

ASX Announcement

25 July 2014



COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPAL REGISTERED OFFICE

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ASX CODE

PWN

OTC PINK CODE

PWNNY

CORPORATE INFORMATION

(25 July 2014)

128M Ordinary shares
36M Partly paid shares
5M Unlisted options
8M Listed options

BOARD OF DIRECTORS

Adrian Griffin
(Non-Executive Chairman)
Patrick McManus
(Managing Director)
George Sakalidis
(Non-Executive Director)
Gary Johnson
(Non-Executive Director)

QUARTERLY REPORT

Highlights

- **Phosphate Project Scoping Study updated, key points (Note 1):**
 - **EBITDA \$48m per annum**
 - **NPV +\$300m**
 - **IRR 30%**
 - **+20 year life**

The significant phosphate potential contained within the Dandaragan Trough Project in Western Australia continued to be a major area of focus for Potash West NL (ASX: PWN) during the June 2014 quarter.

Building on the metallurgical breakthroughs announced in the March quarter PWN updated the scoping study for the production of single superphosphate. Effective recovery of phosphate mineralisation from the Gingin Chalk has allowed lower cost bulk mining and reduced the overburden:ore ratio. This has significantly lowered the operating costs and improved overall project economics.

Subsequent to the end of the quarter the Company undertook a capital raising, raising a total of \$826,275 before costs.

(1) The Scoping Study referred to in this report is based on low-level technical and economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

Unless otherwise stated all cashflows are in Australian dollars and are not subject to inflation/escalation factors.

The Company has concluded that it has reasonable basis for providing the forward looking statements included in this announcement. The detailed reasons for that conclusion are outlined in the end paragraph headed "Forward Looking and Cautionary Statements".

Dandaragan Trough Project

Potash West has continued to consolidate its holdings associated with its flagship Dandaragan Trough project. It now holds exploration licenses and applications in the Dandaragan Trough, covering an area of +2,600km².

This project is focused on exploiting the large greensands deposits present in the Dandaragan Trough, which commences less than 100km to the north of Perth, Western Australia. The objective is to produce potash and single superphosphate fertilisers and a range of valuable by-products from the glauconite and phosphate present within the greensands.

The greensands within the Dandaragan Trough are widespread. The Dinner Hill project area covers approximately 60 km² in the north-west of the Trough. Within the project area PWN has established an exploration target of 1000Mt to 1500Mt of fresh greensand at a grade of between 4.0% and 4.8% K₂O, 8% and 10% Al₂O₃, 12% and 14% Fe₂O₃, and 2.0% and 2.4% MgO. Included within the Exploration Target is 300-600Mt of phosphate mineralisation at a grade of between 1.5% and 3% P₂O₅. (refer ASX announcement 7 May 2013).

The potential quantity and grade of the target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource over its area and as it is uncertain if further exploration will result in the estimation of a Mineral Resource.

An area of approximately 9 km² within Dinner Hill has been drilled to establish Indicated and Inferred Mineral Resources for potash (K-Max) and phosphate. The higher grade portion of the K-Max resource occurs in the Molecap Greensand. Nodular phosphate mineralisation at Dinner Hill occurs within a chalk unit, the Gingin Chalk and in upper and lower greensand units, the Poison Hill Greensand and the Molecap Greensand.

Current resource figures are shown in table 1:

Phosphate Resource (All Indicated) ⁽¹⁾				
Lower Cut-off Grade (% P₂O₅)	Million Tonnes	Grade (% P₂O₅)	Grade (% K₂O)	Grade (% CaO)
2.15	120	2.79	3.10	8.17
K-Max Resource ⁽²⁾				
Unit	Category	Tonnes (Mt)	K₂O %	P₂O₅ %
Molecap Greensand	Indicated	120	4.6	1.8
	Inferred	2	4.4	2.2
	Total	122	4.6	1.8

Table 1 Dinner Hill Resources

(1) Refer ASX release 20 March 2014)

(2) Refer ASX release 11 October 2012)

The updated Scoping Study (ASX release 15 April 2014) shows a reduction in operating costs from \$285/tonne of product, to \$241/t, increasing EBITDA from \$33 to 48 M per annum. This increases the project NPV from \$218M to \$331M.

