POTASH WEST NL

ABN 62 147 346 334

Half-Year Financial Report

31 December 2013

Directors

Adrian Griffin
Patrick McManus
George Sakalidis
Gary Johnson

Company Secretary

Amanda Wilton-Heald

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Auditor

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 AUSTRALIA
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Stock Exchange Listing

Potash West NL shares are listed on the Australian Securities Exchange (ASX code: PWN) and OTC Pink (OTC Pink Code: PWNNY).

Your Directors submit their report for the half-year ended 31 December 2013.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Adrian Griffin ***Non-Executive Chairman***

Adrian Griffin, an Australian-trained mining professional, has had exposure to metal mining and processing worldwide during a career spanning more than three decades. A pioneer of the lateritic nickel processing industry, he has helped develop extraction technologies for a range of minerals over the years. Today, Adrian specialises in mine management and production. He is a former Chief Executive Officer of Dwyka Diamonds Limited, an AIM- and ASX-listed diamond producer, was a founding director and executive of Washington Resources Limited and also a founding director of Empire Resources Limited, Ferrum Crescent Limited and Reedy Lagoon Corporation Limited. Moreover, Mr Griffin was a founding director of ASX-listed Northern Uranium, of which he is currently a non-executive director. He is also managing director of ASX-listed Midwinter Resources NL, an African-focused iron ore project developer.

Adrian Griffin is also a member of the Audit Committee, Remuneration Committee (Chairman) and the Nomination Committee (Chairman).

Patrick McManus ***Managing Director***

Patrick McManus has a degree in mineral processing from Leeds University and an MBA from Curtin University. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for Rio Tinto, RGC Limited and Bemas Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited.

George Sakalidis ***Non-Executive Director***

George Sakalidis is an exploration geophysicist of more than 20 years standing. His career has encompassed extensive exploration for gold, diamonds, base metals and mineral sands and with others, he compiled one of Australia's largest aeromagnetic databases, now held by Image Resources NL. Using this database, George contributed to a number of discoveries, including such gold discoveries as the Three Rivers and the Rose deposits in Western Australia. Moreover, he was instrumental in the acquisition of the Image Resources NL exploration tenements, and the design and interpretation of the magnetic surveys that led to the discovery of the large mineral sands resources at the Dongara project of Magnetic Resources NL, of which he was a founding director. Also previously a director of North Star Resources NL, George is currently a director of Meteoric Resources NL, Magnetic Resources NL, Emu Nickel Pty Ltd, Image Resources NL and the unlisted Impreium Minerals Limited.

George Sakalidis is also a member of the Audit Committee (Chairman), Remuneration Committee and the Nomination Committee.

Gary Johnson Non-Executive Director

Gary Johnson is a metallurgist with more than 30 years of broad experience in all aspects of the mining industry. In his early career, he gained operational and project expertise with a range of metals in operations in Africa and Australia. Later, he was a member of the team operating the metallurgical pilot plant at the giant Olympic Dam copper, gold and uranium project in South Australia.

In 1998, after 10 years as chief metallurgist for a large gold producer, Mr Johnson formed his own specialised hydrometallurgical consulting company. During this period he worked closely with LionOre Mining International to develop the Activox® process for treating sulphide concentrates. When, in 2006, LionOre acquired Gary's company, he joined LionOre as a senior executive. In 2007, LionOre was taken over by MMC Norilsk Nickel and in 2009 Mr Johnson became managing director of the latter's Australian operations.

Today, Mr Johnson runs his own consulting company, which specialises in high-level metallurgical and strategic advice. He also holds several patents in the field of hydrometallurgy and is a director of the TSX-listed Hard Creek Nickel Corporation and ASX listed Antipa Minerals Ltd.

Gary Johnson is also a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

Company Secretary

Amanda Wilton-Heald

Amanda Wilton-Heald is a Chartered Accountant with over 13 years of experience in Australia and UK.

RESULTS OF OPERATIONS

The net loss of the company for the six months to 31 December 2013 is $490,554 (2012: $2,354,572). The net loss was largely due to expenditure on mineral exploration and evaluation.

REVIEW OF OPERATIONS

The significant phosphate potential contained within the Dandaragan Trough Project in Western Australia was a major area of focus for Potash West NL during the six months ended 31 December 2013.

