Saracen

28 February 2012

ASX & MEDIA RELEASE

HALF YEAR RESULTS

- Gold production up 6% to 62,456 ozs (2011: 59,091 ozs)
- Revenue up 3% to $97.7 million (2011: $94.4 million)
- EBITDA[1] (excluding significant items[2]) $ 29.9 million (2011: $42.3 million)
- Net cash flow from operations up 14% to $30.8 million (2011: $27.0 million)
- Net Loss after Tax of $22.9 million (2011: Profit $9.6 million)

The Directors of Saracen Mineral Holdings Limited ("Saracen" or the "Company" ASX:SAR), advise that the Company recorded a net loss after tax for the half year of $22.9 million after allowing for an income tax benefit of $7.3 million. The most significant portion of this loss, being an amount of $30.3 million, followed a comprehensive review of the carrying value of the assets of the Company. This review resulted in a non-cash write-down/impairment of various items including:-

- Reduction in the carrying value of ore inventories of $9.9 million. The reduction in the carrying value has largely arisen from the timing of stockpile consumption. Saracen's focus is on maximising cashflow generation, and hence the decision to process a significant proportion of the stockpiles in early 2013/14 before the completion of the plant expansion to 3.2mtpa in December 2013. This decision has resulted in the stockpiles incurring higher costs than had been previously assumed, thereby reducing the net realisable value of the stockpiles.

- Impairment write-down of the carrying value of some exploration and mine properties of $20.4 million. At balance date, each mining and exploration property was reviewed having regard to the latest Ore Reserves statement from October 2012, the revised life of mine plan and the interpretation of exploration activities over the past 12 months. Due to changes to the mine scheduling/priority in the life of mine plan, and the downgrading of certain properties following recent exploration activities, a reduction in the carrying value of some assets was undertaken.

These items are a one off non-cash write off that does not affect the underlying operating profit of the Company. EBITDA[1] (excluding significant items[2]) in the six month period ending 31 December 2012 was a positive $29.9 million. During the period, both gold production and sales revenue were higher than the previous corresponding period as noted above.

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Comment by Executive Chairman Guido Staltari:

"Saracen's cash flow generation and financial position is strong as we embark on a major growth phase. The first half after tax loss of $22.9m reflects both a heavy investment in capital expenditure and a prudent decision to write-off some capitalised exploration and reduce the carrying value of low grade stockpiles. We will dip into these stockpiles early in the 2013/14 year before the plant expansion has been completed and before getting access to higher grade feed from the Whirling Dervish expansion which will form the base load of our production as we move to a 190,000 ozpa production rate over the next 12 months."

For further information please contact:

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Important Notes:

[1]EBITDA

EBITDA stands for Earnings Before Interest, Tax, Depreciation and Amortisation. EBITDA and EBITDA (excluding significant items[2]) are financial measures which are not prescribed by the International Financial Reporting Standards (IFRS) and represent the profit under IFRS adjusted for specific significant items[2]. EBITDA (excluding significant items[2)] has not been subject to any specific review procedures by the auditor but has been extracted from the half year financial statements by the Company.

[2]Significant Items

Significant items for the relevant periods are listed below:-

Item	*Period ended 31 December 2012 $'000*	*Period ended 31 December 2011 $'000*
Impairment of mining & exploration properties	*(20,445)*	*-*
Inventory write-down	*(9,871)*	*-*
Loss on disposal of assets	*(1,525)*	*-*
Change in fair value of derivatives	*-*	*4,698*
Net realised loss on derivatives	*-*	*(10,584)*
Total Significant Items	***(31,841)***	***(5,886)***