

# Notice of Annual General Meeting

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**SARACEN MINERAL HOLDINGS LIMITED | ABN 52 009 215 347**



**TIME:** 10 am (WST)  
**DATE:** Tuesday 20th November 2012  
**PLACE:** Duxton Hotel Perth  
1 St Georges Terrace  
Perth, Western Australia

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 6229 9100

# Contents

|   |          |
|---|----------|
| Notice of Annual General Meeting (setting out the proposed resolutions) | 3        |
| Explanatory Statement (explaining the proposed resolutions)             | 5        |
| Glossary  | 8        |
| Annexure A - Terms and Conditions of Option Scheme                      | 9        |
| Proxy Form  | enclosed |

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## Time and Place of Meeting and How to Vote

### VENUE

The Annual General Meeting of the Shareholders which this Notice of Meeting relates to will be held at 10am (WST) on Tuesday, 20th November 2012 at:

Duxton Hotel Perth  
1 St Georges Terrace  
Perth, Western Australia

### YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

### VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

### VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out in the Proxy Form.

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act as they apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes is set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and
- if the proxy is not the Chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

# Notice of Annual General Meeting

Notice is given that the Annual General Meeting of Shareholders of Saracen Mineral Holdings Limited will be held at Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia at 10am (WST) on Tuesday, 20th November 2012.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the Proxy Form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5pm WST on 18th November 2012.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

## AGENDA

### Financial Report

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2012, together with the Declaration of the Directors, the Directors' Report and the Auditor's Report.

**Note:** The Corporations Act requires Directors to present before the meeting the annual financial report, the Declaration of the Directors, the Directors' Report and the Auditor's Report. There is no requirement for a resolution to approve these reports. Shareholders will be given the opportunity to raise questions and make comments on these reports.

### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

*“That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report.”*

**Note:** The Directors will consider the outcome of the vote and comments made by members on the Remuneration Report at the Annual General Meeting when reviewing the Company's remuneration policies. If at least 25% of the votes cast on the resolution for adoption of the Remuneration Report for the relevant financial year are against its adoption at two consecutive Annual General Meetings, members will be required to vote at the second of these Annual General Meetings on a resolution (Spill Resolution) that another meeting be held within 90 days at which all of the Directors of the Company (other than the Managing Director) must come up for re-election.

#### Voting Exclusion:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report;
- or
- (b) a Closely Related Party of such a member.

However, a person (the voter) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

### RESOLUTION 2 – ELECTION OF MARTIN REED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purpose of clause 56 of the Constitution and for all other purposes, Mr Martin Reed, a Director who was appointed by the Board during the year and, being eligible, is hereby elected as a Director.”*

### RESOLUTION 3 – RE-ADOPTION OF INCENTIVE OPTION SCHEME

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That, for the purposes of Listing Rule 7.2 (Exception 9) of the ASX Listing Rules and for all other purposes, approval is given for the renewal of the “Saracen Mineral Holdings Limited Incentive Option Scheme” (as amended) and that its terms and conditions be adopted for the next three (3) years and for the issue of securities pursuant to the Scheme.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a Director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**Note:** The voting exclusion is required to be included in this notice pursuant to Listing Rule 7.2 (Exception 9). The Directors of the Company are ineligible to participate in the Scheme pursuant to clause (a) of the Scheme, as set out in Annexure A to this Notice. Therefore the Company will not exclude any votes cast on this Resolution by a Director of the Company.

#### **RESOLUTION 4 – AMENDMENT TO TERMS OF EXISTING INCENTIVE SCHEME OPTIONS**

If Resolution 3 is passed, to consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

*“That approval is given for the purposes of ASX Listing Rule 6.23.4 and for all other purposes, for the Company to amend the terms of all outstanding Options issued under the previous Saracen Mineral Holdings Limited Incentive Option Scheme to allow the cashless exercise of such Options on the terms, and in the manner, set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who holds an option that is the subject of the approval and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Dated: 16 October 2012

By Order of The Board

**Gerry Kaczmarek**

Company Secretary

# Explanatory Statement

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Duxton Hotel Perth, 1 St Georges Terrace, Perth, Western Australia on Tuesday, 20th November 2012 at 10am (WST).

