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ACN 147 346 334

# Prospectus

## PROSPECTUS

For the Public Offer of up to **30,000,000** fully paid ordinary Shares at an issue price of **\$0.20** each to raise up to **\$6,000,000**, including the Priority Entitlement share offer to Image Resources NL shareholders of up to **5,000,000** shares at an issue price of **\$0.20** each.

The Public Offer Closing Date of this Public Offer is **4 April 2011**.



Lead Manager  
Patersons Securities Limited  
ACN 008 896 311

## Important Information

This is an important document that you should read in its entirety. You should consider carefully the risk factors in Section 4 in light of your personal circumstances and seek professional advice before you decide whether to invest. The Public Offer does not take into account your investment objectives, financial situation or particular needs.

The Shares offered by this Prospectus are speculative.

# CORPORATE DIRECTORY

## DIRECTORS

Adrian Griffin – Non-executive Chairman  
Patrick McManus – Managing Director  
George Sakalidis – Non-executive Director  
Gary Johnson – Non-executive Director

## COMPANY SECRETARY

Amanda Wilton-Heald

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## LEAD MANAGER\*

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*\* This party had no involvement in the preparation or issue of this Prospectus. Its name appears for information purposes only.*





# INVESTMENT investment highlights and risks HIGHLIGHTS

## Investment Highlights

- **Exploration exposure to the potash industry**
  - Potash West NL has the right to explore tenements that host large glauconite deposits, glauconite being a potassium-bearing clay.
  - The tenements cover an area of around 2,100 square kilometres, so there is significant exploration upside.
  - The glauconite deposits are near-surface or outcropping, meaning that extraction will be more economical.
  - Technologically, there is the opportunity to convert glauconite into potash, a high-value fertiliser, demand for which has seen prices triple since 2005.
  - A technical programme leading to a scoping study is planned.
  - The deposits are close to infrastructure and potential fertiliser markets.
- **Strong Board and management team with significant industry experience**
- **Innovative capital structure to promote shareholder loyalty**

## Investment Risks

Risks associated with an investment in Potash West NL are discussed in Section 4 of this Prospectus.

The business of Potash West NL involves investment in mining tenements, exploration and mining. Some of the principal business risks include the following.

- Exploration risks
- Technical risks in process development
- Operating and technical risks
- Environmental risks
- Mineral title risks

**Accordingly, investment in the Shares issued pursuant to this Prospectus should be considered speculative.**



Dear Investor

On behalf of the Board of Directors ('the Board') of Potash West NL ('Potash West' or 'the Company'), I invite you to become a Shareholder in the Company through this Prospectus, which seeks to raise a minimum of \$4,500,000 and up to \$6,000,000 by the issue of fully paid ordinary Shares ('Shares') at an issue price of \$0.20 each.

Potash West was incorporated to combine the exploration assets of four tenement holders: Image Resources NL ('Image Resources'); Richmond Resources Pty Ltd ('Richmond Resources'); Torbinup Resources Pty Ltd ('Torbinup Resources'), and Adrian Griffin. These assets, which cover a strike length of approximately 120 km and a width of about 20 km, lie within the Dandaragan Trough. Located approximately 100 kilometres ('km') north of Perth in Western Australia ('WA'), the Dandaragan Trough hosts one of the largest glauconite deposits ever identified. The glauconite is mixed with quartz in beds known as greensands. In amalgamating the glauconite interests of the four tenement holders, Potash West is ensuring control over deposits with significant commercial potential.

The opportunity presented by the Company's glauconite deposits is enhanced by the fact that the target horizons are either close to the surface or outcropping. Moreover, the material is soft, so mining and comminution costs should be low. Further, the deposits are close to one of Australia's major potash-consuming regions, the WA wheat belt, and located within an area of established infrastructure that includes roads, a railway line, ports, power and a gas pipeline.

Potassium can be extracted from glauconite to produce potash, the term applied to a group of water-soluble potassium salts used in fertiliser. Potassium is an essential ingredient for plant growth and one of three fertiliser components (the others being nitrogen and phosphorous) for which there are no substitutes.

Population growth worldwide has placed enormous pressure on farming for food and the production of bio-fuels, with a concomitant increase in demand for fertilisers. However, the recent global financial crisis saw a reduction in fertiliser utilisation, a measure ultimately unsustainable.

The Directors believe that as agricultural commodity prices increase and the adverse effects of the recent lower fertiliser dosages become apparent, it is predicted that demand for potash will grow rapidly. Signs of this are already evident and potash prices are rising. Glauconite may therefore provide a viable alternative to the more conventional use of evaporites as potash feed stock.

Early in the last century, glauconite was recognised as a source of potassium for the production of potash in New Jersey in the United States, when occurrences were examined for potential application in the agricultural industry there. In India and South America, meanwhile, production of low-grade fertiliser from glauconite with minimal processing has been practised for many years. With respect to the Dandaragan Trough, the WA government realised that the greensand occurrences could be a source of fertiliser in the 1960s. Drilling, undertaken to evaluate the stratigraphic setting in which the glauconite accumulated, showed that the greensand beds have a thickness of up to 200 metres ('m').

Encouraging as the research may have been, potash prices at the time did not warrant extensive downstream processing of glauconite to yield potash. Now, however, with upward pressure on fertiliser prices, and potash prices in particular, plus the fact that some processing cost inputs have been falling, there may be an opening for glauconite to be brought online as regular feed stock to the fertiliser industry, should potash prices remain strong.



In summary, Potash West, with investor support, plans to define a substantial resource base in the Dandaragan Trough and investigate the recovery of potash from that material. Pending a successful commercial outcome, there is the opportunity to become a major contributor to the potash market.


The Company acknowledges the involvement of the original tenement holders, in particular the shareholders of Image Resources, who will have a direct interest in Potash West. However, many of those Image Resources security holders may have unmarketable share parcels. To encourage greater participation by Image Resources security holders in Potash West, this Prospectus provides a Priority Entitlement share offer to those shareholders.

In addition to the Priority Entitlement share issue, all Potash West shareholders holding more than 10,000 shares in Potash West at the time of listing, and also holding shares in Potash West at the expiration of escrow, which is expected to be 24 months after the date of listing, will share proportionately in the distribution of 15,000,000 Contingent Entitlement shares at around that time.

I believe that the potential of this project, and the Company's innovative capital structure, provide a strong incentive for participation. I therefore encourage you to read the Prospectus and consider this opportunity for your investment portfolio.



**Adrian Griffin**  
Chairman



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### *This Prospectus is dated 17 February 2011.*

A copy of this Prospectus was lodged with the Australian Securities and Investment Commission ('ASIC') on 17 February 2011. Neither the ASIC nor the Australian Securities Exchange ('ASX') takes any responsibility for the contents of this Prospectus.

No person or entity is authorised to give any information or to make any representation in connection with the Public Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied upon as having been authorised by Potash West in connection with the Public Offer.

No Shares will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made within 7 days after the date of this Prospectus for permission for the Shares offered by this Prospectus to be listed for Quotation.

Distribution of this Prospectus in jurisdictions outside Australia maybe restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer.

Applicants should read this document in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for Shares. There are risks associated with an investment in the Company and the Shares offered under this Prospectus must be regarded as a speculative investment. The Shares offered under this Prospectus carry no guarantee with respect to return on capital investment, payment of dividends or the future value of the Shares.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper-case first letter. Details of the definitions and abbreviations used are set out in the Glossary in this Prospectus.

All amounts are in Australian dollars unless otherwise specified.

### *Exposure Period*

In accordance with Chapter 6D of the Corporations Act 2001 of Australia ('Corporations Act'), this Prospectus is subject to an Exposure Period of 7 days from the date of lodgement of the Prospectus with the ASIC. This period may be extended by the ASIC for a further period of 7 days. The purpose of this Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of the funds, which examination may result in the identification of deficiencies in this Prospectus. If this Prospectus is found to be deficient, Applications received during the Exposure Period will be dealt with in accordance with section 724 of the Corporations Act. Applications received prior to the expiration of the Exposure Period will not be processed until after the Exposure Period. No preference will be conferred upon Applications received in the Exposure Period.

### *Electronic Prospectus*

This Prospectus will be issued in paper form and as an electronic Prospectus, which may be viewed online at [www.potashwest.com.au](http://www.potashwest.com.au). The Public Offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus in Australia. The Corporations Act prohibits any person from passing onto another person the Public Offer and Priority Entitlement share offer Application Forms unless it is attached to or accompanied by the complete and unaltered version of this Prospectus. During the Public Offer Period, any person may obtain a hard copy of this Prospectus by contacting the Company by e-mail at [info@potashwest.com.au](mailto:info@potashwest.com.au).



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*Note: The style of the subsection headings in this Prospectus is such that the first letter of each word is upper case. This does not necessarily indicate a defined term, as contained in the Glossary at Section 10 of this Prospectus. Rather, the headings are intended as a convenient reference point and it is the body of the text which contains defined terms and should be read in conjunction with the Glossary.*



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# 1. INVESTMENT OVERVIEW

## 1.1 Important Notice

Prospective investors should read this Prospectus in its entirety, including the Independent Geologist's Report in Section 5, the Investigating Accountant's Report in Section 7 and the Solicitor's Report on Tenements in Section 8.

Neither Potash West nor any other person guarantees the performance of the Shares offered pursuant to this Prospectus, or the performance of Potash West or the return on any investment. An investment in the Company should be considered speculative.

## 1.2 Investment Highlights

- The Company has agreements relating to the mineral rights with respect to large areas of ground that are prospective for significant deposits of glauconite, a potassium-bearing clay mineral.
- The mineral rights cover an area of 2,107 km<sup>2</sup> over glauconitic sediments that extend over a length of about 120 km and a width of 10 to 20 km.
- The deposits are of a large areal extent, flat-lying and either near-surface or outcropping.
- Advances in technology, as well as elevated global fertiliser prices, have produced a situation in which it may be possible to extract the potassium for use in fertiliser.
- Global demand for fertiliser – driven by a strong growth in usage in China and India – is strong, and prices are high in historic terms. As a result, potash prices have settled at a level approximately three times higher than prices pre-2005.
- The deposits are also close to local consumers of fertiliser.
- Products extracted from the glauconite could be used to replace, or reduce local reliance on, imported fertilisers, which are costly to transport and thus have a large carbon footprint.
- 15,000,000 Contingent Entitlement shares will be distributed by the Contingent Entitlement Trustee to Eligible Potash West shareholders (refer to Section 2.6).

## 1.3 Risks

Risks associated with an investment in the Company are discussed in Section 4 of this Prospectus. Some of the principal risks include the following.

- There is no assurance that the Company will be granted surface access to explore ground on which access agreements are not currently in force, or where restrictions resulting from competing land use apply.
- There is no assurance that exploration of the mineral rights in which Potash West is acquiring an interest, or other exploration properties that may be acquired by the Company in the future, will result in the discovery of an economic resource.
- The Company may fail to discover a commercially viable means of extracting potassium from the glauconite.
- Economic risks, such as changes in commodity prices, interest rates and exchange rates.
- The exploration costs of the Company, by their nature, are subject to significant uncertainties and accordingly, actual costs may differ from the estimates and assumptions.
- Environmental and regulatory risks, including native title and/or the presence of flora reserves or areas of declared rare fauna.
- Operational risks, such as a failure to locate or identify mineral deposits in respect of the project in which the Company is acquiring an interest.
- Mining and exploration title risks – title to the tenement in which the Company is acquiring an interest is subject to the tenement holder complying with the terms and conditions of the tenement. A summary of the terms and conditions attaching to the tenement is set out in the Solicitor's Report on Tenements in Section 8.
- Taxation risks, including the possibility that the Australian Commonwealth Government may nationalise the mining industry or change taxation policy, rendering any project unviable.
- Additional capital requirements.
- Insurance coverage of all risks associated with Potash West and production is not always available and where it is, the cost can be high.
- The industry in which Potash West is involved is subject to competition.
- No assurance can be given that no detrimental impact on Potash West will occur if one or more of the key management personnel leaves the Company's employ.
- The Shares to be issued pursuant to this Prospectus are considered to be speculative.

Prospective investors should carefully review the risk factors set out in Section 4 of this Prospectus and consult their professional adviser with any questions.

