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The Company Announcement Platform
Australian Securities Exchange
Level 8, Exchange Plaza
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PERTH WA 6000

Dear Sir/Madam

Major Gold Ore Reserves increase at Carosue Dam

- **Gold ore reserves up 34% to 880,000 ounces**
- **Gold resources up 18% to 3.04 million ounces**
- **Mine life extended by a minimum of two years**

Gold reserves at Saracen Mineral Resources' 100% owned Carosue Dam Operations in WA have risen by 34% to 880,000 ounces while overall gold resources are up by 18% to 3.04 million ounces. *(Refer to table below for details)*

The increases come through the inclusion of the Karari gold deposit into the project's mine plan. Containing a gold resource of 544,000 ounces, Karari is located adjacent to the Carosue Dam processing plant and along strike from the Whirling Dervish gold deposit (518,000 ounces). Karari, like Whirling Dervish, remains open at depth and along strike. (Fig. 2)

The inclusion of ore reserves at Karari, totalling 223,000 ounces from 4.8 million tonnes of ore at a grade of 1.4 g/t, will add at least two years production life.

The Karari deposit has previously been mined. The expanded reserves will be accessed via a cutback and the ore will be blended with high-grade underground ore from Porphyry and, subject to positive feasibility study results, the Red October deposit.

Carosue Dam is due to start producing gold in the March quarter 2010 at a rate of 100,000 to 120,000 ounces of gold per annum. Refurbishment of the Carosue Dam plant is well advanced.

Saracen will initially source ore from the Porphyry and Whirling Dervish deposits. However ore from the Karari deposit will be added to the production schedule increasing mine life at least two years beyond the currently planned life of the project.

Saracen is expecting to access mains electric power from late 2010, resulting in substantial production cost savings, when compared with the cost of diesel generated power. The proposed Karari cutback will benefit not only by the availability of mains electric power, but also by the use of larger mining equipment and the use of existing adjacent infrastructure.

Saracen Mineral Holdings Limited
ACN 009 215 347

Level 7, 350 Collins Street
Melbourne Victoria 3000

Telephone (61 3) 9670 0040
Facsimile (61 3) 9670 0049

The technical risk associated with mining the Karari deposit is very low as all JORC modifying factors are well understood, due to extensive bankable feasibility information and past positive production reconciliation data.

The overall stripping ratio of 6.3 for the proposed Karari open cut mine is favourable.

Furthermore the availability of a significant ore source adjacent to the processing plant will provide operational flexibility, and no surface haulage costs, thereby reducing operating risk.

For further information please contact:

Guido Staltari

Managing Director
Tel (03) 9670 0040
guido@saracen.com.au

Ian Howarth

Collins Street Media
Tel (03) 9223 2465
ian@collinsstreetmedia.com.au

Background

Saracen Mineral Holdings owns 100% of the Carosue Dam operations in the South Laverton region of Western Australia.

The Carosue Dam operations area contains a large number of known gold deposits within four separate districts.

These include the Carosue Dam district, Porphyry district, Safari Bore district and Red October district. (Fig.1)

At Carosue Dam a 2.4 million tonne per annum gold processing plant is being refurbished and will resume gold production in the March quarter 2010.

In Stage 1 of Carosue Dam's return to gold production ore will be sourced from the Porphyry and Whirling Dervish open cut mines and supplemented by mines at Enterprise, Wallbrook and Deep South. Open cut production will be boosted by additional ore from Karari.

In Stage 2 gold ore will be sourced from underground at Porphyry, Red October and Deep South (subject to positive feasibility study results) with open pit ore to be sourced from Safari Bore and Karari.

