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29 July, 2011

## Quarterly Report, June 2011

### Highlights

- Capital Raising of \$6 Million completed,
- Quotation commenced on ASX 13<sup>th</sup> May 2011
- First drilling programme completed
- Processing testwork commenced

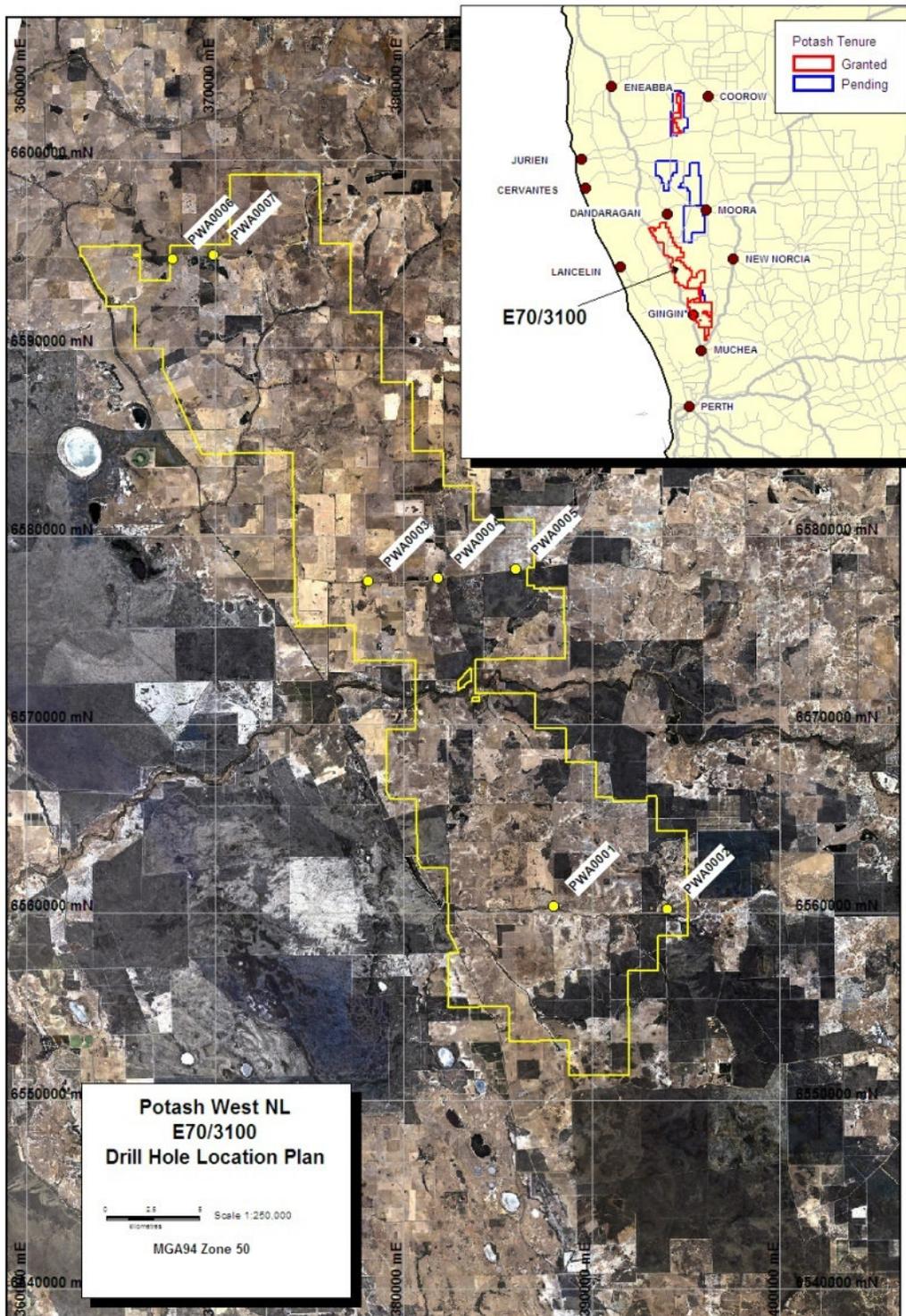
### Dandaragan Trough Project

#### Exploration

A 7 hole aircore drilling programme was carried out on E 70/3100, for 534 metres. The drill sites were widely spaced along road verges throughout the tenement, over a distance of more than 50 km ( reported to ASX 31 May 2011) . Significant thicknesses of potassium bearing material were encountered (Table 1).

