealers Conference, Kalgoorlie, August 2018;
- Beaver Creek Precious Metals Forum, September 2018;
- Denver Gold Conference, September 2018;
- Macquarie Bank Western Australian Forum, October 2018;
- RBC Sydney Mining Day, February 2019;
- BMO Global Metals and Mining Conference, February 2019;
- Euroz Conference, March 2019;
- Macquarie Bank Australia Conference, May 2019;
- Various investor mine site visits; and
- Various investor presentations in Sydney, Melbourne and Brisbane.

Each presentation is released to the ASX and available on both the ASX (www.asx.com.au) and the Saracen website (www.saracen.com.au).

Human Resources

As at 30 June 2019, the business had 433 employees following continued growth to support our current and future operations. The Company continues to promote a workplace culture that embraces diversity, and our submission to the Workplace Gender Equality Agency ("WGEA") in May 2019 recorded a female participation rate of 15.7%. As at 30 June 2019, Saracen's female participation rate had increased further to 18.0% in comparison to the industry average of 16.7%. It was pleasing to see this increase in recent months and we expect this trend will continue throughout FY2020. The increase reflects the work done to improve female participation rates across the Group in line with fair recruitment practices. We will continue to include suitable female candidates in recruiting pools as opportunities arise.

Through FY2019, there has been a continued focus on maintaining and increasing female participation as well as extending our diversity focus to include the promotion and recording of other diversity elements, such as age and regional employment. As at 30 March 2019 we had 95.7% of employees living within Western Australia and our mean age was 41 years old. In FY2020 we are implementing systems to capture Aboriginal and Torres Strait Islanders representation in the workforce to add to our ability to report on a range of diversity measures.

During FY2019, the Saracen core values of Safety, Attitude, Communication, Courage and Delivery continued to define and guide our actions and interactions. Whilst Safety has always been integral to our values, in FY2019 we highlighted Safety as an overarching value and implemented the motto "The Standard You Walk Past Is the Standard You Accept".

Supporting our strong, results-driven, "can do" culture, where our people are at the heart of our success, the "Think and Act Like Owners" ("TALO") programme was rolled out to encourage our employees to engage with the ongoing and long term success of Saracen. Employees were invited to suggest TALO ideas and the submissions received have been wide ranging - small and large improvements, cost savings, efficiencies and positive impacts in operations, safety, environment and the community. Importantly, every one of these submissions represents our employees truly thinking and acting like owners. In May 2019, Saracen were pleased to offer the Employee Share Scheme for the second year and it again had a strong level of take up. This means all our employees are able to say they truly are owners of Saracen and engage with our success.

In FY2019 Saracen implemented a number of programmes and policies to support our employee group and our operations by improving our employee value proposition, these included:

- The introduction of Paid Parental Leave for both primary and secondary carers. This benefit is provided to expecting/new parents and is paid at their full salary and in addition to the applicable Government scheme;
- The introduction of Paid Domestic and Family Violence Leave for all employees. The legislated requirement is to provide unpaid leave - by providing this leave as paid we provide a further level of support to our people;
- Recruitment of graduates, trainees and apprentices to support the next generation of mining employees and leaders within our business. This has included development of a formal graduate development programme; and
- Internal HR Training rolled out to supervisors and managers, focussed on improving front-line management skills.

Community Support

Saracen, through its investment in our local communities and our industry, wishes to leave a lasting positive legacy of improved outcomes for all parties. Saracen views engagement, communication and consultation with stakeholders as crucial for business success, including maintaining a social license to operate. We are committed to improving community engagement through open and transparent dialogue with government representatives, pastoral and community representatives and other key stakeholders.

The Company's core values of Safety, Attitude, Communication, Courage and Delivery, apply equally when we engage with any of our community and stakeholders. During FY2019, we maintained our Community Policy targets and funding levels that commenced in FY2018. The corporate focus for community funding is engaging with long term partners in order to build partnerships that return significant value to all participants. At a site level, our teams have engaged with a number of local organisations and events providing support and networks for the local communities in which we work. Prior to FY2019, Saracen had formed several strong relationships with local communities and stakeholders close to our operations. This engagement with our surrounding communities has been further expanded upon in FY2019 and we will continue to expand this important part of our business in FY2020.

There are a number of significant sponsorships that Saracen has supported this year:

- Shooting Stars & Leonora High School: We continued our support of Shooting Stars in Leonora and the programme is already having an impact with noted improvements in school attendance. Our support for Shooting Stars included hosting their leadership camp in our Perth office. We have expanded our support for the Leonora High School including supporting a computing course, a dance event to encourage school attendance and the inaugural Saracen Art Prize. Lakeisha Whitby, a Leonora resident, who is only 13 years old was our first winner with her beautiful painting, which now hangs in the corporate boardroom.
- Clontarf Foundation: Saracen has supported Clontarf for a number of years and this year we agreed to a three year partnership to support the Foundation, in particular the Kalgoorlie Boulder Academy. During the inaugural year of this partnership, we have hosted visits of the students to our operations, visited the Academy and engaged with the Alumni of the school and from this we are very pleased to have offered two apprenticeships to Clontarf Alumni.
- East Kalgoorlie Primary School ("EKPS"): EKPS and Saracen have developed a multi-year sponsorship agreement to allow the school to continue and further extend its Health and Family Support Program. A multi-year partnership allows the school to undertake long-term planning and institute projects and staffing to achieve the long-term support the families require. In addition, our people have supported the school undertaking a Primary Extension and Challenge programme ("PEAC") and met with the students to discuss their schooling.

- Telethon: As part of supporting this iconic WA event, Saracen donated a 1kg gold bar auctioned on the Telethon Weekend. Telethon provides support to families in need, particularly country families, and providing such an unusual item to be auctioned created a lot of interest internally and externally with a wonderful auction result on the night.
- Ride to Conquer Cancer: Thirteen of our employees as part of Team Saracen rode the 200km to Mandurah and back to raise money for cancer research. The team raised over \$63,000 for the Harry Perkins Institute.

In addition to these major sponsorships, Saracen has continued its involvement and commitment to a broad range of community groups and organisations during FY2019. This year Saracen has also provided funding and other support to:

- AUSIMM UWA Student Chapter;
- WA School of Mines and Alumni;
- Menzies Rodeo;
- Kalgoorlie Kingsbury Park Youth Shipping Container Project;
- Leonora Golden Gift;
- Leinster Art Programme;
- Leinster Cup; and
- St Johns Ambulance Goldfields.

DIVIDENDS

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

No dividend is recommended in respect of the FY2019 financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year there were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

On 14 June 2019, Saracen announced an off-market takeover offer to acquire Bligh Resources (ASX: BGH). The 100% scrip consideration valued Bligh at ~A\$38m at the time of announcement.

On 31 July 2019, Saracen announced it has received acceptances for more than 90% of the fully paid ordinary shares on issue in Bligh and therefore Saracen may now compulsorily acquire the outstanding fully paid ordinary shares on issue. Further to this, Saracen proposed to acquire the remaining fully paid ordinary shares on issue in Bligh on the same terms as set out in the bidder's statement of 8 July, being an offer of 0.0369 fully paid ordinary share on issue in Saracen for every one fully paid ordinary share on issue in Bligh.

No other material events have occurred since 30 June 2019 requiring disclosure.

Except for the event detailed above, no other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

- The Group's operation in future financial years, or
- The result of those operations in future financial years, or
- The Group' state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company continues to seek suitable mineral opportunities for acquisition or farm-in, as well as corporate investments, while operating and expanding the Company's operations. Refer to the Production and Operational Outlook for FY2020 and beyond on Page 41.

ENVIRONMENTAL REGULATION AND PERFORMANCE

Saracen released its inaugural Sustainability Report in September 2018 and will release its 2019 Sustainability Report in October 2019.

Saracen recognises that respecting the environmental values held by people both within and outside of the Company is an integral part of doing business.

Saracen is committed to conducting operations in an environmentally sensitive manner. Through the implementation of a company-wide Environmental Management System, Saracen is able to continually minimise any adverse environmental risks that may be associated with its business activities. The Saracen Group is subject to environmental regulations associated with the granting of licences by various regulatory bodies, including the Department of Mines Industry Regulation and Safety ("DMIRS"), Department of Water and Environmental Regulation ("DWER") and the Department of Planning, Lands and Heritage ("DPLH"). The Group continues to operate in compliance with all of these Regulations.

Inspection and monitoring of vegetation, groundwater and emissions are conducted to ensure compliance, and provide evidence of compliance, in accordance with all of the required licences. Results are reported in various reports to regulatory bodies in accordance with the requisite statutory requirements. There were no significant non-compliances during FY2019.

The Group is also subject to the reporting requirements of the National Environmental Protection (National Pollution Inventory) Measure 1998 ("NPI") and the National Greenhouse and Energy Reporting Act 2007 ("NGER"). This legislation requires the Group to report its annual greenhouse gas emissions and energy use.

Key environmental achievements during FY2019 included:

- Completion of all environmental approvals for key CDO projects that will grow the future of the site, including: the airstrip; an extensive 2D and 3D Seismic exploration program and construction of lifts on our Tailings Storage Facilities ("TSF");
- Approvals for and the successful recommissioning of the Kailis open pit mine south of TBO;
- The Company constructed a semi-integrated landform / TSF design at the TBO Eastern Waste Rock Dump and TSF to minimise disturbance. The Facility commenced operation during the year, and submissions have been made to approve the full lifts of the Facility to proposed maximum design heights. This will provide long term tailings storage for the TBO operations; and
- Completion of all negotiations, approvals as well as construction and commencement of operations for a new palaeochannel borefield at Bannockburn to deliver 10 years of sustainable process water supply for TBO.

DIRECTORS' MEETINGS

The number of Board and Committee meetings held and the number of those meetings attended by each Director or Committee member during the financial year were:-

Director	Board Meeting		Audit Committee		Remuneration & Nomination Committee		Risk Management & Sustainability Committee		Exploration & Growth	
	Meetings held while a Director	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended	Meetings held while a member	Meetings attended
Geoff Clifford	5	4	2	2	2	2	-	-	1	1
Raleigh Finlayson	8	8	-	-	-	-	4	4	3	3
Anthony Kiernan	6	5	1	1	2	2	-	-	-	-
Martin Reed	8	8	1	1	-	-	4	4	3	3
Roric Smith	8	8	-	-	1	1	4	4	3	3
Samantha Tough	8	8	2	2	3	3	-	-	1	1
John Richards	2	2	-	-	1	1	-	-	-	-

In addition to the scheduled Board and Committee meetings, Directors regularly communicate by telephone and email, and where necessary, Circular Resolutions are executed to effect decisions.

REMUNERATION REPORT (AUDITED)

COVER LETTER TO THE REMUNERATION REPORT

Dear Shareholder,

On behalf of the Board of Directors of Saracen Minerals Holdings Limited, I am pleased to provide you with the Remuneration Report for the year ended 30 June 2019. The Remuneration Report sets out FY2019 remuneration information for the Managing Director ("MD"), Key Management Personnel ("KMP") and Non-Executive Directors ("NEDs") in a simple and transparent way.

Remuneration Overview

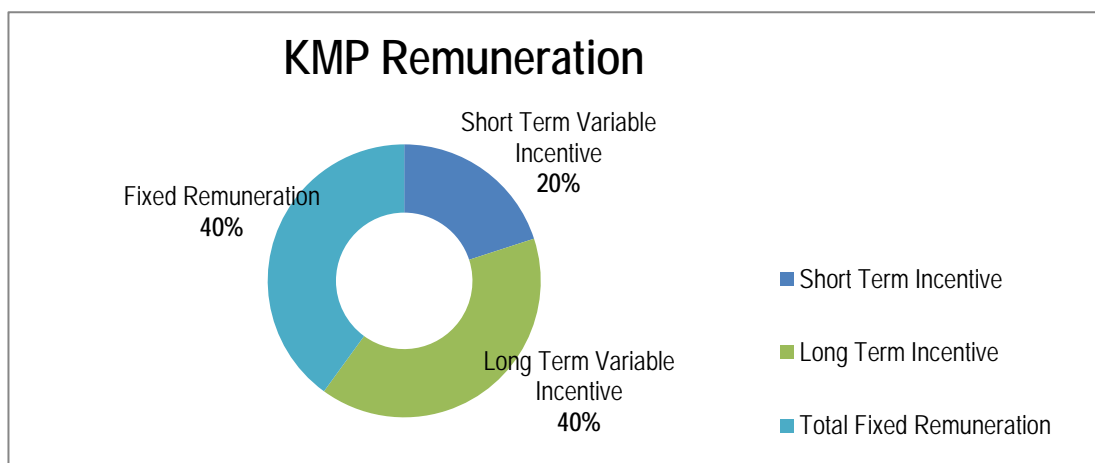
The Remuneration and Nomination Committee oversees Saracen's remuneration approach on behalf of the Board. The key tenets of its approach to remuneration are to ensure that it supports the Company's strategy and aligns with the drivers of long-term shareholder value, as demonstrated by the Company's Total Shareholder Return metric over the past 4 years. In doing this, the Committee is cognisant of the need to maintain flexibility in remuneration to enable Saracen to adapt to specific circumstances that may arise within the Company or within the industry in which we operate.

Remuneration Framework

The Board believes the Executive remuneration framework aligns pay outcomes with performance and positive shareholder outcomes and enhances transparency. The framework is summarised below:

- Ensuring the majority of MD and KMP remuneration is linked to Company performance (60% of Total Remuneration is "at risk") and aligned to positive shareholder outcomes.
- STIP awards are capped for all executives and linked to "better than budget achievements". Note that STIP is capped at a maximum Stretch Target of 50% of TFR. Even if the targets are "overachieved", the maximum target amount cannot be exceeded.
- LTIP awards are capped for all executives and linked to shareholder aligned long term performance measures.
- KPIs for the MD and all KMP and senior management are aligned.
- The Board has ultimate discretion in approving both the short term and long term variable remuneration components.

A key tenet of the framework is to ensure that the majority of KMP salary is linked to Company performance, in order to ensure KMP interests are aligned with shareholders. As illustrated below, if paid at full value, the "at risk" component comprises 60% of potential Total Remuneration.



Remuneration Outcomes in FY2019

In FY2019, Saracen beat production and cost guidance, extended the Reserve life at both our operations, released a seven (7) year production outlook and continued to build a strong balance sheet, all of which drove strong share price outperformance on both an absolute and relative basis.

We are continually focussed on safety and we have seen an encouraging improvement in our safety culture. The Saracen Group's Lost Time Injury Frequency Rate ("LTIFR") for the 12 months to June 2019 was 0.80 (2018: 1.0), a 20% improvement, and the TRIFR was 11.5 (2018: 11.7), a 2% improvement.

We also successfully executed a number of low risk, high return organic growth initiatives. Examples included the development of new mines (Thunderbox Underground, Dervish Underground and Kailis Open Pit), the Carosue Dam Paste Plant, the Carosue Dam airstrip and, record near-mine exploration, resulting in a 32% increase in Ore Reserves to 3.3Moz. These achievements were due to the excellent work of management and all employees in continuing to deliver to our plan and build a solid foundation for further growth.

The Board remains prudent in its approach to remuneration. We are cognisant of the external market in which we operate and we utilise external market data to appropriately align our remuneration. A key objective is to ensure that our remuneration is aligned to external expectations whilst also set to retain and attract the best people to deliver ongoing success.

Executive Fixed Remuneration

FY2019 Outcomes

- The MD fixed remuneration was reduced in order to maintain an appropriate total package in light of the one off issue of Retention Rights (refer Managing Director summary on Page 58).
- One member of the KMP received an increase to their fixed remuneration in line with increased overall responsibilities and within market movements.
- These changes resulted in an overall reduction in the total pool of fixed remuneration paid to the KMP.

FY2020 Planned

- The Board has determined that there will be no increases to fixed remuneration for the MD or KMP in FY2020. Despite independent data showing there has been comparative market increases; the Board is cognisant of the overall approach to remuneration and with this in mind, believes the FY2019 levels are appropriate in FY2020.
- Further, the Board has structured overall remuneration with a weighting towards "at risk" remuneration and Long Term Incentives, that more closely align KMP remuneration with positive shareholder outcomes.

Executive Short Term Incentive Plan (STIP)

FY2019 Outcomes

- The Board set appropriately challenging targets for the FY2019 STIP. The measures chosen were designed to drive both short and long term value creation by focussing on operational delivery and longer term strategic delivery.
- Whilst this has been a very strong year for the Company on most key operational and market metrics, given that the targets were challenging and were robustly assessed, the resulting STIP payment was calculated to be 70% of the maximum opportunity for both the MD and KMP. The full outcome for the STIP is detailed on Pages 52 to 53.

FY2020 Planned

- On the back of an excellent FY2019, the Board has further challenged the KMP to continue to outperform and has further "raised the bar" in relation to the FY2020 STIP targets. In FY2020, the Board has stipulated that a minimum Threshold (linked to the FY2020 annual budget and market guidance) must be achieved in relation to the STIP Key Performance Indicators ("KPIs") as a "gate" before any level of STIP payment is considered. This reflects a more challenging STIP than FY2019 and exceeds general market practice. The details in relation to the FY2020 STIP are set out on Pages 53 to 54.

Long Term Incentive Plan (LTIP)

The LTIP has been in place for a number of years and has seen strong alignment with positive outcomes for shareholders as demonstrated by:

- The Total Shareholder Return for 1 July 2014 to 30 June 2017 of **192%**;
- The Total Shareholder Return for 1 July 2015 to 30 June 2018 of **382%**; and
- The Total Shareholder Return for 1 July 2016 to 30 June 2019 of **161%**;

FY2019 Outcomes

- **FY2019 LTIP Tranche (3 Year Performance period 1 July 2018 to 30 June 2021)**

As approved at the November 2018 AGM, 305,000 Performance Rights under the FY2019 LTIP were granted to the MD with a 3 year performance period from 1 July 2018 to 30 June 2021. Further, as part of the FY2019 LTIP, 611,000 Performance Rights were issued to other KMP.

The quantum of Performance Rights issued was determined by reference to the market value of Saracen shares at the time of grant (being the 30 day VWAP to 30 June 2018 of \$2.16) rather than fair value.

The performance criteria for the FY2019 Performance Rights are a mix of operational and financial measures, designed to align management performance with shareholder interests:

1. Total Shareholder Return ("TSR") measured against an appropriate Peer Group;
2. Increase in ore reserves;
3. Increase in share price; and
4. Increase in earnings per share.

Details of the FY2019 LTIP grants are on Pages 54 to 56.

- **One-off FY2019 Retention Rights (RR) under LTIP Plan
(3 to 5 Year Performance periods 1 July 2018 to 30 June 2021, 2022 & 2023)**

At the November 2018 AGM, Saracen shareholders approved the issue of a one-off grant for a total of 1,500,000 RR in three, long-dated, separate tranches of 500,000 RR each, to the MD. These tranches are dated over 3, 4 and 5 years respectively. The Tranche 1 performance period is 1 July 2018 to 30 June 2021, Tranche 2 is 1 July 2018 to 30 June 2022 and Tranche 3 is 1 July 2018 to 30 June 2023.

As noted in the relevant Notice of Meeting to shareholders, this issue was to be one-off in nature and separate from the Company's standard annual LTIP.

Further to the shareholder approval of the MD RR, the Board also issued one-off RR grants to its KMP on comparable terms but at a lower quantum.

The Board acknowledges that this issue of RR is a variation from its standard LTIP approach; however the Board confirms their assessment that this one-off grant is aligned with shareholder interests for the following reasons:

- **Retention of KMP:** Since 2015, the Board has been strongly focussed on building a senior management team with the skills, experience and commitment to support the MD and propel Saracen to the next level. Over this period, Saracen has established a high quality team that has demonstrated sector outperformance over a number of years on several measures. In addition, as the broader market has improved and competition for talent increased, the Board identified that retaining key personnel was an important aspect in underpinning and maintaining Saracen's outperformance. Given specific market circumstances, this one-off grant of RR for the MD was proposed to shareholders and then approved at the November 2018 AGM.
- **Performance Period:** Importantly, these RR were set based on longer performance periods (up to 5 years) than the Company's standard LTIP issues.
- **Quantum:** The quantum issued provides significant individual retention benefit with minimal dilution. The quantum of RR issued was determined based on the market value of Saracen shares, as per the standard FY2019 LTIP Performance Rights grant (as opposed to fair value), and after a relative assessment of the management equity position of Saracen's peer companies.
- **Total Remuneration:** As part of managing overall remuneration, in light of this one-off issue, the MD agreed to a base pay reduction at the beginning of FY2019 and this level will be maintained in FY2020. Further, the Board has also determined that there will be no increases to KMP base salaries in FY2020 (despite increases in Saracen's peer companies).
- **Performance Measures:** The performance measures for these RR were consistent with Saracen's standard LTIP with a focus on both operational and financial success to ensure alignment with shareholder objectives.

