



Saracen

SARACEN MINERAL HOLDINGS LIMITED

ACN 009 215 347

(Company)

RETAIL ENTITLEMENT OFFER DOCUMENT

For a non-renounceable pro-rata entitlement issue of two (2) New Shares in the Company (**New Shares**) for every eleven (11) existing fully paid ordinary shares in the Company (**Shares**) held by Shareholders at an Issue Price of \$0.31 per New Share to raise up to approximately \$12.9 million (**Retail Entitlement Offer**).

The Retail Entitlement Offer opens on 5 March 2014 and closes at 5.00pm (AEDT) on 20 March 2014. Valid acceptances must be received before that time.

Applications for New Shares by Eligible Retail Shareholders can only be made by using or following the instructions on an original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out the Eligible Retail Shareholders' Entitlement to participate in the Retail Entitlement Offer.

Please read the instructions in this Offer Document and on the accompanying Entitlement and Acceptance Form.

Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited are joint lead managers to the Entitlement Offer. The retail component of the Entitlement Offer is fully underwritten by Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited.



EVANS &
PARTNERS



MACQUARIE

IMPORTANT NOTICE

This Offer Document (including the Entitlement and Acceptance Form) is not a prospectus or other regulated document under Australian law or under any other law. It is for information purposes only. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the New Shares offered by this Offer Document.

No person is authorised to give any information or to make any representation in connection with the Retail Entitlement Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Retail Entitlement Offer.

This Offer Document and Entitlement and Acceptance Form are important and require your immediate attention. They should be read in their entirety and in connection with the Investor Presentation contained in Annexure B. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser without delay.

IMPORTANT INFORMATION FOR APPLICANTS

This Offer Document is issued by Saracen Mineral Holdings Limited (ACN 009 215 347) (**Company**). This Offer Document is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety. This document requires your immediate attention and, if you are in any doubt about its contents or the course of action you should take, please contact your professional adviser.

The Offer Document is provided for information purposes and neither this Offer Document nor the Entitlement and Acceptance Form are a prospectus or other disclosure document for the purposes of the Corporations Act. Accordingly, these documents do not contain all of the information which a prospective investor may require to make an investment decision. They do not, and are not required to, contain all of the information which would otherwise be required to be disclosed in a prospectus prepared in accordance with the requirements of the Corporations Act. They are not required to be, and will not be, lodged with the Australian Securities and Investment Commission (**ASIC**).

The Corporations Act allows listed companies to make a pro-rata entitlement offer of securities to existing Shareholders without a disclosure document. The Offer to which this Offer Document relates complies with the requirements of section 708AA of the Corporations Act as modified by ASIC Class Orders 07/571 and 08/35. Accordingly, the Entitlement Offer is made without disclosure under Part 6D.2 of the Corporations Act and this Offer Document is not required to be lodged or registered with ASIC. This Offer Document is provided for information purposes and is not, and does not purport to be, a prospectus or other disclosure document for the purposes of the Corporations Act. This Offer Document is dated 27 February 2014. Neither ASIC nor the Australian Securities Exchange (**ASX**), nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Entitlement Offer relates.

This Offer Document should be read in conjunction with the Investor Presentation contained in Annexure B and the Company's other periodic and continuous disclosure announcements to the ASX, available at www.asx.com.au.

Statements in this Offer Document are made only as of the date of this Offer Document unless otherwise stated and the information in this Offer Document remains subject to change without notice. The Company does not give any undertaking or representation that information in this Offer Document will be updated, except to the minimum extent required by law.

Neither the Company nor any other person warrants or guarantees the future performance of the Company or any return on any investment made under this Offer Document.

ELIGIBLE RETAIL SHAREHOLDERS

This Offer Document contains an offer of New Shares to Eligible Retail Shareholders in Australia and New Zealand and has been prepared in accordance with section 708AA of the Corporations Act as modified by ASIC Class Orders 08/35 and 07/571.

An Eligible Retail Shareholder is a Shareholder as at the Record Date who:

- (a) has a registered address in Australia or New Zealand, or is a Shareholder to whom the Company has determined it can extend the Retail Entitlement Offer;
- (b) is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; and
- (c) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

The Company may, in its absolute discretion, extend the Retail Entitlement Offer to any eligible Shareholder in foreign jurisdictions which did not participate in the institutional component of the Entitlement Offer (subject to compliance with applicable laws).

NOT INVESTMENT OR FINANCIAL PRODUCT ADVICE

You should read this Offer Document in its entirety and refer to the releases made by the Company to ASX before deciding whether to apply for New Shares. In particular, you should consider the risk factors outlined in Section 3 of this Offer Document and consider these factors in light of your personal circumstances, including financial and taxation issues. The information provided in this Offer Document is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. The Company is not licensed to provide financial product advice in respect of the New Shares. You should conduct your own independent review, investigation and analysis of the New Shares which are the subject of the Entitlement Offer. If you are in any doubt as to how to deal with this Entitlement Offer or have any questions, you should contact your professional adviser without delay. You should obtain any professional advice you require to evaluate the merits and risks of an investment in the Company before deciding whether or not to participate in the Entitlement Offer.

TAXATION

The potential tax effects of participating in the Entitlement Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser before deciding whether or not to participate in the Entitlement Offer.

FUTURE PERFORMANCE AND FORWARD LOOKING STATEMENTS

This Offer Document contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Offer Document, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 3 of this Offer Document.

GOVERNING LAW

This Offer Document, the Retail Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Western

Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of Western Australia.

NO REPRESENTATIONS OTHER THAN AS SET OUT IN THIS OFFER DOCUMENT

No person is authorised to give any information or make any representation in connection with the Entitlement Offer other than as contained in this Offer Document. Any information or representation in connection with the Entitlement Offer not contained in this Offer Document is not, and may not be relied upon as having been authorised by the Company or any of its officers.

RESPONSIBILITY FOR OFFER DOCUMENT

This Offer Document (including the Investor Presentation in Annexure B) and the enclosed personalised Entitlement and Acceptance Form have been prepared by the Company.

No party, including the Lead Managers/Underwriters and their representatives, or any other parties referred to in this Offer Document (other than the Company), has authorised or caused the issue of this Offer Document, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this Offer Document. To the maximum extent permitted by law, each of the parties referred to in this Offer Document (other than the Company) expressly disclaims any responsibility for any statements in, or omissions from, this Offer Document other than, where applicable, references to its name in the Offer Document.

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CHAIRMAN'S LETTER

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

Dear Shareholder

On behalf of the Board of Saracen Mineral Holdings Limited (ACN 009 215 347), I am pleased to invite you to participate in an accelerated pro-rata non-renounceable entitlement offer to retail shareholders to raise approximately \$12.9 million.

This offer forms part of a total equity capital raising announced by the Company on 25 February 2014 of approximately \$61.2 million (before costs) via an institutional placement (**Placement**) and an accelerated pro-rata two (2) for eleven (11) non-renounceable entitlement offer (**Entitlement Offer**) (together the "Offer").

The proceeds of the Offer will be used to:

- (a) Fund the acquisition of Thunderbox (use of equity funding rather than cash on hand and debt facilities);
- (b) Accelerate development and exploration activities at existing operations and Thunderbox; and
- (c) Reduce existing debt and improve financial flexibility.

Under the Entitlement Offer, the Company is offering Eligible Shareholders two (2) New Shares for every eleven (11) existing Shares already held. The Issue Price is \$0.31 per New Share, which represents a 17.3% discount to the last closing price of Shares on 24 February 2014 (\$0.375 per Share). You may apply for all or part of your Entitlement.

