



6 October 2020

Address by the Chair, Tony Kiernan

2020 Annual General Meeting of Saracen Mineral Holdings Limited

Today is a day of great significance for Saracen shareholders with the announcement of a A\$16b merger of equals with our KCGM JV partner, Northern Star.

This unique deal will create a new Global Top 10 gold company, targeting production of 2 million ounces per annum exclusively from Tier 1 locations.

But most importantly this is M&A that works. It is a true merger of equals, with real synergies, that combines two dynamic, entrepreneurial management teams. And we believe it will build true value for you, our shareholders.

Upon completion of the merger, which we anticipate will be February next year, the new Board of the merged entities will comprise a 4:5 split of Directors between Saracen and Northern Star. Joining from Saracen will be Raleigh Finlayson, John Richards, Sally Langer and myself. Until then the Saracen board will remain as it is, subject of course to some re-election resolutions today.

Whilst there is a way to go and if the merger is approved, this will be the last Annual General Meeting of Saracen shareholders (although there will be a shareholders meeting to approve the merger). If that comes to pass it is appropriate to thank the directors who will not go with the merged entity being Martin Reed, Dr Roric Smith and Samantha Tough, who did not offer themselves for election to the Board, for their outstanding service to Saracen over a number of years.

There are certainly a few bleary eyes in the office this morning and I thank our team for their hard work and focus on getting this deal announced. We look forward to sharing the merits of this transaction further with shareholders as we move forward.

In reflecting on the past year, I respectfully acknowledge the tragic passing of Michael Johnson who was fatally injured at the Carosue Dam Mine on 13 July 2020. I again extend our sincere condolences to all of Michael's family, friends and workmates.

An investigation is continuing into the circumstances surrounding the tragedy, with the full support of both Saracen and the underground mining contractor Byrnegut.

Safety is at the heart of what we do at Saracen and there is and will be no compromise in this area.

From an operational perspective, the 2020 financial year has been highly successful for Saracen.

In FY20, we extended our unbroken track record of either meeting or beating guidance to eight years, achieving annual group production of more than 520,000 ounces. All-In-Sustaining-Costs were A\$1,101/oz – one of the lowest globally and very attractive when considering that the current gold price is A\$2,660/oz.

This production resulted in strong financial success with underlying EBITDA of A\$530m and an underlying net profit up 173% to a record A\$258 million.

Our strong operational and financial performance was also reflected in our share price, which rose from under A\$3.50 at the start of the 2020 financial year to today's level of around \$5.22. These gains followed a rise from around 50c at the end of 2015, putting Saracen in rare company with the share price increasing more than 10 times over this 5-year period.

In addition to operational matters, the year saw:

- The acquisition of a half-share in one of the world's largest gold mines, the Super Pit in Kalgoorlie;
- Saracen working with our new joint venture partner, Northern Star, to grow Reserves at the Super Pit by more than 50% to almost 10 million ounces of contained gold;
- Considerable attention to managing the complex challenges resulting from the COVID-19 pandemic; and
- Entry into the ASX100 index.

One thing of which we are proud of is that around 98% of employees are shareholders in the Company.

It is important to note that Saracen remains a growth stock. We recently outlined a production flightpath to 800,000 ounces per annum compared to just two years ago where we were aiming for 400,000 ounces per annum.

Additionally, our growth ambitions are set against the backdrop of a conservative balance sheet. After taking on A\$400 million in debt in late 2019 to support the purchase of 50% of the Super Pit, our strong cash flows have enabled us to promptly return to a net cash position. We had cash and equivalents of A\$369 million at financial year end, with debt reduced to A\$321 million.

The Board previously announced a dividend policy that targets a payout ratio between 20-40% of net profit after tax, subject in principle to Saracen reaching and maintaining a minimum net cash balance of A\$150 million but with overriding Board discretion as to timing. Following recent strong free cash flow generation, I am pleased to say that earlier today we announced that Saracen will pay a special dividend of A3.8c per Saracen share fully franked, conditional on the merger of equals with Northern Star becoming effective and banking consents.

We continue to invest in "future-proofing our business". This means maximising our ability to generate strong returns over the long term, and increase our ability to withstand the inevitable swings and roundabouts of the gold and resources sector.

The benefits of this "future proofing" strategy were particularly evident during the initial phases of the COVID-19 pandemic where our additional investment in ore stockpiles, mine development and other "shock absorbers" ensured that Saracen was well positioned to weather the various COVID-19 related challenges.

This "future proofing" coupled with our sustained growth over the years, not only in reserves but in cash generation and operating profit, is a result of extremely competent and diligent leadership and management. Obviously Raleigh Finlayson

has led the Company well and this needs to be acknowledged, but he would be the first to say the whole process is a team effort from the Executive Management team down through all staff.

Saracen accepts its privileged licence to operate status, which leads to a strong emphasis on Environment, Social and Governance. This is an area in which considerable and necessary practical attention and diligence is being paid and will continue to be of the highest priority.

In this regard, we have recently released our third annual Sustainability Report and our inaugural Tax Transparency Report.

I will now go to the business of the meeting.

Tony Kiernan

Chair

Saracen Mineral Holdings Limited