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SULTAN CORPORATION LIMITED

ACN 061 219 985

NOTICE OF GENERAL MEETING

TIME: 11.00am (WST)

DATE: 26 August 2011

PLACE: BDO Chartered Accountants
Rokeby Room
38 Station Street
Subiaco, Western Australia

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

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (+61 8) 9287 4605.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders to which this Notice of Meeting relates will be held at 11.00am (WST) on 26 August 2011 at:

BDO Chartered Accountants
Rokeby Room
38 Station Street
Subiaco, Western Australia

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

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

VOTING BY PROXY

To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

- (a) post to Sultan Corporation Limited, PO Box 222, Subiaco, Western Australia, 6008;
or
- (b) by hand to Sultan Corporation Limited, Level 1, 350 Hay Street, Subiaco, WA;
- (c) facsimile to the Company on facsimile number (+61 8) 9388 6040; or
- (d) email to the Company at bhavna.munohur@sultan.net.au,

so that it is received not later than 11.00 am (WST) on 24 August 2011.

Proxy Forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that the General Meeting of Shareholders will be held at 11.00am (WST) on 26 August 2011 at BDO Chartered Accountants, Rokeby Room, 38 Station Street Subiaco, Western Australia.

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

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at 7.00pm (Sydney time) on 26 August 2011.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

1. RESOLUTION 1 – ADOPTION OF SULTAN EMPLOYEE SHARE PLAN

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

“That, for the purpose of ASX Listing Rule 7.2 (exception 9(b)), Section 260C(4) of the Corporations Act and for all other purposes, approval is given for the Directors to implement and maintain an employee share plan to be called the “Sultan Employee Share Plan” and to issue Shares under that plan from time to time upon the terms and conditions set out in the Sultan Employee Share Plan (the terms of which are summarised in the Explanatory Statement).”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote 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 it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

2. RESOLUTION 2 – ADOPTION OF SULTAN DIRECTOR SHARE PLAN

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

“That, for the purpose of ASX Listing Rule 7.2 (exception 9(b)), Section 260C(4) of the Corporations Act and for all other purposes, approval is given for the Directors to implement and maintain an employee share plan to be called the “Sultan Director Share Plan” and to issue Shares under that plan from time to time upon the terms and conditions set out in the Sultan Director Share Plan (the terms of which are summarised in the Explanatory Statement).”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company) and any associate of that person. However, the Company need not disregard a vote 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 it is

cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

3. RESOLUTION 3 – ISSUE OF SHARES TO DEREK LENARTOWICZ UNDER THE SULTAN DIRECTOR SHARE PLAN

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to provide a loan to Derek Lenartowicz, a Director, to acquire up to 100,000,000 Shares pursuant to the Sultan Director Share Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), Derek Lenartowicz and any associates of Derek Lenartowicz and, if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF SHARES TO MILOS BOSNJAKOVIC UNDER THE SULTAN DIRECTOR SHARE PLAN

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to provide a loan to Milos Bosnjakovic, a Director, to acquire up to 100,000,000 Shares pursuant to the Sultan Director Share Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), Milos Bosnjakovic and any associates of Milos Bosnjakovic and, if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. **RESOLUTION 5 – ISSUE OF SHARES TO MICHAEL RALSTON UNDER THE SULTAN DIRECTOR SHARE PLAN**

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

“That, for the purposes of Section 208 of the Corporations Act, ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to provide a loan to Michael Ralston, a Director, to acquire up to 75,000,000 Shares pursuant to the Sultan Director Share Plan and otherwise on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a director of the Company (except one who is ineligible to participate in any employee incentive scheme in relation to the Company), Michael Ralston and any associates of Michael Ralston and, if ASX has expressed an opinion under ASX Listing Rule 10.14.3 that approval is required for participation in an employee incentive scheme by anyone else, that person and any associates of that person. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. **RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES**

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

“That, for the purpose of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 179,281,818 Shares on the terms and conditions set out in the Explanatory Statement.”

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

DATED: 14 JULY 2011

BY ORDER OF THE BOARD



JERRY MONZU
COMPANY SECRETARY

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the General Meeting to be held at 11.00am (WST) on 26 August 2011 at BDO Chartered Accountants, Rokeby Room, 38 Station Street Subiaco, Western Australia.

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

1. RESOLUTION 1 – ADOPTION OF SULTAN EMPLOYEE SHARE PLAN

1.1 General

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of employees of a high calibre, the Company has established the “Sultan Employee Share Plan” (**Employee Plan**).

Resolution 1 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Shares under the Employee Plan (**Employee Plan Shares**) as an exception to ASX Listing Rule 7.1. An issue under an employee incentive scheme will only fall within exception 9(b) of ASX Listing Rule 7.2 if the securities are issued under a scheme approved by shareholders within three years before the date of issue.

