potash
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30 July 2012

Quarterly Report, June 2012

Highlights

- Resource drilling completed on Dinner Hill Project area
- Flowsheet confirmed from process testwork

Dandaragan Trough Project

This project is focussed on exploiting the large glauconite deposits present in the Dandaragan trough, which commences less than 60km to the north of Perth, (fig 1). The objective is to produce potash fertiliser from the potassium in 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

Exploration

In the period drilling was carried out on the Marchagee and Dinner Hill prospects. Dinner Hill appears the most prospective and drilling to establish a JORC resource has focussed on that area. 3,272 metres in 86 holes have been drilled (see fig 2). Samples have been submitted for assay and results are awaited,

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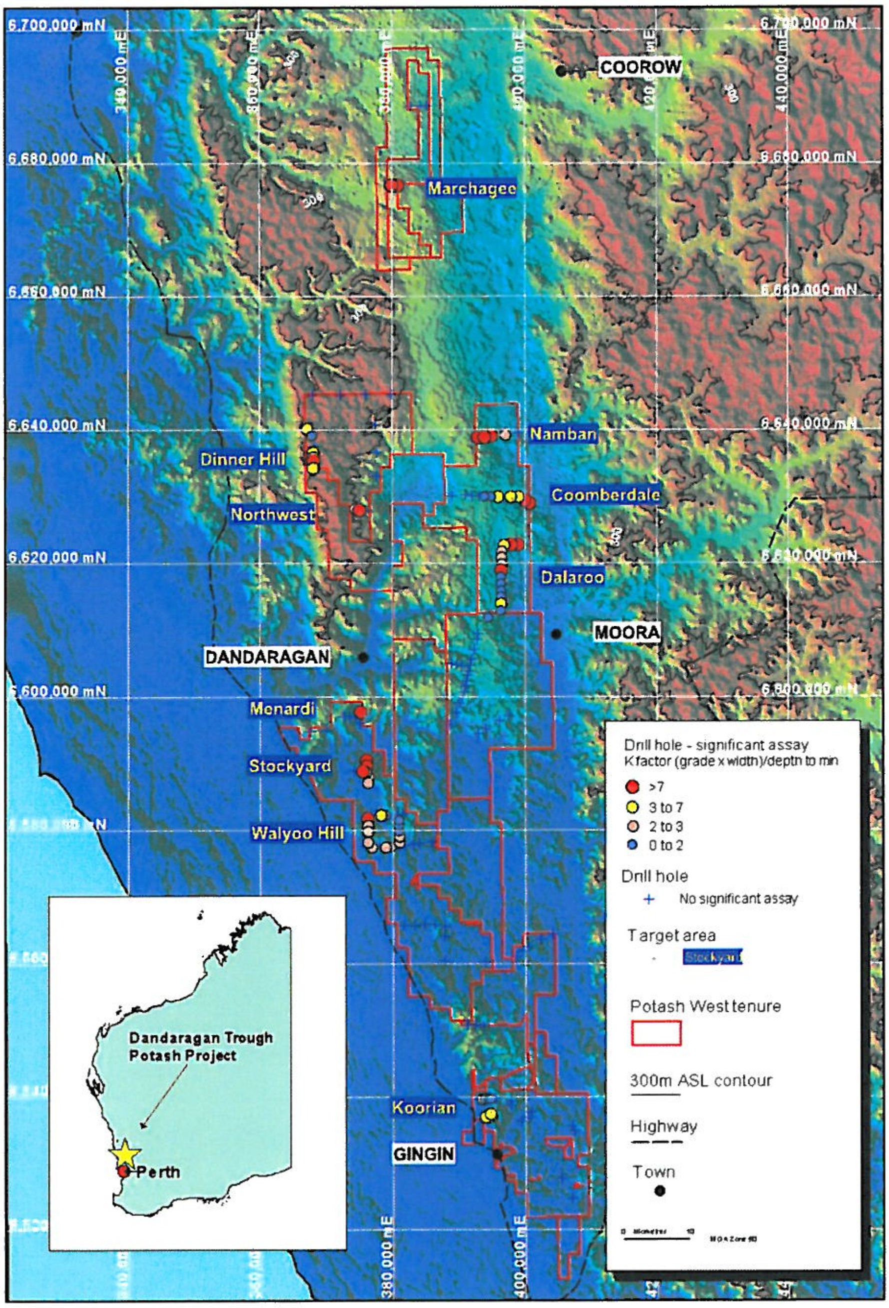

