

28 October 2016

ASX Limited  
Company Announcements  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: NOTICE OF ANNUAL GENERAL MEETING, EXPLANATORY STATEMENT & PROXY FORM**

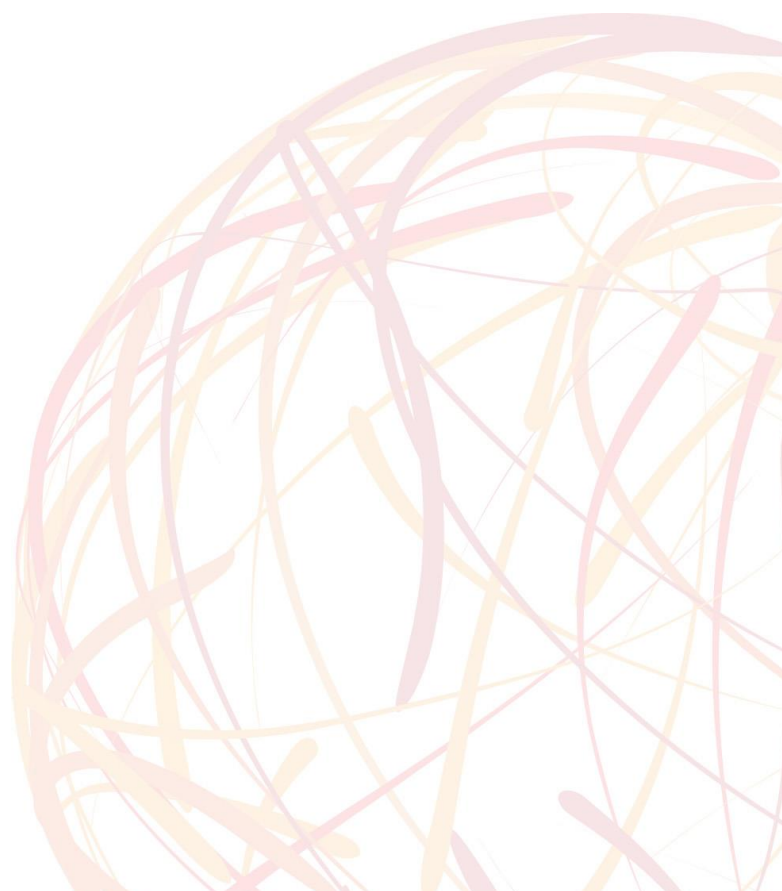
We advise that the Company's Notice of Annual General Meeting, Explanatory Statement and Proxy Form were despatched to Shareholders today.

We attach a copy of the Notice of Annual General Meeting, Explanatory Statement and Proxy Form.

Yours faithfully  
**SUN RESOURCES NL**



Craig Basson  
**Company Secretary**





# **SUN RESOURCES NL**

ABN 69 009 196 810

## **NOTICE OF ANNUAL GENERAL MEETING**

### **EXPLANATORY STATEMENT**

**AND**

### **PROXY FORM**

**Date of Meeting**

Tuesday 29 November 2016

**Time of Meeting**

11:30am AWST

**Place of Meeting**

BDO

38 Station Street

Subiaco, Western Australia

## CONTENTS

- A. Notice of Annual General Meeting
- B. Explanatory Statement
- C. Proxy Form

## IMPORTANT NOTE

This booklet sets out information to assist Shareholders to assess the resolutions to be considered at the Annual General Meeting.

You should read this information carefully and in its entirety before making a decision as to how to vote at the Meeting. No responsibility is taken for the contents of this booklet by ASIC, ASX or any of their officers.

If you do not fully understand the contents of this information you should consult your financial or legal adviser for assistance.

A Notice of Annual General Meeting, Explanatory Statement, Proxy Form and Appointment of Corporate Representative Form are included in this booklet. Shareholders are urged to complete and return the enclosed Proxy Form as soon as possible, irrespective of whether or not they intend to attend the Meeting.

## QUESTIONS

If you have any queries regarding the contents of this booklet or in relation to the Annual General Meeting, please contact the Company Secretary, Mr Craig Basson, on (08) 9321 9886.

## ELECTRONIC COPIES OF COMPANY REPORT

The 2016 Annual Report is now available on the Sun Resources NL website [www.sunres.com.au](http://www.sunres.com.au).

## TIME AND PLACE OF MEETING AND HOW TO VOTE

### VENUE

The Annual General Meeting of the Shareholders of Sun Resources NL will be held on:

Tuesday 29 November 2016 commencing at 11:30am AWST

at:

BDO  
38 Station Street  
Subiaco, Western Australia

### HOW TO VOTE

You may vote by attending the Meeting in person, by proxy or authorised representative.

