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Potash West announces positive results from first-up drilling program since listing

Newly-listed emerging potash hopeful, Potash West (ASX: PWN, Share Price: 19c, Market Cap: \$14m), has just announced promising results from the first drilling program completed on its prospective, potassium-rich glauconite acreage in Western Australia's Perth Basin, since its listing. The results have generated substantial thicknesses of potassium-bearing mineralization close to surface, which is a positive sign for potential future mining activities.

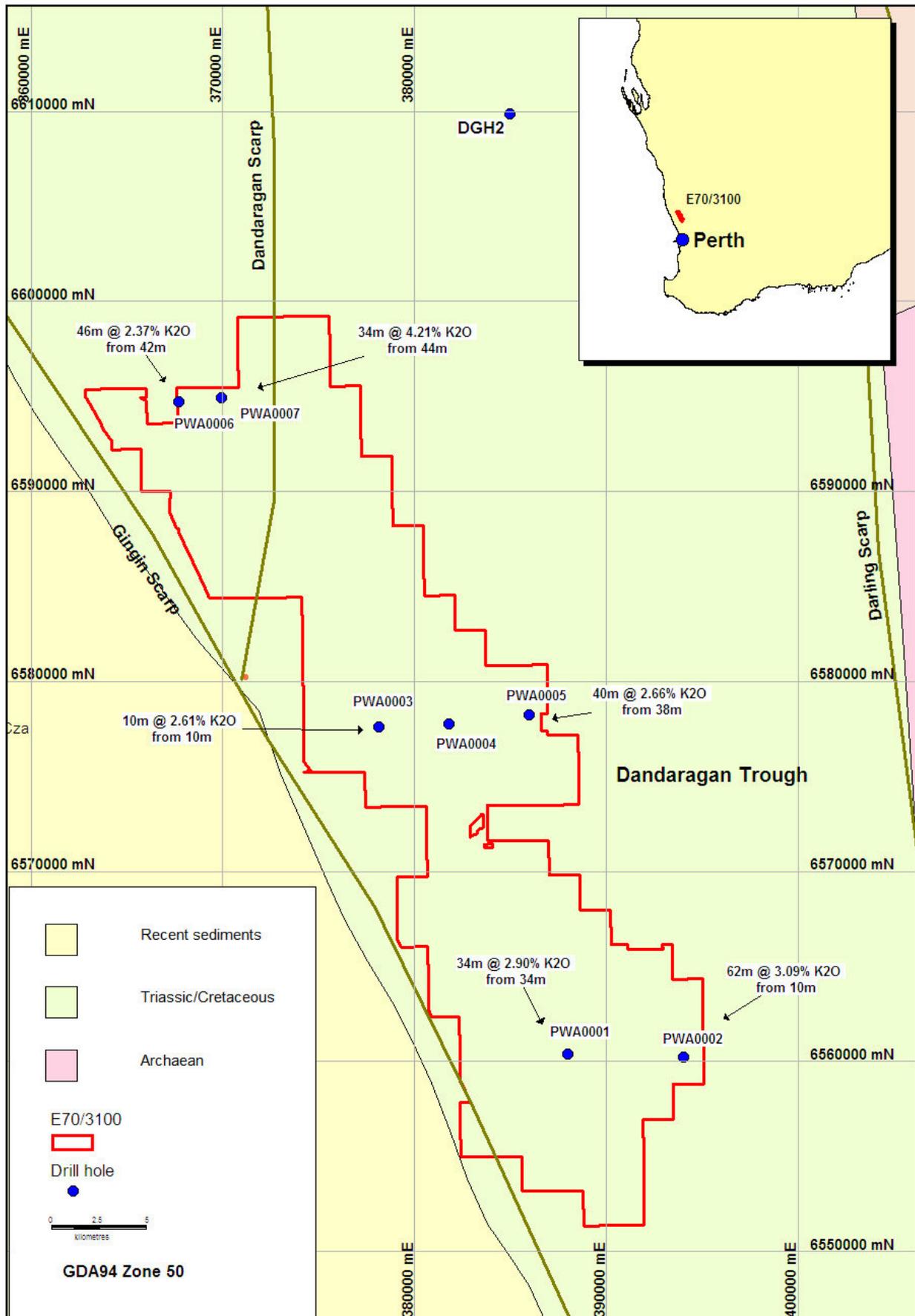
The drilling represents the first investigation stage of the Cretaceous-age stratigraphy of the Dandaragan Trough, where PWN controls more than 2,100 sq km of tenements, just north of Perth. The company's E70/3100 licence lies on the western margin of the prospective Dandaragan Trough, 100km north of Perth. In its short history so far, PWN has consolidated the rights to both glauconite and phosphate mineralization identified in the greensands that occur throughout much of the Dandaragan Trough.

The company's strategy is to define a substantial glauconite resource base and simultaneously investigate the best possible route of recovering potash from the mineral. Timing is everything of course, and a successful commercial outcome would allow PWN to become a major supplier to the international potash market at a time of heightened demand and strong prices.

The recent successful A\$6m IPO @ 20c/share closed early and oversubscribed and the company is now cashed up and is moving forward to prove up its initial target 50 million JORC resource and undertake metallurgical test work on the processing systems aimed at extracting the potassium from the glauconite.

For those unfamiliar, glauconite is a potassium-rich mineral which the company intends to exploit in the production of commercial quantities of potash. Recent technological advances indicate potassium recoveries of ~95% are possible with a relatively simple extraction process.

Turning our attention to the specifics of the recent aircore drilling program itself, it involved seven widely-spaced holes for a total of 534 metres along road-verge traverses. Holes were located to provide stratigraphic information on the prospective Coolyena Group sediments which host the potash mineralisation in glauconite-rich sediments, known as greensands. The plan of the company's drillholes and their locations are outlined in the map below.



The potential for the Dandaragan Trough greensand deposits to be as a source of commercial potassium have been assessed several times over the past 50 years, but never pursued due to prevailing low potash prices. What's changed is that potash prices these days are significantly higher, whilst technological breakthroughs are now making a re-examination of the area attractive.

The aim of the drilling program was to test the prospective stratigraphy over wide areas of the tenement and to collect samples for the initial phases of metallurgical test-work. Holes were located to provide maximum information over the almost 50km strike length of E70/3100 and did not specifically target interpreted areas of favourable geology.

In this context the widths and grade of the intersections are encouraging particularly compared with published results. All seven drill holes penetrated significant thicknesses of Coolyena Group sediments. The lithologies consist of fine to medium-grained sandstones, siltstones and claystones containing varying amounts of glauconite visible in drill chips.

I understand that potash contents can vary according to factors such as lithology, depth, elevation and the degree of weathering. Accordingly, PWN has commenced a targeting exercise using high resolution satellite imagery to identify potential high-grade, shallow potassium mineralisation. This will provide a guide to future drilling during H2 2011, although metallurgical test-work has already commenced.

Overall, Potash West (PWN) is certainly a company that I'll be keeping a close eye on. The company is off to a great start in terms of understanding the extent of the glauconite mineralisation in the Dandaragan Trough and substantial thicknesses close to the surface bode well for future mining activities. PWN is engaged in relatively low-cost, low-risk exploration and should the metallurgical and resource-definition programs come up trumps, then the company could be a serious new supplier on the world potash stage.