



SARACEN MINERAL HOLDINGS LIMITED

ACN: 009 215 347

QUARTERLY REPORT: MARCH 2016

Corporate Details:

27th April 2016

ASX code: SAR

Corporate Structure:

Ordinary shares on issue: 800.8m

Unvested employee performance rights: 20.2m

Market Capitalisation: A\$813m
(share price A\$1.015)

Cash & Bullion (31 March): A\$34.3m

Debt (31 March): Nil

Directors:

Mr Geoff Clifford
Non-Executive Chairman

Mr Raleigh Finlayson
Managing Director

Mr Mark Connelly
Non-Executive

Mr Martin Reed
Non-Executive

Ms Samantha Tough
Non-Executive

Substantial Shareholders:

Wroxy 8.2%

Paradise Investment Management 8.0%

Van Eck 7.4%

Karara Capital 6.1%

Group Resources and Reserves:

Resources 7.6Moz (30 June 2015)

Reserves 1.5Moz (30 June 2015)

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Ramping up to ~300,000ozpa as Thunderbox prepares for first commercial production

Production

- Quarterly gold production of **43,059oz (Carosue Dam 33,749oz, Thunderbox 9,310oz)**
- Quarterly all-in sustaining cash costs (AISC) of **A\$1,183/oz**, YTD AISC A\$1,065/oz (within FY16 outlook range of A\$1,025-1,075/oz)
- FY16 group production outlook increased to 175-195,000oz
- Improved June quarter anticipated at Carosue Dam as deferred high-grade ore is processed, and Thunderbox achieves commercial production

Development

- Thunderbox commissioning almost complete with commercial production anticipated in the current June quarter, doubling total group production to an annualised rate of ~300,000oz
- Development of Carosue Dam's Deep South underground mine continues with commercial production anticipated in the current June quarter

Financial

- **Cash and equivalents** at 31 March of **A\$34.3m** (\$42.1m at 31 December 2015), exceeding outlook which stated cash and bullion "in excess of \$20m" at 31 March 2016
- Operational cash flow generated at Carosue Dam for the quarter (including movement in gold in transit) was A\$26.0 million
- Subsequent to the March quarter, Saracen purchased the Norilsk royalty (1.5% NSR) reducing Thunderbox's AISC to ~A\$1000/oz

Exploration and growth

- Resources at Carosue Dam's Karari mine increase by 240,000oz to 873,000oz (up 38%), and Reserves increase by 114,447oz to 212,447oz (up 117%), relative to 30 June 2015 (after mining depletion)
- Karari extended approximately 100m down dip with an intersection of 12.0m @ 5.1g/t from 557m
- New drill platforms at Karari being developed, aimed at extending mine life beyond the current five year plan at Carosue Dam

Health and safety

- Three LTIs occurred during the quarter; TIFR steady at 368

Group Summary

Table 1 – Consolidated production and sales summary

Group	Units	Sep Q 2015	Dec Q 2015	Mar Q 2016	YTD FY16
Recovered Gold	oz	38,140	44,265	43,059	125,464
AISC*	A\$/oz	1,025	1,009	1,183	1,065
Sold Gold	oz	39,391	44,049	36,891	120,331
Average Sale Price	A\$/oz	1,593	1,590	1,675	1,617
Sales Revenue	A\$m	62.8	70.0	61.8	194.6

* AISC applies to Carosue Dam production only, Thunderbox costs are capitalised (until commercial production)

Carosue Dam Operations

Table 2 – Carosue Dam - Key metrics

Carosue Dam	Units	Sep Q 2015	Dec Q 2015	Mar Q 2016	YTD FY16
Underground Mining					
Ore Mined	t	143,000	248,000	275,000	666,000
Mine Grade	g/t	4.30	4.54	2.94	3.83
Contained Gold	oz	19,759	36,229	26,051	82,039
Mill Production					
Ore Milled	t	577,000	569,000	565,000	1,711,000
Mill Grade	g/t	2.25	2.62	2.02	2.30
Contained Gold	oz	41,753	47,854	36,733	126,340
Recovery	%	91.3%	92.5%	91.9%	91.9%
Recovered Gold	oz	38,140	44,265	33,749	116,154

