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## **SHEFFIELD RESOURCES LIMITED**

**ACN 125 811 083**

## **NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 1.30pm (WST)

**DATE:** Thursday, 17 November 2016

**PLACE:** The Park Centre  
45 Ventnor Avenue  
West Perth WA 6005

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6555 8777.*

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## IMPORTANT INFORMATION

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### Time and place of Meeting

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Notice is given that the Meeting will be held at 1.30pm (WST) on Thursday, 17 November 2016 at:

The Park Centre, 45 Ventnor Avenue, West Perth WA 6005

### Your vote is important

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

### Voting eligibility

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The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on Tuesday, 15 November 2016.

### Voting in person or by corporate representative

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

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 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.

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, must be received by the Company in the same manner and by the same time as outlined for Proxy Forms.

### Voting by proxy

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes,

then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

#### ***Proxy vote if appointment specifies way to vote***

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does**:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (ie as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote that way (ie as directed); and
- if the proxy is not the chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (ie as directed).

#### ***Transfer of non-chair proxy to chair in certain circumstances***

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the question that the resolution be passed; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

#### ***Proxy voting by Key Management Personnel or Closely Related Parties***

Section 250BD of the Corporations Act provides that, a person appointed as a proxy must not vote, on the basis of that appointment, on a resolution connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity if:

- the person is either:

- a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; or
- a Closely Related Party of a member of the Key Management Personnel for the Company or, if the Company is part of a consolidated entity, for the entity; and
- the appointment does not specify the way the proxy is to vote on the resolution.

However this does not apply if:

- the person is the Chair of the meeting at which the resolution is voted on; 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 for the Company or, if the Company is part of a consolidated entity, for the entity.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2016.”*

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

**Voting Exclusion:**

The Company will disregard any votes cast on this Resolution (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, the Company need not disregard a vote cast by a person (the **voter**) described above as a proxy, if the vote is not cast on behalf of a person described above and either:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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.

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

If you 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.

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**3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR BRUCE MCQUITTY**

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

*“That, for the purpose of clause 13.2 of the Constitution and for all other purposes, Bruce McQuitty, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

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**4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER LISTING RULE 7.1**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,163,060 Shares (at an issue price of \$0.52 each) on 31 August 2016 to institutional, sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue the subject of Resolution 3 and any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER LISTING RULE 7.1A**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 14,776,934 Shares (at an issue price of \$0.52 each) on 31 August 2016 to institutional, sophisticated and professional investors on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue the subject of Resolution 4 and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF BROKER OPTIONS**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 4,000,000 Broker Options for no consideration (each with an exercise price of \$0.676 and an expiry date of 5pm (WST) on 31 August 2019) on 31 August 2016 to Bridge Street Capital Partners and Pulse Markets (or their respective nominees) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who participated in the issue the subject of Resolution 5 and any Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. 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 purposes of Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue of Equity Securities under this Resolution 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 Associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 8. RESOLUTION 7 – ISSUE OF REMUNERATION OPTIONS – BRUCE MCFADZEAN

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

*“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 285,481 Remuneration Options to Mr Bruce McFadzean (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr Bruce McFadzean (or his nominee/s) and any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person Ming 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 addition, the Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of Mr Bruce McFadzean (or his nominee/s) and any of their Associates, unless it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Mr Bruce McFadzean (or his nominee/s) or any of their Associates.

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

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with 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 member of the Key Management Personnel, or a Closely Related Party of such a member, at the date of the Meeting 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.

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**9. RESOLUTION 8 – ISSUE OF REMUNERATION OPTIONS AND PERFORMANCE OPTIONS – MR DAVID ARCHER**

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

*“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 183,355 Remuneration Options and 700,000 Performance Options to Mr David Archer (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by Mr David Archer (or his nominee/s) and any Associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, the Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of Mr David Archer (or his nominee/s) and any of their Associates, unless it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Mr David Archer (or his nominee/s) or any of their Associates.

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

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with 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 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 against Resolution 8 or to abstain from voting.

If you are a member of the Key Management Personnel, or a Closely Related Party of such a member, at the date of the Meeting 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.

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**10. RESOLUTION 9 – ISSUE OF REMUNERATION B OPTIONS AND PERFORMANCE B OPTIONS – MR MARK DI SILVIO**

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

*“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to*



*209,502 Remuneration B Options and 700,000 Performance B Options to Mr Mark Di Silvio (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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 Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, the Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of Mr Mark Di Silvio (or his nominee/s) and any of their Associates, unless it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Mr Mark Di Silvio (or his nominee/s) or any of their Associates.

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

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with 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 9. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 9, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against Resolution 9 or to abstain from voting.

If you are a member of the Key Management Personnel, or a Closely Related Party of such a member, at the date of the Meeting 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.

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## **11. RESOLUTION 10 – ISSUE OF REMUNERATION B OPTIONS AND PERFORMANCE B OPTIONS – MR NEIL PATTEN-WILLIAMS**

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

*“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 117,768 Remuneration B Options and 700,000 Performance B Options to Mr Neil Patten-Williams (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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 Associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, the Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of to Mr Neil Patten-Williams (or his nominee/s) and any of their Associates, unless it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Mr Neil Patten-Williams (or his nominee/s) or any of their Associates.

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

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

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with 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 10. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 10, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against Resolution 10 or to abstain from voting.

If you are a member of the Key Management Personnel, or a Closely Related Party of such a member, at the date of the Meeting 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.

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## 12. RESOLUTION 11 – ISSUE OF REMUNERATION B OPTIONS – MR JIM NETTERFIELD

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

*“That, for the purposes of sections 200B and 200E of the Corporations Act, ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 81,566 Remuneration B Options to Mr Jim Netterfield (or his nominee/s) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a 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 associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

In addition, the Company will disregard any votes cast (in any capacity) on this Resolution by or on behalf of Mr Jim Netterfield (or his nominee/s) and any of their Associates, unless it is cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and it is not cast on behalf of Mr Jim Netterfield (or his nominee/s) or any of their Associates.

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

- (a) the proxy is either:
  - (v) a member of the Key Management Personnel; or
  - (vi) a Closely Related Party of such a member; and

- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

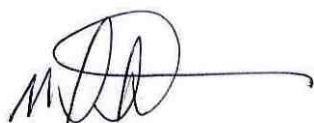
- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

Shareholders should note that the Chair intends to vote any undirected proxies in favour of Resolution 11. In exceptional circumstances, the Chair of the Meeting may change his voting intention on Resolution 11, in which case an ASX announcement will be made. Shareholders may also choose to direct the Chair to vote against Resolution 11 or to abstain from voting.

If you are a member of the Key Management Personnel, or a Closely Related Party of such a member, at the date of the Meeting 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.

**Dated: 10 October 2016**

**By order of the Board**

A handwritten signature in black ink, appearing to read 'M Di Silvio', with a long horizontal line extending to the right.

**MR MARK DI SILVIO  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2016 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at <http://www.sheffieldresources.com.au/>.

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.

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The Chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

Pursuant to section 250R(2) of the Corporations Act a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## **2.3 Previous voting results**

At the Company's previous annual general meeting held on 27 November 2015 the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, if at least 25% of the votes cast on Resolution 1 are against adoption of the remuneration report it will not result in the Company putting a Spill Resolution to Shareholders.

