

# Appendix 4D

## Half Year Report

Name of entity

**SARACEN MINERAL HOLDINGS LIMITED**

ABN or equivalent  
company reference

Half yearly  
(tick)

Half year ended ('current period')

**52 009 215 347**

√

**31 December 2011**

<b>Results for announcement to the market</b>				
		%		A\$'000
Revenues from ordinary activities (in A\$'000 31/12/10: \$81,288)	up	18	to	95,860
Profit from ordinary activities after tax attributable to members (in A\$'000 31/12/10: \$34,227)	down	72	to	9,642
Net Profit attributable to members (in A\$'000 31/12/10: \$34,227)	down	72	to	9,642
Dividends	No dividend has been declared			

	<b>31/12/11</b>	<b>31/12/10</b>
Net Tangible Assets per security	\$0.335	\$0.225
Entities over which control has been gained or lost over the period.	N/A	N/A
Details of dividend distribution	N/A	N/A
Details of reinvestment plans	N/A	N/A
Details of joint venture entities and associates	N/A	N/A
Foreign entity accounting standards	N/A	N/A
Audit dispute or qualification	N/A	N/A

### **Review of Results**

Please refer to the commentary included in the Directors' Report for an explanation of the results. The interim report is to be read in conjunction with the 30 June 2011 annual financial report.



**Saracen**

**SARACEN MINERAL HOLDINGS LIMITED**  
**ACN 009 215 347**

**HALF-YEAR FINANCIAL REPORT**  
**31 DECEMBER 2011**

# DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited submit their report for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

## Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

Guido Staltari (Chairman)  
Ivan Hoffman OAM (Non-Executive Director)  
Barrie Parker (Non-Executive Director)  
Carl Thompson (Non-Executive Director)

## Consolidated Results

The consolidated profit after tax for the half-year was \$9.642 million [31 December 2010: profit after tax of \$34.227 million]. The following largely contributed to the current period's lower profit:

- Profit from mining operations for the reporting period was \$28.984 million [31 December 2010: \$28.353 million], with the current period's performance impacted by higher cash costs and amortization, partly offset by a higher gold price (before hedging). Operating results for the comparative half-year periods are summarised below:

	31/12/2011	31/12/2010
Mill production, tonnes	1,176,995	1,324,138
Grade, g/t	1.7	1.5
Production, ozs	59,091	58,359
Cash costs, (excl royalties)	792	682
Gold sold, ozs	57,092	58,333
Gold price b/f hedging, \$/oz	1,649	1,372
Depreciation & amortisation (\$ millions)	15.297	9.359

- Net profit after tax for the current half-year was affected by a net loss from derivatives of (\$5.886 million) [31 December 2010: net gain of \$9.566 million]. A gain in the market valuation of derivatives outstanding as at 31 December 2010 contributed to a net gain in derivatives for that period. As at the end of the reporting period, all hedging obligations were discharged, and the group is now free of hedging. Refer to Note 5 for further information on the derivatives.
- Some low grade stockpiles were written down to net realisable value at the period end, contributing a loss of \$6.257 million [31 December 2010: nil] to the results.
- At period end, the consolidated entity recognised a tax expense of \$4.360 million [31 December 2010: \$1.444 million]. The consolidated entity has accumulated tax losses and is currently not in a tax payable position.

## Review of Operations

The Company's predominant focus during the half-year was on gold production and exploration activities from the Carosue Dam gold project. Ore was mined from the Porphyry and Whirling Dervish open pit mines, supplemented by production from the Karari cutback, the Enterprise and Wallbrook open pits, and processed at the Carosue Dam plant.

Open Pit mining activities have now been completed at Whirling Dervish with a detailed underground feasibility study underway aimed at developing the project during FY 2013 (assuming positive feasibility results). A detailed feasibility study at Porphyry is also in its final stages with the aim of transitioning the open pit mine into an underground development.

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.

Development of the Red October Underground mine has commenced. Site establishment works were completed by September 2011. The first development round was taken on 1 October 2011. Underground diamond drilling commenced in January 2012, with more than 18,000m of drilling planned to provide grade delineation and resource extensions.

