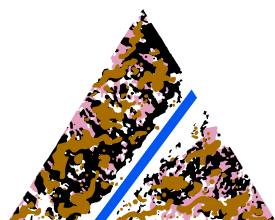


# Saracen Mineral Holdings Limited

ACN 009 215 347

March 2010 Quarterly REPORT

Report to Shareholders



## Saracen

### Corporate Details:

#### ASX codes:

Ordinary shares: SAR  
30 June 2013 Options: SARO

#### Issued capital:

399.3 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.  
4.2m unlisted incentive options with various expiry dates and exercise prices.

#### Substantial Shareholders:

Baker Steel Capital  
32.9m (8%)

Clodene Pty Ltd  
30.6m (8%)

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

Sprott Asset Management LP 28m (7%)

#### Registered Office:

Level 7, 350 Collins St  
Melbourne Victoria 3000  
Australia  
Telephone: (61 3) 9670 0040  
Facsimile: (61 3) 9670 0049

#### Directors:

Mr Guido Staltari  
Executive Chairman

Mr Ivan Hoffman  
Non-executive

Mr Barrie Parker  
Non-executive

Mr Carl Thompson  
Non-executive

For further details contact:

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Telephone +61 (0)3 9670 0040  
guido@saracen.com.au

## Summary

- ✓ Full scale gold production has commenced at Carosue Dam, following a two month commissioning phase during which 15,166 ounces of gold were produced.
- ✓ Open pit mining in progress at Porphyry, while the Whirling Dervish mine pre-strip is ahead of schedule, with first ore expected in June/July 2010.
- ✓ Red October mining studies have continued and development options being examined. Significant increase in reserves and production grades being targeted.
- ✓ Karari feasibility study almost complete.
- ✓ Encouraging drilling results received from Wallbrook, where expansion of the previously planned Eleven Bells and Redbrook open pits is likely.
- ✓ Drill targets identified in the Red October district, and planning underway for a drill program.

### Health and Safety

- No lost time injuries occurred during the quarter, a pleasing result in view of the increased manning numbers during the commissioning phase. Several initiatives, including: formation of the Emergency Response Team, the introduction of STEMS, a safety management database; the election of safety representatives; and the initiation of SMART START, a hazard identification tool, were introduced.

### Corporate

- Gold sale proceeds during the quarter totalled \$16.8 million, at an average gold sale price of \$1227 per ounce. Net cash holdings at quarter's end comprise A\$7.8 million, of which A\$7.1 million is held as cash backing against DMP environmental/rehabilitation bonds. Saracen expects to be cash flow positive from operations in May/June 2010. Debt drawn down to the end of the quarter amounted to \$9.5 million, and undrawn facilities total \$9 million.
- Saracen's hedging position remains unchanged with put options over 176,000 ounces exercisable at \$1250 per ounce. Put option maturities take effect from end of April 2010.

### Carosue Dam Operations

- Commissioning of the Carosue Dam processing plant was completed, with the plant now operating at design capacity, and clearly capable of exceeding the 2.4 Mtpa throughput rate for some ore types. The two month commissioning phase produced 15,166 ounces of gold from 470,000 tonnes of low-grade ore stockpiles (including legacy stockpile material) blended with run of mine ore from the upper levels of the Porphyry open pit mine, at an average grade of 1.2g/t.
- Higher-grade Porphyry ore has recently been introduced to the processing plant and June quarter production is forecast to be around 25,000 to 30,000 ounces.
- Plant operating unit costs, Porphyry open pit unit mining costs, and Whirling Dervish pre-stripping unit costs are all currently at or below budget forecast.
- Total capital expenditure through the commissioning phase was \$20.9 million, \$3.5 million below budget.
- Pre-stripping at Whirling Dervish is ahead of schedule with first ore scheduled to be introduced to the plant in June/July 2010.

### Exploration, Resource Evaluation and Reserves.

- Studies into the feasibility of mining at Karari (open pit) and Red October (underground) continued and development options are being examined.
- Resource delineation and sterilisation RC drilling programs are in progress. Likely Wallbrook open pit expansion, based on encouraging drilling results. Highlights include 7m @ 9.5g/t in hole EBRC109, 14m @ 4.1g/t in hole EBRC091, 5m @ 17.1g/t in hole RBRC029 and 24m @ 2.0g/t in hole RBRC022.
- Drill targets outlined from interpretation of gravity and aeromagnetic data in the Red October district. Drill program planning commenced.