## **2.4 Proxy voting restrictions**

Note that a voting exclusion applies to Resolution 1 in the terms set out in the Notice. Shareholders are urged to carefully read the Proxy Form and provide a direction to the proxy on how to vote on this Resolution.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR BRUCE MCQUITT**

Clause 13.2 of the Constitution provides that:

- (a) at the Company's annual general meeting in every year, one-third of the Directors for the time being, or, if their number is not a multiple of 3, then the number nearest one-third (rounded upwards in case of doubt), shall retire from office (excluding the Managing Director), provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election;
- (b) the Directors to retire at an annual general meeting are those who have been longest in office since their last election, but, as between persons who became Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by drawing lots; and
- (c) a Director who retires by rotation under clause 13.2 of the Constitution is eligible for re-election.

The Company currently has 4 Directors (including the Managing Director) and accordingly 1 must retire (excluding the Managing Director).

Mr Bruce McQuitty, managing director of the Company from 2010 to 2 November 2015 (and appointed as non-executive director on that date) and therefore the Director longest in office since his last election, retires by rotation and seeks re-election.

**Biography & Experience** - Mr McQuitty has 33 years' experience in the mining and civil industries. During this time he has held various senior positions in large mining houses and has been involved in exploration through to the development of mines. Mr McQuitty has significant technical expertise in exploration, project generation, feasibility, underground mining and engineering geology and has managed exploration teams in Australia and overseas. Mr McQuitty holds a Masters of Economic Geology and a Bachelor of Science.

Mr McQuitty was previously managing director of ASX listed Warwick Resources Limited prior to its merger with Atlas Iron Limited in 2009. Prior to that he held senior positions with ASX/AIM listed Consolidated Minerals Limited and Gympie Gold Limited.

Other material directorships currently held - Nil.

The Board considers Mr McQuitty is not an independent director.

The Directors (apart from Mr McQuitty) recommend that Shareholders vote in favour of the election of Mr McQuitty. The Proxy Form notes it is the Chair's intention to vote all undirected proxies in favour of all Resolutions.

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#### **4. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER LISTING RULE 7.1**

##### **4.1 Background**

On 31 August 2016, the Company issued a total of 18,163,060 Shares to professional and sophisticated investors at an issue price of \$0.52 per Share raising approximately \$9,444,791 (**Placement**). The Company issued the Shares pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

The funds raised pursuant to the Placement are being used to:

- (a) complete the Thunderbird mineral sands project Bankable Feasibility Study;
- (b) to undertake regional exploration activities; and
- (c) for general working capital purposes.

##### **4.2 Reason for Resolution 3**

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

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying this issue the subject of Resolution 3, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

##### **4.3 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 3:

- (a) 18,163,060 Shares were issued;
- (b) the issue price was \$0.52 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as, and ranking equally in all respects with the Company's then existing Shares;

- (d) the Shares were issued to institutional, sophisticated and professional investors. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue are being used for the purposes set out in Section 4.1.

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## **5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES UNDER LISTING RULE 7.1A**

### **5.1 Background**

On 31 August 2016, the Company issued a total of 14,776,934 Shares to professional and sophisticated investors at an issue price of \$0.52 per Share raising approximately \$7,684,006 (**7.1A Placement**). The Company issued the Shares pursuant to the Company's additional 10% annual placement capacity under ASX Listing Rule 7.1A.

The funds raised pursuant to the 7.1A Placement are being used to:

- (a) complete the Thunderbird mineral sands project Bankable Feasibility Study;
- (b) to undertake regional exploration activities; and
- (c) for general working capital purposes.

### **5.2 Reason for Resolution 4**

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 14,776,934 Shares issued pursuant to the Company's 10% annual placement capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the Company's annual general meeting held on 27 November 2015.

ASX Listing Rule 7.1A provides that, in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period the approval is valid a number of equity securities which represents up to 10% of the number of ordinary fully paid securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

The issue of securities made relying on ASX Listing Rule 7.1A can, after they have been made, be ratified under ASX Listing Rule 7.4. This has the effect of refreshing the Company's placement capacity under ASX Listing Rules 7.1 and 7.1A to the extent the previous issues are ratified.

By ratifying this issue the subject of Resolution 4, the base figure (i.e. variable 'A') in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number, which in turn will allow a proportionately higher number of securities to be issued without the requirement to obtain prior Shareholder approval.

### **5.3 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 4:

- (a) 14,776,934 Shares were issued;
- (b) the issue price was \$0.52 per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as, and ranking equally in all respects with the Company's then existing Shares;
- (d) the Shares were issued to institutional, sophisticated and professional investors. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue are being used for the purposes set out in Section 5.1.

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## **6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF BROKER OPTIONS**

### **6.1 Background**

On 31 August 2016, the Company issued a total of 4,000,000 Broker Options exercisable at \$0.676 per Broker Option on or before 31 August 2019 to nominees of Bridge Street Capital Partners and Pulse Markets, as consideration for their ongoing role as Joint Capital Markets Advisers (JCMAs) to the Company. The Company issued the Broker Options pursuant to the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

### **6.2 Reason for Resolution 5**

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Broker Options.

A summary of ASX Listing Rule 7.1 and 7.4 is set out in Section 4.2 of this Explanatory Statement.

By ratifying this issue the subject of Resolution 5, the Company will retain the flexibility to issue equity securities in the future up to the 15% placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **6.3 Technical information required by ASX Listing Rule 7.5**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Resolution 5:

- (a) 4,000,000 Broker Options were issued;
- (b) The Broker Options were issued for nil cash consideration to the JCMAs or their nominees as consideration for their ongoing role as joint capital markets advisers to the Company;
- (c) The Broker Options were issued to nominees of Bridge Street Capital Partners and Pulse Markets. None of these parties are related parties of the Company;
- (d) The Broker Options were issued on the terms and conditions set out in Schedule 3.
- (e) No funds were raised from the issue as the Broker Options were issued as consideration for the JCMAs ongoing role as joint capital markets advisers to the Company. The funds raised if the Broker Options are exercised will be used for exploration activities and working capital purposes,

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## **7. RESOLUTION 6 – APPROVAL OF ADDITIONAL 10% PLACEMENT CAPACITY**

### **7.1 Background**

The Board notes that approval pursuant to ASX Listing Rule 7.1A was obtained at the previous annual general meeting of the Company (**Prior Approval**) and an issue of Equity Securities has been made pursuant to that Prior Approval on 31 August 2016 as outlined in Resolution 4.

Although the Company does not currently have an intention to use this extra capacity in the 12 months following the Meeting, the Board considers it prudent to obtain Shareholder approval of this Resolution to provide the Company with additional flexibility in the event there is a need to conduct a capital raising or make an issue of securities for non-cash consideration (e.g. for the acquisition of new resources assets or investments) in the 12 months following the Meeting.



## 7.2 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval at its annual general meeting to allow it to issue Equity Securities up to an additional 10% of its issued capital (**10% Placement Capacity**).

The Company is an Eligible Entity.

If Shareholders approve Resolution 6, the number of Equity Securities the Eligible Entity may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in section 7.3 below).

The effect of Resolution 6 will be to allow the Company to issue Equity Securities up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during the period up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

## 7.3 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

An **Eligible Entity** is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

The Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a market capitalisation of \$104,811,418 based on the number of Shares on issue on the date of this Notice (180,709,341 on 7 October 2016) and the last trading price of Shares on ASX immediately prior to the date of this Notice (\$0.58 on 7 October 2016).

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 Thunderbird mineral sands project exploration activities and general working capital purposes.

Any Equity Securities issued must be in the same class as an existing class of quoted Equity Securities. The Company currently has 1 class of quoted Equity Securities on issue, being the Shares (ASX Code: SFX).

