



SPRINTEX LIMITED
ABN: 38 106 337 599

ASX Announcement

ASX Code: SIX

28 October 2014

RESUMPTION OF ADJOURNED GENERAL MEETING SUPPLEMENTARY DISCLOSURE

Sprintex Limited (ASX:SIX) (**Company**) refers to the Notice of General Meeting dated 11 September 2014 (**Notice**), convening the General Meeting of the Company (**General Meeting**) which was adjourned on 22 October 2014.

RESUMPTION OF GENERAL MEETING

The Company wishes to advise shareholders that consideration of the Resolutions in the Notice will now instead be considered on **Tuesday, 11 November 2014 at 10.00 am** at the Company's offices at **183 Mulgool Road, Malaga WA 6090**.

DIRECTORS' RECOMMENDATIONS – SUPPLEMENTARY DISCLOSURE

Messrs Richard Siemens (Non-Executive Chairman), David White (Deputy Chairman and acting CEO), Michael Wilson (Non-Executive Director) and Richard O'Brien (Independent Director) note that they continue to recommend each of the proposed Resolutions (other than where the relevant Director has an interest in the applicable Resolution), for the reasons set out in the Notice.

Messrs Siemens, White, Wilson and O'Brien consider that the proposed Resolutions are beneficial and essential for Shareholders of the Company as a whole, as implementation of the proposed resolutions in the Notice will assist the Company to meet its working capital needs through the raising of capital and capitalisation of debts of the Company.

As noted in the Company's announcement, dated 17 October 2014, the Company has been notified that Mr Stephen Apedaile (Non-Executive Director) does not support the Resolutions contained in the Notice.

The reasons of each of the Directors of the Company in respect of Resolutions 1 to 8 of the Notice are set out below.

Unless otherwise defined, capitalised terms used in this document have the same meaning as in the Notice.

Resolution 1: Mr Apedaile's recommendation

Mr Steven Apedaile, a Director who has no personal interest in Resolution 1 other than in his capacity as a holder of an interest in Shares entitled to vote on the Resolution, recommends that Shareholders entitled to vote on Resolution 1 vote against that Resolution for the following reasons:

1. Without making any forecast as to potential future market prices of Shares, Mr Apedaile considers the issue price for the Shares the subject of Resolution 1 is too low in comparison

with historical market prices of Shares and does not reflect an appropriate control premium for the Company. Mr Apedaile notes that the market prices of Shares varied between \$0.006 and \$0.01 per Share during the three months to 12 August 2014 (being the day before the announcement of the Placements and the Debt Conversion proposals described in the Independent Expert's Report).

2. Mr Apedaile considers that the Company should explore alternative capital raising structures in preference to the proposed issue pursuant to Resolution 1, such as a pro-rata offer to all Shareholders.

Resolution 1: Messrs White, Wilson and O'Brien's recommendation

Messrs White, Wilson and O'Brien, who have no personal interest in Resolution 1, other than in their capacity as holders of an interest in Shares entitled to vote on the Resolution, each consider that:

1. The Independent Expert concluded that on the basis of the market price of the Company's Shares up to the date of the Independent Expert's Report (**IER**) and the prevailing market price of the Shares at the date of the IER, that Resolution 1 was fair and reasonable to the non-associated Shareholders of the Company.
2. The closing share price of the Company's Shares was \$0.002 -between 10 October 2014 and 23 October 2014, which is 33% below the issue price of the Shares considered in the IER and the issue price of the Shares in this Resolution.
3. The Board as a whole has considered several alternative proposals however the alternative proposals were considered inadequate given the Company's circumstances as they did not deal with the immediate financial issues facing the Company. Mr Apedaile has been supported and actively encouraged by the Board to seek alternative funding proposals. A pro-rata offer was considered by the Board, including Mr Apedaile, but was not considered viable given the balance sheet position of the Company following a pro-rata offer would not remove the significant liabilities from the balance sheet of the Company and provide immediate funding to the Company to enable a continuation of its operations. The capitalisation of debt proposed under Resolution 1 will assist the Company in clearing the \$2,419,116 debt owed to CAHL.
4. The Independent Expert also considered the fairness of Resolution 1 in the Notice after considering the alternatives available to the Company and the effect of not passing this Resolution, and concluded that Resolution 1 was fair and reasonable to the non-associated Shareholders of the Company.