Underground Mining

Ore mined from underground continues to increase, rising to 275kt in the March quarter. Increased ore from the development of the Deep South mine was offset by lower production from Red October, where exploration drilling is prioritised. Table 2 includes production from:

- Karari - 11.4koz @ 2.5g/t** (v December quarter 15.1koz @ 3.1g/t)
 Ore grade and production was lower than the December quarter due to predominantly development ore only being mined from the Dhoni lode. Stoping is set to increase in the current June quarter and the head grade is expected to revert to ~3.0g/t in line with the Reserve grade.
- Red October - 11.9koz @ 3.8g/t** (v December quarter 21.1koz @ 6.7g/t)
 Gold production was lower than the previous quarter due to the planned development of the Deep South mine, with resources shared between the two mines. This has also enabled exploration drilling to be conducted from the base of the Red October mine (results expected in the current June quarter).
- Deep South - 2.7koz @ 2.3g/t** (v December quarter nil)
 99% of ore production was from development, with stoping commencing late in the quarter. Ore grades are set to increase to ~3.5g/t in the current June quarter with stoping ramping up.

Despite the softer quarter from underground mining, Carosue Dam generated operational cash flow of A\$26.0 million resulting in A\$34.3m cash and equivalents at 31 March 2016. This comfortably exceeded the outlook of “in excess of A\$20m”, reinforcing Saracen’s cash flow credentials.

Combined underground mine production is expected to revert back to +30koz in the current June quarter with the commencement of stoping activities at both Deep South and the Dhoni lode at Karari.

Processing

Milling was impacted by adverse weather during the quarter, with heavy rains in the last two weeks of March restricting road haulage of ore from the Deep South and Red October mines.

The closing ore stockpile at the end of the quarter was 1.3Mt @ 0.9g/t for 37,996oz. These ounces will only incur processing and administration costs, equivalent to ~A\$1,097/oz AISC or A\$14 million in deferred free cash flow using latest costs and a A\$1,518/oz gold price (average hedge price).

Outlook

A stronger June quarter is expected as deferred high grade ore is processed and stoping activities at both Deep South and Karari ramp up.

June quarter to date (to 25 April) Carosue Dam has performed strongly, with mine production of ~9,100oz @ 3.2g/t and mill production of ~12,500oz @ 2.5g/t. This sets the foundations for a strong finish to FY16.

Thunderbox Operations

Table 3 – Thunderbox - Key metrics

Thunderbox	Units	Sep Q 2015	Dec Q 2015	Mar Q 2016	YTD FY16
Open Pit Mining					
Total Mining	bcm	2,420,000	4,247,000	3,679,000	10,346,000
Ore Mined	t		84,000	326,000	410,000
Mine Grade	g/t		0.80	0.98	0.94
Contained Gold	oz		2,159	10,258	12,417
Mining Cost	A\$/bcm	\$3.57	\$2.73	\$3.78	\$3.30
Mining Cost	A\$m	\$8.6	\$11.6	\$13.9	\$34.1
Mill Production					
Ore Milled	t			345,000	345,000
Mill Grade	g/t			0.92	0.92
Contained Gold	oz			10,230	10,230
Recovery	%			91.0%	91.0%
Recovered Gold	oz			9,310	9,310

Open Pit Mining

3.7 million bcm were excavated from Thunderbox (Zone A) during the quarter, with 345,000 tonnes of ore mined for 10,230oz at an average grade of 0.92g/t. By the end of the quarter, the pit floor of the cutback had reached the same level as the base of the old pit, allowing for ease of access, increased tonnage of higher grade, footwall ore and simplified scheduling of mining going forward.

Total mining expenditure was A\$13.9 million (inclusive of load and haul, drill and blast, grade control, supervision and overheads), compared to budgeted costs of A\$18.0 million (23% lower).

Material mined was slightly lower than budgeted movement of 3.9 million bcm (10% under performance), primarily due to inclement weather.

Unit mining costs for the quarter were 2% lower than budget and 25% below YTD budget (A\$3.30/bcm v A\$4.39/bcm).