The Dandaragan Trough project has unique advantages of excellent connectivity to transport facilities, infrastructure and proximity to local and regional markets. The Dinner Hill resource is located less than 200km from two major bulk export ports, Kwinana and Geraldton and is well situated in relation to major project infrastructure.

The current time frame for commercialisation of the Dandaragan Project is:

- Upgrade a significant portion of the current Indicated and Inferred Mineral Resources to the Measured category by April 2015
- Completion of a Feasibility Study by Dec 2015
- Completion of construction in Q4 2017
- Start-up of full scale production in Mid-2018.

Corporate

The Company continued its marketing programme. In the quarter it presented at the AMEC Conference in Perth. It has also engaged with a number of investors who are potential strategic partners to assist in progressing development activities on both the phosphate and K-Max projects.

To preserve funds the Company has significantly reduced all discretionary expenditure, including salaries and director fees. These measures will stay in place until project activity increases.

Announcements

The following ASX announcements were made during the quarter:

- S708A Notice, Appendix 3B & Appendix 3Y(10 April 2014)
- Strong Improvements to Phosphate Scoping Study (15 April 2014)
- Change of Company Secretary (16 April 2014)
- Change of Share Registry Address (23 April 2014)
- Quarterly Activities and Cashflow Report (30 April 2014)
- Barclay Wells Research Report (4 June 2014)
- Change of Directors interest notice (X 2) (10 June 2014)
- Change of Directors interest notice (18 June 2014)
- S708A Notice & Appendix 3B (20 June 2014)

The following announcements were made subsequent to 31 June, 2014:

- Trading Halt (07 July 2014)
- Completion of \$800,000 Placement (9 July 2014)
- S708A Notice & Appendix 3B (14 July 2014)
- Information Required Under ASX Listing Rule 3.10.5A (14 July 2014)
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Cash on Hand

At 30 June 2014, \$0.164 million cash was available. \$ 826,275 before costs was raised subsequent to period end

Tenement Summary

The following information is provided in accordance with ASX Listing Rule 5.4.3:

Country	Tenement	Tenement Interest held at 31 March 2014	Interest acquired / disposed of during quarter	Tenement Interest held at 31 June 2014
WA	E70/3100	100% ⁽¹⁾	N/A	100%
WA	E70/3360	100% ⁽¹⁾	N/A	100%
WA	E70/3418	100% ⁽¹⁾	N/A	100%
WA	E70/3987	100% ⁽¹⁾	N/A	100%
WA	E70/3988	100% ⁽¹⁾	N/A	100%
WA	E70/3989	100% ⁽¹⁾	N/A	100%
WA	E70/4124	Pending	N/A	Pending
WA	E70/4137	100%	N/A	100%
WA	E70/4138	100%	N/A	100%
WA	E70/4139	100%	N/A	100%
WA	E70/4471	Pending	N/A	Pending
WA	E70/4609	Pending	N/A	Pending

(1) Denotes Beneficial holding of the Mineral Rights to Glauconite & Phosphate, and any byproducts resulting

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About Potash West

Potash West (ASX:PWN) is an exploration company focused on developing large greensand deposits in West Australia's Perth Basin. The Company aims to define a substantial resource base and investigate how best to recover potash and other minerals from the Dandaragan Trough. The project is well situated in relation to infrastructure, with close access to rail, power and gas. A successful commercial outcome will allow the Company to become a major contributor to the potash and phosphate markets at a time of heightened regional demand.

The Company has a major land holding over one of the world's largest known glauconite deposits, with exploration licenses and applications covering an area of over 2,600km². Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and 30km in width. Current JORC compliant Indicated Mineral Resources stand at 241Mt at 3.0% K₂O, including 120Mt at 4.6% K₂O amenable to processing by the K-Max process and 120Mt at 2.8% P₂O₅ of phosphate mineralisation.

