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**POTASH WEST NL**

**ABN 62 147 346 334**

**NOTICE OF ANNUAL GENERAL MEETING**

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**TIME:** 9:00am WST

**DATE:** Wednesday, 30 November 2011

**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**

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**VENUE**

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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 Wednesday, 30 November 2011 at "150 East Riverside", 150 Great Eastern Highway, Ascot, Western Australia.

**YOUR VOTE IS IMPORTANT**

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

**VOTING IN PERSON**

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

**VOTING BY PROXY**

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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.

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## NOTICE OF ANNUAL GENERAL MEETING

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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 Wednesday, 30 November 2011.

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 Monday, 28 November 2011.

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

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## AGENDA

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### Reports and Accounts

To receive the financial report of the Company for the year ended 30 June 2011, together with the directors' report and the auditor's report.

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### 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 2011."*

**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 described above may vote on this Resolution if:

- (c) the person does so as a proxy appointed by writing that specifies how the proxy is to vote on the Resolution; and
- (d) the vote is not cast on behalf of a person described in sub-paragraphs (a) or (b) above.

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**2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – ADRIAN GRIFFIN**

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

*"That, Adrian Griffin, being a Director, appointed 12 November 2010, retires in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a Director."*

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**3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – PATRICK MCMANUS**

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

*"That, Patrick McManus, being a Director, appointed 12 November 2010, retires in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a Director."*

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**4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – GEORGE SAKALIDIS**

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

*"That, George Sakalidis, being a Director, appointed 12 November 2010, retires in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a Director."*

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**5. RESOLUTION 5 – 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, Gary Johnson, being a Director, appointed 12 November 2010, retires in accordance with clause 11.3 of the Constitution and, being eligible, is hereby re-elected as a Director."*

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**6. RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES TO AARON SIM KWANG LIANG**

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, the Company ratifies the allotment and issue of 312,500 Shares at a deemed price of 18 cents per Share to Aaron Sim Kwang Liang on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 6 by a person who participated in the issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**7. RESOLUTION 7 – RATIFICATION OF PRIOR GRANT OF OPTIONS TO ARROWHEAD BUSINESS AND INVESTMENT DECISIONS LLC**

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, Shareholders ratify the grant of 85,000 \$0.40 Options and 85,000 \$0.60 Options to Arrowhead Business and Investment Decisions LLC (and/or his nominee(s)), on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 7 by a person who participated in the issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**8. RESOLUTION 8 – RATIFICATION OF PRIOR GRANT OF OPTIONS TO NOAH GOLD**

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, Shareholders ratify the grant of 15,000 \$0.40 Options and 15,000 \$0.60 Options to Noah Gold, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 8 by a person who participated in the issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**9. RESOLUTION 9 – RATIFICATION OF PRIOR GRANT OF OPTIONS TO TORBINUP 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, Shareholders ratify the grant of 500,000 \$0.30 Options to Torbinup Resources Pty Ltd, on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion:** In accordance with ASX Listing Rule 7.5.6, the Company will disregard any votes cast on Resolution 9 by a person who participated in the issue or any of their associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

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**10. RESOLUTION 10 – APPOINTMENT OF AUDITOR**

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

*“That, for the purposes of section 327B of the Corporations Act and for all other purposes, Ernst & Young, having been nominated and having consented in writing to act as auditor of the Company, be appointed as auditor of the Company.”*

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**11. RESOLUTION 11 – APPROVAL OF GRANT OF OPTIONS TO PATRICK MCMANUS**

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 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 500,000 Director Options to Patrick McManus on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

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

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**12. RESOLUTION 12 – APPROVAL OF GRANT OF OPTIONS TO ADRIAN GRIFFIN**

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 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 250,000 Director Options to Adrian Griffin on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

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

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**13. RESOLUTION 13 – APPROVAL OF GRANT OF OPTIONS TO GEORGE SAKALIDIS**

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 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 250,000 Director Options to George Sakalidis on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

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

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**14. RESOLUTION 14 – APPROVAL OF GRANT OF OPTIONS TO GARY JOHNSON**

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 10.11 of the ASX Listing Rules, Section 208 of the Corporations Act and for all other purposes, approval is given for the Company to allot and issue 250,000 Director Options to Gary Johnson on the terms and conditions set out in the Explanatory Statement accompanying this Notice."*

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

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**DATED: 28 OCTOBER 2011**

**BY ORDER OF THE BOARD**

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



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## EXPLANATORY STATEMENT

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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 Wednesday, 30 November 2011.