### VOTING IN PERSON

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 11:30am AWST.

## **VOTING BY PROXY**

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting as soon as possible and either:

- send the proxy by facsimile to the Company Secretary, Mr Craig Basson on facsimile number (+618) 9321 8161; or
- deliver to the Company Secretary at Level 2, 30 Richardson Street, West Perth, Western Australia 6005; or
- post to PO Box 1786, West Perth, Western Australia 6872; or
- send by email to [admin@sunres.com.au](mailto:admin@sunres.com.au),

so that it is received not later than 11.30am AWST on Sunday 27 November 2016.

**Your Proxy Form is enclosed**

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Shareholders of Sun Resources NL will be held on Tuesday 29 November 2016 at 11:30am AWST, at the office of BDO, 38 Station Street, Subiaco, Western Australia.

The following matters are to be considered at the meeting and Resolutions 1 to 9 (inclusive) are discussed in the Explanatory Statement to Shareholders which forms part of this notice.

### AGENDA

#### ORDINARY BUSINESS

##### 1. Financial Statements

To receive and consider the Annual Financial Statements, together with the Directors' and Auditor's Reports, for the financial year ended 30 June 2016.

##### 2. Resolution 1 - Remuneration Report

To consider and, if thought fit, pass the following as an **Advisory Resolution**:

"That, for all purposes, the Remuneration Report that forms part of the Directors' Report for the financial year ended 30 June 2016, be approved."

**Voting Restriction:** A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

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

However, the above persons may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the resolution (directed proxy); or
- (b) the voter is the Chairperson and the appointment of the Chairperson as proxy:
  - (1) does not specify the way the proxy is to vote on the resolution; and
  - (2) expressly authorises the Chairperson to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

##### 3. Resolution 2 - Re-election of Director – Mr Ian McCubbing

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

"That, for all purposes, Mr Ian McCubbing, who retires from the office of Director in accordance with ASX Listing Rule 14.4 and Article 16.3(a) of the Company's Constitution, and being eligible and offering himself for re-election, is re-elected as a Director."

##### 4. Resolution 3 - Re-election of Director – Mr William Bloking

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

"That, for all purposes, Mr William Bloking, who retires from the office of Director in accordance with ASX Listing Rule 14.4 and Article 16.3(a) of the Company's Constitution, and being eligible and offering himself for re-election, is re-elected as a Director."

**5. Resolution 4 - Re-election of Director – Mr Alexander Parks**

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

“That, for all purposes, Mr Alexander Parks, who retires from the office of Director in accordance with ASX Listing Rule 14.4 and Article 16.3(a) of the Company's Constitution, and being eligible and offering himself for re-election, is re-elected as a Director.”

**6. Resolution 5 - Ratification of prior issue of Shares**

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 25,360,200 Shares to various employees and consultants of the Company on the terms and conditions set out in the Explanatory Statement.”

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 5 by a person who participated in the issue or 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 direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**7. Resolution 6 – Approval of 10% Placement Facility**

To consider and, if thought fit, pass the following as a **Special Resolution**:

That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with 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 Resolution 6 by a person who may participate in the proposed issue and any person who might obtain a benefit (except a benefit solely in the capacity of a holder of ordinary shares) or 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 direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**8. Resolution 7 - Approval of Issue of Shares to Dr Jaap Poll**

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 4,213,115 Shares at \$0.01 each to Dr Jaap Poll (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 7 by Dr Poll and any of his 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 direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**9. Resolution 8 - Approval of Issue of Shares to Mr Matthew Batrick**

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 16,782,787 Shares at \$0.01 each to Mr Matthew Batrick (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 8 by Mr Batrick and any of his 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 direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**10. Resolution 9 - Approval of Issue of Shares to Mr Alexander Parks**

To consider and, if thought fit, pass the following as an **Ordinary Resolution**:

“That, for the purposes of ASX Listing Rule 10.11, Chapter 2E of the Corporations Act and for all other purposes, approval is given for the issue of 3,510,929 Shares at \$0.01 each to Mr Alexander Parks (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

***Voting Exclusion:** The Company will disregard any votes cast on Resolution 9 by Mr Parks and any of his 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 direction on the proxy form, or it is cast by the person chairing the Meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

**11. Other Business**

To transact any other business that may be brought forward in accordance with the Company's Constitution.

## **EXPLANATORY STATEMENT**

Shareholders are referred to the Explanatory Statement accompanying and forming part of this Notice of Annual General Meeting.