The purpose of this Explanatory Statement is to provide information that the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

## 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2012 together with the Declaration of the Directors, the Directors' Report and the Auditor's Report.

In accordance with amendments to the Corporations Act, the Company is no longer required to provide a hard copy of the Company's annual financial report to Shareholders unless a Shareholder has specifically elected to receive a printed copy. Whilst the Company no longer provides a hard copy of the Company's annual financial report unless specifically requested to do so, Shareholders may view and download a copy of the Company's annual financial report from its website at [www.saracen.com.au](http://www.saracen.com.au).

## 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

### 2.1 General

The Corporations Act requires that at a listed Company's Annual General Meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders. However, such a resolution is advisory only and does not bind the Company or the Directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the annual financial report of the Company for a financial year.

The Chair of the meeting must allow a reasonable opportunity for its Shareholders to ask questions about or make comments on the remuneration report at the Annual General Meeting.

### 2.2 Voting consequences

Under changes to the Corporations Act which came into effect on 1 July 2011, a company is required to put to its Shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of Directors of the Company (Spill Resolution) if, at consecutive annual general meetings, at least 25% of the votes cast on a Remuneration Report resolution are voted against adoption of the Remuneration Report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the Company must convene a Shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the Directors of the Company who were in office when the Directors' Report (as included in the Company's annual financial report for the previous financial year) was approved, other than the Managing Director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the **Spill Meeting** those persons whose election or re-election as Directors of the Company is approved will be the Directors of the Company.

### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the Remuneration Report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

### 2.4 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

**If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:**

**You must direct your proxy how to vote** on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

**If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):**

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, **you must mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.**

**If you appoint any other person as your proxy:**

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

### 3. RESOLUTION 2 – ELECTION OF MR MARTIN REED

Clause 56 of the Constitution provides that the Directors may appoint a person to be a Director of the Company either to fill a casual vacancy or as an addition to the Board. Any Director so appointed may only hold office until the next general meeting at which they are then eligible for election.

Mr Martin Reed, who was appointed to the Board as an additional non-executive Director on 24th August 2012, now retires in accordance with clause 56 of the Constitution and seeks election. Details regarding Mr Reed are set out in the Company's 2012 annual report.

#### RETIREMENT OF MR CARL THOMPSON

Clause 57 of the Constitution provides that one-third of the Directors (or, if their number is not a multiple of 3, then the number nearest to but not exceeding one-third), shall retire from office at each Annual General Meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third Annual General Meeting following their appointment, whichever is longer, without submitting themselves for re-election. A retiring Director is eligible for re election.

Mr Carl Thompson retires in accordance with clause 57 of the Constitution. Due to other work commitments, Mr Thompson is not seeking re-election.

The Directors would like to record their appreciation of Mr Thompson's valuable input since Saracen became an explorer and through the course of its transition to a gold producer.

### 4. RESOLUTION 3 – RE-ADOPTION OF INCENTIVE OPTION SCHEME

Resolution 3 seeks the approval of Shareholders for the renewal of the "Saracen Mineral Holdings Limited Incentive Option Scheme" (**Scheme**) to allow the grant of options under the Scheme as an exception to ASX Listing Rule 7.1 in accordance with exception 9(b) of ASX Listing Rule 7.2. An issue under an incentive option scheme will only fall within exception 9(b) of ASX Listing Rule 7.2 if the securities are issued under a Scheme approved by shareholders within 3 years before the date of issue.

The Scheme being proposed is materially no different from the one presently in place and approved by Shareholders at the Annual General Meeting held on 26 November 2010 except for an amendment to include a cashless exercise facility.

