



8 October 2013

**ASX & MEDIA RELEASE**

**2013 MINERAL RESOURCES AND ORE RESERVES**

The Directors of Saracen Mineral Holdings Limited (ASX: SAR) (“Saracen” or the “Company”), wish to advise that the Mineral Resources and Ore Reserves Statements for 2013 have been updated. The Mineral Resources and Ore Reserves statements are reported according to the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the ‘JORC Code’) 2004 edition.

Saracen has completed an update of its Mineral Resources and Ore Reserves statements with total Mineral Resources (Measured, Indicated and Inferred) decreasing by 5% to 3.9 million ounces of gold after taking into account depletion of 161,000 ounces during FY2013.

Ore Reserves have decreased 8% to 860,000 ounces of gold after taking into account depletion of 150,000 ounces, with part of the decrease attributable to Saracen opting to use a lower gold price of A\$1,400/oz compared to A\$1,500/oz (2012 statement), despite having hedging of 176,600 ounces @ A\$1,680/oz over the next 3 years. The decision to adopt a lower gold price for Ore Reserve estimation purposes was based on ensuring all reserves (including those outside of the hedge period) remain economically viable at the assumed lower spot gold price compared to the 2012 statement.

The key changes were in ore stockpiles due to the removal of subgrade ounces following the indefinite suspension of the plant expansion, and the Million Dollar and Wallbrook open pits, with both deposits incurring a decrease in ore tonnes, but at an overall higher grade, resulting in higher NPV’s at A\$1,400/oz.

Category	Tonnes	Grade	Ounces
Measured	8,463,000	1.2	323,000
Indicated	56,482,000	1.5	2,682,000
Inferred	16,663,000	1.5	814,000
<b>TOTAL</b>	<b>84,436,000</b>	<b>1.4</b>	<b>3,923,000</b>

**Table 1: Mineral Resources by Resource Category**

Category	Tonnes	Grade	Ounces
Proved	1,524,000	1.3	62,000
Probable	14,294,000	1.7	798,000
<b>TOTAL</b>	<b>15,818,000</b>	<b>1.7</b>	<b>860,000</b>

**Table 2: Ore Reserve by Reserve Category**

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## **Mineral Resources**

During the past 12 months, Saracen significantly curtailed its exploration and resource definition efforts in response to considerable volatility in the gold price and the decision to preserve cash by reducing discretionary expenditure. The reduction in exploration expenditure follows seven consecutive years of mineral resources growth.

The key changes to the Mineral Resources statement are:-

- 1) The depletion due to FY2013 production from Red October, Butcher Well, Wallbrook, Margaret's, Deep South and Karari. Depletion resulted in a reduction of 161,000 contained ounces.
- 2) The reduction of the Wallbrook resource is a result of remodelling and reclassification of the resource. In keeping with Saracen's conservative view of future gold price assumptions, a reduction of 67,000 ounces has been incurred.

Notably the Mineral Resources at Red October and Whirling Dervish, two key resources for Saracen, have remained steady even after accounting for depletion.

