

Potash West

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Potash West's MD Patrick McManus in Proactive Q&A Sessions™

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Potash West holds a strategically located phosphate and potash project in Western Australia, along with a significant interest in a brown-fields potash project in Germany.

Potash West's managing director, Patrick McManus, sat down with Proactive in Q&A Sessions™.

Potash West ([ASX:PWN](#)) holds a strategically located phosphate and potash project in Western Australia, which has the potential to deliver fertilisers to both domestic and growing international markets.

At its Dandaragan Project, the company has one of the world's largest glauconite deposits, with significant phosphate and potash content.

Adding to the portfolio, **Potash West** also holds a significant interest in a brown-fields potash project in Germany, which is located close to existing producers.

Proactive Investors is joined exclusively by Patrick McManus, managing director, [Potash West](#).

PROACTIVE INVESTORS: Welcome Patrick.

Taking a macro view, how can [Potash West](#) benefit from a growth in agricultural investments, both domestically and internationally?

Patrick McManus: Hello John. There have been a number of strong signals during 2015 that agricultural trade will increase.

The various free trade initiatives that Australia is party to, signify a strong growth opportunity for Australia, and countries in SE Asia, to meet the demand for food in our region.

Fertilisers are a key component of the food supply chain and will play a vital role in this growth.

How will the buying of large land parcels of agricultural land in Australia by domestic and international investors potentially impact [Potash West](#)?

Patrick McManus: We have seen an increase in investment in pastoral and dairy properties across Australia, both industries are strong users of phosphate fertilisers, which promotes plant growth.

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I believe the increased investment is the first response to the forecast growth, mentioned above.

What is the demand outlook for fertiliser in the short, medium and long term, from which geographic regions, and also the price?

Patrick McManus: We believe that demand will fluctuate in the short term, driven by issues such as prices for farm products, droughts and world-wide food production, but the long-term demand growth is strong, particularly in our region, which is experiencing strong growth in both population and GDP.

Supply side, and hence prices, is more difficult to predict.

Low energy costs will reduce the production costs for nitrogen based fertilisers and additional MOP potash is forecast to come into production in the next few years.

Prices for phosphates and SOP potash appear to be holding up well though.

What does this mean for the Dandaragan Trough project?

Patrick McManus: We are looking to develop our flagship Dinner Hill project as a two-stage process:

- Stage 1 – A project producing either single superphosphate (SSP), or phosphate rock, which gives us a lower capital route to positive cashflow; and

- Stage 2 – A larger scale project, producing SOP potash, phosphoric acid, and other products, from the vast greensand deposits we have delineated at Dinner Hill. Development work for stage 2 will be financed from the cashflow of stage 1, reducing dilution of our shareholders.

We see increased agricultural activity in Australia, and the local region, benefitting from a local supply of high quality phosphates and potash.

The project will benefit from the increased local demand, gearing off the high quality infrastructure in place.

Moving on to [Potash West's](#) German based assets, what is the plan for these in 2016?

Patrick McManus: We are 55% shareholders of a private company, East Exploration (EE), which holds the exploration licenses in the South Harz Region of central Germany.

This region has been a prolific potash producer for many decades, producing over 100 million tonnes between 1960 and 1990.

A review of existing drilling data on the Kullstedt licence shows the potential to get to a JORC resource fairly quickly, by twinning existing holes, where there is good data, but no drill core available.

That drilling program will be carried out next year and will be financed by an IPO, to be completed early in 2016.

Davenport Resources, a subsidiary of [Arunta Resources \(ASX:AJR\)](#), will be listed on the ASX.

As part of that process 100% of EE will be vended into Davenport.

[Potash West](#) will exchange 55% of the private company for 29% of a funded, listed company, with additional performance shares to be issued on milestones.

We see that as a great outcome.

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PWN shareholders will have a priority entitlement at the IPO.

Why is maintaining this stake important for [Potash West](#)?

Patrick McManus: Germany is a significant producer of potash on a global scale and Europe is a region of intense agricultural development.

We believe that fertiliser demand in that region will grow.

Our holding allows our shareholders to maintain exposure to this exciting project.

Investor interest in European potash exploration is strong.

Can you outline the key catalysts and news flow timetable for 2016?

Patrick McManus: We are working on the process development work for the Dinner Hill phosphate feasibility study.

Updates will be released on that early in 2016.

We are targeting completion of the preliminary feasibility study by Q3 2016.

The listing of Davenport Resources is planned for Q1/Q2 as well.

Finally, why should investors consider adding [Potash West](#) to their portfolio?

Patrick McManus: The scoping study for Dinner Hill phosphate indicated strong financial metrics, confirmation of that via a PFS will lead to a re-rating of the company value.

The long-term fundamentals for fertiliser in this region are very strong.

Short term, PWN holders will have a priority right at the Davenport IPO.

PROACTIVE INVESTORS: Thank-you Patrick.

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