



Saracen Mineral Holdings Limited

# Saracen continues bolt-on strategy with acquisition of Sinclair Project for A\$10m

## Deal delivers highly prospective gold tenure with extensive infrastructure just 25km from Thunderbox

27 September 2019

### HIGHLIGHTS

- ▲ Saracen has entered into a binding agreement to acquire the Sinclair project from Talisman Mining (ASX: TLM)
- ▲ The Sinclair project is located 25km south-west of Thunderbox and includes:
  - **Highly prospective yet underexplored gold tenure immediately along strike from Saracen's Bannockburn project area\*** (1.04Moz Resource<sup>1</sup>), where recent air core drilling has highlighted additional significant anomalous mineralisation
  - **Extensive infrastructure** including a 200-person camp, mine buildings and workshops, core yard, 2km sealed airstrip, and abundant good quality water (bore field and pipeline)
  - **Extensive underground mining assets** including primary and secondary ventilation fans, electrical starter boxes and refuge chambers, **readily available for installation at the growing Thunderbox underground mine**
  - **+350ktpa nickel processing plant and Mineral Resources<sup>2</sup> of 720,000t @ 2.3% Ni for 16,200t of contained nickel**, enabling value to be unlocked at the Saracen-owned Waterloo / Amorac deposits
  - Key infrastructure and assets are presented in Appendix A
- ▲ Consideration is **A\$10m cash** payable at completion and a **2.0% NSR** payable on metal production from the Sinclair tenements and non-precious metals production from the Saracen-owned Waterloo tenement (M36/473)
- ▲ The transaction is conditional upon the items listed on page 3, completion expected to occur prior to the end of October 2019
- ▲ Saracen will conduct a strategic review of its nickel assets, which will include >30,000t<sup>1 2</sup> of contained nickel in Resources within 50km of a nickel processing plant, with a view to maximising their value via a transaction at the right time

Saracen Mineral Holdings (ASX: SAR) has entered into a binding agreement which will see it acquire the Sinclair project from Talisman Mining (ASX: TLM). Sinclair is located 25km south-west of Saracen's Thunderbox project (Figure 1) in the world-class Agnew-Wiluna greenstone belt. Sinclair includes a 207sqkm tenement package covering more than 80km of prospective ultramafic host rocks.

The Sinclair tenure is contiguous with Saracen's Bannockburn project area (>1Moz Mineral Resources). Saracen's recent air core drill program across Bannockburn highlighted significant anomalous mineralisation along the prospective Bannockburn and Blue Tank Shear zones. The southern extension of these anomalous structures continues on to the Sinclair package, presenting an outstanding exploration target devoid of any systematic gold exploration to date.

The Sinclair project contains extensive infrastructure and assets that provide strong synergies for further exploration and monetisation of Resources in the Bannockburn area, as well as adding value to the existing Thunderbox operations. Project assets include a 200-person camp (suitable for exploration and future mining at Bannockburn), mine buildings and workshops, core yard, 2km sealed airstrip, and abundant good quality water that can readily be reticulated to the Thunderbox plant (Figure 2). The Thunderbox underground mine will also benefit from primary and secondary ventilation fans, electrical starter boxes and refuge chambers, which are in excellent condition and currently held in storage at Sinclair.

The project also hosts the Sinclair nickel deposit, which was mined between 2008 and 2013, producing approximately 38,500t of nickel at an average head grade of 2.4% nickel and includes an existing +350,000tpa nickel processing plant. The combination of Sinclair with Saracen's Waterloo / Amorac Nickel Project will enable substantial value to be unlocked at the right time via economies of scale and a pathway to production.

Under the deal, Saracen has agreed to acquire Talisman Nickel Pty Ltd, a subsidiary of Talisman Mining Limited (ASX: TLM) and owner of the Sinclair project.

Saracen has agreed to pay Talisman A\$10m cash at completion and a 2% NSR payable on metal production from the Sinclair project tenements and non-precious metals production from the Saracen-owned Waterloo tenement (M36/473).

Saracen Managing Director Raleigh Finlayson said the Sinclair acquisition was consistent with the Company's organic growth strategy.

*"Saracen believes Sinclair offers significant gold exploration upside close to the Thunderbox mill," Mr Finlayson said. "This means it ticks two key boxes for us."*

*"The extensive infrastructure and other assets at Sinclair also provide opportunities to further enhance the Thunderbox mine and mill, adding further value to the acquisition."*

\* Bannockburn (710koz Resources) and North Well (330koz Resources)

<sup>1</sup> ASX:SAR release "Reserves grow 32% to 3.3Moz, underpinning long life 400kozpa", 1<sup>st</sup> August 2019

<sup>2</sup> ASX:TLM release "Sinclair Nickel - Talisman Maiden JORC Mineral Resource", 31<sup>st</sup> August 2018

Figure 1 - Location of Saracen's Thunderbox projects including Sinclair

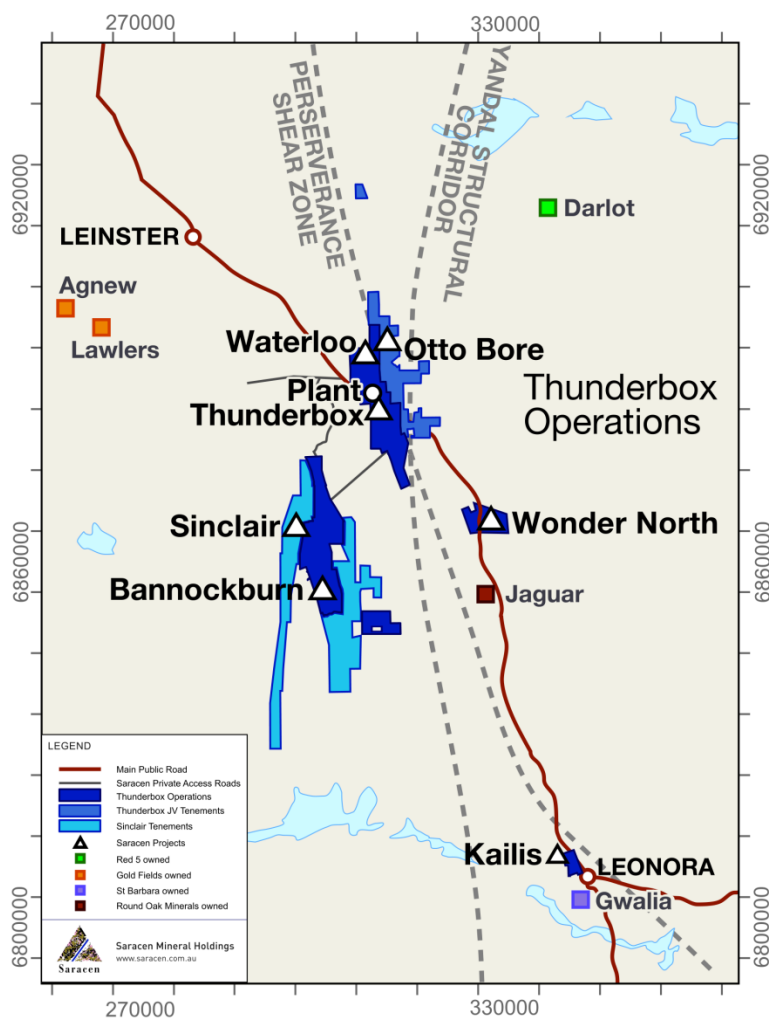
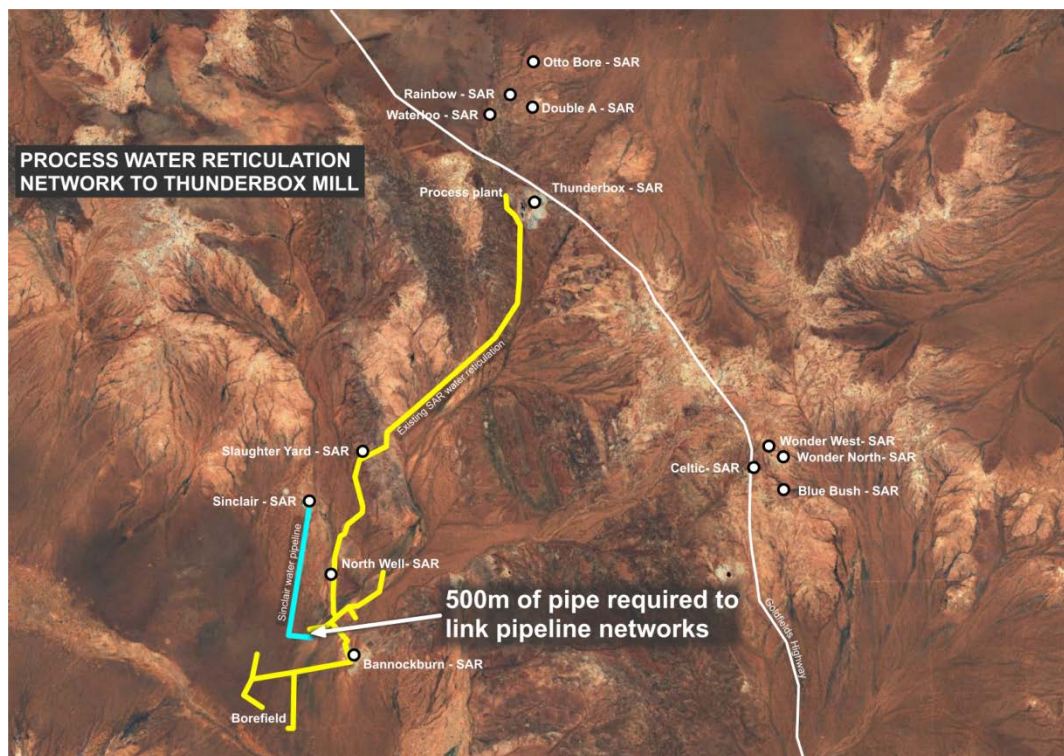


Figure 2 – Process water reticulation from Sinclair to Thunderbox mill (500m LINK ONLY REQUIRED)



## Conditions

The transaction is conditional upon:

- ▲ Glencore's consent to the sale of Talisman Nickel Pty Ltd to Saracen
- ▲ Infrastructure remaining on site at Completion

A Deferred Contingent Consideration arrangement was entered into between TLM and Glencore as part of the acquisition of the Sinclair project, and Saracen has agreed to comply with this. The Deferred Contingent Consideration mechanism operates as follows:

- ▲ Payment of A\$2 million cash upon production of nickel products being commenced within six years of TLM acquiring the Sinclair Project (completion of this transaction occurred on 4 February 2015); and
- ▲ The right for Glencore to:
  - Make an offer for off-take for the first 20,000 tonnes of contained nickel products produced from the Sinclair Project; or
  - Match the best third-party offtake offer

## Completion

Completion of the transaction is expected to occur prior to the end of October 2019.

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## Corporate Structure:

Ordinary shares on issue:	832.6m
Unvested employee performance rights:	17.1m
Market capitalisation (26 September):	A\$2.9b (share price A\$3.56)
Cash, bullion and investments (30 June):	A\$153.3m
Debt:	Nil
Substantial shareholders:	Van Eck Global 12.1%
	BlackRock Group 8.2%
	Mitsubishi UFJ 5.0%

For further information please contact:

### Investors:

Troy Irvin  
Corporate Development Officer  
Email: [info@saracen.com.au](mailto:info@saracen.com.au)  
Contact (08) 6229 9100

### Media Enquiries:

Read Corporate  
Paul Armstrong / Nicholas Read  
Email: [info@readcorporate.com](mailto:info@readcorporate.com)  
Contact: (08) 9388 1474

## Appendix A

### Key infrastructure assets

Description
<b>Primary Crusher Plant &amp; Equipment</b>
<b>Mill Feed Conveyor and Surge Bin Plant &amp; Equipment</b>
<b>SAG Mill Plant &amp; Equipment</b>
<b>Regrind Mill Plant &amp; Equipment</b>
<b>Flotation Plant &amp; Equipment</b>
<b>Concentrate Thickening Plant &amp; Equipment</b>
<b>Concentrate Filtering Plant &amp; Equipment</b>
<b>Concentrate Storage Plant &amp; Equipment</b>
<b>Reagent Mixing Plant &amp; Equipment</b>
<b>Process &amp; Raw Water Management Plant &amp; Equipment</b> <i>including Sinclair and Marshall Creek borefield pumps and pipelines</i>
<b>Waste Water Management System Plant &amp; Equipment</b>
<b>Tailings Thickener Plant &amp; Equipment</b>
<b>Tailings Return Plant &amp; Equipment</b>
<b>Plant Air Services Plant &amp; Equipment</b>
<b>Concentrator, Stores and Workshop Buildings</b>
<b>Concentrator and Mill Spare Parts – Girth Gear, Mill Motor &amp; Mill Drive Gearbox</b>
<b>Mobile Equipment</b> <i>Loaders - Komatsu WA470, Volvo L150 &amp; Volvo L120</i> <i>Excavator - Volvo EC240</i> <i>Other - Husky Skidsteer Bobcat, Manitou Forklift &amp; light vehicles</i>
<b>Underground Mining Equipment</b> <i>Primary Ventilation Fans</i> <i>Secondary Ventilation Fans &amp; Starters</i> <i>Jumbo Starter Boxes</i> <i>Underground Distribution &amp; Lighting Boxes</i> <i>Mono &amp; Flygt Pump Starters</i> <i>Mono Pumps</i> <i>Underground Substation</i> <i>Underground refuge chambers</i> <i>Atlas Copco Air Compressor</i>
<b>Contractor Maintenance Workshop Plant &amp; Equipment</b>
<b>Mining Engineering Surveying &amp; Technical Equipment</b>
<b>Accommodation Village &amp; Facilities</b> <i>including sealed airstrip</i>
<b>Administration &amp; Exploration Buildings and Plant &amp; Equipment</b> <i>including core farm shed, racks and core cutter</i>
<b>Site Fuel Facility (incl. fuel tanks)</b>
<b>Health Safety and Environment Plant &amp; Equipment (incl. medical centre)</b>

*+350ktpa processing plant*



*200-person camp*



*Underground fans, rescue chambers, pumps*



*Airstrip*



*Equipped stores shed*



*Starter boxes*



*Core farm*



*Recreational facilities*

