ASX Announcement

30 January 2013

COMPANY DETAILS

ABN: 62 147 346 334

PRINCIPLE AND REGISTERED OFFICE
Potash West NL
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ASX CODE
PWN

OTC-QX CODE
PWNNY

CORPORATE INFORMATION
(30 January 2013)

84M Ordinary shares
3M Unlisted Options

BOARD OF DIRECTORS
Adrian Griffin
(Non-Executive Chairman)
Patrick McManus
(Managing Director)
George Sakalidis
(Non-Executive Director)
Gary Johnson
(Non-Executive Director)

QUARTERLY REPORT – DECEMBER 2012

HIGHLIGHTS:

- **Dandaragan Scoping Study released subsequent to end of December quarter**
  - **Results confirm technical & financial viability for the proposed development of a potash production facility based at the Dandaragan Trough Project**
  - **Results demonstrate that glauconite resources at Dinner Hill can support a 2.4Mtpa operation over a +60 year operational life**
  - **IRR (pre-tax, ungeared) 21.0%**
  - **Company now progressing project towards a Definitive Feasibility Study**
- **Provisional patent lodged for valuable glauconite to potassium proprietary processing method**
- **Maiden JORC compliant Indicated Resource identified at Dinner Hill**

Dandaragan Trough Project

This project is focussed on exploiting the large glauconite deposits present in the Dandaragan Trough, which commences less than 60km to the north of Perth, Western Australia (Fig 1). The objective is to produce potash fertiliser and a range of valuable by-products, including superphosphate, from the glauconite.

The Company achieved a major project milestone subsequent to the end of the December 2012 quarter when on January 10, 2013, it announced the results of an in-depth, very robust Scoping Study on its wholly owned Dandaragan Trough project.

The project is based on the JORC compliant resource outlined at Dinner Hill, which is only a small part of the Dandaragan Trough project area.

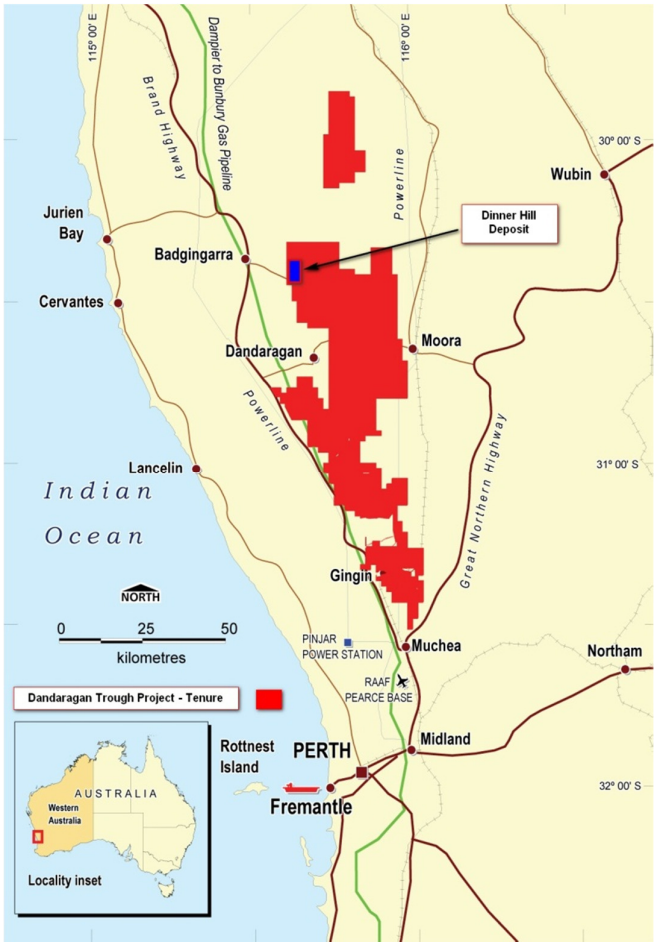

Fig 1 *Potash West Tenement Holding*

Many months of external consultant, internal work and studies have shown that Dandaragan Trough has the potential to be a viable, very long-term project.

