
POTASH WEST NL

ABN 62 147 346 334

NOTICE OF ANNUAL GENERAL MEETING

TIME: 9:00am WST

DATE: Monday, 25 November 2013

PLACE: "150 East Riverside"
150 Great Eastern Highway
Ascot 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 9:00am WST on Monday, 25 November 2013 at "150 East Riverside", 150 Great Eastern Highway, Ascot, Western Australia.

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.

New 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 the "150 East Riverside", 150 Great Eastern Highway, Ascot, Western Australia at 9:00am WST on Monday, 25 November 2013.

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 5:00pm WST on Saturday, 23 November 2013.

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 2013, together with the directors' report and the auditor's report.

1. 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 2013."

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:

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (d) 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.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GARY JOHNSON

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, Gary Johnson, being a Director, retires by rotation and, being eligible, is hereby re-elected as a Director."

3. RESOLUTION 3 – 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.

4. RESOLUTION 4 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME

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

“That, for the purposes of Exception 9(b) of Listing Rule 7.2 and for all other purposes, approval is given for the Company to administer and issue securities under its employee incentive scheme as an exception to Listing Rule 7.1 and on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

5. RESOLUTION 5 – APPROVAL TO ISSUE SHARES UNDER THE DIRECTOR AND SENIOR MANAGEMENT FEE AND REMUNERATION SACRIFICE SHARE PLAN

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

“That, for the purpose of Exception 9(b) Listing Rule 7.2 and for all other purposes, Shareholders approve the Director and Senior Management Fee and Remuneration Sacrifice Share Plan and the issue of Shares to participants under that plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

6. RESOLUTION 6 – APPROVAL TO PERMIT THE PARTICIPATION OF ADRIAN GRIFFIN IN THE DIRECTOR AND SENIOR MANAGEMENT FEE AND REMUNERATION SACRIFICE SHARE PLAN

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

“That, for the purpose of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Adrian Griffin (or his nominee(s)) pursuant to the Director and Senior Management Fee and Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

7. RESOLUTION 7 – APPROVAL TO PERMIT THE PARTICIPATION OF PATRICK MCMANUS IN THE DIRECTOR AND SENIOR MANAGEMENT FEE AND REMUNERATION SACRIFICE SHARE PLAN

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

“That, for the purpose of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Patrick McManus (or his nominee(s)) pursuant to the Director and Senior Management Fee and Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

8. RESOLUTION 8 – APPROVAL TO PERMIT THE PARTICIPATION OF GEORGE SAKALIDIS IN THE DIRECTOR AND SENIOR MANAGEMENT FEE AND REMUNERATION SACRIFICE SHARE PLAN

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

“That, subject to Resolution 5 being passed, for the purpose of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to George Sakalidis (or his nominee(s)) pursuant to the Director and Senior Management Fee and Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum.”

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

9. RESOLUTION 9 – APPROVAL TO PERMIT THE PARTICIPATION OF GARY JOHNSON IN THE DIRECTOR AND SENIOR MANAGEMENT FEE AND REMUNERATION SACRIFICE SHARE PLAN

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

"That, subject to Resolution 5 being passed, for the purpose of Listing Rule 10.14 and for all other purposes, the Company is authorised to issue Shares to Gary Johnson (or his nominee(s)) pursuant to the Director and Senior Management Fee and Remuneration Sacrifice Share Plan, on the terms and conditions and in the manner set out in the Explanatory Memorandum."

Voting Prohibition Statement:

The Company will disregard any votes cast on this Resolution by any Director or its nominee(s) (except one who is ineligible to participate in any employee incentive scheme of the Company) and any associates of those persons. However, the Company need not disregard a vote if it is cast by:

- (a) a person as a proxy for a person who is permitted to vote, in accordance with the directions on the Proxy Form; or
- (b) the Chair as proxy for a person who is permitted to vote in accordance with the direction on the Proxy Form as the proxy decides.

