

Mid West Potash Project





Forward Looking Statements

Shenton has prepared this document based on information available to it. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in the this document. To the maximum extent permitted by law, none of the Company, its directors, employees or agents, advisers, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this document or its contents or otherwise arising in connection with it.

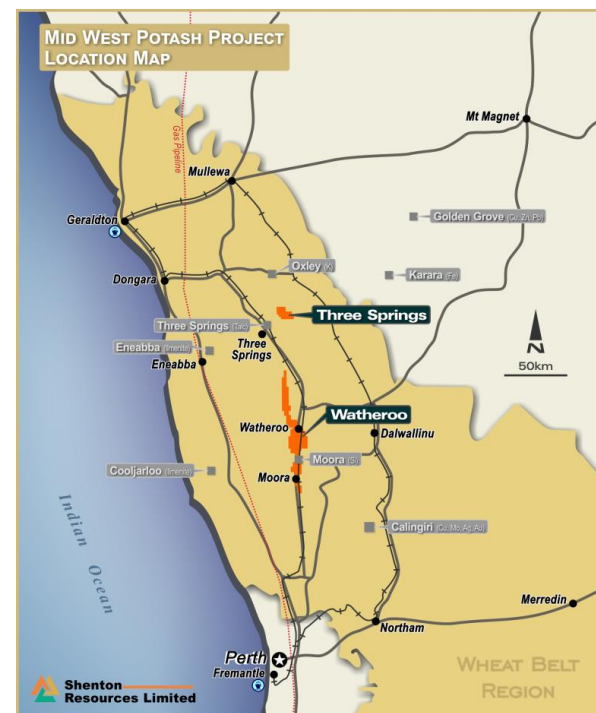
This document may contain forward looking statements that are subject to risk factors associated with mineral exploration, mining and production businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimations, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory changes, economic and financial market conditions in various countries and regions, political risks project delay or advancement, approvals and cost estimates.





Background

- Shenton Resources Limited (Shenton) incorporated in Western Australia in 2011 - unlisted public company of 207 share holders
- Has a significant ground package (**610km²**) that is highly-prospective for **hard rock potash** mineralization in WA's mid-north wheat belt
- Contains two areas: ***Watheroo and Three Springs***
- AC and RC drilling (**29m @ 8.7% K₂O**) and surface rock chips (**10.9% K₂O**) in host rocks of **65km strike length** indicate potential for world-scale potash mining and manufacturing development. Non JORC resource of **20.7 Mt grading 7.0% K₂O** outlined
 - Company is targeting a JORC resource of 50Mt @ 8% K₂O, producing 250,000tpa of Sulphate-of-potash (SOP) for +20 years



SOP A\$700-1000/t 2015-2018



Board & Management

Mr **Jeremy Shervington**, B. Juris LLB – Chairman

- Operates legal practice in WA - specialises in the laws regulating companies and the securities industry in Australia
- 30 years experience as a lawyer, gained since admission as a Barrister and Solicitor of the Supreme Court of WA
- Since 1983 served as a Director of various ASX listed companies and unlisted public and private companies

Mr **Bradley Abbott**, FCA – Executive Director/Company Secretary

- Managing Director of Abbott's Pty Ltd - specialises in providing advice for small to medium businesses
- Since 1980 served as a Director and/or Secretary of several listed and unlisted public and numerous private companies
- Bachelor of Business (Curtin University), fellow of the ICAA and the TIA, registered Tax Agent and Company Auditor
- Involved in resource companies and gold prospecting syndicates in Australia and Asia for over 15 years

Mr **Robert Beeck**, MBA – Non Executive Director

- 30 years experience in mineral processing operations management in Australia related to nickel, diamonds, gold and iron ore
- Senior roles in mine operations, feasibility studies, engineering design and construction of ore processing/infrastructure projects
- Associate Member of the AusIMM, Master of Business Administration (University of Western Australia)
- Involved in grass roots gold and base metals prospecting for over 15 years in Western Australia

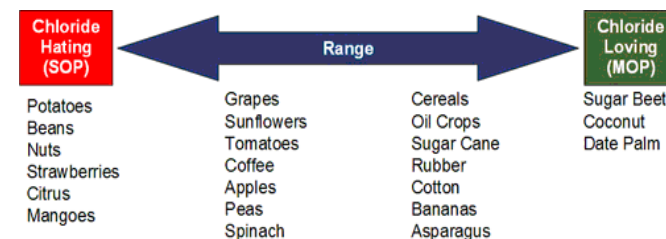
Mr **Harjinder Kehal**, BSc (Hons) MMEE – Founding Shareholder & Geological Advisor

- 30 years experience in precious and base metals, industrial minerals (iron ore & coal) in Australia, Chile, India and Vietnam
 - Extensive experience in project management/evaluation, feasibility studies, joint venture negotiations and statutory reporting
 - Discovery of a number of significant gold and base deposits in Western Australia and Northern Territory
 - Currently Managing Director and founding shareholder of a Serena Minerals Ltd actively exploring for a range of commodities in Western Australia.



Why Potash?

- Potash (K) is a non-substitutable macro-nutrient essential for all plant life (with N and P)
~90% of Potash consumed in the manufacture of fertilisers
- **Sulphate of Potash (SOP)** is a speciality crop fertilizer & **premium potash product**. SOP provides potassium and sulphur, avoids unwanted chloride residues
- SOP annual worldwide demand ~6Mt pa – 40% China
Expected to increase with population growth
- Currently **no SOP/MOP producers in Australia**



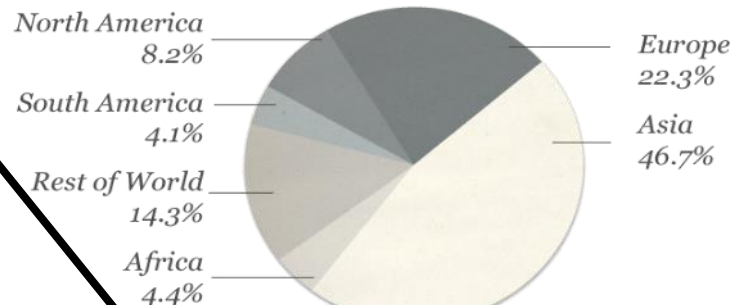
World **population growing** 220,000 daily



Loss of arable farm land through salination, urbanisation etc.