During the study period it was identified that two production rates should be considered, an initial throughput rate of 4.0Mtpa and a smaller 2.4Mtpa. The latter was determined to be more in line with current demand within the local region, which is the most immediate market for project off-take.

Key findings of the Scoping Study are shown in the following table:

Initial throughput	2.4 Mtpa	4.0 Mtpa
Mine life, years	+60	39
Average revenues per year	$365 million	$547 million
Operating cash costs per year	$137 million	$234 million
IRR	21%	20.7%
NPV_{10}	$808 million	$1,163 million
Capital cost	$650 million	$880 million

All currencies are Australian Dollars

In addition, it has been found that:

• Opportunities for a reduction in capital and operating costs by continued process improvements
• Glauconite mineralisation is extensive and opportunity exists to increase scale significantly and relatively easily as operations are established and markets grow in the region.

It is important to note that this initial Scoping Study is based on a JORC compliant Indicated Resource of 241 Mt @ 3.0 % K_2O, including 120Mt @ 4.6% K_2O as announced in October 2012, which is only a very small part of the world class Dandaragan Trough project area.

The currently drilled portion of the Dinner Hill Deposit covers an area of some 10 square kilometres and Potash West will continue to further explore its large assets within the Dandaragan Trough with the aim of significantly increasing that initial JORC figure in the future.

Dandaragan Trough Project Background

The Company has continued to build on its holdings associated with its flagship Dandaragan Trough project, since its listing in May 2011. It now holds exploration licenses and applications in 15 tenements in the Dandaragan Trough, covering an area of 2,905km^2.

Located approximately 100 km north of the Western Australian capital of Perth in the Perth Basin, the Dandaragan Trough project has unique advantages of excellent connectivity to transport facilities, infrastructure and proximity to local markets.

Following the Company's initial exploration success and process development work, Potash West commenced a Scoping Study into the potential commercialisation of the project in September 2012, with capital and operating costs being estimated by Tenova Projects (formerly Bateman Engineering), product revenues estimated by CRU, the mining plan by MacDonald Speijers, and financial modelling being constructed in-house.

MINING AND PRIMARY BENEFICIATION

The Scoping Study was undertaken with the knowledge that the greensand deposits of the Dandaragan Trough are not dissimilar in physical characteristics to mineral sand deposits that are mined close by at Cataby and Eneabba. The study found that mining could be carried out by techniques that are well established in those deposits.

Topsoil and overburden will be mined by scrapers, with topsoil being replaced as soon as practical. Mineralisation will be mined by a bulldozer feeding an in-pit slurry unit. The slurry will be pumped to a concentrator, where material will be de-slimed and screened. Minus 1mm material will be fed to wet magnetic separators, which will recover glauconite and reject silica.

As part of the rehabilitation process, silica, and residues from the chemical plant, will be returned to the mine void, covered with overburden and then contoured and covered with topsoil. It is estimated that it will take approximately 5 years from mining to return to end-use, although this might be slightly longer as operations are established.

The magnetic concentrate and the -53um fines contain the bulk of the valuable elements and go to the chemical plant for further treatment.

PROCESSING

The Scoping Study envisages the mined glauconite rich material being concentrated by screening and magnetic separation then subject to a number of hydrometallurgical and pyrometallurgical processing stages to extract and recover K, P, Mg, Fe and Al from the minerals present in the mineralisation.

The extracted elements are converted to saleable products including sulphate of potash, potassium magnesium sulphate, single superphosphate, hematite and aluminium sulphate.

K-Max Processing Patent

On December 20, 2012, Potash West reported that as a result of a significant amount of testwork and investigations carried out by the Company and its partners, a flowsheet had been developed that produces sulphate of potash (SOP), high magnesium SOP, single superphosphate, iron oxide and aluminium sulphate, from glauconite that is extracted from the extensive greensand deposits in the Dandaragan Trough.