The performance criteria for the RR are as per the FY2019 standard Performance Rights issue but with longer dated Performance Periods;

1. Total Shareholder Return (TSR) measured against an appropriate Peer Group;
2. Increase in ore reserves;
3. Increase in share price; and
4. Increase in earnings per share.

On behalf of the Board, I would like to reiterate this grant of RR is viewed as one-off in light of particular circumstances.

Details of the RR grants are on Pages 57 to 58.

FY2020 Planned

- The Board intends to maintain its policy of providing KMP with remuneration that aligns with shareholders long term outcomes and, subject to shareholder approval, is planning to issue standard FY2020 Performance Rights under the LTIP to the MD and KMP as noted in the 2018 Notice of Meeting.
- Importantly, in order to ensure full transparency and shareholder alignment with the remuneration approach, no Performance Rights will be issued to KMP under the FY2020 LTIP until shareholder approval is received for the proposed annual MD grant as determined at the November 2019 AGM.
- By adding this additional level of approval for issue of Performance Rights to KMP, the Board believes it is able to transparently engage with shareholders to understand their support for the remuneration framework to retain the KMP and senior management through competitive remuneration practices and confirm the Board view that the framework is aligned with shareholder expectations.

The Board has full discretion to manage the granting and vesting of all incentives (both Short and Long Term components).

Details of the proposed FY2020 standard LTIP grants are on Pages 56 to 57.

FY2020 Board and Committee Fees

- Effective 1 July 2019 director fees for the Chairman have been increased by 12% and Non- Executive Directors' (NEDs') fees have been increased by 17%.
- This increase aligns Board fees with Saracen's target market remuneration and represents the first increase in Board fees since 2016.

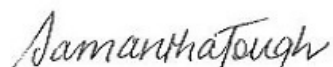
- NEDs are not entitled to participate in any Saracen performance linked equity plans. However, NEDs are encouraged to reinvest director fees received into Saracen's shares. This principle is reflected in the increased NED shareholdings during FY2019 as set out in the table under Equity Instruments held by Directors and KMP on Page 70.

The Saracen Board believes that the remuneration framework remains appropriate and that the FY2019 remuneration outcomes are fair and reflect the very strong operational, financial and share price performance of the organisation.

The Board will continue to monitor the remuneration framework, provide ongoing updates and continue direct dialogue with shareholders to ensure the effective alignment between performance and reward is maintained.

On behalf of the Board, I invite you to review the full report and thank you for your ongoing support of Saracen and our team.

Yours sincerely,



Samantha Tough
Remuneration and Nomination Committee Chair

The Directors present the Saracen Mineral Holdings Limited ("Saracen") 2019 Remuneration Report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year. This report forms part of the Directors' Report and the information provided in this Remuneration Report has been audited as required by Section 308(3C) of the *Corporations Act 2001*.

Key Management Personnel covered in this Report

The Directors of the Group during the financial year were:

Anthony Kiernan	Non- Executive Chairman (appointed 13 September 2018)
Geoffrey Clifford	Non-Executive Chairman (resigned 13 September 2018) Non-Executive Director (resigned 4 April 2019)
Raleigh Finlayson	Managing Director (Executive)
Martin Reed	Non-Executive Director
John Richards	Non-Executive Director (appointed 1 May 2019)
Roric Smith	Non-Executive Director
Samantha Tough	Non-Executive Director

The KMP during the financial year were:

Morgan Ball	Chief Financial Officer
Simon Jessop	Chief Operating Officer
William (Troy) Irvin	Corporate Development Officer

Changes to Board of Directors

Geoff Clifford stepped down as Non-Executive Chairman on 13 September 2018 and remained on the Board as Non-Executive Director until his resignation from the Board on 4 April 2019.

Anthony Kiernan was appointed as Non-Executive Chairman on 13 September 2018.

John Richards was appointed as a Non-Executive Director on 1 May 2019.

Remuneration Decision Making

The Remuneration & Nomination Committee ("RNC") is a sub-committee of the Board. It is primarily responsible for making recommendations to the Board on:

- (i) the over-arching executive remuneration framework;
- (ii) operation of the incentive plans including key performance indicators and performance hurdles;
- (iii) remuneration levels of executives; and
- (iv) Non-Executive Director Fees.

The Committee reviews and determines the Group's remuneration policy and structure annually to ensure it remains aligned to business needs, meets the Group's remuneration principles and is reflective of generally acceptable market practices. From time to time, the Committee also engages external remuneration consultants to assist with this review.

In particular, the RNC and Board aim to ensure that Saracen's remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent who are motivated to create strong short and long term outcomes;
- demonstrating a clear link between pay and performance;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- structured to have an appropriate balance between pay and performance through fixed and variable components;
- transparent and easily understood; and
- acceptable to shareholders.

The RNC has delegated authority to the Managing Director for approving remuneration recommendations for employees other than KMP, within the parameters of Board approved Group wide remuneration levels, structures and budgets.

The members of the RNC are all independent Non-Executive Directors and, as at the date of this report, comprised:

- Samantha Tough – Chair of Committee, Non- Executive Director,
- Anthony Kiernan – Non-Executive Chairman, and
- John Richards – Non-Executive Director.

Clawback of Remuneration

In the event of serious misconduct or a material misstatement in the Group's financial statements, the Board has the discretion to reduce, cancel or clawback any unvested short term or long term incentives and may also clawback payments paid in previous financial years, to the extent this can be done in accordance with the law.

Securities Trading Policy

The Group's Securities Trading Policy applies to all employees including Directors and KMP. In FY2019 the Securities and Trading Policy was updated. In accordance with the policy, employees are prohibited from dealing in Saracen Mineral Holdings Limited securities in the periods:

- (a) From the 15th day of March until the end of the ASX trading session on the business day following the public release of the Company's March Quarterly report in April;
- (b) From the 15th day of June until the end of the ASX trading session on the business day following the public release of the Company's preliminary or final full year results in August;
- (c) From the 15th day of September until the end of the ASX trading session on the business day following the public release of the Company's September Quarterly report in October; and
- (d) From the 15th day of December until the end of the ASX trading session on the business day following the public release of the Company's half year results in February.

These periods are collectively referred to as the 'Blackout Period'.

The policy prohibits employees from dealing in Saracen Mineral Holdings Limited securities while in possession of material non-public information relevant to the Group, even if it is outside of a Blackout Period.

Directors of the Group are prohibited from dealing in securities of Saracen Mineral Holdings Limited in a Blackout Period and must receive written consent from the Chairman or the Board for any dealing in the Group's securities at all times. Similarly, KMP must receive written consent from the Managing Director or Chairman for any dealing in the Group's securities at all times.

Remuneration Contracts and Assessment

The Group has employment agreements with all KMP. These agreements are capable of termination in accordance with standard employment terms. The terms of the agreements are open ended, although the Group retains the right to terminate an agreement immediately by making a payment equal to the notice period in lieu of that person working out their notice period.

Each employment agreement outlines the components of remuneration paid to each executive but does not prescribe how remuneration levels are modified from year to year. Remuneration levels are reviewed each year. Additional details on KMP employment agreements can be found under the Contractual Arrangements with Executive KMP section of the report at Page 63. In addition to base salary, superannuation is paid on the base salary at the statutory level. KMP may elect to contribute additional amounts to superannuation subject to legislative limits.

Other than above, or as disclosed elsewhere in the Remuneration Report, no KMP are subject to specific employment agreements. A formal semi-annual performance review system is in place whereby KMP performance against individual and corporate KPIs are reviewed and discussed.

Remuneration Report Summary

The FY2019 remuneration outcomes, key questions and answers are summarised as follows:

KEY MANAGEMENT PERSONNEL (KMP)	
Who are the KMP?	<p>KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity².</p> <p>For Saracen this is defined as direct reports to the Managing Director and Directors.</p>
Why are the KMP different to last year's report?	<p>For this report, KMP that are direct reports to the Managing Director include the Chief Financial Officer, the Chief Operating Officer and the Corporate Development Officer.</p> <p>In FY2019, there were changes to Saracen's organisational structure with the General Manager – People, Culture and Communication now reporting to the Chief Financial Officer and the Chief Geologist now reporting to the Chief Operating Officer.</p>

KMP TOTAL FIXED REMUNERATION (TFR)	
What is Total Fixed Remuneration (TFR)?	TFR is the combination of base pay, statutory superannuation contributions and any other contractual fixed benefits.
TFR Outcomes for FY2019	<p>The Managing Director's base salary was reduced effective 1 August 2018 in order to balance his total package in light of the one-off issue of RR (refer Page 58 for full details of Managing Director total remuneration package).</p> <p>The Chief Financial Officer received an increase to his Fixed Remuneration, the first increase since being appointed to the role in December 2016. This increase is in line with market movements and reflects increased responsibilities in providing support to the Managing Director.</p> <p>All other KMP Fixed Remuneration remained unchanged.</p>
TFR Outcomes for FY2020	<p>All KMP fixed remuneration is unchanged for FY2020.</p> <p>The Board deemed that there should be no increases in part to reflect the one-off issue of RR during FY2019. This is despite independent data showing there has been market increases in this area.</p>

KMP SHORT TERM INCENTIVE PLAN (STIP) STRUCTURE AND OUTCOMES	
What is the Short Term Incentive Plan (STIP) and how is it calculated?	<p>The STIP is an annual incentive where a member of the KMP may receive an award provided as cash if the plan's performance conditions are achieved.</p> <p>The STIP opportunity is consistent for all KMP and is expressed as a percentage of TFR. A threshold level (linked to the Company's annual budget and market guidance) must be achieved before any STIP payments can be considered. If above threshold then, for all KMP, the target opportunity is 25% of TFR and stretch opportunity is 50% of TFR. This is the maximum that can be received. The Board determines the performance against the relevant KPIs (Score) at the end of each financial year.</p> <p>Individual awards are calculated as follows: $TFR(\\$) \times Opportunity(\%) \times Score(\%) = Outcome(\\$)$</p>
Can STIP be paid at greater than the Stretch opportunity?	No. The maximum payment available is capped and even if the target is overachieved the maximum that can be paid is the Stretch Opportunity.
What is the performance period?	<p>The performance period is for the financial year which aligns to the business planning cycle.</p> <p>For FY2019 was the 12 months from 1 July 2018 to 30 June 2019.</p> <p>For FY2020 it is the 12 months from 1 July 2019 to 30 June 2020.</p>
Who sets the performance measures?	The Board sets and assesses the KPIs that are based on financial, operational and sustainability performance.

² As per Australian Accounting Standards Board definition

KMP SHORT TERM INCENTIVE PLAN (STIP) STRUCTURE AND OUTCOMES

	The STIP performance measures are chosen to reflect the key drivers of performance and also provide a framework for delivering sustainable, long term value to shareholders.																																												
Does the Board have final approval and clawback provisions?	<p>Yes.</p> <p>The Board has the discretion to not pay or reduce the amount of the STIP otherwise payable.</p> <p>In the event of a major safety incident, no reward is made for the safety KPI and in any case the Board has full discretion to review payment in light of performance and market conditions.</p> <p>In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may cancel the STI payment and may also clawback STI payments paid in previous financial years, to the extent this can be done in accordance with the law.</p>																																												
What were the FY2019 STIP KPIs and performance outcomes?	<p>For FY2019, the performance conditions focused on keeping people safe, maintaining Saracen's social licence to operate, delivering the plan (cost, production and cash build) and progressing the organisational strategy. The STIP performance measures were chosen as they reflect the key drivers of short-term performance and provide a framework for delivering sustainable, long-term value to shareholders.</p> <table border="1" data-bbox="443 741 1477 1576"> <thead> <tr> <th data-bbox="443 741 671 808">KPI Area</th> <th data-bbox="671 741 922 808">Target (up to 25% of TFR)</th> <th data-bbox="922 741 1198 808">Stretch (up to 50% of TFR)</th> <th data-bbox="1198 741 1353 808">Weighted Opportunity</th> <th data-bbox="1353 741 1477 808">Weighted Outcome</th> </tr> </thead> <tbody> <tr> <td data-bbox="443 808 671 943" rowspan="2">Safety</td> <td data-bbox="671 808 922 875">10% reduction in TRIFR</td> <td data-bbox="922 808 1198 875">20% reduction in TRIFR</td> <td data-bbox="1198 808 1353 943" rowspan="2">20%</td> <td data-bbox="1353 808 1477 943" rowspan="2">2.0%</td> </tr> <tr> <td colspan="2" data-bbox="671 875 1198 943">Progress towards strong safety culture and safety interactions occurring across sites.</td> </tr> <tr> <td data-bbox="443 943 671 1043" rowspan="2">Environment and Community</td> <td colspan="2" data-bbox="671 943 1198 1010">Compliance with regulatory requirements, zero significant environmental breaches.</td> <td data-bbox="1198 943 1353 1043" rowspan="2">10%</td> <td data-bbox="1353 943 1477 1043" rowspan="2">8.0%</td> </tr> <tr> <td colspan="2" data-bbox="671 1010 1198 1043">Engagement with stakeholders & community</td> </tr> <tr> <td data-bbox="443 1043 671 1111">Deliver Guidance – AISC</td> <td data-bbox="671 1043 922 1111">\$1,050 to \$1,100/oz.</td> <td data-bbox="922 1043 1198 1111">Exceed AISC Guidance by at least 10%</td> <td data-bbox="1198 1043 1353 1111">20%</td> <td data-bbox="1353 1043 1477 1111">18.2%</td> </tr> <tr> <td data-bbox="443 1111 671 1211">Deliver Guidance – Production</td> <td data-bbox="671 1111 922 1211">Meet annual production of 325,000 to 345,000ozs</td> <td data-bbox="922 1111 1198 1211">Exceed annual production guidance by at least 10%</td> <td data-bbox="1198 1111 1353 1211">20%</td> <td data-bbox="1353 1111 1477 1211">16.7%</td> </tr> <tr> <td data-bbox="443 1211 671 1312">Cash Balance</td> <td data-bbox="671 1211 922 1312">Achieve budgeted free cash generation</td> <td data-bbox="922 1211 1198 1312">Exceed budgeted free cash generation by at least 20%</td> <td data-bbox="1198 1211 1353 1312">20%</td> <td data-bbox="1353 1211 1477 1312">18.5%</td> </tr> <tr> <td data-bbox="443 1312 671 1514">Deliver Strategic Plan</td> <td data-bbox="671 1312 922 1514">Horizon 1: Deliver Strategic Plan FY2019</td> <td data-bbox="922 1312 1198 1514">Horizon 1: Exceed Strategic Plan for FY2019 Demonstrate progress towards Horizons 2 and 3 (Years 2 to 5 and Years 6 to 10)</td> <td data-bbox="1198 1312 1353 1514">10%</td> <td data-bbox="1353 1312 1477 1514">7.0%</td> </tr> <tr> <td colspan="3" data-bbox="443 1514 1198 1576"></td> <td data-bbox="1198 1514 1353 1576">100%</td> <td data-bbox="1353 1514 1477 1576">70.4%</td> </tr> </tbody> </table>	KPI Area	Target (up to 25% of TFR)	Stretch (up to 50% of TFR)	Weighted Opportunity	Weighted Outcome	Safety	10% reduction in TRIFR	20% reduction in TRIFR	20%	2.0%	Progress towards strong safety culture and safety interactions occurring across sites.		Environment and Community	Compliance with regulatory requirements, zero significant environmental breaches.		10%	8.0%	Engagement with stakeholders & community		Deliver Guidance – AISC	\$1,050 to \$1,100/oz.	Exceed AISC Guidance by at least 10%	20%	18.2%	Deliver Guidance – Production	Meet annual production of 325,000 to 345,000ozs	Exceed annual production guidance by at least 10%	20%	16.7%	Cash Balance	Achieve budgeted free cash generation	Exceed budgeted free cash generation by at least 20%	20%	18.5%	Deliver Strategic Plan	Horizon 1: Deliver Strategic Plan FY2019	Horizon 1: Exceed Strategic Plan for FY2019 Demonstrate progress towards Horizons 2 and 3 (Years 2 to 5 and Years 6 to 10)	10%	7.0%				100%	70.4%
KPI Area	Target (up to 25% of TFR)	Stretch (up to 50% of TFR)	Weighted Opportunity	Weighted Outcome																																									
Safety	10% reduction in TRIFR	20% reduction in TRIFR	20%	2.0%																																									
	Progress towards strong safety culture and safety interactions occurring across sites.																																												
Environment and Community	Compliance with regulatory requirements, zero significant environmental breaches.		10%	8.0%																																									
	Engagement with stakeholders & community																																												
Deliver Guidance – AISC	\$1,050 to \$1,100/oz.	Exceed AISC Guidance by at least 10%	20%	18.2%																																									
Deliver Guidance – Production	Meet annual production of 325,000 to 345,000ozs	Exceed annual production guidance by at least 10%	20%	16.7%																																									
Cash Balance	Achieve budgeted free cash generation	Exceed budgeted free cash generation by at least 20%	20%	18.5%																																									
Deliver Strategic Plan	Horizon 1: Deliver Strategic Plan FY2019	Horizon 1: Exceed Strategic Plan for FY2019 Demonstrate progress towards Horizons 2 and 3 (Years 2 to 5 and Years 6 to 10)	10%	7.0%																																									
			100%	70.4%																																									

What will the FY2020 STIP measures be?	<p>The Board has further strengthened the STIP KPIs for F2020. A threshold level (linked to the FY2020 annual budget and market guidance) has been added in FY2020 which must be achieved before any STIP payments can be considered.</p> <p>Further, to better align with shareholder expectations and reflect the development of the Company and ongoing business strategy, the weightings between areas have been adjusted from FY2019.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • the weighting for the production and "AISC" KPIs have been increased as these are within the control of management and reflect operational and financial performance; and • the weighting in relation to the cash generation KPI has been reduced (and the STIP targets increased) as this can be a product of an increasing commodity environment not controlled by management.
---	---

Annual KPIs	Measure				Weighted Opportunity
	Threshold (Must be achieved for STIP to be considered)	Target (Up to 25% of TFR)	Stretch (Up to 50% of TFR)		
1. HSEC and Sustainability					
<ul style="list-style-type: none"> Safety 	Maintain current TRIFR	10% reduction in TRIFR	20% reduction in TRIFR		8%
	Maintain current level of Leading Safety Indicators	10% improvement in Leading Safety Indicators	20% improvement in Leading Safety Indicators		8%
	Progress towards strong safety culture, measured safety interactions and implementation of Safety Management System				4%
<ul style="list-style-type: none"> Environment and Community 	Zero Major Environmental or Heritage Breaches	Zero Significant Environmental or Heritage Breaches	Proactive Improvement in Environmental and Heritage Status		10%
	Engagement with stakeholders & community. Improvement in Sustainability Score as determined by ISS				
2. Deliver Guidance - AISC	Guidance of \$1,025 to \$1,075/oz.	Exceed Guidance by 5%	Exceed Guidance by 7.5%		25%
3. Deliver Guidance - Production	Guidance of 350,000 to 370,000ozs	Exceed Guidance by 6%	Exceed Guidance by 9%		25%
4. Cash Balance	Achieve budgeted free cash generation	Exceed by 100% free cash generation	Exceed by 200% free cash generation		10%
5. Deliver Strategic Plan	Deliver FY2020 Annual Plan	Develop "Future Proof" Plan for the Company	Commence implementing "Future Proof" Plan		10%
		Demonstrating progress towards Years 2-10 Strategic Objectives as per Strategic Plan			
<p>In relation to the above FY2020 KPIs:</p> <ul style="list-style-type: none"> Safety – Leading indicators may include Hazard Identification, Safety Interactions and Workplace Inspections. Safety culture will be assessed based on an independent, externally assessed, anonymous survey tool. Community – Assessed based on feedback from the stakeholders in which the Company operates as well as initiatives implemented to support these communities and stakeholders. 					

KMP LONG TERM INCENTIVE PLAN (LTIP) STRUCTURE AND OUTCOMES

What is the Long Term Incentive Plan (LTIP)?

The LTIP is a discretionary grant of Performance Rights over ordinary shares (linked to specific long term performance measures) in the Company for no consideration. The LTIP was approved by shareholders at the November 2017 Annual General Meeting ("AGM") and is resubmitted to shareholders for approval every three years.

Grants may be made annually at the discretion of the Board. All Performance Rights granted to the Managing Director are made following shareholder approval at the next applicable AGM. As noted above, for FY2020, the Board has determined that the grants proposed for KMP will also be subject to the shareholder approval of the Managing Director grant.

