

16 November 2012

## MEDIA RELEASE

### POTASH WEST RECEIVES CHINESE BACKING FOR WORLD CLASS WESTERN AUSTRALIAN PROJECT

#### Highlights

- Approach from Chinese investment company
- A proposal to raise \$3 million raised at premium to current share price
- Funding will cover a significant portion of PFS costs
- 9,090,909 shares to be issued at 33c

**Potash West NL** (ASX: PWN) ("**Potash West**" or "**the Company**") is pleased to announce it has reached agreement with a Chinese private investment group to invest A\$3M in Potash West. The placement, of 9,090,909 shares will be at 33 cents, a premium of 35% to the 5 day VWAP.

Key elements of the agreement are:

- Placement of 9,090,909 shares at a price of 33c;
- Price to be reset at 30 November 2012, to 26.9% above 5 day average pre completion;
- Agreement to be completed, or terminated, by 22 December 2012; and
- Post placement, a representative of the group to be offered a Non-Executive Director position.

Potash West MD, Patrick McManus, said: "This backing will be a significant part of the programme as Potash West puts in place the elements for the full funding of the feasibility work to be carried out on the Dandaragan Trough project in Western Australia.

"We welcome the support of a strong Chinese investment group in our world class Dandaragan Trough assets and the significant processing technology breakthroughs we have achieved to date."



## **Dandaragan Trough Project**

Potash West's Dandaragan Trough Project is focussed on exploiting the large glauconite deposits present in the Dandaragan trough, which commences less than 60km to the north of Perth. The objective is to produce potash fertiliser and a range of valuable by-products, including superphosphate, from the glauconite. To that end the Company has two parallel programmes:

- Exploration, to identify the thickest, shallowest and highest grade deposits, and
- Process development, to identify the most cost-effective process of producing potash.

## **Process Development**

A final flowsheet for evaluation purposes has been defined. A scoping study is now underway, with capital and operating costs estimates for the processing plants being carried out by Tenova Bateman Projects, who are experienced with the unit operations proposed for this project. This work is expected to be completed by the end of December 2012.

A Bankable Feasibility Study (BFS) is targeted for completion in December 2013.

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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 2,905km<sup>2</sup>. 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 3.5%K<sub>2</sub>O, including 122 Mt at 4.6% K<sub>2</sub>O has been established.*