



ASX Announcement

26 July 2013

COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPAL AND REGISTERED OFFICE

Potash West NL
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ASX CODE

PWN

OTC-QX CODE

PWNNY

CORPORATE INFORMATION

(26 July 2013)
92M Ordinary Shares
3M 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

- Exploration continued to define Dandaragan Trough fertilizer project as a world class asset
- Latest drilling programme extended Dinner Hill Resource area by 16 sq. km
- New exploration target of between 1000 Mt and 1500 Mt identified at Dinner Hill
- Significant potential identified to add value through wide-spread phosphate mineralisation
- 58m of high-grade greensand intersected at Dambadjie and Attunga prospects, accompanied by promising phosphate finds

Dandaragan Trough Project

Exploration success at the Dandaragan Trough Project in Western Australia highlighted June quarter activities for Potash West NL (ASX: PWN, with the recently completed drilling campaign further demonstrating this is a world class asset, with tremendous exploration upside.

The 94 hole, 4,634m aircore drilling programme (Figure 1) not only confirmed thick greensand sections, it also identified high value phosphate potential, while significantly adding to the known size of the project.

The drilling programme had many highlights, including:

- Increasing the size of the known area of the Dinner Hill Mineral Resource by 160%, with drilling to the south and east of the deposit demonstrating positive continuity;
- Intersecting the thickest sequences of the Molecap Greensand yet recorded within the project area;
- Confirming significant phosphate intercepts reported from historical exploration at the Dambadjie and Attunga prospects; and
- Encountering near surface glauconite mineralisation in other areas that are worthy of further investigation.

As part of the programme, 44 holes on 800 metre centres were drilled within the Dinner Hill Extended area and demonstrated continuity of this unit up to 4km to the east and 5.5km to the south over an area of some 16km², with mineralisation remaining open in both directions. Importantly the new work encountered Molecap Greensand thicknesses within in the extended zones of between 10m to 17m, averaging approximately 12m. This is significant when compared to the average thickness of 8m encountered within the area of the previously reported Mineral Resource for the Dinner Hill prospect.

The Company is now preparing to compile a JORC compliant resource for the Dinner Hill Extended area for release during the third quarter and is confident that the increased thickness of the Molecap Greensand within the newly defined areas will result in a major addition to the already substantial mineral inventory of the Project. That confidence is supported by an independent study released on May 7, 2013 which produced a new estimated Exploration Target for the area of between 1 billion and 1.5 billion tonnes, of fresh greensand grading at between 4.0% and 4.8% K₂O, 8% and 10% Al₂O₃, 12% and 14% Fe₂O₃, and 2.0% and 2.4% MgO. *(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).*

Another real upside that has become more apparent after this latest drilling campaign is the confirmation that the Dandaragan Trough contains a significant quantity of phosphate, some of which is close to the surface. Importantly, included within the new Exploration Target is 300Mt to 600Mt of phosphate mineralisation at a grade of between 1.5% and 3% P₂O₅.

The region has been investigated several times for its phosphate mineralisation and recent developments in commodity prices certainly warrant further investigations of this potential.

Processing

The Company is currently undertaking work aimed at optimising the recovery of phosphates in its process flowsheet and this is on target for completion in the September quarter.

Potash West has a real focus on the phosphate potential at Dandaragan Trough and sees very significant value upside if it is successful in this endeavour as phosphate currently makes up 25% of the proposed revenue stream, with the potential to substantially increase revenues by recovering phosphate previously lost to tailings streams in the K-Max flowsheet.