This has been called the K-Max process and to maximise the value of this intellectual property, Potash West has applied for a Patent. The Company has developed considerable knowledge in the processing of the greensand, with ongoing investigations continuing to enhance the value of this resource, and the application of the K-Max process to other deposits. Potash West has already been approached by other companies seeking information on this processing breakthrough.

The K-Max process was an important component of the processing plans considered in the recently completed Scoping Study for the Dandaragan Trough.

Flowsheet

The main processing steps are:
• Beneficiation by de-agglomeration, screening and high intensity magnetic separation results in 89% K_2O recovery to 64% mass recovery.
• Hot sulfuric acid leach extracts >95% K, Mg and P and results in a leach residue containing quartz and amorphous silica.
• Selective crystallization of a mixed Fe and K salt, ferric phosphate and magnesium sulfate.
• Conversion of iron sulfate to hematite and recovery of sulfur dioxide for acid production.
• Separation and recovery of sulphate of potash and potassium magnesium sulphate by water leaching, quenching and crystallization stages.
• Separation and recovery of hematite and superphosphate by leaching and precipitation stages.
• Selective crystallization of aluminium sulfate by cooling.

The main reagent imported is elemental sulfur, which is converted to sulfuric acid for use in the process. The energy recovered from the sulfuric acid production plant is utilised within the process. Limestone will be mined locally and used to precipitate phosphate.

The Scoping Study work programme has identified a number of areas in which further work would produce improvements to the process. The capital and operating costs produced by Tenova also highlighted areas where savings could be made. These potential improvements have been documented and will form part of ongoing investigations.

Areas of potential improvement include:
• Optimising the heat management within the process to reduce energy needs.
• Optimising performance of the crystallizers to increase the yield of potassium to SOP, increasing the revenue stream.
• Conduct testwork to better define the construction materials required by the process equipment.
• Selective mining of apatite from the base of greensand seams to produce a higher phosphate content product. This will reduce the size and complexity of the treated material in the K-Max processing plant.
• Further drilling to identify thicker greensand seams with lower overburden.
• Production of an iron oxide product that can be sold for its iron value.

INFRASTRUCTURE

For the purpose of the scoping study, the processing facility was assumed to be located between the towns of Moora and Dandaragan in Western Australia, both towns are approximately 170 km north of Perth. That location is well positioned with respect to road and rail access and located within 30km of natural gas and electricity utility corridors. Infrastructure accounted for in the capital and operating cost estimates included:

• The supply of processing plant electric power demand of 30MW from the existing South West Interconnecting Network. It was identified that the site can be serviced from existing transmission infrastructure at Moora or Cataby.

•

• Natural gas will be supplied to the plant via an approximate 30km pipeline connecting the plant site to the Dampier-Bunbury gas pipeline.

• Make-up water will be supplied from local borefields. Water will be recovered from the tailings facility.

• A spur rail line of approximately 30km length will be built from the plant to the Perth – Geraldton rail line.

• The main imported reagent, sulfur, will be delivered to site in bulk by rail.

• Limestone will be mined locally and trucked to site.

Corporate

On November 16, 2012, Potash West announced it had reached agreement for a Chinese private investment group to invest A$3 million into the Company.

Under the agreement a placement of 9,090,909 shares at 33 cents was to be made, at a premium of 35% to the 5 day VWAP.

As of the timing of submitting this Quarterly Report, Potash West is still waiting clarification from the Chinese company on how it will proceed with this agreement. Potash West will update the market if and when it is in receipt of any further information on this subject.

Potash West continues to investigate opportunities to market the company and to further expand its activities.

