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**SARACEN MINERAL HOLDINGS LIMITED**  
(ACN 009 215 347)

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** noon (WST)

**DATE:** Wednesday 30 November 2016

**PLACE:** Duxton Hotel  
1 St Georges Terrace  
PERTH WA 6000  
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 contact the Company Secretary on (08) 6229 9100.*

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## TIME AND PLACE OF MEETING AND HOW TO VOTE

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### VENUE

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The Annual General Meeting of the Shareholders which this Notice of Meeting relates to will be held at noon (WST) on Wednesday 30 November 2016 at:-

Duxton Hotel  
1 St Georges Terrace  
PERTH WA 6000

### YOUR VOTE IS IMPORTANT

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

### VOTING IN PERSON

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

### VOTING BY PROXY

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To vote by proxy, please complete and sign the enclosed Proxy Form.

To be valid, the appointment of a proxy must be received at least 48 hours prior to the AGM using one of the following methods:-

**BY FAX:**

Faxing the proxy appointment forms, along with power of attorney or other authority (if any under which the form is signed, to one of the following numbers

(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

or

**BY MAIL:**

Lodging the proxy appointment form by mail in the enclosed reply paid envelope to:-

Computershare Investor Services Pty Limited  
GPO Box 242  
Melbourne, Victoria 3001

or

**BY HAND:**

Lodging the proxy appointment form by hand at:-

Computershare Investor Services Pty Limited  
Yarra Falls, 452 Johnston Street  
Abbotsford, Victoria 3067

or

**ONLINE:**

Visit [www.investorvote.com.au](http://www.investorvote.com.au)

To use this facility, you will need the enclosed Proxy Form as it contains your Control Number (CN) and your Security Holder Number (a ten digit number commencing with the letter I) or Holder Identification Number (a ten digit number commencing with X) which form your Personal Identification Number (PIN) to verify your entitlement to vote. Alternatively, you can scan the QR code on the Proxy Form using your mobile device for verification purposes.

Relevant custodians may lodge their proxy forms online by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com)

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a Shareholder of the Company; and
- (c) a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

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:

- (a) if proxy holders vote, they must cast all directed proxies as directed; and
- (b) 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 are 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**:

- (a) 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
- (b) 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
- (c) 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
- (d) 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:

- (a) 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
- (b) the appointed proxy is not the Chair of the meeting; and
- (c) at the meeting, a poll is duly demanded on the resolution; and
- (d) either of the following applies:
  - (i) the proxy is not recorded as attending the meeting;
  - (ii) 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.

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## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Saracen Mineral Holdings Limited will be held at the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia at noon (WST) on Wednesday, 30 November 2016.

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 4:00 pm WST on 28 November 2016.

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

### AGENDA

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#### FINANCIAL REPORT

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016, together with the Declaration of the Directors, the Directors' Report and the Auditor's Report.

**Note:** Section 317 of the *Corporations Act 2001* requires Directors to present to 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.

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#### 1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR 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 57 of the Constitution, ASX Listing Rule 14.5 and for all other purposes, Mr Martin Reed, being a Director, retires by rotation and, being eligible, is hereby re-elected as a Director."*

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#### 2. RESOLUTION 2 – 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 as contained in the Company's annual financial report for the financial year ended 30 June 2016."*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**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 Prohibition Statement:**

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 does not specify the way the proxy is to vote on this Resolution.

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**3. RESOLUTION 3 – RE-ADOPTION OF THE SARACEN MINERAL HOLDINGS LIMITED PERFORMANCE RIGHTS PLAN**

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

*“That the Saracen Mineral Holdings Limited Performance Rights Plan, the details of which are set out in the Explanatory Statement, and the issue of Performance Rights under that Plan, be approved for the purposes of Listing Rule 7.2 (Exception 9) of the ASX Listing Rules and for all other purposes, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director of the Company (except a Director 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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#### 4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO MR RALEIGH FINLAYSON

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

*“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, Shareholders approve the issue of 185,000 Performance Rights to Mr Raleigh Finlayson (or his nominee) under the terms and conditions of the Saracen Mineral Holdings Limited Performance Rights Plan.”*

**ASX Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any Director (except those who are ineligible to participate in the Saracen Mineral Holdings Limited Performance Rights Plan) and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if the proxy is the Chair of the Meeting.