In addition, the Company will disregard any votes cast on this Resolution by a member of the Key Management Personnel (or any of their Closely Related Parties) as proxy where the appointment does not specify the way the proxy is to vote, unless the proxy is the Chair and has been expressly authorised to vote on behalf of someone permitted to vote on this Resolution, even though it is connected with the remuneration of Key Management Personnel.

DATED: 24 OCTOBER 2013

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 "150 East Riverside", 150 Great Eastern Highway, Ascot, Western Australia at 9:00am WST on Monday, 25 November 2013.

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.

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 2013 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 2013 included a qualified audit report. The basis for the qualified audit opinion was the material uncertainty regarding the Company's ability to continue as a going concern. Please refer to the annual report for the year ended 30 June 2013 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 2014 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 2014 annual general meeting. All of the Directors who were in office when the Company's 2014 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 annual financial report of the Company for the financial year ending 30 June 2013.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF GARY JOHNSON

ASX Listing Rule 14.4 provides 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.

Gary Johnson retires and seeks re-election in accordance with ASX Listing Rule 14.4. Details regarding Gary Johnson are set out in the Company's 2013 Annual Report.

4. RESOLUTION 3 – APPROVAL FOR ADDITIONAL PLACEMENT CAPACITY

4.1 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**).

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 3, 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 4.2 below).

The effect of Resolution 3 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.

Resolution 3 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 3 for it to be passed.

The Board believes that Resolution 3 is in the best interests of the Company and unanimously recommends that Shareholders vote in favour of this resolution.

4.2 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 only class of quoted Equity Securities that the Company currently has on issue are its 92,021,064 Shares and its 8,221,457 listed options exercisable at \$0.30 each and expiring on 15 March 2015 (**Listed Options**).

The exact number of Equity Securities that the Company may issue under an 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.

4.3 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 3:

(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 4.3(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 3 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 \$0.075 (50% decrease in current issue price)	Funds raised based on issue price of \$0.150 (Current issue price)	Funds raised based on issue price of \$0.225 (50% increase in current issue price)
92,021,064 (Current)	9,202,106	\$690,158	\$1,380,316	\$2,070,474
138,031,596 (50% increase)*	13,803,160	\$1,035,237	\$2,070,474	\$3,105,711
184,042,128 (100% increase)*	18,404,213	\$1,380,316	\$2,760,632	\$4,140,948

*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:

1. The current shares on issue are the Shares on issue as at 9 October 2013.
2. The issue price set out above is the closing price of the Shares on the ASX on 9 October 2013.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares (it does not include the Listed Options even though the Listed Options 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.

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 12 November 2012. In accordance with Listing Rule 7.3A.6, since 25 November 2012, the Company has issued 8,225,231 Shares and 8,223,344 Class A Options which represents 18.9% of the total number of Equity Securities on issue on 25 November 2012. The Equity Securities issued during this time were as follows:

Issue date	Equity Securities	Persons issued to or basis of issue	Price amount raised and use of funds or value of non-cash consideration
2 and 15 April 2013	8,223,344 fully paid ordinary shares	Existing Shareholders via a rights issue	The Shares were issued for \$0.22 each (equal to the market price on 2 April 2013 and approximately a 29% premium to the market price on 15 April 2013) to raise \$1,809,136. Approximately 80% of these funds has been spent on advancing feasibility studies on the Company's Dandaragan Trough project and administrative costs. The remainder of these funds may be used to continue advancing feasibility studies on the Company's Dandaragan Trough project and managing the Company's patents for the K-Max process.
2 and 15 April 2013	8,223,344 class A options to acquire a Share on the terms set out in Annexure B	Existing Shareholders via a rights issue	Each Class A Options was free attaching to each Share subscribed for under the rights issue therefore no cash consideration was paid for their issue. The Class A Options are currently valued at \$0.021 each giving a total value of \$172,690 for all Class A Options issued. ¹ Any funds raised upon exercise of the Class A Options are intended to be applied towards meeting working capital requirements of the Company relevant at the time.
15 April 2013	1,887 fully paid ordinary shares	Exercise of Class A Options	The Shares were issued for \$0.30 each to raise \$566.10 (approximately a 76.5% premium to the market price on 15 April 2013). All of these funds have been spent on administrative costs.