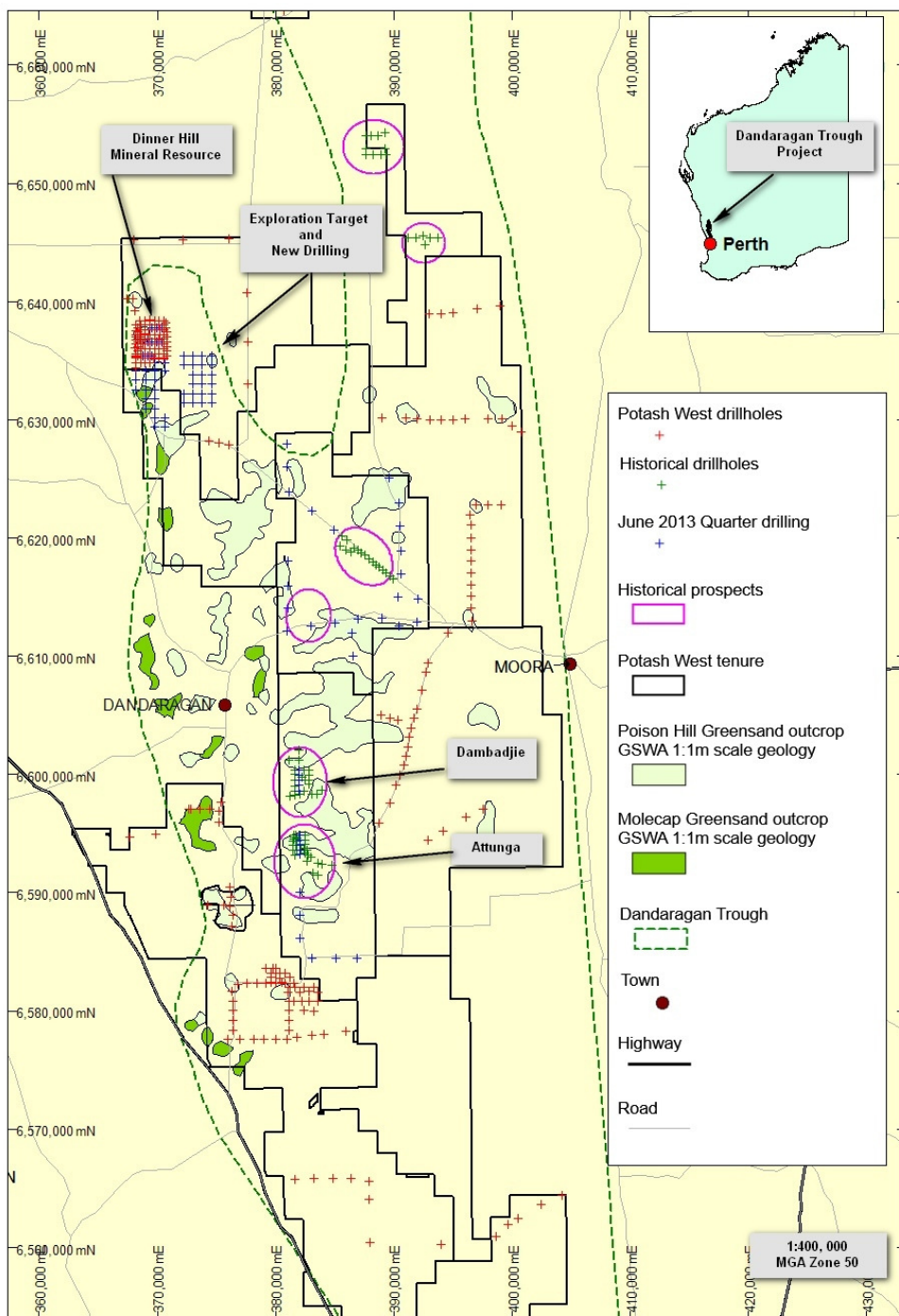


Figure 1: Dandaragan Trough Project

Dambadjie and Attunga Prospects

The recently completed drilling campaign also focused on a number of areas where Potash West had previously been active and others where historic drilling had taken place.

One of the latter locations was the area around the Dambadjie and Attunga prospects, located approximately 20 km south of the town of Dandaragan. A 10 hole, 4km traverse through the Dambadjie and Attunga prospects confirmed the existence of phosphate rich horizons within the stratigraphy. Significantly the target Molecap Greensand was found to be up to 58m thick in this area. This is in contrast to the Dinner Hill deposit where the Molecap Greensand has an average thickness of only 8m but is still estimated to contain 122Mt at 4.6% K₂O and 1.5% P₂O₅ – large enough to fuel a 60 plus year project.

Importantly, the thick intersections of Molecap Greensand in these areas correlate with historic results which reported plus 50 metres of greensands at numerous locations throughout the Dandaragan Trough. These areas of thicker intersections also offer the potential to develop a large resource in a smaller, defined area – significantly reducing mining costs.

Phosphate mineralisation was typically intersected at both Attunga and Dambadjie in the lower 10m of the Poison Hill Formation proximal to the contact with the underlying Gingin Chalk. The best intersection from Attunga was 10m @ 3.07% P₂O₅ in PWAC295 from 32m and from Dambadjie, 8m @ 4.02% P₂O₅ from 40m in PWAC301.

Road Verge Exploration

During the June quarter, Potash West also reported the results of road verge exploration drilling which was conducted along under-explored areas within exploration license E70/4139.

The drilling from higher elevations within the tenement defined a thick, deeply oxidised Poison Hill unit, underlain by approximately 40m of Gingin chalk. A shallow intercept of the Molecap Greensand was returned from drilling at a lower elevation in the south east of the tenement returning an encouraging intercept of 32m @ 2.99% K₂O from 16m (PWAC321). Shallow Molecap-hosted phosphate mineralisation was intersected in the south west of the tenement, returning 12m @ 3.24% P₂O₅ from 22m (PWAC324).

The Company is planning to undertake ongoing exploration in these areas to investigate both occurrences.

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 15 tenements in the Dandaragan Trough, covering an area of 2,905km².

This project is focused on exploiting the large glauconite deposits present in the Dandaragan Trough, which commences less than 60km to the north of Perth, Western Australia. The objective is to produce potash fertilizer and a range of valuable by-products, including superphosphate, from the glauconite.

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 markets.

