

**POTASH WEST NL**  
**ACN 147 346 334**

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**ENTITLEMENT ISSUE PROSPECTUS**

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For a pro rata renounceable entitlement issue of one (1) Share for every six (6) Shares held at an issue price of \$0.22 per Share together with one (1) attaching Class A Option for every one (1) new Share issued to raise approximately \$3,072,513 (**Offer**).

**IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the New Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. The New Securities offered by this Prospectus should be considered as speculative.

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## **1. IMPORTANT NOTES**

### **GENERAL**

Investors should read this Prospectus in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 18 February 2013 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

This Prospectus expires on the date that is 13 months after the date of this Prospectus and no securities will be allotted or issued on the basis of this Prospectus after the expiry date.

Applications for New Securities can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

The Company will apply to ASX for Quotation of the New Securities issued under this Prospectus within 7 days of the date of this Prospectus.

### **CONTINUOUSLY QUOTED SECURITIES**

In preparing this Prospectus, regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities or options to acquire continuously quoted securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering.

### **SPECULATIVE INVESTMENT**

This Prospectus is important and it should be read in its entirety. The New Securities to be issued under this Prospectus should be viewed as a speculative investment and investors should refer to the risk factors affecting the Company set out in Section 6. Investors should consult their stockbroker, lawyer, accountant or other professional adviser regarding an investment in the Company if necessary.

### **FOREIGN JURISDICTIONS**

This Prospectus has been prepared to comply with the requirements of the laws of Australia. No action has been taken to register this Prospectus or otherwise permit an offering of New Securities in any jurisdiction outside of Australia. Please refer to Sections 4.4, 4.5 and 4.6 for further information.

### **REPRESENTATIONS**

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian or New Zealand resident and must only access the Prospectus from within Australia or New Zealand. Refer to Section 4.5 for further information on foreign jurisdictions and the Offer.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

## FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements which incorporate an element of uncertainty or risk, such as 'intents', 'may', 'could', 'believes', 'estimates', 'targets' or 'expects'. These statements are based on an evaluation of current economic and operating conditions, as well as assumptions regarding future events. These events are, as at the date of this Prospectus, expected to take place, but there is no guarantee that such will occur as anticipated or at all given that many of the events are outside the Company's control.

Accordingly, the Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur. Further, the Company may not update or revise any forward-looking statement if events subsequently occur or information subsequently becomes available that affects the original forward-looking statement.

## RISK FACTORS

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding on whether or not to apply for New Securities pursuant to this Prospectus.

For further information in relation to the risk factors of the Company please refer to Section 6 of this Prospectus which contains details of the specific and general risks to which the Company may be exposed, including, but not limited to, the following:

- **Operating Risks:** The operations in which the Company has an interest may be adversely affected by various factors outside the control of the Company including operational and technical difficulties, adverse weather conditions, industrial disputes and unexpected shortages or increases in the costs of labour, plant and equipment.
- **Process Development Risk:** The Company is developing a process to extract valuable products from its glauconite deposits in the Dandaragan Trough. As the flowsheet is developed further via testwork, pilot plants and engineering studies, there is a risk that the process economics or the costs of various inputs will make the return from a commercial scale operation below that acceptable to suppliers of construction finance.
- **Going Concern Risk:** The Company's ability to continue to pay its debts as and when they fall due is dependent upon the Company successfully raising additional working capital. The Directors believe that upon successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current exploration commitments and short term working capital requirements. In the event the Offer is not completed successfully, there is uncertainty as to whether the Company can continue as a going concern.
- **Future Funding Requirements:** The Company is likely to require further financing in the future to develop its activities. Any additional equity financing may dilute shareholdings, and debt

financing may involve restrictions on financing and operating activities. If the Company is unable to obtain such financing, it may be required to reduce the scope of its operations.

- **Exploration Risk:** This includes the risk that the exploration of the Company's current or future interests may not result in the discovery of an economic deposit.
- **Counterparty Risk:** The default by a participant in any other contractual arrangement to which the Company is a party may have an adverse effect on the financial performance of the Company.
- **Title Risks:** This includes the risk of failure to maintain or renew title to any permits in which the Company has an interest.

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## 2. CORPORATE DIRECTORY

### **Directors**

Adrian Griffin  
*Non-Executive Chairman*

Patrick McManus  
*Managing Director*

George Sakalidis  
*Non-Executive Director*

Gary Johnson  
*Non-Executive Director*

### **Company Secretary**

Amanda Wilton-Heald

### **Registered Office**

Suite 3, 23 Belgravia Street  
BELMONT WA 6104

Telephone: +61 8 9479 5386

Facsimile: +61 8 9475 0847

### **Share Registry\***

Advanced Share Registry Services Limited  
150 Stirling Highway  
NEDLANDS WA 6009

Telephone: +61 8 9389 8033

### **Solicitors**

Price Sierakowski Corporate  
Level 24, St Martins Tower  
44 St Georges Terrace  
PERTH WA 6000

### **Auditor\***

Ernst & Young  
The Ernst & Young Building  
11 Mounts Bay Road  
PERTH WA 6000

### **Lead Manager**

Stellar Securities  
Level 45, 108 St Georges Terrace  
PERTH WA 6000

### **Compliance Manager**

Mining Corporate  
Level 45, 108 St Georges Terrace  
PERTH WA 6000

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

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**3. TIMETABLE AND IMPORTANT DATES**

<b>Event</b>	<b>Date</b>
Prospectus lodged with ASIC and ASX	18 February 2013
Notices sent to Shareholders	19 February 2013
'Ex' Date and Rights Trading Commences	20 February 2013
Record Date for determining Shareholders' Entitlements	26 February 2013
Despatch of Prospectus to Eligible Shareholders and Opening Date	1 March 2013
Rights Trading Ends	15 March 2013
New Securities quoted on a deferred settlement basis	18 March 2013
Closing Date for acceptance and payment	22 March 2013
ASX notified of under-subscriptions	27 March 2013
Despatch date/New Securities entered into Shareholders' security holdings	3 April 2013

Note: These dates are determined based upon the current expectations of the Directors and may be changed.