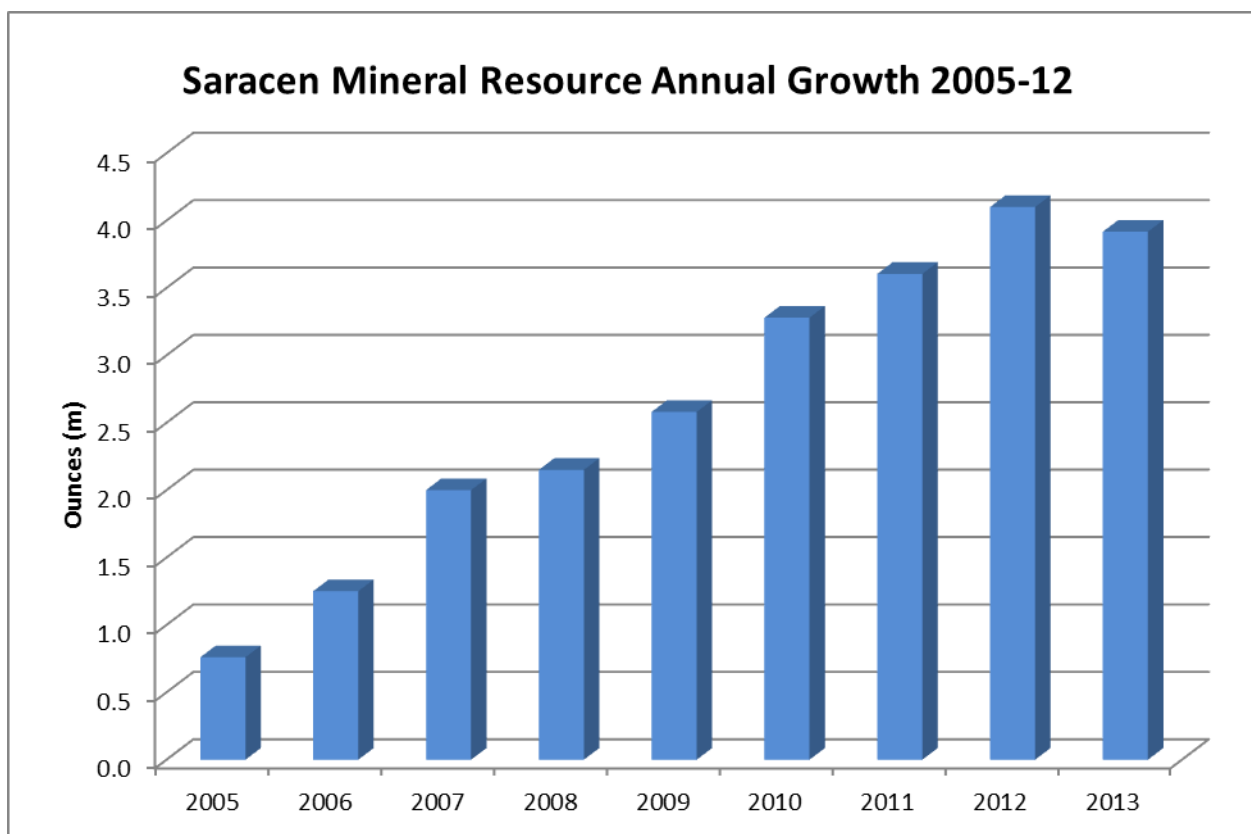


Figure 1: Year on year Mineral Resource performance

## Ore Reserves

Recent volatility in the gold price has resulted in a focus on project sensitivity, with a conservative view taken on future gold prices resulting in a reduction in overall Ore Reserves. The reduction is a combination of mining depletion and a scaling back of Ore Reserves to more robust plans that can be sustained through lower gold price environments.

Pleasingly the current projects either in development or production have remained stable or increased. Decreases in the Ore Reserves from the 2012 statement are attributable to the following:-

- 1) Depletion of 150,000 ounces through 12 months of processing at the Carosue Dam plant.
- 2) Reduction of 51,000 ounces through the removal of sub grade stockpiles following the indefinite suspension of the plant expansion.
- 3) Wallbrook and Million Dollar have been reduced by 40,000 ounces and 48,000 ounces respectively. Adopting a gold price of A\$1,400/oz compared with A\$1,500/oz (in 2012) has resulted in more robust pit designs with lower ore tonnes and higher grades.
- 4) Red October Ore Reserves have increased by 12,000 ounces (+30%) after accounting for depletion of 29,000 ounces in FY2013. After a year of successful resource drilling, heavily focused on understanding the local controls to the high grade mineralisation, the mine is well positioned to test the extensions of the resource over the next 12 months. A second underground drill rig is planned to be introduced during the December 2013 quarter specifically for resource extensional and exploration purposes. It's important to note that the 2013 Ore Reserves for Red October are based on the current mine design and there is potential to materially grow the Ore Reserves from material that sits in the Measured and Indicated categories of the Mineral Resources statement, plus from additional resource extensional drilling.

The Ore Reserve grade at Red October of 5.7g/t is likely to be conservative due to the deposit having a high "nugget" gold component that makes it difficult to accurately model the Ore Reserve grade, particularly the very high grades where conservative top cuts of approximately 50g/t are applied to ensure compliance with JORC requirements (2004 edition). The mine delivered a head grade of 8.4g/t in FY2013, with a headgrade of 6.9g/t reconciled in the September 2013 quarter (refer to ASX release of 8 October 2013 for more detail).

The reserve grade of 5.7g/t denoted for Red October remains consistent with the assumptions made for Red October for guidance purposes for FY2014 of 300,000 tonnes @ 5.0g/t, which is part of the Carosue Dam Operations guidance of 120,000 to 130,000 ounces.

- 5) Optimisation of the Whirling Dervish open pit design has increased the Ore Reserve by 36,000 ounces. This highlights that the Whirling Dervish project is very stable at lower gold prices and is set to deliver positive results in the future.