#### 1.4 Indicative Timetable

Lodgement of Prospectus with the ASIC	17 February 2011
Opening Date for Applications	24 February 2011
Priority Entitlement share offer Closing Date	14 March 2011
Public Offer closing date	4 April 2011
Expected dispatch of holding statements	11 April 2011
Expected Listing Date on the ASX	18 April 2011

These dates are indicative only and may vary. Potash West reserves the right to close the Public Offer early or extend the Public Offer Closing Date without prior notice. Applicants are therefore encouraged to submit Applications as soon as possible after the Opening Date.

#### 1.5 Use of Funds

It is intended to apply funds raised from the Public Offer as follows.

	Minimum Subscription		Maximum Subscription	
	Year 1 (\$)	Year 2 (\$)	Year 1 (\$)	Year 2 (\$)
Exploration	494,000	1,012,000	610,000	1,615,000
Process development	435,000	910,000	605,000	1,185,000
Tenement administration, rents and rates	90,000	140,000	90,000	140,000
Administration	429,333	525,000	539,137	660,000
Expenses of the issue	464,667	0	555,863	0
<b>Sub-total</b>	<b>1,913,000</b>	<b>2,587,000</b>	<b>2,400,000</b>	<b>3,600,000</b>
<b>Total</b>	<b>4,500,000</b>		<b>6,000,000</b>	

1. The table above is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and variations in circumstances have the potential to affect the way in which funds are ultimately applied. On this basis, the Board reserves the right to alter the way funds are applied.
2. Exploration expenditures will be reviewed on an ongoing basis, depending upon the nature of results forthcoming from the respective work programmes.
3. In the event that more than the minimum subscription and less than the maximum subscription is raised, the Company intends to allocate the funds primarily towards process development and exploration (after increased costs of the Public Offer).
4. The Company reserves the right to raise additional funds within 2 years of the Listing Date, to the extent required to expand the exploration and testing of the greensand deposits, or to avail itself of other opportunities with the potential to benefit shareholders in Potash West.

**The Company will have sufficient funds to carry out its planned programmes, both technical and corporate, at the time of listing.**



## 1.6 Pro Forma Capital Structure and Key Statistics

The Pro Forma capital structure of Potash West is summarised in the table below, which outlines the structure for the minimum raising under this Prospectus and also for a fully subscribed Public Offer.

### Proposed Capital Structure

Shares to be issued at \$0.20 to raise a minimum of \$4,500,000 and a maximum of \$6,000,000

Category	Minimum Subscription		Maximum Subscription	
	% Issued Capital	Shares	% Issued Capital	Shares
<b>Shares to be issued pursuant to this Prospectus</b>				
Shares to be issued on application	33.33	22,500,000	40.00	30,000,000
<b>Securities to be issued to Eligible shareholders*</b>				
Contingent Entitlement shares	22.22	15,000,000	20.00	15,000,000
<b>Sub-total</b>	<b>55.56</b>	<b>37,500,000</b>	<b>60.00</b>	<b>45,000,000</b>
<b>shares</b>				
Image Resources security holders	18.52	12,500,000	16.67	12,500,000
Elsinore Energy Pty Ltd ('Elsinore Energy')	18.52	12,500,000	16.67	12,500,000
<b>Seed capital and promoters</b>				
Seed	7.41	5,000,000	6.67	5,000,000
<b>Sub-total</b>	<b>44.44</b>	<b>30,000,000</b>	<b>40.00</b>	<b>30,000,000</b>
<b>Total issued</b>	<b>100.00</b>	<b>67,500,000</b>	<b>100.00</b>	<b>75,000,000</b>
Gross proceeds of raising		\$4,500,000		\$6,000,000
Pro Forma cash available		\$4,185,361		\$5,593,165

\* Refer to Section 1.8 below and Section 2.6 for details of Contingent Entitlement shares.

## 1.7 Shares

Should the minimum subscription only be reached, a total of 67,500,000 shares will have been issued by the Company at the successful conclusion of the Public Offer. Should the Public Offer be fully subscribed, a total of 75,000,000 shares will have been issued by the Company at the conclusion of the Public Offer.

## 1.8 Contingent Entitlement Shares

Prior to the lodgement of this Prospectus, 15,000,000 Contingent Entitlement shares were issued. The Contingent Entitlement shares will be held by the Contingent Entitlement Trustee until the expiration of escrow, which is expected to be 24 months after the date of listing, at which time the Contingent Entitlement Trustee will distribute them to Eligible shareholders as described in detail in Section 2.6.

## 1.9 Restricted Securities

Shares in Potash West on issue as at the date of this Prospectus (which do not include the Shares offered under this Prospectus) may be subject to the restricted securities provisions of the ASX Listing Rules. Accordingly, a proportion of such existing shares in Potash West may be required to be held in escrow for up to 24 months from the Listing Date and may not be transferred, assigned or otherwise disposed of during that period. These Appendix 9A Restriction agreements will be entered into in accordance with the ASX Listing Rules.



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## 2. DETAILS OF THE PUBLIC OFFER

### 2.1 Shares Offered for Subscription

By this Prospectus, the Company offers for subscription a minimum of 22,500,000 Shares and a maximum of 30,000,000 Shares at an issue price of \$0.20 each, to raise between \$4,500,000 and \$6,000,000 (before expenses of the Public Offer).

The Shares offered under this Prospectus will rank equally with the existing shares on issue. The Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares, and can only be made by completing the relevant Public Offer Application Form attached to or accompanying this Prospectus.

Subject to the terms of the Priority Entitlement share offer, the Company reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

#### Priority Entitlement share offer

Image Resources security holders as at 27 January 2011 will be given a priority right to subscribe for Shares, using the green Priority Entitlement share offer Application Form accompanying this Prospectus, up to a total pool limit of 5,000,000 Potash West shares. Allocations pursuant to this priority right will be made at the discretion of the Directors on a first come first served basis provided that Image Resources security holders with less than a

marketable parcel of shares in Potash West (i.e. less than 10,000 fully paid ordinary Shares) will be given priority to afford them an opportunity to round up their holding to a marketable parcel.

The Priority Entitlement share offer for Image Resources security holders will only operate for Priority Entitlement share offer Application Forms received by Potash West on or before the Priority Entitlement share offer closing date.

#### Public Offer

A total of 17,500,000 to 25,000,000 Shares, plus any Shares not subscribed under the Priority Entitlement share offer, will be available under the Public Offer.

Applications for Shares by general investors must be made on the Public Offer Application Form attached to this Prospectus.

### 2.2 Purpose of the Public Offer

The purpose of the Public Offer is to provide the Company with the funding necessary to evaluate the commercial viability of exploiting the greensands in the Dandaragan Trough. The funds raised will be used to complete scoping work, which will indicate whether this project warrants further expenditure (not the subject of this Prospectus) for additional work, including feasibility studies.

It is intended to apply funds raised from the Public Offer as detailed in Section 1.5 of this Prospectus.



### 2.3 How to Apply

#### Priority Entitlement share offer

If you are an Image Resources security holder and wish to participate in the Priority Entitlement share offer, you should complete your green Priority Entitlement share offer Application Form. Image Resources security holder may apply for a minimum parcel of 10,000 Shares, representing a minimum investment of \$2,000. Notwithstanding this, shareholders who have been allocated less than a marketable parcel (10,000 Shares) in Potash West can apply for the amount necessary to make a marketable parcel.

Image Resources security holders who wish to apply for Shares in excess of the minimum investment must apply for Shares in multiples of 5,000 (equivalent to \$1,000).

All Priority Entitlement share offer Application Forms and accompanying cheques must be received by the Priority Entitlement share offer closing date at the Company's Share Register at one of the following addresses.

**Post to**

Potash West NL  
c/- ADVANCED SHARE REGISTRY  
SERVICES LIMITED  
PO Box 1156  
Nedlands WA 6909  
Australia

or

**Deliver to**

Potash West NL  
c/- ADVANCED SHARE REGISTRY  
SERVICES LIMITED  
150 Stirling Highway  
Nedlands WA 6009  
Australia

Cheques must be made payable to 'Potash West NL – Application account' and crossed 'Not Negotiable'.

No brokerage or stamp duty is payable by Applicants.

#### Public Offer

If you wish to participate in the Public Offer, you should complete the Public Offer Application Form contained in this Prospectus. Applicants may apply for a minimum parcel of 10,000 Shares, representing a minimum investment of \$2,000. Applicants seeking additional Shares must apply for Shares in multiples of 1,000 (equivalent to \$200) thereafter.

All Applications must be completed in accordance with the detailed instructions (attached to the Public Offer Application Form) on how they are to be completed and be accompanied by a cheque in Australian dollars payable to 'Potash West NL – Application account' and crossed 'Not negotiable'.

No brokerage or stamp duty is payable by Applicants.

Applications must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.

The Company reserves the right to reject any Public Offer Application Form or to allocate the Applicant fewer Shares than the number applied for.

Completed Public Offer Application Forms and accompanying cheques must be received by the Public Offer closing date at one of the following addresses.

**Post to**

Potash West NL  
c/- ADVANCED SHARE REGISTRY  
SERVICES LIMITED  
PO Box 1156  
Nedlands WA 6909  
Australia

or

**Deliver to**

Potash West NL  
c/- ADVANCED SHARE REGISTRY  
SERVICES LIMITED  
150 Stirling Highway  
Nedlands WA 6009  
Australia

## 2.4 Allotment of Shares

Subject to the ASX granting conditional approval for the Company to be admitted to the Official List, the allotment of Shares to Applicants will occur as soon as possible after the Public Offer Closing Date. Statements of shareholdings will then be dispatched to successful Applicants. It is the responsibility of Applicants to determine their allocation prior to trading in Shares. Applicants who sell Shares before they receive their holding statements do so at their own risk.

Pending the issue of Shares, or the return of Application Monies, the Application Monies will be held in trust for the Applicants.

Subject to the terms of the Priority Entitlement share offer, the Directors have the right to allocate Shares under the Public Offer. The Company may reject any Public Offer Application Form or allocate any Applicant fewer Shares than applied for under the Public Offer.

If a Public Offer Application Form is not accepted, or is accepted in part only, the relevant portion of the Application Monies will be refunded. Interest will not be paid on refunded Application Monies.

## 2.5 Minimum Subscription

The minimum subscription to the Public Offer is 22,500,000 Shares at an issue price of \$0.20 per Share to raise \$4,500,000 before expenses of the Public Offer. If the minimum subscription has not been raised within 3 months of the date of this Prospectus, all Applications will be dealt with in accordance with the Corporations Act.

## 2.6 Contingent Entitlement Shares

Entities or natural persons with at least 10,000 shares at the Listing Date are entitled to participate in a pool of Contingent Entitlement shares currently held by the Contingent Entitlement share Trustee, in proportion to the number of shares they hold at the first Business Day following the date all shares in respect of which the ASX imposes restrictions as a condition to listing cease to be restricted securities. The Contingent Entitlement share issue is more fully described in the summary of the Contingent Entitlement share trust deed in Section 9.3 of this Prospectus. It is expected that the Contingent Entitlement date will be 24 months from the Listing Date on the ASX.

## 2.7 ASX Listing

Within 7 days of the Public Offer Closing Date, application will be made for the Shares offered by this Prospectus to be granted Quotation.

If an ASX listing does not occur, Potash West will not allot or issue any Shares and will repay all Application Monies without interest as soon as practicable.

The ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may admit Potash West to the Official List is not in any way to be taken as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.



## 2.8 Applicants Outside Australia

Distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any government or other consents are required or any other formalities need to be considered and followed.

## 2.9 Underwriting

The Public Offer is not underwritten.

## 2.10 Broker Fees

The Company has engaged Patersons Securities Limited ('Patersons Securities') as Lead Managers to the Public Offer. Further details of the fees payable to Patersons Securities are set out in Section 9.3.

## 2.11 CHESS

Potash West will apply to participate in the ASX Clearing House Electronic Sub-registry System ('CHESS'), which is operated by the ASX Settlement and Transfer Corporation Pty Ltd ('ASTC') (a wholly owned subsidiary of the ASX), in accordance with the Listing Rules and ASTC Settlement Rules. On admission to CHESS, the Company will operate an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Together, the two sub-registers will make up the Company's principal register of securities.

Under CHESS, the Company will not issue certificates to Shareholders. Rather, the Company will provide Shareholders with a holding statement (similar to a bank account statement) that sets out the number of Shares allotted to that Shareholder under this Prospectus.