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#### 5. RESOLUTION 5 – NON-EXECUTIVE DIRECTORS’ REMUNERATION CAP

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

*“That, for the purposes of clause 62 of the Constitution, ASX Listing Rule 10.17 and all other purposes, the shareholders approve the maximum aggregate amount that may be paid to Non-Executive Directors as remuneration for their services in each financial year to be set at \$800,000 which may be divided among those Directors in the manner determined by the Board of the Company from time to time.”*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by a Director of the Company and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a 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.

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Dated: 18 October 2016

By order of the Board

G F KACZMAREK  
Company Secretary



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## EXPLANATORY STATEMENT

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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 the Duxton Hotel, 1 St Georges Terrace, Perth, Western Australia on Wednesday, 30 November 2016 at noon (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.

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## 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 2016 together with the Declaration of the Directors, the Directors' Report and the Auditor's Report.

In accordance with amendments to the *Corporations Act 2001 (Cth)*, 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).

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### 1. RESOLUTION 1 – RE-ELECTION OF DIRECTOR – MR MARTIN REED

Clause 57 of the Constitution provides that one-third of the Directors (which pursuant to clause 61 of the Constitution is subject to the Managing Director not being taken into account in determining the retirement by rotation 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 his or her appointment, whichever is longer, without submitting himself for re-election. A retiring Director is eligible for re-election.

The Company currently has 4 Directors who are subject to rotation under the Constitution and accordingly 1 must retire.

Mr Reed is the director who has served the longest period since he was last elected and hence now retires and seeks re-election in accordance with Clause 57 of the Constitution and ASX Listing Rule 14.5.

Martin Reed was appointed a Director on 24 August 2012 and has continuously served as a Director since his appointment.

#### 1.1 Director Experience and Qualifications and Other Directorships

Mr Reed is a qualified mining engineer (BE Mining, Grad Dip Management, AICD Diploma) with over 35 years' experience in operations management and project development across a range of commodities, countries and sizes of operations. Recent roles have included Chief Operating Officer and Project Manager for a number of metals companies including Sirius Resources, Sandfire Resources, St Barbara Limited, Paladin Energy Ltd and Windimurra Vanadium Limited. Prior to

these appointments, Mr Reed held a number of senior executive positions in the mining industry including roles where he was responsible for the planning and development of several large mining operations in remote locations.

Mr Reed currently has no other directorships of listed companies but has previously served as a Director of Adamus Resources Limited from December 2009 to December 2011 and as a director of Endeavour Mining Corporation from December 2011 to October 2012.

## 1.2 Directors' Recommendation

**The other Directors of the Company recommend that Shareholders support the re-election of Mr Reed. The Board considers Mr Reed to be an independent Director.**

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## 2. RESOLUTION 2 – ADOPTION OF REMUNERATION REPORT

### 2.1 General

The Remuneration Report to Shareholders forms part of the Directors' Report for the year ended 30 June 2016 and is set out in the Company's 2016 Annual Report. The *Corporations Act 2001 (Cth)* requires the Remuneration Report be submitted to Shareholders for consideration and adoption. This Resolution is advisory only and does not bind the Company or the Directors of the Company.

The Remuneration Report sets out the remuneration arrangements for the Company's Directors and senior management of the Company.

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

### 2.2 Voting consequences

Under the *Corporations Act 2001 (Cth)*, if 25% or more of the votes that are cast are voted against the adoption of the Remuneration Report at two consecutive annual general meetings (**AGM**), Shareholders at the second AGM will be required to vote on a resolution proposing the calling of another general meeting of shareholders at which all Directors of the Company (excluding the Managing Director) who were in office at the time of approval of the Director's Report for the most recent financial year must stand for re-election (**Spill Resolution**).

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 passing of the Spill Resolution.