If Resolution 1 is passed, the Company will have the ability to issue Employee Plan Shares to eligible participants under the Employee Plan over a period of three years without impacting on the Company's 15% placement capacity under ASX Listing Rule 7.1.

Employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Employee Plan is an appropriate method to:

- (a) reward employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable employees.

The Employee Plan will be used as part of the remuneration planning for employees.

No Employee Plan Shares have yet been issued under the Employee Plan.

A summary of the terms and conditions of the Employee Plan is set out below and a full copy of the Employee Plan is available for inspection at the Company's registered office until the date of the General Meeting.

1.2 Summary of the terms and conditions of the Employee Plan

Set out below is a summary of the terms and conditions of the Employee Plan:

- (a) **Eligibility:** Participants in the Employee Plan may be full-time and part-time employees of the Company or any of its subsidiaries (**Employee Participants**).
- (b) **Administration of Employee Plan:** The Board, or a duly appointed committee of the Board, is responsible for the operation of the Employee Plan.
- (c) **Participation:** The Board determines the entitlement of Employee Participants in the Employee Plan, having regard to:
 - (i) the seniority of the Employee Participant and the position the Employee Participant occupies with the Company or any subsidiary;
 - (ii) the length of service of the Employee Participant with the Company and its subsidiaries;
 - (iii) the record of employment of the Employee Participant with the Company and its subsidiaries;
 - (iv) the potential contribution of the Employee Participant to the growth and profitability of the Company and its subsidiaries; and
 - (v) any other matters which the Board considers relevant.
- (d) **Invitations:** The Board may issue an invitation to the Employee Participant to participate in the Employee Plan. The invitation will:
 - (i) invite applications for the number of Employee Plan Shares specified in the invitation;
 - (ii) specify the issue price for the Employee Plan Shares;
 - (iii) invite applications for a loan up to the amount payable in respect of the Employee Plan Shares accepted by the Employee Participant in accordance with the invitation;
 - (iv) specify an acceptance period; and
 - (v) specify any other terms and conditions attaching to the Employee Plan Shares.

The number of Employee Plan Shares will be determined at the absolute discretion of the Board.
- (e) **Issue price:** the issue price of each Employee Plan Share will be not less than:
 - (i) the weighted average trading price of the Shares on ASX during the five trading days immediately before the offer date plus 20%; or
 - (ii) 2.2 cents.
- (f) **Employee Loan:** An Employee Participant who is invited to subscribe for Employee Plan Shares may also be invited to apply for a loan up to the

amount payable in respect of the Employee Plan Shares accepted by the Employee Participant (**Employee Loan**), on the following terms:

- (i) the Employee Loan must be made solely to the Employee Participant and in the name of that Employee Participant;
- (ii) the Employee Loan will be interest free;
- (iii) the Employee Loan made available to an Employee Participant shall be applied by the Company directly toward payment of the issue price of the Employee Plan Shares;
- (iv) the term of the Employee Loan, the time in which repayment of the Employee Loan must be made by the Employee Participant and the manner for making such payments shall be determined by the Board and set out in the invitation;
- (v) the amount repayable on the Employee Loan by the Employee Participant will be the lesser of:
 - (A) the issue price of the Employee Plan Shares multiplied by the number of Employee Plan Shares issued less any cash dividends paid in respect of the Employee Plan Shares and applied by the Company to reduce the amount of the Employee Loan and any amount of the Loan repaid by the Employee Participant; and
 - (B) the last sale price of the Shares on ASX on the date of repayment of the Employee Loan multiplied by the number of Employee Plan Shares issued, or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Employee Plan Shares are sold by the Company, the amount realised by the Company from that sale;
- (vi) any bonus payments (being payments of more than \$1,000 above the Employee Participant's remuneration (as reviewed from time to time)) which are paid to the Employee Participant will be applied by the Company on behalf of the Employee Participant to repayment of the amount outstanding under the Employee Loan and any surplus of the bonus payment will be paid to the Employee Participant;
- (vii) an Employee Participant must repay the Employee Loan in full prior to expiry of the term of the Employee Loan but may elect to repay the Employee Loan amount in respect of any or all of the Employee Plan Shares (in multiples representing not less than 1,000 Employee Plan Shares) at any time prior to expiry of the term of the Employee Loan;
- (viii) any fees, charges and stamp duty payable in respect of an Employee Loan will be payable by the Employee Participant;
- (ix) the Company shall have a lien over the Employee Plan Shares in respect of which an Employee Loan is outstanding and the company shall be entitled to sell those Employee Plan Shares in accordance with the terms of the Employee Plan; and

- (x) Employee Plan Shares will not be tradeable by an Employee Participant on ASX until the Employee Loan amount in respect of those Employee Plan Shares has been repaid and the Company will retain the share certificate in respect of such Employee Plan Shares until the Employee Loan has been repaid.