## **VOTING ENTITLEMENT**

Regulation 7.11.37 of the Corporations Regulations 2001 permits the Company to specify a time, not more than 48 hours before the meeting, at which a “snap shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the Meeting.

For the purposes of determining voting entitlements at the Annual General Meeting, shares will be taken to be held by the persons who are registered as holding the shares at 11:30am AWST on Sunday 27 November 2016. Accordingly, transactions registered after that time will be disregarded in determining entitlements to vote at the meeting in the event of a poll.

## **PROXIES**

A Proxy Form with related information and instructions accompanies this Notice of Meeting.

## **CORPORATE REPRESENTATIVE**

If a representative of a Shareholder corporation is to attend the meeting, the attached Appointment of Corporate Representative Form should be completed and produced prior to the meeting commencing.

Dated at Perth this 28th day of October 2016.

By order of the Board of Directors.



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Craig Basson  
Company Secretary



## EXPLANATORY STATEMENT

### INTRODUCTION AND BACKGROUND

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the resolutions contained in the accompanying Notice of Annual General Meeting of Sun Resources NL.

Shareholders at the Annual General Meeting will be asked to consider resolutions:

- (a) to receive the Annual Financial Statements;
- (b) to adopt the Remuneration Report;
- (c) to re-elect Mr Ian McCubbing as a Director;
- (d) to re-elect Mr William Bloking as a Director;
- (e) to re-elect Mr Alexander Parks as a Director
- (f) to ratify a prior issue of Shares;
- (g) to approve the Company's 10% Placement Facility; and
- (h) to approve the issue of Shares to Directors in lieu of directors' fees and salary.

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's Annual General Meeting to be held at the offices of BDO, 38 Station Street, Subiaco, Western Australia on Tuesday 29 November 2016 commencing at 11:30am AWST.

The purpose of this Explanatory Statement is to provide Shareholders with information that is reasonably required by Shareholders to decide how to vote upon the resolutions.

The Directors recommend that Shareholders read this Explanatory Statement before determining whether to support the resolutions or otherwise.

### 1. FINANCIAL STATEMENTS

The Company seeks approval to receive and consider the Financial Statements for the year ended 30 June 2016 together with the Directors' Declaration and the reports of the Directors and Auditors.

Shareholders are referred to the 2016 Annual Report and more particularly to the Independent Auditor's Report on pages 76 and 77 where the Independent Auditors advise that the financial report of the Company is in accordance with the Corporations Act and other mandatory financial reporting requirements in Australia.

### 2. RESOLUTION 1 - REMUNERATION REPORT

This Resolution seeks the adoption of the Remuneration Report.

Shareholders are referred to the 2016 Annual Report which incorporates the Remuneration Report. The Remuneration Report sets out the remuneration details for each Director and specified executives of the Company. Further details of the Company's remuneration and

performance evaluation policies are contained on pages 13 to 21 (inclusive) of the 2016 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. Under section 250R(2) of the Corporations Act, a resolution that the Remuneration Report be adopted must be put to the vote. This item is included for advisory purposes only and any vote taken at the Meeting does not bind the Directors or the Company.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must go up for re-election.

The Chairman intends to exercise all undirected proxies in favour of Resolution 1. If the Chairman of the Meeting is appointed as your proxy and you have not specified the way the Chairman is to vote on Resolution 1, by signing and returning the Proxy Form, the Shareholder is considered to have provided the Chairman with an express authorisation for the Chairman to vote the proxy in accordance with the Chairman's intention.

The Directors recommend that Shareholders vote in favour of this Resolution.

### **3. RESOLUTIONS 2, 3 and 4 – RE-ELECTION OF DIRECTORS: MR IAN McCUBBING, MR WILLIAM BLOKING AND MR ALEXANDER PARKS**

#### **3.1 Introduction**

Resolutions 2, 3 and 4 seek approval to re-elect as Directors of the Company, Mr Ian McCubbing, Mr William Bloking and Mr Alexander Parks, who retire in accordance with the ASX Listing Rules and the Constitution and being eligible, offer themselves for re-election.

#### **3.2 ASX Listing Rule 14.4**

ASX Listing Rule 14.4 and Article 16.3(a) of the Company's Constitution provide that a Director appointed to fill a casual vacancy or as an addition to the Board must not hold office (without re-election) past the next Annual General Meeting of the Company. Mr McCubbing and Mr Bloking were appointed as Directors of the Company with effect from [25] October 2016 while Mr Parks was appointed as a Director of the Company on 18 February 2016 and, accordingly, all seek re-election as Directors at the Annual General Meeting.

