

Tuesday 5th June, 2012

Potash West – one-on-one meeting today with MD Patrick McManus

I had the opportunity for coffee today with Patrick McManus, Managing Director of **Potash West (ASX: PWN, Share Price: \$0.21, Market Cap: \$18m)**. Our meeting was instructive for several reasons, but particularly because the discussion provided me with an even clearer understanding of the company's medium-term activity plan with respect to development of its emerging Dangaragan Trough potash project in Western Australia.



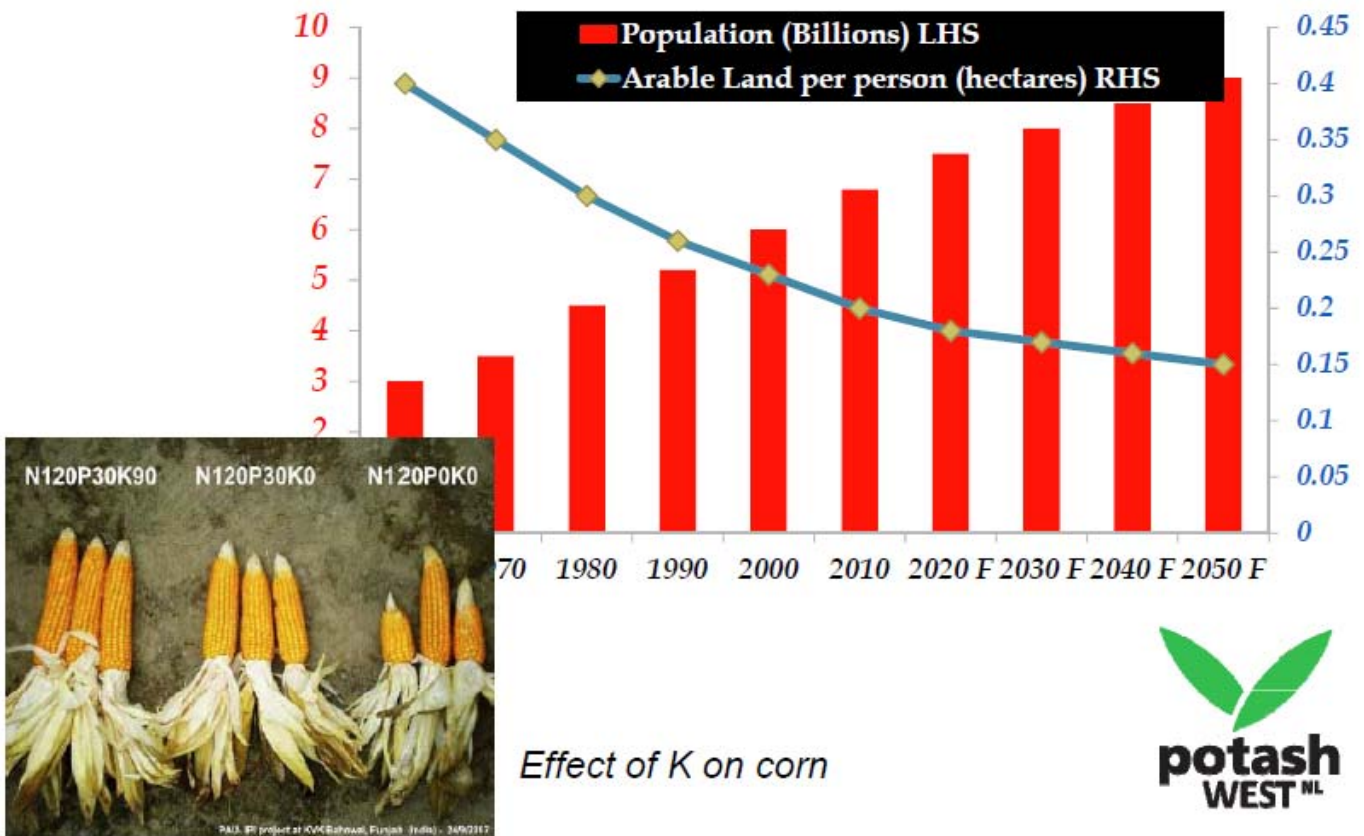
We now anticipate commencement of a Scoping Study during mid-2012, with positive drilling results likely to lead to the announcement of an initial JORC-compliant resource estimate by September 2012, then announcement of the Scoping Study results by the end of 2012.

Looking further ahead, the company aims to have its Bankable Feasibility Study completed by the end of 2013, with funding completed by mid-2014, construction completed by the end of 2015 and project commissioning by early 2016. Financing and construction represents an ambitious timetable, but even allowing for a slightly more conservative timeframe, the company represents a sound investment play.

Potash West is focused on developing potassium-rich glauconite deposits located within the Perth Basin of Western Australia, 60km north of Perth. The company boasts a major landholding position over one of the world's largest known glauconite deposits, with exploration licenses and applications covering an area of 2,905 sq km. Previous exploration indicates that glauconite sediments are widespread over a huge area of more than 150km along strike and 15km in width.

The company has two initial aims: firstly to define a substantial resource base and then secondly to investigate the processing route in order to recover potash from the glauconite mineral. The project is well situated in relation to infrastructure, within close proximity of rail, power and gas. The company aims to become a major contributor to the potash market at a time of heightened demand.

Population Dynamics



The slide above highlights two things: firstly the dramatic impact that potassium use has on the crop yield; and secondly the growth in world population that needs to be fed and the corresponding drop-off in arable land available on a per-capita basis.

