



Saracen

25 February 2013

ASX & MEDIA RELEASE

CAROSUE DAM PLANT EXPANSION CONTRACT AWARDED

The Directors of Saracen Mineral Holdings Limited ("Saracen" or the "Company" ASX:SAR), are pleased to advise that GR Engineering Services Limited ("GR Engineering") has been awarded the engineering, procurement and construction (EPC) contract for the Carosue Dam Plant Expansion (Stage 1).

The expansion will lift processing capacity by 33% from a nameplate of 2.4mtpa to 3.2mtpa and gold production to a rate of 190,000 ozpa in 2014-15. This will come from a mix of ore sourced from the bulk open pit ore at Whirling Dervish (which is adjacent to the mill) and high grade underground ore.

The fixed price contract with GR Engineering, which is subject to formal documentation, is for the installation of two tertiary crushers, three conveyor belts, a screen house, an additional CIL tank, and various plant modifications with the aim of reducing the crushed ore from 25-33mm to 7-8mm to improve mill throughput and energy efficiency.

The contract brings the total capital expenditure commitment for the Carosue Plant expansion to \$23 million consisting of:-

- **\$16 million for the EPC contract**
- **\$3 million for the procurement of two tertiary crushers, feeders and a screen house**
- **\$4 million for downstream expansions, management costs and contingency**

The \$23m committed for the Stage 1 expansion is slightly below the \$24-28 million guidance provided on the 3rd December 2012. GR Engineering has advised they will deliver the expansion in 42 weeks with commissioning expected to take place in December 2013, which is three months ahead of the original schedule of March 2014.

The \$30 million 9-month cutback of the Whirling Dervish open pit commenced in November 2012 and is currently ahead of schedule and under budget with first ore now expected in the June Quarter 2013. Whirling Dervish will provide the bulk of the expanded mill feed for the next two years.

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Comment from Executive Chairman Guido Staltari:

"It is pleasing that in the \$55 million of project related expansions for the Carosue Dam plant and the Whirling Dervish pit cutback is ahead of schedule and on or under budget. These expansions are aimed at our next stage of growth via increased throughput, improved operation flexibility and lowering cash costs in line with our guidance of 190kozpa in 2014-15." The decision to select GR Engineering was made easier considering many of their senior management team were involved in the original design and construction of the Carosue Dam processing plant in 2000/2001. We would also like to acknowledge and thank Mintrex for conducting the competitive tender on our behalf that has resulted in the final capital expenditure coming in below guidance."

For further information please contact:

Guido Staltari

Executive Chairman

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About Saracen

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 125,000 to 135,000oz in FY2013. The Company has targeted an increase in production to around 180-190,000 ozpa, principally through organic growth by 2014-15.

As at 30 June 2012, Gold Resources stood at around 4.1 million oz while Reserves stood at 1.1 million oz.

The Carosue Dam operations area contains a large number of known gold deposits within two regions, the Southern and Northern regions (see figure below).

Current gold production is from open pit mines in the Southern region ("Southern Operations") and Northern region ("Northern Operations"). This is being supplemented by high grade underground operations at Red October and, subject to approvals and development, from Whirling Dervish and Deep South.

Saracen has commenced a programme to upgrade the Carosue Dam processing plant, as well as open pit expansions, aimed at capturing economy of scale and benefits, including increased annual cash flows.

This programme contemplates: -

- additional crushing capacity to increase mill throughput to 3.2mtpa
- a cutback at Whirling Dervish utilising a larger mining fleet
- additional open cuts at Wallbrook and Million Dollar

Project Location Map