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.

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

#### 1.1 General

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 recent 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 2012 annual general meeting, the Company will be required to put to Shareholders a resolution proposing the calling of an [extraordinary] 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 [extraordinary] general meeting (**Spill Meeting**) within 90 days of the Company's 2012 annual general meeting. All of the Directors who were in office when the Company's 2012 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 2011.

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

## 1.2 Proxy Restrictions

Pursuant to the Corporations Act, if you elect to appoint the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or any Closely Related Party of that member as your proxy to vote on this Resolution 1, *you must direct the proxy how they are to vote*. Where you do not direct the Chair, or another member of Key Management Personnel whose remuneration details are included in the Remuneration Report or Closely Related Party of that member on how to vote on this Resolution 1, the proxy is prevented by the Corporations Act from exercising your vote and your vote will not be counted in relation to this Resolution 1.

## 1.3 Definitions

**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.

**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 2001 (Cth).

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2011.

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## 2. RESOLUTION 2 – RE-ELECTION OF ADRIAN GRIFFIN

Clause 11.3 of the Constitution provides that at the Company's first Annual General Meeting any director appointed under the Company's Constitution shall retire from office and is eligible for re-election.

Adrian Griffin, who was appointed 12 November 2010, seeks re-election in accordance with clause 11.3 of the Constitution.

Details regarding Adrian Griffin are set out in the Company's 2011 Annual Report.

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**3. RESOLUTION 3 – RE-ELECTION OF PATRICK MCMANUS**

Clause 11.3 of the Constitution provides that at the Company's first Annual General Meeting any director appointed under the Company's Constitution shall retire from office and is eligible for re-election.

Patrick McManus, who was appointed 12 November 2010, seeks re-election in accordance with clause 11.3 of the Constitution.

Details regarding Patrick McManus are set out in the Company's 2011 Annual Report.

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**4. RESOLUTION 4 – RE-ELECTION OF GEORGE SAKALIDIS**

Clause 11.3 of the Constitution provides that at the Company's first Annual General Meeting any director appointed under the Company's Constitution shall retire from office and is eligible for re-election.

George Sakalidis, who was appointed 12 November 2010, seeks re-election in accordance with clause 11.3 of the Constitution.

Details regarding George Sakalidis are set out in the Company's 2011 Annual Report.

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**5. RESOLUTION 5 – RE-ELECTION OF GARY JOHNSON**

Clause 11.3 of the Constitution provides that at the Company's first Annual General Meeting any director appointed under the Company's Constitution shall retire from office and is eligible for re-election.

Gary Johnson, who was appointed 12 November 2010, seeks re-election in accordance with clause 11.3 of the Constitution.

Details regarding Gary Johnson are set out in the Company's 2011 Annual Report.

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**6. RESOLUTION 6 – RATIFICATION OF ISSUE OF SHARES TO AARON SIM KWANG LIANG**

**6.1 Background to Resolution 6**

On 8 September 2011 the Company issued 312,500 Shares to Aaron Sim Kwang Liang as consideration for corporate and investor relations services provided to the Company for the period from 1 August 2011 to 31 July 2012 to the total value of \$56,250.

Approval is now sought to ratify the issue of 312,500 Shares to Aaron Sim Kwang Liang.

## **6.2 ASX Listing Rule 7.4**

Under Chapter 7 of the ASX Listing Rules, there are limitations 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

Approval is sought under Resolution 6 to allow the Company to ratify the issue and allotment of the 312,500 Shares not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

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:

- (a) the number of securities allotted by the Company was 312,500 Shares;
- (b) the Shares were issued and allotted on 8 September 2011;
- (c) the Shares were allotted for nil cash consideration. The Shares were issued in consideration for the services referred to above;
- (d) the issued Shares are fully paid ordinary shares and rank equally with the existing Shares on issue;
- (e) the allottee of the Shares was Aaron Sim Kwang Liang, who is not a related party of the Company; and
- (f) the Shares were issued in lieu of cash consideration otherwise payable by the Company for the purpose of preserving cash reserves and to provide an incentive to Aaron Sim Kwang Liang to participate in future activities to the Company.

## **6.3 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 Share issue 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 further securities representing up to 15% of the Company's share capital during the next 12 months without shareholder approval.