Figure 1 – Thunderbox Open Pit (looking north) – Consistent and persistent

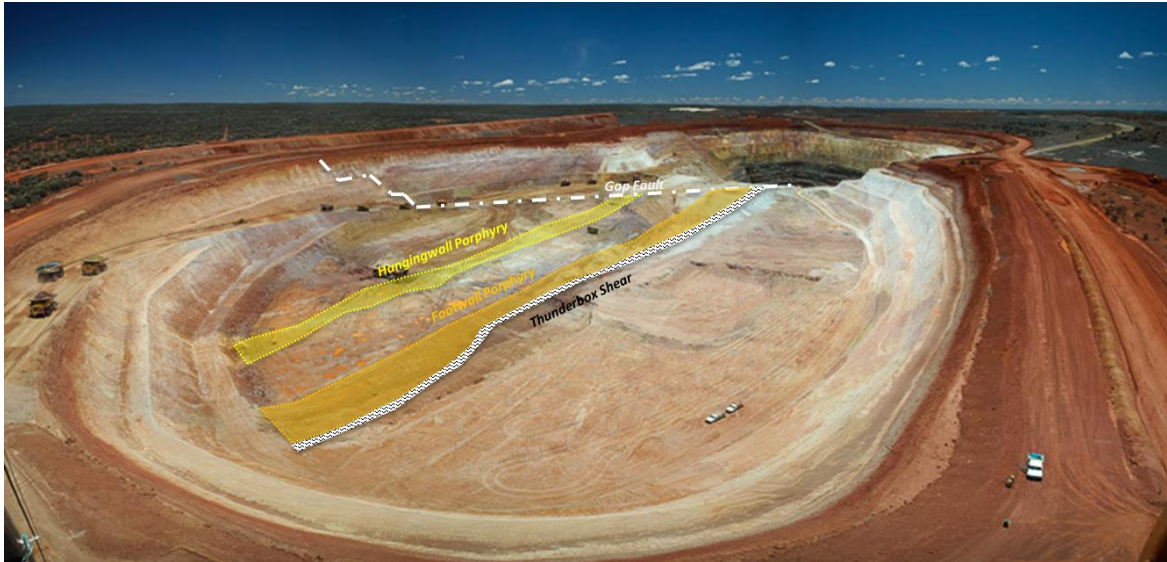


Figure 1 identifies both the lower grade hanging wall lode in the background and the higher grade, bulk, foot wall lode in the foreground.

Processing

Commercial production is anticipated in the current June quarter, doubling total group production to an annualised rate of ~300,000oz.

The laboratory was commissioned, the pebble crusher installed and the first of the spark ignition gas generators for the powerhouse has arrived on site. Plant throughput has reached nameplate capacity.

The first gold pour at Thunderbox took place during the quarter with a total of **9,310oz** produced.

The current June quarter will see the commissioning of the tailings thickener, the electrical commissioning of the scats pebble crusher and the commencement of works on the new gravity circuit to be commissioned in July.

Outlook

A stronger June quarter is expected with increased tonnage of the higher grade foot wall ore becoming available for milling.

June quarter to date (to 25 April) Thunderbox has performed strongly. Mine production of ~6,368oz @ 1.6g/t and mill production of ~6,000oz @ 1.3g/t comfortably exceed the mine and mill head grade for the March quarter of 0.9-1.0g/t.