Key highlights in this period include the announcement on 17 September of a Scoping Study targeting single superphosphate (SSP) production on the wholly owned Dandaragan Trough Project, located 150km to the north of the Western Australian capital of Perth.

REVIEW OF OPERATIONS (continued)

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

The Scoping Study demonstrated the robust nature for a potential single superphosphate project, with a particular highlight being the estimated $144 million in capital costs. 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.

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.

Highlights the Scoping Study include:

- mining rate 3.8 Mtpa
- Mine life, on known JORC resource, of over 20 years
- Average revenues per year of $131 million
- Average cash costs per year of $98 million
- IRR 26.2%
- NPV (8% discount rate) $218 million
- Capital cost $144 million
- Payback period 4 years

The Scoping Study work programme also highlighted a number of potential processing breakthroughs that would bring benefits to a proposed project. These include:

- Opportunities for metallurgical recovery improvements
- The potential to easily and significantly increase the scale of the project as operations are established and markets grow in the region thanks to the extensive nature of the phosphatic greensand in the Dandaragan Trough.
- A major increase in resource, by treating the phosphate-rich chalk seam.
- An opportunity to build a combined phosphate plant and K-max plant to produce potash and alum products from the same feed material. This could be expected to lead to an increase in phosphate production, coupled with lower capital and operating costs compared to two separate plants.

On 23 September 2013, the Company highlighted the outstanding growth potential at Potash West's Dandaragan Trough Project by announcing a revised JORC phosphate Indicated Mineral Resource of 90Mt at 2.65% P_2O_5 at a 1.85% P_2O_5 lower cutoff for the Dinner Hill Deposit. Importantly the mineralisation remains open to the north and the east in an area of postulated basin closure thought to present favourable conditions for the development of nodular phosphate within the Creatceous Coolyena Group.

REVIEW OF OPERATIONS (continued)

In 12 November 2013 Potash West announced the completion of a placement of 2,000,000 shares, with 1,000,000 free attaching options at a price of $0.10 per share on the basis of one (1) $0.13 unlisted option expiring 25 October 2015 for every two (2) shares placed to raise $200,000 before costs.

In addition to this the Company advised on 12 December 2013 it had received a $547,582 refund from the Australian Tax Office.

The claim covers eligible test work for the 2013 financial year under the Federal Government's R&D tax incentive scheme. The test work was instrumental in developing processes for the extraction of potash, phosphate and related products from glauconite, which is widespread throughout the greensands in the Dandaragan Trough.

The improved cash position will allow the company to continue its work programmes at its world-class single superphosphate project, north of Perth in Western Australia.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the company.

Events subsequent to balance date

On the 15 January 2014, the directors of the Company have resolved that the Company will make a fully underwritten non-renounceable, pro rata entitlement offer of shares to eligible shareholders at an issue price of $0.05 each on the basis of one (1) new share for every five (5) shares held on 28 January 2014 to raise approximately $940,210. As at the date of this report, the total funds raised is $857,381.

On the 12 February 2014, the Company has announced the results of successful test work into the amenability of recovering phosphate from the Gingin Chalk at this Dinner Hill deposit through ASX Announcement. The testwork has produced positive results, demonstrating the potential to recover phosphate from the chalk by implementing a selective flotation regime.

Other than these, there have not been any other matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than disclosed elsewhere in this half-year report.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 19.

Signed in accordance with a resolution of the Directors

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Patrick McManus
Director
Perth, 12 March 2014

POTASH WEST NL

ABN 62 147 346 334

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Half-year ended 31 December 2013 $	Half-year ended 31 December 2012 $
INCOME FROM CONTINUING ACTIVITIES			
Geological services		660	18,480
Administration services		17,078	-
Interest		5,566	36,454
Government grant		558,721	61,742
TOTAL INCOME		**582,024**	**116,676**
EXPENSES			
Administration		325,728	617,231
Depreciation		11,038	11,333
Equity based payments	11	-	149,905
Exploration		338,394	1,185,960
Legal		29,080	49,519
Occupancy		11,508	25,000
Remuneration (excluding share based payments)		356,831	432,301
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		**(490,554)**	**(2,354,572)**
INCOME TAX REFUND		**-**	**-**
NET LOSS FOR THE PERIOD		**(490,554)**	**(2,354,572)**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(490,554)**	**(2,354,572)**
Basic and diluted loss per share (cents per share)	4	(0.59)	(3.48)

The statement of comprehensive income should be read in conjunction with the accompanying condensed notes.