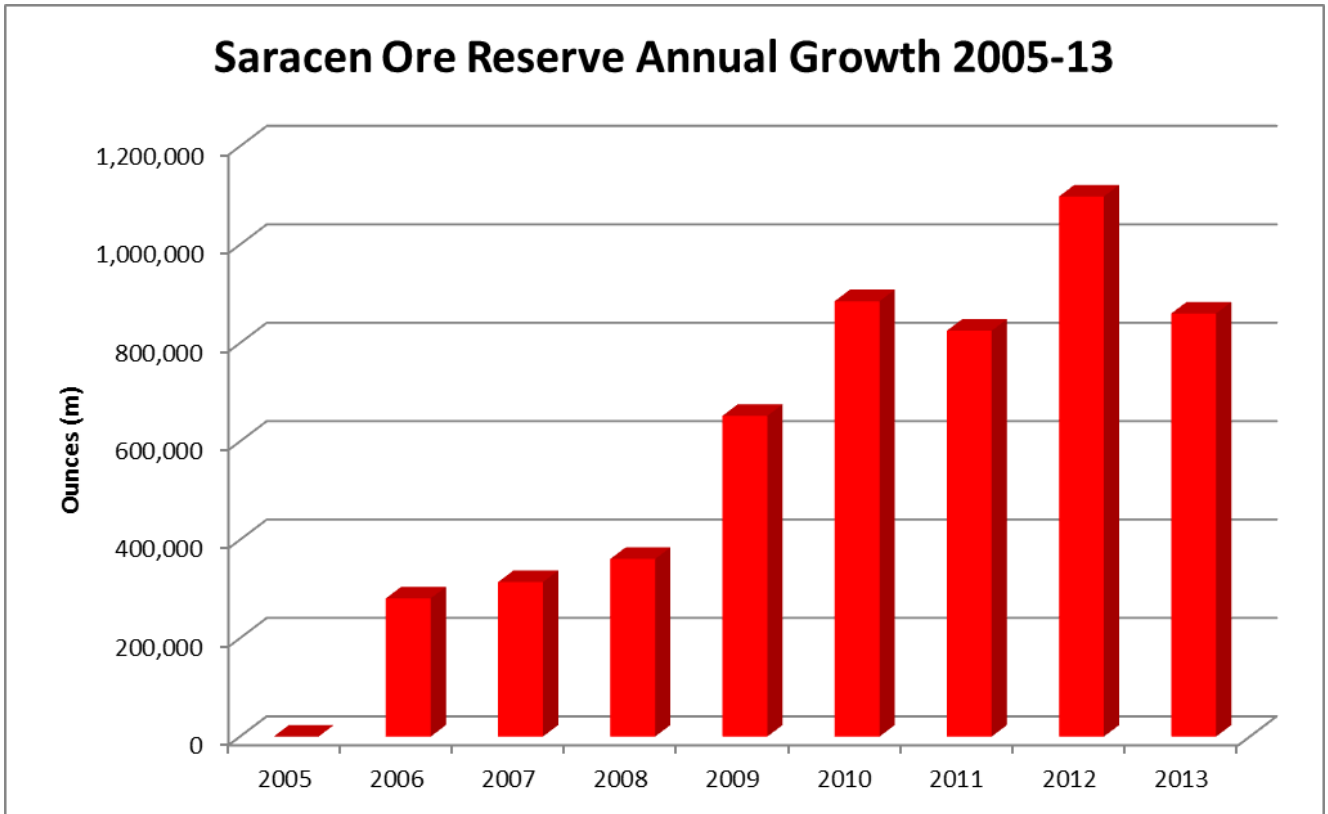


Figure 2: Year on year Ore Reserve performance

