



POTASH WEST NL

ABN 62 147 346 334

Half-Year Financial Report

31 December 2014

DIRECTORS' REPORT

Directors

Adrian Griffin
Patrick McManus
George Sakalidis (resigned 26 November 2014)
Chew Wai Chuen (appointed 26 November 2014)
Gary Johnson

Company Secretary

Amanda Wilton-Heald

Registered and Principal Office

Suite 3,
23 Belgravia Street
Belmont WA 6104 AUSTRALIA
Telephone (+61 8) 9479 5386
Facsimile (+61 8) 9475 0847
Website www.potashwest.com.au
Email info@potashwest.com.au

Share Registry

Advanced Share Registry
150 Stirling Highway
Nedlands WA 6009 AUSTRALIA
Telephone (+61 8) 9389 8033
Facsimile (+61 8) 9389 7871

Auditor

Ernst & Young
Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 AUSTRALIA
Telephone (+61 8) 9429 2222
Facsimile (+61 8) 9429 2436

Stock Exchange Listing

Potash West NL shares are listed on the Australian Securities Exchange (ASX code: PWN) and OTC Pink (OTC Pink Code: PWNNY).

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2014.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Adrian Griffin *Non-Executive Chairman*

Adrian Griffin, an Australian-trained mining professional, has had exposure to metal mining and processing worldwide during a career spanning more than three decades. A pioneer of the lateritic nickel processing industry, he has helped develop extraction technologies for a range of minerals over the years. Today, Adrian specialises in mine management and production. He is a former Chief Executive Officer of Dwyka Diamonds Limited, an AIM- and ASX-listed diamond producer, was a founding director and executive of Washington Resources Limited and also a founding director of Empire Resources Limited and Ferrum Crescent Limited. Moreover, Mr Griffin was a founding director of ASX-listed Northern Uranium and Reedy Lagoon Corporation Limited, of which he is currently a non-executive director. He is also managing director of ASX-listed Cobre Montana NL, which is now a lithium micas project developer.

Adrian Griffin is also a member of the Audit Committee, Remuneration Committee (Chairman) and the Nomination Committee (Chairman).

Patrick McManus *Managing Director*

Patrick McManus has a degree in mineral processing from Leeds University and an MBA from Curtin University. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for Rio Tinto, RGC Limited and Bemas Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited.

Gary Johnson *Non-Executive Director*

Gary Johnson is a metallurgist with more than 30 years of broad experience in all aspects of the mining industry. In his early career, he gained operational and project expertise with a range of metals in operations in Africa and Australia. Later, he was a member of the team operating the metallurgical pilot plant at the giant Olympic Dam copper, gold and uranium project in South Australia.

In 1998, after 10 years as chief metallurgist for a large gold producer, Mr Johnson formed his own specialised hydrometallurgical consulting company. During this period he worked closely with LionOre Mining International to develop the Activox® process for treating sulphide concentrates. When, in 2006, LionOre acquired Gary's company, he joined LionOre as a senior executive. In 2007, LionOre was taken over by MMC Norilsk Nickel and in 2009 Mr Johnson became managing director of the latter's Australian operations.

DIRECTORS' REPORT

Today, Mr Johnson runs his own consulting company, which specialises in high-level metallurgical and strategic advice. He also holds several patents in the field of hydrometallurgy and is a director of the TSX-listed Hard Creek Nickel Corporation and ASX listed Antipa Minerals Ltd.

Gary Johnson is also a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

Chew Wai Chuen (appointed 26 November 2014)

Mr Chew was a financial advisor with more than 15 years of industry experience, specialising in the provision of corporate and wealth management for ultra-high net worth individuals. With experience in South East Asia capital market and extensive networks of clients based in Singapore and Malaysia, Mr Chew will provide important contributions to the Board. He has successfully worked with a number of financial institutions in Singapore such as, Standard Chartered Bank, OCBC Bank and Credit Suisse Singapore.

Mr Chew is now a Managing Partner with a financial advisory firm, providing personal investing planning and wealth management for high net worth individuals and has a track record of investment into junior mining companies in Australia and South East Asia.

