ASX Announcement

20 March 2014

COMPANY DETAILS

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ASX CODE
PWN

OTC PINK
PWNNY

CORPORATE INFORMATION
(20 March 2014)

113M 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)

POTASH WEST ACHIEVES SIGNIFICANT UPGRADE TO DINNER HILL PHOSPHATE RESOURCE

HIGHLIGHTS:

Dinner Hill Phosphate Deposit

- **Phosphate Indicated Mineral Resource increased to 120Mt @ 2.8% P_2O_5, 3.1% K_2O, and 8.2% CaO**
- **Metallurgical breakthrough brings major cost benefits**
- **Resource tonnes increased by 33%**
- **Projected mine life of 20 plus years**

Potash West (the Company) (ASX: **PWN**) is pleased to announce the results of a re-estimation of the Dinner Hill Phosphate resource following the recent significant improvements to the metallurgical flowsheet. The Dinner Hill project is located 175km north of Perth in Western Australia, within the Company's world-class Dandaragan Trough project area (Figure 2).

Background

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.

In September 2013 Potash West announced the results of the initial Scoping Study to produce single superphosphate on its Dandaragan Trough Project. However, initial testing and modeling showed that without selectively mining and removing the chalk from the process stream, commodity grade single superphosphate could not be produced due to the high calcite content in the phosphate concentrate. Based on this data, the calcite rich chalk layer was rejected at the mine.

With the chalk excluded from the geological model, the Dinner Hill deposit was estimated to contain an Indicated Mineral Resource of 90Mt at 2.65% P_2O_5 above a 1.85% lower cut-off grade of 1.85% P_2O_5 (ASX: 23 September 2013).

On February 12, 2014, the Company announced that a significant breakthrough in the metallurgical testwork program demonstrated the potential to recover phosphate from the chalk by implementing a selective flotation regime. Based on these results work progressed to revise the resource. The Dinner Hill Phosphate Deposit is now estimated to contain an Indicated Mineral Resource of 120Mt at 2.8% P_2O_5, 3.1% K_2O, and 8.2% CaO above a lower cut-off grade of 2.15% P_2O_5 (Table 1).

Overview

Patrick McManus, the Managing Director of Potash West has commented: "The metallurgical breakthrough we have made with regard to removing the chalk through the processing stream is very significant in that it not only increases the size of the resource and grade of the phosphate at Dinner Hill, it potentially can lead to major mining cost savings through the creation of a simpler mining process, a lower strip ratio and an increased mine life."

"We look forward to further defining this breakthrough and ascertaining its potential benefits across our very large Dandaragan Project area."

The Dinner Hill potash resource occurs over an area of 10.3 square kilometres. Phosphate mineralisation occurs throughout the area of the potash resource, but consistent grades averaging over 3% P_2O_5 are restricted to the northern part of the area.

Drill-hole data from Potash West was used to construct the Ore Body Model (OBM) and to estimate the resource. The data comprised drill logs and analyses for 87 air-core drill-holes totaling 3,516m and 93 SG samples taken from four PQ diamond holes drilled in August 2012. Drill-hole locations are shown in Figure 3.

The phosphate geological model was constrained by a 1% P_2O_5 envelope within wire framed sub-horizontal sedimentary formations. It includes the Poison Hill Greensand, the Gingin Chalk and the Molecap Greensand.

The OBM block grades were estimated by geostatistical interpolation using the inverse distance squared method. Parent block sizes were 100m x 100m x 1m vertical. The Dinner Hill Phosphate Deposit is now estimated to contain an Indicated Mineral Resource of 120Mt at 2.8% P_2O_5, 3.1% K_2O, and 8.2% CaO above a lower cut-off grade of 2.15% P_2O_5 (Table 1).

Mineral Resource Estimate

Geology

The project tenements cover two virtually horizontal greensand formations within the Cretaceous Coolyena Group: the Poison Hill Greensand, and the Molecap Greensand. Over most of the area of the deposit they are separated by the Gingin Chalk. An average thickness of about 11m of surficial, mostly sandy, cover overlies the greensand units. The greensands contain significant amounts of potash within the mineral glauconite and also significant phosphate contents. Figure 4 is an east-west cross-section through the deposit displaying phosphate intersections and geological units. Figure 5 is the same section showing the distribution of block grades.

