



Saracen

25 January 2008

The Company Announcement Platform

Australian Stock Exchange Limited

Level 8, Exchange Plaza

2 The Esplanade

PERTH WA 6000

Dear Sir/Madam

Whirling Dervish – Substantial Resource Increase

- *Whirling Dervish Gold Resource Base increases by 46.5% to 436,000 ounces.*
- *Total Resource Inventory increases to 2.7 million ounces.*

We refer to the Company's previous ASX announcements outlining drilling and other activities for the Whirling Dervish Gold deposit. The unmined Whirling Dervish deposit is situated approximately 1 km from the Company's Carosue Dam gold processing plant.

During the second quarter, additional resource definition drilling was conducted at Whirling Dervish. **From this drilling the geological interpretation and resource modelling were updated.**

The new resource model for the Whirling Dervish deposit incorporates data from an additional 1,340m of percussion drilling in 9 drill holes completed in late 2007. Most of the new drilling in-filled existing wide spaced drilling in the hanging wall of the main deposit, in an area where there is a reasonable prospect for a larger pit to access additional ore.

Resource Statement

The resource has been reported for all gold mineralisation above a 1.0 g/t block cutoff. Table 1 shows the gold mineralisation for all material above 1.0 g/t as at December 2007. Figures may not add exactly due to rounding.

Table 1. Whirling Dervish Resource Statement as at January 2008.

| | Indicated | | | Inferred | | | Total | | |
|---|------------|------------|-------------|------------|------------|-------------|------------|------------|-------------|
| | Tonnes (t) | Gold (g/t) | Ounces (oz) | Tonnes (t) | Gold (g/t) | Ounces (oz) | Tonnes (t) | Gold (g/t) | Ounces (oz) |
| Total | 4,900,000 | 2.0 | 310,000 | 2,300,000 | 1.7 | 126,000 | 7,200,000 | 1.9 | 436,000 |
| Material reported above 1.0 g/t block cut off | | | | | | | | | |

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Notes to accompany the Mineralised Resource Statement

- 1) Revised geology based on improved structural geology and geological interpretation of the hanging wall mineralization.
- 2) From the revised interpretation a drill program was designed and implemented to test the revised geological interpretation. Nine percussion drill holes for a total of 1340 metres were drilled and assayed during the December 2007 quarter.
- 3) A new resource model was developed based on the additional drilling and the revised geological interpretation of the hanging wall mineralization along with the tightening of the geological boundaries of the main Whirling Dervish mineralised structure.
- 4) The January 2008 resource statement is up from the 2007 resource statement as a result of the addition of the hanging wall mineralization.

Resource Classification

Saracen has classified and reported the Whirling Dervish Mineral Resources in accordance with The 2004 Australasian Code for Reporting of Mineral Resources and Ore Reserves (JORC Code). Classification of the resource has been compiled internally by Mr Byron Dumpleton, Senior Resource Geologist.

A range of criteria were considered when addressing the suitability of the classification boundaries. These criteria include:

Geological continuity and domained volume;
 Data quality;
 Drill spacing;
 Modelling technique;
 Estimation properties including search strategy, number of informing composites, average distance of composites from blocks and kriging quality parameters such as slope of regression.

Geological Continuity and Surface Volume

Saracen geological staff has sufficient confidence in the continuity and volume of the mineralised surfaces to classify the resource into the appropriate resource categories.

Drilling Spacing and Mining Information

Indicated material is generally confined to areas where there is sufficient grade control and resource definition drilling and where confidence in lode volume and continuity is high. This is typically defined by drill spacing no greater than 25m x 25m. Inferred material lies beyond the Indicated boundaries with drill spacing no greater than 50m x 50m.

Data Quality

All drilling techniques, survey, sampling/sample preparation, analytical techniques and database management/validation, data collection and management are well within industry standards.

Modelling Technique

Resource modelling was conducted internally. The resource estimation technique adopted was a traditional 3D style modelling approach using Ordinary Kriging. This modelling technique is suitable to the domains being estimated allowing reasonable expectation of mining selectivity across the mineralised domain.

Conclusion

The Indicated Resource occurs where geological confidence is high, due to strong support from drilling. Generally these areas had an average drill spacing of 25m x 25m or better. For the hangingwall mineralization all material with a kriging variance less than or equal to the median was assigned indicated status.

The Inferred Resource boundary was drawn outside the Indicated area and reflects mineralisation where there is less drilling. The average drill spacing is typically greater than 25m x 25m and less than 50m x 50m. For the hangingwall mineralization all material with a kriged variance greater than the median was assigned inferred status.

Competent Person

The information in this statement was compiled by Mr Byron Dumpleton, a member of the Australian Institute of Geoscientists, and who works for Saracen as a Senior Resource Geology consultant. Mr Dumpleton has sufficient experience which is relevant to this style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Dumpleton consents to the inclusions in the report of the matters based on his information in form and context in which it appears.

For further information please contact:

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