



15 June 2009

**The Company Announcement Platform**  
**Australian Stock Exchange Limited**  
Level 8, Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

Dear Sir/Madam

**Carosue Dam Operations – Mains Power Supply**

- **Commitment by Western Power to supply mains power to Carosue Dam**
- **This will result in:**
  - **Substantial reduction in cash operating costs**
  - **Increased ore reserves**
  - **Reduction in energy price risk**
  - **Enhancement of Saracen project economics**

The Directors are pleased to report that, following submissions to and discussions with Western Power, the Company has received formal notification from Western Power that mains power will be made available to the Carosue Dam Operations.

A supply of around 8MW will be installed, subject to acceptance by Saracen of Western Power's firm quotation, and finalisation of contractual and related documentation. Planning of the 90km long powerline and associated infrastructure has commenced, which should result in mains power replacing diesel power at Carosue Dam during mid to late 2010.

To date, Saracen's definitive feasibility study and bank finance assumptions have been based on a diesel-fired power station for the entire life of the mining project. Significant milling and other cost reductions will result from the installation of mains power. In turn, lower operating costs will result in markedly improved project economics and an enhancement of the ore reserve position. Furthermore, energy price risk related to diesel price variability will be reduced.

The Directors consider this a very positive development for the Company. Further information on Saracen's capital requirements and cost savings will be provided when the detailed planning and costing phase is completed in the months ahead. However preliminary estimates commissioned by Saracen have indicated capital costs in the range \$10 - \$15 million and cash cost savings of \$60 /oz - \$100/oz, relative to the diesel price experienced during the last year.

Financing of the capital cost is expected to be satisfied readily by debt and/or equity.

**For further information please contact:**

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