The exact number of Equity Securities that the Company may issue under an approval under Listing Rule 7.1A will be calculated according to the following formula:

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

Where:

- A** is the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;

- (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (iii) plus the number of Shares issued in the previous 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 ordinary shares under the entity's 15% placement capacity without shareholder approval; and
- (iv) less the number of Shares cancelled in the previous 12 months.

**D** is 10%.

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

#### **7.4 Technical information required by ASX Listing Rule 7.3A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 6:

**(a) Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded 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 5 ASX trading days of the date in section 7.4(a)(i), the date on which the Equity Securities are issued.

**(b) Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market

price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.29 50% decrease in Issue Price	\$0.58 Issue Price	\$0.87 50% increase in Issue Price
<b>180,709,341</b> (Current Variable A)	Shares issued - 10% voting dilution	18,070,934 Shares	18,070,934 Shares	18,070,934 Shares
	Funds raised	\$5,240,571	\$10,481,142	\$15,721,713
	Dilution	10%	10%	10%
<b>271,064,011</b> (50% increase in Variable A)	Shares issued - 10% voting dilution	27,106,401 Shares	27,106,401 Shares	27,106,401 Shares
	Funds raised	\$7,860,856	\$15,721,713	\$23,582,569
	Dilution	10%	10%	10%
<b>361,418,682</b> (100% increase in Variable A)	Shares issued - 10% voting dilution	36,141,868 Shares	36,141,868 Shares	36,141,868 Shares
	Funds raised	\$10,481,142	\$20,962,283	\$31,443,425
	Dilution	10%	10%	10%

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. The number of Shares on issue, being Variable A, is 180,709,341 being the number of Shares on issue as at the date of this Notice.
2. The issue price set out above is the last trading price of Shares on ASX immediately prior to the date of this Notice (\$0.58 on 7 October 2016).
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares.
6. No Options are exercised into Shares before the date of issue of the Equity Securities.
7. The calculations above do not show the dilution that any one particular Shareholder will be subject to by reason of placements under the 10% Placement Capacity. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
8. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
9. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue;
- (iii) the Equity Securities may be issued 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.

(d) **Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) if the Equity Securities are issued for cash consideration, the Company intends to use funds raised (after costs) towards continued exploration and development of the Company's Thunderbird Mineral Sands Project and/or general working capital; and/or
- (ii) if the Equity Securities are issued for non-cash consideration for the acquisition of new resources assets or investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The Company's allocation policy for the issue of Equity Securities under the 10% Placement Capacity will be dependent on the prevailing market conditions at the time of the proposed placement(s).

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or their Associates or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the Company's allocation policy, which involves considerations of the following factors, including but not limited to:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 27 November 2015 (**Previous Approval**).

In the 12 months preceding the date of the Meeting, the Company has issued 54,452,307 Equity Securities which represents 40.5% 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) 54,452,307 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 and Options which were issued for nil consideration with varied exercise prices and expiry dates;
- (iii) The details of the 54,452,307 Equity Securities issued is set out in Schedule 4; and
- (iv) The total cash consideration raised was \$22,747,661. The amount of cash which has been spent as at the date of this notice is \$8,656,092. The cash has primarily been spent on exploration and feasibility study activities associated with the Company's Thunderbird mineral sands project, exploration activities associated with the Company's other areas of interest and for general working capital purposes. Remaining proceeds will be used to complete the Company's Thunderbird mineral sands project, exploration activities and for general working capital purposes. Further details are set out in Schedule 4.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

## **7.5 Voting Exclusion**

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 (e) 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.

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## **8. RESOLUTION 7 – ISSUE OF REMUNERATION OPTIONS – BRUCE MCFADZEAN**

### **8.1 Remuneration Strategy**

In adopting a remuneration strategy for the Managing Director and other key management personnel, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align key management personnel interests with that of shareholders, key management personnel have agreed to sacrifice a portion of their cash remuneration in lieu of Options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of Options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit based performance bonus or other Share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

### **8.2 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue Remuneration Options to Mr Bruce McFadzean (or his nominee/s) for no consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue) on the terms and conditions set out below.

The Options to be issued comprise 285,481 Remuneration Options. The Remuneration Options are subject to vesting conditions as set out in Schedule 1. In the event of resignation or termination of Mr McFadzean's employment with the Company unvested Remuneration Options will lapse other than where termination occurs due to redundancy or without cause in which case the Remuneration Options will automatically vest and be exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration Options.

The quantity of Remuneration Options was determined by dividing \$175,000 by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130).

Resolution 7 seeks Shareholder approval for the issue of the Remuneration Options to Mr Bruce McFadzean (or his nominee/s).

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

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

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

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

The issue of Remuneration Options constitutes giving a financial benefit and Mr Bruce McFadzean is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Bruce McFadzean who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Remuneration Options because the agreement to issue the

Remuneration Options, reached as part of the remuneration package for Mr Bruce McFadzean, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis as part of agreeing the terms of his appointment.

#### **8.4 Section 200B and 200E of the Corporations Act**

In the event Mr Bruce McFadzean ceases to be employed by the Company as a result of termination by the Company without cause or due to Mr Bruce McFadzean's role being made redundant, all Remuneration Options that are not already exercisable, will become exercisable proportionally in accordance with the calculation set out in the terms of the Remuneration Options. In all other circumstances of termination of Mr Bruce McFadzean's employment with the Company, all of Mr Bruce McFadzean's Remuneration Options that are not exercisable lapse on the date of termination.

Shareholder approval of the benefits that may become payable to Mr Bruce McFadzean as a result of the automatic vesting conditions attached to the Remuneration Options, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), 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 Retiree'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 possible automatic vesting of Remuneration Options, may 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 Retiree 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 current indicative value of the Remuneration Options proposed to be granted to Mr Bruce McFadzean is equal to \$175,000 utilising the Black Scholes Pricing Model.

#### **8.5 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Remuneration Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **8.6 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 1:

- (a) the Remuneration Options will be issued to Mr Bruce McFadzean (or his nominee/s);

- (b) the maximum number of Remuneration Options to be issued is 285,481 Remuneration Options;
- (c) the Remuneration Options will be issued on a date which will be no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Remuneration Options will be issued for nil cash consideration, accordingly no funds will be raised. The funds raised if the Remuneration Options are exercised will be used for working capital purposes; and
- (e) the terms and conditions of the Remuneration Options to be issued to Mr Bruce McFadzean are set out in Schedule 1. Mr Bruce McFadzean will not be entitled to any Performance Options which are also set out in Schedule 1.

If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. Accordingly, the issue of Remuneration Options to Mr Bruce McFadzean (or his nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## **9. RESOLUTION 8 – ISSUE OF REMUNERATION OPTIONS AND PERFORMANCE OPTIONS – MR DAVID ARCHER**

### **9.1 Remuneration Strategy**

In adopting a remuneration strategy for the Managing Director and other key management personnel, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align key management personnel interests with that of shareholders, key management personnel have agreed to sacrifice a portion of their cash remuneration in lieu of Options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of Options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit based performance bonus or other Share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

### **9.2 Background**

On 29 April 2016, the Company announced an amendment to the executive remuneration of Mr David Archer, Technical Director. As part of the remuneration package agreed for Mr Archer, the Company has agreed, subject to Shareholder approval, to issue a series of Remuneration Options and Performance Options to Mr Archer (or his respective nominees) for no consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue).

Resolution 8 seeks Shareholder approval for the issue of Remuneration Options and Performance Options to Mr David Archer (or his respective nominees) in accordance with the terms of his employment.

