



# ASX Announcement

7 May 2013

## COMPANY DETAILS

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## ASX CODE

PWN

## OTC-QX CODE

PWNNY

## CORPORATE INFORMATION

(7 May 2013)

92M Ordinary shares  
11M Unlisted Options

## BOARD OF DIRECTORS

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

## POTASH WEST IDENTIFIES NEW DINNER HILL DEPOSIT EXPLORATION TARGET

### Highlights:

- Extension to current Dinner Hill Mineral Resource area identified;
- Exploration continues to confirm Dandaragan Trough as a world class resource

### Overview

Potash West Limited (ASX: PWN), ("Potash West" or "the Company") is pleased to report it continues to achieve significant exploration success at its Dandaragan Trough project located to the north of the Western Australian capital of Perth.

Potash West is focused on developing the Dandaragan Trough Project as a major supplier of fertiliser to WA markets. It controls an extensive tenement holding of some 2,900 square kilometres commencing just 50km north of Perth, Figure 1.

Recent studies by the company have identified a significant area of fresh greensand mineralisation that extends its current Dinner Hill Mineral Resource to the south, east, and north, (Figure 2). Independent geological consultant Continental Resource Management Pty Ltd ("CRM") has estimated an Exploration Target for these extensions, which is additional to the existing resource. *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.*

*The estimated Exploration Target is 1000Mt to 1500Mt of fresh greensand at a grade of between 4.0% and 4.8% K<sub>2</sub>O, 8% and 10% Al<sub>2</sub>O<sub>3</sub>, 12% and 14% Fe<sub>2</sub>O<sub>3</sub>, 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% P<sub>2</sub>O<sub>5</sub> Mineralisation.*

The targeted mineralisation is fresh greensand within the Molecap Greensand seam. Greensand contains the mineral glauconite, a green micaceous mineral from which Potash West intends to extract fertiliser products containing K, P and Mg, with, in addition, Fe and Al as co-products.

Phosphate mineralisation occurs as nodular horizons of apatite at various levels within the greensand and represents a potentially valuable project enhancement. Testwork is ongoing to quantify the value of this mineralisation.

Within the area of the Exploration Target, (see Figure 2), which is of the order of 65km<sup>2</sup>, the formation is present as a virtually horizontal sheet. The fresh greensand gradually increases in thickness from about 4m in the north to over 18m in the south.

The area of the fresh greensand is bounded by topography, with lower ground surfaces being associated with weathering or erosion of the target horizon, (as is shown in Figure 3, a cross-section along 6,635,400N that shows):

- The 400m spaced 2012 drill-holes in the west that define the Dinner Hill resource;
- The 800m spaced 2013 drill-holes that show the continuation of the fresh greensand in the east; and the lower topography further east that is associated with weathered greensand; and
- A valley slope to the west that has, by erosion, limited the extent of the greensand in this direction.

### **Scoping Study**

This current phase of studies and the estimation of the new Exploration Target follows the January 2013 release of an in-depth Scoping Study which confirmed the technical and financial viability for the proposed development of a production facility based at the Dandaragan Trough project. The study, which was only based on the initial Dinner Hill Mineral Resource, showed that the Company's proprietary K-Max processing process is able to produce sulphate of potash and other valuable products.

### **Exploration**

The Exploration Target is based upon air-core drilling carried out by Potash West during 2012 and 2013, with the 2012 drilling results establishing the Dinner Hill Mineral Resource. While assay results are not yet available for the recently completed 2013 drilling programme, the 2012 drill results were used to establish the range of expected grades within the target. The thickness, and thereby the quantity of the fresh greensand, was estimated from both the 2012 drilling and the geological logging of the 2013 drill-holes. From the 2012 drilling, only those holes adjacent to the target area were used for input into the estimation. The relevant holes are listed in Table 1 and are shown on Figure 2.

Assay results are expected for the 2013 Dinner Hill drilling later in the month and geological modeling and grade estimation will be completed by the end of July 2013. Drilling in other promising zones of mineralisation will also be evaluated and Exploration Targets estimated.

### **Exploration Target Estimation**

From the 2012 drilling, only greensand intervals that satisfied the following analytical criteria were included:

- K<sub>2</sub>O >2%;
- Fe<sub>2</sub>O<sub>3</sub>:K<sub>2</sub>O ratio <4.75%; and
- Acid soluble CaO <2.5%.

A total of 140 intervals met these criteria, with the average assay result for each element being:

- K<sub>2</sub>O 4.4%;
- Al<sub>2</sub>O<sub>3</sub> 9.2%;
- Fe<sub>2</sub>O<sub>3</sub> 13% and;
- MgO 2.2%.

Phosphate (P<sub>2</sub>O<sub>5</sub>) assays greater than 1% occurred in 88 of the 1m intervals with an average assay of 2.2%.

The results were used to establish the grade ranges of the Exploration Target.

Managing Director Patrick McManus said: “This Exploration Target is a strong endorsement of our opinion that the Mineral Resource within the Dandaragan Trough project will ultimately be very large. The JORC resource of 122Mt announced at Dinner Hill in October 2012 was sufficient to give more than 60 years mine life at the scale chosen for the scoping study. This Exploration Target is many times larger than that and it is clear that the project has the exploration upside to be able to be expanded to match the market demand for the various co-products.

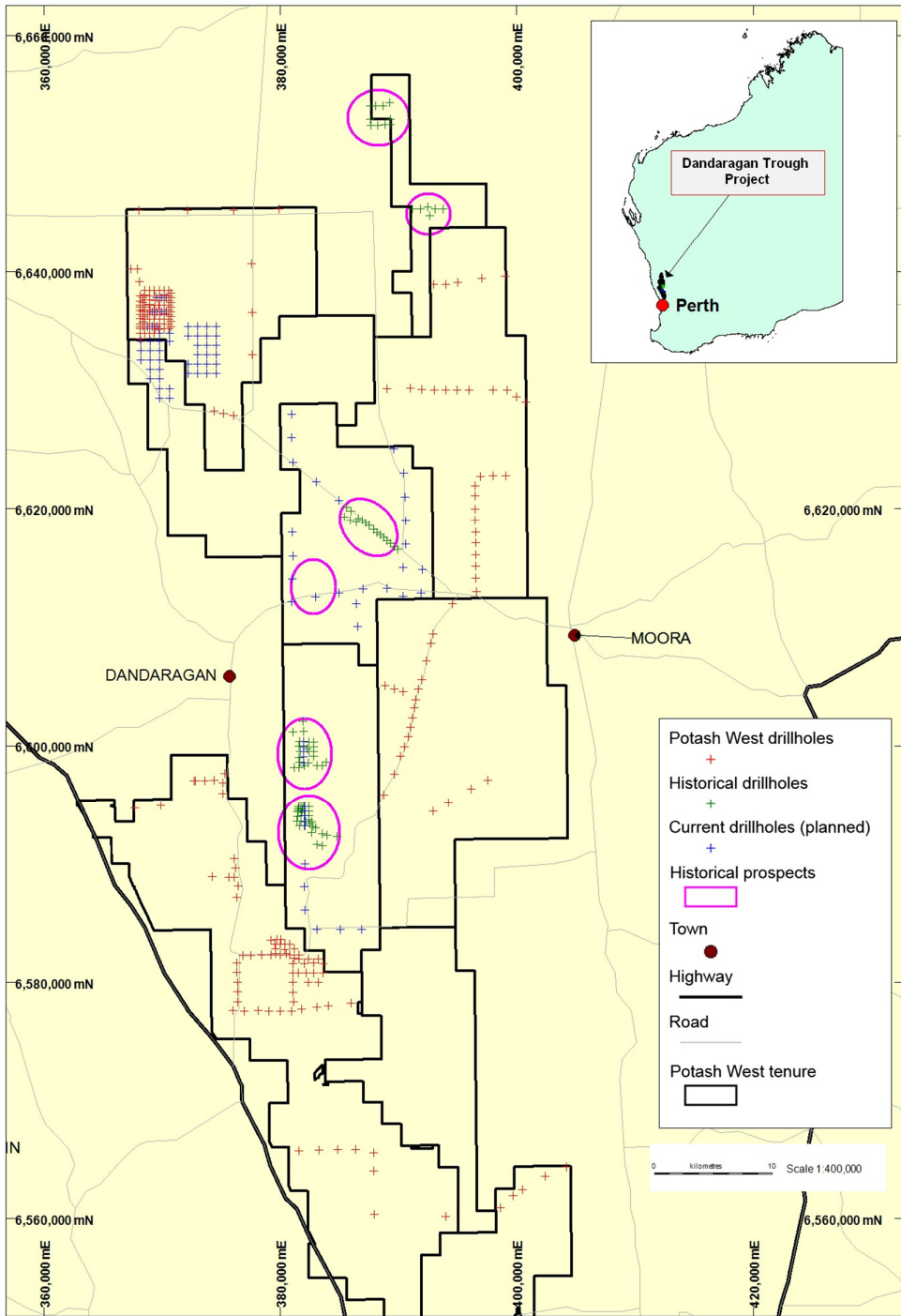
“Our recent announcement regarding significant intersections at Dambadjie and Attunga also show that +50m thicknesses of greensand exist in that area, which will materially increase the tonnage of material per hectare, minimising the mining footprint.”