Figure 1: Potash West landholding, drill hole locations and target areas

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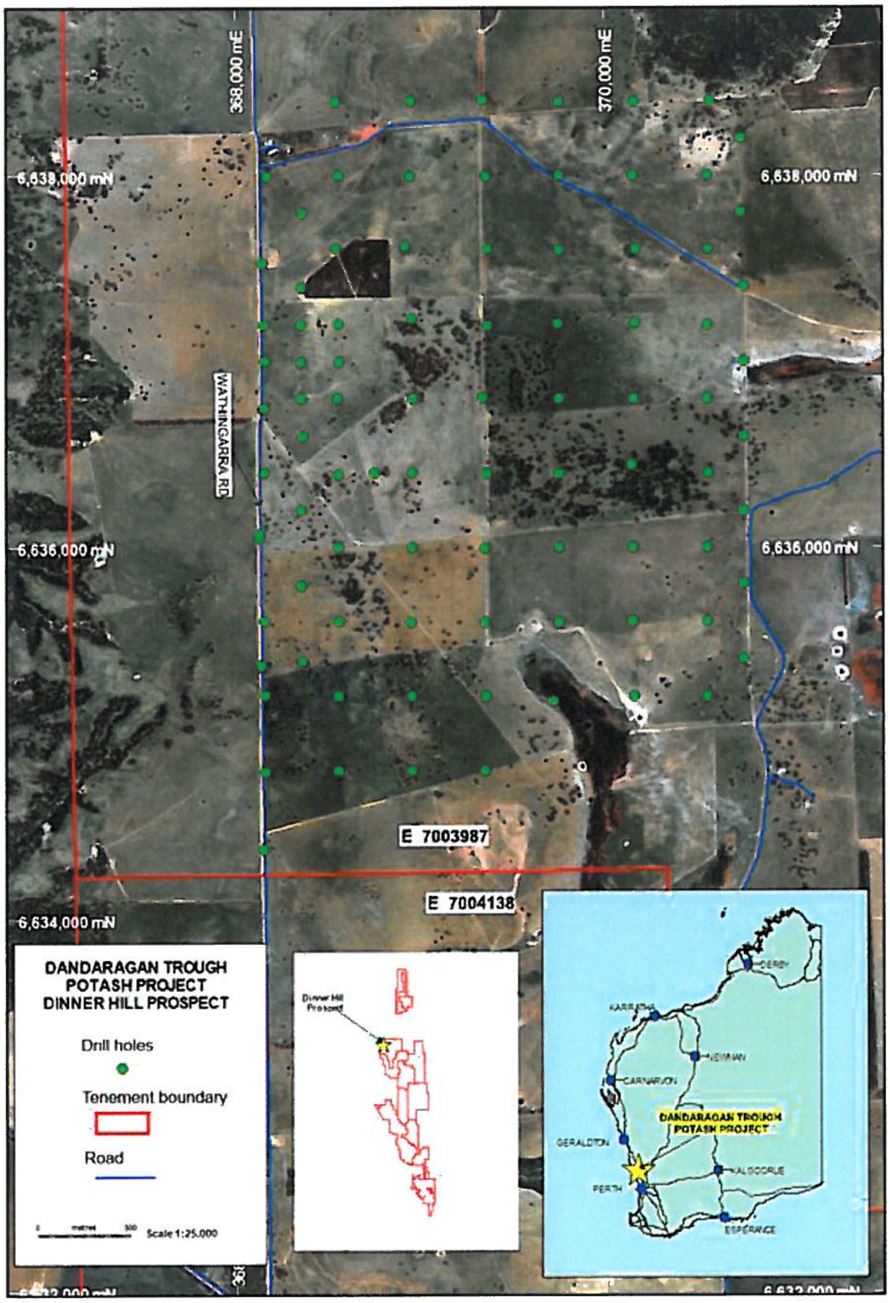

Figure 2: Dinner Hill in Project Area and sketch-map of hole spacing

The drilling appears to confirm the geological model that the most prospective locations are on slopes, on elevated ground, where the greensand units have not been eroded and where weathering is minimal.

Process Development

A final flowsheet for evaluation purposes has been defined. Mass and energy balances have been completed using Metsim and process flow diagrams are now being created. Provisional patents are being applied for, to establish ownership of intellectual property regarding the process technology.
Engineering groups have been interviewed regarding the scoping study and a contract is expected to be let in August.

Langey Project

PWN has entered into a joint venture with a wholly owned subsidiary of Heron Resources on the Langey project, close to Derby, WA, which is prospective for phosphates and glauconite.
A meeting was held with traditional owners of the project area. This has highlighted some areas that may be excluded from the area of potential resource.

Corporate

A placement of 7.33 million shares at 22.5c/share was made to raise $1.65m. 125,000 shares were issued as part of the companys' ESOP.

At the end of the quarter, the company has 83.775 million shares (38.4% of which are escrowed until May 2013) and 1.95 million options issued.

Announcements

The following ASX announcements were made in the quarter

- 3 April 2012 Drilling Identifies Targets over 140Km within Dandaragan Trough
- 12 April 2012 Potash West appoints Stellar Securities as an Adviser
- 12 April 2012 BRR Webcast
- 17 April 2012 Process Development Update
- 27 April 2012 Quarterly Activities and Cashflow reports
- 10 May 2012 New Independent Commissioned Research on Potash West
- 17 May 2012 Trading Halt
- 21 May 2012 Potash West raises $1.5m to further develop Dandaragan Trough

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- 23 May 2012 BRR Webcast
- 31 May 2012 Grant of Licences in Dandaragan Trough
- 31 May 2012 Updated Research Report on Potash West by Arrowhead
- 12 June 2012 Company Presentation
- 20 June 2012 Placement Completion
- 20 June 2012 Presentation
- 20 June 2012 Research Report
- 20 June 2012 Appendix 3b
- 22 June 2012 Interview on Potash West
- 22 June 2012 Appendix 3B
- 28 June 2012 Appendix 3B
- 29 June 2012 Appendix 3B

The following announcements were made subsequent to 30 June 2012

- 24 July 2012 Market update on exploration and process development
- 24 July 2012 BRR Webcast

Cash on Hand

At 31 March 2012 $3.25 million cash (3.88 cents/share) was available.

For further information contact:

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Competent Person's Statement:

The geological information in this report is based on information compiled by Lindsay Cahill, who is a Member of the Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Cahill has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Cahill is a consultant to the mining industry. This report is issued with Mr Cahill's consent as to the form and context in which the exploration results appear.

The metallurgical information in this report is based on information compiled by Gary Johnson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Johnson has sufficient experience relevant to the activity being undertaken 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 Johnson is a consultant to the mining industry. This report is issued with Mr Johnson's consent as to the form and context in which the results appear.

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Potash West NL

ABN	Quarter ended ("current quarter")
62 147 346 334	30 June 2012

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (12 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(712)	(2,146)
	(b) development		
	(c) production		
	(d) administration	(494)	(1,516)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	22	162
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material)		
	Net Operating Cash Flows	(1,184)	(3,500)
	Cash flows related to investing activities		
1.8	Payment for purchases of:(a) prospects		
	(b) equity investments		
	(c) other fixed assets	(9)	(89)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (Investment in Subsidiary)		
	Net investing cash flows	(9)	(89)
1.13	Total operating and investing cash flows (carried forward)	(1,193)	(3,589)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(1,193)	(3,589)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1,650	1,650
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (Equity Raising Costs)	(105)	(243)
	Net financing cash flows	1,545	1,407
	Net increase (decrease) in cash held	352	(2,182)
1.20	Cash at beginning of quarter/year to date	2,898	5,432
1.21	Exchange rate adjustments		
1.22	**Cash at end of quarter**	**3,250**	**3,250**

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	102
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 relates to Directors Remuneration, Directors Fees and Superannuation Contributions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities		
3.2	Credit standby arrangements		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	500
4.2	Development	
4.3	Production	
4.4	Administration	350
	Total	**850**

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	3,250	2,898
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	**3,250**	**2,898**

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed				
6.2 Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	83,795,833	51,906,292		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,333,333 125,000	7,333,333 125,000	$0.225 $0.238	$0.225 $0.238
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	100,000 100,000 500,000 1,250,000	- - - -	*Exercise price* $0.40 $0.60 $0.30 $0.28	*Expiry date* 08-Sep-16 08-Sep-16 08-Sep-14 30-Nov-14
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: Date: 30 July 2012

Print name: Patrick McManus
Managing Director

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.s

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.