Exploration activity escalated markedly. By the end of the half year there were four rigs drilling on Saracen tenements. By January 2012, this had increased to six comprising three RC rigs, one auger rig and two diamond core rigs.

# DIRECTORS' REPORT

## Health and Safety

Continued improvement in safety performance was achieved towards the end of the period, with all serious incident statistics improving. However, several minor injuries occurred and the continued goal of developing a safety culture remains a strong focus. Various programmes and audits were completed including a high level safety system audit of the underground contractors before the contract was awarded.

A highlight of the period was the solid performance of Saracen's Mines Emergency Rescue Team at the Mining Emergency Response Competition, held in Perth in early December 2011. This was Saracen's inaugural competition, against mostly major mining companies. Saracen placed first in the Hazardous Chemicals & Breathing Apparatus Skills event and finished 8th overall.

The mine rescue and emergency competitions are a way of testing the skills and knowledge of the rescue teams, under pressure in a safe and controlled environment, networking and seeing different techniques and equipment that other mine sites use. By competing against industry leaders, Saracen seeks to learn and better equip itself for its operational safety requirements.

## Corporate and Governance

The Company ended the half year 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 the period's end was approximately A\$57 million.

During the half year Saracen completed a placement of 73.8 million new fully paid ordinary shares at a price of A\$0.68 per share to raise A\$50.2 million, as well as a fully underwritten Share Purchase Plan to raise a further A\$15 million, before costs.

The Company remains debt free apart from finance leases.

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

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

The Risk Management Committee continued to effect risk management assessments, adoption of mitigative strategies, and the implementation of the Company's business improvement programme.

## Production Operations

Carosue Dam Operations produced 59,091 ounces of gold (31/12/10: 58,359 ounces), from the processing of 1,176,995 tonnes of ore (31/12/10: 1,324,138 tonnes) at an average grade of 1.7g/t (31/12/10: 1.5g/t). Gold sale proceeds during the period, together with silver sales, totalled A\$94.4 million (31/12/10: A\$80.1 million) at an average gold sale price of A\$1,649 per ounce (31/12/10: A\$1,372 per ounce). Cash costs were A\$792 per ounce (31/12/10: A\$682 per ounce), excluding royalties of A\$62 per ounce (31/12/10: A\$53 per ounce).

Gold production decreased in the second quarter, due to six days downtime 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 has since been fully operational.

The December quarter saw mining commence at the Redbrook and Eleven Bells open pits, part of the Wallbrook complex. A positive feature of the second quarter's production operations was improved mining productivities and utilisation, resulting in lower unit rates.

## DIRECTORS' REPORT

<b>Production Summary</b>	<b>Unit</b>	<b>Sept Qtr FY11</b>	<b>Dec Qtr FY11</b>	<b>Dec half-year FY11</b>
<b>Mine Production</b>				
<b>Porphyry</b>	t	257,396	418,852	676,248
	g/t	1.3	1.3	1.3
<b>Whirling Dervish</b>	t	434,215	141,767	575,982
	g/t	2.1	1.5	1.9
<b>Enterprise</b>	t	154,983	233,785	388,768
	g/t	1.4	2.0	1.7
<b>Karari</b>	t	188,914	201,397	390,311
	g/t	1.3	1.2	1.3
<b>Wallbrook</b>	t	0	127,885	127,885
	g/t	0	1.3	1.3
<b>Total Ore Mined</b>	t	1,035,508	1,123,686	2,159,194
	g/t	1.6	1.4	1.5
<b>Mill Production</b>				
<b>Total Ore Milled</b>	t	613,425	563,570	1,176,995
	g/t	1.7	1.6	1.7
<b>Recovery</b>	%	92.7	92.8	92.8
<b>Gold Produced</b>	oz	31,790	27,301	59,091
<b>Gold Shipped</b>	oz	30,604	26,488	57,092
<b>Revenue</b>	A\$M	50.578	43.580	94.158
<b>Average Gold Sales Price</b>	A\$/oz	1,653	1,645	1,649
<b>Cash Operating Costs (ex Royalties)</b>	A\$/oz	731	862	792
<b>Royalties</b>	A\$/oz	63	61	62

Note: Rounding errors may occur.

