

ASX Announcement



28 January 2016

COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPAL REGISTERED OFFICE

Potash West NL
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ASX CODE

PWN

FRANKFURT CODE

A1JH27

OTC PINK CODE

PWNNY

CORPORATE INFORMATION

28 January 2016
232M Ordinary shares
36M Partly paid shares
18M Listed Options
3M Unlisted options

BOARD OF DIRECTORS

Adrian Griffin
(Non-Executive Chairman)
Patrick McManus
(Managing Director)
Chew Wai Chuen
(Non-Executive Director)
Natalia Streltsova
(Non-Executive Director)

DECEMBER 2015 QUARTERLY REPORT

HIGHLIGHTS

Dandaragan Trough

- Pre-Feasibility work in progress.
- Phosphate prices remain strong.

South Harz Project, Germany

- EGM for Davenport demerger from Arunta Resources scheduled for 19 February.
- Davenport listing forecast for March-April 2016

Dandaragan Trough Project

Potash West NL ("Potash West" or "the Company") has continued to advance the Dinner Hill Potash and Phosphate Deposit, located some 200km north of Perth in Western Australia, Figure 1. Dinner Hill forms part of the larger Dandaragan Trough landholding, where Potash West holds over 2,600km² of exploration tenure. Sedimentary rocks within the trough contain glauconite, a potash rich mica, and phosphate nodules. The objective is to produce phosphate and potash fertilisers and a range of valuable by-products from the phosphate and glauconite present within the sediments of the Dandaragan Trough.

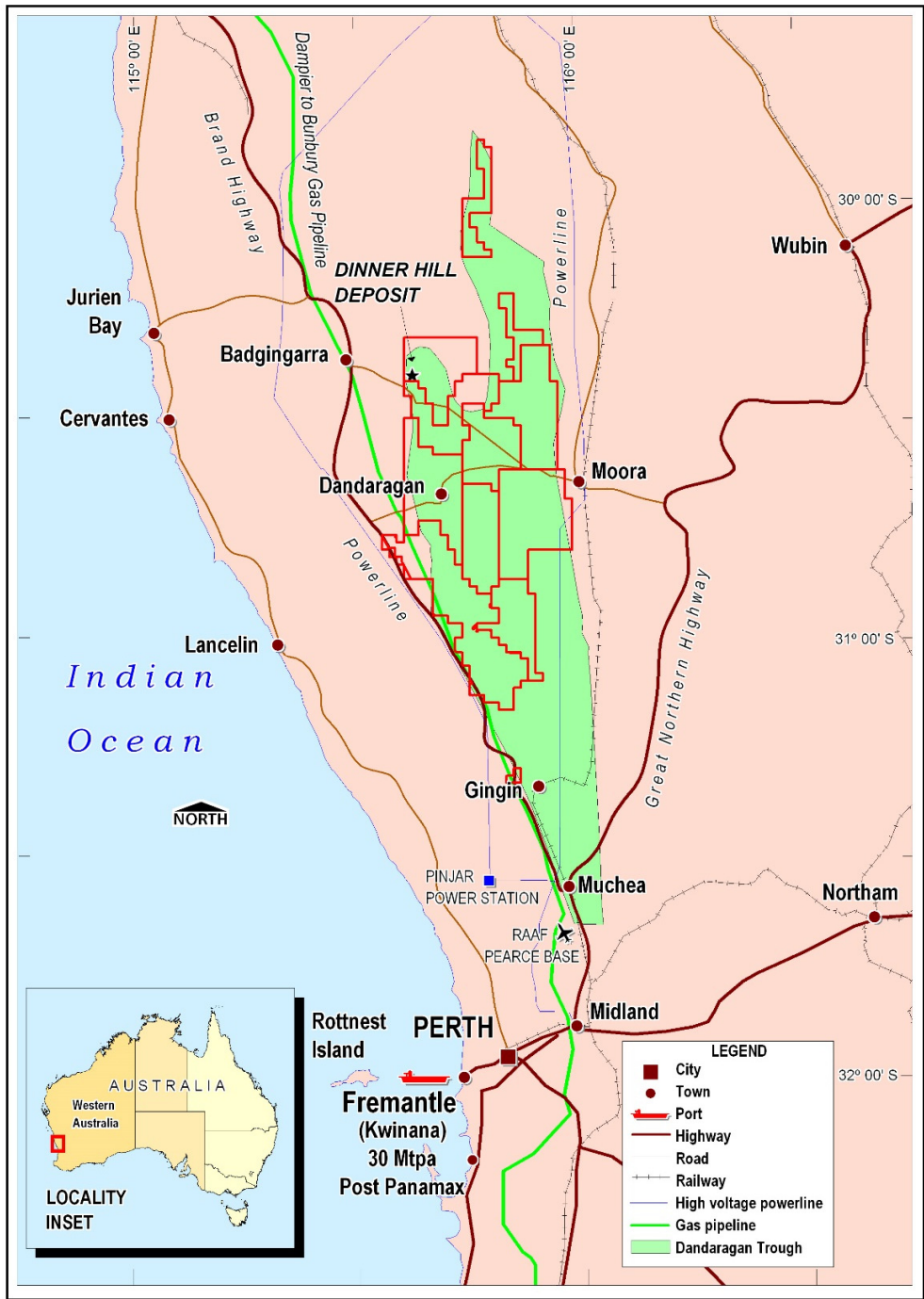


Figure 1: Location plan, Dandaragan Trough Project

Mineral Resource

The Dinner Hill Resource now covers an area of some 18km². The resource is shown below.

Dinner Hill Deposit Resource Summary ¹

Resource	Category	Tonnes (Mt)	P ₂ O ₅ (%)	K ₂ O (%)
Phosphate	Indicated	250	2.9	
Potash				
Potash resources included within the phosphate resource area	Indicated	155		4.1
	Inferred	20		2
	Totals	175		3.8
Potash resource outside the phosphate resource area	Indicated	18		3.8
Total Potash Resources	Indicated	175		4.0
	Inferred	20		2
	Totals	195		3.8

Note: Totals may differ from sum of individual items due to rounding
1 – ASX release 03 June 2015.

The Dandaragan Trough project has unique advantages of excellent connectivity to transport facilities, infrastructure and proximity to local and regional markets. The Dinner Hill resource is located less than 200km from two major bulk export ports, Kwinana and Geraldton and is well situated in relation to major project infrastructure.

Dinner Hill PreFeasibility Study

Based on the new phosphate Indicated Mineral Resource of 250 Mt at 2.9% P₂O₅, a new mining plan was developed. The scoping study completed in 2013 (refer ASX announcement: 19 Sept 2013) has been updated. Major changes have been:

- Mining inventory increased from 80 Mt @ 2.8% to 237 Mt @ 2.9% P₂O₅.
- Mine life, for modelling purposes, increased from 20 years to forty years (150Mt of ore, 63 % of inventory).
- Selling price of single superphosphate, dropped from US\$ 350 to US\$227/t.
- Exchange rate dropped from \$A/\$US 90c to 70c.
- Average selling price dropped from \$A370 to \$A 320/t.
- Capital cost estimate increased from \$A136 to \$A205 M, due to inclusion of a sulphuric acid plant.
- Operating cost estimate reduced by 10%, due to reduction in mining and oil costs.

The update was reported to the ASX on 30 September 2015. Key metrics are:

- Project NPV \$378 million
- Capital Costs \$205 million
- EBITDA, pa \$52 million
- Revenue, pa \$128 million
- Cash costs, pa \$76 million
- Ore grade,
 - first 10 years 4.9% P₂O₅
 - 40 years 3.5% P₂O₅

These results indicate the possibility of a long-lived, significant scale project. This will underpin the long-term development of Dinner Hill as a supplier of fertilisers to the region, with the cashflow from phosphate production financing the progression of the K-Max project.

Metallurgical testwork on a range of samples from Dinner Hill is in progress.

Prices for phosphate products remain steady, with phosphate rock \$US123/tonne (FOB Morocco) and single superphosphate \$US 298/tonne (CPT Brazil) (CRU-Fertiliser Week).

Technology

The K-Max process has been developed by our technology partners, Strategic Metallurgy (**SM**). The development was financed by the Company and the IP is 100% owned by Potash West. SM have built upon the K-Max technology and developed an innovative process to extract Lithium from micas such as Lepidolite and Zinnwaldite.

In recognition of the importance of the K-Max process as a base for Lithium extraction, SM agreed to vest 25% ownership of the Lithium technology to Potash West, this takes the form of shares in a public unlisted company, Lepidico. Lepidico's activities are reported on its website: www.lepidico.com.au. As the Lepidico project has advanced PWN has been diluted and the current shareholding is 13%. PWN and SM will work together to maximize the value of this IP to the benefit of both parties.

SM has issued licences to use the technology to Lithium Australia (formerly Cobre Montana) (ASX:LIT) (refer CXB announcement 26 September 2014). Lithium Australia is pursuing opportunities to meet the demands of a rapidly growing Lithium market.

South Harz Project

The Company has earned a 55% interest in a company, East Exploration Pty Ltd (EE), which holds exploration licences in the South Harz region of Germany, (Figure 2). The South Harz region has a long history of potash mining, dating back to the late 1890s. Extensive exploration work and R&D was carried out in the period from the 1960s to the 1980s. This confirmed that substantial potash deposits in the form of sylvinite (KCl/NaCl) and carnallite (KCl/MgCl) still remain in this region.

A review of some the archived exploration data relating to historical drilling on Küllstedt has been completed and an Exploration Target estimated. This work confirmed the potential of the project to host thick sequences of sylvinite and carnallite mineralisation over wide areas. A summary report is contained within the ASX announcement of 4 March 2015 and the full documentation provided by the Company's geological consultants is available on the Potash West website. Planning is in progress for a verification drilling program which is expected to consist of a 3 to 4 confirmatory holes which could allow reporting of a JORC compliant Inferred Mineral Resource.

The Company, and the other owners of EE, commenced negotiations with Arunta Resources (ASX:AJR), as reported to the ASX on 18th August 2015. The objective is to vend 100% of East Exploration into Davenport Resources (Davenport), in return for shares. The vending of the Company's shareholding in EE was approved by shareholders at the AGM on 30 November 2015. The Arunta EGM, required to approve the demerger of Davenport Resources, is scheduled to be held on 19 Feb 2016. Davenport intends to list onto the ASX via a Prospectus offering to raise a minimum \$4M with over subscriptions of a further \$1M, sufficient for the verification drilling programme. On completion of a successful IPO, EE will be sold to Davenport, in return for shares.

Post listing Potash West will own approximately 20 million Davenport shares (approximately 29% of the issued capital), plus performance shares to be issued on achieving certain project milestones. As part of the transaction Arunta has advanced \$100,000 to East Exploration, and will forward a further \$150,000, to fund work on planning the proposed drilling programme.

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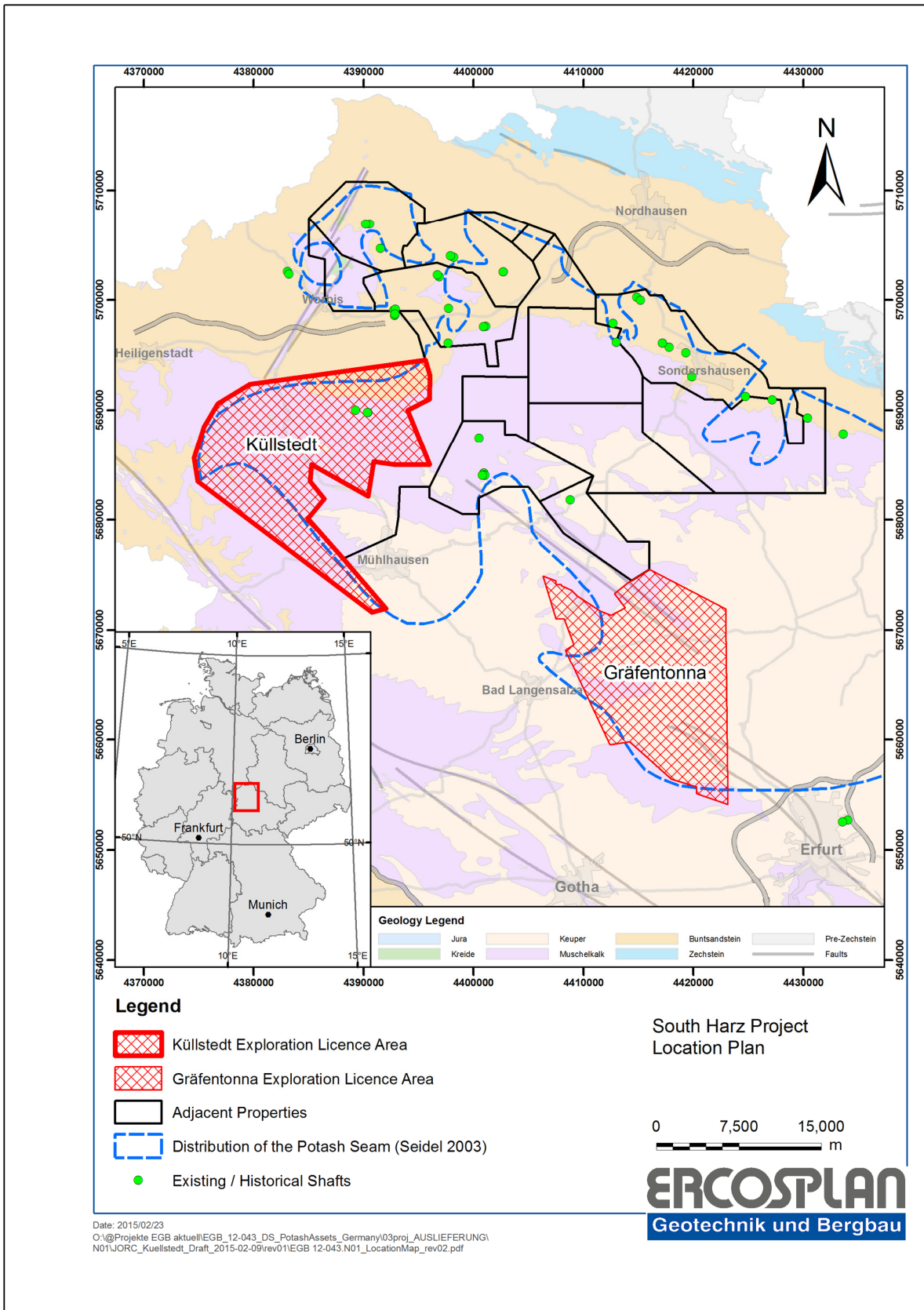


Figure 2: South Harz Project Location

CORPORATE**Announcements**

The following ASX announcements were made during the quarter:

- December 23, 2015 Response to ASX price query
- December 23, 2015 Question and Answer Session
- December 17, 2015 Listed Options ASX Code
- December 14, 2015 Appendix 3B
- November 30, 2015 Results of Meeting
- November 30, 2015 AGM Presentation
- November 18, 2015 s708A Notice, Appendix 3B and 3Y's
- November 16, 2015 Option Expiry and Appendix 3Y's
- October 29, 2015 Notice of Annual General Meeting/Proxy Form
- October 26, 2015 Expiry of Options
- October 21, 2015 Quarterly Activities and Cashflow Reports
- October 13, 2015 s708A Notice, LR3.10.5A Notice and Appendix 3B
- October 07, 2015 Amended Potash West Presentation October

The following announcements were made subsequent to 31 December 2015:

- January 15, 2016 Response to ASX price query
- January 22, 2016 PWN Investor Briefings

Cash on Hand

At 31 December 2015, \$1.4 million cash was available.