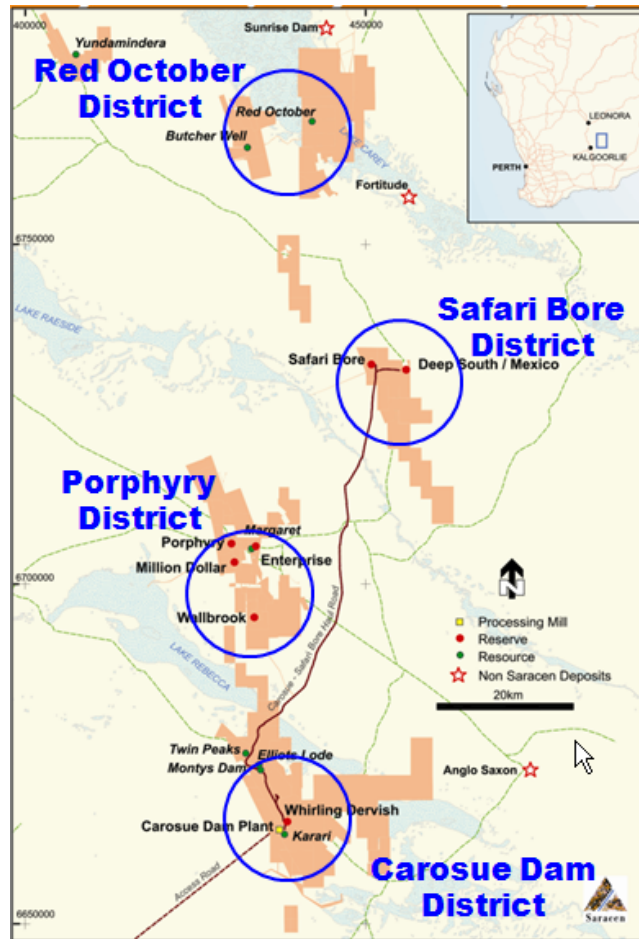


Fig 1. Saracen's gold deposits fall within four distinct districts.

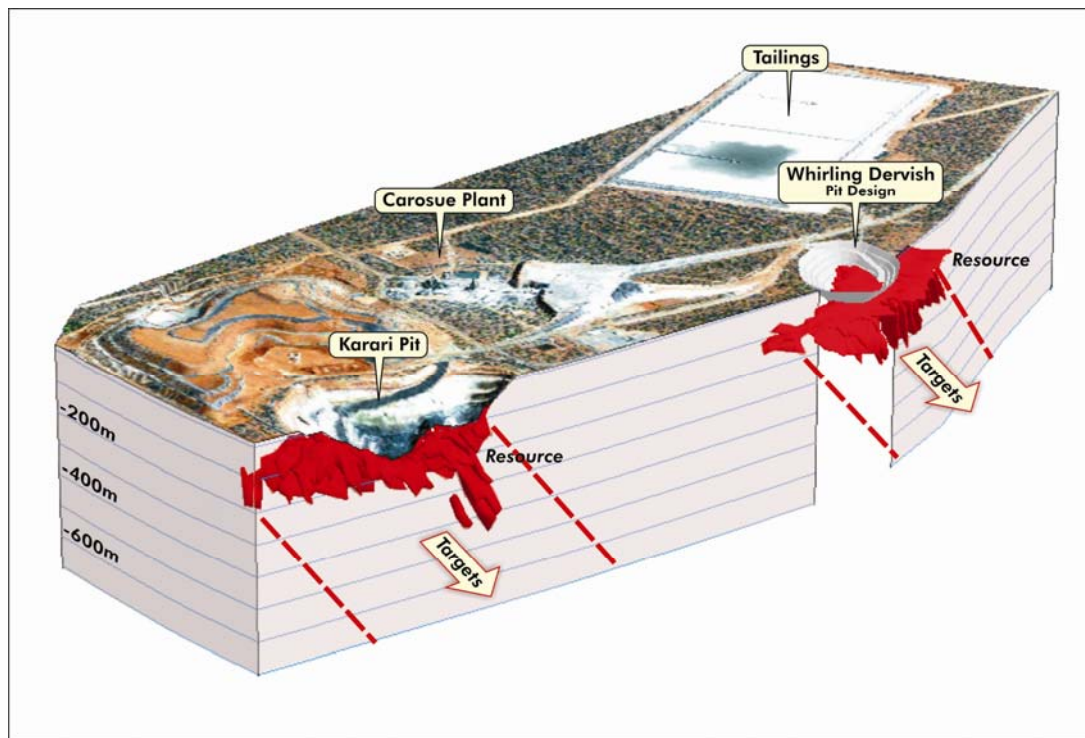


Fig 2. Schematic showing the Karari and Whirling Dervish gold deposits.

