

Due Diligence and Valuation Report

Arrowhead Code: 25-02-03
 Coverage initiated: 14 December 2011
 This document: 26 September 2012
 Fair share value bracket: AU\$1.19 to AU\$4.81ⁱ
 Share price on date: AU\$0.23ⁱⁱ

Analyst Team

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Market Data

52-Week Range:	AU\$0.16 – AU\$0.35 ⁱⁱⁱ
Average Daily Volume:	62,555 ^{iv}
Market Cap. on date:	AU\$ 19.27MM ^v

Financial Forecast Data (in AU\$)

	'13E	'14E	'15E	16E	'17E	'18E	'19E
High profit/(loss) MM	(7.9)	(22.1)	(25.9)	(49.9)	(78.9)	267.6	219.6
High EPS cents	(8.5)	(19.5)	(12.9)	(6.6)	(6.7)	22.7	18.6
Low profit/(loss) MM	(7.9)	(22.1)	(25.9)	(56.1)	(92.5)	210.6	156.0
Low EPS cents	(8.5)	(19.5)	(12.9)	(7.4)	(7.8)	17.9	13.2

Fiscal Year (FY) 1st July – 30th June

Summary

Potash West NL is an Australian-based mineral exploration company focused on developing potassium-rich glauconite deposits in West Australia's Perth Basin. The company's flagship project is the Dandaragan Trough, which is expected to be one of the world's largest glauconite deposits. The project has unique advantages of better connectivity to transport facilities, infrastructure and proximity to the local markets.

The company holds exploration licenses and applications in 15 tenements, covering an area of 2,905km². On May 2012, the company announced it has been granted 3 additional Exploration Licenses having an area of 620 km². These licenses are located in Central and Western region of the Dandaragan Trough.

To achieve production from glauconite, the company is conducting exploration activities in parallel with identifying cost effective processing. In Q2 2012, the company conducted a resource



Company: POTASH WEST NL
 Ticker: ASX:PWN, OTCQX:PWNNY
 Headquarters: Perth, Australia
 Managing Director: Patrick McManus
 Website: www.potashwest.com.au

definition drilling program on Marchagee and Dinner Hill prospects in the Dandaragan Trough, and released initial assay results in September 2012. Highlights of the drilling program included 4.63% K₂O from 19m at an interval of 12m, and 4.51% K₂O from 21m at an interval of 13m.

Based on the continuity, thickness and high grade, the company identified Molecap Greensand as its primary target. The drilling program also suggested mineralisation open to the north and east, and thickening towards the south. The Company plans to conduct a study in the southern extension to confirm the thickening and continuity over significant strike extensions. A JORC compliant resource estimate is also expected by October 2012.

Potash West has defined two flow sheets that have successfully produced laboratory quantities of potassium chemicals. On September 2012, the company commenced a scoping study to estimate the costs of producing Sulphate of Potash and other high value by-products from the glauconite deposits, and expects it to be completed by December 2012.

On June 20, 2012, the company raised AU\$1.65MM from placement of 7,333,334 shares, which was higher than the underwritten amount of AU\$1.5MM.

In November 2011, the company entered into an agreement with Ochre Resources Ltd., which gives Potash West 70% interest in Langey Project, Western Australia.

Given the due diligence and valuation estimations based on discounted cash flow method, Arrowhead believes that Potash West NL's fair share value lies between AU\$1.19 to AU\$4.81. Valuations are based on conservative estimate and the current valuation does not factor in the potential value of the company's other projects.

Table of Contents

Company Presentation	3
News	5
Listing Information	7
Contacts	7
Major Shareholders	7
Management and Governance	8
Assets and Projects.....	9
Technologies and Markets.....	13
Risk Profile Analysis.....	15
Peer Comparison	16
Comparable Potash Peers.....	17
Enterprise Value, Grade and Estimated Resource of Peers	17
Cash Cost Curve for Major Global Potash Manufacturers (in US\$)	17
Value.....	18
Analyst Certifications and Important Disclosures.....	21
Valuation.....	22
Notes and References	23

Company Presentation

Potash West (ASX: PWN) is an exploration company developing potassium-rich glauconite deposits in the mineral tenements situated in the Perth Basin, to the north of Perth, Western Australia. The company's flagship project is the Dandaragan Trough Project, which is expected to be one of the world's largest glauconite deposits. The company holds right to exploit potash and phosphate within five exploration licenses (ELs) and ten applications for ELs (totaling 15 tenements with a total area of 2,905 km²) located between 50 and 230km north of Perth. The company was granted 3 exploration licenses in May 2012.

Potash West recently conducted a resource extension drilling in the area and has commenced scoping studies on chemical extractions. The company expects a JORC compliant Resource estimate by October 2012.

The Company in November 2011, entered into an agreement with Ochre Resources Limited (a wholly-owned subsidiary of Heron Resources Limited) which allows company 70% interest in large, potentially glauconite rich Langey Project in Western Australia. Langey project covers an area of 162km² situated 60km of Derby in exploration permit E04/1727.

On May 31, 2012, the company announced that it has raised AU\$1.65MM from the placement of 7,333,334 shares at price of 22.5 cents per share, which is higher than the underwritten amount of AU\$1.5MM.

Potash West NL's Portfolio and Company Premiums

- *Large, Near Surface Greensand Deposit:* Potash West NL has a major landholding over one of the world's largest known glauconite deposits, with exploration licenses and applications covering an area of 2,905 km². In May 2012, the company was granted 3 additional Exploration Licenses covering the Central and Western portion of the Dandaragan Trough, having an area of 620 km². Previous exploration indicated glauconite sediments are widespread for more than 150 km along strike and 15 km in width. A recent drilling program in 2Q 2012 also suggested mineralisation open to the north and east, and thickening towards the south.
- *Resource Characteristics:* Potash West NL's asset at Perth Basin contains potassium-rich glauconite deposits. Along with rights to the glauconite and phosphate minerals within the tenements, Potash West also holds rights to by-products produced by processing these minerals. This gives the company the opportunity to devise a single production plant to extract different elements in a cost-efficient manner. Also, global fertilizer demand and change in potash price structure are expected to provide a compelling case for re-evaluating and, if viable, commercializing the deposits. The company's target commodity, SOP and it's by-products are also expected to add significant value to the Dandaragan Trough project.
- *Region of Operation:* Potash West NL operates in Australia, and once its resources are defined, is expected to become one of the largest producers of potash in the country. The country has a long history of a favorable regulatory environment via-a-vis the mining industry; currently Australia imports all its potash requirements. The project is close to the local markets and connects to major roads/rails routes and export ports, providing innate advantage to the company.

Potash West NL's Portfolio and Company Risks

Potash West NL has no operating history and its flagship project – Dandaragan Trough Potash Project – is still under processing test work phase, resulting in materially high operational risks. Also, there are significant risks associated with the financing of the projects, as the company is exploring the mineral assets and is yet to start mining operation. Although the company has raised capital through IPO and private placement, Arrowhead believes that it will require additional capital to finance future activities.

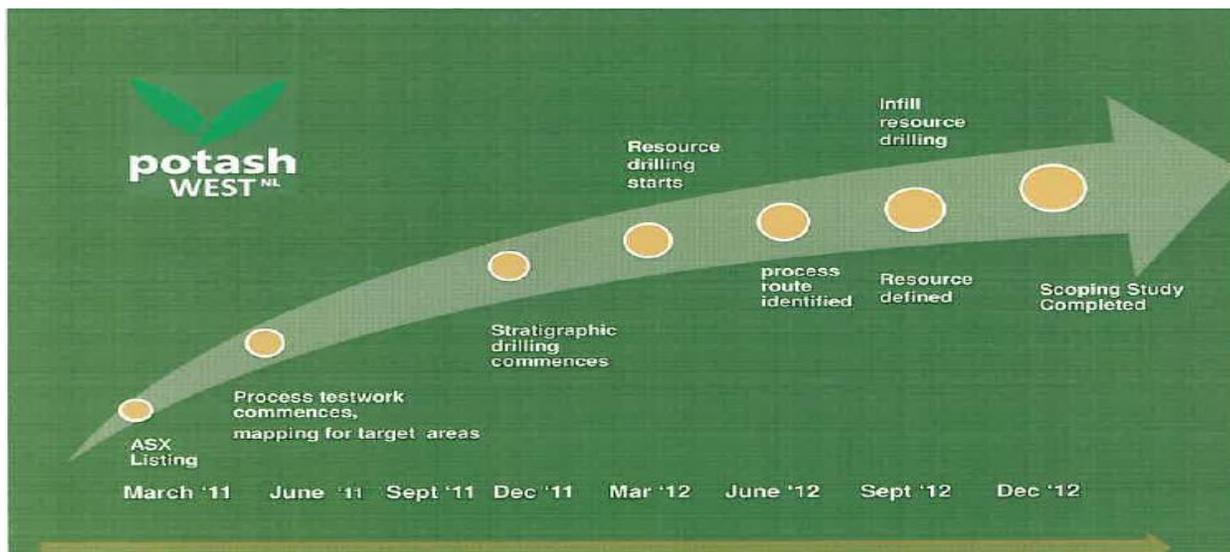
Potash West NL's Corporate Strategy

The company's long-term strategy centers around consolidating prospective ground in Western Australia, reducing competing market interests, dominating the Australian glauconite resource market, defining

cost effective extraction, maintain efficiency and cost profile, and advancing toward bankable feasibility. The project has ready local market at its doorstep and is close to rail and export ports.

