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ASX/Media Release



Saracen Mineral Holdings Limited

Half Year Profit Result

Carosue Dam delivers A\$29.0m half-year Profit from Mining Operations and \$9.6m Profit after tax

Gold production	Up 1.3% to 59,091 ounces
Cash cost per ounce (exc. Royalties)	A\$792 per ounce
Revenue	Up 17.8% to A\$94.4 million
Profit from Mining Operations	Up 2.2% to A\$29.0 million
Profit after tax	A\$9.6 million
Net Cash	A\$57 million (as at 31 December 2011)

Saracen Mineral Holdings Limited (ASX: SAR) has posted a 2.2% rise in Profit from Mining Operations to \$A29 million and a consolidated net profit after tax of A\$9.6 million for the six months to 31 December 2011.

A 1.3% increase in gold production to 59,091 ounces from the Company's Carosue Dam operations in Western Australia was broadly reflected in a 2.2% rise in Profit from Mining Operations.

The net profit after tax of \$9.6 million includes a net loss of A\$5.9 million from hedge-related adjustments (which have now been fully retired), a write-down of A\$6.3 million on low grade stockpiles, and a tax charge of \$4.4 million.

Net cash holdings (including receivables and cash backing DMP environmental/rehabilitation bonds, net of payables) were a healthy A\$57 million at half-year end. The Company has no debt, other than finance leases.

Saracen executive chairman, Guido Staltari, said, "The \$29 million profit from our mining operations is a solid result and the 2012 calendar year will see continued growth and investment in our regional potential such as the high-grade Red October development. The bottom line profit reflects a number of non-recurring items such as the wind-down of the hedge book. We are already enjoying the benefit of being hedge free with the current \$A gold price some A\$400/oz higher than the previous hedge price."

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Cash margins of A\$850/oz (excluding the effect of royalties of A\$62 per ounce), were achieved during the December half-year.

“The company remains vigilant on costs. A disappointing aspect of the December half was that while grade and revenue from operations increased, our costs increased. A way to improve our profit is to provide new high-grade feed and blending opportunities from satellite operations, which is the purpose of our Red October trial mining campaign and regional exploration strategy.” Mr Staltari said.

Saracen has recently increased its annual exploration commitment, with the aim of strengthening its project pipeline, increasing resources, and increasing the size and grade of reserves.

2011-12 Guidance

Gold production for the 2011-12 year is expected to be in the range 110,000 to 120,000 ounces within a cash cost range of A\$900/oz to A\$975/oz (before royalty payments).

As foreshadowed in the Company’s December quarterly report, cash costs in the second half of 2011-12 are expected to be higher than in the first half because of lower grades, while the Company transitions to new higher-grade regional ore sources such as from Red October (underground), Porphyry (underground) and Deep South (open pit and underground), subject to feasibility study results.

More specifically, reasons for the higher cost in the second half of the 2011-12 year are:

- Whirling Dervish higher grade ore has been removed from the blend following the completion of mining, with Karari taking its place. Karari grade has underperformed against forecast in the upper levels of the ore body, with the better grades and therefore lower costs forecast during the latter part of 2012-13.
- Porphyry open pit mining continues, with mining due to be completed by May 2012. Higher cash costs will be incurred during the second half of 2011-12 as a result of deferred waste adjustments.
- The introduction of Wallbrook ore into the mill blend at a lower grade has a resultant increase in cash costs.

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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 110,000 to 120,000 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 and no debt other than finance leases.