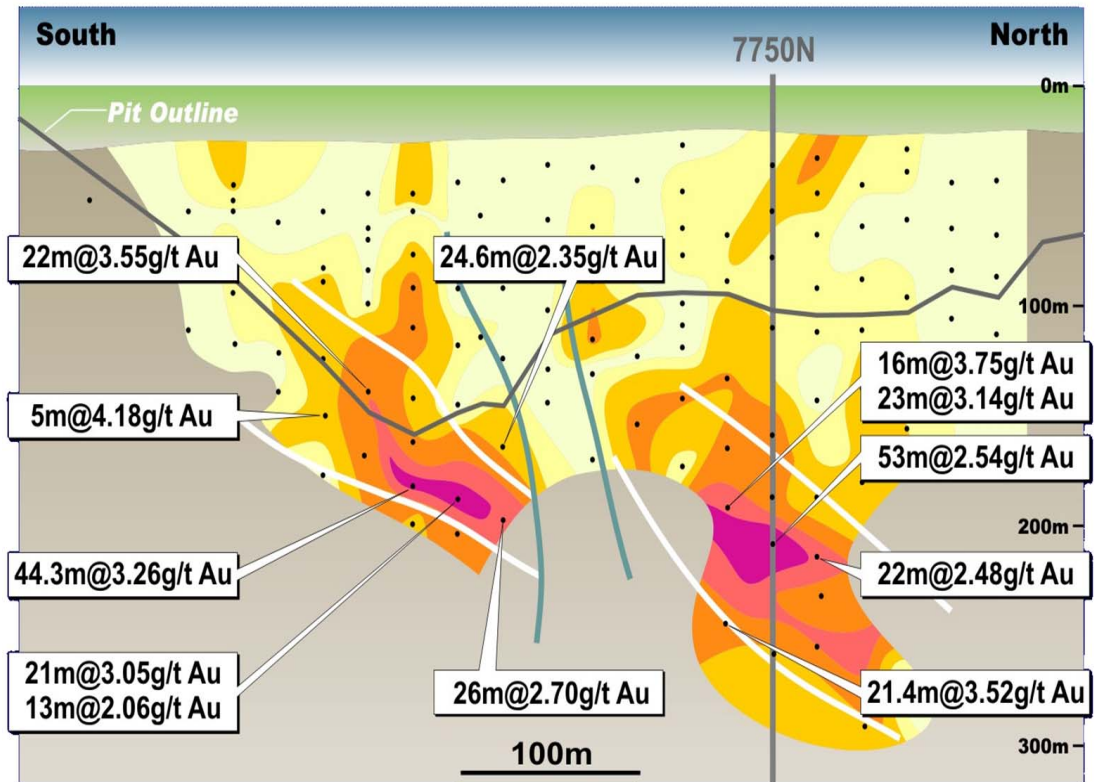


Fig 3. Long section of the Karari gold deposit, showing the mineralisation extending to depth, beyond the limits of previous mining and drilling.

