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# HEMISPHERE RESOURCES LIMITED

ACN 122 074 006

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Annual General Meeting of Shareholders of Hemisphere Resources Limited ("Company") will be held at 58 Kings Park Road, West Perth, Western Australia, at 9:00am (WST) on Wednesday, **30 November 2011**.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00 pm (WST) on 28 November 2011.

### AGENDA

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#### GENERAL BUSINESS

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#### 1. ADOPTION OF THE ANNUAL FINANCIAL REPORT

To receive the Annual Financial Report, including Directors' declarations and accompanying reports of the Directors and auditors for the financial year ended 30 June 2011.

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#### 2. RESOLUTION 1- ADOPTION OF THE 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 to the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2011."*

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

#### Voting Exclusion

Pursuant to section 250R(4) of the Corporations Act, the Company is required to disregard any votes cast on Resolution 1 (in any capacity) by or on behalf of any of the following persons:

- (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 will not disregard a vote if:

- (c) the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on this Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

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#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PAUL BOYATZIS

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

*"That, for all purposes, Mr Paul Boyatzis, a director of the Company who retires by rotation in accordance with clause 21.3 of the Constitution and, being eligible, is re-elected as a Director of the Company."*

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**SPECIAL BUSINESS**

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**4. RESOLUTION 3 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME**

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

*"That, for the purposes of ASX Listing Rule 7.2 Exception 9(b) and for all other purposes, Shareholders approve the issue of securities under the "Hemisphere Resources Limited Employee and Officer Share Option Plan" for a period of 3 years commencing on the date of this meeting on the terms set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** The Company will disregard any votes cast on this resolution by the Directors of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**DATED: 25 October 2011**

**BY ORDER OF THE BOARD  
HEMISPHERE RESOURCES LIMITED**



**PHILLIP MACLEOD  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at 58 Kings Park Road, West Perth, Western Australia, at 9:00am (WST) on Wednesday, **30 November 2011**.

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

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### 1. FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and reports of Directors and Auditors for the year ended 30 June 2011.

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

#### 2.1 BACKGROUND

The Remuneration Report of the Company for the year ending 30 June 2011 is set out in the Director's Report of the Company's Annual Report. The Remuneration Report sets out the Company's remuneration arrangements for the executive and non-executive Directors and executive employees of the Company. A reasonable opportunity will be given for the discussion of the Remuneration Report at the meeting. Shareholders should note that the vote on this Resolution is advisory only and does not bind the Company or the Directors.

Under recent changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an extraordinary general meeting to consider the appointment of directors of the Company (Spill Resolution).

If more than 50% of the Shareholders vote in favour of the Spill Resolution, the Company must convene the extraordinary general meeting (Spill Meeting) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 Directors Report 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 is approved will be the Directors of the Company.

#### 2.2 PROXY RESTRICTIONS

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of the Key Management Personnel or any Closely Related Party as your proxy to vote on this Resolution 1, **you must direct the proxy how they are to vote**. Where you do not direct the Chair, or another member of the Key Management Personnel or Closely Related Party on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to Resolution 1.

#### 2.3 DEFINITIONS

**Key Management Personnel** has the same meaning as in the accounting standards and broadly includes those person having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

**Remuneration Report** means the remuneration report set out in the Directors' report section of the Company's annual financial report for the year ended 30 June 2011.

**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 members spouse;
- (c) A dependent of the member or the members 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).

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### **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR PAUL BOTAYZIS**

Clause 21.3 of the Constitution requires that one third of the Company's Directors must retire at each annual general meeting. A Director who retires under clause 21.3 is eligible for re-election.

Mr Paul Boyatzis retires by rotation and offers himself for re-election.

Information about Mr Boyatzis is available in the Company's Annual Report and on the Company's web site at [www.hemisphereresources.com](http://www.hemisphereresources.com).

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### **4. RESOLUTION 3 APPROVAL OF EMPLOYEE INCENTIVE SCHEME**

#### **4.1 BACKGROUND**

In June 2011 the Board adopted the Employee and Officer Share Option Plan ("Option Plan") to enable the Company to issue Options to eligible participants including employees and officers.

The Option Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and provide an incentive to contribute to that growth. The Option Plan is further designed to assist in retaining employees and officers.

A copy of the Option Plan will be made available for inspection at the Meeting. A summary of the Option Plan is set out in Schedule 1.

#### **4.2 REGULATORY REQUIREMENTS**

Shareholder approval is not required under the Corporations Act or the ASX Listing Rules for the establishment or operation of the Plan. However, Shareholder approval is being sought to allow the Company to rely on an exception to the calculation of the 15% limit imposed by ASX Listing Rule 7.1 on the number of securities that may be issued without shareholder approval. ASX Listing Rule 7.2 exception 9(b) provides that ASX Listing Rule 7.1 does not apply to an issue of securities under an employee incentive scheme that has been approved by shareholders and the issue of securities is within three years from the date of shareholder approval of the issue of securities under the employee incentive scheme.

No securities have been issued under the Option Plan.

If an offer is made to a Director to participate in the Option Plan then separate Shareholder approval will need to be obtained.

#### **4.3 RECOMMENDATION**

The Board recommends that Shareholders approve the Option Plan. It will allow the Company to issue securities for the benefit of participants of the Option Plan whilst preserving the Company's 15% limit of issuing securities and provide flexibility in the manner in which the Option Plan is managed.

