



Saracen

SEPTEMBER QUARTER 2020

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Presentation

22nd October 2020

Qualification



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Highlights



Solid start to FY21, strong cash flow:

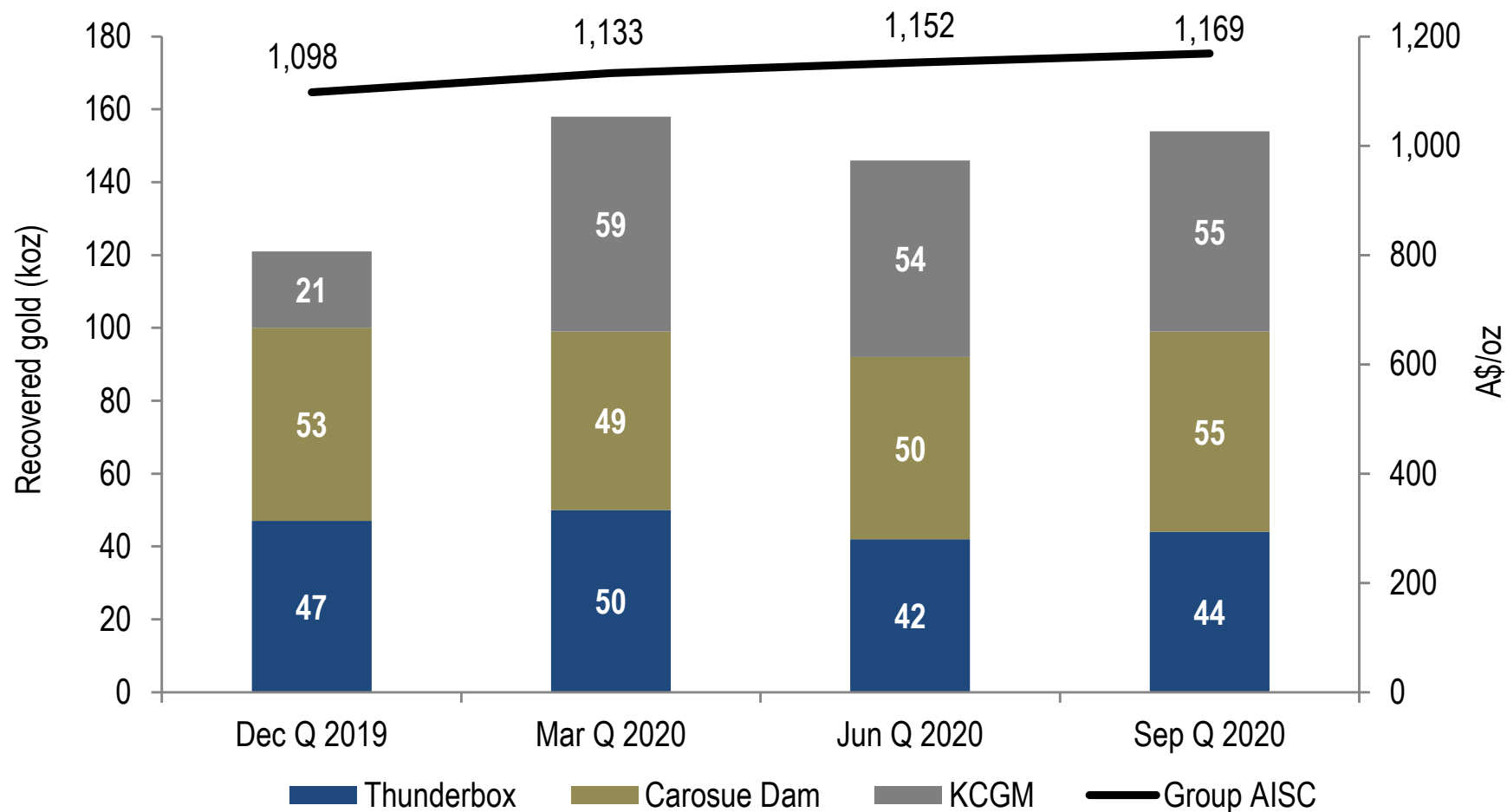
- ▲ **Safety - LTIFR at 1.4**
- ▲ **Quarterly gold production - 154,388oz at AISC A\$1,169/oz**
- ▲ **At 30 September - Cash / liquids A\$467m, debt A\$321m**
- ▲ **Quarterly cash build - A\$98m**
- ▲ **Record quarterly unaudited NPAT - A\$70m to A\$80m**
- ▲ **Growth projects:** Carosue Dam mill expansion, Thunderbox Underground development accelerated, Thunderbox D Zone, KCGM Morrison and OBH open pits
- ▲ **A\$14m invested in exploration, Group Reserves and Resources updated to 8.6Moz and 17.0Moz respectively**

All reported KCGM metrics are attributable to Saracen i.e. 50% share unless stated otherwise

Highlights



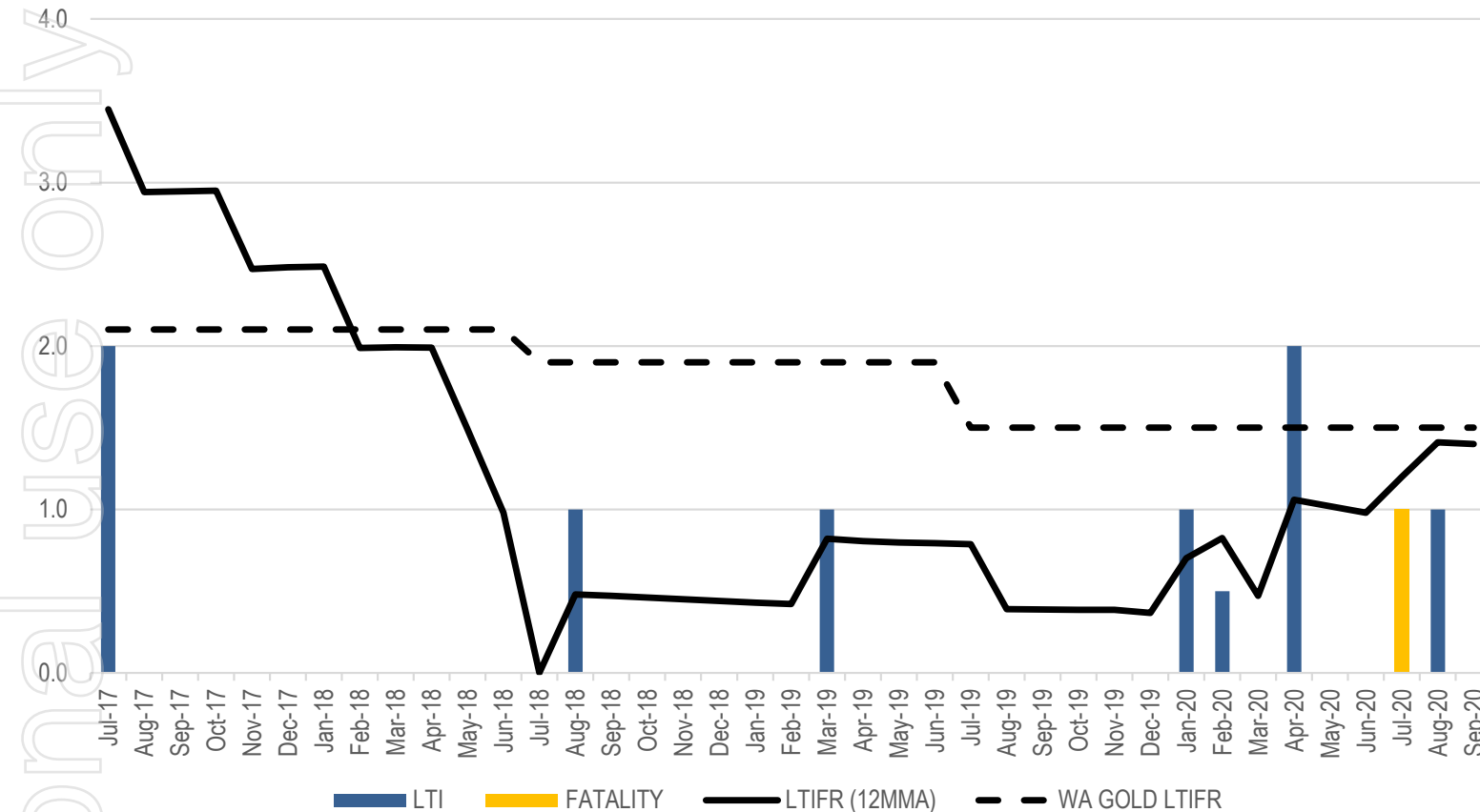
Group production and AISC:



Outlook:

- ▲ SAR FY21 guidance of **600 - 640koz** at an **AISC** of **A\$1300 - A\$1400/oz** unchanged
- ▲ **“Future-proof” the business strategy continues** i.e. investing capital in the short term to de-risk production and lower costs in the future; Saracen FY21 growth capital and exploration budget of A\$484m
- ▲ Post quarter end, **Saracen and Northern Star agreed to a merger-of-equals** via a SAR Scheme of Arrangement under which NST will acquire 100% of the shares in SAR
- ▲ **Unique, highly accretive transaction** that will generate A\$1.5-2b in synergies and create a Top-10 global gold company targeting 2Mozpa production from Tier 1 locations
- ▲ Saracen will pay a **special, fully franked A3.8cps dividend**, conditional on the Scheme becoming effective and banking consents

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



Lost time injury frequency rate (LTIFR) - Calculated as a rolling 12 month average per million hours worked
 From December 2019 LTIFR includes 50% of incidents from KCGM
 LTIFR WA gold average http://dmp.wa.gov.au/Documents/Safety/MSH_Stats_Reports_SafetyPerfWA_2018-19.pdf

▲ Focused on principal hazard management:

- Positive safety behaviors and interactions
- Critical risk identification
- Critical control verification
- Near miss reporting and investigation
- Workplace and equipment inspections and audits

▲ Lag indicators:

- LTIFR 1.4
- TRIFR 8.4

Clontarf Employment Forum



\$42k raised for the MACA200 Ride to Conquer Cancer



Intake of Vacation Students



Rescue of Baz the Bungarra

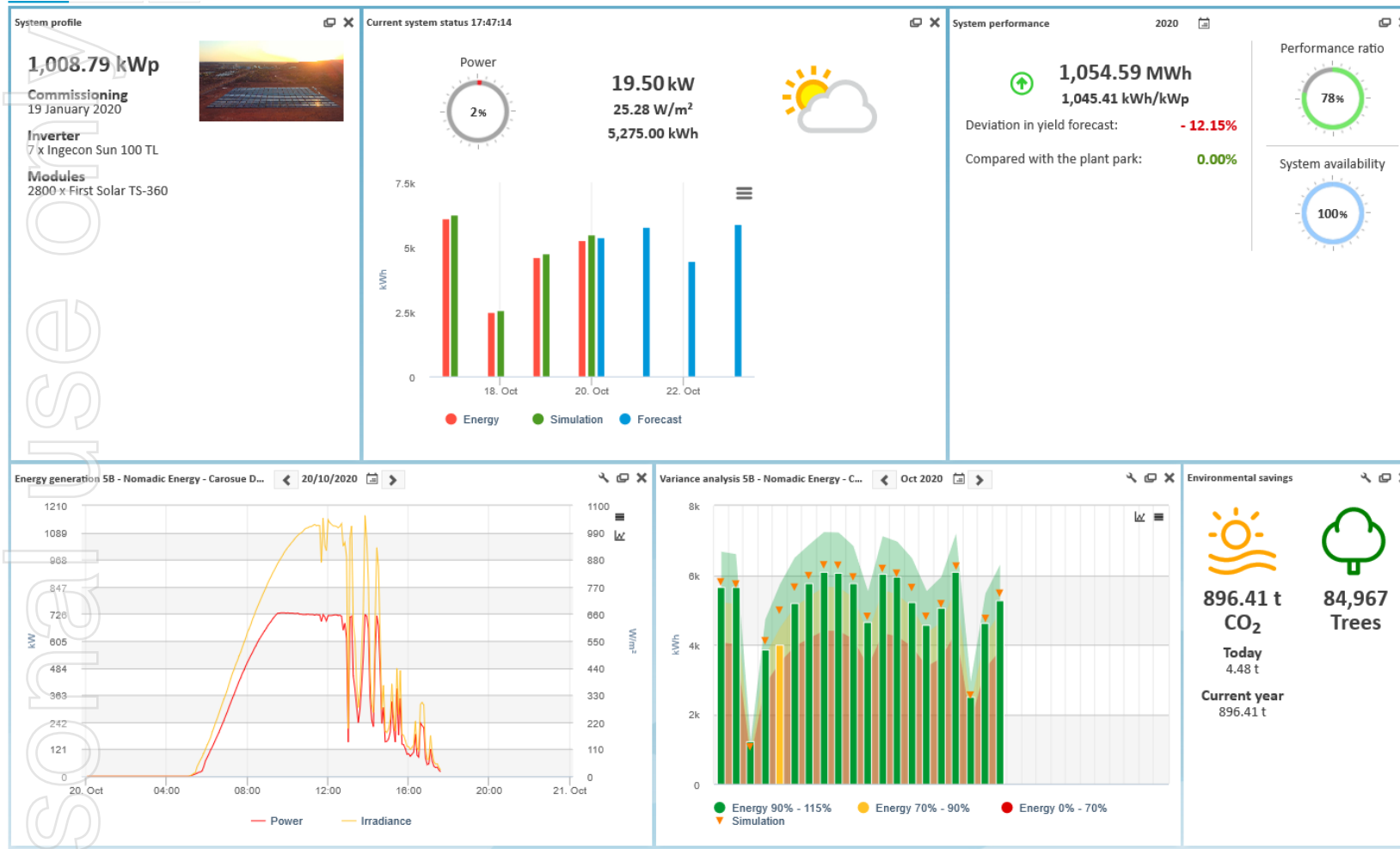


Workplace Giving Program Announced



Sustainability Report Released

Carosue Dam - Solar Farm:



- ▲ New 1MW array delivering **early results**
- ▲ **Environmental savings since late January** include:
 - ▲ 896t of CO₂
 - ▲ 84,967 trees
- ▲ **40% cheaper than current power generation**
- ▲ More to come...

Operations - KCGM (50%)

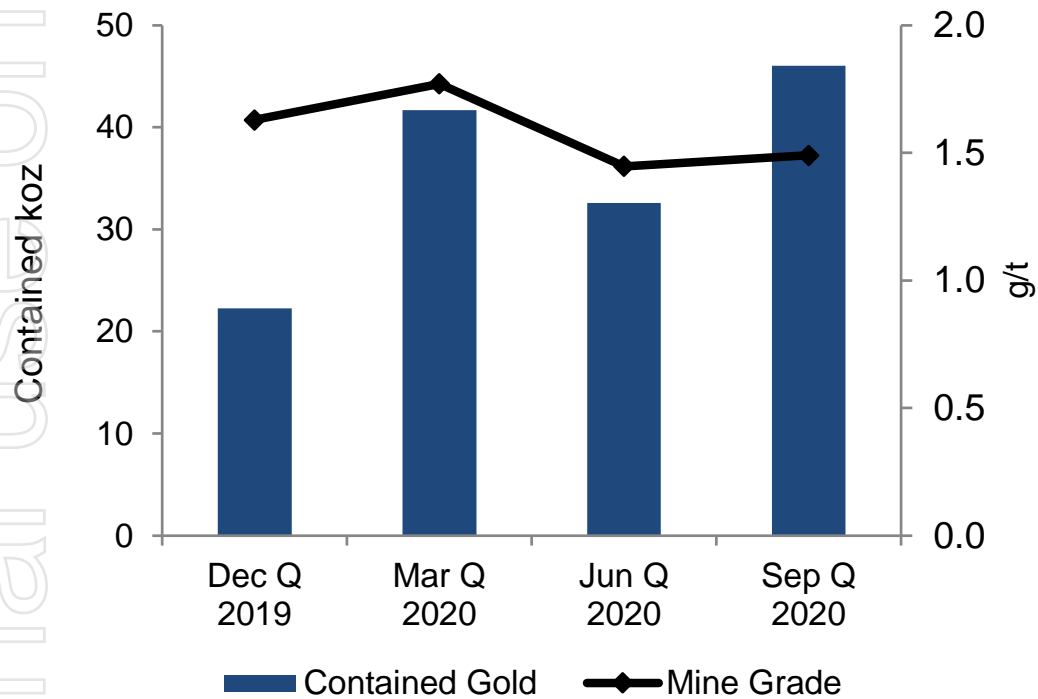


Quarterly highlights:

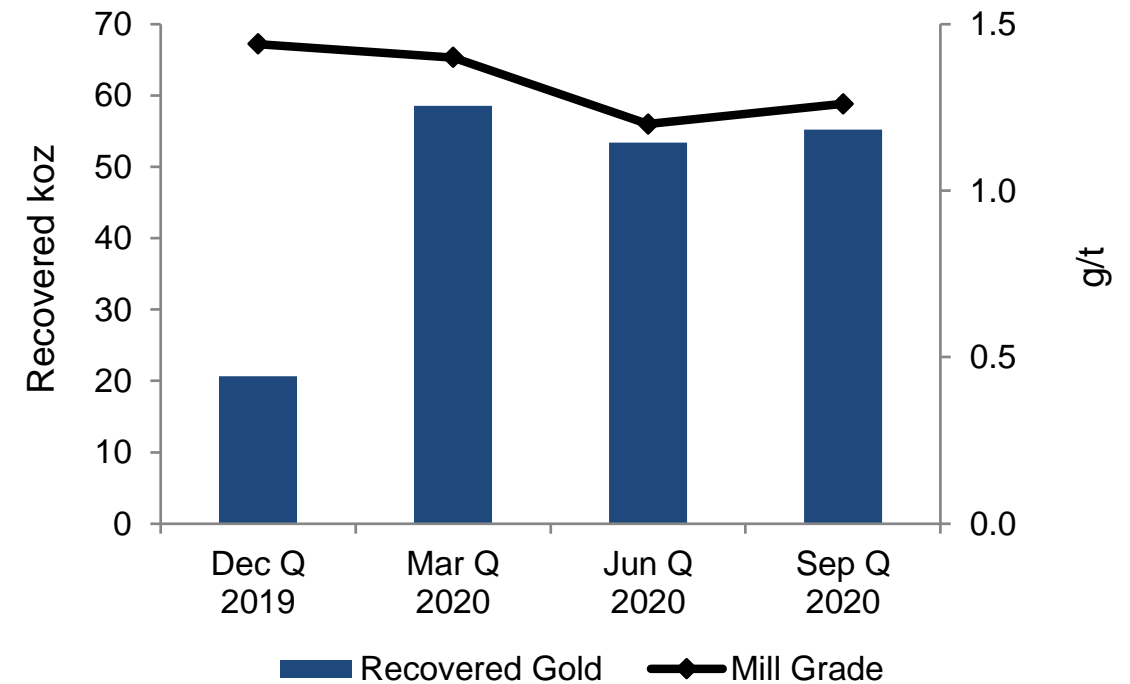
- ▲ **Gold production - 55,190oz at an AISC of A\$1,423/oz**
- ▲ **Mine operating cash flow - A\$77.3m**
- ▲ **Net mine cash flow - A\$43.3m (after growth capital of A\$34.0m)**
- ▲ **Open Pit gold mined - 33.3koz @ 1.4g/t**
- ▲ **Underground gold mined - 12.7koz @ 1.7g/t**
- ▲ **Closing ore stockpile (inventory awaiting processing) - 1.5Moz**
- ▲ **Milling - Processed 1,632kt of ore @ 1.3g/t with 83.6% recovery**
- ▲ **Post quarter, key environmental approval received for Fimiston South Stage 2**

Quarterly highlights:

Mining

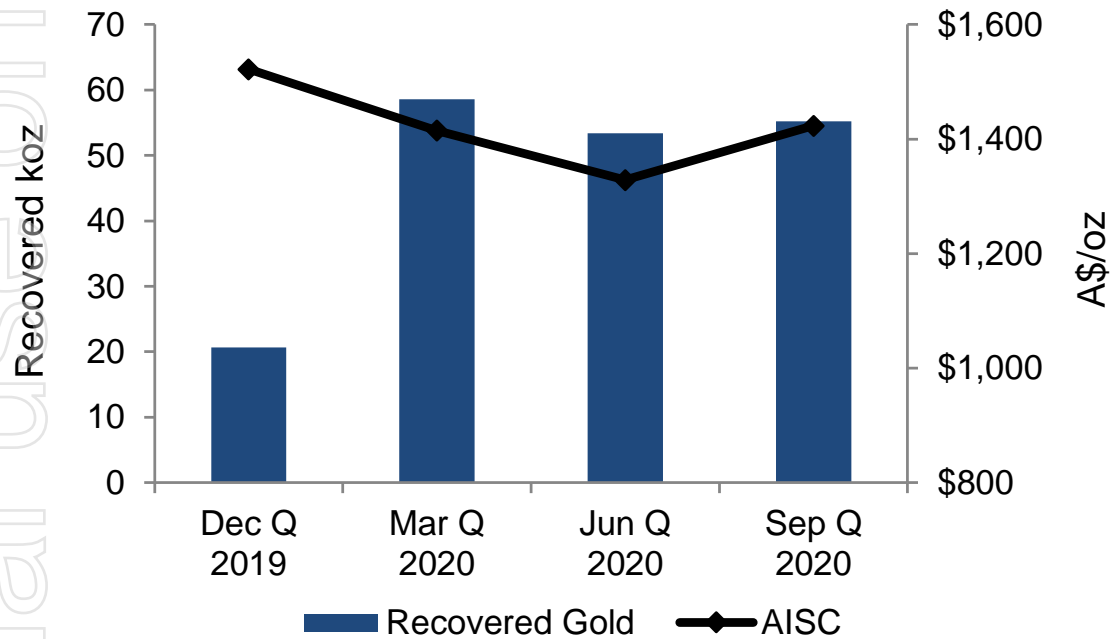


Milling

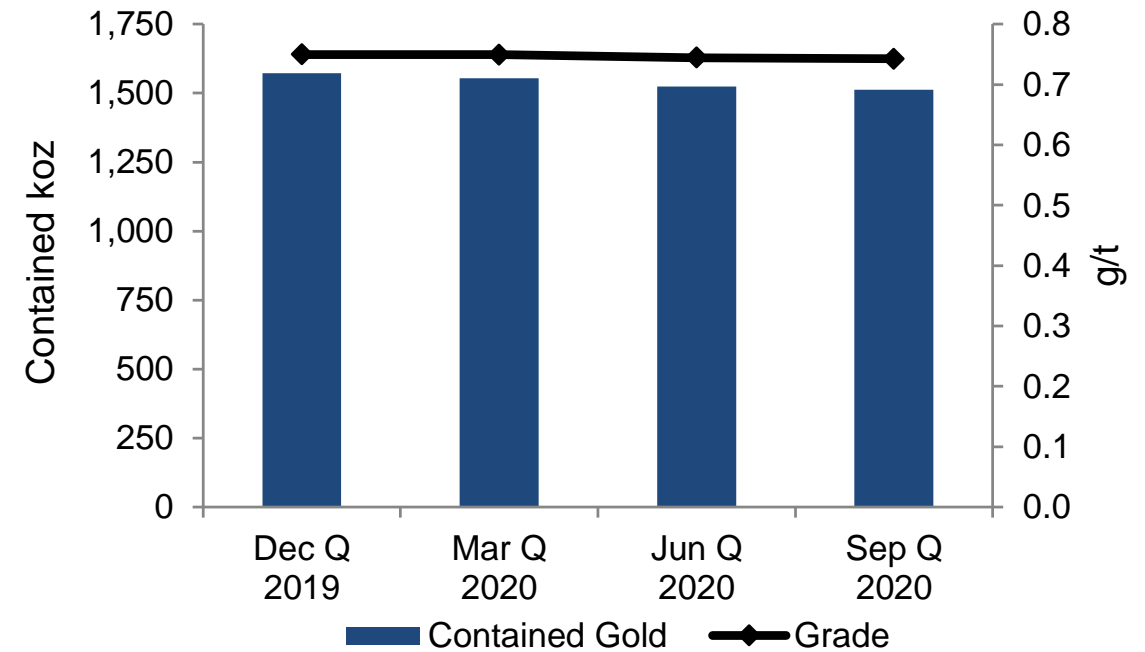


Quarterly highlights:

Production and AISC



Closing ore stockpile

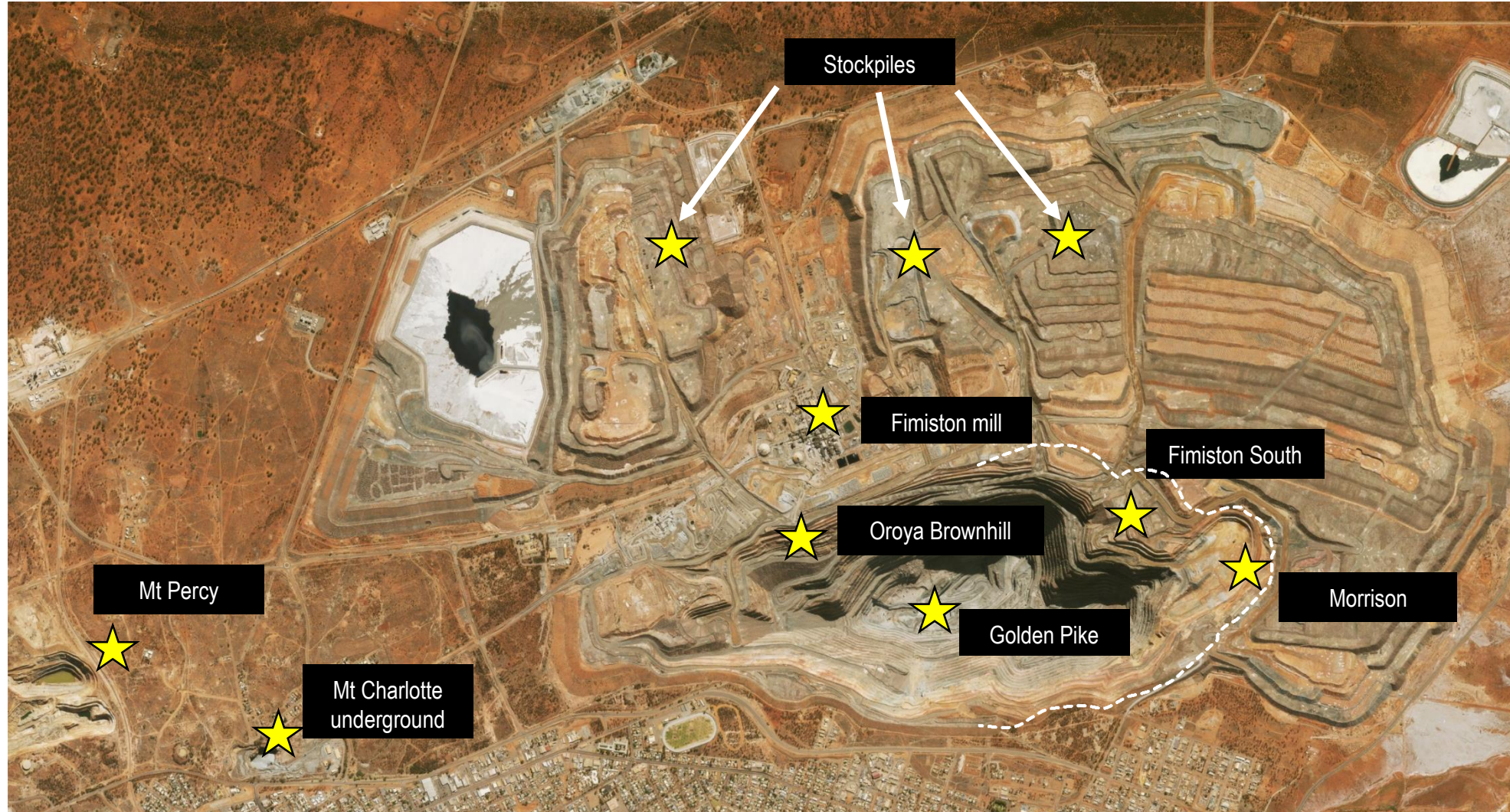


Discovery and Growth - KCGM (50%)



▲ Active open pit mining in 4 areas:

- Oroya Brownhill (OBH)
- Fimiston South
- Golden Pike
- Morrison
- Fimiston South Stage 2 cutback (dashed line) environmental approval received



Operations - Carosue Dam



Quarterly highlights:

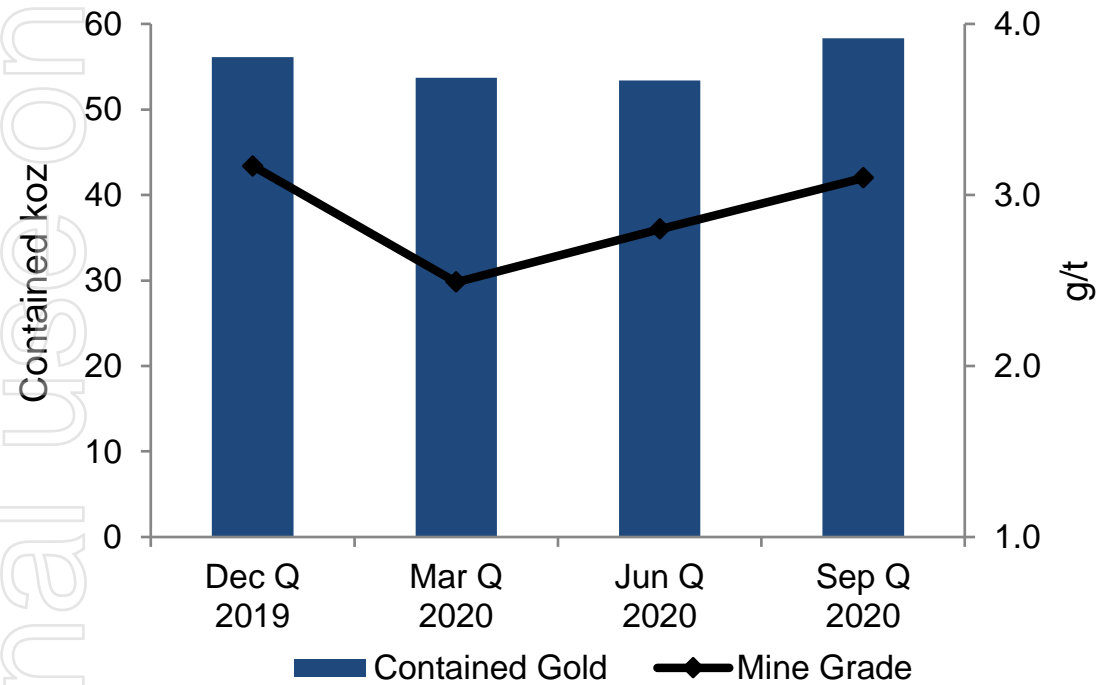
- ▲ **Gold production - Record 54,987oz at an AISC of A\$1,262/oz**
- ▲ **Mine operating cash flow - A\$60.8m**
- ▲ **Net mine cash flow - A\$27.1m (after growth capital of A\$33.7m)**
- ▲ Karari - Dervish underground gold mined - 52.6koz @ 3.2g/t
- ▲ Open pit gold mined – 2.3koz @ 0.9g/t
- ▲ Closing ore stockpile (inventory awaiting processing) - 49koz
- ▲ Milling - Processed 636kt of ore @ 2.9g/t with 93.1% recovery

Operations - Carosue Dam

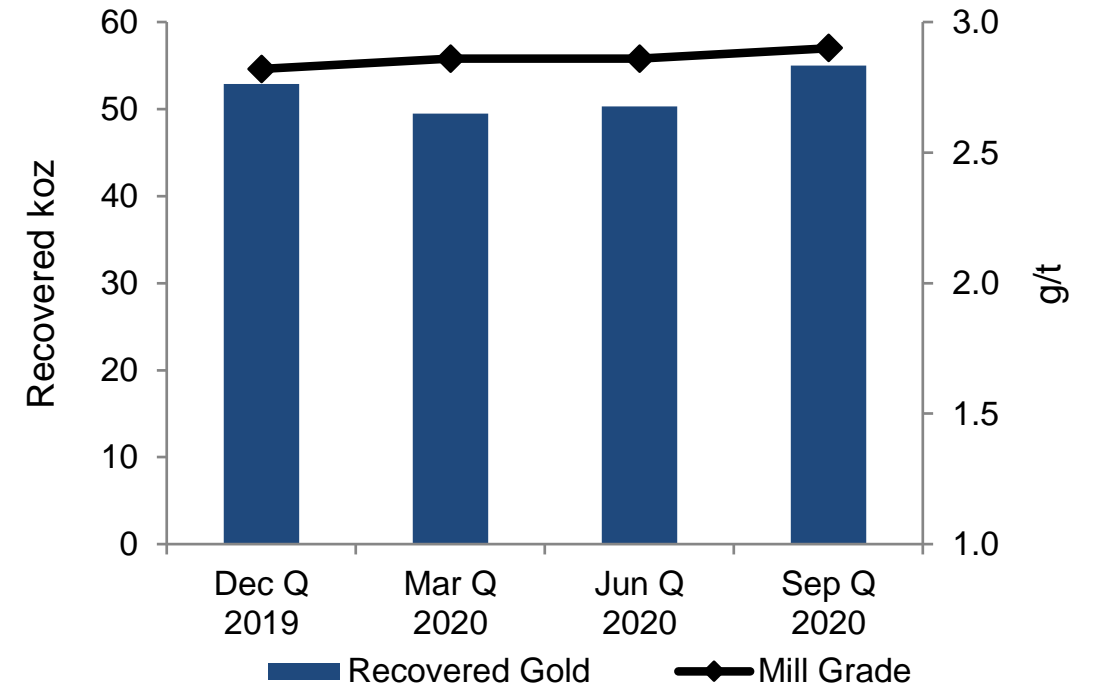


Quarterly highlights:

Mining



Milling

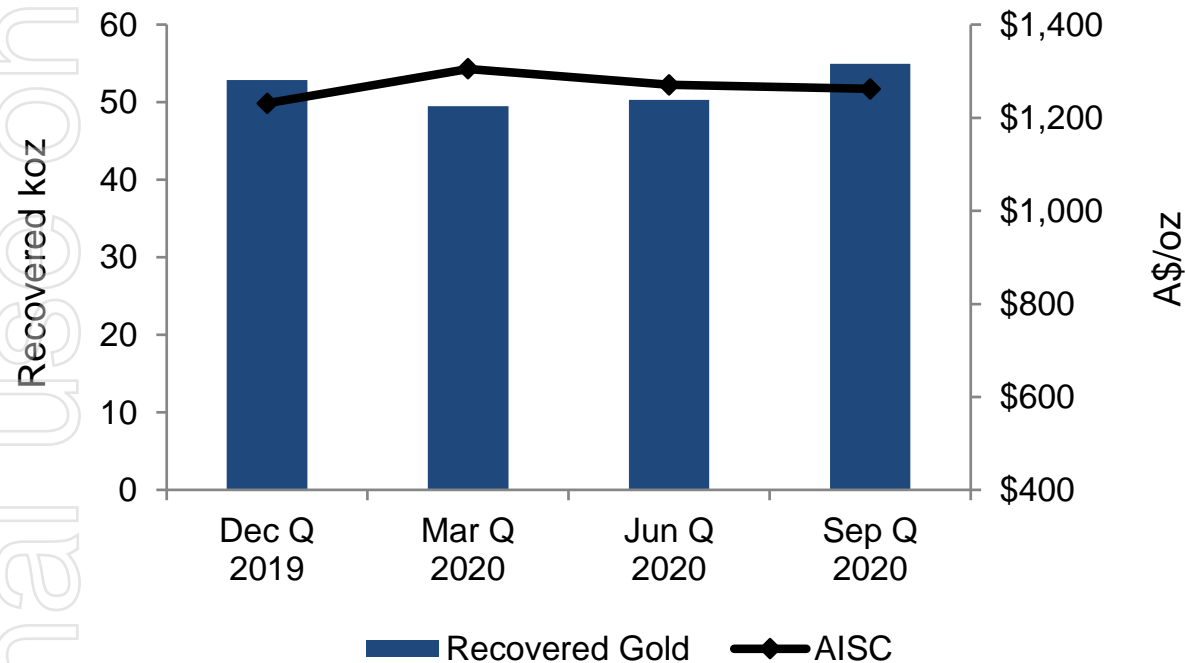


Operations - Carosue Dam

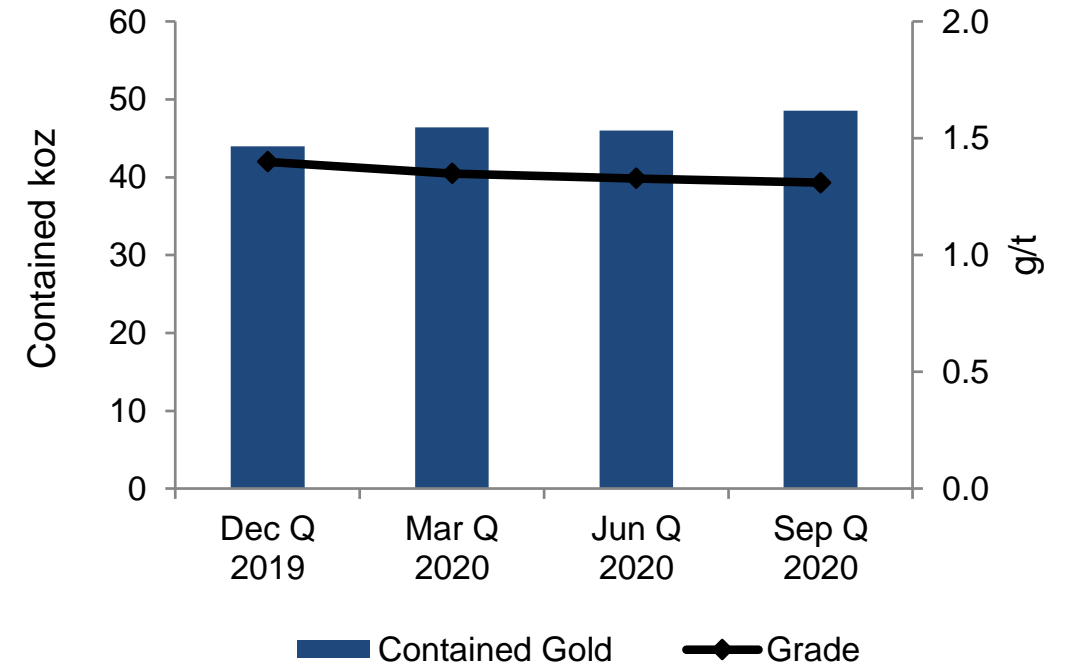


Quarterly highlights:

Production and AISC



Closing ore stockpile



Discovery and Growth - Carosue Dam



A\$34m mill expansion - Commissioning imminent:



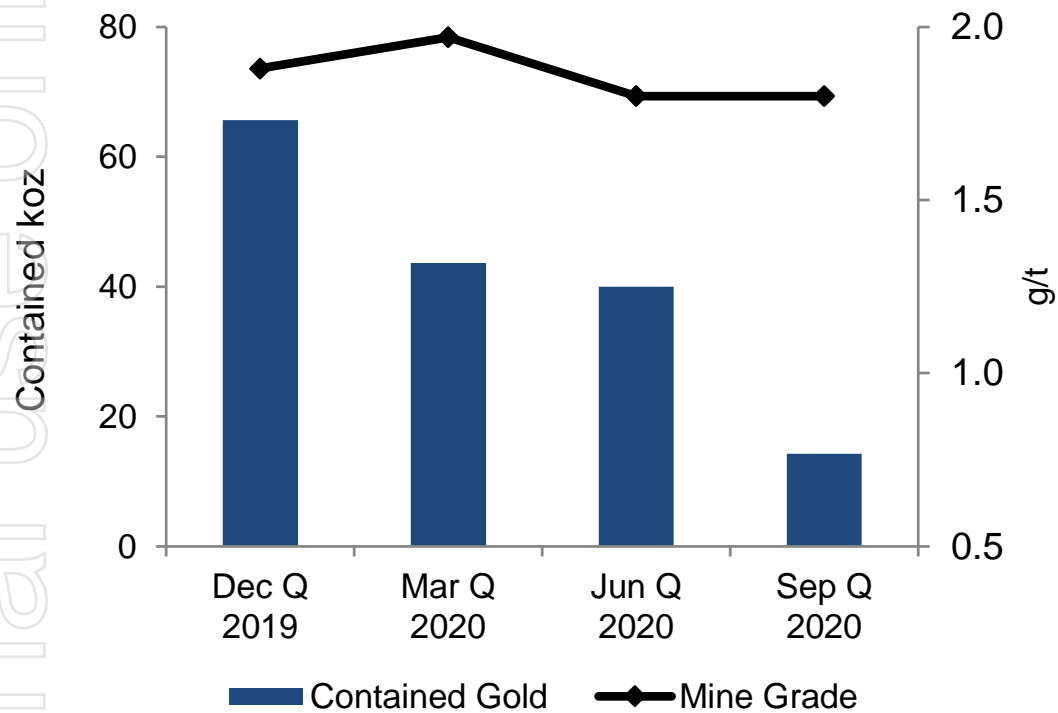
- ▲ Throughput increases to 3.2Mtpa (from 2.4Mtpa), recovery increases to 94% (from 93%), unit costs reduce by up to A\$2.50/t
- ▲ Additional 800ktpa of mill capacity will be filled with open pit Reserves, now >17Mt in three discrete mining areas

Quarterly highlights:

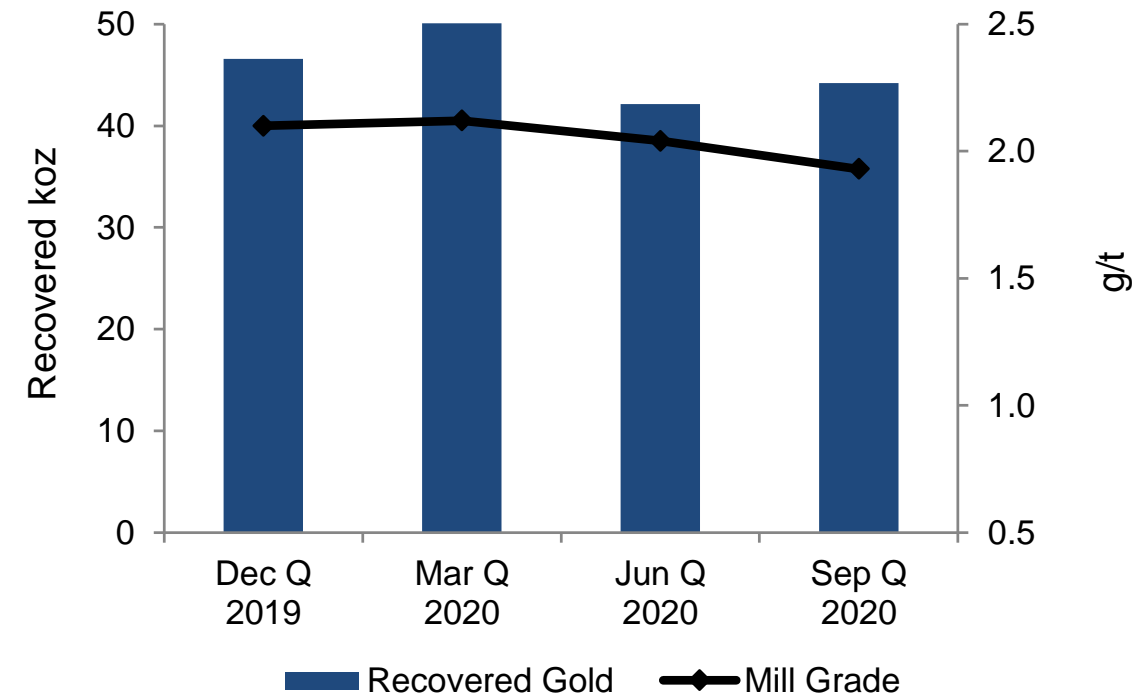
- ▲ **Record gold production - 44,211oz at an AISC of A\$790/oz**
- ▲ **Mine operating cash flow - A\$85.8m**
- ▲ **Net mine cash flow - A\$47.1m (after growth capital of A\$38.8m)**
- ▲ **Total open pit material movement - 1.2 million BCM**
- ▲ **Open pit gold mined – 14.3koz @ 1.8g/t**
- ▲ **Underground gold mined – 5.9koz @ 1.9g/t**
- ▲ **Closing ore stockpile (inventory awaiting processing) - 82koz**
- ▲ **Milling - Processed 758kt of ore @ 1.9g/t with 94.1% recovery**

Quarterly highlights:

Mining

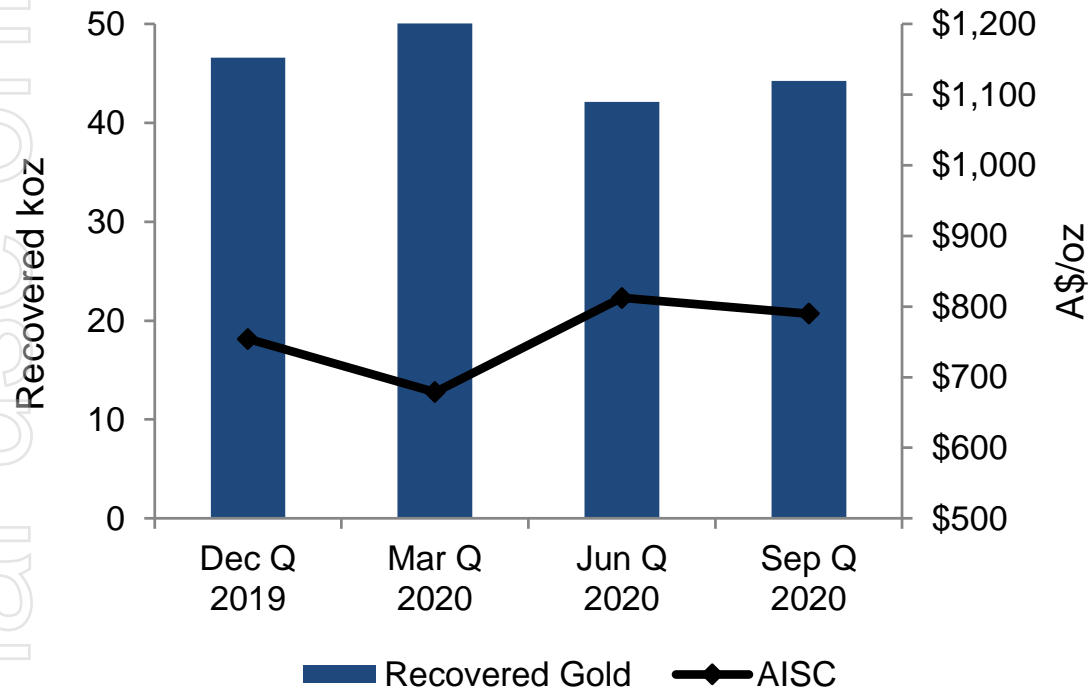


Milling

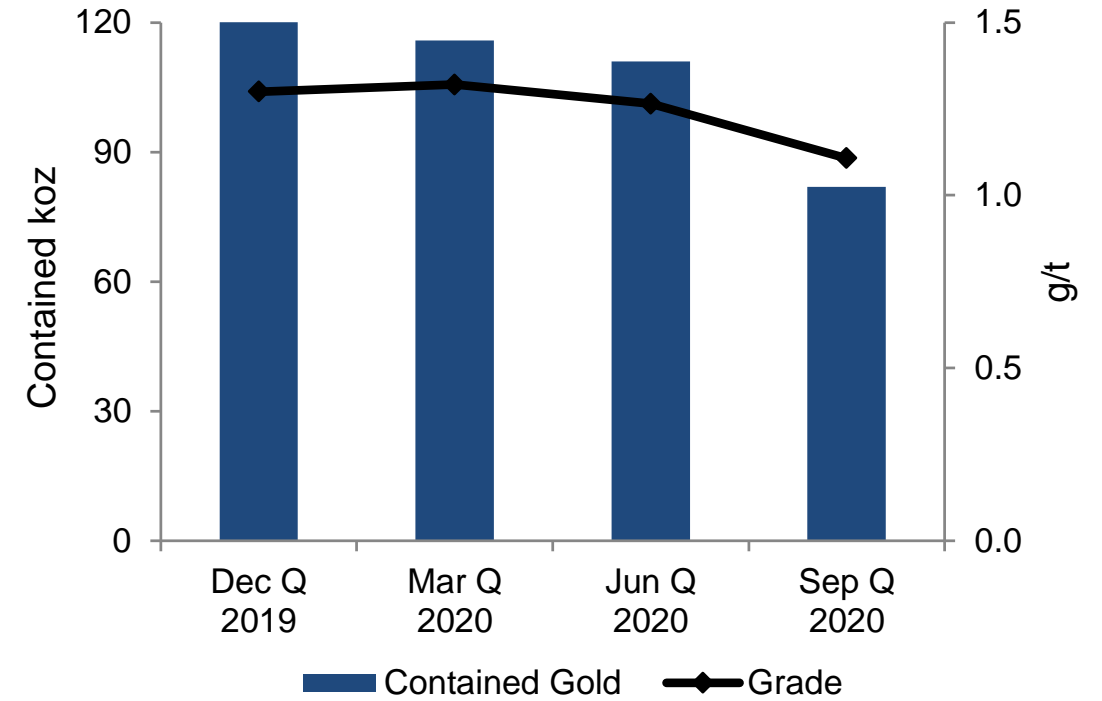


Quarterly highlights:

Production and AISC



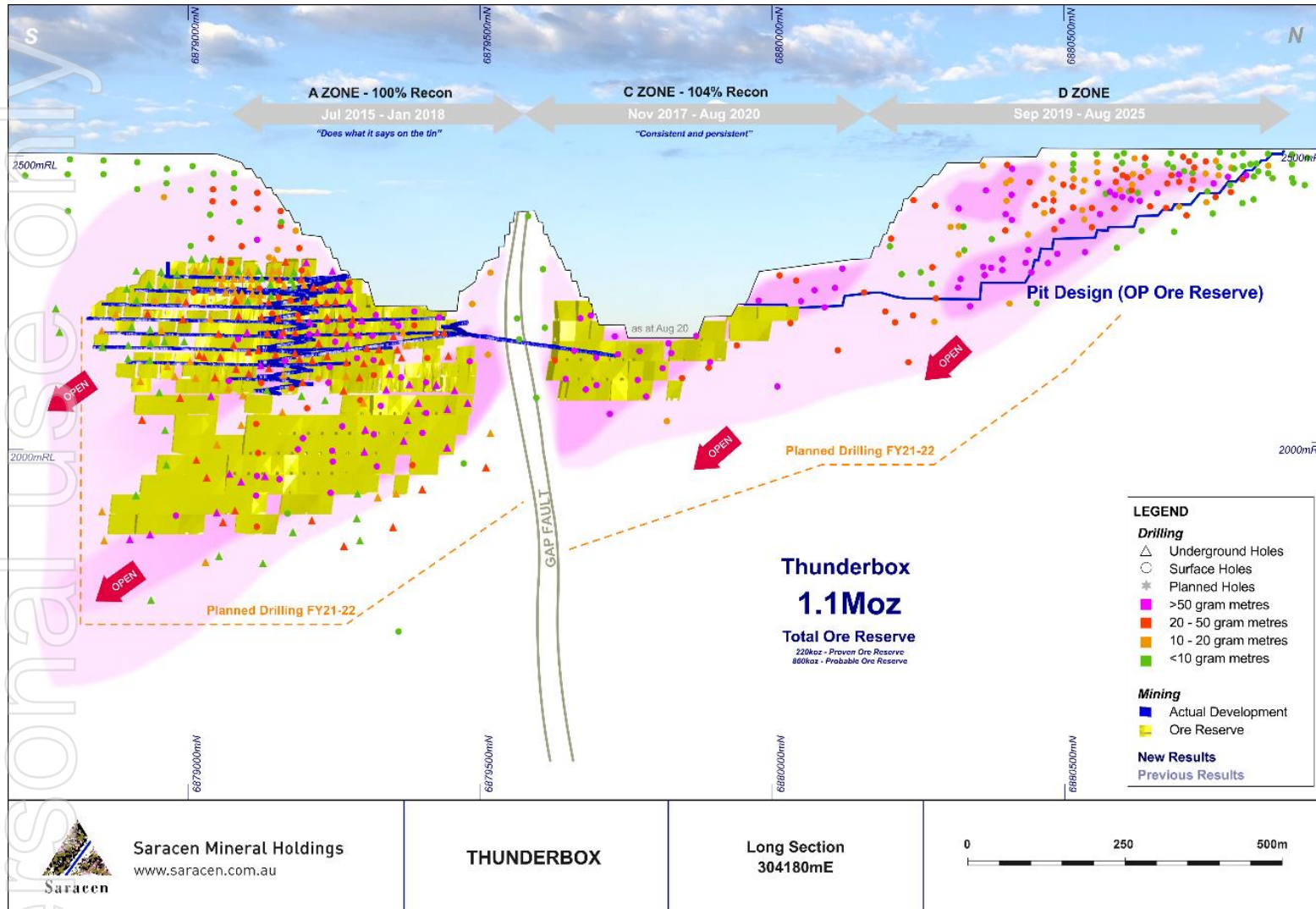
Closing ore stockpile



Discovery and Growth - Thunderbox



The long game:



▲ D Zone open pit ramping-up:

- Simple, low cost, robust
- Progressively lower strip / higher grade
- >2 years of soft oxide (benefiting mill throughput / unit costs)

▲ “Thunderground”... Ramping up to >2Mtpa ore; grade increases at depth

▲ All zones open down plunge

▲ To expand Thunderbox mill to 3.5Mtpa during FY22 (currently 2.4Mtpa)

▲ Satellite pits e.g. Wonder North, Otto Bore to sweeten mill feed with higher grade and / or soft oxide

Discovery and Growth - Thunderbox

D Zone ramping-up:

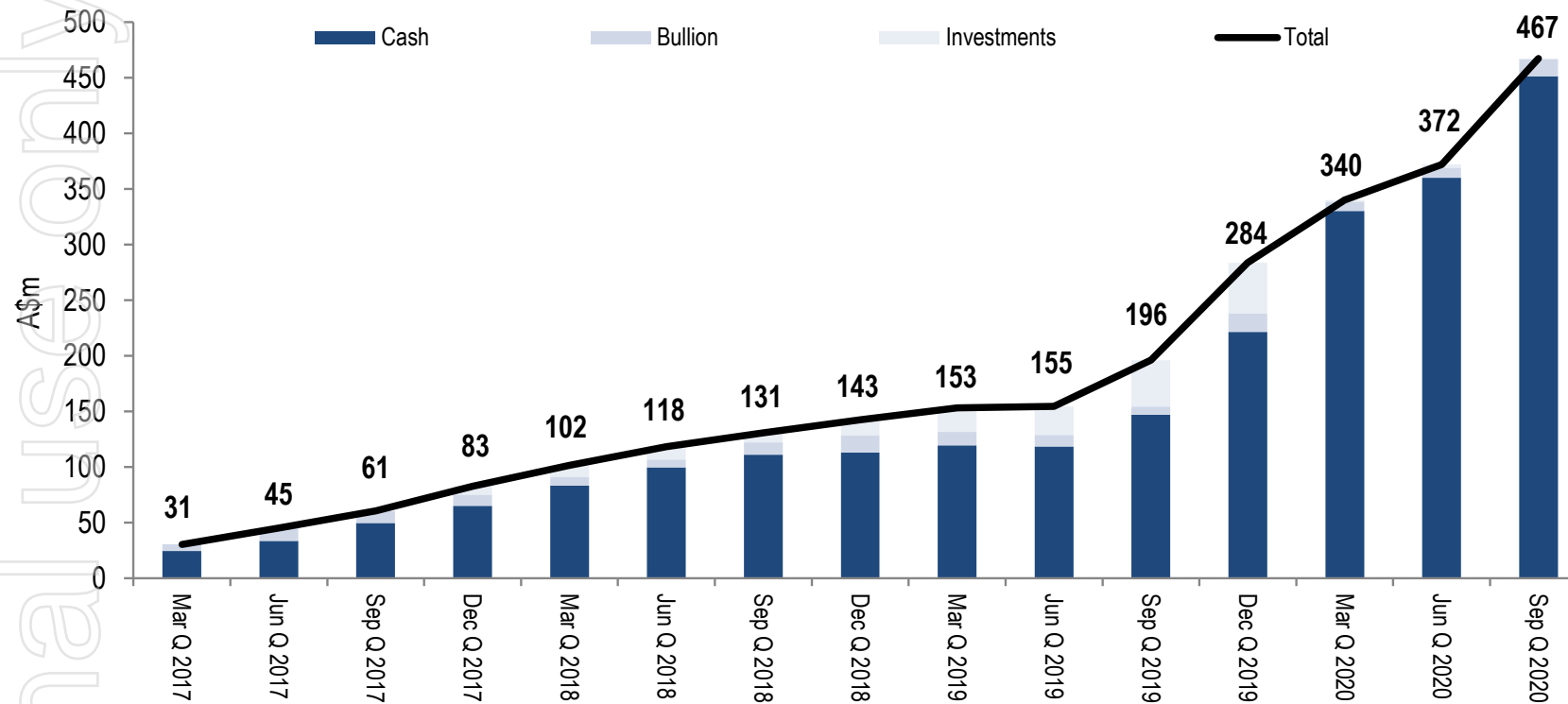
- ▲ High productivity / low cost mining, top-down perimeter-to-perimeter sequence (no pit staging)



