



**Saracen**

**SARACEN MINERAL HOLDINGS LIMITED**  
**ACN 009 215 347**

**HALF-YEAR FINANCIAL REPORT**  
**31 DECEMBER 2008**

# COMPANY PARTICULARS

## Directors

Guido Staltari (Chairman)  
Ivan Hoffman  
Barrie Parker  
Carl Thompson

## Secretary

Rajan Narayanasamy

## Registered Office and Business Address

Level 7  
350 Collins Street  
Melbourne VIC 3000

Telephone: 03 9670 0040  
Facsimile: 03 9670 0049

## Auditor

PKF Chartered Accountants  
Level 14, 140 William Street  
Melbourne VIC 3000

Telephone: 03 9603 1700  
Facsimile: 03 9602 3870

## Solicitor

Steinepreis Paganin  
Level 4, Next Building  
16 Milligan Street  
Perth WA 6000

## Bankers

Commonwealth Bank of Australia Limited  
367 Collins Street  
Melbourne VIC 3000

## Share Registry

Computershare Investor Services Pty Ltd  
Level 2, Reserve Bank Building  
45 St Georges Terrace  
Perth WA 6000

# DIRECTORS' REPORT

The directors of Saracen Mineral Holdings Limited submit their report for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report 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.

Guido Staltari (Chairman)  
Ivan Hoffman  
Barrie Parker  
Carl Thompson

## Review of Operations

The consolidated net loss after tax for the half-year was (\$3,667,536) [31 December 2007: loss of \$966,857]. The decline reflects a \$2,113,226 write off of deferred exploration and evaluation costs as part of the period's review and subsequent rationalisation of Saracen's tenement holdings (as described in Note 3), a decline in the market value of listed shares of \$208,540, an impairment of other financial assets of \$249,885 (as described in Note 4) and the loss on sale of other financial assets of \$250,704. At the balance date Saracen retains a small trading portfolio of listed shares with a market value of \$78,660 and other financial assets classified as held for sale of \$339,350.

Subsequent to the period end, the Company completed a share placement of 25,600,000 fully paid ordinary shares to raise \$4,096,000 before expenses.

The Company's predominant focus during the half-year was the progression of the definitive feasibility study ("DFS") into the commencement of gold production operations at the Carosue Dam processing facility within the South Laverton gold project ("Carosue Dam Operations").

More specifically, DFS activities/outcomes during the half-year included: -

- metallurgical test work,
- geotechnical reporting,
- resource modelling,
- the environmental approvals process,
- preparation of Mining Proposals for submission January/February 2009,
- preparation of Works approvals and dewatering licenses for submission to the relevant authorities,
- final negotiations for power contract with the previous Carosue Dam plant power supplier,
- design of all pit, waste dumps, stockpiles, and infrastructure to DFS status,
- progressing of detailed contract submissions with a shortlist of load & haul, drill & blast and ore cartage contractors,
- assessment and costing of the mill refurbishment programme,
- all major hydrological studies, and
- commencement of external detailed due diligence reviews.

The recent significant lift in the gold price, as well as an easing of diesel prices, and equipment availability/pricing have contributed to a marked improvement in the forecasted project economics. Further potential future benefits are also immediately apparent, as a result of the increased availability of project contractors, professional staff and consultants, following the closure of numerous mineral operations in Western Australia.

Gold production would proceed in two main phases. The DFS covers the first phase, which will involve the mining of the following gold deposits over approximately a three year period: -

- Whirling Dervish open-cut mine
- Porphyry cut-back
- Deep South cut-back
- Enterprise open-cut mine
- Wallbrook open-cut mine

# DIRECTORS' REPORT

The Company's preferred financier commenced its Due Diligence process in relation to the debt financing of this first phase of the Carosue Dam Operations. Key Saracen personnel were dedicated to this process, and good progress is being made jointly with the preferred financier's specialist consultants.

The second phase potentially provides an additional three to five years mine life, based on presently known resources and scoping/pre-feasibility estimates. This phase involves the mining of the following gold deposits: -

- Karari cut-back
- Safari Bore cut-back
- Margarets open cut mine
- Elliotts open cut mine
- Porphyry U/G mine (extension from past U/G development)
- Red October cut-back
- Red October U/G mine (subject to the strategy employed for the open-cut stage)

The second phase would commence in mid 2012. Grade control reconciliation statistics from the first phase will assist the Company to determine the decision with respect to, and the size of the second phase, which may include additional cut-backs on the first phase open pits. The latter have been optimized on an A\$1,100 gold price model and given that prevailing gold prices are significantly higher, such expansion potential will be pursued.