Need to increase crop yields from remaining viable land to **meet the growing worldwide demand for food**.

SOP demand by World Region (2015):



Asia largest market consumer but China only significant producer – Australia's geographical advantage

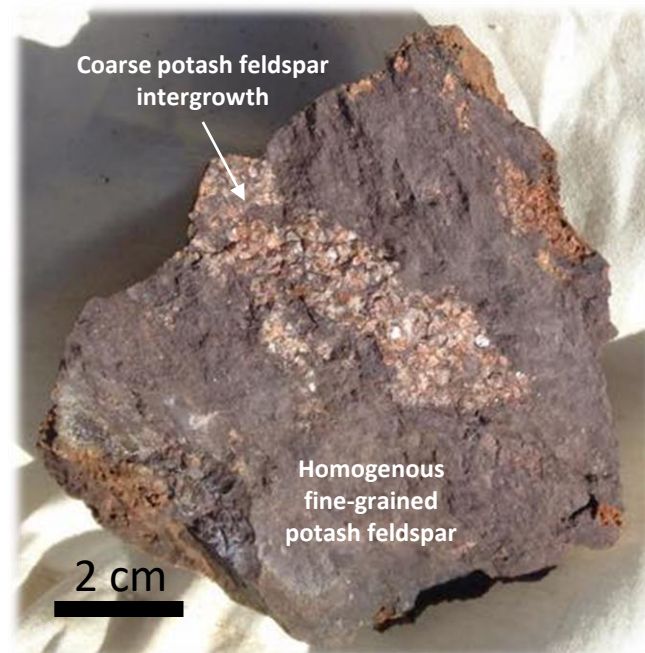


Hard Rock Potash

Game changer as a **deposit-type** and for **global location...**

- Unique **ultrapotassic rock** succession - potash sourced from **potash feldspar (KAlSi_3O_8)**
- Potash feldspar concentrations (**8-12% K_2O**) throughout regionally extensive, flat-lying volcanic and sedimentary rock units, vs. small tonnage feldspar-rich pegmatites etc
- Deposit outcrops **at surface**, vs. conventional (evaporite) potash resources 500 – 2500+m depth
- **Higher grades**, vs. surface (brine) resources (0.5-2.5%)
- Metallurgical tests show **recoveries up to 89%**
- **No significant producers of potash in the Australasia region outside of China**

**One of the first movers in Australian
hard rock potash**

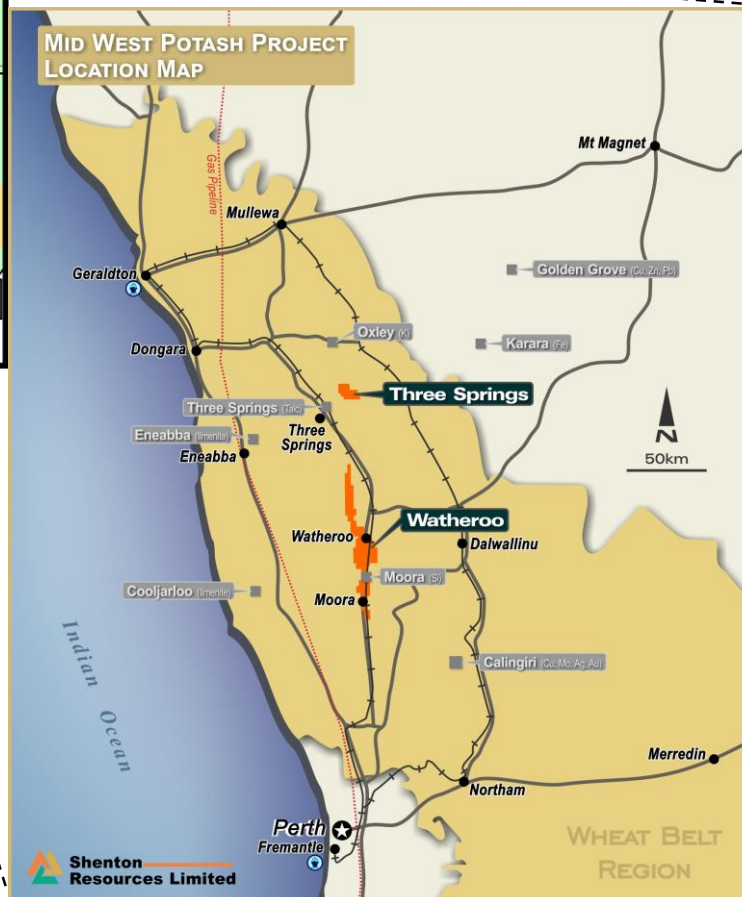
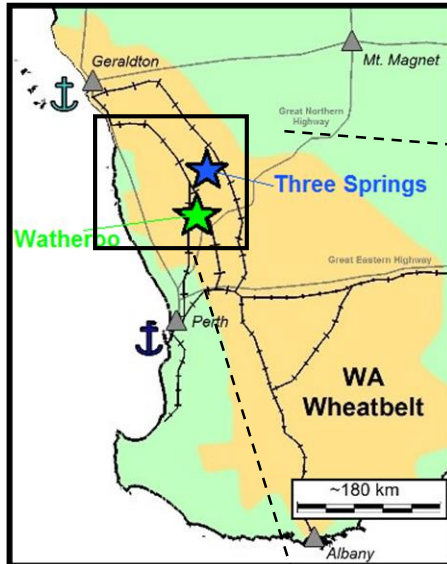


