
PLYMOUTH MINERALS LIMITED
ACN 147 413 956
NOTICE OF GENERAL MEETING

TIME: 10.00 am
DATE: 21 April 2016
PLACE: Level 1, 350 Hay Street Subiaco WA

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 any of the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 6461 6350.

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IMPORTANT INFORMATION

Time and place of Meeting

Notice is given that the Meeting will be held at

10.00 am (WST) on 21 April 2016 at:

Level 1, 350 Hay Street Subiaco

Your vote is important

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

Voting eligibility

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 5.00pm (WST) on 19 April 2016.

Voting in person

To vote in person, attend the Meeting at the time, date and 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.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with

section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 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 of the meeting, 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 two 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 resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - 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.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – CHANGE TO SCALE OF ACTIVITIES

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

“That, subject to the passing of Resolution 2 and 3, for the purpose of ASX Listing Rules 11.1.2 and for all other purposes, approval is given for the Company to acquire 100% of the issued shares in Equatorial Potash Pty Ltd on the terms and conditions set out in the Explanatory Statement accompanying this notice and consequently to make a change in the scale of its activities to include a new potash project in Gabon.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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.

2. RESOLUTION 2 – ACQUISITION OF EQUATORIAL POTASH PTY LTD

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

“That, subject to the passing of Resolutions 1 and 3, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to:

- (a) 25,000,000 Shares; and
- (b) 25,000,000 Performance Shares,

to the shareholders of Equatorial Potash Pty Ltd on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. 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.

3. RESOLUTION 3 – CREATION OF A NEW CLASS OF SECURITIES

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

“That, subject to the passing of Resolutions 1 and 2, for the purpose of section 246B of the Corporations Act and for all other purposes, the Company is authorised to issue the Performance Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any of the shareholders of Equatorial Potash Pty Ltd and any of their associates or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed. However the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – APPROVAL FOR SHARE PLACEMENT

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 7.1 and for all other purposes, approval is given for the Company to issue up to 52,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

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 issue of 8,301,668 Shares on the terms and conditions set out in the Explanatory Statement.”

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

6. RESOLUTION 6 – ISSUE OF SHARES IN LIEU OF FEES – CHARLES SCHAUS

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

“That, subject to the completion of the acquisition of 100% of the issued shares in Equatorial Potash Pty Ltd, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 625,000 Shares to Charles Schaus (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Charles Schaus (or his nominee) and 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the chair; and
- (b) the appointment expressly authorises the chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

7. RESOLUTION 7 – ISSUE OF SHARES IN LIEU OF FEES – STEPHEN BROCKHURST

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

“That, subject to the completion of the acquisition of 100% of the issued shares in Equatorial Potash Pty Ltd, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 312,500 Shares to Stephen Brockhurst (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast on this Resolution by Stephen Brockhurst (or his nominee) and 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.

Voting Prohibition Statement:

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the chair; and
- (b) the appointment expressly authorises the chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

8. RESOLUTION 8 – ELECTION OF DIRECTOR – ERIC LILFORD

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

“That, subject to the completion of the acquisition of 100% of the issued shares in Equatorial Potash Pty Ltd, for the purpose of clause 21.4 of the Constitution and for all other purposes, Eric Lilford, being eligible and having consented to act, be elected as a director of the Company on and from the date of completion by the Company of the acquisition of shares in Equatorial Potash Pty Ltd.”

9. RESOLUTION 9 – ELECTION OF DIRECTOR – CHRISTIAN CORDIER

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

“That, subject to the completion of the acquisition of 100% of the issued shares in Equatorial Potash Pty Ltd, for the purpose of clause 21.4 of the Constitution and for all other purposes, Christian Cordier, being eligible and having consented to act, be elected as a director of the Company on and from the date of completion by the Company of the acquisition of shares in Equatorial Potash Pty Ltd.”

Dated:

21 March 2016

By order of the Board

**Rob Orr
Company Secretary**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. ACQUISITION OF EQUATORIAL POTASH PTY LTD

1.1 Background on Acquisition

On 7 October 2015, the Company announced to ASX that it had entered into a conditional binding heads of agreement pursuant to which it has acquired the right to purchase 100% of the shares in Equatorial Potash Pty Ltd (**Equatorial Potash**) from the shareholders of Equatorial Potash (**Equatorial Potash Shareholders**).

On 18 March 2016, the Company signed the formal share sale agreement with the Equatorial Potash Shareholders to give effect to the acquisition of 100% of the shares in Equatorial Potash (the **Share Sale Agreement**).

1.2 Equatorial Potash Pty Ltd

Equatorial Potash is a private company incorporated in Australia. Equatorial Potash holds 100% of the shares in Mayumba Potasse S.A.R.L., a Gabonese company which holds the rights to two exploration permits in Gabon (one of which has been granted, the other remains in the application stage) which are considered prospective for potash.

1.3 The Gabon Potash Projects

The exploration permits in Gabon (the **EPAs**) cover the Banio and Mamana projects with a combined surface area of >1,400km². The projects have been historically drilled with both reporting high grade potash intersections at shallow depth.

On 2 March 2016, the Company announced the grant of the tenure covering the Banio project by the government of Gabon. The tenure covering the Mamana project remains in the application stage as at the date of this Notice of Meeting.

The Banio project covers 1,244km² and Mamana covers 219km². Collectively Equatorial Potash's projects cover 1,463km². The projects have been historically drilled with both reporting high-grade potash intersections at shallow depth.

The Banio project is located approximately 450km south of Libreville, adjacent to the Atlantic coast, along a close distance on strike from advanced potash projects and historic mines in the Republic of Congo (i.e. Sintoukola and the Holle Potash Mine). Historical oil exploration drilling within the Banio tenement has confirmed that the sedimentary horizons which host potash mineralisation in the Congo Basin have been intersected within the Banio project.

The Mamana project is located approximately 110km southeast of Libreville and along the edge of the Oogue River which is a major transport corridor to the Coast and Port Gentil. Mamana was drilled extensively for potash mineralisation in the Azingo Dome portion of the project in the 1950's with good results. Extensive potash mineralisation was intersected at shallow depths.