The Entitlement Offer comprises an accelerated institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Retail Entitlement Offer is fully underwritten by Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited (**Lead Managers/Underwriters**).

New Shares issued under the Entitlement Offer will rank equally with existing Shares on issue.

The Placement and Institutional Entitlement Offer was conducted by way of a bookbuild that closed on 26 February 2014 and raised approximately \$48.3 million which is due to settle on Thursday 6 March 2014. An additional amount of approximately \$12.9 million may be raised through the Retail Entitlement Offer.

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferable. Shareholders who do not take up all or any part of their Entitlement will not receive any payment or value in respect of those Entitlements not taken up and their equity interest in the Company will be diluted.

Eligible Retail Shareholders may also apply for New Shares in excess of their Entitlement. The allocation and issue of additional New Shares will be determined by the Company at its sole discretion.

You will find enclosed in this Offer Document the following important information:

- key Dates for the Entitlement Offer;
- instructions on "How to Apply" setting out how to accept all, or part of, or New Shares in excess of, your Entitlement under the Retail Entitlement Offer;

- instructions to access an ASX announcement and Investor Presentation in relation to the Entitlement Offer made on 25 February 2014; and
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided.

In particular, your attention is drawn to the Investor Presentation which the Company released to ASX on 25 February 2014 (see Annexure B to this Offer Document) which contains additional information that is or may be relevant to a Shareholder's decision whether to take up their Entitlement. For further information on the Company you can also visit the Company's website at www.saracen.com.au.

I urge you to read this Offer Document carefully for further details of this opportunity. If you are in any doubt as to how to respond to this Retail Entitlement Offer, you should consult your stockbroker, accountant or other independent professional adviser.

Accompanying this Offer Document is a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions on the form and the information contained in this Offer Document.

The Company has enjoyed strong Shareholder support since our ASX listing and we are conscious of providing all Shareholders with the opportunity, where possible, to participate in the future growth of our company.

On behalf of the Board of the Company, I invite you to consider this investment opportunity and thank you for your continued support.

Yours sincerely

Guido Staltari
Non-Executive Chairman
Saracen Mineral Holdings Limited

IMPORTANT INFORMATION

This letter, the Offer Document and the documents accompanying the Offer Document do not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this letter, the Offer Document nor any documents accompanying the Offer Document shall form the basis of any contract or commitment in jurisdictions outside of Australia and New Zealand. In particular, this letter, the Offer Document and the documents accompanying the Offer Document do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933 (the **US Securities Act**)) (**US Person**). None of this letter, the accompanying Offer Document nor any documents accompanying the Offer Document may be distributed in the United States or to persons who are, or are acting for the account or benefit of, US Persons. The New Shares have not been, nor will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a US Person. The New Shares may not be offered, or sold, or resold, in the United States or to, or for the account or benefit of, a US Person except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any applicable securities laws of any state or other jurisdiction of the United States. The New Shares may only be offered and sold outside the United States to persons that are not US Persons and are not acting for the account or benefit of US Persons.

1. KEY DETAILS OF THE OFFER

1.1 Equity raising

The Company proposes to undertake an equity raising of up to approximately \$61.2 million via an institutional placement and an accelerated-non renounceable entitlement offer. The raising comprises a \$27.7 million institutional placement (**Institutional Placement**) and a \$33.6 million, two (2) for eleven (11) non-renounceable pro-rata entitlement offer (**Entitlement Offer**) to all Eligible Shareholders (see Annexure A to this Offer Document). The retail component of the Entitlement Offer is fully underwritten.

The proceeds of the Offer will be used to:

- (a) Fund the acquisition of Thunderbox (use of equity funding rather than cash on hand and debt facilities);
- (b) Accelerate development and exploration activities at existing operations and Thunderbox; and
- (c) Reduce existing debt and improve financial flexibility.

1.2 Institutional Placement

On 27 February 2014, the Company successfully completed a placement to institutional and sophisticated investors to raise approximately \$27.7 million from the issue of approximately 89.3 million New Shares at an Issue Price of \$0.31 per New Share.

1.3 The Entitlement Offer

The Company is undertaking an accelerated non-renounceable pro rata Entitlement Offer of New Shares at an Issue Price of \$0.31 per New Share on the basis of two (2) New Shares for every eleven (11) Shares held on the Record Date. The Entitlement Offer comprises two components – being the Institutional Entitlement Offer and the Retail Entitlement Offer. This Offer Document contains information related to the Retail Entitlement Offer. The Retail Entitlement Offer is fully underwritten by the Lead Managers/Underwriters.

As at the date of this Offer Document, the Company has on issue 595,263,186 Shares, 714,000 unlisted employee Options and 1,500,000 unlisted employee Share Rights. The Company expects that approximately 108.2 million New Shares will be issued under the Entitlement Offer. Following completion of the Placement and the Entitlement Offer, the Company expects that it will have approximately 792.8 million Shares on issue. Following completion of the Entitlement Offer, the unlisted employee Options will be subject to a change in exercise price in accordance with the formula set out in the ASX Listing Rules.

Where the determination of the Entitlement of any Eligible Retail Shareholder results in a fraction of a New Share, such fraction will be rounded up to the nearest whole New Share.

New Shares will be issued on a fully paid basis and will rank equally with Shares already on issue. The rights and liabilities attaching to the New Shares are set out in the Company's constitution, available at www.asx.com.au and www.saracen.com.au.

1.4 Institutional Entitlement Offer

Between 25 February 2014 and 26 February 2014, the Company successfully conducted the bookbuild for the Institutional Entitlement Offer to raise approximately \$20.6 million from the issue of approximately 66.5 million New Shares at an Issue Price of \$0.31 per New Share, due for settlement on 6 March 2014.

New Shares are expected to be issued under the Institutional Entitlement Offer on 7 March 2014.

1.5 Retail Entitlement Offer

The Company intends to raise up to an additional amount of approximately \$12.9 million (being the remaining amount under the Entitlement Offer) through the Retail Entitlement Offer.

The Entitlement of Eligible Retail Shareholders to participate in the Retail Entitlement Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement and Acceptance Form accompanying this Offer Document.

The Retail Entitlement Offer is fully underwritten by the Lead Managers/Underwriters.

You may accept for a lesser number of New Shares should you wish to take up only part of your Entitlement.

Shareholders who subscribe for their maximum Entitlement will also have the opportunity to subscribe for additional New Shares that are not subscribed for by other Shareholders under the Retail Entitlement Offer. Please refer to Section 2.2 for further details on how to apply for Shortfall Shares.

1.6 Indicative Timetable for the Entitlement Offer*

Event	Date
Trading Halt	Tuesday, 25 February 2014 (before market open)
Cleansing Statement released to ASX	Tuesday, 25 February 2014
Placement and Institutional Entitlement Offer Bookbuild Opens	Tuesday, 25 February 2014
Placement and Institutional Entitlement Offer Bookbuild Closes	Wednesday, 26 February 2014
Trading resumes on ex-Entitlement basis	Thursday, 27 February 2014
Lodge Retail Offer Document with ASX	Thursday, 27 February 2014
Record Date for participation in Entitlement Offer (AEDT 5pm)	Friday, 28 February 2014
Despatch of Retail Entitlement Offer Booklet	Wednesday, 5 March 2014

- Retail Entitlement Offer Opens

Settlement of Placement and Institutional Entitlement Offer	Thursday, 6 March 2014
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Issue & Normal Trading of Placement and Institutional Entitlement Offer shares	Friday, 7 March 2014
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Retail Entitlement Offer Closes	Thursday, 20 March 2014
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Retail Entitlement Offer results announcement	Tuesday, 25 March 2014
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Issue of Retail Entitlement Offer shares	Thursday, 27 March 2014
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Normal Trading of Retail Entitlement Offer Shares	Friday, 28 March 2014
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* The timetable is subject to change. Subject to the Listing Rules, the Directors reserve the right to withdraw or vary the timetable for the Entitlement Offer without notice. In particular, the Directors reserve the right to extend the Closing Date for the Retail Entitlement Offer to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The Company will apply for quotation of New Shares following issue and commencement of quotation of New Shares is subject to confirmation from the ASX.