The company is ramping up its regional exploration program, with a 2,500-metre drilling program scheduled to commence during the first week of June at its Marchagee and Walyoo Hill prospects, whilst up to 10,000 metres of air-core drilling will begin at the Dinner Hill prospect. The drilling program is

designed to test the continuity of the greensand host unit at Dinner Hill and provide sufficient sample density for the definition of a JORC-compliant potash resource.

Potash West has two parallel programs in operation, comprising firstly exploration to identify the thickest, shallowest and highest-grade deposits; and secondly process development to help identify the most cost-effective means of producing potash. Encouragingly, our discussion with Patrick McManus confirmed that the company is making great strides with respect to both, underlining confidence in overall project viability.

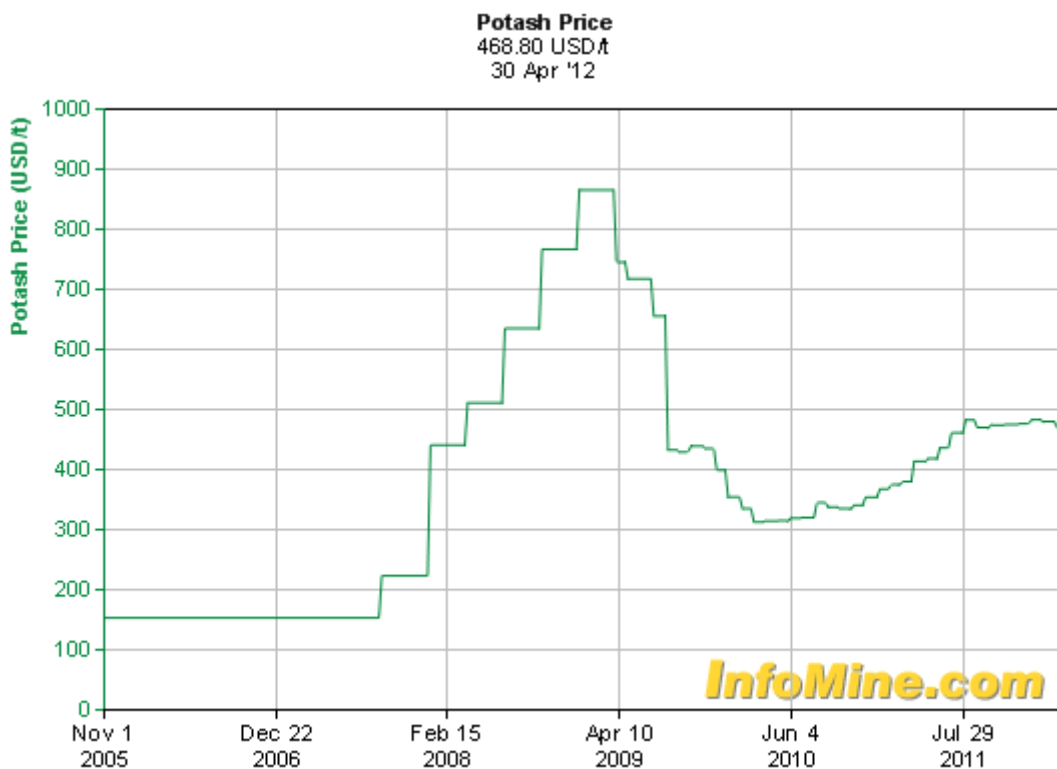


During the recent March 2012 quarter a successful road verge drilling program successfully identified ten prospective target zones over a massive distance of 140km between Gingin and Coorow. These zones contained significant (+3%K₂O) grades, low overburden ratios and thicknesses of greater than 10 metres. These areas will now be subjected to follow-up drilling.

Importantly from a regional perspective, target areas have been generated over almost the entire extent of the tenement holding, indicating the potential for multiple zones of mineralisation. These results confirm the widespread nature of the potassium mineralisation throughout the Dandaragan Trough. These targets will now be evaluated with grid drilling over prospective zones, with the company on track to achieve its target of proving up a 50 - 75 million tonne JORC-compliant resource by September 2012.

The second thrust of PWN's project work has been to a commercial process to produce potash from its greensands resource. Encouragingly, the company has made strong progress, with targeted feed-grades being achieved from a recent bulk sample of the Poison Hill Greensand sequence. A screening and magnetic separation process has been applied that reveals quartz, feldspars and chalk can be removed by sizing and magnetic separation, leaving a clean glauconite concentrate (the feed material for potash production), with a grade of over 6% K₂O.

The results show that the company can cost-effectively upgrade the feed to the processing plant to a grade of approximately 6% K₂O, which is more than twice the grade of the mined material. This will substantially reduce treatment costs by removing gangue minerals, some of which would be acid consuming. Patrick McManus confirmed that the company is well on track to finalise a flow-sheet by mid 2012, allowing commencement of a Scoping Study that will be scheduled for completion by Dec 2012.



Importantly too, potash prices have remained robust over the past two years despite the ongoing volatility in world financial markets. This reflects the basic and undisputable fact that the world's population is growing fast and that food supply is simultaneously becoming an ever more pressing issue.

My meeting with Patrick McManus confirmed that Potash West is off to a great start in terms of highlighting the vast resource potential that lies within its Dandaragan Trough acreage position, as well as demonstrating low-cost mining due to the proximity to surface. Just as importantly from a commercial perspective is the progress being made in terms of recovery test-work. The company could become a major supplier to the international potash market at a time of heightened demand and strong prices. We'll continue to monitor the company for a buying opportunity.

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