Saracen

SARACEN MINERAL HOLDINGS LIMITED
ACN 009 215 347

HALF-YEAR FINANCIAL REPORT
31 DECEMBER 2012

COMPANY PARTICULARS

Directors

Mr Guido Staltari (Executive Chairman)
Mr Ivan Hoffman OAM (Non-Executive Director)
Mr Barrie Parker (Non-Executive Director)
Mr Martin Reed (Non-Executive Director)

Secretary

Mr Gerry Kaczmarek

Registered Office and Business Address

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Auditors

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Solicitors

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Level 4, Next Building
16 Milligan Street
Perth WA 6000

Bankers

Commonwealth Bank of Australia Limited
367 Collins Street
Melbourne VIC 3000

Share Registry

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452 Johnston Street
Abbotsford VIC 3067

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DIRECTORS' REPORT

The Directors of Saracen Mineral Holdings Limited submit their report for the half-year ended 31 December 2012. 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)
Martin Reed (Non-Executive Director), appointed 24 August 2012
Carl Thompson (Non-Executive Director), retired 20 November 2012

CONSOLIDATED RESULTS

The consolidated loss after tax for the half-year was $22.86 million (31 December 2011: profit after tax of $9.64 million). The following largely contributed to the current period's lower profit:

- Write-downs were made to the carrying value of inventory ($9.87m) and exploration and mine properties ($20.45m) following an assessment of the effect of changes to the mine plan and the evaluation of the results of exploration activities undertaken over the last year.
- Profit from mining operations before depreciation and amortisation for the reporting period was $33.93 million (2011: $44.37 million), with the current period's performance impacted by higher operating costs and amortization charges. Operating results for the comparative half-year periods are summarised below:

	31/12/2012	**31/12/2011**
Mill production (tonnes)	1,302,425	1,176,995
Grade (g/t)	1.7	1.7
Production (ozs)	62,456	59,091
Average cash costs (excl royalties) (A$/oz)	971	792
Gold sold (ozs)	59,929	57,092
Average gold sales price (A$/oz)	1,618	1,649
Depreciation & amortisation ($ millions)	27,319	15,297

- At period end, the consolidated entity recognised a tax benefit of $7.25 million (2011: tax expense of $4.36 million). The consolidated entity has accumulated tax losses and is currently not in a tax paying position.

REVIEW OF OPERATIONS

The Company's main activity during the half-year was on gold production. Ore was mined from open pits at Karari, Margarets, Sizzler, Old Camp and Deep South, and from the Red October underground mine. These ore sources were supplemented by previously stockpiled ore from Enterprise and Redbrook, and processed at the Carosue Dam plant.

Health and Safety

The comprehensive action plan implemented by management to improve safety awareness and culture is progressing well. The Company's in house Leadership training for Managers, Supervisors and OHS Representatives, a cornerstone of this plan, was completed in this period. The program is being expanded to cover the entire workforce.

The safety performance of the operations has continued to improve. No Lost Time Injuries were recorded during the half year.

A highlight of the period was the excellent performance of Saracen's Mines Emergency Rescue Team at the Mining Emergency Response Competition, held in early October 2012. In the eleven skill-based events, Saracen won one (Fire Fighting & Breathing Apparatus), scored four seconds and two thirds in 7 out of the 11 events. Saracen's team captain was awarded second place in the Best Captain category, and Saracen's team was awarded second place 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.

Production Operations

During the six month period, Carosue Dam Operations produced 62,456 ounces of gold (2011: 59,091 ounces) from the processing of 1,302,425 tonnes of ore (2011: 1,176,995 tonnes) at an average grade of 1.7g/t (2011: 1.7g/t). Gold and silver sale proceeds during the period totalled A$97.7 million (2011: A$94.4 million) at an average gold sale price of A$1,618 per ounce (2011: A$1,649 per ounce). Cash costs were A$971 per ounce (2011: A$792 per ounce), excluding royalties of A$60 per ounce (2011: A$62 per ounce).

Gold production for the December quarter was a record 32,031oz from the processing of 614,699 tonnes at a grade of 1.81g/t Au and recovery of 90%. The quarterly average head grade of 1.81g/t was also the highest quarterly average since operations commenced in January 2010.

