



**Sipa Resources Limited**

ABN 26 009 448 980

# **NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY MEMORANDUM TO SHAREHOLDERS**

**Date of Meeting**

Thursday, 19 November 2015

**Time of Meeting**

10:00am

**Place of Meeting**

Celtic Club

48 Ord Street

West Perth, Western Australia

**A Proxy Form is enclosed**

Please read this Notice and Explanatory Memorandum carefully.

If you are unable to attend the Annual General Meeting please complete and return the enclosed Proxy Form in accordance with the specified directions.



Sipa Resources Limited  
ABN 26 009 448 980

# Sipa Resources Limited ABN 26 009 448 980

## NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Sipa Resources Limited ABN 26 009 448 980 (Company) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday 19 November 2015 at 10:00am for the purpose of transacting the following business referred to in this Notice of Annual General Meeting.

## AGENDA

### Financial Reports

To receive and consider the financial report of the Company for the year ended 30 June 2015, together with the Directors' Report and the Auditor's Report as set out in the Annual Report.

#### 1 Resolution 1 – Non Binding Resolution to adopt Remuneration Report

To consider and, if thought fit, pass the following resolution as a **non-binding resolution**:

*"That the Remuneration Report for the year ended 30 June 2015 as set out in the 2015 Annual Report be adopted."*

**Note:** The vote on this Resolution is advisory only and does not bind the Directors or the Company. Shareholders are encouraged to read the Explanatory Memorandum for further details on the consequences of voting on this Resolution.

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 1 by or on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed Resolution or the proxy is the Chair of the Meeting and the appointment of the Chair as proxy does not specify the way the proxy is to vote on the Resolution and expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel; and
- (b) it is not cast on behalf of a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report, or their Closely Related Parties.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 1 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 1; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 1. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 1, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 1 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## 2 Resolution 2 – Re-election of Dalton Gooding as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, Dalton Gooding, who retires in accordance with article 13.2 of the Constitution and, being eligible for re-election, be re-elected as a Director."*

## 3 Resolution 3 – Election of Craig McGown as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That Craig McGown, who ceases to hold office in accordance with article 13.5 of the Company's Constitution and, being eligible, offers himself for election, be elected a Director of the Company."*

## 4 Resolution 4 – Approval of new Employee Share Option Plan

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, pursuant to and in accordance with Listing Rule 7.2, Exception 9 and for all other purposes, Shareholders approve the Employee Share Option Plan for employees and Non-Executive Directors known as the "Sipa Resources Limited Employee Share Option Plan", a summary of which is contained in Annexure A and any issue of securities under the Employee Share Option Plan, as an exception to Listing Rule 7.1."*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 4 by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any person who is an Associate of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 4 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 4; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 4. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 4, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 4 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## 5 Resolution 5 – Grant of Incentive Options to Lynda Burnett

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*"That, for the purposes of section 208 of the Corporations Act and Listing Rule 10.14 and all other purposes the Directors are authorised to issue 6,300,000 Incentive Options for no consideration, with each Incentive Option having an exercise price of \$0.11 and an expiry date 5 years from the date of grant to Lynda Burnett or her nominee, on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 5 by any Director (who is eligible to participate in the employee incentive scheme in respect of which the approval is sought) and any of their Associates.

However, the Company need not disregard a vote if:

- (a) 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; and
- (b) the vote 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.

In accordance with section 224 of the Corporations Act, the Company will also disregard any votes cast on Resolution 5 by Lynda Burnett and an Associate of Lynda Burnett. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 5; and
- (b) it is not cast on behalf of Lynda Burnett or any of her Associates.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 5 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 5; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 5. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 5, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 5 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

Please Note: If the Chair is a person referred to in the section 224 Corporations Act voting exclusion statement above, the Chair will only be able to cast a vote as proxy for a person who is entitled to vote if the Chair is appointed in writing and the Proxy Form specifies how the proxy is to vote on Resolution 5.

## 6 Resolution 6 – Approval of Additional 10% Placement Capacity

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*"That, for the purpose of Listing Rule 7.1A and all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Memorandum."*

**Voting exclusion statement:** The Company will disregard any votes cast on Resolution 6 by any person who may participate in the proposed issue and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities if the Resolution is passed, and any person who is an Associate of those persons.

However, the Company need not disregard a vote if the vote is cast by:

- (a) a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) 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.

## 7 Resolution 7 – Approval of potential termination benefit to Lynda Burnett

To consider and, if thought fit, pass the following resolution as an **ordinary resolution**:

*"That approval be given for the purposes of sections 200B and 200E of the Corporations Act 2001, ASX Listing Rule 10.19 and for all other purposes, for the giving of benefits by the Company which may become payable to Lynda Burnett, in connection with her ceasing to be a director of the Company as set out in the Explanatory Memorandum."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution 7 by or on behalf of an officer of the Company or any of its Child Entities who is entitled to participate in a termination benefit or an associate of those persons.

However, the Company need not disregard a vote if:

- (a) 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
- (b) the vote 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.

Further, a Restricted Voter who is appointed as a proxy will not vote on Resolution 7 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 7; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 7. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 7, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote against Resolution 7 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## 8 Resolution 8 – Spill Resolution (if required)

The following resolution will only be put to the Meeting if at least 25% of the votes cast on Resolution 1 in this Notice of Meeting are AGAINST the adoption of the Remuneration Report. A vote “for” Resolution 8 is a vote for a spill meeting.

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That:

- (a) a general meeting (**Spill Meeting**) be held within 90 days of the 2015 Annual General Meeting;
- (b) all the Company’s Directors (other than the Managing Director of the Company) who were Directors of the Company when the resolution to make the Directors’ Report considered at this Meeting was passed cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting pursuant to paragraph (b) above must be put to the vote at the Spill Meeting.”

**Voting exclusion statement:** A Restricted Voter who is appointed as a proxy will not vote on Resolution 8 unless:

- (a) the appointment specifies the way the proxy is to vote on Resolution 8; or
- (b) the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to exercise the proxy even though the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. Shareholders should note that the Chair intends to vote any undirected proxies against Resolution 8. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 8, in which case an ASX announcement will be made.

Shareholders may also choose to direct the Chair to vote in favour of Resolution 8 or to abstain from voting.

If you are a Restricted Voter and purport to cast a vote other than as permitted above, that vote will be disregarded by the Company (as indicated above) and you may be liable for breaching the voting restrictions that apply to you under the Corporations Act.

## OTHER BUSINESS

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To deal with any other business which may be brought forward in accordance with the Constitution and the Corporations Act.

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Details of the definitions and abbreviations used in this Notice are set out in the Glossary to the Explanatory Memorandum.

## By order of the Board

**Tara Robson**  
Company Secretary

Dated: 16<sup>th</sup> October 2015



## How to vote

Shareholders can vote by either:

- attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- appointing a proxy to attend and vote on their behalf using the Proxy Form accompanying this Notice of Meeting and by submitting their proxy appointment and voting instructions in person, by post, electronically via the internet or by facsimile.

## Voting in person (or by attorney)

Shareholders, or their attorneys, who plan to attend the Meeting are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that their holding may be checked against the Company's share register and their attendance recorded. To be effective a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms below.

## Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

## Voting by proxy

- A Shareholder entitled to attend and cast two or more votes is entitled to appoint not more than two proxies. Each proxy will have the right to vote on a poll and also to speak at the Meeting.
- The appointment of the proxy may specify the proportion or the number of votes that the proxy may exercise. Where more than one proxy is appointed and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, the votes will be divided equally among the proxies (i.e. where there are two proxies, each proxy may exercise half of the votes).
- A proxy need not be a Shareholder.
- The proxy can be either an individual or a body corporate.
- If a proxy is not directed how to vote on an item of business, the proxy may generally vote, or abstain from voting, as they think fit. However, where a Restricted Voter is appointed as a proxy, the proxy may only vote on Resolutions 1,4,5,7 and 8 in accordance with a direction on how the proxy is to vote or, if the proxy is the Chair of the Meeting and the appointment expressly authorises the Chair to

exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

- Should any resolution, other than those specified in this Notice, be proposed at the Meeting, a proxy may vote on that resolution as they think fit.
  - If a proxy is instructed to abstain from voting on an item of business, they are directed not to vote on the Shareholder's behalf on the poll and the Shares that are the subject of the proxy appointment will not be counted in calculating the required majority.
  - Shareholders who return their Proxy Forms with a direction how to vote, but who do not nominate the identity of their proxy, will be taken to have appointed the Chair of the Meeting as their proxy to vote on their behalf. If a Proxy Form is returned but the nominated proxy does not attend the Meeting, the Chair of the Meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the Chair of the Meeting, the secretary or any Director that do not contain a direction how to vote will be used, where possible, to support each of the Resolutions proposed in this Notice, provided they are entitled to cast votes as a proxy under the voting exclusion rules which apply to some of the proposed Resolutions. However, in exceptional circumstances, the Chair of the Meeting may change his voting intention, in which case an ASX announcement will be made. These rules are explained in this Notice.
  - To be effective, proxies must be received by 10am AEST time on Tuesday, 17 November 2015. Proxies received after this time will be invalid.
  - Proxies may be lodged using any of the following methods:
    - by returning a completed Proxy Form by post using the pre-addressed envelope provided with this Notice to:  
*Computershare Investor Services Pty Ltd*  
*GPO Box 242 Melbourne Vic 3001*
    - by faxing a completed Proxy Form to  
*1800 783 447 (if inside Australia)*  
*+61 3 9473 2555 (outside Australia)*
- or
- by recording the proxy appointment and voting instructions via the internet at:  
*www.investorvote.com.au*
- Only registered Shareholders may access this facility and will need their Holder Identification Number (**HIN**) or Security holder Reference Number (**SRN**).

The Proxy Form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the Corporations Act. Where the appointment of a proxy is signed by the appointer's attorney, a certified copy of the Power of Attorney, or the power itself, must be received by the Company at the above address, or by facsimile or the internet, and by 10am (AWST time) on Tuesday, 17 November 2015. Proxies received after this time will be invalid. If facsimile transmission or the internet is used, the Power of Attorney must be certified.

**Shareholders who are entitled to vote**

In accordance with paragraphs 7.11.37 and 7.11.38 of the Corporations Regulations, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the Register of Shareholders as at 4:00pm (AWST time) on Tuesday, 17 November 2015.

# Sipa Resources Limited

## ABN 26 009 448 980

### EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of Annual General Meeting of the Company.

Certain abbreviations and other defined terms are used throughout this Explanatory Memorandum. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations are set out in the Glossary to the Explanatory Memorandum.

#### FINANCIAL REPORTS

The first item of the Notice deals with the presentation of the consolidated annual financial report of the Company for the financial year ended 30 June 2015, together with the Directors' declaration and report in relation to that financial year and the Auditor's Report on the financial report. Shareholders should consider these documents and raise any matters of interest with the Directors when this item is being considered.

No resolution is required to be moved in respect of this item.

Shareholders will be given a reasonable opportunity at the Annual General Meeting to ask questions and make comments on the accounts and on the management of the Company.

The Chair will also give Shareholders a reasonable opportunity to ask the Auditor or the Auditor's representative questions relevant to:

- (a) the conduct of the audit;
- (b) the preparation and content of the independent audit report;
- (c) the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- (d) the independence of the Auditor in relation to the conduct of the audit.

The Chair will also allow a reasonable opportunity for the Auditor or their representative to answer any written questions submitted to the Auditor under section 250PA of the Corporations Act.

#### RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

Section 250R(2) of the Corporations Act requires the Company to put to its Shareholders a resolution that the Remuneration Report as disclosed in the Company's 2015 Annual Report be adopted. The Remuneration Report is set out in the Company's 2015 Annual Report and is also available on the Company's website ([www.sipa.com.au](http://www.sipa.com.au)).

The vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

However, if at least 25% of the votes cast are against adoption of the Remuneration Report at two consecutive annual general meetings, the Company will be required to put a resolution to the second Annual General Meeting (**Spill Resolution**), to approve calling a general meeting (**Spill Meeting**). If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must then convene a Spill Meeting within 90 days of the second Annual General Meeting. All of the Directors who were in office when the applicable Directors' Report was approved, other than the Managing Director, will need to stand for re-election at the Spill Meeting if they wish to continue as Directors.



The Remuneration Report for the financial year ended 30 June 2014 received a vote of more than 25% against its adoption at the Company's last annual general meeting held on 27 November 2014. Accordingly, if at least 25% of the votes cast on this Resolution 1 are **against** adoption of the Remuneration Report, Resolution 8 will be put to Shareholders.

The Remuneration Report explains the Board policies in relation to the nature and level of remuneration paid to Directors, sets out remuneration details for each Director and any service agreements and sets out the details of any equity based compensation.

The Chair will give Shareholders a reasonable opportunity to ask questions about, or make comments on, the Remuneration Report.

## **Voting**

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of Resolution 1. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 1, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

## **RESOLUTION 2 – RE-ELECTION OF DALTON GOODING AS A DIRECTOR**

Pursuant to article 13.2 of the Company's Constitution, Dalton Gooding, being a Director, retires by way of rotation and, being eligible, offers herself for re-election as a Director.

Mr Gooding is a chartered accountant with over 30 years' experience within the corporate and business sector including 14 years as a partner of Ernst & Young before starting his own practice of Gooding Partners (formerly Gooding Pervan) in 1998. Mr Gooding is the Chairman of the Audit & Risk Committee and serves as the Senior Independent Director. Mr Gooding has served as an Independent Non-Executive Director of the Company since 1 May 2003 and his current term has been for three years. During the past three years Mr. Gooding has also served as a director of:

- TFS Corporation Ltd (director since October 2014, chairman since November 2014);
- Avita Medical Limited (director since November 2002 – 1 July 2014);
- Katana Capital Limited (director since November 2005); and
- Brierty Limited (director since October 2007).

As Mr Gooding is standing for re-election, the Company advises the following:

- the Board (absent Mr Gooding) considers that Mr Gooding, if elected, will continue to qualify as an independent director;
- the Board (absent Mr Gooding) supports the nomination of Mr Gooding to be re-elected; and
- the term of Mr Gooding will, in accordance with article 13.2 of the Company's Constitution, not exceed 3 years.

### **RESOLUTION 3 – ELECTION OF CRAIG MCGOWN AS A DIRECTOR**

Resolution 3 seeks approval for the election of Craig McGown as a Director with effect from the end of the Meeting.

Article 13.5 of the Constitution provides that the Directors may at any time appoint a person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors, but so that the total number of Directors does not at any time exceed the maximum number specified by the Constitution. Any Director so appointed holds office only until the next following Annual General Meeting and is then eligible for election, but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr McGown was appointed as a Director and Non-executive Chairman of the Company on 11 March 2015 to fill the vacancy left by Mr Ian Pearce. Mr McGown is also member of the Nomination and Compensation Committee.

Mr McGown retires from office in accordance with the requirements of article 13.5 of the Constitution and submits himself for election in accordance with article 13.5 of the Constitution.

Mr McGown is an investment banker with over 35 years of experience consulting to companies in Australia and internationally, particularly in the natural resources sector. He holds a Bachelor of Commerce degree, is a Fellow of the Institute of Chartered Accountants and an Affiliate of the Financial Services Institute of Australasia.

Mr McGown is an executive director of the corporate advisory business New Holland Capital Pty Ltd (New Holland) and prior to that appointment was the chairman of DJ Carmichael Pty Limited. Mr McGown has had extensive experience in the corporate finance sector, including mergers and acquisitions, capital raisings in both domestic and international financial markets, asset acquisitions and asset disposals, initial public offerings and corporate restructurings. Mr McGown is also the Non-Executive Chairman for Pioneer Resources Limited (13 June 2008 – present) and in the past three years has held directorships in Bass Metals Ltd (7 July 2004 to 4 October 2014), and Peel Mining Limited (1 February 2008 to 9 April 2013).

Through his role as executive director of New Holland, Mr McGown has been consulting to the Company since October 2014. In accordance with the Company's policy on assessing the independence of directors, the Board (in the absence of Mr McGown) does not consider Mr McGown to be an independent director by virtue of this consulting arrangement. As a result, the Board has appointed Mr Dalton Gooding as Senior Independent Director to fulfil the role of Chair, in situations where Mr McGown may be conflicted.

Background checks did not reveal any adverse information about Mr McGown.

The Board (absent Mr McGown) supports the nomination of Mr McGown to be elected. The term of Mr McGown will, in accordance with article 13.2 of the Company's Constitution, not exceed 3 years.

