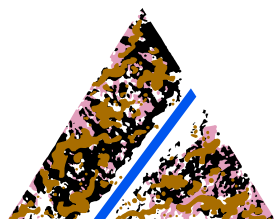


# Saracen Mineral Holdings Limited

ACN 009 215 347



## Saracen

### Corporate Details:

As at 31 May 2012

### ASX codes:

Ordinary shares: SAR  
30 June 2013 Options: SARO

### Issued capital:

594.8m ordinary shares

7.1m participating options expiring 30 June 2013 exercisable at 23.51c.

2.5m unlisted participating options expiring 30 June 2013 exercisable at 23.51c.

16.7m unlisted incentive options with various expiry dates and exercise prices.

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### Directors:

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Executive Chairman

Mr Ivan Hoffman OAM  
Non-executive

Mr Barrie Parker  
Non-executive

Mr Carl Thompson  
Non-executive

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## Red October Mine Update

14 June 2012

### Highly encouraging drilling, metallurgy and ore processing results.

#### Highlights

- Excellent diamond drilling results from the Southern Lode, with numerous holes intersecting significant mineralisation well beyond the 5g/t high grade boundaries of the current resource model. Results include: -

ROGC054	3.0m @ 104.0g/t
ROGC060	2.4m @ 54.4g/t
ROGC041	4.6m @ 38.8g/t
ROGC046	6.9m @ 25.8g/t
ROGC067	2.6m @ 39.9g/t
ROGC052	2.5m @ 27.4g/t
ROGC053	3.6m @ 18.8g/t
- These encouraging drilling results have not only confirmed the tonnage, continuity and tenor of the Southern Lode, but also suggest that the Southern and Central Lodes are connected and form part of a bigger lode system, which is open at depth.
- Favourable metallurgical and processing results for the Southern Lode, with 2,908 tonnes treated, grading 11.1g/t, for a mill recovery of 83% (diluted, development ore only).
- Next stage comprising a drill-out of the exciting high grade Central Lode, with progressive development to that Lode commencing shortly.

#### Red October progressing well

Saracen (ASX: SAR) has recently completed a program of underground trial mining and diamond drilling at its Red October underground gold mine. Ore parcels from the trial mining have been processed at the Carosue Dam plant for grade reconciliation, and in order to gain a better understanding of the metallurgical characteristics of the Red October ore body.

The drilling results suggest that the high grade Southern and Central Lodes are connected, and part of one larger lode system, while separated from the geologically discontinuous Northern Lode.

Metallurgical progress is pleasing, with processing of ore from the Southern Lode confirming an average grade of 11.1g/t and processing recovery of 83%.

The Red October resource model is currently being updated to include all drilling results to date.

Overall, underground development has consistently bettered forecast, with underground contractor Pybar Mining Services and Saracen's Red October project team performing well together, developing an excellent production and safety culture on site.

## Diamond Drilling and Trial Mining

### Southern Lode

Saracen has recently completed an initial program of 43 diamond drill holes (results pending for 8 holes) into the Red October Southern Lode (Table 2) from underground drill sites. The drilling from the I282 drill cuddy off the southern decline was designed to provide detailed information on the ore body within and outside the current resource model, to gather sufficient data for ore estimation purposes, and to enable mine and stope planning to commence.

Generally the results are very favourable (see Figures 1 and 2, and Table 2) and include:

ROGC054	3.0m @ 104.0g/t
ROGC060	2.4m @ 54.4g/t
ROGC041	4.6m @ 38.8g/t
ROGC046	6.9m @ 25.8g/t
ROGC067	2.6m @ 39.9g/t
ROGC052	2.5m @ 27.4g/t
ROGC053	3.6m @ 18.8g/t
ROGC057	1.2m @ 51.9g/t
ROGC050	1.3m @ 69.3g/t

*\* intersections are down-hole widths and are uncut. All holes were drilled from an underground stockpile adjacent to the ore body and all true widths are estimated to lie between down-hole width and no less than 70 percent of down-hole width.*

The Red October resource model is currently being updated to include all drilling results to date. Importantly, the results are providing increased certainty in the modifying factors required for ore reserve estimation purposes. An important finding is that the Southern Lode high grade mineralisation, previously modelled as being separate from the Central Zone, largely due the relative sparsity of drilling, appears contiguous with the Central Lode. Also, the high grade mineralisation in the Southern Lode extends to the north and at depth, outside the 5g/t boundaries of the current resource model.

