



Sigma Pharmaceuticals Limited
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Notice of Annual General Meeting Wednesday 9 May 2012

NOTICE IS GIVEN that the Annual General Meeting of Sigma Pharmaceuticals Limited (**Company**) will be held at the ANZ Pavilion, Victorian Arts Centre, 100 St Kilda Road, Melbourne, Victoria on Wednesday 9 May 2012 at 11.00am.

Items of Business

- 1 Chairman's Address and Presentation by the Managing Director and Chief Executive Officer**
- 2 Financial Statements and Reports**

To consider the Company's Financial Report and Directors' and Auditor's Reports for the year ended 31 January 2012.
- 3 Remuneration Report**

To adopt the Remuneration Report for the year ended 31 January 2012.

The vote on this resolution is advisory and does not bind the Company or its Directors.
- 4 Re-election of Directors**
 - 4.1 To re-elect as a Director Mr Brian Jamieson, who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election.
 - 4.2 To re-elect as a Director Ms Linda Nicholls, who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers herself for re-election.
- 5 Remuneration arrangements for the Managing Director and Chief Executive Officer**
 - 5.1 To consider and, if thought fit, pass the following resolution:

'That approval be given for all purposes, including for the purpose of ASX Listing Rule 7.2 Exception 9 as an exception to ASX Listing Rule 7.1 and ASX Listing Rule 10.14, to the issue to the Managing Director and Chief Executive Officer of the Company, Mr Mark Hooper, of up to the maximum number of performance rights under the Company's Executive Short Term Incentive Plan (**STIP**), set out in and on the terms set out in the Explanatory Notes accompanying the Notice of this Meeting and for the issue of Shares upon the exercise of those rights.'
 - 5.2 To consider and, if thought fit, pass the following resolution:

'That approval be given for all purposes, including for the purpose of ASX Listing Rule
- 7.2 Exception 9 as an exception to ASX Listing Rule 7.1 and ASX Listing Rule 10.14, to the issue to the Managing Director and Chief Executive Officer of the Company, Mr Mark Hooper, of up to the maximum number of Shares, under the Executive Long Term Incentive Plan, set out in and on the terms set out in the Explanatory Notes accompanying the Notice of this Meeting.'
- 5.3 To consider and, if thought fit, pass the following resolution:

'That for the purposes of sections 200B and 200E of the Corporations Act, approval is given for the Company to provide the benefits to Mr Mark Hooper (details of which are set out in the Explanatory Notes accompanying the Notice of this Meeting) arising from his participation in the STIP and the receipt, vesting and exercise of rights or benefits acquired under, or arising from, contractual arrangements with the Company in connection with any future termination of his employment or office (including for the avoidance of doubt any payments on termination of employment under Mr Hooper's employment contract with the Company).'
- 6 Non Executive Directors' Remuneration**

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

'In accordance with Rule 10.2 of the Company's Constitution and for the purposes of Australian Stock Exchange Listing Rule 10.17, that the maximum aggregate sum per annum available for payment to the Non Executive Directors of the Company as remuneration for their services as directors of the Company be increased by \$150,000 from \$1,100,000 to \$1,250,000.'
- 7 Change of auditor**

To consider and, if thought fit, pass the following resolution:

'Subject to the Australian Securities and Investments Commission consenting to the resignation of PricewaterhouseCoopers as auditor of the Company in accordance with section 329 of the Corporations Act 2001 (Cth), Deloitte Touche Tohmatsu be appointed as

auditor of the Company in accordance with section 327B of the Corporations Act 2001 (Cth) and for all other purposes with effect from the later of the conclusion of the 2012 Annual General Meeting and the day on which ASIC gives its consent.'

A handwritten signature in blue ink, appearing to be 'Sue Morgan', written in a cursive style.

By Order Of The Board

Sue Morgan

Company Secretary

5 April 2012

Information for Shareholders:

Shareholders of the Company

For the purpose of voting at the Meeting, the Board has determined that persons holding Shares in the Company which are listed for quotation on the Australian Securities Exchange at 7.00pm in Melbourne on Monday 7 May 2012 will be treated as Shareholders of the Company.

Appointment of proxies

Proxies may be appointed for the Annual General Meeting. Please note that:

- a Shareholder entitled to attend and vote at the Meeting is entitled to appoint no more than two proxies to attend and vote on behalf of the Shareholder. Where two proxies are appointed, each proxy must be appointed to represent a specified number of votes or proportion of the Shareholder's voting rights. If no number or proportion is specified, each proxy may exercise half of the votes;
- a proxy need not be a Shareholder of the Company and may be an individual or a body corporate;
- a Shareholder that is a body corporate or a body corporate appointed as a Shareholder's proxy may appoint a representative to exercise any of the powers the body corporate may exercise as a proxy at the Meeting. The representative should bring to the Meeting evidence of their appointment, including any authority under which the appointment is signed, unless it has previously been provided to the Company; and
- if a Shareholder appoints the Chairman of the Meeting as proxy and does not specify how the Chairman is to vote on an item of business, the Chairman will vote (if permitted under the proxy form and subject to any applicable voting restrictions), as proxy in favour of the resolution.

Joint holders

In the case of joint holders of shares any one of the joint holders may vote at any meeting, but if more than one of such joint holders submits a vote, the vote of the first named of the joint holders in the Register of Members, whether submitted in person or by proxy or by attorney or in any other approved means, will be accepted to the exclusion of the votes of the other joint holder(s).

Lodgement of proxy forms

A proxy form accompanies this Notice of Meeting. To be effective, the completed proxy form and the power of authority (if any) under which the proxy form is signed or a certified copy of the relevant authority must be received by the Company at least 48 hours before the start of the Meeting (that is, by 11.00am (Melbourne time) on Monday, 7 May 2012).

Proxies (and, if applicable, authorities) may be returned:

By mail:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By hand:

Link Market Services Limited
Level 12, 680 George Street
Sydney 2000

By facsimile:

+61 2 9287 0309

Online:

at www.investorcentre.linkmarketservices.com.au

Login to the Link website using the details as shown on the proxy form. Select 'Voting' and follow the prompts to lodge your vote. To use the online voting facility, Securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

If you have any difficulties lodging your vote online, or if you require an additional proxy form, please contact Link Market Services on 1300 139 653 or +61 2 8280 7167.