A Cashless Exercise Facility allows the Optionholder to set-off the exercise price and receive Shares to the value of the surplus. By way of example:-

*If a participant holds 1,000 Options (which have vested and are therefore capable of exercise), each with an Option Exercise Price of \$1.00, and they elect to exercise all of their Options in accordance with paragraph (r)(i), they would pay the Company \$1,000 and receive 1,000 Shares. If however the participant elects to use the Cashless Exercise Facility and the Company's Share price (as determined in accordance with paragraph (r)(ii)) is \$1.50, the participant will pay no cash and receive 333 Shares (being  $(1,000 \times (\$1.50 - \$1.00)) / \$1.50 = 333.33$ , rounded down to 333 Shares).*

The Company sees a number of benefits in offering a cashless exercise alternative. These include:-

- a) Limiting dilution to existing Shareholders as the cashless alternative will require less Shares to be issued;
- b) Limiting price volatility from Optionholders who will need to immediately dispose of their Shares acquired upon exercise of their Options to fund the exercise amounts; and
- c) Making Option exercise easier and more attractive to those employees who may not have the cash available to exercise their Options.

While less cash would be received by the Company where cashless exercise is used, this is not a major consideration as the Options are not issued to raise funds but principally as part of employment conditions to assist in attracting and retaining appropriate staff.

2,762,500 options have been granted under the Scheme since it was last approved by Shareholders. Since then, 10,477,800 options have lapsed as a consequence of option holders leaving the services of the Company or an associated body corporate.

If Resolution 3 is passed, the Company will have the ability to issue options to eligible participants under the Scheme over a period of 3 years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1. The Scheme is designed to provide eligible participants with an ownership interest in the Company and to provide additional incentives to develop the Company and increase returns to Shareholders. The objective of the Scheme is to attract, motivate and retain employees and consultants whom the Directors consider would contribute towards the Company's performance. The Scheme also forms an integral component of the Company's Remuneration policy. Any grant of options to a Director will require prior Shareholder approval.

It is considered by the Directors that the adoption of the Scheme and the future grant of options under the Scheme will provide eligible participants with the opportunity to participate in the future growth of the Company.

A copy of the Scheme is set out in Annexure "A".

## 5. RESOLUTION 4 – AMENDMENT TO TERMS OF EXISTING INCENTIVE SCHEME OPTIONS

If Shareholder approval is received for Resolution 3, as described above, Options issued under the revised Saracen Mineral Holdings Limited Incentive Option Scheme (**Scheme**) will allow Optionholders to either exercise their Options by paying cash upon exercise of their Options and receiving one (1) Share per Option exercised or, by nominating to use the "Cashless Exercise Facility" where no cash is payable. The Company will only issue that number of Shares (rounded down to the nearest whole number) as are equal to the difference between the Exercise Price otherwise payable for the Options and the market value of the Shares at the time of exercise as determined by the weighted average closing price of Shares on the ASX over the 5 trading days prior to exercise.

The Cashless Exercise Facility allows the Optionholder to set-off the exercise price and receive Shares to the value of the surplus. By way of example:-

*If a participant holds 1,000 Options (which have vested and are therefore capable of exercise), each with an Option Exercise Price of \$1.00, and they elect to exercise all of their Options in accordance with paragraph (r)(i), they would pay the Company \$1,000 and receive 1,000 Shares. If however the participant elects to use the Cashless Exercise Facility and the Company's Share price (as determined in accordance with paragraph (r)(iii)) is \$1.50, the participant will pay no cash and receive 333 Shares (being  $(1,000 \times (\$1.50 - \$1.00)) / \$1.50 = 333.33$ , rounded down to 333 Shares).*

Options that have been issued to employees previously do not allow such choice. All Options currently on issue under the Scheme only permit exercise by paying the full cash amount upon exercise. The Company would like to make the alternatives consistent across all employee Options and offer the Cashless Exercise Facility to all existing holders of employee Options.