Notes:

1. The Class A Options have been valued using the Black Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the expiry date and exercise price of the Class A Options, the expected volatility of the underlying Shares, the expected divided yield and the risk free interest rate for the term of the Class A Options.

4.4 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 3.

5. RESOLUTION 4 – APPROVAL OF EMPLOYEE INCENTIVE SCHEME

As announced to ASX upon listing on 11 May 2011, the Company has established an Employee Incentive Scheme (**Scheme**), comprising an Employee Share Scheme and Employee Option Scheme, a summary of the terms of which are set out in Annexure A. Resolution 4 seeks Shareholder approval in accordance with Exception 9 of Listing Rule 7.2 for the Company to issue securities under the Scheme without prior shareholder approval and in reliance on the exception to Listing Rule 7.1.

ASX Listing Rule 7.1 places certain restrictions on the extent to which a listed company may issue certain securities, including options. The effect is that shareholder approval is required before the company may issue certain securities representing more than 15% of the capital of the company within a 12 month period. However, certain issues are exempt from the restrictions of ASX Listing Rule 7.1 and are effectively disregarded for the purposes of determining the number of securities which a company may issue within a 12 month period.

Exempt issues include an issue of securities to persons participating in an employee incentive scheme where shareholders have approved the issue of securities under the scheme as an exemption from ASX Listing Rule 7.1. Shareholder approval must be given in a general meeting held not more than 3 years before the date of issue when the notice of meeting contains or is accompanied by certain prescribed information (set out below) (Exception 9 of ASX Listing Rule 7.2).

In order to take advantage of the exemption from ASX Listing Rule 7.1 and allow the Company flexibility to issue securities, Shareholders are requested to approve the issue of securities under the Scheme as an exemption from Listing Rule 7.1. This approval will be effective for a period of 3 years from the date of the Resolution. It should be noted that approval of Resolution 4 does not in itself allow for the issue of securities under the Scheme to a Director. Securities cannot be issued under the Scheme to Directors or their associates unless prior approval of Shareholders is obtained in accordance with the Listing Rule 10.14.

The main purposes of the Scheme is to give an additional incentive to Directors, employees and consultants of the Company to provide dedicated and ongoing commitment and effort to the Company, and for the Company to reward its Directors, employees and consultants for their efforts.

If Options issued under the Scheme are exercised, it will have the effect of increasing the Company's cash position by the amount of the exercise price multiplied by the number of options exercised. It will also increase the number of Shares that are on issue by the number of options exercised.

Shares issued under the Scheme or pursuant to the exercise of Options issued under the Scheme will rank pari passu in all respects with the Company's existing Shares.

The Company will make application to ASX for official quotation of Shares issued under the Scheme or on the exercise of Options issued under the Scheme, if other Shares of the Company are listed at that time.

The Board recommends that shareholders vote in favour of Resolution 4.

6. RESOLUTIONS 5 TO 9 – APPROVAL TO ISSUE SHARES UNDER THE DIRECTOR AND SENIOR MANAGEMENT FEE AND REMUNERATION SACRIFICE SHARE PLAN

6.1 General

The Board has recently prepared a Director and Senior Management Fee and Remuneration Sacrifice Share Plan (**Plan**) under which Directors and senior management of the Company who are eligible to be offered shares without prospectus disclosure (**Senior Managers**) may elect to sacrifice part of their directors' fees or consulting fees to acquire Shares in the Company. Under the Plan, the relevant Director or Senior Manager will receive the remainder of their directors' fees or consulting fees in cash. As such, the Shares will be issued for nil cash consideration and no funds will be raised as a result.

The Board considers that the issue of Shares to Directors and Senior Managers in lieu of cash payments for fees is reasonable in the circumstances given the necessity to maintain the Company's cash reserves. The Plan will also help to align the interests of Directors and Senior Managers with those of Shareholders by encouraging Director and Senior Manager Share ownership in the Company.