Resolution 2: Mr Apedaile's recommendation

Mr Steven Apedaile, a Director who has no personal interest in Resolution 2 other than in his capacity as a holder of an interest in Shares entitled to vote on the Resolution, recommends that Shareholders entitled to vote on Resolution 2 vote against that Resolution for the following reasons:

1. Without making any forecast as to potential future market prices of Shares, Mr Apedaile considers the issue price for the Shares the subject of Resolution 2 is too low in comparison with historical market prices of Shares. Mr Apedaile notes that the market prices of Shares varied between \$0.006 and \$0.01 per Share during the three months to 12 August 2014.

2. Mr Apedaile considers that the Company should explore alternative capital raising structures in preference to the proposed issue pursuant to Resolution 2, such as a pro-rata offer to all Shareholders.

Resolution 2: Messrs Siemens, White and O'Brien's recommendation

Messrs Siemens, White and O'Brien, who have no personal interest in Resolution 2, other than in their capacity as holders of an interest in Shares entitled to vote on the Resolution, each consider that:

1. The closing share price of the Company's Shares was \$0.002 between 10 October 2014 and 23 October 2014, which is 33% below the issue price of the Shares of \$0.003 in Resolution 2.
2. The Board as a whole has considered several alternative proposals however the alternative proposals were considered inadequate given the Company's circumstances as they did not deal with the immediate financial issues facing the Company. Mr Apedaile has been supported and actively encouraged by the Board to seek alternative funding proposals. A pro-rata offer was considered by the Board, including Mr Apedaile, but was not considered viable given the balance sheet position of the Company following a pro-rata offer would not remove the significant liabilities from the balance sheet of the Company and provide immediate funding to the Company to enable a continuation of its operations. The capitalisation of debt proposed under Resolution 2 will assist the Company in clearing the \$400,000 debt owed to WPF.

Resolution 3: Mr Apedaile's recommendation

Mr Steven Apedaile, a Director who has no personal interest in Resolution 3 other than in his capacity as a holder of an interest in Shares entitled to vote on the Resolution, recommends that Shareholders entitled to vote on Resolution 3 vote against that Resolution for the following reasons:

1. Mr Apedaile is not convinced that the quantum of remuneration for Mr David White, the subject of Resolution 3, is an appropriate level of remuneration.
2. Without making any forecast as to potential future market prices of Shares, Mr Apedaile considers the issue price for the Shares the subject of Resolution 3 is too low in comparison with historical market prices of Shares. Mr Apedaile notes that the market prices of Shares varied between \$0.006 and \$0.01 per Share during the three months to 12 August 2014.
3. Mr Apedaile considers that the Company should explore alternative capital raising structures in preference to the proposed issue pursuant to Resolution 3, such as a pro-rata offer to all Shareholders.

Resolution 3: Messrs Siemens, Wilson and O'Brien's recommendation

Messrs Siemens, Wilson, and O'Brien, who have no personal interest in Resolution 3, other than in their capacity as holders of an interest in Shares entitled to vote on the Resolution, each consider that:

1. The quantum of remuneration for Mr David White is an appropriate level of remuneration. Mr White's remuneration is in line with market rates for a Deputy Chairman of the Board and also for a Chief Executive Officer. It is also below the amount paid to Mr Apedaile during his tenure

as Managing Director in 2014. Mr White has made a significant contribution to the Company in these roles and has been instrumental in providing constructive strategic advice to the Company. Further, the amount paid to Mr White is within the total aggregate amount of directors' fees which may be paid by the Company as remuneration for services. Resolution 3 does not seek any increase to the fees paid to Mr White, rather Resolution 3 seeks approval for Shares to be issued in lieu of remuneration of \$224,000 owed to Mr White.

2. The closing share price of the Company's Shares was \$0.002 between 10 October 2014 and 23 October 2014, which is 33% below the issue price of the Shares of \$0.003 in Resolution 3.
3. The Board as a whole has considered several alternative proposals however the alternative proposals were considered inadequate given the Company's circumstances as they did not deal with the immediate financial issues facing the Company. Mr Apedaile has been supported and actively encouraged by the Board to seek alternative funding proposals. A pro-rata offer was considered by the Board, including Mr Apedaile, but was not considered viable given the balance sheet position of the Company following a pro-rata offer would not remove the significant liabilities from the balance sheet of the Company and provide immediate funding to the Company to enable a continuation of its operations. The capitalisation of debt proposed under Resolution 3 will assist the Company in clearing the \$16,162 debt owed to Mr White.

