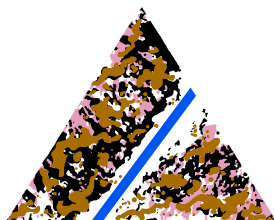


Saracen Mineral Holdings Limited

ACN 009 215 347

December 2009 Quarterly REPORT

Report to Shareholders



Saracen

Corporate Details:

ASX codes:

Ordinary shares: SAR
30 June 2013 Options: SARO

Issued capital:

386.1 m ordinary shares
7.1m participating options expiring 30 June 2013 exercisable at 23.51c.
2.5m unlisted participating options expiring 30 June 2013 exercisable at 23.51c.
5m unlisted incentive options with various expiry dates and exercise prices.
12.5m unlisted options expiring 19 July 2012 at 18cps.

Key Holders:

Baker Steel Capital
38.6m (10%)

Clodene Pty Ltd
30.6m (8%)

Renaissance Capital Pty Limited and associates
28.4m (7%)

Sprott Asset Management LP 20.1m (5%)

Registered Office:

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Directors:

Mr Guido Staltari
Executive Chairman

Mr Ivan Hoffman
Non-executive

Mr Barrie Parker
Non-executive

Mr Carl Thompson
Non-executive

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Summary

Saracen remains on track for gold production to commence in the forthcoming quarter.

Open pit mining has commenced at Porphyry while preparation for the Whirling Dervish pre-strip are well advanced. Commissioning of the Carosue Dam plant is now in progress, based on a blend of Porphyry mine ore and existing surface stockpiles.

Gold ore reserves up 34% to 880,000 ounces while gold resources up 18% to 3.04 million ounces.

Health and Safety

- The Emergency Response Team was set up. Several days training were completed during that latter part of the quarter, on Hazardous Chemical Spill response and fire fighting.
- Two first aid treatments, comprising a lacerated finger and a back muscle injury, were administered during the quarter. Both injuries required two days away from work.
- The Company continues to implement policies and procedures to ensure the uniform application of its standards across the workforce; including consultants, contractors, visitors and direct employees.

Corporate, Hedging and Governance

- Saracen implemented a hedging program. Put options were purchased over 175,908 oz of gold at strike price of A\$1,250 per oz, financed through a combination of \$7.5m cash from available cash and debt facilities, and the sale of call options over 103,494 oz of gold sold at a strike price of A\$1,250 per oz.
- The put option program underpins expected strong cash flows over the first two years of the project life, ensuring the initial project capital outlays are recouped with minimal financial risk, whilst leaving Saracen with considerable exposure to a rising gold price.
- The Company received notices for the exercise of 3,395,400 listed SAROA options, together with the exercise consideration of \$1,103,505.
- Net cash holdings at quarter's end comprise A\$18.9 million, of which A\$7.5 million is held as cash backing against DMP environmental/rehabilitation bonds.
- Securities Trading and Continuous Disclosure policies were formulated and adopted by the Board.

Carosue Dam Operations

- Project development, including plant refurbishment, completed ahead of schedule and under budget. Plant commissioning underway. Open pit mining at Porphyry, and haulage of ore and existing surface stockpiles have commenced. Preparation for the Whirling Dervish pre-strip are underway.
- All key contracts for mining, dewatering, drill and blast, fuel supply, ore haulage and crusher feed, power supply, haul road construction, tailings storage facility lift, and other activities were awarded.

Exploration, Resource Evaluation and Reserves

- Gold ore reserves up 34% to 880,000 ounces. Gold resources up 18% to 3.04 million ounces.
- Detailed resource evaluation on Karari deposit completed and added to resources and reserves inventories.
- Further resource delineation, sterilisation, metallurgical and geotechnical RC drilling programs are in progress.

Personnel and Recruitment

- Recruitment of all key personnel completed, with the full complement of staff and contractors on site now approaching around 200 personnel.
- Human Resources policies and procedures being implemented.

Health and Safety

The Emergency Response Team was set up. Several days training were completed during that latter part of the quarter, on Hazardous Chemical Spill response and fire fighting.

With a near doubling of the site workforce during the quarter, a review of the induction processes was instigated, and Personal Risk Assessment and hazard reports instigated.

Two first aid treatments, comprising a lacerated finger and a back muscle injury, were administered during the quarter. Both injuries required two days away from work.

The Company continues to work to ensure the uniform application of its standards across the workforce; including consultants, contractors, visitors and direct employees.

Corporate and Governance

Quoted share options SAROA expired on 30th November 2009. The Company received notices for the exercise of 3,395,400 options, together with the exercise consideration of \$1,103,505. Fully paid ordinary shares to be issued arising from the exercise of these options and were allotted on 3rd December 2009.

At the end of the quarter, cash holdings (including receivables and net of payables) comprised A\$18.9 million cash. Of this amount A\$7.5 million is held as cash backing against DMP environmental/rehabilitation bonds. The Company has drawn down \$9.5 million from its debt facility, with \$9 million unused.

