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FEDERAL DRILLING PERMIT UPDATE

- **Acquired additional Paradox Basin Geophysics**
- **New Drill Locations Generated on Federal Blocks**
- **Drilling Permit Application with BLM Resubmitted**

Potash Minerals (ASX: POK) is pleased to advise that the Company is targeting approval for the Federal Exploration Permit containing a revised drilling programme near the end of Q2 2012. Recent access to more accurate and detailed geophysical data has enabled the Company to identify improved locations for this Federal drilling.

On October 13, 2011 Potash Minerals announced that its 90% owned joint venture vehicle K2O Utah LLC (K2O Utah) had executed a Memorandum of Understanding (MOU) with the United States Bureau of Land Management (BLM) concerning exploration for potash on federal lands of the Paradox Basin Project.

Subsequently on November 7, 2011 K2O Utah submitted its Exploration Plan for potash core holes on Federal Lands to the BLM to begin the permitting approval process. On March 23, 2012 this Exploration Plan was amended to reflect the more comprehensive geophysical data which has only recently been obtained from K2O Utah's state block drilling programme and from Stone Energy who drills for oil & gas in the Paradox Basin.

At this time, K2O Utah submitted an amended Exploration Plan to the BLM incorporating all the recently acquired geological information on the location and potash resource in the project area. The BLM requested additional technical information on the drilling programme and requested modifications to the drilling plan to meet their requirements for approval. These requests were also incorporated into the revised drill plan submission.

With the benefit of recent information, improved drill sites have been selected on the federal land. Furthermore, certain additional drilling related information requested by the BLM has been provided in this submission. Although this improvement in the drilling programme has extended the period of permit processing, the company is still targeting BLM approval of the Exploration Permit near the end of the second quarter of 2012.

K2O Utah began drilling for potash on Utah State Land of the Paradox Basin Project in September 2011 and completed this drilling in February 2012. Also, in December 2011 a Geophysical and Borehole Arrangement was concluded with Stone Energy which provided sharing of non-public geophysical records in the K2O project area.

The company directors are confident that the results of this state drilling programme and additional geophysical information from Stone provided K2O Utah with valuable information to better identify and validate potash mineralization on the federal lands.