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**7. RESOLUTION 7 – RATIFICATION OF PRIOR GRANT OF OPTIONS TO ARROWHEAD BUSINESS AND INVESTMENT DECISIONS LLC**

**7.1 Background to Resolution 7**

Resolution 7 seeks to ratify the grant of 85,000 \$0.40 Options and 85,000 \$0.60 Options to Arrowhead Business and Investment Decisions LLC, a company domiciled in the USA. The Options were granted to Arrowhead Business and Investment Decisions LLC as consideration for corporate and investor services to be provided to the Company in the USA for the period 20 July 2011 to 19 October 2012. Should the services be terminated before the end of the term, the options will be cancelled.

**7.2 ASX Listing Rule 7.4**

Under Chapter 7 of the ASX Listing Rules, there are limitations 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

Approval is sought under Resolution 7 to allow the Company to ratify the grant of the 85,000 \$0.40 Options and 85,000 \$0.60 Options not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the option grant the subject of Resolution 7 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 85,000 \$0.40 Options and 85,000 \$0.60 Options;
- (b) the Options were granted on 8 September 2011;
- (c) the Options were allotted for nil cash consideration. The Options were granted in consideration for the services referred to above;
- (d) the terms of the Options the subject of Resolution 7 are set out in Annexures A and B;
- (e) the allottee of the Options was Arrowhead Business and Investment Decisions LLC, who is not a related party of the Company; and
- (f) the Options were granted as an incentive for Arrowhead Business and Investment Decisions LLC to participate in future activities to the Company.

### **7.3 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 Option grant 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 further securities of the Company's share capital during the next 12 months without shareholder approval.

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## **8. RESOLUTION 8 – RATIFICATION OF PRIOR GRANT OF OPTIONS TO NOAH GOLD**

### **8.1 Background to Resolution 8**

Resolution 8 seeks to ratify the grant of 15,000 \$0.40 Options and 15,000 \$0.60 Options to Noah Gold. The Options were granted to Noah Gold as consideration for corporate and investor services to be provided to the Company in the USA for the period 20 July 2011 to 19 October 2012. Should the services be terminated before the end of the term, the options will be cancelled.

### **8.2 ASX Listing Rule 7.4**

Under Chapter 7 of the ASX Listing Rules, there are limitations 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

Approval is sought under Resolution 8 to allow the Company to ratify the grant of the 15,000 \$0.40 Options and 15,000 \$0.60 Options not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

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

- (a) the number of securities allotted by the Company was 15,000 \$0.40 Options and 15,000 \$0.60 Options;
- (b) the Options were granted on 8 September 2011;
- (c) the Options were allotted for nil cash consideration. The Options were granted in consideration for the services referred to above;
- (d) the terms of the Options the subject of Resolution 8 are set out in Annexures A and B;

- (e) the allottee of the Options was Noah Gold, who is not a related party of the Company; and
- (f) the Options were granted as an incentive for Noah Gold to participate in future activities to the Company.

### **8.3 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 Option grant 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 further securities of the Company's share capital during the next 12 months without shareholder approval.

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## **9. RESOLUTION 9 – RATIFICATION OF PRIOR GRANT OF OPTIONS TO TORBINUP RESOURCES PTY LTD**

### **9.1 Background to Resolution 9**

Resolution 9 seeks to ratify the grant of 500,000 \$0.30 Options to Torbinup Resources Pty Ltd. The Options were granted to Torbinup Resources Pty Ltd as consideration for geological services to be provided to the Company for the period 25 August 2011 to 24 August 2012.

### **9.2 ASX Listing Rule 7.4**

Under Chapter 7 of the ASX Listing Rules, there are limitations 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

Approval is sought under Resolution 9 to allow the Company to ratify the grant of the 500,000 \$0.30 Options not previously approved by Shareholders pursuant to ASX Listing Rule 7.4. The reason for an approval under ASX Listing Rule 7.4 is to reinstate the Company's capacity to issue up to 15% of its issued Shares without the approval of its Shareholders in any 12 month period.