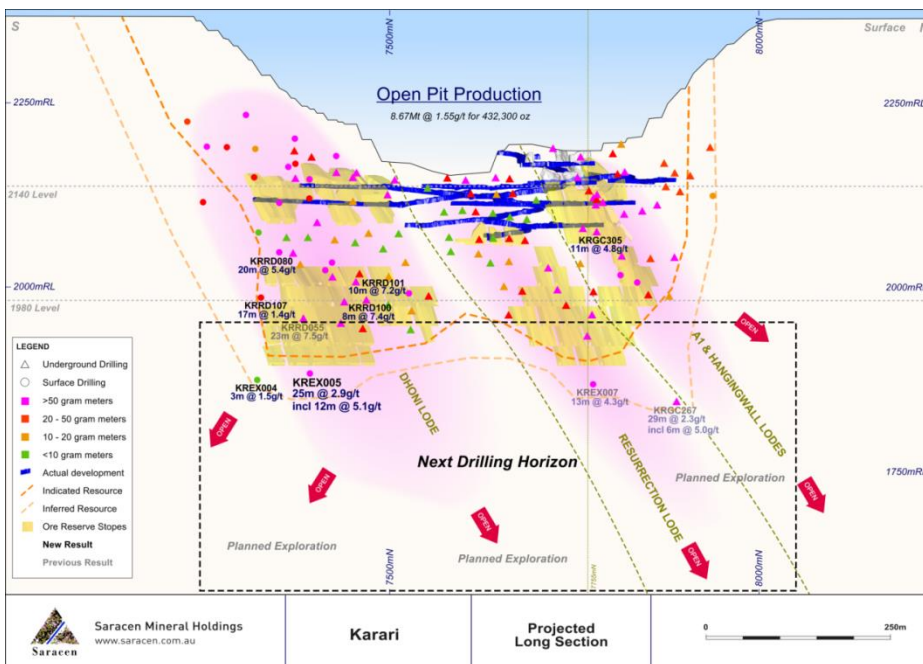
Exploration and Growth

Karari Drilling

The Dhoni Lode continues to impress with solid widths and grades (Figure 2) reported including **10m @ 7.2g/t**, and **8m @ 7.4g/t**

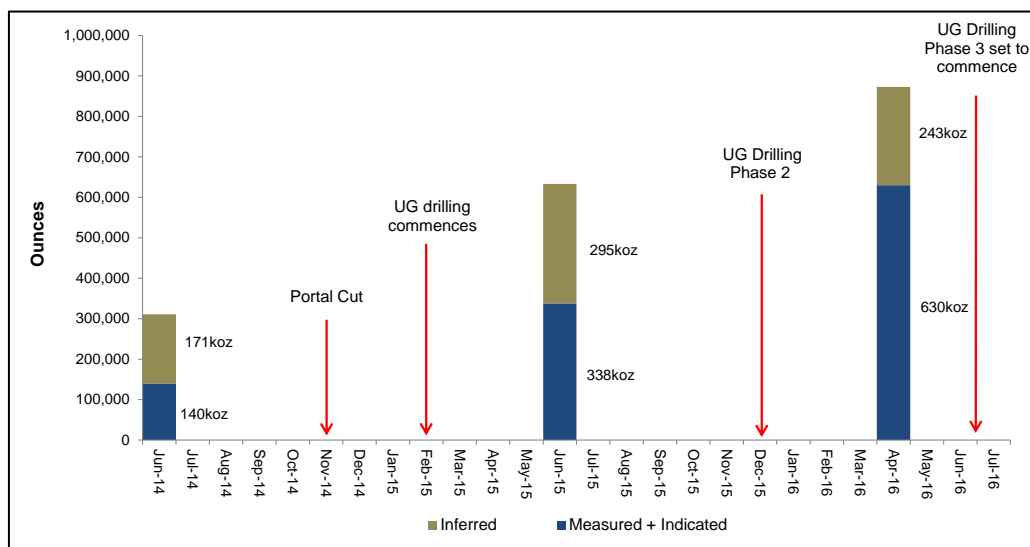
The lode has also been extended at depth by another 100m. Extensional exploration hole KREX005 returned 25m @ 2.9g/t including **12m @ 5.1g/t** down dip from the previously reported 23m @ 7.5g/t (refer to ASX announcement dated 13th April – “Carosue Dam set for long life as Karari Resource grows 38% to 873,000oz”).