This statement will also advise investors of either their Holder Identification Number ('HIN') (in the case of a holding on the CHESS sub-register) or Security-holder Reference Number ('SRN') (in the case of a holding on the issuer-sponsored sub-register).

A statement will routinely be sent to Shareholders at the end of any calendar month in which their holding changes. A Shareholder may request a statement at any other time; however, there may be a charge for the provision of additional statements.

## 2.12 Forecasts

The Company is a mineral exploration company. Due to the speculative nature of exploration, there are significant uncertainties associated with forecasting future revenues from the Company's proposed activities. The Directors believe that, given these inherent uncertainties, it is not possible to include a reliable forecast in this Prospectus.

## 2.13 Privacy Disclosure

The Company collects information in relation to each Applicant, as provided on the Public Offer Application Form, for the purposes of processing the Public Offer Application Form and, should the Application be successful, administering the Applicant's security holding in the Company.

Aside from these purposes, the Company may disclose the information to the Share Registrar, the Company's related bodies corporate, agents, contractors and third-party service providers.

The information may also be used and disclosed to persons inspecting the register, including bidders for securities in the context of take-overs, licensed securities dealers, mail houses and regulatory bodies, including the Australian Taxation Office.

## 2.14 Enquiries

This Prospectus provides information for potential investors in Potash West and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.



**An essential  
fertiliser for  
growing markets**



### 3. COMPANY AND PROJECT OVERVIEW

#### 3.1 Background

Potash West was incorporated on 12 November 2010, to amalgamate the rights to both glauconite and phosphate mineralisation in the greensand that occurs throughout much of the Dandaragan Trough, which is part of the Perth Basin in Western Australia (refer to the Independent Geologist's Report in Section 5 of this Prospectus for location details).

Glauconite, a potassium-bearing mineral, makes up about 50% of the greensand that is the focus of the project. Glauconite can be concentrated from the greensand using conventional physical methods.

Glauconite can be, and historically has been, used as a slow-release potassium fertiliser, and can also be processed into higher-value potash products that are used as fertiliser in the agricultural industry. It is important to note that Australian agriculture is totally dependent on imports for all its potash fertiliser requirements.

The Company plans to define a substantial resource base in the Dandaragan Trough and investigate how best to recover potash from that material. A successful commercial outcome will allow the Company to become a major contributor to the potash market.

Internationally, potash demand has been escalating rapidly from the temporarily depressed levels seen during the recent

global financial crisis. The principal driver of consumption is the need to fertilise both food and biofuel crops, which, ultimately, is a consequence of population growth. Given the requirement for greater potash production to meet increasing demand, the greensand is potentially a major new source of potassium for the agricultural industries worldwide.

Phosphate also occurs within the greensand and there is the potential for it to be recovered as a co-product.

Details of the project geology, including particulars of work undertaken previously on the tenements, are summarised in the Independent Geologist's Report in Section 5 of this Prospectus.

#### 3.2 Traditional Sources of Potash

Historically, the large evaporite deposits of Saskatchewan and Belarus have provided potash for world markets. While this style of deposit is generally high-grade, such deposits often occur at great depths. Hence, establishing a viable operation involves significant capital expenditure and high operating costs due to either the high costs associated with deep underground mining or the high cost of treating material recovered by solution mining.

Traditional potash processing is therefore very energy-intensive.



### 3.3 Importance of Glaucinite as a Potassium Source

The significance of greensand occurrences as a source of fertiliser was recognised early in the last century, when such occurrences in New Jersey in the United States were mined for use in the agricultural industry. In India and South America, meanwhile, low-grade fertiliser has been produced for many years with only mineral processing of glauconite.

India, which relies principally on imports of potash fertiliser to maintain its thriving agricultural industry, has led world research into the extraction and recovery of potassium (and the subsequent production of potash) from greensand. Despite this, only in recent years have potash prices warranted extensive downstream processing of the glauconite that can be concentrated from such greensand. As mentioned, current global demand, especially from India and China, has led to strong upward pressure on fertiliser prices in general and potash in particular.

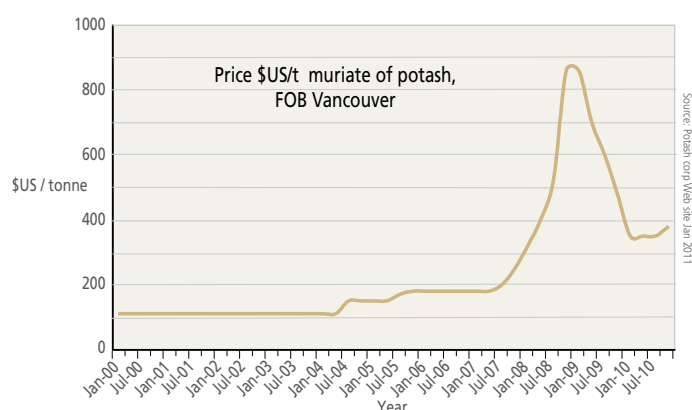


Figure 1.

Historic pricing of potash (as muriate of potash).

Although the price peak of 2008-09 could be considered an aberration, potash prices have now stabilised in the short term at least and are approximately three times higher than those prior to that period. This may indicate an opportunity to bring lower-grade sources of potassium, including glauconite, online as regular feedstock for the fertiliser industry.

### 3.4 Glaucinite in the Dandaragan Trough (Perth Basin)

The mineral exploration rights that Potash West has under right (see Section 8) cover a strike length of approximately 120 km and a width of between 10 and 20 km, throughout which the greensand is thought to be close to the surface. This view is supported by the widespread outcrop of the greensand and the presence of

the weathered equivalent (laterite), as well as the logs of both government and exploration company drill holes. Potash West considers that the mineral rights it has the right to acquire cover some of the most prospective exploration acreage available for this type of material. The targeted greensand outcrops over much of the area, and previous drilling by the WA Department of Minerals and Energy shows that it is up to 200 m thick.

Previously, the greensand of the Dandaragan Trough was examined as a source of potassium by both the WA government and mining companies, over a period of nearly 50 years, when potash prices were low. The depositional environment and the extent of the contained greensand are well-known on a regional scale, but the detailed definition required for resource evaluation and mining is presently lacking. Potash West will commence the work required to obtain more detailed information, which is necessary for commercial evaluation.

### 3.5 Extraction of Potassium from Glaucinite

Although previous metallurgical tests on the greensand of the Dandaragan Trough succeeded in extracting potassium from the glauconite, the test programmes were very limited in scope. Salt-roasting with magnesium chloride, followed by water leaching, was ineffective, but calcinations with sulphuric acid did succeed in extracting potassium from glauconite concentrates. There was a distinct change in the extent of extraction with temperature, lower temperatures being better. Further work in this area could result in much higher extractions and a viable process.

When testing was undertaken previously, the price of potash was low. Thus, there was no great incentive to optimise recoveries, as a commercial outcome was unlikely. The lack of optimisation led to low reported recoveries, in strong contrast to research work undertaken in India. There, recoveries of up to 96% of the available potassium have been achieved by leaching similar material in dilute hydrochloric acid at atmospheric pressure.

Extracting clean glauconite concentrate from the target greensand is relatively straightforward, using size and magnetic separation. Further, processing techniques developed in India and other locations support the optimistic view that potassium can be commercially extracted from the glauconite concentrate via existing processes. In addition,



a variety of alternative extraction techniques for potassium, which have yet to be thoroughly examined, have the potential to further enhance the economics of the project.

### 3.6 The Market for Potash

The global balance of potash production and consumption is shown in Figure 2.

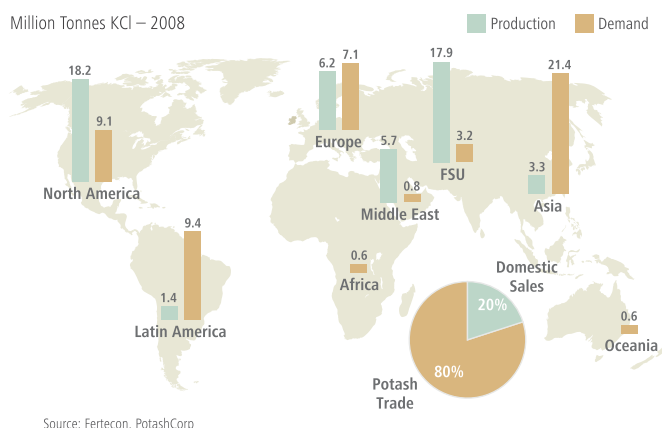


Figure 2.

#### Global potash production and consumption — 2008.

China is the world's largest consumer of fertiliser, with demand for muriate of potash ('KCl') increasing 60% during the last decade. Currently, 70% of its potash requirement of 9 million tonnes per annum ('Mtpa') is imported. In India, the world's second largest consumer of fertiliser, demand has doubled over the same period. India relies almost solely on overseas suppliers to meet its potash needs and currently imports 6 Mtpa.

The current Oceania market is estimated to be about 600,000 tonnes per annum ('tpa'), all of it imported. About half is used within Australia. The Australian market is divided into two broad sectors: the eastern states, which use KCl, and WA, where chloride salinity is a problem and where sulphate of potash ('K<sub>2</sub>SO<sub>4</sub>') is the preferred product, even though it commands a higher price (a long-term average of a 40% premium to the KCl price).

### 3.7 The Company's Work Programme

Potash West aims to establish a substantial resource base in the Dandaragan Trough, and will examine extraction technologies that have the potential to produce value-added products from glauconite recovered from the greensand. This programme will commence with remote sensing, mapping and field studies, followed by stratigraphic drilling to determine the extent to which the greensand has been preserved since

the time of deposition. The initial work will provide information on the:

- extent of weathering and leaching of the host greensand;
- concentration of glauconite within the target greensand, and
- potassium content of the glauconite that can be concentrated from the greensand.

The programme will provide samples for a range of laboratory tests designed to determine the most amenable technique(s) for the production of value-added product(s), primarily potash.

Upon completion of a regional basin analysis, areas will be selected for resource drilling and more detailed evaluation.

The aim of the initial 2-year work programme is to produce a scoping study that outlines the commercial potential of the deposits.

Phosphate has been recorded in, and produced from, the greensand that is the Company's exploration target. As the phosphate targets have the same areal extent as the glauconite (phosphate being deposited in the same sedimentary sequence), exploration for phosphate will take place contemporaneously with assessment of the glauconite.

### 3.8 Corporate Objectives

The Company's objectives are that for the 2 years following the Listing Date, it will:

- begin evaluating the glauconite mineralisation in the Dandaragan Trough;
- undertake metallurgical test work to determine the processes most likely to be utilised in extracting potassium (and producing potash products) from the glauconite;
- produce a scoping study that outlines the commercial potential of the deposits, and
- maintain a watching brief for and, if the Board sees fit, pursue other opportunities.

Potash West aims to achieve its objectives by utilising the collective experience of the Board and its management team to advance its principal project within the greensands of the Dandaragan Trough. In a climate of increasing pressure on global food sources, and an increased demand for fertiliser, this greensand, considered as one of the largest glauconite deposits yet identified, represents potentially a major opportunity.

### 3.9 Proposed Technical Budget

The Company proposes to fund the activities outlined in the tables below from the proceeds of the Public Offer. It should be noted that budgets will be subject to modification on an ongoing basis, depending on the results of the exploration carried out. This will involve ongoing assessment of the Company's project interests, which may lead to a change in emphasis reflected in increased or decreased levels of expenditure on certain aspects of the planned programme. Subject to the above-mentioned considerations, the following expenditure is proposed.