1.7 Underwriting

The Retail Entitlement Offer is fully underwritten by Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited. The key terms of the offer management agreement entered into between the Underwriters and the Company are summarised in Annexure C of this Offer Document.

1.8 Effect on control of the Company

Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited have been appointed as joint lead managers and bookrunners to the Institutional Placement and the Entitlement Offer and underwriters to the Retail Entitlement Offer on normal commercial terms (see Annexure C). Neither Evans and Partners Pty Ltd nor Macquarie Capital (Australia) Limited presently holds or controls any relevant interest in Shares of the Company. The Underwriters have fully sub-underwritten the Retail Entitlement Offer and, as such, if all sub-underwriters perform their obligations in respect of the shortfall under the Retail Entitlement Offer, the Underwriters' percentage shareholding in the Company will not change.

The Entitlement Offer and the underwriting of the Retail Entitlement Offer are not expected to have any impact on control of the Company.

1.9 Potential Dilution

Shareholders should note that if they do not participate in the Entitlement Offer, their holdings are likely to be diluted by approximately 13.65% (as compared to their holdings and number of Shares on issue as at the date of the Offer Document). Examples of how the dilution may impact Shareholders is set out in the table below:

Holder	Holding as at Record date ¹	% at Record Date	Entitlements under the Offer	Holdings if Offer not taken Up	% post Offer ²
Shareholder 1	10,000,000	1.461%	1,818,182	10,000,000	1.26%
Shareholder 2	5,000,000	0.730%	909,091	5,000,000	0.63%
Shareholder 3	1,500,000	0.219%	272,728	1,500,000	0.19%
Shareholder 4	400,000	0.058%	72,728	400,000	0.05%
Shareholder 5	50,000	0.007%	9,091	50,000	0.006%
Total	684,552,664 ¹			792,782,334	

Notes:

1. This number includes an amount of 89,289,478 Shares issued pursuant to the Placement, but excludes any Shares issued pursuant to the Institutional Entitlement Offer.
2. The effect shown in the table is the maximum dilutionary percentage on the assumption that those Entitlements not accepted by Eligible Shareholders are taken up by the Underwriters and that the full amount of the Placement has been subscribed for. In the event all Entitlements are not accepted and some or the entire resulting Shortfall was not subsequently placed, the dilution effect for each Shareholder not accepting their Entitlement would be a lesser percentage.

1.10 Ineligible Foreign Holders

The Offer Document has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

This Retail Entitlement Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

It is not practicable for the Company to comply with the securities laws of all overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of the New Shares these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Retail Entitlement Offer is not being extended and New Shares will not be issued to Shareholders with a registered address which is outside Australia or New Zealand, other than certain Shareholders to whom the Company has determined it can extend the Retail Entitlement Offer. The distribution of this Offer Document and/or the Entitlement and Acceptance Form outside Australia and New Zealand may be restricted by law. If you come into possession of this Offer Document and/or the Entitlement and Acceptance Form you should observe any such restrictions and should seek your own advice on those restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

If a Shareholder has a registered address outside Australia or New Zealand, and is not otherwise a Shareholder to whom the Company has determined it can extend the Retail Entitlement Offer, that Shareholder (**Ineligible Foreign Holder**) will not be able to participate in the Entitlement Offer. The Company will notify Ineligible Foreign Holders of the details of the Entitlement Offer and advise them that they are not eligible to participate in the Entitlement Offer.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

In accordance with the Securities Act (Overseas Companies) Exemption Notice 2013 (NZ), a person who, on the Record Date (28 February 2014) was registered as a holder of Shares with a New Zealand address but who, as at the time of this Retail Entitlement Offer no longer holds Shares, is not eligible to participate in this Retail Entitlement Offer.

United States

This Offer Document and anything contained in it does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any US Person. Neither this Offer Document nor the Entitlement and Acceptance Form may be distributed, in whole or part, in or into the United States or to any person that is, or is acting for the account or benefit of, a US Person.

The New Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons who are, or are acting for the account or benefit of, a US Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a US Person, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and the applicable securities laws of any state or other jurisdiction in the United States. The New Shares may only be offered and sold outside the United States to persons that are not US Persons and are not acting for the account or benefit of US Persons.

1.11 ASX Waivers

In order to conduct the Entitlement Offer, the Company has sought certain waivers from the Listing Rules. ASX has granted the Company waivers from Listing Rules 3.20, 7.40, 7.1 and 10.11 subject to a number of conditions including that:

- (a) all Shareholders are offered Shares equal to their pro-rata allocation of the Entitlement Offer unless Listing Rule 7.7.1 would permit the Shareholder to be excluded from the Entitlement Offer;
- (b) Entitlements not taken up by Shareholders under the Institutional Entitlement Offer, and any Entitlements that are not offered to Institutional Ineligible Foreign Shareholders in reliance on ASX Listing Rule 7.7.1, are offered to other Institutional Shareholders and Institutional Investors through a bookbuild process conducted and completed on or before the Record Date;
- (c) New Shares are offered under the Institutional Entitlement Offer and Retail Entitlement Offer at the same price; and
- (d) related parties do not participate beyond their pro-rata Shares other than under bona fide underwriting arrangements the terms of which are disclosed in this Offer Document sent to all Shareholders.

The waivers also allow the Company to ignore, for the purposes of determining Entitlements, transactions occurring after the announcement of the trading halt in Shares (other than registrations of ITS (Integrated Trading System) transactions which

were effected before the announcement (post ex-date transactions). Such transactions are to be ignored in determining holders and registered holders, and holding and registered holdings, of Existing Shares as at the Record date, and reference to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Shares in a post ex-date transaction you will not receive an Entitlement in respect of those Shares.

1.12 Notice to nominees and custodians

In respect of shareholdings registered in the name of a nominee, the following will apply:

- (a) the nominee shall be treated as a separate Shareholder in respect of Shares held for each of one or more Shareholders and may receive:
 - (i) Institutional Entitlement Offers in respect of Shares held as nominee for Institutional Shareholders; and
 - (ii) Retail Entitlement Offers in respect of Shares held as nominee for other persons); and
- (b) Institutional Entitlement Offers will be treated as being made to the nominee, even where made directly to the Institutional Shareholder for whom it holds the Company's Shares.

Nominees and custodians which hold Shares as nominees and custodians will have received, or will shortly receive, a letter from the Company. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders to the extent they were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and institutional shareholders that were ineligible to participate in the Institutional Entitlement Offer.

The Company is not required to determine whether or not any registered holder is acting as nominee or the identity or residence of any beneficial owners of securities. Where any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Any person in the United States or any US Person with a holding through a nominee may not participate in the Retail Entitlement Offer. Nominees and custodians may not distribute any part of the Retail Offer Booklet in the United States or in any other country outside Australia and New Zealand except to beneficial shareholders who are institutional investors in other countries listed in, and to the extent permitted under the "Selling Restrictions" section in the Investor Presentation.

1.13 Issue

The Company has applied for quotation of the New Shares on ASX. Subject to approval being granted, it is expected that:

- (a) normal trading of New Shares issued in connection with the Institutional Entitlement Offer will commence trading on Friday, 7 March 2014; and
- (b) normal trading of New Shares issued in connection with the Retail Entitlement Offer will commence trading on Friday, 28 March 2014.