Figure 2 – Karari Long section highlighting recent down dip extension of the resource



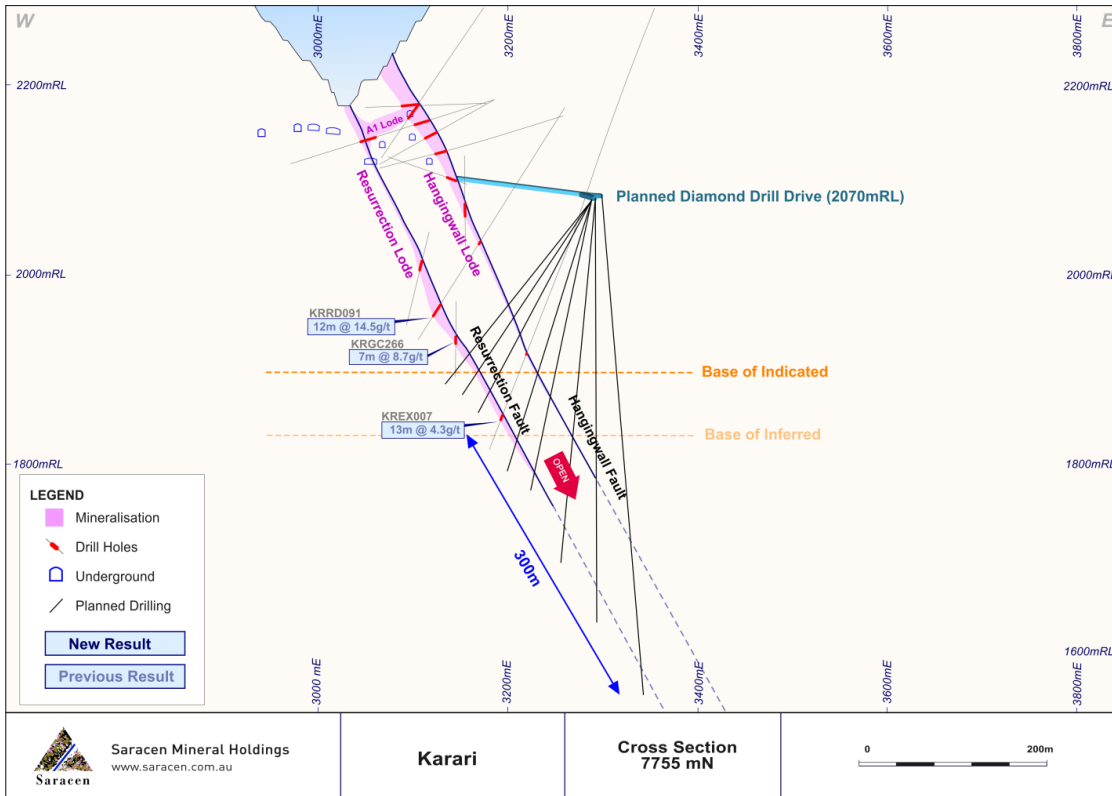
Since the commencement of the Karari underground mine in November 2014 (portal cut 16 months ago), the total Mineral Resource has grown by **180%**, with the Indicated resource increasing by **350% (+490koz)** (after mining depletion).

Figure 3 – Mineral Resource growth timeline at Karari



FY17 will see an extensive drill program (A\$4.5m) from two new platforms, currently under development (A\$2.9m). The drill platforms will allow the resource to be tested some 300m down dip below the base of the current Inferred Resource, with the first drill drive becoming available in the September quarter 2016.