GOLD RESOURCES STATEMENT

Deposit	Proposed Mining Style	Measured Resource Tonnes	Indicated Resource Tonnes	Inferred Resource Tonnes	Gold Grade (g/t)	Contained Ounces
Whirling Dervish	O		10,500,000		1.4	474,000
	O			1,200,000	1.1	44,000
Porphyry	O	1,500,000			1.7	82,000
	O		4,100,000		1.3	170,000
	O			1,800,000	1.2	69,000
	U		1,000,000		4.0	128,000
	U			800,000	2.4	60,000
Wallbrook	O		4,700,000		1.4	210,000
	O			400,000	1.4	18,000
Deep South	O		648,000		2.6	53,700
	U		475,000		3.4	52,100
	U			1,000,000	3.9	125,000
Mexico	U			301,000	2.2	21,600
Enterprise	O		1,143,000		1.9	70,900
	O			236,000	1.5	11,300
Elliots Lode	O		657,000		2.0	42,000
	O			50,200	1.8	3,000
Karari	O	4,100,000			1.4	178,000
	O		4,800,000		1.6	252,000
	O			2,400,000	1.5	114,000
Million Dollar	O		2,788,000		1.0	92,000
	O			3,216,000	1.2	119,000
Montys Dam	O		190,000		2.7	16,500
	O			20,000	3.3	2,100
Margaret	O		894,000		1.4	40,000
	O			130,000	1.2	4,900
Yundamindera	O		730,000		2.3	54,000
Safari Bore	O	779,500			2.1	51,000
	O		1,358,000		2.3	101,000
	O			672,000	2.3	49,700
Twin Peaks	U		298,000		4.0	38,600
	U			249,000	4.3	34,700
Red October	U		628,000		8.1	164,000
	U			128,000	9.6	39,500
Butcher Well	O		150,000		2.7	13,000
	O			160,000	3.5	18,000
Surface Stockpiles	S		647,000		1.2	25,000
Measured		6,400,000			1.5	311,000
Indicated			35,710,000		1.7	1,996,000
Inferred				12,770,200	1.8	735,000
TOTAL				54,847,700	1.7	3,040,000

Notes to accompany Resource Statement

1. Mining activity has taken place by open pit at Karari, Safari Bore, Million Dollar (Centre), Red October and Twin Peaks. Mining activity has taken place both by open pit and underground methods at Porphyry. Minor open pit workings exist at Wallbrook and Enterprise. No mining activity has taken place at Whirling Dervish, Million Dollar North and South.
2. Drill hole spacing at Porphyry ranges from 6m by 6m grade control to approximately 50m by 50m, with typical spacing of the order of 10m to 20m. Drill hole spacing at Karari ranges from 8m by 5m grade control to approximately 25m by 25m, with typical spacing of the order of 25m to 12.5m. Drill hole spacing at Wallbrook is typically 20m to 25m. Drill hole spacing at Whirling Dervish, Million Dollar, Deep South, Enterprise Group and Twin Peaks averages 20m by 20m; Drill hole spacing within the open pit at Safari Bore is generally 20m by 20m; drill hole spacing outside open pit averages 40m by 40m.
3. Various top cuts have been applied to gold values prior to resource estimation, based on statistical analysis by mineralisation domain and deposit.
4. Interpolation has been by Ordinary Kriging, using mineralisation domain control and parameters derived from geostatistical analysis.
5. Bulk density has been applied based on definition of oxide, transition and fresh material boundaries, and is derived from a substantial number of measurements on diamond drill core from each deposit.
6. The Whirling Dervish and Karari deposits are reported as open pit resources at a 0.5 g/t Au lower cut-off. The Porphyry deposit is reported as an open pit resource at a 0.6 g/t Au lower cut-off above 255m RL (approximately 170m below surface), and as an underground resource at a 1.5 g/t Au lower cut-off below 255m RL. The Wallbrook, Enterprise, Margaret, Million Dollar deposits are reported as open pit resources at a 0.6 g/t Au lower cut-off. The Safari Bore deposit is reported as an open pit resource at a 0.7 g/t Au lower cut-off. The Deep South and Mexico deposits are reported as open pit resources at a 0.7 g/t Au lower cut-off above 300m RL (approximately 120m below surface), and as underground resources at a 1.5 g/t Au lower cut-off below 300m RL. The Twin Peaks deposit is reported as an underground resource at a 1.5 g/t Au lower cut-off below 350m RL. All tonnes and grades are reported at a 1.0g/t lower cut-off for the Elliotts Lode, Montys Dam, Yundamindera and Butcher Well deposits. The Red October deposit is reported as an underground resource at a 3.5g/t Au lower cut-off grade.
7. Tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations. Rounding errors may occur. Resources are inclusive of Reserves.
8. Proposed Mining styles include: O – Open Pit; U – Underground; and S – Stockpile.

Competent Person Statements

The information in this release that relates to Mineral Resources for the Whirling Dervish, Porphyry, Wallbrook, Enterprise Group, Deep South, Karari and Safari Bore gold deposits has been compiled by Mr Lynn Widenbar BSc (Hons) MSc DIC MAusIMM. Mr Widenbar, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Widenbar and Associates Pty Ltd. Mr Widenbar has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Widenbar consents to the inclusion in this release of the matters based on his information in the form and context that the information appears.