Chew Wai Chuen is also a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

George Sakalidis *Non-Executive Director (resigned 26 November 2014)*

Company Secretary

Amanda Wilton-Heald

Amanda Wilton-Heald is a Chartered Accountant with over 13 years of experience in Australia and UK.

RESULTS OF OPERATIONS

The net loss of the company for the six months to 31 December 2014 is \$1,304,508 (2013: \$490,554). The net loss was largely due to expenditure on mineral exploration and evaluation.

REVIEW OF OPERATIONS

Dandaragan Trough Project

Potash West NL ("Potash West" or "the Company") has continued to advance the Dinner Hill project. During the period Base Line studies were carried out, results are expected in early 2015. A new financial model of a combined phosphate & K-Max operation was completed.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

The Dandaragan Trough project is focused on exploiting the large greensands deposits, which commence less than 100km to the north of Perth, Western Australia. The objective is to produce potash and single superphosphate fertilisers and a range of valuable by-products from the glauconite and phosphate present within the greensands.

The greensands within the Dandaragan Trough are widespread. The Dinner Hill project area covers approximately 60 km² in the north-west of the Trough (figure 1). Within the project area PWN has established an exploration target of 1000Mt to 1500Mt of fresh greensand at a grade of between 4.0% and 4.8% K₂O, 8% and 10% Al₂O₃, 12% and 14% Fe₂O₃, and 2.0% and 2.4% MgO. Included within the Exploration Target is 300-600Mt of phosphate mineralisation at a grade of between 1.5% and 3% P₂O₅. (refer ASX announcement 7 May 2013).

The potential quantity and grade of the target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource over its area and as it is uncertain if further exploration will result in the estimation of a Mineral Resource.

An area of approximately 9 km² within Dinner Hill has been drilled to establish Indicated and Inferred Mineral Resources for potash (K-Max) and phosphate. The higher grade portion of the K-Max resource occurs in the Molecap Greensand. Nodular phosphate mineralisation at Dinner Hill occurs within a chalk unit, the Gingin Chalk and in upper and lower greensand units, the Poison Hill Greensand and the Molecap Greensand.

Current resource figures are shown in table 1:

Phosphate Resource (All Indicated) ⁽¹⁾					
Lower Grade (% P ₂ O ₅)	Cut-off	Million Tonnes	Grade (% P ₂ O ₅)	Grade (% K ₂ O)	Grade (% CaO)
2.15		120	2.79	3.10	8.17
K-Max Resource ⁽²⁾					
Unit	Category	Tonnes	K ₂ O	P ₂ O ₅	
		(Mt)	%	%	
Molecap Greensand	Indicated	120	4.6	1.8	
	Inferred	2	4.4	2.2	
	Total	122	4.6	1.8	

Table 1 Dinner Hill Resources

(1) Refer ASX release 20 March 2014)

(2) Refer ASX release 11 October 2012)

The Dandaragan Trough project has unique advantages of excellent connectivity to transport facilities, infrastructure and proximity to local and regional markets. The Dinner Hill resource is located less than 200km from two major bulk export ports, Kwinana and Geraldton and is well situated in relation to major project infrastructure.

REVIEW OF OPERATIONS (continued)



Figure 1 – Dandaragan Trough Project tenure plan

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

Dinner Hill Scoping Study

The Dinner Hill development plan was reviewed and re-estimated during the period and a report finalized and released in January (refer ASX release 13 January 2015). Previous studies had evaluated the phosphate and K-Max projects as independent operations. The integrated project has recognized the synergies of using a common mining and beneficiation plant and the lower operating costs associated with a larger scale operation producing sulphuric acid from purchased sulphur.

The financial evaluation has been based upon mining at the rate of 4.2Mtpa. In Stage 1, for the first five years only the phosphate rich part of the ore sequence is mined to produce single superphosphate (SSP). The potassium rich glauconite layer will be exposed, but not mined initially. We have assumed that the K-Max plant and an upgraded phosphate plant will be constructed after 5 years, as Stage 2. The benefits of this are:

- Lower Capital requirement, of \$136M to start Stage 1
- Commission mining and Beneficiation Plant at Stage 1 with lower capital spend, reducing risk.
- Areas of exposed K-Max ore will allow low mining costs for first few years of Stage 2
- Free cash flow from Stage 1 operations can contribute to equity component of Stage 2 capital