On the exploration front, Saracen completed first-pass RC drilling programs at Luvironza NE and Monty's SW prospects.

A total of 1125m of RC drilling was completed at the Luvironza NE and Montys SW prospects. Five holes (500m) were drilled at Luvironza NE. No significant assays were received. Six holes (625m) were drilled at Montys SW. Only one interval of 5m at 1.1 g/t Au from 44m depth in hole MWRC009 was intersected, and this prospect has been downgraded.

Diamond hole ROD141, the first of a 12 hole program at Red October, targeted the Red October shear at depth under the existing open pit. The hole successfully established continuity of the mineralized shear zone, but the intersection of 4m @ 1.89 g/t Au from 497m at 0.5g/t Au lower cutoff was below expectation. However, an additional 11 holes are planned to test the depth potential and these will be completed when funding permits. It is evident from previous drilling that the mineralized shear zone exhibits some variability and the result in ROD 141 is nonetheless significant.

At Karari, a 251.6m deep vertical diamond drill-hole was also completed from within the Karari open pit, to test the northern hanging-wall mineralized zone at depth. Assay results of 19m @ 3.0g/t from 152m confirm continuity of this zone between previous widely spaced drill-holes, and will assist with the ongoing assessment of the mining potential at Karari.

At Porphyry geotechnical hole PYGT001 returned an encouraging intersection of 26m @ 2.22 g/t Au, considerably better than the 18m @ 1.5 g/t predicted for the mineralized zone by the current ore block model.

Scout auger geochemical surveys continue across a number of prospective areas.

Assay results were received for the 1119 shallow auger drill holes completed during the period under review. Particularly promising is a large area anomalous in gold that has been outlined in an overburden covered area to the NW of the existing Safari bore open pit mine. This area, which has been very sparsely drilled in the past, will be followed up as a high priority target area.

Detailed re-evaluation of previous exploration data, comprising not only detailed audit work with respect to the effectiveness of previous geochemical survey work in several areas, but also the identification of drilling targets, is continuing. This work is also assisting the Company in the rationalisation of the South Laverton project tenement holdings, so that rentals, rates and expenditure obligations can be reduced.

## Events Subsequent to the Reporting Date

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the half-year ended 31 December 2008, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

# DIRECTORS' REPORT

## Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in page 6 of this half-year financial report.

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.



**GUIDO STALTARI**

**Director**

Melbourne, 16 March 2009

## Competent Person

The information in this report that relates to Exploration Results is based on information compiled by Guido Staltari BSc (Hons) FAIG, a consultant to the Company. Guido Staltari is a Fellow of the Australian Institute of Geoscientists. He has sufficient experience, which is relevant to the style of mineralisation and types of deposit under consideration herein, as well as the activities he is undertaking, to qualify as a Competent Person, as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Guido Staltari consents to the inclusion in this report of the matters based on his information in the form in which it appears.



Chartered Accountants  
& Business Advisers

#### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of Saracen Mineral Holdings Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) 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 half-year ended 31 December 2008.

*PKF*

PKF

**M L Port**  
Partner

16 March 2009  
Melbourne

## Condensed Income Statement

### Half-Year Ended 31 December 2008

	Note	Consolidated	
		31 December 2008	31 December 2007
		\$	\$
<b>Revenue from continuing operations</b>	2	<b>349,924</b>	339,568
Finance costs		(46,359)	(32,992)
Administration expenses		(529,926)	(452,637)
Plant care and maintenance		(525,943)	(517,401)
Depreciation of plant and equipment		(92,877)	(92,715)
Loss on sale of other financial assets		(250,704)	-
Impairment of other financial assets	4	(249,885)	-
Change in market value of listed shares held as current financial assets		(208,540)	(105,080)
Deferred exploration and evaluation costs written off	3	(2,113,226)	-
<b>Loss from continuing operations before income tax</b>		<b>(3,667,536)</b>	(861,257)
Income tax expense		-	(105,600)
		<hr/>	<hr/>
Loss from continuing operations		(3,667,536)	(966,857)
<b>Loss attributable to members of Saracen Mineral Holdings Limited</b>		<b>(3,667,536)</b>	(966,857)
		<hr/>	<hr/>
<b>Earnings Per Share</b>			
Basic loss per share in cents		(2.13)	(0.63)
Diluted loss per share in cents		(2.13)	(0.63)

The condensed income statement should be read in conjunction with the accompanying notes.