The LTIP opportunity is consistent for all KMP and is calculated based on a percentage of TFR. For all KMP the opportunity is 100% of TFR and the quantum of Performance Rights to be issued is determined based on the market value of Saracen shares at the time of issue as set out below.

<p>Why does the Board consider an LTIP is appropriate?</p>	<p>The LTIP:</p> <ul style="list-style-type: none"> Aligns Executives outcomes with optimising long term shareholder value by setting related performance metrics that measure both operational and financial performance over time; and Maintains attraction and retention of KMP by being long dated as well as consistent and competitive with current practices of comparable companies.
<p>How are the Number of Rights Calculated?</p>	<p>The quantum of rights granted to an Executive is determined by the relevant Executive's TFR and the market value of Saracen shares at the time of the Performance Rights issue – specifically, the 30 Day VWAP of Saracen shares immediately prior to the grant date.</p> <p>For example, the 30 Day VWAP of Saracen shares to 30 June 2019 was \$3.49. Therefore, for the FY2020 LTIP grant, if a member of the KMP has a TFR of \$300,000, then he / she may be issued a maximum of 85,900 Performance Rights (being 300,000 / 3.49, rounded down).</p>
<p>What is Volume Weighted Average (VWAP)?</p>	<p>It is the 30 day average trading price immediately prior to the grant date. For the LTIP grants the VWAP is calculated independently.</p>
<p>Long Term Incentive Plan Outcomes for FY2019</p>	<p>Under the FY19 LTIP, 3,785,500 Performance Rights (with appropriate performance measures over the 3 year Performance Period of 1 July 2018 to 30 June 2021) were granted to Saracen employees.</p> <p>Of this total, 305,000 Performance Rights were granted to the MD and 611,000 Performance Rights were allocated to KMP.</p> <p>The quantum of all FY2019 Performance Right grants was determined based on the relevant market value metric being – the 30 Day VWAP of Saracen shares to 30 June 2018 which was \$2.16.</p>
<p>What are the vesting conditions?</p>	<p>The vesting conditions are:</p> <ul style="list-style-type: none"> Service condition - The service condition is met if employment with Saracen is continuous for the period commencing on the grant date until the date the rights vest; and Performance conditions – performance conditions must be met for the applicable grant period to trigger the Board consideration of whether the Performance Rights should vest. Measures are set as a mix of operational and financial targets that are aligned with long term shareholder interests. Each measure carries an equal weighting (25%) and of the relevant Performance Rights tranche. <ul style="list-style-type: none"> Total Shareholder Return (“TSR”) measured against Peer Group; Increase in ore reserves; Increase in share price; and Increase in earnings per share (“EPS”).
<p>Do all vesting conditions need to be met?</p>	<p>Each tranche is equally split across the specific performance conditions, i.e. for the FY2019 LTIP grant, 25% of the total tranche is measured against each performance condition.</p> <p>Performance Rights that have not met the vesting condition will not vest.</p> <p>A partial grant may be approved at the discretion of the Board.</p> <p>The Board maintains discretion over all Performance Rights considerations.</p>
<p>What is TSR and how is it measured?</p>	<p>TSR is a method for calculating the return shareholders would earn if they held a notional number of shares over a period of time measured against a relevant Peer Group based on 30 day VWAP at the relative measure points.</p> <p>For the FY2019 LTIP grant with a 3 year performance period of 1 July 2018 to 30 June 2021, 25% of the total tranche issued is measured against the following TSR criteria.</p> <p>In relation to the relevant Peer Group, if Saracen is:</p> <ul style="list-style-type: none"> Below the 50th% of the Peer Group - Nil vest At the 50th% - 50% vest 50th to 75th% - pro rata between 50% and 100% vest 75th% and above – 100% vest.
<p>Who is the Peer Group that is used for the calculation of TSR?</p>	<p>The chosen Peer Group refers to companies that are competitors in the same industry sector and are of similar size.</p> <p>For the FY2019 LTIP grant with a 3 year performance period of 1 July 2018 to 30 June 2021, the following Peer Group were selected.</p> <p>Newcrest (ASX: NCM), Evolution (ASX: EVN), Northern Star (ASX: NST), Regis (ASX: RRL), St Barbara (ASX: SBM), Oceana (ASX: OGC), Ramelius (ASX: RMS), Westgold (ASX: WGX), Silver Lake (ASX: SLR), Millennium (ASX: MOY), Dacian (ASX: DCN), Doray (ASX: DRM), Pantoro (ASX: PNR), Blackham (ASX: BLK)</p>

<p>How is increase in Ore Reserves measured?</p>	<p>Through comparison of the Annual JORC compliant Reserves & Resource Statement over the relevant Performance Period.</p> <p>For the FY2019 LTIP grant with a 3 year Performance Period of 1 July 2018 to 30 June 2021, 25% of the total tranche issued is measured against the following Ore Reserves criteria.</p> <p>If the Ore Reserve change is:</p> <ul style="list-style-type: none"> • Negative – Nil vest • Depletion replaced – 50% vest • Depletion replaced plus up to a 20% increase – pro rata between 50% and 100% vest • Depletion replaced plus 20% increase or greater – 100% vest.
<p>How is Earnings Per Share (EPS) measured?</p>	<p>Earnings per share is a company's profit divided by the number of common shares it has outstanding. The EPS calculation excludes non-recurring items and is measured as the cumulative annual growth rate over a 3 year period.</p> <p>For the FY2019 LTIP grant with a Performance Period of 1 July 2018 to 30 June 2021, 25% of the total tranche issued is measured against the following Earnings Per Share criteria.</p> <p>If the EPS is:</p> <ul style="list-style-type: none"> • Negative – Nil vest • 5% p.a. growth – 50% vest • 5% to 10% p.a. growth – pro rata between 50% and 100% vest • 10% p.a. or greater growth – 100% vest.
<p>How is increase in Share Price calculated?</p>	<p>Measured by comparing 30 day VWAP at grant date to 30 day VWAP at vesting date.</p> <p>For the FY2019 LTIP grant with a Performance Period of 1 July 2018 to 30 June 2021, 25% of the total tranche issued is measured against the following Share Price Criteria.</p> <p>If Share Price increase is:</p> <ul style="list-style-type: none"> • Below 10% - Nil vest • Between 10% & 50% - pro rata between 50% and 100% vest • More than 50% - 100% vest.
<p>What are the other key conditions of the LTIP?</p>	<p>The Board maintains discretion over all Performance Rights considerations.</p> <p>Specifically:</p> <ul style="list-style-type: none"> • the Board has clawback rights via the discretion to not to pay or reduce the amount of LTIP granted or vested. • In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may cancel the LTI granting or vesting and may also clawback payments paid in previous financial years, to the extent this can be done in accordance with the law. • Re-testing is not permitted. • Dividends are not payable on unvested Performance Rights. • All unvested Performance Rights lapse on termination of employment.
<p>Long Term Incentive Plan for FY2020</p>	<p>The Board intends to issue Performance Rights under the approved LTIP in FY2020 to KMP and employees.</p> <p>In order to ensure full transparency and alignment, no Performance Rights will be issued to KMP and other selected senior management under the FY2020 LTIP until shareholder approval is received for the proposed annual MD grant as determined at the November 2019 AGM.</p> <p>Annual grants to other select employees will be processed as usual with Managing Director approval.</p>
<p>What will the Performance Conditions be for FY2020?</p>	<p>The FY2020 LTIP issue will retain the same performance criteria as the FY2019 Plan which are;</p> <ul style="list-style-type: none"> • Service condition - The service condition is met if employment with Saracen is continuous for the period commencing on the grant date until the date the Rights vest; and • Performance conditions – performance conditions must be met for the applicable grant period to trigger the Board consideration of whether the Performance Rights should vest. Measures are set as a mix of operational and financial targets that are aligned with long term shareholder interests. Each measure carries an equal weighting (25%) and of the relevant Performance Rights tranche. <ul style="list-style-type: none"> ○ Total Shareholder Return (TSR) measured against Peer Group. ○ Increase in ore reserves. ○ Increase in share price. ○ Increase in earnings per share.

Who is the Peer Group for the FY2020 LTIP grant	Newcrest (ASX: NCM), Evolution (ASX: EVN), Northern Star (ASX: NST), Regis (ASX: RRL), St Barbara (ASX: SBM), Oceana (ASX: OGC), Ramelius (ASX: RMS), Westgold (ASX: WGX), Silver Lake (ASX: SLR), Millennium (ASX: MOY), Dacian (ASX: DCN), Gold Road (ASX: GOR), Pantoro (ASX: PNR), Red 5 (ASX: RED)
What are the specific performance measures for the FY2020 LTIP?	<p>25% of the total tranche issued is measured against the following TSR criteria:</p> <ul style="list-style-type: none"> • In relation to the relevant Peer Group, if Saracen is <ul style="list-style-type: none"> ○ Below the 50th% of the Peer Group - Nil vest ○ At the 50th% - 50% vest ○ 50th to 75th% - pro rata between 50% and 100% vest ○ 75th% and above – 100% vest <p>25% of the total tranche issued is measured against the following Reserves criteria:</p> <ul style="list-style-type: none"> • If Ore Reserve change is: <ul style="list-style-type: none"> ○ Negative – Nil vest ○ Depletion replacement – 50% vest ○ Depletion replacement plus up to a 20% increase – pro rata between 50% and 100% vest ○ Depletion replacement plus 20% increase or greater – 100% vest <p>25% of the total tranche issued is measured against the following EPS criteria:</p> <ul style="list-style-type: none"> • If the EPS is: <ul style="list-style-type: none"> ○ Negative – Nil vest ○ 5% p.a. growth – 50% vest ○ 5 to 10% p.a. growth – pro rata between 50% and 100% vest ○ 10% p.a. or greater growth – 100% vest <p>25% of the total tranche issued is measured against the following Share Price criteria:</p> <ul style="list-style-type: none"> • If the Share Price increase is: <ul style="list-style-type: none"> ○ Below 10% - Nil vest ○ Between 10% & 50% - pro rata between 50% and 100% vest ○ More than 50% - 100% vest

RETENTION RIGHTS (RR) STRUCTURE AND OUTCOMES

What were the Retention Rights (RR) issued under the LTIP in FY2019?	<p>The RR were a one-off discretionary grant of Performance Rights over ordinary shares in the Company to a small number of senior employees.</p> <p>These were issued under the same plan as the FY2019 LTIP with same performance metrics but longer dated performance periods (3 to 5 years) than the standard FY2019 LTIP Performance Rights issue.</p>
Why did the Board consider issuing Retention Rights is appropriate?	<p>It is intended that the issue of the RR will reward, retain and motivate KMP in relation to their ongoing service to the Company.</p> <p>Since 2015, the Board has been strongly focussed on building a senior management team with the skills, experience and commitment to propel Saracen to the next level within its sector. Over this period, Saracen has established a high quality team that has demonstrated sector outperformance over a number of years. The Board wishes to retain the KMP to enable ongoing achievement of our strategy and deliver to shareholder outcomes.</p> <p>The Board believes that the one-off addition of RR to the KMP total packages will increase their retention and is appropriate in the current market place where competition for key talent is high. In addition, as the broader market has improved and competition for talent has increased, the Board identified that retaining key personnel was an important aspect in underpinning and maintaining Saracen's outperformance. Given the particular market circumstances, this one-off grant of RR was proposed and approved by shareholders for the MD at the November 2018 AGM. The quantum issued provides significant individual retention benefit with minimal dilution.</p>
What are the Performance Periods for the RR?	<p>The RR have vesting periods of 3, 4, and 5 years.</p> <p>Tranche 1 the Performance Period is 1 July 2018 to 30 June 2021 (3 years), Tranche 2 the Performance Period is 1 July 2018 to 30 June 2022 (4 years) and Tranche 3 the Performance Period is 1 July 2018 to 30 June 2023 (5 years)</p>

RETENTION RIGHTS (RR) STRUCTURE AND OUTCOMES	
Specific RR conditions	<p>Although the RR were issued under the existing Saracen LTIP, the Board implemented a specific condition in addition to the existing Plan rules in relation to vesting under a Change in Control:</p> <ul style="list-style-type: none"> Namely that, RR do not automatically vest upon a Change in Control but vest in these circumstances only at Board Discretion. <p>The LTIP conditions for Termination, Clawback and Dividend are consistent for the RR namely:</p> <ul style="list-style-type: none"> The Board has Clawback Rights via the discretion to not to pay or reduce the amount of LTIP granted or vested. In the event of serious misconduct or a material misstatement in the Company's financial statements, the Board may cancel the LTI granting or vesting and may also clawback payments paid in previous financial years, to the extent this can be done in accordance with the law. Re-testing is not permitted. Dividends are not payable on unvested Performance Rights. All unvested Performance Rights lapse on termination of employment.

REMUNERATION OUTCOMES FOR THE MANAGING DIRECTOR	
Base Salary:	<p>For FY2019, Mr Finlayson proposed a reduction in his base salary from \$675,000 per annum in FY2018 to \$600,000 per annum in FY2019 and this was accepted by the Board.</p> <p>This reflects one of the Company's key remuneration principles whereby its senior management increase the "at risk" portion of their total remuneration.</p> <p>This principle was also reflected in FY2018 when Mr Finlayson also proposed and the Board accepted, a base salary reduction from FY2017 (\$700,000 per annum) to FY2018 (\$675,000 per annum).</p>
STIP:	In line with other KMP, Mr Finlayson's STIP outcome was 70.4% of TFR which equated to a cash bonus of \$231,264.
LTIP:	The issue of 305,000 Performance Rights to the MD was approved by shareholders at the Annual General Meeting held on 22 November 2018.
RR:	The issue of 1,500,000 one-off, longer dated Retention Rights (in 3 separate tranches of 500,000) to the MD was approved by shareholders at the Annual General Meeting held on 22 November 2018.

Full details of Mr Finlayson's remuneration are provided on Page 61.

Performance Rights Remuneration Summary

The Saracen Mineral Holdings Limited Performance Rights Plan ("Plan") was approved at the November 2017 AGM. The Plan provides the Board with the discretion to grant Performance Rights to eligible participants that will vest subject to the achievement of performance measures or KPIs as determined by the Board from time to time.

Under the Plan, eligible employees will be granted Performance Rights. Vesting of any of these Performance Rights will be subject to the achievement of a number of KPIs which can be varied each year.

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 is payable. The quantum of Performance Rights to be granted will be determined with reference to market practice and will be subject to approval by the Board.

Performance will be assessed at the end of the performance period which is to be a minimum of three years in duration. Any grants under the Plan will be subject to the achievement of KPIs. Appropriate KPIs are formulated to align each Eligible Participant with the interests of the Company's shareholders.

Performance Rights will lapse if the participant leaves the Group prior to all the vesting conditions being fulfilled although the Board has the ability, at its sole discretion, to vest some or all the Rights if "good leaver" exemptions apply to the ceasing of employment. Persons who are terminated for "bad leaver" reasons automatically lose their entitlement.

As part of the annual review cycle the Remuneration and Nomination committee revisits appropriate Performance Measures. For the comparison of the Total Shareholder Return (TSR) metric for Performance Rights, the Board agrees on an appropriate Peer Group each year. This Peer Group is assessed for its relevance to Saracen each year and may also be adjusted to make allowance for changes in the circumstances of any of those companies or any new company determined to enter into a peer ranking position.

The KPIs for Tranches 6 to 11 that have been previously issued are set out below:

	Class A		Class B		Class C	
Performance Condition	Comparison of the Company's Total Shareholder Return (TSR) with that of a group of peer companies.		Increase in ore reserves.		Increase in the share price.	
Vesting Condition	Percentile	Proportion of rights vesting	Increase in ore reserves	Proportion of rights vesting	Share price increase	Proportion of rights vesting
	Below 50th percentile	0%	Between 0% and 25%	50%	Below 25%	0%
	Between 50th and 75th percentile	Between 50% and 100% on a straight line basis	More than 25%	100%	Between 25% and 50%	Between 50% and 75%
	Above 75th percentile	100%			More than 50%	100%

The KPIs for Tranches 12 and 13 that have been previously issued are set out below:

	Class A		Class B		Class C	
Performance Condition	Comparison of the Company's Total Shareholder Return (TSR) with that of a group of peer companies.		Increase in ore reserves.		Increase in the earnings per share.	
Vesting Condition	Percentile	Proportion of rights vesting	Increase in ore reserves	Proportion of rights vesting	Earnings per share increase	Proportion of rights vesting
	Below 50th percentile	0%	Between 0% and 25%	Between 50% and 100% on a pro rata basis	Between 5% and 10%	Between 50% and 100% on a pro rata basis
	Between 50th and 75th percentile	Between 50% and 100% on a pro rata basis	More than 25%	100%	More than 10%	100%
	Above 75th percentile	100%				

The KPIs for Tranches 14 to 21 that have been previously issued are set out below:

	Class A		Class B		Class C		Class D	
Performance Condition	Comparison of the Company's Total Shareholder Return (TSR) with that of a group of peer companies.		Increase in Ore Reserves.		Increase in the Earnings per Share.		Increase in Share Price.	
Vesting Condition	Percentile	Proportion of rights vesting	Increase in Ore reserves	Proportion of rights vesting	Earnings per share increase	Proportion of rights vesting	Increase in Share Price	Proportion of rights vesting
	Below 50th percentile	0%	Negative growth	0%	Negative growth	0%	Below 10%	0%
	Between 50th and 75th percentile	Between 50% and 100% on a pro rata basis	Depletion replaced	50%	5% per annum	50%	Between 10% and 50%	Between 50% - 100% on a pro rata basis
	Above 75th percentile	100%	Between depletion replaced and 20% increase	Between 50% - 100% on a pro rata basis	Between 5% - 10% per annum	Between 50% - 100% on a pro rata basis	More than 50%	100%
			More than 20%	100%	More than 10% per annum	100%		

As at 30 June 2019, Tranches 7, 8 and 10 to 21 remain unvested as the relevant performance period is continuing.

In relation to the most recent Performance Period assessed - 1 July 2016 to 30 June 2019 (Performance Rights Tranches 7, 8, 10 & 11):

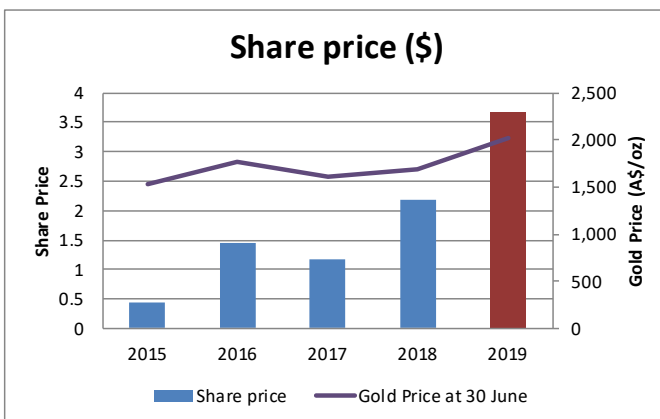
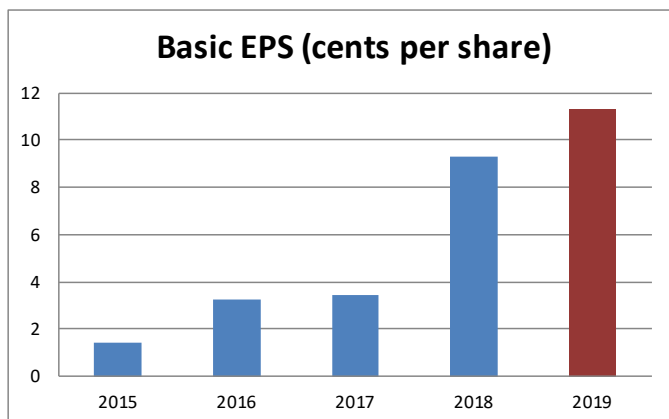
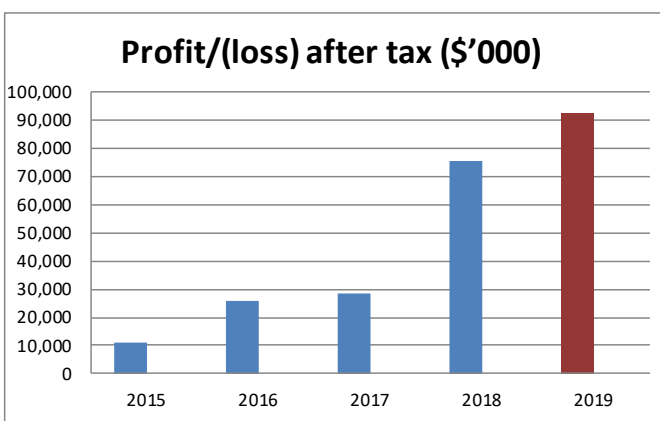
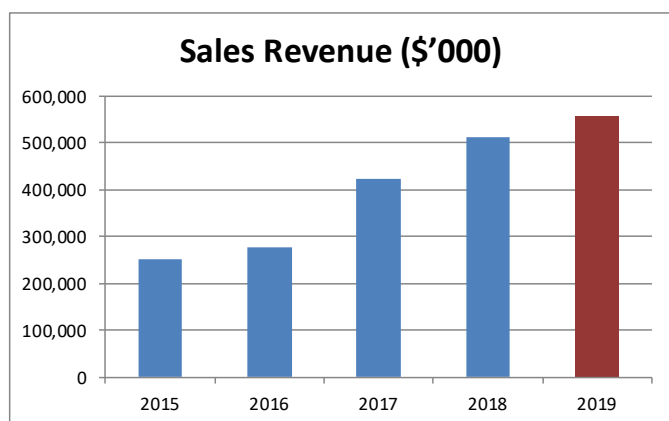
- The TSR of the Company has been independently calculated to be **161% placing it at the 100th percentile** of the identified Peer Group. Therefore, for the vesting of Tranche 7, Tranche 8, Tranche 10 & Tranche 11 Class A Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1 FY2020.