### **9.3 General**

As noted above, the Company has agreed, subject to obtaining Shareholder approval, to issue 183,355 Remuneration Options and 700,000 Performance Options to Mr David Archer (or his nominee/s) on the terms and conditions set out below.



The Remuneration Options and Performance Options are subject to vesting conditions as set out in Schedule 1. In the event of resignation or termination of Mr Archer's employment with the Company, unvested Remuneration Options will lapse other than where termination occurs due to redundancy or termination without cause in which case unvested Remuneration Options will automatically vest and be exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration Options.

The total quantity of Remuneration Options for Mr Archer was determined by the sum of:

- (a) Dividing \$37,397<sup>1</sup> by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130), namely 61,006 Remuneration Options (**Part A Remuneration Options**); and
- (b) Dividing \$75,000<sup>2</sup> by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130), namely 122,349 Remuneration Options (**Part B Remuneration Options**).

*<sup>1</sup>\$37,397 is the retrospective amount of salary sacrificed by Mr Archer in lieu of receiving Remuneration Options between the period 1 May 2016 (being the commencement date of his current employment agreement) and 31 October 2016, calculated as (182days/365days x \$75,000); and*

*<sup>2</sup>\$75,000 is the forecast equivalent amount of salary to be sacrificed by Mr Archer between the period 1 November 2016 to 31 October 2017.*

The quantity of Performance Options was based upon long term performance hurdles associated with Mr Archer's employment and as disclosed in the ASX announcement made by the Company on 29 April 2016.

Resolution 8 seeks Shareholder approval for the issue of the Remuneration and Performance Options to Mr David Archer (or his nominee/s).

If approval is given under ASX Listing Rule 10.11, approval is not required under ASX Listing Rule 7.1. Accordingly, the issue of Remuneration and Performance Options to Mr David Archer (or his nominee/s) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## 9.4 Chapter 2E of the Corporations Act

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

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

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

The issue of Remuneration Options and Performance Options constitutes giving a financial benefit and Mr David Archer is a related party of the Company by virtue of being a Director.

The Directors (other than Mr David Archer who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of Remuneration Options and Performance Options because the agreement to issue the Remuneration Options and Performance Options, reached as part of the remuneration package for Mr David Archer, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis as part of agreeing the terms of his appointment.

## 9.5 Section 200B and 200E of the Corporations Act

In the event Mr David Archer ceases to be employed by the Company as a result of termination by the Company without cause or due to Mr David Archer's role being made redundant, all Remuneration Options that are not already exercisable become exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration Options. In all other circumstances of termination of Mr David Archer's employment with the Company, all of Mr Archer's Remuneration Options and Performance Options that are not exercisable lapse on the date of termination.

Shareholder approval of the benefits that may become payable to Mr Archer as a result of the automatic vesting conditions attached to the Remuneration Options, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), 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 Retiree'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 possible automatic vesting of Remuneration Options, may 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 Retiree 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 current indicative value of the Remuneration Options proposed to be granted to Mr Archer is equal to \$75,000 utilising the Black Scholes Pricing Model.

## 9.6 ASX Listing Rule 10.18 and 10.19

If shareholder approval is obtained under this resolution, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which certain termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

## 9.7 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Remuneration Options and Performance Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

## 9.8 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 8:

- (a) the Remuneration Options and Performance Options will be issued to Mr David Archer (or his nominee/s);
- (b) the maximum number of Options to be issued is 183,355 Remuneration Options and 700,000 Performance Options;
- (c) the Remuneration Options and Performance Options will be issued on a date which will be no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the Remuneration Options and Performance Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue of the Remuneration Options and Performance Options. If the Remuneration and Performance Options are exercised the funds raised will be used for working capital purposes; and
- (e) the terms and conditions of the Remuneration Options and Performance Options to be issued to Mr Archer are set out in Schedule 1.

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## **10. RESOLUTION 9 – ISSUE OF REMUNERATION B OPTIONS AND PERFORMANCE B OPTIONS – MR MARK DI SILVIO**

### **10.1 Remuneration Strategy**

In adopting a remuneration strategy for the Managing Director and other key management personnel, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align key management personnel interests with that of shareholders, key management personnel have agreed to sacrifice a portion of their cash remuneration in lieu of Options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of Options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit based performance bonus or other Share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

### **10.2 Background**

On 16 February 2016, the Company announced the appointment of Mr Mark Di Silvio as Chief Financial Officer and Company Secretary. As part of the remuneration package agreed for Mr Di Silvio, the Company has agreed, subject to Shareholder approval, to issue a series of Remuneration B Options and Performance B Options to Mr Di Silvio (or his respective nominees) for no consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue)..

Resolution 9 seeks Shareholder approval for the issue of Remuneration B Options and Performance B Options to Mr Mark Di Silvio (or his respective nominees). The resolution is in accordance with the terms of Mr Di Silvio's employment agreement.

### **10.3 General**

As noted above, the Company has agreed, subject to obtaining Shareholder approval, to issue Options to Mr Mark Di Silvio (or his nominee/s) on the terms and conditions set out below.

The Options to be issued to Mr Di Silvio comprise 209,502 Remuneration B Options and 700,000 Performance B Options. The Remuneration B Options and Performance B Options are subject to vesting conditions as set out in Schedule 2. In the event of resignation or termination of Mr Di

Silvio's employment with the Company, unvested Remuneration B Options will lapse other than where termination occurs due to redundancy or without cause in which case unvested Remuneration B Options will automatically vest and be exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration B Options.

The total quantity of Remuneration B Options for Mr Di Silvio was determined by the sum of:

- (a) Dividing \$53,425<sup>1</sup> by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130), namely 87,153 Remuneration B Options (**Part A Remuneration B Options**); and
- (b) Dividing \$75,000<sup>2</sup> by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130), namely 122,349 Remuneration B Options (**Part B Remuneration B Options**).

*<sup>1</sup>\$53,425 is the retrospective amount of salary sacrificed by Mr Di Silvio in lieu of receiving Remuneration B Options between the period 15 February 2016 (being the commencement date of his current employment agreement) and 31 October 2016, calculated as (260days/365days x \$75,000); and*

*<sup>2</sup>\$75,000 is the forecast equivalent amount of salary to be sacrificed by Mr Di Silvio between the period 1 November 2016 to 31 October 2017.*

The quantity of Performance B Options was based upon long term performance hurdles associated with Mr Di Silvio's employment and as disclosed in the ASX announcement made by the Company on 16 February 2016.

Resolution 9 seeks Shareholder approval for the issue of the Remuneration B Options and Performance B Options to Mr Di Silvio (or his nominee/s).

#### **10.4 Section 200B and 200E of the Corporations Act**

In the event Mr Di Silvio ceases to be employed by the Company as a result of termination by the Company without cause or due to Mr Di Silvio's role being made redundant, all Remuneration B Options that are not already exercisable by him become exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration B Options. In all other circumstances of termination of Mr Di Silvio's employment with the Company, all of Mr Di Silvio's Remuneration B Options and Performance B Options that are not exercisable lapse on the date of termination.

Shareholder approval of the benefits that may become payable to Mr Di Silvio as a result of the automatic vesting conditions attached to the Remuneration B Options, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), 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 Retiree'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 possible automatic vesting of Remuneration B Options, may 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 Retiree 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 current indicative value of the Remuneration B Options proposed to be granted to Mr Di Silvio is equal to \$75,000 utilising the Black Scholes Pricing Model.