All of the Directors of the Company who were in office when the Directors' Report as included in the Company's annual report for the year of the Spill Resolution 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 restrictions placed on certain proxies:

| Proxy being appointed                                        | Directed Votes          | Undirected Votes                             |
|--------------------------------------------------------------|-------------------------|----------------------------------------------|
| Key Management Personnel (other than the Chair) <sup>1</sup> | Can vote directed votes | Cannot vote undirected votes <sup>3</sup>    |
| Chair <sup>2</sup>                                           | Can vote directed votes | Can vote at discretion of Proxy <sup>4</sup> |
| Other third party                                            | Can vote directed votes | Can vote at discretion of Proxy              |

### Notes:

- 1) Refers to 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.
- 2) Refers to the Chair (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).
- 3) 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.
- 4) The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions. The Proxy Form states that by appointing the Chair as a proxy (or where the Chair becomes proxy by default) the Shareholder gives the Chair express authority to exercise the proxy on Resolution 3 (except where indicated differently) even though Resolution 3 is connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

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## 3. RESOLUTION 3 – RE-APPROVAL OF THE SARACEN MINERAL HOLDINGS LIMITED PERFORMANCE RIGHTS PLAN

### 3.1 General

Resolution 3 seeks the approval of Shareholders for the re-adoption of the "Saracen Mineral Holdings Limited Performance Rights Plan" (**Plan**) that provides the Board with the discretion to grant Performance Rights to Eligible Participants that will vest subject to the satisfaction of performance hurdles as determined by the Board from time to time.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

The Plan was initially approved by shareholders at the Company's Annual General Meeting in November 2013 and hence the 3 year exemption period in compliance with ASX Listing Rule 7.2 (Exemption 9(b)) expires in November 2016. Therefore the Company hereby seeks re-approval of the Plan at this Annual General Meeting.

The objective of the Plan is to attract, motivate and retain key executives and it is considered by the Company that the Plan, and the future issue of Performance Rights under the Plan, will provide selected participants with the opportunity to participate in the future growth of the Company to ensure that it can reward, retain and motivate senior executives in a manner that is aligned with the interests of Shareholders.

### **3.2 Summary of the Plan**

Under the Plan, Eligible Participants are granted Performance Rights. Vesting of any of these Performance Rights is subject to the satisfaction of performance hurdles as outlined below.

Each Performance Right represents a right to be issued one Share at a future point in time subject to the satisfaction of any vesting conditions. No exercise price is payable and eligibility to receive Performance Rights under the Plan is at the Board's discretion.

The quantum of Performance Rights to be granted is determined with reference to market practice and is subject to approval by the Board.

The Plan enables the Company to make grants to Eligible Participants so that long term incentives form a key component of their total annual remuneration. This better aligns the remuneration packages of Eligible Participants with those of Shareholders.

The Board believes that grants under the Plan serve a number of purposes including:

- (a) to act as a key retention tool; and
- (b) to focus attention on future Shareholder value generation.

The Plan is structured to reward long-term, sustained Shareholder value generation. Performance is assessed over the 3 year vesting period with vesting occurring at the end of that 3 year period providing the performance hurdles are met.

Grants under the Plan will be subject to the satisfaction of performance hurdles.

Further detail is set out in a summary of the key terms and conditions of the Plan in Schedule 1 to this Explanatory Statement.

### **3.3 Approval**

If Resolution 3 is passed, Performance Rights issued by the Company to Eligible Participants under the Plan over the next 3 year period will not impact the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

There are currently 15,561,500 unvested Performance Right that have been issued by the Company under the Plan and 5,406,000 Shares have been issued

due to the vesting of Performance Rights granted under the Plan since its inception in 2013.

Any issues of Performance Rights under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained, will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A copy of the Plan is available for review by Shareholders at the registered office of the Company until the date of the Annual General Meeting. A copy of the Plan can also be sent to Shareholders upon request to the Company Secretary (Gerry Kaczmarek). Shareholders are invited to contact the Company if they have any queries or concerns.

### 3.4 Recommendation

**The Directors of the Company (excluding Mr Finlayson) recommend that shareholders vote in favour of the Resolution.**

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## 4. RESOLUTION 4 – ISSUE OF PERFORMANCE RIGHTS TO MR RALEIGH FINLAYSON

### 4.1 General

The Company has agreed, subject to Shareholders' approval, to issue a total of 185,000 Performance Rights to Mr Raleigh Finlayson (Managing Director of the Company) (or his nominee), comprising:

- (a) 74,000 Class A Performance Rights;
- (b) 37,000 Class B Performance Rights;
- (c) 74,000 Class C Performance Rights;

under the Plan and on the terms and conditions set out in Schedule 1.