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## **4. DETAILS OF THE OFFER**

### **4.1 Offer**

By this Prospectus, the Company offers for subscription approximately 13,965,972 new Shares and 13,965,972 new Class A Options pursuant to a pro-rata renounceable entitlement issue of one (1) new Share for every six (6) Shares held on the Record Date at an issue price of \$0.22 per Share together with one (1) attaching Class A Option for each new Share issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of securities to be issued pursuant to the Offer is approximately 13,965,972 Shares and 13,965,972 Class A Options. The Offer will raise approximately \$3,072,513 before expenses of the Offer. The purpose of the Offer and the intended use of funds raised are set out in Section 5 of this Prospectus.

Option holders who exercise their Options after the date of this Prospectus but prior to the Record Date are entitled to participate in the Offer.

### **4.2 Rights Trading**

Entitlements to Shares and Class A Options pursuant to the Offer are renounceable and, accordingly, rights can be traded on the ASX. Details on how to sell your rights are set out in Section 4.7 below.

### **4.3 Terms of Class A Options**

The Class A Options have an exercise price of \$0.30 each and an expiry date of 15 March 2015. Application will be made by the Company for the Quotation of the Class A Options on the Official List of the ASX. The full terms and conditions of the Class A Options are set out in Section 7.2.

All Shares issued on exercise of the Class A Options will rank equally in all respects with existing Shares on issue at that time. A summary of the terms and conditions of the Shares is set out in Section 7.1.

### **4.4 Eligible Shareholders**

Eligible Shareholders may participate in this Offer. Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at 5.00pm (WST) on the Record Date; or
- (b) have a registered address in Australia or New Zealand or are, in the opinion of the Company, otherwise eligible under all applicable securities laws to receive an offer of New Securities under this Prospectus.

See below regarding the treatment of foreign Shareholders.

### **4.5 Treatment of Foreign Shareholders**

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer of securities in any jurisdiction in which it would be unlawful.

Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation by the Applicant that there has been no breach of applicable securities laws.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and anyone who receives this Prospectus should seek advice on and observe such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify the New Securities or the Offer, or otherwise permit a public offering of New Securities, in any jurisdiction outside Australia. New Securities may not be offered or sold in any country outside Australia except to the extent permitted below.

### **New Zealand**

The New Securities are not being offered or sold to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of New Securities is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand). Accordingly, this exemption will not apply to New Zealand investors who acquire rights to apply for New Securities in accordance with Section 4.7 if they are not also Shareholders at the Record Date. The Company recommends that New Zealand investors obtain specialist advice to confirm whether or not they are eligible to participate in this Offer.

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

### **Singapore**

This Prospectus and any other materials relating to the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Securities, may not be issued, circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with the exemptions in Subdivision (4) Division 1, Part XIII of the *Securities and Futures Act, Chapter 289* of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are an existing holder of Shares. In the event that you are not an existing holder of Shares, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore. The exemption for existing holders of Shares will not apply to Singaporean investors who acquire rights to apply for New Securities in accordance with Section 4.7 if they are not also Shareholders as at the Record Date. The Company recommends that Singaporean investors obtain specialist advice to confirm whether or not they are eligible to participate in this Offer.

Any offer is not made to you with a view to the New Securities under this Prospectus being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **Malaysia**

This Prospectus and any other materials relating to the New Securities have not been, has not been and will not be registered as a prospectus with the Malaysian Securities Commission under the *Capital Markets and Services Act 2007* (Cth) (**CMSA**). However, this Prospectus will

be lodged as an information memorandum with the Malaysian Securities Commission in accordance with the CMSA. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Securities, may not be issued, circulated or distributed, nor may the New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia except pursuant to and in accordance with the exemptions in Schedule 6 of the CMSA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the CMSA.

This Prospectus has been given to you on the basis that you are an existing holder of Shares. In the event that you are not an existing holder of Shares, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Malaysia. The exemption for existing holders of Shares will not apply to Malaysian investors who acquire rights to apply for New Securities in accordance with Section 4.7 if they are not also Shareholders as at the Record Date. The Company recommends that Malaysian investors obtain specialist advice to confirm whether or not they are eligible to participate in this Offer.

#### **4.6 Ineligible Shareholders**

Shareholders who are not Eligible Shareholders are **Ineligible Shareholders**.

The Company has determined, in reliance on Listing Rule 7.7.1, that it would be unreasonable to extend the Offer to Ineligible Shareholders, having regard to the:

- (a) small number of Ineligible Shareholders;
- (b) small number and value of the New Securities which would be offered to Ineligible Shareholders; and
- (c) cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, this Offer is not being extended to any Shareholders outside Australia and New Zealand unless, in the opinion of the Company, that Shareholder would be eligible under all applicable securities laws to receive an offer of New Securities under the Offer. The Company will notify all Ineligible Shareholders of the Offer and advise that the Company is not offering New Securities to the Shareholder under the Offer.

The foreign selling restrictions under the Offer summarised in Section 4.5 apply to the underlying beneficial holder. Nominees, trustees or custodians must not apply on behalf of any beneficial holder that would not itself be an Eligible Shareholder.

Shareholders who hold Shares on behalf of persons who are resident outside Australia or New Zealand are responsible for ensuring that participation in the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations.

Shareholders who are nominees, trustees and custodians are therefore advised to seek independent advice as how they should proceed. Failure to comply with restrictions set out in this Prospectus may result in violations of applicable securities laws.

In accordance with Listing Rule 7.7.1, the Company has appointed Stellar Securities Pty Ltd (**Lead Manager**), on standard commercial terms, as nominee for the Ineligible Shareholders to arrange for the sale of the Entitlements which would have been offered to them had they been Eligible Shareholders. The Company will transfer the Entitlements of the Ineligible Shareholders to the Lead Manager who will account to the registry who in turn will send the

funds (if any) to each individual Ineligible Shareholder. The Lead Manager will have the absolute and sole discretion to determine the timing and the price at which the Entitlements may be sold and the manner of any such sale. Neither the Company nor the Lead Manager will be subject to any liability for failure to sell the Entitlements that would have been offered to Ineligible Shareholders or to sell them at a particular price.