Ultrapotassic rock chip sample (10.9%). Watheroo



Project Location & Infrastructure

The company's exploration licenses cover >610km² area
Exploration has focused on the Watheroo tenure



- 220km north of Perth & 30km north of Moora, in the West Australian wheatbelt
- Freehold agricultural land
- Project area **crosscut** by:
 - **Midlands Highway**
 - **Perth-Geraldton rail line**
- **Immediate access to major utilities, transport corridor, local workforce and regional services centre**



Project Development Completed

- ✓ **Negotiated access** to freehold farmland for exploration purposes
- ✓ Acquired **remote sensing** imagery/interpretation
- ✓ Obtained public domain **airborne geophysical data** to prepare regional maps of:
Total Magnetic Intensity, 1st Vertical Derivative and Radiometrics
- ✓ Regional and deposit-scale (1:4,000) **geological mapping**
- ✓ **Rock chip sampling** (whole-rock & multi-element)
- ✓ Aircore (AC) and RC drilling over 3.0 km zone
- ✓ Petrological/mineralogical studies
- ✓ **Metallurgical testwork – Two phases**
on AC & RC drilling composite samples.

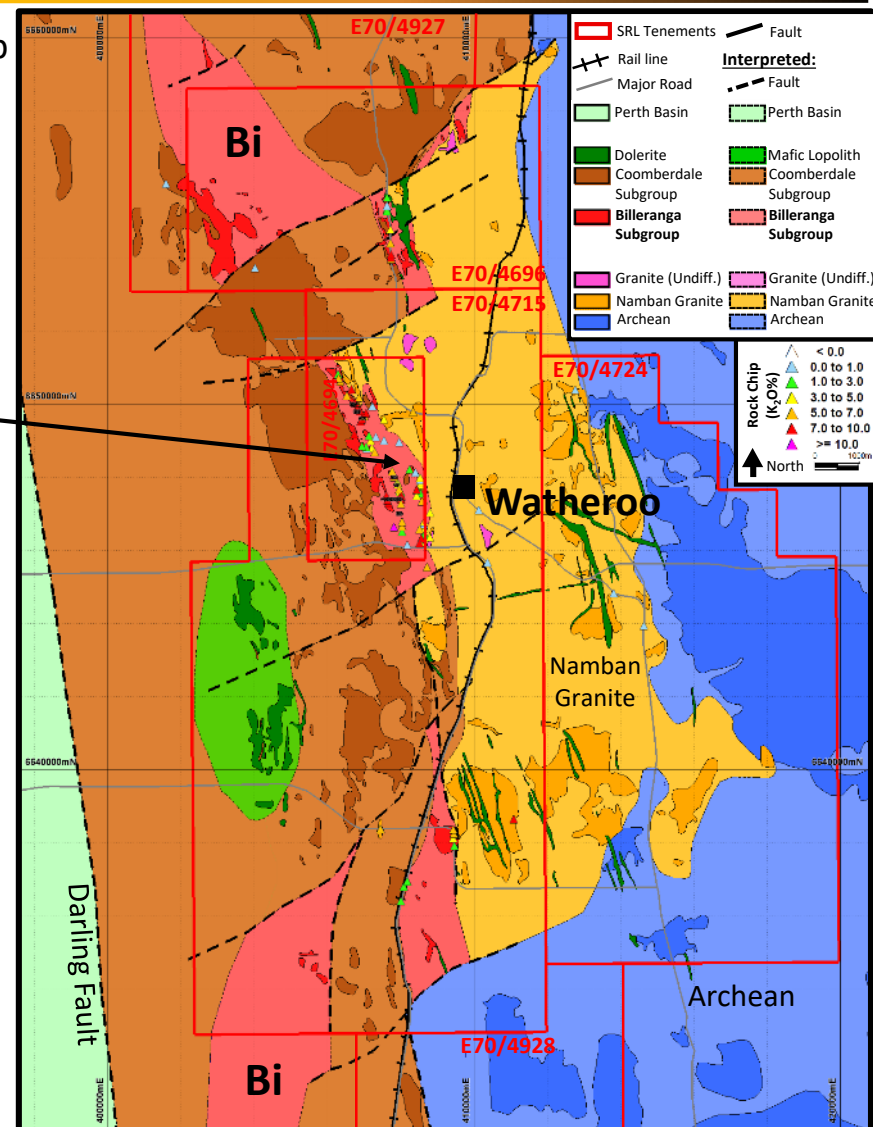


AC drilling in central Watheroo project area



Project Geology

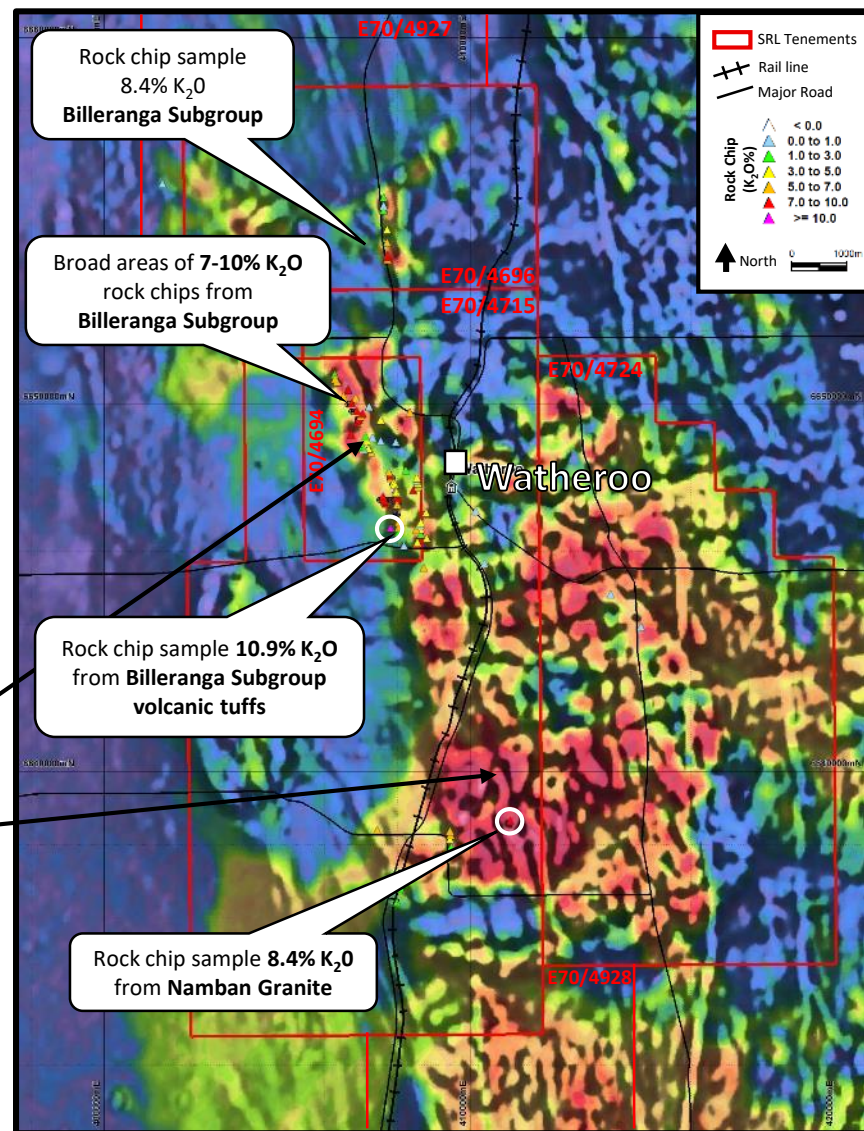
- Watheroo & Three Springs projects situated within a strip of **Middle Proterozoic Moora Group** rocks between the Darling Fault and Archaean Yilgarn Craton
- Potash mineralization associated with homogeneous, potassium feldspar-rich tuff, tuffaceous volcanoclastic and sedimentary (lithic wacke/siltstone) lithologies of the **Billeranga Subgroup (Bi)**, deposited during a failed Proterozoic Rift.
- At Watheroo, these **ultrapotassic horizons** are confined to the **Dalaroo Siltstone** member – focus of rock chip sampling/AC drilling
- Proterozoic Billeranga Subgroup overlies Archaean **Namban Granite**, a distinct body in magnetic and radiometric datasets, itself returned anomalous rock chip assays of up to 8.4% K₂O
 - Typically, the region is cross-cut by numerous Proterozoic doleritic and gabbroic dykes