The key points of the modelling are:

- | | |
|------------------------------------|-----------|
| • Mine Life, on indicated resource | +20 years |
| • Stage 1 Capex | \$136M |
| • Stage 2 Capex | \$590M |
| • IRR (pre-tax, ungeared) | 30% |
| • NPV _(12%) | \$652M |
| • EBITDA Stage 1 | \$61M pa |
| • EBITDA Stage 2 | \$261M pa |

Project schedule

The current time frame for commercialisation of the Dandaragan Phosphate Project is:

- Upgrade a significant portion of the current Indicated and Inferred Mineral Resources to the Measured category by December 2015
- Completion of a Feasibility Study by Dec 2015
- Completion of construction in Q4 2017
- Start-up of full scale production in Mid-2018.

This programme is under review at present.

REVIEW OF OPERATIONS (continued)

German Project

East Exploration Pty Ltd ("East Exploration") owns 100% of EEG and Potash West NL is going to earn up to 55% of East Exploration by way of funding applications and exploration on licenses, Kuellstedt and Graefentonna in the South Harz region of Thuringia, Central Germany, (Figure 2). The funding will complete the licence applications and carry out an assessment of the extensive geological data on one of the exploration applications, Kullstedt, (Figure 3).

The South Harz region has a long history of potash mining, dating back to the late 1890s. Extensive exploration work and R&D was carried out in the period from the 1960s to the 1980s. This confirmed that substantial potash deposits in the form of sylvinite (KCl/NaCl) and carnallite (KCl/MgCl) still remain in this region.

Two areas, Kullstedt (246 sq km) and Graefentonna (216 sq km) have been applied for. Both have extensive historical drilling that intersected potash mineralisation between 500m and 1000m below the surface. Both areas are adjacent to properties that have had significant potash production over the last 100 years.

The Company was notified in early January that both licences have been granted (refer ASX release January 16 2015).

A review of the archived exploration data relating to historical drilling on Kuellstedt was completed in March 2014 (refer ASX release March 4 2015). Highlights of the report are contained below:

- Exploration Target estimated at between 4,055 and 5,141 million metric tonnes (MMT) of mineralised rock
- Exploration Target grade ranges from 7.2% to 25% K₂O (11.8% to 41% KCl).
- Exploration Target estimated to contain between 292 and 1,285 MMT of K₂O
- Potash mineralization is located from a comparatively shallow depth of 511m to over 900m below the surface.
- Investigations are ongoing to locate additional critical exploration reports and to plan and submit approvals to undertake a drilling program.

REVIEW OF OPERATIONS (continued)



Fig 2: Project Location

REVIEW OF OPERATIONS (continued)

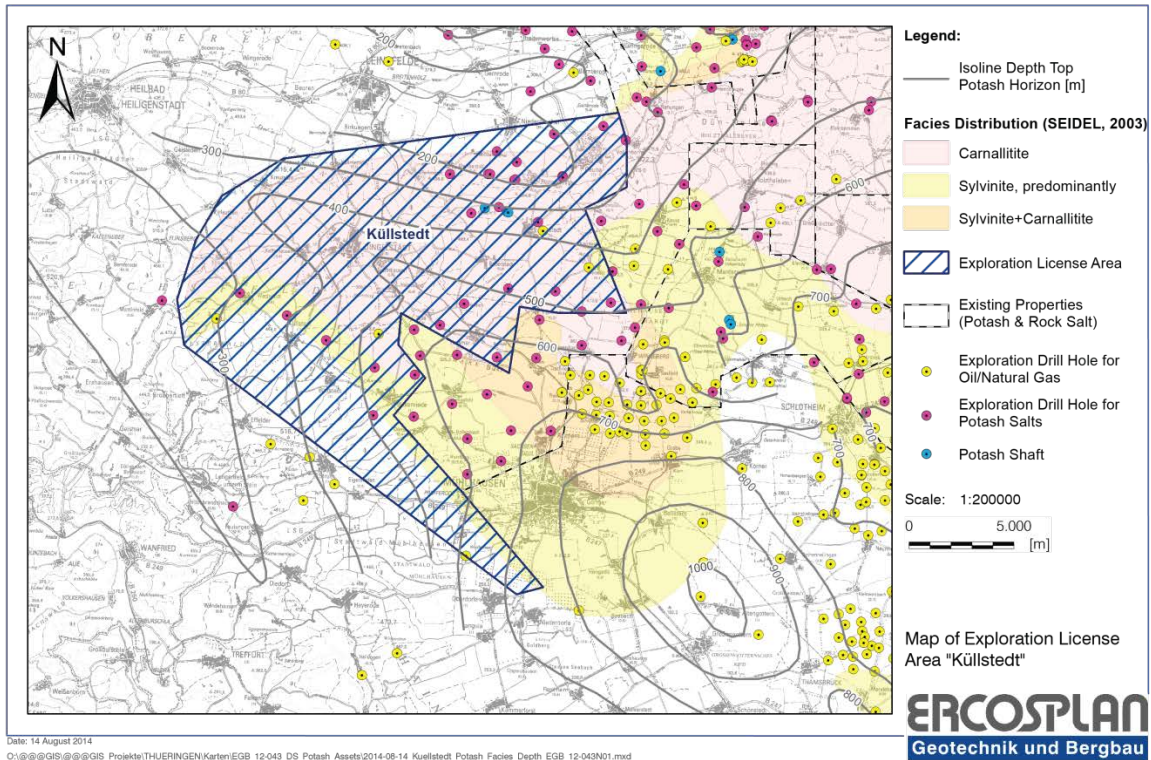


Figure 3: Küllstedt application

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the company.

DIRECTORS' REPORT

Events subsequent to balance date

On 16 January 2015, the Company announced that the license applied for by East Exploration GmbH ("EEG"), had been granted by the Thuringian Mining Authority in Germany. East Exploration Pty Ltd ("East Exploration") owns 100% of EEG and Potash West NL is going to earn up to 55% of East Exploration by way of funding applications and exploration on licenses, Kuellstedt and Graefentonna in the South Harz region of Thuringia, Central Germany.

Other than the above, there have not been any other matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than disclosed elsewhere in this half-year report.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 27.

Signed in accordance with a resolution of the Directors



Patrick McManus
Director
Perth, 16 March 2015

STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
INCOME FROM CONTINUING ACTIVITIES			
Geological services		-	660
Administration services		17,730	17,078
Interest		11,585	5,566
Government grant		-	558,721
TOTAL INCOME		29,315	582,025
EXPENSES			
Administration		469,160	325,728
Depreciation		7,353	11,038
Equity based payments	9	133,900	12,443
Exploration		439,177	338,394
Legal		9,553	29,080
Occupancy		32,000	11,508
Remuneration (excluding share based payments)		242,679	344,388
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(1,304,507)	(490,555)
INCOME TAX EXPENSE		-	-
NET LOSS FOR THE PERIOD		(1,304,508)	(490,554)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(1,304,508)	(490,554)
Basic and diluted loss per share (cents per share)	3	(0.76)	(0.59)

The statement of comprehensive income should be read in conjunction with the accompanying condensed notes.

POTASH WEST NL
ABN 62 147 346 334

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		As at 31 December 2014	As at 30 June 2014
	Note	\$	\$
CURRENT ASSETS			
Cash and cash equivalents		2,292,446	164,270
Trade and other receivables		48,554	48,133
Other assets		8,059	18,804
Total Current Assets		<u>2,349,059</u>	<u>231,207</u>
NON CURRENT ASSETS			
Exploration and evaluation		2,500,000	2,500,000
Investment in associate		200,000	100,000
Plant and equipment	8	58,227	65,580
Total Non Current Assets		<u>2,758,227</u>	<u>2,665,580</u>
TOTAL ASSETS		<u>5,107,286</u>	<u>2,896,787</u>
CURRENT LIABILITIES			
Trade and other payables		195,694	297,490
Provisions		57,946	46,281
Total Current Liabilities		<u>253,640</u>	<u>343,771</u>
TOTAL LIABILITIES		<u>253,640</u>	<u>343,771</u>
NET ASSETS		<u>4,853,646</u>	<u>2,553,016</u>
EQUITY			
Issued capital	6	16,162,119	12,754,631
Reserves	7	720,991	523,341
Accumulated losses		(12,029,464)	(10,724,956)
TOTAL EQUITY		<u>4,853,646</u>	<u>2,553,016</u>

The statement of financial position should be read in conjunction with the accompanying condensed notes.