The following information is provided to Shareholders for the purposes of obtaining Shareholder approval of the option grant the subject of Resolution 9 in accordance with ASX Listing Rule 7.5:

- (a) the number of securities allotted by the Company was 500,000 \$0.30 Options;
- (b) the Options were granted on 8 September 2011;

- (c) the Options were allotted for nil cash consideration. The Options were granted in consideration for the services referred to above;
- (d) the terms of the Options the subject of Resolution 8 are set out in Annexure C;
- (e) the allottee of the Options was Torbinup Resources Pty Ltd, who is not a related party of the Company; and
- (f) the Options were granted as an incentive for Torbinup Resources Pty Ltd to participate in future activities to the Company.

### **9.3 Directors' Recommendation**

None of the Directors has a material personal interest in the subject matter of Resolution 9. The Board believes that the ratification of the Option grant is beneficial for the Company. The Board recommends Shareholders vote in favour of Resolution 9 as it provides the Company with the flexibility to issue further securities of the Company's share capital during the next 12 months without shareholder approval.

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## **10. RESOLUTION 10 – APPOINTMENT OF AUDITOR**

### **10.1 Background to Resolution 10**

Under the Corporations Act, the Directors of the Company were required to appoint an auditor at the time of incorporation of the Company. Pursuant to the Corporations Act, the auditor so appointed holds office only until the first annual general meeting of the Company.

The Directors have considered this matter and now recommend that Ernst & Young be appointed as auditor of the Company and that Shareholders consider this resolution at the Company's first Annual General Meeting. The Company acknowledges that Ernst & Young have consented in writing to being appointed as the Company's auditor.

In accordance with the Corporations Act, Vivienne McManus, a Shareholder, has nominated Ernst & Young to be appointed auditor of the Company. A copy of that nomination is attached to the Notice of Annual General Meeting (Annexure "E").

### **10.2 Directors' Recommendation**

The Board recommends Shareholders vote in favour of Resolution 10.

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## **11. RESOLUTIONS 11, 12, 13 AND 14 – APPROVAL OF GRANT OF OPTIONS TO DIRECTORS**

### **11.1 Background to Resolutions 11, 12, 13 and 14**

The Company seeks Shareholder approval for the issue of 1,250,000 Options to the Directors of the Company (**Director Options**), being Patrick McManus, Adrian Griffin, George Sakalidis and Gary Johnson (**Directors**).

George Sakalidis and Gary Johnson are Non-Executive Directors of the Company. Adrian Griffin is the Non-Executive Chairman of the Company and Patrick McManus is the Managing Director of the Company.



The issue of the Director Options pursuant to Resolution 11 is subject to the re-election of Patrick McManus as a Director pursuant to Resolution 3. The issue of the Director Options pursuant to Resolution 12 is subject to the re-election of Adrian Griffin as a Director pursuant to Resolution 2. The issue of the Director Options pursuant to Resolution 13 is subject to the re-election of George Sakalidis as a Director pursuant to Resolution 4. The issue of the Director Options pursuant to Resolution 14 is subject to the re-election of Gary Johnson as a Director pursuant to Resolution 5.

The ASX Listing Rules and the Corporations Act set out a number of regulatory requirements which must be satisfied. These are summarised below, as attached to the Notice of Annual General Meeting (Annexure "D").

## **11.2 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities (including an option) to a related party of the company.

If Resolutions 11, 12, 13 and 14 are passed, Director Options will be issued to the Directors, who are related parties of the Company. Accordingly, approval for the issue of Director Options is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Director Options to the Directors as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of securities to the Directors will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 11, 12, 13 and 14:

- (a) the maximum number of Director Options to be issued by the Company is:
  - (i) 500,000 to Patrick McManus;
  - (ii) 250,000 to Adrian Griffin;
  - (iii) 250,000 to George Sakalidis; and
  - (iv) 250,000 to Gary Johnson;
- (b) the Director Options will be issued not later than one month after the date of the Annual General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;
- (c) the Director Options will be issued for no cash consideration;
- (d) the Director Options will be issued on the terms set out in Annexure D to this Explanatory Statement;
- (e) no funds will be raised from the issue of the Director Options as the purpose of the issue is to give the Directors an incentive to provide dedicated and ongoing services to the Company; and

- (f) the valuation of Exercise Price of the Director Options used in this explanation is theoretical as the actual Exercise Price will be calculated by:
  - (i) dividing the dollar value of the ordinary shares traded by volume of shares traded in the 10 day period prior to the date of the Company's Annual General Meeting to establish VWAP;
  - (ii) applying a premium of 33% to that VWAP to determine the exercise price.