**4.2 The Performance Rights are being issued to Mr Finlayson (or his nominee), as an incentive to seek the satisfaction of the vesting conditions, which the Company intends will be aligned with the interests of Shareholders. In addition, it is intended that the issue of the Performance Rights will serve to reward, retain and motivate Mr Finlayson in relation to his service to the Company.**

### 4.3 Quantum Calculation

Mr Raleigh Finlayson is the Managing Director and the most senior executive of the Company.

The Remuneration Committee and the Board has determined that the quantum of Performance Rights proposed to be issued to Mr Finlayson is appropriate and is designed to provide incentive to Mr Finlayson to deliver above-average performance relative to Saracen's peers (as detailed in Schedule 2).

The proposed issue strikes a balance between rewarding Mr Finlayson for performance while aligning his interests with those of Saracen shareholders.

The Company's long term incentive (LTI) for the Managing Director has been determined to be equivalent to approximately 38% of Mr Finlayson's 2016/17 base salary (ie base salary before statutory superannuation). Therefore the

monetary value was determined to equate to \$266,000 (being 38% of his base salary of \$700,000).

The Share price applicable to the allocation is \$1.44 being Saracen's closing Share price on 30 June 2016.

Therefore, the number of Performance Rights to be allocated was  $\$266,000/\$1.44 = 184,722$ . The Board resolved to round the number to 185,000.

The maximum number of Shares that could be issued is 185,000 if all performance criteria are fully met for each of the 3 Classes over the period 1 July 2016 to 30 June 2019.

#### **4.4 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of Performance Rights constitutes giving a financial benefit and Mr Finlayson is a related party of the Company by virtue of him being a Director.

The Directors (other than Mr Finlayson, given his material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Performance Rights because they are being issued as part of Mr Finlayson's remuneration package and have been negotiated on an arm's length basis.

#### **4.5 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

If this Resolution is passed, Performance Rights will be issued to Mr Finlayson, the Managing Director of the Company (or his nominee). Therefore, the Company requires Shareholder approval to issue the Performance Rights to Mr Finlayson (or his nominee).

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Performance Rights as approval is being obtained under ASX Listing Rule 10.14 and has been obtained under Exception 9(b) of ASX Listing Rule 7.2.

#### **4.6 Vesting Conditions of the Performance Rights**

As stated in section 4.1 above, the Company has agreed to grant Performance Rights to Mr Finlayson (or his nominee). The conditions that must be met in order for the Performance Rights to vest are as follows.

- (a) **Class A Performance Rights:** if the Company's performance between 30 June 2016 and 30 June 2019 exceeds the peer companies listed in Schedule 2 (**Peer Companies**):
- (i) between 50% and 100% (calculated pro rata) of the Class A Performance Rights will vest if the Company's TSR, as calculated at the end of the financial year, falls within the 50<sup>th</sup> and 75<sup>th</sup> percentiles when compared with the TSR of the other Peer Companies calculated over the same period; and
  - (ii) 100% of the Class A Performance Rights will vest if the Company's TSR as calculated on at the end of the financial year is above the 75<sup>th</sup> percentile when compared with the TSR of the other Peer Companies calculated over the same period;
- (b) **Class B Performance Rights:** if from 30 June 2016 and by 30 June 2019 the Company's ore reserves (in ounces of gold) increase:
- (i) by between 0% and 25%, in which case 50% of the Class B Performance Rights will vest; and
  - (ii) by more than 25%, in which case 100% of the Class B Performance Rights will vest;
- (c) **Class C Performance Rights:** if, from 30 June 2016 and by 30 June 2019 the Share price increases:
- (i) by between 25% and 50%, in which case, between 50% and 75% (calculated pro rata) of the Class C Performance Rights will vest; and
  - (ii) by more than 50%, in which case, 100% of the Class C Performance Rights will vest.

The Performance Rights will otherwise be issued on the terms and conditions set out in Schedule 1.