The information in this release that relates to Mineral Resources for the Surface Stockpiles and Twin peaks has been compiled by Mr Colin Arthur BSc (Hons) BEd MAusIMM. Mr Arthur, who is a Member of the Australasian Institute of Mining and Metallurgy, is a consultant to Saracen Gold Mines Pty Ltd. Mr Arthur has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Arthur consents to the inclusion in this release of the matters based on his information in the form and context that the information appears.

The information in this release that relates to Mineral Resources for the Million Dollar gold deposit has been compiled by Dr Bielin Shi BSc MSc PhD MAusIMM. Dr Shi, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Saracen Gold Mines Pty Ltd. Dr Shi has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Dr Shi consents to the inclusion in this release of the matters based on his information in the form and context that the information appears.

GOLD ORE RESERVES STATEMENT

Gold Deposit	Probable Reserve (tonnes)	Gold Grade (g/t)	Contained Ounces
Whirling Dervish	4,312,000	1.6	217,000
Porphyry	2,755,000	1.6	142,000
Porphyry UG	643,000	3.4	70,000
Enterprise	491,000	1.9	29,000
Wallbrook	1,591,000	1.5	75,000
Million Dollar	682,000	1.2	25,000
Deep South	253,000	3.6	29,000
Safari Bore	594,000	2.1	40,000
Karari	4,811,000	1.4	223,000
Surface Stockpiles	647,000	1.2	25,000
Total	16,779,000	1.6	875,000

Notes to accompany Reserves Statement

- All reserves are for open-pittable mineralisation, except for Porphyry UG which reflects a proposed underground mining operation.
- Reserve estimation studies on the abovementioned pits comprised optimisations, pit design and costings. Pit optimisations were run using Whittle, with key inputs as outlined in Notes 3 to 7 below. Million Dollar, Safari Bore and Karari reserves have been added after the DFS was completed for bank finance purposes.
- Resource models prepared by Saracen's resource geologists and external consultants.
- 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 during the DFS.
- Australian dollar gold price of A\$1250 per ounce used for pit optimisation and pit design purposes.
- Planned mining dilution & mining recoveries are factored into the resource models assuming 120t class excavators.
- Average plant processing recovery is 92.1 percent.
- Mining costs based on recent contractor submissions, and reconciled with known operating conditions.
- Metallurgical parameters based on a combination of previous mining and/or recent metallurgical test work as part of the DFS.
- Tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations. Rounding errors may occur. Resources are inclusive of Reserves.
- Additional (unplanned) mining dilution & mining recoveries for each of the deposits (based on the size, dip & geometry of the ore zones), and cut-off grades are:
 - Whirling Dervish deposit: 12% dilution @ 0.00g/t & 98% recovery, cut-off grade 0.7g/t
 - Porphyry deposit: 15% dilution @ 0.00g/t & 98% recovery, cut-off grade 0.8g/t
 - Wallbrook deposit: 10% dilution @ 0.00g/t & 97.5% recovery, cut-off grade 0.8g/t
 - Enterprise deposit: 15% dilution @ 0.00g/t & 95% recovery, cut-off grade 0.8g/t
 - Deep South deposit: 20% dilution @ 0.00g/t & 98% recovery, cut-off grade 0.9g/t
 - Million Dollar deposit: 15% dilution @ 0.00g/t & 98% recovery, cut-off grade 0.8g/t
 - Safari Bore deposit: 25% dilution @ 0.00g/t & 98% recovery, cut-off grade 0.9g/t
 - Karari Deposit: 15% dilution @ 0.00g/t & 98% recovery, cut-off grade 0.7g/t

Competent Person Statement

The information in this release that relates to ore reserves has been compiled by Mr Chris Burton DipAppSc MAusIMM. Mr Burton, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Saracen Gold Mines Pty Ltd. Mr Burton has sufficient experience that is relevant to the styles of mineralisation and types of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Burton consents to the inclusion in this release of the matters based on his information in the form and context that the information appears.