## Condensed Balance Sheet

As at 31 December 2008

	Note	Consolidated 31 December 2008 \$	30 June 2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,132,286	4,721,375
Trade and other receivables		118,394	248,177
Other financial assets		78,660	287,200
Inventories		575,480	575,480
Other		52,880	113,244
		<u>1,957,700</u>	<u>5,945,476</u>
Assets classified as held for sale	4	339,350	-
<b>TOTAL CURRENT ASSETS</b>		<u>2,297,050</u>	<u>5,945,476</u>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		4,051,833	4,062,463
Other financial assets		6,115,000	7,430,000
Deferred exploration and evaluation costs	3	<u>30,025,547</u>	<u>28,643,151</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>40,192,380</u>	<u>40,135,614</u>
<b>TOTAL ASSETS</b>		<u>42,489,430</u>	<u>46,081,090</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		377,901	593,536
Borrowings		107,276	72,615
Provisions		<u>175,881</u>	<u>169,711</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>661,058</u>	<u>835,862</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings		372,504	253,651
Provisions		<u>6,337,096</u>	<u>6,339,669</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>6,709,600</u>	<u>6,593,320</u>
<b>TOTAL LIABILITIES</b>		<u>7,370,658</u>	<u>7,429,182</u>
<b>NET ASSETS</b>		<u>35,118,772</u>	<u>38,651,908</u>
<b>EQUITY</b>			
Issued capital		49,612,441	49,612,441
Reserves		62,848	(71,152)
Accumulated losses		<u>(14,556,517)</u>	<u>(10,889,381)</u>
<b>TOTAL EQUITY</b>		<u>35,118,772</u>	<u>38,651,908</u>

The condensed balance sheet should be read in conjunction with the accompanying notes.

## Condensed Statement of Changes in Equity

### Half-Year Ended 31 December 2008

	Contributed Equity \$	Consolidated Accumulated Losses \$	Reserves \$	Total \$
<b>As at 1 July 2008</b>	<b>49,612,441</b>	<b>(10,889,381)</b>	<b>(71,152)</b>	<b>38,651,908</b>
Changes in fair value of other financial assets taken to equity	-	-	(366,189)	(366,189)
Loss on sale of other financial assets transferred to the income statement	-	-	250,704	250,704
Impairment of other financial assets transferred to the income statement	-	-	249,885	249,885
Transfer to accumulated losses	-	400	(400)	-
Loss for the period	-	(3,667,536)	-	(3,667,536)
Total income and expense for the period recognised in equity	-	(3,667,136)	134,000	(3,533,136)
<b>As at 31 December 2008</b>	<b>49,612,441</b>	<b>(14,556,517)</b>	<b>62,848</b>	<b>35,118,772</b>
<b>As at 1 July 2007</b>	41,239,715	(9,068,550)	831,310	33,002,475
Changes in fair value of other financial assets taken to equity	-	-	(246,400)	(246,400)
Issue of share capital	8,800,000	-	-	8,800,000
Share issue costs	(427,274)	-	-	(427,274)
Share based payments	-	-	149	149
Transfer to accumulated losses	-	10,328	(10,328)	-
Loss for the period	-	(966,857)	-	(966,857)
Total income and expense for the period recognised in equity	8,372,726	(956,529)	(256,579)	7,159,618
<b>As at 31 December 2007</b>	<b>49,612,441</b>	<b>(10,025,079)</b>	<b>574,731</b>	<b>40,162,093</b>

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

## Condensed Cash Flow Statement

### Half-Year Ended 31 December 2008

	Consolidated	
	31 December 2008	31 December 2007
	\$	\$
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers and employees	(971,313)	(1,153,096)
Interest received	440,426	285,708
Government fuel rebate	33,888	37,117
Interest paid	(46,359)	(32,992)
Exploration & evaluation expenditure	(3,587,856)	(2,550,564)
<b>Net cash flows (used in) operating activities</b>	<b>(4,131,214)</b>	<b>(3,413,827)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for plant and equipment	(5,565)	(13,418)
Proceeds from sale of assets	909	-
Proceeds from sale of other financial assets	365,491	-
Security deposit refunded	227,000	-
<b>Net cash flows provided by / (used in) investing activities</b>	<b>587,835</b>	<b>(13,418)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of ordinary shares	-	8,800,000
Share issue costs	-	(427,274)
Repayments for finance lease liabilities	(45,710)	(27,432)
<b>Net cash flows (used in) / provided by financing activities</b>	<b>(45,710)</b>	<b>8,345,294</b>
<b>Net (decrease)/increase in cash held</b>	<b>(3,589,089)</b>	<b>4,918,049</b>
<b>Cash at beginning of period</b>	<b>4,721,375</b>	<b>3,668,287</b>
<b>Cash at end of period</b>	<b>1,132,286</b>	<b>8,586,336</b>

The condensed cash flow statement should be read in conjunction with the accompanying notes.