POTASH WEST NL

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	As at 31 December 2013 $	As at 30 June 2013 $
CURRENT ASSETS			
Cash and cash equivalents	2	627,093	1,157,541
Trade and other receivables		39,395	96,141
Other assets		8,922	20,753
Total Current Assets		675,409	1,274,435
NON CURRENT ASSETS			
Exploration and evaluation		2,500,000	2,500,000
Plant and equipment	9	75,261	86,299
Total Non Current Assets		2,575,261	2,586,299
TOTAL ASSETS		**3,250,671**	**3,860,734**
CURRENT LIABILITIES			
Trade and other payables	10	227,513	548,066
Provisions		44,735	34,286
Total Current Liabilities		272,248	582,352
TOTAL LIABILITIES		**272,248**	**582,352**
NET ASSETS		**2,978,423**	**3,278,382**
EQUITY			
Issued capital	7	11,903,379	11,725,227
Reserves	8	468,049	455,606
Accumulated losses		(9,393,005)	(8,902,451)
TOTAL EQUITY		**2,978,423**	**3,278,382**

The statement of financial position should be read in conjunction with the accompanying condensed notes.

POTASH WEST NL

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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued Capital	Accumulated Losses	Share and Option Based Payment Reserve	Total
	$	$	$	$
Balance at 1 July 2012				
Opening Balance	9,965,087	(4,708,819)	305,701	5,561,969
Loss for the period	-	(2,354,572)	-	(2,354,572)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive loss for the period (net of tax)	-	(2,354,572)	-	(2,354,572)
Transactions with owners in their capacity as owners:				
Share and option based payments	-	-	149,905	149,905
Balance at 31 December 2012	**9,965,087**	**(7,063,391)**	**455,606**	**3,357,302**
Balance at 1 July 2013	**11,725,227**	**(8,902,451)**	**455,606**	**3,278,382**
Loss for the year	-	(490,554)	-	(490,554)
Other comprehensive income (net of tax)		-		-
Total comprehensive loss for the year (net of tax)	**-**	**(490,554)**	**-**	**(490,554)**
Transactions with owners in their capacity as owners:				
Shares issued	200,000	-	12,443	212,443
Share issued transaction costs	(21,848)	-	-	(21,848)
Share and option based payments				-
Balance as at 31 December 2013	**11,903,379**	**(9,393,005)**	**468,049**	**2,978,423**

The statement of changes in equity should be read in conjunction with the accompanying condensed notes.

POTASH WEST NL

ABN 62 147 346 334

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Half-year ended 31 December 2013 $	Half-year ended 31 December 2012 $
OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,272,886)	(2,274,869)
Government grant received		11,139	-
R&D tax refund		547,582	61,742
Interest received		5,565	36,454
NET CASH FLOWS USED IN OPERATING ACTIVITIES		**(708,600)**	**(2,176,673)**
INVESTING ACTIVITIES			
Purchase of plant and equipment		-	(5,775)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		**-**	**(5,775)**
FINANCING ACTIVITIES			
Proceeds from issue of shares		200,000	-
Share issue costs		(21,848)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**178,152**	**-**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(530,448)	(2,182,448)
Cash and cash equivalents at the beginning of the period		1,157,541	3,250,259
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	2	**627,093**	**1,067,811**

The statement of cash flows should be read in conjunction with the accompanying condensed notes.

Note 1: Basis of preparation of the half-yearly financial report

This interim condensed financial report for the half-year ended 31 December 2013 was authorised for issue in accordance with a resolution of the directors on 11 March 2014. The financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2013 and considered with any public announcements made by Potash West NL during the half-year ended 31 December 2013 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

The half-year financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full and understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial statements have been prepared on the basis of accrual accounting and historical costs and the same accounting policies and methods of computation were followed as in the most recent annual financial statements

Going concern basis

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net loss for the period ended 31 December 2013 of $ 490,554 (31 December 2012: $2,354,572) and experienced net cash outflows from operating activities of $ 708,600 (31 December 2012: $2,176,673). Additional funding is necessary to meet its committed expenditure requirements in the next 12 months.

The Directors have reviewed the Company’s financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will be successful in securing additional funds through the right issue.

Should the Company not achieve the matters set out above, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

Changes in accounting policies

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior half-years.

The Company has not elected to early adopt any new accounting standards and interpretations.