## Health and Safety

No lost time injuries occurred during the quarter, a pleasing result in view of the increased manning numbers during the commissioning phase. Onsite first aid training procedures, and a fire training ground, are being established. The Emergency Response Team numbers continued to increase, and the Company now has a full complement of members. Other initiatives taken were the introduction of STEMS, a safety management database; the election of safety representatives; and the initiation of SMART START, a hazard identification tool. Initial results from the SMART START initiative are favourable.

## Corporate and Governance

Gold sale proceeds during the quarter totalled \$16.8 million, at an average gold sale price of A\$1,227 per ounce. At the end of the quarter, cash holdings (including receivables and net of payables) comprised A\$7.8 million cash. Of this amount A\$7.1 million is held as cash backing against DMP environmental/rehabilitation bonds. Saracen expects to be cash flow positive from operations in May/June 2010. The Company has drawn down \$9.5 million from its debt facility, with \$9 million unused.

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

The Company's hedging position, in the form of a put and call option program, remains unchanged and no further hedging activity is planned. Saracen spent \$7.5 million in cash toward the put option program. The put option component covers 176,000 oz at a strike price of A\$1,250 per ounce, and underpins expected strong cash flows over the first two years of the project life, not only ensuring the initial project capital outlays are recouped with minimal financial risk, but also leaving Saracen with considerable exposure to a rising gold price. The accompanying sale of call options over 103,494 oz of gold sold at a strike price of A\$1,250 per oz 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. Put option maturities take effect from the end of April 2010.

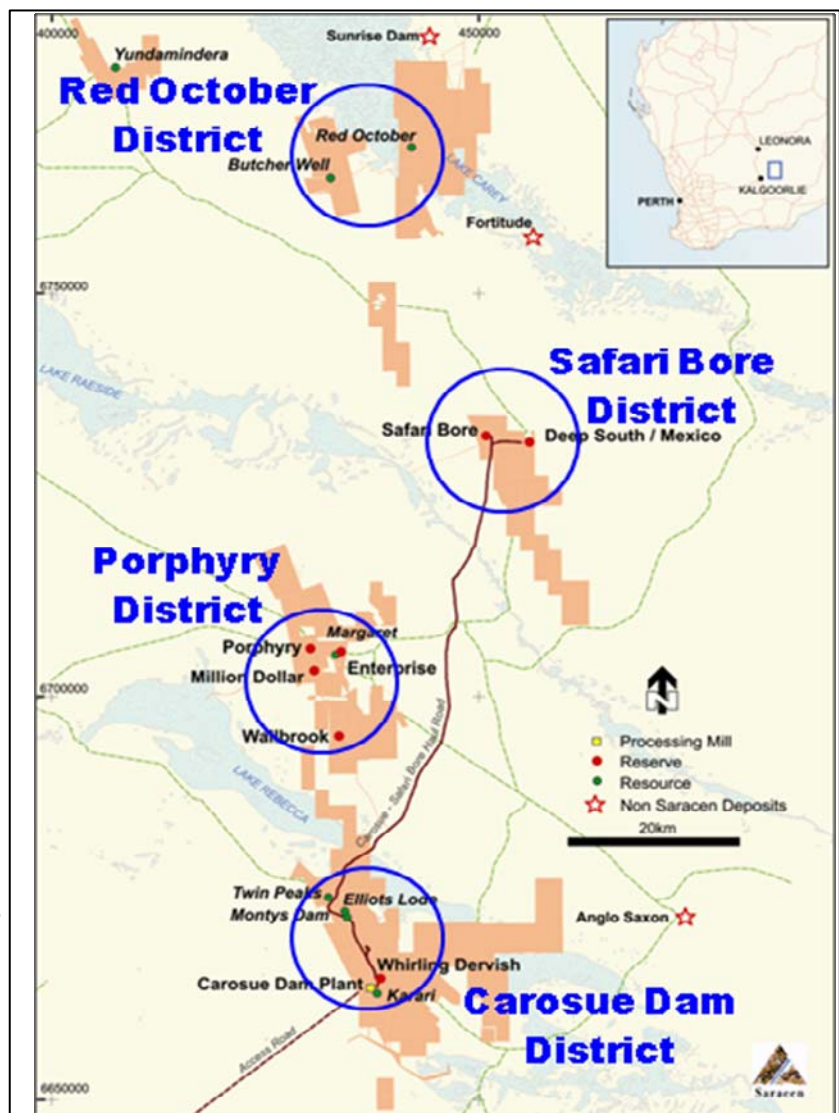
## Project Commissioning

Commissioning of the Carosue Dam processing plant was completed, with the plant now operating at design capacity, and clearly capable of exceeding the 2.4 Mtpa throughput rate for some ore types.

The first full quarter of gold production will be the quarter ended 30 June 2010. The two month commissioning phase produced 15,166 ounces of gold from 470,000 tonnes of low-grade ore stockpiles (comprising legacy stockpile material) blended with run of mine ore from the upper levels of the Porphyry open pit mine, at an average grade of 1.2g/t.

Total capital expenditure through the commissioning phase was \$20.9 million, \$3.5 million below budget. From an accounting perspective, gold sale proceeds of \$16.8 million during the quarter were applied against capital expenditure incurred during the commissioning phase.

Higher-grade Porphyry ore has recently been introduced to the processing plant and June quarter production is forecast



to be around 25,000 to 30,000 ounces.

Pre-stripping of the Whirling Dervish open pit mine is ahead of schedule with first ore scheduled to be introduced to the plant in June/July 2010.

Plant operating unit costs, Porphyry open pit unit mining costs, and Whirling Dervish pre-stripping unit costs are all currently at or below budget forecast.

### **Mains Electric Power**

Western Power has indicated that mains electric power will be made available to Carouse Dam. Western Power and Saracen have completed heritage, flora and fauna surveys along the proposed power line route, and detailed planning is in its final stages.

### **Red October**

Saracen has continued to analyse available drilling data, as well as information generated in the previous open-pit mining phase, with a view to determining the feasibility of mining the Red October deposit. It is envisaged that the next phase of work at Red October will comprise: -

- trial underground mining to confirm the geological interpretation and underground designs,
- obtaining bulk ore to test its metallurgical response in the Carosue Dam plant, and
- an extensive underground diamond drilling campaign aimed at resource delineation and expansion of the resource at depth and along strike.

A significant increase in reserves, and increased production grades are being targeted. Containing a resource of 204,000 ounces (756,000 tonnes grading 8.4g/t) (see resources table below), which is open at depth and along strike to the south, Red October presents an attractive target for high grade underground mining, and for resource expansion drilling. Subject to the trial mining results, mined ore from Red October will be blended with open pit ore from Karari and processed at Carosue Dam.

### **Karari**

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). Probable Ore Reserves for Karari comprise 4.8Mt grading 1.4g/t for 223,000 ounces. (See Resources and Reserves Tables below).

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 considered 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. Development options for Karari are presently being examined.

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

A gravity survey was completed in the Red October area during the previous quarter. Data has been compiled and interpreted in conjunction with reprocessed aeromagnetic information. Several drilling targets have emerged from this work, and planning for a drill program has commenced.

Saracen intends to accelerate regional exploration in the Red October district and to this end is formulating and planning a district-wide program.

## ***Encouraging Wallbrook RC Drilling Results***

Saracen has received assay results from recent drilling at Wallbrook in the Porphyry district, 30kms from the Carosue Dam processing plant, which point to resources and reserves upgrades. Drilling at the Eleven Bells and Redbrook prospects at Wallbrook was focused on resource extensions outside the current proposed open pit.

The assay results from both Eleven Bells and Redbrook point to shallow mineralization extensions. Also both the Eleven Bells and Redbrook mineralization remain open at depth. The recent assay results show the potential for pit expansion opportunities. Most encouraging is that the assays highlight the potential for higher grade material.

The latest Wallbrook drilling results indicate that the Wallbrook mineralised system could be considerably larger than previously envisaged, with significant target zones remaining to be drill-tested. Some of the high grade intersections, for example 5m @ 17.1g/t in hole RBRC029, are particularly encouraging. The Company is expediting exploration on these prospects in order to define the potential resource addition and pit optimisation. Intersections greater than 10g\*m are shown in the table below.