### **RESOLUTION 4 – EMPLOYEE SHARE OPTION PLAN**

The Directors considered that it was desirable to establish an option plan under which employees may be offered the opportunity to subscribe for Options to acquire Shares in the Company in order to increase the range of potential incentives available to them and to strengthen links between the Company and its employees and accordingly seek to adopt the Sipa Resources Limited Employee Share Option Plan (**Plan**) under Resolution 4.

The Plan is designed to provide incentives to Eligible Employees of the Company and to link the reward of these employees to performance and creation of shareholder value. Under the Company's current circumstances, the Directors consider that the incentives to employees are a cost effective and efficient incentive for the Company as opposed to alternative forms of incentives such as cash bonuses or increased remuneration. To enable the Company to secure employees and Directors who can assist the Company in achieving its objectives, it is necessary to provide remuneration and incentives to such personnel. The Plan is designed to achieve this objective, by aligning the interests of employees more closely with the interests of Shareholders by providing an opportunity for Eligible Employees to receive an equity interest in the Company and providing Eligible Employees with greater incentive to focus on the Company's longer term goals.

Shareholder approval is required if any issue of Employee Options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by Listing Rule 7.1 on the number of securities which may be issued without Shareholder approval. Accordingly, Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b) which provides that Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by the holders of ordinary securities within three years of the date of issue.

Prior Shareholder approval will be required before any Director or related party of the Company can participate in the Plan.

Under the Plan, the Board may offer to Eligible Employees the opportunity to subscribe for such number of Employee Options in the Company as the Board may decide and on the terms set out in the rules of the Plan, a summary of which is contained in Annexure A. Employee Options granted under the Plan will be offered to Participants in the Plan on the basis of the Board's view of the contribution of the Eligible Employee to the Company.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided to Shareholders:

- (a) a summary of the Plan is set out in Annexure A;
- (b) this is the first approval sought under Listing Rule 7.2 Exception 9 with respect to the Plan; and
- (c) a voting exclusion statement has been included for the purposes of Resolution 4.

#### **RESOLUTION 5 – GRANT OF INCENTIVE OPTIONS TO LYNDA BURNETT**

The Company proposes to grant a total of 6,300,000 Incentive Options (each with an exercise price of A\$0.11 and an expiry date 5 years from the date of grant) to Lynda Burnett, or her nominee.

#### **Related Party Transactions Generally**

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a *related party* of the public company *unless* either:

- (a) the giving of the financial benefits falls within one of the nominated exceptions to the provision; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit and the benefit is given within 15 months after obtaining such approval.

For the purposes of Chapter 2E of the Corporations Act, Lynda Burnett is a related party of the Company.

Resolution 5 relates to the proposed grant of Incentive Options to Lynda Burnett or her nominee, which is a financial benefit that requires Shareholder approval for the purposes of section 208 of the Corporations Act.

#### **Information Requirements – Chapter 2E of the Corporations Act**

For the purposes of Chapter 2E of the Corporations Act, the following information is provided.

#### ***The related parties to whom the proposed Resolution would permit the financial benefit to be given and the nature of the financial benefit***

The proposed financial benefit to be given is the grant of Incentive Options for no consideration to Lynda Burnett or her nominee.

Subject to Shareholder approval, the Incentive Options will be issued as set out in the table below.

The table below also sets out the amounts that will need to be paid to the Company by Lynda Burnett or her nominee if the Incentive Options are exercised.

Director	Number of Incentive Options	Amount to be paid (A\$)
Lynda Burnett, or her nominee	6,300,000	\$693,000

***The details of the financial benefit including reasons for giving, the type and quantity of the benefit***

The proposed grant of Incentive Options to Lynda Burnett or her nominee will be subject to the terms of the Company's Employee Share Option Plan (**Plan**). If, however, there is any inconsistency between the terms of the Incentive Options as set out in Annexure B and the Plan, the terms as set out in Annexure B prevail to the extent of the inconsistency.

Following the 2015 review of current remuneration practices, the Board has finalised a new executive remuneration framework to be effective from 1 July 2015. The structure consists of both fixed remuneration and long term incentive plan through the grant of Incentive Options.

The grant of Incentive Options encourages Lynda Burnett to have a greater involvement in the achievement of the Company's objectives and to provide an incentive to strive to that end by participating in the future growth and prosperity of the Company through Share ownership. Under the Company's current circumstances, the Directors consider (in the absence of Lynda Burnett) that the incentives intended for Lynda Burnett represented by the grant of these Incentive Options are a cost effective and efficient means for the Company to provide a reward and an incentive, as opposed to alternative forms of incentive, such as the payment of additional cash compensation.

Under the new framework, Incentive Options will be offered to executives on an annual basis to align with typical market practice, and to align executives' interests with those of shareholders and the generation of long-term sustainable value. Consistent with previous policy, there is no short term incentive component within Sipa's remuneration structure.

The value of the Incentive Options granted under the Plan will be made with reference to a set percentage of base salary with Mrs Burnett's performance assessed against pre-determined performance hurdles. The performance hurdles are a combination of market (share price based) and non-market (internal) hurdles to optimise share performance against exploration targets, the annual operating budget, successful communication with stakeholders, improved access to capital markets, stock liquidity and register profile. The threshold levels are suitably stretched to be consistent with the objectives of the Plan.

The value of the Incentive Options as a percentage of base salary is 75% for Mrs Burnett. Performance hurdles are measured at the end of the financial year with vesting occurring at the end of 3 years and expiry of the grants at the end of 5 years. The theoretical deemed price of an Incentive Option is \$0.03418 or \$0.03632 (see below), and to reflect the value of the Incentive Options as a percentage of base salary of 75% for Mrs Burnett, 6,300,000 Options will be granted to Mrs Burnett.

The Plan rules do not provide for automatic vesting in the event of a change of control. The Board may in its discretion determine the manner in which the unvested incentives will be dealt with in the event of a change of control.

The performance hurdles are outlined below.

2015 Strategic objectives	Performance measure	Weight
Performance hurdle – Total Shareholder Return (TSR)	Comparison of TSR with a group of peer companies:  Below 50 <sup>th</sup> percentile – 0% vest Between 50 <sup>th</sup> - 70% percentile – 15% vest Above 70 <sup>th</sup> percentile – entire 35% vest	35%

Performance hurdle – exploration discovery	Substantially advance one or more company exploration projects via ore grade intersections of mineable width in a geologically compelling environment thus leading towards an initial mineral resource	35%
Performance hurdle – Capital management and financial strength	Company adequately funded to achieve exploration objectives	10%
Performance hurdle – Corporate and social responsibility, incorporating metrics under environmental, safety, and community	Successful management of all stakeholders including government, community, and shareholders to achieve targeted outcomes whilst maintaining a safe working environment	10%
Performance hurdle – Enhanced Company profile	Successful management of public relations to achieve targeted outcomes with respect to liquidity and register profile	10%

#### ***Lynda Burnett's current holdings***

Set out below are details of Lynda Burnett's relevant interest in Shares and Options of the Company as at the date of this Notice:

Director	Number of Shares	Number of Options
Lynda Burnett	1,000,000 fully paid ordinary shares	300,000 Listed Options*

\* The Listed Options were acquired as part of an entitlement issue in June 2014 and are not Incentive Options.

#### ***Dilution effect of grant of Incentive Options on existing members' interests***

If passed, Resolution 5 will give the Directors power to grant a total of 6,300,000 Incentive Options on the terms and conditions as summarised in Annexure A to this Explanatory Memorandum and as otherwise mentioned above.

The Company currently has 704,814,732 listed Shares and 133,998,580 Options on issue. As at the date of the Annual General Meeting of the Company, all these Options will have either expired or have been converted into Shares.

If all Incentive Options granted as proposed above are exercised, and assuming all existing Options on issue at the date of this Notice have also been exercised, the effect of exercise of the Incentive Options would be to dilute the shareholding of the then existing Shareholders by 0.75%. The market price of the Company's Shares during the period of the Incentive Options will normally determine whether or not the holder will exercise the Incentive Options. At the time any Incentive Options are exercised and Shares are issued pursuant to the exercise of the Incentive Options, the Company's Shares may be trading at a price which is higher than the exercise price of the Incentive Options.