Mineralisation

Within the area of Potash West's Dinner Hill drilling the lower portions of the Poison Hill Greensand, the Gingin Chalk, and the Molecap Greensand consistently contain more than 1% P_2O_5 (see 1% envelope in Figure 4), with the grades being higher and more consistent in the north of the area. The distribution of phosphatic drill-hole intervals averaging >2.2% P_2O_5 along 6,638,000N in the northern portion is shown on Figure 4.

Exploration

An aircore drilling programme of 83 vertical NQ holes for 3,215m was carried out in June 2012 over a 10km^2 area immediately to the east of Wathingarra Rd (Figure 3). The drilling was undertaken to enable the estimation of Mineral Resources within the greensand units. The programme was based on a 400m by 400m grid, with a small area of infill drilling on 200m x 200m spacing.

A total of 2,262 samples (1m splits) were submitted for assay to Genalysis from this drilling. Two drilling contractors were used during this programme:

- Bostech Drilling Australia completed 32 holes for 1288m, using a Bostech DrillBoss 200 truck-mounted aircore rig with a rig-mounted cyclone and rotary splitter;
- Easternwell Minerals completed 51 holes for 1927m, using a Rotomec R50 truck-mounted aircore rig.

A diamond core programme of four holes for 148m was carried out during August 2012. The programme was primarily to obtain core samples for bulk density determinations of the greensand units.

The holes, PWDD001 to 004, were drilled close to June 2012 aircore holes The drill contractor was MacroDrill Pty Ltd, which used a G&K 850 rig and PQ3 coring to recover core with nominal 83mm diameter.

Sampling

Sampling and logging was supervised at all times by experienced geological personnel. Aircore drill samples of between 3 and 4kg were collected from each meter of drill advance using either a scoop sample or a rig mounted rotary splitter.

Samples preparation was at Genalysis Laboratory Services Pty Ltd facility in Maddington, using their method FB1, a Phosphate Major Element Suite. Analyses were reported for K_2O, P_2O_5, Al_2O_3, SiO_2, Na_2O, MgO, CaO, TiO_2, MnO, Cr_2O_3, Fe_2O_3, SO_3, and LOI.

Quality Control

Duplicate field splits were taken at the rate of 1 in 18 samples. Certified reference materials were inserted into the sample run at the same frequency. CRM has reviewed the results and is of the opinion that the sampling process and laboratory precision are robust.

Density

A total of 75.1m of core was collected from the lower portions of the four holes and 93 samples were submitted to for density determinations. The core samples selected for density determination, approximately 15cm in length were wrapped in glad-wrap. The remaining core was inserted into a plastic sleeves for transport and storage for possible metallurgical test-work. The density determinations were carried out by Metallurgy Labs, Welshpool

Survey Control

Drill-hole collars were located using hand held GPS units. The degree of accuracy is considered appropriate for the style of mineralisation.

Estimate Techniques

Nodular phosphate occurs in the Poison Hill Greensand, Gingin Chalk and the Molecap Greensand. A 1% P_2O_5 lower cutoff wireframe was used to constrain mineralisation.

Four lithology wireframes were created:

- Poison Hill Greensand:
- Gingin Chalk:
- Molecap Greensand:
- Phosphate Nodule Horizon occurring at the base of the Molecap.

Grade population studies supported the opinion that no upper cuts are necessary. Ore block dimensions were 100m EW, 100m NS and 1m vertical. Search criteria were based on ranges and isotropy defined by variography. Tonnage factors were allocated to blocks based on lithology using results established from the core program.

Metallurgical Testwork

Metallurgical testwork was undertaken by Strategic Metallurgy Pty Ltd and formed the basis for the Dinner Hill Phosphate Scoping Study.

The process package consists of beneficiation studies involving screening, magnetic separation and flotation. The screening tests have been completed on samples from the phosphate resource with results indicating a 63% P_2O_5 recovery to the coarse fraction at a grade of 11% P_2O_5 and final concentrate grades in excess of 30% P_2O_5 after processing through a combination of screening, magnetic separation and flotation.

Recent testwork, focusing on the chalk zone, has demonstrated the potential to recover phosphate from the chalk by implementing a selective flotation regime. The results have shown that an overall phosphate recovery of 58.1% can be expected when producing commodity grade SSP from processing the chalk containing ore at Dinner Hill. The recovery has reduced compared to that in the Scoping Study (61.2%) as a result of some phosphate reporting to the calcite concentrate.