The quarterly record was driven by a record month for December where gold production was 12,967oz from the processing of 209,336 tonnes at a head grade of 2.15g/t. The higher grade reflects the benefit of increased tonnes of the Red October underground ore, and the accessing of the better grades from the lower levels of the Deep South and Karari open pits.

Production Summary	Unit	Sept Qtr FY12	Dec Qtr FY12	Dec half-year FY12
Mine Production				
Karari	t	359,211	473,785	832,996
	g/t	1.45	1.22	1.32
Wallbrook	t	228,840	-	228,840
	g/t	1.77	-	1.77
Margarets	t	138,254	61,239	199,493
	g/t	1.54	1.62	1.57
Deep South	t	11,943	40,432	52,375
	g/t	2.01	2.88	2.68
Red October	t	16,368	38,232	54,599
	g/t	7.57	8.29	8.08
Total Ore Mined	t	754,616	613,688	1,368,304
	g/t	1.71	1.81	1.75
Mill Production				
Total Ore Milled	t	654,569	614,698	1,269,267
	g/t	1.60	1.81	1.70
Recovery	%	90.1%	89.8%	89.9%
Gold Produced	oz	30,418	32,038	62,456
Gold Shipped	oz	32,381	27,794	60,175
Revenue	A$M	51.518	45.850	97,368
Average Gold Sales Price	A$/oz	1,591	1,650	1,618
Cash Operating Costs (Excl Royalties)	A$/oz	1,041	951	971
Royalties	A$/oz	63	60	60

Note: Rounding errors may occur.

Reconciliations of ore sources have been very pleasing for the period. Approximately 8,000 contained ounces have been mined above budget. This can be attributed to grade and more specifically improvements in mining practices, thereby reducing dilution, and defining additional ounces through grade control drilling.

DIRECTORS' REPORT

Plant Expansion

The $25m, 12-month expansion of the Carosue Dam plant is proceeding as planned. Tender invitations for a fixed price contract have been sent out and proposal were received for the EPC works for the Stage 1 expansion of the processing plant to 3.2mtpa from the present nameplate capacity of 2.4mtpa. The tenders are being reviewed and it is intended that the contract will be awarded during February 2013. Early indications are that the tender amounts are in line with budget and the short-listed contractors are confident that the upgrade can be completed inside the time schedule.

Two tertiary crushers have been ordered and can be delivered ahead of schedule. Various downstream works are currently being conducted in preparation for the increased crushing capacity.

The $25m expansion comprises the installation of:-
• two tertiary crushers
• three conveyor belts
• a screen house
• additional CIL tankage
• various other ancillary downstream modifications/upgrades

No upgrade of the milling circuit is required as part of Stage 1. The overall result will be a lower processing unit cost and higher throughput rate.

Mining Development

The A$30 million pre-strip of the Whirling Dervish deposit commenced during the period. The Whirling Dervish expansion involves the removal of around 7 million bcm of overburden to access Reserves which comprise 5.6 million tonnes grading 1.3g/t for 237,000 ounces of gold. Whirling Dervish will supply the majority of the expanded mill feed for a two year-period with first gold ore expected to be accessed in the June quarter 2013.

Following Whirling Dervish, other open pit ore sources within the Company's Reserves will be developed including Wallbrook, Karari, Million Dollar and Enterprise. There are over 21 million tonnes of open pit ore in the current Reserves, which will provide in excess of six years of continuous ore supply to the expanded processing plant, with higher grade underground ore to complement the base load open pit material.

Exploration and Resource Evaluation

With the Company's strong focus on free cash flow generation, regional exploration expenditure is being reduced with the 2012/13 year budget going from around $18m to $10m.

Exploration drilling for the half year totalled 214 RC holes for 27,464m. Several prospects returned good results including Blue Manna, Crimson Belle and Pinnacles. These targets will be followed up over future periods.

Deep South Underground Feasibility Study

A feasibility study on the proposed Deep South underground mine is expected to be completed in the June 2013 quarter. The design will allow access via a single portal located near the bottom of the open pit. A conventional decline and associated infrastructure will be developed to allow underground mining to occur on several production levels.

At its peak Deep South has the capacity to produce about 45,000t per month contributing more than 5,000oz of gold to monthly Carosue Dam production. The current plan has approximately 3 years of underground mining however it is expected that this will be extended and a program of surface drilling and future underground drilling will target extensions to the orebody at depth and along strike.