### **Red October Trial Underground Mine Development**

Development of the Red October Underground mine has commenced.

Early in the half year the open pit dewatering was completed, together with the establishment of a 100-person accommodation village and mine offices.

The underground tender process was finalised and awarded to Pybar Mining Services. Pybar completed mobilisation and site establishment works, while in-pit re-establishment works and the portal façade were completed during September 2011. The first development round was taken on 1 October 2011 and by the half-year end, mine development had reached the ore on the 1300 level, with ore on the 1290 level reached in January 2012.

Very pleasing results have been achieved at Red October, with in excess of 900m of development completed since portal access was established. 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.

Underground diamond drilling commenced in January 2012, with more than 18,000m of drilling planned to provide grade delineation and resource extensions.

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

First Red October ore is expected to be processed at the Carosue Dam plant in the June quarter 2012 after sufficient material has been mined to conduct a batch treatment campaign.

# DIRECTORS' REPORT

## Exploration and Resource Evaluation

Exploration programs intensified during the half year as drilling rigs and personnel were sourced and engaged. Delays were experienced securing diamond and RC drilling rigs, due to low availability in the current mining boom. By the end of the half year there were four rigs drilling on Saracen tenements. By January 2012, this had increased to six comprising three RC rigs, one auger rig and two diamond core rigs.

### Lake Carey

Results were received for six diamond core holes that were drilled during the first quarter. The results are extremely encouraging in that three of the four holes returned anomalous gold values greater than 0.1g/t. The highlight is hole ROAD006, located some 4km NNE of Red October, which intersected 25m @ 0.11g/t with several >0.4g/t one-metre intersections. Mineralisation was intersected in granitic rocks, porphyries and also in mafic volcanics, with favourable alteration characteristics. These are very encouraging results for a first pass greenfields exploration program and reinforces the decision to aggressively explore this previously untested belt.

The next stage of exploration will involve multi-element geochemistry to test the dispersion of alkali lithophile elements. This will enable subtle alteration haloes surrounding potential gold deposits to be identified. Along with the multi-element assaying program, further geological and structural interpretation of the Lake Carey tenements will enable target generation for the next stage of drilling.

### Whirling Dervish

Encouraging assay results from a drilling program completed in early 2011 at Whirling Dervish suggested significant resource potential and a possible future underground mine development.

The width, grade tenor and continuity of the high-grade mineralized core point favourably to cost-efficient underground mining. A follow up drilling program commenced in October. Some difficulties were experienced with pre-collars deviating through the transported over-burden and as a result some of the planned deeper holes did not reach their intended targets. It is now planned to utilize wedging and/or navigational drilling techniques to ensure the holes intersect their intended target zones.

An underground mine scoping study will commence to determine initial underground mining parameters, and this will be expanded to a full feasibility study when additional drill results are available and an updated resource is completed.

### Elliot's Lode

During the half year 14 RC holes totaling 2,238m were drilled at the Elliot's Lode deposit 10km north of the Carosue Dam processing plant. The Elliot's Lode deposit contains a resource of 60,000 oz and a small design pit containing 13,000 oz of probable reserves. The current drilling program is targeting depth and strike extensions of Elliot's with the aim of expanding the open pit mining reserve. The results to date indicate the potential for the Old Plough Dam area that also contains the Monty Dam and Twin Peaks deposits. Additional drilling will target depth extensions to Twin Peaks and along strike extensions to Elliot's Lode. There are also other opportunities for grassroots exploration prospects in the area that will be followed up in due course.

### Twin Peaks

10 diamond holes were completed at Twin Peaks. These holes were targeting the high grade resource at depth. Drilling conditions proved somewhat difficult with hole deviation requiring some pre-collars to be re-directed and re-drilled. All designed holes were however completed. Once all assay results have been received the program will be re-assessed and additional, deeper drilling planned. The Twin Peaks deposit preliminary development plan is for an underground mine with the decline portal placed near the bottom of the existing pit.