Explanatory Notes on Resolutions

Item 2 – Financial Statements and Reports

The Corporations Act 2001 (Cth) (**Corporations Act**) requires the Directors to lay before the Meeting the Financial Report, Directors' Report and the Auditor's Report for the financial period ended 31 January 2012.

Shareholders have been provided with relevant information concerning the Company's financial statements in the Annual Report of the Company for the year ended 31 January 2012. A copy of the Annual Report has been forwarded to each Shareholder. A copy of the financial statements and the associated reports will also be tabled at the Meeting.

There is no requirement either in the Corporations Act or the Company's Constitution for Shareholders to vote on the reports. However, Shareholders will be given a reasonable opportunity to ask questions and make comments on these reports at the Meeting.

The Company's auditors will be present at the meeting.

Item 3 - Remuneration Report

The Corporations Act requires a non-binding resolution to be put to Shareholders for the adoption of the Remuneration Report and a reasonable opportunity for Shareholders to comment on and ask questions about the Remuneration Report.

The Remuneration Report is contained in the Annual Financial Report. Copies of the Annual Financial Report, including the Remuneration Report, are available on the Company's website at www.sigmaco.com.au or may be obtained from the Office of the Company Secretary by telephoning (03) 9215 9215.

The Remuneration Report includes:

- an explanation of the Company's policy for determining the remuneration of the Directors, senior managers and employees;
- a discussion of the relationship between that policy and the Company's performance;
- prescribed information regarding key management personnel; and
- where any element of the remuneration of a member of the key management personnel depended on the satisfaction of a performance condition, a summary of that performance condition and an explanation of why it was adopted in relation to the relevant personnel.

The vote on the proposed resolution in this item is advisory only and will not bind the Company or its directors. However, under recent changes to the Corporations Act, if at least 25% of the votes cast on the resolution are against adoption of the Remuneration Report at the Meeting, then:

- if comments are made on the Remuneration Report at the AGM, the Company's remuneration report in respect of the financial year ending 31 January 2013 will include an explanation of the Board's proposed action in response to those comments or, if no action is proposed, the reasons why; and
- if, at the Company's annual general meeting in 2013, at least 25% of the votes cast on the resolution for adoption of the remuneration report are against its adoption, the Company will be required to put to Shareholders a resolution proposing that a general meeting (**Spill Meeting**) be held within 90 days to consider the election of directors of the Company (**Spill Resolution**). The Spill Meeting must be held within 90 days of the date of the 2013 annual general meeting. If more than 50% of the votes cast on the Spill Resolution are in favour of the Spill Resolution, the Spill Resolution will be passed and all of the directors in office at the 2013 annual general meeting (other than the managing director) will cease to hold office immediately before the end of the Spill Meeting, unless they are re-elected at the Spill Meeting.

Voting Restrictions

The Corporations Act prohibits any votes being cast on the proposed resolution for the adoption of the Remuneration Report (Item 3 in the Notice of Meeting) by or on behalf of:

- a member of the Company's key management personnel, details of whose remuneration are included in the Remuneration Report (**KMP**); or
- a closely related party of a KMP,

whether the votes are cast as a shareholder, proxy or in any other capacity and the Company will disregard any such votes.

However, the prohibition does not apply to, and the Company will not disregard, a vote cast by a KMP or closely related party of a KMP if:

- the vote is cast as a proxy;
- the proxy is appointed by writing that specifies how the proxy is to vote on Item 3; and
- the vote is not cast on behalf of a KMP or a closely related party of a KMP.

If you are a KMP or a closely related party of a KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as described above), you may commit an offence by breaching the voting restrictions that apply to you under the Corporations Act.

A closely related party of a KMP means any of the following:

- a spouse or child of the KMP;
- a child of the KMP's spouse;
- a dependant of the KMP or of the KMP's spouse;
- anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with the entity;
- a company the KMP controls; or
- a person prescribed by regulations (as at the date of this Notice, no such regulations have been prescribed).

The proxy form accompanying this Notice contains detailed instructions regarding how to complete the proxy form if a shareholder wishes to appoint the Chairman as his or her proxy and to authorise the Chairman to vote on the resolution to adopt the Remuneration Report. You should read those instructions carefully.

The Chairman of the meeting intends to vote undirected proxies (subject to the instructions set out in the proxy form and any other applicable restrictions) in favour of Item 3.

If you have appointed the Chairman of the meeting as your proxy and you do not wish the Chairman of the meeting to vote in favour of Item 3, you should complete the voting directions in respect of Item 3 in Step 2 of the Proxy Form.

Item 4 – Re-election of Directors

Rule 3.6 of the Company's Constitution requires one-third of the current Directors (excluding the Managing Director), or the whole number nearest one-third, to retire by rotation at each Annual General Meeting. Accordingly, Mr Brian Jamieson and Ms Linda Nicholls being amongst the longest serving Directors, retire at the end of the Meeting. Being eligible, Mr Brian Jamieson and Ms Linda Nicholls offer themselves for re-election.

Each election will be conducted as a separate resolution.

Profiles on each of the Directors are set out below.



Mr Brian Jamieson (Chairman)

FCA, MAICD, Non Executive Chairman and Director.

Appointed a Director of Sigma Company Limited in May 2003, a Director of Sigma Pharmaceuticals Limited in December 2005, and Chairman of Sigma Pharmaceuticals Limited in June 2010. Mr Jamieson is Chairman of Mesoblast Limited, a Director of Oz Minerals Limited, Tatts Group Limited, and Tigers Realm Coal Limited. He is also a Director and Treasurer of the Bionics Institute and the Menzies Foundation. He is

a former Managing Partner of Minter Ellison Lawyers Melbourne, former Chief Executive of KPMG Australia and former Director of Bank of Western Australia Limited and HBOS Australia Limited. He is the former Chairman of the Melbourne Symphony Orchestra and Director of Care Australia. He has over 30 years experience in providing advice and audit services to a diverse range of public and large private companies. Mr Jamieson has not held any directorships of listed entities in addition to those set out above during the last 3 years.
Age 68.



