



POTASH WEST CONTINUES TO GROW ITS WORLD CLASS POSITION

Already the holder of one of the largest potentially potassium-rich deposits in the world, junior minerals explorer and developer **Potash West NL (ASX: PWN)** has significantly expanded its portfolio with an agreement to acquire a controlling interest in a large area of Western Australia's Kimberley region.

Potash West NL recently announced it had entered into an agreement with a wholly-owned subsidiary of Heron Resources Limited allowing it to earn a 70% interest in exploration permit E04/1727 and the Langey Project in WA's far north.

The Langey Project covers an area of 162 sq. km situated 60km south of Derby. Previous work undertaken by Heron includes over 2,200m of RC drilling intersecting continuous glauconite and phosphate mineralisation at shallow depth over a tested strike of 14 km. Other investigations include geological modelling, costeaming and preliminary metallurgical evaluations. Flotation tests on the phosphate nodules have produced a concentrate grading 31% P2O5 with 81% recovery.

The project is well located in relation to potential infrastructure as the licence straddles the Great Northern Highway, providing a link to the Derby port, which in the recent past was used to export base metals from the now mothballed Lennard Shelf project.

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Patrick McManus

MANAGING DIRECTOR, POTASH WEST

Potash West and Heron are currently planning the next phase of exploration work at Langey which is expected to include collection of a bulk sample for process testwork and completion of resource estimate studies.

According to Potash West Managing Director, Patrick McManus, previous drilling at Langey has shown a widespread, consistent layer with elevated potassium and phosphorous levels. "The project could benefit from the application of technology we are developing for our flagship Dandaragan Trough glauconite project in the Mid West region of Western Australia.

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EXCITING NEW INDUSTRY

Patrick McManus believes his company's world class greensand deposits in WA have the potential to develop a new industry that would reduce Australia's reliance on potash imports, lowering the costs of an essential ingredient of modern farming.

The company listed on the ASX in May 2011 after a heavily over-subscribed Initial

Public Offer (IPO) raised \$6 million on the back of its exploration tenure of just over 2000 square kilometres in the Dandaragan Trough region to the north of Perth and the potassium-rich glauconite deposits known to be contained in the area. Previous exploration in the area indicates that glauconite sediments are widespread for more than 150km along strike and 15km in width.

Since that time the company has significantly expanded its land holdings in the Dandaragan Trough region to 2905 sq. km, undertaken early-stage exploration work and begun an initial program of potassium extraction testwork.

Potash West's initial exploration work was aimed at the identification of areas where the thickest greensand mineralisation (a mixture of quartz and glauconite) are located, with a particular focus on finding areas where the greensands are closer to the surface, with a minimum thickness of potassium depleted cover.

The company's maiden drilling campaign, undertaken soon after its ASX listing, confirmed the potash potential in its licence area, with every hole in the widely spaced seven hole program intersecting substantial thicknesses of potassium-bearing material.

That early success encouraged Potash West to subsequently expand its coverage



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of the Dandaragan Trough and to commence testwork on samples collected from the initial drilling program.

That testwork, which is being undertaken to ascertain the optimal method of potash extraction from the Dandaragan greensands, builds upon a significant database Potash West has compiled on glauconite processing technology that has been developed on smaller samples previously taken from the company's tenements.

Potash West has also completed a reconnaissance drilling program of 1485m of aircore drilling in the southern part of the Dandaragan project area. The program has been designed to provide stratigraphic information on the target horizons, the Poison Hill Greensand and the Molecap Greensand. Results are expected in January 2012. Samples collected from the drilling will also be included in the Company's well advanced metallurgical test work programme.

According to Patrick McManus, the extraction testwork programme is progressing at a rapid pace and providing promising early results.

"Testwork has shown that the valuable glauconite can be separated from gangue minerals by magnetic separation, enhancing the K2O content," he said.

Potash West has also undertaken more than 200 leaching tests which have shown that potassium dissolution is achievable without resorting to extreme leaching conditions.