To produce potash from glauconite, the company is conducting exploration activities in parallel with identifying cost effective process to produce potash.

The company plans to concentrate on further drilling of identified areas and procurement of results of the same in order to define maiden JORC resources in 2012.



News

Assay Results confirm excellent grade and continuity of Glauconic Greensands the Dandaragan Trough Potash project: On September 17, 2012, Potash West announced initial assay results from resource definition drilling conducted at the Dinner Hill prospect within the Dandaragan Trough Potash Project. Drilling was completed in late June and comprised 83 vertical aircore holes for 3,215m drilled on a 400m x 400m grid. The drilling defined excellent continuity of well-preserved Molecap Greensand at an average thickness of 9m, thickening to a maximum of 14m to the south and to a minimum of 4m to the north. Mineralisation remains open to the north and south as well as to the east.

Scoping Study to commence on flow sheet producing a range of Fertilizer and other chemicals: On September 13, 2012, Potash West announced commencement of a scoping study to estimate the costs of producing Sulphate of Potash (SOP) and other high-value chemicals from the extensive glauconite deposits in the Dandaragan Trough project area, north of Perth in Western Australia. The company has selected Tenova Bateman Projects to estimate the capital and operating costs of a plant designed to treat glauconite, using a flowsheet designed by the Company's technology, partner, Strategic Metallurgy.

Market Update: On July 24, 2012, Potash West announced significant progress in the program to exploit the extensive glauconite deposits in its Dandaragan Trough project, located 60km north of Perth in Western Australia. To date 3,272m have been drilled, in 86 holes, at the Dinner Hill prospect. The drill hole spacing has covered an area of 2.6km by 3.6 km. Greensands were identified in all holes, over thicknesses from 9 to 14m. 2,262 samples are currently awaiting assay and results are expected by the end of July.

Placement Completion: On June 20, 2012, Potash West announced that it has placed 7,333,334 shares at 22.5 cents per share to raise AU\$1.65MM. Managing Director Patrick McManus commented, "The placement exceeds Stellar Securities' initial commitment to raise AU\$1.5MM and is an excellent result in the current financial market conditions.

Tenements granted over prospective areas of the Dandaragan Trough: On May 31, 2012, Potash West announced the granting of three Exploration licences covering the Central and Western portions of the Dandaragan Trough, located 60km north of Perth in Western Australia, which is potentially the world's largest glauconite deposit. The tenements, E70/4137, E70/4138 and E70/4139, have a combined area of 620 km² and consolidate the Company's dominant 2,905km² holding over the Dandaragan Trough. The Company will immediately begin negotiations with landowners to acquire surface rights to the more prospective areas of the tenements. Following approvals to commence work programs, the company anticipates drilling on the newly granted tenure to commence by the end of 2012.

Potash West raises further \$1.5MM from private placement: On May 21, 2012, Potash West published its quarterly activities report for Q3 2012 and reported that it has identified several target areas throughout Dandaragan Trough, with shallow, high grade glauconite. The company reported results from drilling program completed during the year. The company also said that its focus is on exploration to find high grade mineralization zones and process development to identify a cost-effective process of producing Potash.

Potash West publishes quarterly activity report for Q3 2012: On April 27, 2012, Potash West published its quarterly activities report for Q3 2012 and reported that it has identified several target areas throughout Dandaragan Trough, with shallow, high grade glauconite. The company reported results from drilling program completed during the year. Company also said that its focus is on exploration to find high grade mineralization zones and process development to identify a cost-effective process of producing Potash.

Potash West announces Process Development update: On April 17, 2012, Potash West announced that it has achieved target process feed grades from a bulk sample of the Poison Hill Greensand sequence by applying a screening and magnetic separation process. The process was successful in removing quartz, feldspar and chalks leaving clean glauconite concentrate with grade of over 6% K₂O.

Potash West appoints Stellar Securities as an Adviser: On April 12, 2012, Potash West appointed Stellar Securities, a specialist security trading and corporate advisory firm based in Western Australia, as a Corporate Adviser to the company. Stellar Securities is expected to assist Potash West with advice on equity market transactions and facilitate the introduction of the company to high net worth individual, corporate and institutional investors for the company's exciting prospects.

Potash West identifies targets over a length of 140km within Dandaragan Trough Project: On April 03, 2012, Potash West announced completion of road verge drilling program and produced commercial grade MOP and SOP from glauconite from the trough. The 153 hole, 8.3km drilling program commenced in November 2011, successfully identified ten prospective target zones over a distance of 140km between Gingin and Corrow. The majority of drill holes penetrated contained significant thickness of Coolyena Group sediments consisting of fine to medium grained glauconitic sandstone, siltstone and clystone.

Potash West publishes financial report for half year ending 31 December 2011: On March 16, 2012, Potash West announced half year results H1 2012. The company reported a net loss of AU\$1.75MM for the period and EPS of AU\$(2.89). The company received AU\$0.1MM as interest revenue and ended the half year with cash and cash equivalents of AU\$3.78MM.

Potash West intersects 20m of Glauconite Rich Greensands in several locations in Dandaragan Trough: On January 27, 2011, Potash West announced assay results and updates from ongoing aircore drilling on its tenure in the Dandaragan Trough. A total of 41 widely spaced holes for 3,235m were completed in November and December 2011, with assay results received from the 18 holes drilled in November. The best assay interval, 22m @ 4.12% K₂O from 74m below surface, was encountered and although the intersection is deep it points to the potential for higher grades in selected areas of the sequence.

Potash West succeeds in producing potash from WA glauconite deposits: On January 23, 2011, Potash West continued to make important breakthroughs in the critical area of identifying a commercial process to produce Potash from its world scale greensands resources in Western Australia. Potash West defined two flow sheets that have successfully produced laboratory quantities of potassium chemicals which have the potential to be important ingredients in the production of fertilizers for the domestic and international marketplace.

Potash West acquires interest in Kimberley Exploration Interest: On November 23, 2011, Potash West entered into an agreement with Ochre Resources Limited, allowing company to earn a 70% interest in potentially glauconite rich, Langey project in Western Australia. The Langey Project covers an area of 162km² situated 60km south of Derby, in the Kimberley Region of WA and comes in exploration permit E04/1727. Phosphate grades for the nodular horizon average 4.2% P₂O₅ for the project.

Potash West commences drilling program at Dandaragan Plateau: On November 16, 2011, Company commenced reconnaissance drilling program on the Dandaragan Plateau in the Perth Basin in Western Australia. Assay results are expected by January 2012. Aircore drilling of 1,500-2,000m in the southern part of the project area is designed to provide stratigraphic information on the Poison Hill Greensand and the Molecap Greensand.

Listing Information

Potash West NL listed on ASX on May 11, 2011. The company's American Depositary Receipts are listed on OTCQX, effective from July 31, 2012. The OTCQX code is PWNNY.

Contacts

Registered office	Potash West NL, Suite 3, 23 Belgravia Street, Belmont WA 6104, Belmont WA 6984, Australia
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Major Shareholders^{vi}

Equity Holder	No. of Shares (MM)	Percentage Issue Capital (%)
Barclay Wells Limited	15.00	18.07
Elsinore Energy	12.50	15.06
UOB KayHian Private Limited	6.01	7.24
HSBC Custody Nominees	2.88	3.47
Citicorp Nopminees	1.79	2.16
Patrick McManus	1.70	2.05
Sept Rouges Pty Ltd	1.40	1.69
National Nominees	1.00	1.20
Top 20 Shareholders	49.43	59.55

Management and Governance^{vii}

Potash West NL's management comprises professionals with a proven record and sound geological background.