### Butcher Well

Butcher Well drilling was limited to six holes drilled in the December quarter. These holes are the first in a significant 10,000m RC program. The width of the intersections indicates the existence of a significantly mineralised structure. The resource estimate for Butcher Well released during the September quarter represented a total increase of 196,000 oz above the previous estimate of 24,000 oz. The upcoming drilling program is aiming to significantly increase the contained Mineral Resources at Butcher Well.

# DIRECTORS' REPORT

## Pinnacles

An initial 5 hole drilling program was completed at the Pinnacles prospect. One hole drilled into the high grade target zone returned an encouraging 2m @ 14g/t. Pinnacles is a narrow, high grade deposit which potentially will supply high grade feed to the Carosue Dam plant. Additional drilling is planned for the March 2012 quarter.

## Other exploration and acquisition activity

Saracen reached agreement with Cauldron Energy Limited (Cauldron) whereby Saracen made the final instalment payment in relation to the purchase of the Wallbrook gold deposits, together with strategic tenement holdings in the Wallbrook and neighboring areas. Under the original 2007 purchase transaction, the consideration remaining payable comprised 5 million Saracen shares on commencement of mining, as well as a royalty of \$1 per dry tonne of ore mined from the acquired tenements, to a limit of A\$2 million. The settlement of Saracen's obligations under the original agreement was satisfied by the immediate allotment to Cauldron of 5 million Saracen shares, free of any escrow or related conditions, while the obligation to pay any royalties was cancelled.

In November 2011, Saracen acquired from Rubicon Resources Ltd (Rubicon) 1,147 km<sup>2</sup> of tenements in the prospective Mt Celia and Yilgangi districts. This acquisition provides Saracen with a significantly increased footprint in one of Western Australia's most prospective gold producing areas. It also results in a logical amalgamation of tenement holdings around Saracen's existing Red October, Porphyry and Safari Bore projects. Saracen is currently assessing the viability of a northern processing plant and exploration in these tenements will be targeting potential feed for such a plant. The new tenements will also provide Saracen with numerous green-field exploration target opportunities. Consideration for the tenements was \$850,000 cash with a 1% royalty payable to Rubicon on gold production in excess of 150,000 oz.

## Competent Person's Statement

The information 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.

## Personnel and Recruitment

The full complement of staff and contractors on site now approaches 300. The Directors are pleased that all positions filled to date are by talented and experienced professionals embracing the challenge of ensuring Saracen remains a dynamic and growth-oriented gold production and exploration company.

Human Resource policies and procedures continue to be refined, so as to promote a highly positive culture within the Company, ensuring superior retention rates, and positioning Saracen in the gold mining industry as a reputable and desirable employer.

## **Events Subsequent to the Reporting Date**

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the half-year ended 31 December 2011, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity.

## **Auditor's Independence Declaration**

A copy of the auditor's independence declaration is set out in page 8 of this half-year financial report.

# DIRECTORS' REPORT

## **Rounding Off**

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

For and on behalf of the Board.

A handwritten signature in black ink, appearing to read "Guido Staltari", written over a horizontal line.

**GUIDO STALTARI**

**Director**

Melbourne, 29 February 2012



Chartered Accountants  
& Business Advisers

**AUDITOR'S INDEPENDENCE DECLARATION  
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

**To: The Directors  
Saracen Mineral Holdings Limited and the entities it controlled during the financial half-year ended 31 December 2011**

I declare to the best of my knowledge and belief, in relation to the review of the financial half-year ended 31 December 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- no contraventions of any applicable code of professional conduct in relation to the review.

**D J Garvey  
Partner  
PKF**

29 February 2012  
Melbourne

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# Condensed Consolidated Statement of Comprehensive Income