Figure 4 – Planned 300m down-dip definition of the Karari resource

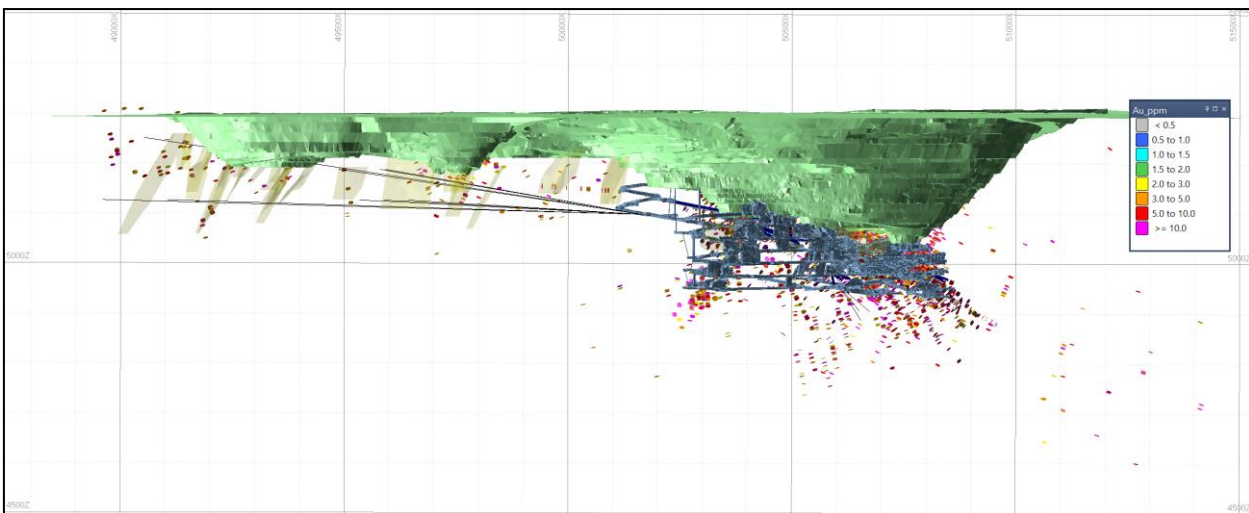


King of the Hills Scoping Study Underway

Work has commenced on a Scoping Study to assess potential mining options for the King of the Hills project, 55km to the south of Thunderbox.

An exploration drill program is also being prepared to test continuity of the high grade mineralisation identified in the southern portion of the resource.

Figure 5 – Planned drilling at King of the Hills



Corporate

Health and Safety

3 Lost Time Injuries (LTI) were recorded during the March quarter.

A refurbishment fitter at Thunderbox overbalanced and injured his hand when breaking his fall. At Carosue Dam a raise bore operator was struck on the hip and foot by a piece of machinery. Also at Carosue Dam an operator's hand slipped resulting in a laceration.

The LTIFR is 4.6 and the Total Incident Frequency Rate (TIFR) has remained steady at 368.

Cash Position

As at 31 March 2016, Saracen's total cash and equivalents position was A\$34.3 million, comprising A\$19.9 million held in cash and 9,011 ounces of gold in transit (approximately A\$14.4 million at A\$1,600/oz).

The larger than normal ounces of gold in transit was due to the Easter break delaying gold outturns from the refinery.

There was no corporate debt drawn at the end of the quarter.

Hedging

As at 31 March 2016, Saracen had gold hedging in place totalling 279,299oz at an average price of A\$1,518/oz. These ounces are to be delivered over the period from April 2016 to March 2019 (inclusive). Refer to Appendix 1 for complete details of the hedge book.