Shareholder approval for the issue of Shares under the Plan is sought for the purposes of Chapter 2E of the Corporations Act and Listing Rule 10.14. As approval of Shareholders is being sought for the Company to adopt the Plan, and issue Shares pursuant to the Plan, Shareholder approval under Listing Rule 7.1 is not required, in accordance with Exception 9(b) of Listing Rule 7.2.

Resolution 5 seeks Shareholder approval of the Plan.

Resolutions 6 to 9 seeks Shareholder approval for the issue and allotment of Shares to Directors under the Plan. Please note that Resolutions 6 to 9 will only be put to Shareholders at the General Meeting if the Company obtains the ASX waivers referred to in Section 6.41.6(i)(i).

If approved at the General Meeting, any Shares issued pursuant to the approvals in Resolutions 6 to 9 must be issued within three years of the date of this General Meeting.

If Resolution 5 is approved, but any of Resolutions 6 to 9 are not approved with respect to the specified Director, then that Director will be excluded from participating in the Plan (but approved Directors and Senior Managers can still participate). If Resolutions 6 to 9 are approved but Resolution 5 is not, then those Directors and Senior Managers will be able to participate in the Plan, but such Shares will (on issue) count towards the Company's 15% placement capacity under Listing Rule 7.1. If neither Resolution 5 nor Resolutions 6 to 9 are passed, then only Senior Managers of the Company (and not Directors) will be able to participate in the Plan and any Shares issued will count towards the Company's 15% placement capacity under Listing Rule 7.1.

In the event Shareholder approval is not obtained for Resolutions 5 to 9, the fees or salaries that accrue to Directors will continue to be paid in cash.

The following information is provided to assist Shareholders in assessing Resolutions 5 to 9. This information has been provided in an aggregated form for ease of understanding as the information in respect of each Resolution is materially similar and to avoid the Notice being unnecessarily long.

6.2 Listing Rule 7.1

Broadly, Listing Rule 7.1 provides that a company may not issue equity securities if those securities will, in themselves or when aggregated with the equity securities issued by the company during the previous 12 months, exceed 15% of the number of equity securities on issue at the commencement of that 12 month period unless the issue falls within one of the nominated exceptions or approval of the company's shareholders in general meeting is obtained.

Exception 9(b) of Listing Rule 7.2 provides for an exception to Listing Rule 7.1 where the issue of securities are made under an employee incentive scheme that has been approved by shareholders within three years before the date securities are issued under the scheme.

6.3 Listing Rule 10.14 and 10.15A

In addition to Listing Rule 7.1, Listing Rule 10.14 restricts the issue of securities under an employee incentive scheme to Directors without the prior approval of shareholders.

In order to comply with Listing Rule 10.14, the notice convening the meeting at which approval will be sought must comply with either Listing Rule 10.15 or 10.15A. Where shares may be issued later than 12 months following a meeting, the notice must comply with the requirements of Listing Rule 10.15A. Accordingly, in order for Directors to participate in the Plan and be issued Shares later than 12 months following the Meeting, Shareholder approval is being sought for the purposes of Listing Rule 10.14 and the information required by Listing Rule 10.15A is set out below.

As required by the Listing Rules (including Exception 9 of Listing Rule 7.2 and Listing Rule 10.15A), and to assist Shareholders in considering Resolutions 5 to 9, the Company provides the following information in relation to the Plan.

6.4 Principal terms of the Plan

Subject to Shareholder approval, it is proposed that present and future Directors and certain Senior Managers as chosen by the Board, be offered the opportunity to participate in the Plan and be able to elect to sacrifice part of their directors' fees or executive remuneration to acquire Shares under the Plan.

If Resolutions 6 to 9 are approved, it is anticipated that participation in the Plan will be made available to the Directors from 1 October 2013. Offers to participate may be extended to Senior Managers in the future as the Board considers appropriate.

The principal terms of the Plan are as follows:

(a) **Participation**

Participation in the Plan is voluntary. All Directors in office from time to time are eligible to participate (unless participation by a Director would be contrary to law or be unduly onerous). In the event that a Director elects to participate in the Plan, participation at the elected level (i.e. percentage of fees sacrificed) will be mandatory for a period of 12 months.