POTASH WEST NL
ABN 62 147 346 334

STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Accumulated Losses	Share and Option Based Payment Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2013				
Opening Balance	11,725,227	(8,902,451)	455,606	3,278,382
Loss for the period	-	(490,554)	-	(490,554)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive loss for the period (net of tax)	-	(490,554)	-	(490,554)
Transactions with owners in their capacity as owners:				
Shares issued	200,000	-	12,443	212,443
Share issued transaction costs	(21,848)	-	-	(21,848)
Balance at 31 December 2013	11,903,379	(9,393,005)	468,049	2,978,423
Balance at 1 July 2014	12,754,631	(10,724,956)	523,341	2,553,016
Loss for the year	-	(1,304,508)	-	(1,304,508)
Other comprehensive income (net of tax)	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	(1,304,508)	-	(1,304,508)
Transactions with owners in their capacity as owners:				
Shares issued	3,721,276	-	-	3,721,276
Share issued transaction costs	(313,788)	-	-	(313,788)
Share and option based payments	-	-	197,650	197,650
Balance as at 31 December 2014	16,162,119	(12,029,464)	720,991	4,853,646

The statement of changes in equity should be read in conjunction with the accompanying condensed notes.

POTASH WEST NL
ABN 62 147 346 334

STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31 December 2014 \$	Half-year ended 31 December 2013 \$
OPERATING ACTIVITIES		
Payments to suppliers and employees	(1,256,254)	(1,272,886)
Government grant received	-	11,139
R&D tax refund	-	547,582
Interest received	11,585	5,565
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,244,669)	(708,600)
INVESTING ACTIVITIES		
Payment for equity investments	(100,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(100,000)	-
FINANCING ACTIVITIES		
Proceeds from issued of shares	3,721,276	200,000
Share issue costs	(248,431)	(21,848)
NET CASH FLOWS FROM FINANCING ACTIVITIES	3,472,845	178,152
 NET DECREASE/(INCREASE) IN CASH AND CASH EQUIVALENTS	 2,128,176	 (530,448)
Cash and cash equivalents at the beginning of the period	164,270	1,157,541
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD/YEAR	2,292,446	627,093

The statement of cash flows should be read in conjunction with the accompanying condensed notes.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 1: Basis of preparation of the half-yearly financial report

This interim condensed financial report for the half-year ended 31 December 2014 was authorised for issue in accordance with a resolution of the directors on 16 March 2015. The financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2014 and considered with any public announcements made by Potash West NL during the half-year ended 31 December 2014 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

The half-year financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full and understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial statements have been prepared on the basis of accrual accounting and historical costs and the same accounting policies and methods of computation were followed as in the most recent annual financial statements

Going concern basis

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net loss for the period ended 31 December 2014 of \$1,304,508 (31 December 2012: \$490,554) and experienced net cash outflows from operating activities of \$1,244,669 (31 December 2013: \$708,600). The company has successfully raised \$3,721,276 during the period.

The Directors have reviewed the Company's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will be successful in securing additional funds through any future shares and right issue.

Should the Company not achieve the matters set out above, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 1: Basis of preparation of the half-yearly financial report (continued)

Changes in accounting policies

Except as disclosed below, the half-year financial report has been prepared using the same accounting policies and methods of computation as used in the annual financial statements for the year ended 30 June 2014.

Reference	Title	Application date of standard*	Application date for Group*
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i> AASB 2012-3 adds application guidance to AASB 132 <i>Financial Instruments: Presentation</i> to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 July 2014
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i> AASB 2013-3 amends the disclosure requirements in AASB 136 <i>Impairment of Assets</i> . The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 July 2014
AASB 1031	<i>Materiality</i> The revised AASB 1031 is an interim standard that cross-references to other Standards and the <i>Framework</i> (issued December 2013) that contain guidance on materiality. AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to AASB 1031. The amendments are effective from 1 July 2014*.	1 January 2014	1 July 2014

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 1: Basis of preparation of the half-yearly financial report (continued)

Changes in accounting policies (continued)