In essence the results from the earlier resource drilling from the surface did not adequately define the full extent of the ore zones in the Southern Lode system. The very high grade component to the Southern Lode system is also encouraging, with grades in the range of 20g/t to in excess of 100g/t.

Figure 1 illustrates the relative location of the Southern, Central and Northern Lodes and the interpreted low-angle thrust faults that separate these zones. Figure 2 shows the Southern Lode with the recent diamond drilling results that now appear contiguous with the Central Lode. The current block model with a 5g/t outline is also shown.

A feature of the mineralisation in the Southern Lode is abundant visible gold. Figure 3 shows the coarse, visible gold from the face of the I277 level on June 12th. There are two diamond drill holes within 10m of this face that only intersected low levels of gold mineralisation. The nuggety nature of the mineralisation could lead to additional ore tonnes being delineated from the existing model which has been based on widely spaced surface drilling.

Ore development on the I277 south level is continuing on high grade ore beyond the original design.



Figure 3: Coarse, visible gold from the I277 level

This level has established the crown pillar beneath the pit. Stopping on the southern extremity of the I277 ore drive beyond the end of the open pit is currently being designed and the decline is being progressed to establish access to lower levels in the Southern Lode, and in due course, the Central Lode. Figure 4 shows a cross-section of the southern lode on section 9915N. The cross section illustrates the continuity of the high grade mineralisation. Also illustrated is the suitability of the lode to conventional uphole mining techniques (Figures 4 and 5).

The ground conditions at Red October are good. To date, 1.4km of development has occurred in waste, primarily in the pillow basalts in the footwall, and 0.5km in ore driving in the shear zone, with no significant issues. The first 130m of decline was supported with increased ground support (shotcrete, cablebolts, mesh and bolts) whilst development progressed through the transitional material. All remaining and future development will be in fresh material and ground conditions are, and are anticipated to remain, good with standard bolting and surface support installed.

### Northern Lode

Ore development on the I300 and I290 north levels confirmed the already known structural complexity, and associated lack of ore continuity.

Furthermore, the mineralogy of the Northern Lode appears to present metallurgical challenges, in the context of the conventional CIL plant at Carosue Dam, because the free-milling high grade silica-rich ore is flanked by lower grade arsenopyrite-rich mineralisation. Overall mill recovery was 68%. This is consistent with earlier findings.

Notwithstanding, valuable information on cross cutting structures and mineralogy has been gained. Furthermore, Saracen's work program was such that the I290 level was being developed concurrently with the southern decline accessing the Southern Lode. Now that access to the Southern Lode has been established, less priority will be given to the Northern Lode.

### Trial Processing Results

The trial processing of Red October ore at the Carosue Dam plant was done in two parcels.

The parcels comprised development ore from the I300 and I290 levels in the Northern Lode, and development ore from the I277 level in the Southern Lode, respectively. The ore in these two parcels was blended with low grade ore previously mined from the Porphyry and Enterprise open pits respectively. The Porphyry and Enterprise low grade ore previously had been crushed and belt sampled so that grade was accurately known. The average grade of each of the Porphyry and Enterprise low grade samples was 1.00g/t and 1.04g/t respectively.

The development ore from the Northern Lode was blended with the Porphyry low grade ore at a ratio of 3:1, being three tonnes of Northern Lode ore blended with one tonne of Porphyry low grade ore. The results of the trial are summarised in Table 1. The results confirmed earlier findings based on samples from surface drilling.

The development ore from the I277 Southern Lode was processed as a separate batch after the conclusion of the Northern Lode trial. This ore was blended with Enterprise low grade at a ratio of 1:4, being four tonnes of Enterprise low grade ore with one tonne of Southern Lode ore. This ore blend was adopted due to the anticipated high diluted head grade of greater than 10g/t. The results of the trial are summarised in Table 1.