Where a Director has opted to participate in the Plan and, before the Shares relating to that period have been issued, the Director ceases to be a Director of the Company, the Director will either be issued a number of Shares or an amount in cash calculated based on the fees sacrificed up to the date on which the participant ceased to be a Director.

Currently there are four Directors who are each eligible to participate: Patrick McManus (managing director), Adrian Griffin (non-executive chairman), George Sakalidis (non-executive director) and Gary Johnson (non-executive director).

Invitations to participate in the Plan may be extended to Senior Managers at the Board's discretion.

(b) **Commencement date**

Subject to Shareholder approval being obtained, the terms of the Plan commence from 1 October 2013 and the Directors can sacrifice their respective directors' fees from that date.

(c) **Minimum and maximum participation**

Participants in the Plan may elect the percentage (up to a maximum of 30%) of their annual directors' fees or executive remuneration (as applicable) they wish to sacrifice per annum.

The Plan restricts payments being made if they would result in the Company exceeding:

- (i) the maximum aggregate remuneration for non-executive directors approved by Shareholders under Listing Rule 10.17 from time to time; and
- (ii) an aggregate amount of \$82,500 worth of Shares per annum for all executive directors of the Company from time to time (currently the Company has only one executive director, Patrick McManus).

The Plan does not extend to amounts payable in respect of Goods and Services Tax (**GST**). If the Company is liable to pay GST to participating Directors in respect of the provision of services, then it will do so in cash.

(d) **Timing of acquisition and number of Shares**

Entitlement to Shares will accrue on a monthly basis and the number of Shares to be issued will be determined at the end of each month based on the amount sacrificed divided by the volume weighted average price of the Company's Shares trading on the ASX over the five (5) Trading Days immediately preceding the end of the month.

Allocation of Shares will be made at six (6) month intervals. If the Company is unable to issue Shares at the end of a six (6) month period without breaching the Company's share trading policy (**Share Trading Policy**) or an applicable law, Shares will then be issued as soon as practicable in compliance with the Share Trading Policy and all applicable laws.

(e) **Shares acquired**

Participating Directors and Senior Managers will receive fully paid ordinary shares in the Company that rank equally in all respects with other issued fully paid shares in the Company.

(f) **Restriction periods**

There will be no restriction period applicable to Shares issued under the Plan although Shares will only be issued in compliance with the Company's Share Trading Policy and all applicable laws.

(g) **Acquisition costs**

It is not envisaged that there will be any costs to Directors or Senior Managers to acquire Shares under the Plan. There will be no loan made available to Directors or Senior Managers in relation to the acquisition of Shares under the Plan.

If Shares are not able to be allocated to a participating Director or Senior Manager (e.g. because of legal impediments applicable at the time), the issue of Shares may be delayed or alternatively, at the Board's discretion, be paid to the Director or Senior Manager in cash.

(h) **Details of Shares issued under Plan**

As the Plan has not yet commenced, no Shares have yet been issued or otherwise acquired under it. Details of any Shares issued under the Plan will be published in the Company's Annual Report relating to the period in which Shares have been issued, with a statement that approval for the issue of Shares was obtained under Listing Rule 10.14.

If Resolution 5 is approved by Shareholders, Shares will not be issued under the Plan after 3 years from the date of the General Meeting without obtaining Shareholder approval.

(i) **Waiver of Listing Rules**

The Company is in the process of seeking the following waivers from ASX in relation to the approval sought under Resolutions 6 to 9 (to permit Director participation in the Plan):

- (i) a waiver of Listing Rule 10.15A.2 to permit this Notice to omit the maximum number of Shares that may be acquired by Directors under the Plan (given that such details cannot be accurately determined at this time); and
- (ii) a waiver of Listing Rule 10.15A.8 to permit this Notice to state that the Plan applies to the Directors in office from time to time and who become entitled to participate in the Plan (rather than having to set out the names of all such people who may be or become eligible to participate in the Plan).