In accordance with ASX Listing Rule 6.23.4, a change of terms of existing Options can only be made if Shareholders have first approved the change. The purpose of this Resolution 4 is to seek Shareholder approval to make the relevant change.

There are currently 13,111,968 employee Options on issue. If Shareholders approve this Resolution 4, it is proposed that all existing holders of Options under the Scheme be given the alternative of traditional exercise for cash and the cashless exercise method.

Below is a table of employee Options currently on issue to which the new terms would apply:-

| Unlisted Employee Incentive Options on Issue            | Exercise Price (per share) | Number     |
|---|----------------------------|------------|
| Exercisable on or before 31 October 2012                | \$0.50                     | 200,000    |
| Exercisable on or before 30 November 2012               | \$0.60                     | 200,000    |
| Exercisable on or before 31 December 2012               | \$0.65                     | 200,000    |
| Exercisable on or before 31 January 2013                | \$0.35                     | 524,997    |
| Exercisable on or before 28 February 2013               | \$0.45                     | 758,335    |
| Exercisable on or before 31 March 2013                  | \$0.55                     | 758,336    |
| Exercisable between 1 October 2012 and 31 December 2012 | \$0.53                     | 2,203,200  |
| Exercisable between 1 March 2013 and 31 May 2013        | \$0.55                     | 3,304,800  |
| Exercisable between 1 October 2013 and 31 December 2013 | \$0.58                     | 3,304,800  |
| Exercisable between 1 March 2013 and 31 May 2013        | \$0.84                     | 331,500    |
| Exercisable between 1 October 2013 and 31 December 2013 | \$0.92                     | 331,500    |
| Exercisable between 1 March 2014 and 31 May 2014        | \$0.96                     | 497,250    |
| Exercisable between 1 October 2014 and 31 December 2014 | \$1.00                     | 497,250    |
| Total   |                            | 13,111,968 |

### 5.1 Proxy voting restrictions

Shareholders appointing a proxy for this Resolution should note the following:

**If you appoint a member of the Key Management Personnel (other than the Chair) whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member as your proxy:**

**You must direct your proxy how to vote** on this Resolution. Undirected proxies granted to these persons will not be voted and will not be counted in calculating the required majority if a poll is called on this Resolution.

**If you appoint the Chair as your proxy (where he/she is also a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or a Closely Related Party of such a member):**

You **do not** need to direct your proxy how to vote on this Resolution. However, if you do not direct the Chair how to vote, you **must** mark the acknowledgement on the Proxy Form to expressly authorise the Chair to exercise his/her discretion in exercising your proxy even though this Resolution is connected directly or indirectly with the remuneration of Key Management Personnel.

**If you appoint any other person as your proxy:**

You **do not** need to direct your proxy how to vote on this Resolution, and you **do not** need to mark any further acknowledgement on the Proxy Form.

## 6. ENQUIRIES

Shareholders can contact the Company Secretary, Gerry Kaczmarek on (08) 6229 9100 if they have any queries in respect of the matters set out in this Notice of Meeting.

# Glossary

**\$** means Australian dollars.

**Annual General Meeting** means the meeting convened by the Notice of Meeting.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited.

**ASX Listing Rules** or **Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Closely Related Party of a member of the Key Management Personnel** means:

- b) a spouse or child of the member;
- c) a child of the member's spouse;
- d) a dependent of the member or the member's spouse;
- e) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- f) a company the member controls; or
- g) a person prescribed by the Corporations Regulations 2001 (Cth).

**Company** and **Saracen** means Saracen Mineral Holdings Limited (ACN 009 215 347).

**Constitution** means the Company's constitution.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Director** means a current director of the Company.

**Explanatory Statement** means the explanatory statement accompanying the Notice of Meeting.

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Notice** means the notice of the 2012 Annual General Meeting of the Company including the Explanatory Statement.