## Half-Year Ended 31 December 2011

	Note	31 December 2011 \$'000	31 December 2010 \$'000
Revenue from continuing operations		94,448	80,153
Mine operating costs		(46,384)	(39,318)
Depreciation and amortisation		(15,297)	(9,359)
Impairment write off		(94)	-
Royalties		(3,689)	(3,123)
<b>Gross profit from mining operations</b>		<b>28,984</b>	<b>28,353</b>
Administration expenses		(3,458)	(2,615)
Share based payment expense		(768)	(116)
Finance costs		(75)	(610)
Other income		1,412	1,135
Change in fair value of listed shares		50	(42)
Inventory writedown		(6,257)	-
Net realised loss on derivatives	5	(10,584)	(4,441)
Change in fair value of derivatives	5	4,698	14,007
<b>Profit before income tax</b>		<b>14,002</b>	<b>35,671</b>
Income tax expense		(4,360)	(1,444)
<b>Profit after income tax</b>		<b>9,642</b>	<b>34,227</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income attributable to members of Saracen Mineral Holdings Limited</b>		<b>9,642</b>	<b>34,227</b>
<b>Earnings per share</b>			
Basic earnings per share in cents		1.78	7.04
Diluted earnings per share in cents		1.75	6.95

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Condensed Consolidated Statement of Financial Position

## As at 31 December 2011

	Note	31 December 2011 \$'000	30 June 2011 \$'000
<b>Current assets</b>			
Cash and cash equivalents		55,785	17,613
Trade and other receivables		6,365	4,751
Financial derivative instruments	5	-	164
Other financial assets		144	94
Inventories		34,622	13,003
Other		514	488
<b>Total current assets</b>		<b>97,430</b>	<b>36,113</b>
<b>Non-current assets</b>			
Property, plant and equipment	4	26,201	18,814
Other financial assets		9,558	8,523
Deferred exploration and evaluation costs	2	15,660	11,032
Mine properties	3	86,244	81,448
<b>Total non-current assets</b>		<b>137,663</b>	<b>119,817</b>
<b>TOTAL ASSETS</b>		<b>235,093</b>	<b>155,930</b>
<b>Current liabilities</b>			
Trade and other payables		16,335	11,593
Borrowings		627	465
Financial derivative instruments	5	-	4,861
Provisions		2,565	1,793
<b>Total current liabilities</b>		<b>19,527</b>	<b>18,712</b>
<b>Non-current liabilities</b>			
Deferred tax liability		6,674	3,426
Borrowings		984	357
Provisions		9,014	7,637
<b>Total non-current liabilities</b>		<b>16,672</b>	<b>11,420</b>
<b>Total liabilities</b>		<b>36,199</b>	<b>30,132</b>
<b>Net assets</b>		<b>198,894</b>	<b>125,798</b>
<b>Equity</b>			
Contributed equity	6	185,316	122,630
Reserves		2,611	1,843
Retained profits		10,967	1,325
<b>Total equity</b>		<b>198,894</b>	<b>125,798</b>

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Changes in Equity

### Half-Year Ended 31 December 2011

	Contributed equity	Retained profits/ (Accumulated losses)	Reserves	Total
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2011</b>	<b>122,630</b>	<b>1,325</b>	<b>1,843</b>	<b>125,798</b>
Profit for the period after tax	-	9,642	-	9,642
Other comprehensive income	-	-	-	-
Total comprehensive income for the period after tax	-	9,642	-	9,642
Issue of share capital	65,284	-	-	65,284
Share based payment expense	-	-	768	768
Share issue costs	(3,712)	-	-	(3,712)
Tax effect on share issue costs	1,114	-	-	1,114
<b>As at 31 December 2011</b>	<b>185,316</b>	<b>10,967</b>	<b>2,611</b>	<b>198,894</b>
As at 1 July 2010	110,232	(46,327)	560	64,465
Profit for the period after tax	-	34,227	-	34,227
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period after tax	-	34,227	-	34,227
Issue of share capital	12,333	-	-	12,333
Share based payment expense	-	-	116	116
Share issue costs	(647)	-	-	(647)
As at 31 December 2010	121,918	(12,100)	676	110,494

The condensed consolidated statement of changes in equity  
should be read in conjunction with the accompanying notes.