Although, the recovery is slightly lower than previously reported, the ability to process the phosphate – bearing chalk is expected to economically outweigh the small reduction in recovery. Processing the chalk allows for simpler mining, a lower mining strip ratio and longer mine life to that proposed in the Scoping Study.

Lower Cut-off Grade (% P_2O_5)	Million Tonnes	Grade (% P_2O_5)	Grade (% K_2O)	Grade (% CaO)
3.25	21	3.65	3.30	8.12
3.00	35	3.44	3.23	8.15
2.75	54	3.24	3.23	8.09
2.50	77	3.05	3.21	8.04
2.25	106	2.87	3.14	8.11
2.20	113	2.83	3.12	8.15
2.15	**120**	**2.79**	**3.10**	**8.17**
2.10	128	2.75	3.09	8.20
2.05	136	2.71	3.07	8.24
2.00	143	2.67	3.05	8.30
1.75	184	2.49	2.97	8.48
1.50	222	2.35	2.90	8.56
1.25	246	2.25	2.91	8.45
1.00	257	2.21	2.95	8.27
0.00	258	2.20	2.96	8.24

Table 1: Dinner Hill Phosphate resource at various lower cutoff grades

Note: Figures in the above table have been rounded appropriately in accordance with the Australian JORC code 2012 guidance on mineral resource reporting

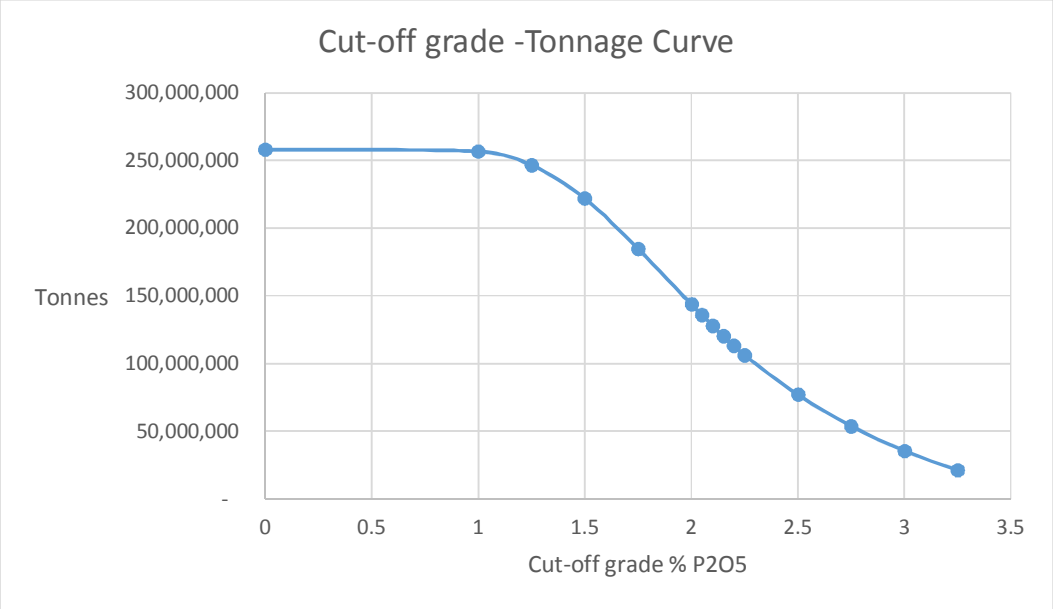

Figure 1: Dinner Hill Phosphate resource grade tonnage curve

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Competent Persons' Statements:

The information in this report that relates to the estimation of the Mineral Resources is based on and fairly represents information and supporting documentation prepared by J.J.G. Doepel, who is a member of the Australasian Institute of Mining and Metallurgy. Mr. Doepel, Principal Geologist of the independent consultancy Continental Resource Management Pty Ltd, 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. Doepel's consent as to the form and context in which the Mineral Resource appears.

The metallurgical information in this report is based on and fairly represents information and supporting documentation compiled by Gary Johnson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr. Johnson has sufficient experience relevant to the activity being undertaken to qualify as a Competent Person as defined in the 20012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr. Johnson is a Non- executive Director of Potash West and Managing Director of Strategic Metallurgy Pty Ltd. This report is issued with Mr. Johnson's consent as to the form and context in which the results appear.

