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15 January 2014

Dear Option Holder

Non-Renounceable Entitlement Offer and Bonus Offer

The Directors of Potash West NL (**Company**) have resolved that the Company will undertake:

- a fully underwritten, non-renounceable pro rata entitlement offer of shares to eligible shareholders at an issue price of \$0.05 each on the basis of 1 new share for every 5 shares held to raise approximately \$940,210 before costs (**Entitlement Offer**); and
- a non-renounceable, pro rata bonus issue of partly paid shares to eligible shareholders at a total issue price of \$0.05 each on the basis of 1 new partly paid share for every 2 shares held with each partly paid share deemed to be paid up to \$0.001 and being issued for **nil cash consideration (Bonus Offer)**.

Entitlement Offer

The Entitlement Offer will be made to eligible shareholders who are registered as at 5.00pm WST on 28 January 2014 (**First Record Date**). As an option holder in the Company, you are not entitled to participate in the Entitlement Offer unless you exercise some or all of your options into fully paid ordinary shares in the Company and are entered onto the Company's share register before the First Record Date. If you wish to participate in the Entitlement Offer in respect of the shares that would be issued to you on exercise of your options, please send an option exercise form, together with a cheque for the relevant exercise price, to the Company Secretary so that it is received prior to the First Record Date.

Bonus Offer

The Bonus Offer will be made to shareholders who are registered as at 5.00pm WST on 24 March 2014 (**Second Record Date**). As an option holder in the Company, you are not entitled to participate in the Bonus Offer unless you exercise some or all of your options into fully paid ordinary shares in the Company and are entered onto the Company's share register before the Second Record Date. If you wish to participate in the Bonus Offer in respect of the shares that would be issued to you on exercise of your options, please send an option exercise form, together with a cheque for the relevant exercise price, to the Company Secretary so that it is received prior to the Second Record Date.

IMPORTANT

The partly paid shares will be issued to eligible shareholders for **no cash consideration**. However, in order to receive an entitlement (if any), **shareholders must return an acceptance form** in accordance with the Company's Prospectus dated 15 January 2014. Shareholders who apply for shares under the Entitlement Offer are deemed to accept their entitlements (if any) under the Bonus Offer and are therefore not required to lodge a separate (additional) acceptance form for new partly paid shares. Shareholders who fail to return an acceptance form for partly paid shares by 25 March 2014 (or who do not apply for shares under the Entitlement Offer) will not receive their entitlement (if any) to free partly paid shares.

Please contact the Company's share registry, Advanced Share Registry Services, on +61 8 9389 8033 or email admin@advancedshare.com.au for a copy of the option exercise form.



The last closing market sale price of the Company's shares on ASX on the last day that trading took place in the Shares prior to the date of this letter was \$0.10 (on 14 January 2014).

The key dates for the Offers are as follows:

Event	Date
Announcement of Offers, Appendix 3B lodged with ASX and Prospectus lodged with ASX and ASIC	15 January 2014
Entitlement Offer	
Notice sent to Optionholders	15 January 2014
Notice sent to Shareholders	16 January 2014
'Ex' date	21 January 2014
First Record Date (5.00pm (WST))	28 January 2014
Prospectus issued to Eligible Shareholders and announcement of issue of Prospectus	31 January 2014
Opening Date for Offers	31 January 2014
Entitlement Offer Closing Date (5.00pm (WST))	14 February 2014
Deferred settlement trading commences	17 February 2014
ASX notified of under-subscriptions	19 February 2014
Issue of New Shares and deferred settlement trading ends	24 February 2014
Commencement of trading of New Shares	25 February 2014
Bonus Offer	
'Ex' date and deferred settlement trading commences	18 March 2014
Second Record Date (5.00pm (WST))	24 March 2014
Bonus Offer Closing Date (5.00pm (WST))	25 March 2014
Issue of New Partly Paid Shares and deferred settlement trading ends	31 March 2014
Commencement of trading of New Partly Paid Shares	1 April 2014

The timetable is subject to change. The Company reserves the right to vary the timetable for the Offers without notice, subject to the Corporations Act, ASX Listing Rules and other applicable laws. The commencement of quotation of new securities is subject to confirmation from the ASX.

Applicants should consult their brokers or professional advisors in regards to the definition of 'Ex' date and record date to ensure that their entitlements to participate in the Offers are assured.



The Company lodged a Prospectus for the Offers at the Australian Securities & Investment Commission on 15 January 2014. The Prospectus will be mailed to each eligible shareholder on 31 January 2014. Each shareholder's entitlement under the Entitlement Offer will be set out in the Entitlement Offer Application Form that will accompany the Prospectus.

Please note that this letter is not an offer or an invitation to acquire securities or to participate in the Entitlement Offer or the Bonus Offer.

A handwritten signature in black ink, appearing to read "Patrick McManus", is written over a horizontal line.

Yours faithfully
Patrick McManus
Managing Director