
POTASH WEST NL

ABN 62 147 346 334

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2.00pm WST

DATE: Monday, 30 November 2015

PLACE: East 150,
150 Great Eastern Highway
Belmont WA 6104

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 (08) 9479 5386.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Potash West NL which this Notice of Annual General Meeting relates to will be held at 2.00pm WST on Monday, 30 November 2015 at **East 150, 150 Great Eastern Highway, Belmont WA 6104**.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the Annual 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 the time and in accordance with the instructions set out on the Proxy Form.

Sections 250BB and 250BC of the Corporations Act came into effect on 1 August 2011 and apply to voting by proxy on or after that date. Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Annual General Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all 'directed' proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Further details on these changes are set out below.

Proxy vote if appointment specifies way to vote

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, **if it does:**

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (i.e. as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution – the proxy must not vote on a show of hands; and
- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (i.e. as directed); and

- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (i.e. as directed).

Transfer of non-chair proxy to chair in certain circumstances

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the chair of the meeting; and
- at the meeting, a poll is duly demanded on the question that the resolution be passed; and
- either of the following applies:
 - if a record of attendance is made for the meeting - the proxy is not recorded as attending the meeting;
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Potash West NL will be held at East 150, 150 Great Eastern Highway, Belmont WA 6104 at 2.00pm WST on Monday, 30 November 2015.

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

The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders at 4:00pm WST on 27 November 2015.

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

AGENDA

Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2015, together with the directors' report and the auditor's report.

RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT (NON-BINDING)

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

"That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the Company to adopt the remuneration report as contained in the Company's annual financial report for the financial year ended 30 June 2015."

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

Voting Prohibition Statement:

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:

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

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
 - (i) does not specify the way the proxy is to vote on this Resolution; and
 - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR ADRIAN GRIFFIN

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 14.4, section 11.3 of the Constitution and for all other purposes, Mr Adrian Griffin, being a Director, retires by rotation and, being eligible, is hereby re-elected as a Director."

RESOLUTION 3 – ELECTION OF DIRECTOR – DR NATALIA STRELTSOVA

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

"That, Dr Natalia Streltsova, be appointed as a Director in accordance with clause 11.5 of the Constitution and, being eligible for election, is hereby elected as a Director."

RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO GENERAL RESEARCH GMBH

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the Directors to issue 250,000 Shares to General Research GmbH (and/or its nominees at an issue price of \$0.048 each, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by General Research GmbH and any associates of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO HORN RESOURCES PTY LTD

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

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, approval is given for the Directors to issue 300,000 Shares to Horn Resources Pty Ltd at an issue price of \$0.048 each, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by Horn Resources Pty Ltd and any associates of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO S3 CONSORTIUM PTY LTD

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 600,000 Shares to S3 Consortium Pty Ltd at an issue price of \$0.05 each, on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by S3 Consortium Pty Ltd and any associates of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO FRANCOIS DUMAS CONSULTING

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 100,000 Shares to Francois Dumas Consulting at an issue price of \$0.05 each, on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by Francois Dumas Consulting and any associates of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) 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.

RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES TO INSTITUTIONAL AND SOPHISTICATED INVESTORS

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 28,500,000 Shares to institutional investors at an issue price of \$0.04 each, on the terms and conditions set out in the Explanatory Statement."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if:

- (a) 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
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to

RESOLUTION 9 – APPROVAL FOR THE ISSUE OF OPTIONS TO INSTITUTIONAL AND SOPHISTICATED INVESTORS

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue 14,250,000 Options to Sophisticated Investors, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any person who participated in the Placement the subject of Resolution 8 or who may otherwise participate in the issue of Equity Securities under this Resolution and any person who might obtain a benefit, other than a benefit solely in the capacity of an ordinary security holder, from the passing of this Resolution and any associates of those persons. However the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form; or
- (ii) 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.

RESOLUTION 10 – APPROVAL FOR THE ISSUE OF OPTIONS TO SANLAM PRIVATE WEALTH PTY LTD

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

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Directors to issue 2,000,000 Options to Sanlam Private Wealth Pty Ltd, and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by Sanlam Private Wealth Pty Ltd and any person who may participate in the issue of Equity Securities under this Resolution and any person who might obtain a benefit, other than a benefit solely in the capacity of an ordinary security holder, from the passing of this Resolution and any associates of those persons. However the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form; or
- (ii) 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.

RESOLUTION 11 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

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

"That, for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue and allotment of Equity Securities totaling up to 10% of the number of ordinary Shares on issue by way of placements over a 12 month period, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2; and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and any person who might obtain a benefit, other than a benefit solely in the capacity

of an ordinary security holder, from the passing of this Resolution and any associates of those persons. However the Company need not disregard a vote if:

- (a) 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
- (b) 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.

RESOLUTION 12 – SALE OF INTEREST IN EAST EXPLORATION PTY LTD

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

*"That, for the purposes of Listing Rule 11.4 of the ASX Listing Rules and for all other purposes, approval is given for the Company to sell its shareholding interest in East Exploration Pty Ltd to Davenport Resources Limited, and any parties to the transaction to acquire East Exploration and any associate of those persons (**Davenport**) without Davenport making an offer to Shareholders which satisfies Listing Rule 11.4.1(a), on the terms and conditions set out in the Explanatory Memorandum."*

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by Davenport Resources Limited and any associates of that person. However the Company need not disregard a vote if:

- (a) 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
- (b) 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: 29 OCTOBER 2015

BY ORDER OF THE BOARD

**AMANDA WILTON-HEALD
COMPANY SECRETARY
POTASH WEST NL**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders in connection with the business to be conducted at the Annual General Meeting of the Company to be held at East 150, 150 Great Eastern Highway, Belmont WA 6104 at 2.00pm WST on Monday, 30 November 2015.