#### *Maximum subscription (\$6,000,000) — proposed technical budget*

	Year 1 (\$)	Year 2 (\$)	Total (\$)
<b>Exploration</b>			
High-resolution imagery	10,000	25,000	35,000
Interpretation, target generation	45,000	15,000	60,000
Mineralogy	25,000	15,000	40,000
Palynology	20,000	5,000	25,000
Stratigraphic drilling	420,000	250,000	670,000
Resource drilling	0	1,200,000	1,200,000
Consultants	80,000	90,000	170,000
Rehabilitation and land management	10,000	15,000	25,000
<b>Sub-total</b>	<b>610,000</b>	<b>1,615,000</b>	<b>2,225,000</b>
<b>Process development</b>			
Personnel	250,000	250,000	500,000
Test work	230,000	650,000	880,000
Flow-sheet development	15,000	100,000	115,000
Consultants	110,000	185,000	295,000
<b>Sub-total</b>	<b>605,000</b>	<b>1,185,000</b>	<b>1,790,000</b>
<b>Total</b>	<b>1,215,000</b>	<b>2,800,000</b>	<b>4,015,000</b>

#### *Minimum subscription (\$4,500,000) — proposed technical budget*

	Year 1 (\$)	Year 2 (\$)	Total (\$)
<b>Exploration</b>			
High-resolution imagery	10,000	10,000	20,000
Interpretation, target generation	45,000	10,000	55,000
Mineralogy	30,000	5,000	35,000
Palynology	20,000	5,000	25,000
Stratigraphic drilling	320,000	100,000	420,000
Resource drilling	0	800,000	800,000
Consultants	64,000	72,000	136,000
Rehabilitation and land management	5,000	10,000	15,000
<b>Sub-total</b>	<b>494,000</b>	<b>1,012,000</b>	<b>1,506,000</b>
<b>Process development</b>			
Personnel	160,000	190,000	350,000
Test work	180,000	550,000	730,000
Flow-sheet development	10,000	50,000	60,000
Consultants	85,000	120,000	205,000
<b>Sub-total</b>	<b>435,000</b>	<b>910,000</b>	<b>1,345,000</b>
<b>Total</b>	<b>929,000</b>	<b>1,922,000</b>	<b>2,851,000</b>

The Company's process development programme comprises three broad fronts; namely:

- optimisation of the processes previously tested;
- evaluation of other processes in the public domain, and
- the generation and application of a process flow sheet based on the optimum combination of available technologies.

### 3.10 Board of Directors

#### Adrian Griffin BSc(Hons) MAusIMM, MGSA, TMS — Non-executive Chairman



Adrian Griffin, an Australian-trained mining professional, has had exposure to metal mining and processing worldwide during a career spanning more than three decades. A pioneer of the lateritic nickel processing industry, he has helped develop extraction technologies for a range of minerals over the years. Today, Adrian specialises in mine management and production. He is a former chief executive officer of Dwyka Diamonds Limited, an AIM- and ASX-listed diamond producer, was a founding director and executive of Washington Resources Limited and also a founding director of Empire Resources Limited, Ferrum Crescent Limited and Reedy Lagoon Corporation Limited. Moreover, Adrian was a founding director of ASX-listed Northern Uranium Limited, of which company he is currently a non-executive director. He is also managing director of ASX-listed Midwinter Resources NL, an African-focused iron-ore project developer.

#### Patrick McManus BSc(Hons), MBA, FAusIMM, FAICD — Managing Director



Patrick McManus has a degree in mineral processing from Leeds University and an MBA from Curtin University. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, and Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for Rio Tinto, RGC Limited and Bemax Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited.

#### George Sakalidis BSc(Hons) MAusIMM — Non-executive Director



George Sakalidis is an exploration geophysicist of more than 20 years' standing. His career has encompassed extensive exploration for gold, diamonds, base metals and mineral sands and, with others, he compiled one of Australia's largest aeromagnetic databases, now held by Image Resources. Using this database, George contributed to a number of discoveries, including such gold discoveries as the Three Rivers and the Rose deposits in Western Australia. Moreover, he was instrumental in the acquisition of the Image Resources exploration tenements, and the design and interpretation of the magnetic surveys that led to the discovery of the large mineral sands resources at the Dongara project of Magnetic Minerals NL, of which he was a founding director. Also previously a director of North Star Resources NL, George is currently a director of Meteoric Resources NL, Magnetic Resources NL, Emu Nickel Pty Ltd, Image Resources and the unlisted Imperium Minerals Limited.

#### Gary Johnson MAusIMM, TMS, AICD — Non-executive Director



Gary Johnson is a metallurgist with more than 30 years of broad experience in all aspects of the mining industry. In his early career, he gained operational and project expertise with a range of metals in operations in Africa and Australia. Later, he was a member of the team operating the metallurgical pilot plant at the giant Olympic Dam copper, gold and uranium project in South Australia.

In 1998, after 10 years as chief metallurgist for a large gold producer, Gary formed his own specialised hydrometallurgical consulting company. During this period he worked closely with LionOre Mining International to develop the Activox® process for treating sulphide concentrates. When, in 2006, LionOre acquired Gary's company, he joined LionOre as a senior executive. In 2007, LionOre was taken over by MMC Norilsk Nickel and in 2009 Gary became managing director of the latter's Australian operations.

Today, Gary runs his own consulting company, which specialises in high-level metallurgical and strategic advice. He also holds several patents in the field of hydrometallurgy and is a director of the TSX-listed Hard Creek Nickel Corporation.



### 3.11 Corporate Governance

The Board is responsible for the overall corporate governance of the Company and acknowledges, as a guiding principle, that it will at all times act ethically, honestly and in accordance with the law, with a view to creating sustainable value for shareholders.

The Board endorses the Corporate Governance Principles and Recommendations (ASX Recommendations), as published by the ASX Corporate Governance Council, and has adopted corporate governance charters and policies that reflect those ASX Recommendations, to the extent appropriate having regard to the size and circumstances of the Company.

The following policies and procedures have been implemented. Full details of each are available on the Potash West website at [www.potashwest.com.au](http://www.potashwest.com.au).

- Statement of Board and Management Functions
- Code of Conduct for Directors and Key Executives
- Share Trading Policy
- Audit Committee Charter
- Continuous Disclosure Policy
- Shareholder Communications Strategy
- Risk Management Policy
- Remuneration Committee Charter
- Process for Performance Evaluation of the Board, Board Committees, Individual Directors and Key Executives
- Corporate Code of Conduct

The responsibilities of the Board include:

- protecting and enhancing value for shareholders in Potash West;
- formulating, reviewing and approving the objectives and strategic direction of Potash West;
- monitoring Potash West's financial performance by reviewing and approving budgets and assessing the results;
- approving all significant business transactions, including acquisitions, divestments and capital expenditure;

- establishing adequate internal control systems and procedures and ensuring compliance with them;
- identifying significant business risks and adequately managing them;
- reviewing the performance and remuneration of executive directors and key staff;
- implementing and maintaining appropriate ethical standards, and
- evaluating and, where appropriate, adopting, with or without modification, the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Board recognises the need for Potash West to operate with the highest standards of behaviour and accountability.

Potash West has considered the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations to determine, commensurate with these guidelines, the system of control and accountability that best fits its business and operations.

Potash West seeks to follow the recommendations for listed companies where these are appropriate for its size and operations. In cases in which Potash West determines it would be inappropriate to follow the principles because of its circumstances, Potash West will provide reasons for not so doing in its annual report. One such instance, the Board considers at present that, due to Potash West's size and the scope of its activities, establishment of some special or separate committees is not at this stage justified. Rather, the Board prefers to manage Potash West through the full Board of Directors.

The Board will consider Potash West's corporate governance procedures, and whether these are sufficient given its size and the nature of its operations, on an ongoing basis.

### 3.12 Summary

Potash West has the right to acquire interests in mineral rights over prospective exploration targets with the potential to host significant glauconite occurrences. Glauconite has the potential to become a feed material for the expanding potash market. Potash West plans to evaluate the commercial opportunities afforded by the glauconite occurrences of the Dandaragan Trough.

Potash West believes that, with the benefit of its management team (members of which have experience in mineral exploration, mineral processing, corporate management, project development and project finance) it can achieve its objectives.

Upon acquiring the exploration rights, Potash West will have commitments for expenditure on granted tenements in accordance with the ASX Listing Rules.

The information in this Prospectus that relates to exploration results is based on information compiled by John Doepel, a member of the Australasian Institute of Mining and Metallurgy. John has sufficient experience relevant to the styles of mineralisation and the types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person, as defined in the 2004 edition of the Joint Ore Reserves Committee 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. He consents to the inclusion of this information in the form and context in which it appears.



## 4. RISK FACTORS

### 4.1 Introduction

The business activities of Potash West are subject to various risks that may impact on the future performance of the Company. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. There are risk factors that investors should consider and seek independent advice on before deciding whether or not to invest in Shares. The principal risk factors include, but are not limited to, the risks described below.

### 4.2 Tenure Risks

The Company has entered into agreements to acquire certain mineral rights. The rights to such minerals are governed by title granted by the WA Department of Mines and Petroleum ('DMP'). Some of the rights pertain to tenement applications that have not yet been granted. While no objections to the applications have been lodged, there is no guarantee that grant will be forthcoming and the conditions of grant (restricted operating covenants that may be imposed by the DMP) are at this stage unknown.

### 4.3 Title Risks and Native Title

Interests in tenements in Australia are governed by the respective state legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions that require compliance. Consequently, the Company could lose title to, or its interest in, tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments. It is also possible that, in relation to tenements in which the Company has an interest, or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (by obtaining the consent of any relevant landowner) or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

### 4.4 Exploration Risks

Potential investors should understand that exploration and development are high-risk undertakings and that the exploration and development of mineral properties is speculative.

The presence of glauconite and phosphate within the Company's tenements has been confirmed. However, extraction of these minerals economically is considered to involve risk, since adjoining land may be difficult to access, both physically and legally, and an economic extraction method may not be developed.

There can be no assurance that exploration of acquired projects or exploration properties that may be acquired in the future will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

Any future exploration activities of the Company may be affected by a range of factors, including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental incidents, native title process, changes to government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon it having access to sufficient development capital, being able to maintain rights under the terms of agreements currently in place and its ability to meet all statutory requirements, including DMP requirements, as may be necessary to preserve underlying tenure. If the exploration programmes prove unsuccessful, this could lead to a diminution in the value of the tenement.

### 4.5 Exploration Cost Estimates

The exploration costs of the Company described in Section 3.9 of this Prospectus are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, actual costs may differ materially from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the assumptions that underlie them will be realised in practice, which may materially and adversely affect the Company's viability.



#### 4.6 Technical Risks

To create a viable project, the Company must identify a processing methodology for extracting the valuable components from the ore. Failure to develop a suitable processing route for economically extracting potassium from the ore would devalue the deposits.

#### 4.7 Economic Risks

General economic conditions, movements in interest and inflation rates, the prevailing global potash price and fluctuations in currency exchange rates may all have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors, such as:

- the general economic outlook;
- interest and inflation rates;
- currency fluctuations;
- changes in investor sentiment;
- the demand for, and supply of, capital, and
- terrorism or other hostilities.

#### 4.8 Commodity Price Volatility and Exchange Rate Risks

In the event that the Company achieves success leading to potash production, the revenue it will derive through the sale of potash exposes the potential income of the Company to commodity price and exchange rate risks. The price for potash will depend on available markets at acceptable prices, as well as transmission and distribution costs. Any substantial decline in the price of potash or increase in transmission or distribution costs could have a material adverse effect on the Company.

Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for potash, technological advancements, forward-selling activities and other macro-economic factors.

Further, the international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are, and will be taken into account in, Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar, as determined in international markets.

#### 4.9 Environmental Impact Constraints

The Company's exploration programmes will, in general, be subject to approval by governmental authorities. Development of any of the Company's projects will be dependent on it meeting environmental guidelines and, where necessary, gaining approval from government authorities.

#### 4.10 Environmental Risks

The operations and proposed activities of the Company are subject to state and federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. Nevertheless, there are certain risks inherent in the Company's activities, including the risk of accidental leakages or spills, or other unforeseen circumstances that could subject the Company to extensive liability.

In this regard, the DMP from time to time reviews the environmental bonds placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding requirements of the Company.

#### 4.11 Operating Risks

The operations of the Company may be affected by various factors, including:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining;
- operational and technical difficulties encountered in mining;
- difficulties in commissioning and operating plant and equipment;
- mechanical failure or plant breakdown;
- unanticipated metallurgical problems that may affect extraction costs;
- adverse weather conditions;
- industrial and environmental accidents;
- industrial disputes, and
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Mining is a difficult activity that involves the management of material operational risk.

Having been incorporated on 12 November 2010, Potash West has no operating history, although it should be noted that the Directors do have significant operating experience. No assurances can be given that Potash West will achieve commercial viability through the successful exploration and/or mining of its mineral interests. Until Potash West is able to realise value from its projects, it is likely to incur ongoing operating losses.

#### 4.12 Government and Legal Risks

Changes in government monetary policies, taxation and other laws can have a significant impact on the Company's assets and operations, and, ultimately, its financial performance and securities.

#### 4.13 Additional Requirements for Capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, it may require financing additional to that raised under this Prospectus. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company cannot obtain additional financing as required, it may be necessary to reduce the scope of its operations and/or scale back its exploration programmes as the case may be.