Application Monies will be held by the Company in trust for Applicants until the New Shares are issued. No interest will be paid on the Application Monies.

1.14 Holding statements

Holding statements are expected to be dispatched to Eligible Retail Shareholders on Friday, 28 March 2014 in respect of New Shares issued under the Retail Entitlement Offer.

It is the responsibility of each successful Applicant to confirm their holding before trading in New Shares. Successful Applicants who sell New Shares before receiving a holding statement, do so at their own risk.

1.15 Risk factors

Investors should note that an investment in the Company involves risk. Prospective investors should refer to announcements made by the Company to the ASX. This information is available from the ASX website www.asx.com.au (ASX code: SAR) and the Company's website www.saracen.com.au. Prospective investors should review the announcements made by the Company to fully appreciate the position of the Company and the manner in which the Company operates before making a decision regarding the Retail Entitlement Offer.

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in the Company. Some specific risks are set out in the Section 3 of this Offer Document. Investors should note that the New Shares to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those New Shares.

1.16 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

1.17 Enquiries concerning the Entitlement and Acceptance Form or the Offer Document

This Offer Document and the accompanying Entitlement and Acceptance Form are important and require your immediate attention. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker, accountant or professional adviser without delay.

If you have any questions in respect of the Entitlement Offer, Offer Document or Entitlement and Acceptance Form, please call the Company's share registry on

1300 557 010 (within Australia) or on +61 (0)3 9415 4000 (from outside Australia) at any time from 9am to 5pm (AEDT) Monday to Friday during the Retail Entitlement Offer Period.

2. ACTION REQUIRED BY ELIGIBLE RETAIL SHAREHOLDERS

2.1 How to accept the Retail Entitlement Offer

You may accept all, part, or none of your Entitlement under this Retail Entitlement Offer. If you wish to accept all or part of your Entitlement, you may submit your application for New Shares by completing the accompanying Entitlement and Acceptance Form or by following the personalised BPAY® instructions provided on the Entitlement and Acceptance Form.

You must make payment for the appropriate Application Monies (at \$0.31 per New Share subscribed) as provided in Sections 2.3 or 2.4 below.

The Company reserves the right to reject any Entitlement and Acceptance Form which is not correctly completed or any payment which is submitted by a person whom they believe may be an ineligible Applicant, or to waive or correct any errors made by an Applicant in completing an Entitlement and Acceptance Form.

2.2 How to apply for Shortfall Shares

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will revert to the Company to form part of the Shortfall Offer and may revert to the Lead Managers/Underwriters.

If you wish to accept your Entitlement in full and apply for Shortfall Shares, you may apply by either completing the Entitlement and Acceptance Form and filling in the number of Shortfall Shares you wish to apply for in the space provided, or by following the personalised BPAY® instructions provided on the Entitlement and Application Form.

You must make payment for the appropriate Application Monies as provided in Sections 2.3 or 2.4 below.

The offer of the Shortfall Shares is a separate offer pursuant to this Offer Document. Any New Shares offered pursuant to the Shortfall Offer shall be offered at the Issue Price, being the same price as the Retail Entitlement Offer.

Shortfall Shares will only be issued if the Retail Entitlement Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. The Directors, in conjunction with the Underwriters, reserve the right to, in their absolute discretion, reject any application for Shortfall Shares or to issue a lesser number of Shortfall Shares than applied for. Application Monies received but not applied toward subscription for Shortfall Shares will be refunded as soon as practicable. No interest shall be paid on application monies held and returned. The Company reserves the right, in its absolute discretion, not to issue Shortfall Shares where to do so would result in a breach of the Corporations Act or the Listing Rules.

The Directors of the Company reserve the right to, in their absolute discretion, issue any Shortfall Shares at the Issue Price within 3 months after the Closing Date.

2.3 Payment by cheque

Please complete the Entitlement and Acceptance Form according to the instructions on the form for all, or that part, of your Entitlement you wish to subscribe for. Entitlement and Acceptance Forms must be accompanied by payment in full of \$0.31 per New Share or Shortfall Share subscribed for.

Payments must be received by 5pm (AEDT) on the Closing Date and must be in Australian currency and by a cheque or bank draft drawn on and payable at any Australian bank.

Cheques should be made payable to "Saracen Mineral Holdings Limited" and crossed "Not Negotiable". All amounts must be in cleared funds. Cash payments will not be accepted and receipts for payments will not be provided.

Completed Entitlement and Acceptance Forms with accompanying cheque or bank draft payment must be mailed to the following address:

By Post:

Computershare Investor Services Pty Ltd
GPO Box 505
Melbourne VIC 3001

By delivery:

Computershare Investor Services Pty
Ltd
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Applicants are not required to sign the Entitlement and Acceptance Form. Entitlement and Acceptance Forms and Application Monies must be received by the Registry no later than 5pm (AEDT) on the Closing Date.

2.4 Payment by BPAY®

If you are paying for your New Shares or Shortfall Shares by BPAY®, you should refer to your personalised instructions on your Entitlement and Acceptance Form. You **DO NOT** need to complete or return the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form and the representations outlined below in Section 2.5, including the Eligible Retail Shareholder declarations set out at page 36 of this Offer Document.

Make sure you use the specific Biller Code and unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form.

If you have more than one shareholding of Shares and consequently receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those shareholdings only use the CRN specific to that Shareholding as set out in the applicable Entitlement and Acceptance Form. **DO NOT** use the same CRN for more than one of your shareholdings. This can result in your Application Monies being applied to your Entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

You should be aware that your own financial institution may implement earlier cut-off times with regard to electronic payment, and you should therefore take this into consideration when making payment. Please note that the maximum payment that can be received by BPAY® is \$1 million. It is your responsibility to ensure that funds submitted through BPAY® are received by **3pm (AEDT) on the Closing Date**.

2.5 Implications of making an Application

Returning a completed Entitlement and Acceptance Form or paying any Application Monies for New Shares or Shortfall Shares via BPAY® will be taken to constitute a representation by you that:

- (a) you have received a copy of this Offer Document and the accompanying Entitlement and Acceptance Form, and read them both in their entirety;

- (b) you make the Eligible Retail Shareholder declarations at page 36 of this Offer Document; and
- (c) you acknowledge that once the Entitlement and Acceptance Form is returned, or a BPAY® payment instruction is given in relation to any Application Monies, the application may not be varied or withdrawn except as required by law.

2.6 If you do not wish to accept the Retail Entitlement Offer

If you do not wish to accept your Entitlement or any part of your Entitlement (or you are precluded from doing so due to the jurisdiction of your registered address), you do not need to take any action. The number of Shares you hold and the rights attaching to those Shares will remain unchanged and the New Shares representing your Entitlement will form part of the Shortfall Offer.

2.7 Entitlements not transferable

Rights under the Retail Entitlement Offer are not transferable to another person. Entitlements can only be accepted by the offeree and on the official Entitlement and Acceptance Form which accompanies this Offer Document. If you decide not to accept all or part of your Entitlement to New Shares or fail to do so by the Closing Date, your rights will lapse.

3. KEY RISKS

3.1 Introduction

The future performance of the Company and the future performance of the New Shares may be influenced by a range of risk factors, many of which may be outside the control of the Company and the Directors. This Section lists these risks, but prospective investors should note that this list of risk factors may not be exhaustive.

Eligible Shareholders should consider the risk factors listed below, together with information contained elsewhere in this Offer Document, before deciding whether to apply for New Shares.