The 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. FINANCIAL STATEMENTS

In accordance with the Constitution, the business of the Annual General Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2015 together with the declaration of the directors, the directors' report, the remuneration report and the auditor's report.

The audited financial statements for the year ended 30 June 2015 included an emphasis of matter in the audit report. The basis for the emphasis of matter was the material uncertainty regarding the Company's ability to continue as a going concern. Please refer to the 2015 Annual Report for further details.

2. RESOLUTION 1 – REMUNERATION REPORT (NON-BINDING RESOLUTION)

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the Directors or the Company.

Under changes to the Corporations Act which came into effect on 1 July 2011, if at least 25% of the votes cast on Resolution 1 are voted against adoption of the Remuneration Report at the Annual General Meeting, and then again at the Company's 2015 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of a general meeting to consider the appointment of directors of the Company (**Spill Resolution**).

If more than 50% of Shareholders vote in favour of the Spill Resolution, the Company must convene the general meeting (**Spill Meeting**) within 90 days of the Company's 2016 annual general meeting. All of the Directors who were in office when the Company's 2015 directors' report was approved, other than the managing director of the Company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting. Following the Spill Meeting those persons whose election or re-election as Directors is approved will be the directors of the Company.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the directors' report contained in the 2015 Annual Report.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF ADRIAN GRIFFIN

ASX Listing Rule 14.4 and section 11.3 of the Constitution provide that a director of an entity must not hold office (without re-election) past the third annual general meeting following the Director's appointment or 3 years, whichever is longer.

A retiring Director is eligible for re-election. The Directors to retire at any annual general meeting must be those who have been longest in office since their last election but, as between persons who became

Directors on the same day, those to retire must (unless they otherwise agree among themselves) be determined by lot.

Mr Adrian Griffin retires and seeks re-election in accordance with ASX Listing Rule 14.4 and section 11.3 of the Constitution. Details regarding Adrian Griffin are set out in the Company's 2015 Annual Report.

The Directors (other than Mr Griffin) recommend Shareholder's vote in favour of the election of Mr Adrian Griffin.

4. RESOLUTION 3 – ELECTION OF DR NATALIA STRELTSOVA

In accordance with 11.5 of the Constitution, a person other than a Director seeking re-election shall be eligible for election to the office of Director at any general meeting provided that he or some Shareholder has proposed him, no later than 5 days after the date of this Notice.

Dr Natalia Streltsova was appointed as a Director on 30 June 2015 and is considered an independent Director of the Company.

Details regarding Natalia Streltsova are set out in the Company's 2015 Annual Report.

The Directors (other than Dr Streltsova) recommend Shareholder's vote in favour of the election of Dr Natalia Streltsova.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE OF SHARES TO GENERAL RESEARCH GMBH

Resolution 4 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue total of 250,000 Shares on the terms set out below.

The 250,000 Shares were issued to General Resources GmbH, in lieu of cash payments for services rendered.

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

5.1 ASX Listing Rule 7.4

Under Chapter 7 of the ASX Listing Rules, there is limitation on the capacity of a company to enlarge its capital by the issue of equity securities.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the number of securities in the same class 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 7.4 (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.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Share issue, the subject of Resolution 4 in accordance with ASX Listing Rule 7.5:

- (i) the number of securities allotted by the Company was 250,000 Shares;
- (ii) the Shares were issued and allotted on 2 July 2015;
- (iii) the Shares were issued at \$0.048 each;

- (iv) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (v) the allottee of the Shares was General Resources GmbH which is not a related party of the Company; and
- (vi) no cash was raised via the issue of the Shares as they were issued in lieu of cash payment for services rendered in order to preserve the Company's cash reserves.

5.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 4. The Board believes that the ratification of the issue of the Shares the subject of Resolution 4 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 4 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES TO HORN RESOURCES PTY LTD

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue total of 300,000 Shares on the terms set out below.

The 300,000 Shares were issued to Horn Resources Pty Ltd, in lieu of cash payments for services rendered.

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

6.1 ASX Listing Rule 7.4

ASX Listing Rule 7.4 is summarised in section 5.1.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Share issue, the subject of Resolution 5 in accordance with ASX Listing Rule 7.5:

- (i) the number of securities allotted by the Company was 300,000 Shares;
- (ii) the Shares were issued and allotted on 2 July 2015;
- (iii) the Shares were issued at \$0.048 each;
- (iv) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (v) the allottee of the Shares was Horn Resources Pty Ltd which is not a related party of the Company; and
- (vi) no cash was raised via the issue of the Shares as they were issued in lieu of cash payment for services rendered in order to preserve the Company's cash reserves.

6.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 5. The Board believes that the ratification of the issue of the Shares the subject of Resolution 5 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 5 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

7. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES TO S3 CONSORTIUM PTY LTD

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue total of 600,000 Shares on the terms set out below.