1.4 Technical Report

The Company has commissioned an independent technical adviser to review the rights and interest of Equatorial Potash in the EPAs (**Independent Technical Report**).

The Independent Technical Report accompanies and forms part of this Notice of Meeting sent to Shareholders.

1.5 Current activities of the Company – the Morille tungsten project

The Company is confident in the medium term value of Morille and believes it offers a potential to return value to Shareholders in the current, low tungsten price environment. The Company is mindful of the requirement for considerable drilling activity and studies in order to advance Morille and will continue to assess the tungsten market and enact these activities when prudent.

1.6 Share Sale Agreement

The principal terms of the Share Sale Agreement pursuant to which the Company has agreed to acquire 100% of the issued share capital in Equatorial Potash are as follows:

- (a) **(Sale and purchase)**: The Equatorial Potash Shareholders have agreed to sell to the Company 100% of the shares in Equatorial Potash. The Equatorial Potash Shareholders are identified in Schedule 3 to this Notice of Meeting.
- (b) **(Consideration)**: In consideration for the purchase of the shares in Equatorial Potash, the Company will issue to the Equatorial Potash Shareholders (in aggregate):
 - (i) 25,000,000 Shares (the **Consideration Shares**); and
 - (ii) 25,000,000 Performance Shares, comprising 15,000,000 Milestone A Performance Shares and 10,000,000 Milestone B Performance Shares (the **Performance Shares**),

(together, the **Consideration Securities**).

The Consideration Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms as the Company's existing ordinary shares. The Performance Shares will be issued on the terms set out in Schedule 2 to this Notice of Meeting.

The Consideration Securities will be apportioned among the Equatorial Potash Shareholders pro-rata to their shareholding in Equatorial Potash, as set out in Schedule 3.

Shareholder approval for the issue of the Consideration Securities is sought pursuant to Resolution 2.

- (c) **(Escrow)**: The Consideration Shares and the Performance Shares will be subject to voluntary escrow by the Equatorial Potash Shareholders and escrow in accordance with the Listing Rules for a period of 12 months from the date of issue.

The Shares issued on conversion of the Performance Shares will be subject to voluntary escrow for the period specified in the terms set out in Schedule 2 to this Notice of Meeting.

The voluntary escrow will end, and the Performance Shares will convert to Shares, in the event a takeover bid is made for the Company and accepted by a majority (50%) of the shareholders of the Company and the bid is declared unconditional by the bidder, whether such offer is made as a takeover or as part of a scheme of arrangement under Part 5.1 of the Corporations Act, provided that, in respect of the Performance Shares, the total number of Shares to be issued on conversion will not exceed 10% of the issued capital of the Company as at the conversion date.

- (d) **(Conditions Precedent):** Completion of the Acquisition is subject to satisfaction of certain conditions precedent, including:
- (i) completion of due diligence by the Company on Equatorial Potash and Mayumba Potasse S.A.R.L. and, in respect of each such company, its business, assets, operations, financial position, financial performance and the EPAs to the satisfaction of the Company;
 - (ii) at least one of the EPAs being duly granted by the government of Gabon on terms satisfactory to the Company. This condition was satisfied by the grant of the Banio EPA, as announced by the Company on 2 March 2016;
 - (iii) the Company obtaining Shareholder approval to conduct a capital raising of up to 52,000,000 Shares at a price of not less than a 20% discount to the VWAP in the 5 days prior to the date of the agreement to issue Shares (**Capital Raising**);
 - (iv) each Equatorial Potash Shareholder entering into a restriction agreement on terms agreed by the Company which imposes restrictions on trading of the Consideration Shares and the Shares issued on conversion of the Performance Shares; and
 - (v) the Company obtaining all necessary shareholder and regulatory approvals under the ASX Listing Rules and the Corporations Act to complete the Acquisition and the other matters contemplated by this Notice of Meeting.
- (e) **(Other terms):** The Share Sale Agreement contains other terms considered standard for an agreement of this nature, including warranties by the Equatorial Potash Shareholders, rights as to exclusivity, maintenance of the EPAs, limitations on claims and confidentiality.

1.7 Management team and Director profiles

It is proposed that, upon completion of the Acquisition, the board of directors of the Company will consist of the following directors:

- (a) Mr Adrian Byass – executive chairman;
- (b) Dr Eric Lilford – managing director;
- (c) Mr Christian Cordier – non-executive director; and

(d) Mr Humphrey Hale – non-executive director.

Profiles of each proposed member of the Board are as follows:

Mr Adrian Byass

Mr Byass has 20 years' experience within the minerals industry. This experience has principally been gained in acquisition, financing, mine development and production, with a strong focus on public equity markets. This experience has been gained through working with and founding mineral exploration and mining companies which have operated in North America, Europe and Australasia. Technical experience in production and resource estimation has resulted in Mr Byass being regarded as a Competent Person for ASX reporting criteria and he is a Member and Fellow of several national and international professional organisations.

Mr Byass is currently a Non-Executive Director of Corazon Mining Ltd and Fertoz Limited and Managing Director of Plymouth Minerals Limited.

Dr Eric Lilford

Dr Lilford, a mining engineer and a minerals economist, has acted in the capacity of managing director of two ASX listed mining and exploration companies. Prior to this, Dr Lilford held the positions of National Head of Mining for Deloitte Touche Tohmatsu, Australia, and was a partner of Deloitte in the corporate finance division. He has over 25 years' operational and investment banking experience across the global resources sector, notably throughout Africa. During this period, he has gained experience in the completion of both pre-feasibility and feasibility studies in numerous jurisdictions, mine production experience in numerous commodities as well as corporate advisory and debt arranging for mining companies and projects.

Mr Christian Cordier

Mr Cordier has had considerable involvement and investments in both public and private mining and exploration companies for over 16 years. His portfolio includes joint ventures with major international mining houses, investments in listed companies in the United Kingdom, Australia and Southern Africa and in private mining operations. He has extensive experience in sourcing natural resource projects and nurturing them through the value curve by packaging and arranging venture funding, managing the permitting and exploration process, negotiating off-take agreements and the formation of a strong management team. Mr Cordier is a qualified accountant with experience as an executive and a non-executive director of listed and private companies.

