

SIRIUS RESOURCES NL

ACN 009 150 083

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT

PROXY FORM

Date of Meeting

Wednesday 24th November 2010

Time of Meeting

1:00 pm

Place of Meeting

Harcourts Conference Room
125 Cambridge Street
West Leederville WA

This Notice of Annual General Meeting and Explanatory Statement should be read in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

If you are unable to attend the Annual General Meeting, please complete and return the Proxy Form in accordance with the specified directions.

SIRIUS RESOURCES NL
ACN 009 150 083

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

A General Meeting of Sirius Resources NL will be held at:

Harcourts Conference Room

125 Cambridge Street

West Leederville, Western Australia

Commencing

at 1pm (Western Standard Time)

on 24 November 2010

HOW TO VOTE

The business of the Meeting affects your shareholding and your vote is important. 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 1pm (Western Standard Time).

VOTING BY PROXY

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of Annual General Meeting. The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia, facsimile number Australian 1800 783 447 and outside Australia +61 (3) 9473 2555 or to the Company's registered office at Level 2, 45 St George's Terrace, Perth, Western Australia, 6000, facsimile number +61 (8) 9323 2033, at least 48 hours prior to the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Alternatively, you may register your proxy instructions electronically at the Share Registry website www.investorvote.com.au by 1:00pm (WST) Monday, 22nd November 2010.

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Proxy Forms received later than this time will be invalid.

Your Proxy Form along with instructions for completing the Proxy Form is enclosed.

**SIRIUS RESOURCES NL
ACN 009 150 083**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF SIRIUS RESOURCES NL ACN 009 150 083 ("Sirius/the Company") WILL BE HELD AT HARCOURTS CONFERENCE ROOM, 125 CAMBRIDGE STREET, WEST LEEDERVILLE PERTH, WESTERN AUSTRALIA ON WEDNESDAY 24th NOVEMBER AT 1:00 PM (WST).

AGENDA

BUSINESS

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting. Shareholders should read the Explanatory Statement accompanying this Notice of Annual General Meeting before deciding how to vote.

For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that Shareholders holding ordinary Shares at 5.00 pm, 23rd November 2010 will be entitled to attend and vote at the Annual General Meeting.

Terms used in this Notice of Annual General Meeting will unless the context otherwise requires, have the same meaning given to them in the Glossary of Terms as contained in the Explanatory Statement.

ORDINARY BUSINESS

To receive and consider the annual financial report of the Company and the related reports of the Directors and the Auditors for the financial year ended 30 June 2010.

1. **Resolution 1 - Adoption of Remuneration Report**

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

"That, for the purposes of section 250R(2) of the Corporations Act 2001, the Remuneration Report forming part of the Company's 2010 Annual Report be adopted."

2. **Resolution 2 - Re-election of Mr Terry Grammer as a Director**

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

"That, Mr Terry Grammer having been appointed as a Director on 25 June 2010 and who, in accordance with the Constitution of the Company retires at the end of this Meeting and who, being eligible to be re-elected as a Director of the Company, and having consented to act, be, and is, hereby elected as a Director of the Company."

3. **Resolution 3 - Re-election of Mr Jeffrey Foster as a Director**

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

"That, Mr Jeffrey Foster, having been appointed as a Director and who, in accordance with the Constitution of the Company retires at the end of this Meeting and who, being eligible to be re-elected as a Director of the Company, and having consented to act, be, and is, hereby re-elected as a Director of the Company."

4. **Resolution 4 – Grant of Options to Mr Terry Grammer**

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 10.11 and Division 3 of Part 2E.1 of the Corporations Act and all other purposes, the Directors be authorised, subject to Resolution 2 being passed, to grant Mr Terry Grammer or his nominee 6,000,000 Options to subscribe for Shares in the Company on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 4 by:

- Mr Terry Grammer;
- an Associate of Mr Terry Grammer; and
- his nominee or an Associate of his nominee.

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.

5. **Resolution 5 – Grant of Options to Dr Mark Bennett**

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 10.11 and Division 3 of Part 2E.1 of the Corporations Act and all other purposes, the Directors be authorised to grant Dr Mark Bennett or his nominee 15,000,000 Options to subscribe for Shares in the Company on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 5 by:

- Dr Mark Bennett;
- an Associate of Dr Mark Bennett; and
- his nominee or an Associate of his nominee.

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.

6. **Resolution 6 – Grant of Options to Mr Stephen Lowe**

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 10.11 and Division 3 of Part 2E.1 of the Corporations Act and all other purposes, the Directors be authorised to grant Mr Stephen Lowe or his nominee 6,000,000 Options to subscribe for Shares in the Company on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 6 by:

- Mr Stephen Lowe;
- an Associate of Mr Stephen Lowe; and
- his nominee or an Associate of his nominee.

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.

7. **Resolution 7 – Grant of Options to Mr Jeffrey Foster**

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 10.11 and Division 3 of Part 2E.1 of the Corporations Act and all other purposes, the Directors be authorised, subject to Resolution 3 being passed, to grant Mr Jeffrey Foster or his nominee 6,000,000 Options to subscribe for Shares in the Company on the terms set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 7 by:

- Mr Jeffrey Foster;
- an Associate of Mr Jeffrey Foster; and
- his nominee or an Associate of his nominee.

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.

8. **Resolution 8 – Directors remuneration**

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

“That, for the purposes of the Constitution, ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the maximum total aggregate fixed sum per annum to be paid to Directors be set at \$500,000 to be paid in accordance with the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 8 by a Director 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.

9. **Resolution 9 – Ratification of Options issued to Service Providers**

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

“That, pursuant to, and in accordance with, Listing Rule 7.4 of the ASX Listing Rules and for all other purposes, Shareholders approve and ratify the allotment and issue of up to 11,000,000 ordinary options at 3 cents each on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on Resolution 9 by any 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 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.

10. Resolution 10 – Approval of Incentive Option Plan

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

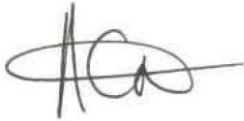
“That, for the purpose of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given to adopt the Company’s Employee Incentive Option Plan and to issue Securities under that plan on the terms and conditions summarised in the Explanatory Statement.”