If in the reasonable opinion of the Lead Manager there is no viable market for the Entitlements or a surplus over the expenses of sale cannot be obtained for the Entitlements, then the Entitlements will be allowed to lapse and will form part of the Shortfall.

#### **4.7 How to Accept the Offer**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
  - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form or apply for New Securities by utilising the electronic banking facility as detailed on the Entitlement and Acceptance Form (Applicants will also receive one (1) attaching Class A Option for every new Share issued); or
- (b) if you only wish to accept part of your Entitlement:
  - (i) fill in the number of Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form attaching); and
  - (ii) attach your cheque for the appropriate application monies (at \$0.22 per Share) or apply using the electronic payment options as detailed on the Entitlement and Acceptance Form (Applicants will also receive one (1) attaching Class A Option for every new Share issued); or
- (c) if you wish to accept your Entitlement in full and apply for Shortfall Shares in accordance with Section 4.10:
  - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided;
  - (ii) fill in the number of Shortfall Shares you wish to apply for in the space provided on the Entitlement and Acceptance Form; and
  - (iii) attach your cheque for the total amount payable for your Entitlement and the number of Shortfall Shares you wish to apply for (at \$0.22 per Share) or apply using the electronic payment options as detailed on the Entitlement and Acceptance Form (Applicants will also receive one (1) attaching Class A Option for every new Share issued); or
- (d) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

Alternatively, if you wish to sell any or all of your Entitlement on ASX you will need to instruct a stockbroker to sell the Entitlement rights which you wish to renounce by completing the panel headed "Instructions to your Stockbroker" on the back of the Entitlement and Acceptance Form and lodging that form with your stockbroker. You can sell your rights on ASX from

20 February 2013 until 15 March 2013. The Company accepts no responsibility for failure by your stockbroker to carry out your instructions.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Potash West NL – Application Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque (if applicable) must reach the Company's share registry no later than 5.00pm (WST) on the Closing Date.

Please note that if you choose to pay by BPAY you do not need to submit the Entitlement and Acceptance Form but are taken to make the statements on that form. All payments using the BPAY payment option must be made by 5.00pm (WST) on the Closing Date. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by this time.

#### **4.8 Minimum Subscription**

There is no minimum subscription in respect of the Offer.

#### **4.9 Underwriting**

The Offer is not underwritten.

#### **4.10 Shortfall**

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall. Eligible Shareholders who wish to apply for Shares (together with one (1) attaching Class A Option for every new Share issued) above their Entitlement must complete the relevant section of the Entitlement and Acceptance Form attached to the back of this Prospectus and return it, together with payment for the total value of those Shortfall Shares and the your Entitlement (at \$0.22 per Share) to the Company. In order to apply for Shortfall Shares you must be an Eligible Shareholder and must have taken up your Entitlement in full.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Shares (together with one (1) attaching new Class A Option for every new Share issued) offered pursuant to the Shortfall Offer shall be \$0.22 being the price at which the Entitlement has been offered to Eligible Shareholders pursuant to this Prospectus.

The Shortfall shall be placed at the discretion of the Board and, accordingly, there can be no guarantee that an application for Shortfall Shares will be successful. The Company reserves the right to allot to an Applicant a lesser number of Shortfall Shares than the number for which the Applicant applies, or to reject an application, or to not proceed with placing the Shortfall. The Board will not issue Shortfall Shares to related parties of the Company or its Directors, nor to any person if the issue would trigger the takeover prohibition in section 606 of the Corporations Act. Application monies for Shortfall applications not accepted or accepted in part will be refunded as soon as possible without interest.

#### **4.11 Quotation**

Application for Official Quotation by ASX of the Shares and Class A Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of this Prospectus (or such period as modified by ASIC), the Company will not issue any Shares or Class A Options under this Prospectus and will repay all application monies for the New Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the New Securities is not to be taken in any way as an indication of the merits of the Company or the New Securities now offered for subscription.

#### **4.12 Allotment of New Securities**

Shares and Class A Options issued pursuant to the Offer will be allotted in accordance with the timetable set out in Section 3 and otherwise in accordance with the Listing Rules. Where the number of Shares and Class A Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares and Class A Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.13 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for New Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. Neither the Company nor any of its officers accept any responsibility or liability for any taxation consequences to Applicants. Investors should, therefore, consult their own professional tax adviser in connection with the taxation implications of the New Securities offered pursuant to this Prospectus.

#### **4.14 CHES and Issuer Sponsorship**

The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares and Class A Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.15 Privacy Act**

If you complete an application for New Securities under this Prospectus, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

From time to time, the information may also be disclosed to, and used by, persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for New Securities, the Company may not be able to accept or process your application.

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## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$3,072,513 (before expenses). Assuming that the Offer is fully subscribed, the proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>A\$</b>
Advancing Feasibility Studies on Dandaragan Trough – Western Australia	2,843,513
Expenses of the Offer (see Section 8.6)	229,000
<b>Total</b>	<b>3,072,513</b>

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

### 5.2 Effect of the Offer

The principal effect of the Offer will be to (assuming the Offer is fully subscribed):

- (a) increase the cash reserves by approximately \$3,072,513 (before expenses) immediately after completion of the Offer;
- (b) increase the number of Shares on issue from 83,795,833, to approximately 97,761,805 Shares following completion of the Offer; and
- (c) create a new class of Options, by the issue of 13,965,972 Class A Options following completion of the offer.

### 5.3 Consolidated Balance Sheet

The unaudited Consolidated Balance Sheet as at 31 December 2012 and the unaudited Pro Forma Consolidated Balance Sheet as at 31 December 2012 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued.