Mr Humphrey Hale

Mr Hale was the founding managing director of leading emerging tungsten production company Wolf Minerals Limited.

During his time at Wolf Minerals Limited, Mr Hale oversaw its IPO and acquisition of the world class Hemerdon tungsten-tin project in the UK and managed the subsequent delivery of a definitive feasibility study for the project. Mr Hale was involved in the company's subsequent listing on the AIM market of the London Stock Exchange and arranged a complex funding package (~A\$200m) to advance the Hemerdon project into production. Hemerdon is now progressing towards production and is forecast to become one of the western world's largest tungsten mines.

Mr Hale (Geologist) has prior experience across a number of commodities including tungsten, tin, iron-ore, nickel and gold. He previously worked for AngloGold Ashanti as an exploration geologist on the Sunrise Dam project in Western Australia's goldfields, and has also worked in the oil industry in the Gulf of Mexico, Singapore and in the Mediterranean.

1.8 Pro-forma balance sheet

The financial effects of the Acquisition and other matters contemplated by this Notice of Meeting is set out in the unaudited pro-forma balance sheet of the Company as Schedule 1 to this Notice of Meeting.

1.9 Pro-forma capital structure

The pro-forma capital structure of the Company following completion of the Acquisition and other matters contemplated by this Notice of Meeting is as follows:

	Shares	Options ¹	Performance Shares
Current issued capital	45,000,000	4,250,000	-
Issue of Consideration Securities ²	25,000,000	-	25,000,000
Issue of Placement Shares ³	52,000,000	-	-
Issue of Related Party Shares ⁴	937,500	-	-
Total⁵	122,937,500	4,250,000	25,000,000

Notes:

- The terms of the existing Options are as follows:
 - 1,000,000 unlisted Options exercisable at \$0.20 on or before 5 March 2017; and
 - 3,250,000 unlisted Options exercisable at \$0.14 on or before 24 December 2017.
- Refer to Resolution 2.
- Refer to Resolution 4.
- Refer to Resolutions 6 and 7.
- The above table assumes no additional Securities are issued by the Company upon the exercise of Options or otherwise.

1.10 Equatorial Potash Shareholders

The details of the Equatorial Potash Shareholders, their respective entitlement to Consideration Securities and their respective shareholding in the Company upon completion of the Acquisition are set out in Schedule 3 to this Notice of Meeting.

1.11 Indicative Timetable

The indicative timetable for completion of the Acquisition is as follows:

Event	Indicative date
Notice of Meeting despatched to Shareholders	21 March 2016
Due diligence on Equatorial Potash and the Exploration Permits completed	16 March 2016
General Meeting held	21 April 2016
Completion of the acquisition of Equatorial Potash	22 April 2016

* The Directors reserve the right to change the above indicative timetable without requiring any disclosure to Security Holders.

1.12 Advantages and disadvantages of the Acquisition

(a) Advantages

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (i) the Acquisition represents an attractive opportunity for the Company to invest in potash exploration assets to increase the value of the Company;
- (ii) the Acquisition represents a significant opportunity for the Company to increase the scale of its activities which should increase the number and size of the investor pool that may invest in the Company's shares;
- (iii) the Acquisition brings to the Company a well-credentialed management team with experience in potash exploration in Gabon;
- (iv) the consideration for the Acquisition is comprised of Shares and Performance Shares, thereby conserving the Company's existing cash reserves;
- (v) the Performance Shares will convert on the satisfaction of the Milestones into fully paid ordinary shares. The Company has structured the Performance Shares to incentivise and align the interests of the Equatorial Potash Shareholders with the interests of the Company and existing Shareholders; and
- (vi) the issue of the Consideration Securities will result in an increased market capitalisation which, combined with the Acquisition, may assist the Company to raise funds in the future to further its operations.

(b) Disadvantages

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on Resolution 1:

- (i) the Company intends to alter the primary focus of its operations to potash exploration in Gabon, which may not be consistent with the objectives of all Shareholders;
- (ii) the Company will issue the Consideration Securities to the Equatorial Potash Shareholders which will have a dilutionary effect on the current holdings of Shareholders;
- (iii) the potash projects in Gabon may not turn out to be commercially viable and thus losses may be incurred. In general terms, investments in listed exploration companies should be considered highly speculative;

- (iv) there are risks associated with potash exploration in Gabon and the prospective business of the Company upon completion of the Acquisition. A non-exhaustive list of these risks is set out in Section 1.14 below; and
- (v) there is no guarantee that the Shares will not fall in value upon completion of the Acquisition.

1.13 Requirement for additional funding

Other than the Placement proposed by Resolution 4 of this Notice of Meeting, the Company confirms that the Acquisition will not result in the Company needing to borrow funds or raise capital in the short term.

1.14 Risk factors

Shareholders should be aware that if the Acquisition is approved and completed, the Company will be changing its primary focus to that of a potash exploration company with assets in Gabon. There are risks for the Company and its Shareholders inherent in the Acquisition. The risks described below are not intended to be exhaustive. There may be additional risks that the Company is unaware of or that the Company currently considers to be immaterial which may affect the Company. Based on the information available, a non-exhaustive list of risk factors associated with the Company's proposal to acquire Equatorial Potash is as follows:

(a) Potash

The EPAs are considered prospective for potash. The potential success of the potash projects will be primarily dependent on the market conditions of demand for and supply of potash and the consequent commodity price of potash. Potash market conditions are volatile and can be expected to fluctuate as a result of numerous factors which are beyond the control of the Company.

(b) Gabon

The EPAs are located in Gabon and the Company will therefore be subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, government participation, taxation, working conditions, rates of exchange, exchange control, exploration licensing, export duties, repatriation of money or assets or return of capital, environmental protection, mine safety, labour relations as well as government control over mineral properties or government regulations that require the employment of local staff or contractors or require other benefits to be provided to local residents.

Changes, if any, in mining or investment policies or shifts in political attitude in Gabon may adversely affect the operations or profitability of the Company.