Voting Exclusion Statement

The Company will disregard any votes cast on this Resolution 10 by a Director of the Company (except one who is ineligible to participate in any employee incentive plan, including the Employee Incentive Option Plan, 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.

BY ORDER OF THE BOARD

Dated 14th October 2010



**Anna Neuling
Company Secretary**

For personal use only

PROXY

In accordance with section 249L(1)(d) of the Corporations Act 2001, Shareholders are advised:

- Each Shareholder has a right to appoint a proxy.
- The proxy need not be a Shareholder of the Company.
- A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one half of the votes.

In accordance with section 250BA of the Corporations Act 2001, the Company specifies the following for the purposes of receipt of proxy appointments:

The proxy form (and the power of attorney or other authority, if any, under which the proxy form is signed) or a copy or facsimile which appears on its face to be an authentic copy of the proxy form (and the power of attorney or other authority) must be deposited at or sent by facsimile transmission to the Company's share registry, Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 Australia, facsimile number Australian 1800 783 447 and outside Australia +61 (3) 9473 2555 or to the Company's registered office at Level 2, 45 St George's Terrace, Perth, Western Australia, 6000, facsimile number +61 (8) 9323 2033, at least 48 hours prior to the meeting, or adjourned meeting as the case may be, at which the individual named in the proxy form proposes to vote.

Alternatively, you may register your proxy instructions electronically at the Share Registry website www.investorvote.com.au by 1:00pm (WST) Monday, 22nd November 2010.

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Each Shareholder entitled to vote at the Annual General Meeting has the right to appoint a proxy to vote on each resolution. The Shareholder may specify the way in which the appointed proxy is to vote on a particular resolution or may allow the appointed proxy to vote at its discretion. The instrument appointing the proxy must be received by the Company as provided in its Constitution not later than 48 hours before the time of the commencement of the Annual General Meeting.

For the purposes of Regulation 7.11.37 of the Corporations Regulations the Company determines that Shareholders holding ordinary Shares at 5.00 pm, 23rd November 2010 will be entitled to attend and vote at the Annual General Meeting.

A Proxy Form accompanies this Notice of Annual General Meeting.

BODIES CORPORATE

A body corporate may appoint an individual as its representative to exercise all or any of the powers the body corporate may exercise at meetings of the Shareholders. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise on the body corporate's behalf all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

REQUIRED MAJORITIES

Resolutions 1 to 10 are ordinary resolutions and will be passed only if supported by a majority of the votes cast by Shareholders entitled to vote on the Resolutions.

INCORPORATION OF EXPLANATORY STATEMENT

The Explanatory Statement to Shareholders attached to this Notice of Annual General Meeting, is hereby incorporated into and forms part of this Notice of Annual General Meeting.

EXPLANATORY STATEMENT

This Explanatory Statement, Notice of Annual General Meeting and all attachments are important documents and should be read carefully and in their entirety. If you have any questions regarding the matters set out in this Explanatory Statement or the Notice of Annual General Meeting, please contact your financial adviser, stockbroker or solicitor.

INTRODUCTION

This Explanatory Statement has been prepared for the information of Shareholders of Sirius Resources NL ("**Sirius**" or "**the Company**") in connection with the business to be conducted at the Annual General Meeting to be held at the Harcourts Conference Room, 125 Cambridge Street, West Leederville, Perth, Western Australia on 24th November 2010 at 1:00 pm (WST).

At the Annual General Meeting, Shareholders will be asked to pass Resolutions:

- 1) Adopting the Remuneration Report;
- 2) Re-electing Mr Terry Grammer as a Director of the Company;
- 3) Re-electing Mr Jeffrey Foster as a Director of the Company;
- 4) Approving the issue of Options to Mr Terry Grammer or his nominee;
- 5) Approving the issue of Options to Dr Mark Bennett or his nominee;
- 6) Approving the issue of Options to Mr Stephen Lowe or his nominee;
- 7) Approving the issue of Options to Mr Jeffrey Foster or his nominee;
- 8) Approving the total aggregate Directors remuneration;
- 9) Ratifying issue of Options to Service Providers; and
- 10) Approving the Employee Incentive Option Plan.

The purpose of this Explanatory Statement is to provide information that the Board believes to be material to Shareholders in deciding whether or not to pass these Resolutions. It explains the Resolutions and identifies the Board's reasons for putting them to the Shareholders. This Explanatory Statement should be read in conjunction with the accompanying Notice of Meeting.

ORDINARY BUSINESS

Annual Financial Report

The Annual Report 2010 (including the Financial Statement, Directors' Report and Auditor's Report for the financial year ended 30 June 2010) has been sent to all Shareholders and will be tabled at the meeting. There is no formal resolution to accept the Financial Statements and Reports, but provision will be made for Shareholders to question the Directors and the Auditor in relation to the Annual Report 2010 should they wish to do so.

Resolution 1 – Adoption of Remuneration Report

The Remuneration Report which details the Company's policy on the remuneration of non-executive directors and executive directors is set out within the Directors' Report of the Company's 2010 Annual Report. A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting. The vote on this Resolution 1 is advisory only and does not bind the Directors or the Company. A copy of the Company's 2010 Annual Report can be found at the Company's website.

The Remuneration Report is required to be considered for adoption in accordance with section 250R(2) of the Corporations Act.

Resolution 2 – To Re-elect Mr Terry Grammer as a Director

Resolution 2 seeks approval of Shareholders to the re-election of Mr Terry Grammer as Director.

The Constitution of the Company and ASX Listing Rule 14.4 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 entity.

Mr Terry Grammer was appointed as a Director on 25 June 2010.

Mr Terry Grammer therefore retires effective at the end of the Annual General Meeting in accordance with the Constitution, and being eligible, has offered himself for re-election.

Mr Terry Grammer is a geologist with a long and distinguished career in the junior exploration and mining sector.

He is a co-recipient of the Prospector of the Year award for his role in the discovery of the Cosmos nickel deposit - a discovery that underpinned the growth of Jubilee Mines prior to its takeover by Xstrata.