Reference	Title	Application date of standard*	Application date for Group*
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>The Standard contains three main parts and makes amendments to a number Standards and Interpretations.</p> <p>Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.</p>	^^	^^

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	<p>AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) <i>Annual Improvements to IFRSs 2010–2012 Cycle</i> and <i>Annual Improvements to IFRSs 2011–2013 Cycle</i>.</p> <p>Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items:</p> <ul style="list-style-type: none"> ▶ AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. 	1 July 2014	1 July 2014

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 1: Basis of preparation of the half-yearly financial report (continued)

Changes in accounting policies (continued)

Reference	Title	Summary	Application date of standard*	Application date for Group*
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: <ul style="list-style-type: none"> ▶ AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. 	1 July 2014	1 July 2014

* Designates the beginning of the applicable annual reporting period unless otherwise stated.

^^ The application dates of AASB 2013-9 are as follows:

Part B - periods beginning on or after 1 January 2014

Application date for the Group: period beginning 1 January

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior half-years.

The Company has not elected to early adopt any new accounting standards and interpretations.

Note 2: Segment reporting

For management purposes, the Company is organised into one main operating segment, which involves the evaluation of the Dandaragan Trough Glauconite deposit of its potassium content and the production of potash from the deposit. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 3: Earnings per share

	2014	2013
	\$	\$
Basic loss per share (cents per share)	0.76	0.59
Diluted loss per share (cents per share)	0.76	0.59
Net loss	1,304,508	490,554
Loss used in calculating basic and diluted loss per share	1,304,508	490,554
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share	172,684,137	83,666,617

During the period there were no listed or key management personnel options exercised.

All the options that issued by the Company are not considered dilutive for the purpose of the calculation of diluted earnings/loss per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share. Consequently, diluted earnings/loss per share is the same as basic earnings per share.

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 4: Contingent liabilities and contingent assets

The Company does not have any contingent assets or liabilities outstanding at 31 December 2014 (2013: Nil).

Note 5: Dividends

No dividend has been paid or declared during the half-year and the directors do not recommend the payment of a dividend in respect of the financial period.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 6: Issued capital

Ordinary Shares	Number	\$
At 1 July 2013	92,021,064	11,960,253
Issue of 2,000,000 shares via shares placement	2,000,000	200,000
Issue of 8,174,790 shares via non-renounceable entitlement issue	8,174,790	408,740
Issue of 10,649,423 shares via non-renounceable entitlement shortfall issue	10,649,423	532,471
Issue of 460,871 shares to directors and senior management via remuneration sacrifice share plan	460,871	24,887
Issue of 500,000 shares to consultant in lieu of services provided	500,000	25,000
Shares to be issued to Steda Nominees Pty Ltd via private share placement	-	5,000
Shares to be issued under the director and senior management fee and remuneration sacrifice share plan	-	8,296
Equity Raising Costs	-	(116,807)
At 30 June 2014	113,806,148	13,047,840
Reserved Shares		
At 30 June 2014	(2,110,871)	(293,208)
At 1 July 2014	111,695,277	12,754,632
Issue of 12,803,802 shares via shares placement	12,803,802	443,133
Issue of 1,374,769 shares via shares placement	1,374,769	48,117
Issue of 9,429,286 shares via shares placement	9,429,286	330,025
Issue of 40,000,000 shares via shares placement	40,000,000	2,000,000
Issue of 16,400,000 shares via shares placement	16,400,000	820,000
Issue of 1,250,000 shares to consultants	1,250,000	43,750
Issue of 1,000,000 shares to consultants	1,000,000	50,000
Issue of 250,000 shares to consultants	250,000	12,500
Issue of 2,000,000 shares via shares placement	1,600,000	80,000
Shares to be issued under the director and senior management fee and remuneration sacrifice share plan	-	27,650
Equity Raising Costs	-	(313,788)
As at 31 December 2014	195,803,134	16,296,019
Reserved Shares		
Expenses arising from share-based payment transactions	(2,500,000)	(133,900)
At the end of the reporting period	193,303,134	16,162,119

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 6: Issued capital (continued)

Partly Paid contributing shares	Number	\$
At 1 July 2013	-	-
Issue of 35,906,024 partly paid contributing shares pursuant to non-renounceable entitlement issue	35,960,024	-
At 30 June 2014	35,960,024	-
As at 31 December 2014	35,960,024	-

The outstanding amount per partly paid contributing share at 31 December 2014 is \$0.049 (31 December 2013: Nil).