### **11.3 Section 208 of the Corporations Act**

For a public company to give a financial benefit to a related party of the public company, the public company must:

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

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

In the current circumstances, the issue of the Director Options to the Directors constitutes a "financial benefit" as defined in the Corporations Act. Further, the Directors are "related parties" of the Company as defined under the Corporations Act. Accordingly, the proposed issue of Director Options to the Directors will constitute the provision of a financial benefit to related parties of the Company.

It is the view of the Directors that the exceptions under the Corporations Act to the provision of a financial benefit to a related party may not apply in the current circumstances. The Directors have determined to seek Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Director Options to the Directors.

### **11.4 Sections 217 to 227 of the Corporations Act**

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to the Directors:

- (a) the related parties to whom a financial benefit will be given are Patrick McManus, Adrian Griffin, George Sakalidis and Gary Johnson;
- (b) the maximum number of Director Options (being the nature of the financial benefit to be provided) to be issued is 1,250,000;

- (c) the Directors make the following recommendations in relation to the proposed issue of Director Options to the Directors:
- (i) the Directors (other than Patrick McManus), who do not have a material personal interest in the outcome of Resolution 11, recommend that Shareholders vote in favour of Resolution 11 as they are of the view that the issue of 500,000 Director Options to Patrick McManus is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Patrick McManus) considered Patrick McManus' experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Director Options to be issued to Patrick McManus. Patrick McManus declined to make a recommendation in relation to Resolution 11 due to the fact that he has a material personal interest in its outcome;
  - (ii) the Directors (other than Adrian Griffin), who do not have a material personal interest in the outcome of Resolution 12, recommend that Shareholders vote in favour of Resolution 12 as they are of the view that the issue of 250,000 Director Options to Adrian Griffin is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Adrian Griffin) considered Adrian Griffin's experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Director Options to be issued to Adrian Griffin. Adrian Griffin declined to make a recommendation in relation to Resolution 12 due to the fact that he has a material personal interest in its outcome;
  - (iii) the Directors (other than George Sakalidis), who do not have a material personal interest in the outcome of Resolution 13, recommend that Shareholders vote in favour of Resolution 13 as they are of the view that the issue of 250,000 Director Options to George Sakalidis is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than George Sakalidis) considered George Sakalidis' experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Director Options to be issued to George Sakalidis. George Sakalidis declined to make a recommendation in relation to Resolution 13 due to the fact that he has a material personal interest in its outcome;

- (iv) the Directors (other than Gary Johnson), who do not have a material personal interest in the outcome of Resolution 14, recommend that Shareholders vote in favour of Resolution 14 as they are of the view that the issue of 250,000 Director Options to Gary Johnson is an appropriate form of remuneration to provide him with an incentive to maximise returns to Shareholders. The Directors (other than Gary Johnson) considered Gary Johnson's experience, the market price of the Shares when the resolution was passed by the Board and current market practice when determining the number and exercise price of the Director Options to be issued to Gary Johnson. Gary Johnson declined to make a recommendation in relation to Resolution 14 due to the fact that he has a material personal interest in its outcome;
- (d) the Directors are paid the following amounts per annum for their services to the Company:
  - (i) Patrick McManus is currently paid \$250,000 per annum (inclusive of superannuation);
  - (ii) Adrian Griffin is currently paid \$40,000 per annum inclusive of superannuation);
  - (iii) George Sakalidis is currently paid \$40,000 per annum (inclusive of superannuation); and
  - (iv) Gary Johnson is currently paid \$40,000 per annum (inclusive of superannuation);
- (e) the Directors have the following relevant interests in the Shares of the Company:
  - (i) Patrick McManus currently has an interest in 1,715,000 Shares;
  - (ii) Adrian Griffin currently has an interest in 3,447,181 Shares;
  - (iii) George Sakalidis currently has an interest in 700,517 Shares; and
  - (iv) Gary Johnson currently has an interest in 250,000 Shares.