Mr Terry Grammer was also a founder of successful mid-tier nickel miner Western Areas and is currently non-executive chairman of South Boulder Mines, the owners together with Independence Group, of the new Rosie nickel sulphide discovery in the Duketon belt.

The Board of Directors, with Mr Terry Grammer abstaining, recommends that Shareholders vote to approve this Resolution.

Resolution 3 – To Re-elect Mr Jeffrey Foster as a Director

Resolution 3 seeks approval of Shareholders to the re-election of Mr Jeffrey Foster as Director.

The Constitution of the Company provide that one third of the directors will retire at the Annual General Meeting but may stand for re-election.

Mr Jeffery Foster therefore retires effective at the end of the Annual General Meeting in accordance with the Constitution, and being eligible, has offered himself for re-election.

Mr Jeffrey Foster is a geologist with over 20 years experience worldwide in various roles for WMC and BHP, and as a director of the Brisbane-based consultancy Geodiscovery group. He is a renowned authority on nickel deposits, having advised several multinational mining companies and published numerous papers. He holds BSc and MSc degrees and is also Associate Professor at the ARC Centre of Excellence in Ore Deposits at the University of Tasmania.

The Board of Directors, with Mr Jeffrey Foster abstaining, recommends that Shareholders vote to approve this Resolution 3.

Resolution 4 – Grant of Options to Mr Terry Grammer

Resolution 4 seeks Shareholder approval for the Company to grant Options to Mr Terry Grammer. It is subject to Mr Terry Grammer being re-elected as a Director of the Company pursuant to Resolution 2.

Shareholder approval for the grant of the Options, the subject of Resolution 4, is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company; and
- (b) Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

If approval for the grant of the Options to Mr Terry Grammer is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Directors believe that the proposed Option issue is an appropriate means of providing Mr Terry Grammer with suitable incentives with the aim of ensuring the creation of value for Shareholders.

The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of A\$180,000 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out in Annexure “A” to this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Mr Terry Grammer involves the provision of a financial benefit to a Related Party of the Company and, therefore requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 219 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) the person to whom Resolution 4 would permit a financial benefit to be given is Mr Terry Grammer (or his nominee) who is a Director of the Company and thereby is a Related Party of the Company by virtue of section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out in Annexure "A" to this Explanatory Statement;
- (c) Mr Terry Grammer has a material personal interest in the outcome of Resolution 4 which relates to that person and therefore Mr Grammer declines to make any comment as to how Shareholders should vote in relation to such Resolution;
- (d) Messrs Mark Bennett, Stephen Lowe and Jeffrey Foster (who have no interest in the outcome of Resolution 4) recommend that Shareholders vote in favour of Resolution 4 as it is an appropriate means of providing Mr Terry Grammer with an incentive to continue to create value for Shareholders;
- (e) the Options will be issued free of charge and therefore no funds will be raised by their issue. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements;
- (f) the Options will be issued within one month of Shareholder approval;
- (g) the exercise price of each Option is A\$0.03 and the Options may be exercised at any time during the period commencing on their issue date and ending on their expiry, 5 years after their issue date;
- (h) based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 4 has a value of 0.6 cents as at 8th October 2010;

This estimate is based on the following assumptions:

Exercise price: A\$0.03

Market value of underlying Shares: A\$0.01

Time to expiration of Option: 5 years

Vesting Date: No vesting period

Volatility: 100%

Risk free interest rate: 4.5%

Annualised dividend yield: Nil

- (i) over the last 12 months, the lowest recorded price of Shares in trading on ASX was A\$0.006 and the highest was A\$0.012. At the close of trading on 8th October 2010, the Share price was A\$0.012;
- (j) the current direct and indirect beneficial holdings of Mr Terry Grammer in Securities of the Company are as follows:

| Name | Shares | Options* |
|---------------|--------|----------|
| Terry Grammer | 0 | 0 |

* Excludes Options proposed to be issued pursuant to Resolution 5.

- (k) the current annual compensation of Mr Terry Grammer is as follows:

| Name | Salary & Fees | Non Monetary Benefits | Post employment Benefits and Superannuation | Total |
|---------------|---------------|-----------------------|---|-----------|
| Terry Grammer | A\$40,000 | - | A3,600 | A\$43,600 |

- (l) if all of the 6,000,000 Options the subject of Resolution 4 were to be exercised, existing Shareholders interests in the Company would be diluted by approximately 0.25% (assuming the exercise of all Options and no other Shares being issued prior to the exercise of these Options); and
- (m) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 4.

Resolution 5 – Grant of Options to Dr Mark Bennett

Resolution 5 seeks Shareholder approval for the Company to grant Options to Dr Mark Bennett. Shareholder approval for the grant of the Options, the subject of Resolution 5, is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company; and
- (b) Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

If approval for the grant of the Options to Dr Mark Bennett is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Directors believe that the proposed Option issue is an appropriate means of providing Dr Mark Bennett with suitable incentives with the aim of ensuring the creation of value for Shareholders.

The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of A\$450,000 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out in Annexure “A” to this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Dr Mark Bennett involves the provision of a financial benefit to a related party of the Company and, therefore requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 219 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) the person to whom Resolution 5 would permit a financial benefit to be given is Dr Mark Bennett (or his nominee) who is a Director of the Company and thereby is a Related Party of the Company by virtue of section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out in Annexure “A” to this Explanatory Statement;

- (c) Dr Mark Bennett has a material personal interest in the outcome of Resolution 5 which relates to that person and therefore Dr Bennett declines to make any comment as to how Shareholders should vote in relation to such resolution;
- (d) Messrs Stephen Lowe, Jeffrey Foster, Terry Grammer (who have no interest in the outcome of Resolution 5) recommend that Shareholders vote in favour of Resolution 5 as it is an appropriate means of providing Dr Mark Bennett with an incentive to continue to create value for Shareholders;
- (e) the Options will be issued free of charge and therefore no funds will be raised by their issue. Any funds raised from the exercise of the Options will be used for the Company's general working capital requirements;
- (f) the Options will be issued within one month of Shareholder approval;
- (g) the exercise price of each Option is A\$0.03 and the Options may be exercised at any time during the period commencing on their issue date and ending on their expiry, 5 years after their issue date;
- (h) based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 5 has a value of 0.6 cents as at 8th October 2010;

This estimate is based on the following assumptions:

Exercise price: A\$0.03

Market value of underlying Shares: A\$0.01

Time to expiration of Option: 5 years

Vesting Date: No vesting period

Volatility: 100%

Risk free interest rate: 4.5%

Annualised dividend yield: Nil

- (i) over the last 12 months, the lowest recorded price of Shares in trading on ASX was A\$0.006 and the highest was A\$0.012. At the close of trading on 8th October 2010, the Share price was A\$0.012;
- (j) the current direct and indirect beneficial holdings of Dr Mark Bennett in Securities of the Company are as follows:

| Name | Shares | Options* |
|--------------|-----------|------------|
| Mark Bennett | 7,000,001 | 15,000,000 |

* Excludes Options proposed to be issued pursuant to Resolution 5.