The partly paid contributing shares are issued with 35,960,024 outstanding calls of 4.9 cents each. The dates for the future calls are not before 31 December 2014. The partly paid contributing shares carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid contributing shares carry the right to vote in proportion to the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The company must then offer the shares forfeited for public auction within six weeks of the call becoming payable.

Note 7: Reserves

Share based payment reserve	Number	\$
At 1 July 2013	4,450,000	455,606
Issue of 500,000 options for option based payment	500,000	9,552
Issue of 460,871 shares for share based payment	460,871	24,887
Issue of 500,000 shares for share based payment	500,000	25,000
Shares to be issued under the Director and Senior Management Fee and Remuneration Sacrifice Share Plan*	-	8,296
At 30 June 2014	5,910,871	523,341
500,000 unlisted options forfeited	(500,000)	-
1,250,000 unlisted options forfeited	(1,250,000)	-
Issue of 429,688 options to consultants	429,688	13,750
Issue of 1,562,500 options to consultants	1,562,500	50,000
Issue of 1,250,000 shares to consultants	1,250,000	43,750
Issue of 1,000,000 shares to consultants	1,000,000	50,000
Issue of 250,000 shares to consultants	250,000	12,500
Shares to be issued under the director and senior management fee and remuneration sacrifice share plan**	-	27,650
As at 31 December 2014	8,653,059	720,991

* Shares have not yet been issued, with the number of shares to be determined at issue date, dependent on the market share price.

** Shares have not yet been issued, with the number of shares to be determined at issue date, dependent on the market share price.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 8: Plant and equipment

	Office Equipment \$	Plant and Equipment \$	Computer Software \$	Total \$
At 30 June 2014				
Cost	16,079	72,835	42,452	131,366
Accumulated depreciation	(9,581)	(34,757)	(21,447)	(65,785)
Closing net carrying value	6,498	38,078	21,005	65,581
At 1 July 2014				
Opening net carrying value	6,498	38,078	21,005	65,581
Depreciation charge for the period	(898)	(3,823)	(2,633)	(7,353)
At 31 December 2014	5,600	34,255	18,372	58,227

Note 9: Equity based payments

Expenses arising from equity-based payment transactions

	31-Dec-14 \$	31-Dec-13 \$
Opening balance	523,341	455,606
Management fee and remuneration sacrifice share plan	27,650	12,443
Amount expended for options issued to the consultants. 1,992,188 options with an exercise price of \$0.087	63,750	-
Amount expended for shares issued to consultants in lieu of services provided. 1,250,00 shares at \$0.05 per share	62,500	-
Amount expended for shares issued to consultants in lieu of services provided. 1,250,00 shares at \$0.035 per share	43,750	-
At the end of reporting period	720,991	468,049

Expenses arising from option-based payment transactions

Total expenses arising from option-based payment transaction recognised during the half-year is as follows:

	31-Dec-14 \$	31-Dec-13 \$
Options issued to consultants	63,750	-
	63,750	-

During the 2014 half year, total 1,992,188 options were issued to consultants as part of the fees paid to consultants for capital raising. The fair value of options granted under this plan is using 5-day VWAP plus a 50 % premium prior to the issue and the term of the options is 3 years.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 9: Equity based payments (continued)

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the half year were as follows:

	31-Dec-14	31-Dec-13
	\$	\$
Shares issued to consultants as approved by shareholders at 2014 AGM	106,250	-
Management fee and remuneration sacrifice share plan	27,650	12,443
	133,900	12,443

On 20 October 2014, the Company issued 1,250,000 shares at \$0.035 per share and further 1,000,000 shares and 250,000 shares at \$0.05 per share to consultants in lieu of cash payments for services provided. This issue has been approved by shareholders at the 2014 AGM.