The unaudited Consolidated Balance Sheets have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

**Consolidated Balance Sheet and Pro Forma Consolidated Balance Sheet as at 31 December 2012 (unaudited)**

	Unaudited 31 December 2012 \$	Pro Forma Adjustments \$	Pro Forma 31 December 2012 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	1,067,811	2,843,513	3,911,324
Trade and other receivables	85,330	-	85,330
Other assets	8,594	-	8,594
<b>TOTAL CURRENT ASSETS</b>	<u>1,161,735</u>	<u>2,843,513</u>	<u>4,005,248</u>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	95,310	-	95,310
Exploration expenditure	2,500,000	-	2,500,000
<b>TOTAL NON-CURRENT ASSETS</b>	<u>2,595,310</u>	<u>-</u>	<u>2,595,310</u>
<b>TOTAL ASSETS</b>	<u>3,757,045</u>	<u>2,843,513</u>	<u>6,600,558</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	370,898	-	370,898
Provisions	28,845	-	28,845
<b>TOTAL CURRENT LIABILITIES</b>	<u>399,743</u>	<u>-</u>	<u>399,743</u>
<b>TOTAL LIABILITIES</b>	<u>399,743</u>	<u>-</u>	<u>399,743</u>
<b>NET ASSETS</b>	<u>3,357,302</u>	<u>2,843,513</u>	<u>6,200,815</u>
<b>EQUITY</b>			
Issued capital	9,965,087	2,843,513	12,808,600
Reserves	305,701	-	305,701
Accumulated losses	(6,913,486)	-	(6,913,486)
<b>TOTAL EQUITY</b>	<u>3,357,302</u>	<u>2,843,513</u>	<u>6,200,815</u>

The above pro forma unaudited Statement of Financial Position has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 31 December 2012 and the completion of the Offer, save for:

- (a) completion of the Offer to raise approximately \$3,072,513 (before expenses); and
- (b) expenses of the Offer of approximately \$229,000 (excluding GST) which have been offset against proceeds of the Offer.

#### **5.4 Effect on Capital Structure**

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed and no Options are exercised prior to the Record Date.

<b>Shares</b>	<b>Number</b>
<b>Shares on issue at date of Prospectus</b>	<b>83,795 833</b>
Shares offered pursuant to the Offer	13,965,972
<b>Total Shares on issue after completion of the Offer</b>	<b>97,761,805</b>
<b>Options</b>	<b>Number</b>
<b>Options on issues at date of Prospectus</b>	<b>3,300,000</b>
Existing unquoted Options exercisable at \$0.30 on or before 8 September 2014	500,000
Existing unquoted Options exercisable at \$0.28 on or before 30 November 2014	1,250,000
Existing unquoted Options exercisable at \$0.355 on or before 13 November 2015	1,350,000
Existing unquoted Options exercisable at \$0.40 on or before 8 September 2016	100,000
Existing unquoted Options exercisable at \$0.60 on or before 8 September 2016	100,000
New quoted Class A Options exercisable at \$0.30 on or before 15 March 2015 offered pursuant to the Offer	13,965,972
<b>Total Options on issue after completion of the Offer</b>	<b>17,265,972</b>

Note: The Company will apply for Quotation of the Class A Options offered under this Prospectus.

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## 6. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for New Securities under the Offer. Potential Applicants should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for New Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **Specific Risks**

#### **6.1 Operating Risks**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) the unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment; and
- (h) the inability to obtain necessary consents or approvals.

Further, mechanical or operational failures during drilling, sampling and test work could cause the Company substantial loss due to the cost of personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations. Any of these events might also give rise to claims against the Company.

#### **6.2 Process Development Risk**

The Company is developing a process to extract valuable products from its glauconite deposits in the Dandaragan Trough. This process, called the K-Max process, is integral to unlocking the value in the project and is in the process of being patented.

As the flowsheet is developed further via testwork, pilot plants and engineering studies, there is a risk that the process economics or the costs of various inputs will make the return from a commercial scale operation below that acceptable to suppliers of construction finance.

#### **6.3 Going Concern Risk**

While completing the audit review of the Company's annual report for the year ended 30 June 2012, the Company's auditor, Ernst & Young noted the following:

*“Without qualifying our opinion, we draw attention to Note 2(f) in the financial report. As a result of these matters, 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 include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.”*

Notwithstanding the material uncertainty regarding 'going concern' included in the annual report, the Directors believe that upon the successful completion of the Offer, the Company will have sufficient funds to adequately meet the Company's current exploration commitments and short term working capital requirements. However, it is highly likely that further funding will be required to meet the medium to long term working capital costs of the Company. Please refer to Section 6.4 below for further details.

In the event that the Offer is not completed successfully there is significant uncertainty as to whether the Company can continue as a going concern, and which is likely to have a material adverse effect on the Company's activities.

#### **6.4 Future Funding Requirements**

Even if the Offer is completed successfully, it is likely that the Company will require additional funding in the future in order to develop its business, including the exploration and development of any glauconite discoveries. In addition, it is highly likely that regardless of the successful completion of the Offer, the Company will also need to undertake an additional capital raising to raise additional funds to meet the administration and working capital costs in the medium to long term.

Any additional equity financing may be dilutive to Shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

Further, there can be no assurance that any such equity or debt funding will be available for the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, there is significant uncertainty as to whether the Company can continue as a going concern.

Accordingly, the Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

#### **6.5 Exploration Risk**

There is no assurance that economic deposits of glauconite will be discovered in the areas in which the Company has an interest. Even if glauconite is discovered in those areas, there is no assurance that commercial operations will be started on the Company's permits.

#### **6.6 Resource Estimates**

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to activities planned with respect to the Company's projects, which may, in turn, adversely affect the Company's operations.

## **6.7 Product Price Fluctuations**

The price for products produced from glauconite will depend on available markets at acceptable prices and transmission, distribution and other costs. Any substantial decline in the prices of glauconite or an increase in transmission, distribution or other costs could have a material adverse effect on the Company.

## **6.8 Counterparty Risk**

As part of the Company's commercial activities, the Company is currently a party to two joint venture arrangements and may in the future become a party to additional joint venture arrangements and other various contracts with third parties for the supply of products and services, sales contracts and financial instruments, among other things. An inability of counterparties to meet their commitments under such contracts may have an impact on the Company's financial position.

