

# REVIEW AND RESULTS OF OPERATIONS

## Gold Resource Statement

Deposit	Mining Style	Indicated Resource Category Tonnes	Inferred Resource Category Tonnes	Gold Grade (g/t Au)	Contained Gold (oz)
Whirling Dervish	O	3,400,000		2.1	229,500
	O		1,117,000	1.9	68,200
Elliot's Lode	O	585,000		2.3	43,300
	O		47,000	1.5	2,300
Karari	O	1,400,000		1.9	85,500
Luvironza	O		2,100,000	1.3	87,800
Monty's Dam	O	190,000		2.7	16,500
	O		20,000	3.3	2,100
Enterprise	O	504,000		2.4	38,900
	O		130,000	2.5	10,400
Margaret Porphyry	O	85,000		1.7	4,600
	O	3,800,000		2.0	244,300
Yundamindera	O		282,000	1.5	13,600
	O	730,000		2.3	54,000
Deep South	O	590,000		2.3	43,600
	U		750,000	5.4	130,200
Deep South-Mexico	O		140,000	1.5	6,800
	U		215,000	4.9	33,900
Safari	O	640,000		2.7	55,600
	O		78,000	2.6	6,500
Red October	U		393,000	8.4	106,100
	O	577,000		4.0	74,200
Red October Stockpile	O		321,000	5.5	56,800
	S		130,000	1.4	5,900
Butcher Well	O	150,000		2.7	13,000
	O		160,000	3.5	18,000
Butcher Well Stockpile	S	80,000		1.7	4,400
<b>TOTAL Indicated &amp; Inferred Resources</b>			<b>18,614,000 tonnes</b>	<b>2.4 g/t</b>	<b>1,456,000 ounces</b>

### Notes:

1. The tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations and the subsequent compilation. Rounding errors will occur.
2. Open pittable Resources are contained in several unmined deposits, as well as remnant mineralisation within the key deposits recently subject to mining activity.
3. Various top cuts applied, subject to variography and statistical analysis.
4. For Red October Underground, a lower cut of 3.5g/t and a top-cut of 100g/t were applied.
5. For Deep South Underground, a lower cut of 3.5g/t and a top-cut of 100g/t were applied.
6. O means open-pittable, U means underground, and S means surface stockpile.
7. Approximately 88,000 ounces of Resources occur within tenements that are the subject to complaints and/or objections. Notwithstanding that Saracen will defend these actions, these resources might be removed if the complaints and/or objections are successful and the DoIR does not limit its directions to the mere imposition of fines.

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## Wallbrook Project Resources

Jackson has in its 2006 Annual Report, as well as other pertinent ASX releases, published the following JORC Resource statement for the Wallbrook project: -

Gold Deposit	Measured Resource	Indicated Resource	Inferred Resource	Total	Gold Ounces
<b>Eleven Bells</b>	873,300t @ 1.57g/t	2,074,400t @ 1.75g/t	852,800t @ 2.11g/t	3,800,500t @ 1.79g/t	218,700
<b>Redbrook</b>	1,089,200t @ 1.18g/t	2,627,800t @ 1.04g/t	432,800t @ 1.02g/t	4,149,800t @ 1.07g/t	142,700
<b>Red Flag</b>	165,300t @ 2.12g/t	702,600t @ 1.90g/t	224,100t @ 1.45g/t	1,092,000t @ 1.84g/t	64,600
<b>Crusader</b>		1,252,000t @ 1.48g/t	1,199,600t @ 1.52g/t	2,451,600t @ 1.50g/t	118,200
<b>Total</b>				<b>11,494,000t @ 1.5g/t</b>	<b>544,000</b>

### Notes:

- Eleven Bells resource excludes material below 185m from surface.
- Bottom-cut grade is 0.5g/t  
Top-cut grades are 8g/t for Oxide material, 10g/t for Transitional material, and 12g/t for Fresh material.
- Measured SG's are: -
 

Oxide	2.4
Transitional	2.55
Fresh Volcanic	2.75
Fresh Granite	2.7
- Resource grade interpolation using inverse-distance-squared method.

## Gold Ore Reserves Statement

Gold Deposit	Probable Reserve Tonnes	Gold Grade (g/t Au)	Ounces
<b>Whirling Dervish</b>	1,445,000	2.2	103,000
<b>Porphry...##</b>	2,386,000	2.1	161,000
<b>Enterprise</b>	225,000	2.4	18,000
<b>Deep South O/C</b>	242,000	4.2	33,000
<b>Total</b>	<b>4,298,000 tonnes</b>	<b>2.3 g/t</b>	<b>314,000 ounces</b>

### Notes:

- Mining studies completed on the Resources for the above mentioned pits comprised optimisations, pit design and costings. Pit optimisations were run using NPV Scheduler, with key inputs as follows.
- Resource Models prepared by Saracen's Principal Geologist-Technical Services and General Manager-Exploration.
- Geotechnical, hydrogeological, mine operating and milling parameters estimated by reference to known Carosue Dam historical data, and updated through the use of external consultants and contractors.
- Australian dollar gold price of \$700 per ounce used for pit optimisation and design purposes.
- Plant recovery of 93 percent.
- ...## Porphyry reserves are presently being re-evaluated as part of the DFS, following recent RC drilling, and are subject to a downward revision.
- Mining costs based on contractor submissions, and reconciled with known operating conditions and further research by Saracen's General Manager-Operations.
- Metallurgical parameters based on previous work at each of the three proposed pits.