Under the Management fee and the remuneration sacrifice share plan, the eligible directors and senior management of the Company may elect to sacrifice part of their directors' fees or consulting fees to acquire Shares in the Company. Under the Plan, the relevant directors and senior management will receive the remainder of their directors' fees or consulting fees in cash. As such, the Shares will be issued for nil cash consideration and will be valued at market fair value. The Plan was approved by the shareholders during the 2013 AGM. Entitlement to shares will accrue on a monthly basis and allocation of shares will be made at six month intervals. As of the date of this report, the associated shares up to September 2014 had been issued to the directors who have elected to sacrifice part of their directors' fees to acquire shares in the Company.

During the 2014 half year, no options were issued to directors under the Employee Option Plan ("EOP"). The fair value of options granted under the EOP is estimated at the date of grant using a Black-Scholes option pricing methodology, taking into account the terms and services were valued at the market price at the date of issue as the value of the services received could not be reliably measured. Options issued during the period vested at grant date.

	31- December 2014	31- December 2013
Dividend yield (%)	Nil	Nil
Expected volatility*(%)	75	75
Risk-free interest rate (%)	3	3
Expected life (years)	3	3
Share price (\$)	See below tables:	See below tables:

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 9: Equity based payments (continued)

Expenses arising from share-based payment transactions

<u>Option-based payment plans</u>	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at 1 July	3,800,000	\$0.30	3,300,000	\$0.33
Granted during the year	1,992,188	\$0.087	-	-
Forfeited during the year	(1,750,000)	\$0.29	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	<u>4,042,188</u>	<u>\$0.20</u>	<u>3,300,000</u>	<u>\$0.33</u>
Exercisable at 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Volatility was determined using considered judgement as to the volatility of the share price over the vesting period.

Note 10: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the period, the following transactions were undertaken between the Company, executive officers and director-related entities.

	31-Dec-14	31-Dec-13
Consulting fees were paid to Strategic Metallurgy Pty Ltd, a company of which Gary Johnson is a director and shareholder	<u>150,551</u>	<u>205,704</u>

In the 2012 financial year, 1,150,000 shares were issued under the Employee Share Plan (ESP) accounted for as in-substance options.

Note 11: Commitments

The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follow:

	31-Dec-14	31-Dec-13
Within 1 year	745,500	836,000
1 to 2 years	745,500	836,000
	<u>1,491,000</u>	<u>1,672,000</u>

The commitments may vary depending upon additions or relinquishments of the tenements, as well as farm-out agreements. The above figures are based on the mines department Emits reports as at 31 December 2014. The figures are adjusted on the anniversary date of each tenement and therefore that total can change on a monthly basis.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 12: Events subsequent to balance date

On 16 January 2015, the Company announced that the license applied for by East Exploration GmbH (“EEG”), had been granted by the Thuringian Mining Authority in Germany. East Exploration Pty Ltd (“East Exploration”) owns 100% of EEG and Potash West NL is going to earn up to 55% of East Exploration by way of funding applications and exploration on licenses, Kuellstedt and Graefentonna in the South Harz region of Thuringia, Central Germany.

Other than the above, there have not been any other matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations, or the state of affairs of the Company in future financial years other than disclosed elsewhere in this half-year report.

DIRECTORS' DECLARATION

The Directors of Potash West NL declare that:

- (a) the financial statements and notes set out on page 11 to 25 are in accordance with the Corporations Act 2001:
- give a true and fair view of the financial position of the Company as at 31 December 2014 and of its performance for the half-year ended 31 December 2014 of the Company; and
 - comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;
- (b) subject to the matters discussed in Note 1, in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The declaration is made in accordance with a resolution of the Board of Directors.

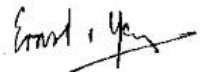


Patrick McManus
Director
Perth

16 March 2015

Auditor's Independence Declaration to the Directors of Potash West NL

In relation to our review of the financial report of Potash West NL for the half- year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Robert A Kirkby
Partner
16 March 2015

Independent review report to the members of Potash West NL

Report on the financial report

We have reviewed the accompanying half-year financial report of Potash West NL, which comprises the statement of financial position as at 31 December 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the company's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Potash West NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

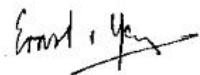
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Potash West NL is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001

Emphasis of matter

Without qualifying our conclusion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the company's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.



Ernst & Young



Robert A Kirkby
Partner
Perth
16 March 2015