(g) **Immediate repayment of the Employee Loan:** If, prior to repayment of an Employee Loan by an Employee Participant, the Employee Participant dies, becomes bankrupt or is no longer an employee of the Company or its subsidiaries as a result of retirement or retrenchment, then the Employee Participant (or his or her personal representative) shall elect, by serving written notice on the Company within twenty one days of such event occurring, one of the following two alternatives:

- (i) to have the Company either:
- (A) place the Employee Plan Shares to persons who are excluded offerees for the purpose of Section 708 of the Corporations Act, at a price being not less than 80% of the weighted average of the prices at which Shares were traded on ASX over the five days prior to the sale; or
 - (B) sell the Employee Plan Shares on ASX,

and apply the proceeds of the sale in repayment of the Employee Loan. If the proceeds exceed the amount of the Employee Loan, the Company will then apply the balance to pay all reasonable expenses of the sale and then refund the surplus, if any, to the Employee Participant. Once the Company has sold the Employee Plan Shares and applied the proceeds of sale against the Employee Loan, the Employee Loan shall be deemed to be fully satisfied and the Employee Participant shall have no further liability to the Company in respect of the Employee Loan; or

- (ii) to repay the Employee Loan:
- (A) within 12 months in the event of the death or bankruptcy of the Employee Participant or in the event that the Employee Participant ceases to be an employee of the Company or its subsidiaries as a result of retirement or retrenchment; or
 - (B) within one month in the event that the Employee Participant resigns, is terminated or otherwise ceases to be eligible to participate in the Employee Plan for any reason other than one set out in paragraph (A) above,

and, upon repayment in full of the Employee Loan, have the Employee Plan Shares fully vested in their name.

If such a notice is not served within twenty one (21) days of the event occurring the Employee Participant shall be deemed to have elected the alternative described in sub-paragraph (i) above.

(h) **Employee Plan limit:** The Company must ensure that the total number of Employee Plan Shares on issue does not exceed 5.5% of the issued

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capital of the Company at any time. For the avoidance of doubt, a Share will cease to be an Employee Plan Share once the Employee Loan has been repaid in relation to it.

- (i) **Restriction on transfer:** Employee Participants may not sell or otherwise deal with an Employee Plan Share until the Employee Loan amount in respect of that Employee Plan Share has been repaid and until the expiry of the qualifying period in respect of the Employee Plan Shares, if any, that may be imposed by the Board and set out in the invitation.
- (j) **Quotation on ASX:** The Company will apply for each Employee Plan Share to be admitted to trading on ASX upon issue of the Employee Plan Share and any restrictions on transfer of the Employee Plan Shares set out in the invitation have expired.
- (k) **Rights attaching to Employee Plan Shares:** Employee Plan Shares will rank equally in all respects (other than with respect to any restrictions on transfer specified above or otherwise imposed by the Board) with other Shares on issue.

2. RESOLUTION 2 – ADOPTION OF DIRECTOR EMPLOYEE SHARE PLAN

2.1 General

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors of a high calibre, the Company has established the “Sultan Director Share Plan” (**Director Plan**).

Resolution 2 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the issue of Shares under the Director Plan (**Director Plan Shares**) as an exception to ASX Listing Rule 7.1. An issue under an employee incentive scheme will only fall within exception 9(b) of ASX Listing Rule 7.2 if the securities are issued under a scheme approved by shareholders within three years before the date of issue.

If Resolution 2 is passed, the Company will have the ability to issue Director Plan Shares to eligible participants under the Director Plan over a period of three years without impacting on the Company’s 15% placement capacity under ASX Listing Rule 7.1.

Shareholder approval pursuant to ASX Listing Rule 10.14 will still be required before any Director Plan Shares can be issued to Directors under the Director Plan.

The Directors have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the Director Plan is an appropriate method to:

- (e) reward Directors for their past performance;
- (f) provide long term incentives for participation in the Company’s future growth;
- (g) motivate the Directors; and
- (h) assist to retain the services of valuable Directors.

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The Director Plan will be used as part of the remuneration planning for executive Directors. The Corporate Governance Council Guidelines recommend that executive remuneration packages involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the company's circumstances and goals. The Director Plan will also be used as part of the remuneration planning for non-executive Directors. Although this is not in accordance with the recommendations contained in the Corporate Governance Council Guidelines, the Company considers that it is appropriate for non-executive Directors to participate in the Director Plan given the size of the Company.

No Director Plan Shares have yet been issued under the Director Plan.