Corporate and Finance

As at 31 December 2012, the Company's total cash equivalent position was A$29.5 million, comprised of $7.2 million held in cash, 5,166 ounces of gold in transit (approx. $8.3 million at A$1600/oz) and $14.0 million held as cash backed environmental bonds. Cash movement included the first drawdown of $10m under the debt facilities (refer below).

DIRECTORS’ REPORT

During the half year, the Company accepted an offer of finance from Macquarie Bank Limited (“MBL”) for debt and gold hedging facilities (together “Finance Facilities”), as follows:-

- Debt facility of $50 million, comprising a $35 million project loan facility, and a $15 million revolving working capital facility, with a term of three years;
- DMP environmental bonding facility of $20 million; and
- Provision for an additional conditional $15 million mezzanine facility, should Saracen wish to access it for further project expansion purposes in the future.

The Finance Facilities are being applied towards the Company’s Whirling Dervish open pit expansion and the Stage 1 upgrade of the processing plant to 3.2Mtpa (“Expansion Project”), which are budgeted to cost around $50 million. The Finance Facilities will be drawn down progressively through the expansion and upgrade programs over approximately the next 12 months.

The Finance Facilities carry terms that are normal for this type of facility, and were struck at very competitive interest rates and fees and there is no requirement for the issue of equity, options or any other form of quasi-equity, whether to MBL, shareholders or the market generally.

All documentation was completed during the half year and, as at 31 December 2012 $10 million has been drawn down against the facilities.

As at 31 December 2012, Saracen has gold hedging in place covering 200,000 ounces at an average price of A$1695/oz. These ounces are to be delivered progressively over a four year period from January 2013 to December 2016.

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

Personnel and Recruitment

Staffing levels continue to remain reflective of the transitional nature of the operations. Currently staff and contractors equate to approximately 450, although this will be trimmed back as some operating fronts are wound down over the next two quarters and the open cut mining fleets are brought to bear on the expansion of the Whirling Dervish deposit.

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 2012, 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 7 of this half-year financial 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.

Guido Staltari

GUIDO STALTARI
Director
27 February 2013

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DECLARATION OF INDEPENDENCE BY DAVID GARVEY TO THE DIRECTORS OF SARACEN MINERAL HOLDINGS LIMITED

As lead auditor for the review of Saracen Mineral Holdings Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Saracen Mineral Holdings Limited and the entities it controlled during the period.

David Garvey

Partner

BDO East Coast Partnership

Melbourne, 27 February 2013

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

Index to the Condensed Consolidated Financial Statements

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
Half-Year Ended 31 December 2012

	31 December 2012 $'000	31 December 2011 $'000
Revenue from continuing operations	**97,675**	94,448
Mine operating costs	**(59,992)**	(46,384)
Depreciation and amortisation	**(27,319)**	(15,297)
Royalties	**(3,751)**	(3,689)
Gross profit from mining operations	**6,613**	29,078
Administration expenses	**(4,580)**	(3,458)
Share based payment expense	**(343)**	(768)
Finance costs	**(479)**	(75)
Other income	**526**	1,412
Change in fair value of listed shares	**(4)**	50
Inventory write-down	**(9,871)**	(6,257)
Impairment of mine and exploration properties	**(20,445)**	(94)
Net realised loss on derivatives	**-**	(10,584)
Loss on disposal of fixed assets	**(1,525)**	-
Change in fair value of derivatives	**-**	4,698
(Loss)/Profit before income tax	**(30,108)**	14,002
Income tax benefit/(expense)	**7,253**	(4,360)
(Loss)/Profit for the period	**(22,855)**	9,642
Other comprehensive income/(loss), net of income tax		
Items that may be reclassified subsequently to profit or loss		
Fair value loss on hedging instruments entered into for cash flow hedges	**(576)**	-
Other comprehensive loss, net of income tax	**(576)**	-
Total comprehensive (loss)/income attributable to members of Saracen Mineral Holdings Limited	**(23,431)**	9,642
(Loss)/Earnings per share		
Basic (loss)/earnings per share in cents	**(3.84)**	1.78
Diluted (loss)/earnings per share in cents	**(3.84)**	1.75