#### **10.5 ASX Listing Rule 10.18 and 10.19**

If shareholder approval is obtained under this resolution, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which certain termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

#### **10.6 ASX Listing Rule 7.1**

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

The effect of Resolution 9 will be to allow the Company to issue the Remuneration B Options and Performance B Options to Mr Di Silvio (or his nominee/s) during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% placement capacity.

#### **10.7 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (a) the maximum number of Options to be issued is 909,502 comprising 209,502 Remuneration B Options and 700,000 Performance B Options;
- (b) the Remuneration B Options and Performance B Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Remuneration B Options and Performance B Options will occur on the same date and within 5 Business Days following approval of Resolution 9;
- (c) the Remuneration B Options and Performance B Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue of the Remuneration B Options and Performance B Options. If the Remuneration B Options and Performance B Options are exercised, funds will be raised as a result, and the Company will use these funds for working capital purposes;
- (d) the Remuneration B Options and Performance B Options will be issued to Mr Mark Di Silvio, who is not a related party of the Company, or his nominee/s; and
- (e) the Remuneration B Options and Performance B Options will be issued on the terms and conditions set out in Schedule 2.

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### **11. RESOLUTION 10 – ISSUE OF REMUNERATION B OPTIONS AND PERFORMANCE B OPTIONS – MR NEIL PATTEN-WILLIAMS**

#### **11.1 Remuneration Strategy**

In adopting a remuneration strategy for the Managing Director and other key management personnel, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align key management personnel interests with that of shareholders, key management personnel have agreed to sacrifice a portion of their

cash remuneration in lieu of Options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of Options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit based performance bonus or other Share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

## 11.2 Background

On 18 April 2016, the Company announced the appointment of Mr Neil Patten-Williams as Marketing Manager, with effect from 23 May 2016. As part of the remuneration package agreed for Mr Patten-Williams, the Company has agreed, subject to Shareholder approval, to issue a series of Remuneration B Options and Performance B Options to Mr Patten-Williams (or his respective nominees) for no consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue).

Resolution 10 seeks Shareholder approval for the issue of Remuneration B Options and Performance B Options to Mr Patten-Williams (or his respective nominees). The resolution is in accordance with the terms of Mr Patten-Williams' employment agreement.

## 11.3 General

As noted above, the Company has agreed, subject to obtaining Shareholder approval, to issue Remuneration B Options and Performance B Options to Mr Neil Patten-Williams (or his nominee/s) on the terms and conditions set out below.

The Options to be issued to Mr Patten-Williams comprise 117,768 Remuneration B Options and 700,000 Performance B Options. The Remuneration B Options and Performance B Options are subject to vesting conditions as set out in Schedule 2. In the event of resignation or termination of Mr Patten-Williams' employment with the Company, unvested Remuneration B Options will lapse other than where termination occurs due to redundancy or without cause in which case unvested Remuneration B Options will automatically vest and be exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration B Options.

The total quantity of Remuneration B Options for Mr Patten-Williams was determined by the sum of:

- (a) Dividing \$22,192<sup>1</sup> by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130), namely 36,202 Remuneration B Options (**Part A Remuneration B Options**);
- (b) Dividing \$50,000<sup>2</sup> by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130), namely 81,566 Remuneration B Options (**Part B Remuneration B Options**).

<sup>1</sup>\$22,192 is the retrospective amount of salary sacrificed by Mr Patten-Williams in lieu of receiving Remuneration B Options between the period 23 May 2016 (being the commencement date of his current employment agreement) and 31 October 2016, calculated as (162days/365days x \$50,000); and

<sup>2</sup>\$50,000 is the forecast equivalent amount of salary to be sacrificed by Mr Patten-Williams between the period 1 November 2016 to 31 October 2017.

The quantity of Performance B Options was based upon long term performance hurdles associated with Mr Patten Williams' employment and as disclosed in the ASX announcement made by the Company on 16 February 2016.

Resolution 10 seeks Shareholder approval for the issue of the Remuneration B Options and Performance B Options to Mr Patten Williams (or his nominee/s).

#### **11.4 Section 200B and 200E of the Corporations Act**

In the event Mr Patten-Williams ceases to be employed by the Company as a result of termination by the Company without cause or due to Mr Patten-Williams' role being made redundant, all Remuneration B Options that are not already exercisable by him become exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration B Options. In all other circumstances of termination of Mr Patten-Williams' employment with the Company, all of Mr Patten-Williams' Remuneration B Options and Performance B Options that are not exercisable lapse on the date of termination.

Shareholder approval of the benefits that may become payable to Mr Patten-Williams as a result of the automatic vesting conditions attached to the Remuneration B Options, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), 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 Retiree'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 possible automatic vesting of Remuneration B Options, may 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 Retiree 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 current indicative value of the Remuneration B Options proposed to be granted to Mr Patten-Williams is equal to \$50,000 utilising the Black Scholes Pricing Model.

#### **11.5 ASX Listing Rule 10.18 and 10.19**

If shareholder approval is obtained under this resolution, the Company will still be required to comply with Listing Rules 10.18 and 10.19, which place restrictions on the circumstances in which certain termination benefits can be paid and a cap on the value of termination benefits that can be paid to officers of the Company.

#### **11.6 ASX Listing Rule 7.1**

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

The effect of Resolution 10 will be to allow the Company to issue the Remuneration B Options and Performance B Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## **11.7 Technical information required by ASX Listing Rule 7.3**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (a) the maximum number of Options to be issued is 817,768 comprising 117,768 Remuneration B Options and 700,000 Performance B Options;
- (b) the Remuneration B Options and Performance B Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Remuneration B Options and Performance B Options will occur on the same date and within 5 Business Days following approval of Resolution 10;
- (c) the Remuneration B Options and Performance B Options will be issued for nil cash consideration, accordingly no funds will be raised from the issue of the Remuneration B Options and Performance B Options. If the Remuneration B Options and Performance B Options are exercised, funds will be raised as a result, and the Company will use these funds for working capital purposes;
- (d) the Remuneration B Options and Performance B Options will be issued to Mr Patten-Williams, who is not a related party of the Company, or his nominee/s; and
- (e) the Remuneration B Options and Performance B Options will be issued on the terms and conditions set out in Schedule 2.

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## **12. RESOLUTION 11 – ISSUE OF REMUNERATION B OPTIONS – JIM NETTERFIELD**

### **12.1 Remuneration Strategy**

In adopting a remuneration strategy for the Managing Director and other key management personnel, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align key management personnel interests with that of shareholders, key management personnel have agreed to sacrifice a portion of their cash remuneration in lieu of Options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of Options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit based performance bonus or other Share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

### **12.2 General**

On 16 November 2015, the Company announced the appointment of Mr Jim Netterfield as Project Manager to the Company's Thunderbird mineral sands project. As part of the remuneration package for Mr Netterfield, the Company has agreed, subject to Shareholder approval, to issue Remuneration B Options to Mr Netterfield (or his respective nominees) on the terms and conditions set out below.

The Options to be issued comprise 81,566 Remuneration B Options for no consideration (each with an exercise price of \$0.001 and an expiry date of 5pm (WST) on the date that is 4 years after the date of issue). The Remuneration B Options are subject to vesting conditions as set out in Schedule 2. In the event of resignation or termination of Mr Netterfield's employment with the Company unvested Remuneration B Options will lapse other than where termination occurs due to redundancy or without cause in which case the Remuneration B Options will automatically vest



and be exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration B Options.

The quantity of Remuneration B Options was determined by dividing \$50,000 by the 30 day volume weighted average market price of Shares up to and including 7 October 2016 (being \$0.6130).