- (k) the current annual compensation of Dr Mark Bennett is as follows:

| Name | Salary & Fees | Non Monetary Benefits | Post employment Benefits and Superannuation | Total |
|--------------|---------------|-----------------------|---|------------|
| Mark Bennett | A\$350,000 | - | A\$31,500 | A\$381,500 |

- (l) if all of the 15,000,000 Options the subject of Resolution 5 were to be exercised, existing Shareholders interests in the Company would be diluted by approximately 0.6% (assuming the exercise of all Options and no other Shares being issued prior to the exercise of these Options); and

- (m) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 5.

Resolution 6 – Grant of Options to Mr Stephen Lowe

Resolution 6 seeks Shareholder approval for the Company to grant Options to Mr Stephen Lowe.

Shareholder approval for the grant of the Options the subject of Resolution 6 is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company; and
- (b) Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

If approval for the grant of the Options to Mr Stephen Lowe is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Directors believe that the proposed Option issue is an appropriate means of providing Mr Stephen Lowe with suitable incentives with the aim of ensuring the creation of value for Shareholders.

The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of A\$180,000 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out in Annexure “A” to this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a related party (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Mr Stephen Lowe involves the provision of a financial benefit to a Related Party of the Company and, therefore requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 219 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) the person to whom Resolution 6 would permit a financial benefit to be given is Mr Stephen Lowe (or his nominee) who is a Director of the Company and thereby is a Related Party of the Company by virtue of section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out in Annexure “A” to this Explanatory Statement;
- (c) Mr Stephen Lowe has a material personal interest in the outcome of Resolution 6 which relates to that person and therefore Mr Lowe declines to make any comment as to how Shareholders should vote in relation to such resolution;
- (d) Messrs Mark Bennett, Jeffrey Foster and Terry Grammer (who have no interest in the outcome of Resolution 6) recommend that Shareholders vote in favour of Resolution 6 as it is an appropriate means of providing Mr Stephen Lowe with an incentive to continue to create value for Shareholders;
- (e) the Options will be issued free of charge and therefore no funds will be raised by their issue. Any funds raised from the exercise of the Options will be used for the Company’s general working capital requirements;
- (f) the Options will be issued within one month of Shareholder approval;

- (g) the exercise price of each Option is A\$0.03 and the Options may be exercised at any time during the period commencing on their issue date and ending on their expiry, 5 years after their issue date;
- (h) based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 6 has a value of 0.6 cents as at 8th October 2010;

This estimate is based on the following assumptions:

| | |
|------------------------------------|-------------------|
| Exercise price: | A\$0.03 |
| Market value of underlying Shares: | A\$0.01 |
| Time to expiration of Option: | 5 years |
| Vesting Date: | No vesting period |
| Volatility: | 100% |
| Risk free interest rate: | 4.5% |
| Annualised dividend yield: | Nil |

- (i) over the last 12 months, the lowest recorded price of Shares in trading on ASX was A\$0.006 and the highest was A\$0.012. At the close of trading on 8th October 2010, the Share price was A\$0.012;
- (j) the current direct and indirect beneficial holdings of Mr Stephen Lowe in Securities of the Company are as follows:

| Name | Shares | Options* |
|--------------|-----------|-----------|
| Stephen Lowe | 3,872,760 | 6,000,000 |

* Excludes Options proposed to be issued pursuant to Resolution 6.

- (k) the current annual compensation of Mr Stephen Lowe is as follows:

| Name | Salary & Fees | Non Monetary Benefits | Post employment Benefits and Superannuation | Total |
|--------------|---------------|-----------------------|---|-----------|
| Stephen Lowe | A\$60,000 | - | A\$5,400 | A\$65,400 |

- (l) if all of the 6,000,000 Options the subject of Resolution 6 were to be exercised, existing Shareholders interests in the Company would be diluted by approximately 0.25% (assuming the exercise of all Options and no other Shares being issued prior to the exercise of these Options); and
- (m) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 6.

Resolution 7 – Grant of Options to Mr Jeffrey Foster

Resolution 7 seeks Shareholder approval for the Company to grant Options to Mr Jeffrey Foster. It is subject to Mr Jeffrey Foster being re-elected as a Director of the Company pursuant to Resolution 3.

Shareholder approval for the grant of the Options the subject of Resolution 7 is sought for the purposes of:

- (a) Division 3 of Part 2E.1 of the Corporations Act – which governs the giving of financial benefits to “related parties”, e.g. directors of a company; and
- (b) Listing Rule 10.11 – which requires the grant of securities to a director of a company be approved by shareholders.

If approval for the grant of the Options to Mr Jeffrey Foster is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1.

The Directors believe that the proposed Option issue is an appropriate means of providing Mr Jeffrey Foster with suitable incentives with the aim of ensuring the creation of value for Shareholders.

The Options are being granted for no consideration. Consequently no funds will be raised as a result of the grant of the Options. A total of A\$180,000 in additional Share capital would be raised if the Options were exercised in full.

Subject to Shareholder approval, the Options will be granted on the terms and conditions set out in Annexure “A” to this Explanatory Statement.

Part 2E.1 of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party (such as a director) unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the relevant provisions of the Corporations Act; or
- (b) Shareholder approval is obtained prior to the giving of the financial benefit.

The proposed grant of Options to Mr Jeffrey Foster involves the provision of a financial benefit to a Related Party of the Company and, therefore requires prior Shareholder approval.