Ms Linda B Nicholls AO

BA (Econ), MBA, FAICD, Non Executive Director. Chairman of Risk Management and Audit Committee. Appointed a Director of Sigma Company Limited in April 1997 and of Sigma Pharmaceuticals Limited in December 2005. Ms Nicholls is Chairman of KDR VIC (Yarra Trams). She is a Director of Low Carbon Australia Limited and Fairfax Media Limited. She is also a Director of the Harvard Business School Alumni Board and Walter and Eliza Hall Institute of Biomedical Science. She is a former Chairman of Healthscope Limited, Australia Post Corporation and a former Director of St George Bank and Insurance Manufacturers of Australia. Ms Nicholls has over 28 years experience in banking and finance in Australia, the USA and New Zealand. Ms Nicholls has not held any directorships of listed entities in addition to those set out above during the last 3 years.
Age 63.

Directors' Recommendation

The Directors, other than the Directors the subject of the relevant resolution, recommend that Shareholders vote in favour of the re-election of each Director.

Item 5 – Remuneration arrangements for the Managing Director and Chief Executive Officer

Item 5 relates to the proposed issue of securities (being conditional entitlements to acquire fully paid ordinary Shares and Shares under a loan funded share plan) to Mr Hooper, as part of his remuneration by the Company. As a Director of the Company, approval of Shareholders is required for Mr Hooper to participate in the Executive Short Term Incentive Plan (**STIP**) and LTIP. In particular, ASX Listing Rule 10.14 requires Shareholder approval for Mr Hooper to participate in an employee incentive scheme under which he acquires, or may acquire, equity securities in the Company.

5.1 Executive Short Term Incentive Plan (STIP)

The STIP constitutes an 'employee incentive scheme' under the ASX Listing Rules. Issues of securities under an exception in ASX Listing Rule 7.2 are not taken into account for the purposes of calculating the 15% limit on the number of Shares that the Company may issue in any 12 month period under ASX Listing Rule 7.1. In addition, to the extent that performance rights are issued under the STIP as an approved employee incentive scheme, those securities are added to the denominator on which the 15% placement limit prescribed by Listing Rule 7.1 is calculated.

Subject to Shareholder approval, the number of performance rights to be granted to Mr Hooper under the STIP will be determined according to the following formula. It is intended that this grant of performance rights to Mr Hooper will be made in or around April 2013 (**STIP Grant Date**).

$$A \div B \times C$$

A = the value of total annual fixed remuneration

B = the average closing price of the Company's Shares over 5 last trading days of the 2012/13 financial year

C = the Executive Deferred STI component of total remuneration (maximum of 40% of fixed rem for this grant).

The extent to which Mr Hooper is awarded an incentive is first contingent upon the achievement of 90% of the Company's budgeted NPAT. Once 90% NPAT has been achieved the extent to which Mr Hooper is awarded an incentive is contingent upon his ability to meet or exceed set KPIs for the 2011/12 financial year.

The Board may round the number of STIP performance rights determined according to the above formula up or down as deemed appropriate.

Performance rights granted to Mr Hooper are conditional and non-transferable. That is, they cannot be sold, transferred, mortgaged, charged or otherwise disposed of or dealt with.

The number of STIP performance rights to be issued to Mr Hooper under the STIP cannot be determined until the end of the 2012/13 financial year and once Mr Hooper's performance has been assessed against the relevant KPIs. However the maximum value of performance rights that may be granted to Mr Hooper is \$454,272. For illustrative purposes only, the table below discloses the number of STIP performance rights that would be issued to Mr Hooper based on the maximum value of the performance rights and a range of market values of the Company's share price as at the STIP Grant Date:

Company Share Price at STIP Grant Date	STIP Performance Rights
\$0.40	1,135,680
\$0.50	908,544
\$0.60	757,120
\$0.70	648,960
\$0.80	567,840

Performance Conditions/Vesting of Performance Rights under the STIP

Except in certain circumstances mentioned below, performance rights will vest only to the extent that the Performance Conditions have been satisfied. Provided Mr Hooper remains employed by the Company half of the performance rights will vest 1 year after the conclusion of the STIP performance period and the remaining half will vest 2 years after the conclusion of the STIP performance period.

Restrictions on Disposal of Shares Received Until STIP Performance Rights Vest

Shares will be registered in Mr Hooper' name, but will be subject to a holding lock while they are held within the STIP to enforce compliance with the disposal restrictions.

Any disposal of Shares Mr Hooper holds under the STIP is subject to Board approval while Mr Hooper remains in employment with the Company. Shares may not be disposed of during "Prohibited Periods", in accordance with the Company's Securities Trading Policy.

On ceasing employment with the Company, Mr Hooper will be free to deal with any Shares received under the STIP as he sees fit, subject to compliance with the insider trading provisions of the Corporations Act.

Lapse of STIP Performance Rights

Mr Hooper will generally have to remain in employment with the Company at the end of the relevant STIP performance period for STIP performance rights to vest.

All STIP performance rights in relation to which the relevant Performance Conditions are not satisfied will lapse.

Unvested STIP performance rights will also lapse if Mr Hooper resigns from the Company. If Mr Hooper ceases to be employed because of retirement, redundancy, death or total and permanent disablement, the Board has the discretion to determine that a number of STIP performance rights may become capable of vesting (an **Accelerated Event**).

If a capital event occurs prior to completion of a STIP performance period, the STIP performance rights held by Mr Hooper will automatically vest (also an **Accelerated Event**).

All STIP performance rights held by Mr Hooper will lapse, and all Shares held in the STIP for Mr Hooper after satisfaction of the STIP Performance Conditions will be forfeited, if the Board determines that Mr Hooper has acted fraudulently or dishonestly or is in serious breach of duty to the Company or in the Board's reasonable opinion has brought the Company into disrepute.

Source of Shares

At the discretion of the Board, the Shares required for the STIP may be provided either by issuing new Shares or by procuring the transfer of existing Shares including Shares acquired on-market.