A summary of the terms and conditions of the Director Plan is set out below and a full copy of the Director Plan is available for inspection at the Company's registered office until the date of the General Meeting.

2.2 Summary of the terms and conditions of the Director Plan

Set out below is a summary of the terms and conditions of the Director Plan:

- (a) **Eligibility:** Participants in the Director Plan must be Directors of the Company or any of its subsidiaries (**Director Participants**).
- (b) **Administration of Director Plan:** The Board, or a duly appointed committee of the Board, is responsible for the operation of the Director Plan.
- (c) **Participation:** The Board determines the entitlement of Director Participants in the Plan, having regard to:
 - (i) the seniority of the Director Participant and the position the Director Participant occupies with the Company or any subsidiary;
 - (ii) the length of service of the Director Participant with the Company and its subsidiaries;
 - (iii) the record of employment of the Director Participant with the Company and its subsidiaries;
 - (iv) the potential contribution of the Director Participant to the growth and profitability of the Company and its subsidiaries; and
 - (v) any other matters which the Board considers relevant.
- (d) **Invitations:** The Board may issue an invitation to the Director Participant to participate in the Director Plan. The invitation will:
 - (i) invite applications for the number of Director Plan Shares specified in the invitation;
 - (ii) specify the issue price for the Director Plan Shares;
 - (iii) invite applications for a loan up to the amount payable in respect of the Director Plan Shares accepted by the Director Participant in accordance with the invitation;

- (iv) specify an acceptance period; and
- (v) specify any other terms and conditions attaching to the Director Plan Shares.

The number of Director Plan Shares will be determined at the absolute discretion of the Board.

- (e) **Issue price:** the issue price of each Director Plan Share will be not less than:
 - (i) the weighted average trading price of the Shares on ASX during the five trading days immediately before the offer date plus 20%; or
 - (ii) 2.2 cents.
- (f) **Director Loan:** A Director Participant who is invited to subscribe for Director Plan Shares may also be invited to apply for a loan up to the amount payable in respect of the Director Plan Shares accepted by the Director Participant (**Director Loan**), on the following terms:
 - (i) the Director Loan must be made solely to the Director Participant and in the name of that Director Participant;
 - (ii) the Director Loan will be interest free;
 - (iii) the Director Loan will be non-recourse (refer to Section 3.2(s) for further details in respect of the nature of the Director Loan);
 - (iv) the Director Loan made available to a Director Participant shall be applied by the Company directly toward payment of the issue price of the Director Plan Shares;
 - (v) the term of the Director Loan, the time in which repayment of the Director Loan must be made by the Participant and the manner for making such payments shall be determined by the Board and set out in the invitation;
 - (vi) the amount repayable on the Director Loan by the Director Participant will be the lesser of:
 - (A) the issue price of the Director Plan Shares multiplied by the number of Director Plan Shares issued less any cash dividends paid in respect of the Director Plan Shares and applied by the Company to reduce the amount of the Director Loan and any amount of the Director Loan repaid by the Director Participant; and
 - (B) the last sale price of the Shares on ASX on the date of repayment of the Director Loan multiplied by the number of Director Plan Shares issued, or, if there are no transactions on that day, the last sale price of the Shares prior to that date, or, if the Director Plan Shares are sold by the Company, the amount realised by the Company from that sale;

- (vii) any bonus payments (being payments of more than \$1,000 above the Director Participant's remuneration (as reviewed from time to time)) which are paid to the Director Participant will be applied by the Company on behalf of the Director Participant to repayment of the amount outstanding under the Director Loan and any surplus of the bonus payment will be paid to the Director Participant;
 - (viii) a Director Participant must repay the Director Loan in full prior to expiry of the term of the Director Loan but may elect to repay the Director Loan amount in respect of any or all of the Director Plan Shares (in multiples representing not less than 1,000 Director Plan Shares) at any time prior to expiry of the term of the Director Loan;
 - (ix) any fees, charges and stamp duty payable in respect of a Director Loan will be payable by the Director Participant;
 - (x) the Company shall have a lien over the Director Plan Shares in respect of which a Director Loan is outstanding and the company shall be entitled to sell those Director Plan Shares in accordance with the terms of the Director Plan; and
 - (xi) Director Plan Shares will not be tradeable by a Director Participant on ASX until the Director Loan amount in respect of those Director Plan Shares has been repaid and the Company will retain the share certificate in respect of such Director Plan Shares until the Director Loan has been repaid.
- (g) **Immediate repayment of the Director Loan:** If, prior to repayment of a Director Loan by a Director Participant, the Director Participant dies or becomes bankrupt then the Participant (or his or her personal representative) shall elect, by serving written notice on the Company within twenty one days of such event occurring, one of the following two alternatives:
- (i) to have the Company either:
 - (A) place the Director Plan Shares to persons who are excluded offerees for the purpose of Section 708 of the Corporations Act, at a price being not less than 80% of the weighted average of the prices at which Shares were traded on ASX over the five days prior to the sale; or
 - (B) sell the Director Plan Shares on ASX,
- and apply the proceeds of the sale in repayment of the Director Loan. If the proceeds exceed the amount of the Director Loan, the Company will then apply the balance to pay all reasonable expenses of the sale and then refund the surplus, if any, to the Director Participant. Once the Company has sold the Director Plan Shares and applied the proceeds of sale against the Director Loan, the Director Loan shall be deemed to be fully satisfied and the Director Participant shall have no further liability to the Company in respect of the Director Loan; or