In accordance with the requirements of Part 2E of the Corporations Act, and in particular sections 219 and 221, the following information is provided to Shareholders to allow them to assess the proposed grant of Options:

- (a) the person to whom Resolution 7 would permit a financial benefit to be given is Mr Jeffrey Foster (or his nominee) who is a Director of the Company and thereby is a related party of the Company by virtue of section 228(2)(a) of the Corporations Act;
- (b) the nature of the financial benefit to be given is the grant of Options on the terms set out in Annexure “A” to this Explanatory Statement;
- (c) Mr Jeffrey Foster has a material personal interest in the outcome of Resolution 7 which relates to that person and therefore Mr Foster declines to make any comment as to how Shareholders should vote in relation to such resolutions;
- (d) Messrs Mark Bennett, Stephen Lowe and Terry Grammer (who have no interest in the outcome of Resolution 7) recommend that Shareholders vote in favour of Resolution 7 as it is an appropriate means of providing Mr Jeffrey Foster with an incentive to continue to create value for Shareholders;
- (e) the Options will be issued free of charge and therefore no funds will be raised by their issue. Any funds raised from the exercise of the Options will be used for the Company’s general working capital requirements;
- (f) the Options will be issued within one month of Shareholder approval;
- (g) the exercise price of each Option is A\$0.03 and the Options may be exercised at any time during the period commencing on their issue date and ending on their expiry, 5 years after their issue date;

- (h) based on a Black & Scholes valuation method, the Company estimates that each Option the subject of Resolution 7 has a value of 0.6 cents as at 8th October 2010;

This estimate is based on the following assumptions:

Exercise price: A\$0.03

Market value of underlying Shares: A\$0.01

Time to expiration of Option: 5 years

Vesting Date: No vesting period

Volatility: 100%

Risk free interest rate: 4.5%

Annualised dividend yield: Nil

- (i) over the last 12 months, the lowest recorded price of Shares in trading on ASX was A\$0.006 and the highest was A\$0.012. At the close of trading on 8th October 2010, the Share price was A\$0.012;
- (j) the current direct and indirect beneficial holdings of Mr Jeffrey Foster in securities of the Company are as follows:

| Name | Shares | Options* |
|----------------|-----------|-----------|
| Jeffrey Foster | 1,000,000 | 6,000,000 |

* Excludes Options proposed to be issued pursuant to Resolution 7.

- (k) the current annual compensation of Mr Jeffrey Foster is as follows:

| Name | Salary & Fees | Non Monetary Benefits | Post employment Benefits and Superannuation | Total |
|----------------|---------------|-----------------------|---|-----------|
| Jeffery Foster | A\$40,000 | - | A3,600 | A\$43,600 |

- (l) if all of the 6,000,000 Options the subject of Resolution 7 were to be exercised, existing Shareholders interests in the Company would be diluted by approximately 0.25% (assuming the exercise of all Options and no other Shares being issued prior to the exercise of these Options); and
- (m) neither the Directors nor the Company are aware of any other information that would be reasonably required by Shareholders to make a decision whether it is in the best interests of the Company to pass Resolution 7.

Resolution 8 – Directors Remuneration

The Constitution requires that the total aggregate fixed sum per annum to be paid to the Directors (excluding salaries of executive Directors) from time to time will not exceed the sum determined by the Shareholders in Annual General Meeting and the total aggregate fixed sum will be divided between the Directors as the Directors shall determine and, in default of agreement between them, then in equal shares.

ASX Listing Rule 10.17 provides that the maximum aggregate amount that may be paid to non-executive Directors of the Company, or Directors of the Company where they are remunerated for their services as non-executive Directors or Directors of the Company, cannot be increased without shareholder approval.

Resolution 8 seeks Shareholder approval for the total aggregate fixed sum per annum to be paid to the Directors to be \$500,000. Shareholder approval has not previously been sought so this is not an increase to a previously approved limit.

The current aggregate amount being paid to non-executive Directors as per the Remuneration Report of the Annual Report for the year ended 30 June 2010 was \$178,751.

The current total annual salary including 9% superannuation for the non-executive Directors is \$152,600.

The increase to \$500,000 is to allow scope for an increase in non-executive directors up to a maximum of 9 using an assumption of annual salary of \$50k including superannuation.

The total aggregate fixed sum per annum has been determined after reviewing similar companies listed on ASX and the Directors believe that this level of remuneration is in line with corporate remuneration of similar companies.

Resolution 9 – Ratification of Options issued to Service Providers

Resolution 9 seeks the ratification of the issue of 11,000,000 Options to Service Providers, subject to the vesting conditions and the terms and conditions in Annexure B (“**Service Provider Options**”). The issue of the Service Provider Options did not require the prior approval of Shareholders as it was made in accordance with the 15% limit allowed under Listing Rule 7.1.

Listing Rule 7.1, in effect, allows a company to issue Securities without the prior approval of its Shareholders if the Securities will not, in themselves or when aggregated with the Securities issued by a company during the previous 12 months, exceed 15% of the number of Securities on issue at the commencement of that 12 month period.

Listing Rule 7.4 allows issues of securities to be subsequently ratified and thereby reinstate the ability of the company to issue up to 15% of its issued share capital under Listing Rule 7.1. Listing Rule 7.4 states that an issue by a company of securities made without approval under Listing Rule 7.1 (as is the case with the Service Provider Options) is treated as having been made with approval for the purpose of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and the company’s members subsequently approve it.

In accordance with Listing Rule 7.4, the Company seeks from Shareholders approval for the issue of the Service Provider Options so as to enable it to issue up to 15% of its share capital within the next 12 months if so required.

Outlined below is the information required to be provided to Shareholders pursuant to Listing Rule 7.5 for the purpose of obtaining Shareholder approval under Listing Rule 7.4:

- (a) the number of Securities which were allotted was 11,000,000 Service Provider Options;
- (b) the Service Provider Options are exercisable at 3 cents each;
- (c) the terms and conditions of the issue of Options to Service Providers is set out in Annexure “B”;
- (d) the Service Provider Options have been issued to Service Providers of the Company who are not Related Parties of the Company;
- (e) the Service Provider Options were not granted for any consideration and accordingly no funds will be raised from the grant of the Service Provider Options; and
- (f) the Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their associates.