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 phosphate and 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 fertilizer 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 more than 2,000km^2. Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and 30km in width

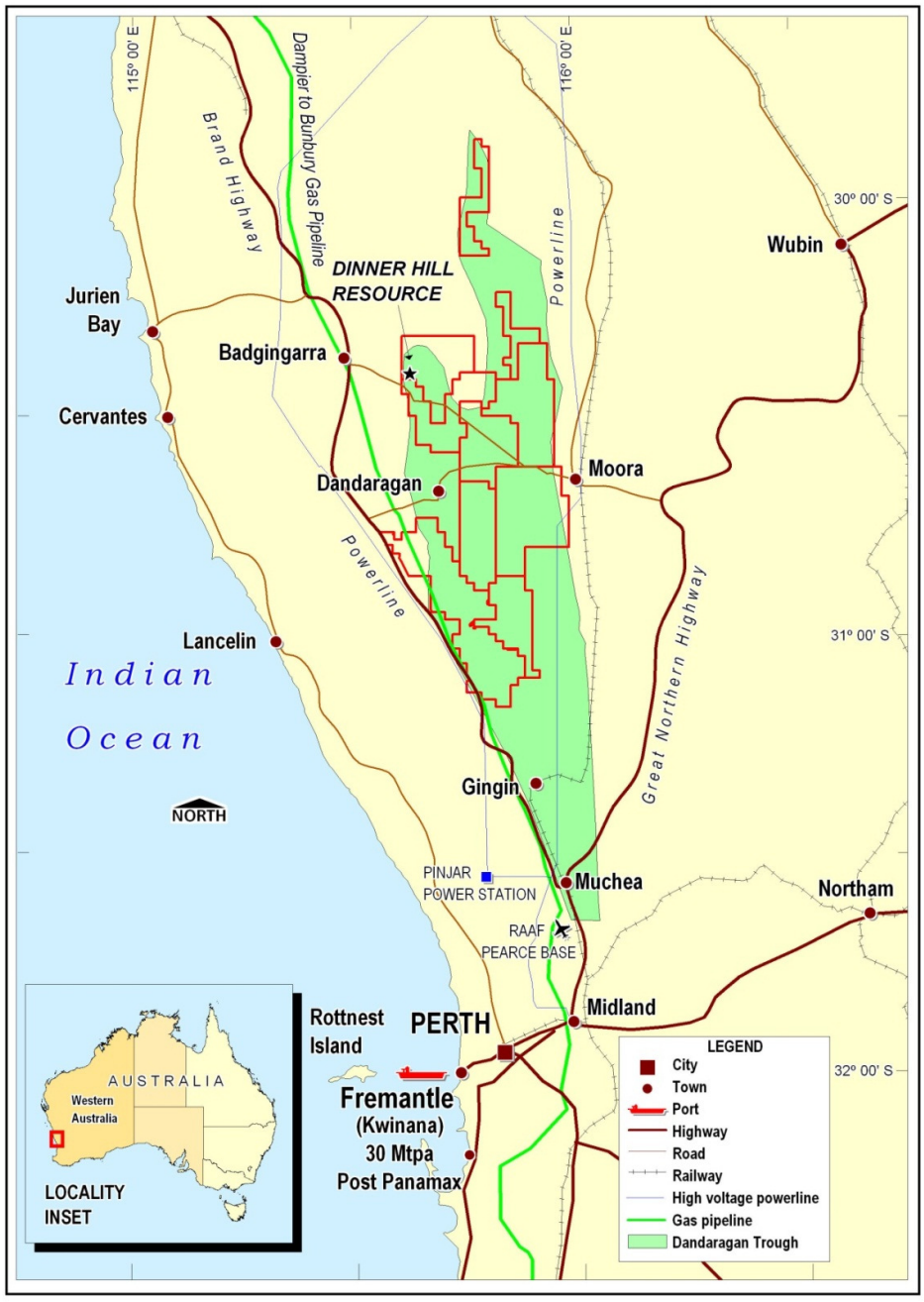

Figure 2: Dandaragan Project location plan

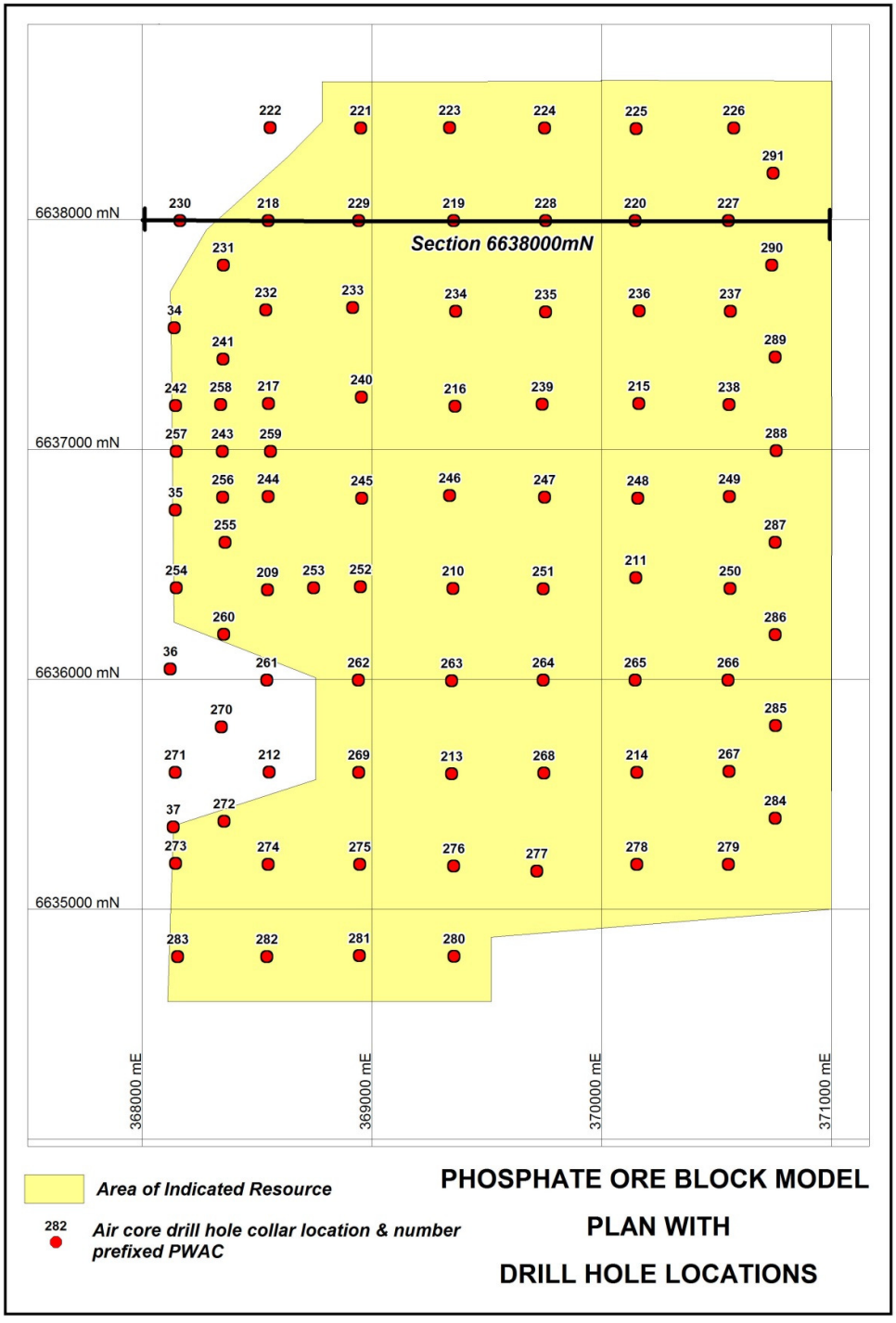

Figure 3: Plan of aircore drill-holes at Dinner Hill Deposit

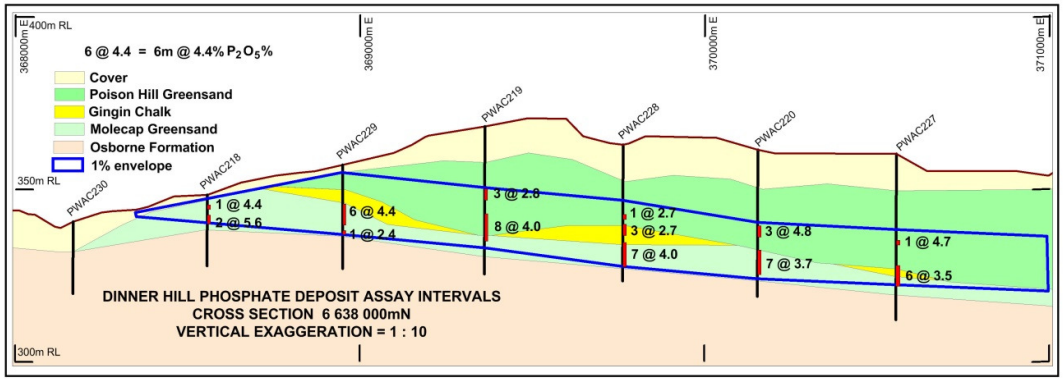

Figure 4: Dinner Hill Deposit – Cross-section 663 8000N

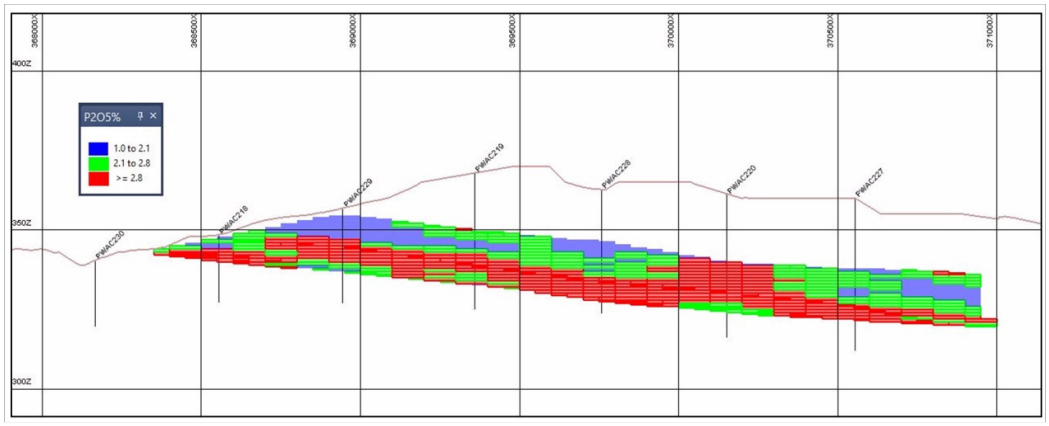

Figure 5: Dinner Hill Deposit OBM – Cross-section 663 8000N

(P_2O_5 Grade: 1%-2.15% blue; 2.15 to 2.8% green; >2.8% red)

APPENDIX 1 - JORC CODE, 2012 EDITION – TABLE 1

Section 1 **Sampling Techniques and Data**

Criteria	Commentary
Sampling techniques	• Air-core drilling was used to obtain 1m samples from target horizons; • 3kg sub-samples were split by rotary splitter or by scoop sampling. Sub-sample size 3 to 4kg.
Drilling techniques	• Vertical NQ Air-core