There are currently 76,632,500 Shares on issue in the Company;

- (f) if Shareholders approve the issue of Director Options to the Directors, and all of the Director Options are exercised, the effect will be to dilute the shareholding of existing Shareholders by approximately 0.002% on an undiluted basis and based on the number of Shares on issue as at the date of this Notice. The market price for Shares during the term of the Director Options would normally determine whether or not the Directors exercise the Director Options. If, at the time any of the Director Options are exercised, the Shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company. The highest, lowest and last trading price of Shares on ASX since the Company commenced official quotation are as set out below:

	<b>Date</b>	<b>Price</b>
<b>Highest</b>	8 June & 9 June 2011	\$0.26
<b>Lowest</b>	8 August & 26 September 2011	\$0.16
<b>Last</b>	11 October 2011	\$0.21

- (g) the ASIC, in reviewing documents lodged under Section 218 of the Corporations Act relating to the giving of financial benefits to related parties of public companies, requires explanatory information regarding the value of the options proposed to be granted. The value of the Director Options has been calculated by BDO Kendalls Corporate Finance (WA) Pty Ltd using the Black & Scholes pricing model and is set out below; and
- (h) additional information in relation to Resolutions 11, 12, 13 and 14 is set out throughout this Explanatory Statement. Shareholders should therefore read the Notice and Explanatory Statement in its entirety before making a decision as to how to vote on Resolutions 11, 12, 13 and 14.

### **11.5 Valuation of the Director Options**

The Director Options have been valued using the Black & Scholes pricing model and based upon the following assumptions:

- (a) the Director Options expire on 30 November 2014 and are exercisable at the 10 day Volume Weighted Average Price (**VWAP**) prior to grant date each. For the purpose of this Notice, an exercise price of \$0.26 has been used. The VWAP has been calculated by dividing the dollar value of the ordinary shares traded by volume of shares traded in the 10 day period prior to the date of this Notice, using data that has been obtained from Bloomberg;
- (b) a volatility factor of 105% based on the historical volatility of the Company's Share price;
- (c) a risk free interest rate of 3.68% based on the Commonwealth Government Securities rate as at 30 September 2011; and
- (d) the valuation date for the Director Options was 30 September 2011 and the Share price on that date was \$0.185.

The Exercise Price of the Director Options is theoretical as the actual Exercise Price will be calculated by dividing the dollar value of the ordinary shares traded by volume of shares traded in the 10 day period prior to the date of the Company's Annual General Meeting at a premium of 33%.

Based on the above, the 1,250,000 Director Options proposed to be issued to the Directors pursuant to Resolutions 11, 12, 13 and 14 have been valued at:

- (a) \$55,000, in relation to the Director Options issued to Patrick McManus;
- (b) \$27,500, in relation to the Director Options issued to Adrian Griffin;
- (c) \$27,500, in relation to the Director Options issued to George Sakalidis;  
and
- (d) \$27,500, in relation to the Director Options issued to Gary Johnson.

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**ANNEXURE A – TERMS AND CONDITIONS OF \$0.40 OPTIONS**

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1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 8 September 2016. The Options vest on 8 September 2012. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of \$0.40 per Option exercised. The Options will lapse at 5.00pm WST on the date of expiration, being 8 September 2016.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the date of expiration. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. The Options shall not entitle the Optionholders to participate in new issues of securities. However, the Optionholder shall be given notice of any proposed pro rata issue to be made available to shareholders at least nine (9) business days prior to and inclusive of the record date of that issue (to determine entitlements to the issue) to enable them to exercise the Options in order to participate in the issue.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including 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.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

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**ANNEXURE B - TERMS AND CONDITION OF \$0.60 OPTIONS**

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1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 8 September 2016. The Options vest on 8 September 2012. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of \$0.60 per Option exercised. The Options will lapse at 5.00pm WST on the date of expiration, being 8 September 2016.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the date of expiration. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. The Options shall not entitle the Optionholders to participate in new issues of securities. However, the Optionholder shall be given notice of any proposed pro rata issue to be made available to shareholders at least nine (9) business days prior to and inclusive of the record date of that issue (to determine entitlements to the issue) to enable them to exercise the Options in order to participate in the issue.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including 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.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.



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**ANNEXURE C - TERMS AND CONDITION OF \$0.30 OPTIONS**

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1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 8 September 2014. The Options vest on 8 September 2011. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of \$0.30 per Option exercised. The Options will lapse at 5.00pm WST on the date of expiration, being 8 September 2014.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the date of expiration. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. The Options shall not entitle the Optionholders to participate in new issues of securities. However, the Optionholder shall be given notice of any proposed pro rata issue to be made available to shareholders at least nine (9) business days prior to and inclusive of the record date of that issue (to determine entitlements to the issue) to enable them to exercise the Options in order to participate in the issue.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including 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.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

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**ANNEXURE D – TERMS AND CONDITIONS OF \$0.26 OPTIONS**

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1. Each Option entitles the holder to acquire one fully paid ordinary share in the Company.
2. The Options may be exercised at any time until 30 November 2014. The Options vest on date of grant. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the sum of \$0.26 per Option exercised. The Options will lapse at 5.00pm WST on the date of expiration, being 30 November 2014.
3. The Options may be transferred by an instrument (duly stamped where necessary) in the form commonly used for transfer of Options at any time until the date of expiration. This right is subject to any restrictions on the transfer of an Option that may be imposed by ASX in circumstances where the Company is listed on ASX.
4. The Options shall not entitle the Optionholders to participate in new issues of securities. However, the Optionholder shall be given notice of any proposed pro rata issue to be made available to shareholders at least nine (9) business days prior to and inclusive of the record date of that issue (to determine entitlements to the issue) to enable them to exercise the Options in order to participate in the issue.
5. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
6. In the event of any reconstruction (including 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.
7. If there is a bonus issue to shareholders, the number of shares over which the Option is exercisable may be increased by the number of shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
8. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.

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**ANNEXURE E – AUDITOR NOMINATION**

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12 October 2011

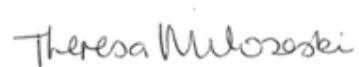
The Directors  
Potash West NL  
PO Box 588  
BELMONT WA 6894

Dear Sirs

**NOMINATION OF AUDITOR**

In accordance with the provisions of section 328B of the Corporations Act, we Robert and Theresa Miloseski <The Miloseski Superannuation Fund>, being a member of Potash West NL, hereby nominate Ernst & Young for appointment as auditor of Potash West NL.

Yours faithfully



Robert and Theresa Miloseski <The Miloseski Superannuation Fund>

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## GLOSSARY

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In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

**\$0.40 Option** means the options issued in accordance with Resolutions 7 and 8 on the terms set out in Annexure A.

**\$0.60 Option** means the options issued in accordance with Resolution 7 and 8 on the terms set out in Annexure B.

**\$0.30 Option** means the options issued in accordance with Resolution 9 on the terms set out in Annexure C.

**2011 Annual Report** means the Company's annual report for the year ended 30 June 2011, which can be downloaded from the Company's website at [potashwest.com.au](http://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.

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

**Constitution** means the Company's constitution.

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

**Directors** mean the current directors of the Company.

**Director Options** means the options issued in accordance with Resolutions 11, 12, 13 and 14 on the terms set out in Annexure D.

**Explanatory Statement** means the explanatory statement to this Notice.

**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 2011 Annual Report.

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

**Shareholder** means a shareholder of the Company.

**WST** means Western Standard Time.

## 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 the "150 East Riverside", 150 Great Eastern Highway, Ascot, Western Australia at 9:00am WST on Wednesday, 30 November 2011, and at any adjournment thereof.

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

If the Chair of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do **not** wish to direct your proxy how to vote as your proxy in respect of **Resolutions 3 – 14** please place a mark in this box.

By marking this box, you acknowledge that the Chair of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolutions 3 – 14 and that votes cast by the Chair of the Annual General Meeting for Resolutions 3 – 14 other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on Resolutions 3 – 14 and your votes will not be counted in calculating the required majority if a poll is called on Resolutions 3 – 14.

**OR**

#### **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	Re-election of Director – Patrick McManus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Director – George Sakalidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Re-election of Director – Gary Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Ratification of Issue of Shares to Aaron Sim Kwang Liang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Ratification of Prior Grant of Options to Arrowhead Business and Investment Decisions LLC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Ratification of Prior Grant of Options to Noah Gold	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Ratification of Prior Grant of Options to Torbinup Resources Pty Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Appointment of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Approval of Grant of Options to Patrick McManus	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Approval of Grant of Options to Adrian Griffin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 13	Approval of Grant of Options to George Sakalidis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 14	Approval of Grant of Options to Gary Johnson	<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.

**POTASH WEST NL**  
**ABN 98 117 848 790**  
**Instructions for Completing 'Appointment of 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 98 117 848 790**

**Instructions for Completing 'Appointment of Proxy' Form**

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 9:00am WST on Monday, 28 November 2011.

**Proxy forms received later than this time will be invalid.**