The Board believes that the ratification of this issue is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 9 as it allows the Company to ratify the above issue of Service Provider Options and retain the flexibility to issue further Securities representing up to 15% of the Company’s share capital during the next 12 months.

Resolution 4 to Resolution 9 inclusive would result in a total of \$1,320,000 of additional Share Capital being raised for the Company and a total of 44,000,000 shares being issued if all Options were exercised.

Resolution 10 – Approval of Incentive Option Plan

General

To ensure that the Company has appropriate mechanisms to continue to attract and retain the services of directors and employees of a high calibre, the Company has established the “Sirius Resources NL Employee Incentive Option Plan” (**Employee Incentive Option Plan**).

Resolution 10 seeks Shareholder approval under exception 9(b) of ASX Listing Rule 7.2 to allow the grant of Options under the Employee Incentive Option Plan (**Incentive Options**), and the issue of Shares on exercise of the Incentive Options, as an exception to ASX Listing Rule 7.1.

The grant of Incentive Options will only fall within exception 9(b) of ASX Listing Rule 7.2 if the Incentive Options are issued under an employee incentive option plan approved by shareholders within three years before the date of issue.

If Resolution 10 is passed, the Company will have the ability to issue Incentive Options to eligible participants under the Employee Incentive Option Plan over a period of three years without impacting on the Company’s 15% placement capacity under ASX Listing Rule 7.1.

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

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

The Employee Incentive Option Plan will be used as part of the remuneration planning for executive Directors and employees. 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 Employee Incentive Option Plan may 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 Plan given the size of the Company.

Should the Company decide to issue Incentive Options to Directors, it will seek the necessary shareholder approvals.

No Incentive Options have yet been issued under the Employee Incentive Option Plan.

The key terms of the Employee Incentive Option Plan are summarised in below. A full copy of the Employee Incentive Option Plan is available for inspection at the Company’s Registered Office until the date of the Meeting.

Employee Incentive Option Plan

On 14th October 2010, the Board adopted an Employee Incentive Option Plan to allow eligible participants to be granted Incentive Options to acquire Shares in the Company, the principle terms of which are summarised below.

- (a) **Eligibility and Grant of Incentive Options:** The Board may grant Incentive Options to any full or part time employee or Director of the Company or an associated body corporate. Incentive Options may be granted by the Board at any time.
- (b) **Consideration:** Each Incentive Option issued under the Employee Incentive Option Plan will be issued for nil cash consideration.
- (c) **Conversion:** Each Incentive Option is exercisable into one Share in the Company ranking equally in all respect with the existing issued Shares in the Company.

- For personal use only
- (d) **Exercise Price and Expiry Date:** The exercise price and expiry date for Incentive Options granted under the Employee Incentive Option Plan will be determined by the Board prior to the grant of the Incentive Options but must be no less than a 30% premium to the VWAP for Shares on the ASX over the five (5) trading days ending on the day an offer is made.
 - (e) **Exercise Restrictions:** The Incentive Options granted under the Employee Incentive Option Plan may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Incentive Options (**Exercise Conditions**). Any restrictions imposed by the Directors must be set out in the offer for the Incentive Options.
 - (f) **Incentive Period:** An Incentive Option may be made subject to an Incentive Period as determined by the Board in its discretion and as specified in the offer for the Incentive Option.
 - (g) **Lapsing of Incentive Options:** An unexercised Incentive Option will lapse:
 - (i) on its Expiry Date;
 - (ii) if any Exercise Condition is unable to be met; and
 - (iii) subject to certain exceptions, where the eligible participant ceases to be a Director or employee of the Company during an Incentive Period in relation to the Incentive Option, and the Incentive Option is not exercised within 30 days of ceasing to be a Director or employee of the Company.
 - (h) **Disposal of Options:** Incentive Options will not be transferable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.
 - (i) **Trigger Events:** The Company may permit Incentive Options to be exercised in certain circumstances where there is a change in control of the Company (including by takeover) or entry into a scheme of arrangement.
 - (j) **Participation in Rights Issues and Bonus Issues:**
 - (i) There are no participating rights or entitlements inherent in the Incentive Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Incentive Options.
 - (ii) The Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least six (6) Business Days after the issue is announced. This will give Option holders the opportunity to exercise their Incentive Options prior to the date for determining entitlements to participate in any such issue.
 - (iii) If the Company makes a pro rata issue of securities (except a bonus issue) to the holders of Shares (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) the Option Exercise Price shall be reduced according to the formula specified in the Listing Rules.
 - (iv) In the event of a bonus issue of Shares being made pro-rata to Shareholders (other than an issue in lieu of dividends), the number of Shares issued on exercise of each Option will include the number of bonus Shares that would have been issued if the Option had been exercised prior to the record date for the bonus issue. No adjustment will be made to the exercise price per Share of the Option.
 - (k) **Reorganisation:** The terms upon which Incentive Options will be granted will not prevent the Incentive Options being re-organised as required by the Listing Rules on the re-organisation of the capital of the Company.
 - (l) **Limitations on Offers:** The Company must take reasonable steps to ensure that the number of Shares to be received on exercise of Incentive Options offered under an offer when aggregated with:
 - (i) the number of Shares that would be issued if each outstanding offer for Shares, units of Shares or options to acquire Shares under the Plan or any other employee share scheme of the Company were to be exercised or accepted; and
 - (ii) the number of Shares issued during the previous 5 years from the exercise of Incentive Options issued under the Plan (or any other employee share plan of the Company extended only to Eligible Participants),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or option to acquire Shares that can be disregarded in accordance with ASIC Class Order 03/184.

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

Associate means an “associate” as defined in section 9 of the Corporations Act, except that a reference to “associate” in relation to a Listing Rule has the meaning given to it in Listing Rule 14.11.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX Limited as amended or replaced from time to time.

Board means the board of Directors of the Company.

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

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

Constitution means the Company’s constitution.

Director means a director of the Company.

Explanatory Statement means this information memorandum.

Meeting or **Annual General Meeting** means the Annual General Meeting convened by this Notice of Annual General Meeting.