Failure to comply strictly with applicable laws, regulations and local practices relating to exploration or mineral rights applications and tenure could result in loss, reduction or expropriation of rights or entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests.

The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the operations or profitability of the Company. The Company has made its investment and strategic decisions based on the information currently available to the Directors, however should there be any material change in the political, economic, legal and social environments in Gabon, the Directors may reassess the Company's investment decisions and commitments to assets in Gabon.

(c) **Exploration risks**

Exploration is a high risk activity that requires large amounts of expenditure over extended periods of time. The Company's exploration activities on the EPAs will be subject to all the hazards and risks normally encountered in the exploration of minerals, including climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and other similar considerations. Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Further, the costs of the Company's exploration activities may materially differ from its estimates and assumptions. No assurance can be given that the Company's cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

(d) **Grant of EPAs**

It is a condition to completion of the Acquisition that at least one of the EPAs is granted by the government of Gabon. The grant of the tenure covering the Banio project was announced by the Company on 2 March 2016. The tenure covering the Mamana project remains in the application stage.

There is a risk that the Mamana project EPA may not be granted by the government of Gabon. If the Mamana project EPA is not granted, the Company would be unable to explore the land covered by the EPA.

(e) **Operating risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes, and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(f) **Tenure**

Mining and exploration permits in Gabon are subject to periodic renewal. There is no guarantee that current or future permits or future applications for permits will be approved.

(g) **Development**

Possible future development of a mining operation at any of the Company's projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the Company commences production, its operations may be disrupted by a variety of risks and hazards which are beyond its control, including environmental hazards, industrial accidents, technical failures, labour disputes, unusual or unexpected rock formations, flooding and extended interruptions due to inclement of hazardous weather conditions and fires, explosions or accidents. No assurance can be given that the Company will achieve commercial viability through the development or mining of projects in Gabon.

(h) **Environmental risks**

The exploration and any future mining activities of the Company are subject to local laws and regulations concerning the environment. As with most exploration projects and mining operations, the proposed activities in Gabon are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Such impact can give rise to substantial costs for environmental rehabilitation, damage, control and losses. Further, if there are environmental rehabilitation conditions attaching to the permits granted in Gabon, failure to meet such conditions could lead to forfeiture of these permits.

(i) **Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

(j) **Additional requirements for capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company is likely to require further financing in addition to amounts raised by the issue of Placement Shares contemplated by this Notice of Meeting. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case

may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

(k) **Market risk**

Share market conditions may affect the value of the Company's shares regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) commodity price fluctuations;
- (v) changes in investor sentiment toward particular market sectors;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism and other hostilities.

1.15 What if the Acquisition does not succeed?

If the conditions to the Acquisition are not satisfied or waived, including if the Resolutions to this Notice are not passed, the Acquisition will not proceed and the Company will continue in its current form as a resources exploration company focussed on advancing its interest in the Morille tungsten project in Spain.

1.16 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of each of the Resolutions and consider the Acquisition to be beneficial to Shareholders because of the advantages set out in Section 1.12.

No Director has any interest in shares in Equatorial Potash.

1.17 Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr. Samuel Ulrich, an independent Consultant Geologist with over 20 years of experience. Mr. Ulrich who is member of the Australasian Institute of Mining and Metallurgy (AusIMM) and the Australian Institute of Geoscientists (AIG) has sufficient experience, which is relevant to the style of mineralisation under consideration and to the activity being undertaken to qualify as a "Competent Person", as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion in this report of the matters based on information in the form and context in which they appear.

2. RESOLUTION 1 – CHANGE TO SCALE OF ACTIVITIES

2.1 General

The Acquisition, if approved by Shareholders at the General Meeting, will have a significant impact on the scale of activities undertaken by the Company.

Accordingly, Resolution 1 seeks Shareholder approval for the Acquisition pursuant to ASX Listing Rule 11.1.2.

A detailed description of the Acquisition is set out above at Section 1 of the Explanatory Statement.

Resolution 1 is conditional on Resolutions 2 and 3 being approved.

2.2 ASX Listing Rule 11.1

ASX Listing Rule 11.1 provides that where an entity proposes to make a significant change, either directly or indirectly, to the scale of its activities, it must provide full details to ASX as soon as practicable. ASX Listing Rule 11.1.2 provides that, if ASX requires, the entity must get the approval of Shareholders and must comply with any requirements of ASX in relation to the Notice of Meeting.

ASX has advised the Company that the change in the scale of the Company's activities does not require the Company to re-comply with the admission requirements set out in Chapters 1 and 2 of the ASX Listing Rules in accordance with ASX Listing Rule 11.1.3.

For this reason, the Company is seeking Shareholder approval for the Company to change the scale of its activities under ASX Listing Rule 11.1.2.

3. RESOLUTION 2 – ACQUISITION OF EQUATORIAL POTASH PTY LTD

3.1 General

As set out in Section 1, the Company has entered into the Share Sale Agreement pursuant to which the Company has the conditional right to acquire 100% of the shares in Equatorial Potash in consideration for the issue of the Consideration Securities to the Equatorial Potash Shareholders.

A summary of the terms of the Share Sale Agreement is set out in Section 6 of this Explanatory Statement.

Resolution 2 seeks Shareholder approval to allow the Company to issue the Consideration Securities to the Equatorial Potash Shareholders in consideration of the Acquisition.

The Consideration Securities comprise 25,000,000 Shares, 15,000,000 Milestone A Performance Shares and 10,000,000 Milestone B Performance Shares. The Performance Shares will each convert into one fully paid ordinary share on achievement of the relevant Milestone.

None of the Equatorial Potash Shareholders, as individuals and together with their respective associates, will control more than 19.9% of the Shares in the Company upon completion of the Acquisition.