#### 4.14 Resource Estimates

Resource estimates are judgements based on knowledge, experience and industry practice. Estimates valid when originally calculated may alter significantly if/when new information or techniques become available. In addition, resource estimates are by their very nature imprecise and depend to some extent on interpretations that may prove inaccurate. As further information becomes available as a result of additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans, which may in turn adversely affect the Company's operations.

#### 4.15 Insurance Risks

Insurance coverage of all risks associated with Potash West and production is not always available and, where it is, the cost can be high. The Company will have in place insurance considered appropriate for the Company's needs. Potash West will not be insured against all possible losses, due either to the unavailability of cover or the Directors' belief that the premiums are excessive relative to the benefits that would accrue. The Directors believe that the insurance they put in place will be appropriate. That said, the Directors will continue to review the insurance cover in place to ensure that it is adequate.



#### 4.16 Risks from Competition

The industry in which the Company will be involved is subject to competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, it will have no influence or control over the activities or actions of its competitors, which activities or actions may positively or negatively affect the operating and financial performance of the Company's projects and business.

#### 4.17 Reliance on Key Management Personnel

Responsibility for overseeing the day-to-day operations and strategic management of the Company rests substantially with its senior management and key personnel. No assurance can be given that no detrimental impact on the Company will occur if one or more of these employees leaves the Company's employ.

#### 4.18 Speculative Nature of the Investment

The above-listed risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors in it. These factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.





## 5. INDEPENDENT GEOLOGIST'S REPORT

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16 February 2011

The Directors  
Potash West NL  
Unit 1, 135 Great Eastern Highway  
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Australia

Dear Sirs

### INDEPENDENT GEOLOGIST'S REPORT

This report was prepared by Continental Resource Management Pty Ltd ('CRM'), an independent geological consultancy established in 1989. CRM prepared the report at the request of Potash West NL ('Potash West' or 'the Company'), to provide an independent geological assessment of the Company's potash project, the mineral tenements of which are situated in the Perth Basin, to the north of Perth, Western Australia.

The Company has acquired certain rights to glauconite and phosphate minerals within the mineral tenements.

CRM's assessment of the tenements is based upon technical information provided by Potash West. Reference has been made to other sources of information, published and unpublished, where it has been considered necessary. CRM has endeavoured, by making reasonable enquiries, to confirm the authenticity and completeness of the technical data used in the preparation of this report and to ensure that CRM had access to all relevant technical and other information.

It is the opinion of CRM that there is reasonable expectation of the tenements containing economic potash mineralisation, and that the tenements are worthy of systematic exploration. We visited the tenements during November 2010. We also examined available published and unpublished data.

The statements contained in this report are given in good faith and are derived from information believed to be reliable and accurate. That information has been supplemented by our own investigations. We have relied upon that information and have no reason to believe that any material facts have been withheld from us; our report has taken into account all the relevant information supplied to us. We do not imply that we have carried out any type of audit on the technical, accounting or other records of Potash West, or that our assessment has revealed all of the matters that an audit or more extensive examination might disclose at the date of this report. We also do not imply that we have confirmed the legal status of the tenements or Potash West's rights to the tenements, or that there are no encumbrances or other reasons that may adversely affect or hinder such rights or the ability of Potash West to exploit the tenements.

In particular, CRM does not have expertise in the possible process routes for extraction of the potash from the greensands, which processes have been mentioned elsewhere in this Prospectus. Nor has CRM investigated or verified economic parameters for the processes. For these matters, CRM has relied upon information, both published and unpublished, provided to it by Potash West. CRM has restricted its investigations and this report to the area of mineral exploration.

Yours faithfully

**John Doepel**

Continental Resource Management Pty Ltd

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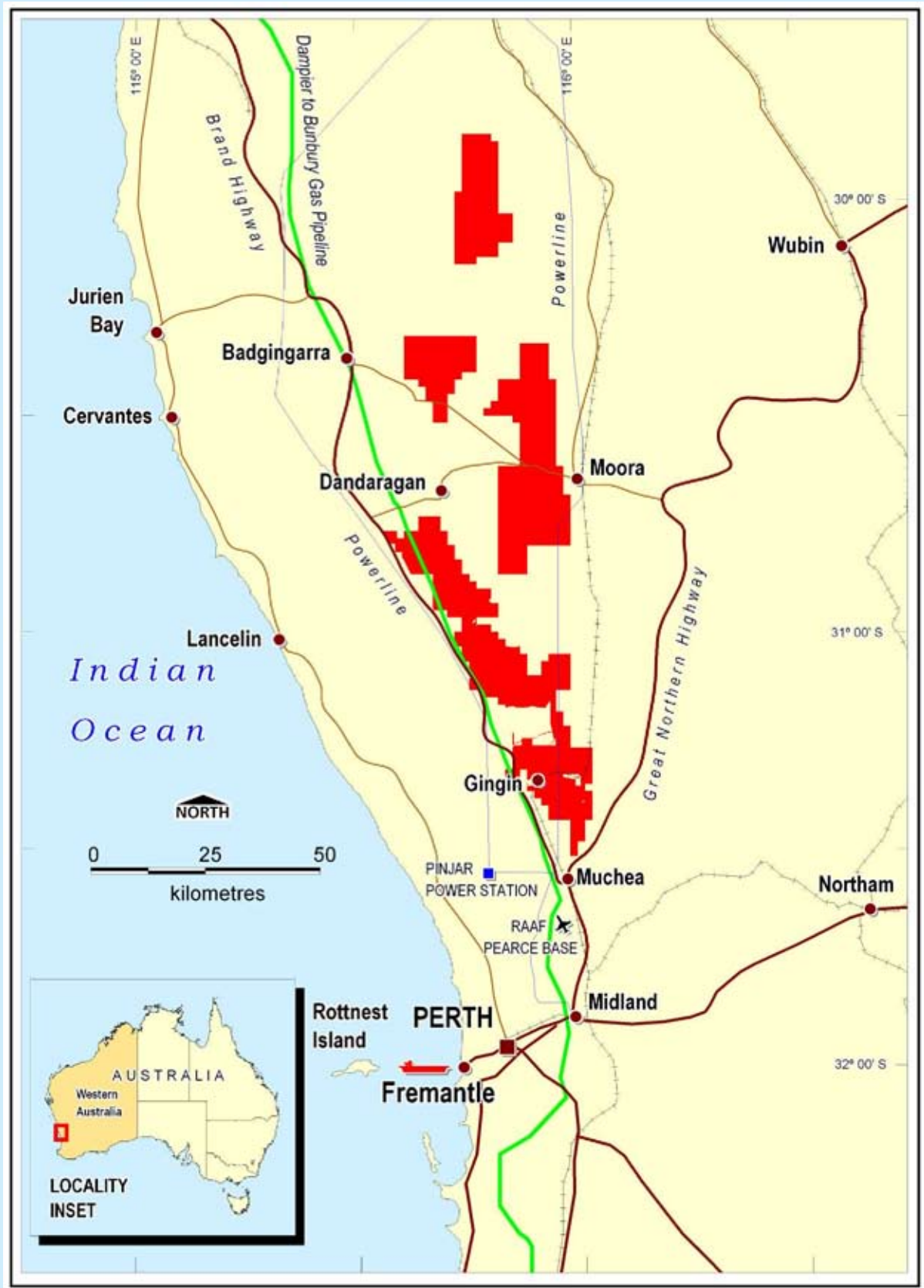


Figure 1. Project location map



## Introduction

The Company's Perth Basin Potash Project ('the Project') consists of the right to explore for potash and phosphate within five exploration licences ('ELs') and six applications for ELs ('ELAs') located between 50 and 230 kilometres ('km') north of Perth. The tenements cover Cretaceous sediments of the Coolyena Group. Three formations within the group, the Poison Hill Greensand, the Molecap Greensand and the Osborne Formation contain significant concentrations of the potassium-bearing mineral glauconite.

Glauconite develops as a consequence of diagenetic alteration of sedimentary deposits containing biotite mica. It forms under reducing conditions in sediments, and such deposits are commonly found in near-shore shallow basin environments. Glauconite typically contains 6.6% potassium oxide ('K<sub>2</sub>O'). It is commonly associated with collophane, an amorphous tri-calcium phosphate mineral with a widely varying composition.

Potash West intends to explore the tenements for glauconite-bearing greensands of mineable thickness. Glauconite is easily extracted from greensands by the removal of clay, followed by magnetic separation. The greensands also contain phosphate mineralisation, which might be recovered during mining and processing of the greensands.

In conjunction with its exploration programme for glauconite, the Company proposes to investigate various processes for the extraction of potash from the glauconite.

## Location and Access

The Project consists of 11 tenements and tenement applications located between 50 and 230 km north of Perth (Figures 1 and 2). The tenements lie between two major road transport corridors, the Brand Highway to the west and the Great Northern Highway to the east. A railway is within or just to the east of the tenements and a major gas pipeline passes along the western boundary of the Project, as does a major power transmission line.

Underlying tenure is largely freehold and land use comprises lifestyle holdings and mixed farming properties.

## Tenements

The Project is comprised of five ELs and six ELAs with a total area of 2,107 km<sup>2</sup>. The tenements are variously held or applied for by Image Resources NL (Image Resources), Richmond Resources Pty Ltd (Richmond Resources), Torbinup Resources Pty Ltd (Torbinup Resources), and Adrian Griffin. Tenement details are shown in Table 1 and their locations in Figure 2.

Agreements are in place between each of the tenement holders and Potash West, whereby Potash West holds the rights to the glauconite and phosphate minerals within the tenements. Potash West also holds the rights to any by-products produced by processing these minerals.

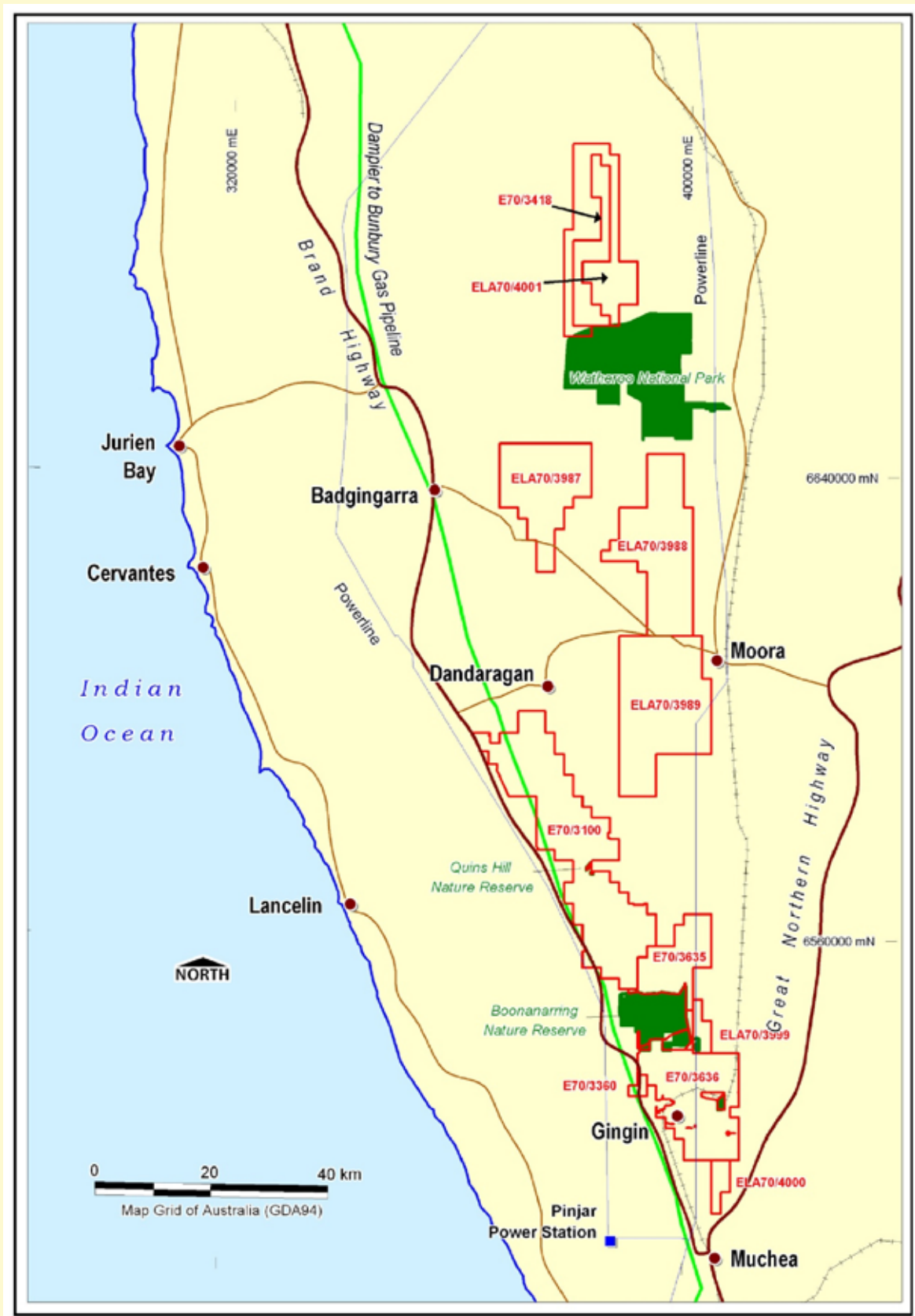


Figure 2. Project tenement map

Table 1. Perth Basin Potash Project – tenement summary

Tenement	Grant date	Term (years)	Holder or applicant	Area (km <sup>2</sup> )	Annual expenditure (\$)	Annual rent (\$)	Annual rates (\$)
E70/3100	04/05/2010	5	Image Resources	488	170,000	20,589	1,000
E70/3360	07/04/2010	5	Adrian Griffin	9	15,000	363	1,000
E70/3418	08/02/2011	5	Image Resources	95	32,000	3,876	1,000
E70/3635	02/12/2010	5	Richmond Resources	122	46,000	5,571	1,000
E70/3636	02/12/2010	5	Torbinup Resources	253	101,000	12,232	1,000
ELA70/3987	Pending	N/A	Richmond Resources	225	N/A	N/A	N/A
ELA70/3988	Pending	N/A	Richmond Resources	293	N/A	N/A	N/A
ELA70/3989	Pending	N/A	Richmond Resources	360	N/A	N/A	N/A
ELA70/3999	Pending	N/A	Image Resources	24	N/A	N/A	N/A
ELA70/4000	Pending	N/A	Image Resources	24	N/A	N/A	N/A
ELA70/4001	Pending	N/A	Image Resources	214	N/A	N/A	N/A
<b>Totals</b>				<b>2,107</b>	<b>364,000</b>	<b>42,631</b>	<b>5,000</b>

It is unlikely that the total area of the tenement applications will be granted, due to the presence of some small pre-existing tenements and reserves such as fauna and flora reserves. These areas will result in excisions within the granted tenement or preclude exploration due to the conditions imposed on the terms of the issue of the tenement.

## Geological Setting

The tenements are located in the Perth Basin, a deep linear basin containing Phanerozoic sedimentary rocks extending north-south for over 1,000 km in the southwest of Western Australia. The Dandaragan Trough, a major depocentre of the onshore Perth Basin, extends for over 500 km from north of Bunbury to Geraldton and contains up to 12,000 metres ('m') of Permian and Mesozoic sediments. The trough is fault bound to the east by the regional Darling Fault and to the west by the Eneabba Fault System.

Locally, the Project lies on the Dandaragan Plateau and the Yarra Yarra Region. The former is a plateau at an altitude of between 200 m and 300 m above sea level (Figure 4). It is bounded to the west and southwest by the Gingin Scarp, an erosional feature that forms a prominent topographic landmark in the area, and to the east by the Darling Fault, which forms the boundary between the Perth Basin to the west and the Archaean crystalline rocks of the Yilgarn Block to the east. The Yarra Yarra Region is a subdued area of internal drainage between the Dandaragan Plateau and the Darling Fault.

Outcrop on the Dandaragan Plateau is limited, the surface comprising mostly laterite and sand.

## Project Geology

The Project tenements cover three greensand formations within the Cretaceous Coolyena Group: the Poison Hill Greensand, the Molecap Greensand and the Osborne Formation.

The term 'greensand' refers to a specific formation, generally sandstone, containing the mineral glauconite. The green colour of greensand is due to the glauconite, a mica containing iron, potassium and aluminium. It has very low resistance to weathering, so greensand formations tend to be weak, friable and readily lateritised. Greensands are characterised by their high total iron content, iron oxide ('Fe<sub>2</sub>O<sub>3</sub>') and by the high content of K<sub>2</sub>O. The greensands within the Project tenements are both glauconitic and phosphatic.



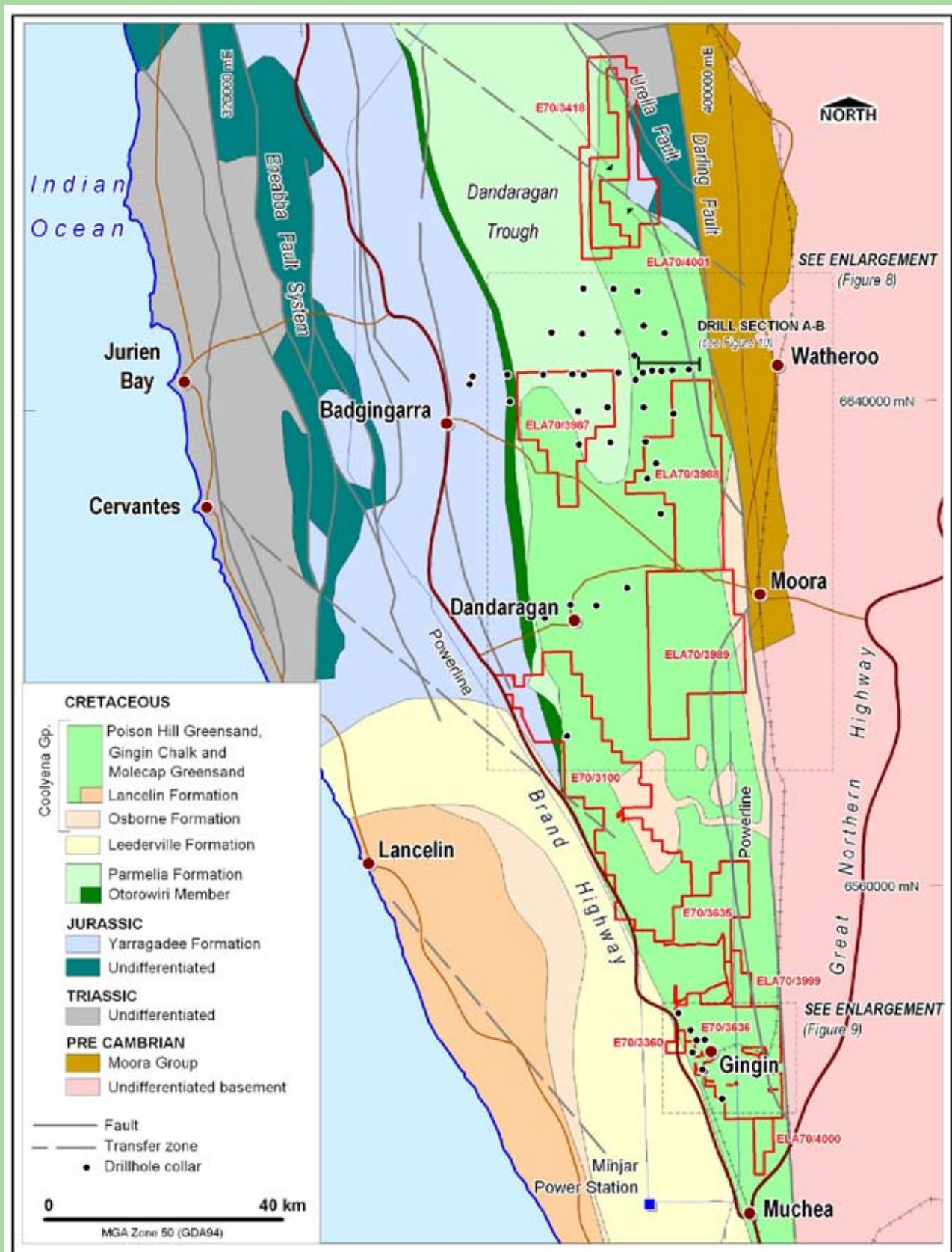


Figure 3. Geological setting of the Project tenements

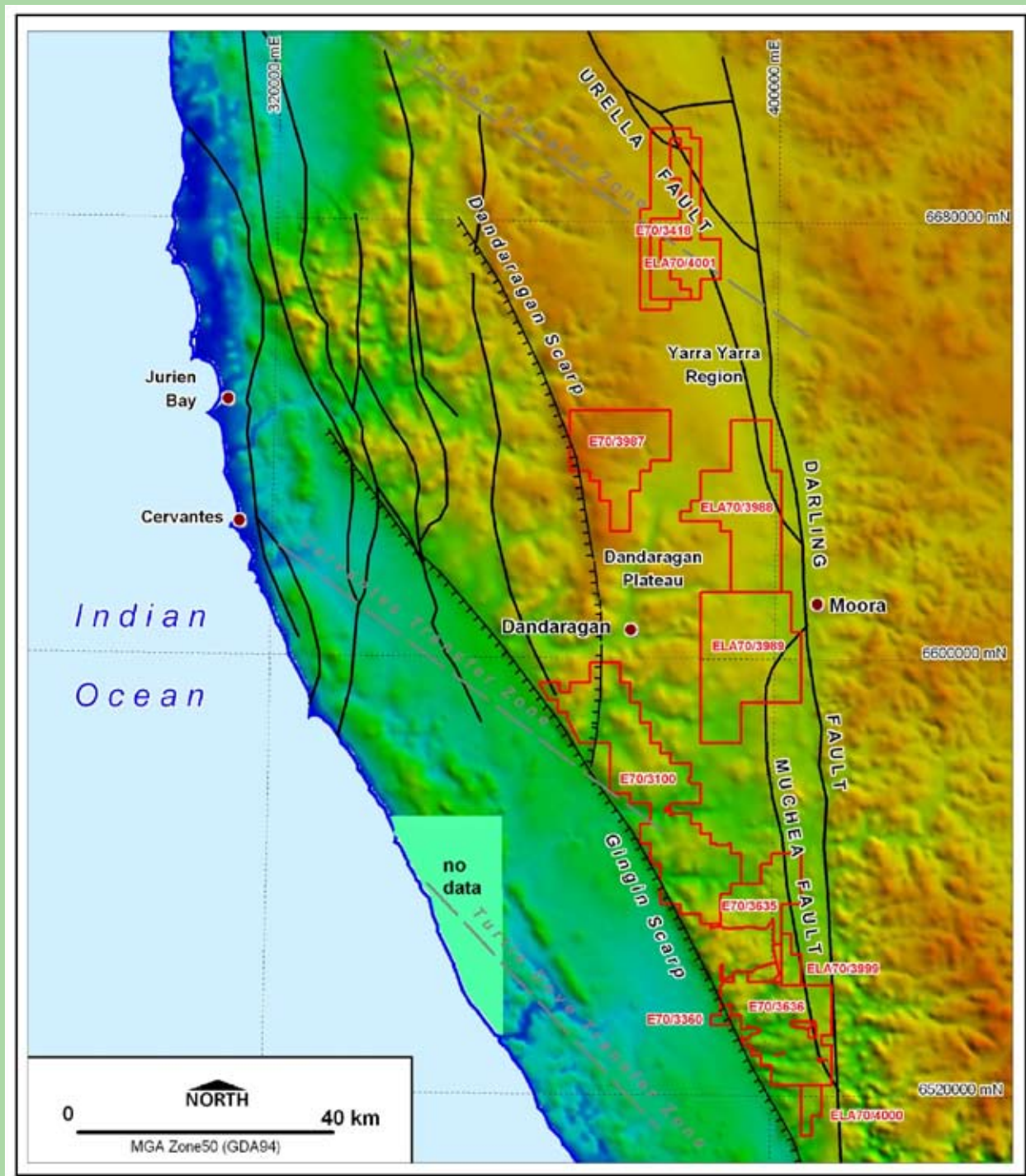


Figure 4. Structural and physiographic setting of the Project



The Coolyena Group is exposed in scattered outcrops in a triangular area between the Gingin Scarp in the west and the Darling Fault in the east, and from Bullsbrook in the south to east of Badgingarra in the north. The sediments have shallow dips of the order of only 1 to 2 degrees. The greensand units outcrop as red-brown, ferruginised, clayey sandstones.