Personnel	Designation	Current and total experience	Prior experience
Adrian Griffin	Non-executive Chairman	Adrian Griffin is an Australian-trained mining professional with exposure to metal mining and processing worldwide during a career spanning more than three decades. A pioneer of the lateritic nickel processing industry, he has helped develop extraction technologies for a range of minerals over the years. He also specializes in mine management and production. He is also the managing director of ASX-listed Midwinter Resources NL, an Africa-focused iron ore project developer.	He is a former CEO of Dwyka Diamonds Limited, an AIM- and ASX-listed diamond producer. He was a founding director and executive of Washington Resources Limited and also a founding director of Empire Resources Limited, Ferrum Crescent Limited and Reedy Lagoon Corporation Limited. Adrian was also a founding director of ASX-listed Northern Uranium Limited, of which he is currently a non-executive director.
Patrick McManus	Managing Director	Patrick McManus has a degree in mineral processing from Leeds University and is an MBA from Curtin University. A mining professional for more than 30 years, his work has taken him to several sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, Madagascar, Indonesia and the US.	Patrick has worked in operational, technical and corporate roles for RioTinto, RGC Limited and Bemax Resources Limited. He was a founding director and, from January 2007 to March 2010, Managing Director of ASX-listed Corvette Resources Limited.
George Sakalidis	Non-executive Director	George Sakalidis is an exploration geophysicist of more than 20 years standing. His career has encompassed extensive exploration for gold, diamonds, base metals and minerals. He was a director of North Star Resources NL, Image Resources and the unlisted Imperium Minerals Limited.	George compiled one of Australia's largest aeromagnetic databases, now held by Image Resources and contributed to a number of discoveries, including gold discoveries at the Three Rivers and the Rose deposits in Western Australia. He was also instrumental in the acquisition of the Image Resources exploration tenements, design and interpretation of the magnetic surveys that led to the discovery of the large mineral sands resources at the Dongara project of Magnetic Minerals NL, of which he was a founding director.
Gary Johnson	Non-executive Director	Gary Johnson is a metallurgist with more than 30 years of experience in all aspects of the mining industry. In his early career, he gained operational and project expertise with a range of metals in operations in Africa and Australia. Later, he was a member of the team operating the metallurgical pilot plant at the giant Olympic Dam copper, gold and uranium project in South Australia. Currently, he runs his own consulting company and holds several patents in the field of hydrometallurgy. He is currently a director of the TSX-listed Hard Creek Nickel Corporation.	In 1998, after 10 years as chief metallurgist for a large gold producer, Gary formed his own specialized hydrometallurgical consulting company. During this period, he worked closely with Lion Ore Mining International to develop the Activox [®] process for treating sulphide concentrates. In 2006 when Lion Ore acquired Gary's company, he joined LionOre as a senior executive. In 2007, LionOre was taken over by MMC Norilsk Nickel and in 2009 Gary became managing director of the latter's Australian operations.

Assets and Projects

Overview

Potash West is an exploration company focused on developing potassium-rich glauconite deposits in West Australia's Perth Basin.

Company's Asset Portfolio

The Company has a major land holding over one of the world's largest known glauconite deposits, the Dandaragan Trough, with exploration licenses and applications covering an area of 2,905km².

Project location	Project overview
	<div data-bbox="829 636 1190 743" style="background-color: #4a7ebb; color: white; padding: 10px; border-radius: 10px; margin-bottom: 10px;"> <p>Dandaragan Trough Potash Project</p> </div> <p style="text-align: right;">Western Australia</p> <ul style="list-style-type: none"> •Target Commodity: Sulphate of Potash (SOP) •Interest - 100% •Tenement Area - 2,905km² <div data-bbox="829 963 1190 1071" style="background-color: #4a7ebb; color: white; padding: 10px; border-radius: 10px; margin-top: 10px;"> <p>Langey Project</p> </div> <p style="text-align: right;">Western Australia</p> <ul style="list-style-type: none"> •Target Commodity: Phosphate and Potash •Interest - Potentially 70%
<p>Source: Company filings</p>	<p>Source: Company filings</p>

Dandaragan Trough Project

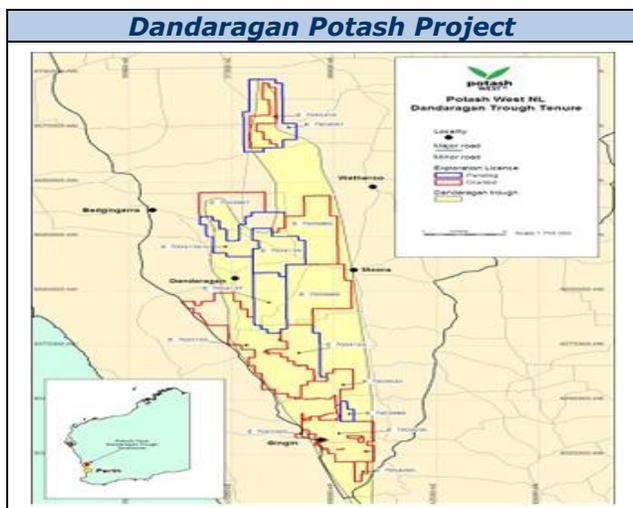
Asset Summary: The Dandaragan Trough Project is located in Western Australia, and is expected to be one of the world's largest glauconite deposits. The project has unique advantages in terms of connectivity to major roads/rails routes and export ports, and its proximity to the local markets.

The company is currently conducting exploration (to identify the thickest, shallowest and highest grade deposits), in parallel with process development activities to identify the most cost-effective process of production.

Target Commodity: Sulphate of Potash (SOP)

Project Location: The Project is located approximately 60km north of Perth, in Western Australia.

Geology: The project's tenements cover cretaceous sediments of the Coolyena Group. The target geological formations in the area are flat-lying, outcropping or near-surface, and extend between Gingin in the south and Hill River in the north. The underlying glauconite beds generally range in thickness from 25m to 50m in areas previously drilled. The maximum thickness appears to be about 200m.



Tenements Details: The Dandaragan Trough Project comprises 15 tenements, extending over a length of 155km and average width of approximately 20km, covering a total area of 2,905 km². The tenements are held or applied for by Potash West NL, Image Resources, Richmond Resources, Torbinup Resources and Adrian Griffin.

On May 31, 2012, the company announced it has been granted 3 Exploration Licenses covering the Central and Western portion of the Dandaragan Trough, having an area of 620 km².

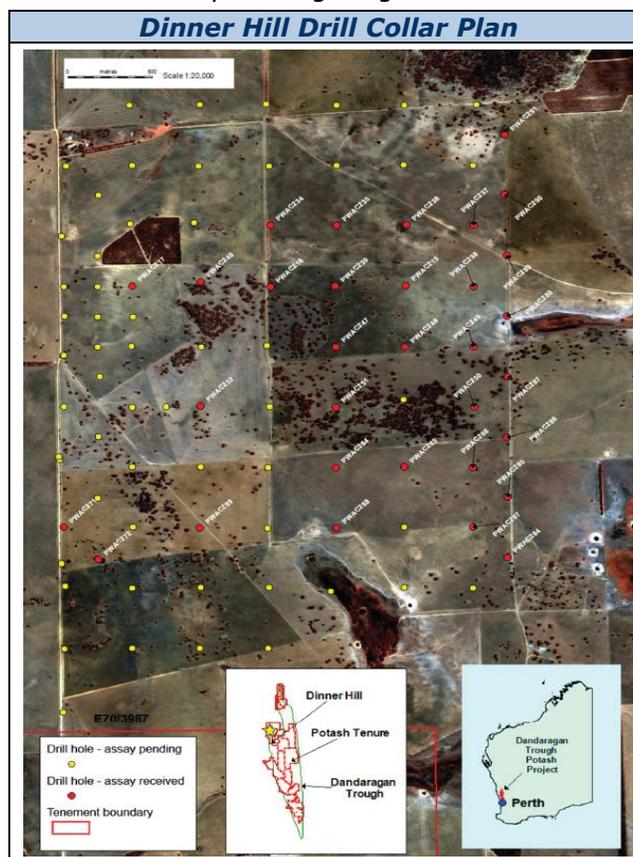
Tenement	Grant date	Term (Years)	Holder or applicant	Area (km ²)
E70/3100	04/05/2010	5	Image Resources	488
E70/3360	07/04/2010	5	Adrian Griffin	9
E70/3418	08/02/2011	5	Image Resources	95
E70/3635	02/12/2010	5	Richmond Resources	122
E70/3636	02/12/2010	5	Torbinup Resources	253
ELA70/3967	Pending	N/A	Richmond Resources	225
ELA70/3988	Pending	N/A	Richmond Resources	293
ELA70/3969	Pending	N/A	Richmond Resources	360
ELD70/3999	Pending	N/A	Image Resources	24
ELA70/4000	Pending	N/A	Image Resources	24
ELA70/4001	Pending	N/A	Image Resources	214
E70/4124	Pending	N/A	Potash West NL	178
E70/4137	Granted	N/A	Potash West NL	620
E70/4138	Granted	N/A	Potash West NL	
E70/4139	Granted	N/A	Potash West NL	
Total Area (KM²)				2,905

Source: Company Prospectus; Media Release 14 Sep 2011; Annual Report 2011; Media Release 31 May 2012

Along with rights to the glauconite and phosphate minerals within the tenements, Potash West NL also holds rights to any by-products produced by processing these minerals. However, some small pre-existing tenements and reserves (such as flora and fauna reserves) are present in these tenements. Henceforth, the total area of the tenement applications may not be granted.