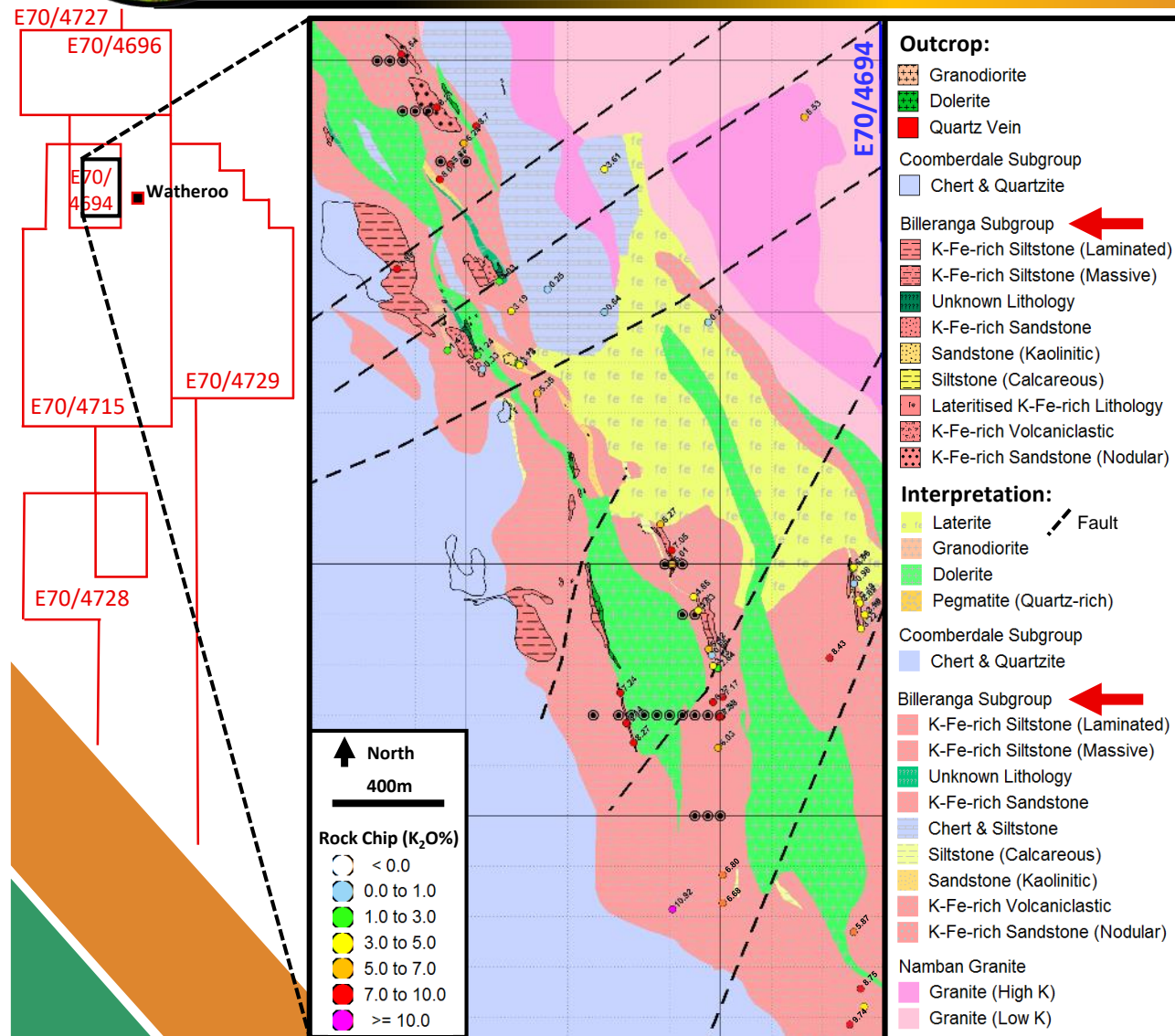
Project Geophysics

- **Airborne Magnetic (TMI-IVD) and Radiometric (U-Th-K) imagery critical**
 - regional interpretation,
 - first-pass targeting potential potash-bearing zones
- Surface rock chip sample assays support the location of regional-scale Radiometric K anomalies
- Confident **delineation of potassium feldspar-rich zones**, here within the stratigraphy of **Billeranga Subgroup**, and the adjacent **Namban Granite**