- The Ore Reserves of the Company **increased by 116%** over the period. Therefore, for the vesting of Tranche 7, Tranche 8, Tranche 10 & Tranche 11 Class B Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1 FY2020.
- The share price of the Company has been calculated to have **increased 156%** over the period. Therefore, for the vesting of Tranche 7, Tranche 8, Tranche 10 & Tranche 11 Class C Performance Rights, 100% vesting of the Rights was achieved and shares were issued to eligible recipients in Q1 FY2020.

Link between Remuneration and Performance

The Group aims to align its executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table and graphs below show the measures of the Group's financial performance over the last five (5) years as required by the *Corporations Act 2001*. Note that these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded as outlined in this report. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2015	2016	2017	2018	2019
Sales Revenue (\$'000)	249,872	276,502	423,058	510,961	555,591
Profit/(loss) after income tax (\$'000)	11,148	25,889	28,386	75,585	92,494
Basic EPS (cents per share)	1.41	3.26	3.52	9.29	11.30
Share price (\$)	0.43	1.44	1.17	2.19	3.68



Details of Remuneration

Details of the nature and amount of each major element of remuneration for each Director of the Group and each of the KMP of the Group during the financial year are:

30 June 2019	Short-term Employee Benefits			Post-Employment	Share Based Payments	Long Term Benefits	Total	Proportion of total performance related
	Salary and fees \$	Cash bonus ^(v) \$	Other benefits ⁽ⁱ⁾ \$	Superannuation and other \$	Performance Rights \$	Long Service Leave ^(v) \$		
Directors								
G Clifford (resigned effective 4 April 2019)	123,288	-	-	11,712	-	-	135,000	--
A Kiernan (appointed 13 September 2018)	124,200	-	-	11,800	-	-	136,000	-
R Finlayson ^{(ii)(vi)}	611,697	231,264	6,334	25,000	1,034,094	(3,402)	1,904,987	66.4%
M Reed – Director Fees ⁽ⁱⁱⁱ⁾	120,000	-	-	-	-	-	120,000	-
M Reed – Consulting Fees ^(iv)	46,698	-	-	-	-	-	46,698	-
J Richards (appointed 1 May 2019)	20,000	-	-	-	-	-	20,000	-
R Smith	109,589	-	-	10,411	-	-	120,000	-
S Tough	109,589	-	-	10,411	-	-	120,000	-
Key Management Personnel								
M Ball ^{(ii)(vi)}	453,172	173,448	10,251	18,928	626,357	3,257	1,285,414	62.2%
W T Irvin ^{(ii)(vi)}	303,500	115,632	-	25,000	420,825	5,903	870,860	61.6%
S Jessop ^{(ii)(vi)}	467,750	173,448	-	25,000	873,276	1,750	1,541,224	67.9%
Total	2,489,483	693,792	16,585	138,262	2,954,552	7,509	6,300,183	

- (i) Other benefits include Group provided health insurance and car parking.
- (ii) Share based payments are the Performance Rights which are expensed over the vesting period (refer to Note 16 in the consolidated financial statements).
- (iii) Mr Reed's Directors Fees of \$120,000 are paid / payable to PilotHole Pty Ltd, an entity controlled by Mr Reed.
- (iv) An amount of \$46,698 has been paid to PilotHole Pty Ltd relating to professional service provided by Mr Reed in relation to a specific due diligence project. The Board considered that these services were in the best interest of the shareholders for this specific circumstance and considering the limited nature of the work required.
- (v) These amounts are accounting accruals and have not actually been paid during the year. The Long Service Leave amount for Mr Finlayson is negative due to a decrease in base salary.
- (vi) Employee has reached the maximum super contribution base. The amount of deemed superannuation in excess of the maximum contribution base was paid out as a salary.

30 June 2018	Short-term Employee Benefits			Post-Employment	Share Based Payments	Long Term Benefits	Total	Proportion of total performance related
	Salary and fees	Cash bonus ^(iv)	Other benefits ⁽ⁱ⁾	Superannuation and other	Performance Rights	Long Service Leave ^(iv)		
	\$	\$	\$	\$	\$	\$	\$	
Directors								
G Clifford	155,251	-	-	14,749	-	-	170,000	-
R Finlayson ^{(ii)(v)}	716,406	285,757	6,407	25,000	818,315	8,436	1,860,321	59.3%
Mark Connelly (resigned effective 23 November 2018)	43,531	-	-	4,135	-	-	47,666	-
M Reed ⁽ⁱⁱⁱ⁾	120,000	-	-	-	-	-	120,000	-
R Smith (appointed 4 July 2018)	109,589	-	-	10,411	-	-	120,000	-
S Tough	109,589	-	-	10,411	-	-	120,000	-
Key Management Personnel								
M Ball ^(iv)	416,790	169,338	9,868	18,928	230,469	1,620	847,013	47.2%
M Dravnieks (appointed 6 March 2018)	87,970	58,210	-	8,357	-	-	154,537	37.7%
D Howe (ii)	300,000	127,003	6,111	31,243	152,265	10,818	627,440	44.5%
W T Irvin ⁽ⁱⁱ⁾	300,000	127,003	-	31,243	152,265	1,962	612,473	45.6%
S Jessop ⁽ⁱⁱ⁾ (appointed 11 December 2018)	250,404	106,683	-	23,788	300,859	1,159	682,893	59.7%
Total	2,609,530	873,994	22,386	178,265	1,654,173	23,995	5,362,343	

- (i) Other benefits include Group provided health insurance and car parking.
- (ii) Share based payments are the Performance Rights which are expensed over the vesting period (refer to Note 16 in the consolidated financial statements).
- (iii) Martin Reed's Directors Fees of \$120,000 are paid/payable to PilotHole Pty Ltd, an entity controlled by Mr Reed.
- (iv) These amounts are accounting accruals and have not actually been paid during the year.
- (v) Employee has reached the maximum super contribution base. The amount of deemed superannuation in excess of the maximum contribution base was paid out as a salary.

Contractual Arrangements with Executive KMP

Remuneration of the Managing Director and other executives are formalised in letters of appointment and employment agreements. These agreements provide details of the salary and employment conditions relating to each employee.

Participation in the Performance Rights Plan is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration in FY2019 are set out below.

All employment agreements comply with the provisions of Part 2, D.2, Division 2 of the *Corporations Act 2001*.

Name	Term of agreement and notice period	Base salary (excluding superannuation) for FY2019	Termination payments
R Finlayson <i>Managing Director</i>	No fixed term 3 Months	\$600,000p.a. (effective 1 August 2018)	If Mr Finlayson is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a payment equal to 12 months earnings. Otherwise any other redundancy payment is calculated based on the <i>Fair Work Act 2009</i> . There are no other termination payments specified in Mr Finlayson's contract other than the agreed notice period.
M Ball <i>Chief Financial Officer</i>	No fixed term 3 Months by Employee 9 Months by Company	\$450,000p.a. (effective 1 August 2018)	If Mr Ball is terminated by the Company following a "change of control" event, he will be entitled to a payment equal to 9 months earnings. Otherwise any other redundancy payment is calculated based on the <i>Fair Work Act 2009</i> . There are no other termination payments specified in Mr Ball's contract other than the agreed notice period.
S Jessop <i>Chief Operating Officer</i> (appointed 11 December 2017)	No fixed term 3 Months by Employee 9 Months by Company	\$450,000p.a.	If Mr Jessop is terminated by the Company following a "change of control" event, he will be entitled to a payment equal to 9 months earnings. Otherwise any other redundancy payment is calculated based on the <i>Fair Work Act 2009</i> . There are no other termination payments specified in Mr Jessop's contract other than the agreed notice period.
W T Irvin, <i>Chief Corporate Development Officer</i>	No fixed term 3 Months	\$300,000p.a.	If Mr Irvin is terminated by the Company within 1 year following a "change of control" event, he will be entitled to a payment equal to 6 months earnings. Otherwise any other redundancy payment is calculated based on the <i>Fair Work Act 2009</i> . There are no other termination payments specified in Mr Irvin's contract other than the agreed notice period.

Non-Executive Director Arrangements

The Board is ultimately responsible for determining and reviewing remuneration arrangements for Directors, within the limits approved by shareholders for such remuneration. The maximum aggregate amount that can be paid for Non-Executive Directors remuneration is set at \$800,000 as approved by shareholders at the AGM held on 30 November 2016.

The Board policy for determining the nature and amount of remuneration of Directors, as well as the relevant specific arrangements, are detailed below.

- Non-Executive Directors' remuneration is subject to review from time to time, as the Directors deem appropriate, having regard to the scope, scale and degree of complexity of the Group's operations.
- Non-Executive Directors receive a Board retainer fee. They do not receive performance-based pay.
- The Chairman and the Non-Executive Directors do not receive additional fees for participating on a committee.
- All fees provided to Non-Executive Directors are inclusive of superannuation.
- Non-Executive Directors do not participate in Employee Share Schemes.
- Non-Executive Directors are encouraged to participate in shareholder outcomes through on market purchase of equity (subject to applicable trading restrictions).

After reviewing comparative organisations, the RNC recommended and the Board approved, that effective 1 July 2019:

- Base Fee for the Chairman to increase by 12% and,
- Non- Executive Directors (NEDs) to increase by 17%.

This increase aligns Board fees with Saracen target market remuneration and represents the first increase in board fees since 2016.

Base fees (including superannuation)	From 1 July 2019 to 30 June 2020	From 1 July 2018 to 30 June 2019	From 1 December 2016 to 30 June 2018	From 1 July 2016 to 30 November 2016
Chairman	\$190,000	\$170,000	\$170,000	\$140,000
Other Non-Executive Directors (including committee membership)	\$140,000	\$120,000	\$120,000	\$90,000

Additional Statutory Information

Relative Proportion of Fixed vs Variable Remuneration Expense

The following table shows the relative proportions of executive remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Name	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2019	2018	2019	2018	2019	2018
Executive Director						
R Finlayson	34%	41%	12%	15%	54%	44%
Key Management Personnel						
M Ball	38%	53%	13%	20%	49%	27%
W T Irvin	39%	54%	13%	21%	48%	25%
S Jessop	32%	40%	11%	16%	57%	44%

Details of Share Based Compensation

Performance Rights

Performance rights vest during the period after the performance period ended due to them being subject to final Board approval. The Performance Rights are expensed over the performance period consistent with the period over which the services have been performed.

A Monte Carlo simulation was undertaken on the Performance Rights to determine the probability of the market conditions associated with the Rights being met. The probability estimates were then applied to ascertain an estimated fair value of the Rights.

The terms and conditions of each grant of Performance Rights affecting remuneration in the current or a future reporting period are as follows:

Tranche 6 (KMP) – vested in FY2019

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
18 December 2015 – Class A	1 July 2018	1 July 2015 – 30 June 2018	\$0.427	100%
18 December 2015 – Class B	1 July 2018	1 July 2015 – 30 June 2018	\$0.570	100%
18 December 2015 – Class C	1 July 2018	1 July 2015 – 30 June 2018	\$0.395	100%

An allocation of 800,000 Rights were granted to KMP on 18 December 2015.

The fair value relating to KMP was estimated, for accounting purposes, to be \$354,240.

Tranche 7 (KMP) – to be assessed in FY2020

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
31 August 2016 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.740	-
31 August 2016 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$1.320	-
31 August 2016 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.815	-

An allocation of 255,000 Rights were granted to KMP on 31 August 2016.

The fair value relating to KMP was estimated, for accounting purposes, to be \$225,930.

Tranche 8 (Managing Director) – to be assessed in FY2020

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
30 November 2016 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.399	-
30 November 2016 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$0.955	-
30 November 2016 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.437	-

An allocation of 185,000 Rights were granted to the Managing Director, following shareholder approval at the Annual General Meeting in November 2016.

The fair value was estimated, for accounting purposes, to be \$97,199.

Tranche 9 (CFO) – vested in FY2019

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
18 January 2017 – Class A	1 July 2018	1 July 2015 – 30 June 2018	\$0.496	100%
18 January 2017 – Class B	1 July 2018	1 July 2015 – 30 June 2018	\$1.165	100%
18 January 2017 – Class C	1 July 2018	1 July 2015 – 30 June 2018	\$0.727	100%

On 18 January 2017, an allocation of 100,000 Rights were granted to the Company's CFO, in relation to the period 1 July 2015 to 30 June 2018 as part of his employment.

The fair value was estimated, for accounting purposes, to be \$72,220.

Tranche 10 (CFO) – to be assessed in FY2020

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
18 January 2017 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.538	-
18 January 2017 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$1.165	-
18 January 2017 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.792	-

On 18 January 2017, an allocation of 200,000 Rights were granted to the Company's CFO, in relation to the period 1 July 2016 to 30 June 2019 as part of his employment.

The fair value was estimated, for accounting purposes, to be \$153,000.

Tranche 11 (COO) – to be assessed in FY2020

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
15 December 2017 – Class A	1 July 2019	1 July 2016 – 30 June 2019	\$0.815	-
15 December 2017 – Class B	1 July 2019	1 July 2016 – 30 June 2019	\$1.580	-
15 December 2017 – Class C	1 July 2019	1 July 2016 – 30 June 2019	\$0.877	-

On 15 December 2017, an allocation of 450,000 Rights were granted to the Company's COO, in relation to the period 1 July 2016 to 30 June 2019 as part of his initial employment.

The fair value was estimated, for accounting purposes, to be \$446,290.

Tranche 12 (Managing Director) – to be assessed in FY2021

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
23 November 2017 – Class A	1 July 2020	1 July 2017 – 30 June 2020	\$0.943	-
23 November 2017 – Class B	1 July 2020	1 July 2017 – 30 June 2020	\$1.470	-
23 November 2017 – Class C	1 July 2020	1 July 2017 – 30 June 2020	\$1.470	-

An allocation of 660,000 Rights were granted to the Managing Director, following shareholder approval at the Annual General Meeting in November 2017.

The fair value was estimated, for accounting purposes, to be \$796,290.

Tranche 13 (KMP) – to be assessed in FY2021

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
15 December 2017 – Class A	1 July 2020	1 July 2017 – 30 June 2020	\$1.102	-
15 December 2017 – Class B	1 July 2020	1 July 2017 – 30 June 2020	\$1.580	-
15 December 2017 – Class C	1 July 2020	1 July 2017 – 30 June 2020	\$1.580	-

An allocation of 1,450,000 Rights were granted to KMP on 15 December 2017 following approval of the updated LTIP at the November 2017 AGM.

The fair value relating to KMP was estimated, for accounting purposes, to be \$1,944,450.

Tranche 14 & Tranche 15 (Managing Director) – to be assessed in FY2022

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
22 November 2018 – Class A	1 July 2021	1 July 2018 – 30 June 2021	\$1.584	-
22 November 2018 – Class B	1 July 2021	1 July 2018 – 30 June 2021	\$2.543	-
22 November 2018 – Class C	1 July 2021	1 July 2018 – 30 June 2021	\$2.543	-
22 November 2018 – Class D	1 July 2021	1 July 2018 – 30 June 2021	\$1.747	-

An allocation of 805,000 (305,000 Performance Rights relating to Tranche 14 and 500,000 Retention Rights relating to Tranche 15) Rights were granted to the Managing Director, following shareholder approval at the Annual General Meeting in November 2018.

The fair value was estimated, for accounting purposes, to be \$1,693,921.

Tranche 16 (Managing Director) – to be assessed in FY2023

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
22 November 2018 – Class A	1 July 2022	1 July 2018 – 30 June 2022	\$1.590	-
22 November 2018 – Class B	1 July 2022	1 July 2018 – 30 June 2022	\$2.518	-
22 November 2018 – Class C	1 July 2022	1 July 2018 – 30 June 2022	\$2.518	-
22 November 2018 – Class D	1 July 2022	1 July 2018 – 30 June 2022	\$1.803	-

An allocation of 500,000 Retention Rights were granted to the Managing Director, following shareholder approval at the Annual General Meeting in November 2018.

The fair value was estimated, for accounting purposes, to be \$1,053,625.

Tranche 17 (Managing Director) – to be assessed in FY2024

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
22 November 2018 – Class A	1 July 2023	1 July 2018 – 30 June 2023	\$1.598	-
22 November 2018 – Class B	1 July 2023	1 July 2018 – 30 June 2023	\$2.493	-
22 November 2018 – Class C	1 July 2023	1 July 2018 – 30 June 2023	\$2.493	-
22 November 2018 – Class D	1 July 2023	1 July 2018 – 30 June 2023	\$1.852	-

An allocation of 500,000 Retention Rights were granted to the Managing Director, following shareholder approval at the Annual General Meeting in November 2018.

The fair value was estimated, for accounting purposes, to be \$1,054,500.

Tranche 18 (KMP) – to be assessed in FY2022

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
28 November 2018 – Class A	1 July 2021	1 July 2018 – 30 June 2021	\$1.358	-
28 November 2018 – Class B	1 July 2021	1 July 2018 – 30 June 2021	\$2.319	-
28 November 2018 – Class C	1 July 2021	1 July 2018 – 30 June 2021	\$2.319	-
28 November 2018 – Class D	1 July 2021	1 July 2018 – 30 June 2021	\$1.502	-

An allocation of 611,000 Rights were granted to KMP on 28 November 2018.

The fair value relating to KMP was estimated, for accounting purposes, to be \$1,145,320.

Tranche 19 (KMP) – to be assessed in FY2022

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
5 March 2019 – Class A	1 July 2021	1 July 2018 – 30 June 2021	\$1.335	-
5 March 2019 – Class B	1 July 2021	1 July 2018 – 30 June 2021	\$2.511	-
5 March 2019 – Class C	1 July 2021	1 July 2018 – 30 June 2021	\$2.511	-
5 March 2019 – Class D	1 July 2021	1 July 2018 – 30 June 2021	\$1.637	-

An allocation of 1,000,000 Retention Rights were granted to KMP on 5 March 2019 following approval of the MD grant at the November 2018 AGM.

The fair value relating to KMP was estimated, for accounting purposes, to be \$1,998,500.

Tranche 20 (KMP) – to be assessed in FY2023

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
5 March 2019 – Class A	1 July 2022	1 July 2018 – 30 June 2022	\$1.362	-
5 March 2019 – Class B	1 July 2022	1 July 2018 – 30 June 2022	\$2.486	-
5 March 2019 – Class C	1 July 2022	1 July 2018 – 30 June 2022	\$2.486	-
5 March 2019 – Class D	1 July 2022	1 July 2018 – 30 June 2022	\$1.696	-

An allocation of 1,000,000 Retention Rights were granted to KMP on 5 March 2019 following approval of the MD grant at the November 2018 AGM.

The fair value relating to KMP was estimated, for accounting purposes, to be \$2,007,500.

Tranche 21 (KMP) – to be assessed in FY2024

Grant Date	Vesting date	Performance period	Value per Performance Right at grant date	% Vested
5 March 2019 – Class A	1 July 2023	1 July 2018 – 30 June 2023	\$1.389	-
5 March 2019 – Class B	1 July 2023	1 July 2018 – 30 June 2023	\$2.461	-
5 March 2019 – Class C	1 July 2023	1 July 2018 – 30 June 2023	\$2.461	-
5 March 2019 – Class D	1 July 2023	1 July 2018 – 30 June 2023	\$1.746	-

An allocation of 1,000,000 Retention Rights were granted to KMP on 5 March 2019 following approval of the MD grant at the November 2018 AGM.

