



Saracen

SARACEN MINERAL HOLDINGS LIMITED
ACN 009 215 347

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2009

COMPANY PARTICULARS

Directors

Guido Staltari (Executive Chairman)
Ivan Hoffman (Non-Executive Director)
Barrie Parker (Non-Executive Director)
Carl Thompson (Non-Executive Director)

Secretary

Rajan Narayanasamy

Registered Office and Business Address

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350 Collins Street
Melbourne VIC 3000

Telephone: 03 9670 0040
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Auditor

PKF
Level 14, 140 William Street
Melbourne VIC 3000

Telephone: 03 9603 1700
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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 2009. 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 (Non-Executive Director)
Barrie Parker (Non-Executive Director)
Carl Thompson (Non-Executive Director)

Consolidated Results

The consolidated net loss after tax for the half-year was (\$5,887,065) [31 December 2008: loss of \$3,667,536]. The decline is mainly as a result of a one off \$5,328,302 transaction cost on derivatives entered into on 18th December 2009 (described in Note 5) partly offset by a fair value gain on derivatives at 31 December 2009 of \$520,205. In addition there was a general rise in expenditures as the consolidated entity's activities and personnel increased in anticipation of gold production starting early in 2010.

Review of Operations

The Company's predominant focus during the half-year was the financing of and development work for gold production operations at the Carosue Dam processing plant within the South Laverton gold project ("Carosue Dam Operations"). Costs associated with the development work totalling approximately \$17.3 million were capitalised as 'Capital Work in Progress' as described in Note 4 of the Notes attached to the Financial Statements.

Personnel and Recruitment

Recruitment of all key personnel was completed, with the full complement of staff and contractors on site now approaching around 200 personnel. The Directors are pleased that all positions filled to date are by talented and experienced professionals embracing the challenge of establishing Saracen as a mid tier gold producer. Human Resources policies and procedures have been developed and implemented.

Health and Safety

Health and Safety systems and procedures, including the Company's Hazard Identification, Task Observations and Emergency Response Plan were developed and continue to be implemented. The Emergency Response Team was set up. Several days training were completed during that latter part of the half-year, on Hazardous Chemical Spill response and fire fighting. With a near quadrupling of the site workforce during the half-year, a review of the induction processes was undertaken, and Personal Risk Assessment and hazard reports instigated.

The Company has had on site numerous contractors for the development stage, during which time it has worked to ensure the uniform application of its standards across the workforce; including consultants, contractors, visitors and direct employees.

Corporate and Governance

During the half-year the Company completed a share purchase plan, share placement, and had employee incentive and listed options exercised, together raising approximately \$6.4 million before expenses (described in Note 7 of the Financial Statements).

At the end of the half-year cash holdings, including receivables and net of payables, comprised \$18 million. Of this amount \$7.5 million was 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

DIRECTORS' REPORT

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 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:-

- \$7.5 million 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 call option schedule comprises a series of calls maturing during the period 30 April 2010 to 30 December 2011, inclusive. 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 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 \$A1,250 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 was poured on 29 January 2010, with a gradual ramp-up to a rate of 100,000 to 120,000 ounces per annum during the commissioning phase through to April 2010.

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 were implemented.
- Various contracts for ancillary supply and services to the processing plant and accommodation village have been awarded.

DIRECTORS' REPORT

- Dewatering of the Porphyry pit is in progress.
- Dewatering of the proposed Whirling Dervish pit has commenced and will provide process water to the plant.
- Preparations for the Whirling Dervish pre-strip were well advanced at half-year end.
- 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.

Risk Management

The Risk Management Committee, comprising Mr Barrie Parker, reported to the Board regularly during the quarter. The Committee continued to identify key technical and safety risk aspects, and propose mitigating strategies for implementation by the Project Development Team and for incorporation into the operational phase. Continuous improvement and operational risk mitigation strategies are being developed.