## Condensed Consolidated Statement of Cash Flows

### Half-Year Ended 31 December 2011

	31 December 2011 \$'000	31 December 2010 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	93,697	76,874
Payments to suppliers and employees	(67,572)	(42,792)
Interest received	996	921
Interest paid	(75)	(151)
<b>Net cash flows provided by operating activities</b>	27,046	34,852
<b>Cash flows from investing activities</b>		
Payments for CWIP, plant and equipment	(6,999)	(2,516)
Payments for development	(23,841)	(18,296)
Payments for exploration & evaluation	(7,172)	(4,642)
Payments for tenements	(850)	-
Security deposits paid	(1,035)	(411)
<b>Net cash flows used in investing activities</b>	(39,897)	(25,865)
<b>Cash flows from financing activities</b>		
Proceeds from issue of ordinary shares	65,284	12,333
Share issue costs	(3,549)	(656)
Payment for matured derivatives	(10,584)	(4,441)
Repayment of borrowings	-	(8,000)
Repayments for finance lease liabilities	(128)	(166)
<b>Net cash flows provided by / (used in) financing activities</b>	51,023	(930)
<b>Net increase in cash held</b>	38,172	8,057
<b>Cash at beginning of period</b>	17,613	28,944
<b>Cash at end of period</b>	55,785	37,001

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes To and Forming Part of the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2011

### NOTE 1 BASIS OF PREPARATION FOR THE HALF-YEAR FINANCIAL REPORT

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Saracen Mineral Holdings Limited as at 30 June 2011 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2011 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

#### (a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

#### (b) Accounting policies

The principal accounting policies adopted in the preparation of the half-year financial report are the same as those applied in the financial report for the year ended 30 June 2011. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The consolidated entity has adopted all new standards and / or revised standards, amendments and interpretations that are relevant to its operations and are effective for the current reporting period. The adoption of these new and revised standards, amendments and interpretations did not have a material effect on the position or performance of the consolidated entity. The consolidated entity has not elected to early adopt any other new standards, amendments and interpretations that are issued but not yet effective.

#### (c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period's disclosures.

# Notes To and Forming Part of the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2011

	31 December 2011 \$'000	30 June 2011 \$'000
<b>NOTE 2 DEFERRED EXPLORATION AND EVALUATION COSTS</b>		
<b>Deferred exploration and evaluation costs</b>		
Balance at the start of the period	11,032	11,303
Additions	8,630	13,726
Transferred to mines under construction	(1,570)	(8,522)
Depreciation transferred from plant and equipment	-	2
Depreciation transferred from equipment under finance lease	24	77
Transferred to mine development	(2,362)	(5,554)
Capitalised expenditure written off	(94)	-
Balance at the end of the period	15,660	11,032
The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.		
<b>NOTE 3 MINE PROPERTIES</b>		
Mines under construction	25,106	13,206
Mines development	48,255	52,203
Deferred mining expenditure	12,883	16,039
Balance at the end of the period	86,244	81,448
<b>Mines under construction</b>		
Balance at the start of the period	13,206	6,129
Additions	9,810	-
Transferred from deferred exploration and evaluation costs	1,570	8,522
Transferred from capital work in progress	-	2,026
Transferred to mine development	-	(3,471)
Increase in rehabilitation provision	520	-
Balance at the end of the period	25,106	13,206
<b>Mines development</b>		
Balance at the start of the period	52,203	37,884
Additions	7,359	20,297
Transferred from capital work in progress	-	756
Transferred from deferred exploration and evaluation costs	2,362	5,554
Transferred from mines under construction	-	3,471
Amortisation for the period	(14,499)	(17,068)
Increase in rehabilitation provision	830	1,309
Balance at the end of the period	48,255	52,203
<b>Deferred mining expenditure</b>		
Balance at the start of the period	16,039	945
Additions	6,734	15,094
Expensed for the period	(9,890)	-
Balance at the end of the period	12,883	16,039