The fair value relating to KMP was estimated, for accounting purposes, to be \$2,014,250.

Rights granted under the plan carry no dividend or voting rights.

Details of Performance Rights provided as part of remuneration to Key Management Personnel are shown below. The vesting conditions are set out in Performance Rights Remuneration summary on Page 58. Further information on the Performance Rights is set out in Note 16 to the financial statements.

Name	Financial Year of Grant	Period in which Performance Rights may vest	Number of Performance Rights granted	Value of the Performance Right at grant date	Number of Performance Rights vested	Vested %
R Finlayson	<u>Tranche 8</u>					
	2016/17 (Class A)	2019/20	74,000	\$29,526	-	-
	2016/17 (Class B)	2019/20	37,000	\$35,335	-	-
	2016/17 (Class C)	2019/20	74,000	\$32,338	-	-
	<u>Tranche 12</u>					
	2017/18 (Class A)	2020/21	330,000	\$311,190	-	-
	2017/18 (Class B)	2020/21	132,000	\$194,040	-	-
	2017/18 (Class C)	2020/21	198,000	\$291,060	-	-
	<u>Tranche 14</u>					
	2018/19 (Class A)	2021/22	76,250	\$120,780	-	-
	2018/19 (Class B)	2021/22	76,250	\$193,904	-	-
	2018/19 (Class C)	2021/22	76,250	\$193,904	-	-
	2018/19 (Class D)	2021/22	76,250	\$133,209	-	-
	<u>Tranche 15</u>					
	2018/19 (Class A)	2021/22	125,000	\$198,000	-	-
	2018/19 (Class B)	2021/22	125,000	\$317,875	-	-
	2018/19 (Class C)	2021/22	125,000	\$317,875	-	-
	2018/19 (Class D)	2021/22	125,000	\$218,375	-	-
	<u>Tranche 16</u>					
	2018/19 (Class A)	2022/23	125,000	\$198,750	-	-
2018/19 (Class B)	2022/23	125,000	\$314,750	-	-	
2018/19 (Class C)	2022/23	125,000	\$314,750	-	-	
2018/19 (Class D)	2022/23	125,000	\$225,375	-	-	
<u>Tranche 17</u>						

Name	Financial Year of Grant	Period in which Performance Rights may vest	Number of Performance Rights granted	Value of the Performance Right at grant date	Number of Performance Rights vested	Vested %
	2018/19 (Class A)	2023/24	125,000	\$199,750	-	-
	2018/19 (Class B)	2023/24	125,000	\$311,625	-	-
	2018/19 (Class C)	2023/24	125,000	\$311,625	-	-
	2018/19 (Class D)	2023/24	125,000	\$231,500	-	-
M Ball	<u>Tranche 9</u>					
	2016/17 (Class A)	2018/19	40,000	\$19,840	40,000	100%
	2016/17 (Class B)	2018/19	20,000	\$23,300	20,000	100%
	2016/17 (Class C)	2018/19	40,000	\$29,080	40,000	100%
	<u>Tranche 10</u>					
	2016/17 (Class A)	2019/20	80,000	\$43,040	-	-
	2016/17 (Class B)	2019/20	40,000	\$46,600	-	-
	2016/17 (Class C)	2019/20	80,000	\$63,360	-	-
	<u>Tranche 13</u>					
	2018/18 (Class A)	2020/21	200,000	\$220,400	-	-
	2018/18 (Class B)	2020/21	80,000	\$126,400	-	-
	2018/18 (Class C)	2020/21	120,000	\$189,600	-	-
	<u>Tranche 18</u>					
	2018/19 (Class A)	2021/22	57,250	\$77,746	-	-
	2018/19 (Class B)	2021/22	57,250	\$132,763	-	-
	2018/19 (Class C)	2021/22	57,250	\$132,763	-	-
	2018/19 (Class D)	2021/22	57,250	\$85,990	-	-
	<u>Tranche 19</u>					
	2018/19 (Class A)	2021/22	93,750	\$125,156	-	-
	2018/19 (Class B)	2021/22	93,750	\$235,406	-	-
	2018/19 (Class C)	2021/22	93,750	\$235,406	-	-
	2018/19 (Class D)	2021/22	93,750	\$153,469	-	-
	<u>Tranche 20</u>					
	2018/19 (Class A)	2022/23	93,750	\$127,688	-	-
	2018/19 (Class B)	2022/23	93,750	\$233,063	-	-
	2018/19 (Class C)	2022/23	93,750	\$233,063	-	-
	2018/19 (Class D)	2022/23	93,750	\$159,000	-	-
	<u>Tranche 21</u>					
	2018/19 (Class A)	2023/24	93,750	\$130,219	-	-
	2018/19 (Class B)	2023/24	93,750	\$230,719	-	-
	2018/19 (Class C)	2023/24	93,750	\$230,719	-	-
	2018/19 (Class D)	2023/24	93,750	\$163,688	-	-
W T Irvin	<u>Tranche 6</u>					
	2015/16 (Class A)	2018/19	80,000	\$34,160	80,000	100%
	2015/16 (Class B)	2018/19	40,000	\$22,800	40,000	100%
	2015/16 (Class C)	2018/19	80,000	\$31,600	80,000	100%
	<u>Tranche 7</u>					
	2016/17 (Class A)	2019/20	34,000	\$25,160	-	-
	2016/17 (Class B)	2019/20	17,000	\$22,440	-	-
	2016/17 (Class C)	2019/20	34,000	\$27,710	-	-
	<u>Tranche 13</u>					
	2018/18 (Class A)	2020/21	150,000	\$165,300	-	-
	2018/18 (Class B)	2020/21	60,000	\$94,800	-	-
	2018/18 (Class C)	2020/21	90,000	\$142,200	-	-
	<u>Tranche 18</u>					
	2018/19 (Class A)	2021/22	38,250	\$51,944	-	-
	2018/19 (Class B)	2021/22	38,250	\$88,702	-	-
	2018/19 (Class C)	2021/22	38,250	\$88,702	-	-
	2018/19 (Class D)	2021/22	38,250	\$57,452	-	-
	<u>Tranche 19</u>					
	2018/19 (Class A)	2021/22	62,500	\$83,438	-	-
	2018/19 (Class B)	2021/22	62,500	\$156,938	-	-
	2018/19 (Class C)	2021/22	62,500	\$156,938	-	-
	2018/19 (Class D)	2021/22	62,500	\$102,313	-	-
	<u>Tranche 20</u>					
	2018/19 (Class A)	2022/23	62,500	\$85,125	-	-
	2018/19 (Class B)	2022/23	62,500	\$155,375	-	-
	2018/19 (Class C)	2022/23	62,500	\$155,375	-	-
	2018/19 (Class D)	2022/23	62,500	\$106,000	-	-
	<u>Tranche 21</u>					

Name	Financial Year of Grant	Period in which Performance Rights may vest	Number of Performance Rights granted	Value of the Performance Right at grant date	Number of Performance Rights vested	Vested %
	2018/19 (Class A)	2023/24	62,500	\$86,813	-	-
	2018/19 (Class B)	2023/24	62,500	\$153,813	-	-
	2018/19 (Class C)	2023/24	62,500	\$153,813	-	-
	2018/19 (Class D)	2023/24	62,500	\$109,125	-	-
S Jessop	<u>Tranche 11</u>					
	2018/18 (Class A)	2019/20	180,000	\$146,700	-	-
	2018/18 (Class B)	2019/20	90,000	\$142,200	-	-
	2018/18 (Class C)	2019/20	180,000	\$157,860	-	-
	<u>Tranche 13</u>					
	2018/18 (Class A)	2020/21	225,000	\$247,950	-	-
	2018/18 (Class B)	2020/21	90,000	\$142,200	-	-
	2018/18 (Class C)	2020/21	135,000	\$213,300	-	-
	<u>Tranche 18</u>					
	2018/19 (Class A)	2021/22	57,250	\$77,746	-	-
	2018/19 (Class B)	2021/22	57,250	\$132,763	-	-
	2018/19 (Class C)	2021/22	57,250	\$132,763	-	-
	2018/19 (Class D)	2021/22	57,250	\$85,990	-	-
	<u>Tranche 19</u>					
	2018/19 (Class A)	2021/22	93,750	\$125,156	-	-
	2018/19 (Class B)	2021/22	93,750	\$235,406	-	-
	2018/19 (Class C)	2021/22	93,750	\$235,406	-	-
	2018/19 (Class D)	2021/22	93,750	\$153,469	-	-
	<u>Tranche 20</u>					
	2018/19 (Class A)	2022/23	93,750	\$127,688	-	-
	2018/19 (Class B)	2022/23	93,750	\$233,063	-	-
	2018/19 (Class C)	2022/23	93,750	\$233,063	-	-
	2018/19 (Class D)	2022/23	93,750	\$159,000	-	-
	<u>Tranche 21</u>					
	2018/19 (Class A)	2023/24	93,750	\$130,219	-	-
	2018/19 (Class B)	2023/24	93,750	\$230,719	-	-
	2018/19 (Class C)	2023/24	93,750	\$230,719	-	-
	2018/19 (Class D)	2023/24	93,750	\$163,688	-	-

The assessed fair value at grant date of Performance Rights granted to the individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above.

Fair values at grant date are independently determined using a Monte Carlo simulation that takes into account the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk-free interest rate for the term of the performance right and the correlation of Group's Total Shareholders Return (TSR) and share price to the TSR and share prices of the other companies within the Peer Group.

Equity Instruments held by Directors and KMP

The tables below show, as at 30 June 2019, the number of:

- (i) Performance Rights over Ordinary Shares in the Company granted under Performance Rights Plan; and
- (ii) Shares in the Company that were held during the financial year by Directors and KMP of the Group, including their relevant family members and entities related to them.

(i) Performance Rights holdings

30 June 2019	Balance at beginning of period 1 July 2019	Granted as remuneration	Vested and converted	Lapsed	Balance at end of period 30 June 2019
Directors					
G Clifford (resigned 4 April 2019)	-	-	-	-	-
A Kiernan (Appointed 13 September 2018)	-	-	-	-	-
R Finlayson	845,000	1,805,000	-	-	2,650,000
M Reed	-	-	-	-	-
J Richards (Appointed 1 May 2019)	-	-	-	-	-
R Smith	-	-	-	-	-
S Tough	-	-	-	-	-
Key Management Personnel					
M Ball	700,000	1,354,000	(100,000)	-	1,954,000
W T Irvin	585,000	903,000	(200,000)	-	1,288,000
S Jessop	900,000	1,354,000	-	-	2,254,000
Total	2,185,000	3,611,000	(300,000)	-	5,496,000

(ii) Shareholdings outstanding

30 June 2019	Balance at beginning of period 1 July 2019	Granted as remuneration	Conversion of Performance Rights	Net change - other	Balance at end of period 30 June 2019
Directors					
G Clifford (resigned 4 April 2019)	-	-	-	-	-
A Kiernan (Appointed 13 September 2018)	-	-	-	40,000	40,000
R Finlayson	9,916,819	-	-	(5,900,000)	4,016,819
M Reed	30,000	-	-	5,000	35,000
J Richards (Appointed 1 May 2019)	-	-	-	-	-
R Smith	-	-	-	-	-
S Tough	-	-	-	1,718	1,718
Key Management Personnel					
M Ball	5,000	-	100,000	(60,000)	45,000
W T Irvin	-	-	200,000	(200,000)	-
S Jessop	-	-	-	-	-
Total	9,951,819	-	300,000	(6,113,282)	4,138,537

Other Transactions with KMP

During the year Director's Fees of \$166,698 (2018: \$120,000) have been paid/are payable to PilotHole Pty Ltd, an entity controlled by Mr Martin Reed. The 2019 amount included an amount of \$46,698 for professional services rendered for technical due diligence services on a potential project acquisition. The Board considered that these services were in the best interest of the shareholders for this specific circumstance and considering the limited nature of the work required.

Use of remuneration consultants

The Company subscribes to the McDonald Gold & General Mining Industries Remuneration Report (Australasia) as prepared by Aon Hewitt Limited as a tool to use to bench mark remuneration levels of the Company against those of the Peer Group mining companies. These reports are received twice annually.

In line with Company policy, Saracen obtains an independent review of its KMP remuneration as required to ensure it remains in line with the market. In addition, the Company subscribes to remuneration information from BDO Remuneration and Rewards Services to ensure that KMP remuneration information is considered in the market context.

The Board is satisfied that the report is free from undue influence from any members of the Key Management Personnel.

Voting on the Remuneration Report at the 2018 AGM

At the Annual General Meeting held in November 2018, the Company received a “yes” vote of more than 91% on its Remuneration Report for the FY2018 financial year. The Group did not receive any specific remuneration related feedback from shareholders at that meeting. During the year, the Company consulted with various shareholders and proxy advisory groups on its remuneration practices. Many of the comments and recommendations from these meetings have been incorporated into the Group’s Remuneration policy.

This concludes the audited Remuneration Report.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company indemnifies all Directors of the Company named in this report and current and former KMP of the Group against all liabilities to persons (other than a Group company) which arise out of the performance of their normal duties as a Director or executive officer, unless the liability relates to conduct involving bad faith. The Company also has a policy to indemnify the Directors and executive officers against all costs and expenses incurred in defending an action that falls within the scope of the indemnity and any resulting payments. There are Director’s Deed of Access, Indemnity and Insurance in place for all Directors of the Company.

The contract of insurance prohibits disclosure of the amount of the premium and the nature of the liabilities insured under the policy.

During the year the Company paid the premium on a Personal Accident - Working Director insurance policy on behalf of the Managing Director as normal workers compensation insurance coverage for company directors is not allowed under the Western Australian Worker’s Compensation scheme.

Other than to the extent permitted by law, the Group has not, during or since the financial year, indemnified or agreed to indemnify an auditor of the Group or any related body corporate against a liability incurred as an auditor.

AUDITOR’S INDEPENDENCE DECLARATION

The auditor’s independence declaration is attached to this report.

NON-AUDIT SERVICES

During the year BDO Audit (WA) Pty Ltd and BDO Corporate Tax (WA) Pty Ltd, related parties of the Group’s auditor, provided IFRS advisory and tax advisory services in addition to audit services. BDO Audit (WA) Pty Ltd and BDO Corporate Tax (WA) Pty Ltd received, or are due to receive, \$25,000 and \$4,000 respectively (2018: nil – BDO Audit (WA) Pty Ltd and \$1,750 - BDO Corporate Tax (WA) Pty Ltd) for the non-audit services. The Directors are satisfied that the provision of these services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* and do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants as they did not involve reviewing or auditing the auditor’s own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in ASIC Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument 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.298(2) of *the Corporations Act 2001*.

For and on behalf of the Board



RALEIGH FINLAYSON
Managing Director
19 August 2019

AUDITOR'S INDEPENDENCE DECLARATION



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor of Saracen Mineral Holdings Limited for the year ended 30 June 2019, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

Phillip Murdoch

Director

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

BDO Audit (WA) Pty Ltd

Perth, 19 August 2019

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the International BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Financial Year Ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Revenue from continuing operations	2	555,591	510,961
Mine operating costs		(298,073)	(281,174)
Depreciation and amortisation	2	(87,886)	(94,346)
Royalties		(17,889)	(17,835)
Gross profit from mining operations		151,743	117,606
Administration expenses	2	(13,292)	(10,048)
Share based payments expense	16	(6,969)	(3,379)
Finance costs	2	(624)	(411)
Other revenue	2	2,188	1,213
Profit on disposal of King of the Hills		-	10,594
Profit/(Loss) on disposal of fixed assets		(354)	-
Expensing of deferred exploration costs	10	(391)	(1,405)
Impairment of assets	10	-	(896)
Obsolete stock write down		(931)	-
Profit before income tax		131,370	113,274
Income tax expense	4	(38,876)	(37,689)
Profit after income tax for the period		92,494	75,585
Items that will not be reclassified to profit or loss			
Fair value of equity investments at fair value through other comprehensive income	14(e)	8,701	2,609
Other comprehensive profit for the year, net of income tax		8,701	2,609
Total comprehensive income attributable to members of Saracen Mineral Holdings Limited		101,195	78,194
Earnings per share for the year attributable to the members of Saracen Mineral Holdings Limited:			
Basic earnings (cents per share)	5	11.30	9.29
Diluted earnings (cents per share)	5	11.13	9.21

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Note	2019 \$'000	2018 \$'000
Current assets			
Cash and cash equivalents	18(a)	118,715	99,774
Trade and other receivables	6	4,058	9,340
Inventories	7	57,885	52,323
Other assets		1,514	1,239
Assets classified as held for sale		-	450
Total current assets		182,172	163,126
Non-current assets			
Other financial assets	8	25,536	11,737
Buildings, plant and equipment	9	133,607	99,475
Deferred exploration and evaluation costs	10	103,215	53,556
Mine properties	11	236,040	195,330
Total non-current assets		498,398	360,098
Total assets		680,570	523,224
Current liabilities			
Trade and other payables	12	57,007	44,208
Borrowings		-	163
Provisions	13	6,075	8,281
Income tax payable		11,862	-
Total current liabilities		74,944	52,652
Non-current liabilities			
Deferred tax liabilities	4	61,468	39,210
Other payables		1,102	-
Provisions	13	49,975	50,198
Total non-current liabilities		112,545	89,408
Total liabilities		187,489	142,060
Net assets		493,081	381,164
Equity			
Contributed equity	14(a)	261,392	259,991
Reserves	14(e)	35,255	17,233
Retained profits		196,434	103,940
Total equity		493,081	381,164

The Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 30 June 2019

	Contributed Equity \$'000	Retained Profits \$'000	Fair value through other comprehensive income reserve \$'000	Share Based Payments Reserve \$'000	Total \$'000
As at 1 July 2018	259,991	103,940	2,609	14,624	381,164
Profit for the year after tax	-	92,494	-	-	92,494
Other comprehensive income	-	-	8,701	-	8,701
Total comprehensive profit for the year after tax	-	92,494	8,701	-	101,195
Transactions with owners in their capacity as owners					
Share based payments	378	-	-	6,591	6,969
Vesting of Performance Rights	1,023	-	-	(1,023)	-
Tax effect on share based payments	-	-	-	3,753	3,753
As at 30 June 2019	261,392	196,434	11,310	23,945	493,081
As at 1 July 2017	256,740	28,355	-	8,913	294,008
Profit for the year after tax	-	75,585	-	-	75,585
Other comprehensive income	-	-	2,609	-	2,609
Total comprehensive profit for the year after tax	-	75,585	2,609	-	78,194
Transactions with owners in their capacity as owners					
Share based payments	335	-	-	3,044	3,379
Vesting of Performance Rights	2,916	-	-	(2,916)	-
Tax effect on share based payments	-	-	-	5,583	5,583
As at 30 June 2018	259,991	103,940	2,609	14,624	381,164

The Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2019

	Note	2019 \$'000	2018 \$'000
Cash flows from operating activities			
Receipts from customers		555,591	510,961
Payments to suppliers and employees		(324,519)	(320,129)
Interest received		2,061	989
Interest paid and other finance costs		(357)	(396)
Income tax paid		(4,717)	-
Net cash flows provided by operating activities	18(b)	228,059	191,425
Cash flows from investing activities			
Purchase of plant, equipment and development assets		(160,627)	(121,617)
Exploration and evaluation costs		(35,742)	(8,580)
Purchase of Box Well		(14,115)	-
Purchase of Lehmann Well		(2,500)	-
Deferred consideration from King of the Hills received		4,500	-
Deferred consideration from Red October received		550	-
Proceeds from disposal of exploration tenements		420	-
Proceeds from disposal of mine properties		-	4,970
Purchase of financial assets at fair value through other comprehensive income		(1,442)	(319)
Disposal of financial assets at fair value through other comprehensive income		-	6
Net cash flows used in investing activities		(208,956)	(125,540)
Cash flows from financing activities			
Payment of finance lease liabilities		(162)	(1,440)
Proceeds from finance lease liabilities		-	1,603
Net cash flows provided by/ (used) in financing activities		(162)	163
Net increase in cash held		18,941	66,048
Add opening cash brought forward		99,774	33,726
Closing cash carried forward	18(a)	118,715	99,774

The Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Financial Year ended 30 June 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

Saracen Mineral Holdings Limited is a for-profit, public company listed on the Australian Securities Exchange (trading under the code: 'SAR'), incorporated and operating in Australia.

Operations and Principal Activities

The operations and principal activities comprise mineral exploration, development and production.