"We are encouraged that the glauconite breaks down rapidly without intensive energy input," Mr McManus said.

The company is now undertaking further work aimed at:

- Optimising conditions for rapid potassium dissolution;
- Optimising reagent use;
- Developing concentration and purification techniques for the potassium; and
- Establishing conditions to produce commercial grade products, namely, muriate of potash (KCl) and sulphate of potash (K2SO4)

A FAST GROWING MARKET

Forecasters are predicting that a growing need to develop and cultivate agricultural land will lead to a significant boost in overall global demand for Potash.

This is particularly expected to be the case for the agriculture-oriented economies of Asia and Latin America, the fastest growing markets for potash, for use as fertilisers. An increase in the disposable incomes in these regions has already led to higher purchasing power for individuals and greater demand for better quality food products. For example, Chinese imports of potash have increased at a remarkable rate in the last few years, along with demand from Indonesia, India, Vietnam, Malaysia, Thailand and Brazil.

In response, banks are raising their price forecasts for the entire fertiliser complex. In June, Credit Suisse increased its average 2011 potash forecast by \$35/t to \$435/t, while in May UBS also raised its 2011 average price forecast \$35/t to \$465/t, steadily rising to \$550/t by 2015. Prices are generally expected to heat up throughout H2 2011, with Russia's Uralkali - the world's second-largest potash producer - forecasting \$600/t by year-end.

The International Fertiliser Industry Association (IFA) also recently noted that there had been a significant change in market sentiment when it released its medium-term Fertiliser Outlook 2011-2015 to the public.

It said markets for the main fertiliser commodities, nitrogen (N), phosphorus (P) and potassium (K) have fully recovered from the downturn in 2008/09. It said this improved environment provides a strong basis for long-term investment in additional capacity in order to respond to rising demand in the agricultural sector.

It reported that agricultural markets worldwide remain tight, with low inventories and sustained high prices, while strong crop prices are boosting fertiliser demand for all nutrients.

The report found that world fertiliser demand has fully recovered from the downturn and current demand is the highest to date, surpassing the levels reached in 2007/08.

The IFA report also predicted that world potash effective supply would increase from 38.6 Mt K2O in 2010 to 52.3 Mt K2O in 2015. This represents growth of 7% per annum.

"In response to strong market fundamentals, world fertiliser demand is forecast to reach 191 million tons of nutrients in 2015/16," Patrick Heffer, Director of IFA's Agriculture Service stated.

According to IFA, South Asia, East Asia and, to a lesser extent, Latin America would contribute to about three-fourths of anticipated growth in demand.

Potash West believes there is also a very strong market opportunity in Australia, which currently imports all of its Potash fertilisers.

Australia currently imports almost 500,000 tonnes per annum of potash product, with Western Australia the largest consumer of potash fertilisers in Australia.

With expectations that the global potash market is set for a major surge in demand, successful extraction of potassium from Potash West's large greensands mineralisation position will open the door for the company to sell into local and export markets.

WEALTH OF EXPERIENCE

Potash West NL has a widely experienced and skilled board and management team behind it to oversee its exciting exploration and development plans.

The Company's Chairman, Adrian Griffin, has more than 30 years of mining and minerals processing experience, and is CEO of Mid-Winter Resources, a former CEO of Dwyka Diamonds Limited and a founding director of Washington Resources Limited, Empire Resources Limited, Ferrum Crescent Limited and Reedy Lagoon Corporation Limited. He was also a founding director of ASX-listed Northern Minerals Limited, where he is currently a non-executive director.

Managing Director, Patrick McManus, has been a global mining professional for more than 30 years in a career that has included working in operational, technical and corporate roles for Rio Tinto, RGC Limited and Bemax Resources Limited. He was a founding director and later Managing Director of ASX-listed Corvette Resources Limited.

Add to that the lengthy and broad exploration and processing technology leadership experience of Non-Executive Directors, George Sakalidis and Gary Johnson, and you have a team that has all the necessary skills and business acumen to fully develop the potential of the company's large exploration holdings.