Revenue Recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is proable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recongised:

Interest income
Income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Fee Income
Revenue from geological services provided is recognised as the services are rendered, the revenue and the costs incurred or to be incurred in respect of the transations can be measured reliably and the ecnonomic benefits associated with the transaction will flow to the Company.

Note 2: Cash and cash equivalents

	31-Dec-13	30-Jun-13
	$	$
Cash at bank and on hand	627,093	1,157,541
	627,093	**1,157,541**

Reconciliation of cash and cash equivalents

Cash at the end of financial period is shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	627,093	1,157,541

Note 3: Segment reporting

For management purposes, the Company is organised into one main operating segment, which involves the evaluation of the Dandaragan Trough Glauconite deposit of its potassium content and the production of potash from the deposit. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

Note 4: Earnings per share

	2013 $	2012 $
Basic loss per share (cents per share)	0.59	3.48
Diluted loss per share (cents per share)	0.59	3.48
Net loss	490,554	2,354,572
Loss used in calculating basic and diluted loss per share	490,554	2,354,572
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share	83,666,617	67,645,833

During the period there were no listed or key management personnel options exercised.

These options are not considered dilutive for the purpose of the calculation of diluted earnings/loss per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share. Consequently, diluted earnings/loss per share is the same as basic earnings per share.

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements

Note 5: Contingent liabilities and contingent assets

The Company does not have any contingent assets or liabilities outstanding at 31 December 2013 (2012: Nil).

Note 6: Dividends

No dividend has been paid or declared during the half-year and the directors do not recommend the payment of a dividend in respect of the financial period.

Note 7: Issued capital

Ordinary Shares	**Number**	**$**
At 1 July 2012	83,795,833	10,200,112
Issue of 8,223,344 shares to existing shareholders via renounceable entitlement issue	8,223,344	1,809,672
Issue of 1,887 shares via exercising options	1,887	-
Equity Raising Costs		(49,531)
At 30 June 2013	**92,021,064**	**11,960,253**
Issue of 2,000,000 shares via share placement	2,000,000	200,000
Equity Raising Costs *		(21,849)
As at 31 December 2013	**94,021,064**	**12,138,404**
Reserved Shares		
At 30 June 2013	**(1,150,000)**	**(235,025)**
At 31 December 2013	**(1,150,000)**	**(235,025)**

** Attaching to the placement of 2,000,000 shares is the 1,000,000 $0.13 unlisted options expiring 25 October 2015 on the basis of 1 option for every 2 shares placed.*

Note 8: Reserves

Share based payment reserve	**Number**	**$**
At 1 July 2012	3,100,000	305,701
Issue of 1,250,000 options for option based payment	1,350,000	149,905
At 30 June 2013	**4,450,000**	**455,606**
Shares to be issued under the Director and Senior Management Fee and Remuneration Sacrifice Share Plan*	-	12,443
As at 31 December 2013	**4,450,000**	**468,049**

**Shares have not yet been issued, with the number of shares to be determined at issue date, dependent on the market share price.*

Note 9: Plant and equipment

	Office Equipment $	Plant and Equipment $	Computer Software $	Total $
At 30 June 2013				
Cost	16,079	72,835	42,452	131,365
Accumulated depreciation	(6,289)	(25,254)	(13,523)	(45,066)
Closing net carrying value	**9,789**	**47,581**	**28,928**	**86,299**
At 1 July 2013				
Opening net carrying value	9,789	47,581	28,928	86,299
Additions	-	-	-	-
Depreciation charge for the period	(1,922)	(4,778)	(4,338)	(11,038)
At 31 December 2013	**7,867**	**42,804**	**24,591**	**75,261**

Note 10: Trade and other payables

	31-Dec-13 $	30-Jun-13 $
Current		
Unsecured liabilities		
Trade and other payables	227,513	548,066
	227,513	**548,066**

Due to short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 11: Equity based payments

Expenses arising from option-based payment transactions

Total expenses arising from option-based payment transaction recognised during the half-year is as follows:

	31-Dec-2013 $	31-Dec-2012 $
Options issued to directors as approved by shareholders at 2012 AGM.	-	149,905
	-	**149,905**

Note 11: Equity based payments (continued)

Expenses arising from share-based payment transactions

During the 2013 half year, a share based payment relating to director and senior management fee and remuneration sacrifice share plan has been recorded in the accounts as follows:

	31-Dec-2013 $	31-Dec-2012 $
Management fee and remuneration sacrifice share plan	12,443	-
	12,443	**-**

Under the Management fee and remuneration sacrifice share plan, the eligible directors and senior management of the Company may elect to sacrifice part of their directors' fees or consulting fees to acquire Shares in the Company. Under the Plan, the relevant directors and senior management will receive the remainder of their directors' fees or consulting fees in cash. As such, the Shares will be issued for nil cash consideration and will be valued at market fair value. The Plan has been approved by the shareholders during 2013 AGM, but the associated shares have not yet been issued to the directors who has elected to sacrifice part of their directors fees to acquire shares in the Company.

During the 2012 half year, 1,350,000 options were issued to directors under the Employee Option Plan (EOP). The fair value of options granted under the EOP is estimated at the date of grant using a Black-Scholes option pricing methodology, taking into account the terms and services were valued at the market price at the date of issue as the value of the services received could not be reliably measured. Options issued during the period vested at grant date.

Dividend yield (%)	Nil
Expected volatility*(%)	75
Risk-free interest rate (%)	3
Expected life (years)	3
Share price ($)	See below tables:

<u>Option-based payment plans</u>	2013 Number	2013 WAEP	2012 Number	2012 WAEP
Outstanding at 1 July	2,600,000	$0.3189	1,250,000	$0.28
Granted during the year	-	-	1,350,000	$0.355
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	2,600,000	$0.3189	2,600,000	$0.3189
Exercisable at 31 December	-	-	-	-

** Volatility was determined using considered judgement as to the volatility of the share price over the vesting period.*

Note 12: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the period, the following transactions were undertaken between the Company, executive officers and director-related entities.

	31-Dec-13	31-Dec-12
Consulting fees were paid to Strategic Metallurgy Pty Ltd, a company of which Gary Johnson is a director and shareholder	205,704	364,600

In 2012 financial year, 1,150,000 shares were issued under the Employee Share Plan (ESP) accounted for as in-substance options. The Company has provided each employee with a non-recourse loan up to the amount payable in respect of the shares. The employee must repay the Loan in full prior to expiry of the Loan Term but may elect to repay the Loan Amount in respect of any or all of the Plan Shares at any time prior to expiry of the Loan Term.

Note 13: Commitments

The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follow:

	2013	2012
Within 1 year	836,000	1,058,000
1 to 2 years	836,000	1,058,000
	1,672,000	**2,116,000**

The commitments may vary depending upon additions or relinquishments of the tenements, as well as farm-out agreements. The above figures are based on the mines department Emits reports as at 31 December 2013. The figures are adjusted at the anniversary date of each tenement and therefore that total can change on a monthly basis.

Note 14: Events subsequent to balance date

On the 15 January 2014, the directors of the Company resolved that the Company will make a fully underwritten non-renounceable, pro rata entitlement offer of shares to eligible shareholders at an issue price of $0.05 each on the basis of one (1) new share for every five (5) shares held on 28 January 2014 to raise approximately $940,210. As at the date of this report, the total funds raised is $857,381.

On the 12 February 2014, the Company announced the results of successful test work into the amenability of recovering phosphate from the Gingin Chalk at this Dinner Hill deposit through ASX Announcement. The testwork produced positive results, demonstrating the potential to recover phosphate from the chalk by implementing a selective flotation regime.

Other than these, there have not been any other matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than disclosed elsewhere in this half-year report.

DIRECTORS' DECLARATION

The Directors of Potash West NL declare that:

(a) the financial statements and notes set out on page 7 to 17 are in accordance with the Corporations Act 2001:
   - give a true and fair view of the financial position of the Company as at 31 December 2013 and of its performance for the half-year ended 31 December 2013 of the Company; and
   - comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;

(b) subject to the matters discussed in Note 1, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The declaration is made in accordance with a resolution of the Board of Directors.

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Patrick McManus
Director
Perth

12 March 2014

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Auditor's Independence Declaration to the Directors of Potash West NL

In relation to our review of the financial report of Potash West NL for the half-year ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Robert Kirkby
Partner
12 March 2014

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Independent review report to members of Potash West NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Potash West NL, which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Potash West NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Potash West NL is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise it assets and discharge its liabilities in the normal course of business.

Ernst & Young

Robert Kirkby
Partner
Perth
12 March 2014