#### ***Lynda Burnett's total remuneration package***

Lynda Burnett's fees per annum (including superannuation) and the total financial benefit to be received by her in this current period, as a result of the grant of the Incentive Options the subject of Resolution 5, are as follows:

Director	Fees p.a. (A\$)	Value of Incentive Options (A\$)	Total Financial Benefit (A\$)
Lynda Burnett	328,500	222,097 (aggregating the two valuation methods applied – see below)	550,597

The indicative option valuation of A\$222,097 is based on a theoretical valuation of each Incentive Option using a combination of the Black-Scholes Model and the Monte Carlo Model as described below. As 35% of the Incentive Options have market based hurdle conditions, a Monte Carlo simulations has been undertaken to test the likelihood of attaining the relative total shareholder return performance hurdles (as set out on page 5). The remaining 65% of the Incentive Options were valued using the Black-Scholes Model.

**Valuation of Incentive Options using Black – Scholes Model**

The Company's advisers have valued 65% of the Incentive Options to be granted to Lynda Burnett using the Black-Scholes Model. The value of an Incentive Option calculated by the Black-Scholes Model is a function of a number of variables. The valuation of the Incentive Options using the Black-Scholes Model has been prepared using the following assumptions:

Variable	Input
Share price	\$0.069
Exercise price	\$0.11
Risk free interest rate	2.03-2.20%
Volatility	75.36%
Time (years to expiry)	5 years

The Company's advisers have calculated the value of 65% of the Incentive Options based on the following assumptions:

- (a) they have based the underlying value of each Share in the Company on the ASX closing price of A\$0.069 on 30 June 2015;
- (b) risk free rate of return – 2.03-2.20% (estimated, based on 30 June 2015); and
- (c) they used a volatility of the Share price of 75,36% as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading and any dilution effect from the issue of the Incentive Options noting that they will not likely have a material impact on the share price.

Based on the assumptions, it is considered that the estimated average value of 65% of the Incentive Options to be granted to Lynda Burnett is \$0.03632 per Incentive Option.

Any change in the variables applied in the Black – Scholes calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

**Valuation of Incentive Options using the Monte Carlo Model**

The Company's advisers have valued 35% of the Incentive Options with market based hurdle conditions to be granted to Lynda Burnett using the Monte Carlo Model. The value of an Incentive Option calculated by the Monte Carlo Model is a function of a number of variables. The valuation of 35% of the Incentive Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.069
Exercise price	\$0.11
Risk free interest rate	2.03-2.20%
Volatility	75.36%
Time (years to expiry)	5 years

The Company's advisers have calculated the value of 35% of the Incentive Options based on the following assumptions:

- (a) they have based the underlying value of each Share in the Company on the ASX closing price of A\$0.069 on 30 June 2015;
- (b) risk free rate of return – 2.03-2.20% (estimated, based on 30 June 2015); and
- (c) they used a volatility of the Share price of 75.36% as determined from the daily movements in Share price over the last 12 months, adjusted for abnormal trading and any dilution effect from the issue of the Incentive Options noting that they will not likely have a material impact on the share price.

Based on the assumptions, it is considered that the estimated average value of 35% of the Incentive Options to be granted to Lynda Burnett is \$0.03418 per Incentive Option.

Any change in the variables applied in the Monte Carlo calculation between the date of the valuation and the date the Incentive Options are granted would have an impact on their value.

#### ***Company's historical Share price***

The following table gives details of the highest, lowest and latest closing prices of the Company's Shares trading on ASX over the past 12 months ending on 29 September 2015:

Highest Price (A\$)/Date	Lowest Price (A\$)/Date	Latest Price (A\$)/Date
0.098/ 9 June 2015	0.029 / 9 December 2014	0.031 / 29 September 2015

#### ***Other Information***

Under the Australian Equivalent of the International Financial Reporting Standards, the Company is required to expense the value of the Incentive Options in its statement of financial performance for the current financial year.

Neither the Directors nor the Company are aware of other information that would be reasonably required by shareholders to make a decision in relation to the financial benefits contemplated by Resolution 5.

Other than as disclosed in this Explanatory Memorandum, the Directors (in the absence of Lynda Burnett) do not consider that from an economic and commercial point of view, there are any costs or detriments including opportunity costs or taxation consequences for the Company or benefits foregone by the Company in granting the Incentive Options pursuant to Resolution 5.

Neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by Resolution 5.

#### **Information Requirements - Listing Rules 10.14 and 10.15**

Listing Rule 10.14 requires Shareholder approval by ordinary resolution for any issue of securities by a listed company to a related party under an employee incentive scheme. Accordingly, Listing Rule 10.14 requires Shareholders to approve the issue of Incentive Options under the Plan to Lynda Burnett or her nominee.

The following information is provided to Shareholders in relation to Resolution 5 for the purposes of Listing Rule 10.15:

- (a) the Incentive Options will be granted to Lynda Burnett, or her nominee as noted above;
- (b) the maximum number of Incentive Options to be granted is 6,300,000;

- (c) the Incentive Options will be granted for no consideration;
- (d) no funds will be raised by the grant of the Incentive Options;
- (e) only executive Directors, or their permitted nominees, are entitled to participate in the Plan. Lynda Burnett is the only executive Director at this time and accordingly, the Company is only seeking to grant Incentive Options to Lynda Burnett or her nominee. Accordingly, the person referred to in Listing Rule 10.14 who is entitled to participate in the Plan is Lynda Burnett;
- (f) no Directors, or their permitted nominees, have received any Incentive Options under the Plan;
- (g) no loan is provided in connection with the acquisition or conversion of the Incentive Options; and
- (h) the Incentive Options will be granted on a date, being no later than 12 months after the date Shareholder approval is obtained for Resolution 5.

If approval is given for the grant of the Incentive Options under Listing Rule 10.14, approval is not required under Listing Rule 7.1.

#### **Interests of Directors and Directors' recommendation**

The Directors, other than Lynda Burnett (who is interested in the outcome of the resolution), are independent Directors for the purposes of Resolution 5 as they do not have a material personal interest in the outcome of that Resolution and they recommend that Shareholders vote in favour of Resolution 5. Each of them approved the proposal to put Resolution 5 to Shareholders and recommend that Shareholders vote in favour of Resolution 5 because the Board has formed the view that the circumstances in which the grant of Incentive Options is to be made and the value of the Incentive Options is appropriate for the reasons outlined on page 5. The Board is also of the opinion that the grant is not excessive or unusual for an executive of the calibre of Lynda Burnett.

Lynda Burnett has a material personal interest in the outcome of Resolution 5 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 5.

#### **Voting**

Note that a voting exclusion applies to Resolution 5 in the terms set out in the Notice of Meeting. In particular, Lynda Burnett and an Associate of Lynda Burnett may not vote on this Resolution and other Restricted Voters may not vote on this Resolution if they have been appointed as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 5, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

#### **RESOLUTION 6 – Approval of Additional 10% Placement Capacity**

##### **Background**

Listing Rule 7.1A enables eligible entities to issue Equity Securities up to 10% of its issued share capital over a 12 month period after the Annual General Meeting at which a resolution for the purposes of Listing Rule 7.1A is passed by special resolution (**Additional 10% Placement Capacity**). The Additional 10% Placement Capacity is in addition to the Company's 15% placement capacity under Listing Rule 7.1.



An entity will be eligible to seek approval under Listing Rule 7.1A if:

- (a) the entity has a market capitalisation of \$300 million or less; and
- (b) the entity that is not included in the S&P ASX 300 Index.

The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The number of Equity Securities to be issued under the Additional 10% Placement Capacity will be determined in accordance with the formula set out in Listing Rule 7.1A.2.

Resolution 6 seeks Shareholders' approval to issue additional Equity Securities under the Additional 10% Placement Capacity. It is anticipated that funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity would be applied towards the Company's exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

### **Listing Rule 7.1A**

The effect of Resolution 6 will be to permit the Company to issue the Equity Securities under Listing Rule 7.1A during the Additional Placement Period (as defined below) without using the Company's 15% placement capacity under Listing Rule 7.1.

Equity Securities issued under the Additional 10% Placement Capacity must be in the same class as an existing quoted class of Equity Securities of the Company. As at the date of this Notice the Company has Shares on issue.