Resolution 11 seeks Shareholder approval for the issue of the Remuneration B Options to Mr Jim Netterfield (or his nominee/s).

### **12.3 Section 200B and 200E of the Corporations Act**

In the event Mr Jim Netterfield ceases to be employed by the Company as a result of termination by the Company without cause or due to Mr Jim Netterfield's role being made redundant, all Remuneration B Options that are not already exercisable become exercisable, proportionally in accordance with the calculation set out in the terms of the Remuneration B Options. In all other circumstances of termination of Mr Jim Netterfield's employment with the Company, all of Mr Jim Netterfield's Remuneration B Options that are not exercisable lapse on the date of termination.

Shareholder approval of the benefits that may become payable to Mr Jim Netterfield as a result of the automatic vesting conditions attached to the Remuneration B Options, is sought under section 200E of the Corporations Act.

Section 200B of the Corporations Act prevents a company from giving a benefit to a person retiring or being removed from a managerial or executive, office or position (**Retiree**), 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 Retiree'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 possible automatic vesting of Remuneration B Options, may 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 Retiree 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 current indicative value of the Remuneration B Options proposed to be granted to Mr Jim Netterfield is equal to \$50,000 utilising the Black Scholes Pricing Model.

### **12.4 ASX Listing Rule 7.1**

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

The effect of Resolution 11 will be to allow the Company to issue the Remuneration B Options during the period of 3 months after the Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity.

## 12.5 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 11:

- (a) the maximum number of Options to be issued is 81,566 Remuneration B Options;
- (b) the Remuneration B Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Remuneration B Options will occur on the same date and within 5 Business Days following approval of Resolution 10;
- (c) the Remuneration B Options will be issued for nil cash consideration, accordingly no funds will be raised. If the Remuneration B Options are exercised the funds raised will be used for working capital purposes;
- (d) the Remuneration B Options will be issued to Mr Jim Netterfield, who is not a related party of the Company, or his nominee/s; and
- (e) the Remuneration B Options will be issued on the terms and conditions set out in Schedule 2. Mr Jim Netterfield will not be entitled to any Performance B Options which are also set out in Schedule 2.

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## GLOSSARY

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**\$** means Australian dollars.

**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.

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

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

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

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

**Broker Options** mean the Options issued to Bridge Street Capital and Pulse Markets or their nominees, the subject of Resolution 5 and the terms of which are set out in Schedule 3.

**Business Day** means Monday to Friday inclusive, except New Year’s Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Chair** means the chair of the Meeting.

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

- (a) a spouse or child of the member;
- (b) a child of the member’s spouse;
- (c) a dependent of the member or the member’s spouse;
- (d) anyone else who is one of the member’s family and may be expected to influence the member, or be influenced by the member, in the member’s dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the *Corporations Regulations 2001 (Cth)* for the purposes of the definition of ‘closely related party’ in section 9 of the Corporations Act.

**Company** means Sheffield Resources Limited (ACN 125 811 083).

**Constitution** means the Company’s constitution.

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

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

**Eligible Entity** has the meaning outlined in page 18.

**Equity Securities** has the meaning given to it in the ASX Listing Rules.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Managing Director** means the managing director of the Company.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

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

**Optionholder** means a holder of an Option.

**Performance Options** means an Option issued to an employee and subject to the achievement of a performance hurdle or contingent trigger event prior to vesting, on the terms set out in Schedule 1.

**Performance B Option** means an Option issued to an employee and subject to the achievement of a performance hurdle or contingent trigger event prior to vesting, on the terms set out in Schedule 2.

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

**Remuneration Options** mean an Option issued to an employee in lieu of salary on the terms set out in Schedule 1.

**Remuneration B Option** mean an Option issued to an employee in lieu of salary on the terms set out in Schedule 2.

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

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

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

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

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

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## SCHEDULE 1 – TERMS AND CONDITIONS OF REMUNERATION AND PERFORMANCE OPTIONS

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### Remuneration Options.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.001 (**Exercise Price**)

(c) **Expiry Date**

Where not previously lapsed in accordance with paragraph (d), each Option will expire at 5:00 pm (WST) on that date which is 4 years after the date of issue of the Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Cessation of employment**

In the event the Director ceases to be employed by the Company as a result of termination by the Company without cause or due to the Director's role being made redundant, the number of Options that are not already exercisable in accordance with paragraph (e), will vest and be immediately exercisable proportionally in accordance with the following calculation:

$$\left( \frac{\text{Term}}{\text{Period}} \right) \times \text{the amount exercisable in accordance with paragraph (e) had the Director ceased to be a Director at the end of the Period.}$$

**Term:** The number of days that the Director has been a Director since the issue date of the Options, or if 1 May 2017 has past, the number of days the Director has been a Director since 2 May 2017.

**Period:** The number of days between the issue date of the Options and 1 May 2017; or, if 1 May 2017 has past, the number of days between 2 May 2017 and 1 November 2017.

In all other circumstances of termination of the Director's employment with the Company, all Options that are not exercisable in accordance with paragraph (e) lapse on the date of termination.

(e) **Exercise Period**

Subject to paragraph (f), the Options are exercisable on and from the following dates up to the Expiry Date (**Exercise Period**):

In the case of Mr McFadzean:

(i) **Remuneration Options:**

(A) 50% – 1 May 2017; and

(B) 50% – 1 November 2017

In the case of Mr Archer:

(ii) **Part A Remuneration Options (as defined in section 9.2):**

(A) 1 December 2016

(iii) Part B Remuneration Options (as defined in section 9.2):

(A) 50% – 1 May 2017; and

(B) 50% – 1 November 2017.

(f) **Change of control**

In the event of a Change of Control event occurring all Options that are not exercisable in accordance with paragraph (e) will become exercisable on and from the date of the Change of Control event occurring.

*For the purposes of this paragraph **Change of Control** means upon the occurrence of either:*

- (i) *a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or*
- (ii) *a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.*

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Transferability**

The Options are not transferable.

(o) **Dividends**

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

(p) **Bonus Issue**

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.

(q) **Quotation**

The Company will not apply to the ASX for official quotation of the Options.

**Performance Options.**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.001 (**Exercise Price**)

(c) **Expiry Date**

Where not previously lapsed in accordance with paragraph (d), each Option will expire at 5:00 pm (WST) on that date which is 4 years after the date of issue of the Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Cessation of employment**

In the event Mr David Archer ceases to be employed by the Company for any reason, all Options that are not exercisable in accordance with paragraph (e) lapse on the date of termination.

(e) **Exercise Period**

Subject to paragraph (f), the number of Options that are exercisable on and from the dates of the following events occurring up to the Expiry Date (**Exercise Period**) are:

- (i) 150,000 – Delivery of a definitive feasibility study (**DFS**) that is determined by the Board to be a sufficient improvement on the Thunderbird Prefeasibility Study, the results of which were announced to ASX on 14 October 2015. In making this determination, the Board will act reasonably and take into account all of the circumstances of the project's evolution from the PFS Update to DFS, with a particular emphasis on CAPEX and OPEX levels;
- (ii) 200,000 – Upon finalisation of Board approved financing package to construct the Thunderbird mine; and
- (iii) 350,000 – Upon first shipment to market of minerals sands produced from the Thunderbird mine, excluding trial shipments.

(f) **Change of control**

In the event of a Change of Control event occurring, Options that are not exercisable in accordance with paragraph (e) will become exercisable on and from the date of the Change of Control event occurring.