During the quarter, the Company added 45,000ozs of hedging as follows:-

- 15,000ozs @ A\$1,605/oz
- 15,000ozs @ A\$1,658/oz
- 10,000ozs @ A\$1,751/oz

Gold Sales

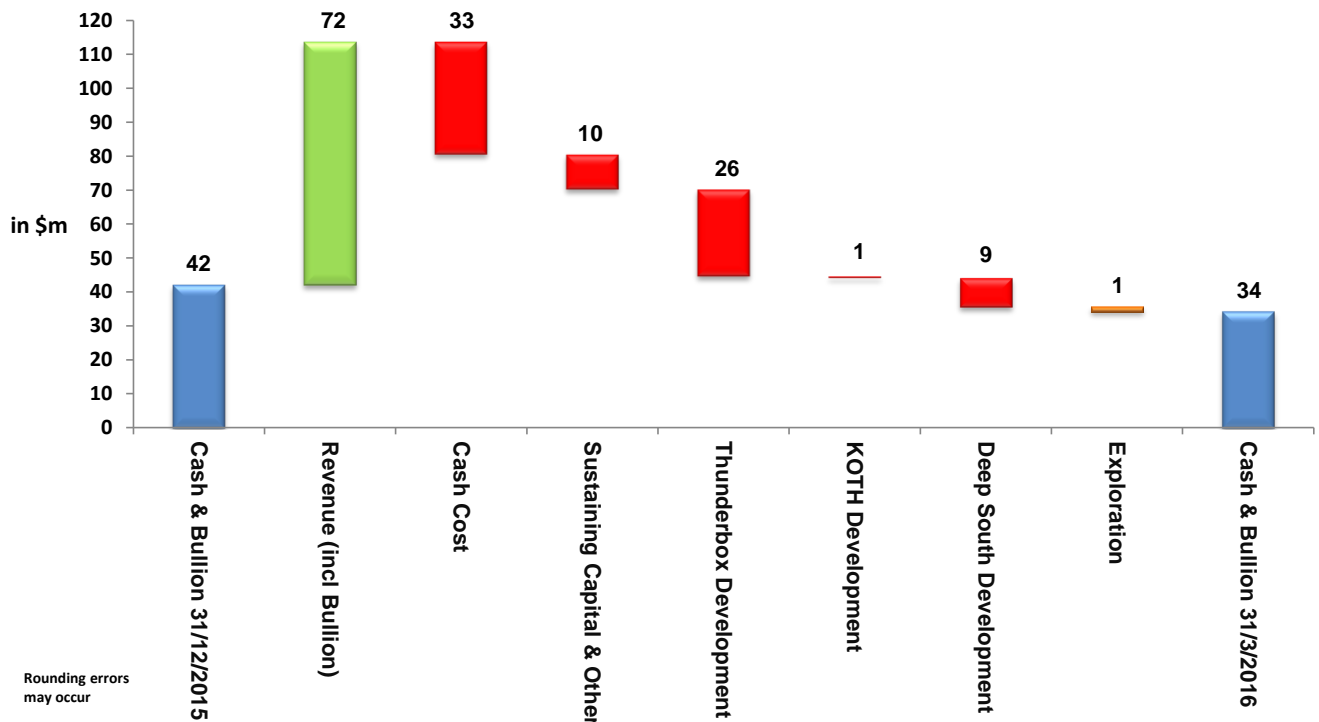
Gold sales for the quarter were 36,891oz at an average sale price of A\$1,675/oz for total revenue of A\$61.8 million (note that gold sales exclude movements in gold in transit). Gold sales of 30,853oz were delivered into various hedging contracts.

Whirling Dervish ore stockpile

The estimated carrying value of the Whirling Dervish ore stockpile at 31 March 2016 is reduced to \$13m (unaudited), from \$16m at 31 December 2015. This is a non-cash expense.

Cash Flows

Figure 6 – March 2016 quarter cash movements



- **Revenue:** Revenue from gold sales (includes movements in gold in transit)
- **Cash Costs:** Cash outflows for mining, ore cartage, processing, site administration and ore purchase
- **Sustaining Capital & other:** Cash outflows for royalties, capital works, open pit development, underground development, active mine exploration & corporate expenses (including loan interest)
- **Thunderbox Development:** Includes expenditure on development and exploration
- **KOTH Development:** Cash outflow for the KOTH & Kailis projects including care & maintenance, feasibility study, acquisition price and stamp duty
- **Deep South Development:** Cash outflows for the development of the Deep South underground mine
- **Exploration:** Cash outflows for regional exploration (excludes Thunderbox)

Operational cash flow generated at Carosue Dam for the quarter (including movement in gold in transit) was A\$26.0 million. This takes into account all open pit and underground mining costs, ore haulage, processing and site administration expenses as well as royalties, sustaining capital and underground development.

Cash Costs

All-in Sustaining Cash Costs for the March quarter were A\$1,183/oz, and A\$1,065/oz YTD, inside the FY16 guidance range of A\$1,025/oz to \$1,075/oz provided for Carosue Dam.