Mains Electric Power

Western Power has indicated that mains electric power will be made available to Carosue Dam, with planning and costing work in progress. As part of this work, Western Power and Saracen have facilitated 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 of drill programs for resource delineation, sterilisation, geotechnical, and metallurgical purposes. 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.

A detailed study of the geology, structure and mineralisation within the Million Dollar deposits was completed, and a resource estimate was completed.

The Safari Bore deposit has undergone an independent re-evaluation by an external consultant and a subsequent external optimisation process. The optimisation results were positive and the deposit will be added to the life of mine plan ("LOMP").

The Red October deposit has undergone comprehensive re-evaluation, with the objective of further refining the accuracy of the resource model and obtaining a better understanding of the metallurgical properties of the deposit. Saracen, in conjunction with external resource and metallurgical specialists, is presently re-modelling the deposit including the higher grade internal core within the Red October shear that is amenable to underground mining. It is planned to complete a feasibility study in early-mid 2010 with the potential of bringing the deposit into the LOMP together with the Porphyry Underground Mine. The Porphyry Underground feasibility study and planning work continued during the quarter. Both deposits would provide high grade mill feed to Carosue Dam.

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

DIRECTORS' REPORT

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 2009, 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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration is set out in page 7 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, 12 March 2010

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 auditor for the review of the financial report of Saracen Mineral Holdings Limited for the half year ended 31 December 2009, 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 2009.

D J Garvey
Partner
PKF

12 March 2010
Melbourne

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Condensed Consolidated Statement of Comprehensive Income

Half-Year Ended 31 December 2009

	Note	Consolidated	
		31 December 2009	31 December 2008
		\$	\$
Revenue from continuing operations		510,993	349,924
Change in market value of listed shares held as current financial assets		103,370	(208,540)
Fair value gain on derivatives	5	520,205	-
Finance costs		(250,148)	(46,359)
Administration expenses		(902,924)	(529,926)
Depreciation of plant and equipment		(123,831)	(92,877)
Transaction costs on derivatives	5	(5,328,302)	-
Other Expenses		(416,428)	-
Plant care and maintenance		-	(525,943)
Loss on sale of other financial assets		-	(250,704)
Impairment of other financial assets		-	(249,885)
Deferred exploration and evaluation costs written off		-	(2,113,226)
Loss from continuing operations for the period before income tax		(5,887,065)	(3,667,536)
Income tax expense		-	-
Loss from continuing operations for the period after income tax		(5,887,065)	(3,667,536)
Other comprehensive income			
Net movement in available-for-sale financial assets		-	134,400
Total comprehensive loss for the period		(5,887,065)	(3,533,136)
Total comprehensive loss attributable to members of Saracen Mineral Holdings Limited		(5,887,065)	(3,533,136)
Earnings Per Share			
Basic loss per share in cents		(1.57)	(2.13)
Diluted loss per share in cents		(1.57)	(2.13)

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

Condensed Consolidated Statement of Financial Position

As at 31 December 2009

	Note	Consolidated	
		31 December 2009	30 June 2009
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		14,863,485	27,560,086
Trade and other receivables		1,222,474	373,350
Financial derivative assets	5	9,231,032	-
Other financial assets		232,250	99,180
Inventories		576,844	575,480
Other		370,245	1,199,474
TOTAL CURRENT ASSETS		26,496,330	29,807,570
NON-CURRENT ASSETS			
Plant and equipment	4	21,445,076	3,915,496
Financial derivative assets	5	9,800,324	-
Other financial assets		7,498,000	6,115,000
Deferred exploration and evaluation costs	2	13,125,822	12,377,049
Mine Properties	3	19,369,632	16,451,075
TOTAL NON-CURRENT ASSETS		71,238,854	38,858,620
TOTAL ASSETS		97,735,184	68,666,190
CURRENT LIABILITIES			
Trade and other payables		5,518,019	1,974,711
Borrowings	6	8,476,741	-
Borrowings – leased liabilities		246,266	112,403
Financial derivative liabilities	5	7,923,910	-
Provisions		612,777	286,886
TOTAL CURRENT LIABILITIES		22,777,713	2,374,000
NON-CURRENT LIABILITIES			
Financial derivative liabilities	5	8,415,544	-
Borrowings – leased liabilities		373,944	314,990
Provisions		6,304,117	6,315,881
TOTAL NON-CURRENT LIABILITIES		15,093,605	6,630,871
TOTAL LIABILITIES		37,871,318	9,004,871
NET ASSETS		59,863,866	59,661,319
EQUITY			
Issued capital	7	86,089,331	79,999,719
Reserves		562,823	562,823
Accumulated losses		(26,788,288)	(20,901,223)
TOTAL EQUITY		59,863,866	59,661,319