Potential Mineralization: Drilling conducted in Q3 2011/12 demonstrated near surface grade of above 4.0% K₂O and confirmed elevated areas with slopes having gradients with active erosion surface as primary targets. Target areas identified were spread across the entire extent of the tenement holdings indicating potential for multiple zones of mineralization.

In Q2 2012, the company conducted a drilling program on Marchagee and Dinner Hill prospects to test the continuity of the greensand unit and provide sample density to define a JORC compliant resource. In September 2012, the company released initial assay results from the drilling conducted at the Dinner Hill prospect. Based on the initial drilling results, the Molecap Greensand is expected to be the primary target due to continuity and higher grade.



Highlights of the initial assay results for 1,175 of the 2,262 one metre samples received include:

	From (m)	To (m)	K ₂ O %	P ₂ O ₅ %
PWAC268	19	31	4.63	1.69
PWAC269	21	34	4.51	2.97
PWAC272	22	32	4.55	1.09
PWAC271	5	12	3.20	0.47

The drilling program also suggested open mineralisation to the north and east, and thickening towards the south. The company plans to conduct a study in the southern extension to confirm the thickening of the high-grade greensand beds and continuity over significant strike extensions.

Recent Development: The company designed a flowsheet to produce Sulphate of Potash and a range of other high value by-products from glauconite. These by-products include mixed potassium/magnesium sulphate, Aluminium sulphate, Iron oxide and Superphosphate. The company believes the production of by-products to be a major breakthrough in the project development.

Results of screening and magnetic separation test work on a sample of greensand from one of the target areas in Q1 2012 showed that the K₂O grade can be increased from 2.8% to 6.2%, with a potassium recovery of 75%.

On September 13, 2012, the company commenced a scoping study to estimate the costs of producing Sulphate of Potash (SOP) and other chemicals from the glauconite deposits. The company selected Tenova Bateman Projects to estimate the capital and operating costs of a plant designed to treat glauconite, based on the flowsheet.

Project Schedule: The Company plans to release a JORC compliant resource estimate in early October. The company is also currently conducting a scoping study and expects it to be completed by December 2012. Post this, the company plans to commence and complete a Bankable Feasibility Study by end of next year.

Activity	Target
Scoping Study	Ongoing, to be completed by Dec 2012
Bankable Feasibility Study	Dec 2013
Financing	Dec 2012
Construction	Dec 2015
Commissioning	Early 2016
250ktpa Potash production	Mid 2016

Poison Hill Greensand

The Poison Hill Greensand has features of glauconitic quartz sandstone and shallow marine and is weakly lithified, medium-to very coarse-grained, poorly-sorted, clayey glauconitic sandstone that in places has a lower unit of glauconite clay. It is over 40 m thick at its type locality; Poison Hill, which is located within the E70/3636 tenement.

Four of the greensand samples from the Poison Hill area analyzed by Simpson, the government mineralogist, ranged from 2.48% to 3.76% K₂O, with glauconite contents from 35% to 52%. Recent drilling suggests a lower grade, variably oxidized mineralization. Though not metallurgically tested, the company expects glauconite recovery from the area.

Poison Hill Greensand



Gingin Chalk

The Gingin Chalk has features of glauconitic mineral and the unit locally comprises thinly interblended greensands. The Gingin Chalk overlies the Molecap Greensand and is typical of chalk deposits of this age globally and was deposited on the floor of a shallow, warm sea supporting abundant marine life and with little inflow of terrestrial debris.

Gingin Chalk



Molecap Greensand

The Molecap Greensand is a major unit primarily composed of coarse to granule-sized quartz and medium-sized green glauconite grains. The thickness of the unit varies within the underlying topography as the unit was laid down in shallow sea over an irregular topography.

Molecap Greensand



Analysis of eight greensand samples by Simpson from the Molecap Hill Quarry recorded K₂O in the range of 1.22% to 2.94%, with glauconite contents ranging from 17% to 44%.

A Resource Definition drilling program conducted in 2Q 2012 suggests greensand to be continuous with thickness in the range of 4-14m at an average of 9m. The Molecap Greensand is expected to be the primary target at Dinner Hill prospect based on higher potassium oxide grade.

Osborne Formation

The Osborne Formation has glauconite sandstone, with minor siltstone and clay stone. Although it contains less glauconite than the overlying greensands, it is still prospective for glauconite production.

Langey Project

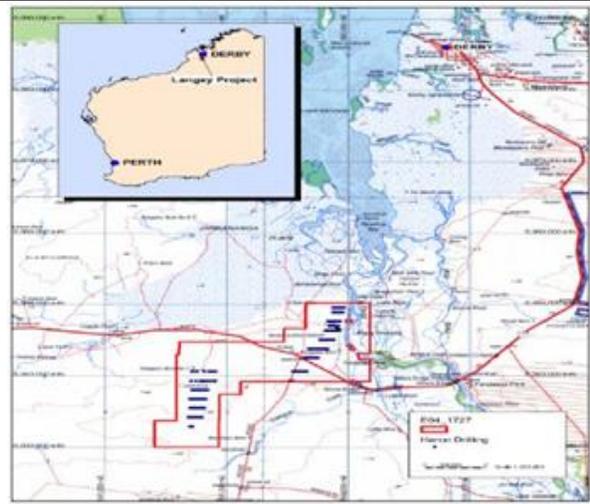
Project Interest: 70%

Project Location: The company entered into an agreement with Ochre Resources Limited (a wholly-owned subsidiary of Heron Resources Limited), allowing Potash West to earn a 70% interest in, potentially glauconite rich, Langey project in Western Australia's North West. Located in exploration permit E04/1727, the

Langey Project covers an area of 162km² situated 60km south of Derby, in the Kimberley Region.

Mineralization: The phosphate layer is between 0.5 to 1m thick and underlies the entire tenement area. Phosphate grades for the nodular horizon average 4.2% P₂O₅, while the nodules themselves have an average grade of 21% P₂O₅. Overlying the phosphate layer is a 1.5- 2m thick horizon containing green glauconitic clays containing between 3%-4% K₂O.

Langey Project



Drilling: Heron has undertaken over 2,200m of RC drilling intersecting continuous glauconite and phosphate mineralization at depth of 14km. Flotation tests have produced a concentrate grading 31% P₂O₅ with 81% recovery.

Recent Development: In Q3 2011/12 plan for sampling program scheduled in Q4 2011/12 was finalized. In 2Q 2012, the company held meetings with traditional owners of the project area, based on which some areas were highlighted that may be excluded from the potential resource.

Agreement Structure

Under the agreement Potash West will earn:

- 51% interest in project by meeting expenditure for 2 years or spending AU\$225,000.
- 70% interest in project by meeting expenditure for further 1 years or spending AU\$400,000.
- Free carry Ochre to a bankable feasibility study, or until the expenditure of AU\$5M.

Technologies and Markets

Potash Description

Potash refers to a group of water soluble potassium bearing minerals; the most common being potassium chloride (KCl) or Sylvite. Potassium is the seventh most abundant element in the Earth's crust, and is the third major plant and crop nutrient after nitrogen and phosphate.^{viii}

Sources: Potash deposits are limited to a few regions across the world, but often occur in large deposits. Potash fertilizers contain about 20 to 62% K₂O (Potash). They consist of potassium in combination with chloride, sulfate, nitrate, and other elements.

The common forms of potash are Muriate of Potash, MOP (KCl) and Sulphate of Potash, SOP (K₂SO₄). Approximately 90% of potash is extracted by conventional underground mining methods. Solution mining is used when underground deposits are irregular and very deep.

Potash Uses^{ix}: Nearly 95% of all potash production goes into the agricultural sector where it is used as a plant nutrient, typically as a component of N-P-K fertilizers or compound fertilizers which combine potash with N (nitrogen) and P (Phosphate). It is a unique and vital component in fertilizers and does not have a substitute.

Potash from Greensand (Glaucanite): The term 'greensand' refers to a specific formation, generally sandstone, which contains glauconite. Greensands are characterized by their high total iron content (Fe₂O₃) and high K₂O content, with glauconite typically containing ~6% K₂O.

Glaucanite is an iron potassium phyllosilicate (mica group) mineral of characteristic green color with very low weathering resistance and very friable.

Where is Glaucanite Mined: The mineral is currently mined on a small scale either as a soil conditioner, slow release fertilizer, or as a water purifier for iron contaminated groundwater. There are a few pits scattered over New Jersey, Illinois, Wisconsin, Iowa, in the US, and Russia; even New Zealand has a few very small-scale operations^x.

Production^{xi}: Potash production is limited to only 12 countries around the world, of which Canada (35%), Russia (19%) and Belarus (16%) contribute to 80% of the global production.

Global potash production is estimated to increase to 41.4MMT in 2012 compared with 2011 levels of 39.2MMT, and further rise to 45.9MMT by 2014.

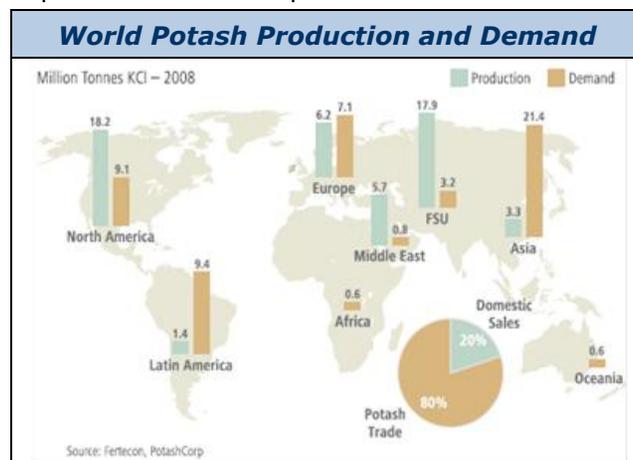
According to a report by IFA, global potash capacity is expected to increase to 54.7MMT in 2014 from 43.8MMT in 2011.

Approximately 30 projects are expected to be completed by 2015. The bulk of the new potash capacity will be in the form of MOP.

Potash Market: Demand, Supply and Outlook

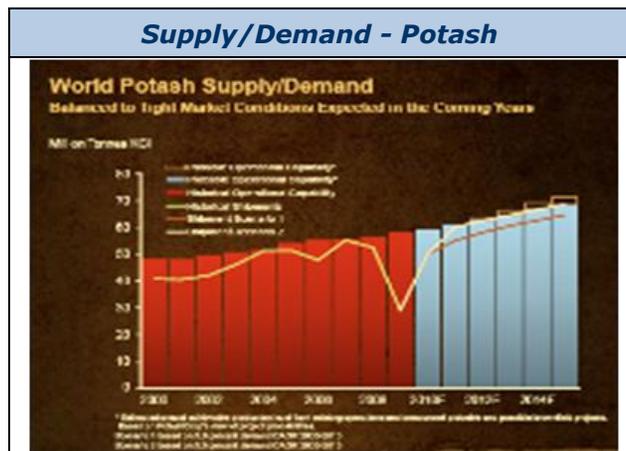
Demand^{xii}: Potash demand is highly correlated to grain consumption, as it is an essential component of fertilizer. The potash market is primarily driven by the rising population and the need for nutritious food with rise in the per capita income. With increased population, farm output is expected to rise by 70% by 2050, which will require higher crop yields as a result of decreasing arable land per capita.

In the medium term, potash demand is expected to increase from 32.1MMT in 2011 to 35.8MMT in 2015. In the long term, potash demand is expected to grow at a rate of 3-5%. With little domestic production, emerging markets such as China, India and Brazil are expected to drive the potash demand.



Supply: Supply is constrained by old mines with limited shaft capacity and a lack of capital for new mines. In 2007, the industry operated at full capacity and produced about 55MMT.

Over the next five years, approximately 12MMT of additional global capability is expected to be added with Potash Corp expected to account for more than half of the global total. Even with all announced brownfield projects coming on stream, it is believed that the fundamentals are in place for a tight market.



Price outlook: The potash market is primarily driven by the rising population, limited increases in arable land and the need for nutritious food as the per capita income increases in the emerging markets. Potash is a core part of soil nutrition and cannot be replaced by other sources. As potash plays an important role in improving yield, taste, and nutrient value of these key crops, the farmers in developing countries have started to address decades of unbalanced fertility practices by applying potash in greater quantities.

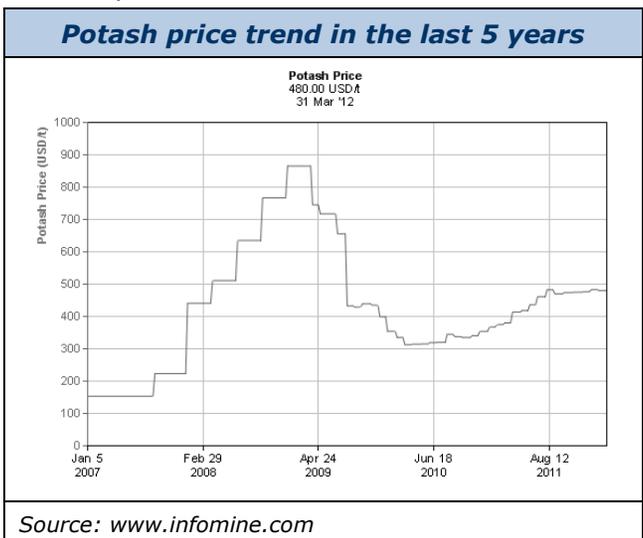
During the commodity rally of 2003-2008, potash prices rose sharply from US\$200 a ton to US\$1000 a ton in June 2008. In 2009, the potash market suffered from low agricultural prices, obstinate farmers, and a deflationary environment due to large excess capacity within the industry. These factors had lowered the

price of potash in world markets all the way down to around US\$350 a ton.^{xiii}

After a temporary slowdown during the global economic downturn beginning at the end of 2008, potash consumption levels have begun to return to pre-crisis levels in most key markets. Potash markets recovered sharply in 2010 following 2009's record decline. Global shipments rose by more than 80% to approximately 53MMT. In response to the strong demand recovery, 2010 industry operating rates increased to more than 85% of estimated operational capability.

In 2011, potash prices increased 25% y-o-y to US\$425/T due to higher demand (owing to increasing population and decreasing land availability). Prices are expected to increase as planting season begins in US, and settle at around US\$520/T by the end of 2012^{xiv}^{xv}^{xvi}

In the medium to long term, we expect the potash prices to be supported by demand recovery.



Risk Profile Analysis

Potash West NL has a medium to low risk profiles. The Dandaragan Trough Potash Project is under processing test work phase and the scoping study is expected to be completed by end of 2012. The company's successful IPO of AU\$6MM and a placement of AU\$1.65MM, is expected to mitigate its otherwise risky prospects. The company has obtained positive results from the drilling results and targets to produce maiden JORC resource estimates by October 2012. The company also continues to make important breakthroughs in identifying a commercial process to produce Potash from greensands resources in Western Australia.

Operational Risk – Medium

Potash West NL has no operating history and its flagship project – Dandaragan Trough Potash Project – is still under processing test work phase, resulting in materially high operational risks. The operations of the company may be affected due to failure to achieve predicted grades in exploration and mining along with other technical difficulties encountered in mining. However, the directors have rich operating experience which the company hopes to leverage. Also, results from the resource extension drilling program were encouraging, defining continuity and thickness in the prospects.

Financing Risk - Medium

The company recently raised AU\$6MM through an IPO to fund its project, leading to cash in hand of AU\$5.4MM as of June 2011. The raised capital is expected to mute the financial risk of the project for at least a year. However, Arrowhead believes that the company will require additional capital to fund future exploration activities (according to our estimates, the scoping study in itself could entail close to AU\$0.5MM in expenses). On June 20, 2012, the company raised AU\$1.65MM from placement of 7,333,334 shares at 22.5 cents per share. Any additional equity financing is expected to dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

Exploration Cost Estimates Risk – Medium

Arrowhead believes that the company will commercially explore for glauconite until 2016, leading to higher- than-estimated exploration costs. Dandaragan Trough Potash Project is under processing test work phase and the JORC resource estimates and scoping study are expected to be completed by end-2012. Also, any future exploration activity may be affected by factors such as geological conditions and limitations on activities due to seasonal variations, which may further escalate the exploration cost.