3.2 Company specific

(a) Potential for dilution

Upon implementation of the Entitlement Offer, assuming all Entitlements are accepted and no options are exercised prior to the Record Date the number of Shares in the Company will increase from 595,263,186 currently on issue (or approximately 792.8 million following the Placement). This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Entitlement Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the Offer Document being lodged of \$0.375 is not a reliable indicator as to the potential trading price of Shares after implementation of the Entitlement Offer.

(b) Settlement of Thunderbox Acquisition

As announced to ASX on 21 January 2014, the Company has entered into a binding agreement to acquire the Thunderbox and Bannockburn gold mines and operations (**Thunderbox Operations**) located in the North-Eastern Goldfields of Western Australia from Norilsk Nickel Australia Pty Ltd (**Norilsk**).

The Consideration payable to Norilsk for the acquisition comprises:-

- (i) \$20 million cash on settlement (of which a deposit of \$2 million has been paid);
- (ii) \$3 million cash upon the sooner of commencement of commercial production, or if, after a period of 24 months following settlement, the prevailing gold price has exceeded A\$1,550/oz for a calendar month; and
- (iii) a 1.5% NSR Royalty on the Thunderbox Operations (capped at \$17 million).

Completion of the acquisition of the Thunderbox Operations is subject to certain conditions precedent, with completion to occur within 120 days of 21 January 2014, unless extended by the mutual agreement of the parties.

Should the conditions precedent to the acquisition not be satisfied or waived (or there is a default from one of the parties to the agreement), there is a risk that the transaction will not proceed. This would have a

negative impact on the Company's future operations and also alter the way funds raised under the Entitlement Offer are ultimately applied.

(c) **Risks associated with the Thunderbox Operations and other mining operations**

The Thunderbox Operations are currently on active care and maintenance with the Company's objective to commence mining sometime in the future. Continued future development of a mining operation on the Thunderbox Operations or possible future development of other projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, preventing mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

The Company's mining operations (and potential operations) may be disrupted by a variety of risks and hazards which are difficult to mitigate out of existence, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement or hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will continue to achieve commercial viability through the development or mining of its projects.

There are several risks relating to the mineral industry that the Company is exposed to through its existing mining operations and which the Company may be exposed to if the Thunderbox Operations become operational. These include:

- (i) **(Personnel)**: specialised labour and skills are required by the mining process. The ability to source, apply and retain this labour at the Company's mining projects is critical to the completion of the Company's stated goals;
- (ii) **(Recovery)**: gold recovery from processed ore has been estimated based upon historical behaviour and the known orebody mineralogy. Changes in ore mineralogy, mining methodology and performance of the ore processing circuit may adversely impact the project economics if gold recovery is lower as a result;
- (iii) **(Estimation)**: any future gold resources, whether existing or targeted, may not necessarily be converted to ore reserves if, by mining engineering practices and required mining assumptions, the fully diluted design shapes do not deliver a high enough gold grade ore to ensure payback of required mine development, capital costs and a profit margin; and
- (iv) **(Other Development Risks)**: tenement access risk, risk of environmental hazard and the Company may not be able to secure all environmental or other regulatory approvals required for its business or operations, risks relating to the metallurgical process and changes in mineralogy and risks that the Company may be affected by native title and access claims in relation to its tenements.

(b) **Operating and Capital Costs**

Operating costs of mining at the Company's projects that are in production are estimated based on the interpretation of geological data, studies, anticipated climatic conditions and other factors. Any of the following events could affect the ultimate accuracy of such estimates and result in an increase in actual operating costs incurred:

- (i) unanticipated changes in grade and tonnage of ore to be mined and processed;
- (ii) contractual issues in relation to the treatment of the mined ore;
- (iii) contract outcomes associated with the appointment of any mining contractor and terms and conditions applying to that mining contract;
- (iv) incorrect data on which assumptions are made;
- (v) equipment delays and breakdowns;
- (vi) labour negotiations;
- (vii) changes in government regulation (including regulations regarding prices, costs of consumables, royalties, duties, taxes, permitting and restrictions on production and exploration); and
- (viii) title claims.

(c) **Fluctuations in Gold Price and exchange rates**

Despite the fact that the Company is protected, to a certain extent, from volatility in the US gold price and exchange rates via the Company's hedge book program that protects between 40-100% of forecast revenues in FY2014 & FY2015, changes in the market price of gold will affect the profitability of the Company's operations and its financial condition. The Company's revenues, profitability and viability depends upon the price the Company receives for the gold it produces. The price of gold is set in the world market and is affected by numerous industry factors beyond the Company's control, including the demand for precious metals, expectations with respect to the rate of inflation, interest rates, currency exchange rates, the demand for jewellery and industrial products containing metals, gold production levels, inventories, changes in global or regional investment or consumption patterns, and sales by central banks and other holders, speculators and producers of gold in response to any of the above factors, and global and regional political and economic factors.

A decline in the price of gold below the Company's anticipated production costs for any period could have a material adverse impact on the profit, cash flow and results of operations of the Company's projects and anticipated future operations. Such a decline also could have a material adverse impact on the ability of the Company to finance the exploration and development of its existing and future projects. A decline in the price of gold may also require the Company to write-down its ore reserves which could have a material adverse effect on the value of the Company's securities. Further, if revenue from gold sales declines, the Company may experience liquidity difficulties. The Company will also have to assess the economic impact of any sustained lower gold prices on cut-off grades and its mineral reserves and resources.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian dollars, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and Australian dollar as determined in international markets.

(d) **Rising Energy and Commodity Costs**

The Company has diesel and electricity requirements and it relies on being able to fulfil those requirements at a cost which does not negatively impact on its cash flows. A number of factors (particularly the strength of the US dollar and the oil price) may lead to an increase in diesel and electricity costs, which may materially and adversely affect the earnings of the Company.

3.3 Industry specific

(a) **Development and Mining**

The development and mining operations at any of the Company's projects is subject to numerous risks.

The Company's operations may be delayed or prevented as a result of weather conditions, mechanical difficulties, shortage of technical expertise or equipment. There may be difficulties with obtaining government and/or third party approvals, operational difficulties encountered with extraction and production activities, unexpected shortages or increase in the price of consumables, plant and equipment, cost overruns or lack of access to required levels of funding.

Further, the Company's operations may be curtailed or disrupted by a number of risks beyond its control such as environmental hazards, industrial accidents and disputes, technical failures, unusual or unexpected geological conditions, adverse weather conditions, fires, explosions and other accidents.

The Company's operations may be adversely affected by higher than anticipated ore treatment costs, worse than anticipated metallurgical conditions, fluctuations in metal prices or lack of availability of smelter capacity.

No assurance can be given that the Company will achieve commercial viability through development of any of its projects.

(b) **Resource Estimations**

Resource estimates are inherently imprecise as they are expressions of judgement at a particular time based on available information, current economic parameters, interpreted using experience and resource modelling techniques. The estimates, while made by qualified professionals, may change over time as other information becomes available which differs from information known or predicted by past drilling, sampling and geological interpretation. Estimates remain subject to change and no assurance can be given that the economic parameters and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(c) **Commodity and Currency Price Volatility**

Commodity prices are subject to influencing factors beyond the control of the Company and can be subject to significant fluctuations. Just some of these influencing factors include:

- world demand for particular commodities;
- the level of production costs in major commodity producing regions; and
- expectations regarding inflation, interest rates and US dollar exchange rates.

Any significant and/or sustained fluctuation in exchange rates or commodity prices could have a materially adverse effect on the Company's operations and its financial position.