The 600,000 Shares were issued to S3 Consortium Pty Ltd, in lieu of cash payments for services rendered.

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

7.1 ASX Listing Rule 7.4

ASX Listing Rule 7.4 is summarised in section 5.1.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Share issue, the subject of Resolution 6 in accordance with ASX Listing Rule 7.5:

- (i) the number of securities allotted by the Company was 600,000 Shares;
- (ii) the Shares were issued and allotted on 2 July 2015;
- (iii) the Shares were issued at \$0.05 each;
- (iv) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (v) the allottee of the Shares was S3 Consortium Pty Ltd which is not a related party of the Company; and
- (vi) no cash was raised via the issue of the Shares as they were issued in lieu of cash payment for services rendered in order to preserve the Company's cash reserves.

7.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 6. The Board believes that the ratification of the issue of the Shares the subject of Resolution 6 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 6 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

8. RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF SHARES TO FRANCOIS DUMAS CONSULTING

Resolution 7 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue total of 100,000 Shares on the terms set out below.

The 100,000 Shares were issued to Francois Dumas Consulting, in lieu of cash payments for services rendered.

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

8.1 ASX Listing Rule 7.4

ASX Listing Rule 7.4 is summarised in section 5.1.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Share issue, the subject of Resolution 10 in accordance with ASX Listing Rule 7.5:

- (i) the number of securities allotted by the Company was 100,000 Shares;
- (ii) the Shares were issued and allotted on 2 July 2015;
- (iii) the Shares were issued at \$0.05 each;
- (iv) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (v) the allottee of the Shares was Francois Dumas Consulting which is not a related party of the Company; and
- (vi) No cash was raised via the issue of the Shares as they were issued in lieu of cash payment for services rendered in order to preserve the Company's cash reserves.

8.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 7. The Board believes that the ratification of the issue of the Shares the subject of Resolution 7 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 7 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES TO INSTITUTIONAL AND SOPHISTICATED

Resolution 8 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of 28,500,000 Shares to Exempt Investors on the terms set out below ('Ratification').

These Shares were issued at \$0.04 per Share as part of a placement to institutional investors who qualify under section 708 of the Corporations Act.

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

9.1 ASX Listing Rule 7.4

ASX Listing Rule 7.4 is summarised in section 5.1.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the Share issue, the subject of Resolution 8 in accordance with ASX Listing Rule 7.5:

- (i) the number of securities allotted by the Company was 28,500,000 Shares;
- (ii) the Shares were issued and allotted on 2 July 2015 (16,050,000 Shares), 6 July 2015 (11,450,000 Shares) and 13 October 2015 (1,000,000 Shares);
- (iii) the Shares were issued at \$0.04 each;
- (iv) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (v) the allottees of the Shares were institutional investors none of which are related parties of the Company; and
- (vi) a total of \$1,140,000 was raised via the issue of the Shares which will be used for the Company's ongoing project development.

9.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 8. The Board believes that the ratification of the issue of the Shares the subject of Resolution 8 is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 8 as it provides the Company with the flexibility to issue, subject to the limits under the ASX Listing Rules, further securities during the next 12 months without shareholder approval.

10. RESOLUTION 9 – APPROVAL FOR THE ISSUE OF OPTIONS TO INSTITUTIONAL AND SOPHISTICATED INVESTORS

Resolution 9 seeks Shareholder approval for the issue and allotment of 14,250,000 Options.

The 14,250,000 Options are to be issued as a free attaching Option on the basis of one Option for every two Shares subscribed for and issued in the Placement to Institutional and Sophisticated Investors the subject of Resolution 8.

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

10.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 is summarised in section 10.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 9:

- (i) the number of securities allotted by the Company will be 14,250,000 Options exercisable at \$0.07 on or before 30 November 2018;
- (ii) the Options will be issued at a deemed price of \$Nil each;
- (iii) the Options will be issued as an unlisted class of securities and the terms and conditions of the attaching Options are set out in Annexure A. The Company intends to apply for quotations of the Options if conditions for quotation are met;
- (iv) the Options will be issued at the same date, no later than 3 months after the date of this notice of meeting;
- (v) the allottees of the Options will be the participants in the Placement the subject of Resolution 8; and
- (vi) no cash will be raised via the issue of the Options as they were issued as free attaching to the placement announced on 25 June 2015.

10.2 Directors' recommendation

None of the Directors has a material personal interest in the subject matter of Resolution 9. The Board recommends Shareholders vote in favour of Resolution 9 as it will assist the Company with preserving its cash reserves.

11. RESOLUTION 10 – APPROVAL FOR THE ISSUE OF OPTIONS TO SANLAM PRIVATE WEALTH PTY LTD

Resolution 10 seeks Shareholder approval for the issue and allotment of 2,000,000 Options.

The 2,000,000 Options will be issued to Sanlam Private Wealth Pty Ltd, in lieu of cash payments for capital raising services provided.

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

11.1 ASX Listing Rule 7.1

ASX Listing Rule 7.1 is summarised in section 10.1.