Regulatory Risk – Low

As Potash West NL is still in nascent stage of its operations and is exposed to regulatory and legal compliances, the company is expected to have medium regulatory risks. Changes in government policies, taxation and other laws can have a significant impact on the company's assets and operations, and, ultimately, its financial performance and securities.

Commodity Price Volatility Risk - Low

Potash West NL has low commodity price fluctuation risk as such risks will arise when the company achieves success leading to potash production – which is yet to start. Commodity prices fluctuate and are affected by several factors such as demand and supply, technological advancements, forward-selling activities and other macro factors.

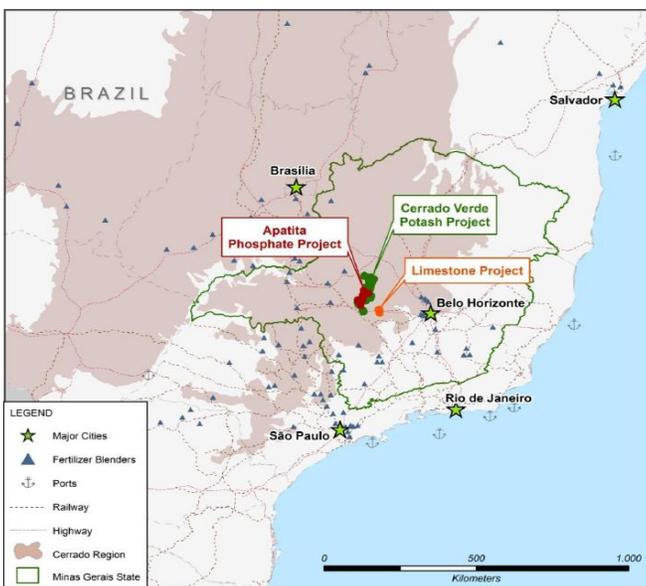
Title Risks – Low

The company has the mineral rights to five exploration licenses, with a further nine under application. The company could lose title to or interest in these 14 tenements if license conditions are not met as these interests in tenements in Australia are governed by the respective state legislation and are confirmed by the granting of licenses or leases. Also, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist.

Peer Comparison

We compare Potash West with Verde Potash (formerly Amazon Mining) and South Boulder, besides other select group of peers.

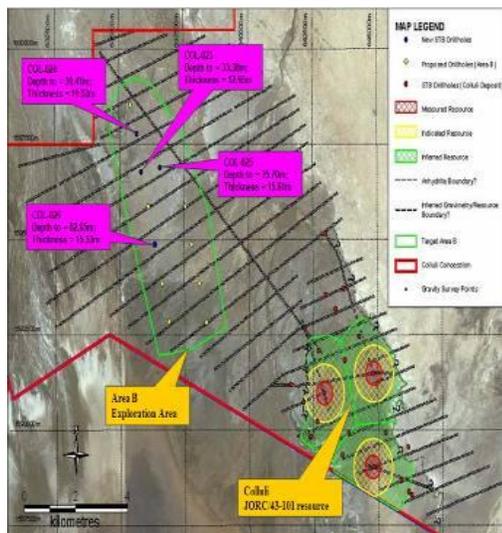
Verde Potash – Verde Potash Plc, formerly Amazon Mining Holding Plc, is a Canada-based mineral exploration and development company. The company is engaged in the acquisition and exploration of mineral properties in Brazil, and is focused on advancing the Cerrado Verde Project, from which the company plans to produce the potash fertilizer product, potassium chloride ("KCl").



As of April 2012, the company had total indicated mineral resource of 71.08MMt at 9.22% and total inferred mineral resource of 2,763.80MMT at 8.91% K₂O. Verde Potash has completed the preliminary economic assessment with base case scenario of 0.6mtpa – 1.4mtpa from phase-1 to phase-3 and capex of US\$2,338MM. The upside case scenario had production estimates of 1mtpa – 1.5mtpa from phase 1 to phase 3 with capex of US\$3,095MM. ^{xvii}

In an another project – Apatita – the company has conducted an initial drilling program in two of the three phosphate prospects and identified mineralized phosphate between 0.01% and 9.57% P₂O₅ with widths of between 1m and 22m. The company plans to continue drilling, targeting an NI 43-101 compliant resource estimate. In addition, Verde will continue its exploration on five other prospects that have been identified along a 30km strike length by the regional mapping and surface grab sampling program ^{xviii}.

South Boulder Mines - South Boulder Mines Limited is involved in acquisition, exploration and development of resource projects in Western Australia and Eritrea. The company has projects in nickel, gold and potash. The company has a 100% interest in the Colluli Potash Project located in the coastal Danakil Depression region of Eritrea (Africa) approximately 200km south east of the Capital Asmara.



The company is currently conducting a Definitive Feasibility Study (DFS) which is expected to be completed by 2013. In June 2012, the company released preliminary DFS findings, which suggested processing of Carnallite along with Sylvinitite.

The JORC/NI43-101 Compliant Mineral Resource Estimate for the Colluli Potash Project as of May 2012 stands at 1.08BT @ 18% KCl for 194MMT of contained potash. The company aims to achieve a JORC exploration target between 1.25-1.75BT in the Colluli deposit, with an estimated grade of 18-20% KCl. The location of the project provides ready infrastructure as it is approximately 70km from the Red Sea Coast and major shipping routes to Asia. ^{xix}

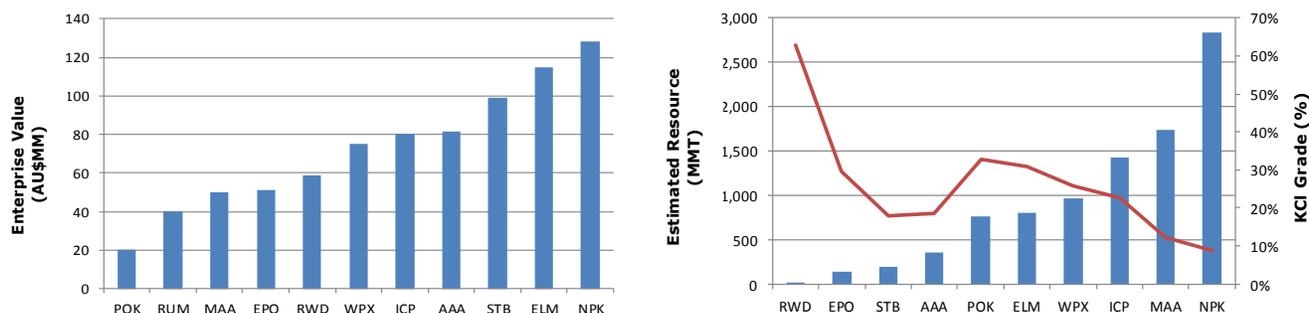
During Q2 2012, the company raised AU\$9.5MM capital from Meridian Capital International Fund. The company plans to use the proceeds from the raising to complete DFS, start early access works and provide working capital for the Colluli Potash Project.

Comparable Potash Peers

Ticker	Company	EV	Capacity (mtpa)	EV/ Capacity	Measured & Indicated	Inferred	KCI Grade	Estimated Resource	EV/Resource
RUM	Rum Jungle Resources	\$40	NA	NA	0.5	0.1	NA	1	\$75,860
POK	Potash Minerals	\$20	NA	NA	NA	754	32.8%	754	\$26
RWD	Reward Minerals	\$58	NA	NA	NA	21	63.0%	21	\$2,845
EPO	Encanto Potash	\$51	2.5	20	79	61	29.7%	140	\$365
MAA	MagIndustries	\$50	0.6	84	33	1,700	12.1%	1,733	\$29
ICP	IC Potash	\$80	0.8	100	984	440	22.8%	1,424	\$56
STB	South Boulder Mines	\$99	1.5	66	168	26	18.0%	194	\$510
AAA	Allana	\$81	1.0	81	251	109	18.6%	360	\$226
WPX	Western Potash Corp	\$75	2.8	27	254	708	26.0%	962	\$78
ELM	Elemental	\$115	1.2	96	362	442	31.0%	804	\$143
NPK	Verde Potash	\$128	1.1	117	71	2,764	8.9%	2,835	\$45