Additional information

In accordance with the ASX Listing Rules, the following additional information is provided concerning the performance rights awarded to Mr Hooper under the STIP:

- (a) There is no loan scheme in relation to the STIP;
- (b) Non-executive directors are not entitled to participate in the STIP. Accordingly, Mr Hooper is the only director entitled to participate in the STIP;
- (c) Details of any securities issued to Mr Hooper in accordance with his sign on incentive will be published in the annual report to Shareholders and released to ASX relating to the period in which any such securities have been issued, and that approval for such issue of securities was obtained under ASX Listing Rule 10.14; and
- (d) Any additional persons referred to in Listing Rule 10.14 who become entitled to participate after Item 5.1 is approved, and who were not named in the Notice of this Meeting, will not participate until approval is obtained under Listing Rule 10.14.

A copy of the rules of the STIP is available for inspection by Shareholders prior to the day of the Annual General Meeting during business hours at the Company's registered office at 3 Myer Place, Rowville, Victoria.

Directors' Recommendation

The Directors, other than Mr Hooper (who is interested in the outcome of the resolution), recommend that Shareholders vote in favour of the resolution in Item 5.1.

5.2 Executive Long Term Incentive Loan Funded Share Plan (LTIP)

The LTIP constitutes an 'employee incentive scheme' under the ASX Listing Rules. Issues of securities under an exception in ASX Listing Rule 7.2 are not taken into account for the purposes of calculating the 15% limit on the number of Shares that the Company may issue in any 12 month period under ASX Listing Rules 7.1. In addition, to the extent that Shares are issued under the LTIP as an approved employee incentive scheme, those Shares are added to the denominator on which the 15% placement limit prescribed by Listing Rule 7.1 is calculated.

Under ASX Listing Rule 10.14, the acquisition of securities by a Director under an employee incentive scheme requires Shareholder approval (unless the Shares acquired under the scheme are to be purchased on market).

It is proposed that the Managing Director and Chief Executive Officer of the Company, Mr Mark Hooper, be provided with a five year interest-free, limited recourse loan (**Loan**) to acquire fully paid ordinary Shares in the Company (**LTIP Shares**) in accordance with his participation in the LTIP (**Loan Arrangement**).

The LTIP has been designed to support the achievement of the Company's business strategy by linking executive rewards to improvements in the financial performance of the Company and aligning the interests of executives with Shareholders.

Subject to satisfaction of the vesting conditions described below (**Vesting Conditions**), Mr Hooper's Shares will vest and he will be able to deal with them (after repaying the Loan).

Number of Loan Funded Shares to be Granted to Mr Hooper

Subject to Shareholder approval, LTIP Shares will be acquired by Mr Hooper up to a number determined according to the formula below. It is intended that the LTIP Shares will be transferred or issued to Mr Hooper as soon as practicable after this Meeting is held.

The Board has determined that Mr Hooper should have 60% of his Fixed Remuneration paid in accordance with the LTIP which represents a total of \$655,200 that will be delivered through the LTIP (**LTI Value**).

The value of each LTIP Share will be determined using a Black-Scholes methodology, which is a widely accepted means of valuing such instruments. Applying the Black-Scholes methodology (which takes into account many variable, including share price and volatility) based on the share price of 0.5750 on 1 February 2012 (**LTIP Grant Date**) the number of LTIP Shares required to deliver LTI Value is 3,784,034.

As described above, a loan will be provided to Mr Hooper for the purchase cost of the LTIP Shares. The Loan will equal the total purchase price which is equal to the number of LTIP Shares multiplied by the market price per share on the LTIP Grant Date.

The Board will round down the number of Shares determined using the above allocation method.

Vesting Conditions of LTIP Shares

The Vesting Conditions applicable to this grant of LTIP Shares will be effectively managed over a three year period (**Performance Period**).

The Vesting Conditions that Mr Hooper must satisfy for his Shares to vest are that:

- (a) he remains continuously employed by the Company as at the dates on which the Board makes a determination as to whether the Vesting Conditions have been met; and
- (b) he satisfies the performance conditions described below (**Performance Conditions**).

Vesting Conditions

There are two separate Vesting Conditions applicable. 50% of the LTIP Shares granted to Mr Hooper will each vest where the following Vesting Conditions are met:

- (a) when the Company's Total Shareholder Return (TSR) over the Performance Period is 50%; and
- (b) when the Company's Return On Invested Capital (ROIC) over the Performance Period is 14%.

Absolute TSR was selected as an appropriate vesting condition rather than relative TSR due to the challenges associated with selecting an appropriate and fair comparator group given the size of the industry in which the Company operates. The Company is confident in its ability to set an Absolute TSR goal that would result in an acceptable return for shareholders whilst balancing the need to effectively motivate Executive performance. Finally, the Company wishes to avoid a scenario whereby Executives are rewarded for weak or negative absolute TSR results that are simply not as poor as the chosen comparator group.

The Company believes the two vesting conditions provide an appropriate balance between being challenging and achievable. Achievement of these vesting conditions would result in the creation of significant value for shareholders, thereby providing a positive outcome for the Company as well as the Executive. In addition, as attainment of the two vesting conditions only provides the Executive with the opportunity to purchase the shares, it is the Company's view that a single performance target for each vesting condition is sufficient provided the target results in the creation of value for shareholders.

Restrictions on Disposal of LTIP Shares

Mr Hooper's LTIP Shares are subject to disposal restrictions, such that;

- (a) Mr Hooper may not dispose of his unvested LTIP Shares until they vest; and
- (b) Mr Hooper may not dispose of his unvested LTIP Shares until such time as he repays the Loan or makes arrangements acceptable to the Company to repay the Loan.

Forfeiture of LTIP Shares

Forfeiture conditions apply at all times to Shares while Mr Hooper holds LTIP Shares. Mr Hooper will forfeit his interest in LTIP Shares where he:

- (a) is a 'Bad Leaver' (as described below);
- (b) breaches any terms of the Loan Arrangement under the LTIP rules; or
- (c) does not satisfy the Vesting Conditions.

What happens if Mr Hooper ceases employment with the Company?