Based on the number of Shares on issue at the date of this Notice, the Company has 704,814,732 Shares on issue and therefore, subject to Shareholder approval being obtained under Resolution 6, 70,481,473 Equity Securities will be permitted to be issued in accordance with Listing Rule 7.1A. Shareholders should note that the calculation of the number of Equity Securities permitted to be issued under the Additional 10% Placement Capacity is a moving calculation and will be based the formula set out in Listing Rule 7.1A.2 at the time of issue of the Equity Securities, that formula is:

### **$(A \times D) - E$**

A is the number of Shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid Shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid Shares that became fully paid in the 12 months;
- (c) plus the number of fully paid Shares issued in the 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4. This does not include an issue of fully paid Shares under the entity's 15% placement capacity without Shareholder approval;
- (d) less the number of fully paid Shares cancelled in the 12 months.

Note that 'A' has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue, that are not issued with the approval of Shareholders under Listing Rules 7.1 or 7.4.

The table below demonstrates various examples as to the number of Equity Securities that may be issued under the Additional 10% Placement Capacity.

Variable 'A'	Number of Shares issued and funds raised under the Additional 10% Placement Capacity and dilution effect	Dilution		
		\$0.0155 Issue Price at half the current market price	\$0.031 Issue Price at current market price	\$0.062 Issue Price at double the current market price
<b>Current Variable 'A'</b> 704,814,732 Shares	<b>Shares issued</b>	70,481,473	70,481,473	70,481,473
	<b>Funds raised</b>	1,092,463	2,184,926	4,369,851
	<b>Dilution</b>	10%	10%	10%
<b>50% increase in current Variable 'A'</b> 1,057,222,098 Shares	<b>Shares issued</b>	105,722,210	105,722,210	105,722,210
	<b>Funds raised</b>	1,638,694	3,277,388	6,554,777
	<b>Dilution</b>	10%	10%	10%
<b>100% increase in current variable 'A'</b> 1,409,629,464 Shares	<b>Shares issued</b>	140,962,946	140,962,946	140,962,946
	<b>Funds raised</b>	2,184,926	4,369,851	8,739,703
	<b>Dilution</b>	10%	10%	10%

**Note:** This table assumes:

- No Options are exercised before the date of the issue of the Equity Securities.
- The issue of Equity Securities under the Additional 10% Placement Capacity consists only of Shares. If the issue of Equity Securities includes quoted Options, for the purposes of the above table, it is assumed that those quoted Options are exercised into Shares for the purposes of calculating the voting dilution effect on existing Shareholders.
- The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the Additional 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.
- The "current market price" of \$0.031 used in the table is based on the closing price of Shares on 29 September 2015

The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.

Resolution 6 is a special resolution, requiring approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative) in order to be passed.

### Specific information required by Listing Rule 7.3A

The following information in relation to the Shares proposed to be issued is provided to Shareholders for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 Trading Days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within five Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

- (b) If Resolution 6 is approved by Shareholders and the Company issues Equity Securities under the Additional 10% Placement Capacity, the existing Shareholders' economic and voting interests in the Company will be diluted. There is also a risk that:
- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual General Meeting; and
  - (ii) the Equity Securities may be issued:
    - (A) at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities; or
    - (B) as consideration (or part thereof) for the acquisition of a new asset, both of which may have an effect on the amount of funds raised by the issue of Equity Securities under the Additional 10% Placement Capacity.
- (c) The table above on page 11 shows the dilution of existing Shareholders upon the issue of the maximum number of Equity Securities under the Additional 10% Placement Capacity, using different variables for the number of ordinary securities for variable 'A' (as defined in Listing Rule 7.1A) and the market price of Shares. It is noted that variable 'A' is based on the number of ordinary securities the Company has on issue at the time of the proposed issue of Equity Securities.
- The table shows:
- (i) examples of where variable 'A' is at its current level, and where variable 'A' has increased by 50% and by 100%;
  - (ii) examples of where the issue price of ordinary securities is the current market price as at close of trade on 29 September, being \$0.031, (current market price), where the issue price is halved, and where it is doubled; and
  - (iii) the dilutionary effect will always be 10% if the maximum number of Equity Securities that may be issued under the Additional 10% Placement Capacity are issued.
- (d) Approval of the Additional 10% Placement Capacity will be valid during the period (**Additional Placement Period**) from the date of the Annual General Meeting and will expire on the earlier of:
- (i) the date that is 12 months after the date of the Annual General Meeting; and
  - (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking).
- (e) The Company may seek to issue the Equity Securities for the following purposes:
- (i) If Equity Securities are issued for cash consideration, the Company intends to use the funds for exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital; ; and
  - (ii) If Equity Securities are issued for non-cash consideration for the acquisition of new assets (should suitable assets be found) or exploration activities. If Equity Securities are issued for non-cash consideration, the Company will comply with the minimum issue price limitation under Listing Rule 7.1A.3 in relation to such issue and will release the valuation of the non-cash consideration to the market.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.3 and 3.10.5A upon issue of any Equity Securities.

- (f) The identity of the persons to whom Shares will be issued is not yet known and will be determined on a case by case basis having regard to market conditions at the time of the proposed issue of Equity Securities and the Company's allocation policy, which involves consideration of matters including, but not limited to:
- (i) the ability of the Company to raise funds at the time of the proposed issue of Equity Securities and whether the raising of any funds under such placement could be carried out by means of an entitlements offer, or a placement and an entitlements offer;
  - (ii) the dilutionary effect of the proposed issue of the Equity Securities on existing Shareholders at the time of proposed issued of Equity Securities;
  - (iii) the financial situation and solvency of the Company; and
  - (iv) advice from its professional advisers, including corporate, financial and broking advisers (if applicable).

The persons to whom Shares will be issued under the Additional 10% Placement Capacity have not been determined as at the date of this Notice, but will not include related parties (or their Associates) of the Company.

The Company previously obtained Shareholder approval under Listing Rule 7.1A on 27 November 2014. In the 12 months preceding the date of the Meeting, the Company has issued 96,236,223 Equity Securities which represents 15.81% of the total number of Equity Securities on issue at the commencement of that 12 month period. The following information is provided in relation to each issue of Equity Securities in the 12 months preceding the date of the Meeting:

- (i) 96,236,223 Equity Securities were issued;
- (ii) the Equity Securities issued were Shares which rank equally in all respects with the existing fully paid ordinary Shares on issue;
- (iii) The details of the 96,236,223 Equity Securities issued are as follows:

Type of Equity Securities	No Issued	Issue Price	Persons to whom Equity Securities were issued	% Premium/ (discount) to market price at time of issue	Details
Fully paid ordinary shares	12,803,447*	\$0.0354 each	Geocrust Pty Ltd	19.5% discount to the closing price of the Company on 14 January 2015	As consideration for the purchase of two shares in SiGe East Africa Pty Ltd from Geocrust Pty Ltd thereby making SiGe East Africa a wholly owned subsidiary of Sipa Resources Limited.
Fully paid ordinary shares	7,412***	\$0.075 each	Holders of listed options	23% premium to the closing price of the Company on 11 March 2015	Issued pursuant to the exercise of listed options which were exercisable at \$0.075 each and had an expiry date of 5 November 2015.
Fully paid ordinary shares	9,205,291**	\$0.0725	Exempt offerees, all of whom were unrelated parties of the Company;	18.3% discount to the 5 day volume weighted share price of the Company for the period ending on	Issued via a private placement to raise funds to continue Sipa's comprehensive and systematic exploration programme at Sipa's 100%-owned Kitgum-Pader base

Type of Equity Securities	No Issued	Issue Price	Persons to whom Equity Securities were issued	% Premium/ (discount) to market price at time of issue	Details
				1 May 2015 and a 12.7% discount to the closing price on 1 May 2015	and precious metals project as announced 6 May 2015.
Fully paid ordinary shares	72,369,239**	\$0.0725	Shareholders who participated in the Share Purchase Plan	18.3% discount to the 5 day volume weighted share price of the Company for the period ending on 1 May 2015 and a 12.7% discount to the closing price on 1 May 2015	Pursuant to the Share Purchase Plan to raise funds to continue Sipa's comprehensive and systematic exploration programme at Sipa's 100%-owned Kitgum-Pader base and precious metals project.
Fully paid ordinary shares	1,850,000**	\$0.0725	Directors of the Company	18.3% discount to the 5 day volume weighted share price of the Company for the period ending on 1 May 2015 and a 12.7% discount to the closing price on 1 May 2015	Pursuant to a placement to directors approved 2 July 2015 to raise funds to continue Sipa's comprehensive and systematic exploration programme at Sipa's 100%-owned Kitgum-Pader base and precious metals project.
Fully paid ordinary shares	834***	\$0.075 each	Holders of listed options	5.6% premium to the closing price of the Company on 1 July 2015	Issued pursuant to the exercise of listed options which were exercisable at \$0.075 each and had an expiry date of 5 November 2015.
<b>Total</b>	96,236,223				

\* 12,803,447 Shares were issued to Geocrust Pty Ltd as consideration for the purchase of two shares in SiGe East Africa Pty Ltd from Geocrust Pty Ltd thereby making SiGe East Africa a wholly owned subsidiary of Sipa Resources Limited. The current value of that consideration is \$396,907.