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

Options means options to subscribe for Shares in the Company.

Proxy Form means the proxy form accompanying this Explanatory Statement.

Resolution means a resolution in the Notice of Annual General Meeting.

Related Party means a “related party” as defined in section 9 of the Corporations Act.

Sirius or **Company** means Sirius Resources NL ABN 22 009 150 083.

Securities means “securities” as defined in the Corporations Act.

Service Provider means a party or parties who provide services, professional or otherwise, to the Company from time to time.

Shares means the fully paid ordinary shares of the Company.

Shareholder means a registered member of the Company.

ANNEXURE A
SIRIUS RESOURCES NL
ABN 46 009 150 083
TERMS OF DIRECTOR OPTIONS

The terms and conditions of the Options are as follows:

1. Each Option entitles the Option Holder to subscribe for one Share in the Company.
2. Application will not be made for official quotation of the Options on the ASX or any other financial market.
3. Subject to the satisfaction or waiver of the Exercise Conditions, the Options are exercisable on or before 5pm (Australian WST) on **5 years after issue date (Expiry Date)** by completing an Option Exercise Notice and delivering it to the Company's registered office with the exercise monies.
4. The exercise price of each Option is **\$0.03 (Exercise Price)**.
5. Subject to paragraph 15, the Options are exercisable at any time after the date of issue (**Exercise Conditions**).
6. The Options are not transferable to an un-associated entity, without prior approval of the Board.
7. Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Option Holder ceases to be a Director of the Company then:
 - (a) if the Option Holder ceases to be a Director of the Company for any reason other than a Specified Reason, any such Options held by such Option Holder, or if appropriate, his or her Permitted Nominee, will automatically lapse after 30 days; and
 - (b) if the Option Holder ceases to be a Director of the Company for a Specified Reason, such Option Holder, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
 - (i) 3 months of the date of (as the case may be) death or Total and Permanent Disablement; or
 - (ii) such longer period as the Board in its absolute discretion determines,subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options so that those Options may be exercised. Options the subject of clause (b) not exercised within 3 months or the longer period determined by the Board, will automatically lapse.
8. Unless otherwise determined by the Board, if an Option Holder ceases to be a Director of the Company at any time after an Option is or has become exercisable, then:
 - (a) if the Option Holder ceases to be a Director of the Company for any reason other than a Specified Reason, such Option Holder, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
 - (i) 1 month of ceasing to be a Director of the Company; or
 - (ii) such longer period as the Board determines,and any Options the subject of this paragraph 8(a) not exercised within 1 month or the longer period determined by the Board, will automatically lapse; and
 - (b) if an Option Holder ceases to be a Director of the Company for a Specified Reason, such Option Holder, or if appropriate, his or her Permitted Nominee, is entitled to exercise any such Options at any time prior to the Expiry Date.
9. If the Board determines that an Option Holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company then the Options shall lapse upon written notification to the Option Holder.
10. All Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. If the Company's Shares are listed on ASX or any other financial market, the Company will apply for quotation of the Shares within 5 business days of issuing the Shares.
11. There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, Option Holders will be given a reasonable opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

12. If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided in the Listing Rules.
13. If there is a bonus issue (**Bonus Issue**) to the holders of Shares in the Company, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the holder would have received if the Options had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of the class on issue as at the date of issue of the Bonus Shares.
14. In the event of a reconstruction (including consolidation, subdivision, return, reduction or pro rata cancellation) of the issued capital of the Company prior to the Expiry Date, the number of Options to which each holder is entitled or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the requirements of the ASX Listing Rules which apply at that time.
15. Despite anything else in these terms and conditions, all Options may be exercised:
- (a) during a Bid Period;
 - (b) at any time after a Change in Control Event has occurred; or
 - (c) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

Definitions

In these terms and conditions:

ASX means ASX Limited and where the context permits, the Australian Securities Exchange operated by ASX Limited.

Bid Period means in relation to a takeover bid in respect of Shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

Board means the board of Directors.

Bonus Issue has the meaning in paragraph 13.

Bonus Share has the meaning in paragraph 13.

Change of Control Event means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board.

Company means Sirius Resources NL ABN 46 009 150 083.

Director means a director of the Company.

Exercise Conditions has the meaning in paragraph 5.

Exercise Price has the meaning in paragraph 4.

Expiry Date has the meaning in paragraph 3.

Option means an option to acquire a Share on the terms and conditions herein.

Option Holder means the holder of an Option.

Option Exercise Notice means the option exercise notice in materially the same terms as is attached to the Certificate evidencing the Options.

Permitted Nominee a nominee of an Option Holder who has been approved by the Board.

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

Specified Reason means Total and Permanent Disablement or death.

Total and Permanent Disablement means, in relation to an Option Holder, that the Option Holder has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Option Holder unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

ANNEXURE B

SIRIUS RESOURCES NL

ABN 46 009 150 083

TERMS OF SERVICE PROVIDER OPTIONS

The terms and conditions of the Options are as follows:

1. Each Option entitles the Option Holder to subscribe for one Share in the Company.
2. Application will not be made for official quotation of the Options on the ASX or any other financial market.
3. Subject to the satisfaction or waiver of the Exercise Conditions, the Options are exercisable on or before 5pm (Australian WST) on **5 years after issue date (Expiry Date)** by completing an Option Exercise Notice and delivering it to the Company's registered office with the exercise monies.
4. The exercise price of each Option is \$0.03 (**Exercise Price**).
5. Subject to paragraph 15, the Options are exercisable at any time after the date of issue (**Exercise Conditions**).
6. The Options are not transferable, without prior approval of the Board.
7. Unless otherwise determined by the Board, if any Options are granted subject to Exercise Conditions and prior to satisfaction of the Exercise Conditions (such that the Options are not exercisable), an Option Holder ceases to be a Service Provider of the Company then:
 - (a) if the Option Holder ceases to be a Service Provider of the Company for any reason other than a Specified Reason, any such Options held by such Option Holder, or if appropriate, his or her Permitted Nominee, will automatically lapse after 30 days; and
 - (b) if the Option Holder ceases to be a Service Provider of the Company for a Specified Reason, such Option Holder, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
 - (iii) 3 months of the date of (as the case may be) death or Total and Permanent Disablement; or
 - (iv) such longer period as the Board in its absolute discretion determines,subject to the Board, in its absolute discretion, reducing, waiving or varying the Exercise Conditions applying to those Options so that those Options may be exercised. Options the subject of clause (b) not exercised within 3 months or the longer period determined by the Board, will automatically lapse.
8. Unless otherwise determined by the Board, if an Option Holder ceases to be a Service Provider of the Company at any time after an Option is or has become exercisable, then:
 - (a) if the Option Holder ceases to be a Service Provider of the Company for any reason other than a Specified Reason, such Option Holder, or if appropriate, his or her Permitted Nominee, may exercise any such Options held by him or her within:
 - (iii) 1 month of ceasing to be a Service Provider of the Company; or
 - (iv) such longer period as the Board determines,and any Options the subject of this paragraph 8(a) not exercised within 1 month or the longer period determined by the Board, will automatically lapse; and
 - (b) if an Option Holder ceases to be a Service Provider of the Company for a Specified Reason, such Option Holder, or if appropriate, his or her Permitted Nominee, is entitled to exercise any such Options at any time prior to the Expiry Date.
9. If the Board determines that an Option Holder has acted fraudulently, dishonestly or in breach of his or her obligations to the Company then the Options shall lapse upon written notification to the Option Holder.
10. All Shares issued upon exercise of the Options will rank equally in all respects with the Company's then issued Shares. If the Company's Shares are listed on ASX or any other financial market, the Company will apply for quotation of the Shares within 5 business days of issuing the Shares.
11. There are no participating rights or entitlements inherent in the Options and Option Holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, Option Holders will be given a reasonable opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

12. If there is a pro rata issue (other than a Bonus Issue) to the holders of Shares during the currency of, and prior to the exercise of any Options, the Exercise Price of an Option will be adjusted in the manner provided in the Listing Rules.
13. If there is a bonus issue (**Bonus Issue**) to the holders of Shares in the Company, the number of Shares over which the Options are exercisable will be increased by the number of Shares which the holder would have received if the Options had been exercised before the record date for the Bonus Issue (**Bonus Shares**). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue and upon issue rank equally in all respects with the other shares of the class on issue as at the date of issue of the Bonus Shares.
14. In the event of a reconstruction (including consolidation, subdivision, return, reduction or pro rata cancellation) of the issued capital of the Company prior to the Expiry Date, the number of Options to which each holder is entitled or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the requirements of the ASX Listing Rules which apply at that time.
15. Despite anything else in these terms and conditions, all Options may be exercised:
- (d) during a Bid Period;
 - (e) at any time after a Change in Control Event has occurred;
 - (f) on an application under section 411 of the Corporations Act, if a court orders a meeting to be held concerning a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company.

Definitions

In these terms and conditions:

ASX means ASX Limited and where the context permits, the Australian Securities Exchange operated by ASX Limited.

Bid Period means in relation to a takeover bid in respect of Shares in the Company, means the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder's statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.

Board means the board of Directors.

Bonus Issue has the meaning in paragraph 13.

Bonus Share has the meaning in paragraph 13.

Change of Control Event means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board.

Company means Sirius Resources NL ABN 46 009 150 083.

Director means a director of the Company.

Exercise Conditions has the meaning in paragraph 5.

Exercise Price has the meaning in paragraph 4.

Expiry Date has the meaning in paragraph 3.

Option means an option to acquire a Share on the terms and conditions herein.

Option Holder means the holder of an Option.

Option Exercise Notice means the option exercise notice in materially the same terms as is attached to the Certificate evidencing the Options.

Permitted Nominee a nominee of an Option Holder who has been approved by the Board.

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

Specified Reason means Total and Permanent Disablement or death.

Total and Permanent Disablement means, in relation to an Option Holder, that the Option Holder has, in the opinion of the Board and with effect on a date determined by the Board, after considering such medical and other evidence as it sees fit, become incapacitated to such an extent as to render the Option Holder unlikely ever to engage in any occupation for which he is reasonably qualified by education, training or experience.

Change of Control Event means a shareholder, or a group of associated shareholders, becoming entitled to sufficient shares in the Company to give it or them the ability, and that ability is successfully exercised, in general meeting, to replace all or a majority of the Board.

Sirius Resources NL

ABN 46 009 150 083

Lodge your vote:



Online:
www.investorvote.com.au



By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 730 821
(outside Australia) +61 3 9946 4473

000001 000 SIR
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

- Cast your proxy vote
- Access the annual report
- Review and update your securityholding

Your secure access information is:

Control Number: 999999

SRN/HIN: 1999999999

PIN: 99999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 1:00pm (WST) Monday 22 November 2010

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 securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

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

Power of Attorney: If you have not already lodged 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, 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. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & 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.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Sirius 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 individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to 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 of Sirius Resources NL to be held at Harcourts Conference Room, 125 Cambridge Street, West Leederville, WA on Wednesday, 24 November 2010 at 1:00pm (WST) and at any adjournment of that meeting.

Important for Resolution 6: If the Chairman of the Meeting is your proxy and you have not directed him/her how to vote on Resolution 6 below, please mark the box in this section. If you do not mark this box and you have not directed your proxy how to vote, the Chairman of the Meeting will not cast your votes on Resolution 6 and your votes will not be counted in computing the required majority if a poll is called on this Resolution. The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 6.

I/We acknowledge that the Chairman of the Meeting may exercise my proxy even if he/she has an interest in the outcome of that Item and that votes cast by him/her, other than as proxy holder, would be disregarded because of that interest.

STEP 2 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 | Adoption of Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | Re-election of Mr Terry Grammer as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | Re-election of Mr Jeffrey Foster as a Director | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | Grant of Options to Mr Terry Grammer | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | Grant of Options to Dr Mark Bennett | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6 | Grant of Options to Mr Stephen Lowe | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7 | Grant of Options to Mr Jeffrey Foster | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8 | Directors Remuneration | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 9 | Ratification of Options Issued to Service Providers | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 10 | Approval of Incentive Option Plan | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date ____/____/____