



6 January 2012

Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Operations and Exploration Update

- Excellent progress at Red October, with ore on the 290 level expected to be reached in the next few days.
- Red October underground drilling about to commence.
- Gold production of 27,301 oz for the quarter, 9% down on guidance due to mill gear box change-out and weather delays.
- Encouraging drilling results from Twin Peaks and Pinnacles (Southern Operations).
- All hedge obligations discharged, and Saracen is now hedge-free.
- Strong balance sheet, with net cash balance of around A\$60 million at quarter's end.
- SAR added to the S&P/ASX 200.

Corporate

Saracen completed its put and call gold option program at the end of the quarter, and is now free of any hedging obligations. The company will therefore be able to fully realise any benefit arising from sustained high gold prices.

The Company ended the quarter with a strong balance sheet, having funded an expanding exploration effort. Net cash (net of all receivable, payables, and including deposits securing rehabilitation and environmental bonds) at quarter's end was around A\$60 million.

Saracen has established separate northern and southern operations, the "Southern Operations" comprising the processing plant, Carosue Dam and Porphyry Districts and the "Northern Operations" comprising the Red October and Safari Bore Districts. This operational restructure has occurred in recognition of the rapidly escalating activities in the Red October district associated with underground mining, exploration activities and planned open pit mining.

Saracen was added to the S&P/ASX 200 effective 28th December 2011.

Saracen Mineral Holdings Limited

ACN 009 215 347

Level 7, 350 Collins Street
Melbourne Victoria 3000

Telephone (61 3) 9670 0040
Facsimile (61 3) 9670 0049

Northern Operations (Red October and Safari Bore Districts)

Red October

Mine development has reached the ore on the 300 level, with the ore on the 290 level expected to be reached in early January 2012. Underground diamond drilling is set to commence in January 2012, with +18,000m of drilling planned to provide grade delineation and resources extensions.

A second jumbo has been secured and will be mobilised to site in January 2012 to develop ore drives whilst the existing jumbo will focus on the decline and the development of the hanging wall drill drive.

Very pleasing results have been achieved at Red October, with 460m of development completed since portal access established on 1 Oct 2011. A record month of 240m was achieved in December with improved ground conditions and multiple development headings available, now that the ore has been reached.

Construction of the 40km haul road between Red October and Safari Bore is progressing well.

More detailed information will be provided in the quarterly report to be released later in January 2012.

Southern Operations (Carosue Dam and Porphyry Districts)

Gold Production was 27,301 ounces, 9% below guidance. Mill throughput was 563,569t, 11% below budget on tonnes milled.

The shortfall was caused by six days downtime towards the end of the quarter, arising from the need for a mill gearbox change-out. While the spare gear box was readily at hand (within the Company's critical spares), the change-out was delayed due to inclement weather, preventing mobilisation of the maintenance crews and the sourcing of couplings to fit the new gearbox.

The Plant is now fully operational.

Saracen's full year guidance of 120,000 – 130,000 remains unchanged.

A positive feature of the quarter's production operations was the improved mining productivities and utilisation, resulting in lower unit rates (\$/bcm mining).

More detailed information will be provided in the quarterly report to be released later in January 2012.

Exploration Highlights

Butcher Well – 6 holes drilled for 1,026m

- All 6 RC holes drilled during the quarter intersected mineralisation
- Width of the intersections indicates the existence of a significantly mineralised structure
- The 6 holes were drilled within a strike distance of only 200m, compared with the total strike of known mineralisation of at least 5,000m

Twin Peaks – 10 holes drilled for 3,255m

- Only 2 diamond holes have had assays returned, from a total of 7 holes drilled, with the remaining assay results expected early in the March quarter.
- Hole TPRD007 intersected high grade mineralisation of 11m @ 3.06g/t

Whirling Dervish – 11 holes drilled for 2,196m

- Only 2 diamond holes have had assays returned from a total of 7 holes drilled, with the remaining assay results expected early in the March quarter.
- Intersections returned to date are located on the margins of the target zone due to unplanned hole deviation. Wedging and navigational drilling will be utilised to intersect the target zone.

Pinnacles – 4 holes drilled for 342m

- One hole drilled into high grade target zone with 2m @ 14g/t intersected
- Pinnacles is a narrow, high grade deposit with additional drilling planned during the March 2012 quarter

Table 1 shows the recent Saracen drilling program highlights. More details will be provided in the quarterly report to be released later in January 2012.