**Officer** means a Director, company secretary, executive officer or employee.

**Remuneration Report** means the remuneration report set out in the Company's 2012 annual report.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Shares** means ordinary fully paid shares in the capital of the Company.

**Shareholder** means a holder of Shares.

**WST** means Western Standard Time.

# Annexure “A” - Employee Option Scheme

**SARACEN MINERAL HOLDINGS LIMITED | ABN 52 009 215 347**

## INCENTIVE OPTION SCHEME

### Terms and Conditions

The Directors are empowered to operate the Saracen Incentive Option Scheme (the “**Scheme**”) on the following terms and in accordance with the Listing Rules of the ASX:

- (a) Eligible participants shall be:
- (i) those full time or part time employees (other than Directors) of Saracen Mineral Holdings Limited ACN 009 215 347 (the “Company”) or an Associated Body Corporate; or
  - (ii) a Consultant who the Directors in their absolute discretion from time to time consider to be personnel whose services it is desirable to retain and/or whose participation in the Scheme is considered to be appropriate.
- (b) The formula by which the entitlements of eligible participants shall be determined is at the absolute discretion of the Directors and shall take into account skills, experience, length of service with the Company, remuneration level and such other criteria as the Directors consider appropriate in the circumstances.
- (c) The Directors may in their discretion grant Options, but subject to paragraph (d), to acquire fully paid ordinary shares (“Shares”) in the Company (the “Options”) for the benefit of eligible participants.
- (d) Options may not be granted under this Scheme, other than in accordance with an exemption set out in Section 708 of the Corporations Act or with the issue of a disclosure document under Chapter 6D of the Corporations Act or pursuant to relief granted under ASIC Class Order 03/184, if the aggregate of:
- (i) the number of Options to be granted;
  - (ii) the number of Shares which would be issued if all the current Options granted under any employee incentive scheme of the Company were exercised;
  - (iii) the number of Shares which have been issued as a result of the exercise of Options granted under any employee incentive scheme of the Company, where the Options were granted during the preceding five years; and
  - (iv) all other Shares issued pursuant to any employee incentive scheme of the Company during the preceding five years, but disregarding any offer made, Option acquired or Shares issued by way of or as a result of:
    - (v) an offer to a person situated at the time of receipt of the offer outside Australia;
    - (vi) an offer that was an excluded offer or invitation within the meaning of the Corporations Act as it stood prior to the commencement of Schedule 1 of the Corporate Law Economic Reform Program Act 1999;
    - (vii) an offer that did not need disclosure to investors because of section 708 of the Corporations Act; or
    - (viii) an offer made under a disclosure document, would exceed 5% of the of Shares on issue at the time of the offer.
- (e) Options will be issued free of charge to the participants. The exercise price of the Options shall be as the Directors in their absolute discretion determine, provided the exercise price shall not be less than the market price of the Company’s shares on ASX on the trading day prior to the day the Directors resolve to grant the said Options.
- (f) Options shall be exercisable within such period(s) or upon such event(s) as the Directors may specify at the date of grant to a maximum of five years from such date of grant, and the Directors may specify maximum numbers which may be exercised annually. All Options with a common expiry date shall have the same exercise prices, exercise dates, and rights of participation in issues of securities by the Company. Unless the Directors in their absolute discretion determine otherwise, Options shall lapse upon the earlier of:
- (i) the expiry of the exercise date;
  - (ii) the Option holder ceasing to be within the category of eligible participant by reason of dismissal, resignation or termination of employment, office or services for any reason;
  - (iii) the expiry of 30 days after the Option holder ceasing to be within the category of eligible participant by reason of retirement; or
  - (iv) a determination by the Directors that the participant has acted fraudulently, dishonestly or in breach of the obligations of the participant to the Company or its Associated Body Corporate.
- (g) Subject to paragraph (f)(ii), each Option entitles the holder to subscribe for and be allotted one fully paid ordinary share in the Company.
- (h) Shares issued pursuant to the exercise of Options will in all respects, including bonus issues and new issues, rank equally and carry the same rights and entitlements as other Shares on issue.
- (i) Each Option will entitle the holder to participate in new cash issues of ordinary Shares or other securities of the Company or any other company in which Shares or other securities are offered to Shareholders of the Company, on the prior exercise of the Option in which case the holder shall be afforded the period of at least ten (10) Business days before the books closing date to determine entitlements to the issue, to exercise the Option.