For further information contact:

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**Figure 1: Dandaragan Trough project**

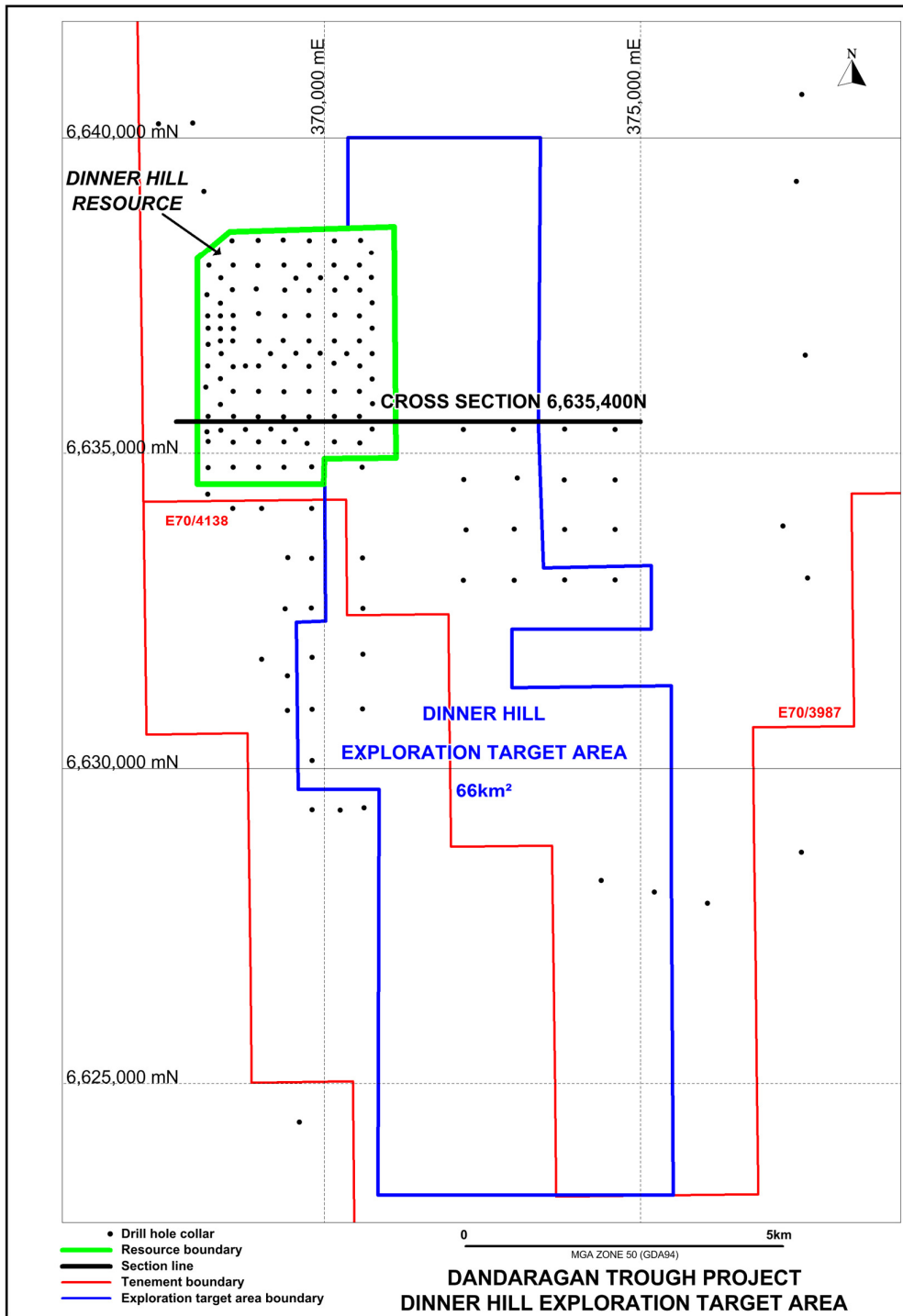


Figure 2: Dinner Hill Exploration Target

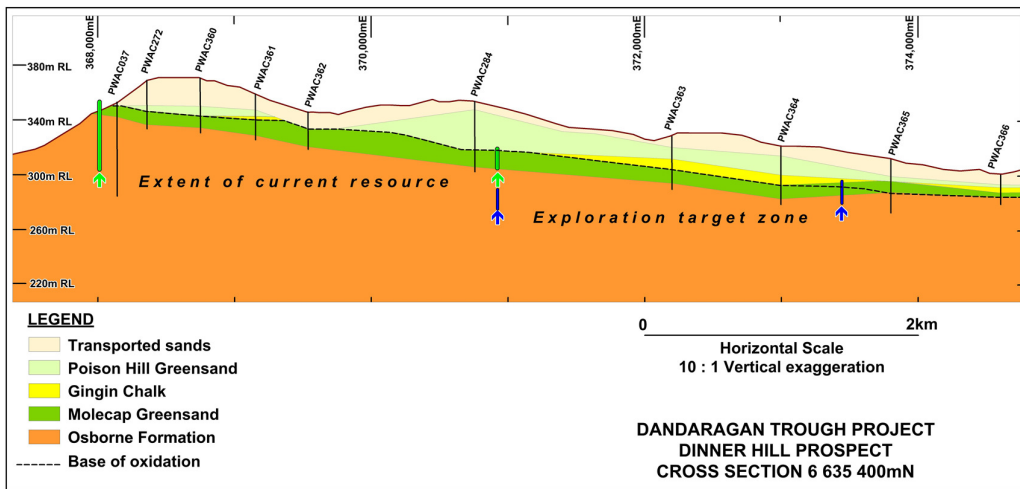


Figure 3: Cross-section 6635400N (vertical exaggeration x10)

YEAR	HOLE	EASTING	NORTHING	RL	INTERSECTION	
					From (m)	Length (m)
2012	PWAC039	374383	6628239	309	42	18
2012	PWAC040	375224	6628056	286	6	14
2012	PWAC223	369344	6638407	361	25	5
2012	PWAC224	369758	6638400	365	33	4
2012	PWAC225	370156	6638399	362	30	4
2012	PWAC226	370572	6638404	366	36	3
2012	PWAC227	370554	6638000	360	34	4
2012	PWAC237	370558	6637603	360	34	5
2012	PWAC277	369722	6635176	343	16	6
2012	PWAC278	370156	6635203	345	21	11
2012	PWAC279	370554	6635200	354	34	9
2012	PWAC280	369356	6634799	351	19	11
2012	PWAC281	368955	6634802	355	15	9
2012	PWAC284	370755	6635402	354	35	11
2012	PWAC285	370758	6635804	357	40	4
2012	PWAC286	370753	6636195	356	37	7
2012	PWAC287	370756	6636601	357	34	7
2012	PWAC288	370753	6637000	348	25	6
2012	PWAC289	370753	6637402	354	37	2
2013	PWAC330	370596	6634800	344	27	11
2013	PWAC335	370602	6633351	348	34	13
2013	PWAC338	370606	6632551	344	33	13
2013	PWAC341	370610	6631828	349	35	13
2013	PWAC342	369802	6631776	355	31	16
2013	PWAC345	370604	6630958	363	50	14
2013	PWAC346	369803	6630952	349	28	14
2013	PWAC348	370591	6630194	341	31	13
2013	PWAC349	369804	6630147	335	10	13
2013	PWAC363	372197	6635400	328	25	9
2013	PWAC364	372994	6635400	321	29	9
2013	PWAC367	372202	6634608	323	24	10
2013	PWAC368	373053	6634632	306	11	9
2013	PWAC371	372240	6633798	335	39	12
2013	PWAC372	373002	6633806	325	37	10
2013	PWAC375	372200	6632996	350	53	13
2013	PWAC376	373005	6632996	330	37	13
2013	PWAC377	373804	6633000	300	43	5
2013	PWAC378	374602	6633001	300	32	11