Resolutions 6 to 9 will be withdrawn if these waivers are not obtained from ASX prior to the General Meeting.

6.5 Potential Shares to be issued under the Plan

Set out below are some examples of the number of Shares that may be issued to Directors and Senior Managers under the Plan, based on various assumed prices for Shares. These are examples only and Shareholders should be aware that the actual number of Shares to be issued to Directors and Senior Managers may vary, based on the prevailing Share price at the time the number of Shares to be issued is calculated, and the percentage of fees (or executive remuneration) each Director or Senior Manager elects to sacrifice.

The total amount of annual directors' fees and executive remuneration currently being paid to the eligible directors is \$465,000 (\$275,000 to the executive director with the remaining \$190,000 being paid to the non-executive directors in varying proportions).

If each of the Directors elect to sacrifice the maximum amount permitted of 30% for a 12 month period, this will result in a maximum salary sacrifice value of \$139,500 for all Directors (based on current director fees and executive remuneration). Based on a Share price of 15 cents per ordinary share (being the closing market price on 9 October 2013), the total number of Shares that could be issued to Directors if they sacrificed the full 30% of their current fees would be 930,000. This would dilute current shareholders by the percentages set out below based on the Company's current share capital:

Description	Ordinary fully paid shares	Dilution
Current share capital	92,021,064	1.01%

Based on each Director sacrificing 30% of their current fees for the 12 month period ending 30 June 2014 and a Share price of 15 cents per ordinary share, each Director will be issued approximately the number of Shares detailed below:

Director	Annual directors fees and salary paid to Director	Amount sacrificed during the period (based on 30% of fees foregone for the period)	Number of Shares to be issued (based on a price of 15 cents per ordinary share)
Adrian Griffin	\$90,000	\$27,000	180,000
Patrick McManus	\$275,000	\$82,500	550,000
George Sakalidis	\$50,000	\$15,000	100,000
Gary Johnson	\$50,000	\$15,000	100,000
Total	\$465,000	\$139,500	930,000

Set out below is a further table showing the maximum dilution assuming the fees paid to each of the non-executive directors are increased to the maximum currently permitted under Listing Rule 10.17 (being \$200,000) and the executive directors are increased to the maximum permitted under the Plan (being \$82,500). Again, based on a Share price of 15 cents per Share, the total number of ordinary shares that could be issued to Directors if they sacrificed the full 30% and increased their fees to the maximum permitted under the Listing Rules and the restriction on executive directors under the Plan (being \$82,500) would be 950,000 Shares. This would dilute current shareholders as follows:

Description	Ordinary fully paid shares	Dilution
Current share capital	92,021,064	1.02%

The trading history of the Shares on the ASX in the 12 months preceding the preparation of this Notice is set out below. Based on the Share prices set out below and each Director sacrificing 30% of their current director's fees (resulting in a maximum salary sacrifice value of \$139,500), the Company's issued Shares will increase and the existing Shareholders' holdings will be diluted as set out below.

	Date	Price
Highest	27 December 2012	\$0.29
Lowest	26 June 2013	\$0.09
Last	9 October 2013	\$0.15

While the Plan provides for the number of Shares to be issued to be calculated at the end of each month during the period, it is not practical for such specific calculations to be made for the purposes of this Explanatory Memorandum (particularly because such calculations would be forward looking and inherently uncertain). Accordingly, for the purposes of the calculations set out in the tables above, it is assumed that the price used is the price for each month of the period.

ANNEXURE A – TERMS AND CONDITIONS OF EMPLOYEE INCENTIVE SCHEME

A summary of the terms and conditions of the Scheme is set out below.

Participants in the Scheme

The Board may offer Shares and/or Options to an eligible employees (being an employee who is determined by the Board to be an eligible employee for the purposes of the Scheme, or any other person (including a contractor to or consultant with the Company) who is determined by the Board to be an eligible employee for the purposes of the Scheme) through a loan from the Company. The loan will be interest-free and must be repaid prior to the expiry of the loan term. The amount repayable on the loan will be the lesser of:

- (a) the issue price less any cash dividends paid in respect of loan shares and applied by the Company and any repayments made by the eligible employee, and
- (b) the last sale price of the shares on the ASX on the repayment date or, if there are no transactions on that day, the last sale price of the shares prior to that date, or, if the shares are sold by the Company, the amount realised by the Company from the sale.