	Tonnes	Feed Grade (g/t)	Tails Grade (g/t)	Recovery (%)
<b>SOUTHERN LODE</b>	<b>2,908</b>	<b>11.10</b>	<b>1.84</b>	<b>83%</b>
Enterprise	10,617	1.04	0.10	90%
TOTAL	13,525	3.10	0.46	85%
<b>NORTHERN LODE</b>	<b>17,849</b>	<b>1.73</b>	<b>0.55</b>	<b>68%</b>
Porphyry	12,027	1.00	0.10	90%
TOTAL	29,876	1.49	0.40	73%

Table 1: Summary of Processing Trial for Red October

## **Central Lode Program**

The next stage comprises a drill-out of the exciting high grade Central Lode. This Lode has always been the main underground target as it contains the majority of total high grade ounces in the current resource model, and remains open at depth. Development of a drill-drive is nearing completion and diamond drilling will commence during July to infill existing surface drilling and to extend the drilling coverage at depth (Figure 5). Progressive development toward this Lode will commence shortly.

The Central Lode is characterized by some of the most spectacular drilling results obtained previously in drilling from the surface. These results include: -

<b>ROD006</b>	<b>4.0m @ 21.5g/t</b>
<b>ROD062</b>	<b>3.0m @ 41.3g/t</b>
<b>ROD063</b>	<b>4.0m @ 23.5g/t</b>
<b>ROD097</b>	<b>5.0m @ 46.1g/t</b>
<b>ROD098</b>	<b>2.0m @ 13.0g/t/</b>
<b>ROD124</b>	<b>3.0m @ 18.8g/t</b>
<b>ROD125</b>	<b>2.0m @ 26.1g/t</b>

Previous metallurgical test work on surface drill hole samples from the Central Lode indicates high processing recoveries and general mineralogical and metallurgical characteristics that are consistent with the results received to date from the trial processing of Southern Lode ore.

## **Competent Person's Statement**

The information in this release 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.