Table 4 – Cash costs

Cash Costs	Unit	Jun-15 Qtr	Sep-15 Qtr	Dec-15 Qtr	Mar-16 Qtr
		\$/m	\$/m	\$/m	\$/m
Mining - Open Pit	A\$m	9.7	2.7	0.4	0.1
Mining - Underground	A\$m	8.0	9.4	19.7	15.8
Ore Cartage	A\$m	1.5	0.6	0.1	1.0
Processing	A\$m	10.1	13.2	11.5	10.8
Site Administration	A\$m	1.6	2.2	1.9	1.9
Ore Purchase	A\$m	-	-		
Cash Costs	A\$m	\$30.9	\$28.2	\$33.7	\$29.7
Royalties	A\$m	3.1	2.8	3.2	2.4
Capital Works	A\$m	0.7	0.7	2.0	1.4
Open Pit Development	A\$m	-	-	-	-
Underground Development	A\$m	4.1	5.1	4.0	4.3
Active Mine Exploration	A\$m	-	-	-	-
Corporate	A\$m	1.8	2.3	1.8	2.1
"All in" Cash Costs	A\$m	\$40.6	\$39.1	\$44.7	\$39.9
Growth Capital	A\$m	13.2	19.4	27.3	34.6
Exploration	A\$m	3.4	3.2	2.0	1.4
Production (oz)		46,564 oz	38,140 oz	44,265 oz	33,749 oz
		\$/oz	\$/oz	\$/oz	\$/oz
Mining - Open Pit	A\$/oz	208	71	10	3
Mining - Underground	A\$/oz	171	247	446	470
Ore Cartage	A\$/oz	32	17	2	30
Processing	A\$/oz	218	346	261	321
Site Administration	A\$/oz	34	58	44	55
Ore Purchase	A\$/oz	-	-	-	-
Cash Costs	A\$/oz	\$663	\$739	\$762	\$879
Royalties	A\$/oz	67	74	72	72
Capital Works	A\$/oz	15	18	45	41
Open Pit Development	A\$/oz	-	-	-	-
Underground Development	A\$/oz	88	134	90	127
Active Mine Exploration	A\$/oz	-	-	-	-
Corporate	A\$/oz	38	60	40	63
"All in" Cash Costs	A\$/oz	\$871	\$1,025	\$1,009	\$1,183

For further information please contact:

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Competent Persons Statements

The information in the report to which this statement is attached that relates to Exploration Results is based upon information compiled by Mr Daniel Howe, a Competent Person who is a member of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Daniel Howe is a full-time employee of the company. Daniel Howe has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Daniel Howe consents to the inclusion in the report of matters based on his information in the form and context in which it appears.

The information on Mineral Resources and Ore Reserves has been extracted from the ASX announcement titled "2015 Mineral Resources and Ore Reserves" dated 15 October 2015. The report is available to view on the ASX Website at www.asx.com.au and on the Company's website at www.saracen.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources and Ore Reserves, that all market assumptions and technical assumptions underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Appendix 1 – Details of Hedging Contracts

Month	Ounces	Hedge Price
Spot Deferred	37,679	1,410.48
Spot Deferred	9,476	1,600.40
Spot Deferred	45,000	1,410.96
Spot Deferred	15,000	1,606.01
Spot Deferred	10,444	1,658.18
Spot Deferred	10,000	1,751.05
29/04/2016	3,900	1,740.00
31/05/2016	3,900	1,740.00
30/06/2016	3,900	1,750.00
30/09/2016	4,000	1,520.00
31/10/2016	4,000	1,520.00
30/11/2016	4,000	1,520.00
31/12/2016	4,000	1,520.00
31/01/2017	4,000	1,520.00
28/02/2017	4,000	1,520.00
31/03/2017	4,000	1,520.00
30/04/2017	4,000	1,520.00
31/05/2017	5,000	1,520.00
30/06/2017	5,000	1,520.00
31/07/2017	5,000	1,520.00
31/08/2017	5,600	1,520.00
30/09/2017	5,600	1,520.00
31/10/2017	5,600	1,520.00
30/11/2017	5,600	1,520.00
31/12/2017	5,600	1,520.00
31/01/2018	5,600	1,520.00
28/02/2018	3,500	1,520.00
31/03/2018	3,500	1,520.00
30/04/2018	3,600	1,520.00
31/05/2018	3,600	1,520.00
30/06/2018	3,600	1,520.00
31/07/2018	3,600	1,520.00
31/08/2018	4,300	1,520.00
30/09/2018	4,300	1,520.00
31/10/2018	4,300	1,520.00
30/11/2018	4,300	1,520.00
31/12/2018	5,200	1,520.00
31/01/2019	5,200	1,520.00
28/02/2019	5,200	1,520.00
31/03/2019	5,200	1,520.00
Total	279,299	\$ 1,517.80