



SARACEN MINERAL HOLDINGS LIMITED

(ACN: 009 215 347)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

ASX APPENDIX 4D

(previous corresponding period is the half-year ended 31 December 2019.)

KEY INFORMATION	31 Dec 2020 \$'000	31 Dec 2019 \$'000	Up / (down) \$'000	Percentage increase / (decrease)
Revenue from ordinary activities	601,697	409,932	191,765	47%
Profit from ordinary activities after tax attributable to members	120,452	69,076	51,376	74%
Net Profit attributable to members	121,298	83,017	38,281	46%

DIVIDEND INFORMATION

On 1 February 2021, the Board of Saracen declared a fully franked special dividend of \$0.038 per ordinary share which will be paid to Saracen shareholders on 11 February 2021.

NET TANGIBLE ASSETS PER SECURITY	31 Dec 2020	31 Dec 2019
Net tangible assets per security	\$1.54	\$1.28

EARNINGS PER SHARE	31 Dec 2020 Cents	31 Dec 2019 Cents
Basic earnings (per share)	10.89	7.82
Diluted earnings (per share)	10.74	7.59

CONTROL GAINED OR LOST OVER ENTITIES IN THE PERIOD

There have been no gains or losses of control over entities in the period ended 31 December 2020.

Additional Appendix 4D disclosure requirements can be found in the Directors Report which is attached.

This half-yearly report is to be read in conjunction with the 30 June 2020 Annual Report.

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Saracen

SARACEN MINERAL HOLDINGS LIMITED
(ACN 009 215 347)

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2020

COMPANY DIRECTORY

Directors

Mr Anthony Kiernan	Non-Executive Chairman
Mr Raleigh Finlayson	Managing Director
Ms Sally Langer	Non-Executive 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
Website: www.saracen.com.au

Stock Exchange Listing

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

Auditors

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38 Station Street
Subiaco WA 6008

Telephone: +61 8 6382 4600
Facsimile: +61 8 6382 4601

Solicitors

DLA Piper
Level 21
240 St Georges Terrace
Perth WA 6000

Bankers

Australia and New Zealand Banking Group
833 Collins Street
Melbourne VIC 3000

Share Registry

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

Telephone: 1300 850 505
Facsimile: +61 8 9323 2033

DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited ("Saracen" or "the Company" or "the Group") present their report, together with the financial statements on the consolidated entity consisting of Saracen Mineral Holdings Limited and its controlled entities for the half-year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report is as follows:

DIRECTORS

The names of the Company's Directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Mr Anthony Kiernan	Non-Executive Chairman
Mr Raleigh Finlayson	Managing Director
Ms Sally Langer	Non-Executive 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

CONSOLIDATED RESULTS

The consolidated operating and financial results for the comparative half-year periods are summarised below. All \$ figures refer to Australian thousand dollars (A\$'000) unless otherwise stated.

KEY OPERATING RESULTS	31-Dec-20	31-Dec-19 [#]	Variance	Percentage
Underground ore mined (kt)	1,955	1,257	698	55.5%
Open pit ore mined (kt)	2,182	2,834	(652)	(23%)
Material processed (kt)	6,212	3,191	3,021	95%
Grade (g/t)	1.7	2.3	(0.6)	(26%)
Production (oz)	309,512	216,452	93,060	43%
All in Sustaining cost (\$/oz)	1,196	1,041	(155)	(15%)

[#]The December 2019 numbers include one month of Saracen's 50% share of KCGM.

KEY FINANCIAL RESULTS	31-Dec-20	31-Dec-19	Variance	Percentage
Gold sold (ozs)*	255,938	206,277	49,661	24%
Average gold sales price (A\$/oz)	2,343	1,984	359	18%
	\$'000	\$'000	\$'000	Percentage
Total Sales Revenue*	601.7	409.9	191.8	47%
Operating Cost & Royalties	(300.4)	(201.8)	(98.6)	(49%)
Corporate, admin & other (excluding D&A)	(12.9)	(8.8)	(4.1)	(47%)
Share based payments expense	(31.1)	(5.3)	(25.8)	(487%)
Transaction cost on business combination (KCGM JV)	-	(15.4)	-	-
EBITDA ¹	257.3	178.6	78.7	44%
Depreciation and Amortisation	(78.7)	(71.4)	(7.3)	(10%)
EBIT ²	178.6	107.2	71.4	67%
Statutory profit after income tax	120.5	69.1	51.4	43%
Underlying profit after income tax ³	148.0	80.2	67.8	85%

* Excludes 47,015oz of sales totalling \$108.3 million (2019: 8,605oz totalling \$16.3 million) that relate to development activities (see below).

¹ EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation and is a financial measure which is not prescribed by the International Financial Reporting Standards ("IFRS"). EBITDA has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company.

² EBIT stands for Earnings Before Interest and Tax and is a financial measure which is not prescribed by IFRS. EBIT has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company.

³ Underlying profit after tax is a financial measure which is not prescribed by IFRS and represents the net profit after tax under IFRS, adjusted for specific items.

- Sales revenue for the half-year was \$601.7m, up 47% from \$409.9m in the previous half-year. Gold production for the half-year was 309,512 ounces, up 43% from 216,452 ounces in the previous half-year. Gold sales for the half-year were 255,938 ounces versus 206,277 ounces in the December 2019 half and the average gold price for the period was A\$2,343/oz (2019: A\$1,984/oz).

During the period, \$108.3 million (47,015oz) of gold sales were made from gold recovered from development activities at the Deep South underground, Million Dollar, Thunderbox underground, Kailis Stage 2, D Zone, Morrison and OBH mines. This amount was offset against those projects' capital development costs and although it is reported in production ounces, it is not accounted for as sales revenue.

- Share based payments expense for the half-year was \$31.1m, up 487% from \$5.3m in the previous half year due to the acceleration of the expensing of the majority of the outstanding performance rights as a result of the announced merger with Northern Star Resources Ltd.
- Underlying profit after income tax for the half-year was \$148.0m, up 85% from \$80.2m in the previous half year mainly due to the increase in revenue as a result of higher production (due to the KCGM acquisition) combined with a higher gold price environment.

REVIEW OF OPERATIONS

The Company's main activity during the half-year was gold production and exploration.

The Company's performance during the half year period was regrettably overshadowed by the tragic fatality at Carosue Dam early in the period. The investigation into the circumstances of this tragedy is ongoing with the full support of Saracen and our contract partner Byrnegut. The safety and wellbeing of our people is always Saracen's first priority. Our thoughts and condolences remain with the late worker's family, friends and workmates.

At the Carosue Dam Operations, ore was mined from the Karari-Dervish underground mines, Deep South underground mine (development ore) and the Million Dollar open pit mine (development ore). All the ore mined was processed at the Carosue Dam treatment plant. The mill expansion from 2.4Mtpa to 3.2Mtpa was commissioned in Q2 FY2021.

At the Thunderbox Operations, ore was mined from the Thunderbox C Zone open pit mine (mining completed in Q1 FY2021), D Zone open pit mine (development ore) and Thunderbox underground mine (development ore). This was supplemented by ore stockpiles previously mined from the Kailis and C Zone open pit mines. All ore mined was processed at the 2.5Mtpa Thunderbox treatment plant.

At the KCGM Operations, ore was mined from the Mt Charlotte underground mine and the Golden Pike, OBH and Morrison mining areas within the Fimiston open pit mine. This was supplemented by ore stockpiles acquired as part of the KCGM acquisition. All ore mined was processed at the Fimiston and Gidji processing plants. Mining activities at the Fimiston South mining area are ramping up following a key environmental approval received during Q2 FY2021.

On 6 October 2020 Saracen Mineral Holdings Limited and Northern Star Resources agreed to a merger-of-equals via a Saracen Scheme of Arrangement, under which Northern Star will acquire 100% of the shares in Saracen. For further details please refer to the ASX announcement of 6th October 2020 "Saracen and Northern Star agree to Merger of Equals" together with "Events Subsequent to the Reporting Date" on page 11 below.

Health and Safety

The Saracen Group Lost Time Injury Frequency Rate ("LTIFR") for the 6 months to December 2020 was 1.47 (Dec 2019: 0.37), and the Total Recordable Incident Frequency Rate ("TRIFR") was 9.85 (Dec 2019: 7.72). The TRIFR remained relatively steady for most of the year but experienced a slight upward trend towards the end of the year. Saracen also notes the addition of 50% of the KCGM events and exposure hours into our lagging indicators since our acquisition in late 2019.

Saracen's HSEC priorities during H1 of FY2021 have been on improving systems and processes, increasing event reporting of both leading and lagging events, and ensuring a focus is maintained on Principal Hazards and Critical Controls. We have experienced a substantial improvement in our leading indicators in all areas, and an increased level of reporting of minor events and near misses that will assist the business in preventing more significant outcomes.

During H1 FY2021 the HSEC focus has been on risk identification and reduction programs, with particular focus areas on ensuring critical controls are fitting and applied correctly, contractor engagement and alignment is enhanced and safety leadership is elevated. A number of principal hazard and critical risk workshops were completed with our employees and contractors to ensure awareness and engagement across all operations was maintained and processes and standards were aligned. Saracen also initiated a number of other safety initiatives including a safety leadership coaching program to ensure there was an increase in effective leadership field time, an increase in positive engagement processes and a genuine ownership to drive an improved safety culture across all sites and teams.

Saracen leadership teams (including the Board and senior management personnel) continue to complete observation and interaction activities in the field, which has maintained positive engagement, increased communication and demonstrated company-wide commitment to this critical business area.

Saracen continued to manage operations in amongst the challenges of COVID-19 and border restrictions and closures. Preparation plans were developed and implemented for rollback of controls as restrictions eased, but situational readiness plans were also enacted in the event of a second wave within Western Australia. Our sites and Perth team continue to monitor the situation and apply appropriate controls and precautions.

Environmental Regulation and Performance

Saracen released its 2020 Sustainability Report in September 2020.

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”).

Inspection and monitoring of many facets of our operations and their local and regional environments are routinely undertaken to ensure ongoing compliance, and also to demonstrate where performance improvements can be identified and applied. Flora and fauna monitoring, groundwater sampling and analysis and air emissions monitoring are just a few key areas where Saracen strives for ongoing enhancements. Results are reported in various reports to regulatory bodies in accordance with the requisite statutory requirements.

There were no notable environmental incidents reported for H1 of FY2021.

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.

A selection of key environmental achievements during H1 of FY2021 include, but are not limited to:

- All environmental approvals granted to allow future mining of the Otto Bore resource;
- Mining Proposal granted to allow the Thunderbox D Zone cut back, west waste dump extension and construction of the Thunderbox underground Paste Plant;
- Rewrite and submission of Carosue Dam, Deep South and Porphyry Mining Proposals and Mine Closure Plans to the new DMIRS 2020 Guidelines
- Phase 1 of Saracen Group Climate Risk and Opportunity Project completed; and
- Completion of Greenhouse Emissions Safeguard forecast audits and Clean Energy Regulator audits.

Production Overview

Gold sale proceeds during the period totalled \$708.1 million (inclusive of \$108.3 million of pre-commercial production sales offset against development costs and therefore not included in revenue in the Profit & Loss) (2019: \$425.6 million, inclusive of \$16.3 million of pre-commercial production sales). Gold sales for the period were 302,953 ounces (including 47,015oz pre-commercial production) (2019: 214,882 ounces, inclusive of 8,605oz pre-commercial production) at an average gold sale price of A\$2,337 per ounce (2019: A\$1,981 per ounce).

All In Sustaining Costs (“AISC”) for the period were A\$1,196 per ounce (2019: A\$1,041 per ounce). The main reason for the increase in AISC from the comparative period is due to the Dec-19 AISC including only one month of KCGM (acquired 29 November 2019) compared to six months up to Dec-20.

During the six month period, the Company produced 309,512 ounces of gold (2019: 216,452 ounces) from the processing of 6,212,000 tonnes of ore (2019: 3,191,000 tonnes) at an average grade of 1.7g/t (2019: 2.3g/t).

Carosue Dam Operations

During the six month period, gold production from the Carosue Dam Operations (“CDO”) was 113,326 ounces (2019: 103,489 ounces) at an AISC of A\$1,273/oz (2019: A\$1,233/oz).

Carosue Dam	Units	Sep Q 2020	Dec Q 2020	Dec H1 FY21
Underground Mining				
Ore Mined	kt	580	655	1,235
Mine Grade	g/t	3.1	2.7	2.9
Contained Ounces	oz	58,347	56,527	114,874

Carosue Dam	Units	Sep Q 2020	Dec Q 2020	Dec H1 FY21
Open Pit Mining				
Total Mining	bcm '000	738	1,139	1,877
Ore Mined	kt	85	217	302
Mine Grade	g/t	0.9	0.9	0.9
Contained Ounces	oz	2,304	6,500	8,804
Mill Production				
Ore Milled	kt	636	785	1,421
Mill Grade	g/t	2.9	2.5	2.7
Recovery	%	93.1%	93.7%	93.4%
Gold Produced	oz	54,987	58,338	113,326
Gold Sales	oz	53,220	55,153	108,373

During the six month period, underground production amounted to 1,235,000 tonnes (@ 2.9g/t for 114,874 contained ounces) from the Karari-Dervish and Deep South underground mines. All three underground mines are producing at consistent production rates.

Following the re-commencement of open pit mining at CDO in July, production rates continued to ramp-up at the Million Dollar mine which is part of the Porphyry Mining Centre. During the six month period, gold production at Million Dollar consisted of 302,000 tonnes (@ 0.9 g/t for 8,804 contained ounces). Ore production at Million Dollar will continue to increase over the remainder of FY2021.

Following the successful commissioning of the CDO processing plant expansion during November, record ore milled (1,421,000 @ 2.7g/t mill grade) and gold production was achieved for the period. Gold recovery also saw an improvement as a result of the changes made during the expansion. As planned, the mill feed grades will reduce over the second half as a larger component of open pit ore enters the mill feed mix.

Future Development

Most of the large capital projects that have been undertaken at the operation over the past 2-3 years are now complete and the operation will enter a period of steady-state production. GR Engineering Services have commenced construction for the introduction of paste fill at Dervish underground which involves expanding the existing paste plant including a large paste pump, surface transfer pipeline and underground delivery system. Similarly to Karari, the purpose of this project is to significantly increase resource recovery underground from the current 67% to 95% by the elimination of underground pillars. The completion of these works is scheduled for late in Q1 FY2022.

Engineering design work and review of long term water supply options has commenced to ensure water security at CDO in a sustainable manner. A number of options are being evaluated with the strategy being finalised during the second half of FY2021.

Thunderbox Operations

During the six month period, gold production from the Thunderbox Operations ("TBO") was 81,549 ounces (2019: 92,329 ounces) at an AISC of A\$821/oz (2019: A\$719/oz). The decrease in ounces is mainly due to the completion of mining at Kailis open pit late in FY2020 and C Zone open pit in Q1 FY2021. The increase in AISC is due to the reduction in ounces.

Thunderbox	Units	Sep Q 2020	Dec Q 2020	Dec H1 FY21
Underground Mining				
Ore Mined	kt	106	183	289
Mine Grade	g/t	1.8	1.8	1.8
Contained Ounces	oz	5,883	10,725	16,608
Open Pit Mining				
Total Mining	bcm '000	1,227	2,631	3,857
Ore Mined	kt	247	131	378
Mine Grade	g/t	1.8	0.8	1.5
Contained Ounces	oz	14,255	3,393	17,648
Mill Production				
Ore Milled	kt	758	757	1,514
Mill Grade	g/t	1.9	1.6	1.8
Recovery	%	94.1%	94.1%	94.1%

Thunderbox	Units	Sep Q 2020	Dec Q 2020	Dec H1 FY21
Gold Produced	oz	44,211	37,338	81,549
Gold Sales	oz	45,532	36,569	82,101

3.9 million bcm were mined from Thunderbox C Zone and D Zone during the six months. Mining production for the period was 375,000 tonnes @ 1.5g/t for 17,648 contained ounces.

After successfully completing C Zone during Q1 FY2021, open pit mining focused on ramping up D Zone development.

Thunderbox underground ("Thunderground") development progressed well during the six month period with 289,000 tonnes of development ore being mined @ 1.8g/t for 16,608 contained ounces.

GR Engineering (ASX: GNG) continued construction of the paste plant with earthworks and the footings for the cyclone hopper pumps and cyclone tower now completed.

Future Development

The C Zone pit was completed in August 2020 with the open pit fleet now focusing on the waste stripping at D Zone. Preparation works are well underway for the commencement of operations at Otto Bore in Q1 FY2022. The Thunderground, D Zone and Otto Bore deposits will then provide the next mill feed sources of fresh and oxide ore.

Thunderground mining is progressing well with the commencement of production activities. The underground operation is continuing to ramp up development and production activities in line with the Feasibility Study with the paste plant nearing completion (commissioning due April 2021).

Resource development at TBO has focussed on the Otto Bore and Bundarra deposits with major reverse circulation ("RC") and diamond drilling programs continuing. These drilling programs have been designed to infill existing results and test for extensions to mineralisation.

The first round of grade control drilling has been completed at D Zone to increase resource confidence. Grade control drilling has commenced at Otto Bore to increase resource confidence and to support mine design and infrastructure planning.

Tailings Storage Facility ("TSF") works were completed on Cell B in August 2020 to provide tailings storage capacity out to June 2021. The next TSF lift (Cell A) is to be completed mid-January 2022 and will provide a further 6 to 8 months storage capacity after completion. The commissioning of the paste plant will further extend the storage capacity with the reduction in the solids reporting to the TSF.

KCGM Operations

During the six month period, Saracen's share of gold production from the KCGM Operations ("KCGM") was 114,637 ounces (2019: 20,364 ounces) at an AISC of A\$1,364/oz (2019: A\$1,522/oz). The six month period up to 31 December 2019 only included one month of production as the Company acquired its 50% interest in KCGM on 29 November 2019.

KCGM (50%)	Units	Sep Q 2020	Dec Q 2020	Dec H1 FY21
Underground Mining				
Ore Mined	kt	228	203	432
Mine Grade	g/t	1.7	1.5	1.6
Contained Ounces	oz	12,717	9,549	22,266
Open Pit Mining				
Total Mining	bcm '000	2,488	3,245	5,733
Ore Mined	t	733	768	1,501
Mine Grade	g/t	1.4	1.6	1.5
Contained Ounces	oz	33,301	38,911	72,212
Mill Production				
Ore Milled	kt	1,632	1,645	3,277
Mill Grade	g/t	1.3	1.4	1.3
Recovery	%	83.6%	82.1%	82.9%
Gold Produced	oz	55,190	59,446	114,637
Gold Sales	oz	54,038	58,441	112,479

5.7 million bcm were mined from the Fimiston Open Pit (mainly the Morrison, OBH and Golden Pike mining areas). Fimiston South is ramping up following a key environmental approval received during the Q2 FY2021.

During the six month period, underground production consisted of 432,000 tonnes (@ 1.6g/t for 22,266 contained ounces) from the Mt Charlotte underground mine.

The Fimiston and Gidji processing plants processed 3,277,000 tonnes at an average grade of 1.3 g/t with a metallurgical recovery of 82.9%.

Future Development

In the Fimiston open pit, mining commenced in the OBH cutback, which will progress the remediation of the May 2018 East Wall slip.

The Fimiston South project underpins the open pit's long-term mine plan as it extends the life by a further 5 years. The pre-feasibility for the project was endorsed in November 2020, and progressed to feasibility study. Stage 1 is contained within an area that was granted environmental approval in September 2020. The mining approvals will be sought by submitting a Mining Proposal in Q3 of FY2021. Surface works have commenced to relocate waste dumps and infrastructure within the footprint of the first stage, in preparation for mining in Q4 FY2021 once mining approvals are received. Stage 2 of Fimiston South requires a s.38 Referral for environmental approvals, which is planned to be submitted in Q4 of FY2021 and is an estimated 18-month approval process.

Development of an underground portal to be used as a drilling platform to firm up the Golden Pike Stockworks target has been committed to and this development has received mining approvals. The drive will be extended north in the coming financial year to explore a number of Fimiston North targets. A Mining Proposal will be submitted in Q4 FY2021 for this northern extension.

The first two cells of the FIM II Tailings Storage Facility Extension (TSF Ext) received environmental and mining approvals in the first half of FY2021. The final scope of work for the FIM II TSF Ext construction and tendering for construction will progress through the second half of FY2021, aiming to commence construction early in FY2022. The third cell of the FIM II TSF Ext will be included in the Q4 FY2021 s38 Referral for environmental approvals. Designs and capital requests are being developed for buttressing of the FIM I TSF, to de-risk long term stability of the facility.

Exploration and Resource Evaluation

Exploration across the group operations in FY2021 included greenfields to near mine resource definition with over 72,000 metres drilled in the first half. The motivation for the extensive work is to grow the organic project pipeline through discovery of new resources and growth of existing resources and reserves. This strategy has been facilitated with the commitment of an exploration budget of A\$55M for greenfields and brownfields exploration (FY2020: \$58m).

Carosue Dam

The exploration and resource definition effort was principally focussed on key current and potential near-term mining projects at Carosue Dam. Significant underground drill programs were undertaken at the Karari-Dervish to further build the base-feed reserves and surface drilling programs were undertaken to expand resources at the Million Dollar, Porphyry and Safari Bore projects. The surface drill testing of new exploration targets in the Carosue Dam Corridor has also built the platform for the pursuit of new potential resources.

Karari underground drilling included infill grade control and resource extension drilling in an effort to maintain 1.0Moz Ore Reserve despite a depletion of 214,000oz as at 30 June 2020. The majority of the drilling was conducted from the 1805 drill drive and successfully intersected thick high-grade shoots down-dip of the current reserve adjacent to the Youngfella fault.

Drilling at Dervish was balanced with exploration and resource definition programs. The resource definition drilling in the south of the mine continued to intersect thick high-grade shoots proximal to the Osman Fault. Drilling north of the currently defined resource returned encouraging results that demonstrate the potential to grow the resource laterally along strike with improved definition of grade domains within the current Life of Mine designs. Further extensional exploration and resource definition programs will be completed during FY2021 at Dervish, utilising the recently established 2000 EXD drill platform.

Step out exploration at the Karari-Dervish mines planned for H2 FY2021 includes further exploration in north Karari adjacent to the Osman fault and drill testing of new exploration targets interpreted from the seismic dataset.

Multiple underground drill programs were completed at Deep South during FY2021. Grade control was prioritised in Q1 FY2021 whilst resource and exploration drilling was completed in Q2. Highlights from the drilling include intersections of down-dip extension to the known high-grade zone that is currently under economic evaluation.

Operations at Million Dollar progressed to full scale mining during H1 FY2021 with 0.7 million BCM mined. Surface drilling to support the mining operations included 32,900m of grade control of the first twenty metre pit bench. Resource definition drilling at the project included six RC holes for 810m and one diamond hole for 144m.

Saracen continued to explore the potential of the Carosue Dam Corridor with near-mine testing of targets north of Dervish and early stage drill testing of the Jebena, Memphis and Qena prospects. The results at all prospects warrant further follow up exploration that will feature in the coming 12 to 18 months.

North of the Dervish mine, the stratigraphy and structures associated with the Bushmills Lode in Dervish continue north of the mine. Shallow RC drilling (150-180m below the natural surface) in this area failed to detect significant gold mineralisation whereas deeper RC and diamond drill holes (200-400m below natural surface) returned economic gold intercepts. Two deep diamond holes with wedge holes were completed for 3,669m and warrant further follow up drilling to test down-dip and strike extensions. The potential economic value of the newly identified Dervish North gold zones is high considering the proximity to the Dervish underground infrastructure.

The Memphis prospect is a 3.5km long, early stage exploration target with gold and pathfinder element anomalism defined by broad spaced aircore drill holes and limited RC drilling over a short segment of this anomaly. Ten RC holes, two with diamond tails, were completed during H1 FY2021 returned encouraging results and further drilling is planned for H2 FY2021 to advance the prospect.

Interpretation and modelling based on the high-resolution 3D seismic dataset has produced several new exploration targets with prospective geological architecture for gold mineralisation. The highest-ranked targets will be drill tested during H2 FY2021, including one hole that will be financially supported by the WA Government's Exploration Incentive Scheme. Importantly, these exploration targets are in proximal to the operating Karari underground mine, should the planned drilling result in the discovery of new ore positions.

With the resumption of open pit mining at the Porphyry mining centre, RC drilling was undertaken at the Maingays and Enterprise deposits to de-risk the resources for potential near-term open pit cutback operations. Four diamond drill holes tested the upper level stope designs in the Porphyry underground mine design and confirmed the Apollo lode position and gold tenor. The program also demonstrated the southern continuation of the Apollo lode beyond the previously known extents. Resource definition drilling will continue through H2 FY2021.

The Safari Bore project, located 70km north-northeast of the Carosue Dam mill and 5km west of the Deep South underground mine contains high-grade gold mineralisation beneath a formerly mined open pit. Resource definition drilling in FY2021 tested interpreted lode extensions to evaluate the potential for a future open pit cutback. The program comprised 71 RC holes and 9 diamond holes. The program confirmed the high-grade shoots remain open down plunge and the results have improved the understanding of the orebody geometry. Further drilling at Safari Bore is planned for H2 FY2021.

RC drilling at the greenfield-stage Okavango prospect testing the primary bedrock gold mineralisation within the large anomalous footprint defined in the aircore drilling was suspended in March 2020 due to COVID-19 restrictions. Drilling has been rescheduled for H2 FY2021.

Thunderbox

Underground drilling tested the extents of the known A Zone and C zone mineralisation, focusing on increasing the data density outside the current Ore Reserve. Drilling tested the margins of the mineralisation to optimise the extents of the Ore Reserve ahead of advancing underground mining. The results continued to demonstrate the consistent and persistent nature of the Thunderbox mineralisation, boding well for future underground mining below previously successful open pit operations.

Extensional and infill RC and diamond drilling continued at the Otto Bore project, located 8km north of the Thunderbox Plant. The program successfully delineated high-grade shoots proximal to the current Ore Reserve and demonstrated the potential to further grow the Thunderbox life-of-mine Ore Reserves.

Wonder North is the largest resource in the Bundarra Project located 25 km from the Thunderbox Plant. Drilling in Q4 FY2020 through to H1 FY2021 included a total of 5,186 m of RC and diamond drilling. The program objectives were to infill the resource to improve geological confidence and confirm previous high-grade drill intercepts. Results were positive and will be included in the 2021 Resource Statement.

A total of 3,611m of diamond drilling was completed along the prospective Bannockburn shear zone targeting repeat ore positions below the previously mined Central Thrust lodes and Irvine lodes. Two diamond holes intersected an interpreted continuation of the Bannockburn mineralised system north of the historic pit with gold assays pending.

During H1 FY2021, a number of regional field sampling programs were completed across tenements recently acquired as part of the Sinclair project acquisition. The principal structural corridor that hosts the Bannockburn deposit and gold anomalies is interpreted to continue south within the Sinclair project tenements. Follow up exploration is planned to further evaluate this prospective corridor.

KCGM Exploration

Saracen and its 50% KCGM JV partner Northern Star Resources Limited have continued to coordinate exploration activities through the Joint Venture's Exploration and Growth Subcommittee.

During FY2021, exploration activities at KCGM were focused on extensions to mineralisation in the Fimiston open pit and Mt Charlotte underground operations. This drilling predominantly tested down dip, along strike and on the margins of multiple historical mining areas. The objective of these programs was to deliver additional growth and mine life proximal to existing operations.

Fimiston

Drilling focused on increasing the data density within the current Mineral Resource and testing the extents of the known Fimiston system mineralisation. Both diamond and RC drilling targeted multiple narrow high-grade shear hosted style lodes within the Paringa Basalt and Golden Mile Dolerite. Drilling focused on upgrading Inferred material to an Indicated Resource category.

The results of these programs continue to demonstrate the consistent and continuous nature of the Fimiston mineralisation at depth. Data from these programs will be used to inform the 2021 Fimiston Resource model.

Mt Charlotte

Multiple drill programs were completed midway through FY2021 across various project areas at Mt Charlotte. Results are encouraging with continued drilling planned throughout the rest of FY2021 as the full scale of the mineralised system and how it interacts with Fimiston is being modelled and tested.

Mt Ferrum is a shear-hosted Fimiston-style lode located 600m east of the Sam Pearce decline of the Mt Charlotte mine. Mineralisation is hosted within Paringa Basalt and strikes NNE. Infill resource definition drilling has identified a series of hangingwall and footwall structures, and stockwork mineralisation in Williamstown Dolerite to the west of the main lode.

Unit 6 is a Mt Charlotte style stockwork mineralisation located within the Unit 6 of the Golden Mile Dolerite. Resource definition drilling has identified a series of stacked flat-laying mineralised zones striking NW-SE combined with a steep set of NE-SW striking zones.

Kal East is a zone of sub-parallel en-echelon vein sets with associated pyritic alteration selvages lying 250m to the east of existing infrastructure at the Mt Charlotte mine. Infill resource definition drilling has identified more complexity than expected, defining a series of hangingwall and footwall structures. Mineralisation is hosted primarily within Williamstown Dolerite and the highest grade is constrained within a steeply dipping southerly plunging shoot. Internal zones within the Williamstown Dolerite are important in controlling the distribution of gold.

Little Wonder is a stockwork-style mineralisation (with similar Mt Charlotte vein orientations) located in the Devon Consols Basalt (DCB). Drilling from both underground and surface was completed in FY2021 with positive results supporting additional work in H2 FY2021.

Regional

A number of regional drilling programs were completed during the year at Mt Percy, Jacks Reward and Corsair. Drill results were encouraging and follow up work is being planned for these areas in FY2021-2022.

Corporate and Finance

Statement of Financial Position

As at 31 December 2020, Saracen's total cash and liquid position was \$465.5 million (30 June 2020: \$372.1 million), comprising \$426.3 million held in cash, \$21.1 million of gold sale receivable (8,584 ounces), \$17.3 million of gold in transit (8,072 ounces) and investments valued at \$0.8 million (30 June 2020: \$2.8 million).

During the six month period, the Company made debt repayments of \$38.5 million against its existing term loan. As at 31 December 2020, Saracen had a debt position of \$283 million (net cash of \$182.5 million) in relation to the term facility.

Hedging

As at 31 December 2020, Saracen had gold hedging in place covering 383,100 ounces at an average price of A\$2,168/oz (ranging from A\$1,776/oz to A\$2,747oz). These ounces are to be delivered over the period from January 2021 to July 2023. This reflects Saracen's latest guidance re its hedging approach reflecting a reduction to approximately 20% of production hedged over a three-year period.

Dividends

On 1 February 2021, the Board of Saracen declared a fully franked special dividend of \$0.038 per ordinary share which will be paid to Saracen shareholders on 11 February 2021.

Significant Changes in State of Affairs

Refer to Review of Operations on page 4.

Events Subsequent to the Reporting Date

Other than the following, the directors are not aware of any matters or circumstances that have arisen since the end of the period which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of the affairs of the company in future financial years.

On 6 October 2020 Saracen Mineral Holdings Limited and Northern Star Resources Limited announced a proposed merger-of-equals. Subsequent to reporting date the following events occurred in relation to the proposed merger:

- On 15 January 2021, Saracen shareholders approved the acquisition of Saracen Mineral Holding Ltd by Northern Star Resources Ltd.
- On 18 January 2021, 15,075,855 Employee Performance Rights vested and converted into shares in the Company. The expensing of these performance rights were accelerated during the reporting period. 733,867 Employee Performance Rights were cancelled prior to the Scheme Record Date.
- On 1 February 2021, as a result of the successful execution of the Scheme of Arrangement, the Board of Saracen declared a fully franked special dividend of \$0.038 per ordinary share which will be paid to Saracen shareholders on 11 February 2021.
- On 2 February 2021, the Supreme Court approved the acquisition of Saracen by Northern Star Resources Ltd by way of scheme of arrangement.
- On 3 February 2021, Saracen requested that suspension from official quotation be granted by the ASX in respect of Saracen's ordinary shares. Orders made by the Supreme Court were lodged with ASIC and the Scheme became legally effective.
- Saracen Mineral Holdings Limited continues to have a secured syndicated debt facility in place. In November 2020, the Saracen lenders formally consented to the merger with Northern Star Resources Ltd for the purpose of the facility documentation, and agreed that the facility can stay in place (on its current terms) until 31 December 2021, at which point it must be repaid or refinanced.

On 7 October 2020 and 5 January 2021, a total of 17,594 ordinary shares were issued upon achievement of time based vesting conditions attached to Tranche 1 and Tranche 2 of Share Rights that were issued to Non-Executive Directors following shareholder approval on 5 March 2020.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in Page 12 of this half-year financial report.

Rounding Off

The Company is a company of the kind referred to in 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.306 (3) of the *Corporations Act 2001*.

For and on behalf of the Board.



Raleigh Finlayson
Managing Director
9 February 2021

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor for the review of Saracen Mineral Holdings Limited for the half-year ended 31 December 2020, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 9 February 2021

Index to the Consolidated Financial Statements

	Page
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Consolidated Financial Statements	
1 – Significant accounting policies	18
2 – Income Tax	19
3 – Inventories	20
4 – Plant and equipment	21
5 – Leases	21
6 – Exploration and evaluation cost	22
7 – Mine properties	22
8 – Borrowings	23
9 – Contributed Equity	23
10 – Share based payments	24
11 – Commitments	24
12 – Segment information	24
13 – Related Parties	26
14 – Contingent Liabilities	26
15 – Events subsequent to reporting date	26
Directors' Declaration	28
Independent Auditor's Review Report	29

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Half-Year Ended 31 December 2020

	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Revenue from continuing operations		601,697	409,932
Mine operating costs		(275,553)	(186,068)
Depreciation and amortisation		(78,732)	(71,397)
Royalties		(24,858)	(15,715)
Gross profit from mining operations		222,553	136,752
Administration expenses		(13,409)	(8,690)
Transaction cost on business combination		-	(15,369)
Share based payment expense		(31,061)	(5,326)
Finance costs		(6,375)	(2,868)
Other income		1,556	814
Expensing of deferred exploration costs	6	(173)	(128)
(Loss) on disposal of fixed assets		(188)	(313)
Obsolete stock write down		(816)	-
Profit before income tax		172,089	104,872
Income tax expense	2	(51,637)	(35,796)
Profit for the period after income tax		120,452	69,076
Other comprehensive profit, net of income tax			
Items that will not be reclassified to profit or loss			
Fair value of equity investments at fair value through other comprehensive income		846	13,941
Other comprehensive income, net of income tax		846	13,941
Total comprehensive profit attributable to members of Saracen Mineral Holdings Limited		121,298	83,017
Earnings per share attributable to members of Saracen Mineral Holdings Limited			
Basic earnings per share in cents		10.89	7.82
Diluted earnings per share in cents		10.74	7.59

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2020

	Note	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current assets			
Cash and cash equivalents		426,314	360,185
Trade and other receivables		32,847	8,091
Inventories	3	183,091	230,689
Other assets		4,793	4,801
Other financial assets		-	2,437
Income tax receivable		7,615	-
Total current assets		654,660	606,203
Non-current assets			
Other financial assets		792	350
Buildings, plant and equipment	4	443,053	397,420
Right-of-use assets	5	106,890	114,609
Deferred exploration and evaluation costs	6	194,084	178,044
Mine properties	7	957,081	919,676
Inventories	3	306,083	308,385
Total non-current assets		2,007,983	1,918,484
TOTAL ASSETS		2,662,643	2,524,687
Current liabilities			
Borrowings	8	77,000	77,000
Trade and other payables		145,047	137,633
Provisions		24,170	19,383
Lease liabilities	5	29,289	26,944
Income tax payable	2	-	30,180
Total current liabilities		275,506	291,140
Non-current liabilities			
Deferred tax liabilities	2	146,185	111,646
Borrowings	8	202,080	239,559
Provisions		237,303	234,027
Lease liabilities	5	89,960	89,988
Total non-current liabilities		675,528	675,220
Total liabilities		951,034	966,360
Net assets		1,711,609	1,558,327
Equity			
Contributed equity	9	1,101,325	1,095,143
Reserves		103,742	77,094
Accumulated profits		506,542	386,090
Total equity		1,711,609	1,558,327

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Half-Year Ended 31 December 2020

	Contributed equity \$'000	Accumulated profits \$'000	Fair value through other comprehensiv e income reserve \$'000	Share based payments reserves \$'000	Total \$'000
As at 1 July 2020	1,095,143	386,090	32,603	44,491	1,558,327
Profit for the period after tax	-	120,452	-	-	120,452
Other comprehensive income	-	-	846	-	846
Total comprehensive income for the period after tax	-	120,452	846	-	121,298
Share based payments	-	-	-	31,007	31,007
Vesting of performance rights	6,129	-	-	(6,129)	-
Shares issued to non-executive directors in lieu of director fees	53	-	-	-	53
Tax effect on share based payments	-	-	-	924	924
As at 31 December 2020	1,101,325	506,542	33,449	70,293	1,711,609
As at 1 July 2019	261,392	196,434	11,310	23,945	493,081
Profit for the period after tax	-	69,076	-	-	69,076
Other comprehensive income	-	-	13,941	-	13,941
Total comprehensive income for the period after tax	-	69,076	13,941	-	83,017
Share based payments	-	-	-	5,326	5,326
Vesting of performance rights	1,421	-	-	(1,421)	-
Tax effect on share based payments	-	-	-	692	692
Contribution of equity net of transaction costs	827,950	-	-	-	827,950
Tax effect on share issue cost	4,914	-	-	-	4,914
As at 31 December 2019	1,095,677	265,510	25,251	28,542	1,414,980

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2020

	Note	31 Dec 2020 \$'000	31 Dec 2019 \$'000
Cash flows from operating activities			
Receipts from customers		608,021	409,932
Payments to suppliers and employees		(279,374)	(245,465)
Interest received		1,056	993
Interest paid		(3,711)	(1,462)
Income tax paid		(53,792)	(11,994)
Net cash flows provided by operating activities		272,200	152,004
Cash flows from investing activities			
Purchase of plant, equipment and development assets		(132,072)	(78,668)
Payments for exploration and evaluation		(22,056)	(21,809)
Payments for acquisition of KCGM JV, net of cash acquired		-	(1,094,425)
Payments for acquisition of Sinclair nickel project		-	(10,415)
Disposal of financial assets at fair value through other comprehensive income		2,993	-
Purchase of financial assets at fair value through other comprehensive income		(328)	-
Net cash flows used in investing activities		(151,464)	(1,205,317)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		-	779,654
AASB16 leases interest paid		(1,497)	(1,210)
Repayment of finance lease liabilities		(14,612)	(5,889)
Loan establishment fees		-	(6,190)
Proceeds from borrowings		-	400,000
Repayment of borrowings		(38,500)	(15,000)
Net cash flows provided by/(used in) financing activities		(54,608)	1,151,365
Net increase in cash held		66,128	98,052
Cash at beginning of period		360,185	118,715
Cash at end of period		426,314	216,767

The consolidated statement of cash flows should be read in conjunction with the accompanying notes

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Saracen Mineral Holdings Limited for the financial year ended 30 June 2020 which was prepared in accordance with the requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2020 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

(a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company is a company of the kind referred to in 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 indicated.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's annual financial report for the financial year ended 30 June 2020.

These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

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

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

(c) Comparatives

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

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

31 Dec 2020 31 Dec 2019
\$'000 \$'000

NOTE 2 INCOME TAX

(a) Income tax expense comprises:

Current income tax charge	15,998	39,221
Movement in temporary differences	35,639	(3,425)
Income tax expense	51,637	35,796

(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	172,089	104,872
Prime facie income tax expense at 30% (31 December 2019: 30%)	51,627	31,462
- Non-deductible expenses	10	10
- Non-deductible expenses – KCGM acquisition	-	4,324
- Recognition of previously unrecognised temporary differences	-	-
Income tax expense	51,637	35,796
Effective tax rate	30%	34%

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Balance at 1 Jul 2020 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Balance at 31 Dec 2020 \$'000
Deferred tax assets				
Provisions	76,996	2,550	-	79,546
Share based payments	19,521	2,287	924	22,732
Lease liability	35,079	(2,114)	-	32,965
Share issue cost	3,930	(491)	-	3,439
Total	135,526	2,232	924	138,682
Deferred tax liabilities				
Deferred mining expenditure	(207,210)	(43,039)	-	(250,249)
Property, plant and equipment	130	(1,041)	-	(911)
Financial assets at fair value through other comprehensive income	(258)		176	(82)
Right of use asset	(34,382)	2,316	-	(32,066)
Other	(166)	(359)	-	(525)
Inventories	(5,286)	4,252	-	(1,034)
Total	(247,172)	(37,871)	176	(284,868)
Net deferred tax asset/ (liability)	(111,646)	(35,639)	1100	(146,185)

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

c) Deferred tax assets and liabilities (continued)

	Balance at 1 Jul 2019 \$'000	Charged / credited to income \$'000	Charged / credited to equity \$'000	Fair Value of Business Combination \$'000	Balance at 30 Jun 2020 \$'000
Deferred tax assets					
Provisions	17,572	11,806	-	47,618	76,996
Share based payments	7,427	1,491	10,603	-	19,521
Lease liability	-	30,572	-	4,507	35,079
Share issue cost	-	-	3,930	-	3,930
Other	-	(298)	-	-	(298)
Total	24,999	43,571	14,533	52,125	135,228
Deferred tax liabilities					
Deferred mining expenditure	(78,404)	(30,576)	-	(98,230)	(207,210)
Property, plant and equipment	(2,259)	(3,222)	-	5,611	130
Financial assets at fair value through other comprehensive income	(4,830)	-	4,572	-	(258)
Right of use asset	-	(29,875)	-	(4,507)	(34,382)
Other	(47)	179	-	-	132
Inventories	(926)	(4,360)	-	-	(5,286)
Total	(86,464)	(67,853)	4,572	(97,126)	(246,874)
Net deferred tax asset/ (liability)	(61,468)	(24,282)	19,105	(45,001)	(111,646)

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

NOTE 3 INVENTORIES

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current		
Ore stocks (at cost)	108,181	162,274
Gold in circuit (at cost)	26,709	25,472
Gold in transit (at cost)	8,949	4,778
Consumable supplies and spares	39,253	38,165
	183,091	230,689
Non-Current		
Ore stocks (at cost)	306,083	308,385
	306,083	308,385

Non-current ore stocks are KCGM's and Thunderbox's stock not processed in the next 12 months.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 4 PLANT AND EQUIPMENT

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Plant and equipment		
Opening balance net of accumulated depreciation	335,342	100,154
Acquired on acquisition of KCGM JV	-	195,130
Acquired on acquisition of Sinclair	-	6,580
Additions	3,583	1,092
Transfer from capital work in progress	24,552	76,654
Disposals	(385)	(397)
Depreciation	(24,813)	(43,871)
Closing balance net of accumulated depreciation	<u>338,280</u>	<u>335,342</u>
Capital work in progress		
Opening balance net of accumulated depreciation	62,078	33,453
Acquired on acquisition of KCGM JV	-	39,311
Additions	67,247	66,613
Transfer to mines in production	-	(645)
Transfer to plant and equipment	(24,552)	(76,654)
Closing balance net of accumulated depreciation	<u>104,773</u>	<u>62,078</u>
Plant and equipment accumulated depreciation		
Opening balance	150,994	108,444
Depreciation	24,813	43,871
Disposals	(231)	(1,321)
Closing balance	<u>175,576</u>	<u>150,994</u>
Cost	618,629	548,414
Accumulated depreciation	(175,576)	(150,944)
Net carrying amount	<u>443,053</u>	<u>397,420</u>

NOTE 5 LEASES

This note provides information for leases where the Group is a lessee.

Amounts recognised in statement of financial position

Right-of-use assets

Opening balance net of accumulated depreciation	114,609	64,369
Acquired as part of KCGM JV acquisition	-	15,024
Additions	7,566	53,620
Depreciation	(15,285)	(18,404)
Closing balance net of accumulated depreciation	<u>106,890</u>	<u>114,609</u>

Current

AASB16 lease liabilities	27,370	26,944
Finance lease	1,918	-
	<u>29,289</u>	<u>26,944</u>

Non-Current

AASB16 lease liabilities	82,515	89,988
Finance lease	7,445	-
Closing balance	<u>89,960</u>	<u>116,932</u>

Amounts recognised in statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

	31 Dec 2020	31 Dec 2019
Depreciation charge of right-of-use assets	15,285	6,582
Interest expense (included in finance costs)	1,496	1,210

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 6 EXPLORATION AND EVALUATION COSTS

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Deferred exploration and evaluation costs		
Balance at the start of the period	178,044	103,215
Additions	19,274	36,967
Purchase of Bundarra tenements	-	49,843
Purchase of Sinclair project	-	18,855
Transferred to mines in production	(3,079)	(16,848)
Transferred to mines under construction	(397)	(13,234)
Exploration expensed	(173)	(754)
Change in rehabilitation provision	415	-
Balance at the end of the period	<u>194,084</u>	<u>178,044</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 7 MINE PROPERTIES

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Mines under construction	493,555	485,652
Mines in production	463,014	432,289
Deferred mining expenditure	512	1,735
Balance at the end of the period	<u>957,081</u>	<u>919,676</u>
Mines under construction		
Balance at the start of the period	485,652	102,494
Acquired on acquisition of KCGM JV	-	277,044
Additions	48,865	92,434
Transferred from capital work in progress	-	645
Transferred from deferred exploration and evaluation costs	397	13,234
Transferred to mines in production	(45,000)	-
Change in rehabilitation provision	3,641	(199)
Balance at the end of the period	<u>493,555</u>	<u>485,652</u>
Mines in production		
Balance at the start of the period	432,289	110,881
Acquired on acquisition of KCGM JV	-	296,912
Additions	19,460	49,948
Transferred from deferred exploration and evaluation costs	3,079	16,848
Transferred from mines under construction	45,000	-
Amortisation for the period	(35,873)	(64,364)
Change in rehabilitation provision	(941)	22,064
Balance at the end of the period	<u>463,014</u>	<u>432,289</u>
Deferred mining expenditure		
Balance at the start of the period	1,735	22,665
Additions	523	3,054
Amortisation of deferred mining expenditure	(1,747)	(23,984)
Balance at the end of the period	<u>512</u>	<u>1,735</u>

Deferred mining expenditure relates to capitalised overburden of the OBH open pit mine (30 June 20: Thunderbox open pit mine only).

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 8 BORROWINGS

	31 Dec 2020 \$'000	30 Jun 2020 \$'000
Current	77,000	77,000
Non-current	202,080	239,559
	279,080	316,559
Reconciliation of Borrowings		
Opening balance	316,559	-
Debt Drawdown	-	445,000
Repaid during the period	(38,500)	(123,500)
Movement in net transaction costs	1,021	(4,941)
	279,080	316,559

Saracen Mineral Holdings Limited continues to have a secured syndicated debt facility in place. In November 2020, the Saracen lenders formally consented to the merger with Northern Star Resources Ltd for the purpose of the facility documentation, and agreed that the facility can stay in place (on its current terms) until 31 December 2021, at which point it must be repaid or refinanced.

NOTE 9 CONTRIBUTED EQUITY

		31 Dec 2020 \$'000	30 Jun 2020 \$'000
Contributed Equity			
Fully paid issued capital		1,101,325	1,095,143
Movements in ordinary shares:			
	Dec 2020	Dec 2020	Jun 2020
	Number of shares	\$'000	Number of shares
Beginning of the financial period (1 July)	1,102,991,480	1,095,143	820,413,896
-Shares issued on vesting of Performance Rights	4,636,640	6,129	1,625,000
-Shares issued to employees	-	-	100,573
-Shares issued for Bundarra acquisition	-	-	11,011,352
-Shares issued for KCGM JV acquisition	-	-	269,840,659
-Shares issued to non-executive directors in lieu of director fees	8,798	53	-
End of the financial period	1,107,636,918	1,101,325	1,102,991,480
			1,095,143

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

	31 Dec 2020 Number	30 June 2020 Number
Performance Rights		
Outstanding balance at the beginning of the period	18,324,060	17,355,610
Performance rights granted	2,201,600	2,724,920
Performance rights vested	(4,636,640)	(1,625,000)
Performance rights lapsed	(79,300)	(131,470)
Outstanding balance at the end of the financial period	15,809,720	18,324,060

Subsequent to 31 December 2020 Saracen cancelled 733,867 and converted into shares 15,075,855 Performance Rights as a result of the merger of equals with Northern Star Resources Limited. Refer to "Note 14 – Events Subsequent to the Reporting Date" for further details.

	2020 \$'000	2019 \$'000
Reserves		
Share based payments reserve		
Balance at beginning of period	44,491	23,945
Share based payments – Performance Rights	31,007	11,364
Vesting of Performance Rights	(6,129)	(1,421)
Tax effect on share based payments	924	10,603
Balance at end of year	70,293	44,491

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 10 SHARE BASED PAYMENTS

During the period under review the Group granted 2,020,500 Performance Rights to eligible management and staff under the Saracen Mineral Holdings Limited Performance Rights Plan (“Plan”). The fair value of the Performance Rights granted is \$8,349,617.

In addition to this, the Group also granted 181,100 Performance Rights to Managing Director, Mr Raleigh Finlayson under the Plan. The issue of Performance Rights to Mr Finlayson was approved by shareholders at the Company’s Annual General Meeting held on 6 October 2020. The fair value of the Performance Rights granted is \$811,011.

During the period Saracen and Northern Star agreed to a merger-of-equals via a Saracen Scheme of Arrangement under which Northern Star will acquire 100% of the shares in Saracen. As a result of the merger the expensing of the outstanding performance rights (except for the 733,867 cancelled rights (refer to note 9)), was accelerated during the period resulting in additional expenditure of \$25 million.

NOTE 11 COMMITMENTS

(a) Gold Delivery Commitments

	Gold for physical delivery oz	Contracted sales price A\$/oz	Value of committed sales \$'000
Within one year	232,100	2,088	484,698
Later than one but not later than five years	151,000	2,291	346,037
	383,100	2,168	830,735

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) Contractual Commitments

There has been no material changes to contractual commitments since 30 June 2020.

NOTE 12 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 are as follows:

- Saracen Gold Mines Pty Limited (“SGM”) which includes the Group’s exploration, development, production and administration relating to the Karari-Dervish and Deep South operations.
- Saracen Metals Pty Limited (“SME”) which includes the Group’s exploration, development, production and administration relating to the Thunderbox and Kailis operations.
- Saracen Mineral Holdings Limited (“SAR”) which includes the Group’s corporate administration.
- Saracen Bundarra Pty Ltd (“SBU”) which includes the Group’s exploration and administration relating to Bundarra tenements.
- Saracen Nickel Pty Ltd (“SNI”) which includes the Group’s exploration and infrastructure relating to the Sinclair nickel (Talisman) project.
- Saracen Goldfields Pty Ltd (“SGO”) which includes the Group’s 50% interest in KCGM JV.

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.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 12 SEGMENT INFORMATION (Continued)

	31 Dec 2020 \$'000	31 Dec 2019 \$'000
(a) Segment external revenues		
SGM - Metal sales	219,855	207,257
SGM - Other	21	18
SME- Metal sales	146,905	157,621
SME - Interest income	-	1
SME - Other	3	75
SAR - Interest income	1,056	990
SGO – Metal sales	234,937	45,053
SGO – Interest income	174	1
SGO – Other	302	-
	<u>603,253</u>	<u>411,016</u>
(b) Segment profit/ (loss) before tax		
SGM	85,339	57,642
SME	74,811	73,982
SAR	(13,121)	(23,360)
SBU	(1)	(25)
SNI	(138)	(4)
SGO	61,078	4,091
	<u>207,968</u>	<u>112,254</u>
Finance costs	(6,375)	(2,868)
Other income	1,556	814
Share based payments	(31,061)	(5,326)
Profit before income tax	<u>172,089</u>	<u>104,874</u>
	31 Dec 2020 \$'000	30 Jun 2020 \$'000
(c) Segment assets and liabilities		
Assets		
SGM	498,145	449,732
SAR	427,089	343,924
SME	337,392	316,098
SBU	55,796	53,890
SNI	23,985	26,408
SGO	1,312,621	1,334,635
Unallocated – Income Tax Receivable	7,615	-
	<u>2,662,643</u>	<u>2,524,687</u>
Liabilities		
SGM	120,549	122,846
SAR	310,414	384,892
SME	111,782	101,255
SBU	3,527	2,824
SNI	15,594	15,422
SGO	235,638	227,475
Unallocated – Deferred Tax Liability	146,185	111,646
	<u>943,419</u>	<u>966,360</u>

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.

Notes To and Forming Part of the Consolidated Financial Statements

For the Half-Year Ended 31 December 2020

NOTE 12 SEGMENT INFORMATION (continued)

(d) Other segment information

Depreciation and amortisation of \$21.9 million (31 December 2019: \$9.9 million), \$29.6 million (31 December 2019: \$23.5 million) and \$26.0 million (31 December 2019: \$37.6 million) are attributable to the SGO, SGM and SME segments respectively.

Non-current asset additions of \$14.7 million (30 June 2020: \$32.8 million), \$70.0 million (30 June 2020: \$121.1 million) and \$58.0 million (30 June 2020: \$62.7 million) are attributable to the SGO, SGM and SME segments respectively.

The Group operates within one geographical segment, being Australia.

NOTE 13 RELATED PARTIES

The Group granted 181,100 Performance Rights to Managing Director, Mr Raleigh Finlayson under the Performance Rights Plan. The issue of Performance Rights to Mr Finlayson was approved by shareholders at the Company's Annual General Meeting held on 6 October 2020. The fair value of the Performance Rights granted is \$811,011.

On 7 October 2020 and 5 January 2021, a total of 17,594 ordinary shares were issued upon achievement of time based vesting conditions attached to Tranche 1 and Tranche 2 of Share Rights that were issued to Non-Executive Directors following shareholder approval on 5 March 2020.

NOTE 14 CONTINGENT LIABILITIES

On 6 October 2020 Saracen Mineral Holdings Limited and Northern Star Resources Limited announced a proposed merger-of-equals via a Saracen Scheme of Arrangement under which Northern Star will acquire 100% of the shares in Saracen. The Company advised that it has determined to pay a fully franked special dividend to Saracen shareholders of A\$0.038 per share (Special Dividend), conditional upon the Scheme becoming effective. The successful execution of the Scheme of Arrangements will therefore result in a ~\$42 million dividend payment to Saracen shareholders. Refer to *Note 15 Events Subsequent to the Reporting Date* for further details.

In addition to the above, ~\$14 million of professional advisory fees are payable conditional upon the Scheme becoming effective.

NOTE 15 EVENTS SUBSEQUENT TO THE REPORTING DATE

On 6 October 2020 Saracen Mineral Holdings Limited and Northern Star Resources Limited announced a proposed merger-of-equals. Subsequent to reporting date the following events occurred in relation to the proposed merger:

- On 15 January 2021, Saracen shareholders approved the acquisition of Saracen Mineral Holding Ltd by Northern Star Resources Ltd.
- On 18 January 2021, 15,075,855 Employee Performance Rights vested and converted into shares in the Company. The expensing of these performance rights were accelerated during the reporting period. 733,867 Employee Performance Rights were cancelled prior to the Scheme Record Date.
- On 1 February 2021, as a result of the successful execution of the Scheme of Arrangement, the Board of Saracen declared a fully franked special dividend of \$0.038 per ordinary share which will be paid to Saracen shareholders on 11 February 2021.
- On 2 February 2021, the Supreme Court approved the acquisition of Saracen by Northern Star Resources Ltd by way of scheme of arrangement.
- On 3 February 2021 Saracen requested that suspension from official quotation be granted by the ASX in respect of Saracen's ordinary shares. Orders made by the Supreme Court were lodged with ASIC and the Scheme became legally effective.
- Saracen Mineral Holdings Limited continues to have a secured syndicated debt facility in place. In November 2020, the Saracen lenders formally consented to the merger with Northern Star Resources Ltd for the purpose of the facility documentation, and agreed that the facility can stay in place (on its current terms) until 31 December 2021, at which point it must be repaid or refinanced.

On 7 October 2020 and 5 January 2021, a total of 17,594 ordinary shares were issued upon achievement of time based vesting conditions attached to Tranche 1 and Tranche 2 of Share Rights that were issued to Non-Executive Directors following shareholder approval on 5 March 2020.

Except for the event detailed above, no other matter or circumstance has arisen since 31 December 2020 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's state of affairs in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2020 and the performance for the half-year ended on that date of the consolidated entity.
 - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the Board.



Raleigh Finlayson
Managing Director
9 February 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saracen Mineral Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Saracen Mineral Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, 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 half-year ended on that date, a summary of statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO


Glyn O'Brien

Director

Perth, 9 February 2021

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