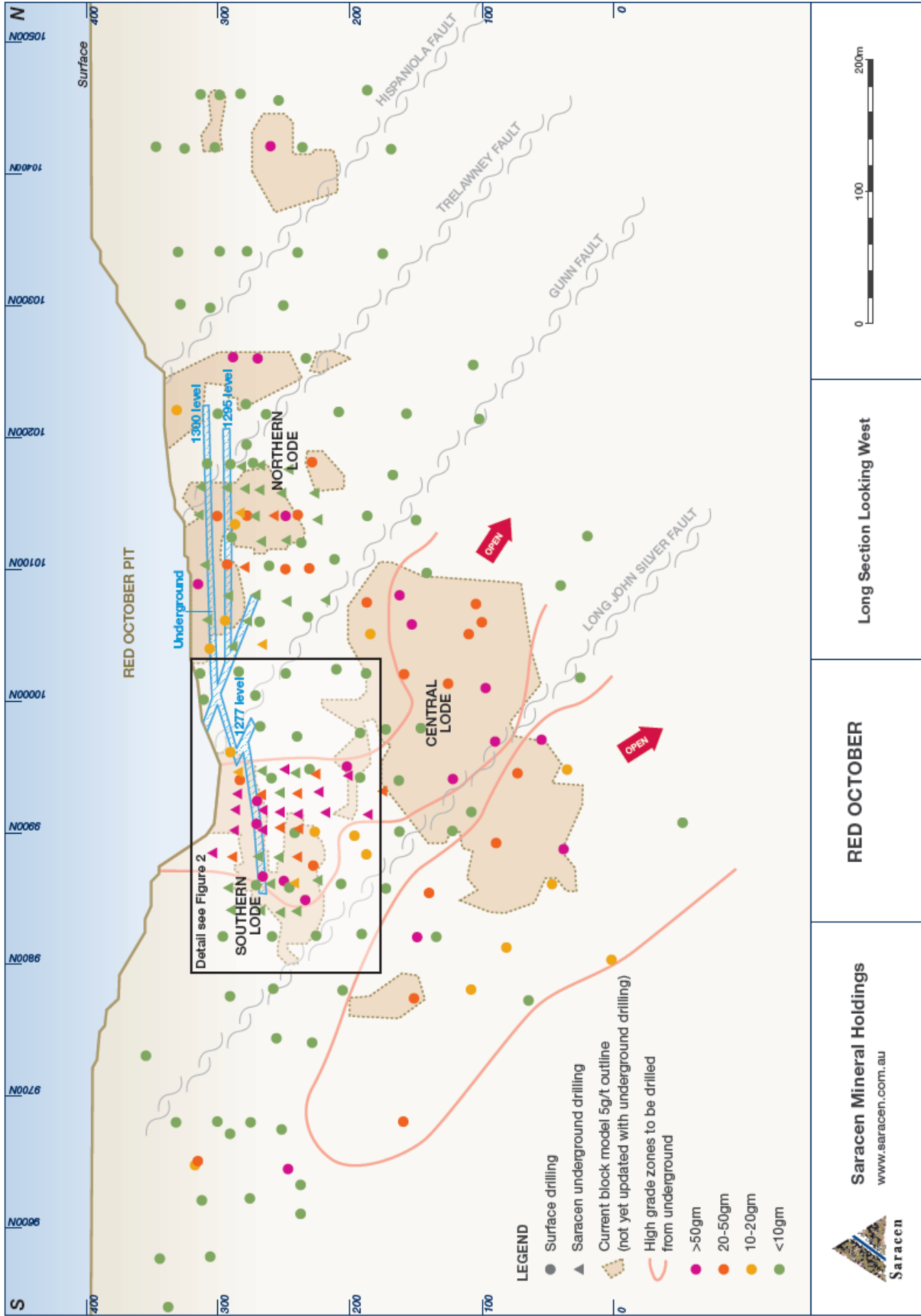


Figure 1: Red October longsection showing Southern, Central and Northern Lode development and drilling