Drill sample recovery	• Clay content of moist greensands ensured total recovery and retention of all size fractions; • Holes were conditioned at completion and cyclone opened and cleaned before next hole drilled
Logging	• All intervals geologically logged directly into a field computer using a database designed to capture relevant data including, oxidation, grainsize, rounding, sorting, mineralisation, hardness, colour and stratigraphic unit. All logging sample layouts are photographed and chip trays stored for future reference.
Sub-sampling techniques and sample preparation	• Duplicate field splits at a 1:18 ratio returned R^2 correlation coefficient of 0.96 for P_2O_5 indicating robustness of sampling process; • Sample preparation by Genalysis Laboratory Services Pty Ltd via drying and total pulverisation
Quality of assay data and laboratory tests	• Analysis by Genalysis Laboratory Services Pty Ltd by Phosphate Major Element Suite FB1 method (XRF after lithium borate fusion); • Two alternate phosphate standards were submitted with samples at a 1:18 ratio. For the P_2O_5 analyses the respective means of the analytical results of the standards were 9.74% and 4.94% as against the nominal standard means of 9.72% and 4.94%.
Verification of sampling and assaying	• Sampling and logging verified by site visits by Exploration Manager and Independent Consultant. Logging checked against major element assays and sample photography; • Assay entry by digital capture of laboratory files, with later verification of significant intervals against original files.
Location of data points	• Holes located by GPS; • Grid MGA_GDA94, Zone 50; • Elevation data is based on a topographic contour set produced from SRTM imagery at 5m vertical resolution.
Data spacing and distribution	• 1m samples collected and analysed throughout mineralized horizons; • Geological continuity across deposit; • Grade continuity over 1100m in $20^o/300^o$ orientation and 750m in $110^o/290^o$ orientation. As the holes were drilled on 400m spacing the geological and grade continuity is appropriate for the estimation procedure and the resource classification.
Orientation of data in relation to geological	• Vertical drilling through virtually horizontal stratigraphy resulted in intersected thickness equivalent to true thickness.

Criteria	Commentary
structure	
Sample security	• Samples transported from site to laboratory by Potash West staff.
Audits or reviews	• Sample techniques, logs, and data reviewed positively by independent consultant geologist.

Section 2 Reporting of Exploration Results

Criteria	Commentary
Mineral tenement and land tenure status	• The deposit is within E70/3987 held by Richmond Resources Pty Ltd. A deed is place between Richmond Resources and Potash West, whereby Potash West holds the rights to the glauconite and phosphate minerals and to any by-products produced processing these minerals. • The tenement was granted on 26/07/2011 for a period of five years. The required expenditure has been met for the first two years. • The deposit is beneath farm land owned by Roseville Nominees, with whom compensation agreements have been signed, with the mineral sub-surface rights subsequently being granted both above and below 30m below surface.
Exploration done by other parties	• No exploration work was carried out in the area of the deposit prior to that by Potash West.
Geology	• The phosphate is present as fluorapatite nodules and grains concentrated within particular horizons of horizontal greensand and chalk formations.
Drill hole Information	• See Appendix 2.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	Commentary
Database integrity	• Assay data copied digitally from laboratory files; significant intersections checked; Micromine drill-hole verification performed.
Site visits	• Competent person visited site during drilling programmes in June and August 2012.
Geological interpretation	• High degree of confidence in geological interpretation as stratigraphy is both visually and chemically distinct and continuous.
Dimensions	• Resource has north-south length of 1200m and east-west length of 2850m. Minimum depth is 5m and maximum depth is 50m with majority of resource between 20m and 40m below surface; • Mineralisation is closed to west by topography and tenure; open to north and to east; and of low grade to south.
Estimation and modelling techniques	• Estimation of P_2O_5 ore block grades by IDS within 1% P_2O_5 wireframe using Micromine software; • Block size 100m x 100m x 1m vertical (sample spacing 400m x 400m x 1m); • Search criteria 1100m to 20°; plunge 0°; 650m to 110°; dip 0.7° to

Criteria	Commentary
	110°; and 2.5m vertical; • Geological boundaries checked against grade shell; • Previous report of same estimate using lower block cut of 1.85% P_2O_5. No previous estimates or mine production records carried out; • No upper cuts as no outlying values; • OBM grades validated by comparison with assay values.
Moisture	• Tonnages estimated on dry basis.
Cut-off parameters	• Estimate initially reported above a range of grades. Final report grade of above 2.15% P_2O_5 selected on basis of on-going Potash West studies;
Mining factors or assumptions	• Topsoil and overburden to be mined by scrapers and mineralisation to be mined by bulldozer feeding in-pit slurry unit.
Metallurgical factors or assumptions	• The processing route is conventional, consisting of wet scrubbing, screening, desliming, magnetic separation, flotation, and reaction with sulphuric acid to produce single superphosphate.
Environmental factors or assumptions	• Waste and de-watered flotation tailings and slimes to be returned to mine-void and covered with stored topsoil.
Bulk density	• Density determinations carried out on 93 PQ core samples by Metallurgy Pty Ltd and reported as dry densities; • Poison Hill Greensand: 12 samples, median SG 1.45, mean SG 1.55, SG of 1.50 used; • Gingin Chalk: 7 samples, median SG 1.53, mean SG 1.50, SG of 1.50 used; • Molecap Greensand: 68 samples, median SG 1.64, mean SG 1.64, SG of 1.63 used; • Nodule horizon: 6 samples, median SG 1.81, mean SG 1.80, SG of 1.80 used.
Classification	• Classified as Indicated Resource as it is the Competent Person's view that the drill-holes from which resource is estimated clearly define both geological and grade continuity throughout the resource; and that the density data adequately reflects that of the deposit.
Discussion of relative accuracy / confidence	• The relative accuracy of the Mineral Resource estimate is reflected in the reporting of the Mineral Resource as per the guidelines of the 2012 JORC Code.