If Mr Hooper ceases employment with the Company, the Board will determine which category of 'leaver' (as defined below) he falls within and will make a determination in respect of vesting and/or forfeiture as indicated below:

Type of Leaver	Definition	Unvested Loan Funded Shares	Vested Loan Funded Shares
Good Leaver	A person whose employment ceases in certain defined circumstances (such as death, ill-health, permanent disability, or redundancy).	Pro-rata vesting with regard to Performance Conditions.	Retained (subject to repayment of the Loan balance).
Leaver	A person who ceases employment and who is not a Good Leaver or Bad Leaver. A Leaver is for example a person who ceases employment due to resignation or retirement.	Will typically be forfeited (unless the Board decides otherwise).	Retained (subject to repayment of the Loan balance).
Bad Leaver	A person who, in the opinion of the Board, has acted unlawfully, fraudulently or dishonestly, or is in serious breach of his or her obligations in relation to the affairs of the Company.	Forfeited.	Any vested LTIP Shares that remain subject to any condition, or remain held in trust, or if the Loan balance is outstanding, are forfeited.

What happens if there is a Change of Control?

The Board may at its discretion determine the LTIP Shares to become vested, subject to repayment of the Loan in accordance with the Loan Arrangement, if:

- (a) a takeover bid is made to acquire the whole of the issued ordinary share capital of the Company and the takeover bid is recommended by the Board or becomes unconditional; or
- (b) a transaction is announced by the Company which, if implemented, would result in a person owning all the issued Shares in the Company.

Source of LTIP Shares

The LTIP Shares may be issued to Mr Hooper or purchased on-market at the discretion of the Board. The legal interest to the LTIP Shares acquired by Mr Hooper will be held in an Employee Share Trust (**Trust**). Subject to the Vesting Conditions either being satisfied, lifted or removed in accordance with the LTIP rules, at the discretion of the trustee of the Trust, the LTIP Shares will be transferred from the Trust to Mr Hooper.

Loan Arrangement

The full terms and conditions of the Loan Arrangement will be detailed in a loan agreement between Mr Hooper and the Company. The Loan commences on the LTIP Grant Date and, subject to the Board's discretion to permit the Loan to continue for a further specified period, ends at the earliest of the following:

- (a) five years from the LTIP Grant Date;
- (b) the date Mr Hooper ceases employment with the Company;
- (c) the date the LTIP Shares are forfeited;
- (d) the date the Board determines any of the Vesting Conditions will not be satisfied;
- (e) the date the Company is wound up; or
- (f) the date, other than above, that Mr Hooper and the Company agree to in writing.

The Loan is interest free and limited recourse. Limited recourse means the repayment amount will be the lesser of the outstanding Loan value and the market value of the LTIP Shares that are subject to the Loan. If Mr Hooper's LTIP Shares are of lower value than his Loan balance at the time that he is required to repay the Loan, his LTIP Shares will be bought-back at market value and the proceeds applied to full satisfaction of his Loan obligations.

Mr Hooper may repay the Loan early at any time. The Loan must be repaid in full, and the Vesting Conditions satisfied, before he can dispose of his LTIP Shares.

If dividends are paid by the Company on Mr Hooper's LTIP Shares, the Company will apply the after tax value of the dividends to the repayment of Mr Hooper's Loan, in accordance with the Loan Arrangement.

If the Loan period ends, the Company may sell or buy-back some or all of Mr Hooper's LTIP Shares to satisfy the Loan balance outstanding. The proceeds from any sale or buy-back of Mr Hooper's LTIP Shares will be applied to pay back the outstanding Loan balance and any excess money after costs and expenses will be returned to Mr Hooper if he is entitled to it.

Additional Information

In accordance with the ASX Listing Rules, the following additional information is provided concerning the LTIP Shares awarded to Mr Hooper under the LTIP:

- (a) details of any LTIP Shares issued under the LTIP will be published in each annual report of the Company relating to a period in which LTIP Shares have been issued, and that approval for the issue of LTIP Shares was obtained under ASX Listing Rule 10.14;
- (b) Mr Hooper is the only Director who is entitled to LTIP Shares. No other Directors (nor Associates of Directors) are being awarded with LTIP Shares under the LTIP;
- (c) Any additional persons who require disclosure who become entitled to participate in the LTIP after Item 5.2 is approved and who were not named in the Notice to this Meeting will not participate until approval is obtained under ASX Listing Rule 10.14; and
- (d) Mr Hooper's grant will be the first awarded under this LTIP and hence neither Mr Hooper nor anyone else have previously been awarded securities under the LTIP.

Directors' Recommendation

The Directors, other than Mr Hooper (who is interested in the outcome of the resolution), recommend that Shareholders vote in favour of the resolution in Item 5.2.

5.3 Approval of the Issue of the STIP Performance Rights on Accelerated Event and Payment of Termination Benefit

Why is this resolution being proposed?

Sections 200B and 200E of the Corporations Act prohibit the Company from giving a person (who holds or has held in the previous 3 years a managerial or executive office in the Group) a benefit in connection with that person's retirement from office, or position of employment in excess of that person's average annual base salary over the relevant period, unless approved by Shareholders or such benefit is exempt from the need for Shareholder approval.

A consequence of these provisions is that the Company may (in general terms) be prohibited from providing the benefit of converting an Executive Officer's STIP performance rights into Shares upon an Accelerated Event (such as redundancy) (the value of that benefit being the **Acceleration Benefit**). The value of the Acceleration Benefit, when combined with the Executive Officer's existing termination benefits payable in cash, may cause the combined termination benefit (including the Acceleration Benefit) to exceed the limit permitted under the Corporations Act without Shareholder approval. Broadly the limit is prescribed as the average annual base salary of the relevant Executive Officer.

This resolution is proposed to seek Shareholder approval to pay or provide Mr Mark Hooper a combined termination benefit (comprising both a payment in accordance with existing employment arrangements and the Acceleration Benefit) with a value potentially in excess of his average annual base salary remuneration.

If you approve this resolution, what can the Company do?

Approval by Shareholders of Item 5.3 will give the Company authority to convert any performance rights that Mr Hooper may hold, under the STIP, into Shares upon an Accelerated Event, even if the value of the associated Acceleration Benefit, when combined with his existing termination benefit (described below as, in summary, an existing benefit of up to a 12 month notice period) exceeds his average annual base salary remuneration.

Approval of the Item 5.3 does not give the Board authority to:

- (a) pay ex-gratia golden handshakes to Mr Hooper; nor
- (b) give authority to accelerate the vesting of any performance rights.