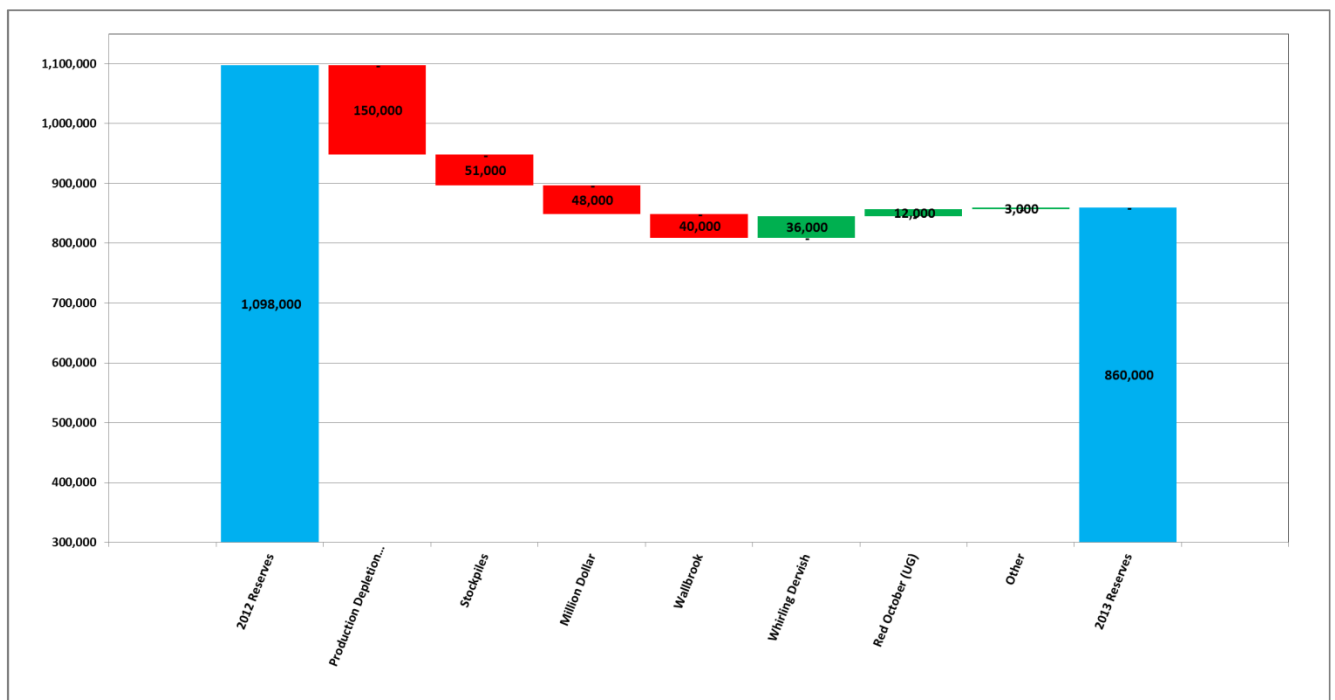
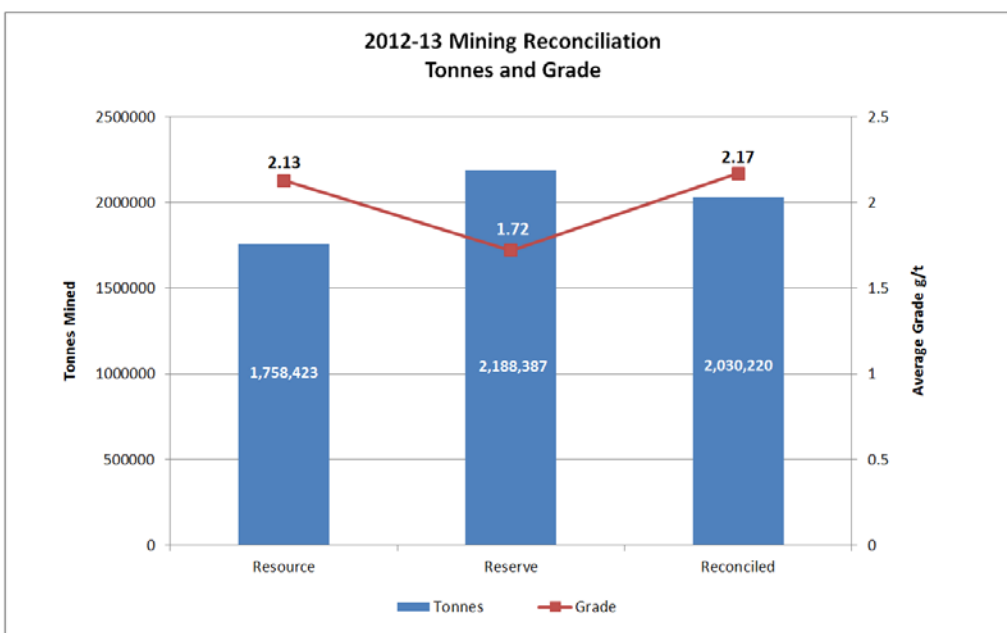