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

- Completion of the Phosphate Study in Q3 2013
- Completion of a JORC compliant resource for Dinner Hill Extended area in Q3 2013;
- Completion of the construction of a pilot plant in Q2 2014
- Completion of Pre-Feasibility Studies in Q4 2014
- Completion of a Feasibility Studies in Q4 2015
- Start-up of Construction in Q4 2017
- Start-up of Full Scale Production in Mid-2018.

Corporate

The Company has continued to promote the values of the Dandaragan Trough Project through a number of Road Shows and participation in the prestigious Mines & Money Beijing event in China and the Gold Coast Resources Showcase in Queensland.

A Due Diligence and Valuation Report on the Company was produced by Arrowhead Business and Investment Decisions during the quarter, while a research note on Potash West and its activities was published by Independent Investment Research during the period. The Company also featured in a BRR Webcast, a Financial News Network Webcast and an Open Briefing Webcast and also featured in an article in the internationally recognised The Pick magazine. Links to all of these are available on the PWN website.

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:

- Letter to Shareholders - Contingent Entitlements Issue (April 2)
- Change of Directors' Interest Notices (April 2)
- Research Report (April 11)
- Appendix 3B (April 16)
- Potash West intersects plus 50 metres of Molecap Greensand (April 24)
- Quarterly Activities and Cashflow Reports (April 26)
- Release from Escrow (May 2)
- Research Report (May 3)
- Clarification Research Report (May 3)
- PWN Identifies New Dinner Hill Deposit Exploration Target (May 7)
- Potash West Contingent Entitlements Issue (May 7)
- Potash West Contingent Entitlements Issue (May 7)
- BRR Webcast (May 9)
- Appendix 3B (May 14)
- Open Briefing Webcast (June 4)
- Finance News Network Webcast (June 17)
- PWN Completes Major Drilling Program at Dandaragan Trough (June 20)
- Appendices 3Y - Contingent Entitlement Issue (June 27)

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 market at a time of heightened 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 2,905km². Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and 15km in width. An indicated JORC resource of 244 Mt at ZZZ%K₂O, including 122 Mt at 4.6% K₂O has been established.

Competent Persons Statement

The information related to Exploration Targets is extracted from the report entitled Exploration Target Report, Dinner Hill Potash Deposit, Dandaragan Trough Project, Western Australia dated 24 July 2013. The information related to Mineral Resources is extracted from the report entitled Resource Report, Dinner Hill Potash Deposit, Dandaragan Trough Project, Western Australia created on 21 November 2012. Both reports were prepared by Mr J.J.G. Doepel, BSc (Hons), GradDipForSci, DipTeach, MAusIMM, MGSA, Principal Geologist, Continental Resource Management Pty Ltd and are available to view on the Company website at www.potashwest.com. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

The information in this report that relates to Exploration Results is based on information compiled by Lindsay Cahill, who is a member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr. Cahill is a consultant to the mining industry, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration. He is qualified as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. This report is issued with Mr. Cahill's consent as to the form and context in which the exploration results appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Potash West NL

ABN

62 147 346 334

Quarter ended ("current quarter")

30 June 2013

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(593)	(1,996)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	8	48
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (R&D Tax Refund)	431	492
Net Operating Cash Flows	(674)	(3,803)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(9)
1.9 2 (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Investment in Subsidiary)		
Net investing cash flows	-	(9)
1.13 Total operating and investing cash flows (carried forward)	(674)	(3,812)

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Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(674)	(3,812)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,809	1,809
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)	(68)	(90)
Net financing cash flows		1,741	1,719
Net increase (decrease) in cash held		1,067	(2,093)
1.20	Cash at beginning of quarter/year to date	90	3,250
1.21	Exchange rate adjustments		
1.22	Cash at end of quarter	1,157	1,157

Payments to directors of the entity and associates of the directors

Payments to 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	116
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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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	400
4.2 Development	
4.3 Production	
4.4 Administration	200
Total	600

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	1,157	90
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,157	90

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Appendix 5B
Mining exploration entity quarterly report

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	NIL		
6.2	Interests in mining tenements acquired or increased	NIL		

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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	8,223,344 1,887	8,223,344 1,887	\$0.22 \$0.30	\$0.22 \$0.30
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	100,000 100,000 500,000 1,250,000 1,350,000 8,221,457	- - - - - 8,221,457	<i>Exercise price</i> \$0.400 \$0.600 \$0.300 \$0.280 \$0.355 \$0.300	<i>Expiry date</i> 08-Sep-16 08-Sep-16 08-Sep-14 30-Nov-14 13-Nov-15 15-Mar-15
7.8 Issued during quarter	8,223,344	8,223,344	\$0.300	15-Mar-15
7.9 Exercised during quarter	1,887	1,887	\$0.300	15-Mar-15
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				

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Appendix 5B
Mining exploration entity quarterly report

7.12	Unsecured notes (totals only)		
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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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Patrick McManus Date: 26 July 2013

Print name: Patrick McManus
Managing Director

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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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