# Notes To and Forming Part of the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2011

	31 December 2011 \$'000	30 June 2011 \$'000
<b>NOTE 4 PLANT AND EQUIPMENT</b>		
<b>Plant and equipment</b>		
Opening balance net of accumulated depreciation	9,984	9,080
Additions	-	227
Transfer from capital work in progress	4,181	1,471
Transfer from equipment under finance lease	-	123
Depreciation	(697)	(915)
Depreciation transferred to deferred exploration and evaluation costs	-	(2)
Closing balance net of accumulated depreciation	13,468	9,984
<b>Equipment under finance lease</b>		
Opening balance net of accumulated depreciation	458	541
Additions	1,186	190
Transfer to plant and equipment	-	(123)
Depreciation	(114)	(73)
Depreciation transferred to deferred exploration and evaluation costs	(24)	(77)
Closing balance net of accumulated depreciation	1,506	458
<b>Capital work in progress</b>		
Opening balance net of accumulated depreciation	8,372	21
Additions	7,036	12,604
Transfer to mines under construction	-	(2,026)
Transfer to mines development	-	(756)
Transfer to plant and equipment	(4,181)	(1,471)
Closing balance net of accumulated depreciation	11,227	8,372
Cost	29,699	21,476
Accumulated depreciation	(3,498)	(2,662)
Net carrying amount	26,201	18,814

### NOTE 5 FINANCIAL DERIVATIVE INSTRUMENTS

#### Financial derivative assets

Current: Derivatives at fair value through profit or loss (i)	-	164
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#### Financial derivative liabilities

Current: Derivatives at fair value through profit or loss (ii)	-	4,861
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(i) During December 2009 the consolidated entity purchased put options over 175,908 ozs of gold at a strike price of \$1,250 per oz. This was partly financed through the sale of call options described at (ii) below. The put option schedule comprised a series of puts maturing during the period 30 April 2010 to 30 December 2011 inclusive. At 31 December 2011 there were no puts outstanding.

(ii) During December 2009 the consolidated entity sold call options over 103,494 ozs of gold sold at a strike price of \$1,250 per oz. Proceeds from the sale were used to partly fund the purchase of put options described above. The call option schedule comprised a series of calls maturing during the period 30 April 2010 to 30 December 2011 inclusive. At 31 December 2011 there were no calls outstanding.

The consolidated entity does not apply hedge accounting, with fair value movements recognised immediately in the Statement of Comprehensive Income. Derivatives are measured at fair value by reference to the Black Scholes option pricing model. The consolidated entity recorded a realised loss of \$10.584 million (30/06/11: loss of \$8.206 million) from call options exercised during the half-year, and a net fair value gain on derivatives of \$4.698 million (30/06/11: gain of \$17.450 million).

## Notes To and Forming Part of the Consolidated Financial Statements For the Half-Year Ended 31 December 2011

NOTE 6 CONTRIBUTED EQUITY	31 December 2011		30 June 2011	
	Number of shares	\$'000	Number of shares	\$'000
<b>(a) Issued capital</b>				
Ordinary shares fully paid	<b>593,993,240</b>	<b>185,316</b>	492,251,415	122,630

The company does not have a limited authorised capital, and issued shares have no par value.

### (b) Movements in shares on issue

Beginning of the financial period	<b>492,251,415</b>	<b>122,630</b>	492,251,415	110,232
- share placement (i)	<b>73,800,000</b>	<b>50,184</b>		
- share purchase plan (ii)	<b>15,566,394</b>	<b>10,585</b>		
- share placement (iii)	<b>6,492,431</b>	<b>4,415</b>		
- acquisition settlement (iv)	<b>5,650,000</b>	-		
- options exercise (v)	<b>233,000</b>	<b>100</b>		
- share placement (vi)			32,148,340	12,216
- options exercise (vii)			433,332	171
- share issue costs	-	<b>(3,712)</b>	-	(647)
- Tax effect on share issue costs	-	<b>1,114</b>	-	658
End of the financial period	<b>593,993,240</b>	<b>185,316</b>	492,251,415	122,630