Shareholders are referred to Sun's website where details of Mr McCubbing and Mr Bloking may be obtained. Shareholders are referred to the 2016 Annual Report on page 9 where details of Mr Parks may be obtained.

If approved by Shareholders, the appointments will take effect immediately following the end of the Annual General Meeting

#### **3.3 Directors' recommendation**

Mr McCubbing has an interest in Resolution 2 and therefore believes it inappropriate to make a recommendation. The other Directors who do not have an interest in the outcome of Resolution 2 intend to vote in favour of Resolution 2 and recommend that Shareholders also vote in favour of the Resolution.

Mr Bloking has an interest in Resolution 3 and therefore believes it inappropriate to make a recommendation. The other Directors who do not have an interest in the outcome of Resolution 3 intend to vote in favour of Resolution 3 and recommend that Shareholders also vote in favour of the Resolution.

Mr Parks has an interest in Resolution 4 and therefore believes it inappropriate to make a recommendation. The other Directors who do not have an interest in the outcome of Resolution 4 intend to vote in favour of Resolution 4 and recommend that Shareholders also vote in favour of the Resolution.

## **4. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES**

### **4.1 Introduction**

On 31 August 2016, the Company issued 25,360,200 Shares at \$0.01 each to various employees and consultants of the Company. Resolution 5 seeks Shareholder ratification of the Shares issued to these employees and consultants pursuant to ASX Listing Rule 7.4.

### **4.2 ASX Listing Rules 7.1 and 7.4**

Subject to certain exceptions, ASX Listing Rule 7.1 restricts a company from issuing or agreeing to issue equity securities in any 12 month period which amount to more than 15% of the company's ordinary securities on issue at the commencement of that period without shareholder approval.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. This rule provides that where a company in general meeting ratifies the previous issue of securities made without Shareholder approval under ASX Listing Rule 7.1, those securities shall be deemed to have been made with Shareholder approval for the purposes of ASX Listing Rule 7.1, thereby 'refreshing' the Company's ability to issue shares within the 15% limit, and restoring the Company's ability to make placements within that limit (if that is thought desirable) without the need for Shareholder approval.

While the Shares described in Resolution 5 were issued within the 15% limit, the Company seeks Shareholder ratification of the issue of those Shares for the purpose of Listing Rule 7.4 so that the Company's ability to issue securities will be 'refreshed'. By ratifying the issue of the Shares under ASX Listing Rule 7.4, the Company will retain the flexibility to issue equity securities in the future of up to the 15% threshold set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### **4.3 Information required by ASX Listing Rule 7.5**

ASX Listing Rule 7.5 sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.4. The following information is provided for the purposes of Listing Rule 7.5:

- (a) the total number of securities issued by the Company was 25,360,200 Shares;
- (b) the Shares were issued on 31 August 2016;
- (c) the Shares were issued at \$0.01 each;
- (d) the Shares were fully paid ordinary shares in the capital of the Company and ranked equally in all respects with the ordinary shares then on issue in the Company;

- (e) the Shares were issued to various employees and consultants of the Company (none of whom were related parties of the Company);
- (f) the Shares were issued as consideration for services rendered by the employees and consultants to the Company, which services were valued at \$253,602. As such, no funds were raised by the Company; and
- (g) a voting exclusion statement is included in the Notice.

#### **4.4 Directors' recommendation**

The Directors intend to vote in favour of Resolution 5 and recommend that Shareholders also vote in favour of the Resolution.

### **5. RESOLUTION 6 – APPROVAL OF 10% PLACEMENT FACILITY**

#### **5.1 Introduction**

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an eligible entity to issue Equity Securities up to 10% of its issued share capital through placements over a 12 month period after the eligible entity's Annual General Meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of ASX Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity for the purposes of Listing Rule 7.1A.

The effect of Resolution 6 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the period up to 12 months after the Meeting without subsequent Shareholder approval and without using the Company's 15% placement capacity under Listing Rule 7.1.

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

#### **5.2 Summary of ASX Listing Rule 7.1A**

(a) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company. At the date of this Notice, the Company has only one class of quoted Equity Securities, being its Shares.

(b) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained Shareholder approval at an Annual General Meeting may issue or agree to issue, during the 12 month period after the date of the Annual General Meeting, a number of Equity Securities calculated in accordance with the following formula:

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

Where:

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

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

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

D is 10%

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

(c) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1. At the date of this Notice, the Company has a capacity to issue:

- (i) Nil Shares under Listing Rule 7.1; and
- (ii) Nil Shares under Listing Rule 7.1A.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section 7.2(b) above).