Announcements

The following ASX announcements were made during the quarter:

- Research Report (2 October 2012)
- Notice of General Meeting/Proxy Form (10 October 2012)
- Initial JORC Resources of 244M Tonnes at Dandaragan Trough (11 October 2012)
- BRR Webcast (11 October 2012)
- Company Presentation (16 October 2012)
- Potash West Commences ADR Trading on OTCQX Market (19 October 2012)
- Quarterly Activities and Cashflow Reports (30 October 2012)
- Resource Stocks Article (30 October 2012)
- Company Presentation (9 November 2012)
- AGM Presentation (12 November 2012)
- Results of Meeting (12 November 2012)
- Appendix 3B (14 November 2012)
- Change of Director's Interest Notices (14 November 2012)
- Potash West Receives Chinese Backing for Project (16 November 2012)
- Breakaway Investment Produces Research Report on Potash West (21 November 2012)
- Mines and Money Australia Day Presentation (3 December 2012)

- Research Report on Potash West (17 December 2012)
- PWN Lodges Patent Application for Processing Breakthrough (20 December 2012)
- BRR Webcast (21 December 2012)

The following announcements were made subsequent to 31 December, 2012:

- Dandaragan Project Scoping Study Produces Positive Results (10 January 2013)
- BRR Webcast (11 January 2013)

Cash on Hand

At 31 December 2012, $1.068 million cash (1.27 cents/share) was available.

For further information contact:

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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 15km in width. An indicated JORC resource of 244 Mt at 3.0%K_2O, including 122 Mt at 4.6% K_2O has been established

Cautionary Statement:

The scoping referred to in this report is based on low-level technical and economic assessments and is insufficient to support any estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

The use of the word "ore" in the context of this report does not support the definition of "Ore Reserves" as defined by the 2004 Edition of the 'Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. The word 'ore' is used in this report to give an indication of quality and quantity of mineralised material that would be fed to the processing plant and it is not to be assumed that 'ore ' will provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the scoping study will be realized.

Competent Person's Statement:

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.

The geological information in this report which relates to Mineral Resources is based upon information compiled by Mr J.J.G. Doepel, B.Sc. (Hons), GradDipForSc, Dip Teach, Principal Geologist of Continental Resource Management Pty Ltd. Mr Doepel is a member of the Australasian Institute of Mining and Metallurgy and has sufficient expertise and experience which is relevant to the style of mineralisation and to the type of deposit under consideration 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 Doepel consents to the inclusion in the report of the matters based on his information in the form and context in which they appear.

The information in this report that relates to Exploration Results 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 is a consultant to the mining industry, and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration. He is qualified as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. This report is issued with Mr Cahill's consent as to the form and context in which the exploration results appears.

Rule 5.3

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	Quarter ended ("current quarter")
62 147 346 334	31 December 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(508)	(1,177)
	(b) development		
	(c) production		
	(d) administration	(389)	(1,097)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	13	36
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (R&D Tax Refund)	61	61
	Net Operating Cash Flows	(823)	(2,177)
	Cash flows related to investing activities		
1.8	Payment for purchases of:(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(5)	(5)
1.9	2		
	(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)		
	Net investing cash flows	-	-
1.13	Total operating and investing cash flows (carried forward)	(828)	(2,182)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(828)	(2,182)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		
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)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(828)	(2,182)
1.20	Cash at beginning of quarter/year to date	1,896	3,250
1.21	Exchange rate adjustments		
1.22	**Cash at end of quarter**	**1,068**	**1,068**

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	140
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

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

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	500
4.2	Development	
4.3	Production	
4.4	Administration	350
	Total	**850**

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	1,068	1,896
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	**1,068**	**1,896**

+ See chapter 19 for defined terms.

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				

+ See chapter 19 for defined terms.

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	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	83,795,833	51,906,292		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** (*description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	100,000 100,000 500,000 1,250,000 1,350,000	- - - - -	*Exercise price* $0.400 $0.600 $0.300 $0.280 $0.355	*Expiry date* 08-Sep-16 08-Sep-16 08-Sep-14 30-Nov-14 13-Nov-15
7.8	Issued during quarter	1,350,000	-	$0.355	13-Nov-15
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				

+ See chapter 19 for defined terms.

7.12	**Unsecured notes** *(totals only)*		

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: 30 January 2013

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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