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

The effect of Resolution 2 will be to allow the Company to issue the Consideration Securities during the period of three months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

3.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the issue of the Consideration Securities for the purpose of the Acquisition:

- (a) the maximum number of securities to be issued is:
 - (i) 25,000,000 Shares;
 - (ii) 15,000,000 Milestone A Performance Shares; and
 - (iii) 10,000,000 Milestone B Performance Shares,
- (b) it is intended that the allotment and issue of the Consideration Securities will occur on the same date, being the date of completion of the Acquisition, which will be no later than three months after the date of the General Meeting (or a later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Consideration Securities will be issued for nil cash consideration as they are being issued in consideration of the acquisition of Equatorial Potash. Accordingly, no funds will be raised by issue of the Consideration Securities;
- (d) the Consideration Securities will be allotted and issued to the Equatorial Potash Shareholders, none of whom is a related party of the Company. The details of the Equatorial Potash Shareholders, their respective entitlement to Consideration Securities and their respective shareholding in the Company upon completion of the Acquisition are set out in Schedule 3 to this Notice of Meeting;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Milestone A Performance Shares and Milestone B Performance Shares will be issued on the terms and conditions set out in Schedule 2 of this Notice.

4. RESOLUTION 3 – CREATION OF A NEW CLASS OF SECURITIES

Resolution 3 seeks Shareholder approval for the Company to be authorised to issue the Performance Shares to the Equatorial Potash Shareholders. The Performance Shares are intended to be issued in consideration of the acquisition of Equatorial Potash as described in Section 1 of this Explanatory Statement.

A company with a single class of shares on issue, which proposes to issue new securities not having the same rights as its existing shares, is taken to vary the rights of existing shareholders unless the Constitution already provides for such an issue.

Section 246B of the Corporations Act provides that the rights attaching to a class of shares cannot be varied without:

- (a) a special resolution passed at a meeting of the shareholders holding shares in that class; or

- (b) the written consent of the shareholders who are entitled to at least 75% of the votes that may be cast in respect of shares in that class.

Subject to Shareholder approval of this Resolution 3, upon completion of the Acquisition, the Company will issue a total of 25,000,000 Performance Shares to the Equatorial Potash Shareholders (in proportion to their shareholding in Equatorial Potash) with the following Milestones:

- (a) **Milestone A Performance Shares:** Milestone A Performance Shares will convert into Shares subject to:

- (i) an independent third party expert (unassociated and unrelated in any respect to the Company or any of its directors) recognised as a Competent Person for the purposes of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of 2012 as updated and amended from time to time (the **JORC Code**) producing, and providing independently verifiable evidence to the Company of, either:

- (I) a 60Mt Mineral Resource (as defined in the JORC Code) (**Mineral Resource**) at 14% or greater K₂O in the Indicated or higher category of the JORC Code; or
- (II) a 200Mt Mineral Resource at 14% or greater K₂O in the Inferred or higher category of the JORC Code,

defined at either of the EPAs within two years of the date of the Share Sale Agreement; and

- (ii) the Company announcing details of the Mineral Resource produced by the independent third party expert to ASX.

- (b) **Milestone B Performance Shares:** Milestone B Performance Shares will convert into Shares subject to:

- (i) the Milestone A Performance Shares having been converted to Shares; and
- (ii) an independent third party expert (unassociated and unrelated in any respect to the Company or any of its directors) producing a Pre-Feasibility Study (as defined in the JORC Code) which evidences a 25% or greater internal rate of return (using publicly available industry assumptions, including deliverable spot product pricing, which is independently verifiable) for the development of a potash project at either of the EPAs within four years of the date of the Share Sale Agreement.

The full terms and conditions of the Performance Shares are set out in Schedule 2.

The Company seeks approval from Shareholders for the issue of the Performance Shares as a new class of shares. This Resolution is a special resolution.

5. RESOLUTION 4 – APPROVAL FOR SHARE PLACEMENT

5.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 52,000,000 Shares at the Placement Issue Price to raise funds for the development of its potash assets and ongoing working capital (the **Placement**).

Completion of the Placement will be conditional on completion of the Acquisition.

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

The effect of Resolution 4 will be to allow the Company to issue the Shares pursuant to the Placement during the period of three months after the General Meeting (or a longer period, if allowed by ASX), without using the Company's 15% annual placement capacity under ASX Listing Rule 7.1.

For the purposes of the ASX Listing Rules, none of the subscribers for Shares to be issued under Resolution 4 will be related parties of the Company.

5.2 Technical information required by ASX Listing Rule 7.1

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the Capital Raising:

- (a) the maximum number of Shares to be issued under Resolution 4 is 52,000,000;
- (b) the Shares will be issued no later than three months after the date of the General Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (c) the Shares will be issued at the Placement Issue Price per Share, being:
 - (i) \$0.085 per Share; or
 - (ii) the price which is at least 80% of the 5 day VWAP for Shares calculated over the last 5 days on which sales in the Shares were recorded before the day on which the Shares are issued;
- (d) none of the subscribers for Shares to be issued under Resolution 4 will be related parties of the Company;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares on issue; and

assuming an issue price of 8.5 cents per Share, the Company intends to use the funds raised from Placement as follows:

Item	Amount (\$) ¹
Gabon exploration	3,040,000
Morille exploration	250,000

Operating expenses / working capital	850,000
Costs of Placement	280,000
Total	4,420,000

Notes:

1. The above table is a statement of current intentions as of the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis. Actual expenditure may differ significantly from the above estimates due to a change in market conditions, the development of new opportunities and other factors (including the risk factors outlined in Section 1.14)

6. RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES

6.1 General

On 8 October 2015, the Company issued 8,301,668 Shares at an issue price of \$0.04 per Share to raise \$332,067.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

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

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

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

6.2 Technical information required by ASX Listing Rule 7.4

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

- (i) 8,301,668 Shares were issued;
- (ii) the issue price was \$0.04 per Share;
- (iii) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (iv) the Shares were issued to selected sophisticated investors. None of these subscribers is a related party of the Company; and
- (v) the funds raised from this issue were used, and will be used, by the Company to fund the proposed Acquisition and for general working capital purposes.

7. RESOLUTIONS 6 & 7 – ISSUE OF SHARES TO DIRECTORS IN LIEU OF FEES

7.1 General

Charles Schaus and Stephen Brockhurst (the **Related Parties**) have agreed to resign as Directors of the Company upon completion of the Acquisition.

