



ASX Announcement

29 July 2014

COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPAL REGISTERED OFFICE

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ASX CODE

PWN

OTC PINK CODE

PWNNY

CORPORATE INFORMATION

(29 July 2014)

138M Ordinary shares
36M Partly paid shares
5M Unlisted options
8M Listed options

BOARD OF DIRECTORS

Adrian Griffin
(Non-Executive Chairman)
Patrick McManus
(Managing Director)
George Sakalidis
(Non-Executive Director)
Gary Johnson
(Non-Executive Director)

POTASH WEST FARMING INTO HISTORIC POTASH PRODUCING REGION OF GERMANY

- **PWN looks to expand its assets base in fertilisers, and build on the expertise it has established since floating in May 2011.**
- **Agreement to earn a 55% interest in a potash exploration project in Germany.**
- **PWN continues to advance potash and phosphate assets in WA for delivery into Australian and Asian markets and is adding to its portfolio to enhance the opportunity to service European markets.**
- **450 sq km of exploration permits with historical potash exploration activity applied for in the South Harz District of Germany.**
- **Significant previous production and infrastructure in these regions.**
- **Previous drilling over the application areas suggests extensive shallow potash mineralization exists over a wide area.**
- **Internationally regarded potash consultancy firm ERCOSPLAN Ingeniergesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN), retained for on-going work and studies.**

Potash West NL (PWN) (The Company) is pleased to announce it is earning an interest in a potash project in Germany. PWN has the right to earn up to 55% of the Joint Venture by funding early exploration.

The licence applications are located in the South Harz potash district, a region where potash has been mined since 1896 and is still being produced. Over 500 million tonnes of potash ore was extracted from the South Harz region, producing over 100 million tonnes of potash fertiliser (see Figure 1).

The Joint Venture has applied for two exploration licence areas, both of which have historical drilling that intersected potash mineralisation over large areas. The drilling was carried out prior to the reunification of Germany in 1990. Potash production ceased in these areas in 1992, largely driven by depressed potash prices at the time. Prices have since risen by more than three fold.

Germany is a leading global producer of potash fertiliser. K+S KALI GmbH is the main producer, currently operating 6 potash mines in Germany. The application areas are very well located to service European agricultural markets and serviced by excellent infrastructure and access to other global markets. Given the history of these regions, a large amount of expertise in potash mining exists locally.

BACKGROUND

PWN has a vertical integration plan to produce phosphate and potash products. PWN sees the Dandaragan Trough (north of Perth, Western Australia) as having fundamental cost advantages to delivery into the Asian markets, but recognizes other markets may be better served by local production. PWN has built a strong team with an expertise base in fertilisers and continues to search for synergistic opportunities to add the value of the Company's assets.

The Company has entered into an agreement with private interests to earn into a joint venture company East Exploration, focused on developing high grade potash deposits in Germany. This potentially provides an opportunity to deliver potash products into European markets more favourably than can be achieved from the Company's Western Australian deposits.

The Joint Venture group (East Exploration Pty Ltd [EE] and its 100% owned subsidiary, East Exploration GmbH, [EEG]) have applied for exploration licences for potash in established potash producing areas in South Harz, Thuringia, Germany.

By funding application and early exploration analysis, PWN has the right to earn up to 55% of EE. Initial exploration will consist of compilation and assessment of all historical data from the previous exploration conducted over these areas.

OVERVIEW

The South Harz region has been a significant producer of potash since 1896. Potash mineralisation occurs in sedimentary basins associated with the Upper Permian Zechstein Evaporate Formation. Production reduced substantially after 1992, following the reunification of Germany. At that time potash pricing was around US\$100 per tonne, compared to +US\$300/tonne today. Extensive exploration work and R&D was carried out in the period from the 1960s to the 1980s. This confirmed that substantial potash deposits in the form of sylvinite (KCl/NaCl) and carnallite (KCl/MgCl) still remain in this region.

EE has commissioned ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH (ERCOSPLAN) to identify areas that have strong potential to contain significant potash mineralization. ERCOSPLAN are a leading global potash consultancy based in Erfurt, Germany. It employs about 200 people globally and has consulted on the development of many world class potash projects worldwide.

Two areas, Kuellstedt (246 sq km) and Graefentonna (216 sq km) have been applied for. Both have extensive historical drilling that intersected potash mineralisation between 200 m and 1000 m below the surface. Both areas are adjacent to properties that have had significant potash production over the last 100 years.

PWN recognizes the value of having raw materials close to fertiliser end users. PWN will continue to develop its plans for phosphate and potash development in the Dandaragan Trough, to service Australian and Asian markets. Without local production, PWN is unlikely to compete in European markets. However, this opportunity will allow PWN to expand its asset base in an area that would otherwise not be a focus of the Company.

NEXT STEPS

The Company has paid \$100,000 to earn 25% of EE, a further \$200,000 will be paid to earn a further 25% of EE. Those funds will be used to gain the licences and allow Ercosplan and EE to review the significant amount of geological data that exists from work carried out in previous decades. PWN then has the right to go to 55% ownership by the payment of a further \$50,000.

PWN will keep the market updated as to the progress and status of the application and further work being conducted by ERCOSPLAN.

The Company's Managing Director, Patrick McManus said "This is a terrific opportunity for Potash West to expand its global presence by establishing a foothold in the European potash market. This will give the Company potential to produce from areas that would not be as well serviced by production from its Dandaragan Trough project"

"Germany has a long and proud history of production of potash, being a pioneer of extraction from buried evaporite beds. ERCOSPLAN is a world-recognised consultant in potash and has had an association with the South Harz field dating over 50 years. They are the perfect partners for EEG to develop an exploration and operating project in the region. We look forward to progressing this project towards the establishment of a JORC resource and on into production".

"This development complements our very large deposit in the Dandaragan Trough in Western Australia. Both local regions are importers of potash and phosphate fertilisers and will benefit from the logistics savings in having production close to the end user. Potash West remains committed to the development of the Dinner Hill project within the Dandaragan Trough and is working to complete the feasibility study on its phosphate project as the next stage of that programme".



FIGURE 1: PROJECT LOCATION

For further information, please contact:

Potash West NL

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About Potash West

Potash West (ASX:PWN) is an exploration company focused on developing potassium-rich glauconite deposits in West Australia’s Perth Basin. The Company aims to define a substantial resource base and investigate how best to recover potash from the mineral. The project is well situated in relation to infrastructure, with close access to rail, power and gas. A successful commercial outcome will allow the Company to become a major contributor to the potash and phosphate markets at a time of heightened regional demand.

The Company has a major land holding over one of the world’s largest known glauconite deposits, with exploration licenses and applications covering an area of 2,000km². Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and 30km in width. Current JORC complaint Indicated Mineral Resources stand at 241Mt at 3.0% K₂O, including 120Mt at 4.6% K₂O amenable to processing by the K-Max process and 120Mt at 2.85% P₂O₅ of phosphate mineralisation.