- (ii) to repay the Director Loan within 12 months in the event of the death or bankruptcy of the Director Participant and, upon repayment in full of the Director Loan, have the Director Plan Shares fully vested in their name.

If such a notice is not served within twenty one (21) days of the event occurring the Director Participant shall be deemed to have elected the alternative described in sub-paragraph (i) above.

- (h) **Director Plan limit:** The Company must ensure that the total number of Director Plan Shares on issue does not exceed 16% of the issued capital of the Company at any time. For the avoidance of doubt, a Share will cease to be a Director Plan Share once the Director Loan has been repaid in relation to it.
- (i) **Restriction on transfer:** Director Participants may not sell or otherwise deal with a Director Plan Share until the Director Loan amount in respect of that Director Plan Share has been repaid and until the expiry of the qualifying period in respect of the Director Plan Shares, if any, that may be imposed by the Board and set out in the invitation.
- (j) **Quotation on ASX:** The Company will apply for each Director Plan Share to be admitted to trading on ASX upon issue of the Director Plan Share and any restrictions on transfer of the Director Plan Shares set out in the invitation have expired.
- (k) **Rights attaching to Director Plan Shares:** Director Plan Shares will rank equally in all respects (other than with respect to any restrictions on transfer specified above or otherwise imposed by the Board) with other Shares on issue.

3. RESOLUTIONS 3 TO 5 – ISSUE OF SHARES TO DIRECTORS UNDER THE SULTAN DIRECTOR SHARE PLAN

3.1 General

It is proposed that Derek Lenartowicz, Milos Bosnjakovic and Michael Ralston (together, the **Participating Directors**) will participate in the Director Plan by each being issued Director Plan Shares (in the amounts set out below) and by receiving a loan from the Company to fund the subscription price for those Director Plan Shares in accordance with the terms and conditions of the Director Plan, a summary of which is set out in Section 2.2 of this Explanatory Statement.

Derek Lenartowicz, Milos Bosnjakovic and Michael Ralston are all current Directors of the Company and are therefore eligible to participate in the Director Plan.

Shareholder approval is required for the issue of Director Plan Shares to the Participating Directors pursuant to ASX Listing Rule 10.14 and Section 208 of the Corporations Act and for the provision of the loan to the Participating Directors pursuant to Section 208 of the Corporations Act.

3.2 Shareholder Approval (Section 208 of the Corporations Act)

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 provides that, for a public company to give a financial benefit to a related party of the company, the company must:

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

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

The provision of a loan and the issue of Director Plan Shares by the Company constitute the giving of a financial benefit, and as Directors, each of the Participating Directors is considered to be related parties of the Company.

In accordance with the requirements of Sections 217 to 227 of the Corporations Act, the following information is provided to Shareholders to allow them to assess the proposed issue of Director Plan Shares and the provisions of loans by the Company to fund payment of the subscription price of the Director Plan Shares:

- (a) as Directors, the Participating Directors are each related parties of the Company to whom proposed Resolutions 3 to 5 would permit the financial benefit to be given;
- (b) the nature of the financial benefit to be given to Mr Lenartowicz is the issue of 100,000,000 Director Plan Shares and a loan in respect of the subscription price for those Director Plan Shares;
- (c) the nature of the financial benefit to be given to Mr Bosnjakovic is the issue of 100,000,000 Director Plan Shares and a loan in respect of the subscription price for those Director Plan Shares;
- (d) the nature of the financial benefit to be given to Mr Ralston is the issue of 75,000,000 Director Plan Shares and a loan in respect of the subscription price for those Director Plan Shares;
- (e) the Director Plan Shares will be issued, and the loans will be provided, under the terms and conditions of the Director Plan, a summary of which is set out in Section 2.2 of this Explanatory Statement. The subscription price for the Director Plan Shares shall be determined in accordance with the terms of the Director Plan and the amount of the loan provided to the Participating Directors shall be calculated accordingly. If the price of the Shares increases, the Participating Directors will benefit from the price increase, however, the Company will not receive any additional benefit;
- (f) the repayment term of each loan to the Participating Directors shall be four (4) years;
- (g) as at the date of this Notice of Meeting, the Participating Directors hold the following securities in the Company:

Director	Shares	Options ¹
Derek Lenartowicz	67,412,531	7,000,000
Milos Bosnjakovic	66,138,095	7,000,000
Michael Ralston	Nil	7,000,000

Note:

1. Options are exercisable at \$0.03 each on or before 19 May 2014.

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- (h) the remuneration and emoluments payable by the Company to the Participating Directors for both the current financial year and previous financial year are set out below:

Director	Current Financial Year 2012	Previous Financial Year 2011
Derek Lenartowicz	\$248,820	\$248,820
Milos Bosnjakovic	\$248,820	\$248,820
Michael Ralston	\$275,000	\$10,000

- (i) in the event Resolution 3 to 5 are approved, a total of 275,000,000 Director Plan Shares will be allotted and issued. This will increase the number of Shares on issue from 1,444,658,488 to 1,719,658,488 (assuming that no Options are exercised and no other Shares issued) with the effect that the shareholding of existing Shareholders would be diluted as follows:

Holder	No. Shares held as at date of this Notice	Percentage of issued capital held as at date of this Notice (%)	No. Shares held after Director Plan Shares issued to Participating Directors	Percentage of issued capital after Director Plan Shares issued to Participating Directors (%)
Derek Lenartowicz	67,412,531	4.67	167,412,531	9.74
Milos Bosnjakovic	66,138,095	4.58	166,138,095	9.66
Michael Ralston	Nil	0	75,000,000	4.36
Unrelated Shareholders	1,311,107,862	90.76	1,311,107,862	76.24
TOTAL	1,444,658,488	100	1,719,658,488	100

- (j) the issue price at which Director Plan Shares will be issued to the Participating Directors will be not less than:
- (i) the weighted average trading price of the Shares on ASX during the five trading days immediately before the offer date plus 20%; or
 - (ii) 2.2 cents;
- (k) the subscription funds will be loaned to the Directors in accordance with the terms of the Director Plan;

- (l) the value of the financial benefit to be provided to each of the Participating Directors will be equal to the number of Director Plan Shares issued to them multiplied by the issue price as set out in paragraphs (e) and (j) above, being the subscription funds loaned to the Participating Directors to acquire the Director Plan Shares;
- (m) the trading history of Shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	Price	Date
Highest	4.2 cents	2 May 2011
Lowest	0.4 cents	24 November 2010
Last	1.8 cents	13 July 2011

- (n) the primary purpose for the provision of the loan and issue of the Director Plan Shares to Michael Ralston is to provide a market linked incentive package in his capacity as Managing Director and to assist in the reward, retention and motivation of Michael Ralston in managing the operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Michael Ralston) considered the extensive experience and reputation of Michael Ralston, the current market price of Shares and current market practices when determining the number of Director Plan Shares to be issued to Michael Ralston. The Board considers the issue of the Director Plan Shares to Michael Ralston to be reasonable upon the terms proposed;
- (o) the primary purpose for the provision of the loan and issue of the Director Plan Shares to Milos Bosnjakovic is to provide a market linked incentive package in his capacity as Executive Director and to assist in the reward, retention and motivation of Milos Bosnjakovic in the ongoing operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Milos Bosnjakovic) considered the extensive experience and reputation of Milos Bosnjakovic, the current market price of Shares and current market practices when determining the number of Director Plan Shares to be issued to Milos Bosnjakovic. The Board considers the issue of the Director Plan Shares to Milos Bosnjakovic to be reasonable upon the terms proposed;
- (p) the primary purpose for the provision of the loan and issue of the Director Plan Shares to Derek Lenartowicz is to provide a market linked incentive package in his capacity as Executive Chairman and to assist in the reward, retention and motivation of Derek Lenartowicz in the ongoing operations and strategic direction of the Company whilst maintaining the Company's cash reserves. The Board (other than Derek Lenartowicz) considered the extensive experience and reputation of Derek Lenartowicz, the current market price of Shares and current market practices when determining the number of Director Plan Shares to be issued to Derek Lenartowicz. The Board considers the issue of Director Plan Shares to Derek Lenartowicz reasonable on the terms proposed and in the circumstances, given the necessity to attract and retain the highest calibre of professionals to the Company;