(d) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the volume weighted average price of Equity Securities in the same class calculated over the 15 ASX trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or

- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 7.2(e)(i), the date on which the Equity Securities are issued.

(e) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the Annual General Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual General Meeting at which the approval is obtained; or
- (ii) the date of the approval by Shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by ASX (**10% Placement Period**).

(f) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an Annual General Meeting.

### 5.3 Information required by ASX Listing Rule 7.3A

ASX Listing Rule 7.3A sets out a number of matters which must be included in a notice of meeting seeking an approval under ASX Listing Rule 7.1A. The following information is provided for the purposes of Listing Rule 7.3A:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the volume weighted average price for the Company's Equity Securities over the 15 ASX trading days immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in paragraph 7.3(a)(i), the date on which the Equity Securities are issued.
- (b) If the Company issues Equity Securities under the 10% Placement Facility, existing Shareholders' voting power in the Company will be diluted as shown in the table below. There is a risk that:
  - (i) the market price for the Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A"

calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price.

Dilution				
Variable "A" in Listing Rule 7.1A.2	Issue Price (per Share)	50% decrease in Current Issue Price \$0.005	Current Issue Price \$0.01	100% increase in Current Issue Price \$0.02
<b>Current Variable "A"</b> 396,158,537 Shares	<b>10% dilution - Shares issued</b>	39,615,854 Shares	39,615,854 Shares	39,615,854 Shares
	<b>Funds raised</b>	\$198,079	\$396,159	\$792,317
<b>50% increase in current Variable "A"</b> 594,237,806 Shares	<b>10% dilution- Shares issued</b>	59,423,781 Shares	59,423,781 Shares	59,423,781 Shares
	<b>Funds raised</b>	\$297,119	\$594,238	\$1,188,476
<b>100% increase in current Variable "A"</b> 792,317,074 Shares	<b>10% dilution - Shares issued</b>	79,231,707 Shares	79,231,707 Shares	79,231,707 Shares
	<b>Funds raised</b>	\$396,158	\$792,317	\$1,584,634

The table has been prepared on the following assumptions:

- (i) The current issue price is \$0.01, being the closing price of the Company's Shares on ASX on 13 October 2016.
  - (ii) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
  - (iii) No Options are exercised into Shares before the date of the issue of the Equity Securities;
  - (iv) The 10% dilution reflects the aggregate percentage voting dilution against the issued share capital at the time of issue. This is why the dilution is shown in each example as 10%.
  - (v) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
  - (vi) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 6 for the issue of the Equity Securities will cease to be valid in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

- (d) The Company may seek to issue the Equity Securities for the following purposes:
- (i) as non-cash consideration for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions). In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) for cash consideration in which case the Company intends to use the funds raised for drilling on the Normangee Oil Project or SW Leona Oil Project or towards the acquisition of new resources, assets or investments (including expense associated with such acquisitions).

Although the Company may seek to issue Equity Securities for the acquisition of new resources, assets and investments (including expenses associated with such acquisitions), the particular resources, assets and investments which may be acquired by the Company have yet to be ascertained.

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) The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of the Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:
- (i) the purpose of the issue;
  - (ii) alternative methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can 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 situation and solvency of the Company; and
  - (v) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company. Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Facility will be the vendors of the new resources, assets or investments.

- (f) Since the 2015 Annual General Meeting the Company has issued a total of 1,223,307,198 pre-consolidation Shares representing 26.5% of the total number of equity securities on issue 12 months prior to the date of the 2016 Annual General Meeting, details of which are as follows:
- (i) an issue on 9 November 2015 of 699,000,000 Shares at an issue price of \$0.001 each to raise \$699,000 (before expenses) under a placement to various professional and sophisticated clients of Bell Potter Securities Limited for general working capital;



- (ii) an issue on 21 January 2016 of 107,500,000 Shares at an issue price of \$0.001 each to the Directors of the Company in payment of their past fees and remuneration as approved by Shareholders on 13 January 2016;
- (iii) an issue on 21 March 2016 of 300,000,000 Shares at an issue price of \$0.001 each to LUVV Capital Management Partners Limited for general working capital; and
- (iv) an issue on 26 May 2016 of 116,807,198 Shares at an issue price of \$0.001 each to retired Directors of the Company, employees and consultants for services rendered.