\*\* 9,205,291, 72,369,239 and 1,850,000 Shares were issued respectively to raise funds to continue Sipa's comprehensive and systematic exploration programme at Sipa's 100%-owned Kitgum-Pader base and precious metals project. The total cash consideration raised was \$6,048,218 before expenses. The amount of that cash which has been spent is \$1,248,086 as at the date of this Notice. It has been spent on exploration activities. The remainder of the cash is intended to be used on exploration activities, the acquisition of new assets (should suitable assets be found), administration costs and general working capital.

\*\*\* 7,412 and 834 Shares were issued pursuant to the exercise of listed options which were exercisable at \$0.075 each and had an expiry date of 5 November 2015. The total cash consideration raised was \$618 before expenses. The amount of that cash which has been spent is \$618. It has been spent on exploration activities.

- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not determined who the Company will issue Equity Securities to under the Additional 10% Placement Capacity, other than noting that the persons to whom Shares will be issued will be determined on a case by case basis having regard to the factors outlined in paragraph (f) above. The Company has not approached, and has not yet determined to approach, any particular existing security holders or an

identifiable class of existing security holders to participate in an offer under the Additional 10% Placement Capacity, therefore no existing security holders' votes would be excluded under the voting exclusion statement included in this Notice.

## **RESOLUTION 7 – Approval of potential termination benefit to Lynda Burnett**

### **Background**

Lynda Burnett has been the Company's Managing Director since 24 July 2014. Pursuant to an employment agreement dated 24 July 2014 and subsequent amendments dated 24 July 2015 (**Existing Employment Agreement**), Lynda Burnett is paid an annual salary of \$300,000 per annum, plus a superannuation contribution of \$28,500 (subject to legislative adjustments).. If Lynda Burnett's Existing Employment Agreement is terminated, in certain circumstances, the Company is required to pay Lynda Burnett one year's base salary, and potential payment in lieu of the minimum notice period required by law, subject to shareholder approval (if necessary), (**Termination Payment**).

Further, the Plan referred to above, contemplates that on the occurrence of a change of control event (see the summary in Annexure A) the Board may, in its sole and absolute discretion and subject to the Listing Rules, determine how unvested Incentive Options will be treated, including but not limited to accelerating vesting. Resolution 5 contemplates a grant of Incentive Options to Lynda Burnett (or her nominee) under the Plan (see above). Accordingly, the exercise of the Board's discretion on a change of control as it affects any Incentive Options held by Lynda Burnett (or her nominee) could involve a potential termination benefit (**Accelerated Vesting**).

The Termination Payment and Accelerated Vesting are subject to any approvals required under the Listing Rules and the Corporations Act. Resolution 7 seeks this approval.

In summary the key provisions of the Existing Employment Agreement are:

<b>Key provision</b>	<b>Existing Employment Agreement (using terms defined in that agreement)</b>
<b>Termination benefit and triggers/notice</b>	<p><b>Termination</b> by the Company with Notice</p> <p>The Company may terminate, with or without cause, the Employee's Employment by giving 6 months' notice to the Employee at any time.</p> <p>The Company may in its absolute discretion:</p> <ul style="list-style-type: none"> <li>(i) require the Employee not to perform work during, or to perform work for all or part of, the notice period; or</li> <li>(ii) direct the Employee not to attend work at the Company's premises, to attend work at a different location to the Location, or to attend work at the Location;</li> <li>(iii) direct the Employee to perform designated duties whether or not these form part of the Duties;</li> <li>(iv) pay the Employee in lieu for all or part of the notice period in accordance with this Agreement.</li> </ul> <p><b>Termination and Payment in the Event of a Control Transaction</b></p> <ul style="list-style-type: none"> <li>(i) If the Employee is demoted from the position, without good cause, or is requested, without good cause to assume responsibilities or perform tasks not reasonably consistent with the position, then the Employee may</li> </ul>

	<p>terminate this Agreement by 1 months notice to the Employer in writing at any time. In this instance, the Employer shall pay to the Employee, subject to shareholder approval if necessary, be entitled to an amount equal to one year's Base Salary. For the avoidance of doubt, the amount payable to the Employee includes payment in lieu of the minimum notice period required by law but is an addition to any payments for remuneration for time worked and accrued leave entitlements up to the date of termination under this clause.</p> <p>(ii) Payment under (i) above constitutes full and final satisfaction and discharge of the Employer's obligations with respect to all payments, including notice of termination and entitlements.</p>
<b>Annual salary</b>	<b>\$300,000</b>
<b>Superannuation</b>	<b>\$28,500</b>
<b>Other benefits</b>	<b>Reasonable use of mobile phone, payment of directors and officers insurance</b>
<b>Term</b>	<b>Continuing until terminated by either the Company of the Employee</b>

#### **Listing Rule 10.19**

Shareholder approval of the benefits that may become payable to Lynda Burnett pursuant to the Termination Payment and the Accelerated Vesting is sought under Listing Rule 10.19.

Listing Rule 10.19 provides that without the approval of ordinary shareholders, an entity must ensure that no officer of the entity or any of its child entities will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX under the Listing Rules.

Depending upon the amount of the Termination Payment or Accelerated Vesting, and the equity interests of the Company at the time it may become payable, it is uncertain if such payment would exceed this 5% threshold. Accordingly, Shareholder approval is being sought in case such Termination Payment and any Accelerated Vesting does exceed this 5% threshold.

#### **Section 200E of the Corporations Act**

Shareholder approval of the benefits that may become payable to Lynda Burnett pursuant to the Termination Payment and Accelerated Vesting is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director's retirement or removal from office unless the company's shareholders approve that benefit under section 200E or unless the benefit falls within certain exceptions set out in the Corporations Act.

A payment will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the director's remuneration or if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, a payment by way of damages for breach of contract or a payment for past services).

The amount of the Termination Payment prescribed in Lynda Burnett's Existing Employment Agreement, together with the Accelerated Vesting, does not fall within any of the categories of exception set out in the Corporations Act and accordingly Shareholder approval is sought.

Section 200E of the Corporations Act requires that where shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount.

The amount of the Termination Payment prescribed in Lynda Burnett's Existing Employment Agreement is an amount equal to one year's base salary and includes payment in lieu of the minimum notice period required by law but is an addition to any payments for remuneration for time worked and accrued leave entitlements up to the date of termination. The amount of any payment or other benefit that may be made to Lynda Burnett in connection with her retirement or removal from office depends on both her remuneration, and the balance of the Term remaining, at the date of termination.

Any Accelerated Vesting would involve the waiver of any remaining vesting conditions attached to the Incentive Options the subject of Resolution 5. The indicative option value of the Incentive Options proposed to be granted to Lynda Burnett is set out in the explanatory notes to Resolution 5, above.

### **Interests of Directors and Directors' recommendation**

The Directors, other than Lynda Burnett (who is interested in the outcome of the resolution), are independent Directors for the purposes of Resolution 7 as they do not have a material personal interest in the outcome of that Resolution and they recommend that Shareholders vote in favour of Resolution 7. Each of them approved the proposal to put Resolution 7 to Shareholders and recommend that Shareholders vote in favour of Resolution 7 because the Board has formed the view that the circumstances in which the Termination Payment is to be made to Lynda Burnett and the Accelerated Vesting may occur, and the amount of the payment, is appropriate because the benefits are fair and reasonable in all the circumstances. The Board is also of the opinion that the Termination Payment is not excessive or unusual for an executive of the calibre of Lynda Burnett.

Lynda Burnett has a material personal interest in the outcome of Resolution 7 and has abstained from any deliberation and voting or making a recommendation in relation to the Resolution 7.