(d) **Compulsory Work Obligations**

The Company's tenements are subject to expenditure and work commitments which must be met in order to keep such tenements in good standing. These commitments may be varied on application by the tenement holder but any such variation is at the sole discretion of the Minister administering the relevant State mining legislation. If no variation is approved, and there is failure to meet the commitments, this could lead to forfeiture of the tenement.

(e) **Environmental**

The Company's tenements are subject to both the relevant State and Commonwealth laws and regulations relating to environmental matters. The Company's mining operations have numerous environmental and statutory licences and approvals. There is no guarantee that such approvals would be, or will continue to be, granted. The Company's policy is to conduct its operations in an environmentally responsible manner and in accordance with relevant legislation. However, the Company is unable to predict the effect of future changes to environmental legislation or policy and the cost effect of such changes on its operations and financial position.

(f) **Exploration**

Exploration is inherently associated with risk. Notwithstanding the experience, knowledge and careful evaluation the Company brings to an exploration project, there is no assurance that recoverable mineral resources will be identified.

Even if identified, other factors such as technical difficulties, geological conditions, adverse changes in government policy or legislation or lack of access to sufficient funding may mean that the resource is not economically recoverable or may otherwise preclude the Company from successfully exploiting the resource.

(g) **Native Title and Aboriginal Heritage**

The Native Title Act 1993 (Cth) recognises certain rights of indigenous Australians over land where those rights have not been extinguished. These rights, where they exist, may impact on the ability of the Company to carry out exploration or obtain production Tenements. In applying for certain production Tenements, the Company must observe the provisions of Native

Title legislation (where applicable) and Aboriginal Heritage legislation which protects Aboriginal sites and objects of significance.

In certain circumstances the consent of registered Native Title claimants must be obtained prior to carrying out certain activities on land to which their claim relates. It is possible that the conditions imposed by Native Title claimants on such consent may be on terms unacceptable to the Company.

(h) **Tenure and Access**

Mining and exploration tenements are subject to periodic renewal. There is no guarantee that current or future tenements or current or future applications for production tenements will be approved.

Tenements are subject to numerous State-specific legislation conditions. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

(i) **Shortage of funding**

The funds raised by the Entitlement Offer will be used as detailed in this Offer Document.

If the Company incurs unexpected costs or is unable to generate sufficient operating income, further funding may be required. The Company may require additional funding to carry out further exploration, undertake feasibility studies, develop mining operations and/or acquire new projects. Any additional financing through share issues may dilute shareholdings acquired under this Offer Document. Debt financing may not be available to support the scope and extent of proposed developments. If available, it may impose restrictions on operating activities or anticipated expansion of the Company's operations.

(j) **Joint Ventures**

The Company undertakes some of its projects, and may wish to undertake future projects, through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

3.4 **General risks**

(a) **Economic**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(b) **Market conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- general economic outlook;
- introduction of tax reform or other new legislation;
- interest rates and inflation rates;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(c) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the Entitlement Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(d) **Dividends**

Any future determination as to the payment of dividends by the Company will be at the discretion of the Directors and will depend on the financial condition of the Company, future capital requirements and general business and other factors considered relevant by the Directors. No assurance in relation to the payment of dividends or franking credits attaching to dividends can be given by the Company.

(e) **Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

4. TAX CONSIDERATIONS

Set out below are the general Australian income tax implications in respect of the Retail Entitlement Offer for Australian resident individual Shareholders that hold their Shares on capital account. It does not apply to Shareholders that hold their Shares on revenue account or as trading stock, nor does it apply to non-resident Shareholders.

This summary has been prepared for general circulation and does not take into account the objectives, tax position, financial situation or needs of any investor. Accordingly, any investor should, before acting on this material, seek independent professional tax advice.

This summary is based on the income tax legislation and established interpretations as at the date of this Offer Document.

4.1 Taxation of Entitlement Offer

(a) Offer in respect of Entitlements

The offer in respect of the Entitlements should not give rise to any income tax implications for Shareholders.

(b) Acceptance of Entitlements

The acceptance by Eligible Shareholders of their Entitlements to acquire New Shares under the Retail Entitlement Offer should not result in any capital gain or capital loss being recognised for CGT purposes. Further, Shareholders should not derive assessable income from the acceptance of the Entitlement.

(c) Expiration or Lapse of Entitlements

If a Shareholder does not accept their Entitlements to acquire New Shares under the Retail Entitlement Offer, and instead allows those rights to lapse or expire, there should not be any CGT implications for the Shareholder.

(d) Holding and Disposing of New Shares

New Shares acquired under the Retail Entitlement Offer, will be treated in the same way as Existing Shares when determining the tax consequences arising from holding or disposing of those shares. In particular, any disposal of New Shares will constitute a CGT Event for CGT purposes and may result in a capital gain or a capital loss.

4.2 GST

The offer in respect of Entitlements and the issue of New Shares is not subject to GST.

5. GLOSSARY

AEDT means Australian Eastern Standard Daylight Saving Time.

Announcement Date means the date the announcement of the Offer is made.

Applicant refers to a person who submits an application for New Shares under the Retail Entitlement Offer or an application for Shortfall Shares under the Shortfall Offer.

Application Monies means monies received from Applicants in respect of their applications.

ASX means ASX Limited (ACN 008 624 691) or the financial products market operated by that entity known as the Australian Securities Exchange.

CGT means capital gains tax.

Closing Date means 5pm (AEDT) on the Closing Date set out in the Timetable in Section 1.6.

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

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

Directors means the directors of the Company.

Eligible Institutional Shareholder means an Institutional Shareholder to whom Listing Rule 7.7.1(a) does not apply and who has successfully received an offer under the Institutional Entitlement Offer (as the Lead Managers have determined).

Eligible Retail Shareholder means a Shareholder on the Record Date who:

- (a) has a registered address in Australia or New Zealand, or is a Shareholder to whom the Company has determined it can extend the Retail Entitlement Offer;
- (b) is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; and
- (c) is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Notwithstanding the above, the Company and the Lead Managers/Underwriters may agree to extend the Retail Entitlement Offer to certain Institutional Shareholders who did not participate in the Institutional Entitlement Offer or to other retail shareholders (subject to compliance with applicable laws).

Eligible Shareholder means a person who is an Eligible Institutional Shareholder or an Eligible Retail Shareholder.

Entitlement means the entitlement to subscribe for two (2) New Shares for every eleven (11) Shares held by an Eligible Shareholder on the Record Date and **Entitlements** has a corresponding meaning.

Entitlement and Acceptance Form means the Entitlement and Acceptance Form accompanying this Offer Document upon which an Application can be made.

Entitlement Offer means the non-renounceable pro-rata offer of New Shares at an Issue Price of \$0.31 per New Share on the basis of two (2) New Shares for every eleven (11) Shares held by an Eligible Shareholder on the Record Date. The

Entitlement Offer comprises two components - being the Institutional Entitlement Offer and the Retail Entitlement Offer.

Government Agency means:

- (a) a government or government department or other body;
- (b) a governmental, semi-governmental or judicial person; or
- (c) a person (whether autonomous or not) who is charged with the administration of a law.

GST means Australian goods and services tax.

Ineligible Institutional Shareholder means an Institutional Shareholder:

- (a) who has, or the person for whom it holds Shares has, a registered address outside Australia and New Zealand and any other jurisdictions as the Company and the Lead Managers agree;
- (b) to whom Listing Rule 7.7.1(a) applies;
- (c) who in the absence of ASX Listing Rule 7.7.1(a) would have been an Eligible Institutional Shareholder; and
- (d) that the Lead Managers determines will be an Ineligible Institutional Shareholder for the purposes of the Institutional Entitlement Offer.