## **6.9 Title Risk**

The permits in which the Company will, or may, in the future, acquire an interest, are subject to the applicable local laws and regulations. There is no guarantee that any permit, applications or conversions in which the Company has a current or potential interest will be granted.

Permits (or applications) in which the Company has an interest are (or, if granted, will be) subject to the relevant conditions applying in each jurisdiction. Failure to comply with these conditions may render the permits liable to forfeiture.

All of the projects in which the Company has an interest will be subject to application for permit renewal from time to time. Renewal of the term of each permit is subject to applicable legislation. If the permit is not renewed for any reason, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

## **6.10 Regulatory Approvals**

Any successful exploitation of discoveries would require obtaining the necessary production permit and the relevant regulatory approvals as required by the relevant Government of operation (the Company's current projects are regulated by Australian regulatory bodies. The required approvals may be issued at the discretion of the relevant authorities and/or subject to conditions or preconditions.

### **General Risks**

## **6.11 Economic Risks**

The future viability of the Company is also dependent on a number of factors which may affect the performance of all industries and not just the exploration and mining industries including, but not limited to, the following:

- (a) general economic conditions;
- (b) changes in Government policies, taxation and other laws;
- (c) the strength of the equity and share markets in Australia and throughout the world and, in particular, investment sentiment towards the commodities sector;
- (d) movement in, or outlook on, exchange rates, interest rates and inflation rates; and

- (e) natural disasters, social upheaval or war.

## **6.12 Security Investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities in mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. Factors which may materially affect the market price of the New Securities include the following:

- (a) the general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) commodity price fluctuations;
- (e) changes in investor sentiment toward particular market sectors;
- (f) the demand for, and supply of, capital; and
- (g) terrorism or other hostilities.

## **6.13 Legislative changes and Government policy**

Changes in Australian federal and state government policies or legislation with respect to, for example, tenure, exploration, mining, taxation, royalties, land access or labour relations may impact on the Company's operations. The Company's capacity to explore and exploit any discoveries may be affected by such changes in government policy, which are beyond the control of the Company.

## **6.14 Reliance on Key Personnel and Employees**

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

## **6.15 Foreign Exchange**

In the future a proportion of the Company's revenues, cash inflows, other expenses, capital expenditure and commitments may be denominated in foreign currencies.

To comply with Australian reporting requirements, the income, expenditure and cash flows of the Company will need to be accounted for in Australian dollars. This will result in the income, expenditure and cash flows of the Company being exposed to the fluctuations and volatility of the rate of exchange between other currencies and the Australian dollar, as determined in international markets.

Furthermore, the Company has decided to not put in place any hedges in relation to foreign exchange. This may result in the Company being exposed to exchange rate risk, which may have an adverse impact on the profitability and/or financial position of the Company.

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## **7. RIGHTS AND LIABILITIES ATTACHING TO THE NEW SECURITIES**

### **7.1 Terms of Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice. Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **7.1.1 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **7.1.2 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

#### **7.1.3 Dividend Rights**

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may

determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

#### **7.1.4 Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability. Where an order is made for the winding-up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, any securities classified as restricted securities at the time of the commencement of the winding up shall rank in priority after all other securities.

#### **7.1.5 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

#### **7.1.6 Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **7.1.7 Variation of Rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### **7.2 Terms of Class A Options**

The terms and conditions of the Class A Options are as follows:

(a) **Exercise Price**

The exercise price of each Class A Option is \$0.30 per Share to be issued.

(b) **Entitlement**

Each Class A Option shall entitle the holder the right to subscribe (in cash) for one Share in the capital of the Company.

(c) **Class A Option Period**

The Class A Options will expire at 5.00pm (WST) on 15 March 2015 (**Expiry Date**). Subject to clause (g), Class A Options may be exercised at any time prior to the Expiry Date and any not exercised shall automatically expire on the Expiry Date.

(d) **Ranking of Shares Allotted on Exercise**

Each Share allotted as a result of the exercise of any Class A Option will, subject to the Constitution of the Company, rank in all respects pari passu with the existing Shares in the capital of the Company on issue at the date of allotment.

(e) **Voting**

A registered holder of a Class A Option (**Class A Option Holder**) will not be entitled to attend or vote at any meeting of the members of the Company unless they are, in addition to being a Class A Option Holder, a Shareholder.

(f) **Transfer**

Class A Options are transferable at any time prior to the Expiry Date. This right is subject to any restrictions on the transfer of Class A Options that may be imposed by the ASX in circumstances where the Company is listed on the ASX.

(g) **Method of Exercise**

- (i) The Company will provide to each Class A Option Holder a notice that is to be completed when exercising the Class A Options (**Exercise Notice**). Class A Options may be exercised by the Class A Option Holder completing the Exercise Notice and forwarding the same to the Company Secretary to be received prior to the Expiry Date. The Exercise Notice must state the number of Class A Options being exercised and the consequent number of Shares to be allotted; which number of Class A Options must be a multiple of 2,500 if only part of the Class A Option Holder's total Class A Options are exercised, or if the total number of Class A Options held by a Class A Option Holder is less than 2,500, then the total of all Class A Options held by that Class A Option Holder must be exercised.
- (ii) The Exercise Notice of Class A Options by a Class A Option Holder must be accompanied by payment in full for the relevant number of Shares being subscribed, being an amount of \$0.30 per Share.
- (iii) Subject to paragraph (g)(i) above, the exercise of less than all of a Class A Option Holder's Class A Options will not prevent the Class A Option Holder from exercising the whole or any part of the balance of the Class A Option Holder's entitlement under the Class A Option Holder's remaining Class A Options.
- (iv) Within 14 days from the date the Class A Option Holder properly exercises Class A Options, the Company shall issue and allot to the Class A Option Holder that number of Shares so subscribed for by the Class A Option Holder.
- (v) The Company will within 3 Business Days from the date of issue and allotment of Shares pursuant to the exercise of a Class A Option, apply to the ASX for, and use its best endeavours to obtain, Official Quotation of all such Shares, in accordance with the Corporations Act and the Listing Rules.