#### 4.7 Technical information required ASX Listing Rule 10.15

Pursuant to and in accordance with ASX Listing Rule 10.15, the following information is provided in relation to the proposed issue of Performance Rights to Mr Finlayson (or his nominee):

- (a) the Performance Rights are being issued to Mr Finlayson (or his nominee). Mr Finlayson has not notified a nominee at this time;
- (b) the maximum number of Performance Rights to be issued is 185,000, being 74,000 Class A Performance Rights, 37,000 Class B Performance Rights and 74,000 Class C Performance Rights;
- (c) the Performance Rights are being issued for nil cash consideration under the terms of the Plan and on the terms and conditions set out in Schedule 1;
- (d) Mr Finlayson has previously been issued:-
  - (i) 1,500,000 Performance Rights under the Plan, for nil cash consideration, following approval by shareholders at the AGM

in November 2013. 1,200,000 of these Rights have vested and 1,200,000 Shares were issued to Mr Finlayson's nominee in August 2016; and

- (ii) 735,000 Performance Rights, for nil consideration, following approval by shareholders at the AGM in November 2014; and
- (iii) 10,000,000 Performance Rights, for nil consideration, following approval by shareholders at the AGM in November 2015. 2,000,000 of these Rights have vested and 2,000,000 Shares were issued to Mr Finlayson's nominee in August 2016

No other Director or person or entity associated with a Director has been issued any Performance Rights under the Plan;

- (e) as at the date of this Notice of Meeting, the only related party of the Company who is entitled to participate in the Performance Rights Plan is Mr Raleigh Finlayson (or his nominee);
- (f) no loans have been provided to Mr Finlayson in relation to the acquisition of the Performance Rights; and
- (g) the Performance Rights will be issued to Mr Finlayson (or his nominee) no later than 12 months after the date of the Meeting.

#### 4.8 Recommendation

**The Directors of the Company (excluding Mr Finlayson) recommend that shareholders vote in favour of the Resolution.**

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#### 5. RESOLUTION 5 – NON-EXECUTIVE DIRECTORS' REMUNERATION CAP

ASX Listing Rule 10.17 and Clause 62 of the Company's current constitution require that the maximum total aggregate remuneration that may be paid to Non-Executive Directors of the Company be set by the Shareholders in general meeting.

Resolution 5 seeks Shareholder approval to set the maximum aggregate remuneration that may be paid to Non-Executive Directors as being \$800,000 per annum being an increase of \$300,000 over the existing limit of \$500,000 per annum.

The current limit was determined by shareholders in 2011, at which time the Company's main activities was gold production at the Carosue Dam Operations and exploration. Since then the Company has expanded its operations through the acquisition and commissioning of gold mining at the Thunderbox Project. Based on that development, the Company has joined the ranks of mid-tier gold producers, increased its market capitalization to in excess of A\$1 billion and joined the ASX200 Index.

Non-Executive fees paid to Directors for the 2016 financial year amounted to \$447,500.

Having regard to the increase in the scale and scope of the Company's activities, the increase in the fee pool for Non-Executive Directors will allow the Company the flexibility to appoint additional Non-Executive Directors with the necessary qualifications and experience to facilitate the future growth of the Company.

In addition, given the greater responsibilities assumed by Non-Executive Directors, the proposed increase in the fee pool will afford the Company the ability to competitively remunerate and retain Non-Executive Directors.



In determining an appropriate level of Non-Executive Director remuneration, the Board made reference to the range of fees paid to non-executive directors of similar sized ASX listed companies.

The Company has not issued any securities to any Non-Executive Directors within the last 3 years either with or without the approval of shareholders.

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**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.

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## GLOSSARY

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\$ means Australian dollars.

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

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

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

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

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

**Calculation Date** means the end of each financial year or such other calculation period as defined in the grant of relevant Performance Rights.

**Class A Performance Right** means a Performance Rights to be issued with the vesting conditions set out in clause 4.6(a) of the Explanatory Statement.

**Class B Performance Right** means a Performance Rights to be issued with the vesting conditions set out in clause 4.6(b) of the Explanatory Statement.

**Class C Performance Right** means a Performance Rights to be issued with the vesting conditions set out in clause 4.6(c) of the Explanatory Statement.

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

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) 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;
- (e) a company the member controls; or
- (f) 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.