### Eleven Bells

Intersections below the current Eleven Bells pit design in EBRC091 of 13m @ 3.42 g/t Au from 97m depth and 14m @ 4.05 g/t Au from 114m depth were followed up with additional drilling. Hole EBRC111, situated on the same section and 30m to the SW returned 11m @ 2.54 g/t Au from 105m depth and 21m @ 2.86 g/t Au from 133m depth. Other significant intersections included 14m @ 2.00 g/t Au from 31m depth in EBRC105 and 7m @ 9.54 g/t Au from 102m in EBRC109. The Eleven Bells resource model will be updated and re-optimized

### Redbrook

Recent drilling at Redbrook has given several long intersections of moderate grades outcropping at surface. Some holes remain to be drilled in the program, but it is already apparent that the existing resource model and pit design will be significantly upgraded. Particularly encouraging are the results from holes RBRC029 (24m @ 2.0g/t from 2m) and RBRC029 (5m @ 17.1g/t from 27m).

## **Personnel and Recruitment**

Recruitment of all key personnel completed, with the full complement of staff and contractors on site now approaching around 250 personnel.

## Wallbrook RC Drilling Results

Hole ID	From	To	Int (m)	Au (g/t)	MGA East	MGA North	RL	Az.	Dip	Comment
EBRC091	97	110	13	3.42	433937.0	6695649.2	380.7	45	-60	Original hole
EBRC091	114	128	14	4.05	433937.0	6695649.2	380.7	45	-60	Original hole
EBRC091	162	170	8	1.65	433937.0	6695649.2	380.7	45	-60	Original hole
EBRC102	59	62	3	4.01	433757.8	6695661.0	378.1	45	-60	
EBRC105	31	45	14	2.00	433858.5	6695573.9	379.6	45	-60	
EBRC109	102	109	7	9.54	433893.0	6695642.3	380.7	45	-60	
EBRC110	86	88	2	6.41	433952.2	6695664.2	380.5	45	-60	
EBRC111	105	116	11	2.54	433907.6	6695622.3	380.8	45	-60	30m SW of EBRC091
EBRC111	133	154	21	2.86	433907.6	6695622.3	380.8	45	-60	30m SW of EBRC091

### Eleven Bells, February 2010 Intersections > 10 g\*m

Hole ID	From	To	Int (m)	Au (g/t)	MGA East	MGA North	RL	Az.	Dip	Comment
RBRC022	2	26	24	1.96	434119.8	6695330.5	380.9	0	-60	
RBRC024	0	5	5	1.03	434099.9	6695330.7	380.6	0	-60	
RBRC024	41	49	8	3.06	434099.9	6695330.7	380.6	0	-60	
RBRC025	0	35	35	1.38	434099.9	6695300.4	382.2	0	-60	
RBRC025	48	53	5	2.04	434099.9	6695300.4	382.2	0	-60	
RBRC026	46	53	7	2.00	434080.1	6695384.3	379.5	0	-65	
RBRC029	27	32	5	17.1	434040.5	6695388.8	379.2	0	-60	Cut to 30 g/t
RBRC029	37	44	7	1.97	434040.5	6695388.8	379.2	0	-60	
RBRC033	28	38	10	1.42	434080.0	6695220.7	379.1	0	-60	
RBRC033	41	43	2	9.78	434080.0	6695220.7	379.1	0	-60	
RBRC033	46	56	10	2.24	434080.0	6695220.7	379.1	0	-60	
RBRC033	60	66	6	1.93	434080.0	6695220.7	379.1	0	-60	
RBRC033	68	84	16	1.48	434080.0	6695220.7	379.1	0	-60	
RBRC034	58	96	38	1.19	434059.8	6695180.1	377.0	0	-60	

### Redbrook, February 2010 Intersections > 10 g\*m

#### Competent Person Statement

The information in this release that relates to exploration results 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.

**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
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	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. Resources do not allow for mining depletion from the Porphyry open-pit mine and Surface Stockpiles since commencement of mining and processing in January 2010.

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 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.

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, was, at the date of compilation, 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**

<b>Gold Deposit</b>	<b>Probable Reserve (tonnes)</b>	<b>Gold Grade (g/t)</b>	<b>Contained Ounces</b>
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
<b>Total</b>	<b>16,779,000</b>	<b>1.6</b>	<b>875,000</b>

**Notes to accompany Reserves Statement**

All reserves are for open-pittable mineralisation, except for Porphyry UG which reflects a proposed underground mining operation. Reserves do not allow for mining depletion from the Porphyry open-pit mine and Surface Stockpiles since commencement of mining and processing in January 2010.

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.