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

Half-Year Ended 31 December 2009

	Contributed Equity \$	Consolidated Accumulated Losses \$	Reserves \$	Total \$
As at 1 July 2009	79,999,719	(20,901,223)	562,823	59,661,319
Loss for the period after tax	-	(5,887,065)	-	(5,887,065)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	(5,887,065)	-	(5,887,065)
Issue of share capital	6,382,035	-	-	6,382,035
Share issue costs	(292,423)	-	-	(292,423)
As at 31 December 2009	86,089,331	(26,788,288)	562,823	59,863,866
As at 1 July 2008	49,612,441	(10,889,381)	(71,152)	38,651,908
Loss for the period after tax	-	(3,667,536)	-	(3,667,536)
Other comprehensive income	-	-	134,400	134,400
Total comprehensive loss for the period after tax	-	(3,667,536)	134,400	(3,533,136)
Transfer to accumulated losses	-	400	(400)	-
As at 31 December 2008	49,612,441	(14,556,517)	62,848	35,118,772

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

Condensed Consolidated Statement of Cash Flows

Half-Year Ended 31 December 2009

	Consolidated	
	31 December 2009	31 December 2008
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(2,465,168)	(937,425)
Interest received	503,299	440,426
Interest paid	(684,225)	(46,359)
Purchase of listed shares	(29,700)	-
Exploration & evaluation expenditure	(4,197,457)	(3,587,856)
Net cash flows used in operating activities	(6,873,251)	(4,131,214)
Cash Flows from Investing Activities		
Payments for plant, equipment and development	(12,722,760)	(5,565)
Proceeds from sale of assets	247,707	909
Proceeds from sale of other financial assets	-	365,491
Security deposit (paid) / refunded	(1,383,000)	227,000
Net cash flows (used in) / provided by investing activities	(13,858,053)	587,835
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares	6,382,035	-
Share issue costs	(292,423)	-
Payment for derivative instruments	(7,500,000)	-
Proceeds from borrowings	9,500,000	-
Repayments for finance lease liabilities	(54,909)	(45,710)
Net cash flows provided by / (used in) financing activities	8,034,703	(45,710)
Net decrease in cash held	(12,696,601)	(3,589,089)
Cash at beginning of period	27,560,086	4,721,375
Cash at end of period	14,863,485	1,132,286

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes To and Forming Part of The Consolidate Financial Statements For The Half-Year Ended 31 December 2009

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

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'.

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 2009 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 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

(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.

(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 2009. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(c) Adoption of new accounting standards

The consolidated entity adopted the following Australian Accounting Standards, mandatory for annual periods beginning on or after 1 January 2009. Adoption of these standards did not have any material effect on the financial position or performance of the consolidated entity.