For and on behalf of Potash Minerals Limited

Ben Binninger

Director

Potash Minerals Limited

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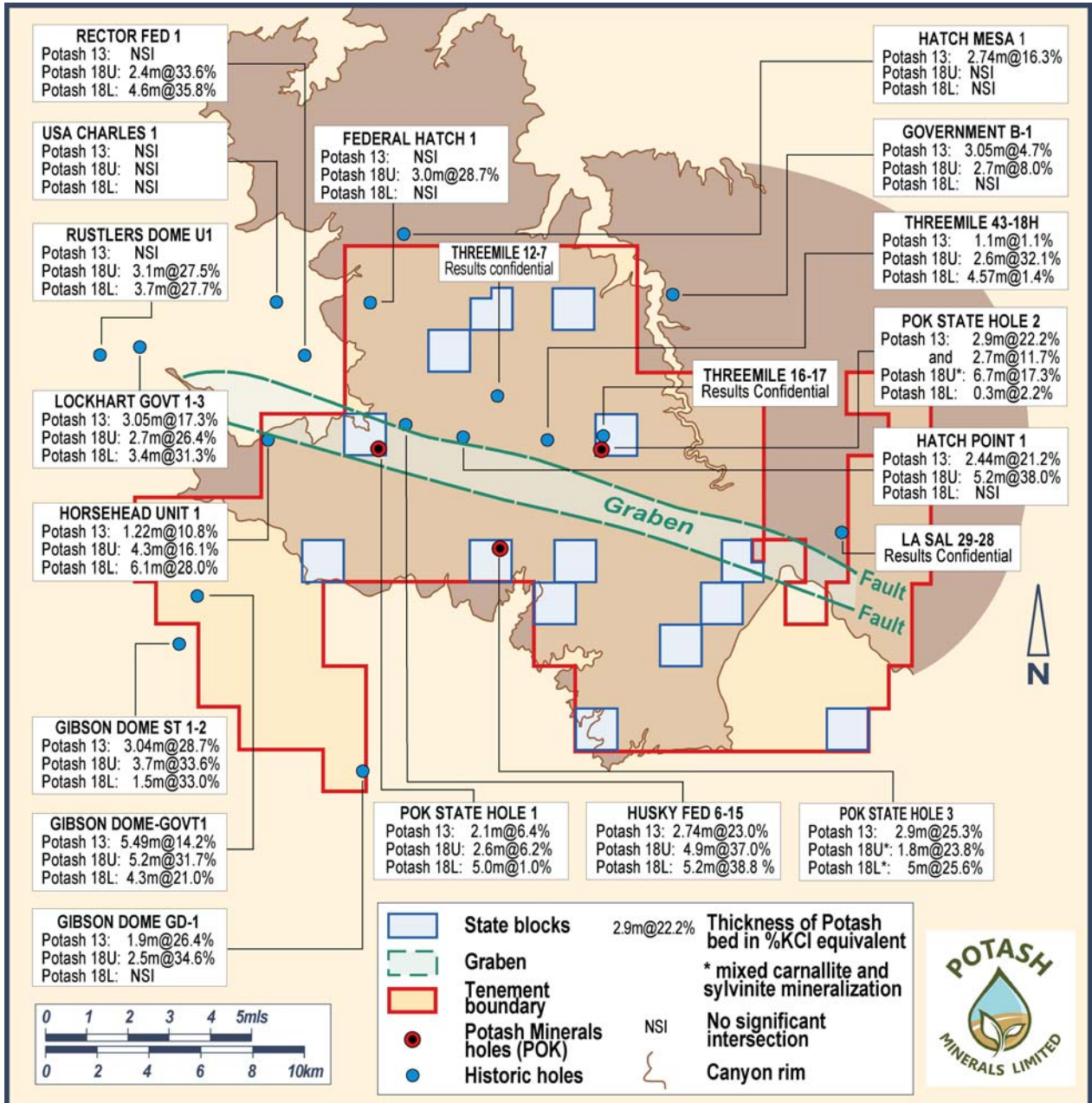
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The map below sets forth the Potash Minerals Ltd. (K2O Utah) drilling programme across State and Federal lands showing interpreted (from geophysical logs) and assayed results reported as %K₂O converted to %KCl equivalent. KCl equivalent (KCl) = 1.6 x K₂O) may represent a mixed potash mineralogy.





The information set out above that relates to exploration target and exploration results is based on information prepared by Dr Michael P. Hardy, who is a Senior Consultant with Agapito Associates, Inc. Mr. Hardy is a Registered Member of The Society of Mining, Metallurgy, and Exploration (SME), a Recognised Overseas Professional Organisation and is employed by Agapito Associates Inc who is a consultant to the Company. Mr Hardy has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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 Hardy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears"

About the Paradox Basin Potash Project

Potash Minerals Limited (formerly Transit) has earned 90% of the Paradox Basin Potash Project ("the Project") which covers applications for 365 km² of highly prospective potash permits in the Paradox Basin in south eastern Utah. The company's focus is on sylvinitic, a high grade form of potash ore that is cheaper and more effective to process to a saleable form than any other form of potash ore.

The Paradox Basin Potash Project is located close to key agricultural regions of the United States and as such is well situated to supply fertilizer manufacturers and agricultural cooperatives in the western United States. The Project also has substantial export potential given its excellent proximity to key US rail infrastructure leading to West Coast ports.

The Paradox Basin Potash Project comprises potash (KCl) mineralization in two beds of interest, Potash 13 and Potash 18, which occurs in two sub-beds. Potash 18 Upper is ubiquitous across the property, while Potash 18 Lower occurs locally to the southwest. An Exploration Target estimated by independent consultants Agapito Associates, Inc. for Potash Beds 13 and 18 of 3.4 to 5.2 billion tonnes of sylvinitic at an average grade of 23% to 34% KCl has been delineated within the Project. Potash 18, which is the principal bed of interest, was estimated to be 3.0 to 4.6 billion tonnes sylvinitic at an average grade of 24 to 35% KCl. The Exploration Target estimate was updated on July 8, 2011 to reflect changes in the Project boundary and newly acquired geologic information.

The Exploration Target assumes a grade cut-off of 16% KCl and a thickness cut-off of 2.0 m, below which mineralization is excluded from the estimate. The Exploration Target is conceptual in nature and there has been insufficient exploration to define a Mineral Resource, and it is uncertain if further exploration will result in the determination of a Mineral Resource under the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code (2004). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.

Additionally, the Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve.