ASX Announcement

27 February 2015

COMPANY DETAILS

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ASX CODE
PWN

OTC PINK CODE
PWNNY

CORPORATE INFORMATION
(27 February 2015)

200M Ordinary shares
36M Partly paid shares
5M Unlisted options
8M Listed options

BOARD OF DIRECTORS
Adrian Griffin
(Non-Executive Chairman)
Patrick McManus
(Managing Director)
Chew Wan Chuen
(Non-Executive Director)
Gary Johnson
(Non-Executive Director)

POTASH WEST ACQUIRES INTEREST IN EXCITING LITHIUM CARBONATE TECHNOLOGY COMPANY

Highlights:

- **PWN to own 25% of ground-breaking Lithium technology licensing company**
- **Patent application in place for technology with high value potential to support rapidly growing lithium battery market**
- **Investigations to be undertaken into increasing value by participating in technology focused company**

Potash West NL (**PWN** or the **Company**) is pleased to report it has been granted a 25% interest in a company which holds the license for a unique lithium carbonate producing technology. This technology is considered a major breakthrough at a time when global interest in lithium is growing in line with increased long-life battery demand.

The interest in this highly valuable opportunity has arisen through Potash West's close working relationship with Strategic Metallurgy (**SM**), our technology partners, in the development of a new process technology to unlock value from micaceous minerals.

PWN is the owner of K-Max, a process to produce potash and other valuable commodities from glauconite, a mineral wide-spread in the large Dandaragan Trough area, located between Perth and Geraldton, in SW Western Australia. PWN holds extensive tenements covering these glauconite deposits. A patent for K-Max has been applied for.

SM has subsequently developed further improvements to the K-Max technology, allowing it to treat lithium rich micas and has devised a purification and recovery process to produce battery grade lithium carbonate. SM has applied for a patent covering this new technology.

SM has licensed the technology to Cobre Montana (ASX: CXB) (**CXB)** (refer ASX announcement 26 September 2014), which is pursuing opportunities to apply the technology and meet the global demands of a strongly growing lithium market (*refer ASX announcements 30 September, 26 November and 15 December 2014 and 27 January, 5 February and 11 February, 2015*).

In recognition of the genesis of the lithium technology, SM has agreed to vest 25% ownership of the lithium technology to PWN. PWN and SM are committed to working together to maximise the value of this IP to the benefit both shareholder groups.

OVERVIEW

PWN owns the K-Max technology, which extracts potash and other minerals from glauconite. The technology has been developed by our partners, SM, under contract to PWN. The K-Max process has been developed applying the significant hydrometallurgical skills and experience of a team of process engineers, employed by SM. SM is majority owned by Mr Gary Johnson, a non-executive director of PWN. PWN has applied for a patent covering the K-Max technology.

PWN has completed several studies focused on extracting value from the extensive glauconite containing greensand deposits in the Dandaragan Trough, ideally located close to significant infrastructure north of Perth in Western Australia.

The K-Max technology has been successfully trialed in other glauconite deposits and PWN has already held discussions with companies interested in acquiring a license to use it on other projects.

SM has recognised the potential to adapt the process to treat micas that are rich in lithium, and has completed testwork on high lithium micas which have produced battery-grade lithium carbonate from several different micaceous minerals.

It is now pursuing a business model that will develop and commercialise processing technology and then license that technology to project developers. The first licensing agreement has been struck with Cobre Montana. Recognising that the lithium technology builds upon work carried out on behalf of PWN, SM has agreed that PWN should own 25% of the technology.

NEXT STEPS

PWN believes there are strong advantages in separating the ownership of the technology from the ownership of the resource and is currently investigating ways to achieve this, to the benefit of PWN shareholders. This includes investigating opportunities to jointly pool PWN and SM's technologies into a company that would focus on developing process technologies and then licensing them to project developers. That company would ideally be listed on the ASX.

In return for contributing the K-Max process IP, PWN would receive:

- A license to apply the process in all of Western Australia, at a discounted royalty; and
- A significant shareholding in the new company, which could be distributed to our shareholders.

These steps are significant for the company and will require shareholder approval, which would be sought through a General Meeting of Shareholders.

Potash West Managing Director, Patrick McManus, said "This is an exciting opportunity for Potash West shareholders. The interest that has been seen in the progress of Cobre Montana is a strong endorsement of the lithium extraction process developed by Strategic Metallurgy.

"Combining our technologies will allow our existing shareholders to benefit from separate shareholdings in a fertiliser development company and a technology licensing company. We are currently working through the various steps required to fully evaluate this opportunity and expect to update our shareholders within 2 months."

For further information contact:

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About Potash West

Potash West (ASX:PWN) is an exploration company focused on developing phosphate and potassium-rich greensand 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 fertiliser 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 2,600km^2. Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and 30km in width.