**Eligible Participant** means:

- (a) any full time or part time employee, or Executive Director, of the Company or its subsidiaries or any other related body corporate of the Company; and

(b) subject to any necessary ASIC relief being obtained, a casual employee or contractor of the Company or its subsidiaries or any other related body corporate of the Company,

who is declared by the Board to be eligible to receive grants of Performance Rights under the Plan.

**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 2016 Annual General Meeting of the Company including the Explanatory Statement.

**Performance Rights** means the Class A Performance Rights, Class B Performance Rights and Class C Performance Rights to be issued under Resolution 4 and otherwise on the terms and conditions set out in Schedule 1.

**Plan** means the Saracen Mineral Holdings Limited Performance Rights Plan originally approved by Shareholders at the Company's AGM on 19 November 2013.

**Remuneration Report** means the remuneration report set out in the Company's 2016 annual report to shareholders.

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

**Shareholder** means a holder of Shares.

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

**TSR** is calculated as the increase in the price of a company's shares on the ASX over the period between the relevant Calculation Date, based on the 30 day VWAP for those shares on those dates, plus any reinvested dividends, expressed as a percentage of the 30 day VWAP share price at the date a Performance Right is granted.

**VWAP** means the volume weighted average price of Shares.

**WST** means Western Standard Time in Perth, Western Australia.

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## SCHEDULE 1 – TERMS AND CONDITIONS OF PERFORMANCE RIGHTS

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The Performance Rights are to be issued on the following terms and conditions:

- (a) Subject to the satisfaction of the applicable vesting condition set out in paragraph (b) below, each Performance Right vests into one fully paid ordinary share in the Company (**Share**).
- (b) The Performance Rights shall vest as follows (**Vesting Conditions**):
  - (i) **Class A Performance Rights:** if the Company's performance between 30 June 2016 and 30 June 2019 exceeds the peer companies listed in Schedule 3 (**Peer Companies**) as follows:
    - (A) between 50% and 100% (calculated pro rata) of the Class A Performance Rights will vest if the Company's TSR, as calculated at the end of the financial year, falls within the 50<sup>th</sup> and 75<sup>th</sup> percentiles when compared with the TSR of the other Peer Companies calculated over the same period; and
    - (B) 100% of the Class A Performance Rights will vest if the Company's TSR as calculated on at the end of the financial year is above the 75<sup>th</sup> percentile when compared with the TSR of the other Peer Companies calculated over the same period;
  - (ii) **Class B Performance Rights:** if the Company's ore reserves (in ounces of gold) increase from 30 June 2016 to 30 June 2019:
    - (A) by between 0% and 25%, in which case 50% of the Class B Performance Rights will vest; and
    - (B) by more than 25%, in which case 100% of the Class B Performance Rights will vest;
  - (iii) **Class C Performance Rights:** if, from 30 June 2016 and by 30 June 2019 the Share price increases:
    - (A) by between 25% and 50%, in which case, between 50% and 75% (calculated pro rata) of the Class C Performance Rights will vest; and
    - (B) by more than 50%, in which case, 100% of the Class C Performance Rights will vest.
- (c) A Performance Right will vest where the applicable Vesting Condition is satisfied or where, despite Vesting Conditions not being satisfied, the Board (in its absolute discretion) resolves that unvested Performance Rights have vested as a result of:
  - (i) a holder or, where the holder is a nominee of an Eligible Participant, that Eligible Participant, ceasing to be an Eligible Participant as a result of:
    - (A) death or Total or Permanent Disability; or
    - (B) retirement or redundancy;