Hole	Depth (m)	East (m)	North (m)	Surface Level (m)	Interval (m)	From (m)	To (m)	K <sub>2</sub> O%
PWA0001	68	387966	6560365	118	<b>34</b>	34	68	2.90
PWA0002	72	394013	6560209	141	<b>62</b>	10	72	3.09
PWA0003	68	378123	6577610	214	<b>10</b>	10	20	2.61
PWA0005	78	385961	6578253	162	<b>40</b>	38	78	2.66
PWA0006	94	367702	6594711	259	<b>46</b>	42	88	2.37
PWA0007	78	369898	6594940	262	<b>34</b>	44	78	4.21

Table 1: Intercepts above a cut off grade of 2% K<sub>2</sub>O



**Figure 1: Location of tenements and drill holes**

Samples collected from this programme are being analysed to identify:

- Potassium bearing minerals present
- Other economic minerals present.
- Possibilities of physical beneficiation to upgrade the glauconite, prior to chemical treatment

In addition scoping studies on chemical extraction have commenced.

Detailed mapping of the +2,000 sq km tenement holding is in progress, which will allow geological targeting to identify areas with minimum overburden and maximum thickness of glauconite bearing greensands. This work will be completed to allow stratigraphic drilling to commence in September 2011

### **Metallurgy**

Strategic Metallurgy, a group with exceptional experience and track record in process development using hydrometallurgy, has been engaged to evaluate the various processes that exist for potassium extraction.

A wide-ranging literature review has been carried out, identifying several routes that will be tested.

Samples collected from the drilling programme are currently being used to test the efficacy of various reagents in potassium extraction from the host glauconite. Results from this work are expected in August 2011.

### **Corporate**

Potash West was admitted to the official list on the Australian Securities Exchange on May 11<sup>th</sup> 2011, after raising \$6 Million. Quotation commenced on May 13<sup>th</sup>. The Company has 75 million shares on issue, of which 32.6 M (43.5%) are escrowed.

### **Cash on Hand**

At 30 June 2011 \$5.432 million cash (7.2 cents/share) was available.

For further information contact:

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### ***Competent Person's Statement:***

*The 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.*

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Potash West NL

ABN

62 147 346 334

Quarter ended ("current quarter")

30 June 2011

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(98)   (119)	(100)   (129)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	64	64
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	<b>(153)</b>	<b>(165)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	  (33)	  (33)
1.9 Proceeds from sale of: (a) prospects  (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (Investment in Subsidiary)		
<b>Net investing cash flows</b>	<b>(33)</b>	<b>(33)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(186)</b>	<b>(198)</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(186)	(198)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	6,000	6,150
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Equity Raising Costs)	(493)	(520)
<b>Net financing cash flows</b>		<b>5,507</b>	<b>5,630</b>
<b>Net increase (decrease) in cash held</b>		<b>5,321</b>	<b>5,432</b>
1.20	Cash at beginning of quarter/year to date	111	0
1.21	Exchange rate adjustments		
1.22	<b>Cash at end of quarter</b>	<b>5,432</b>	<b>5,432</b>

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	42
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Directors Fees and Superannuation Contributions.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	
4.3 Production	
4.4 Administration	350
<b>Total</b>	<b>700</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	5,432	111
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,432</b>	<b>111</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

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**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	75,000,000	42,360,459		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,000,000	30,000,000	20 Cents	
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:

Date: 29 July 2011

Print name: Patrick McManus  
Managing Director

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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