Registered Office

Level 11, 40 The Esplanade, Perth Western Australia 6000.

(b) Basis of preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 19 August 2019

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency.

Rounding off

The Company is a company of the kind referred to in ASIC Instrument 2016/191, dated 1 April 2016, and in accordance with that Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise stated.

New, revised or amended standards and interpretations adopted by the group

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the Group:

(i) AASB 9 Financial Instruments

AASB 9 replaces the provisions of AASB 139 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and liabilities, recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 resulted in minimal changes in accounting policies. The new accounting policies are set out in Note 8 and 21.

Impact of adoption

(i) *Classification and measurement of financial assets*

On the date of initial application, 1 July 2018, the financial instruments of the Group were as follows, with any reclassification noted.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

	Measurement category		Carrying amount		
	Original (AASB 139)	New (AASB 9)	Original \$'000	New \$'000	Difference \$'000
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	9,340	9,340	-
Non-current financial assets					
Financial instruments	Available-for-sale	FVOCI	11,682	11,682	-
Security deposits	Amortised cost	Amortised cost	55	55	-

The impact of these changes on the Group's equity is as follows:

	Investment Revaluation Reserve \$'000	FVOCI Reserve \$'000	Effect on retained earnings \$'000
Opening balance 30 June 2018 – AASB 139	2,609	-	-
Reclassify listed available-for-sale financial assets to FVOCI	(2,609)	2,609	-
Opening balance 1 July 2018 – AASB 9	-	2,609	-

(ii) Equity investments previously classified as available-for-sale

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of \$11,682,000 were reclassified from available-for-sale financial assets, recognised under 'Other Financial Assets' to financial assets at fair value at FVOCI and fair value gains of \$2,609,000 were reclassified from the Investment Revaluation Reserve to the FVOCI Reserve on 1 July 2018.

For accounting policies, refer to Note 6 and 8.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue. AASB 15 requires an entity to recognise revenue in a manner that represents the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled. This means that revenue will be recognised when control of goods and/or services is transferred, rather than on transfer of risks and rewards.

The Directors have reviewed and assessed the Group's recognition and measurement of revenue from 1 July 2018 based on the facts and circumstances that existed from this date and concluded that the application of AASB 15 has had no material impact on the recognition or measurement of the revenue for the Group in the current reporting period.

For respective accounting policy, refer to Note 2.

New standards and interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

(i) AASB 16 Leases

AASB 16 will replace AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The Standard will provide a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The new Standard introduces three main changes:

- Enhanced guidance on identifying whether a contract contains a lease;
- A completely new lease accounting model for lessees that requires lessees to recognise all leases on Statement of Financial Position, except for short-term leases and leases of low value assets; and
- Enhanced disclosures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Lessor accounting will not significantly change.

The Group will adopt this standard and the amendments from 1 July 2019. The standard is likely to affect future financial reporting and the Group is still assessing the detail of the potential consequences. The standard is likely to impact the Group's mining contractor at the TBO open pit operations, its corporate office lease and the power house contracts at both CDO and TBO.

The principal impact of AASB16 is the change the accounting treatment by lessees of leases currently classified as operating leases. The most significant impact on the Group of applying AASB16, based on the current contractual arrangements in place will be the recognition of lease liabilities, along with right-of-use assets with a similar aggregate value.

The Group will not bring leases of low value assets or sort leases with 12 or fewer months remaining on to the Consolidated Statement of Financial Position at 1 July 2019.

The impact of the standard on underlying earnings and profit before tax following adoption is not expected to be significant although the income statement presentation of the cost of leases is changed. Instead of a rental charge recognised within operating costs, the cost of leases will be allocated between the depreciation of right-of-use assets, and a finance charge representing the unwind of the discount on lease liabilities.

Significant Judgements, Estimates and Assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the date of the consolidated financial statements. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In particular, the Group has identified a number of areas where significant judgements, estimates and assumptions are required. Further information on each of these areas and how they impact the various accounting policies are either described with the associated accounting policy note or are described below:

These include:

Judgements, estimates and assumptions:

- Deferred exploration and evaluation costs (Note 10)
- Depreciation rates (Note 9)
- Impairment of assets (Note 11)
- Inventories (Note 7)
- Mine rehabilitation (Note 13)
- Ore reserve estimates (Note 11)
- Production start date (Note 11)
- Recovery of deferred tax assets (Note 4)
- Share based payments (Note 16)
- Stripping costs (Note 11)

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of Saracen Mineral Holdings Limited and its subsidiaries (the Group) as at 30 June each year.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition method of accounting is used to account for business combinations by the Group.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses from intra-group transactions have been eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Comparatives

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

NOTE 2 REVENUE AND EXPENSES

Accounting Policy

Gold and silver sales

Revenue from the sale of gold and silver is recognised when the performance obligation has been satisfied. The performance obligation is generally considered to be satisfied when the gold and silver are physically transferred to the buyer.

Interest income

Interest income is recognised when the Group gains control of the right to receive the interest payment.

	2019 \$'000	2018 \$'000
Gold sales	554,537	510,071
Silver sales	1,054	890
Revenue from continuing operations	555,591	510,961

Disaggregation of revenue from contracts with customers:

The Group derives revenue from the transfer of goods at a point in time in the following geographical locations:

	Carosue Dam (or SGM)		Thunderbox (or SME)		Total segment	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue - Metal Sales	311,532	276,168	244,059	234,793	555,591	510,961
Total revenue from external customers	311,532	276,168	244,059	234,793	555,591	510,961
Timing of revenue recognition						
At a point in time	311,532	276,168	244,059	234,793	555,591	510,961
Over time	-	-	-	-	-	-
Interest revenue					2,061	989
Other					127	224
Other revenue					2,188	1,213
Total revenue					557,779	512,174
Amortisation of mine properties					52,082	62,690
Amortisation of deferred mining expenditure					14,029	12,351
Depreciation of plant and equipment					21,774	19,305
Depreciation and amortisation					87,886	94,346
Directors and employee expenses					8,471	6,981
Professional fees					1,103	1,309
Perth Office rental					364	404
Other					3,354	1,354
Administration expenses					13,292	10,048
Borrowing costs					624	411
Finance costs					624	411
Defined contribution superannuation expense					5,227	4,338

NOTE 3 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditor of the Group for:		
BDO Audit (WA) Pty Ltd		
- Audit / review of the financial report	103	98
- IFRS advisory	25	-
Amounts received or due and receivable by an associate of the auditor of the Group for:		
BDO Corporate Tax (WA) Pty Ltd		
- Tax services	4	1

NOTE 4 INCOME TAX

Accounting Policy

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises assets and liabilities for the potential tax effect based on the Group's current understanding of tax laws and requirements. Where the final tax outcome of these items is different from the carrying amounts, such differences will impact the current and deferred tax assets and/or provisions in the period in which such determination is made.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Significant judgements, estimates and assumptions

Deferred tax assets, including those arising from unutilised tax losses, require management to assess the likelihood that the Group will comply with the relevant tax legislation and will generate sufficient taxable earnings in future periods in order to recognise and utilise those deferred tax assets. Estimates of future taxable income are based on forecast cash flows from operations. These assessments require the use of estimates and assumptions such as commodity prices, exchange rates and operating performance over the life of the assets.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 4 INCOME TAX (continued)

	2019 \$'000	2018 \$'000
(a) Income tax expense comprises:		
- Current income tax charge	16,577	-
- Movement in temporary differences	22,299	37,689
Income tax expense	<u>38,876</u>	<u>37,689</u>

(b) Reconciliation of prima facie income tax expense to income tax expense per the Consolidated Statement of Profit or Loss and Comprehensive Income:

Accounting profit before tax	131,370	113,274
Prime facie income tax expense at 30% (2018: 30%)	39,411	33,982
- Non-deductible expenses	24	16
- Recognition of previously unrecognised temporary differences	(559)	3,691
Income tax expense	<u>38,876</u>	<u>37,689</u>
Effective tax rate	30%	33%

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 July 2018 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 30 June 2019 \$'000
Deferred tax assets				
Tax losses	6,159	(6,159)	-	-
Provisions	16,707	865	-	17,572
Undeducted share issue costs	2	(2)	-	-
Share based payments	3,006	668	3,753	7,427
Non-refundable R&D offset	33	(33)	-	-
Total	<u>25,907</u>	<u>(4,661)</u>	<u>3,753</u>	<u>24,999</u>
Deferred tax liabilities				
Deferred mining expenditure	(61,973)	(16,431)	-	(78,404)
Property, plant and equipment	(2,117)	(143)	-	(2,259)
Financial assets at fair value through other comprehensive income	(1,118)	-	(3,712)	(4,830)
Other	934	(981)	-	(47)
Inventories	(843)	(83)	-	(926)
Total	<u>(65,117)</u>	<u>(17,638)</u>	<u>(3,712)</u>	<u>(86,464)</u>
Net deferred tax asset / (liability)	<u>(39,210)</u>	<u>(22,299)</u>	<u>41</u>	<u>(61,468)</u>
	Balance at 1 July 2017 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 30 June 2018 \$'000
Deferred tax assets				
Tax losses	26,192	(20,033)	-	6,159
Provisions	19,380	(2,673)	-	16,707
Other	545	389	-	934
Undeducted share issue costs	200	(198)	-	2
Share based payments	3,870	(6,447)	5,583	3,006
Non-refundable R&D offset	71	(38)	-	33
Total	<u>50,258</u>	<u>(29,000)</u>	<u>5,583</u>	<u>26,841</u>
Deferred tax liabilities				
Deferred mining expenditure	(55,120)	(6,853)	-	(61,973)
Property, plant and equipment	(445)	(1,672)	-	(2,117)
Investments	32	(32)	(1,118)	(1,118)
Inventories	(711)	(132)	-	(843)
Total	<u>(56,244)</u>	<u>(8,689)</u>	<u>(1,118)</u>	<u>(66,051)</u>
Net deferred tax asset / (liability)	<u>(5,986)</u>	<u>(37,689)</u>	<u>4,465</u>	<u>(39,210)</u>

NOTE 4 INCOME TAX (continued)

(c) Deferred tax assets and liabilities (continued)

Deferred tax liabilities are set-off against deferred tax assets pursuant to set-off provisions.

(d) Tax consolidated group

Saracen Mineral Holdings Limited and its wholly-owned subsidiaries formed a tax consolidated group with effect from 1 July 2003. Saracen Mineral Holdings Limited is the head entity in the tax consolidated group.

NOTE 5 EARNINGS PER SHARE

Accounting Policy

Basic earnings per share is calculated as profit/(loss) after tax attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as profit/(loss) after tax attributable to members, adjusted for costs of servicing equity (other than dividends) and preference share dividends, the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses, and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

The following reflects the income and share data used in the calculations of basic and diluted earnings per share after tax attributable to members of the company.

	2019 \$'000	2018 \$'000
Net profit after income tax from continuing operations	92,494	75,585
	<u>92,494</u>	<u>75,585</u>
	Number	Number
Weighted average number of ordinary shares for basic earnings per share	820,092,809	814,021,324
Effect of dilution – Performance Rights	11,347,716	6,582,344
Weighted average number of ordinary shares adjusted for the effect of dilution	<u>831,440,525</u>	<u>820,603,668</u>
Basic earnings (cents per share)	11.30	9.29
Diluted earnings (cents per share)	11.13	9.21

NOTE 6 TRADE AND OTHER RECEIVABLES

Revised Accounting Policy

Receivables to be settled within 30 - 90 days are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in Note 8(ii).

Current		
Goods and services tax (GST) recoverable	3,720	3,100
Deferred Consideration – King of the Hills	-	4,500
Deferred Consideration – Red October	-	550
Other	338	1,190
	<u>4,058</u>	<u>9,340</u>

The Group's exposure to credit and market risks is disclosed in Note 21.

NOTE 7 INVENTORIES

Accounting Policy

Raw materials and stores are valued at the lower of cost and net realisable value. Regular reviews are undertaken to establish whether any items are obsolete or damaged, and if so their carrying value is written down to net realisable value.

Inventories of ore and gold in circuit are valued at the lower of cost and net realisable value. Costs comprise direct material, labour and an appropriate proportion of variable and fixed overhead on the basis of normal operating capacity, and are included as part of mine operating costs in the consolidated statement of profit or loss and comprehensive income. Net realisable value is the estimated selling price in the ordinary course of business less processing cost and the estimated selling cost.

If the ore stockpile is not expected to be processed in 12 months after reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis.

Significant judgements, estimates and assumptions

Inventories require certain estimates and assumptions most notably in regard to grades, volumes and densities.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the number of contained ounces based on assay data, and the estimated recovery percentage. Stockpile tonnages are verified to periodic surveys.

Net reliable value tests are performed at each reporting date and represent the estimated future sales price of gold, less cost of completion (processing costs) and the estimated cost necessary to perform the sale.

Such estimates and assumptions may change as new information becomes available and could impact on the carrying value of inventories.

	2019	2018
	\$'000	\$'000
Ore stocks (at cost)	30,160	26,812
Gold in circuit (at cost)	8,433	7,866
Gold in transit (at cost)	5,128	5,250
Consumable supplies and spares	14,164	12,395
	<u>57,885</u>	<u>52,323</u>

Write-down of inventory to net realisable value amounted to \$931,486 (2018: \$0). These were recognised as an expense during the year ended 30 June 2019 and are included in the Statement of Profit or Loss and Other Comprehensive Income.

NOTE 8 OTHER FINANCIAL ASSETS

Revised Accounting Policy

Investments and other financial assets

Investments and other financial assets are recognised and derecognised on settlement date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned. They are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss, which are initially measured at fair value.

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss);
- Those to be measured at amortised cost.

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding ('the SPPI criterion').

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, the classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

NOTE 8 OTHER FINANCIAL ASSETS (continued)**(i) Measurement**

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Group subsequently measures all equity investments at fair value. The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions, involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and pricing models to reflect the issuer's specific circumstances.

Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

(ii) Impairment of financial assets

From 1 July 2018 the group assesses on a forward looking basis the expected credit losses (ECLs) associated with its debt instruments carried at amortised cost and FVOCI. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For other debt financial assets, the ECL is based on either the 12-month or lifetime ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

Due to the nature of the Group's trade and other receivables, the impact of the expected loss allowance under AASB 9 against the loss incurred under AASB 139 was not material to the Group.

	2019 \$'000	2018 \$'000
Non-current		
Security deposits	-	55
Financial assets at fair value through other comprehensive income	25,536	11,682
	<u>25,536</u>	<u>11,737</u>

All financial assets at fair value through other comprehensive income held are saleable and have no contracted liquidity restrictions.

The value of financial assets at fair value through other comprehensive income has been determined by reference to the quoted last trade price at the close of business on reporting date.

NOTE 9 BUILDINGS, PLANT AND EQUIPMENT**Accounting Policy**

Buildings, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on a straight-line method over the estimated useful life, or over the remaining life of mine if that is shorter and there is no alternative use for the asset. The useful lives of major assets of a cash-generating unit are often dependant on the lives of the orebodies in the region to which they relate. Where the major assets of a cash-generating unit are not dependant on the life of a related ore body, management applies judgement in estimating the remaining service potential of long-lived assets.

NOTE 9 BUILDINGS, PLANT AND EQUIPMENT (continued)

The following useful lives are used in the calculation of depreciation:

Plant and equipment 3 – 33 years

The estimation of useful lives, residual values and depreciation methods require significant management judgements and are regularly reviewed. If they need to be modified, the depreciation expense is accounted for prospectively from the date of the assessment until the end of the revised useful life (for both the current and future years).

Capital work in progress is projects of a capital nature which usually relates to the construction/installation of buildings, plant or equipment. Upon completion (when ready for use) capital work in progress is transferred to the relevant asset category. Capital work in progress is not depreciated.

Where depreciation is attributable to exploration and evaluation activities, costs are treated in accordance with the Accounting Policy in Note 10. The assets' residual value, useful lives and amortisation methods are reviewed at each financial year end and if appropriate adjusted.

	2019 \$'000	2018 \$'000
Buildings, plant and equipment		
Opening balance net of accumulated depreciation	89,618	81,496
Additions	3,111	5,168
Transfer from capital work in progress	29,096	22,073
Disposals	(133)	-
Depreciation	(21,538)	(19,119)
Closing balance net of accumulated depreciation	<u>100,154</u>	<u>89,618</u>
Capital work in progress		
Opening balance net of accumulated depreciation	9,857	12,255
Additions	52,691	20,071
Transfer to mines in production	(67)	(253)
Transfer from deferred exploration and evaluation costs	68	-
Transfer to mines under construction	-	(143)
Transfer to plant and equipment	(29,096)	(22,073)
Closing balance net of accumulated depreciation	<u>33,453</u>	<u>9,857</u>
Accumulated depreciation		
Opening balance	86,963	67,976
Depreciation	21,538	19,119
Disposals	(57)	(132)
Closing balance	<u>108,444</u>	<u>86,963</u>
Cost	242,051	186,438
Accumulated depreciation	(108,444)	(86,963)
Net carrying amount	<u>133,607</u>	<u>99,475</u>

NOTE 10 DEFERRED EXPLORATION AND EVALUATION COSTS

Accounting Policy

Exploration and evaluation costs related to areas of interest are carried forward to the extent that:

- The rights to tenure of the areas of interest are current and the Group controls the area of interest in which the expenditure has been incurred, and
- Such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively by its sale, or
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs include the acquisition of rights to explore, studies, exploratory drilling, sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

NOTE 10 DEFERRED EXPLORATION AND EVALUATION COSTS (continued)

The above accounting policy requires certain estimates and assumptions on future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of deferred exploration and evaluation costs. Exploration and evaluation assets are assessed for impairment where facts and circumstances suggest that the carrying amount of the assets may exceed its recoverable amount. If the recoverable amount is less than the carrying amount, the asset is written down to its recoverable amount and an impairment loss recognised.

Where economically recoverable reserves for an area of interest have been identified, and a decision to develop has occurred, capitalised expenditure is classified as mines under construction. In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of no value, accumulated costs carried forward are written off in the year in which that assessment is made.

Significant judgements, estimates and assumptions

The application of the Group's accounting policy for exploration and evaluation expenditure requires certain estimates and assumptions on future events and circumstances, in particular whether an economically viable extraction operation can be established. These estimates and assumptions may change as new information becomes available and could have a material impact on the carrying value of deferred exploration and evaluation costs. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off in the Statement of Profit or Loss and Other Comprehensive Income in the period when the new information becomes available.

	2019 \$'000	2018 \$'000
Deferred exploration and evaluation costs		
Balance at the start of the year	53,556	46,764
Additions	35,512	9,218
Purchase of Box Well	14,836	-
Transferred to capital work in progress	(68)	-
Exploration expensed	(391)	(1,405)
Disposal of tenements	(230)	(125)
Impairment on tenements sold	-	(896)
Balance at the end of the year	<u>103,215</u>	<u>53,556</u>

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

NOTE 11 MINE PROPERTIES

Accounting Policy

Mines under construction are accumulated separately for each area of interest in which economically recoverable reserves have been identified and a decision to develop has occurred. This expenditure includes all capitalised exploration and evaluation expenditure in respect of the area of interest, direct costs of construction, an appropriate allocation of overheads and where applicable borrowing costs capitalised during construction. Once mining of the area of interest can commence, the aggregated capitalised costs are classified under non-current assets as mines in production or an appropriate class of property, plant and equipment.

Mines in production represent the aggregated exploration and evaluation expenditure and capitalised development costs in respect of areas of interest in which mining is ready to or has commenced. Mine development costs are deferred until commercial production commences, at which time they are amortised on a units-of-production basis over the ore reserves. Once production commences, further development expenditure is classified as part of the cost of production, unless substantial future economic benefits can be established.

Deferred stripping costs represent certain mining costs, principally those that relate to the stripping of waste, which provides access so that future economically recoverable ore can be mined. Stripping (i.e. overburden and other waste removal) costs incurred in the production phase of a surface mine are capitalised to the extent that they improve access to an identified component of the ore body and are subsequently amortised on a systematic basis over the expected useful life of the identified component of the ore body. Capitalised stripping costs are disclosed as a component of Mine Properties.

Components of an ore body are determined with reference to life of mine plans and take account of factors such as the geographical separation of mining locations and/or the economic status of mine development decisions.

Capitalised stripping costs are initially measured at cost and represent an accumulation of costs directly incurred in performing the stripping activity that improves access to the identified component of the ore body, plus an allocation of directly attributable overhead costs.