Tenement Summary

The following information is provided in accordance with ASX Listing Rule 5.4.3:

Country	Tenement	Tenement Interest held at 1 July 2015	Interest acquired / disposed of during quarter	Tenement Interest held at 30 September 2015
WA	E70/3418	100% ⁽¹⁾	N/A	100%
WA	E70/3987	100% ⁽¹⁾	N/A	100%
WA	E70/3988	100% ⁽¹⁾	N/A	100%
WA	E70/3989	100% ⁽¹⁾	N/A	100%
WA	E70/4124	Pending	N/A	Pending
WA	E70/4137	100%	N/A	100%
WA	E70/4138	100%	N/A	100%
WA	E70/4139	100%	N/A	100%
WA	E70/4471	100%	N/A	100%
WA	E70/4609	0%	100%	100%
WA	E70/4687	Pending	N/A	Pending

(1) Denotes Beneficial holding of the Mineral Rights to Glauconite & Phosphate, and any byproducts resulting

For further information contact:

Potash West NL:

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Managing Director

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About Potash West

Potash West (ASX:PWN) is an exploration company focused on developing large greensand deposits in West Australia's Perth Basin. The Company aims to define a substantial resource base and investigate how best to recover phosphate, potash and other minerals from the Dandaragan Trough. 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 over 2,600km². 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 250Mt at 2.9% P₂O₅ of phosphate mineralisation and 175Mt at 4.2% K₂O, amenable to processing by the K-Max process. A pre-feasibility is in progress for stage 1, production of phosphate fertilisers.

The company has 55% of a potash exploration project in the South Harz region of Thuringia, in Central Germany. The region has been a potash producing area for over 100 years.

Competent Person's Statement:

Dandaragan Trough Project

The production targets and other information in this announcement that relate to Mineral Resources, are based on, and fairly represent, the Mineral Resource and supporting documentation extracted from the reports which have been prepared by a Competent Person in compliance with the JORC Code (2012) and released to ASX by the Company on 03 June 2015 and 22 July 2015. Potash West confirms that it is not aware of any new information or data that materially affect the information included in the original announcements. All material assumptions and technical parameters underpinning the Mineral Resource estimate in those previous ASX releases continue to apply and have not materially changed. The Company further 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.

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 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 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	(161)	(294)
	(340)	(692)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	5	11
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (Government grant and R&D refund)	-	179
Net Operating Cash Flows	(496)	(796)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	-	-
	-	(3)
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	-	(3)
1.13 Total operating and investing cash flows (carried forward)	(496)	(799)

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1.13	Total operating and investing cash flows (brought forward)	(496)	(799)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	761
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)	-	(90)
	Net financing cash flows	-	671
Net increase (decrease) in cash held			
		(496)	(128)
1.20	Cash at beginning of quarter/year to date	1,910	1,542
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,414	1,414

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	109
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	200
4.2 Development	
4.3 Production	
4.4 Administration	300
Total	500

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	1,414	1,910
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
Total: cash at end of quarter (item 1.22)	1,414	1,910

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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	N/A	N/A	NIL
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	NIL

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			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	232,326,236 35,960,024	232,326,236 35,960,024	Fully paid \$0.001 Fully paid \$0.049
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	1,471,355 110,903 64,363	1,471,355 110,903 64,363	\$0.039 \$0.031 \$0.053 \$0.039 \$0.031 \$0.053

+ See chapter 19 for defined terms.

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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>			<i>Exercise price</i>	<i>Expiry date</i>
		100,000	-	\$0.400	8 September 2016
		100,000	-	\$0.600	8 September 2016
		500,000	-	\$0.150	7 February 2017
		1,992,188	-	\$0.087	6 November 2017
		17,750,000	17,750,000	\$0.070	30 November 2018
7.8	Issued during quarter	17,750,000	17,750,000	\$0.070	30 November 2018
7.9	Exercised during quarter				
7.10	Expired during quarter	1,000,000	-	\$0.130	25 October 2015
		1,350,000	-	\$0.355	13 November 2015
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Patrick McManus
(Director)

Date: 28 January 2016

Print name: Patrick McManus

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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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