APPENDIX 2 –DRILL-HOLE DETAILS

The table below details the air-core drill-holes used for the resource estimate. All holes were drilled vertically.

Hole ID	E MGA Z50 (GDA 94)	N MGA Z50 (GDA 94)	RL (m)	Depth (m)
PWAC034	368142	6637532	352	80
PWAC035	368148	6636740	362	75
PWAC036	368128	6636050	359	78
PWAC037	368139	6635359	353	68
PWAC209	368555	6636394	375	48
PWAC210	369363	6636400	367	45
PWAC211	370149	6636446	375	55
PWAC212	368559	6635603	365	48
PWAC213	369351	6635597	352	39
PWAC214	370154	6635604	359	48
PWAC215	370164	6637206	358	48
PWAC216	369368	6637194	383	53
PWAC217	368554	6637201	376	45
PWAC218	368554	6638002	348	21
PWAC219	369359	6637998	368	43
PWAC220	370151	6638003	361	45
PWAC221	368952	6638403	356	21
PWAC222	368538	6638399	338	15
PWAC223	369344	6638407	361	39
PWAC224	369758	6638400	365	45
PWAC225	370156	6638399	362	39
PWAC226	370572	6638404	366	45
PWAC227	370554	6638000	360	48
PWAC228	369758	6638000	363	39
PWAC229	368945	6637995	357	30
PWAC230	368167	6637998	340	21
PWAC231	368357	6637800	351	12
PWAC232	368543	6637610	364	28
PWAC233	368919	6637620	377	45
PWAC234	369369	6637603	370	45
PWAC235	369757	6637601	365	42
PWAC236	370166	6637605	361	39
PWAC237	370558	6637603	360	44
PWAC238	370556	6637197	350	45
PWAC239	369749	6637200	372	48
PWAC240	368957	6637231	391	60
PWAC241	368352	6637398	365	24
PWAC242	368154	6637198	357	15
PWAC243	368351	6636997	367	33
PWAC244	368550	6636801	375	45
PWAC245	368963	6636798	386	60

Hole ID	E MGA Z50 (GDA 94)	N MGA Z50 (GDA 94)	RL (m)	Depth (m)
PWAC246	369345	6636808	380	54
PWAC247	369754	6636799	374	56
PWAC248	370158	6636798	365	48
PWAC249	370556	6636800	355	39
PWAC250	370560	6636401	362	57
PWAC251	369754	6636397	377	60
PWAC252	368956	6636405	370	35
PWAC253	368752	6636402	372	45
PWAC254	368154	6636402	366	28
PWAC255	368363	6636598	370	36
PWAC256	368352	6636799	369	29
PWAC257	368159	6637000	361	24
PWAC258	368351	6637197	371	27
PWAC259	368558	6636997	377	42
PWAC260	368355	6636202	371	28
PWAC261	368553	6636003	367	35
PWAC262	368957	6636002	365	36
PWAC263	369356	6635996	360	39
PWAC264	369755	6635999	363	42
PWAC265	370154	6636002	363	51
PWAC266	370553	6636000	360	48
PWAC267	370554	6635603	352	48
PWAC268	369757	6635600	351	36
PWAC269	368953	6635599	364	36
PWAC270	368353	6635797	357	21
PWAC271	368155	6635604	354	15
PWAC272	368357	6635388	369	35
PWAC273	368160	6635209	347	15
PWAC274	368556	6635200	370	37
PWAC275	368958	6635201	365	39
PWAC276	369361	6635201	354	36
PWAC277	369722	6635176	343	30
PWAC278	370156	6635203	345	36
PWAC279	370554	6635200	354	48
PWAC280	369356	6634799	351	36
PWAC281	368955	6634802	355	30
PWAC282	368554	6634799	356	27
PWAC283	368159	6634794	344	9
PWAC284	370755	6635402	354	51
PWAC285	370758	6635804	357	51
PWAC286	370753	6636195	356	48
PWAC287	370756	6636601	357	48
PWAC288	370753	6637000	348	36
PWAC289	370753	6637402	354	42
PWAC290	370741	6637807	357	42
PWAC291	370740	6638203	358	39