Figure 3: Reconciliation of Ore Reserves movements June 2012 to June 2013

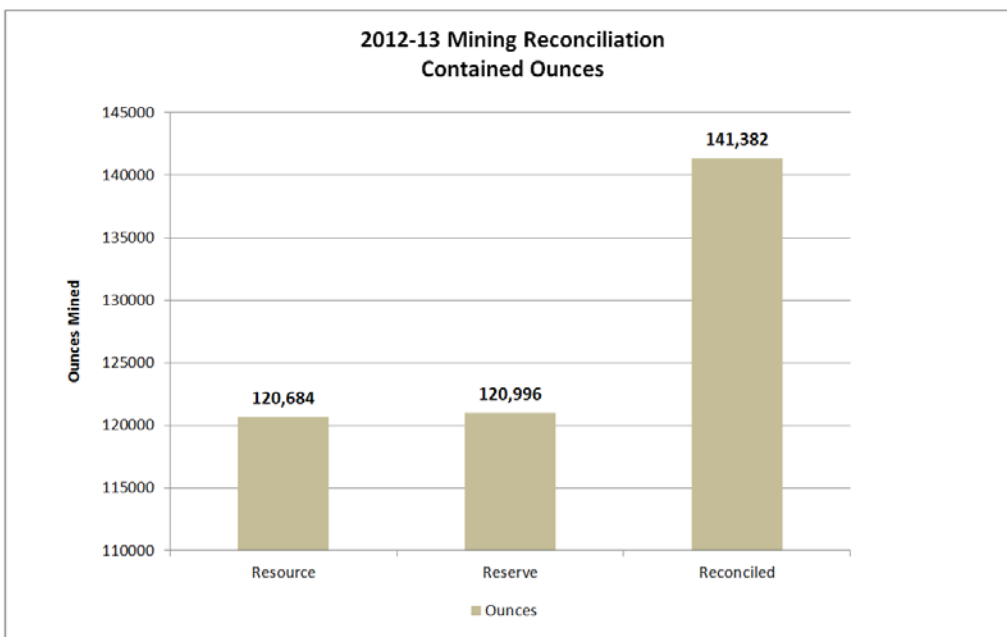
## **FY2013 Mining Reconciliation**

The reconciliation of the resources and reserve estimates with mining production during FY2013 was positive. Mining activities delivered 92% of the reserve tonnes and exceeded the grade by 25% (2.17g/t actual versus 1.72g/t reserve) with 17% more ounces mined. The reduction in Ore Reserve tonnes and the substantial increase in the grade are attributable primarily due to excellent mining practices minimising dilution to levels well below those estimated in the Ore Reserve. Most notably the performance of the Deep South operation, where dilution was estimated in the reserve at 35% (historically reconciled figure), was successfully mined with dilution totalling 10%, a 25% improvement.

The 17% increase in contained ounces was largely due to additional grade in the high grade domains at Red October and Karari. Red October observed an 18% increase in contained ounces largely due to the constraint of extremely high grade assay values. Karari also out performed with respect to ounces, as a degree of conservatism was built into the resource.



