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23 January 2012

**K20 UTAH PARADOX BASIN POTASH PROJECT  
STATE HOLE #3  
SAN JUAN COUNTY, UTAH, USA  
(Operator: Sabine)**

Drilling progress report on the State Hole #3 well.

**Depth:** After solving the drilling circulation difficulties, drilling progressed very rapidly and has reached bed 13 coring point at 6,240 feet.

**Activity:** Coring and analysis of the cores for bed 13 have begun.

**Plan :** Upon the completion of the coring of bed 13 drilling will continue down to approximately ~6,500 feet to bed 18 to undertake coring of that bed.

Yours faithfully,

**For and on behalf of Potash Minerals Limited**

**Ananda Kathiravelu  
Chairman  
Potash Minerals Limited**

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## 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 km<sup>2</sup> of highly prospective potash permits in the Paradox Basin in south eastern Utah. The company's focus is on sylvinites, 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 fertiliser 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 sylvinites 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 sylvinites 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.

*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"*