Commenting on the December quarter results, Executive Chairman Guido Staltari said today:

“With excellent progress at Red October and the commencement of the underground drilling program imminent, Saracen is poised to fully exploit the immense potential of the Northern Operations area. The reorganisation of our management and resources to set up a Northern Operations hub is part of this strategy.

“With our \$35million exploration program in full swing, we continue to be encouraged by drilling results at a number of sites, including Twin Peaks and Pinnacles, where the mineralisation remains open along strike and down-plunge.

“Another important milestone reached during the quarter was SAR’s inclusion in the S&P/ASX 200 (effective 28th December 2011). This will improve the Company’s exposure to the international capital markets, assisting it to realise its growth aspirations.”

For further information please contact:

Guido Staltari

Executive Chairman

(03) 9670 0040

guido@saracen.com.au

Competent Person’s Statement

The information in this release that relates to Exploration Results and Mineral Resources has been compiled by Mr Richard Maddocks MSc, FAusIMM. Mr Maddocks, who is a Fellow of the Australasian Institute of Mining and Metallurgy, is an employee of Saracen Gold Mines Pty Ltd. Mr Maddocks 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 Maddocks consents to the inclusion in this release of the matters based on his information in the form and context that the information appears.

Table 1 December Quarter Drill Results

BUTCHER WELL DECEMBER QUARTER 2011 RC DRILLING											
Hole	Easting	Northing	RL	Dip	Azimuth	Depth		From (m)	To (m)	Width (m)	Grade g/t
BWRC323	434107.2	6763610	408.5	-60	77.5	204		158	198	40	1.21
								inc 168	175	7	1.94
BWRC324	434147.8	6763623	407.2	-60	77.5	156		82	109	27	0.90
								and 145	150	5	1.56
BWRC325	434148.2	6763568	408.3	-60	77.5	150		80	113	33	1.34
								inc 90	100	10	2.36
BWRC326	434128.9	6763564	408.8	-60	77.5	198		98	102	4	1.20
BWRC327	434120.2	6763664	407.7	-60	77.5	156		90	100	10	1.30
BWRC328	434145.1	6763721	407.6	-60	77.5	162		75	80	5	1.00
TWIN PEAKS DECEMBER QUARTER 2011 DIAMOND DRILLING											
Hole	Easting	Northing	RL	Dip	Azimuth	Depth		From (m)	To (m)	Width (m)	Grade g/t
TPRD005	432258	6675172	345.4	-63	219	462.9		346	349	3	4.07
TPRD007	432203	6675096	346.2	-65	219	349.8		275	286	11	3.06
								and 347	349.8	2.8	5.23
WHIRLING DERVISH DECEMBER QUARTER 2011 DIAMOND DRILLING											
Hole	Easting	Northing	RL	Dip	Azimuth	Depth		From (m)	To (m)	Width (m)	Grade g/t
WDRCD015	438453.4	6665508	351.626	-61	225	468.6		332	337	5	3.29
								and 404	410	6	3.51
WDRCD025	438147.5	6665624	352.857	-65	225	234.3		159	167	8	3.49
								and 222	228	6	4.48
PINNACLES DECEMBER QUARTER 2011 RC DRILLING											
Hole	Easting	Northing	RL	Dip	Azimuth	Depth		From (m)	To (m)	Width (m)	Grade g/t
PERC019	439623.5	6649455	359.264	-60	1.5	125		76	97	21	1.71
								inc 86	92	6	3.17
								and 114	125	11	3.47
								inc 120	122	2	13.97

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 120,000 to 130,000 in FY2012 and the Company has targeted an increase in production to around 250,000 ozpa, principally through organic growth over the next two or more years.

As at 30 June 2011, Gold Resources stood at around 3.6 million oz while Reserves stood at around 0.83 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).

Current gold production is from open pit mines in the Southern Region ('Southern Operations'). This will be supplemented by additional open pit mines, and (subject to positive feasibility study and, where applicable, trial mining results) underground operations at Porphyry, Red October, Whirling Dervish and Deep South.

A development programme at Red October has commenced, with a view to establishing trial underground mining operations in the Northern region ('Northern Operations').

Work in progress at Red October comprises: -

- 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 exploration decline and extensive underground diamond drilling campaign aimed at resource delineation and expansion of the resource at depth and along strike.

As at 31 December 2011, the Company is hedge free, with a strong balance sheet comprising around \$60M net cash, and no debt (other than leasing facilities).