In addition, the Company issued a total of 157,413,692 post-consolidation Shares and 132,052,846 post-consolidation Options representing 85.1% of the total number of equity securities on issue 12 months prior to the date of the 2016 Annual General Meeting (after adjusting for the consolidation undertaken by the Company), details of which are as follows:

- (v) an issue on 31 August 2016 of 25,360,200 Shares at an issue price of \$0.01 each to employees and contractors of the Company for services rendered; and
  - (vi) an issue on 19 and 28 October 2016 of 132,052,846 Shares at an issue price of \$0.01 each and 132,052,846 free attaching Options to various Shareholders and other investors pursuant to the Company non renounceable rights issue for the acquisition of new assets and general working capital.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **5.4 Directors' recommendation**

The Directors intend to vote in favour of Resolution 6 and recommend that Shareholders also vote in favour of the Resolution.

### **6. RESOLUTIONS 7, 8 and 9 – APPROVAL OF ISSUE OF SHARES TO DIRECTORS**

#### **6.1 Introduction**

Resolutions 7, 8 and 9 seek Shareholder approval for the issue of 24,506,831 Shares at \$0.01 each to various Directors of the Company as payment for Directors' fees and executive remuneration for the period 1 January 2016 to 31 October 2016 in satisfaction of the following amounts:

- (a) Dr Jaap Poll - \$42,131 for Director's fees;
- (b) Mr Matthew Battrick - \$167,828 pursuant to his executive services agreement; and
- (c) Mr Alexander Parks - \$35,109 for Director's fees.

In order to help preserve the Company's cash reserves, the Directors have agreed to accept Shares in the Company in satisfaction of these amounts.

## **6.2 ASX Listing Rule 10.11 and Chapter 2E of the Corporations Act**

The Company seeks Shareholder approval for the purpose of Listing Rule 10.11 and under Chapter 2E of the Corporations Act to enable the Company to issue the Shares to the Directors.

Subject to certain exceptions, Listing Rule 10.11 restricts a company from issuing or agreeing to issue equity securities to a related party without shareholder approval. If approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. Section 208 of the Corporations Act prohibits a public company giving a financial benefit to a related party unless one of a number of exceptions applies or Shareholder approval is obtained.

A "financial benefit" is defined in the Corporations Act in broad terms and expressly includes a public company issuing securities. Section 208 of the Corporations Act provides that for a public company to give a financial benefit to a related party of that company, the public company must:

- (a) obtain the approval of members in the way set out in sections 217 to 227; and
- (b) give the benefit within 15 months after the approval.

For the purpose of this Meeting and in accordance with section 228 of the Corporations Act a related party of the Company includes:

- (a) a Director (or person who has been a Director within the last 6 months); and
- (b) an entity controlled by a Director (or person who has been a Director within the last 6 months).

Accordingly, Resolutions 7, 8 and 9 also seek Shareholder approval for the issue the Shares to the Directors for the purposes of Chapter 2E of the Corporations Act.

## **6.3 Information required by ASX Listing Rule 10.13 and section 219 of the Corporations Act**

In accordance with the requirements of Listing Rule 10.13 and Chapter 2E of the Corporations Act, the following information is provided to Shareholders to allow them to assess the issue of the Shares the subject of Resolutions 7, 8 and 9:

- (a) the Shares are to be issued to Dr Poll, Mr Matthew Battrick and Mr Parks (or their nominees), all being Directors or retired Directors of the Company;
- (b) the total number of Shares to be issued to each Director is as follows:
  - (i) Dr Poll – 4,213,115 Shares;
  - (ii) Mr Battrick – 16,782,787 Shares; and
  - (iii) Mr Parks – 3,510,929 Shares.
- (c) the Company will issue and allot the Shares no later than 1 month after the date of the Meeting (or such longer period as ASX may, in its discretion, allow);

- (d) the Shares will be issued at \$0.01 each, meaning the total value of the Shares issued to each Director will be as follows:
- (i) Dr Poll - \$42,131;
  - (ii) Mr Battrick - \$167,828; and
  - (iii) Mr Parks - \$35,109.
- (e) the Shares will be fully paid ordinary shares in the capital of the Company and will rank equally in all respects with the ordinary shares currently on issue in the Company;
- (f) no funds will be raised through the issue of the Shares as they are being issued in satisfaction of amounts which are due by the Company to the Directors for Directors' fees and executive remuneration;
- (g) a voting exclusion is included in the Notice;
- (h) Dr Poll has an interest in Resolution 7 and therefore believes it inappropriate to make a recommendation. The other Directors who do not have an interest in the outcome of Resolution 7 recommend that Shareholders vote in favour of Resolution 7;
- (i) Mr Battrick has an interest in Resolution 8 and therefore believes it inappropriate to make a recommendation. The other Directors who do not have an interest in the outcome of Resolution 8 recommend that Shareholders vote in favour of Resolution 8;
- (j) Mr Parks has an interest in Resolution 9 and therefore believes it inappropriate to make a recommendation. The other Directors who do not have an interest in the outcome of Resolution 9 recommend that Shareholders vote in favour of Resolution 9;
- (k) the current holdings (direct and indirect) of the Directors are as follows:

Name	Shares	Options
Dr Jaap Poll	-	-
Mr Matthew Battrick	3,332,866	1,400,000
Mr Alexander Parks	-	-

- (l) the dilutionary effect from the issue of the Shares to the Directors will be as follows:
- (i) Dr Poll – 1.06% (or 0.56% on a fully diluted basis);
  - (ii) Mr Battrick – 4.24% (or 2.21% on a fully diluted basis); and
  - (iii) Mr Parks – 0.89% (or 0.46% on a fully diluted basis); and

- (m) the Directors have received the following fees and remuneration from the Company in each of the last two financial years:

Name	Year ended 30 June 2015	Year ended 30 June 2016
Dr Jaap Poll	Nil	\$22,049
Mr Matthew Battrick	\$389,712	\$404,087
Mr Alexander Parks	Nil	\$18,390

- (n) in the twelve months before the date of this Notice, the highest, lowest and last trading price of the Shares on ASX were as follows:

	Price	Date
Highest	\$0.049	10 November 2015
Lowest	\$0.008	19 October 2016
Last	\$0.008	19 October 2016

- (o) the Shares are being issued to the Directors in satisfaction of amounts which are owed by the Company for Directors' fees and executive remuneration. Further, the Shares are being issued at the same price as those issued to investors in the Company's recent Rights Issue. As such, the Directors of the Company do not consider there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the Shares to the Directors; and
- (p) other than the information above and otherwise contained in this Explanatory Statement, the Company believes that there is no other information that would reasonably be required by the Shareholders to pass Resolutions 7, 8 and 9.

#### 6.4 Directors' recommendation

The Directors' recommendations in relation to Resolutions 7, 8 and 9 are set out in sections 6.3 above.

#### 7. GLOSSARY

In the Notice of Meeting and this Explanatory Statement:

- (a) "10% Placement Facility" has the meaning given in Section 4.1.
- (b) "10% Placement Period" has the meaning given in Section 4.2(e).
- (c) "2016 Annual Report" means the Annual Report for the Company for the financial year ended 30 June 2016.
- (d) "Annual General Meeting" or "Meeting" means the Annual General Meeting of the Company the subject of the Notice of Meeting.
- (e) "ASIC" means Australian Securities & Investments Commission.

- (f) "ASX" means the Australian Securities Exchange operated by ASX Limited.
- (g) "ASX Listing Rules" and "Listing Rules" means the listing rules of the ASX.
- (h) "AWST" means Australian Western Standard Time, being the time in Perth, Western Australia.
- (i) "Board" means the Directors of the Company as at the date of this Notice of Meeting.
- (j) "Chairman" or "Chairperson" means the person appointed to chair the Meeting.
- (k) "Closely Related Party" (as defined in the Corporations Act) of a member of the Key Management Personnel for an entity means:
  - (1) a spouse of child of that member; or
  - (2) a child of the member's spouse; or
  - (3) a dependant of the member or the member's spouse; or
  - (4) 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 members dealings with the entity; or
  - (5) a company that the member controls; or
  - (6) a person described by the regulations for the purposes of the definition of closely related party.
- (l) "Company" means Sun Resources NL ABN 69 009 196 810.
- (m) "Constitution" means the constitution of the Company.
- (n) "Corporations Act" means the *Corporations Act 2001* (Cth).
- (o) "Director" means a director of the Company and, where the context permits, includes a retired Director.
- (p) "Equity Securities" has the same meaning as in the ASX Listing Rules.
- (q) "Explanatory Statement" means the explanatory statement to the Notice of Meeting.
- (r) "Key Management Personnel" has the definition given in the accounting standards as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of that entity.
- (s) "Notice" or "Notice of Meeting" means this notice of Annual General Meeting.
- (t) "Option" means an option to acquire a Share.
- (u) "Proxy Form" means the proxy form attached to the Notice of Meeting.
- (v) "Remuneration Report" means the remuneration report contained in the 2016 Annual Report.
- (w) "Resolution" means a resolution contained in this Notice of Meeting.

- (x) "Share" means fully paid ordinary share in the capital of the Company.
- (y) "Shareholder" means a holder of Shares.