(vi) The Company will generally comply with the requirements of the Listing Rules in relation to the timetables imposed when quoted Class A Options are due to expire. Where there shall be any inconsistency between the timetables outlined herein regarding the expiry of the Class A Options and the timetable outlined in the Listing Rules, the timetable outlined in the Listing Rules shall apply.

(h) **ASX Listing**

Application for Quotation of the Class A Options on the ASX will be made.

(i) **Reconstruction**

In the event of a reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Class A Option Holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital, at the time of the reconstruction.

(j) **Participation in New Share Issues**

There are no participating rights or entitlements inherent in the Class A Options to participate in any new issues of capital which may be made or offered by the Company to its Shareholders from time to time prior to the Expiry Date unless and until the Class A Options are exercised. The Company will ensure that the record date for the purposes of determining entitlements to any new issue will be at least seven (7) Business Days after such new issues are announced (or such other date if required under the Listing Rules) in order to afford the Class A Option Holder an opportunity to exercise the Class A Options held by the Class A Option Holder.

(k) **No Change of Exercise Price or Number of Underlying Shares**

There are no rights to change the exercise price of the Class A Options or the number of underlying Shares.

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## 8. ADDITIONAL INFORMATION

### 8.1 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities.

This Prospectus is a "transaction specific prospectus". In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision on whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus. These requirements include notifying ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the market.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request during the Offer Period:
  - (i) the annual financial report for the Company for the financial year ended 30 June 2012 (being the annual financial report most recently lodged by the Company with ASIC); and
  - (ii) the documents used to notify ASX of information relating to the Company during the period after lodgement of the annual financial report for the Company for the financial year ended 30 June 2012 and prior to the date of this Prospectus.

Copies of all documents lodged with ASIC in relation to the Company may be obtained from, or inspected at, an office of ASIC.

The Company has lodged the following announcements with ASX since the lodgement of its annual financial report for the financial year ended 30 June 2012:

<b>Date</b>	<b>Description of Announcement</b>
18-Jan-13	Renounceable Entitlements Issue to Raise \$3.1m
30-Jan-13	Quarterly Activities and Cashflow Reports
21-Jan-13	Company Presentation
15-Jan-13	Change of Director's Interest Notice
11-Jan-13	BRR Webcast
10-Jan-13	Dandaragan Project Scoping Study Produces Positive Results
21-Dec-12	BRR Webcast
20-Dec-12	PWN Lodges Patent Application for Processing Breakthrough
17-Dec-12	Research Report on Potash West
03-Dec-12	Mines and Money Australia Day Presentation
21-Nov-12	Breakaway Investment Produces Research Report on Potash West
16-Nov-12	Potash West Receives Chinese Backing for Project
14-Nov-12	Change of Director's Interest Notices
14-Nov-12	Appendix 3B
12-Nov-12	Results of Meeting
12-Nov-12	AGM Presentation
09-Nov-12	Company Presentation
30-Oct-12	Resource Stocks Article
30-Oct-12	Quarterly Activities and Cashflow Reports
19-Oct-12	Potash West Commences ADR Trading on OTCQX Market
16-Oct-12	Company Presentation
11-Oct-12	BRR Webcast
11-Oct-12	Initial JORC Resources of 244M Tonnes at Dandaragan Trough
10-Oct-12	Notice of General Meeting/Proxy Form
02-Oct-12	Research Report

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website at

## 8.2 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### 8.2.1 Lead Manager Mandate with Stellar Securities Pty Ltd

The Company has entered into a mandate letter with Stellar Securities Pty Ltd (**Lead Manager**) dated 14 March 2012 pursuant to which it has agreed to be the Lead Manager of the Offer.

In the course of its appointment, the Lead Manager will assist the Company with determining the structure of the Offer, managing the marketing of the Offer, and providing strategic market advice in relation to the Offer.

In consideration for the services to be provided by the Lead Manager, the Company has agreed to pay the Lead Manager a corporate advisory fee of 6% to the total amount raised under the Offer (i.e. up to \$184,351).

## 8.3 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director has or has had, within 2 years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no benefits have been given or agreed to be given to any Director either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him in connection with the formation or promotion of the Company or the Offer.

Set out in the table below are details of the Directors' relevant interests in the securities of the Company as at the date of this Prospectus and in the event that they take up all of their Entitlements:

Name	Shares	Options	Share Entitlement	Class A Option Entitlement	Voting Power at completion of Offer (approximate)
Adrian Griffin	3,467,528	450,000	577,921	577,921	4.14%
Patrick McManus	1,715,000	1,250,000	285,833	285,833	2.05%
George Sakalidis	700,517	450,000	116,753	116,753	0.84%
Gary Johnson	250,000	450,000	41,667	41,667	0.30%

Notes:

1. Each of the Directors reserves the right to subscribe for their Entitlement under the Offer either in whole or in part.
2. Adrian Griffin currently has an interest in 250,000 Options with an exercise price of \$0.28 and an exercise date of 30 November 2014 and 200,000 Options with an exercise price of \$0.355 and an exercise date of 13 November 2015
3. Patrick McManus currently has an interest in 500,000 Options with an exercise price of \$0.28 and an exercise date of 30 November 2014 and 750,000 Options with an exercise price of \$0.355 and an exercise date of 13 November 2015
4. George Sakalidis currently has an interest in 250,000 Options with an exercise price of \$0.28 and an exercise date of 30 November 2014 and 200,000 Options with an exercise price of \$0.355 and an exercise date of 13 November 2015
5. Gary Johnson currently has an interest in 250,000 Options with an exercise price of \$0.28 and an exercise date of 30 November 2014 and 200,000 Options with an exercise price of \$0.355 and an exercise date of 13 November 2015.

The managing Director and non-executive Directors have been paid remuneration totalling \$248,852 (inclusive of salary, entitlements and non cash compensation) for the period from 1 July 2012 to the date of this Prospectus.

Directors, companies associated with the Directors and associates of the Directors are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the non-executive Directors and in default of agreement then in equal shares. This amount is currently set at \$200,000 per annum.