**Figure 4: Mining Reconciliation 2011-12 Tonnes and Grade**



**Figure 5: Mining Reconciliation 2011-12 Contained Ounces**

## Mineral Resources

District	Deposit	Measured			Indicated			Inferred			Total		
		tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz
Carosue Dam	Whirling Dervish O/P	203,000	1.3	8,000	13,514,000	1.2	538,000	245,000	0.7	5,000	13,962,000	1.2	551,000
	Whirling Dervish U/G			0	5,993,000	2.1	399,000	1,917,000	2.2	136,000	7,910,000	2.1	535,000
	Karari O/P	460,000	1.4	21,000	3,002,000	1.7	166,000	383,000	1.4	17,000	3,845,000	1.7	204,000
	Karari U/G			0	248,000	2.5	20,000	140,000	2.3	11,000	388,000	2.5	31,000
	Monty's/Elliots	123,000	2.2	9,000	1,422,000	1.8	83,000	374,000	1.6	19,000	1,919,000	1.8	111,000
	Twin Peaks			0	291,000	4.0	37,000	248,000	4.3	34,000	539,000	4.1	71,000
	North West			0	332,000	0.8	9,000	691,000	0.8	18,000	1,023,000	0.8	27,000
	Pinnacles			0	387,000	2.1	27,000	26,000	1.4	1,000	413,000	2.1	28,000
	<b>Carosue Dam Sub-Total</b>	<b>786,000</b>	<b>1.5</b>	<b>38,000</b>	<b>25,189,000</b>	<b>1.6</b>	<b>1,279,000</b>	<b>4,024,000</b>	<b>1.9</b>	<b>241,000</b>	<b>29,999,000</b>	<b>1.6</b>	<b>1,558,000</b>
Porphyry	Porphyry O/P	702,000	1.1	25,000	7,262,000	1.0	239,000	1,551,000	1.0	48,000	9,515,000	1.0	312,000
	Porphyry U/G				488,000	5.0	78,000	243,000	2.9	23,000	731,000	4.3	101,000
	Million Dollar				9,270,000	1.0	298,000	1,639,000	0.9	47,000	10,909,000	1.0	345,000
	Wallbrook	1,286,000	1.1	44,000	6,775,000	1.0	216,000	4,037,000	1.1	141,000	12,098,000	1.0	401,000
	Margarets				48,000	1.4	2,000	634,000	1.1	22,000	682,000	1.1	24,000
	Enterprise	218,000	2.1	15,000	310,000	2.2	22,000	142,000	2.2	10,000	670,000	2.2	47,000
		<b>Porphyry Sub-Total</b>	<b>2,206,000</b>	<b>1.2</b>	<b>84,000</b>	<b>24,153,000</b>	<b>1.1</b>	<b>855,000</b>	<b>8,246,000</b>	<b>1.1</b>	<b>291,000</b>	<b>34,605,000</b>	<b>1.1</b>
Safari Bore	Safari Bore	780,000	2.0	50,000	1,358,000	2.3	100,000	672,000	2.3	50,000	2,810,000	2.2	200,000
	Deep South O/P				355,000	2.5	29,000			0	355,000	2.5	29,000
	Deep South U/G				1,256,000	4.0	163,000	430,000	4.0	55,000	1,686,000	4.0	218,000
	Deep Well				68,000	2.2	5,000	15,000	2.0	1,000	83,000	2.2	6,000
		<b>Safari Bore Sub-Total</b>	<b>780,000</b>	<b>2.0</b>	<b>50,000</b>	<b>3,037,000</b>	<b>3.0</b>	<b>297,000</b>	<b>1,117,000</b>	<b>3.0</b>	<b>106,000</b>	<b>4,934,000</b>	<b>2.9</b>
Red October	Red October O/P				251,000	1.7	14,000				251,000	1.7	14,000
	Red October U/G	105,000	10.7	36,000	244,000	7.2	57,000	109,000	3.6	13,000	458,000	7.2	106,000
	Thin Lizzie							325,000	1.3	14,000	325,000	1.3	14,000
	Tin Dog							1,284,000	1.3	54,000	1,284,000	1.3	54,000
	Bulldog							1,529,000	0.9	44,000	1,529,000	0.9	44,000
	Crimson Belle				916,000	1.4	41,000	577,000	1.3	24,000	1,493,000	1.4	65,000
	Butcher Well				2,692,000	1.7	144,000	2,280,000	1.7	126,000	4,972,000	1.7	270,000
		<b>Red October Sub-Total</b>	<b>105,000</b>	<b>10.7</b>	<b>36,000</b>	<b>4,103,000</b>	<b>1.9</b>	<b>256,000</b>	<b>6,104,000</b>	<b>1.4</b>	<b>275,000</b>	<b>10,312,000</b>	<b>1.7</b>
All	Ore Stockpiles	1,136,000	1.0	38,000							1,136,000	1.0	38,000
	Sub-grade stockpiles	3,450,000	0.7	77,000							3,450,000	0.7	77,000
	<b>Total Mineral Resources</b>	<b>8,463,000</b>	<b>1.2</b>	<b>323,000</b>	<b>56,482,000</b>	<b>1.5</b>	<b>2,687,000</b>	<b>19,491,000</b>	<b>1.5</b>	<b>913,000</b>	<b>84,436,000</b>	<b>1.4</b>	<b>3,923,000</b>

Table 3: Mineral Resources by individual deposit as of 30 June 2013.

