



Media Release & ASX Announcement

17 June 2010

First Two Months Gold Production.

19,300 ounces of gold produced to the end of May from Porphyry Mine.

Average cash cost \$607 per ounce.

Whirling Dervish Mine ore production commenced

Saracen Mineral Holdings Ltd has produced 19,300 ounces of gold in its first two months of production (April and May) at the Carosue Dam project in WA.

The gold was produced from 374,000 tonnes of ore from the Porphyry open pit at an average grade of 1.7 g/t.

Better than expected operating performance generated cash costs of A\$607 per ounce and gross revenue for the two months of A\$23.5 million. Carosue Dam Operations became cash flow positive in May.

In its first full quarter of gold production, ending on June 30, Saracen expects to produce 25-30,000 ounces at a cash cost of \$690 per ounce.

Pre-stripping of the first stage Whirling Dervish open pit gold mine has also been completed, well ahead of schedule and under budget. Ore mining has begun.

Saracen Managing Director, Guido Staltari, said today: "We are pleased with continued strong operating performance at Carosue Dam. The commissioning of the Whirling Dervish open pit mine ahead of schedule and below budget is another significant milestone for the company"

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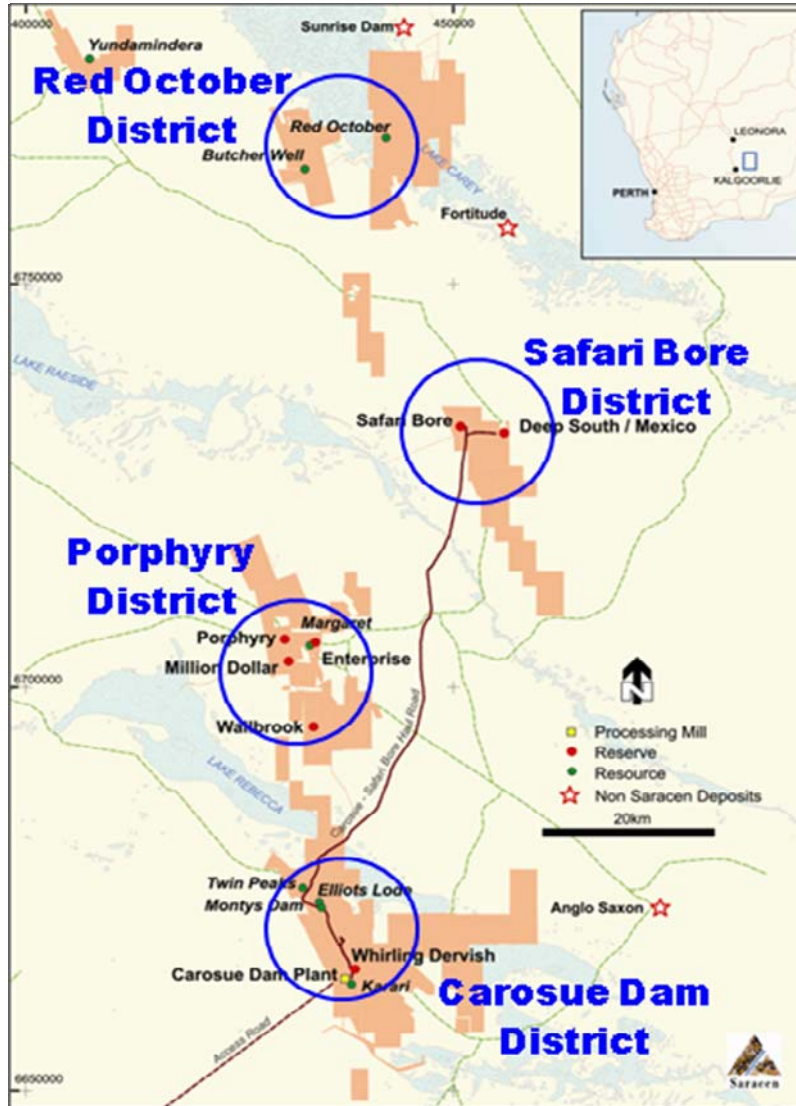
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About Saracen

Background

Saracen Mineral Holdings Limited (ASX:SAR) owns 100% of the Carosue Dam operations, 120 km NE east of Kalgoorlie, in the South Laverton region of WA, home to other gold mines and deposits including Sunrise Dam, Granny Smith, and Wallaby.

Carosue Dam's 2.4 million tonne per annum processing plant is forecast to produce approximately 100,000 to 120,000 ounces of gold per annum.



Saracen's gold deposits fall within four distinct districts.

The Carosue Dam operations area contains a large number of known gold deposits within four separate districts. These include the Carosue Dam district, Porphyry district, Safari Bore district and Red October district. (see figure).

In Stage 1 ore is being sourced from the Porphyry and Whirling Dervish open cuts and will be supplemented by open pit mines at Enterprise, Wallbrook and Deep South.

In Stage 2 gold ore will be sourced (subject to positive feasibility study results) from open cut production at Karari, supplemented by underground operations at Porphyry, Red October and Deep South.

Modest two years of partial hedging to cover project outlays.

On 21 December 2009, the Company announced that it had entered into a gold put/call option programme, with the put option component then covering 176,000 ounces at a strike price of A\$1,250 per ounce. The put option program 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 represented 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.

As at the date of this announcement, in the normal course of expiry of the option series, there are outstanding put options over 161, 534 oz and call options over 95,038 oz.