Balance sheet



Strong cash build:



▲ Cash and equivalents A\$467m after:

- Paying A\$16.3m tax
- Investing A\$121m in growth capital and exploration

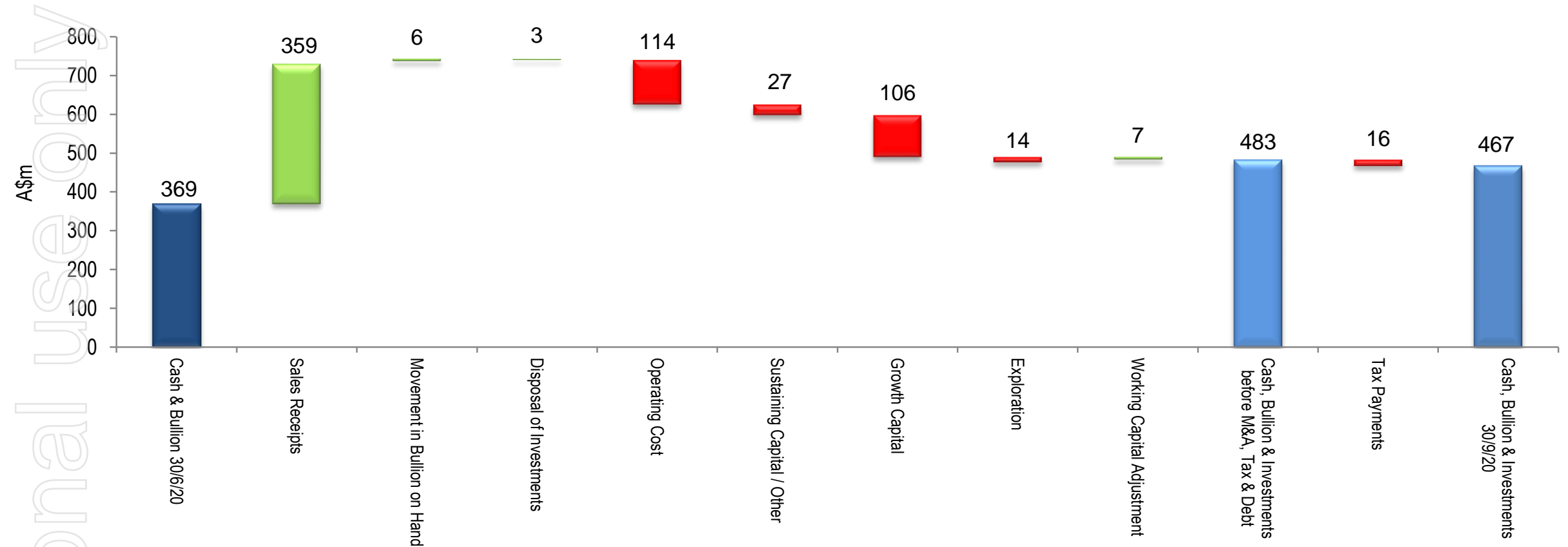
▲ **Net cash of A\$146m**

▲ Current December quarter outflows include:

- A\$38.5m scheduled debt repayment
- A\$20-30m FY20 remaining income tax payable (in addition to normal monthly tax instalments)

Cash Flows

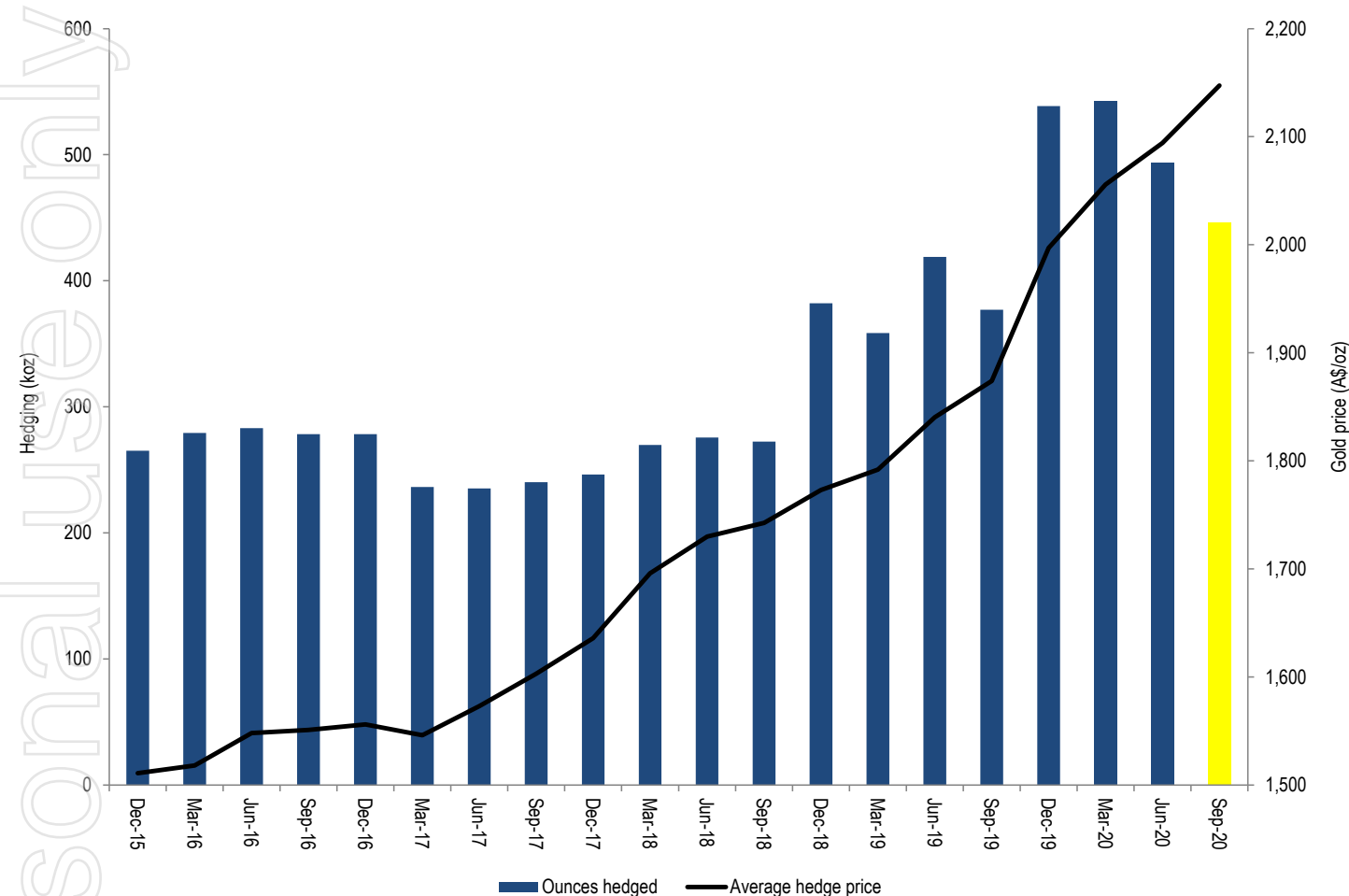
Cash build of A\$98m (after tax):



Hedge book



Easing to ~20-25% of production over the next 3 year period:



Quarter	Quantity	Price
	oz	A\$/oz
Dec Q 2020	63,300	2,020
Mar Q 2021	61,800	2,039
Jun Q 2021	58,800	2,057
Sep Q 2021	54,300	2,114
Dec Q 2021	57,200	2,149
Mar Q 2022	48,500	2,206
Jun Q 2022	41,500	2,260
Sep Q 2022	29,000	2,311
Dec Q 2022	21,000	2,344
Mar Q 2023	7,000	2,587
Jun Q 2023	3,000	2,727
Sep Q 2023	1,000	2,726
Total	446,400	2,147

There's nothing like Tier 1 gold



- ▲ We have a simple business plan - **We mine where we mill, within 300km of Kalgoorlie**
- ▲ We deliver - **8 year unbroken track record of beating guidance**
- ▲ We are a **global top 20 gold producer / ASX 100 company** following the acquisition of 50% of the world-class Super Pit
- ▲ We have an outstanding platform for **further growth - People, assets, balance sheet**
- ▲ We are building a more sustainable gold company - **Future proofing our business, seizing the ESG opportunity, proposed merger-of-equals with Northern Star**
- ▲ **Saracen's "flight to 800" is underway, proposed MergeCo targeting 2Mozpa**

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

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