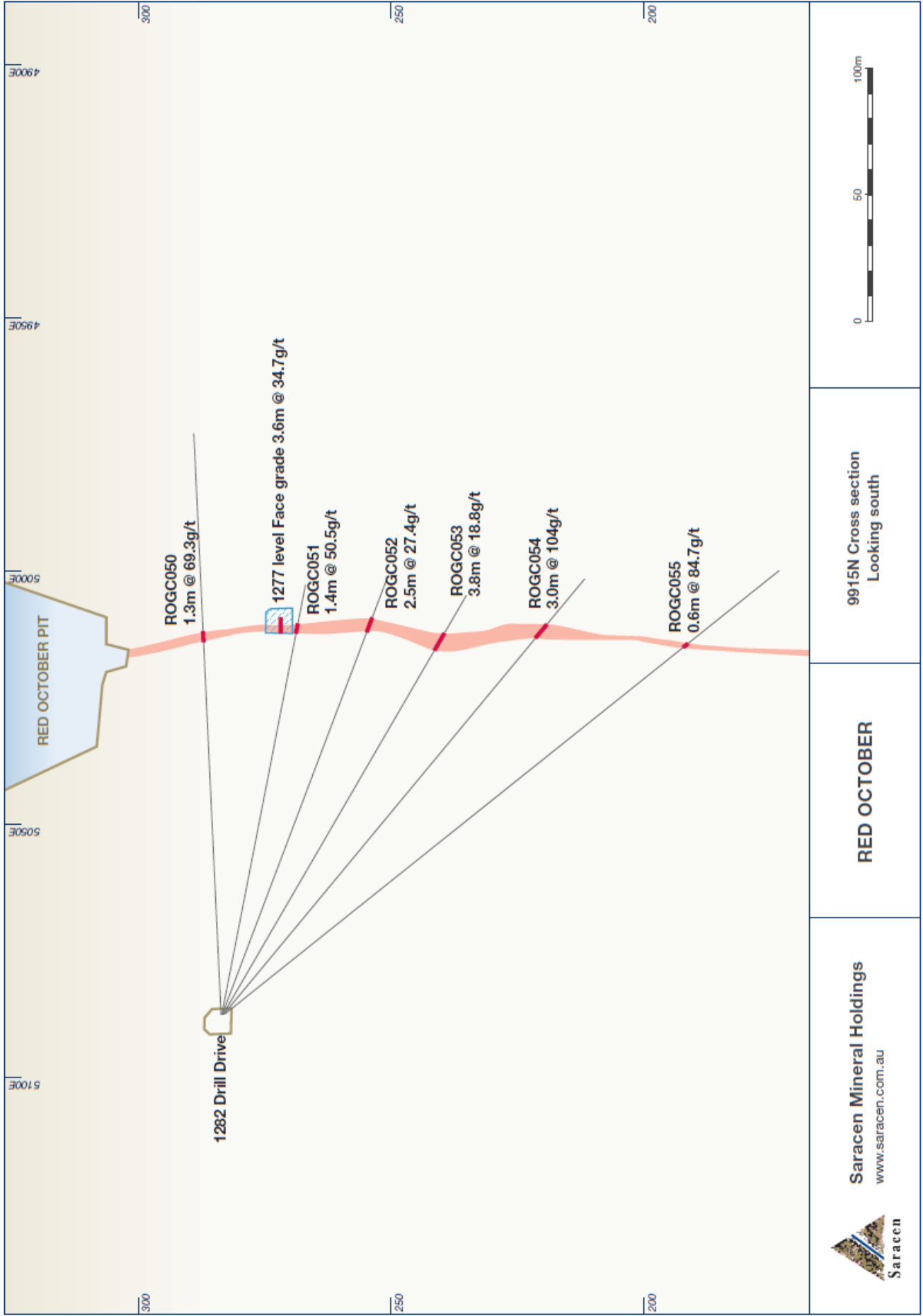


Figure 4: Cross-section of the Southern Lode on Section 9915N



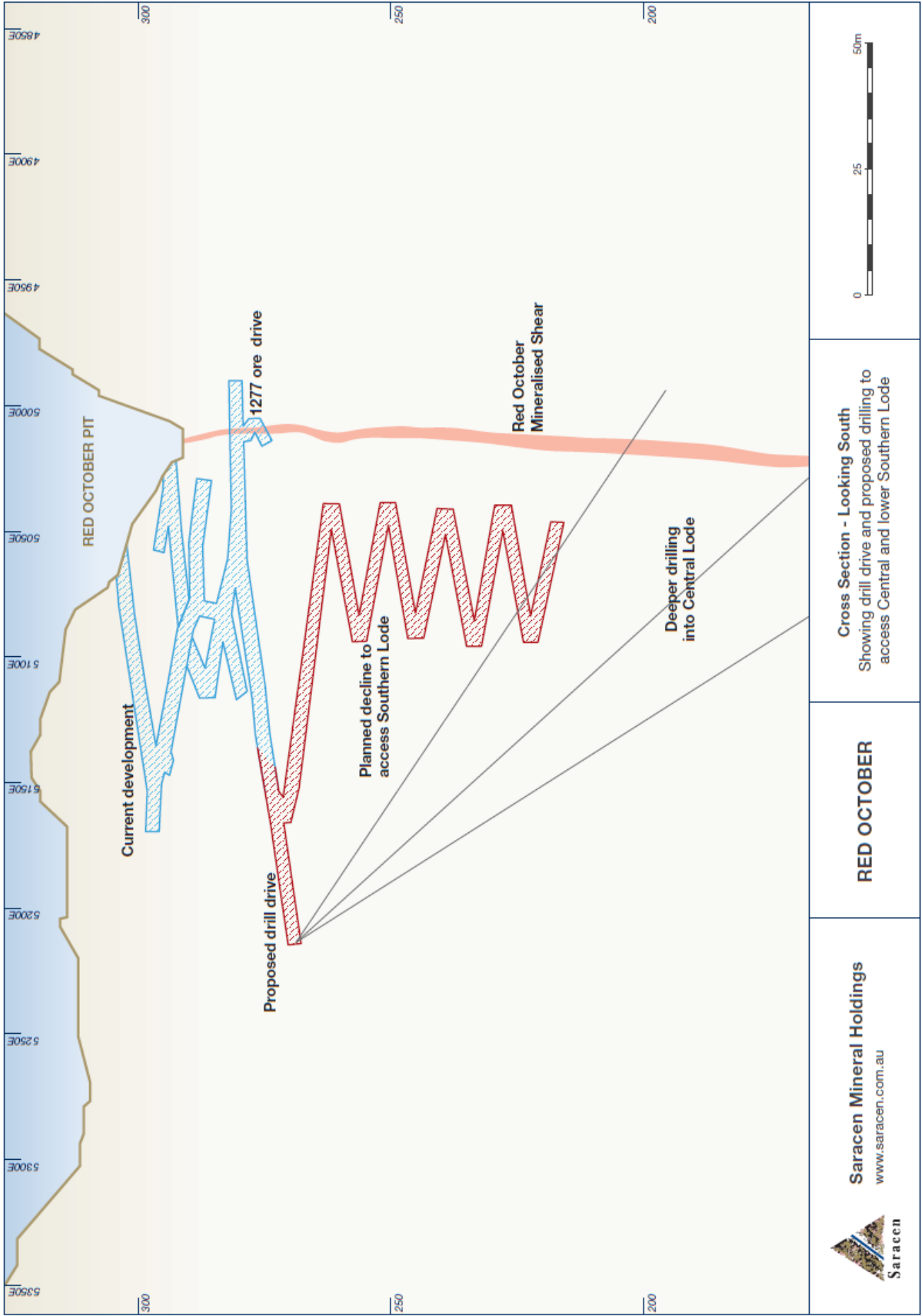


Figure 5: Proposed development in Southern Lode, and drill drive for the Central Lode



RED OCTOBER MAIN ZONE 2012 DIAMOND DRILLING											
Hole	Easting	Northing	RL	Azimuth	Dip	Depth	From (m)	To (m)	Width (m)	Grade g/t	
ROGC033	5086	9900	284	224	5	128	84.4	85.1	0.7	3.1	
ROGC034	5086	9900	283	229	-9	124	91	93.7	2.7	3.6	
ROGC035	5086	9900	283	224	-19	135			NSI		
ROGC036	5086	9900	283	223	-26	155			NSI		
ROGC037	5086	9901	284	236	6	166			NSI		
ROGC038	5086	9901	283	238	-15	120	82.2	82.7	0.5	8.9	
ROGC039	5086	9901	283	238	-27	135	87.2	87.8	0.6	26.2	
ROGC040	5085	9901	282	237	-37	150	94.5	95.0	0.5	11.7	
ROGC041	5086	9901	284	255	17	103	69.4	74.0	4.6	38.8	
ROGC042	5085	9901	284	254	4	100	79	80.0	1.0	33.8	
ROGC043	5085	9901	283	253	-10	106	76.4	78.0	1.6	5.6	
ROGC044	5085	9901	283	254	-21	112	81	82.0	1.0	4.1	
ROGC045	5085	9901	283	252	-29	117	83.6	89.0	5.4	6.9	
ROGC046	5085	9902	284	269	3	118	72.3	79.2	6.9	25.8	
ROGC047	5085	9902	283	268	-11	103	82	83.1	1.1	45.6	