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### **5. ENQUIRIES**

Shareholders are required to contact the Company Secretary on (61 8) 9481 1749 if they have any queries in respect of the matters set out in these documents.

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## 6. VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:

by post to Hemisphere Resources Limited, PO Box 2803, West Perth, Western Australia, 6872;

delivered to the Companies offices at 24 Colin Street, West Perth, Western Australia, 6005; or

by facsimile to the Company on facsimile number (08) 9481 1756,

so that it is received not later than 9:00am (WST) on 28 November 2011.

### **Proxy forms received later than this time will be invalid.**

New sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes 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 is 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 (i.e. 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 (i.e. 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 (i.e. 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 resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting;
  - 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.

**SCHEDULE 1**  
**Terms and Conditions of Option Plan**

Following is a summary of the terms and conditions of the Option Plan:

- 1. Purpose** The purpose of the Option Plan is to offer Options to assist with reward, retention, motivation and recruitment of eligible participants.
- 2. Eligible Participants** Eligible participants are a full or part-time employee, consultant or an officer of the Company or a subsidiary ("**Eligible Participants**").
- 3. Offers** Subject to any necessary Shareholder approval, the Board may offer Options to Eligible Participants for nil consideration.
- 4. Exercise Price** The exercise price of Options will be determined by the Board in its discretion provided that the exercise price will not be less than 80% of the average closing sale price of Shares on ASX over the 5 trading days immediately preceding the date of the offer.
- 5. Expiry Date** The expiry date of Options will be determined by the Board but will be no later than 5 years from the date of issue of an Option.
- 6. Vesting and Lapse**

An Option may only be exercised after that Option has vested and before its expiry date. The Board may determine the vesting period, conditions and restrictions (if any). On the grant of an Option the Board may in its absolute discretion impose other conditions on the exercise of an Option.

An Option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company; 60 days following the participant ceasing to be an officer, employed or engaged by the Company; or on certain conditions associated with a party acquiring a 90% interest in the Shares of the Company. If, in the opinion of the Board, a change of control event (scheme of arrangement, takeover bid or a person with a sufficient relevant interest to replace the Board) has or is likely to occur, then the Board may declare an Option to be free of any conditions of exercise. Similarly, Options will be free of any conditions of exercise where a notice of meeting is issued to enter into a scheme of arrangement resulting in a person obtaining a relevant interest in not less than 90% of the Shares.
- 7. Shares issued on exercise of Options** Each Option entitles the holder to one fully paid ordinary share on exercise of the Option.
- 8. Transferability and quotation** Options may not be transferred other than to a nominee of the holder or with the prior consent of the Board. Quotation of the Options on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on exercise of Options.
- 9. Limitation on number of Options** Shares to be received on the exercise of all Options under the Option Plan when aggregated with the number of Shares issued during the previous 5 years under any employee share plan of the Company must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit.
- 10. Administration of the Plan** The Option Plan will be administered under the directions of the Board and the Board may make regulations and establish procedures for the administration and management of the Option Plan as it considers appropriate.
- 11. Operation** The operation of the Plan is subject to the ASX Listing Rules and the Corporations Act.

# PROXY FORM

**APPOINTMENT OF PROXY  
HEMISPHERE RESOURCES LIMITED  
ACN 122 074 006**

## ANNUAL GENERAL MEETING

I/We

of

being a member of Hemisphere Resources Limited entitled to attend and vote at the Annual General Meeting, hereby

Appoint

Name of proxy

OR

the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 9:00am (WST), on **30 November 2011** at 58 Kings Park Road, West Perth, Western Australia and at any adjournment thereof.

**Important for Resolution 1:** If the Chair of the Meeting or any member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or a Closely Related Party of that member is your proxy and you have not directed the proxy to vote on Resolution 1, the proxy will be prevented from casting your votes on Resolution 1. If the Chair, another member of the Key Management Personnel of the Company whose remuneration details are included in the Remuneration Report or Closely Related Party of that member is your proxy, in order for your votes to be counted on Resolution 1, you must direct your proxy how to vote on Resolution 1.

If no directions are given, the Chair will vote in favour of all the Resolutions in which the Chair is entitled to vote undirected proxies.

### Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Re-election of Mr Boyatzis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Approval of Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is

**Signature of Member(s):**

**Date:** \_\_\_\_\_

**Individual or Member 1**

**Sole Director/Company Secretary**

**Member 2**

**Director**

**Member 3**

**Director/Company Secretary**

**HEMISPHERE RESOURCES LIMITED**  
**ACN 122 074 006**

**Instructions for Completing 'Appointment of Proxy' Form**

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
  - 2 directors of the company;
  - a director and a company secretary of the company; or
  - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form and send the proxy form:
  - (a) by post to Hemisphere Resources Limited  
PO Box 2803  
West Perth  
Western Australia, 6872;
  - (b) delivered to the Company's offices at 24 Colin Street, West Perth, Western Australia, 6005; or
  - (c) by facsimile to the Company on facsimile number (08) 9481 1756,

so that it is received not later than 9:00 am (WST) on 28 November 2011.

**Proxy forms received later than this time will be invalid.**