Maximum benefit payable

- (a) Existing benefit

Mr Hooper is eligible for up to a 12 month payment in lieu of notice period as a termination benefit (**Termination Benefit**). More detail on the Termination Benefit is provided below.

- (b) New proposed additional benefit

The STIP provides Mr Hooper with an at-risk component to his remuneration package. The delivery of the benefit will depend on satisfaction of the Performance Conditions (subject to any earlier Acceleration Benefit occurring). Accordingly, benefits under the STIP may accrue to Mr Hooper that arise from accelerated

vesting of performance rights under the STIP in certain circumstances. Circumstances in which the accelerated vesting can occur include illness, death, redundancy and other circumstances where the Board determines that Mr Hooper should be eligible to benefit from the accelerated vesting of the performance rights.

The value of the Shares Mr Hooper may receive under the STIP depend on whether the Performance Conditions are met, the number of performance rights issued and the value of the Company's Shares at exercise. For example, in the case of the Mr Hooper, assuming:

- (i) 800,000 performance rights were issued at the STIP Grant Date and all performance rights are converted to Shares; and
 - (ii) a \$0.50 share price,
- the value would be \$400,000.

Background

As referred to above in sections 5.1 and 5.2, performance rights will only convert to Shares subject to:

- (a) the Performance Conditions applicable to the performance rights being met by the relevant date; or
- (b) an Accelerated Event occurring.

Accelerated Event

Performance rights granted under the STIP will convert to Shares if an Accelerated Event has occurred. For the avoidance of doubt, if an Accelerated Event occurs, the Performance Conditions do not apply to any of the performance rights granted under the STIP to Mr Hooper.

An Accelerated Event includes any event under the STIP where performance rights are converted to Shares otherwise than in accordance with satisfaction of the Performance Conditions, for instance where there is a takeover offer, merger or sale of the Company or another corporate control event.

Termination Benefit

A Termination Benefit is payable where Mr Hooper:

- (a) is entitled to receive a payment from the Company on termination of employment by the Company; or
- (b) is otherwise made redundant.

The amount of a Termination Benefit includes up to 12 months' Fixed Remuneration in lieu of the Company giving notice of termination of office or employment.

For the avoidance of doubt, the Company is seeking Shareholder approval for the purposes of sections 200B and 200E of the Corporations Act for Mr Hooper to receive:

- (a) a benefit arising from the grant, vesting or conversion of performance rights from time to time granted to him including as a result of an Accelerated Event; and
- (b) any Termination Benefit that is, or would on termination of employment or loss of office be, payable.

Legal Requirements – Accelerated Event and Termination Benefit

Subject to a number of exceptions, Shareholder approval must be given for the purposes of sections 200B and 200E of the Corporations Act for the Company to give a person a benefit in connection with that person's retirement from office, or position of employment, in a company or a related body corporate if:

- (a) the office or position is a managerial or executive office; and
- (b) the retiree has, at any time during the last three years before his or her retirement, held a managerial or executive office in the Company or a related body corporate.

The term 'benefit' has a wide operation and extends to:

- (a) early vesting of the performance rights under any of the categories of Accelerated Event as described above; and
- (b) payment of any Termination Benefit (but excludes among other things payments for accrued annual leave and long-service leave).

Item 5.3 has therefore been proposed to deal with Acceleration Benefits in respect of performance rights granted under the STIP and any payment of a Termination Benefit.

The Resolution applies to:

- (a) the performance rights proposed to be granted under the STIP to Mr Hooper and such performance rights vest in accordance with an Accelerated Event; and
- (b) any Termination Benefit payable to Mr Hooper.

The value of any Acceleration Benefit cannot currently be ascertained. The details of the Acceleration Benefits for which approval is sought are as follows:

Description of benefit	Manner in which value to be calculated	Matters, events and circumstances that will, or are likely to, affect the calculation of value
Vesting of performance rights if Mr Hooper ceases employment, or is no longer in office, with the Company, prior to the satisfaction of a performance condition, under a Plan, due to an Accelerated Event.	The Company will calculate the value of this benefit as being equal to the value of the number of performance rights that vest, where that value is determined as being equal to the closing market price of a Share on ASX on the ASX trading day before the date of the calculation.	<ul style="list-style-type: none"> (a) The number of performance rights held by Mr Hooper prior to cessation of employment or loss of office with the Company; (b) the amount of time under a Plan that has elapsed by the date that employment or office ceases; and (c) the closing market price of a Share on ASX on the ASX trading date before the date of calculation.

The amount of any Termination Benefit cannot currently be ascertained. The details of the Termination Benefit for which approval is sought are as follows:

Description of benefit	Manner in which value to be calculated	Matters, events and circumstances that will, or are likely to, affect the calculation of value
Payment of Termination Benefit where Mr Hooper: <ul style="list-style-type: none"> (a) has his employment or position terminated on notice by the Company; or (b) is otherwise made redundant. 	The Company will calculate the value of this benefit as including up to 12 months' Fixed Remuneration in lieu of the Company giving notice of termination of office.	<ul style="list-style-type: none"> (a) The amount Mr Hooper is entitled to receive from the Company by way of remuneration at the time of his termination; and (b) The time after the commencement of the financial year that notice is served terminating employment.

Advantages and Disadvantages

The Board notes that advantages may accrue to the Company and Shareholders as a result of the passing of this resolution. These advantages include the continuing focus of the Company's Mr Hooper on Shareholders' long term interests.

The Board recognises that the sector in which the Company operates is dynamic with significant merger and acquisition activity. The passing of this resolution will enable Mr Hooper to receive any accrued benefits under the STIP that may otherwise be lost or voided under a takeover or other Accelerated Event. The

Board considers it advantageous that Mr Hooper should be entitled, in these limited circumstances, to receive the benefits of any granted at-risk component of their remuneration.

The Board believes that keeping the senior executives focussed on long term value creation will be in the best interests of all Shareholders and considers this resolution will recognise its long term incentive commitment to Mr Hooper.

