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MEDIA RELEASE/ASX ANNOUNCEMENT

MARKET UPDATE

HIGHLIGHTS:

- *Widespread intersections of greensands made at Dinner Hill*
- *JORC resource estimate on target for completion late September*
- *Discussions opened with engineering groups*

Potash West NL (the Company) (**ASX: PWN**) is pleased to announce significant progress in the program to exploit the extensive glauconite deposits in its Dandaragan Trough project, located 60km north of Perth in Western Australia.

EXPLORATION

To date 3,272 metres have been drilled, in 86 holes, at the Dinner Hill prospect. The drill hole spacing, shown in figure 1, has covered an area of 2.6 kilometres by 3.6 kilometres. Greensands were identified in all holes, over thicknesses from 9 to 14 metres. 2,262 samples are currently awaiting assay and results are expected by the end of July.

A geological model of the Dinner Hill mineralisation is nearing completion and work on estimating the resource in that location is scheduled for completion by late September.

PROCESS DEVELOPMENT

In-line with Potash West's previously announced plans, the company is progressing towards commissioning a recognised engineering group to undertake a Scoping Study into PWN's new process for extracting potassium from glauconitic greensands. The PWN flowsheet is currently being documented into a comprehensive Process Design Package which the engineering company will use as the basis of the study.

Since its listing in May 2011, the Company, through a contract with Strategic Metallurgy Pty Ltd, has conducted an extensive development program to develop a process to extract value from the glauconite contained in the greensands of the Dandaragan trough. Ownership of the process will rest with PWN. The program has been wide ranging and has assessed a broad range of process options. The ongoing program has had a clear focus of maximising extraction of the valuable components, keeping to a minimum the number and quantity of reagents required in the process, while at the same time minimising the energy input into the process.

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The PWN flowsheet is based on the leaching of the glauconite and produces potassium in the form of potassium sulfate. The other elemental components of the glauconite are used to advantage as an integral part of the process and are recovered as by-products.

Preliminary discussions have been held with several well qualified engineering companies. In the coming weeks a detailed Scope of Work for the study will be agreed and quotations from pre-qualified companies sought. It is expected that a contract for the study will be awarded in Q3 2012.

The current flowsheet is considered robust and well supported by the testwork. Further optimisation work on the process is planned, and this will run in conjunction with the Scoping Study.

Managing Director Patrick McManus, said, "The company is on track to meet its objectives of having a JORC resource by September and completing a scoping study by year-end."

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Competent Person's Statement:

The geological information in this report is based on information compiled by Lindsay Cahill, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Cahill has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Cahill is a consultant to the mining industry. This report is issued with Mr Cahill's consent as to the form and context in which the exploration results appear.

The metallurgical information in this report is based on information compiled by Gary Johnson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Johnson has sufficient experience relevant to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Johnson is a consultant to the mining industry. This report is issued with Mr Johnson's consent as to the form and context in which the results appear.

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 market at a time of heightened 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 2,905km². Previous exploration indicates glauconite sediments are widespread for more than 150km along strike and over 15km in width.

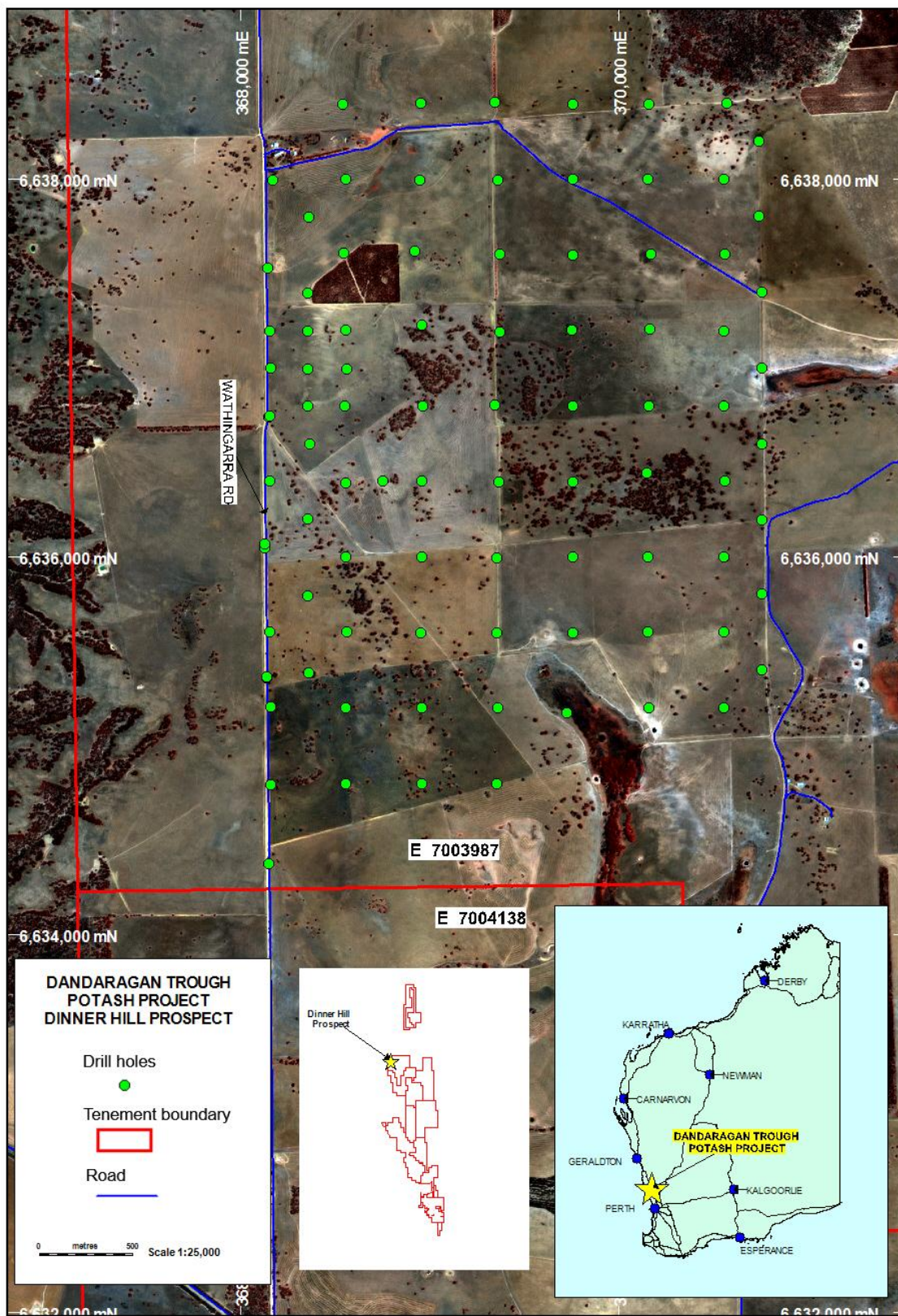


Fig 1 Showing Dinner Hill in the Project Area and sketch-map of hole spacing