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 2012

	Note	31 December 2012 $'000	30 June 2012 $'000
Current assets			
Cash and cash equivalents		**7,230**	20,196
Trade and other receivables		**3,672**	6,392
Financial derivative instruments	6	**1,295**	-
Other financial assets		**111**	115
Inventories		**45,297**	44,389
Other		**672**	607
Total current assets		**58,277**	71,699
Non-current assets			
Property, plant and equipment	2	**36,954**	34,762
Other financial assets		**13,955**	10,959
Financial derivative instruments	6	**365**	-
Deferred tax assets		**28,154**	24,174
Deferred exploration and evaluation costs	3	**21,222**	26,485
Mine properties	4	**110,274**	110,037
Total non-current assets		**210,924**	206,417
TOTAL ASSETS		**269,201**	278,116
Current liabilities			
Trade and other payables		**20,268**	17,221
Borrowings	5	**1,593**	1,236
Provisions		**2,862**	2,683
Total current liabilities		**24,723**	21,140
Non-current liabilities			
Deferred tax liability		**30,948**	34,468
Financial derivative instruments	6	**2,482**	-
Borrowings	5	**13,210**	1,828
Provisions		**11,650**	11,581
Total non-current liabilities		**58,290**	47,877
Total liabilities		**83,013**	69,017
Net assets		**186,188**	209,099
Equity			
Contributed equity	7	**185,901**	185,724
Reserves		**3,107**	3,340
(Accumulated losses)/Retained profits		**(2,820)**	20,035
Total equity		**186,188**	209,099

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 2012

	Contributed equity $'000	Retained profits/ (Accumulated losses) $'000	Reserves $'000	Total $'000
As at 1 July 2012	**185,724**	**20,035**	**3,340**	**209,099**
Loss for the period after tax	**-**	**(22,855)**	**-**	**(22,855)**
Other comprehensive income	**-**	**-**	**(576)**	**(576)**
Total comprehensive loss for the period after tax	**-**	**(22,855)**	**(576)**	**(23,431)**
Issue of share capital	**177**	**-**	**-**	**177**
Share based payment expense	**-**	**-**	**343**	**343**
As at 31 December 2012	**185,901**	**(2,820)**	**3,107**	**186,188**
As at 1 July 2011	122,630	1,325	1,843	125,798
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
As at 31 December 2011	185,316	10,967	2,611	198,894

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 2012

	31 December 2012 $'000	31 December 2011 $'000
Cash flows from operating activities		
Receipts from customers	**100,470**	93,697
Payments to suppliers and employees	**(70,180)**	(67,572)
Interest received	**642**	996
Interest paid	**(139)**	(75)
Net cash flows provided by operating activities	**30,793**	27,046
Cash flows from investing activities		
Payments for CWIP, plant and equipment	**(4,692)**	(6,999)
Payments for mine properties	**(36,960)**	(23,841)
Payments for exploration & evaluation	**(8,673)**	(7,172)
Payments for tenements	**-**	(850)
Security deposits paid	**(2,996)**	(1,035)
Net cash flows used in investing activities	**(53,321)**	(39,897)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	**77**	65,284
Share issue costs	**-**	(3,549)
Payment for matured derivatives	**-**	(10,584)
Drawdown on borrowing facility	**10,000**	-
Repayments for finance lease liabilities	**(515)**	(128)
Net cash flows provided by financing activities	**9,562**	51,023
Net (decrease)/increase in cash held	**(12,966)**	38,172
Cash at beginning of period	**20,196**	17,613
Cash at end of period	**7,230**	55,785

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

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

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 2012 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 2012 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 accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company’s annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 ‘Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income’

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group’s accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group’s presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to

AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(c) Comparatives

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

(d) Impairment of inventory and mine property assets

For the half year ended 31 December 2012, the company recorded an impairment expense in relation to inventory, and mine and exploration property assets.

Write-downs were made to the carrying value of inventory ($9.87m) and exploration and mine properties ($20.45m) following an assessment of the effect of changes to the mine plan and the evaluation of the results of exploration activities undertaken over the last year.

The carrying value of inventory and exploration and mine properties are considered areas of significant judgement and estimates, consistent with disclosures in the 30 June 2012 financial report.