Upon receipt of such an offer, the eligible person may nominate that an associate acceptable to the Board be issued with the shares and/or options.

The Company will have a lien over the Scheme shares in respect of which the loan amount is outstanding and the Company will be entitled to sell those Scheme shares in accordance with the terms of the Scheme.

Terms of Shares and Options

The share issue price will be not less than:

- (a) (if there was at least one transaction in the Shares on the ASX during the 10 Business Day trading period immediately before the offer date) the price determined by VWAP determination (being the calculation of an average share price as trade on the ASX) by reference to volume and numbers of shares traded over a period of 10 Business Days before the relevant date) of the shares on the ASX during that period, or
- (b) (if there were no transactions in the shares on the ASX during the 10 Business Day trading period immediately before the offer date) the last price at which an offer was made on the ASX to purchase a share.

Options granted under the Scheme will be granted free of charge.

The exercise price for the options must not be less than:

- (a) (if there was at least one transaction in the Shares on the ASX during the 10 Business Day period immediately before the offer date) the VWAP determination for that period, or
- (b) (if there were no transactions in the shares on the ASX during the 10 Business Day period immediately before the offer date) the last price at which an offer was made on the ASX to purchase a share.

Shares issued on exercise of options will rank equally with other ordinary securities of the Company.

Options may not be transferred without the prior written approval of the Company's remuneration committee. Quotation of options on the ASX will not be sought. As the Company is listed on the ASX, it will apply to the ASX for official quotation of securities issued on the exercise of options.

Restrictions on issues and exercise of options

The Board may not offer options under the Scheme if the total number of securities that would be issued were each option accepted, together with the number of securities in the same class or options to acquire such securities issued pursuant to all employee or executive security schemes during the previous 5 years, exceeds 5% of the total number of issued securities in that class as at the date of the offer.

Options may only be issued or exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.

Exercise of options

If an eligible employee leaves the employ of the Company:

If at any time during the exercise period a participant ceases to be an eligible employee, all options held by that participant will lapse 1 month after the participant ceases to be an eligible employee.

If a participant ceases to be an eligible employee by reason of any of the following events, the options held by that participant will lapse at the expiration of 12 months after the relevant event:

- (a) the retirement or retrenchment of the participant or, if the participant is not an employee, the retirement or retrenchment of the employee by virtue of whom an eligible employee holds options, or
- (b) the bankruptcy or commencement of winding-up or deregistration procedures in respect of the participant, or
- (c) the death of the participant or, if the participant is not an employee, the death of the employee by virtue of whom an eligible employee holds options.

Participation in future issues

A participant is required to exercise an option in order to participate in a bonus or entitlement issue made by the Company. Participants will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the ASX Listing Rules to exercise their option if they wish to participate in the bonus or entitlement issue.

Capital reconstruction

If, prior to the expiry of an option, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the option and/or the exercise price will be adjusted in the manner required by the ASX Listing Rules.

ANNEXURE B – TERMS AND CONDITIONS OF CLASS A OPTIONS

The terms and conditions of the Class A Options is set out below.

(a) **Exercise price**

The exercise price of each Class A Option is \$0.30 per Share to be issued.

(b) **Entitlement**

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

(c) **Class A Option period**

The Class A Options will expire at 5.00pm (WST) on 15 March 2015 (**Expiry Date**). Subject to clause (g), Class A 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 Class A 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 a Class A Option (**Class A 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 a Class A Option Holder, a Shareholder.

(f) **Transfer**

Class A Options are transferable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Class A 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 Class A Option Holder a notice that is to be completed when exercising the Class A Options (**Exercise Notice**). Class A Options may be exercised by the Class A 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 Class A Options being exercised and the consequent number of Shares to be allotted; which number of Class A Options must be a multiple of 2,500 if only part of the Class A Option Holder's total Class A Options are exercised, or if the total number of Class A Options held by a Class A Option Holder is less than 2,500, then the total of all Class A Options held by that Class A Option Holder must be exercised.