Institutional Entitlement Offer means the offer of New Shares to Eligible Institutional Shareholders under the Entitlement Offer as described in Section 1.4.

Institutional Investor means a person:

- (a) in Australia, who is an "exempt investor" as defined in section 9A(5) of the Corporations Act as inserted by ASIC Class Order 08/35; or
- (b) in selected jurisdictions outside Australia, to whom an offer of New Shares may be made without registration, lodgement of a formal disclosure document or other formal filing in accordance with the laws of that foreign jurisdiction (except to the extent to which the Company is willing to comply with such requirements).

Institutional Offer Period means the date the Institutional Entitlement Offer opens to the date the Institutional Entitlement Offer closes, as set out in the timetable in section 1.6 of the Offer Document.

Institutional Placement has the meaning given to that term in section 1.1 and is the placement described in detail in section 1.2.

Institutional Shareholder means an Institutional Investor who is a Shareholder.

Investor Presentation means the investor presentation attached as Annexure B to this Offer Document.

Issue Price means \$0.31 per New Share.

Lead Managers/Underwriters means Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited.

Listing Rules means the Listing Rules of the ASX, as amended or replaced from time to time and as waived in respect of the Company by the ASX.

Macquarie means Macquarie Capital (Australia) Limited.

New Share means a new Share proposed to be issued pursuant to this Offer Document, and **New Shares** has a corresponding meaning.

Offer means the Institutional Placement, the Retail Entitlement Offer and the Institutional Entitlement Offer.

Offer Document means this Offer Document dated 27 February 2014.

Offer Management Agreement means the offer management agreement between the Company and the Lead Managers dated 25 February 2014.

Offer Materials means materials pursuant to which the Offer is made.

Offer Securities means the ordinary shares in the Company which are offered for subscription pursuant to the Offer.

Option means an option to acquire a Share in the Company.

Opening Date means the Opening Date set out in the timetable in Section 1.6.

Record Date means the Record Date set out in the timetable in Section 1.6.

Registry means Computershare Investors Services.

Retail Entitlement Offer means the offer of New Shares to Eligible Retail Shareholders under the Entitlement Offer as described in Section 1.5.

Retail Entitlement Offer Period means the period commencing on the Opening Date and ending on the Closing Date.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company before the Record Date.

Shareholder means a holder of Shares.

Shortfall Offer means the separate offer for the Shortfall Shares pursuant to this Offer Document.

Shortfall Shares means those additional New Shares that are not subscribed for by certain Shareholders pursuant to their Entitlements under the Retail Entitlement Offer (if any).

Trading Halt End Date means the date trading resumes in accordance with the timetable at section 1.6 of the Offer Document.

Underwriters/Lead Managers means Evans and Partners Pty Ltd and Macquarie Capital (Australia) Limited.

US Person has the meaning given in Rule 902(k) of Regulation S under the US Securities Act.

US Securities Act means the US Securities Act of 1933.

WST means Australian Western Standard Time.

ANNEXURE A – ASX EQUITY RAISING ANNOUNCEMENT

To download the ASX Equity Raising Announcement directly from the website, please go to:
www.saracen.com.au

ANNEXURE B – INVESTOR PRESENTATION

To download the Investor Presentation directly from the website, please go to:
www.saracen.com.au

ANNEXURE C – SUMMARY OF OFFER MANAGEMENT AGREEMENT

Offer Management Agreement

On 24 February 2014, the Company and the Lead Managers entered into an offer management agreement (**Offer Management Agreement**), pursuant to which the Lead Managers agreed to act as the exclusive Joint Bookrunners and Lead Managers to the Offer and to potentially underwrite (in whole or in part) the Retail Entitlement Offer.

The Offer Management Agreement is conditional upon:

- (a) in relation to the Institutional Entitlement Offer and the Placement:
 - (i) obtaining any necessary ASX waivers, approvals or trading halts;
 - (ii) lodgement of the necessary documents with ASX; and
 - (iii) obtaining the necessary due diligence approvals; and
- (b) in relation to the Retail Entitlement Offer, in addition to the conditions to be satisfied by the Institutional Offer and the Placement,
 - (i) should the Lead Managers decide to underwrite the Retail Entitlement Offer (in whole or in part), appropriate written notice of the agreement to underwrite is provided to the Company; and
 - (ii) all necessary due diligence materials are provided, announcements made and ASX approvals obtained in relation to the Retail Entitlement Offer.

On completion of the Offer, the Company must pay to the Lead Managers in equal respective proportions:

- (a) a management fee of 3.75% of the gross proceeds from the Institutional Entitlement Offer and the Placement and an incentive fee of 0.5% of the gross proceeds from the Institutional Entitlement Offer; and
- (b) a management fee of 3.75% and an incentive fee of 0.5% of the gross proceeds from the Retail Institutional Offer.

The Company must also reimburse the Lead Managers for:

- (a) all reasonable travel, road show and out of pocket expenses incurred by the Lead Managers in relation to the Offer (provided that any expense over \$10,000 has been approved by the Company); and
- (b) legal costs and disbursements on a full indemnity basis incurred by the Lead Managers in relation to the Offer including costs and disbursements incurred to the preparation and execution of the Offer Management Agreement.

The Lead Managers may, at any time and at their own cost, appoint:

- (a) sub-underwriters to sub-underwrite the Retail Entitlement Offer if the Lead Managers agree to underwrite some or all of the Retail Entitlement Offer; and
- (b) co-managers and brokers on the Company's behalf to all or part of the Offer.

Subject to certain exclusions relating to, among other things, fraud, wilful misconduct, recklessness or negligence by an indemnified party, the Company agrees to indemnify the Lead Managers, their affiliates and each of their respective officers, employees, agents and advisers against losses suffered in connection with the Offer.

Each Lead Manager may severally terminate the Offer Management Agreement at any time before completion of the Offer, by notice to the Company and the other Lead Manager, if one or more of the termination events set out below occurs.

However, in the case of the termination events in paragraphs (r) to (y) below, a Lead Manager may not terminate the Offer Management Agreement unless in its reasonable opinion the event has or is likely to have a materially adverse effect on the success or outcome of the Offer, or the event leads or is likely to lead to a contravention by the Lead Manager of any applicable law or a liability for the Lead Manager:

- (a) **(Index Fall)**: The S&P/ASX 200 Materials Index:
 - (i) drops by more than 10% during the period in which the Institutional Offer Period (**Reference Level**); or
 - (ii) during the period until and including the date the Retail Entitlement Offer announces results, is at a level more than 10% lower than the Reference Level and remains at or below that level:
 - (A) for at least two Business Days; or
 - (B) on the Business Day immediately before the Institutional Settlement Date or the Retail Settlement Date.
- (b) **(Gold price)**: The London Metal Exchange closing gold price is at or lower than 90% of the level of that index as at the closing level on the Business Day immediately preceding the Institutional Opening Date.
- (c) **(Offer Materials)**: a statement contained in the Offer Materials is or becomes misleading or deceptive or is likely to mislead or deceive, or a required matter is omitted from the Offer Materials.
- (d) **(Notification)**: any of the following applications are made:
 - (i) an application for an order under Part 9.5 of the Corporations Act or to any Government Agency in relation to the Offer Materials or the Offer; or
 - (ii) ASIC or any Government Agency commences or gives notice of an intention to hold or commence any investigation, prosecution, proceedings or hearing in relation to the Offer or the Offer Materials.
- (e) **(ASX approval)**: ASX fails to grant approval for Official Quotation of:
 - (i) in relation to the Institutional Entitlement Securities, by the Institutional Trading Date (or such later date agreed in writing by Macquarie in its absolute discretion) or is withdrawn on or prior to the Institutional Trading Date; or
 - (ii) in the case of the Accepted Retail Entitlement Securities and the Retail Entitlement Offer Securities, by the Retail Trading Date (or such late date agreed in writing by the Lead Managers in their absolute discretion) or is withdrawn by the Retail Trading Date;or ASX makes an official statement to any person or indicates to the Company or the Lead Managers that official quotation of the Offer Securities will not be granted.
- (f) **(Certificates)**: a failure to furnish any certificates as required under the Offer Management Agreement, or a statement in the certificate is untrue, misleading, incorrect or deceptive.