NOTE 2 PLANT AND EQUIPMENT

	31 December 2012 $'000	30 June 2012 $'000
Plant and equipment		
Opening balance net of accumulated depreciation	**28,895**	9,984
Transfer from capital work in progress	**2,236**	20,874
Transfer from equipment under finance lease	**199**	15
Disposals	**(1,579)**	-
Depreciation	**(3,162)**	(1,978)
Closing balance net of accumulated depreciation	**26,589**	28,895
Equipment under finance lease		
Opening balance net of accumulated depreciation	**2,525**	458
Additions	**2,317**	2,473
Transfer to plant and equipment	**(199)**	(15)
Depreciation	**(192)**	(342)
Depreciation transferred to deferred exploration and evaluation costs	**-**	(49)
Closing balance net of accumulated depreciation	**4,451**	2,525
Capital work in progress		
Opening balance net of accumulated depreciation	**3,342**	8,372
Additions	**4,808**	15,844
Transfer to plant and equipment	**(2,236)**	(20,874)
Closing balance net of accumulated depreciation	**5,914**	3,342
Cost	**45,215**	39,720
Accumulated depreciation	**(8,261)**	(4,958)
Net carrying amount	**36,954**	34,762

	31 December 2012 $'000	30 June 2012 $'000
NOTE 3 DEFERRED EXPLORATION AND EVALUATION COSTS		
Deferred exploration and evaluation costs		
Balance at the start of the period	**26,485**	11,032
Additions	**8,774**	21,108
Transferred to mines under construction	**-**	(3,787)
Depreciation transferred from equipment under finance lease	**-**	49
Transferred from mines under construction	**2,496**	-
Transferred to mines in production	**(12,215)**	(1,609)
Capitalised expenditure written off	**(4,318)**	(308)
Balance at the end of the period	**21,222**	26,485

The ultimate recoupment of costs carried forward is dependent on the successful development and commercial exploitation or sale of the areas of interest.

NOTE 4 MINE PROPERTIES

Mines under construction	**-**	41,706
Mines in production	**100,347**	52,101
Deferred mining expenditure	**9,927**	16,230
Balance at the end of the period	**110,274**	110,037
Mines under construction		
Balance at the start of the period	**41,706**	13,206
Additions	**666**	23,251
Transferred from deferred exploration and evaluation costs	**-**	3,787
Transferred to deferred exploration and evaluation costs	**(2,496)**	-
Transferred to mines in production	**(39,876)**	-
Increase in rehabilitation provision	**-**	1,462
Balance at the end of the period	**-**	41,706
Mines in production		
Balance at the start of the period	**52,101**	52,203
Additions	**27,691**	20,126
Transferred from deferred exploration and evaluation costs	**12,215**	1,609
Transferred from mines under construction	**39,876**	-
Amortisation for the period	**(24,027)**	(24,275)
Impairment of mines in production	**(7,544)**	-
Increase in rehabilitation provision	**35**	2,438
Balance at the end of the period	**100,347**	52,101
Deferred mining expenditure		
Balance at the start of the period	**16,230**	16,039
Additions	**8,734**	17,536
Impairment of deferred mining expenditure	**(8,582)**	-
Expensed for the period	**(6,455)**	(17,345)
Balance at the end of the period	**9,927**	16,230

	31 December 2012 $'000	30 June 2012 $'000
NOTE 5 BORROWINGS		
Current		
Finance lease liabilities	**1,170**	750
Insurance premium funding	**423**	486
	1,593	1,236
Non-current		
Finance lease liabilities	**3,210**	1,828
Macquarie Bank Loan	**10,000**	-
	13,210	1,828

During the half year, the Company accepted an offer from Macquarie Bank Limited ("MBL") for debt and gold hedging facilities (together "Finance Facilities"), as follows:-

- Debt facility of $50 million, comprising a $35 million project loan facility, and a $15 million revolving working capital facility, with a term of three years;
- DMP environmental bonding facility of $20 million; and
- Provision for an additional conditional $15 million mezzanine facility, should Saracen wish to access it for further project expansion purposes in the future.

As at 31 December 2012, $10,000,000 has been drawn down on the working capital facility.