ROGC048	5085	9902	283	268	-21	104	81.7	82.5	0.8	31.8	
ROGC049	5085	9902	283	268	-30	112	83.3	86.6	3.3	14.9	
ROGC050	5085	9916	284	272	3	115	73.4	74.7	1.3	69.3	
ROGC051	5085	9916	283	269	-11	103	76.2	77.6	1.4	50.0	
ROGC052	5085	9916	283	267	-21	106	80.6	83.1	2.5	27.4	
ROGC053	5085	9916	283	267	-30	115	82.3	85.9	3.6	18.8	
ROGC054	5084	9916	282	267	-39	124	96	99.0	3.0	104.0	
ROGC055	5085	9916	282	266	-51	161	123.1	123.7	0.6	84.7	
ROGC056	5084	9931	283	267	-11	103	73.85	76.0	2.2	15.5	
ROGC057	5084	9931	283	268	3	116	72.3	73.5	1.2	51.9	
ROGC058	5084	9931	282	268	-21	105	77.9	78.8	0.9	3.8	
ROGC059	5083	9931	282	267	-30	117	79.8	81.0	1.2	19.2	
ROGC060	5083	9931	282	267	-39	119	89.4	91.8	2.4	54.4	
ROGC061	5083	9931	281	268	-52	161	131.5	135.3	3.8	9.9	
ROGC062	5084	9931	283	281	2	115	74	75.0	1.0	19.3	
ROGC063	5084	9931	283	279	-11	120	77	77.6	0.6	5.8	
ROGC064	5084	9931	282	278	-21	124	87.9	89.1	1.2	49.7	
ROGC065	5084	9931	282	278	-29	134			NSI		
ROGC066	5084	9931	282	279	-39	148	88.1	89.1	1.0	34.1	
ROGC067	5084	9931	282	278	-48	176	105.5	108.1	2.6	39.9	

Table 2: Diamond drilling results from Main Zone to June 7th 2012

NSI no significant intercept