



POTASH WEST TICKS ALL THE BOXES AT DANDARAGAN

Exciting new drilling results have unveiled the world-class potential of Potash West NL's (ASX: PWN) Dandaragan Trough Project in Western Australia.

Already endowed with a JORC resource large enough to feed a project with a 60-year mine life, Potash West's new exploration work has proven that the current known JORC resource is just a fraction of what may be available in the company's massive 2,900sq km holding in the Perth Basin – a larger land mass than many countries across the globe.

Not only is that a very large area, it is an area that has been historically proven to hold large sections of the glauconite-containing greensands that Potash West is aiming to turn into the highly valuable fertilizer potash and other minerals.

Work to date has estimated that the greensands being targeted in this large sedimentary basin have a strike of more than 150km. In late April, Potash West announced it had encountered greensands up to 58m thick in a 10-hole drilling program at the Dambadjie and Attunga prospects within the Dandaragan Trough project area.

These results correlate with historical reports of Greensand thicknesses of 50m plus throughout the Dandaragan Trough. The thickness of the recent intersections is significant when compared to what has been seen at the Dinner Hill Prospect, which has to date received the most attention from Potash West.

In October 2012, Potash West reported its initial JORC resource for the Dandaragan Trough project of 244Mt grading 3 per cent potassium (K₂O) and 1.6 per cent phosphorus pentoxide (P₂O₅).

This figure was based on exploration results from an area that represented only 20 per cent of the known area at the Dinner Hill prospect, which is only one small prospect among 10 prospects identified within the Dandaragan Trough project. It is also of note that a scoping study released in January 2013 showed that the Dinner Hill JORC resource was large enough to support a 2.4Mt per annum mining rate operation at Dandaragan Trough producing fertiliser for more than 60 years. The project generated over \$200 million free cash flow per year, from operations and had an IRR of 21 per cent. Just nine months later, that JORC Resource figure is being overwhelmed by the potential size of the glauconite reserves that Potash West is now unveiling.

In early May, Potash West announced an updated exploration target of between 1Bt and 1.5Bt of fresh greensand at Dinner Hill – which is in addition to the proven JORC resource.

Excitingly, this truly world-class exploration target figure features grades of between 4.0 to 4.8 per cent potassium, 8 to 10 per cent aluminium oxide (Al₂O₃), 12 to 14 per cent iron oxide (Fe₂O₃), and 2 to 2.4 per cent magnesium oxide (MgO).

Also included within the exploration target is 30Mt to 600Mt of phosphate mineralisation at a grade of 1.5 to 3 per cent P₂O₅.

While it is obvious Potash West has a world-class asset, the next big question is can it be commercialised?

Apart from size, the Dandaragan Trough Project has a number of benefits over other potash projects around the world.

First is location. The project area is well located for critical road, rail and port transportation and is well supported by local electricity, gas and water supplies. Another major advantage is the near-surface location of the glauconite.

This makes the raw product relatively easy to mine and puts the necessary transport options to move the offtake to either local or global markets, in the project's backyard.

All of which leaves only the development of a commercially viable processing option to transform the glauconite into fertiliser, an area where Potash West has also made some major breakthroughs.

In late December 2012, the company announced it was seeking a patent over a processing system it had developed for Dandaragan Trough. Known as the K-Max process, it was developed by Potash West and its partners. The flowsheet, that continues to be refined, has shown that valuable sulphate of potash (SOP), high magnesium SOP, single superphosphate, iron oxide and aluminium sulphate can all be produced from the Dandaragan Trough glauconite.

Critically, tests have shown the K-Max process can achieve high extraction rates with simple technology to develop favourable process economics, as shown by the scoping study. Potash West has received significant world-wide interest in the K-Max process, which will potentially become a valuable asset for the company. Potash West will further refine the K-Max process with a small-scale pilot plant testing programme in 2013 and 2014.

In the meantime, the company is placing a special focus on assessing the commercial potential for developing phosphate from the Dandaragan Trough greensands.

With regards to markets for the final products, Potash West has a local market opportunity with Australia currently not producing any potash at all and being a significant importer of fertilisers. There is also a regional opportunity, through proximity to the rapidly growing Asian markets, where analysts are forecasting significant growth to meet the agricultural demands of growing populations.

It is clear that Potash West is ticking all the boxes as it continues to develop a world-class product from a world-class asset.



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