The Coolyena Group succession is listed, from top to bottom, in Table 2.

**Table 2. Coolyena Group stratigraphy**

Formation	Thickness	Features
Poison Hill Greensand	54 m plus	Glaucinitic quartz sandstone; shallow marine
Gingin Chalk	10-40 m	Chalk; locally glauconitic
Molecap Greensand	10-30 m	Glaucinitic quartz sandstone; shallow marine
Osborne Formation	60-180 m	Glaucinitic sandstone, siltstone and claystone

### Poison Hill Greensand

The Poison Hill Greensand is a weakly lithified, medium- to very coarse-grained, poorly-sorted, clayey glauconitic sandstone that, in places, has a lower unit of glauconitic clay. It is over 40 m thick at its type locality, Poison Hill, which is located within E70/3636. At Poison Hill, Figure 5, the upper part of the unit is strongly ferruginised; however, unaltered material has been exposed by bulldozing along the base of the northern ridge. At Mt Ginginup, 2 km to the south, a Geological Survey of Western Australia ('GSWA') drill hole (GGH4), collared in Poison Hill Greensand, intersected 54 m of the unit. About 110 km to the north, however, a line of vertical holes showed that the unit is only of the order of 23 m thick, although it appears that its upper portion has been removed by erosion (Figure 10).

Four of the greensand samples from the Poison Hill area analysed by Simpson, the government mineralogist, (Simpson, 1948) ranged from 2.48% to 3.76%  $K_2O$ , with glauconite contents ranging from 35% to 52%.



**Figure 5. Northern Ridge on Poison Hill – looking west**

Analyses of samples from drill hole DGH2, drilled by the GSWA near Dandaragan, averaged 2.3%  $K_2O$  over a thickness of 21 m of weathered Poison Hill Greensand, below which 12 m of the fresh formation averaged 5.4%  $K_2O$  (Low, 1965).



### Gingin Chalk

The chalk is weakly glauconitic and the unit locally comprises thinly interbedded greensands. At the type locality at Gingin, located within E70/3636, GSWA drill hole GGH3 recorded an intersection of 15 m of Gingin Chalk (Low, 1965).

The Gingin Chalk conformably overlies the Molecap Greensand. It is typical of chalk deposits of this age globally and was deposited on the floor of a shallow, warm sea supporting abundant marine life and with little inflow of terrestrial debris.



**Figure 6. Gingin Chalk overlying Molecap Greensand**

### Molecap Greensand

The Molecap Greensand is a massive unit composed mainly of coarse to granule-sized quartz and medium-sized dark green glauconite grains (Figure 7). The GSWA drill hole GG4, located near the western boundary of E70/3636, intersected a thickness of Molecap Greensand of over 28 m. As the unit was laid down in shallow sea over an irregular topography, its thickness varies with the underlying topography.

The unit is deeply weathered where exposed at the surface, but fresh where overlain by the Gingin Chalk. In the Dandaragan area, phosphatic units, each about 0.7 m thick, are at the top and base of the formation.

Simpson (1948) records the analyses of eight greensand samples from the Molecap Hill Quarry. The samples ranged from 1.22% to 2.94%  $K_2O$ , with glauconite contents ranging from 17% to 44%. The glauconite grains, described as spherical to elliptical in shape, ranged from 0.1 millimetre ('mm') to 2.0 mm in diameter.



**Figure 7. Molecap Greensand in Molecap Quarry wall**

### **Osborne Formation**

The Osborne Formation is a glauconitic sandstone, with minor siltstone and claystone. Although it contains less glauconite than the overlying greensands, it is still prospective for glauconite. For example, the GSWA drill hole BGH1, drilled near Bullsbrook 16 km to the south of the Project area, intersected 4 m of weathered formation averaging 2.3%  $K_2O$ , followed by 30 m of fresh formation averaging 3.0%  $K_2O$  (Low 1965).

The Osborne Formation is, despite its relative low grade compared to the overlying greensands, a legitimate target for potash, as it is of greater thickness and is, in general, less weathered.

### **Historical Mining**

Between 1932 and 1962, 32,512 tonnes ('t') of greensand was mined from a small quarry at Molecap Hill, located 1.4 km south of Gingin. The mining produced 6,510 t of glauconite for use as a water-softening agent. Although the quarry is now overgrown and partly in-filled at the base, the walls still provide excellent exposures of the Gingin Chalk and the underlying Molecap Greensand.



## Phosphate Occurrences

The Upper Cretaceous is known to contain phosphate at Dandaragan and at Gingin. At Gingin, granular and nodular phosphate occurs as bands at the top and bottom contacts of the greensands with the chalk unit. Within the Molecap Hill Quarry, dark brown phosphatic nodules are in a layer up to 1 m thick, lying immediately below the chalk contact. Simpson (1948) records that their chief constituent is fluorapatite. Four nodules were analysed and found to contain between 21.8 and 24.0% phosphorous pentoxide ('P<sub>2</sub>O<sub>5</sub>'). Simpson (1948) also described a locality 2.4 km east of Molecap Hill where phosphate nodules are plentiful in the soil and in the underlying greensand and chalk, and at Poison Hill, where the Poison Hill Greensand contains a layer 3 m thick with innumerable 1 to 2 cm nodules scattered thickly through it.

At Dandaragan, two greensand horizons, each 0.7 m thick, contain approximately 55% phosphatic nodules at the base and top of the Molecap Greensand. The horizons average 14% P<sub>2</sub>O<sub>5</sub>.

Although analyses of 1.5 m whole rock samples from GSWA holes (Figure 9) drilled through the phosphatic layers only gave results of 3.1% P<sub>2</sub>O<sub>5</sub> from the base of the Molecap Greensand in DGH3 and 2.0% P<sub>2</sub>O<sub>5</sub> from the base of the Gingin Chalk in GGH5, a simple process whereby the phosphatic nodules are screened from mined greensand may provide a ready concentrate that, as a by-product, could add value to the Project.

East of Dandaragan, exploration drilling has shown that a 7.5 m horizon at the base of the Poison Hill Greensand averages 3.1% P<sub>2</sub>O<sub>5</sub>. The phosphate is present within collophane, which is present as a cement in the greensand.

## Previous Exploration

### GSWA 1963-64

In 1963 and 1964, the GSWA completed 13 drill holes in the Dandaragan, Gingin and Bullsbrook areas, to investigate the stratigraphy of the glauconitic greensands and evaluate the formations as a source of potash for agricultural applications (Low, 1965). The location of the drill holes in relation to the Project tenure is shown in Figure 8.

The drilling variously intercepted the following.

- Surficial cover to a maximum depth of 9 m.
- Poison Hill Greensand to a maximum thickness of 40 m.
- Gingin Chalk to a maximum thickness of 12.5 m.
- Molecap Greensand to a maximum thickness of 28 m.
- Osborne Formation to a maximum thickness of 41 m.

Key points of the study were as follows.

- The Poison Hill Greensand was variably weathered to a maximum depth of 33.5 m.
- Fresh black glauconitic clays of the Poison Hill Greensands averaged 4.5 to 5.5% K<sub>2</sub>O.
- Fresh material was, in general, closer to the surface in the Molecap Greensand and Osborne Formation than in the Poison Hill Greensand.
- Fresh Molecap Greensand, which contains a maximum of 3.6% K<sub>2</sub>O, contains less potash than does the Poison Hill Greensand.