*For the purposes of this paragraph **Change of Control** means upon the occurrence of either:*

- (i) *a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or*
- (ii) *a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.*

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus



prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Transferability**

The Options are not transferable.

(r) **Dividends**

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

(s) **Bonus Issue**

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.

(t) **Quotation**

The Company will not apply to the ASX for official quotation of the Options.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF THE REMUNERATION B OPTIONS AND PERFORMANCE B OPTIONS

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### Remuneration Options.

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.001 (**Exercise Price**)

(c) **Expiry Date**

Where not previously lapsed in accordance with paragraph (d), each Option will expire at 5:00 pm (WST) on that date which is 4 years after the date of issue of the Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Cessation of employment**

In the event the employee ceases to be employed by the Company as a result of termination by the Company without cause or due to the employee's role being made redundant, the number of Options that are not already exercisable in accordance with paragraph (e), will vest and be immediately exercisable proportionally in accordance with the following calculation:

$$\left( \frac{\text{Term}}{\text{Period}} \right) \times \text{the amount exercisable in accordance with paragraph (e) had the Director ceased to be a Director at the end of the Period.}$$

**Term:** The number of days that the Director has been a Director since the issue date of the Options, or if 1 May 2017 has past, the number of days the Director has been a Director since 2 May 2017.

**Period:** The number of days between the issue date of the Options and 1 May 2017; or, if 1 May 2017 has past, the number of days between 2 May 2017 and 1 November 2017.

In all other circumstances of termination of employment with the Company, all Options that are not exercisable in accordance with paragraph (e) lapse on the date of termination.

(e) **Exercise Period**

Subject to paragraph (f), the total amount of Options issued to each Optionholder that are exercisable on and from the following dates up to the Expiry Date (**Exercise Period**) are:

In the case of Mr Di Silvio:

(i) Part A Remuneration B Options (as defined in section 10.2):

(A) 1 December 2016

(ii) Part B Remuneration B Options (as defined in section 10.2):

(A) 50% - 1 May 2017; and

(B) 50% - 1 November 2017.

In the case of Mr Patten-Williams:

- (i) Part A Remuneration B Options (as defined in section 11.2):

(A) 1 December 2016

- (ii) Part B Remuneration B Options (as defined in section 11.2):

(A) 50% - 1 May 2017; and

(B) 50% - 1 November 2017.

In the case of Mr Netterfield:

(A) 50% - 1 May 2017; and

(B) 50% - 1 November 2017.

(f) **Change of control**

In the event of a Change of Control event occurring all Options that are not exercisable in accordance with paragraph (e) will become exercisable on and from the date of the Change of Control event occurring.

*For the purposes of this paragraph **Change of Control** means upon the occurrence of either:*

- (i) *a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or*
- (ii) *a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.*

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Transferability**

The Options are not transferable.

(o) **Dividends**

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

(p) **Bonus Issue**

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.

(q) **Quotation**

The Company will not apply to the ASX for official quotation of the Options.

**Performance Options.**

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (k), the amount payable upon exercise of each Option will be \$0.001 (**Exercise Price**)

(c) **Expiry Date**

Where not previously lapsed in accordance with paragraph (d), each Option will expire at 5:00 pm (WST) on that date which is 4 years after the date of issue of the Option (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Cessation of employment**

In the event an employee ceases to be employed by the Company for any reason, all Options that are not exercisable in accordance with paragraph (e) lapse on the date of termination.

(e) **Exercise Period**

Subject to paragraph (f), the number of Options issued to Mr Di Silvio and Mr Patten-Williams that are exercisable on and from the dates of the following events occurring up to the Expiry Date (**Exercise Period**) are:

A. In the case of Mr Di Silvio:

- i. 50,000 Options: Delivery of a definitive feasibility study (**DFS**) that is determined by the Board to be a sufficient improvement on the Thunderbird Prefeasibility Study, the results of which were announced to ASX on 14 October 2015. In making this determination, the Board will act reasonably and take into account all of the circumstances of the project's evolution from the PFS Update to DFS, with a particular emphasis on CAPEX and OPEX levels;
- ii. 200,000 Options: Upon finalisation of Board approved financing package to construct the Thunderbird mine;
- iii. 75,000 Options: Upon the delivery of an Ilmenite off-take agreement/s for more than 50% of a minimum of the first 2 years of forecast annual volumes of Ilmenite product as approved by the Board;
- iv. 75,000 Options: Upon the delivery of a Zircon off-take agreement/s for more than 50% of a minimum of the first 2 years of forecast annual volumes of Zircon product as approved by the Board; and
- v. 300,000 Options: First products from Thunderbird on ship.

B. In the case of Mr Patten-Williams:

- i. 50,000 Options: Delivery of a definitive feasibility study (**DFS**) that is determined by the Board to be a sufficient improvement on the Thunderbird Prefeasibility Study, the results of which were announced to ASX on 14 October 2015. In making this determination, the Board will act reasonably and take into account all of the circumstances of the project's evolution from the PFS Update to DFS, with a particular emphasis on CAPEX and OPEX levels;
- ii. 50,000 Options: Upon finalisation of Board approved financing package to construct the Thunderbird mine;
- iii. 200,000 Options: Upon the delivery of an Ilmenite off-take agreement/s for more than 50% of a minimum of the first 2 years of forecast annual volumes of Ilmenite product as approved by the Board;
- iv. 200,000 Options: Upon the delivery of a Zircon off-take agreement/s for more than 50% of a minimum of the first 2 years of forecast annual volumes of Zircon product as approved by the Board; and
- v. 200,000 Options: First products from Thunderbird on ship.

(f) **Change of control**

In the event of a Change of Control event occurring, Options that are not exercisable in accordance with paragraph (e) will become exercisable on and from the date of the Change of Control event occurring.

*For the purposes of this paragraph **Change of Control** means upon the occurrence of either:*

- (i) *a takeover bid under Chapter 6 of the Corporations Act having been made in respect of the Company having received acceptances for more than 50% of the Company's shares on issue and being declared unconditional by the bidder; or*
- (ii) *a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.*

(g) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(h) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(i) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(j) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(k) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(l) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(m) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(n) **Transferability**

The Options are not transferable.

(o) **Dividends**

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

(p) **Bonus Issue**

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the ASX Listing Rules.

(q) **Quotation**

The Company will not apply to the ASX for official quotation of the Options.

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## SCHEDULE 3 – TERMS AND CONDITIONS OF BROKER OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be 67.6 cents (\$0.676) (**Exercise Price**)

(c) **Expiry Date**

Where not previously lapsed in accordance with paragraph (d), each Option will expire at 5:00 pm (WST) on that date which is 3 years after the date of issue of the Option, being 31 August 2019 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

Options may be exercised at any time following the Issue Date, and no later than the Expiry Date.

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 5 Business Days after the Exercise Date, the Company will:

- (a) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (b) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (c) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (i)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.



(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are not transferable.