Mapping & Rock Chip Sampling

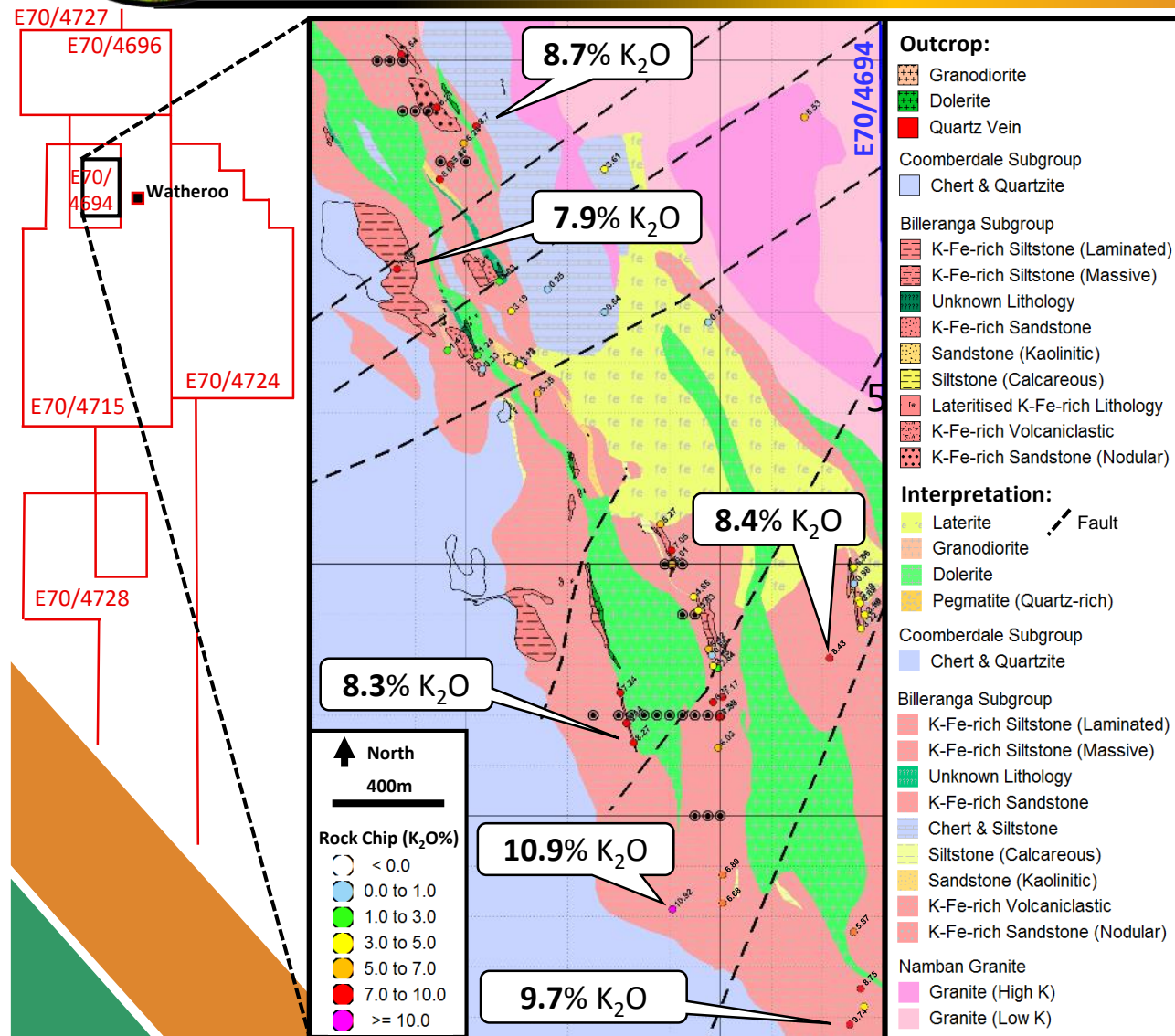


- Constraint of **surface extent** and **key controls** on **potash mineralized zones**
- Ultrapotassic rocks are **maroon volcanic tuffs & volcaniclastic siltstones** (potash feldspar-iron oxide-quartz-mica-chlorite-clay)
- Flat-lying stratigraphy: $340^\circ/10-20^\circ W$
- Total coverage of prospective Billeranga Subgroup stratigraphy