For the purposes of ASX Listing Rule 7.3, the following information is provided in relation to Resolution 10:

- (i) the number of securities to be allotted by the Company will be 2,000,000 Options exercisable at \$0.07 on or before 30 November 2018;
- (ii) the Options will be issued at a deemed price of \$Nil each;
- (iii) the Options will be issued as an unlisted class of securities and the terms and conditions of the attaching Options are set out in Annexure A. The Company intends to apply for quotations of the Options if conditions for quotation are met;
- (iv) the Options will be issued at the same date, no later than 3 months after the date of this notice of meeting;
- (v) the allottees of the Options will be Sanlam Private Wealth Pty Ltd;
- (vi) no cash was raised via the issue of the Options as they were issued as free attaching to the placement announced on 25 June 2015.

11.2 Directors' recommendation

None of the Directors have a material personal interest in the subject matter of Resolution 10. The Board recommends Shareholders vote in favour of Resolution 10 as it will assist the Company with preserving its cash reserves.

12. RESOLUTION 11 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

12.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity may seek Shareholder approval to allow it to issue Equity Securities totalling up to 10% of its issued capital over a period up to 12 months after the entity's annual general meeting (**10% Placement Capacity**).

Resolution 6 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 6 for it to be passed.

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

If Shareholders approve Resolution 6, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out in Section 14.2 below).

The effect of Resolution 6 will be to allow the Directors to issue Equity Securities totalling up to 10% of the Company's fully paid ordinary securities on issue under the 10% Placement Capacity during a period of up to 12 months after the Meeting, without subsequent Shareholder approval and without using the Company's 15% annual placement capacity granted under Listing Rule 7.1.

The Board believes that Resolution 14 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this resolution.

12.2 ASX Listing Rule 7.1A

ASX Listing Rule 7.1A came into effect on 1 August 2012 and enables an Eligible Entity to seek shareholder approval at its annual general meeting to issue Equity Securities in addition to those under the Eligible Entity's 15% annual placement capacity.

The Equity Securities must be in the same class as an existing class of quoted Equity Securities. The Company current has two classes of quoted Equity Securities on issue being its 230,679,615 Shares (fully paid ordinary); and 35,960,024 partly paid Shares paid to \$0.001 and unpaid \$0.049 (**Partly Paid Shares**).

The exact number of Equity Securities that the Company may issue pursuant to approval under Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times B) - C$$

Where:

- A** = the number of Shares on issue 12 months before the date of issue or agreement:
- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
 - (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
 - (iii) plus the number of Shares issued in the previous 12 months with approval of holders of Shares under Listing Rules 7.1 and 7.4;
 - (iv) less the number of Shares cancelled in the previous 12 months.
- B** = 10%.
- C** = the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

12.3 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 11:

(a) **Minimum Price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 12.3(a)(i), the date on which the Equity Securities are issued.

(b) **Date of Issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Annual General Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of the Annual General Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking),

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

(c) **Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 6 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A.2, on the basis of the current market price of Shares and the current number of Equity Securities on issue as at the date of this Notice.

The table also shows the voting dilution impact where the number of Shares on issue (variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue	Dilution			
	Number of Shares issued under 10% Placement Capacity	Funds raised based on issue price of \$0.020 (50% decrease in current issue price)	Funds raised based on issue price of \$0.040 (Current issue price)	Funds raised based on issue price of \$0.06 (50% increase in current issue price)
230,679,615 (Current)	23,067,961	\$461,358	\$922,716	\$1,384,074
346,019,422 (50% increase)*	34,601,942	\$692,038	\$1,384,077	\$2,076,116
461,359,230 (100% increase)*	46,135,923	\$922,718	\$1,845,436	\$2,768,155

*The number of Shares on issue (variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table above uses the following assumptions:

- The current Shares on issue are the Shares on issue as at 13 October 2015.
- The issue price set out above is the issue price for the Placement completed on 13 October 2015.
- The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
- The issue of Equity Securities under the 10% Placement Capacity consists only of Shares (it does not include Partly Paid Shares even though Partly Paid Shares may be issued under the 10% Placement

Capacity). It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.

5. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Annual General Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

(d) Purpose of Issue under 10% Placement Capacity

The Company may decide to issue Equity Securities under the 10% Placement Capacity to raise funds for the purpose of increasing the JORC compliant resource at its Dandaragan Trough Project. Funds may also be raised to fund working capital requirements of the Company relevant at, or about, the time of the issue.

The Company may also issue Equity Securities for non-cash consideration, such as for the acquisition of new assets or investments. If the Company issues Equity Securities for non-cash consideration, the Company will release on valuation of the non-cash consideration that demonstrates that the deemed issue price of the Equity Securities complies with Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 and 3.10.5A upon any issue of Equity Securities under Listing Rule 7.1A.

(e) Allocation under the 10% Placement Capacity

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the Company's circumstances, including, but not limited to, its financial position and solvency;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

(f) **Previous Approval under ASX Listing Rule 7.1A**

The Company obtained approval under ASX Listing Rule 7.1A at its previous annual general meeting on 26 November 2014. In accordance with Listing Rule 7.3A.6, since 26 November 2014, the Company has issued 32,765,610 Shares which represents 14% of the total number of Equity Securities on issue on 26 November 2014. The Equity Securities issued during this time were as follows:

Issue date	Equity Securities	Persons issued to or basis of issue	Price, discount, amount raised and use of funds or value of non-cash consideration
7 January 2015	2,000,000 fully paid ordinary shares	Employee Shares	Price \$0.05 Discount: Nil Amount raised: Nil Use of funds: n/a Value of non-cash consideration: Nil
7 January 2015	100,000 fully paid ordinary shares	Consultant Richmond Resources Pty Ltd	Price \$0.05 (deemed) Discount: Nil Amount raised: Nil Use of funds: n/a Value of non-cash consideration: \$5,000 in lieu of cash payment for purchase of exploration tenements
21 January 2015	390,045 fully paid ordinary shares	Directors pursuant to Director Fee & Remuneration Sacrifice Plan	Shares issued at a deemed issue price of \$0.044 each (no discount) to Directors in lieu of cash remuneration payments.
14 April 2015	473,402 fully paid ordinary shares	Directors pursuant to Director Fee & Remuneration Sacrifice Plan	Shares issued at a deemed issue price of \$0.045 each (no discount) to Directors in lieu of cash remuneration payments.
14 April 2015	20,913 fully paid ordinary shares	Directors pursuant to Director Fee & Remuneration Sacrifice Plan	Shares issued at a deemed issue price of \$0.048 each (no discount) to Directors in lieu of cash remuneration payments.
14 April 2015	31,250 fully paid ordinary shares	Directors pursuant to Director Fee & Remuneration Sacrifice Plan	Shares issued at a deemed issue price of \$0.040 each (no discount) to Directors in lieu of cash remuneration payments.
2 July 2015	250,000 fully paid ordinary shares	Consultant (General Research GmbH)	Price \$0.048 (deemed) Discount: 3% Amount raised: Nil Use of funds: n/a Value of non-cash consideration: \$12,000 in lieu of cash payment for services
2 July 2015	600,000 fully paid ordinary shares	Consultant (S3 Consortium Pty Ltd)	Price \$0.05 (deemed) Discount: Nil Amount raised: Nil Use of funds: n/a Value of non-cash consideration: \$ 30,000 in lieu of cash payment for services

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2 July 2015	100,000 fully paid ordinary shares	Consultant (Francois Dumas Consulting)	Price \$0.05 (deemed) Discount: Nil Amount raised: Nil Use of funds: n/a Value of non-cash consideration: \$5,000 in lieu of cash payment for services
2 July 2015	300,000 fully paid ordinary shares	Consultant (Horn Resources Pty Ltd)	Price \$0.048 (deemed) Discount: 3% Amount raised: Nil Use of funds: n/a Value of non-cash consideration: \$14,400 in lieu of cash payment for services
2 July 2015	16,050,000 fully paid ordinary shares	Placement to institutional and sophisticated investors.	Price \$0.04 Discount: xxx Amount raised: \$642,000 Use of funds: Project development and working capital Value of non-cash consideration: n/a
6 July 2015	11,450,000 fully paid ordinary shares	Placement to institutional and sophisticated investors.	Price \$0.04 Discount: 19% Amount raised: \$458,000 Use of funds: Project development and working capital Value of non-cash consideration: n/a
13 October 2015	1,000,000 fully paid ordinary shares	Placement to institutional and sophisticated investors.	Price \$0.04 Discount: Nil Amount raised: \$40,000 Use of funds: Project development and working capital Value of non-cash consideration: n/a

12.4 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 11.

13. RESOLUTION 12 – SALE OF INTEREST IN EAST EXPLORATION PTY LTD

13.1 Background

As announced to ASX on 18 August 2015, the Company entered into an agreement to sell its 55% interest in East Exploration Pty Ltd ACN 168 560 647 (**East**) to Davenport Resources Limited ACN 153 414 852 (**Davenport**). East owns the Kullstedt and Grafentonna exploration licences prospective for potash in South Harz, Germany (**South Harz Project** or **Project**). Davenport is a subsidiary of ASX-listed company, Arunta Resources Limited ACN 089 224 402 (**Arunta**).

Davenport has entered into similar agreements (together with the Company's agreement, **Agreement**) with the remaining owners of East (together with the Company, **Sellers**). In conjunction with completion of its acquisition of East, Davenport intends to undertake an initial public offer of its shares to raise at least \$4,000,000 and list on the ASX.

The South Harz Project is located in central Germany where world class infrastructure is currently being used by potash producers to transfer their product both offshore and throughout Europe.

The Project is made up of two exploration licences with a total area of 457 square kilometers. The Project has a documented history of production, as do a number of neighbouring properties.

As well as the South Harz Project, Davenport intends to list on the ASX with other assets that it holds, including its interest in the Hatches Creek Tungsten Project and the Southern Cross Exploration Project. Further details of these interests can be found on Arunta's ASX announcements platform via www.asx.com.au.

13.2 Agreement

The key terms of the Agreement are set out below.

- (a) Davenport will advance an option fee of \$100,000 and an exclusivity fee of \$150,000 to East. The exclusivity fee is non-refundable unless the Sellers or East breach the Agreement. East will apply these amounts towards the South Harz Project.
- (b) In consideration of the Sellers transferring their shares in East to Davenport, Davenport will issue the following securities (**Consideration Securities**) to the Sellers in proportion to their respective holdings in East:
 - (i) 36,458,333 fully paid ordinary shares in Davenport (**Consideration Shares**); and
 - (ii) 67,458,334 performance shares (the terms of which are subject to ASX approval) which convert into ordinary shares in Davenport in the event certain milestones (see (c) and (d) below) are satisfied in relation to the South Harz Project, or if there is a change of control in Davenport as a result of a takeover bid or scheme of arrangement (**Performance Shares**).
- (c) 33,854,167 of the Performance Shares are subject to the following milestone:

Within 4 years of completion, Davenport achieving a JORC-compliant inferred resources of one of the following:

 - (i) 250,000,000 tonnes of potash at or above 11% K₂O by content;
 - (ii) 150,000,000 tonnes of potash at or above 12% K₂O by content;
 - (iii) 100,000,000 tonnes of potash at or above 13% K₂O by content;
 - (iv) 75,000,000 tonnes of potash at or above 15% K₂O by content; or
 - (v) 50,000,000 tonnes of potash at or above 18% K₂O by content.
- (d) The remaining 33,854,167 Performance Shares are subject to the following milestone:

Within 6 years of completion, Davenport achieving satisfaction of all mining approval and utility contracts required to construct and operate a 500,000 tonne per annum potash mine on the South Harz Project (including all government approvals, and water and energy contracts necessary to operate the mine).
- (e) The Sellers may nominate two directors to the board of Davenport with effect from completion.
- (f) Arunta will undertake an in-specie distribution of its shares in Davenport to Arunta's shareholders to demerge Davenport from Arunta's corporate group. The demerger and distribution are subject to the approval of Arunta's shareholders and the satisfaction of relevant ASIC and ASX regulatory requirements. As part of the demerger, Arunta's

shareholding in Davenport will be subdivided so that 6,000,000 shares in Davenport will be distributed in-specie on a pro-rata basis to the eligible Arunta shareholders.

- (g) Within 14 days after the distribution is made to Arunta's shareholders, Davenport will issue a further 6,000,000 shares in a placement to seed capital investors at \$0.08 per share to raise \$480,000. Following the in-specie distribution and the subsequent placement it is anticipated that Davenport will have 12,000,000 shares on issue and cash at bank of at least \$200,000.
- (h) Davenport will then raise between \$4,000,000 and \$5,000,000 under a prospectus at an offer price of \$0.20 per share as part of its initial public offering and ASX-listing (**Capital Raising**).
- (i) Under the Capital Raising, Davenport will make a priority offer to the Company's Shareholders of 5,000,000 shares at an offer price of \$0.20 per share (**Priority Offer**).
- (j) The Consideration Securities to be issued to the Company will be issued directly to the Company and not to Shareholders, nominees or any other persons. These Consideration Securities will be subject to ASX imposed escrow for 2 years from the date Davenport is listed on the ASX.

The Agreement will be subject to additional provisions (including conditions precedent, warranties and indemnities) considered standard for agreements of this nature.

13.3 ASX Listing Rule 11.4

ASX Listing Rule 11.4 relevantly provides that, subject to Listing Rule 11.4.1, a listed entity must not dispose of a major asset if, at the time of the disposal, it is aware that the buyer intends to issue or offer securities with a view to becoming listed (e.g. where the buyer intends to undertake an initial public offering and list on the ASX).

Listing Rule 11.4.1 relevantly provides that Listing Rule 11.4 does not apply where:

- (a) the securities to be issued or offered by the buyer, except those to be retained by the seller, are offered pro rata to the seller's shareholders, or in another way that, in ASX's opinion, is fair in all the circumstances; or
- (b) the seller's shareholders approve of the disposal without the offer referred to in (a) above being made, and the notice of meeting includes a voting exclusion statement.

Davenport does not intend to offer all shares under its Capital Raising pro rata to the Company's Shareholders, and ASX does not consider that the proposed Priority Offer to Shareholders satisfies the 'fair in all the circumstances' limb of Listing Rule 11.4.1(a).

Accordingly, the Company is seeking Shareholder approval under Listing Rules 11.4.1(b) to enable the Company to sell its interest in East under the Agreement without Davenport making an offer of shares to Shareholders which satisfies Listing Rules 11.4.1(a).

13.4 Value of the South Harz Project

Pursuant to ASX Guidance Note 13, ASX treats an asset as a major asset if:

- the value of, or the value of the consideration for, the asset represents 20% or more of consolidated equity interests;
- the value of, or the value of the consideration for, the asset represents 15% or more of consolidated assets;

- the revenue attributable to the asset represents 15% or more of consolidated operating revenue;
- the market capitalisation of the acquiring entity is 20% or more of the market capitalisation of the selling entity.

The Company will receive the following securities in consideration of its interest in East:

- 20,052,083 Consideration Shares; and
- 37,102,084 Performance Shares.

Based on the offer price of \$0.20 per share under the Capital Raising, the value of the Consideration Shares to be issued to the Company is \$4,010,417. This amount represents approximately:

- 105.28% of the Company's equity interests as at 30 June 2015 (i.e. \$3,809,730); and
- 94.14% of the Company's assets as at 30 June 2015 (i.e. \$4,260,267),

and does not include the value of the Performance Shares to be issued to the Company. Therefore, the Company's interest in East is considered to be a major asset for the purposes of Listing Rule 11.4.

The Company notes, however, that the value of the Company's interest in the South Harz Project (as well as its interest in the Dandaragan Trough Project) does not appear on its balance sheet for accounting reasons. Accordingly, the percentage to which the South Harz Project bears to the Company's total equity and total assets is naturally inflated.

The Company further notes that the South Harz Project has not, and does not, contribute to the Company's recent past and current earnings.

The Board considers that the consideration which will be received by the Company for its interest in East represents fair market value.

13.5 Future plans

After selling its interest in the South Harz Project, the Company will still retain its interests in the Dandaragan Trough Project and the Dinner Hill Project, and it is currently intended that the core Dandaragan Trough Project will continue to be the focus of the Company moving forward. Accordingly, the Company does not consider that its activities and direction will materially change following the sale of East under the Agreement.

13.6 Advantages of the Agreement

The Board is of the view that the following non-exhaustive list of advantages of the Agreement may be relevant to a Shareholder's decision on how to vote on Resolution 12:

- (a) The Company will be relieved of its ongoing obligations to contribute funding and resources to the South Harz Project, whilst still retaining a significant interest in the South Harz Project through the Consideration Securities and its interest in Davenport. In particular, the Company notes the importance of preserving cash reserves during difficult market conditions for explorations companies.
- (b) The sale of East will enable the Company to focus on its other assets such as the Dandaragan Trough Project and the Dinner Hill Project. A more centralised and streamlined focus may also help to improve efficiencies within the Company including with respect to its cash and resource use.

- (c) The Board considers that the Capital Raising and the expertise on Davenport's management team will place Davenport in an excellent position to take the South Harz Project forward. The Board also considers that the proposed IPO by Davenport may enhance the value of the South Harz Project by allowing for better recognition of the Project in the market.
- (d) The Board believes that the market value of the South Harz Project will be increased by the asset being wholly owned by a listed entity which holds the Project as its main focus.
- (e) The Company will receive the Consideration Securities as the consideration for its interest in East. Following the expected 2 year escrow period, the Company may decide to sell some or all of the ordinary shares (including those resulting from any conversion of Performance Shares) on or off-market as a means of accessing additional cash. The Company notes, however, that there can be no assurances with respect to the price at which shares in Davenport trade in the future.
- (f) The Company's Shareholders will be given preferential treatment if they choose to apply for shares in Davenport under the Capital Raising through the Priority Offer of up to 5,000,000 shares being made by Davenport specifically to Shareholders.
- (g) The Company may also indirectly benefit from Davenport's other mining assets if such assets prove to be successful or valuable, and Davenport's share price benefits as a result.

13.7 Disadvantages of the Agreement

The Directors are of the view that the following non-exhaustive list of disadvantages of the Agreement may be relevant to a Shareholder's decision on how to vote on Resolution 12:

- (a) The Company will no longer hold a direct interest in the South Harz Project, meaning that the Company will relinquish any direct control over the Project (e.g. with respect to operations decisions and development). The Company will, however, retain an indirect interest in the South Harz Project through its interest in Arunta.
- (b) A substantial portion of the consideration to be received by the Company for its interest in East will comprise of Performance Shares. There is no guarantee that the milestones attaching to the Performance Shares will be satisfied, or that the Performance Shares will otherwise convert into ordinary shares in Davenport.
- (c) The consideration to be received by the Company for its interest in East is comprised of ordinary shares in Davenport and Performance Shares which may or may not convert into ordinary shares in Davenport. Davenport will offer shares to investors under the Capital Raising at a price of \$0.20 each. However, share prices are subject to a number of factors and there can be no assurance as to how the price of shares in Davenport will move following listing.
- (d) Davenport's share price will also be affected by Davenport's other assets which, if prove to be unsuccessful, may have a negative impact on the value of the Company's Consideration Securities.
- (e) The Consideration Securities are likely to be subject to escrow for 2 years from the date Davenport's shares are first quoted on the ASX. Therefore, the Company will be unable to unlock any value out of the Consideration Securities for at least these 2 years.
- (f) It is not currently intended that the Consideration Securities will be distributed in-specie to Shareholders. Therefore, the benefit of the Consideration Securities to Shareholders will be via the interests of Shareholders in the Company.

13.8 Board recommendation

The Board believes that Resolution 12 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this Resolution.

GLOSSARY

In this Explanatory Statement, the following terms have the following meaning:

2015 Annual Report means the Company's annual report for the year ended 30 June 2015, which can be downloaded from the Company's website at potashwest.com.au.

Agreement means the agreements between Davenport and the Sellers in relation to the sale and purchase of all of the shares in East, as summarised in section 15.2.

Arunta means Arunta Resources Limited ACN 089 224 402.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 724 791) or the Australian Securities Exchange, as the context requires.

ASX Listing Rules or **Listing Rules** means the official Listing Rules of ASX.

Board means the board of directors of the Company.

Capital Raising means the proposed offer by Davenport to raise between \$4,000,000 and \$5,000,000 under a prospectus at an offer price of \$0.20 per share as part of its initial public offering and ASX-listing.

Closely Related Party of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations.

Company means Potash West NL (ABN 62 147 346 334).

Consideration Securities means the Consideration Shares and the Performance Shares.

Consideration Shares has the meaning given in section 15.2(b)(i).

Constitution means the Company's constitution.

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

Davenport means Davenport Resources Limited ACN 153 414 852.

Director mean a director of the Company.

East means East Exploration Pty Ltd ACN 168 560 647.

Equity Securities has the meaning given in the Listing Rules.

Explanatory Statement means the explanatory statement to this Notice.

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

Meeting means the meeting convened by the Notice.

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

Option means an option to acquire a Share.

Performance Shares has the meaning given in section 15.2(b) (ii).

Priority Offer means the proposed priority offer by Davenport under the Capital Raising to the Company's Shareholders of 5,000,000 shares at an offer price of \$0.20 per share.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2015 Annual Report.

Sellers means the shareholders of East (including the Company).

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

Shareholder means a shareholder of the Company.

South Harz Project of **Project** means the Kullstedt and Grafentonna exploration licences held by East which are prospective for potash and are located in South Harz, Germany.

VWAP means the volume weighted average price of the Shares.

WST means Western Standard Time, being the time in Perth, Western Australia.

ANNEXURE A – TERMS OF \$0.07, 30 NOVEMBER 2018 OPTIONS

The terms and conditions of the Options are set out below.

(a) **Exercise price**

The exercise price of each Option is \$0.07 per Share to be issued.

(b) **Entitlement**

Each Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(c) **Option period**

The Options will expire at 5.00pm (WST) on 30 November 2018 (**Expiry Date**). Subject to clause (g), Options may be exercised at any time prior to the Expiry Date and any not exercised shall automatically expire on the Expiry Date.

(d) **Ranking of Shares allotted on exercise**

Each Share allotted as a result of the exercise of any Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

(e) **Voting**

A registered holder of an Option (**Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being an Option Holder, a Shareholder.

(f) **Transfer**

Options are transferable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

(g) **Method of exercise**

- (i) The Company will provide to each Option Holder a notice that is to be completed when exercising the Options (**Exercise Notice**). Options may be exercised by the Option Holder completing the Exercise Notice and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Exercise Notice must state the number of Options being exercised and the consequent number of Shares to be allotted; which number of Options must be a multiple of 2,500 if only part of the Option Holder's total Options are exercised, or if the total number of Options held by a Option Holder is less than 2,500, then the total of all Options held by that Option Holder must be exercised.
- (ii) The Exercise Notice of Options by an Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.07 per Share.
- (iii) Subject to paragraph (g)(i) above, the exercise of less than all of a Option Holder's Options will not prevent the Option Holder from exercising the whole or any part of the balance of the Option Holder's entitlement under the Option Holder's remaining Options.
- (iv) Within 14 days from the date the Option Holder properly exercises Options, the Company shall issue and allot to the Option Holder that number of Shares so subscribed for by the Option Holder.

- (v) The Company will within 3 Business Days from the date of issue and allotment of Shares pursuant to the exercise of an Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.
- (vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

(h) **ASX listing**

Application for quotation of the Options on the ASX will be made.

(i) **Reconstruction**

In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(j) **Participation in new Share issues**

There are no participating rights or entitlements inherent in the Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that the record date for the purposes of determining entitlements to any new issue will be at least seven (7) Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Option Holder an opportunity to exercise the Options held by the Option Holder.

(k) **No change of exercise price or number of underlying Shares**

There are no rights to change the exercise price of the Options or the number of underlying Shares.

APPOINTMENT OF PROXY
POTASH WEST NL
ABN 62 147 346 334

ANNUAL GENERAL MEETING

I/We
of
being a member of Potash West NL entitled to attend and vote at the Annual General Meeting, hereby
Appoint

Name of proxy

OR ☐ the Chair of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the Annual 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 Annual General Meeting to be held at East 150, 150 Great Eastern Highway, Belmont WA 6104 at 2.00pm WST on Monday, 30 November 2015, and at any adjournment thereof.

AUTHORITY FOR CHAIR TO VOTE UNDIRECTED PROXIES ON REMUNERATION RELATED RESOLUTIONS

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 to 12 (except where I/we have indicated a different voting intention below) even though Resolutions 1 to 16 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

CHAIR'S VOTING INTENTION IN RELATION TO UNDIRECTED PROXIES

The Chair intends to vote undirected proxies in favour of all Resolutions. In exceptional circumstances the Chair may change his/her voting intention on any Resolution. In the event this occurs an ASX announcement will be made immediately disclosing the reasons for the change.

Voting on Business of the Annual General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Adrian Griffin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Election of Director – Dr Natalia Streltsova	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Ratification of Prior Issue of Shares to General Research GmbH	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Ratification of Prior Issue of Shares to Horn Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Prior Issue of Shares to S3 Consortium Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Prior Issue of Shares to Francois Dumas Consulting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Ratification of Prior Issue of Placement Shares to Institutional And Sophisticated Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval for the issue of Options to Sophisticated and Institutional Investors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Approval for the issue of Options to Sanlam Private Wealth Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Sale of interest in East Exploration Pty Ltd	<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.

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

POTASH WEST NL
ABN 62 147 346 334

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): _____

E-mail Address: _____ Consent for contact by e-mail YES ☐ NO ☐

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

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

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and either:
 - (a) send the proxy form by post to Potash West NL, PO Box 588, Belmont, Western Australia 6984; or
 - (b) send the proxy form by facsimile to the Company on facsimile number (08) 9475 0847,

so that it is received not later than 2.00pm on 28 November 2015.

Proxy forms received later than this time will be invalid.