## Ore Reserves

District	Deposit	Mine Type	Proved Reserves			Probable Reserves			Total Ore Reserves		
			tonnes	g/t	oz	tonnes	g/t	oz	tonnes	g/t	oz
Carosue Dam	Whirling Dervish	OP				6,515,000	1.3	273,000	6,515,000	1.3	273,000
	Whirling Dervish	UG				834,000	3.3	89,000	834,000	3.3	89,000
	Karari	OP				1,116,000	1.4	50,000	1,116,000	1.4	50,000
	Monty's/Elliots	OP				272,000	1.6	14,000	272,000	1.6	14,000
		<b>Carosue Dam Sub-Total</b>		<b>0</b>	<b>0.0</b>	<b>0</b>	<b>8,737,000</b>	<b>1.5</b>	<b>426,000</b>	<b>8,737,000</b>	<b>1.5</b>
Porphyry	Porphyry	OP				517,000	2.0	33,000	517,000	2.0	33,000
	Million Dollar	OP				1,404,000	1.2	53,000	1,404,000	1.2	53,000
	Wallbrook	OP				1,830,000	1.3	74,000	1,830,000	1.3	74,000
	Enterprise	OP				351,000	2.2	24,000	351,000	2.2	24,000
		<b>Porphyry Sub-Total</b>		<b>0</b>	<b>0.0</b>	<b>0</b>	<b>4,102,000</b>	<b>1.4</b>	<b>184,000</b>	<b>4,102,000</b>	<b>1.4</b>
Safari Bore	Safari Bore	OP	362,000	2.0	23,000	232,000	2.2	16,000	594,000	2.1	39,000
	Deep South	UG				936,000	4.0	120,000	936,000	4.0	120,000
		<b>Safari Bore Sub-Total</b>	<b>362,000</b>	<b>2.0</b>	<b>23,000</b>	<b>1,168,000</b>	<b>3.6</b>	<b>136,000</b>	<b>1,530,000</b>	<b>3.3</b>	<b>159,000</b>
Red October	Red October	UG	0	0.0	0	287,000	5.7	52,000	287,000	5.7	52,000
		<b>Red October Sub-Total</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>287,000</b>	<b>5.7</b>	<b>52,000</b>	<b>287,000</b>	<b>5.7</b>	<b>52,000</b>
All	Stockpiles	S	1,162,000	1.1	39,000	0	0	0	1,162,000	1.1	39,000
	<b>Total Ore Reserves</b>		<b>1,524,000</b>	<b>1.3</b>	<b>62,000</b>	<b>14,294,000</b>	<b>1.7</b>	<b>798,000</b>	<b>15,818,000</b>	<b>1.7</b>	<b>860,000</b>

Table 4: Ore Reserves by individual deposit as of 30 June 2013.

## Notes to accompany Mineral Resource Statement

Historical mining activity has taken place by open pit at Karari, Million Dollar, Red October, Butcher Well, Twin Peaks, Safari Bore, Deep South and Monty's. Historical open pit and underground mining has been carried out at Porphyry.

In 2012-13 Saracen mined open pits at Karari, Whirling Dervish, Wallbrook, Margaret's, Deep South and Butcher Well and Ore Reserves and Mineral Resources at these deposits were depleted. Underground mining has been conducted at Red October with reserves and resources depleted as of June 30, 2013. Surface Stockpiles have also been partially depleted through processing.

Various top cuts have been applied based on statistical analysis of mineralisation, domain and deposit.

Ordinary Kriging has been used as the resource estimation method, with MIK and ID2 models run on numerous deposits for comparison purposes. Bulk density is applied on the basis of oxide, transition and fresh. Material type boundaries interpreted from geological logging data have been derived from a substantial number of measurements from diamond drill core at each deposit. Density measurements are routinely taken at all operating mines. Resource categories have been applied based on geological confidence and the density of sampling data and Kriging statistics.

Tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations. Rounding errors will occur.

A summary of cut-off and other parameters relevant to each deposit is summarised below. Cut-off grades for open pit resources are generally estimated as the marginal cut-off grade determined by transport to and processing costs at the Carosue Dam processing plant.

Mineral Resources are reported inclusive of Ore Reserves.

Deposit	Mineral Resource Parameters				
	Open Pit Cutoff Au g/t	UG Cutoff Au g/t	Pit Base mRL	District	Drill Spacing
Whirling Dervish	0.4	1.0	100	Carosue Dam	25x25 with 12.5x12.5 grade control in active pit area
Karari	0.4	1.8	150	Carosue Dam	8x6 Grade Control to 25x25; typically 25x12.5
Montys Dam	0.5		50	Carosue Dam	20x20 to 20x10
Elliots	0.5		50	Carosue Dam	20x20 to 20x10
Twin Peaks		1.5	235	Carosue Dam	20x20
Pinnacles	0.4		180	Carosue Dam	20x20
Porphyry	0.4	2.0	250	Porphyry	8x6 Grade Control to 50x50; typically 20x20m
Million Dollar	0.5		50	Porphyry	20x20 to 40x20
Wallbrook	0.4		50	Porphyry	20x20
North West	0.4		50	Porphyry	20x20 to 20x10
Margarets	0.4		50	Porphyry	20x20
Enterprise	0.4		50	Porphyry	20x20 with 8x6 grade control in active pit area
Safari Bore	0.7		50	Safari Bore	20x20 to 40x40
Deep South	0.5	2.0	300	Safari Bore	20x20
Red October	0.8	2.0	300	Red October	15x15 to 40x40
Thin Lizzie	0.8		50	Red October	40x20
Tin Dog	0.8		50	Red October	50x25
Bulldog	0.8		50	Red October	100x40
Crimson Belle	0.8		50	Red October	50x20
Butcher Well	0.8		50	Red October	20x20 with 10x10 grade control in pit area

Table 5: Mineral Resources Parameters adopted.