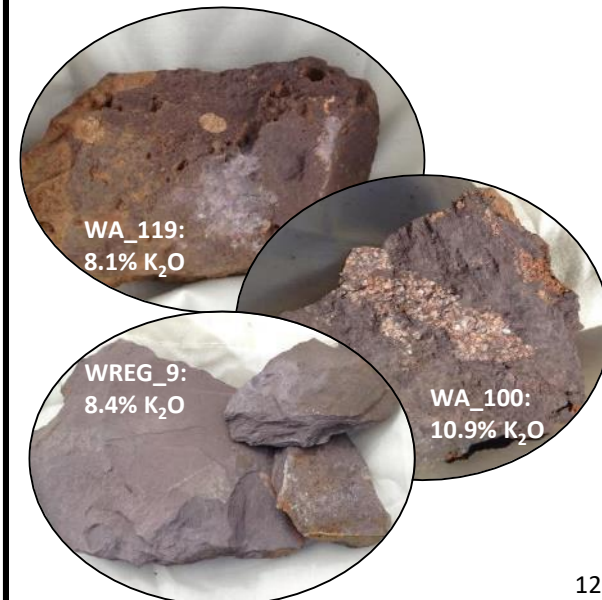




Mapping & Rock Chip Sampling



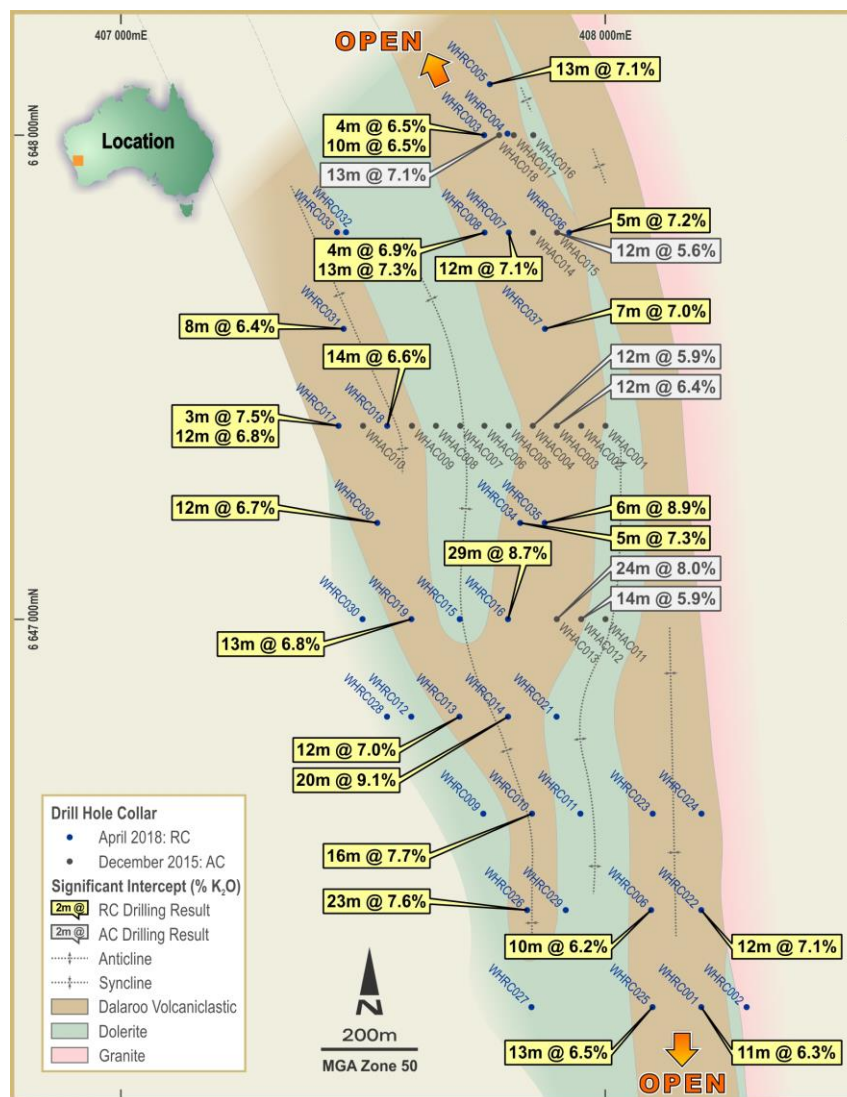
- Anomalism of 8-11% K₂O proven semi-continuous over +4km
- Up to 12% K₂O returned from extensions of Billeranga Subgroup covered by Shenton's southern Watheroo tenure
- Potential for ore bodies to continue up to tens of km





Potash Resource outlined

- Near surface potash rich zone outlined over 3 km strike with Non JORC resource of 20.7 Mt grading 7.0% K₂O
- Potential to support an open pit mining operation of 8 to 10 years life.
- 63 vertical AC & RC holes, totalling 1,800m Completed**

