

ASX Announcement



28 January 2014

COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPAL AND REGISTERED OFFICE

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ASX CODE

PWN

OTC PINK

PWNNY

CORPORATE INFORMATION

(28 January 2014)

94M Ordinary shares
4M 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, DECEMBER 2013

Highlights

- **Placement of 2,000,000 shares and 1,000,000 unlisted options**
- **Proceeds of the placement to be directed to ongoing project development activities at the Dandaragan Trough Project**
- **Refund of \$547,000 from the Australian Tax Office**

Dandaragan Trough Project

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 December 2013 quarter.

On November 12 Potash West announced it had completed a placement of 2,000,000 shares and 1,000,000 unlisted options at a price of 10c per share, plus ½ option to raise \$200,000.00 before costs.

Proceeds of the placement are being directed to ongoing project development activities at its world-class Dandaragan Trough single super phosphate and potash projects, north of Perth in Western Australia.

The Company has continued to progress its development of the Dandaragan Trough phosphate project. In the previous quarter the Company announced it had achieved very positive results from a Scoping Study targeting single superphosphate (SSP) production on the wholly owned Dandaragan Trough Project.

This latest and very focused Scoping Study was undertaken after the significant phosphate potential of the Dinner Hill region of Dandaragan Trough project area was recognised during development of the economics of the Company's patent-pending K-Max process, which also produces phosphate, alongside potash, alum and iron oxide.

The Phosphate Scoping Study demonstrated the robust nature of a potential single superphosphate project, with a particular highlight being the estimated \$144 million of capital costs – a figure considered to be feasible for a company of our size.

The positive outcomes of the study have now provided Potash West with the confidence to move forward towards a Definitive Feasibility Study (DFS) on a stand-alone phosphate project.

Major attributes identified in the study included the advantageous location, low mining and start-up costs, simple processing route, acceptable recoveries and low cost acid supply. Key outcomes of the study included:

- The initial focus on a processing rate 3.8 Mtpa
- A initial mine life of over 20 years
- Average revenues per year of \$131 million
- Operating cash costs per year of \$97.6 million
- IRR 26.2%
- NPV8 \$218 million
- Capital cost \$144 million
- Payback period 4 years

The Company continues to have a strong focus on the super phosphate potential at the Dandaragan Trough Project and has had some initial potential off-take discussions with Asian based groups.

Dandaragan Trough Project Background

Potash West has continued to build on its holdings associated with its flagship Dandaragan Trough project, since its listing in May 2011. It now holds exploration licenses and applications in the Dandaragan Trough, covering an area of 2,100km².

This project is focused on exploiting the large greensand deposits present in the Dandaragan Trough, which commences less than 60km 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 greensand.

Located approximately 100 km north of the Western Australian capital of Perth in the Perth Basin, the Dandaragan Trough project has unique advantages of excellent connectivity to transport facilities, infrastructure and proximity to local and regional markets.

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

- Completion of a measured JORC resource by Q4 2014
- Completion of a Feasibility Study in Q4 2015
- Completion of construction in Q4 2017
- Start-up of full scale production in Mid-2018.

Corporate

During the quarter the Company received a \$547,582 refund from the Australian Tax Office for eligible test work for the 2013 financial year under the Federal Governments' R&D tax incentive scheme. The test work was instrumental in developing processes for the extraction of potash, phosphate and related products from glauconite, a common clay mineral.

This incentive has provided strong support for Potash West to carry out its research and development activities to build value for shareholders by unlocking commodities critical to long-term agricultural sustainability and food security.

The improved cash position will also allow the Company to continue its work programmes to develop the Dandaragan Trough project.

As mentioned earlier, the Company also completed a placement of 2,000,000 shares and 1,000,000 unlisted options at a price of 10c per share, plus ½ option raising \$200,000 before costs. Potash West continues to seek options to advance the project.

The Company has also continued to promote the values of the Dandaragan Trough Project through participation in a number of road shows locally and internationally, and attendance at key local events.

Potash West continues to investigate opportunities to market the Company and to further expand its activities.

Announcements

The following ASX announcements were made during the quarter:

- Breakaway Research Report (21 October)
- Notice of Annual General Meeting (24 October)
- Quarterly Activities and Cashflow Report (31 October)
- ASX Waiver for Director and Senior Management Fee and Remuneration Sacrifice Share Plan Obtained (7 November)
- Potash West Raises Working Capital (12 November)
- Change of Director's Interest Notice (19 November)
- AGM Presentation (25 November)
- Results of Potash West Annual General Meeting (25 November)
- Potash West Receives \$548K Research and Development Rebate (12 December)

Cash on Hand

At 31 December 2013, \$0.627 million cash was available.

For further information contact:

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About Potash West

Potash West (ASX:PWN) is an exploration company focused on developing potassium-rich glauconite deposits in West Australia's Perth Basin. The Company aims to define a substantial resource base and investigate how best to recover potash from the mineral. 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 2,100km². 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 90Mt at 2.65% P₂O₅ of phosphate mineralisation.

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")

31 December 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 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	(64)	(425)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	5
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Government grant and R&D refund)	550	558
Net Operating Cash Flows	169	(709)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
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	-	-
1.13 Total operating and investing cash flows (carried forward)	169	(709)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	169	(709)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	200	200
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)	(11)	(21)
	Net financing cash flows	189	179
	Net increase (decrease) in cash held	358	(530)
1.20	Cash at beginning of quarter/year to date	269	1,157
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	627	627

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	93
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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+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

- 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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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	100
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	300

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	627	269
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	627	269

+ 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 E70/3635 E70/3636	Beneficial ownership	100%	0%
		Beneficial ownership	100%	0%
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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	92,021,064	92,021,064	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,000,000	2,000,000	\$0.100
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
7.8	Issued during quarter	1,000,000	-	\$0.130	25 October 2015
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 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).
- This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here:



 (Director)
Date: 28 January 2014

Print name:

Patrick McManus

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+ 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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