The Company has agreed, subject to Shareholder approval and completion of the Acquisition, to issue Shares to the Related Parties in lieu of their entitlement to director's fees prior to their resignation at a deemed issue price of \$0.04 per Share, being the price at which the Shares last traded prior to the announcement of the proposed Acquisition to ASX.

Resolutions 6 and 7 seek Shareholder approval for the issue of up to:

- (a) 625,000 Shares to Charles Schaus (or his nominee); and
- (b) 312,500 Shares to Stephen Brockhurst (or his nominee),

in lieu of their respective entitlements to director's fees up until the estimated date of completion of the Acquisition and their resignation as Directors (the **Related Party Shares**).

7.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity 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.

The proposed issue of the Related Party Shares will result in the issue of Shares which constitutes giving a financial benefit and Charles Schaus and Stephen Brockhurst are related parties of the Company by virtue of being Directors.

The Directors (other than each of Charles Schaus and Stephen Brockhurst in respect only of the Resolution which relates to the issue of Related Party Shares to himself given his material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Related Party Shares because the agreement to issue the Related Party Shares in lieu of each Related Party's entitlement to fees prior to completion of the Acquisition is considered to be reasonable remuneration in the circumstances and was negotiated on an arm's length basis, with each interested Related Party abstaining from participation in the vote which relates to that Related Party's issue of Related Party Shares in lieu of his entitlement to director's fees.

Accordingly, the exception to approval under Chapter 2E provided by section 211 of the Corporations Act applies to the proposed issue of the Related Party Shares.

7.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Related Party Shares involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

7.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Related Party Shares will be issued to Charles Schaus and Stephen Brockhurst (or their respective nominees);
- (b) the issue of the Related Party Shares is subject to and conditional upon the passing of Resolutions 1 to 3 and completion of the Acquisition;
- (c) the maximum number of Related Party Shares to be issued is:
 - (i) 625,000 Shares to Charles Schaus; and
 - (ii) 312,500 Shares to Stephen Brockhurst;
- (d) the deemed issue price of the Related Party Shares is the price at which the Shares last traded prior to the announcement of the proposed Acquisition to ASX, being \$0.04 per Share. The value of the Related Party Shares, having regard to the deemed issue price, is:
 - (i) \$25,000 in respect of the Related Party Shares to be issued to Charles Schaus; and
 - (ii) \$12,500 in respect of the Related Party Shares to be issued to Stephen Brockhurst.

The value of the Related Party Shares represents each Related Party's entitlement to director's fees prior to the estimated date of his respective resignation as director;

- (e) the Related Party Shares will be issued no later than one month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Shares will occur on the same date;
- (f) the Related Party Shares will be issued in lieu of each Related Party's entitlement to receive director's fees prior to the estimated date of completion of the Acquisition. Accordingly, no funds will be raised; and
- (g) the Related Party Shares issued to the Related Parties will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Related Party Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of the Related Party Shares to the Related Parties (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

8. RESOLUTIONS 8 & 9 – ELECTION OF DIRECTORS – ERIC LILFORD & CHRISTIAN CORDIER

Resolutions 8 and 9 seek approval for the election of Eric Lilford and Christian Cordier as directors of the Company with effect from successful completion of the Acquisition, in accordance with clause 21.4 of the Constitution.

Clause 21.4 of the Constitution provides that the Company may, by ordinary resolution, fill a vacated director's office by electing a person to that office.

If Resolutions 8 and 9 are approved by Shareholders, Eric Lilford and Christian Cordier will be appointed as a Director upon the completion of the Acquisition.

Relevant background and information relating to Eric Lilford and Christian Cordier is set out in Section 1.7 of this Explanatory Statement.

GLOSSARY

\$ means Australian dollars.

Acquisition means the acquisition of 100% of the shares in Equatorial Potash by the Company.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

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).

Company means Plymouth Minerals Limited (ACN 147 413 956).

Consideration Securities means the Consideration Shares and the Performance Shares.

Consideration Shares means the Shares to be issued as consideration for the Acquisition as described in Section 1.4.

Constitution means the Company's constitution.

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

Directors means the current directors of the Company.

EPAs means the exploration permits in Gabon as described in Section 1.3.

Equatorial Potash means Equatorial Potash Pty Ltd (ACN 605 595 319).

Equatorial Potash Shareholders means the shareholders of Equatorial Potash Pty Ltd, as identified in Schedule 3.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Heads of Agreement means the heads of agreement between the Company, Equatorial Potash and certain shareholders of Equatorial Potash dated on or around 7 October 2015 pursuant to which the parties agreed the principal commercial terms on which the Company would acquire 100% of the shares in Equatorial Potash.

Independent Technical Report means the report on the Gabon potash projects prepared by Ravensgate Mining Industry Consultants for the purposes of Resolution 1 and which accompanies this Notice of Meeting.

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.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Performance Shares means a performance share in the Company to be issued as consideration for the Acquisition as described in Section 1.4 and having the terms set out in Schedule 2.

Placement means the placement of Shares by the Company contemplated by Resolution 4.

Placement Issue Price means the issue price of the Shares to be issued under the Placement which is calculated in accordance with Section 5.2(c).

Proxy Form means the proxy form accompanying the Notice.

Related Parties means Charles Schaus and Stephen Brockhurst, Directors of the Company.

Related Party Shares means the Shares to be issued to the Related Parties subject to Shareholder approval of Resolutions 6 and 7.

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

Section means a section of this Explanatory Statement.

Security means a Share and/or Option and/or Performance Share in the Company

Security Holder means a holder of a Security.

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

Share Sale Agreement means the share sale agreement between the Company and the Equatorial Potash Shareholders dated 18 March 2016 pursuant to which the Company agrees to acquire 100% of the shares in Equatorial Potash held by the Equatorial Potash Shareholders.

Shareholder means a registered holder of a Share.

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

SCHEDULE 2 – PRO-FORMA BALANCE SHEET

The reviewed pro-forma balance sheet has been prepared to provide information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The pro-forma includes the capital raising of \$4,420,000 reflected in cash and issued capital. The acquisition cost associated with the issue of 25,000,000 new shares has been reflected in exploration and evaluation expenditure and issued capital. The acquisition cost associated with the issue of 25,000,000 Performance shares has not been reflected in the pro-forma due to the conditionality of the issue.

Consolidated Pro-Forma Balance Sheet:

	2015	PROFORMA2015
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	362,158	4,782,158
Trade and other receivables	63,167	63,167
Other current assets	8,492	8,492
TOTAL CURRENT ASSETS	<u>433,817</u>	<u>4,853,817</u>
NON CURRENT ASSETS		
Exploration and evaluation expenditure	750,000	3,000,000
Other assets	31,948	31,948
TOTAL NON CURRENT ASSETS	<u>781,948</u>	<u>3,031,948</u>
TOTAL ASSETS	<u>1,215,765</u>	<u>7,885,765</u>
CURRENT LIABILITIES		
Trade and other payables	142,623	142,623
Provisions	16,432	16,432
TOTAL CURRENT LIABILITIES	<u>159,055</u>	<u>159,055</u>
TOTAL LIABILITIES	<u>159,055</u>	<u>159,055</u>
NET ASSETS	<u>1,056,710</u>	<u>7,726,710</u>
EQUITY		
Issued capital	4,412,209	11,082,209
Reserves	236,168	236,168
Accumulated losses	<u>(3,511,868)</u>	<u>(3,511,868)</u>
Equity attributable to owners of the Parent		
Entity	1,136,509	1,136,509
Non-controlling interest	<u>(79,799)</u>	<u>(79,799)</u>
TOTAL EQUITY	<u>1,056,710</u>	<u>7,726,710</u>

SCHEDULE 2 – PERFORMANCE SHARES

The terms of the Performance Shares are as follows:

- (a) **(Performance Shares):** Each Performance Share is a share in the capital of the Company.
- (b) **(General Meetings):** The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to the Shareholders. Holders have the right to attend general meetings of the Shareholders.
- (c) **(No Voting Rights):** The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of the Shareholders, subject to any voting rights under the Corporations Act 2001 (Cth) or the ASX Listing Rules where such rights cannot be excluded by these terms.
- (d) **(No Dividend Rights):** The Performance Shares do not entitle the Holder to any dividends.
- (e) **(No Rights on Winding Up):** Upon winding up of the Company, the Performance Shares may not participate in the surplus profits or assets of the Company.
- (f) **(No Rights to Return of Capital)** A Performance Share does not entitle the Holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (g) **(Transfer of Performance Shares):** The Performance Shares are not transferable.
- (h) **(Reorganisation of Capital):** In the event that the issued capital of the Company is reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation provided that, subject to compliance with the ASX Listing Rules, following such reorganisation the economic and other rights of the Holder are not diminished or terminated.
- (i) **(Application to ASX):** The Performance Shares will not be quoted on ASX. Upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion apply for and use its best endeavours to obtain the official quotation on ASX of the Shares arising from the conversion.
- (j) **(Participation in Entitlements and Bonus Issues):** Subject always to the rights under paragraph (h) (*Reorganisation of Capital*), Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(Amendments required by ASX):** The terms of the Performance Shares may be amended as necessary by the board of directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms provided that, subject to compliance with the ASX Listing Rules, following such amendment, the economic and other rights of the Holder are not diminished or terminated.
- (l) **(No Other Rights):** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (m) **(Issue of Performance Shares):** The Performance Shares will be issued on settlement of the acquisition of Equatorial Potash Pty Ltd (**Settlement**).
- (n) **(Milestones):** The respective classes of Performance Shares will convert into Shares upon the Company confirming:
- (i) **Milestone A Performance Shares:** Milestone A Performance Shares will convert into Shares subject to:
- (i) an independent third party expert (unassociated and unrelated in any respect to the Company or any of its directors) recognised as a Competent Person for the purposes of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves of 2012 as updated and amended from time to time (the **JORC Code**) producing, and providing independently verifiable evidence to the Company of, either:
- (I) a 60Mt Mineral Resource (as defined in the JORC Code) (**Mineral Resource**) at 14% or greater K₂O in the Indicated or higher category of the JORC Code; or
- (II) a 200Mt Mineral Resource at 14% or greater K₂O in the Inferred or higher category of the JORC Code,
- defined at either of the EPAs within two years of the date of the Share Sale Agreement (the **Milestone A Target**); and
- (ii) the Company announcing details of the Mineral Resource produced by the independent third party expert to ASX.
- (ii) **Milestone B Performance Shares:** Milestone B Performance Shares will convert into Shares subject to:
- (i) the Milestone A Performance Shares having been converted to Shares; and
- (ii) an independent third party expert (unassociated and unrelated in any respect to the Company or any of its directors) producing a Pre-Feasibility Study (as defined in the JORC Code) which evidences a 25% or greater internal rate of return (using publicly available industry assumptions, including deliverable spot product pricing, which is independently verifiable) for the development of a potash project at either of the EPAs within four years of the date of the Share Sale Agreement (**Milestone B Target**),
- (the **Milestones**).
- (o) **(Conversion on change of control):** Notwithstanding that the relevant Milestone has not been satisfied, upon the occurrence of either:
- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company and having received acceptances for more than 50% of Shares on issue and being declared unconditional by the bidder; or

- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies,

that number of Performance Shares that is equal to 10% of the Shares on issue immediately following conversion under this paragraph will convert into an equivalent number of Shares. The conversion will be completed on a pro rata basis across each class of performance shares then on issue as well as on a pro rata basis for each Holder. Performance Shares that are not converted into Shares under this paragraph will continue to be held by the Holders on the same terms and conditions.

- (p) **(Conversion of Performance Shares):** Upon the relevant Milestone being achieved, or upon a change of control event on the terms of paragraph (n) above, that relevant class of Performance Shares will convert into Shares on a one (1) for one (1) basis.

- (q) **(Expiry):**

- (i) If the Milestone A Target is not achieved by the date that is two years after the date of the Agreement, the Milestone A Performance Shares will automatically lapse on that date.
- (ii) If the Milestone B Target is not achieved by the date that is four years after the date of the Agreement, the Milestone B Performance Shares will automatically lapse on that date.