The Board notes that disadvantages may accrue to the Company and Shareholders as a result of the passing of this resolution. The only material disadvantage identified by the Board is dilution to Shareholders' interest in the Company as a result of the grant of Shares under the performance rights. Further, it should be noted that approval of this resolution may cause the conversion of granted performance rights that Mr Hooper may hold into Shares upon an Accelerated Event occurring. This conversion will occur irrespective of the Performance Conditions being achieved. On balance, the Board believes the advantages clearly outweigh the disadvantages.

Voting Restrictions

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on proposed Items 5.1 or 5.2 by:

- any director of the Company who is eligible to participate in any employee incentive scheme in relation to the Company; and
- any associate of any such director.

However, the Company need not disregard a vote (and that person is not prohibited from voting) if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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, under sections 200E(2A) and 200E(2B) of the Corporations Act, a vote must not be cast on the resolution in Item 5.3 in any capacity (and the Company will disregard any such vote) by:

- Mr Hooper; or
- an associate of Mr Hooper.

However, sections 200E(2A) and 200E(2B) of the Corporations Act do not prevent the casting of a vote if:

- 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 Hooper or an associate of Mr Hooper.

In addition, the Corporations Act prohibits the casting of any votes on Item 5 by or on behalf of:

- a member of the key management personnel of the Company, details of whose remuneration are included in the remuneration report for the year ended 31 January 2012 (**KMP**); or
- a closely related party of a KMP,

where the votes are cast as a proxy. The Company will disregard any such votes.

However, the Company will not disregard a vote cast by a KMP or closely related party of a KMP if it is cast as a proxy and either:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Item 5 and it is not cast on behalf of a KMP or a closely related party of a KMP; or
- the proxy is the Chairman of the meeting and the Chairman's appointment expressly authorizes the Chairman to exercise the proxy even though the resolution is connected with the remuneration of a KMP.

If a member appoints the Chairman of the meeting as their proxy and the member does not direct the Chairman of the meeting how to vote on Item 5, the member authorises the Chairman of the meeting in respect of Item 5 to exercise the proxy:

- notwithstanding that Item 5 is connected directly or indirectly with the remuneration of a member of the Company's KMP; and

- even if the Chairman of the meeting has an interest in the outcome of the vote of Item 5 and that any votes cast by the Chairman of the meeting in respect of Item 5, other than as proxy holder, will be disregarded because of that interest.

The Chairman of the meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of Item 5.

If you are a member of KMP (other than the Chairman of the meeting acting as a proxy) or a closely related party of a member of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Key management personnel and their closely related parties are as described above in the voting exclusion statement for Item 3.

Directors' Recommendation

The Directors, other than Mr Hooper (who is interested in the outcome of the resolution), recommend that Shareholders vote in favour of the resolution in Item 5.3.

Item 6 - Non Executive Directors' Remuneration

The maximum aggregate remuneration that the Non Executive Directors are entitled to be paid out of the funds of the Company is currently \$1,100,000 per annum. This amount was last fixed by ordinary resolution of Shareholders on 23 May 2007.

ASX Listing Rule 10.17 provides that a listed company must not, without shareholder approval, increase the total amount of Non-Executive Directors' fees. Rule 10.2 of the Company's Constitution governs Non Executive Directors' remuneration and contemplates that the amount of remuneration the Non-Executive Directors are entitled to be paid must not exceed in aggregate the amount last fixed by ordinary resolution.

Following an independent review by Deloitte of the remuneration paid to the Non Executive Directors, and consideration of its findings by the Remuneration and Nomination Committee and Board it is proposed that the maximum aggregate sum per annum available for payment as remuneration (inclusive of superannuation and exclusive of other on-costs) be increased from \$1,100,00 to \$1,250,000. The proposed Directors' fees for the next financial year will utilise only a portion of the increase in the aggregate sum available.

The proposed increase to the maximum aggregate sum per annum available for payment as remuneration reflects current market benchmarks. The increase is aimed at ensuring that the Company can retain the appropriate people to act as Non Executive Directors taking into account the size, complexity and accountability of the roles. It will also provide the capacity to appoint a new Director, if it is determined appropriate to do so, having regard to the operations of the Company and the workload of existing Directors.

Voting restrictions

In accordance with the ASX Listing Rules, the Company will disregard any votes (and the Company will disregard any such votes) cast on proposed Item 6 by:

- a Director; or
- an associate of a Director.

However, the Company need not disregard a vote (and that person is not prohibited from voting) if it is cast by:

- a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- 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 Corporations Act prohibits the casting of any votes on Item 6 by or on behalf of:

- a member of the key management personnel of the Company, details of whose remuneration are included in the remuneration report for the year ended 31 January 2012 (**KMP**); or
- a closely related party of a KMP,

where the votes are cast as a proxy. The Company will disregard any such votes.

However, the Company will not disregard a vote cast by a KMP or closely related party of a KMP if it is cast as a proxy and either:

- the proxy is appointed by writing that specifies how the proxy is to vote on the resolution proposed in Item 6 and it is not cast on behalf of a KMP or a closely related party of a KMP; or
- the proxy is the Chairman of the meeting and the Chairman's appointment expressly authorizes the Chairman to exercise the proxy even though the resolution is connected with the remuneration of a KMP.

If a member appoints the Chairman of the meeting as their proxy and the member does not direct the Chairman of the meeting how to vote on Item 6, the member authorises the Chairman of the meeting in respect of Item 6 to exercise the proxy:

- notwithstanding that Item 6 is connected directly or indirectly with the remuneration of a member of the Company's KMP; and
- even if the Chairman of the meeting has an interest in the outcome of the vote of Item 6 and that any votes cast by the Chairman of the meeting in respect of Item 6, other than as proxy holder, will be disregarded because of that interest.

The Chairman of the meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of Item 6.

If you are a member of KMP (other than the Chairman of the meeting acting as a proxy) or a closely related party of a member of KMP (or are acting on behalf of any such person) and purport to cast a vote that will be disregarded by the Company (as indicated above), you may be liable for an offence for breach of voting restrictions that apply to you under the Corporations Act.

Key management personnel and their closely related parties are as described above in the voting exclusion statement for Item 3.

Recommendation

Given their interest in the subject matter of this resolution, the Directors make no recommendation to shareholders on Item 6.