## **Notes to accompany Ore Reserves Statement**

1. Pit optimisations were run using Whittle and Micromine software, with key inputs as follows:-
  - a. Resource models are prepared by Saracen's resource geologists.
  - b. Geotechnical, hydrogeological, mine operating and milling parameters estimated by reference to known current/historical Carosue Dam data.
  - c. An average Australian dollar gold price of A\$1400 per ounce used for pit optimisations and pit design purposes unless stated.
  - d. Planned mining dilution & mining recoveries are factored into the resource models assuming 120t and 260t class excavators and based on previous mining experience.
  - e. Additional (unplanned) mining dilution & mining recoveries for each deposit shown in Table 6.
  - f. Average plant processing recovery is 92.1 per cent.
2. Mining costs based on current mining contracts at Carosue Dam Operations and costs provided by an independent consultant.
3. Metallurgical parameters based on a combination of previous mining and/or recent metallurgical test work.
4. Pre-feasibility studies have been completed for underground mining at Deep South and Whirling Dervish. These studies have considered all capital cost requirements and operating costs are based on current underground mining activities at Saracen's operating mines.
5. Red October Ore Reserves are estimated on the basis of drilling results from an ongoing underground drilling programme. The Northern Lodes have been excluded from the Ore Reserve calculation pending results of further metallurgical test work. Ore Reserves will be updated on a regular basis as additional information becomes available. Due to the mine's location on Lake Carey it is not practical to conduct additional drilling activities from surface. Underground drilling platforms will be utilised to extend resources and reserves and these only become available when underground development has advanced to planned levels.
6. Tonnages, grades and contained metal have been rounded to reflect the accuracy of the calculations rounding errors may occur.
7. All deposits and stockpiles have allowed for depletion to 30 June 2013.



<b>Ore Reserve Parameters</b>					
<b>Deposit</b>	<b>Style</b>	<b>Cutoff</b>	<b>Basis</b>	<b>Dilution</b>	<b>Ore Loss</b>
<b>Karari</b>	OP	0.5	Design	15%	2%
<b>Whirling Dervish</b>	OP	0.5	Design	10%	1%
<b>Whirling Dervish</b>	UG	3.0	Design	15%	15%
<b>Monty's Elliots</b>	OP	0.6	1400 pit shell	15%	2%
<b>Wallbrook</b>	OP	0.7	Design	10%	2%
<b>Million Dollar</b>	OP	0.7	Design	15%	2%
<b>Enterprise</b>	OP	0.7	Design	15%	5%
<b>Porphyry</b>	OP	0.7	Design	20%	5%
<b>Deep South</b>	UG	2.5	Design	7%	5%
<b>Safari Bore</b>	OP	0.9	Design	25%	2%
<b>Red October</b>	UG	3.0	Design	49%	16%

**Table 6: Ore Reserve Parameters adopted.**

### **Competent Person Statements**

The information in this report that relates to Exploration results and Mineral Resources has been compiled under the supervision of Mr Daniel Howe (BSc). Mr Howe, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists, is a full-time employee of Saracen Gold Mines Pty Ltd. Mr Howe 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 Exploration Results, Mineral Resources and Ore Reserves. Mr Howe consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The information in this report that relates to underground Ore Reserves at Red October, Deep South and Whirling Dervish has been compiled under the supervision of Mr Stephen King (B.Eng). Mr King, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full-time employee of Saracen Gold Mines Pty Ltd. Mr King 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 Exploration Results, Mineral Resources and Ore Reserves. Mr King consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

The information in this report that relates to open pit Ore Reserves has been compiled under the supervision of Mr Chris Burton (Dip App.Sc). Mr Burton, who is a Member of the Australasian Institute of Mining and Metallurgy, is a full-time employee of Saracen Gold Mines Pty Ltd. Mr Burton 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 Exploration Results, Mineral Resources and Ore Reserves. Mr Burton consents to the inclusion in this report of the matters based on his information in the form and context that the information appears.

**For further information please contact:**

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