- (i) On 23 September 2011, the Company issued a total of 73,800,000 fully paid ordinary shares in a share placement. The issue raised \$50,184,000 before expenses.
- (ii) On 31 October 2011, the Company issued a total of 15,566,394 fully paid ordinary shares for acceptances under a share purchase plan. The issue raised approximately \$10,585,000 before expenses.
- (iii) On 31 October 2011, the Company issued a total of 6,492,431 fully paid ordinary shares in a share placement of the share purchase plan shortfall. The issue raised \$4,415,000 before expenses.
- (iv) In November 2011, the Company reached agreement with Cauldron Energy Limited (Cauldron) whereby 5,000,000 fully paid ordinary shares were issued to Cauldron as the final purchase instalment in relation to the 2007 purchase of the Wallbrook project and the cancellation of the associated royalty obligation. In addition, 650,000 fully paid ordinary shares were issued to Ascent Capital Holdings Pty Ltd as full and final settlement for the cancellation of a royalty obligation over the Wallbrook project.
- (v) During the half year ended 31 December 2011, the Company issued a total of 233,000 fully paid ordinary shares following exercise of various options. The issues raised approximately \$100,000 before expenses.
- (vi) On 2 August 2010, the Company issued a total of 32,148,340 fully paid ordinary shares in a share placement. The issue raised \$12,216,000 before expenses.
- (vii) During the previous financial year, the Company issued a total of 433,332 fully paid ordinary shares following exercise of various options. The issues raised approximately \$171,000 before expenses.

### NOTE 7 SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

On this basis the consolidated entity's reportable segments under AASB 8 are as follows:

- Saracen Gold Mines Pty Limited ("SGM") which includes the consolidated entity's exploration, production and related administration
- Saracen Mineral Holdings Limited ("SAR") which includes the consolidated entity's corporate administration

The accounting policies of the reportable segments are the same as the consolidated entity's accounting policies described in Note 1. Information regarding the consolidated entity's reportable segments is presented below.

# Notes To and Forming Part of the Consolidated Financial Statements

## For the Half-Year Ended 31 December 2011

### NOTE 7 SEGMENT INFORMATION (continued)

	31 December 2011 \$'000	31 December 2010 \$'000
<b>(a) Segment external revenues</b>		
SGM - Metal sales	94,448	80,153
SGM - Interest income	249	362
SGM - Other	67	8
SAR - Interest income	1,096	765
	<b>95,860</b>	<b>81,288</b>
<b>(b) Segment profit before tax</b>		
SGM	19,579	26,585
SAR	(1,078)	(963)
	<b>18,501</b>	<b>25,622</b>
Finance costs	(75)	(610)
Other income	1,412	1,135
Net realised loss on derivatives	(10,584)	(4,441)
Change in fair value of derivatives	4,698	14,007
Change in fair value of listed shares	50	(42)
<b>Profit before income tax</b>	<b>14,002</b>	<b>35,671</b>
	<b>31 December 2011 \$'000</b>	<b>30 June 2011 \$'000</b>
<b>(c) Segment assets and liabilities</b>		
<b>Assets</b>		
SGM	184,989	138,187
SAR	50,104	17,743
	<b>235,093</b>	<b>155,930</b>
<b>Liabilities</b>		
SGM	29,009	26,332
SAR	516	374
Tax	6,674	3,426
	<b>36,199</b>	<b>30,132</b>

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments, other than tax assets and liabilities

#### (d) Other segment information

Depreciation and amortisation of \$15.297 million (31/12/10: \$9.359 million) are attributable to the SGM segment. Total non current asset additions of \$40.755 million (30/06/11: \$62.138 million) is attributable to the SGM segment. Metal sales of \$94.448 million (31/12/10: \$80.153 million) attributable to the SGM segment arose from sales to the consolidated entity's largest customer, the West Australian Mint. The consolidated entity operates within one geographical segment, being Australia.

### NOTE 8 EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not been any matter or circumstance, that has arisen since the half-year ended 31 December 2011, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity

### NOTE 9 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 December 2011.

# DIRECTORS' DECLARATION

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) Giving a true and fair view of the financial position as at 31 December 2011 and the performance for the half-year ended on that date of the consolidated entity.
  - (ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the board.



**Guido Staltari**  
**Director**  
Melbourne, 29 February 2012



Chartered Accountants  
& Business Advisers

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF SARACEN MINERAL HOLDINGS LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying consolidated half-year financial report of Saracen Mineral Holdings Limited which comprises the condensed statement of financial position as at 31 December 2011, the condensed statement of comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Saracen Mineral Holdings Limited ("the company") and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Saracen Mineral Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Independence**

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

**Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PKF

PKF

29 February 2012  
Melbourne

**D J Garvey**  
Partner

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