#### **8.4 Interests and Consents of Experts and Advisers**

Other than as set out below or elsewhere in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or has had within 2 years before the lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer.

Pursuant to section 716 of the Corporations Act, Stellar Securities Pty Ltd has given and has not withdrawn its consent to being named as Lead Manager to the Offer in the Corporate Directory of this Prospectus and to being appointed and named as the nominee in the form and context in which it is named. Stellar Securities Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. Stellar Securities Pty Ltd (including its related entities) is a Shareholder of the Company and currently has a relevant interest in 112,390 Shares. Stellar Securities Pty Ltd will be paid a fee of 6% of the total amount raised under the Offer, which equates to a maximum of up to \$184,351. In the past two years, Stellar Securities Pty Ltd has been paid fees totalling \$175,357 by the Company.

Pursuant to section 716 of the Corporations Act, Price Sierakowski Corporate has given, and has not withdrawn, its consent to being named as solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Price Sierakowski Corporate has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. Price Sierakowski Corporate act as solicitors to the Company. Price Sierakowski Corporate will be paid approximately \$14,000 (excluding GST and disbursements) for services in relation to this Prospectus. In the past two years, Price Sierakowski Corporate has been paid fees totalling \$18,662 by the Company.

Pursuant to section 716 of the Corporations Act, Mining Corporate Pty Ltd has given, and has not withdrawn, its consent to being named as compliance manager to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Mining Corporate Pty Ltd has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus. Mining Corporate Pty Ltd act as compliance managers to the Company. Mining Corporate Pty Ltd will be paid approximately \$10,000 (excluding GST and disbursements) for services in relation to this Prospectus. In the past two years, Mining Corporate Pty Ltd has been paid fees totalling \$120,084 by the Company.

## 8.5 Legal Proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## 8.6 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer (excluding GST) are as follows:

	\$
ASIC fees	2,171
ASX fees	8,944
Lead Manager fees	184,351
Legal expenses	14,000
Compliance management fees	10,000
Printing and other expenses	9,534
<b>Total</b>	<u>229,000</u>

## 8.7 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of this Prospectus and the respective dates of those sales were:

Highest: \$0.29 on 27 December 2012

Lowest: \$0.21 on 30 January 2013

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.245 on 15 February 2013.

## **8.8 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application forms. If you have not, please phone the Company and the Company will send you, free of charge, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

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**9. AUTHORITY OF DIRECTORS**

**9.1 Directors' Consent**

This Prospectus is dated 18 February 2013 and is issued by Potash West NL.

The Directors have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive.

This Prospectus is prepared on the basis that certain matters may reasonably be expected to be known to likely investors or their professional advisors.

Each of the Directors of Potash West NL has consented to the lodgement of this Prospectus with ASIC in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

Signed for and on behalf of Potash West NL on the 18<sup>th</sup> day of February 2013.

**Potash West NL**  
**Mr Adrian Griffin**  
**Chairman**

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## 10. DEFINITIONS

**Applicant** means a person who applies for New Securities pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means the ASX Limited (ACN 008 624 691), or the market conducted by it, as the context requires.

**Board** means the board of Directors.

**Business Day** means a day on which trading takes place on the ASX.

**CHESS** means Clearing House Electronic Sub-register System of ASX Settlement Pty Ltd (ACN 008 504 532).

**Class A Option** means an Option on the terms set out in Section 7.2 to be issued under this Prospectus.

**Closing Date** means the closing date of the Offer, being 5.00pm (WST) on 22 March 2013 (unless extended).

**Company** means Potash West NL (ABN 62 147 346 334).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company.

**Dollar** or **\$** means Australian dollars.

**Eligible Shareholder** has the meaning given in clause 4.4.

**Entitlement** means the entitlement of a Shareholder pursuant to the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form accompanying this Prospectus.

**Ineligible Shareholder** means a Shareholder who is registered as a holder of Shares but to whom the Offer is not being made as set out in Section 4.6.

**Lead Manager** means Stellar Securities Pty Ltd (ABN 70 151 395 112).

**Listing Rules** or **ASX Listing Rules** means the ASX Listing Rules published and distributed by ASX.

**New Securities** means the Shares and Class A Options to be issued under this Prospectus.

**Offer** means the renounceable entitlement offer pursuant to this Prospectus of one (1) new Share for every six (6) Shares held and one (1) attaching Class A Option for each Share issued to raise approximately \$3,072,513 (before expenses).

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date.

**Official List** means the official list of ASX.

**Opening Date** means the opening date of the Offer, being 9.00am (WST) on 1 March 2013 or such other date determined by the Directors in accordance with this Prospectus.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Prospectus** means this prospectus dated 18 February 2013.

**Quotation** or **Official Quotation** means official quotation on ASX.

**Record Date** means 5.00pm (WST) on 26 February 2013.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** or **Shortfall Shares** means those Shares under the Offer not applied for under a Shareholder's Entitlement.

**WST** means Western Standard Time in Australia.

# POTASH WEST NL

## ACN 147 346 334

### ENTITLEMENT AND ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT,  
PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY: Advanced Share Registry Services Ltd, Unit 2, 150 Stirling Highway, Nedlands, Western Australia 6009.

A pro rata renounceable entitlement issue of one (1) Share for every six (6) Shares held at an issue price of \$0.22 per Share together with one (1) free attaching Class A Option for every one (1) new Share issued to raise approximately \$3,072,513 (**Offer**) before expenses.

**RENOUNCEABLE ENTITLEMENT ISSUE, CLOSING 5.00PM WESTERN STANDARD TIME ON FRIDAY, 22 MARCH 2013**

Sub-Register	:	
HIN/SRN	:	
Shareholding at Record Date 5.00pm WST on 26 February 2013	:	
Entitlement to Shares and attaching Class A Option on a 1 for 6 basis	:	
Amount payable on acceptance at 22 cents per Share	:	

#### To the Directors POTASH WEST NL

- I/We the above mentioned, being registered on 26 February 2013 as the holder(s) of ordinary shares in your Company and being eligible to apply for securities under the Prospectus, hereby accept the below mentioned securities in accordance with the terms of the Prospectus accompanying this form (**Form**);
- I/We hereby authorise you to place my/our name(s) on the register of shareholders in respect of the number of New Securities allotted to me/us and;
- I/We agree to be bound by the Constitution of the Company.