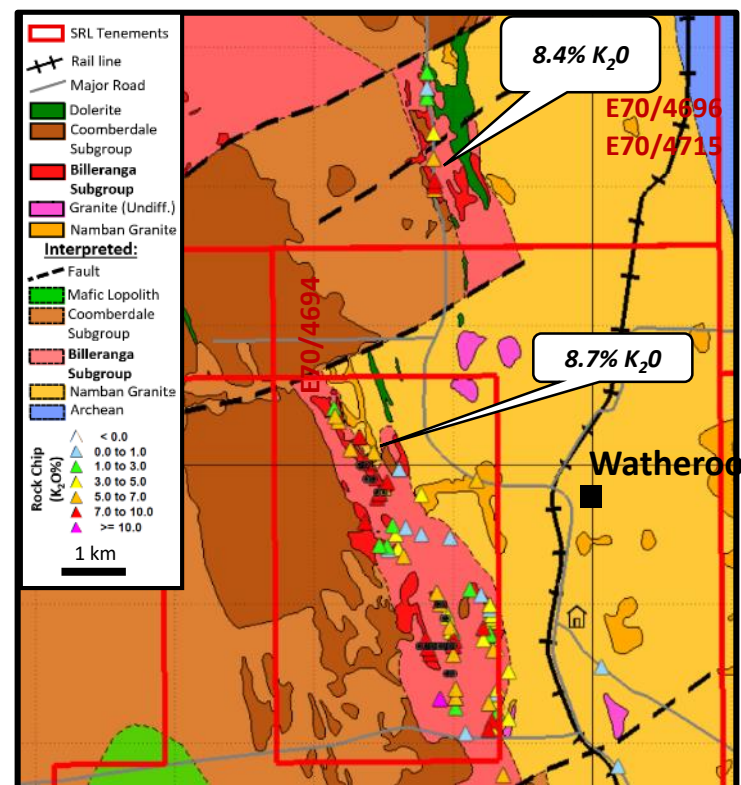




Exploration Target

- GSWA mapping & Shenton field recon/sampling confirm ultrapotassic Billeranga rocks span **65km strike distance within the Company's Watheroo tenement package**
- Gaps >1.5km remain untested in Watheroo central
- Extensive potassium anomaly at Watheroo Central - potential to host deposit of significant size

**Targeting 50Mt potash resource
@ 8.0% K₂O**





Metallurgical Testwork

Encouraging first-pass testwork: Potassium (K) extraction from potash feldspar in “oxide” and “transitional” ore types are **77% and 89%**, respectively. 2nd phase of testwork underway

- Program developed by Shenton/Plant and Infrastructure Engineering Ltd, at SGS Malaga
- Primary objectives:
 - *determine the extent to which K could be extracted from the sample materials (comp. drill samples)*
 - *identifying potential extraction process methods.*

- Extraction methods applied:

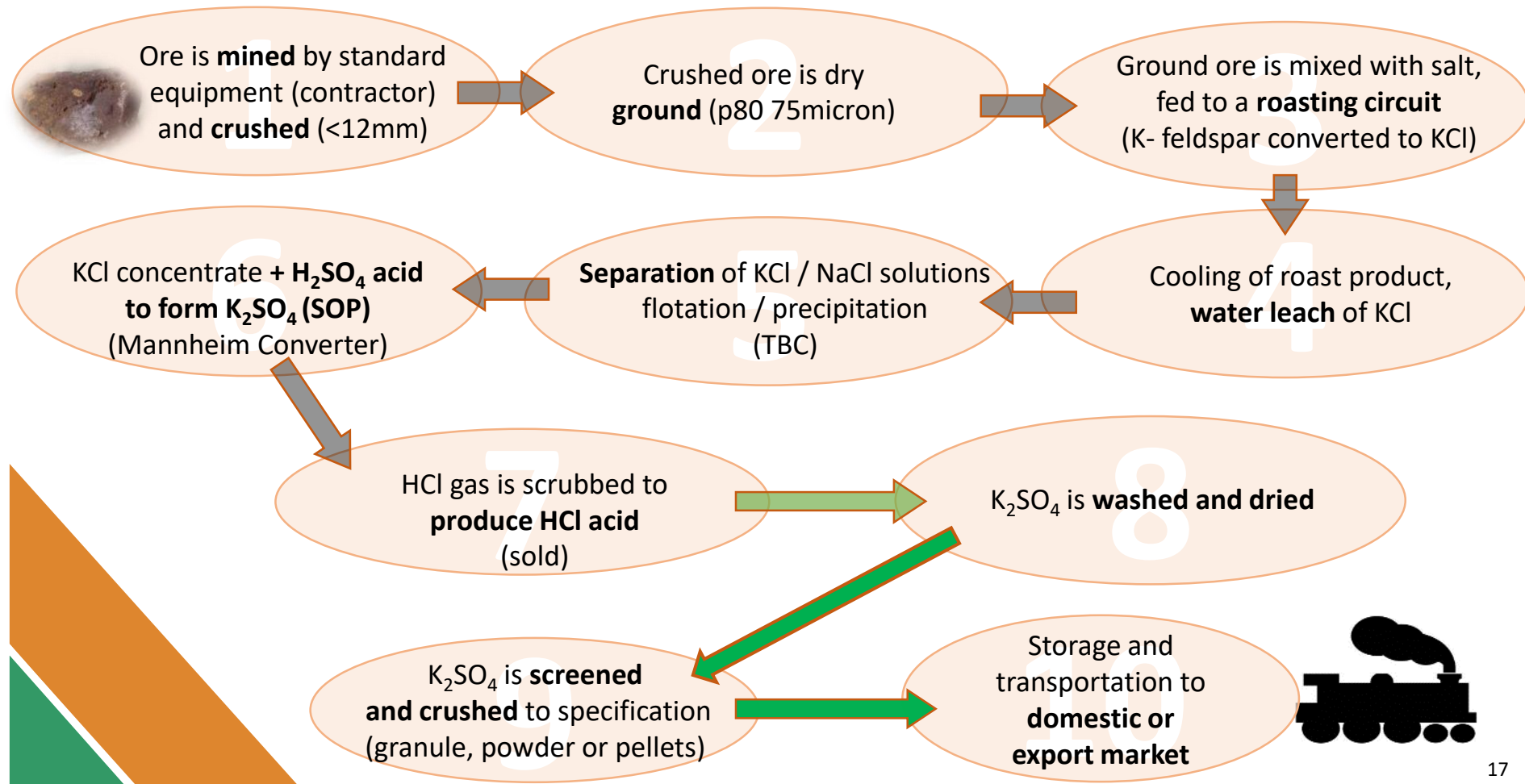
Acid digestion at ambient and elevated temperatures and elevated temperature roasting, followed by water leaching