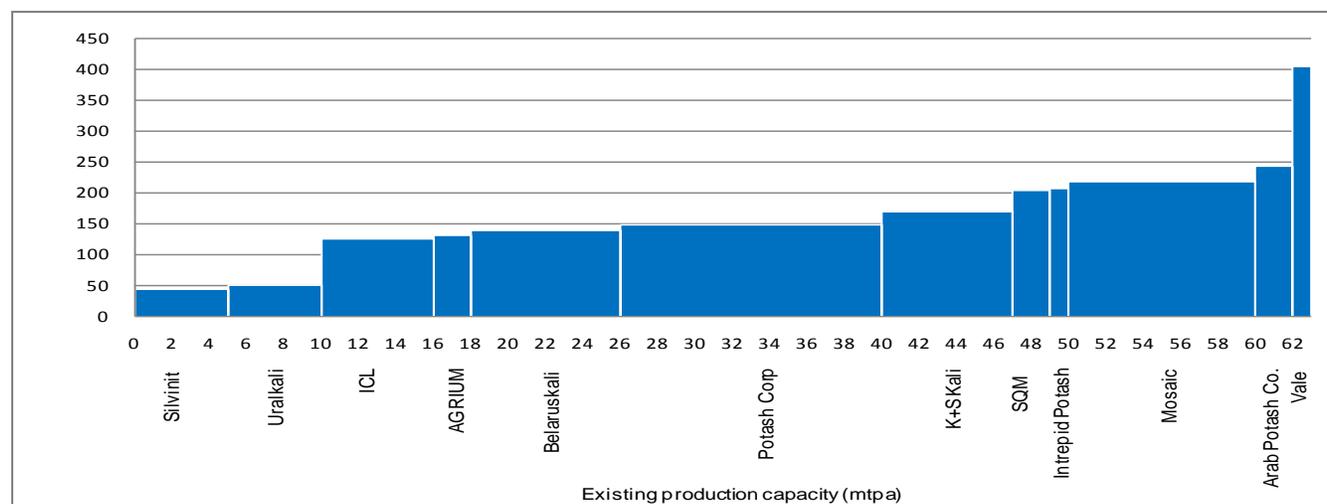
Sources: Arrowhead estimates, Company Websites, Bloomberg as on September 21, 2012

Enterprise Value, Grade and Estimated Resource of Peers



Sources: Arrowhead estimates, Company Websites, Bloomberg as on September 21, 2012

Cash Cost Curve for Major Global Potash Manufacturers (in US\$)



Sources: Arrowhead estimates and Company Websites as on July 2011

Value

The Fair Market Value for Potash West NL shares stands between AU\$99.5MM and AU\$403.0MM.

The Fair Market Value for one of Potash West NL publicly traded shares stands between AU\$1.19 and AU\$4.81.

Potash West NL Limited Balance Sheet Forecast

CONSOLIDATED BALANCE SHEET	<i>all figures in '000 AU\$, unless stated differently</i>		<i>Low bracket estimates</i>				
<i>year ending June 30th</i>	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Total Current Assets	6,256	7,239	15,113	(1,719)	(33,518)	275,675	443,971
Total Non-Current Assets	5,638	12,080	165,919	1,491,518	2,421,356	2,240,760	2,128,663
TOTAL ASSETS	11,895	19,318	181,032	1,489,800	2,387,838	2,516,434	2,572,634
Total Current Liabilities	633	760	912	1,465	3,107	21,067	21,277
Total Non-current Liabilities	-	-	60,000	600,000	1,000,000	900,000	800,000
TOTAL LIABILITIES	633	760	60,912	601,465	1,003,107	921,067	821,277
Total Shareholder's Equity	11,261	18,558	120,120	888,335	1,384,732	1,595,368	1,751,356
TOTAL LIABILITIES and EQUITY	11,895	19,318	181,032	1,489,800	2,387,838	2,516,434	2,572,634

Important information on Arrowhead methodology

The principles of the valuation methodology employed by Arrowhead BID are variable to a certain extent, depending on the sub-sectors in which the research is conducted. But all Arrowhead valuation researches possess an underlying set of common principles and a generally common quantitative process.

With Arrowhead commercial and technical due diligence, the company researches the fundamentals, assets and liabilities of a company, and builds estimates for revenue and expenditure over a coherently determined forecast period.

Elements of past performance such as price/earnings ratios, indicated as applicable, are mainly for reference. Still, elements of real-world past performance enter the valuation through their impact on the commercial and technical due diligence.

We have also presented the comparables method based on enterprise value per resource of ounce (\$/oz) as a secondary measure of fair value, which, though is not central to the methodology applied towards building the fair value bracket, is presented here as additional information.

Arrowhead BID Fair Market Value Bracket

The Arrowhead Fair Market Value is given as a bracket. This is based on quantitative key variable analyses such as key price analysis for revenue and cost drivers or analysis and discounts on revenue estimates for projects, especially relevant to projects estimated to provide revenue near the end of the chosen forecast period. Low and high estimates for key variables are produced as a valuation tool.

In principle, an investor comfortable with the high brackets of our key variable analysis will align with the high bracket in the Arrowhead Fair Value Bracket, and, likewise, in terms of low estimates. The investor will also note the company intangibles to analyze the strengths and weaknesses, and other essential company information. These intangibles serve as supplementary decision factors for adding or subtracting a premium in investor's own analysis.

The bracket should be taken as a tool by Arrowhead BID for the reader of this report and the reader should not solely rely on this information to make his decision on any particular security. The reader must also understand that while on the one hand global capital markets contain inefficiencies, especially in terms of information, on the other, corporations and their commercial and technical positions evolve rapidly. This present edition of the Arrowhead valuation is for a short to medium-term alignment

analysis (one to twelve months). The reader should refer to important disclosures on page 21 of this report.

Information on the Potash West NL valuation

Potash West NL Valuation Methodology: The Arrowhead fair valuation for Potash West NL is based on the discounted cash flow (DCF) method. Valuation is based on the flagship project – Dandaragan Trough Project.

Time Horizon: The Arrowhead fair valuation for Potash West NL is based on a DCF method. The time period chosen for the valuation is ~189 months (2013-2028). While revenue is expected to ramp up significantly during the 2016-2028, due to the discount factor used, the later years are heavily discounted and have a marginal effect on valuation. They are included to present a full project cycle situation.

Underlying Business Plan: Potash West NL, with large, near surface greensand deposit, is developing these assets to start production of potash. The company has been following the strategy consolidating prospective ground in Western Australia, reducing competing market interests, dominating the Australian glauconite resource market, defining extraction, efficiency and cost profile, and advancing toward bankable feasibility.

Along with glauconite, the company also plans to explore phosphate contained in the greensands, which might be recovered during mining and processing of the greensands. This gives the company the opportunity to devise a single production plant to extract different elements in a cost-efficient manner. The proposed application of recent advances in metallurgy, including fine grind technologies, aimed at extracting potassium to produce commercial-grade potash is expected to augment company's fundamentals. The company believes there are compelling reasons for the development of this project, including large, near surface greensand deposit, which is favorably located near the local markets.

Arrowhead estimates has been evaluated taking into consideration that the company has no operating history and its flagship project – Dandaragan Trough Project – is still under prefeasibility stage, resulting in materially high operational risks. The operations of the company may be affected due to failure to achieve predicted grades in exploration and mining along with other technical difficulties encountered in mining.

However, rising global fertilizer demand and change in potash price structure are expected to provide a compelling case for re-evaluating and, if viable, commercializing the deposits. Also, the company is expected to be benefitted from highly experienced management and technical team.

Terminal Value: Terminal Value is estimated to depend on a terminal growth rate of 0%, representing the maturity, technology change and prospective competitiveness in the business.

Prudential Nature of Valuation: This Arrowhead Fair Value Bracket estimate is a relatively prudential estimate, as it discounts the eventuality of the company acquiring and producing from any other projects than Dandaragan Trough Project before 2028.

Key variables in Potash West NL's revenue estimations

Variable 1 – Hypothesis for mining at Dandaragan Trough project (MTPA): As on February 2011, Potash West was expected to define infill drilling of selected prospect areas, leading to the definition of a target of between 50 and 70MMT of resource at 5% grade. However, with company still under pre-production stage, we expect that company will start the glauconite production from 2016, producing 2.50 to 2.60 MTPA of potash with mine-life of 12 years.

	2016	2017-2019	2020-2028
Low	2.50	5.25	7.25
High	2.60	5.50	7.50

Variable 2 – Hypothesis for mining for export plant: As well as "local supply Plant", the company also plans to develop an export plant which will be used to export potash. The company is expected to start production from the export plant from 2018 with a life of more than 10 years.

