

1 July 2003

The Company Announcements Office  
Australian Stock Exchange Limited  
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SYDNEY NSW 2000

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Dear Shareholders

### **FUTURE DIRECTION**

The Board of Saracen Mineral Holdings Limited (**Saracen** or **Company**) wishes to advise shareholders that it will be convening a general meeting of shareholders to consider:

- (a) a proposed consolidation of the Company's issued capital on a one (1) for two (2) basis;
- (b) the subscription for shares and options by Renaissance Capital Limited (**Renaissance**);
- (c) the approval for Renaissance to underwrite a proposed rights issue by the Company (refer below);
- (d) the appointment of two new nominees of Renaissance as directors of the Company; and
- (e) the execution of a management agreement between the Company and Renaissance.

A more detailed summary of the transactions referred to above and the reasons for them is set out below.

All references to shares and options below are on the basis that the consolidation referred to in (a) has been approved and completed.

### **Rights Issue**

The Company is intending to proceed with a non-renounceable rights issue of shares to all shareholders on the basis of two (2) new shares for every three (3) shares held on the record date at an issue price of \$0.05 each together with one (1) free attaching new option for every share allotted and issued to a shareholder (**Rights Issue**).

Each new option will have an exercise price of \$0.10 each and must be exercised on or before 30 June 2013. Further, it is proposed that the options will enable the holder to participate in new pro rata issues of securities by the Company without first having to exercise the options.

The Company will be preparing a prospectus for the Rights Issue and anticipates that the prospectus will be lodged with the Australian Securities & Investments Commission (ASIC) on or about the date of the proposed general meeting of shareholders referred to above.

### **Underwriting of Rights Issue**

Renaissance has agreed to underwrite the Rights Issue in return for being paid an underwriting fee equal to 5% of the total amount underwritten.

The agreement of Renaissance to underwrite the Rights Issue is conditional upon

- (a) shareholders approving all of the resolutions to be considered by shareholders at the general meeting; and
- (b) the Company and Renaissance entering a formal underwriting agreement.

### **Subscription Agreement**

The Company has entered into a subscription agreement with Renaissance pursuant to which it is agreed to issue Renaissance 4,000,000 shares and 6,250,000 participating options to acquire shares (on a post-consolidation basis). The shares will be issued at a price of \$0.05 each and the participating options will be issued for no consideration.

It is proposed that the participating options to be issued to Renaissance will include a right to participate in any future pro rata offer of shares undertaken by the Company (including the Rights Issue) without first having to exercise the options. Otherwise, the participating options will have an exercise price of \$0.10 each and must be exercised on or before 30 June 2013.

The issue of shares and participating options to Renaissance pursuant to the terms of the subscription agreement are subject to and conditional upon shareholders approving all of the resolutions to be considered by shareholders at the general meeting.

### **Acquisition from Redsummer Pty Ltd**

Renaissance has advised the Company that it has entered into an agreement with Redsummer Pty Ltd (a substantial shareholder in the Company) (**Redsummer**) pursuant to which it has agreed to acquire 1,304,300 shares in Saracen (on a post-consolidation basis) from Redsummer. On completion of the acquisition from Redsummer, the voting power of Renaissance in the Company will be approximately 19.6%.

While shareholder approval for this acquisition may not strictly be required, Renaissance and Redsummer have requested that shareholder approval be obtained. A resolution considering the acquisition will be set out in the notice of meeting to be sent to shareholders in the near future.

### **New Direction**

On 27 August 2002 the Company announced its intention to restructure the Company via an in-specie distribution to its shareholders of its then investments in Westgold Resources NL and Natural Intelligence Limited. This was approved by the Company's shareholders at the Annual General Meeting on 14 November 2002 and finalised soon after.

One of the main reasons stated at the time was to allow the Company to take a direct interest in the resource and exploration industry by acquiring opportunities in those areas. In the event shareholders approve the transactions set out above, the Company will have proceeded further towards its stated objective.

Renaissance intends to relocate the Company's registered offices to Melbourne and takeover the company secretarial and day to day management of the Company's affairs.

The proposed new board has indicated that it will be actively pursuing the identification of new resource projects for the Company. On completion of the Rights Issue the Company should have sufficient funds to ensure the new board's objectives can be successfully implemented.

The Company is in the process of preparing a notice of general meeting to seek the shareholder approvals set out above. It is anticipated that the general meeting will be held in mid August 2003.

Yours sincerely,

**ANDREW CHAPMAN**  
**COMPANY SECRETARY**