The Board has formulated and adopted policies covering Securities Trading and Continuous Disclosure. Both can be seen on the Company website at www.saracen.com.au

The Risk Management Committee, comprising Mr Barrie Parker, reported to the Board regularly during the quarter.

Hedging

Saracen entered into a gold hedging arrangement with RMB Australia Holdings Limited. The hedging arrangement will provide a floor price for a significant part of the first two years gold production from the Carosue Dam Operations, allowing Saracen's initial invested capital to be recouped with minimal financial risk.

Saracen purchased put options over 175,908 oz of gold at strike price of A\$1,250 per oz. The put option schedule comprises a series of puts maturing during the period 30 April, 2010, to 30 December, 2011, inclusive. The put option program underpins expected strong cash flows over the first two years of the project life, while leaving Saracen with considerable exposure to a rising gold price.

Saracen financed the purchase of the puts through the combination of: -

- \$7.5m cash from available cash and debt facilities, and
- The sale of call options over 103,494 oz of gold sold at a strike price of A\$1,250 per oz.

The amount of gold covered by the call options represents a modest 12 percent of Saracen's Ore Reserves and allows Saracen to benefit from a rising gold price for the balance of its Ore Reserves.

The call option schedule comprises a series of calls maturing during the period 30 April, 2010, to 30 December, 2011, inclusive.

The Saracen board has sought to ensure that Saracen's cash flows during the early part of the project life are underpinned, as part of the company's risk management program. The \$1250 per oz put option exercise price for around 175,000 oz ensures the Company's initial capital outlay is fully recouped with minimal financial risk while project profits are enhanced.

Project Development

First gold is expected in coming weeks with a gradual ramp-up during the commissioning phase through to April 2010 to a rate of 100,000 to 120,000 ounces per annum.

Commissioning of the Carosue Dam Plant is now in progress. Mining at the Porphyry open pit mine, and ore haulage, have commenced. During the commissioning phase, milling and gold production will be based on a combination of existing surface stockpiles and Porphyry mine ore.

Project development activities were completed, ahead of schedule and under budget.

Key activities and outcomes were: -

- All key contracts for mining, dewatering, drill and blast, fuel supply, ore haulage and crusher feed, power supply, haul road construction, tailings storage facility lift, and other activities have been awarded.
- All critical permits, including environmental and mining permits, have been received. The balance of all required approvals are being progressed in the normal course.
- Processing plant refurbishment was completed.
- Porphyry haul road work was completed.
- Tailings Storage Facility lift and associated works were completed.
- Recruitment of key personnel completed with the full complement of staff and contractors on site now approaching around 200 personnel.
- Human Resources policies and procedures being implemented.
- Various contracts for ancillary supply and services to the processing plant and accommodation village have been awarded.
- Dewatering of the Porphyry pit is in progress.
- Dewatering of the proposed Whirling Dervish pit has also commenced and will provide process water to the plant. Preparations for the Whirling Dervish pre-strip are well advanced.
- The communications upgrade, include networking of the Carosue Dam site via a Wide Area Network, and the installation of a new PABX system, are in progress.
- New administrative and accounting systems were implemented.
- Policies for relevant insurance coverage have been put in place.
- The Risk Management Committee continues to identify key technical and safety risk aspects, and propose mitigating strategies for implementation by the Project Development Team and also for incorporation into the operational phase.

Mains Electric Power

Western Power has indicated that mains electric power will be made available to Carosue Dam, with planning and costing work progressing. As part of this work, Western power and Saracen have facilitated heritage, flora and fauna surveys along the proposed power line route.

Exploration and Resource Evaluation

The exploration team was engaged fully on resource and reserve estimation work, as well as planning and supervision of RC drilling programs. RC drilling continued at Porphyry, Wallbrook, Enterprise and Million Dollar to varying degrees for resource delineation, sterilisation, geotechnical, and metallurgical purposes.

Assay results for this work are progressively being compiled and incorporated into the data base, as they come to hand.

Exploration and Resource Evaluation (continued)

A gravity survey was completed in the Red October area during the quarter. Data is presently being compiled, and will be interpreted in conjunction with reprocessed aeromagnetic information.

Gold Resources and Ore Reserves

Gold reserves 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. The Karari deposit has previously been mined and the reserves will be accessed via a cutback. The overall stripping ratio of 6.3 for the proposed Karari open cut mine is favourable.

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

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	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
Elliot's Lode	O		657,000		2	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	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
Yundaminda	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	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

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.

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.

Notes to accompany Resource Statement (continued)

Various top cuts have been applied to gold values prior to resource estimation, based on statistical analysis by mineralisation domain and deposit.

Interpolation has been by Ordinary Kriging, using mineralisation domain control and parameters derived from geostatistical analysis.

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.

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 Elliots 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.

Tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations. Rounding errors may occur. Resources are inclusive of Reserves.

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-pit mine 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 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.