NOTE 11 MINE PROPERTIES (continued)

The amount of stripping costs deferred is based on a relevant production measure which uses a ratio obtained by dividing the tonnage of waste mined by the quantity of ore mined for an identified component of the ore body. Stripping costs incurred in the period for an identified component of the ore body are deferred to the extent that the current period ratio exceeds the expected waste to ratio for the life of the identified component of the ore body. Such deferred costs are then charged against the statement of profit or loss when the stripping ratio falls below the life of mine ratio. These are a function of the mine design and therefore any changes to the design will generally result in changes to the ratio. Changes in other technical or economic parameters that impact on reserves may also have an impact on the component ratio even though they may not impact the mine design.

Changes to the Life of Mine Plan, identified components of an ore body, stripping ratios, units of production and expected useful life are accounted for prospectively.

Deferred stripping costs form part of the total investment in a cash generating unit, which is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgements, estimates and assumptions

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping asset.

Once the Group has identified its production stripping for each surface mining operation it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Group considers that the ratio of the expected volume (e.g. tonnes) of waste to be stripped for an expected volume (e.g. in tonnes) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

Reserve estimates

Estimates of recoverable quantities of proven and probable reserves include assumptions regarding commodity prices, exchange rates, discount rates, recovery rates and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reserves and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact asset carrying values, the provision for restoration and the recognition of deferred tax assets, due to changes in expected future cash flows. Reserves are integral to the amount of depreciation, depletion and amortisation charged to the profit or loss and the calculation of inventory. The Group prepares reserve estimates in accordance with the JORC Code, guidelines prepared by the Joint Ore Reserves Committee of The Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Mineral Council of Australia.

Significant judgements and estimates

The determination of ore reserves impacts the accounting for asset carrying values.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available.

Changes in the forecast commodity prices, exchange rates, discount rates, recovery rates and production and transportation costs may change the economic status of reserves and may ultimately results in reserves being restated.

Production start date

Significant judgements and estimates

The Group assesses the stage of each mine under construction to determine when a mine moves into the production phase, this being when the mine is substantially complete and ready for its intended use. The Group considers various relevant criteria to assess when the production phase is considered to have commenced. At this point, all related amounts are reclassified from 'Mines under Construction' to 'Mines in production'. Some of the criteria used to identify the production start date include, but are not limited to:

- a. Level of capital expenditure incurred compared with the original construction cost estimate;
- b. Completion of a reasonable period of testing of the mine plant and equipment;
- c. Ability to produce metal in saleable form (within specifications);
- d. Ability to sustain ongoing production of metal; and
- e. Positive cash flow position from operations.

NOTE 11 MINE PROPERTIES (continued)

When a mine development project moves into the production phase, the capitalisation of certain mine development costs and pre-production revenues cease and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or mineable reserve development. It is also at this point that amortisation commences.

Impairment of mine properties

Significant judgements and estimates

The Group undertakes an impairment review to determine whether any indicators of impairment are present. Where indicators of impairment exist, an estimate of the recoverable amount of the Cash Generating Unit (CGU) is made. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Where an impairment loss subsequently reverses, the carrying amount of the asset, other than goodwill, is increased to the revised estimate of its recoverable amount, but only to the extent the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

An impairment indicator assessment was undertaken for all operations at reporting date and it was concluded that no indicators were identified which would give rise to impairment testing (2018: impairment of the Wallbrook operations of \$0.9m).

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

Assessments of the recoverable amounts require the use of estimates and assumptions such as reserves, mine lives, discount rates, exchange rates, commodity prices, grade of ore mined, recovery percentage, operating performance, costs and capital estimates

	2019 \$'000	2018 \$'000
Mine properties		
Mines under construction	102,494	47,272
Mines in production	110,881	121,695
Deferred mining expenditure	22,665	26,363
Total	<u>236,040</u>	<u>195,330</u>
Mines under construction		
Balance at the start of the year	47,272	91,836
Additions	55,351	13,447
Transferred from capital work in progress	-	143
Transferred to mines in production	-	(57,887)
Change in rehabilitation provision	(129)	(267)
Balance at the end of the year	<u>102,494</u>	<u>47,272</u>
Mines in production		
Balance at the start of the year	121,695	68,868
Additions	41,756	51,122
Transferred from capital work in progress	67	253
Transferred from deferred exploration and evaluation costs	-	3,075
Transferred from mines under construction	-	57,887
Amortisation for the year	(52,082)	(62,690)
Change in rehabilitation provision	(555)	3,180
Balance at the end of the year	<u>110,881</u>	<u>121,695</u>

NOTE 11 MINE PROPERTIES (continued)

The Group undertakes regular impairment reviews incorporating an assessment of recoverability of cash generating assets. Cash generating assets relate to specific areas of interest in the Group's mine property assets. The recoverable value of specific areas of interest are assessed by value in use calculations determined with reference to the projected net cash flows estimated under the Life of Mine Plan. As at 30 June 2019, the Group determined that there were no impairment indicators.

Deferred mining expenditure		
Balance at the start of the year	26,363	6,855
Additions	10,331	31,859
Amortisation of deferred mining expenditure	(14,029)	(12,351)
Balance at the end of the year	22,665	26,363

Deferred mining expenditure relates to capitalised overburden of the Thunderbox and Kailis open pit mines.

NOTE 12 TRADE AND OTHER PAYABLES

Accounting Policy

Liabilities are recognised for amounts to be paid in the future for goods and services received whether or not billed to the Group.

	2019 \$'000	2018 \$'000
Current		
Trade and other payables	57,007	44,208

Trade and other payables are non-interest bearing and are normally settled on 30 day terms.

Due to the short term nature of these payables, their carrying value is assumed to be the same as their fair value.

NOTE 13 PROVISIONS

Accounting Policy

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable a future sacrifice of economic benefits will be required and a reliable estimate of obligation can be made.

Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Restoration, Rehabilitation and Environmental Provision

Obligations associated with exploration and development assets are recognised when the Group has a present obligation, the future sacrifice of the economic benefits is probable, and the provision can be measured reliably. The provision is measured at the present value of the future expenditure to restore the land and a corresponding rehabilitation asset is also recognised.

On an ongoing basis, the rehabilitation will be remeasured in line with the changes in the time value of money (recognised as an expense and an increase in the provision), and additional disturbances (recognised as additions to a corresponding asset and rehabilitation liability).

NOTE 13 PROVISIONS

Significant judgements and estimates

The determination of the provision requires significant judgement in terms of the best estimate of the future costs of performing the work required, the timing of the cash flows, the appropriate discount rate and inflation rate.

In relation to estimating the costs of performing the work required, significant judgement and estimates are required in relation to estimating the extent of rehabilitation activities, including volume to be rehabilitated and unit rates, technological changes, regulatory changes, timing of cashflows and appropriate discount rates.

When these estimates change or become known in the future, such differences will impact the mine rehabilitation provision on the period in which they change or become known.

A change in any, or a combination of, the key estimates used to determine the provision could have a material impact on the carrying value of the provision.

	2019 \$'000	2018 \$'000
Current		
Employee benefits	6,075	8,281
Non-current		
Employee benefits	780	792
Provision for rehabilitation	49,195	49,406
	49,975	50,198
Movement in provision for rehabilitation		
Balance at the start of the year	49,406	41,622
Unwinding of discount	267	34
Increase/ (decrease) in provision on existing assets	(478)	7,917
Rehabilitation work	-	(167)
Balance at the end of the year	49,195	49,406

NOTE 14 CONTRIBUTED EQUITY AND RESERVES

Accounting Policy

Ordinary share capital is recognised at the fair value of the consideration received by the Group or at the fair value of equity issued as consideration for the acquisition of assets. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

	2019 Number of shares	2019 \$'000	2018 Number of shares	2018 \$'000
(a) Issued capital				
Ordinary shares fully paid	820,413,896	261,392	818,009,271	259,991

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	818,009,271	259,991	810,548,859	256,740
- Shares issued on vesting of Performance Rights	2,262,500	1,023	7,300,000	2,916
- Shares issued to employees	142,125	378	160,412	335
End of the financial period	820,413,896	261,392	818,009,271	259,991

NOTE 14 CONTRIBUTED EQUITY AND RESERVES (continued)

During the period 2,262,500 shares were issued to eligible employees under the employee share scheme relating to the vesting of Performance Rights. In addition, 142,125 shares were issued to employees under the \$1,000 Tax Exempt Share Plan.

(c) Performance Rights (See Note 16(a))

The following table illustrates the number and movements in Performance Rights issued during the year.

	2019 Number	2018 Number
Performance Rights		
Outstanding balance at the beginning of the year	9,153,550	11,025,000
Performance rights granted	11,042,000	5,690,700
Performance rights vested	(2,262,500)	(7,300,000)
Performance rights lapsed	(577,440)	(262,150)
Outstanding balance at the end of the year	17,355,610	9,153,550

The outstanding balance of each grant of Performance Rights is summarised in the table below:

	2016 Number	2017 Number	2018 Number	2019 Number	Total Number
Performance Rights					
Performance rights granted	2,805,000	1,530,000	5,690,700	11,042,000	21,067,700
Performance rights vested during FY2019	(2,140,000)	(100,000)	(22,500)	-	(2,262,500)
Performance rights vested in prior years	(216,467)	-	-	-	(216,467)
Performance rights lapsed	(448,533)	(235,000)	(514,590)	(35,000)	(1,233,123)
Outstanding balance at the end of the year	-	1,195,000	5,153,610	11,007,000	17,355,610

(d) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(e) Reserves	2019 \$'000	2018 \$'000
Share based payments reserve		
Balance at beginning of year	14,624	8,913
Share based payments – Performance Rights	6,591	3,044
Vesting of Performance Rights	(1,023)	(2,916)
Tax effect on share based payments	3,753	5,583
Balance at end of year	23,945	14,624

The share based payments reserve is used to recognise the fair value of Performance Rights issued. Refer to Note 16 for further details.

Fair Value through Other Comprehensive Income (FVOCI) reserve

Balance at beginning of year	2,609	-
Fair value movement on available for sale investments	12,413	3,727
Tax effect on investment revaluations	(3,712)	(1,118)
Balance at end of year	11,310	2,609

Total Reserves

Share based payments reserve	23,945	14,624
FVOCI reserve	11,310	2,609
Balance at end of year	35,255	17,233

NOTE 15 COMMITMENTS

(a) Gold delivery commitments

	Gold for physical delivery oz	Contracted sales price \$/oz	Value of committed sales \$'000
Within one year	200,500	1,808	362,516
Later than one but not later than five years	218,500	1,870	408,578
	419,000	1,840	771,094

The counterparties to the physical gold delivery contracts are Westpac Banking Corporation, BNP Paribas and Citibank N.A. 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 the scheduled counterparties. 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 9 *Financial Instruments*. Hence, no derivatives are recognised. The contracted sales price is rounded to the nearest dollar.

(b) Operating lease commitments

The Group has entered into commercial leases on items of plant, machinery and property. Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2019 \$'000	2018 \$'000
- not later than one year	350	395
- later than one year and not later than five years	-	350
	350	745

(c) Contractual commitments

The Group has entered into a natural gas supply agreement for the supply of gas to the Thunderbox gold mine. The terms of this agreement commit the Group to purchasing a minimum amount of gas at a fixed price. As at 30 June 2019, at the current contract price, the Group had commitments to purchase gas over the remaining term of \$3,531,253.

The Group has entered into an electricity supply agreement for the supply of electricity to the Thunderbox gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of electricity at a price which is reviewed annually. As at 30 June 2019, at the current contract price, the Group had commitments to purchase electricity over the remaining term of \$6,666,080.

The Group has entered into an electricity supply agreement for the supply of electricity to the Carosue Dam gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of electricity at a price which is reviewed annually. As at 30 June 2019, at the current contract price, the Group had commitments to purchase electricity over the remaining term of \$18,480,307.

The Group has entered into an agreement for the supply of liquefied natural gas (LNG) to the Carosue Dam gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of LNG at a price which is reviewed annually. As at 30 June 2019, at the current contract price, the Group had commitments to purchase LNG over the remaining term of \$6,486,667.

The Group has entered into an agreement for the supply of liquid oxygen to the Thunderbox gold mine. The terms of this agreement commit the Group to purchasing a minimum monthly amount of liquid oxygen at a price which is reviewed annually. As at 30 June 2019, at the current contract price, the Group had commitments to purchase liquid oxygen over the remaining term of \$1,447,126.

The Group has entered into a Tailings Storage Facility Construction at the Carosue Dam gold mine. As at 30 June 2019, the Group had capital expenditure commitments of \$1,086,131 to complete this project.

NOTE 16 SHARE BASED PAYMENTS

Accounting Policy

Share based compensation benefits are provided to employees via a Performance Rights Plan. The fair value of rights granted under this scheme is recognised as a share based payment expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the rights granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions.

Non-market vesting conditions are included in assumptions about the number of rights that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of rights that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The Group measures the cost of equity settled transactions with vendors by reference to the fair value of goods or services received.

Significant judgements, estimates and assumptions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of equity instruments at the date at which they are granted.

Significant judgement is required in determining the achievement of non-market conditions.

(a) Performance Rights

During the financial year the Group granted Performance Rights to eligible management personnel under the Saracen Mineral Holdings Limited Performance Rights Plan ("Plan") (Tranche 18). Retention Rights (Tranche 19 – Tranche 21) were also granted to eligible management personnel. In addition to these, Performance Rights (Tranche 14) and Retention Rights (Tranche 15 – Tranche 17) were granted to Mr Raleigh Finlayson (Managing Director) under the Plan. These Performance and Retention Rights were approved by shareholders at the Company's Annual General Meeting held in November 2018.

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 is payable and eligibility to receive Performance Rights under the Plan is 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.

For details regarding the vesting conditions of the Performance Rights refer to Pages 59 to 60 of the remuneration report.

The following tables list the inputs to the models used for the Performance Rights granted for the period:

	Class A (TSR)	Class B (Increase in Ore Reserves)	Class C (Increase in EPS)	Class D (Increase in Share Price)
Tranche 14 – Managing Director				
Stock Price at Grant	\$2.61	\$2.61	\$2.61	\$2.61
Exercise Price	N/A	N/A	N/A	N/A
Volatility	55%	N/A	N/A	N/A
Grant Date	22-Nov-18	22-Nov-18	22-Nov-18	22-Nov-18
Performance Period	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21
Vesting Date	1 July 2021	1 July 2021	1 July 2021	1 July 2021
Risk free rate	2%	2%	2%	2%
Number of rights granted	76,250	76,250	76,250	76,250
Fair Value per right	\$1.58	\$2.54	\$2.54	\$1.74
Tranche 15 – Managing Director (Retention Rights)				
Stock Price at Grant	\$2.61	\$2.61	\$2.61	\$2.61
Exercise Price	N/A	N/A	N/A	N/A
Volatility	55%	N/A	N/A	N/A
Grant Date	22-Nov-18	22-Nov-18	22-Nov-18	22-Nov-18
Performance Period	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21
Vesting Date	1 July 2021	1 July 2021	1 July 2021	1 July 2021
Risk free rate	2%	2%	2%	2%
Number of rights granted	125,000	125,000	125,000	125,000

	Class A (TSR)	Class B (Increase in Ore Reserves)	Class C (Increase in EPS)	Class D (Increase in Share Price)
Fair Value per right	\$1.58	\$2.54	\$2.54	\$1.74
Tranche 16 – Managing Director (Retention Rights)				
Stock Price at Grant	\$2.61	\$2.61	\$2.61	\$2.61
Exercise Price	N/A	N/A	N/A	N/A
Volatility	55%	N/A	N/A	N/A
Grant Date	22-Nov-18	22-Nov-18	22-Nov-18	22-Nov-18
Performance Period	1-Jul-20 to 30-Jun-22	1-Jul-20 to 30-Jun-22	1-Jul-20 to 30-Jun-22	1-Jul-20 to 30-Jun-22
Vesting Date	1 July 2022	1 July 2022	1 July 2022	1 July 2022
Risk free rate	2.2%	2.2%	2.2%	2.2%
Number of rights granted	125,000	125,000	125,000	125,000
Fair Value per right	\$1.59	\$2.52	\$2.52	\$1.80
Tranche 17 – Managing Director (Retention Rights)				
Stock Price at Grant	\$2.61	\$2.61	\$2.61	\$2.61
Exercise Price	N/A	N/A	N/A	N/A
Volatility	55%	N/A	N/A	N/A
Grant Date	22-Nov-18	22-Nov-18	22-Nov-18	22-Nov-18
Performance Period	1-Jul-21 to 30-Jun-23	1-Jul-21 to 30-Jun-23	1-Jul-21 to 30-Jun-23	1-Jul-21 to 30-Jun-23
Vesting Date	1 July 2023	1 July 2023	1 July 2023	1 July 2023
Risk free rate	2.3%	2.3%	2.3%	2.3%
Number of rights granted	125,000	125,000	125,000	125,000
Fair Value per right	\$1.60	\$2.49	\$2.49	\$1.85
Tranche 18 – Management				
Stock Price at Grant	\$2.38	\$2.38	\$2.38	\$2.38
Exercise Price	N/A	N/A	N/A	N/A
Volatility	55%	N/A	N/A	N/A
Grant Date	28-Nov-18	28-Nov-18	28-Nov-18	28-Nov-18
Performance Period	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21
Vesting Date	1 July 2021	1 July 2021	1 July 2021	1 July 2021
Risk free rate	2%	2%	2%	2%
Number of rights granted	884,250	884,250	884,250	884,250
Fair Value per right	\$1.36	\$2.32	\$2.32	\$1.50
Tranche 19 – Management (Retention Rights)				
Stock Price at Grant	\$2.57	\$2.57	\$2.57	\$2.57
Exercise Price	N/A	N/A	N/A	N/A
Volatility	50%	N/A	N/A	N/A
Grant Date	5-Mar-19	5-Mar-19	5-Mar-19	5-Mar-19
Performance Period	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21	1-Jul-19 to 30-Jun-21
Vesting Date	1 July 2021	1 July 2021	1 July 2021	1 July 2021
Risk free rate	1.5%	1.5%	1.5%	1.5%
Number of rights granted	475,000	475,000	475,000	475,000
Fair Value per right	\$1.34	\$2.51	\$2.51	\$1.64
Tranche 20 – Management (Retention Rights)				
Stock Price at Grant	\$2.57	\$2.57	\$2.57	\$2.57
Exercise Price	N/A	N/A	N/A	N/A
Volatility	50%	N/A	N/A	N/A
Grant Date	5-Mar-19	5-Mar-19	5-Mar-19	5-Mar-19
Performance Period	1-Jul-20 to 30-Jun-22	1-Jul-20 to 30-Jun-22	1-Jul-20 to 30-Jun-22	1-Jul-20 to 30-Jun-22
Vesting Date	1 July 2022	1 July 2022	1 July 2022	1 July 2022
Risk free rate	1.7%	1.7%	1.7%	1.7%

	Class A (TSR)	Class B (Increase in Ore Reserves)	Class C (Increase in EPS)	Class D (Increase in Share Price)
Number of rights granted	475,000	475,000	475,000	475,000
Fair Value per right	\$1.36	\$2.49	\$2.49	\$1.70
Tranche 21 – Management (Retention Rights)				
Stock Price at Grant	\$2.57	\$2.57	\$2.57	\$2.57
Exercise Price	N/A	N/A	N/A	N/A
Volatility	50%	N/A	N/A	N/A
Grant Date	5-Mar-19	5-Mar-19	5-Mar-19	5-Mar-19
Performance Period	1-Jul-20 to 30-Jun-23	1-Jul-20 to 30-Jun-23	1-Jul-20 to 30-Jun-23	1-Jul-20 to 30-Jun-23
Vesting Date	1 July 2023	1 July 2023	1 July 2023	1 July 2023
Risk free rate	1.8%	1.8%	1.8%	1.8%
Number of rights granted	475,000	475,000	475,000	475,000
Fair Value per right	\$1.39	\$2.46	\$2.46	\$1.75

(b) Tax exempt shares

During FY2019 142,125 shares were issued to employees under the \$1,000 Tax Exempt Share Plan.

The fair value of the shares issued was \$378,052.

(c) Reconciliation of Share based payments expense

	2019 \$'000	2018 \$'000
Performance Rights	6,591	3,044
Tax Exempt shares	378	335
Balance at end of year	6,969	3,379

NOTE 17 INTERESTS IN SUBSIDIARIES

	Percentage of equity interest held by the Parent	
	2019 %	2018 %

Parent Entity:

Saracen Mineral Holdings Limited (i)(ii)

Subsidiaries:

Saracen Gold Mines Pty Limited (ii)(iii)	100	100
Saracen Metals Pty Limited (ii)(iii)	100	100

All entities are incorporated in Australia and shareholdings relate to ordinary shares.