### **Voting Restrictions**

Note that a voting exclusion applies to Resolution 7 in the terms set out in the Notice of Meeting. In particular, an officer of the Company or any of its Child Entities who is entitled to participate in a termination benefit and any Associate of those persons may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy, even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote in favour of Resolution 7. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 7, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on these Resolutions.

### **RESOLUTION 8 – SPILL RESOLUTION**

As set out above in the Explanatory Memorandum relating to Resolution 1, the Annual Report for the year ended 30 June 2015 contains a Remuneration Report which sets out the policy for the remuneration of the Directors and executives of the Company (Remuneration Report). In accordance with section 250R(2) of the Corporations Act the Company is required to put the Remuneration Report to its Shareholders for adoption.

At the Company's 2014 Annual General Meeting, over 25% of the votes cast were against the adoption of the Remuneration Report. If at least 25% of the votes cast on Resolution 1 are against the adoption of the Remuneration Report, the Company will be required to put this Resolution 8 (**Spill Resolution**) to the 2015 Annual General Meeting, to approve calling a general meeting.



If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene a Spill Meeting within 90 days of the 2015 Annual General Meeting. All of the Directors who were in office when the relevant Directors' Report was approved, other than the Managing Director, cease to hold office immediately before the end of the Spill Meeting. Resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting will be put to the vote at the Spill Meeting.

Shareholders should be aware that the convening of a spill meeting will result in the Company incurring material additional expense in conducting a meeting (including legal, printing, mail out and registry costs) as well as potential disruption to its focus on core business operations as a result of management distraction, the time involved in organising such a meeting and the diversion of resources. A spill meeting would likely to have impact of market value of the Company.

Moreover shareholders should note that there are no voting exclusions applicable to resolutions appointing Directors at any subsequent meeting of Shareholders. This would mean there is no barrier to the existing major shareholders of the company exercising their voting rights to reappoint the existing Directors of the Company without any changes to the composition of the Board.

In the Board's view it would be inappropriate to remove all of the non-executive directors in the circumstances. However, the Board recognises that Shareholders can remove a director by a majority Shareholder vote at any time for any reason.

As a public company is required to have a minimum of three directors, the Corporations Act includes a mechanism to ensure that the Company will have at least three directors (including the Managing Director) after the Spill Meeting. If at the Spill Meeting, three Directors are not appointed by ordinary resolution, the persons taken to be appointed are those with the highest percentage of votes favouring their appointment cast at the Spill Meeting on the Resolution for their appointment (even if less than half the votes cast on the Resolution were in favour of their appointment).

As the Directors' have an interest in the outcome of Resolution 8, the Directors do not make any recommendation to Shareholders as to how the Shareholders should vote on Resolution 8.

## **Voting**

Note that a voting exclusion applies to Resolution 8 in the terms set out in the Notice of Meeting. In particular, the Directors and other Restricted Voters may not vote on this Resolution and may not cast a vote as proxy, unless the appointment gives a direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise your proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel. The Chair intends to use any such proxies to vote against the Resolution. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 8, in which case an ASX announcement will be made.

Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

## GLOSSARY

**\$** means Australian dollars.

**Accelerated Vesting** has the meaning set out on page 15 of the Explanatory Memorandum.

**Accounting Standards** has the meaning given to that term in the Corporations Act.

**Additional 10% Placement Capacity** has the meaning set out on page 10 of the Explanatory Memorandum.

**Additional Placement Period** has the meaning set out on page 12 of the Explanatory Memorandum.

**Annexure A** means the annexure A to this Notice of Meeting.

**Annexure B** means the annexure B to this Notice of Meeting.

**Annual General Meeting** means the annual general meeting held by the Company.

**Annual Report** means the annual report of the Company for the year ended 30 June 2015.

**Associate** has the meaning given in sections 12 and 16 of the Corporations Act. Section 12 is to be applied as if paragraph 12(1)(a) included a reference to the Listing Rules and on the basis that the Company is the “designated body” for the purposes of that section. A related party of a director or officer of the Company or of a Child Entity of the Company is to be taken to be an associate of the director or officer unless the contrary is established.

**ASX** means ASX Limited ABN 98 008 624 691 and, where the context permits, the Australian Securities Exchange operated by ASX Limited.

**Auditor** means the Company’s auditor from time to time (if any).

**Auditor’s Report** means the report of the Auditor contained in the Annual Report for the year ended 30 June 2015.

**AWST** means western standard time as recognised in Perth, Western Australia.

**Board** means the Directors.

**Chair or Chair** means the individual elected to chair any meeting of the Company from time to time.

**Child Entity** has the meaning given to that term in the Listing Rules.

**Closely Related Party** has the meaning given to that term in the Corporations Act.

**Company** means Sipa Resources Limited ABN 26 009 448 980.

**Constitution** means the Company’s constitution, as amended from time to time.

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

**Directors** means the directors of the Company.

**Directors’ Report** means the directors’ report set out in the Annual Report for the year ended 30 June 2015.

**Eligible Employee** has the meaning given in the Plan.

**Employee Options** has the meaning set out on page 1 of Annexure A.

**Employee Share Option Plan** means the new employee share option plan of the Company, the subject of Resolution 4.

**Equity Interests** has the meaning given in the Listing Rules

**Equity Securities** has the meaning given in the Listing Rules.

**Existing Employment Agreement** has the meaning set out on page 15 of the Explanatory Memorandum.

**Expiry Date** has the meaning set out on page 3 of Annexure A.

**Explanatory Memorandum** means the explanatory memorandum accompanying this Notice.

**Group Company** has the meaning set out on page 1 of Annexure A.

**Key Management Personnel** has the meaning given to that term in the Accounting Standards.

**Incentive Option** means an Option under the Plan the terms of which are summarised in Annexure A.

**Listing Rules** means the ASX Listing Rules.

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

**Nominated Party** has the meaning set out on page 1 of Annexure A.

**Notice** means this Notice of Annual General Meeting.

**Notice of Meeting** means this Notice of Annual General Meeting.

**Option** means an option to acquire a Share.

**Option Expiry Date** has the meaning set out on page 1 of Annexure B.

**Participant** has the meaning set out on page 1 of Annexure A.

**Plan** has the meaning set out on page 3 of the Explanatory Memorandum.

**Power of Attorney** means a power of attorney provided by a Member.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Annual Report for the year ended 30 June 2015.

**Resolution** means a resolution contained in the Notice.

**Restricted Voter** means Key Management Personnel and their Closely Related Parties as at the date of the Meeting.

**Shareholder** means a member of the Company from time to time.

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

**Spill Meeting** has the meaning set out on page 1 of the Explanatory Memorandum.

**Spill Resolution** has the meaning set out on page 2 of the Explanatory Memorandum.

**Termination Payment** has the meaning set out on page 15 of the Explanatory Memorandum.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**Vesting Condition** the meaning set out on page 1 of Annexure A.

## Annexure A – Summary of Employee Share Option Plan

### Summary of Employee Share Option Plan

The Company has established the Sipa Resources Ltd Employee Share Option Plan. The full terms of the Sipa Resources Ltd Employee Share Option Plan may be inspected at the registered office of the Company during normal business hours. A summary of the terms of the Sipa Resources Ltd Employee Share Option Plan (**Plan**) is set out below.

#### 1. Employee Options

Under the Plan, the Board, acting in its absolute discretion, may:

- (a) offer Options to any Eligible Employee from time to time as determined by the Board ; and
- (b) impose Vesting Conditions on the right of the Participant to exercise any Option granted (**Employee Options**).

Awards may have grant conditions. Subject to those grant conditions being satisfied, all Employee Options may be granted subject to the satisfaction of vesting conditions as determined by the Board in its absolute discretion (**Vesting Conditions**).

#### 2. Eligibility

At the discretion of the Board, a person who is:

- (a) a full time or part time employee (including an executive Director) of the Company or an associated body corporate (being a body corporate that is a related body corporate of the body, a body corporate that has voting power in the body of not less than 20% or a body corporate in which the body has voting power of not less than 20%) (**Group Company**);
- (b) an individual who is or might reasonably be expected to be engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position with a Group Company; or
- (c) an individual or company with whom a Group Company has entered into a contract for the provision of services under which the individual or a director or their spouse performs work for a Group Company, where the work is or might reasonably be expected to be the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position with a Group Company,

may have an offer made to them to participate in the Plan.