- 2nd phase testwork to focus on:
 - improved understanding of mineralisation characteristics
 - refinement of grind size
 - reagent addition levels and investigation of parameters related to both leach and roast environments



Preliminary Production Method

Project advantage utilizing **conventional open-pit mining** methods – much less expensive than majority of the worlds potash (underground methods)





Capital & Operating Costs

- **Preliminary capital investment ~\$21m** for 3 feasibility stages leading to project financial investment decision (FID)
- **Project construction**, incl. pre-production costs ~\$312m. (for 250,000 TPA product)
- **Staged production** development can reduce initial capital (\$240m for 150,000 TPA product)
- Exploration and corporate expenses during the feasibility and development phase not included.

CAPITAL INVESTMENT SUMMARY (250KTPA case)					
	Scoping Phase \$'000	PFS Phase \$'000	BFS Phase \$'000	Construction & Commiss \$'000	TOTAL \$'000
Owners Costs	600	1,700	3,000	13,600	18,900
Geology Mine Plan Pre-Development	100	1,500	2,300	10,600	14,500
Non Process Infrastructure, Utilities, Accom.	100	100	200	71,600	72,000
Process Plant, Product Storage, Tailings Storage				156,200	156,200
Transport & Port	100	100	100	7,500	7,800
First Fill & Spares				16,600	16,600
Testwork & Engineering Design	1,600	4,500	5,100		11,200
EPCM Services				36,000	36,000
	2,500	7,900	10,700	312,100	333,200

- **Process cost ~\$476/ per product tonne**

Calculated using the base case model 250KTPA product (8.0% K₂O grade) in JORC reserve tonnes

OPERATING COST	
Unit Process Cost	
	Product \$/T
Mining & Geology	105
Crushing & Grinding	88
Processing, Roasting, Reaction Furnace, Filtering, Cooling	152
Transport & Logistics	22
Insur, Mgmt O'head, Marketing	37
Salary & Wages	62
Accommodation & Commute	10
State Royalty (not included)	0
Total	476



Economic Summary

Base case (8.0% K₂O) estimated
cash flow >\$1.5bn over 20yrs,
NPV⁸ of >\$600m

Modelling assumptions:

- 250Kt SOP annually - 20yr mine life
- 80-100Mt resource/40Mt reserve
- 2:1 strip ratio
- 2,000,000Mt annual ore feed with 85% recovery K₂O (base case)
- 35% equity 65% debt funding structure

Summary table assumptions:

- Base case operating cost start A\$476/prod. tonne, incr. 3% pa
- Product sale price start US\$650/t, incr. 3% pa
- Amortisation calc. on capital cost over 20yrs with 10% salvage value

SHENTON POTASH		PROJECTED FINANCIALS SUMMARY						Mar 2016	
		Reserve Grade 7.5% K ₂ O		Reserve Grade 8.0 % K ₂ O		Reserve Grade 8.5 % K ₂ O			
PROJECT PHYSICALS	Years	10	20	10	20	10	20		
Resource Tonnes	Mt	42.0	84.5	39.6	79.2	37.4	62.1		
Reserve Tonnes @50% conversion @ 5.0% cutoff	Mt	21.1	42.3	19.8	39.6	18.7	37.3		
Grade K ₂ O (%)	%	7.5	7.5	8.0	8.0	8.5	8.5		
Tonnes Processed - Annual	kT	2,100	2,100	2,000	2,000	1,860	1,860		
Recovery of K ₂ O	%	85.0	85.0	85.0	85.0	85.0	85.0		
Annual product tonnes SOP	kT	250	250	250	250	250	250		
PROJECT FINANCIALS	Years	10	20	10	20	10	20		
Capital Cost - Startup	\$M	312	312	312	312	312	312		
Sustaining Capital	\$M	-	176	-	176	-	176		
Tot Cost (nom) FOB ¹	\$/t	493	493	476	476	451	451		
SOP sell price FOB ²	US\$/t	650	650	650	650	650	650		
SOP sell price FOB	A\$/t	866	866	866	866	866	866		
Exchange Rate US\$ / \$A		0.75	0.75	0.75	0.75	0.75	0.75		
Margin / tonne	A\$/t	374	374	391	391	416	416		
EBITDA	\$M	1057	2618	1104	2733	1170	2894		
Net Profit after Tax	\$M	488	1427	521	1508	569	1621		
Cum Cash Flow ³	\$M	413	1472	446	1552	494	1666		
NPV 8% - (Net Profit after Tax)	\$M	289	575	311	611	341	661		



Potash Development Opportunity

- Mineralisation **≤2km of modern rail & road, high voltage power grids & communication networks**
- **Well-proven/low risk open cut mining** methods - reliable feed to ore processing concentrator
- Hard rock - **conventional methods to explore and evaluate mineral resource** - confident mine planning & consistent delivery of production targets
- **Ore processing facility located in close proximity** to mining operations
- Accommodation facilities in adjacent **township** location
- **Product distribution outlets immediately accessible** via adjacent high-quality infrastructure, leading to the WA ports of Fremantle/Kwinana or Geraldton.
- Water Resources study completed. Environmental and social impact reviews pending



Capital Structure

- 12,285,000 ordinary fully paid shares
 - On issue: 7.65M options exercisable at \$0.20 each.
 - The Directors have never and do not currently receive Directors' fees.
-