- AASB 101 Presentation of Financial Statements
- AASB 8 Operating Segments

(d) Comparatives

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

Notes To and Forming Part of The Consolidate Financial Statements

For The Half-Year Ended 31 December 2009

	31 December 2009	30 June 2009
	\$	\$

NOTE 2 DEFERRED EXPLORATION AND EVALUATION COSTS

Deferred exploration and evaluation costs

Balance at the start of the period	12,377,049	28,643,151
Direct expenditure	3,667,330	7,737,772
Transferred to mines under construction	(2,918,557)	(16,451,075)
Capitalised expenditure written off	-	(7,552,799)
Balance at the end of the period	13,125,822	12,377,049

In the financial year ended 30 June 2009 the consolidated entity reviewed and rationalised its tenement holdings. As a consequence of this process, an impairment review incorporating an assessment of recoverability of cash generating assets was undertaken. Cash generating assets relate to specific areas of interest in the consolidated entity's development assets. The recoverable value of a specific area of interest has been assessed by its value in use calculations determined by reference to projected cash flows estimated under the development financial model and discounted using a pre-tax weighted average cost of capital of 10% per annum. This resulted in an impairment of a specific area of interest. This, combined with the ongoing tenement rationalisation program, resulted in a write off of deferred exploration and evaluation costs for the year ended 30 June 2009 of \$7,552,799.

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.

NOTE 3 MINE PROPERTIES

Mines under construction

Balance at the start of the period	16,451,075	-
Transferred from deferred exploration and evaluation costs	2,918,557	16,451,075
Balance at the end of the period	19,369,632	16,451,075

NOTE 4 PLANT AND EQUIPMENT

Plant and equipment

Opening balance	3,486,974	3,729,788
Additions	124,071	90,709
Disposals	-	(913)
Depreciation	(118,551)	(181,362)
Depreciation charge transferred to deferred exploration and evaluation costs	(23,602)	(151,248)
Closing balance net of accumulated depreciation	3,468,892	3,486,974

Capital work in progress

Opening balance	-	-
Capitalised development costs	17,356,911	-
Closing balance	17,356,911	-

Equipment under finance lease

Opening balance	428,522	332,675
Additions (i)	247,707	199,244
Depreciation	(5,280)	(6,159)
Depreciation charge transferred to deferred exploration and evaluation costs	(51,676)	(97,238)
Closing balance	619,273	428,522

Total plant and equipment

	21,445,076	3,915,496
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- (i) During December 2009 the consolidated entity entered into a number of sale and leaseback arrangements, generating proceeds of \$247,707 and resulting in an increase of an equivalent amount in leased assets and liabilities.

Notes To and Forming Part of The Consolidate Financial Statements

For The Half-Year Ended 31 December 2009

	31 December 2009	30 June 2009
	\$	\$
NOTE 5 FINANCIAL DERIVATIVE ASSETS AND LIABILITIES		
Financial derivative assets		
Current: Derivatives at fair value (i)	9,231,032	-
Non-current: Derivatives at fair value (i)	9,800,324	-
	19,031,356	-
Financial derivative liabilities		
Current: Derivatives at fair value (ii)	7,923,910	-
Non-current: Derivatives at fair value (ii)	8,415,544	-
	16,339,454	-

(i) During December 2009 the consolidated entity purchased put options over 175,908 oz of gold at a strike price of \$1,250 per oz. This was financed through a cash payment of \$7.5 million (of which \$5,328,302 represented transaction costs which were expensed), and the sale of call options described at (ii) below. The put option schedule comprises a series of puts maturing during the period 30 April 2010 to 30 December 2011 inclusive.

(ii) During December 2009 the consolidated entity sold call options over 103,494 oz of gold sold at a strike price of \$1,250 per oz. The call options were used to partly fund the purchase of put options described above. The call option schedule comprises a series of calls maturing during the period 30 April 2010 to 30 December 2011 inclusive.

The consolidated entity does not apply hedge accounting, with fair value movements recognised immediately in the Statement of Comprehensive Income. Derivatives are measured at fair value by reference to the Black Scholes option pricing model. The consolidated entity recorded a net fair value gain on derivatives of \$520,205 for the period ended 31 December 2009.