People eligible to participate in the Plan are called “**Eligible Employees**”. The Board may permit Employee Options the subject of an offer to be issued to another party nominated by an Eligible Employee (for example, the Eligible Employee’s (a) immediate family member; (b) a corporate trustee of a self-managed superannuation fund (within the meaning of the *Superannuation Industry (Supervision) Act 1993*) where the Eligible Employee is a director of the trustee; or (c) a company whose members are no-one other than the Eligible Employee or their immediate family members) (**Nominated Party**).

A “**Participant**” is an Eligible Employee or Nominated Party to whom Employee Options have been granted.

#### 3. Payment for Employee Options

Employee Options can be issued at a price (if any) determined by the Board in their absolute discretion.

#### 4. Limits on number of Employee Options granted

Under the Plan rules, where an offer is made under the Plan in reliance on ASIC Class Order 14/1000 (or any amendment or replacement of it) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares which would be issued if those Employee

Options were exercised, will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme.

This limit is in accordance with the current ASIC Class Order which provides disclosure, licensing, advertising and hawking relief for employee incentive schemes, and which the Company may seek to rely on in connection with making offers under the Plan.

## **5. Entitlements of Participants**

### **(a) Interest in Shares**

A Participant has no right or interest in a Share the subject of an Employee Option held by the Participant unless and until the Employee Option is exercised and the Share is issued. A Participant does not have any rights to dividends, rights to vote or rights to the capital of the Company as a shareholder as a result of holding a an Employee Option. Subject to the Corporations Act and the Company's constitution, a Participant will not, as a holder of an Employee Option, have any right to attend to vote at general meetings of holders of Shares.

### **(b) Changes in capital**

If the Company makes a bonus issue of Shares to existing holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Employee Option before the record date for determining entitlements to the bonus issue, then the number of underlying Shares over which the Employee Option is exercisable will be increased by the number of Shares which the Participant would have received if the Participant had exercised the Employee Option before the record date for the bonus issue. No adjustment will be made to the exercise price.

Employee Options do not confer on the Participant the right to participate in new issues of Shares by the Company unless they exercise their Employee Options and receive Shares before the record date for the determination of entitlements to the new issue of securities and participate as a holder of shares.

If there is a reorganisation of the issued capital, the rights of a Participant (including the number of Employee Options to which each Participant is entitled and the exercise price) will be changed to the extent necessary to comply with the Listing Rules.

If the Company makes a pro rata issue (except a bonus issue) the exercise price of Employee Options will be reduced in accordance with the Listing Rules.

If a resolution for a voluntary winding up is proposed (other than for the purpose of a reconstruction or amalgamation), the Board may give notice to Participants providing a period to exercise Employee Options, subject to the relevant Vesting Conditions.

## **6. Dealing, vesting and exercise**

### **(a) Dealing**

Employee Options issued under the Plan may not be assigned, transferred, novated, encumbered with a Security Interest in or over them, or otherwise disposed of by a Participant, unless:

- (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion;
- (ii) such assignment or transfer occurs by force of law upon the death of a Participant to the Participant's legal personal representative.

Unless otherwise decided by the Board, where a Participant purports to transfer an Employee Option other than in accordance with above, the Employee Option immediately lapses.

(b) Vesting

Employee Options only vest if the applicable vesting conditions are satisfied, waived by the Board or are deemed to have been satisfied under the Plan. The vesting conditions are determined prior to the granting of such Employee Options by the Company.

(c) Exercise

Employee Options can only be exercised if:

- (i) any Vesting Conditions have been satisfied or waived; and
- (ii) it is otherwise capable of exercise in accordance with the terms of the relevant offer and the rules of the Plan.

The exercise price per Share in respect of an Employee Option granted pursuant to the Plan will be determined by the Board. Upon exercise, one Share in the Company will be issued to the Participant for each exercised Employee Option.

Employee Options will expire on such date as the Board determines in its discretion with respect to that Employee Option at the time of the grant of that Employee Option (**Expiry Date**).

## 7. Lapse of Employee Options

Unless otherwise specified in the Vesting Conditions or determined otherwise by the Board an Employee Option lapses on the earlier of:

- (a) the Board determining that any Vesting Condition applicable to the Employee Option has, or is not capable of, being satisfied, reached or met;
- (b) the day immediately following the Expiry Date;
- (c) there is a cessation of employment (other than under a special circumstance);
- (d) there is a change of control event; or
- (e) the board determining that a Participant's Employee Options have lapsed due to that Participant's misconduct which may include breaching their duties to the Company or an associated body corporate of the Company, committing an act of fraud or engaging in misconduct.

## 8. Change of control events

On the occurrence of a Change of Control Event (as defined in the Plan, which includes an unconditional takeover offer, a court approved scheme of arrangement, a merger resulting in the current Shareholders being entitled to 50% or less of the shares of the merged entity, a Group Company agreeing to sell a majority of its business or assets or a determination of the Board that control of the Company has or is likely to change), the Board may in its sole and absolute discretion and subject to the Listing Rules, determine how unvested Employee Options will be treated, including but not limited to:

- (a) determining that all or a portion of unvested Employee Options will vest; and/or
- (b) reducing or waiving vesting conditions.

## **9. Clawback**

If an event occurs which means vesting conditions were not or should not have been determined to have been satisfied, the Participant will cease to be entitled to those Employee Options, and the Board may:

- (a) cancel the affected Employee Options for no consideration;
- (b) require the Participant pay the Company the after tax value of the affected Employee Options which have been converted in shares within 30 business days of receipt of notice; or
- (c) adjust fixed remuneration, incentives or participation in the Plan to take account of the after tax value of the affected Employee Options.

## **10. Amendments to terms of exercise or the Plan**

The Board may vary the terms of exercise of Employee Options, and may reduce or waive Vesting Conditions. However, no variation to the terms of exercise of an Employee Option will be made without the consent of the Participant if it would have a material prejudicial effect on them, unless introduced primarily to comply with the law or Plan, to correct manifest error or to enable regulatory compliance.

The Board may amend the terms of the Plan, provided that rights or entitlements granted before the amendment shall not be reduced or adversely affected without the prior written approval of the affected Participant.

## **Annexure B – Terms of Options**

- (a) Each Option entitles the holder to subscribe for one ordinary share in the Company upon payment of \$0.11.
- (b) The Options will expire at 5pm AWST on 5 years from the date of grant (**Option Expiry Date**).
- (c) The Company will not apply to the ASX for official quotation of the Options.
- (d) There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon exercise of the Options.
- (e) If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the Listing Rules.
- (f) If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the Listing Rules.
- (g) Optionholders have the right to exercise their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the currency of the Options.
- (h) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (i) The Options shall be exercisable at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the optionholders to the balance of Options held by him or her.
- (j) The Shares allotted shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.
- (k) The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.
- (l) The Options are not transferable, unless:
  - (i) the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion; or
  - (ii) such assignment or transfer occurs by force of law upon the death of a holder of an Option to the holder's legal personal representative.





# Sipa Resources Limited

ABN - 26 009 448 980

## Lodge your vote:



### Online:

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



### By Mail:

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

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 279 701  
(outside Australia) +61 3 9938 4330

000001 000 SRI  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Proxy Form

XX



### Vote and view the annual report online

- Go to [www.investorvote.com.au](http://www.investorvote.com.au) or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

### Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 PIN: 99999

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 10:00am (WST), Tuesday 17 November 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form** ➔

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

☐

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

# Proxy Form

Please mark ☒ to indicate your directions

STEP 1

Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Sipa Resources Limited hereby appoint

☐ the Chairman of the Meeting

OR

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Sipa Resources Limited to be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Thursday, 19 November 2015 at 10:00am (WST) and at any adjournment or postponement of that Meeting.

**Chairman authorised to exercise undirected proxies on remuneration related resolutions:** Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolutions 1, 4, 5, 7 and 8 (except where I/we have indicated a different voting intention below) even though Resolutions 1, 4, 5, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**The Chairman of the Meeting intends to vote undirected proxies in favour of each Item of business with the exception of Resolution 8 where the Chairman of the Meeting intends to vote against.**

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolutions 1, 4, 5, 7 and 8 by marking the appropriate box in step 2 below.

STEP 2

Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Non Binding Resolution to adopt Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Dalton Gooding as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Craig McGown as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of new Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Grant of Incentive Options to Lynda Burnett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Additional 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval of potential termination benefit to Lynda Burnett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Spill Resolution (if required)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business with the exception of Resolution 8 where the Chairman of the Meeting intends to vote against. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

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