## SCHEDULE 4 – EQUITY SECURITIES ISSUED IN PAST 12 MONTHS

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	430,000 <sup>A</sup>	\$0.30	Holders of unlisted options	36.4% discount to the 5 day volume weighted share price of the Company on 27 Nov 2015	Issued pursuant to the exercise of unlisted options which were exercisable at \$0.30 each and had an expiry date of 13 Dec 2015
Fully Paid Ordinary Shares	10,498,995 <sup>A</sup>	\$0.44	Professional and sophisticated investors	7.0% premium to the 5 day volume weighted share price of the Company on 8 Dec 2015	Pursuant to a placement to shareholders to advance the Company's Thunderbird mineral sands project Bankable feasibility study
Fully Paid Ordinary Shares	414,891 <sup>A</sup>	\$0.44	Professional and sophisticated investors	6.6% premium to the 5 day volume weighted share price of the Company on 11 Dec 2015	Pursuant to a share purchase plan to shareholders to advance the Company's Thunderbird mineral sands project Bankable feasibility study
Fully Paid Ordinary Shares	242,500 <sup>A</sup>	\$0.30	Holders of unlisted options	27.3% discount to the 5 day volume weighted share price of the Company on 11 Dec 2015	Issued pursuant to the exercise of unlisted options which were exercisable at \$0.30 each and had an expiry date of 13 Dec 2015
Fully Paid Ordinary Shares	1,015,929 <sup>A</sup>	\$0.44	Shareholders who participated in the Share Purchase Plan	3.4% premium to the 5 day volume weighted share price of the Company on 23 Dec 2015	Pursuant to a share purchase plan to shareholders to advance the Company's Thunderbird mineral sands project Bankable feasibility study
Unlisted options	4,173,713 <sup>B</sup>	\$0.001	Director and employee of the Company	99.7% discount to the 5 day volume weighted share price of the Company on 9 Feb 2016	Issue of director and employee unlisted options pursuant to shareholder approval on 5 Feb 2016
Fully Paid Ordinary Shares	381,000 <sup>A</sup>	\$0.44	Directors of the Company who participated in the Share Purchase Plan	43.9% premium to the 5 day volume weighted share price of the Company on 9 Feb 2016	Pursuant to a share purchase plan to advance the Company's Thunderbird mineral sands project Bankable feasibility study and following approval from shareholders on 5 Feb 2016
Fully Paid Ordinary Shares	184,222 <sup>C</sup>	\$0.001	Director of the Company	99.8% discount to the 5 day volume weighted share price of the Company on 1 Jul 2016	Issued pursuant to the exercise of unlisted options which were exercisable at \$0.001 each and had an expiry date of 8 Feb 2020
Fully Paid Ordinary Shares	92,111 <sup>C</sup>	\$0.001	Director of the Company	99.9% discount to the 5 day volume weighted share price of the Company on 15 Aug 2016	Issued pursuant to the exercise of unlisted options which were exercisable at \$0.001 each and had an expiry date of 8 Feb 2020
Fully Paid Ordinary Shares	78,952 <sup>C</sup>	\$0.001	Employee of the Company	99.9% discount to the 5 day volume weighted share price of the Company on 17 Aug 2016	Issued pursuant to the exercise of 16.6% discount to the 5 day volume weighted share price of the Company on 31 Aug 2016
Fully Paid Ordinary Shares	32,939,994 <sup>D</sup>	\$0.52	Professional and sophisticated investors	16.6% discount to the 5 day volume weighted share price of the Company on 31 Aug 2016	Pursuant to a placement to shareholders to advance the Company's Thunderbird mineral sands project Bankable feasibility study and exploration activities
Unlisted Options	4,000,000 <sup>E</sup>	\$0.676	Brokers engaged by the Company	8.4% premium to the 5 day volume weighted share price of the Company on 31 Aug 2016	Issued pursuant to a service agreement. Unlisted options are exercisable at a 30% premium to the share placement price of 52c per share and expire on 31 Aug 2019
<b>Total</b>	<b>54,452,307</b>				

#### Notes accompanying Schedule 4:

Issues of equity for the 12 months preceding the date of this Notice are as follows:

- A) Shares were issued to raise funds to commence and progress the Company's Thunderbird Mineral Sands Project bankable feasibility study, continue exploration activities and for general working capital purposes. Total cash consideration raised was \$5,450,869 before expenses and funds have been spent in full as at the date of this Notice.
- B) An issue of Options to a Director and employee pursuant to their respective employment agreements and subsequent to the receipt of shareholder approval. As the Options were issued for nil cash consideration, no funds were raised as a result of the Option issue.
- C) Exercise of Options by a Director and employee. Total cash consideration raised was \$355 and was used for general working capital purposes.
- D) Shares were issued to raise funds to complete the Company's Thunderbird Mineral Sands Project bankable feasibility study, continue exploration activities and for general working capital purposes. Total cash consideration raised was \$17,128,797 before expenses. The amount of cash that has been spent is \$3,204,868 as at the date of this Notice. Funds have been applied, and remaining funds shall also be applied, towards the Company's Thunderbird Mineral Sands Project bankable feasibility study, continued exploration activities and for general working capital purposes.

## LODGE YOUR VOTE



### ONLINE

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



### BY MAIL

Sheffield Resources Limited  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235 Australia



### BY FAX

+61 2 9287 0309



### BY HAND

Link Market Services Limited  
1A Homebush Bay Drive, Rhodes NSW 2138



### ALL ENQUIRIES TO

Telephone: +61 1300 554 474

## LODGE A PROXY FORM

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given above by **1:30pm (WST) on Tuesday, 15 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



### ONLINE

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

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this Proxy Form).

## HOW TO COMPLETE THIS SECURITYHOLDER PROXY FORM

### YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's security register. If this information is incorrect, please make the correction on the form. Securityholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your securities using this form.**

### APPOINTMENT OF PROXY

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that individual or body corporate in Step 1. A proxy need not be a securityholder of the Company.

### DEFAULT TO CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote those proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

### VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

### APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's security registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- return both forms together.

### SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either securityholder may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, 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 indicate the office held by signing in the appropriate place.

### CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's security registry or online at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

**IF YOU WOULD LIKE TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING, PLEASE BRING THIS FORM WITH YOU.  
THIS WILL ASSIST IN REGISTERING YOUR ATTENDANCE.**

NAME SURNAME  
ADDRESS LINE 1  
ADDRESS LINE 2  
ADDRESS LINE 3  
ADDRESS LINE 4  
ADDRESS LINE 5  
ADDRESS LINE 6



X9999999999

## PROXY FORM

I/We being a member(s) of Sheffield Resources Limited and entitled to attend and vote hereby appoint:

### APPOINT A PROXY

the Chairman of the Meeting (mark box)

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate you are appointing as your proxy

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to act on my/our behalf (including to vote in accordance with the following directions or, if no directions have been given and to the extent permitted by the law, as the proxy sees fit) at the Annual General Meeting of the Company to be held at **1:30pm (WST) on Thursday, 17 November 2016 at The Park Centre, 45 Ventnor Avenue, West Perth WA 6005 (the Meeting)** and at any postponement or adjournment of the Meeting.

**Important for Resolutions 1, 7, 8, 9, 10 and 11:** If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 1, 7, 8, 9, 10 and 11, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (**KMP**).

**The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.**

### VOTING DIRECTIONS

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

#### Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9 Issue of Remuneration B Options and Performance B Options to Mr Mark Di Silvio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-Election of Director – Mr Bruce McQuitty	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Issue of Remuneration B Options and Performance B Options to Mr Neil Patten-Williams	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Ratification of Prior Issue of Shares – ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Issue of Remuneration B Options to Mr Jim Netterfield	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Ratification of Prior Issue of Shares – ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
5 Ratification of Prior Issue of Broker Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
6 Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
7 Issue of Remuneration Options to Mr Bruce McFadzean	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
8 Issue of Remuneration Options and Performance Options to Mr David Archer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



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

### SIGNATURE OF SECURITYHOLDERS – THIS MUST BE COMPLETED

Securityholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Securityholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Securityholder 3 (Individual)

Director

This form should be signed by the securityholder. If a joint holding, either securityholder may sign. If signed by the securityholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

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