NOTE 6 BORROWINGS

Loans from other entities	8,476,741	-
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During the 6 months ended 31 December 2009, the consolidated entity drew \$9,500,000 from its project debt facility with RMB Australia Holdings Limited, leaving \$9,000,000 unused. Interest is paid quarterly in arrears, while a commitment fee is payable on available credit unutilised. Loans from other entities has been offset by deferred establishment fees of \$1,089,170 which will unwind over the life of the facility using the effective interest rate method. Interest, commitment and establishment fees are on normal commercial terms.

Notes To and Forming Part of The Consolidate Financial Statements

For The Half-Year Ended 31 December 2009

	31 December 2009		30 June 2009	
NOTE 7 CONTRIBUTED EQUITY	Number of shares	\$	Number of shares	\$
Issued and paid up capital				
Ordinary shares fully paid	386,099,952	86,089,331	353,409,994	79,999,719
Movements in shares on issue				
Beginning of the financial period	353,409,994	79,999,719	172,279,943	49,612,441
- share issue (i)	2,253,907	405,703	-	-
- share issue (ii)	26,940,651	4,849,317	-	-
- share issue (iii)	100,000	23,510	-	-
- share issue (iv)	3,395,400	1,103,505	-	-
- share issue (v)	-	-	25,600,000	4,096,000
- share issue (vi)	-	-	155,530,051	27,995,409
- share issue costs	-	(292,423)	-	(1,704,131)
End of the financial period	386,099,952	86,089,331	353,409,994	79,999,719

- (i) In July 2009, the Company issued a total of 2,253,907 fully paid ordinary shares for acceptances under a share purchase plan. The issue raised \$405,703 before expenses.
- (ii) In August 2009, the Company issued a total of 26,940,651 fully paid ordinary shares in a share placement. The issue raised \$4,849,317 before expenses.
- (iii) In September 2009, the Company issued a total of 100,000 fully paid ordinary shares on the exercise of incentive options expiring 30/09/2009 at 23.51 cents each. The issue raised \$23,510 before expenses.
- (iv) In December 2009, the Company issued a total of 3,395,400 fully paid ordinary shares on the exercise of listed options expiring 30/11/2009 at 32.51 cents each. The issue raised \$1,103,505 before expenses.
- (v) On 16 March 2009, the Company issued a total of 25,600,000 fully paid ordinary shares following a share placement to sophisticated and professional investors. The issue raised \$4,096,000 before expenses.
- (vi) On 26 June 2009 the Company issued a total of 155,530,051 fully paid ordinary shares following a share placement to sophisticated and professional investors. The issue raised \$27,995,409 before expenses.

NOTE 8 SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group in order to allocate resources to the segment and to assess its performance. The Company operates in the business segment of gold exploration, development and mining within Australia. This segment reporting was previously reported under AASB 114 as Primary Reporting – Business Segments and its segment analysis has been continued for the current half-year.

NOTE 9 EVENTS SUBSEQUENT TO BALANCE DATE

- (a) First gold was poured on 29 January 2010, with a gradual ramp-up to a rate of 100,000 to 120,000 ounces per annum expected during the commissioning phase through to April 2010.
- (b) Based on market valuation as at 28 February 2010, the financial derivative assets and financial derivative liabilities disclosed in Note 5 decreased by \$2,571,890 and \$1,076,111 respectively, with a net fair value loss on derivatives of \$1,495,779.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Saracen Mineral Holdings Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the financial position as at 31 December 2009 and the performance for the half-year ended on that date of the consolidated entity;
 - (ii) Complying with 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.

On behalf of the board.



Guido Staltari
Director

Melbourne, 12 March 2010



Chartered Accountants
& Business Advisers

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

We have reviewed the accompanying half-year financial report of Saracen Minerals Holdings Limited ("company"), which comprises the condensed statement of financial position as at 31 December 2009, and the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company 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 controls 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 company's financial position as at 31 December 2009 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 2009 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*.

PKF

12 March 2010
Melbourne

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D J Garvey
Partner