



23 June 2010

Manager
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\$A35million placement to fund high-grade Red October gold development and regional exploration expansion

- **Red October mine development to commence, starting with dewatering**
- **Group production target of 150,000-160,000 ozpa by 2015**
- **Saracen debt to be retired – company to be debt free**

Saracen Mineral Holdings Limited (ASX: SAR) has today completed a placement of approximately 92.1 million new fully paid ordinary shares at a price of \$A0.38 per share to raise \$A35 million before costs ("Placement"). The Placement to institutional and sophisticated investors will be made in two tranches.

Proceeds from the Placement will fund early development work at Saracen's high-grade Red October project in the South Laverton district of Western Australia, retire corporate debt and accelerate regional exploration.

The new funding forms part of the strategy to target an increase in group gold production from the 2.4 mtpa Carouse Dam plant from its current 100,000 -120,000 ounces per annum towards 150,000-160,000 ounces per annum utilising and blending ore, particularly from the high-grade Red October district.

Red October is north-east of the Carouse Dam processing plant and 15km south of Sunrise Dam. The new capital will fund an exploration and development decline into Red October and trial underground mining.

Saracen Managing Director, Guido Staltari, said, "Saracen has received very strong support for this capital raising, putting the Company in a very sound financial position with growth options."

"With the successful commissioning of Carouse Dam, the high-grade nature of the current inventory at Red October makes it an obvious development opportunity to expedite and exploit. Also, the exploration potential in this world-class gold district is outstanding," he said.

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The Placement

The Placement was arranged by Evans and Partners Pty Limited and managed jointly by Evans and Partners Pty Limited and Euroz Securities Limited. The Placement attracted strong institutional and professional investor support from both existing shareholders and new investors.

Of the Placement amount, Tranche 1 comprising \$A22.8 million, was raised under the 15% allowance provided for in Chapter 7 of the Australian Securities Exchange ("ASX") Listing Rules while Tranche 2, of \$A12.2million, is subject to shareholder approval.

A shareholder meeting is scheduled for on or around Thursday 29 July 2010 to consider Tranche 2 of the Placement, and, for the purposes of Listing Rule 7.4, ratification of Tranche 1 of the Placement.

Purpose for Placement

Saracen intends to apply the funds towards:

- (a) the development of the Red October project and more particularly;
 - i. trial underground mining to confirm the geological interpretation and underground designs for a proposed underground mining operation,
 - ii. obtaining bulk ore to test its metallurgical response of Red October ore in the Carosue Dam plant, and
 - iii. an extensive underground diamond drilling campaign aimed at resource delineation and expansion of the Red October resource at depth and along strike,
- (b) full retirement of the existing corporate debt,
- (c) drilling of targets in the Red October district, including the immediate environs of Red October, the Butcher Well prospect, and several target zones south of the Sunrise Dam gold mine, (** The Sunrise Dam gold mine is not asset of the Company.*)
- (d) drill-targeting the down dip extensions of high grade gold mineralisation at Safari Bore, Deep South and the unexplored zone between Porphyry and Million Dollar; and
- (e) ongoing working capital requirements.

Trading In Placement Shares

The Company will apply to ASX for the Placement Shares to be admitted to official quotation. The Shares so allotted will rank equally with existing shares on issue.

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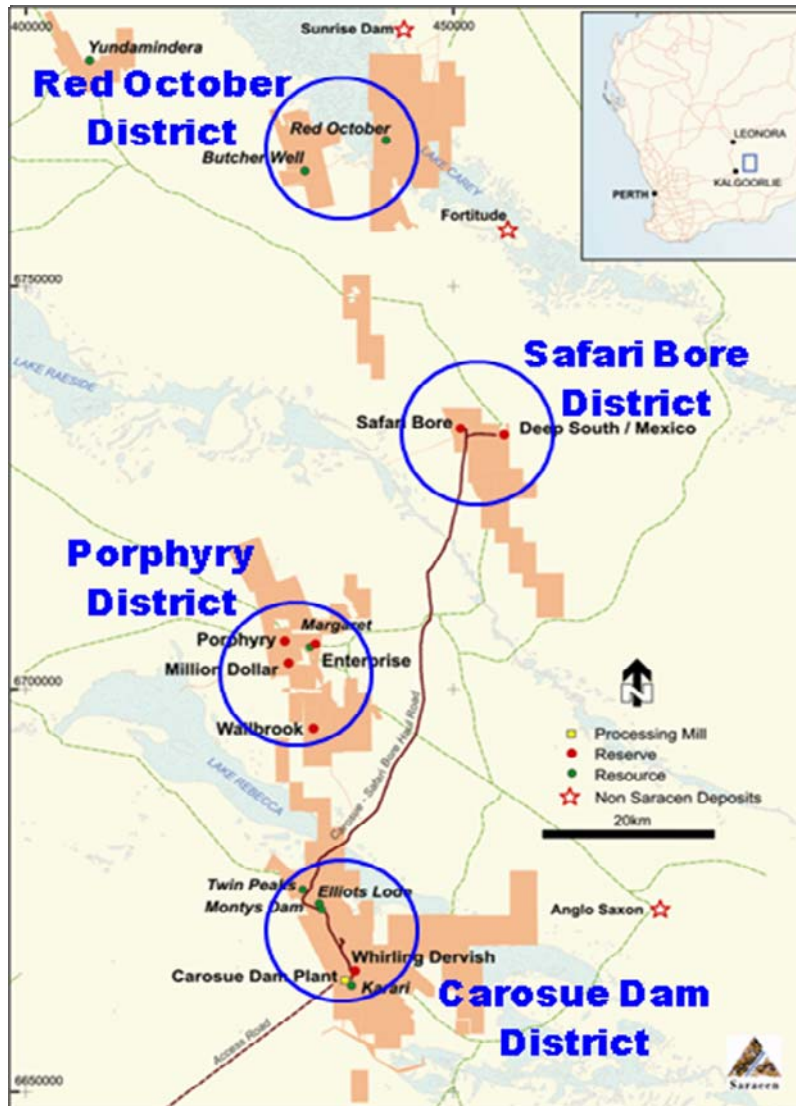
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About Saracen

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.