



Saracen

SARACEN MINERAL HOLDINGS LIMITED
ACN 009 215 347

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2007

COMPANY PARTICULARS

Directors

Guido Staltari (Chairman)
Ivan Hoffman
Barrie Parker
Carl Thompson

Secretary

Rajan Narayanasamy

Registered Office and Business Address

Level 7
350 Collins Street
Melbourne VIC 3000

Telephone: 03 9670 0040
Facsimile: 03 9670 0049

Auditor

PKF Chartered Accountants
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 2007. 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
Barrie Parker (Appointed 24 December 2007)
Carl Thompson

Review of Operations

The consolidated net loss after tax for the half-year was (\$966,857) [31 December 2006: profit of \$748,223]. The decline reflects the absence of the prior period's \$889,289 profit on sale of the Group's Tasmanian assets (refer Note 3 of the Notes to the Financial Statements) and the prior period's progressive divestment of the Company's listed share portfolio which generated a net gain of \$745,025. At balance date the Company retained a small trading portfolio of listed shares with a market value of \$272,020, comprising securities brought forward from the previous financial year and reflecting the Group's diminished share trading activity.

As part consideration for the sale of the of the Group's Tasmanian assets, the Company's received 6,400,000 shares in Bass Metals Ltd ("BML"). In the period ending 30 June 2007 a revaluation to market gain before tax of \$1,088,000 was recognised with the tax-effected revaluation gain reflected in the Company's Reserves account in accordance with accounting standards. This provided for the recognition of the deferred tax losses available to the Company generating an income tax benefit in the Income Statement. In the current period a decline in the BML share price created a revaluation to market loss before tax of (\$352,000), reversing some of the gains previously reflected in the Company's Reserves account. In addition the loss reversed some of the deferred tax losses previously recognised, creating an income tax expense of \$105,600 in the Income Statement.

The Company's Gold Resource Inventory increased from around 2.0 million ounces to around 2.6 million ounces during the period following RC drilling campaigns and other work on the Porphyry and Whirling Dervish gold deposits. Results from this work were incorporated into the Definitive Feasibility Study ("DFS").

The DFS encompasses not only the Whirling Dervish and Porphyry deposits, but also the recently acquired Wallbrook gold project, and is covering, inter alia, detailed resource modelling on the main deposits, plant refurbishment, native-title / heritage-related and environmental permitting, power supply options, mine operating equipment / contract options, Porphyry dewatering, a connecting haul road from the proposed Porphyry mine site to the Saracen haul road via Wallbrook, Porphyry camp, and recruitment.

The 544,000-ounce Wallbrook gold project was acquired late in the 2007 financial year, and two programs of RC drilling were substantially complete by period end. The purpose of these drilling programs was to provide sufficiently detailed data to enable a more reliable interpretation of the distribution and tenor of gold mineralisation in the Eleven Bells and Red Flag deposits, and the determination of initial ore reserves for inclusion in the DFS.

For the Red October gold deposit, relevant approvals for a diamond-drilling program have been received, and the Company is presently planning for drilling to commence as soon as a rig is secured.

Detailed re-evaluation of previous exploration data, comprising not only detailed audit work with respect to the effectiveness of previous geochemical survey work in several areas, but also the identification of drilling targets, is continuing. Furthermore, numerous scout auger-drilling programs have been completed and a number of RC drilling targets have emerged.

Recruitment activity continued, with some success, and several new geological and engineering staff members have been appointed.

Late in the period, the Company completed placements of shares to raise \$8.8 million before expenses. The shares were placed to sophisticated and professional investors, predominantly from the United Kingdom.

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 end of the financial year, 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 4 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, 13 March 2008



Chartered Accountants
& Business Advisers

13 March 2008

The Directors
Saracen Mineral Holdings Limited
Level 7
350 Collins Street
MELBOURNE VIC 3000

AUDITORS INDEPENDENCE DECLARATION

As lead engagement partner for the review of Saracen Mineral Holdings Limited for the half year ended 31 December 2007, 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 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

PKF

PKF
Chartered Accountants

Michael Port

M L Port
Partner

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Condensed Income Statement

Half-Year Ended 31 December 2007

	Note	Consolidated	
		31 December 2007	31 December 2006
		\$	\$
Revenue from continuing operations	2	234,488	965,776
Finance costs		(32,992)	(25,495)
Administration expenses		(452,637)	(479,696)
Project assessment and evaluation costs		-	(32,775)
Plant care and maintenance		(517,401)	(478,757)
Depreciation of plant and equipment		(92,715)	(90,923)
Loss from continuing operations before income tax		(861,257)	(141,870)
Income tax expense		(105,600)	-
Loss from continuing operations		(966,857)	(141,870)
Profit/(loss) from discontinued operations	3	-	890,093
Profit/(loss) attributable to members of Saracen Mineral Holdings Limited		(966,857)	748,223
Earnings Per Share			
Basic profit/(loss) per share in cents		(0.63)	0.60
Diluted profit/(loss) per share in cents		(0.63)	0.60
Earnings Per Share from continuing operations			
Basic loss per share in cents		(0.63)	(0.11)
Diluted loss per share in cents		(0.63)	(0.11)
Earnings Per Share from discontinued operations			
Basic profit per share in cents		-	0.71
Diluted profit per share in cents		-	0.70

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

Condensed Balance Sheet

As at 31 December 2007

	Note	Consolidated	
		31 December 2007	30 June 2007
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		8,586,336	3,668,287
Trade and other receivables		160,050	125,273
Other financial assets		272,020	377,100
Inventories		575,480	575,480
Other		31,460	57,087
TOTAL CURRENT ASSETS		9,625,346	4,803,227
NON-CURRENT ASSETS			
Property, plant and equipment		4,016,535	4,107,383
Other financial assets		8,358,000	8,710,000
Deferred exploration and evaluation costs	5	25,468,892	22,832,922
TOTAL NON-CURRENT ASSETS		37,843,427	35,650,305
TOTAL ASSETS		47,468,773	40,453,532
CURRENT LIABILITIES			
Trade and other payables		596,976	730,843
Borrowings		58,479	56,055
Provisions		113,665	59,607
TOTAL CURRENT LIABILITIES		769,120	846,505
NON-CURRENT LIABILITIES			
Borrowings		219,692	249,551
Provisions		6,317,868	6,355,001
TOTAL NON-CURRENT LIABILITIES		6,537,560	6,604,552
TOTAL LIABILITIES		7,306,680	7,451,057
NET ASSETS		40,162,093	33,002,475
EQUITY			
Issued capital		49,612,441	41,239,715
Reserves		574,731	831,310
Accumulated losses		(10,025,079)	(9,068,550)
TOTAL EQUITY		40,162,093	33,002,475

The condensed balance sheet should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity

Half-Year Ended 31 December 2007

	Note	Contributed Equity \$	Consolidated Accumulated Losses \$	Reserves \$	Total \$
As at 1 July 2007		41,239,715	(9,068,550)	831,310	33,002,475
Gain/(loss) on other financial assets taken to equity	3(i)	-	-	(246,400)	(246,400)
Issue of share capital		8,800,000	-	-	8,800,000
Share issue costs		(427,274)	-	-	(427,274)
Share based payments		-	-	149	149
Transfer to accumulated losses		-	10,328	(10,328)	-
Profit/(loss) for the period		-	(966,857)	-	(966,857)
Total income and expense for the period recognised directly in equity		8,372,726	(956,529)	(256,579)	7,159,618
As at 31 December 2007		49,612,441	(10,025,079)	574,731	40,162,093
As at 1 July 2006		32,246,064	(9,795,893)	96,734	22,546,905
Gain/(loss) on other financial assets taken to equity		-	-	1,152,000	1,152,000
Share based payments		-	-	1,990	1,990
Profit/(loss) for the period		-	748,223	-	748,223
Total income and expense for the period recognised directly in equity		-	748,223	1,153,990	1,902,213
As at 31 December 2006		32,246,064	(9,047,670)	1,250,724	24,449,118

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

Condensed Cash Flow Statement

Half-Year Ended 31 December 2007

	Consolidated	
	31 December 2007	31 December 2006
	\$	\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(1,153,096)	(840,101)
Interest received	285,708	214,942
Government fuel rebate	37,117	58,326
Interest paid	(32,992)	(4,776)
Payments for listed shares	-	(311,100)
Proceeds from sale of shares	-	1,990,435
Dividends received	-	128
Exploration & evaluation expenditure	(2,550,564)	(1,773,862)
Net cash flows provided by / (used in) operating activities	(3,413,827)	(666,008)
Cash Flows from Investing Activities		
Payments for plant and equipment	(13,418)	(100,999)
Proceeds from sale of assets	-	2,500
Proceeds from sale of business	-	300,000
Security deposit refunded	-	23,000
Payments for unlisted shares	-	(49,500)
Net cash flows provided by / (used in) investing activities	(13,418)	175,001
Cash Flows from Financing Activities		
Proceeds from issue of ordinary shares	8,800,000	-
Share issue costs	(427,274)	(62,694)
Payments for finance lease liabilities	(27,432)	(16,180)
Net cash flows provided by / (used in) financing activities	8,345,294	(78,874)
Net increase/(decrease) in cash held	4,918,049	(569,881)
Cash at beginning of period	3,668,287	1,344,742
Cash at end of period	8,586,336	774,861

The condensed cash flow statement should be read in conjunction with the accompanying notes.

Notes To and Forming Part of The Financial Statements

For The Half-Year Ended 31 December 2007

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

Statement of compliance

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'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '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 2007 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 2007 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report has been prepared on a going concern basis in accordance with the historical cost convention, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Accounting policies

The principal accounting policies adopted in the preparation of the financial report are the same as those applied in the financial report for the year ended 30 June 2007. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(c) Principles of Consolidation

The consolidated financial statements comprise the financial statements of Saracen Mineral Holdings Limited and its subsidiaries (the Group). Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses from intra-group transactions have been eliminated in full.

(d) Comparatives

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

NOTE 2 REVENUE FROM CONTINUING OPERATIONS

	Consolidated	
	31 December 2007	31 December 2006
Revenue	\$	\$
Interest revenue	302,363	182,726
Dividends	-	128
Profit from sale of listed shares	-	959,631
Government fuel rebate	37,205	35,397
Profit on sale of assets	-	2,500
Change in market value of listed shares held as current financial assets	(105,080)	(214,606)
	234,488	965,776

Notes To and Forming Part of The Financial Statements

For The Half-Year Ended 31 December 2007

NOTE 3 DISCONTINUED OPERATIONS

On 3 November 2006 the Company's wholly owned subsidiary Saracen Metals Pty Limited completed the sale of the entire Tasmanian Exploration Division to Bass Metals Ltd ("BML"). The consideration comprised 6.4 million BML ordinary fully paid shares and \$300,000 in cash. The results of the discontinued operations which were included in the prior period income statement are as follows:

	31 December 2007	31 December 2006
	\$	\$
Revenue	-	804
Gain on disposal of discontinued operations	-	889,289
Profit before income tax	-	890,093
Income tax	-	-
Profit after income tax	-	890,093
The net assets of the discontinued operations at the date of disposal:		
Net assets disposed	-	(690,711)
Cash consideration	-	300,000
BML ordinary fully paid shares (at cost) ⁽ⁱ⁾	-	1,280,000
Gain on disposal of discontinued operations	-	889,289

(i) On 31 December 2007 the BML shares were valued at market with the movement recognised directly into equity as disclosed in the Condensed Statement of Changes in Equity.

NOTE 4 SEGMENT INFORMATION

The consolidated entity operates in both the resource exploration and investment segments. The consolidated entity operates in one geographical segment, being Australia.

Business segments - Primary	Investments		Exploration		Consolidated	
	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$
Revenue						
Net profit on disposal of listed shares	-	959,631	-	-	-	959,631
Net increment/(decrement) in market value of listed shares	(105,080)	(214,606)	-	-	(105,080)	(214,606)
Dividend revenue	-	128	-	-	-	128
Government fuel rebate	-	-	37,205	35,397	37,205	35,397
Profit on sale of assets	-	-	-	2,500	-	2,500
Total segment revenue	(105,080)	745,153	37,205	37,897	(67,875)	783,050
Non-segment revenue						
Interest revenue – continuing					302,363	182,726
Interest revenue – discontinued					-	804
Gain on disposal of discontinued operations					-	889,289
Total revenue					234,488	1,855,869
Results						
Segment result – continuing	(557,969)	283,297	(605,651)	(607,893)	(1,163,620)	(324,596)
Non-segment result – continuing					302,363	182,726
					(861,257)	(141,870)
Segment result – discontinued	-	-	-	889,289	-	889,289
Non-segment result – discontinued					-	804
					-	890,093
Income tax expense					(105,600)	-
Net profit/(loss) after tax					(966,857)	748,223

Notes To and Forming Part of The Financial Statements For The Half-Year Ended 31 December 2007

NOTE 5 DEFERRED EXPLORATION AND EVALUATION COSTS

	31 December 2007	30 June 2007
	\$	\$
Exploration and evaluation costs carried forward	<u>25,468,892</u>	<u>22,832,922</u>

The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the areas of interest. As the Group is still in the exploration stage the costs carried forward have not been amortised for the period ending 31 December 2007. Included in the costs carried forward are costs relating to tenements over which third parties have lodged objections and complaints. Whilst the Group is vigorously defending these claims, there is the possibility of financial penalty or forfeiture. Plaintened tenements account for an amount of \$2,111,565 (30/06/2007: \$1,684,967) in the total shown above.

NOTE 6 INCENTIVE OPTION SCHEME

An incentive option scheme has been established where employees and other eligible participants of the consolidated entity are issued with options over the ordinary shares of Saracen Mineral Holdings Limited. The options, issued for nil consideration, are issued in accordance with the skills, experience and length of service with the Company and such other criteria that the directors consider appropriate in the circumstances. The options cannot be transferred and will not be quoted on the ASX. There are no voting rights attached to the options.

During the period 200,000 options were issued under this scheme. The total value of these options was \$149 on the following terms:

- 100,000 options exercisable on or before 30 April 2010 at 59.78 cents each
- 100,000 options exercisable on or before 30 June 2010 at 49.78 cents each

NOTE 7 EVENTS SUBSEQUENT TO BALANCE DATE

Subsequent to the period end 600,000 options were issued under the Incentive Option Scheme. The total value of these options was \$432 on the following terms:

- 200,000 options exercisable on or before 31 October 2012 at 50.00 cents each
- 200,000 options exercisable on or before 30 November 2012 at 60.00 cents each
- 200,000 options exercisable on or before 31 December 2012 at 65.00 cents each

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) complying with Accounting Standards; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date, 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.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.



Guido Staltari
Director
Melbourne, 13 March 2008



Chartered Accountants
& Business Advisers

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Saracen Mineral Holdings Limited ("Saracen"), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising Saracen and the entities it controlled at 31 December 2007 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of Saracen are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal control 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 Saracen's financial position as at 31 December 2007 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, 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 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 2007 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
Chartered Accountants

13 March 2008
Melbourne

M L Port
Partner

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