NOTE 6 FINANCIAL DERIVATIVE INSTRUMENTS

	31 December 2012 $'000	30 June 2012 $'000
Financial derivative assets		
Current: Cash flow hedge asset	**1,295**	**-**
Non-Current: Cash flow hedge asset	**365**	-
	1,660	-
Financial derivative liabilities		
Non-Current: Cash flow hedge liability	**2,482**	**-**

During the period Saracen entered into a gold hedging contract with Macquarie Bank Limited, whereby 200,000 ounces are hedged at an average price of A$1695/oz. These ounces are to be delivered over a four year period from January 2013 to December 2016.

The gain or loss from remeasuring the hedging instruments at fair value is recognised in other comprehensive income and deferred in equity in the hedging reserve, to the extent that the hedge is effective. There was no hedge ineffectiveness in the current period.

NOTE 7 CONTRIBUTED EQUITY

(a) Issued capital

	31 December 2012 Number of shares	31 December 2012 $'000	30 June 2012 Number of shares	30 June 2012 $'000
Ordinary shares fully paid	**595,217,424**	**185,901**	594,815,640	185,724

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

(b) Movements in shares on issue

		31 December 2012 Number of shares	31 December 2012 $'000	30 June 2012 Number of shares	30 June 2012 $'000
Beginning of the financial period		**594,815,640**	**185,724**	492,251,415	122,630
- share placement		**-**	**-**	73,800,000	50,184
- share purchase plan		**-**	**-**	15,566,394	10,585
- share placement		**-**	**-**	6,492,431	4,415
- acquisition settlement	(i)	**181,818**	**100**	5,650,000	-
- options exercise	(ii)	**219,966**	**77**	1,055,400	511
- share issue costs		**-**	**-**	-	(3,715)
- Tax effect on share issue costs		**-**	**-**	-	1,114
End of the financial period		**595,217,424**	**185,901**	594,815,640	185,724

(i) On 21 December 2012, the Company issued 181,818 fully paid ordinary shares to Zodiac Resources for the purchase of a mining tenement. The issue was valued at $100,000.

(ii) During the half year ended 31 December 2012, the Company issued a total of 219,966 fully paid ordinary shares following exercise of various options. The issues raised approximately $77,000.

NOTE 8 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.

	31 December 2012 $'000	31 December 2011 $'000
(a) Segment external revenues		
SGM - Metal sales	**97,675**	94,448
SGM - Interest income	**299**	249
SGM – Other	**10**	67
SAR - Interest income	**217**	1,096
	98,201	95,860

	31 December 2012 $'000	31 December 2011 $'000
(b) Segment profit before tax		
SGM	**(28,975)**	19,579
SAR	**(1,176)**	(1,078)
	(30,151)	18,501
Finance costs	**(479)**	(75)
Other income	**526**	1,412
Net realised loss on derivatives	**-**	(10,584)
Change in fair value of derivatives	**-**	4,698
Change in fair value of listed shares	**(4)**	50
Profit before income tax	**(30,108)**	14,002

	31 December 2012 $'000	30 June 2012 $'000
(c) Segment assets and liabilities		
Assets		
SGM	**227,268**	236,892
SAR	**13,779**	17,050
Tax	**28,154**	24,174
	269,201	278,116
Liabilities		
SGM	**39,392**	34,135
SAR	**12,673**	414
Tax	**30,948**	34,468
	83,013	69,017

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 $27.319 million (31/12/11: $15.297 million) are attributable to the SGM segment. Total non-current asset additions of $52.990 million (30/06/12: $100.338 million) is attributable to the SGM segment. Metal sales of $97.675 million (31/12/11: $94.448 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 9 EVENTS SUBSEQUENT TO THE REPORTING DATE

There has not been any matter or circumstance, that has arisen since the half-year ended 31 December 2012, 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 10 CONTINGENT LIABILITES

There are no contingent liabilities at 31 December 2012.

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 2012 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

Guido Staltari
Director
27 February 2013

BDO

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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 half-year financial report of Saracen Mineral Holdings Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2012, and the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising Saracen Mineral Holdings Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the disclosing entity 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 internal 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 half-year 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 2012 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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Saracen Mineral Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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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 Saracen Mineral Holdings Limited 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 2012 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*.

BDO East Coast Partnership

BDO

David Garvey
Partner

Melbourne, 27 February 2013