- (g) **(Timetable)**: any event in the proposed timetable is delayed by the Company for more than two Business Days.
- (h) **(New circumstance)**: at any time on or after the Announcement Date a new circumstance arises which is a matter materially adverse to investors in Offer Securities and which would have been required by the Act to be included in the Offer Materials.
- (i) **(Correcting notice)**: in the reasonable opinion of the Lead Managers, the Company becomes required to give, or the Company gives, a correcting notice under sections 708AA(10) or 708AA(11) (as modified by ASIC Class Order 08/35) or sections 708A(9) or 708A(10) under the Corporations Act in respect of a matter materially adverse to investors in Offer Securities.
- (j) **(Listing)**: the Company ceases to be admitted to the official list of ASX or the ordinary shares in the Company are suspended from trading on, or cease to be quoted on, ASX.
- (k) **(Director)**: a Director engages in any fraudulent activity or is charged with an indictable offence or a regulatory body commences or announces its intention to take any public action against the Director.
- (l) **(Withdrawal)**: the Company withdraws the Offer;
- (m) **(ASX Waiver)**: ASX withdraws, revokes or amends the required ASX Waivers.
- (n) **(Insolvency)**: The Company or any member of the Group is Insolvent or there is an act or omission which may result in the Company or any member of the Group becoming Insolvent.
- (o) **(Takeovers Panel)**: any application is made to the Takeovers Panel seeking a declaration of unacceptable circumstances in relation to the Offer (or any aspect of it) and the Takeovers Panel has not declined to commence proceedings, or refused to make a declaration of unacceptable circumstances, in respect of that application within two Business Days of the date of that application.
- (p) **(Reinstatement to quotation)**: ASX does not remove the trading halt on the Company's securities by 10.00 am on the Trading Halt End Date.
- (q) **(Institutional Allotment)**: the Company fails to issue the Offer Securities in accordance with the timetable.
- (r) **(Disruption in financial markets)**: any of the following occurs:
 - (i) there is a material disruption in commercial banking or security settlement or clearance services in Australia, the United States of America or the United Kingdom;
 - (ii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect;
 - (iii) or any other adverse change or disruption occurs or is likely to occur to the financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, a member of the European Union, the United States of America, the United Kingdom or elsewhere.
- (s) **(Adverse change)**: there is an adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company.

- (t) **(Debt facility)**: a default or termination occurs under the debt facility or the Company's notes.
- (u) **(Misrepresentation)**: a representation or warranty made or given proves to be, or has been, or becomes, untrue or incorrect.
- (v) **(Change in laws)**: the Parliament of Australia or any State or Territory of Australia introduces a new law, or any Government Agency adopts a new policy.
- (w) **(Breach)**: the Company fails to perform or observe any of its obligations under the Offer Management Agreement.
- (x) **(Hostilities)**: hostilities not presently existing commence or a major escalation in existing hostilities occurs involving one or more of Australia, the United States of America, the United Kingdom, Japan, Russia, France, Germany or the People's Republic of China, or a national emergency is declared by any of those countries, or a major terrorist act is perpetrated anywhere in the world.
- (y) **(Change in management)**: There is a change or any indication that there will be a change in the directors or senior management of the Company as at the date of this agreement.

The Offer Management Agreement contains other standard terms and conditions expected to be included in an agreement of this nature.

ELIGIBLE RETAIL SHAREHOLDER DECLARATIONS

IMPORTANT:

If you make an application – you will be taken to make the following declarations to the Company

- you agree to be bound by the terms of the Retail Entitlement Offer and the constitution of the Company;
- you authorise the Company to register you as the holder of the New Shares issued to you;
- you declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- you declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- you acknowledge that once the Company receives the Entitlement and Acceptance Form or any payment of Application Monies via BPAY®, you may not withdraw your acceptance;
- you agree to apply for the number of New Shares specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY®, at the Issue Price per New Share;
- you agree to be issued the number of New Shares that you apply for;
- you authorise the Company, the Underwriters/Lead Managers, the Registry and their respective officers or agents, to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instructions of the Registry upon using the contract details set out in the Entitlement and Acceptance Form;
- you declare that you are an Eligible Retail Shareholder as defined in the Glossary in this Offer Document;
- you acknowledge that the information contained in this Offer Document and the Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs, and is not a prospectus or product disclosure statement, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- you represent and warrant that the law of any other place does not prohibit you from being given this Offer Document and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares;
- you acknowledge the statement of risks in Section 3 of the Offer Document and that investments in the Company are subject to investment risk;
- you acknowledge that none of the Company or the Lead Managers/Underwriters or any of their respective directors, officers, employees, agents, consultants, their advisers, guarantees the performance of the Company, or the repayment of capital;
- you represent and warrant (for the benefit of the Company, the Lead Managers/Underwriters and their respective affiliates) that you did not receive an invitation to participate in the Institutional Entitlement Offer either directly or through a nominee, and are otherwise eligible to participate in the Retail Entitlement Offer;
- you acknowledge and agree that the New Shares have not, and will not be, registered under the US Securities Act or the securities laws of any state or other

jurisdictions in the United States, and accordingly, the Entitlements may not be taken up, and the New Shares may not be offered, sold or otherwise transferred, in the United States or to, or for the account or benefit of, any US Person, except in transactions exempt from or not subject to the registration requirements of the US Securities Act and any other applicable securities laws of any state or other jurisdiction in the United States;

- you represent, warrant and agree that you are not in the United States and are not a US Person and are not acting for the account or benefit of a US Person;
- you agree not to send this Offer Document, the Entitlement and Acceptance Form or any other material relating to the Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit of, a US Person;
- you agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular way transactions on ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is in the United States or is, or is acting for the account or benefit of, a US Person; and
- you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and/or of your holding of Shares on the Record Date.

CORPORATE DIRECTORY

Directors

Mr Guido Staltari (Non Exec. Chairman)
Mr Raleigh Finlayson (Managing Director)
Mr Geoff Clifford (Non Exec. Director)
Mr Barrie Parker (Non Exec. Director)
Mr Martin Reed (Non Exec. Director)
Ms Samantha Tough (Non Exec. Director)

Registered Office

Level 4, 89 St Georges Terrace, PERTH, WA,
AUSTRALIA, 6000

Telephone: + 61 8 6229 9100
Facsimile: +61 8 6229 9199

Website: www.saracen.com.au

Company Secretary and CFO

Mr Gerard Kaczmarek

Share Registry*

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
ABBOTSFORD VIC 3067
Telephone: 1300 557 010
Telephone: +61 (0)3 9415 4000
Email: web.queries@computershare.com.au

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Underwriters/Lead Managers

Evans and Partners Pty Ltd
Mayfair Building, 171 Collins Street
MELBOURNE VIC 3000

Macquarie Capital (Australia) Limited
No. 1 Martin Place
SYDNEY NSW 2000
GPO Box 4294
SYDNEY NSW 1164

*This entity is included for information purposes only. It has not been involved in the preparation of this Offer Document and has not consented to being named in this Offer Document