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- (q) the Directors consider that there may be a potential opportunity cost to, and benefit foregone by, the Company in providing the loans to the Participating Directors upon the proposed terms insofar as:
 - (i) there is no interest payable on the loans by the Participating Directors; and
 - (ii) the loans are non-recourse. Therefore, if the price of the Shares is less than the issue price at the date of repayment of the loans, the Company is unlikely to recoup the full face value of the loans;
 - (r) the Company will not incur any costs or fees in relation to issuing the Director Plan Shares to the Participating Directors, other than:
 - (i) listing fees will be payable to ASX. These fees are not expected to be any more than \$15,000; and
 - (ii) a value equal as determined in accordance with the accounting standards attached to the issue of the Director Plan Shares to each Participating Director will be included as wages for the purpose of pay roll tax. If this value together with other wages paid by the Company during any month exceeds a defined threshold, then pay roll tax may become payable by the Company;
 - (s) if the Director Plan Shares are not issued to the Participating Directors, the Company could remunerate the Directors for additional amounts or issue alternative equity securities to Directors.

The Board considered these alternative remuneration options and considered the issue of the Director Plan Shares as the best alternative because it is in the best interest of the Company and provides a market linked incentive to the Participating Directors.

In addition, the Board considers it reasonable for the remuneration of the Directors to have a cash component and a Share equity component to further align the Participating Directors' interests with Shareholders.

As outlined above, there are alternate options available to issuing Director Plan Shares in respect of remunerating the Directors and accordingly, Shareholders should consider the above matters carefully before deciding how to vote on these Resolutions.

Shareholders should also note that the loans to be provided to the Participating Directors to fund the subscription price for Director Plan Shares in accordance with the terms and conditions of the Director Plan (as summarised in Section 2.2 of this Explanatory Statement) will have a significant effect on the Company's balance sheet.

By way of example, on the assumption that Resolutions 3 to 5 are passed, all of the Director Plan Shares are issued to the Participating Directors (being a total of 275,000,000 Director Plan Shares) and the issue price is 2.2 cents per Director Plan Share, the net asset position of the Company will be increased by \$6,050,000 (being the total value of the loans to the Participating Directors).

While this increase is significant, Shareholders should note that due to the nature of the "asset" being a non-recourse loan, the loans are considered assets of the Company and there is a possibility that they will not be repaid. Therefore, the impact of the loans on the Company's balance sheet should be considered in this context.

In addition, if the Company was to enter into any funding arrangements in the future which are reliant on a prescribed debt-asset ratio and subject to certain contingencies, the nature of the non-recourse loans may affect the Company's borrowing capacity;

- (t) Derek Lenartowicz who does not have a material personal interest in the outcome of Resolutions 4 and 5 recommends that Shareholders vote in favour of Resolutions 4 and 5 for the reasons set out in sub-paragraphs (n), (o) and (s) above. Mr Lenartowicz is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 4 and 5.

Derek Lenartowicz declines to make a recommendation to Shareholders in relation to Resolution 3 due to his material personal interest in the outcome of the Resolution;

- (u) Milos Bosnjakovic who does not have a material personal interest in the outcome of Resolutions 3 and 5 recommends that Shareholders vote in favour of Resolutions 3 and 5 for the reasons set out in sub-paragraphs (n), (p) and (s) above. Mr Bosnjakovic is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 5.

Milos Bosnjakovic declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution;

- (v) Michael Ralston who does not have a material personal interest in the outcome of Resolutions 3 and 4 recommends that Shareholders vote in favour of Resolutions 3 and 4 for the reasons set out in sub-paragraphs (o), (p) and (s) above. Mr Ralston is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 and 4.

Michael Ralston declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution; and

- (w) Michael Hale who does not have a material personal interest in the outcome of Resolutions 3 to 5 recommends that Shareholders vote in favour of Resolutions 3 to 5 for the reasons set out in sub-paragraphs (n), (p), (o) and (s) above. Mr Hale is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolutions 3 to 5.

3.3 Shareholder approval (ASX Listing Rule 10.14)

ASX Listing Rule 10.14 provides that a company must not permit a director of the company to acquire securities under an employee incentive scheme without the approval of shareholders for the acquisition. The Director Plan is considered to be an employee incentive scheme for the purposes of the ASX Listing Rules.

In accordance with ASX Listing Rule 10.15, the following information is provided to Shareholders in relation to Resolutions 3 to 5:

- (a) the maximum number of securities that may be issued to the Participating Directors under Resolutions 3 to 5 is 275,000,000 Director Plan Shares;
- (b) the issue price of the Director Plan Shares will be as set out in Section 3.2(i) above;
- (c) no Director Plan Shares have yet been issued under the Director Plan;
- (d) Directors may participate in the Plan;
- (e) the Company will provide a loan to each of the Participating Directors to fund the payment for the subscription price for the Director Plan Shares. The Participating Directors will be required to repay their respective loans in full within 4 years. The loan will otherwise be provided on the terms and conditions described in Section 2.2(f) and (g) of this Explanatory Statement;
- (f) it is proposed that the Director Plan Shares will be issued on one date within 12 months from the date of the General Meeting, however, the Company reserves the right to issue the Director Plan Shares progressively; and
- (g) other than any restriction on trading described in the loan terms in Section 2.2, the Director Plan Shares issued pursuant to Resolutions 3 to 5 will rank equally with all other Shares on issue.

4. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE – SHARES

4.1 General

The Company received Shareholder approval at a General Meeting held on 19 May 2011 to issue Shares to raise up to a total of \$4,000,000 (**Placement Approval**).

On 2 June 2011, the Company issued 246,100,000 Shares at an issue price of 2.2 cents each to raise \$5,414,200 (**Share Placement**). The subscribers pursuant to the Share Placement were not related parties of the Company.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 179,281,818 Shares at 2.2 cents to raise \$3,944,200 (being part of the Shares the subject of the Share Placement) (**Share Ratification**).

The balance of the Shares issued pursuant to the Share Placement (being 66,818,182) were issued under the Placement Approval and therefore do not require ratification by Shareholders.

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

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

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

4.2 Technical information required by ASX Listing Rule 7.4

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

- (a) 179,281,818 Shares were allotted;
- (b) the issue price was 2.2 cents per Share;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were allotted and issued to sophisticated investors none of who were related parties of the Company; and
- (e) the funds raised from this issue were used to fund the acquisition of new projects and provide further working capital.

5. ENQUIRIES

Shareholders are required to contact the Company Secretary on (+ 61 8) 9287 4605 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means a day other than Saturday, Sunday or any day on which banks located in the State of Western Australia are authorised or obligated to close.

Company means Sultan Corporation Limited (ACN 061 219 985).

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

Directors means the current directors of the Company.

Director Plan Shares means Shares issued under the terms of the Director Plan.

Employee Plan Shares means Shares issued under the terms of the Employee Plan.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

General Meeting means the meeting convened by the Notice of Meeting.

Notice of Meeting or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Statement.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Participating Directors means Messrs Lenartowicz, Bosnjakovic and Ralston.

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

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

Shareholder means a holder of a Share.

Sultan Employee Share Plan or **Employee Plan** means the employee share plan of the Company described in Section 1.

Sultan Director Share Plan or **Director Plan** means the director share plan of the Company described in Section 2.

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

PROXY FORM

**APPOINTMENT OF PROXY
SULTAN CORPORATION LIMITED
ACN 061 219 985**

GENERAL MEETING

I/We

of

being a member of Sultan Corporation Limited entitled to attend and vote at the General Meeting, hereby

Appoint

Name of proxy

OR the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the General Meeting to be held at 11.00am (WST), on 26 August 2011 at BDO Chartered Accountants, Rokeby Room, 38 Station Street Subiaco, Western Australia, and at any adjournment thereof.

If no directions are given, the Chair will vote in favour of all the Resolutions.

If the Chair of the General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 1 to 6** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 1 to 6 and that votes cast by the Chair of the General Meeting for Resolutions 1 to 6 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 to 6 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 1 to 6.

OR

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of Sultan Employee Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Adoption of Sultan Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 – Issue of Shares to Derek Lenartowicz under the Sultan Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 – Issue of Shares to Milos Bosnjakovic under the Sultan Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 – Issue of Shares to Michael Ralston under the Sultan Director Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 – Ratification of Prior Issue - Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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

Signature of Member(s):

Date:

Individual or Member 1

Member 2

Member 3

Sole Director/Company Secretary

Director

Director/Company Secretary

Contact Name: _____ **Contact Ph (daytime):** _____

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SULTAN CORPORATION LIMITED
ACN 061 219 985

Instructions for Completing 'Appointment of Proxy' Form

1. **(Appointing a Proxy):** A member entitled to attend and vote at a General Meeting is entitled to appoint not more than 2 proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints 2 proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.
2. **(Direction to Vote):** A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing Instructions):**
- **(Individual):** Where the holding is in one name, the member must sign.
 - **(Joint Holding):** Where the holding is in more than one name, all of the members should sign.
 - **(Power of Attorney):** If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
 - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual members from attending the General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the General Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
- (a) post to Sultan Corporation Limited, PO Box 222, Subiaco, Western Australia, 6008; or
 - (b) by hand to Sultan Corporation Limited, Level 1, 350 Hay Street, Subiaco, WA;
 - (c) facsimile to the Company on facsimile number (+61 8) 9388 6040; or
 - (d) email to the Company at bhavna.munohur@sultan.net.au,

so that it is received not later than 11.00am (WST) on 24 August 2011.

Proxy forms received later than this time will be invalid.