- (ii) a holder or, where the holder is a nominee of an Eligible Participant, that Eligible Participant, suffering severe financial hardship;
  - (iii) the death or terminal illness of the holder (or Eligible Participant, as applicable) or of an immediate family member of the holder (or Eligible Participant, as applicable); or
  - (iv) a substantial change in circumstances, out of the control of the holder (or Eligible Participant, as applicable) which affects the ability of the holder (or Eligible Participant, as applicable) to perform his or her role with the Company, its subsidiaries, or any other related body corporate of the Company.
- (d) Any Performance Right not vested by 30 November 2019 (**Expiry Date**) shall automatically lapse on the Expiry Date and the holder shall have no entitlement to Shares pursuant to those Performance Rights, unless otherwise determined by the Board.
- (e) Apart from the Expiry Date, a Performance Right will also lapse upon the earlier to occur of:
- (i) an unauthorised dealing in, or hedging of, the Performance Right;
  - (ii) a Vesting Condition in relation to the Performance Right is not satisfied by 30 November 2019 or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception (eg due to death, total and permanent disability, retirement or redundancy). The Board will take into consideration performance at the time of cessation and only vest the number of Performance Rights applicable on a pro-rata basis having regard to the performance period that has elapsed;
  - (iii) a vested Performance Right is not exercised within 90 days of the Board notifying that the Performance Right has vested;
  - (iv) a holder (or, where the holder is an associate of the Eligible Participant, that Eligible Participant) ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Performance Right under a good leaver exception. The Board will take into consideration performance at the time of cessation and only vest the number of Performance Rights applicable on a pro-rata basis having regard to the performance period that has elapsed;
  - (v) the Board deems that a Performance Right lapses due to fraud, dishonesty or other improper behaviour of the holder/Eligible Participant; and
  - (vi) the Company undergoes a change in control or winding up, and the Board does not exercise its discretion to vest the Performance Right.
- (f) The Performance Rights will be issued for nil cash consideration and no consideration will be payable upon the vesting and exercise of the Performance Rights on the satisfaction of the Vesting Conditions.
- (g) The Company shall notify the holder upon the satisfaction of the Vesting Conditions (**Vesting Notice**). The holder may then exercise their right to accept the vesting of the Performance Rights within 90 days of the Vesting Notice and be issued the associated Shares.

- (h) All Shares allotted upon the vesting and exercise of Performance Rights will upon allotment rank pari passu in all respects with other Shares.
- (i) The holder of a Performance Right who is not a Shareholder is not entitled to:
  - (i) notice of, or to vote or attend at, a meeting of the Shareholders of the Company; or
  - (ii) receive any dividends declared by the Company,unless and until any Performance Right is exercised and the holder holds Shares that provide the right to notice and dividends.
- (j) The Performance Rights are only transferrable with the prior written consent of the Board of the Company or by force of law upon death to the participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.
- (k) A Performance Right does not confer the right to a change in the number of underlying Shares over which the Performance Right can be exercised.
- (l) If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a holder of a Performance Right are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (m) There are no participating rights or entitlements inherent in the Performance Rights and participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Performance Rights.
- (n) The Company will not apply for quotation of the Performance Rights. If any Shares issued under the Plan are of the same class of Shares that are quoted on ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any restriction period applying to the Shares under Chapter 9 of the Listing Rules ends.

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**SCHEDULE 2 – PEER COMPANIES**

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| <b>Name of Peer Company</b>   | <b>ACN / ARBN</b> | <b>ASX Code</b> |
|-------------------------------|-------------------|-----------------|
| Beadell Resources Ltd         | ACN 125 222 291   | BDR             |
| Doray Minerals Limited        | ACN 138 978 631   | DRM             |
| Evolution Mining Limited      | ACN 084 669 036   | EVN             |
| Kingsrose Mining Limited      | ACN 112 389 910   | KRM             |
| Millennium Minerals Limited   | ACN 003 257 556   | MOY             |
| Northern Star Resources Ltd   | ACN 092 832 892   | NST             |
| Oceana Gold Corporation       | ARBN 124 980 187  | OGC             |
| Perseus Mining Limited        | ACN 106 808 986   | PRU             |
| Ramelius Resources Limited    | ACN 001 717 540   | RMS             |
| Regis Resources Limited       | ACN 009 174 761   | RRL             |
| Resolute Mining Limited       | ACN 097 088 689   | RSG             |
| Silver Lake Resources Limited | ACN 108 779 782   | SLR             |
| St Barbara Limited            | ACN 009 165 066   | SBM             |
| Teranga Gold Corporation      | ARBN 146 848 508  | TGZ             |
| Troy Resources Limited        | ACN 006 243 750   | TRY             |

The TSR performance of the Peer Companies will be adjusted/normalised by the Board of Directors in circumstances where one or more of those comparator companies cease to be listed on the ASX.