**Table 1 Drill-hole Locations (all holes vertical) - listing intersections of fresh Molecap Greensand**

The following section is provided to ensure compliance with the JORC (2012) requirements for the reporting of Exploration Targets.

### Section 1 Sampling Techniques and Data

<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<i>Sampling techniques</i>	<i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i>	The analytical results from 19 vertical air-core holes drilled during 2012 were used to estimate grade of the fresh greensand unit. Nominal spacing between the holes was 400m. The length of the fresh greensand intersections from 19 vertical aircore holes drilled during 2013 were used to estimate volume of the mineralisation within the target area. SG data from the 2012 drilling was used to assign density of 2.63 to the mineralisation.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Total sample from the aircore drill was collected from the cyclone and geologically logged. QAQC includes the use of field duplicates and blind standards as per industry standard.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report</i>	Samples from the 2012 drilling where a combination of 1m samples and 1m samples that were composited over 2m intervals using a metal scoop. The samples were submitted for XRF analysis using a commercial “phosphate suite” assemblage.
<i>Drilling techniques</i>	<i>Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).</i>	All holes were by aircore using NQ sized equipment.
<i>Drill sample recovery</i>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	Visual monitoring is used to maintain and assess quality of sample recovery.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	Hole is conditioned at the end of each rod and the cyclone is opened and residue removed.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	Lithologies are moist, unconsolidated greensands consisting of quartz and glauconite. Samples bind with the clay present and there is no evidence of bias due to loss/gain of fine/coarse material.



<b>Criteria</b>	<b>JORC Code explanation</b>	<b>Commentary</b>
<i>Logging</i>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Geological logging appropriate for the style of drilling and the lithologies encountered.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i>	Samples have been geologically logged directly into a field computer using a database designed to capture relevant data including, oxidation, grainsize, rounding, sorting, mineralisation, hardness, colour and stratigraphic unit. All logging sample layouts are photographed and chip trays stored for future reference.
	<i>The total length and percentage of the relevant intersections logged</i>	All drill holes were logged in full.
Location of data points	<i>Accuracy and quality of surveys used to locate drillholes</i>	Holes are located using a hand held GPS.
	<i>Specification of the grid system</i>	The grid system is MGA_GDA94, Zone 50.
	<i>Quality and adequacy of topographic control.</i>	Elevation data is based on a topographic contour set produced from SRTM imagery at 5 metre vertical resolution.
Orientation of data in relation to geological structures	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type</i>	All drilling is vertical through an almost horizontal stratigraphy. Intersected thickness is therefore representative of true thickness.

## **Section 2 Reporting of Exploration Results**

Mineral tenement and land tenure	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The results which are the subject of this report are from E70/3987 and E70/4138 held in the name of Potash West NL. The land is privately held and Potash West uses road verges to carry out reconnaissance stratigraphic drilling. All necessary permits and approvals are in place. Compensation and access agreements are in place with a number of landowners and negotiations are continuing with others.
<i>Exploration done by other parties</i>	<i>Acknowledgment and appraisal of exploration by other parties</i>	No previous drilling within the area.

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

*The information in this report that relates to the estimation of the Exploration Target is based on information compiled by J.J.G. Doepel, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Doepel, Principal Geologist of the independent consultancy Continental resource Management Pty Ltd, 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 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" This report is issued with Mr Doepel's consent as to the form and context in which the exploration results appears.*