(ii) The Exercise Notice of Class A Options by a Class A Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.30 per Share.

(iii) Subject to paragraph (g)(i) above, the exercise of less than all of a Class A Option Holder's Class A Options will not prevent the Class A Option Holder from exercising the whole or any part of the balance of the Class A Option Holder's entitlement under the Class A Option Holder's remaining Class A Options.

- (iv) Within 14 days from the date the Class A Option Holder properly exercises Class A Options, the Company shall issue and allot to the Class A Option Holder that number of Shares so subscribed for by the Class A Option Holder.
 - (v) The Company will within 3 Business Days from the date of issue and allotment of Shares pursuant to the exercise of a Class A 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 Class A Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Class A 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 Class A 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 Class A 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 Class A 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 Class A 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 Class A Option Holder an opportunity to exercise the Class A Options held by the Class A Option Holder.
- (k) **No change of exercise price or number of underlying Shares**
- There are no rights to change the exercise price of the Class A Options or the number of underlying Shares.

GLOSSARY

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

10% Placement Capacity has the meaning given in section 4.1.

2013 Annual Report means the Company's annual report for the year ended 30 June 2013, which can be downloaded from the Company's website at potashwest.com.au.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 724 791).

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

Board means the board of directors of the Company.

Class A Option means an Option on the terms and conditions set out in Annexure B.

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).

Constitution means the Company's constitution.

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

Director mean a director of the Company.

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 means the notice of meeting accompanying this Explanatory Statement.

Option means an option to acquire a Share.

Remuneration Report means that section of the Directors' Report under the heading "Remuneration Report" set out in the 2013 Annual Report.

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

Shareholder means a shareholder of the Company.

VWAP means the volume weighted average price of the Shares.

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

**POTASH WEST NL
ABN 62 147 346 334
Proxy Form**

**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 "150 East Riverside", 150 Great Eastern Highway, Ascot, Western Australia at 9:00am WST on Monday, 25 November 2013, and at any adjournment thereof.

The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.

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 – Gary Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Approval for Additional Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Approval to Issue Shares under the Director & Senior Management Fee & Remuneration Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval to Permit the Participation of Adrian Griffin in the Director & Senior Management Fee & Remuneration Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Approval to Permit the Participation of Patrick McManus in the Director & Senior Management Fee & Remuneration Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Approval to Permit the Participation of George Sakalidis in the Director & Senior Management Fee & Remuneration Sacrifice Share Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Approval to Permit the Participation of Gary Johnson in the Director & Senior Management Fee & Remuneration Sacrifice Share Plan	<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 _____%

Important for Resolutions 1 and 4 to 9

If a member of the Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of such a member is your proxy you must direct your proxy how to vote on Resolutions 1 and 4 to 9 unless that person is also the Chair in which case you must, in the absence of a direction how to vote, expressly authorise the Chair to exercise the proxy by marking the box below.

I/we direct the Chair to vote in accordance with his voting intentions on Resolutions 1 and 4 to 9 (except where I/we have indicated a different voting intention above) and acknowledge that the Chair may exercise my/our proxy even though Resolutions 1 and 4 to 9 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel and even if the Chair has an interest in the outcome of Resolutions 1 and 4 to 9, and that votes cast by the Chair, other than as proxy holder, would be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 1 and 4 to 9 and your votes will not be counted in calculating the required majority if a poll is called on those Resolutions.

POTASH WEST NL
ABN 62 147 346 334
Proxy Form

Signature of Member(s): _____ Date: _____

Individual or Member 1

Sole Director/Company Secretary

Member 2

Director

Member 3

Director/Company Secretary

Contact Name: _____ Contact Ph (daytime): _____

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

POTASH WEST NL
ABN 62 147 346 334
Proxy Form Instructions

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 5:00pm WST on Saturday, 23 November 2013.

Proxy forms received later than this time will be invalid.