**Lodge your vote:**



**By Mail:**

Sun Resources NL  
PO Box 1786  
WEST PERTH WA 6872

Alternatively you can fax your form to  
(within Australia) 08 9321 8161  
(outside Australia) + 61 8 9321 8161

**For all enquiries call:**

(within Australia) 08 9321 9886  
(outside Australia) + 61 8 9321 9886

## Proxy Form

 **For your vote to be effective it must be received by 11:30am AWST Sunday 27 November 2016**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions

#### Appointment of Proxy

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

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

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

**A proxy need not be a security holder of the Company.**

### Signing Instructions for Postal Forms

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

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

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

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

#### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate security holder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Corporate Representative" prior to admission. A form of the certificate is attached to the back of this notice.

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

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given below not later than 48 hours before the commencement of the meeting. i.e. no later than 11:30am AWST on Sunday 27 November 2016. Any Proxy Form received after that time will not be valid for the scheduled meeting.

**This Proxy Form (and any Power of Attorney and/or second Proxy Form) may be sent or delivered to the Company's registered office at Level 2, 30 Richardson Street, West Perth, WA, 6005 or PO Box 1786, West Perth, WA, 6872, sent by facsimile to the registered office on (08) 9321 8161 or sent by email to [admin@sunres.com.au](mailto:admin@sunres.com.au).**

Please mark  to indicate your directions

## PROXY FORM

### Shareholder Details

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Telephone No: \_\_\_\_\_

Contact Name (if different from above): \_\_\_\_\_

### Appoint A Proxy to Vote on Your Behalf

I/We being a shareholder/s of Sun Resources NL hereby appoint

The Chairman  
of the Meeting

OR



**PLEASE NOTE:**

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

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting Members of Sun Resources NL to be held at the office of BDO, 38 Station Street, Subiaco, Western Australia, on Tuesday 29 November 2016 at 11:30am AWST and at any adjournment of that meeting.

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

### IMPORTANT INFORMATION IF APPOINTING THE CHAIRMAN AS YOUR PROXY

If the Chairman of the Annual General Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

The Chairman of the Annual General Meeting intends to vote undirected proxies in favour of each Item of business.

### Items of Business



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

	For	Against	Abstain*
Resolution 1 - Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 - Re-election of Director – Mr Ian McCubbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Re-election of Director – Mr William Bloking	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Re-election of Director – Mr Alexander Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 - Ratification of prior issue of Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 - Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 - Approval of issue of Shares to Dr Jaap Poll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8 - Approval of issue of Shares to Mr Matthew Battrick	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9 - Approval of issue of Shares to Mr Alexander Parks	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



**Appointment of a second proxy**

If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

%
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**Signature of Security holder (s)** *This section must be completed*

Individual or Security Holder 1

--

Sole Director and  
Sole Company Secretary

Security Holder 2

--

Director

Security Holder 3

--

Director/Company Secretary

Contact  
Name: \_\_\_\_\_

Contact  
Daytime  
Telephone: \_\_\_\_\_

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

**APPOINTMENT OF CORPORATE REPRESENTATIVE FORM**

**Shareholder Details**

This is to certify that by a resolution of the Directors of:

<b>(Company)</b>
------------------

*(Insert name of shareholder company)*

The Company has appointed:

<b>(Authorised corporate representative)</b>
--

*(Insert name of corporate representative)*

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at the Annual General Meeting of Sun Resources NL to be held on Tuesday 29 November 2016 at 11:30am AWST and at any adjournments of that meeting.

**DATED** \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Please sign here**

**Executed by the Company**

in accordance with its constituent documents

\_\_\_\_\_  
Signed by authorised representative

\_\_\_\_\_  
Signed by authorised representative

\_\_\_\_\_  
Name of authorised representative (print)

\_\_\_\_\_  
Name of authorised representative (print)

\_\_\_\_\_  
Position of authorised representative (print)

\_\_\_\_\_  
Position of authorised representative (print)

**Instructions for Completion**

1. Insert name of appointer Company and the name or position of the appointee (e.g. "John Smith" or "each Director of the Company").
2. Execute the Certificate following the procedure required by your Constitution or other constituent documents.
3. Print the name and position (e.g. Director) of each Company officer who signs this Certificate on behalf of the Company.
4. Insert the date of execution where indicated.
5. The certificate must be produced prior to admission to the Meeting. This certificate may be sent or delivered to the Company's registered office at Level 2, 30 Richardson Street, West Perth, WA, 6005 or PO Box 1786, West Perth, WA, 6872, sent by facsimile to the registered office on (08) 9321 8161 or sent by email to admin@sunres.com.au.