	2018-2019	2020-2028
Low	30	35
High	31	36

Variable 3 – Forecast price of Potash in 2016 (US\$/T): Arrowhead believes that Potash prices should be firmly supported by demand recovery in the near term. As grain prices trend higher and farmer economics improve, potash demand is expected to sustain in the range of US\$540-560/T per ton in 2016, with CAGR of 1.0%.

Low	540
High	560

Variable 4 – Forecast AU\$/US\$ exchange rate: Arrowhead believes that exchange rate for AU\$/ US\$ will be in the range 0.90- 0.95. Since the potash prices are assumed in US\$ and company reports in AU\$ therefore exchange rates are to be estimated based on historical benchmarks.

Low	0.90
High	0.95

Analyst Certifications and Important Disclosures

Analyst Certifications

I, Vishal Pasari, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

I, Mohanarangam Purushothaman, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security and the subject company.

Important disclosures

Arrowhead Business and Investment Decisions, LLC received fees in 2011 and 2012 from Potash West NL for researching and drafting this report and for a series of other services to Potash West NL, including distribution of this report and networking services. Arrowhead and some of its employees own call options and shares in Potash West equity.

Aside from certain reports published on a periodic basis, the large majority of reports are published by Arrowhead BID at irregular intervals as appropriate in the analyst's judgment.

Any opinions expressed in this report are statements of our judgment to this date and are subject to change without notice.

This report was prepared for general circulation and does not provide investment recommendations specific to individual investors. As such, any of the financial or other money-management instruments linked to the company and company valuation described in this report, hereafter referred to as "the securities", may not be suitable for all investors.

Investors must make their own investment decisions based upon their specific investment

objectives and financial situation utilizing their own financial advisors as they deem necessary.

Investors are advised to gather and consult multiple information sources before making investment decisions. Recipients of this report are strongly advised to read the information on Arrowhead Methodology section of this report to understand if and how the Arrowhead Due Diligence and Arrowhead Fair Value Bracket integrate alongside the rest of their stream of information and within their decision taking process.

Past performance of securities described directly or indirectly in this report should not be taken as an indication or guarantee of future results. The price, value of, and income from any of the financial securities described in this report may rise as well as fall, and may be affected by simple and complex changes in economic, financial and political factors.

Should a security described in this report be denominated in a currency other than the investor's home currency, a change in exchange rates may adversely affect the price of, value of, or income derived from the security.

This report is published solely for information purposes, and is not to be considered as an offer to buy any security, in any state.

Other than disclosures relating to Arrowhead Business and Investment Decisions, LLC, the information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete statement or summary of the available data.

Arrowhead Business and Investment Decisions, LLC is not responsible for any loss, financial or other, directly or indirectly linked to any price movement or absence of price movement of the securities described in this report.

Valuation

WACC

Risk-free rate	3.23%	xx
Beta	1.00	xxi
Risk premium	8.5%	xxii
Additional Risk Premium	2.0%	
Cost of Equity	13.8%	
Terminal Growth Rate	0%	xxiii

KEY VARIABLES

	Potash Prices 2016-2025	Dandaragan Trough - Potash Production Capacity (MT)	US\$ / AUS\$
Max value	Please refer to the Key Variable Section		
Min value			

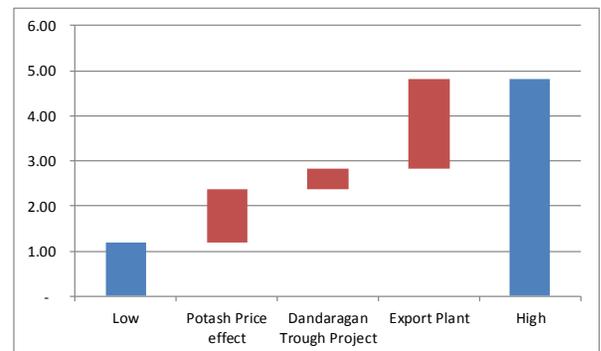
FCFE (High) Time Period ->	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Net cash from operating activities	(10,003)	(28,481)	(29,616)	(25,247)	(5,647)	432,095	331,536	399,955
Capital Expenditure	-	-	(150,000)	(1,350,000)	(1,000,000)	-	-	-
Net Debt Addition	-	-	60,000	540,000	400,000	(100,000)	(100,000)	(100,000)
Free Cash Flow to Equity	(10,003)	(28,481)	(119,616)	(835,247)	(605,647)	332,095	231,536	299,955
Discount Factor	0.91	0.80	0.70	0.62	0.54	0.48	0.42	0.37
Present Value of FCF	(9,080)	(22,724)	(83,887)	(514,851)	(328,134)	158,146	96,913	110,353
FCFE (Low) Time Period ->	0.75	1.75	2.75	3.75	4.75	5.75	6.75	7.75
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E
Net cash from operating activities	(10,003)	(28,481)	(29,616)	(33,159)	(23,139)	382,252	267,980	325,556
Capital Expenditure	-	-	(150,000)	(1,350,000)	(1,000,000)	-	-	-
Net Debt Addition	-	-	60,000	540,000	400,000	(100,000)	(100,000)	(100,000)
Free Cash Flow to Equity	(10,003)	(28,481)	(119,616)	(843,159)	(623,139)	282,252	167,980	225,556
Discount Factor	0.91	0.80	0.70	0.62	0.54	0.48	0.42	0.37
Present Value of FCF	(9,080)	(22,724)	(83,887)	(519,729)	(337,611)	134,411	70,310	82,981

In the model, the valuation is continued to the year 2028, from which point the terminal value is established. For all data see reference table below:

ARROWHEAD FAIR VALUE BRACKET

	High	Low
Terminal Value (TV)	3,248,801	2,656,834
Present Value of TV	425,761	348,183
Present Value of FCF + TV	399,770	96,206
+ Cash	3,250	3,250
Equity Value Bracket	403,020	99,456
Shares Outstanding (in '000)	83,775	83,775
Fair Value Bracket	AUD 4.81	AUD 1.19
Current Market Price	AUD 0.230	AUD 0.230
Current Market Capital	19.3	19.3
Target Market Capital	403.0	99.5

\$ Value Contribution by Key Variables



Notes and References

- i Arrowhead Business and Investment Decisions Fair Value Bracket - AFVBTM. See information on valuation on pages 18-22 of this report and important disclosures on page 21 of this report.
- ii Source: Bloomberg as on 26 September 2012
- iii 52 weeks to 26 September 2012. Source: Bloomberg as on 26 September 2012
- iv 3 months to 26 September 2012. Source: Bloomberg as on 26 September 2012
- v Arrowhead estimate based on new issue of shares in addition to existing shares at the existing share price of AU\$0.23.
- vi Based on Share Registry report 23 May 2012
- vii Source: <http://www.potashwest.com.au/management.php>
- viii Source: <http://www.westernpotash.com/about-potash>
- ix Source: <http://www.westernpotash.com/about-potash>
- x Source: <http://sites.google.com/site/glaucunitenz/globally-rest-of-the-world>
- xi Source: <http://minerals.usgs.gov/minerals/pubs/commodity/potash/mcs-2011-potas.pdf>;
<http://www.allanapotash.com/ij/pdf/ppt/AAA-Presentation-Sept2012.PDF>;
<http://www.encantopotash.com/Repository/Home/Corporate-Presentation.pdf>;
http://magnaresourcesltd.com/investors/MAGNA_PPT_1207%20Potash.pdf
- xii Source: <http://www.thehindubusinessline.com/features/investment-world/macro-view/article3387746.ece>
- xiii Source of information <http://www.westernpotash.com/about-potash>
- xiv Source: <http://www.infomine.com/chartsanddata/chartbuilder.aspx?z=f&g=127651&dr=3y>
- xv Source: <http://www.magindustries.com/cmsdocs/Presentations/MagIndustries-on-Potash.pdf>
- xvi Source: <http://www.potash1.ca/s/Fundamentals.asp>
- xvii Source: http://www.amazonplc.com/Theme/AmazonMining/files/Verde%20Potash%20Corporate%20Presentation%20April%202012_v001_z5dh61.pdf
- xviii Source: <http://www.amazonplc.com/Projects/apatita-phosphate/default.aspx>
- xix Source: <http://www.southbouldermine.com.au/projects/colluli-potash-project/>
- xx Source: Bloomberg as on 20 September 2012
- xxi Source: Bloomberg as on 20 September 2012
- xxii Source: Bloomberg as on 20 September 2012
- xxiii Source: Arrowhead estimate