Subject to the Listing Rules, if during the life of an Option, there is a pro rata issue (except a bonus issue) to the holders of Shares, the Exercise Price may be reduced according to the following formula:

$$O' = O - \frac{E[P - (S+D)]}{N+1}$$

O' = The new exercise price of the option. In the case of an option over a share, the new exercise price may not be reduced below the par value (if any) of the share.

O = the old exercise price of the option.

E = the number of underlying securities into which one option is exercisable.

Note: E is one unless the number has changed because of a bonus issue

P = the average market price per share (weighted by reference to volume) of the underlying securities during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price for a security under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro rata issue).

N = the number of securities with rights or entitlements that must be held to receive a right to one new security.

No change will be made to the number of Shares to which the Participant is entitled.

In the event of a bonus issue of Shares being made pro-rata to ordinary Shareholders, (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus shares that would have been issued if the Option had been exercised prior to the books closing date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.

- (j) Options will not be quoted on the ASX. However, application will be made to the ASX for official quotation of the Shares allotted pursuant to the exercise of Options if the Company's Shares are listed on the ASX at that time.
- (k) Acceptance of an Option offer by an eligible participant and the exercise of Options granted pursuant to an Options offer shall be in accordance with and subject to these terms and conditions and the terms and conditions set out in the Option offer as are approved by the Directors from time to time.
- (l) The terms upon which Options will be granted, will not prevent the Options being reorganised as required by the Listing Rules on the reorganisation of the capital of the Company.
- (m) The Scheme shall only apply to Options over fully paid ordinary shares in the Company.
- (n) Subject to and in accordance with the Listing Rules (including any waiver granted under such Listing Rules), the Directors (without the necessity of obtaining the prior or subsequent consent of Shareholders of the Company in a general meeting) may from time to time amend (including the power to revoke, add to or vary) all or any provisions of the Terms and Conditions in any respect whatsoever, by an instrument in writing, provided that, rights or entitlements in respect of any Option granted before the date of amendment shall not be reduced or adversely affected unless prior written approval from the affected holder(s) is obtained.
- (o) At the absolute discretion of the Directors, the terms upon which Options will be granted may incorporate performance-related factors. Such factors may reflect, inter alia, profitability levels, increases in production or decreases in production costs and may, subject to paragraph (n) above, be amended from time to time in a manner favourable to the Option holder. However such performance-related factors, if included in the Options terms of grant or so amended shall not act in any way to constitute a breach of the Terms and Conditions.
- (p) Notwithstanding the Terms and Conditions, upon the occurrence of a Trigger Event the Directors may determine:
  - (i) that the Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Options shall lapse to the extent they have not been exercised; or
  - (ii) to use their reasonable endeavours to procure that an offer is made to holders of Options on like terms (having regard to the nature and value of the Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.
- (q) An Option may not be transferred or assigned except that a legal personal representative of a holder of an Option who has died or whose estate is liable to be dealt with under laws relating to mental health will be entitled to be registered as the holder of that Option after the production to the Directors of such documents or other evidence as the Directors may reasonably require to establish that entitlement.
- (r) (i) An Option is exercisable by the holder lodging with the Company a notice of exercise of Option in the form set out in the Schedule or in such form as is approved by the Directors from time to time, together with payment (subject to paragraph (r)(iii)) for the exercise price of each Option to be exercised and the relevant Option certificate or such other evidence of ownership that the Directors may determine from time to time. If not all of the holder's Options are being exercised, a holder must exercise Options in multiples of 1,000.