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE SECURITIES

NUMBER OF NEW SHARES ACCEPTED (BEING NOT MORE THAN THE ENTITLEMENT SHOWN ABOVE)	NUMBER OF SHORTFALL SHARES APPLIED FOR (IN EXCESS OF THE ENTITLEMENT SHOWN ABOVE)	AMOUNT ENCLOSED @ 22 cents PER SHARE
		AUD\$

#### METHOD OF ACCEPTANCE

You can apply for New Securities and make your payment utilising one of the payment options detailed overleaf, however please indicate which payment option you have chosen by marking the relevant box below.

Cheque/bank draft/money order

BPAY

PLEASE ENTER CHEQUE DETAILS	Drawer	Bank	Branch	Amount



You can pay by BPAY. If you choose to pay by BPAY, you do not need to return this Form. Please refer overleaf for details

My/Our contact numbers in the case of enquiry are:

Telephone: (.....) .....

Email: .....

NOTE: Cheques should be made payable to **POTASH WEST NL - SUBSCRIPTION ACCOUNT**, crossed NOT NEGOTIABLE and forwarded to Advanced Share Registry Services Ltd, Unit 2, 150 Stirling Highway, Nedlands, Western Australia 6009 (or PO Box 1156, Nedlands WA 6909) to arrive no later than 5.00pm (WST) on **Friday 22 March 2013**.

<i>Complete this panel and sign below only if a change of address is to be registered with the Company</i>	
New Address: .....	
Signature(s): .....	Date: .....
Please indicate correct title: Director / Secretary / .....	

**PLEASE REFER OVERLEAF FOR INSTRUCTIONS**

## APPLICATION INSTRUCTIONS

<b>INSTRUCTIONS TO YOUR STOCKBROKER</b>		
I/We have accepted	<input type="text"/>	New Shares
and attach a cheque/bank draft/money order for	\$ <input type="text"/>	being acceptance money at \$0.22 per New Share
I/We wish to sell	<input type="text"/>	rights to New Securities
This instruction *has/has not previously been notified to you. (*Delete whichever is not applicable).		

### LODGEMENT INSTRUCTIONS

#### Acceptance of your Entitlement in Full or Applying for Shortfall Shares

If you are accepting your entitlement in full or in part (or applying for Shortfall Shares in excess of your entitlement), please:

- ✓ complete the reverse side of this Entitlement and Acceptance Form; and
- ✓ forward it, together with your payment, so that it reaches Potash West NL's share registry, Advanced Share Registry Services no later than 5.00pm WST on Friday, 22 March 2013; or
- ✓ apply for New Securities by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY.

#### Sale of your Entitlement in Full by your Stockbroker

If you wish to sell your Entitlement in full through your stockbroker, you should either:

- ✓ contact your stockbroker verbally and provide details as requested which appear overleaf; or
- ✓ complete the "Instructions to Your Stockbroker" section above and forward this Entitlement and Acceptance Form to your Stockbroker.

#### Sale of Part of your Entitlement

If you wish to sell part of your Entitlement and take up the balance:

- ✓ complete the front of this Entitlement and Acceptance Form where indicated in respect of the New Securities for which you want to subscribe;
- ✓ complete the section above marked "Instruction to Your Stockbroker" in respect of that part of your entitlement which you wish to sell; and
- ✓ lodge your completed Entitlement and Acceptance Form, together with your cheque for the amount due in respect of the New Securities you have accepted, with your Stockbroker.

#### Entitlements Not Taken Up

If you decide not to accept all or part of your Entitlement, you may deal with the rights rather than allow them to lapse. The part of the Entitlement not accepted and not renounced will form part of the Shortfall. If you wish to deal with the rights it is important that you take action either to accept or renounce (sell) your Entitlement in accordance with the above instructions.

#### Payment Details

You can apply for New Securities by utilising the payment options detailed below. There is no requirement to return this Form if you are paying by BPAY. By making your payment using either BPAY or by cheque, bank draft or money order, you confirm that you agree to all of the terms and conditions of the Potash West NL Entitlement Issue Prospectus as enclosed with this form. Your cheque, bank draft or money order should be made payable to **POTASH WEST NL - SUBSCRIPTION ACCOUNT** in Australian currency and crossed "Not Negotiable". Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your Application being rejected. Complete cheque details in the boxes provided.

If the payment you submit is insufficient to pay for the number of New Securities you apply for, you will be taken to have applied for such lower number of New Securities as that amount will pay for, or your Application will be rejected. If the amount you pay is more than the amount payable for your full Entitlement, you will be taken to have applied for the maximum number of New Securities you are entitled to apply on this Form. Any excess money will be considered as a payment for Additional New Securities in such number as the amount will pay for.

#### Lodgement of Application

If you are applying for New Securities and your payment is being made by BPAY, you do not need to return this Form however you are encouraged to return the Form to the share registry for reconciliation purposes – in that case you can post the Form to the share registry or send it by facsimile to +61 8 9389 7871. Your payment must be received by no later than 5.00pm WST on Friday, 22 March 2013. Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, your application must be received by the share registry by no later than 5.00pm WST on Friday, 22 March 2013. You should allow sufficient time for this to occur. Return your application with cheque, bank draft or money order attached.

**If you have any enquiries concerning this Form or your Entitlement, please contact Advanced Share Registry on phone +61 8 9389 8033 or fax +61 8 9389 7871. CHESS holders must contact their Controlling Participant to notify a change of address.**



#### Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or saving account. More info: [www.bpay.com.au](http://www.bpay.com.au)

#### By Mail

Potash West NL - Entitlement Issue  
c/- Advanced Share Registry Services Ltd  
PO Box 1156  
NEDLANDS WA 6909