Resolution 4: Mr Apedaile's recommendation

Mr Steven Apedaile, a Director who has no personal interest in Resolution 4 other than in his capacity as a holder of an interest in Shares entitled to vote on the Resolution, recommends that Shareholders entitled to vote on Resolution 4 vote against that Resolution for the following reasons:

1. Without making any forecast as to potential future market prices of Shares, Mr Apedaile considers the issue price for the Shares the subject of Resolution 4 is too low in comparison with historical market prices of Shares. Mr Apedaile notes specifically that the market prices of Shares varied between \$0.006 and \$0.01 per Share during the three months to 12 August 2014.
2. Mr Apedaile considers that the Company should explore alternative capital raising structures in preference to the proposed issue pursuant to Resolution 4, such as a pro-rata offer to all Shareholders.

Resolution 4: Messrs Siemens, Wilson and White's recommendation

Messrs Siemens, Wilson, and White, who have no personal interest in Resolution 4, other than in their capacity as holders of an interest in Shares entitled to vote on the Resolution, each consider that:

1. The closing share price of the Company's Shares was \$0.002 between 10 October 2014 and 23 October 2014, which is 33% below the issue price of the Shares of \$0.003 in Resolution 4.
2. The Board as a whole has considered several alternative proposals however the alternative proposals were considered inadequate given the Company's circumstances as they did not deal with the immediate financial issues facing the Company. Mr Apedaile has been supported and actively encouraged by the Board to seek alternative funding proposals. A pro-rata offer was considered by the Board, including Mr Apedaile, but was not considered viable given the

balance sheet position of the Company following a pro-rata offer would not remove the significant liabilities from the balance sheet of the Company and provide immediate funding to the Company to enable a continuation of its operations. The capitalisation of debt proposed under Resolution 4 will assist the Company in clearing the \$28,198 debt owed to Mr O'Brien.

Resolutions 5, 6, 7 and 8: Mr Apedaile's recommendation

Mr Steven Apedaile, a Director who has no personal interest in Resolutions 5, 6, 7 and 8 other than in his capacity as a holder of an interest in Shares entitled to vote on Resolutions 5, 6, 7 and 8, has notified that the Company that he recommends that Shareholders entitled to vote on Resolutions 5, 6, 7 and 8 vote against those Resolutions.

Resolutions 5, 6, 7 and 8: Messrs Siemens, Wilson, White and O'Brien

Messrs Siemens, Wilson, White and O'Brien who have no personal interest in Resolutions 5, 6, 7 and 8, other than in their capacity as holders of an interest in Shares entitled to vote on those Resolutions, each recommend that Shareholders vote in favour of Resolutions 5, 6, 7 and 8 as Resolutions 5, 6, 7 and 8 will allow the Company to retain the flexibility to issue further Equity Securities representing up to 15% of the Company's share capital during the next 12 months.

ENTITLEMENT TO ATTEND AND VOTE

The Company's Directors have determined that all Shares of the Company that are recorded on the Company's register of members at 10.00 am WST on Sunday, 9 November 2014 shall, for the purposes of determining voting entitlements at the adjourned General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

INFORMATION ON VOTING BY PROXY FOR ADJOURNED GENERAL MEETING

Other than Mr Apedaile's recommendation noted above, there is no change to the business of the adjourned Meeting or the Resolutions set out in the Notice.

Shareholders who have previously submitted a proxy form, and do not wish to change their vote are not required to take any further action. The existing proxy form will carry through to the resumption of the General Meeting on Tuesday, 11 November 2014.

Shareholders who wish to change their proxy appointment, or new shareholders who wish to appoint a proxy may do so by completing the existing proxy form enclosed with the Notice, or requesting a copy of the Notice and proxy form from the Company Secretary or Share Registry, and returning the completed and signed proxy form to either the Company Secretary or Share Registry, to the details below.

Company Secretary
Sprintex Limited
183 Mulgool Road
Malaga, WA 6090

Advanced Share Registry Services
110 Stirling Highway
Nedlands, WA, 6009

Please note that a duly completed proxy form and (where applicable) any power of attorney or a certified copy of the power of attorney, must be received by the Company not later than 10.00 am WST on Sunday, 9 November 2014.

Proxy forms received later than this time will be invalid.

Please refer to page 25 of the Notice for instructions for completing the proxy form.

Custodians who are shareholders may vote in the same manner as other shareholders who are entitled to vote on the Resolutions in the Notice.

For further information please contact the Company Secretary on + 61 8 9262 7277.

ENDS