(ii) Cashless Exercise Facility

- 1) If a Participant wishes to exercise some or all of the participant's Options, it may do so by either paying an amount equal to the Option Exercise Price in accordance with paragraph (r)(i), or by electing to use the cashless exercise facility provided for by this paragraph (r)(ii) (Cashless Exercise Facility).
- 2) The Cashless Exercise Facility entitles a participant to set-off the Option Exercise Price against the number of Shares which the participant is entitled to receive upon exercise of the participant's Options. By using the Cashless Exercise Facility, the participant will receive Shares to the value of the surplus after the Option Exercise Price has been set-off.
- 3) If a participant elects to use the Cashless Exercise Facility, the participant will only be issued that number of Shares (rounded down to the nearest whole number) as are equal in value to the difference between the Option Exercise Price otherwise payable for the Options and the then market value of the Shares at the time of exercise (determined as the weighted average closing price of Shares on the ASX over the 5 trading days prior to exercise). For example:

If a participant holds 1,000 Options (which have vested and are therefore capable of exercise), each with an Option Exercise Price of \$1.00, and they elect to exercise all of their Options in accordance with paragraph (r)(i), they would pay the Company \$1,000 and receive 1,000 Shares. If however the participant elects to use the Cashless Exercise Facility and the Company's Share price (as determined in accordance with this paragraph (r)(ii)(3)) is \$1.50, the participant will pay no cash and receive 333 Shares (being  $(1,000 \times (\$1.50 - \$1.00)) / \$1.50 = 333.33$ , rounded down to 333 Shares).

- (s) The Directors may appoint for the proper administration and management of the Scheme, such persons as it considers desirable and may delegate thereto such authorities as may be necessary or desirable for the administration and management of the Scheme. Subject to the provisions of the Terms and Conditions, the Directors may make such regulations and establish such procedures for the administration and management of the Scheme as they consider appropriate. The decision of the Directors as to the interpretation, effect or application of the Terms and Conditions will be final.
- (t) Neither participation in the Scheme by the Company or an Associated Body Corporate or any eligible participants or Option holders or anything contained in these Terms and Conditions shall in any way prejudice or affect the right of the Company or an Associated Body Corporate to dismiss any eligible participant or Option holder or to vary the terms of employment of any eligible participant or Option holder. Nor shall participation or the rights or benefits of an eligible participant or Option holder under the Terms and Conditions be relevant to or used as grounds for granting or increasing damages in any action brought by any eligible participant or Option holder against the Company or an Associated Body Corporate whether in respect of any alleged wrongful dismissal or otherwise.
- (u) For the purpose of the Scheme the following words have the following meanings:

**"Associated Body Corporate"** means:

- (i) a related body corporate (as defined in the Corporations Act) of the Company;
- (ii) a body corporate which has an entitlement to not less than 20% of the voting shares of the Company; and
- (iii) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**"ASX"** means ASX Limited.

**"Business day"** means those days other than a Saturday, Sunday, New Year's Day, Australia Day, Good Friday, Easter Monday, Anzac Day, Christmas Day, Boxing Day and any other day which the ASX shall declare and publish is not a business day.

**"Consultant"** means any person who (in their own right or as an employee, partner or agent of a corporation or partnership) is employed by or engaged in the business of provision of contracting for or advising the Company or any Associated Body Corporate.

**"Corporations Act"** means the Corporations Act 2001(Cth), as amended from time to time.

**"Listing Rules"** means the official listing rules of the ASX as amended from time to time.

**"Takeover Offer"** means a takeover offer or announcement within the meaning of the Corporations Act.

**"Terms and Conditions"** means these Terms and Conditions as amended from time to time.

**"Trigger Event"** means:

- (a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;
- (b) the announcement of a takeover bid or receipt by the Company of a bidder's statement in respect of the Company; or
- (c) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

# Schedule

## NOTICE OF EXERCISE OF OPTIONS

To: The Directors  
Saracen Mineral Holdings Limited

I/We \_\_\_\_\_  
of \_\_\_\_\_

being registered holder(s) of the Options to subscribe for fully paid ordinary shares in the Company set out on the certificate annexed to this notice, hereby exercise \_\_\_\_\_ of the abovementioned Options.