- (i) Saracen Mineral Holdings Limited is the head entity within the tax-consolidated Group and the parent entity.
- (ii) These companies are members of the tax-consolidated Group.
- (iii) The subsidiaries have entered into a deed of cross guarantee with Saracen Mineral Holdings Limited pursuant to ASIC Instrument 2016/191, dated 1 April 2016 and are relieved from the requirement to prepare and lodge an audited financial report.

In the current and prior year the consolidated statements of profit or loss and other comprehensive income and financial position of the entities party to the Deed of Cross Guarantee are the same as the Group and have therefore not been reproduced.

NOTE 18 STATEMENT OF CASH FLOWS

Accounting Policy

Cash on hand and in bank and short-term deposits are stated at nominal value. For the purpose of the statement of cash flows, cash includes cash on hand and in bank, and bank securities readily converted to cash, net of outstanding bank overdrafts.

NOTE 18 STATEMENT OF CASH FLOWS (continued)

(a) Reconciliation of cash	2019 \$'000	2018 \$'000
Cash balance comprises:		
- Cash	118,715	88,687
- Cash at call and in short term deposits	-	11,087
Closing cash balance	118,715	99,774

(b) Reconciliation of the operating profit after income tax to the net cash flows from operating activities

	2019 \$'000	2018 \$'000
Operating profit after income tax	92,494	75,585
<i>Non-cash items</i>		
Depreciation and amortisation	87,886	94,346
(Profit)/loss on the sale of assets	354	(10,594)
Expensing of deferred exploration cost	-	1,405
Impairment of assets	-	896
Tax effect of movement in deferred tax balances	38,876	37,689
Share based payments	6,969	3,379
Unwinding of discount - rehab provision	267	34
Obsolete stock write down	931	-
<i>Changes in assets and liabilities:</i>		
(Increase)/decrease in trade and other receivables	886	(289)
(Increase)/decrease in prepayments	(507)	(118)
(Increase)/decrease in inventory	(6,494)	(19,399)
Increase in trade and other payables	8,615	7,410
(Increase)/decrease in provisions	(2,218)	1,081
Net cash flows provided by operating activities	228,059	191,425

(c) Cash balances not available for use

As at 30 June 2019, the Group has \$253,372 held as retained supplier payments (2018: \$55,000 held by a bank for guarantees and credit card facilities).

NOTE 19 RELATED PARTY DISCLOSURES

(a) Ultimate parent

Saracen Mineral Holdings Limited is the ultimate parent company.

Information relating to Saracen Mineral Holdings Limited:	2019 \$'000	2018 \$'000
Current assets	144,209	111,506
Total assets	241,430	245,019
Current liabilities	15,151	4,026
Total liabilities	15,151	43,274
Contributed equity	261,392	259,992
Share based payment reserve	23,946	14,625
Investment revaluation reserve	11,310	2,609
Accumulated loss	(131,856)	(75,480)
Total equity	164,791	201,744
Net loss of the parent	(56,376)	(49,732)

Saracen Mineral Holdings Limited is party to a deed of cross guarantee with its wholly owned subsidiary Saracen Gold Mines Pty Limited and Saracen Metals Pty Limited as described in Note 17(iii) pursuant to ASIC Instrument 2016/191, dated 1 April 2016.

NOTE 19 RELATED PARTY DISCLOSURES (continued)

At 30 June 2019, Saracen Mineral Holdings Limited had no contingent liabilities and had not entered into contractual commitments to purchase property, plant or equipment (2018: Nil).

(b) Subsidiaries

Details of interests in subsidiaries are set out in Note 17.

Loans between group entities have no specific repayment terms and are unsecured.

The aggregate amounts receivable/ (payable) by the Company from/to subsidiaries at the reporting date were:

	2019 \$'000	2018 \$'000
Non-current receivable	97,098	133,158
Reconciliation of non-current receivable		
Balance at beginning of year	133,158	218,256
Loans provided to/(repaid by) subsidiaries	(36,060)	(85,098)
Balance at end of year	97,098	133,158

(c) Key Management Personnel

Disclosures relating to Key Management Personnel are set out in the remuneration report in the Directors' Report.

	2019 \$	2018 \$
Short term benefits	3,183,275	3,483,524
Post-employment benefits	138,262	178,265
Other benefits	16,585	22,386
Long term benefits	7,509	23,995
Share based payments	2,954,552	1,654,173
	6,300,183	5,362,343

Detailed remuneration disclosures are provided in the remuneration report on Pages 46 to 71.

Transactions with related parties

The following transactions occurred with related parties:

Payment for goods and services:

	2019 \$'000	2018 \$'000
Professional Services from PilotHole Pty Ltd (Director related entity of Martin Reed)	46,698	-
Director fees paid to PilotHole Pty Ltd (Director related entity of Martin Reed)	120,000	120,000

Payable to related parties

There were no payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

Transactions with Directors and Key Management Personnel have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

NOTE 20 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 Operating Segments are as follows:

- Saracen Gold Mines Pty Limited ("SGM") which includes the Group's exploration, development, production and administration relating to the Carosue Dam operations.
- Saracen Metals Pty Limited ("SME") which includes the Group's exploration, development, production and administration relating to the Thunderbox operations.
- Saracen Mineral Holdings Limited ("SAR") which includes the Group's corporate administration.

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.

	2019 \$'000	2018 \$'000
(a) Segment profit before tax		
SGM	86,427	51,680
SME	63,513	74,417
SAR	(12,234)	(9,350)
Operating profit before other income / (expenses)	137,706	116,747
Finance costs	(624)	(411)
Other income	2,188	1,213
Share based payments expense	(6,969)	(3,379)
Obsolete stock write down	(931)	-
Impairment of assets	-	(896)
Profit before income tax	131,370	113,274
(b) Segment assets and liabilities		
Assets		
SGM	295,123	189,662
SAR	144,332	111,861
SME	241,115	221,701
	680,570	523,224
Liabilities		
SGM	69,081	58,451
SAR	15,171	4,063
SME	41,770	40,335
Unallocated – Deferred Tax Liability	61,468	39,211
	187,490	142,060

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.

(c) Other segment information

Depreciation and amortisation of \$36.550 million (2018: \$35.627 million) and \$51.099 million (2018: \$58.483 million) are attributable to the SGM and SME segments respectively.

Total non-current asset additions of \$141.357 million (2018: \$58.246 million) and \$73.177 million (2018: \$73.129 million) are attributable to the SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTE 21 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short-term deposits. In addition the Group has financial assets at fair value through profit or loss, trade receivables and trade payables arising directly out of its operations. Risk oversight, management and internal control are dealt with on a continuous basis by management and the Board, with differing degrees of involvement depending upon the nature and materiality of the matter being dealt with.

The Board as a whole guides and monitors the business and affairs of Saracen. The Board has also constituted Risk Management and Audit Committees which oversee various aspects of the financial risks of the Group.

(a) Market risk

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the assets and liabilities bearing variable interest rates. The Group does not engage in any hedging or derivative transactions to manage interest rate risk. The following tables sets out the carrying amount, by maturity of the Group's exposure to interest rate risk and the effective weighted average interest rate for each financial instrument.

30 June 2019	Weighted average rate %	Variable interest rate \$'000	Fixed interest rate				Non-interest bearing \$'000	Consolidated Total \$'000
			Under 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	5+ years \$'000		
<i>Financial Assets</i>								
Cash assets	1.89	118,715	-	-	-	-	-	118,715
Other receivables	N/A	-	-	-	-	-	4,058	4,058
Security deposits	N/A	-	-	-	-	-	-	-
Total Financial Assets		118,715	-	-	-	-	4,058	122,773

Commodity risk

30 June 2018	Weighted average rate %	Variable interest rate \$'000	Fixed interest rate				Non-interest bearing \$'000	Consolidated Total \$'000
			Under 1 year \$'000	1 – 2 years \$'000	2 – 5 years \$'000	5+ years \$'000		
<i>Financial Assets</i>								
Cash assets	1.48	99,774	-	-	-	-	-	99,774
Other receivables	N/A	-	-	-	-	-	9,340	9,340
Security deposits	N/A	-	-	-	-	-	55	55
Total Financial Assets		99,774	-	-	-	-	9,395	109,169

The Group's exposure to commodity risk arises from movements in the gold price. The Group is party to gold delivery contracts (Note 15) whereby specified quantities of gold are sold on specific dates to partially manage the commodity risk.

Currency risk

The Group is exposed to the Australian dollar currency risk on gold sales, which are denominated in US dollars. The Group is party to gold delivery contracts (Note 15) for specified quantities of gold on specific dates to partially manage the currency risk.

(b) Credit risk

The Group trades only with recognised, creditworthy third parties. There are no significant concentrations of credit risk within the Group. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with a minimum credit rating of AA assigned by reputable credit rating agencies.

(c) Liquidity risk

The Group manages liquidity risk by maintaining sufficient cash reserves and marketable securities, and through the continuous monitoring of budgeted and actual cash flows. At the reporting date there is no significant liquidity risk. The table below analyses the Group's maturity of financial liabilities:

NOTE 21 FINANCIAL RISK MANAGEMENT (Continued)

30 June 2019	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	57,007	-	-	-	57,007
Other payables	1,102	-	-	-	1,102
<i>Total Financial Liabilities</i>	58,109	-	-	-	58,109
30 June 2018	< 6 month \$'000	6 – 12 months \$'000	1 – 5 years \$'000	5+ years \$'000	Total \$'000
Trade payables	44,208	-	-	-	44,208
Borrowings	163	-	-	-	163
<i>Total Financial Liabilities</i>	44,371	-	-	-	44,371

(d) Sensitivity analysis

The following table summarises the Group's exposure to interest rate risk at the reporting date. The sensitivities are based on management's best estimate of the market views for future interest rates over the next 12 months with reference to recent historical movements. The analysis demonstrates the after tax effect on the profit/(loss) and equity which could result from changes based on the following:

30 June 2019

Interest rate risk	Profit/(loss) \$'000	Equity \$'000
- Increase interest rate by 1%	831	831
- Decrease interest rate by 1%	(831)	(831)

30 June 2018

Interest rate risk	Profit/(loss) \$'000	Equity \$'000
- Increase interest rate by 1%	698	698
- Decrease interest rate by 1%	(698)	(698)

(e) Net fair values

The net fair values of financial assets and financial liabilities at the reporting date are as follows:

	Total carrying amount as per the Statement of Financial Position		Aggregate net fair value	
	Consolidated		Consolidated	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<i>Financial Assets</i>				
Cash and cash equivalents	118,715	99,774	118,715	99,774
Other receivables	4,058	9,340	4,058	9,340
Investments – listed	25,536	11,682	25,536	11,682
Other financial assets	-	55	-	55
Assets held for sale	-	450	-	450
<i>Total Financial Assets</i>	148,309	121,301	148,309	121,301
<i>Financial Liabilities</i>				
Trade payables	57,007	44,208	57,007	44,208
Other payables	1,102	-	1,102	-
Borrowings	-	163	-	163
<i>Total Financial Liabilities</i>	58,109	44,371	58,109	44,371

NOTE 21 FINANCIAL RISK MANAGEMENT (Continued)

Fair value hierarchy

AASB 13 *Fair Value Measurement* 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 30 June 2019 and 30 June 2018 on a recurring basis:

	\$'000	\$'000	\$'000	\$'000
	Level 1	Level 2	Level 3	Total
30 June 2019				
Assets				
Financial assets at fair value through other comprehensive income	25,536	-	-	25,536
	25,536	-	-	25,536
30 June 2018				
Assets				
Financial assets at fair value through other comprehensive income	11,682	-	-	11,682
Assets held for sale (Red October operation)	-	450	-	450
	11,682	450	-	12,132
Liabilities				
Liabilities held for sale (Red October operation)	-	-	-	-

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2019 and did not transfer any fair value amounts between the fair value hierarchy during the year FY2019.

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.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The Group does not have any level 3 assets or liabilities.

NOTE 22 CAPITAL MANAGEMENT

Management's objective is to ensure the Group continues as a going concern and in the interests of shareholders. It aims to maintain a capital structure with the lowest cost of capital available to the Group. The Group has detailed planning processes, budgets and cash flow forecasts through which it continually monitors its position against the above objectives. At 30 June 2019, the capital structure consisted of total shareholders' funds, cash and other financial assets less finance lease borrowings. The Group's overall strategy remains unchanged from 2018.

The Company maintains a long term senior corporate financing facility. The facility includes an initial \$45 million loan facility, \$5 million bank guarantee facility and a gold hedging facility. The facility was for a term of three years and features an "evergreen" arrangement with an annual review date whereby the term can be extended. During the year, the term of the facility was extended by one year to November 2020.

The Facility also features an accordion provision whereby Saracen can request up to an additional \$105 million capacity under the corporate loan (to take the loan to \$150 million) with the approval of the syndicate members.

As at 30 June 2019, the facility had not been drawn down on.

NOTE 23 CONTINGENT LIABILITIES

There are no contingent liabilities at 30 June 2019 (2018: Nil).

NOTE 24 MATTERS SUBSEQUENT TO THE REPORTING DATE

On 14 June 2019, Saracen announced an off-market takeover offer to acquire Bligh Resources (ASX: BGH). The 100% scrip consideration values Bligh at ~A\$38m at the time of announcement.

On 31 July 2019 Saracen announced it has received acceptances for more than 90% of the fully paid ordinary shares on issue in Bligh and therefore Saracen may now compulsorily acquire the outstanding fully paid ordinary shares on issue in Bligh. Saracen proposed to acquire the remaining fully paid ordinary shares on issue in Bligh on the same terms as set out in the bidder's statement, dated 8 July 2019, in respect of its Takeover Bid, being an offer of 0.0369 fully paid ordinary share on issue in Saracen for every one fully paid ordinary share on issue in Bligh.

No other material events have occurred since 30 June 2019 requiring disclosure.

Except for the event detailed above, no other matter or circumstance has arisen since 30 June 2019 that has significant affected, or may significantly affect:

- The Group's operation in future financial years, or
- The result of those operations in future financial years, or
- The Group' state of affairs in future financial years.

DIRECTORS' DECLARATION

The Directors of Saracen Mineral Holdings Limited declare that, in their opinion:

- (a) the financial statements and notes and the Remuneration Report in the Directors' Report set out on Pages 46 to 71, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) the financial report also complies with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) as disclosed in Note 1(b); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

At the date of this declaration, there are reasonable grounds to believe that the Company and the group entities identified in Note 17 will be able to meet any obligations or liabilities to which they are or may have become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Instrument 2016/191.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2019.

Signed in accordance with a resolution of the Directors.



RALEIGH FINLAYSON
Managing Director
19 August 2019

INDEPENDENT AUDITORS REPORT



Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Saracen Mineral Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Saracen Mineral Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Accounting for mine properties

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's carrying value of mine properties, as disclosed in Note 11 was a key audit matter as the carrying value of mine properties is impacted by various key estimates and judgements, in particular the following:</p> <ul style="list-style-type: none"> • Ore reserve estimates; • Commercial production start date; • Amortisation rates; and • LoM average stripping ratio. <p>Furthermore, as the carrying value of mine properties represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • evaluating the Group's amortisation policy in accordance with the Australian Accounting Standards and relevant accounting interpretations and reviewing its consistency in application across the Group's operating mines; • agreeing the inputs including the ore reserve estimates and ounces of gold produced during the year that were used in the calculation of the amortisation rates to supporting documentation; • testing the mathematical accuracy and application of the amortisation rates applied to the carrying values of all mine properties in commercial production by recalculating amortisation for the year; • reviewing Board minutes and ASX announcements to confirm mines which are being amortised have entered commercial production; • assessing the competency and objectivity of the expert used by management in the preparation of the ore reserve report; • assessing management's calculation of the stripping asset based on actual stripping ratios from technical reports and compared this data to the average stripping ratio included within the LoM; • evaluating whether there were any indicators of impairment under the Australian Accounting Standards; and • assessing the adequacy of the related disclosures in Note 11 to the financial statements.



Valuation of ore stocks

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The Group's inventory, as disclosed in Note 7 was a key audit matter as the inventory costing models require significant estimates to calculate the cost of the ore stocks and net realisable value ("NRV").</p> <p>The determination of the NRV of the ore stocks requires management's judgement in relation to estimating the future gold prices, future processing costs and related selling costs, ore grades, volumes and densities.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • assessing the model applied by the Group in determining the NRV for ore stocks against the requirements of the Australian Accounting Standards; • obtaining management's technical reports, including surveying reports and agreeing the ore grades and tonnages included in the inventory costing models as at 30 June 2019; • evaluating the processes undertaken by the expert in preparing the technical reports; • assessing the competency and objectivity of the expert used by management in the preparation of the technical reports; • observing the surveying process and procedures as part of our year end site visit; • comparing future gold prices used in management's models to current gold price data, market consensus and trends and assessing future expected processing and selling costs used in management's models to actual costs incurred during the year; and • assessing the adequacy of the related disclosures in Note 7 to the financial statements.



Other information

The directors are responsible for the other information. The other information comprises the information contained in the Financial Report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report to Shareholders, which is expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report to Shareholders, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 46 to 71 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Saracen Mineral Holdings Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch

Director

Perth, 19 August 2019

SHAREHOLDER INFORMATION

The following additional information was applicable as at 19 August 2019

1. SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders and the number of shares in which they have a relevant interest are:

Substantial Shareholder	Fully Paid Ordinary Shares	%
Van Eck Associates Corporation	99,271,917	12.10
BlackRock Group	75,818,805	9.24
Mitsubishi UFJ Financial Group, Inc.	41,219,622	5.01

2. FULLY PAID ORDINARY SHARES

- There are 8,841 holders of fully paid ordinary shares. Holders of fully paid ordinary shares are entitled to one vote per fully paid ordinary share.
- Distribution of fully paid ordinary shareholders:

Category (Size of Holding)	Number of Fully Paid Ordinary Shareholders
1 - 1,000	2,356
1,001 - 5,000	3,229
5,001 - 10,000	1,353
10,001 - 100,000	1,759
100,001 Over	144
Total	8,841

- The number of fully paid ordinary shareholdings held in less than marketable parcels is 375 (based on a share price of \$3.91).
- The 20 largest fully paid ordinary shareholders together held 87.87% of the securities in this class.

20 Largest Fully Paid Ordinary Shareholders			
Rank	Name	Units	% of Units
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	389,993,915	46.87
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	163,478,469	19.65
3.	CITICORP NOMINEES PTY LIMITED	71,532,002	8.60
4.	WROXBY PTY LTD	33,496,145	4.03
5.	NATIONAL NOMINEES LIMITED	20,855,324	2.51
6.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	9,031,793	1.09
7.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	6,534,891	0.79
8.	NATIONAL NOMINEES LIMITED <DB A/C>	5,144,448	0.62
9.	BNP PARIBAS NOMS PTY LTD <DRP>	5,056,055	0.61
10.	MSH GROUP PTY LTD <FINLAYSON FAMILY A/C>	4,016,819	0.48
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	3,134,864	0.38
12.	MR RICHARD ARTHUR LOCKWOOD	3,000,000	0.36
13.	FF OKRAM PTY LTD <FF OKRAM A/C>	2,650,000	0.32
14.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	2,638,684	0.32
15.	QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	2,200,000	0.26
16.	QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	2,150,000	0.26
17.	CPU SHARE PLANS PTY LTD <SAR PRV CONTROL A/C>	1,880,000	0.23
18.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	1,626,733	0.20
19.	AMP LIFE LIMITED	1,598,674	0.19
20.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,159,160	0.14
	Total	731,177,976	87.87

There is a total of 832,147,896 fully paid ordinary shares on issue, all of which are listed on the Australian Securities Exchange.

3. UNLISTED EMPLOYEE PERFORMANCE RIGHTS

As at 19 August 2019, there are a total of 15,622,140 unlisted Performance Rights on issue held by 84 different persons. These Rights have no exercise price and vest between 1 July 2020 and 1 July 2023, subject to the fulfilment of the relevant vesting conditions and that the holder is still an employee of the Saracen Group at that time.

4. COMPANY SECRETARY

Mr Jeremy Ryan

5. REGISTERED AND PRINCIPAL OFFICE

The address of the registered and principal office is:
Level 11/40 The Esplanade
Perth, WA 6000

Telephone: (08) 6229 9100

Facsimile: (08) 6229 9199

6. REGISTER OF SECURITIES

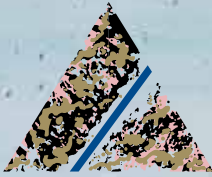
Held at the following address:
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth, WA 6000

Telephone: 1300 850 505

Facsimile: (03) 9473 2500







Saracen

SARACEN.COM.AU

ABN: 52 009 215 347