Item 7 – Change of auditor

PwC was appointed as auditor of the Company in 2005. Since that time PwC has conducted the audit in an effective and competent manner.

Given PwC's tenure, the Board undertook a detailed review of accounting firms with the necessary capabilities to undertake the Company's audit. Following this review, the directors recommend the appointment of Deloitte Touche Tohmatsu as auditor of the Company. Under the Corporations Act, members must approve the appointment of a new auditor.

PwC has submitted its resignation as auditor to the Company and advised the Company that it has applied to the Australian Securities & Investments Commission (**ASIC**) for consent to resign effective from the later of the conclusion of the 2012 Annual General Meeting and the day on which ASIC gives its consent. The Company expects that ASIC will give its consent prior to 9 May 2012.

Deloitte Touche Tohmatsu has provided its consent to this appointment, subject to ASIC consenting to the resignation of PwC as audit of the Company and approval by members.

On the assumption that ASIC consents to PwC's resignation as auditor, Linda Nicholls, as a member of the Company, has nominated Deloitte Touche Tohmatsu of 550 Bourke Street, Melbourne, Vic, 3000 to act as the auditor of the Company. In accordance with section 328B(3) of the Corporations Act, a copy of the notice of nomination is included at the end of these Explanatory Notes.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of the resolution in Item 7.



By mail:
Sigma Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 139 653 Overseas: +61 2 8280 7167



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SHAREHOLDER VOTING FORM

I/we being a member(s) of Sigma Pharmaceuticals Limited and entitled to attend and vote hereby appoint:

STEP 1

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 (excluding the registered shareholder) you are appointing as your proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 11:00am on Wednesday, 9 May 2012, at ANZ Pavilion, Victorian Arts Centre, 100 St Kilda Road, Melbourne, Victoria and at any adjournment or postponement of the meeting.

The Chairman of the Meeting intends to vote all available proxies in favour of all resolutions subject to directions given in this proxy form and applicable voting restrictions.

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

STEP 2

VOTING DIRECTIONS

Resolutions	For	Against	Abstain*		For	Against	Abstain*
3 To adopt the Remuneration Report (non binding advisory vote)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.2 Approval of issue to the MD/CEO of up to the maximum number of shares under the Executive LTIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.1 To re-elect Mr Brian Jamieson as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5.3 Approval of issue to the MD/CEO of the STIP performance rights on accelerated event and payment of termination benefit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.2 To re-elect Ms Linda Nicholls as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6 Approval of increase to Non Executive Directors' Fee Pool	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.1 Approval of issue to the MD/CEO of up to the maximum number of performance rights under the Executive STIP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7 Approval of appointment of Deloitte Touche Tohmatsu as auditor of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

i * 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.

STEP 3

Important for Resolutions 3, 5.1, 5.2, 5.3 and 6 - If the Chairman of the Meeting is your proxy or is appointed as your proxy by default

By marking this box, you are directing the Chairman of the Meeting to vote in accordance with his voting intentions on Resolutions 3, 5.1, 5.2, 5.3 and 6 as set out above and in the Notice of Meeting. If you do not mark this box, and you have not directed your proxy how to vote on Resolutions 3, 5.1, 5.2, 5.3 and 6, the Chairman of the Meeting will not cast your votes on Resolutions 3, 5.1, 5.2, 5.3 and 6 and your votes will not be counted in computing the required majority if a poll is called on these Resolutions. If you appoint the Chairman of the Meeting as your proxy you can direct him how to vote by either marking the boxes on any or all of the items in Step 2 above (for example if you wish to vote 'for', 'against' or 'abstain' from voting) or by marking this box (in which case the Chairman of the Meeting will vote in favour of Resolutions 3, 5.1, 5.2, 5.3 and 6).

The Chairman of the Meeting intends to vote all available proxies in favour of Resolutions 3, 5.1, 5.2, 5.3 and 6.

I/we direct the Chairman of the Meeting to vote in accordance with his voting intentions on Resolutions 3, 5.1, 5.2, 5.3 and 6 (except where I/we have indicated a different voting intention above) and acknowledge that the Chairman of the Meeting may exercise my proxy even though Resolutions 3, 5.1, 5.2, 5.3 and 6 are connected directly or indirectly with the remuneration of a member of the key management personnel and/or even if the Chairman of the Meeting has an interest in the outcome of those Resolutions and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. Note: If you do not wish to give the Chairman of the Meeting such a directed proxy, you should mark the boxes in Step 2 above.

STEP 4

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder'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).



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

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

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the company. A proxy may be an individual or a body corporate.

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 shares 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 shares 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 share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares 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.
- (b) 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 shareholder 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 share registry.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by 11:00am on **Monday, 7 May 2012**, 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

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, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).



by mail:

Sigma Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138, or
Level 12, 680 George Street, Sydney NSW 2000.

**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.**



Sigma Pharmaceuticals Limited

ABN 15 088 417 403

LODGE YOUR QUESTIONS



ONLINE >

www.linkmarketservices.com.au



By mail:
Sigma Pharmaceuticals Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 139 653 Overseas: +61 2 8280 7167



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AREAS OF INTEREST TO SHAREHOLDERS

Your concerns as shareholders are important to us. Please use this form to submit any questions about Sigma Pharmaceuticals Limited (“the Company”) that you would like us to respond to at the Company’s 2012 Annual General Meeting. Your questions should relate to matters that are relevant to the business of the meeting, as outlined in the accompanying Notice of Meeting and Explanatory Memorandum. If your question is for the Company’s auditor it should be relevant to the content of the auditor’s report, or the conduct of the audit of the financial report.

This form must be received by the Company’s share registrar, Link Market Services Limited, by **Wednesday, 2 May 2012**.

Questions will be collated. During the course of the Annual General Meeting, the Chairman of the Meeting will endeavour to address as many of the more frequently raised shareholder topics as possible and, where appropriate, will give a representative of the Company’s auditor, the opportunity to answer written questions submitted to the auditor. However, there may not be sufficient time available at the meeting to address all topics raised. Please note that individual responses will not be sent to shareholders.

Question(s)

1. Question is for the Chairman or Auditor

2. Question is for the Chairman or Auditor

3. Question is for the Chairman or Auditor