I/We advise, by ticking the relevant box, that we either:-

- Enclose my/our cheque/EFT remittance advice for \$ \_\_\_\_\_ in full payment of the application monies due in respect of those shares calculated on the basis of \$ \_\_\_\_\_ per share.
- Confirm that I/We wish to exercise the above number of Options using the Cashless Exercise Facility described in paragraph (r)(ii) of the Scheme.

I/ We authorise and direct the Company to register me/us as the holder(s) of the relevant number of Shares to be allotted to me/us and I/we agree to accept such shares subject to the provisions of the Constitution of the Company.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_\_\_.

\_\_\_\_\_  
**Signature of Holder(s)**

Note:

1. Each holder must sign.
2. If applicable, an application by a company must be executed pursuant to section 127 of the Corporations Act 2001 (Cth) and if signing for a company as a sole director/secretary – ensure “sole director” and “sole secretary” is written beside the signature.
3. Cheques should be made payable to “Saracen Mineral Holdings Limited”.
4. If you are not exercising all of your options, you must exercise options in multiples of 1000.

# Proxy Form

Appointment of Proxy

Saracen Mineral Holdings Limited ACN 009 215 347

## ANNUAL GENERAL MEETING

I/We

of

being a member of Saracen Mineral Holdings Limited and entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR  the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, and subject to the relevant laws as the proxy sees fit, at the Annual General Meeting to be held at 10 am (WST), on 20 November 2012 at Duxton Hotel Perth, 1 St George's Terrace, Perth, Western Australia and at any adjournment thereof.

**Note:** Important for Resolutions 1 & 4: If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolutions 1 & 4, the proxy will be prevented from casting your votes on Resolutions 1 & 4. If the Chair or another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolutions 1 & 4, you must direct your proxy how to vote on Resolutions 1 & 4.

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of Resolutions 2 & 3 please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 2 & 3 and that votes cast by the Chair of the Annual General Meeting for Resolutions 2 & 3 other than as proxy holder will not be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 2 & 3 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 2 & 3.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

| Voting on Business of the Annual General Meeting               | FOR                      | AGAINST                  | ABSTAIN                  |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of Remuneration Report                 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Election of Director – Martin Reed              | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Re-adoption of Incentive Option Scheme          | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Amendment to Terms of Existing Employee Options | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_\_%

|  |                                  |                                  |
|--|----------------------------------|----------------------------------|
| Signature of Member(s) :                       |                                  | Date: _____                      |
| Individual or Member 1<br><input type="text"/> | Member 2<br><input type="text"/> | Member 3<br><input type="text"/> |
| Sole Director/Company Secretary                | Director                         | Director/Company Secretary       |

Contact Name: \_\_\_\_\_ Contact Ph (daytime): \_\_\_\_\_

## INSTRUCTIONS FOR COMPLETING 'APPOINTMENT OF PROXY' FORM

1. **[Appointing a Proxy]:** A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **[Direction to Vote]:** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **[Signing Instructions]:**
  - (Individual): Where the holding is in one name, the member must sign.
  - (Joint Holding): Where the holding is in more than one name, all of the members must sign.
  - (Power of Attorney): If you have not already provided the Power of Attorney to the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
  - (Companies): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **[Attending the Meeting]:** Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.
5. **[Return of Proxy Form]:** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - (a) post to Saracen Mineral Holdings Limited, GPO Box 2563, Perth WA, 6001; or
  - (b) by facsimile to the Company on facsimile number (+61 8) 6229 9199,  
so that it is received by 5pm (WST) 18 November 2012.

**Proxy forms received later than this time will be invalid.**