Forward Looking and Cautionary Statement:

The scoping study referred to in this report is based on low-level technical and economic assessments and is insufficient to support any estimation of Ore Reserves or to provide assurance of an economic

development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The use of the word “ore” in the context of this report does not support the definition of “Ore Reserves” as defined by the 2012 Edition of the ‘Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves’. The word ‘ore’ is used in this report to give an indication of quality and quantity of mineralized material that would be fed to the processing plant and it is not to be assumed that ‘ore’ will provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realized.

Certain statements contained in this announcement, including information as to the future financial or operating performance of Potash West and its projects, are forward-looking statements. Such forward-looking statements are necessarily based upon a number of estimates and assumptions that, whilst considered reasonable by Potash West, are inherently subject to significant technical, business, economic, competitive, political and social uncertainties and contingencies; involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results reflected in such forward-looking statements; and may include, among other things, statements regarding targets, estimates and assumptions in respect of potash and phosphate production and prices, operating costs and results, capital expenditures, ore reserves and mineral resources and anticipated grades and recovery rates, and are or may be based on assumptions and estimates related to future technical, economic, market, political, social and other conditions.

Forward-looking statements are necessarily based upon a number of estimates and assumptions related to future business, economic, market, political, social and other conditions that, while considered reasonable by Potash West, are inherently subject to significant uncertainties and contingencies

Potash West disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise. The words “believe”, “expect”, “anticipate”, “indicate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and other similar expressions identify forward-looking statements. All forward-looking statements made in this announcement are qualified by the foregoing cautionary statements. Investors are cautioned that forward looking statements are not guarantees of future performance and accordingly investors are cautioned not to put undue reliance on forward-looking statements due to the inherent uncertainty therein.

The Company is of the opinion that it has reasonable basis for providing the forward looking statements included in this announcement, including with respect to production targets, based on the information contained in this announcement and in particular the JORC 2012 Mineral Resource for Dinner Hill as of March 2014. This estimate was compiled by Continental Resource Management Pty Ltd. Additional independent metallurgical studies, determination of mining inventory, mine design and scheduling, external commodity price and operating cost data were undertaken by industry consultants.

Competent Person’s Statement:

The production targets and other information in this announcement that relate to Mineral Resources are based on, and fairly represent, the Mineral Resource and information and supporting documentation extracted from the report which was prepared by a Competent Person in compliance with the JORC Code (2012) and released to ASX by the Company on 20 March 2014. Potash West confirms that it is not aware of any new information or data that materially affect the information included in the original announcement. All material assumptions and technical parameters underpinning the Mineral Resource estimate in that previous ASX release continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Potash West NL

ABN

62 147 346 334

Quarter ended ("current quarter")

30 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(210)	(897)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Government grant and R&D refund)	-	558
Net Operating Cash Flows	(540)	(1,919)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(100)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
Net investing cash flows	-	(100)
1.13 Total operating and investing cash flows (carried forward)	(540)	(2,019)

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(540)	(2,019)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	5	1,146
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Equity Raising Costs)	(15)	(120)
	Net financing cash flows	(10)	1,026
Net increase (decrease) in cash held			
		(550)	(993)
1.20	Cash at beginning of quarter/year to date	714	1,157
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	164	164

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	77
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Directors Fees and Superannuation Contributions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	300
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	164	714
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	164	714

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	nil	nil	nil
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E70/4609	Application 26/05/2014	0% 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	113,806,148 35,960,024	113,806,148 35,960,024	\$0.001 \$0.049
7.4	Changes during quarter			
	(a) Increases through issues	960,871	960,871	
	(b) Decreases through returns of capital, buy-backs			
7.5	*Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		100,000	-	\$0.400	8 September 2016
		100,000	-	\$0.600	8 September 2016
		500,000	-	\$0.300	8 September 2014
		1,250,000	-	\$0.280	30 November 2014
		1,350,000	-	\$0.355	13 November 2015
		8,221,457	8,221,457	\$0.300	15 March 2015
		1,000,000	-	\$0.130	25 October 2015
		500,000	-	\$0.150	7 February 2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (delete one) give a true and fair view of the matters disclosed.

Sign here: Patrick McManus Date: 25 July 2014
(Director/Company secretary)

Print name: Patrick McManus

+ See chapter 19 for defined terms.

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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