- (r) **(After Conversion):** Subject to paragraph (t) (*Escrow of Shares Issued on Conversion*) of these terms, the Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of issue, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

- (s) **(Escrow of Performance Shares):** The Performance Shares will be subject to voluntary escrow by the Holders and escrow in accordance with the Listing Rules for a period of 12 months from the date of issue.

- (t) **(Escrow of Shares Issued on Conversion):** The Shares issued on conversion of the Performance Shares in accordance with these terms will be subject to voluntary escrow from the date of issue until the later to occur of:

- (i) 12 months from the date of the general meeting of the Company at which Shareholder approval was obtained for the issue of the Performance Shares; or
- (ii) six months from the date of issue of the relevant Shares,

PROVIDED THAT the maximum period of escrow of the Shares issued on conversion of the Performance Shares shall not exceed 18 months from the date of the general meeting of the Company at which Shareholder approval was obtained for the issue of the Performance Shares, and PROVIDED FURTHER THAT the escrow shall end upon the occurrence of either:

- (i) a takeover bid under Chapter 6 of the *Corporations Act 2001* (Cth) having been made in respect of the Company and having received

acceptances for more than 50% of Shares on issue and being declared unconditional by the bidder; or

- (ii) a Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme of arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.
- (u) **(Conversion Procedure)**: The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into Shares.
- (v) **(Ranking of Shares)**: The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion.

Vendor Payment for Sale of Majority Interest in Equatorial Potash or EPAs

- (w) **(Sale)**: In the event that the Company sells or transfers (directly or indirectly) for value:
 - (i) not less than 51% of the shares in Equatorial Potash; or
 - (ii) not less than 51% of the legal or beneficial interest in the EPAs (in aggregate),

to a third party (being any person or entity other than a wholly owned subsidiary of the Company) within the period commencing on expiry of escrow of the Performance Shares in accordance with paragraph (s) (*Escrow of Performance Shares*) and ending on the conversion or lapse of all of the Performance Shares in accordance with these terms (**Sale**), the Company will pay to the Holders of outstanding Performance Shares the amount per outstanding Performance Share calculated in accordance with paragraph (x) of these terms (**Vendor Payment**) in the manner described in paragraph (y) of these terms. (For the avoidance of doubt, a change of control of the Company for the purposes of paragraph (o) (*Conversion on change of control*) of these terms, a joint venture, farm-in or other similar transaction relating to the EPAs, or any disposal or relinquishment of the EPAs due to failure to renew, failure to comply with conditions of grant or any government action does not constitute a Sale for the purposes of this term. Further, the Holders shall not receive a Vendor Payment in the event of a Sale prior to the expiry of escrow of the Performance Shares in accordance with these terms.)

- (x) **(Vendor Payment)**: The Vendor Payment per outstanding Performance Share will be calculated as follows:

$$VP = \left(1.00 - \frac{EIC}{PIC}\right) \times P$$

Where:

VP = the Vendor Payment per outstanding Performance Share payable to the Holders;

EIC = the number of Shares on issue in the Purchaser as at the date of completion of the Sale;

PIC = the number of Shares on issue in the Purchaser assuming all unconverted Performance Shares then on issue are converted into Shares;

P = the market value or net present value of the Sale (as determined by the Purchaser acting reasonably) represented as a cash amount;

In the event that:

- (i) the Sale represents less than 100% of the shares in Equatorial Potash, or less than 100% of the legal or beneficial interest in the EPAs (in aggregate), the EPP (as defined above) shall be multiplied by the relevant percentage interest to which the Sale represents; and
- (ii) "P" is a negative number, the Company will not make any Vendor Payment to the Holders under these terms.

- (y) **(Timing and Manner of Payment):** The Company will pay the Vendor Payment per outstanding Performance Share to the Holders in cash or by the issue of Shares at the Company's discretion. If the Company elects to pay the Vendor Payment in cash, the Company will make the payment by cheque or electronic transfer to the nominated bank account of the Holder within 30 days of completion of the Sale. If the Company elects to pay the Vendor Payment by the issue of Shares, the number of Shares will be determined by dividing the Vendor Payment per Performance Shares by the five day VWAP per Share (as traded on ASX prior to the date on which the Shares are to be issued) and the Company will issue the Shares to the Holders within 30 days of completion of the Sale, provided that, if Shareholder or any other regulatory approval is required to issue the Shares for the purposes of the Listing Rules, the Corporations Act or any other purpose, the issue of Shares shall be subject to such approval and the Company will be required to issue the Shares within 30 days of obtaining such Shareholder or regulatory approval. In the event that the Company does not obtain the required Shareholder or regulatory approval within six months of the date of completion of the Sale (**End Date**), the Company will be required to pay the Vendor Payment in cash to the Holders within 30 days of the End Date.

SCHEDULE 3 – EQUATORIAL POTASH SHAREHOLDERS

Vendor	Entitlement to Ordinary Consideration Shares	Entitlement to Performance Shares	
		Milestone A	Milestone B
Coreks Super Pty Ltd <Coreks Superannuation Fund>	3,225,000	1,935,000	1,290,000
Robert Jewson	2,400,000	1,440,000	960,000
Eric Lilford	3,225,000	1,935,000	1,290,000
Mark Styles	3,225,000	1,935,000	1,290,000
Mr Jamie John Carter & Mrs Kristen Carter <The Brojesca A/C>	3,225,000	1,935,000	1,290,000
Mrs Eleanor Jean Reeves ATF < The Ekanwi Trust A/C>	3,225,000	1,935,000	1,290,000
Hawthorn Capital Pty Ltd	3,525,000	2,115,000	1,410,000
Andrew Neil Taylor	800,000	480,000	320,000
ASE Corporation	2,150,000	1,290,000	860,000
Total	25,000,000	15,000,000	10,000,000

Notes:

1. The above table assumes:
 - completion of the Acquisition on the terms of the Share Sale Agreement;
 - completion of the Placement as a condition to completion of the Acquisition; and
 - no additional Securities are issued by the Company upon the exercise of Options or otherwise.

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