# Notes To and Forming Part of The Financial Statements

## For The Half-Year Ended 31 December 2008

### NOTE 1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

#### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

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 as at 30 June 2008 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable 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 half-year ended 31 December 2008 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### (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. In support of the Company's ongoing activities and working capital requirements, subsequent to the balance date the Company completed a share placement of 25,600,000 fully paid ordinary shares raising \$4,096,000 before expenses (refer Note 6(b)). The Company is presently examining several funding alternatives to advance its exploration and evaluation assets into production.

#### (b) Accounting policies

The principal accounting policies adopted in the preparation of the half-year financial report are the same as those applied in the financial report for the year ended 30 June 2008. These policies have been consistently applied to all the periods presented, unless otherwise stated.

#### (c) Comparatives

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

### NOTE 2 REVENUE FROM CONTINUING OPERATIONS

	<b>Consolidated</b>	
	<b>31 December 2008</b>	31 December 2007
<b>Revenue</b>	<b>\$</b>	<b>\$</b>
Interest revenue	<b>315,884</b>	302,363
Government fuel rebate	<b>34,040</b>	37,205
	<b>349,924</b>	339,568

# Notes To and Forming Part of The Financial Statements

## For The Half-Year Ended 31 December 2008

### NOTE 3 DEFERRED EXPLORATION AND EVALUATION COSTS

	31 December 2008	30 June 2008
	\$	\$
Exploration and evaluation costs carried forward	30,025,547	28,643,151

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the areas of interest. As the Group is still in the exploration and pre-development stages the costs carried forward have not been amortised for the period ending 31 December 2008. Included in the costs carried forward are costs relating to tenements over which objections and plaints have been lodged. Plaintened tenements account for an amount of \$1,731,649 (30/06/2008: \$2,173,948) in the total shown above. Subsequent to balance date, the Company has entered into an agreement that will result in the objections and plaints being withdrawn. Further details are provided in Note 6(a) below.

During the period the Group undertook a review and subsequent rationalisation of its tenement holdings, resulting in 173 tenements being allowed to expire, surrendered or in the process of being surrendered. As a consequence of this process an impairment charge of \$2,113,226 was recorded against deferred exploration and evaluation costs reflecting the write off of previously capitalised costs on the tenements rationalised.

### NOTE 4 ASSETS HELD FOR SALE

Assets held for sale comprise shares in a listed company received as part consideration for the sale of the Group's Tasmanian Exploration Division in a previous reporting period. During the half-year ended 31 December 2008 these shares, classified as available-for-sale financial assets, were progressively sold down to fund ongoing feasibility and working capital requirements. At 31 December 2008, the remaining shareholdings were valued by reference to the quoted market bid price at the close of business on the balance date and an impairment charge of \$249,885 recorded against the asset.

### NOTE 5 SEGMENT INFORMATION

The consolidated entity operates in the gold mining and exploration industry in Australia. The Company's investment activities were largely unwound in prior reporting periods, and no longer form a material reporting segment.

### NOTE 6 EVENTS SUBSEQUENT TO BALANCE DATE

- (a) In February 2009 the consolidated entity reached settlement with Mr Wayne Van Blitterswyk ("VB") that will have the effect of all plaints and objections over the consolidated entity's tenements being withdrawn.

Simultaneously Saracen farmed out the Yundamindera gold prospect tenements to VB's private interests, who in turn have assigned their farm-in rights to Nex Metals Exploration Ltd ("Nex"). The net result of the latter is that Nex is entitled to earn a 70% interest in the tenements for an expenditure of up to \$1.5 million within three years.

- (b) On the 13 March 2009 the Company completed a share placement of 25,600,000 fully paid ordinary shares to raise \$4,096,000 before expenses.

# DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
- (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 the directors.



**Guido Staltari**  
**Director**  
Melbourne, 16 March 2009

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SARACEN MINERAL HOLDINGS LIMITED**



Chartered Accountants  
& Business Advisers

We have reviewed the accompanying half-year financial report of Saracen Mineral Holdings Limited, which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Saracen Mineral Holdings Limited and the entities it controlled at 31 December 2008 or from time to time during the half-year ended on that date.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of Saracen Mineral Holdings Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's Responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Saracen Mineral Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

**Independence**

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Saracen Mineral Holdings Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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**M L Port**  
Partner

16 March 2009  
Melbourne

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