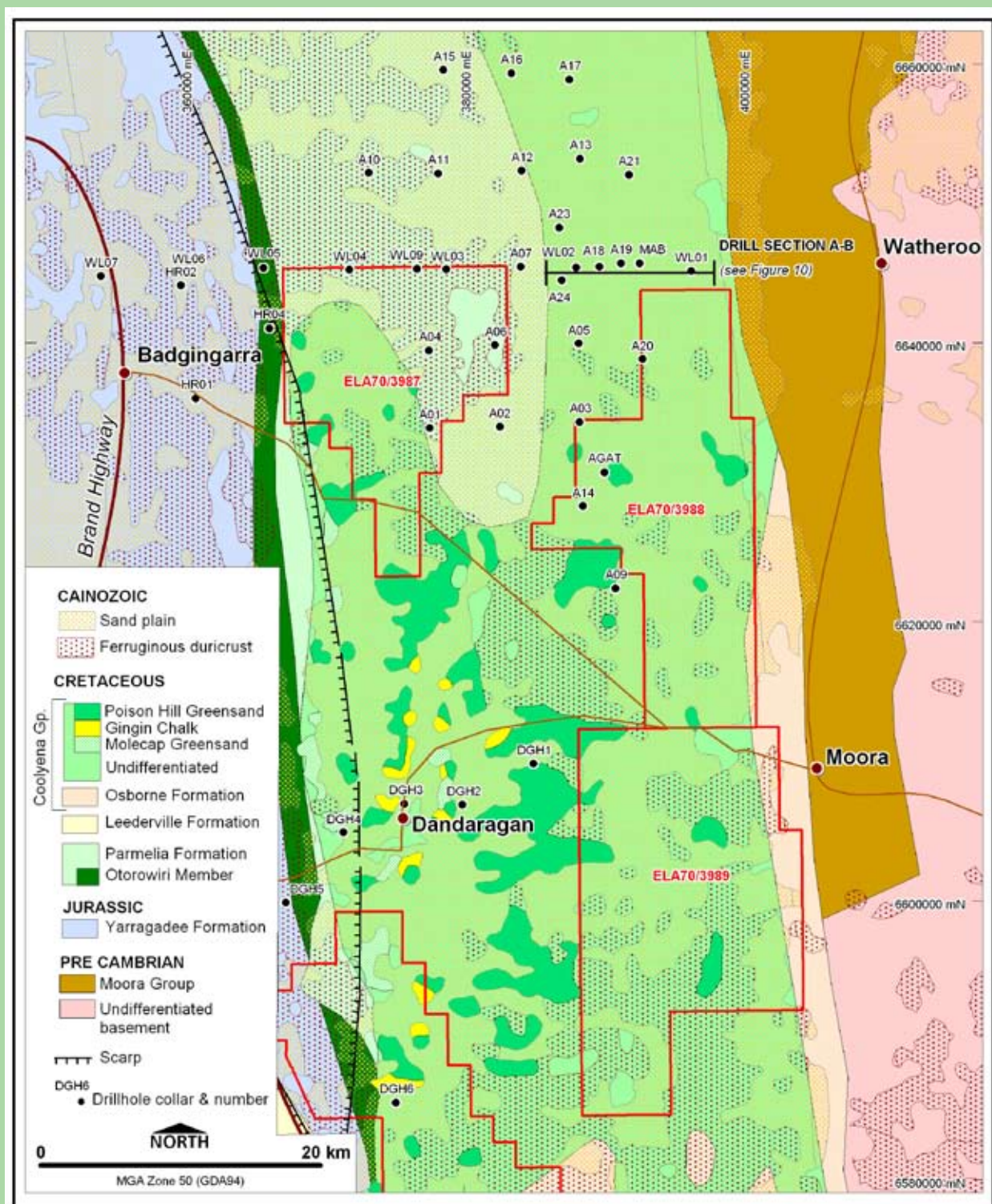


Figure 8. GSWA Greensand exploration drill holes – Dandaragan and Watheroo



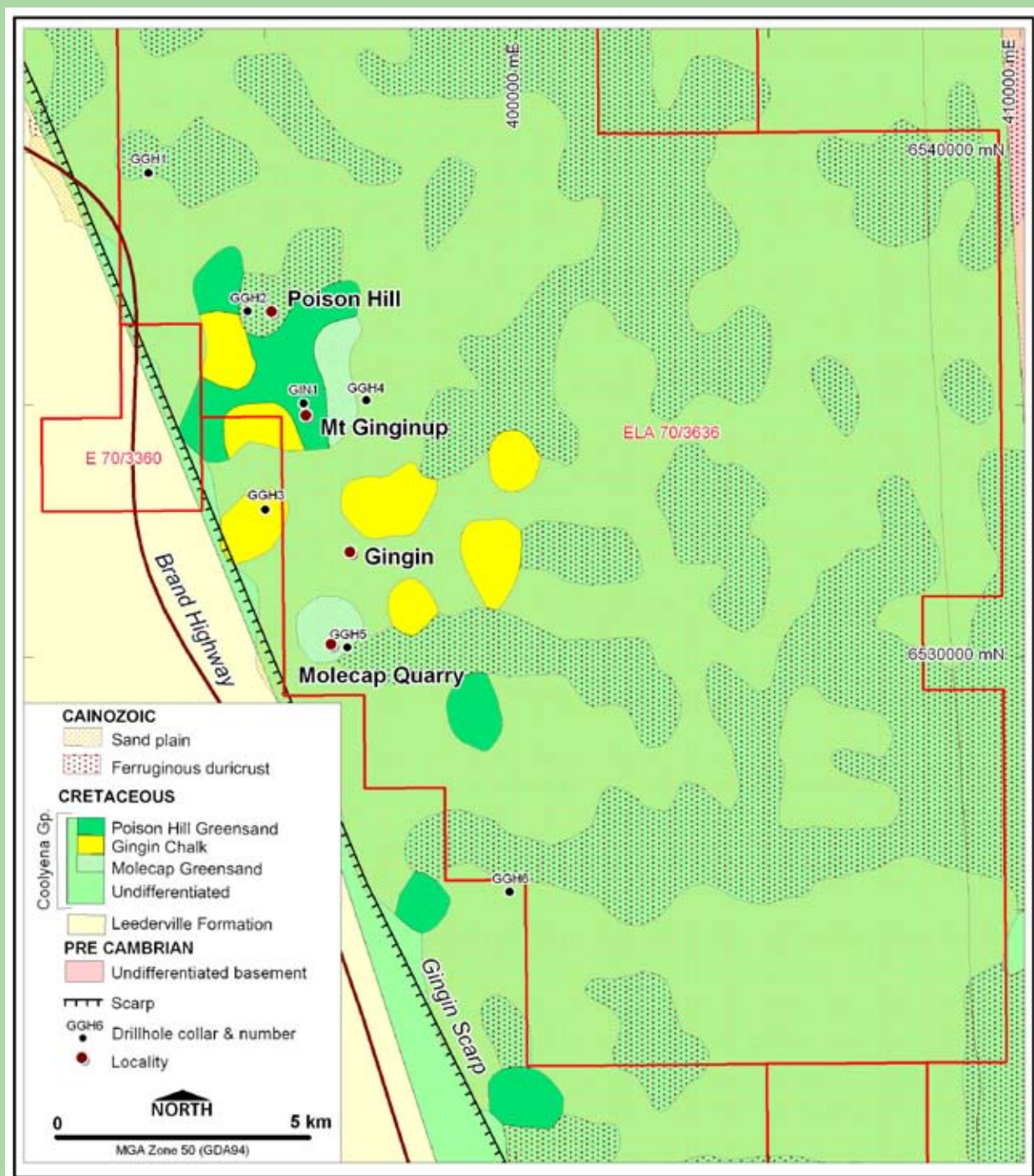


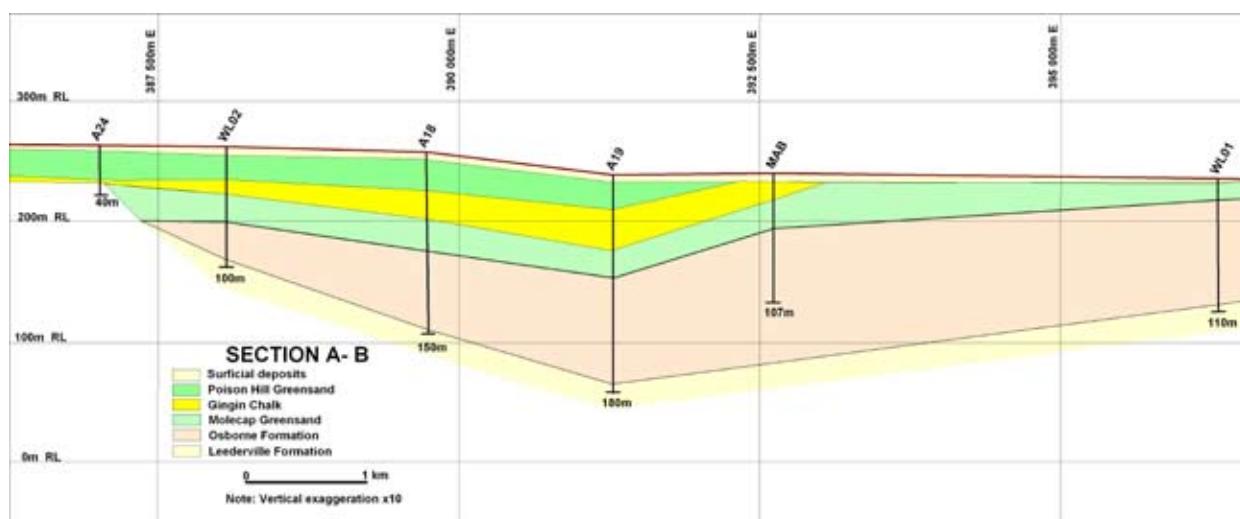
Figure 9. GSWA Greensand exploration drill holes – Gingin

### GSWA 1974

Water bores (WL01-WL12) were drilled to a maximum depth of 762 m on 12 sites along an east-west traverse across the Perth Basin from Watheroo in the east (Figure 8). The purpose of the investigation was to assess the hydrogeology of the basin sediments. Although details of geological logging are not available for all drill holes, that portion of the line immediately north of E70/3988 has down-hole geological descriptions and provides information on the thickness and continuity of units of the Coolyena Group in the north of the tenement area (Figure 10).

The uppermost greensand unit, the Poison Hill Greensand, has been eroded from the lower areas to the east and was not intersected in drill holes MAB or W01; however, it has a relatively uniform thickness of between 23 and 25 m in the other holes.

The Molecap Greensand was intersected in all holes except A24 and has a thickness of between 15 and 26 m.



**Figure 10. East-west drill section AB – located west of Watheroo**

### The Broken Hill Proprietary Company Limited 1977-78

The Broken Hill Proprietary Company Limited ('BHP') undertook a regional survey of the Perth Basin for phosphate potential, analysing drill chips retained by the GSWA from previous drilling campaigns. The drill-hole lines extend from Quindalup in the south to Eneabba in the north. Some 24,157 samples from 328 drill holes were logged and tested for phosphate content. Three nodular phosphate horizons were noted from drilling in the Agaton area, located 25 km northeast of Dandaragan.

The intersections were as follows.

- GSWA drill hole A13; 3.1 m @ 8.7%  $P_2O_5$  from 3 m; nodules 29% and 31.3%  $P_2O_5$ .
- GSWA drill hole A23; 3.1m @ 10.7%  $P_2O_5$  from 30 m; nodules 14.6%  $P_2O_5$ .
- GSWA drill hole A24; 6.1 m @ 2.9%  $P_2O_5$  from 58 m; nodules 18.4%  $P_2O_5$ .

The study recognised the phosphogenic nature of the entire Coolyena Group but failed to discover widespread areas of nodule development.

Two areas in the central Perth Basin were delineated for further drill investigation, which was completed in July 1977. One of these programmes was undertaken north of the Gingin Brook, to test the possible thickening of phosphatic granule-bearing horizons at shallower depths. No horizons of higher grade were indicated and further exploration was not recommended.

### Australian Fertilizers Limited 1980-84

Between 1980 and 1984, Australian Fertilizers Limited ('AFL') drilled 45 reverse-circulation and 21 air-core holes for a total of 3,977 m to the east of Dandaragan, in an area outside the Potash West tenement areas. AFL was targeting a phosphatic horizon at the base of the Poison Hill Greensand. The exploration outlined the extent of the mineralised unit in the region to be restricted to an area of about 28 km<sup>2</sup>, within a north-northwest trending graben.



The mineralised horizon is at an average depth of 47 m. It has an average thickness of 7.5 m and an average grade of 3.1 %  $P_2O_5$ . The phosphate occurs as a matrix of collophane that cements the glauconite grains in the greensand. The glauconite, which has a grain size of between 0.15 mm and 0.3 mm, comprises about 50% of the rock. The Poison Hill Greensand has an average thickness of 48 m, of which the lower 16 m is fresh.

Preliminary testwork indicated that fine grinding of a +1 mm screened sample, followed by floatation, could produce a phosphate concentrate that contained of the order of 25% acid-soluble  $P_2O_5$ .

#### 4M Corporation Pty Ltd 1998-99

4M Corporation Pty Ltd ('4M') explored for glauconite in the Molecap and Poison Hill Greensands in conjunction with investigations into the 'Soluble K' process, which was then being undertaken at the University of Melbourne. 'Soluble K' aimed to produce a water-soluble potassium compound from glauconite, rendering the element more amenable to rapid uptake by plants. The 4M tenements covered a large portion of the Dandaragan Plateau, from Bullsbrook to Dandaragan.

4M used Landsat imagery, from which it was possible to map greensand units. It found that the greensands were thickest immediately east of the Gingin escarpments. Prospectivity for thickness and grade is controlled locally by other factors, including the following.

- Lateritisation and depth of weathering are both indicators of leaching of potash from the host rock.
- Topography – hillsides are most prospective, as valley floors are liable to flooding and are, by definition, eroded. Ridgelines and elevated areas are often deeply weathered.
- Location with respect to the Gingin Scarp and the Darling Fault – the greensands are eroded close to the Gingin Scarp and covered by recent sediments near the Darling Fault.

As a result of the satellite imagery analysis, 4M delineated 12 target areas interpreted as having significant thicknesses of unweathered greensands located close to the surface. Five of these targets are located wholly within the Company's tenements.

#### Solbec Pharmaceuticals Limited 2001-03

Solbec Pharmaceuticals Limited ('Solbec') held E70/2248, which covered a 35 km strike length of the Poison Hill and Molecap Greensand units to the north of Gingin. The Solbec exploration was focused on an exploration target of 100 million tonnes ('Mt') of  $K_2O$ .

Much of the Solbec investigation was directed at literature reviews and laboratory-scale process investigations on greensand samples from the Coolyena Group.

Samples responded well to de-sliming followed by magnetic separation, with the magnetic fractions containing an average grade of 5.9%  $K_2O$ , whereas the non-magnetic fractions averaged 1.0%  $K_2O$ . The results of the beneficiation process are summarised in Table 3.

**Table 3. Greensand magnetic fraction analyses**

Sample location	Mag fraction (% of sample)	$K_2O$ (%)	$Al_2O_3$ (%)	$Fe_2O_3$ (%)	MgO (%)
Upper Poison Hill	36	6.2	8.6	25	2.6
Lower Poison Hill	69	5.8	8.4	25	3.0
Molecap	39	6.2	10.3	21	3.4
Dandaragan	11.5	5.2	11.4	18	3.8

Various leach tests on the glauconite fraction were trialled, using lime and inorganic salts, with very poor extraction of potassium ('K'). Displacement of K from the glauconite silicate lattice by metal hydroxides proved much more difficult than suggested by various patents, even under vigorous temperature and pressure conditions.

Solbec also trialed calcination of glauconite that had been milled to -75 microns. A recovery of 39% K was achieved at 500° C and 600° C when calcined with magnesium chloride.

Laboratory-scale glauconite calcination and leaching with sulphuric acid at 500° C achieved 50% recovery of the K.

## Proposed Exploration and Budget

Potash West proposes to carry out such work as will enable an Indicated Resource to be estimated for the potassium-bearing mineral glauconite within a specific area of the Project. At the same time, the Company proposes carrying out metallurgical testwork for a range of possible process routes, with subsequent flow-sheet development.

To this end the Company intends to carry out a programme of work as follows.

- Targeting of prospective areas using remote-sensing techniques and ground mapping in year 1.
- Stratigraphic drilling over priority targets to test continuity, depth of weathering, grade and stripping ratios in years 1 and 2.
- Infill drilling of selected prospect areas, leading to the definition of a target of between 40 and 45 Mt of resource at 3 to 4% K<sub>2</sub>O in year 2.
- Process development, including test work and flow-sheet development, in years 1 and 2.

The proposed budget for this work is \$1.215 million in the first year and \$2.8 million in the second. Should only the minimum capital be raised, expenditure in year 1 is estimated at \$0.929 million, with \$1.922 million proposed for year 2.

CRM is of the opinion that the Project is worthy of further investigation and that the proposed programme and budget are appropriate.

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## Declarations

This report has been prepared by J.J.G. Doepel. Mr Doepel, a Principal Geologist with CRM, has more than 30 years' experience as a geologist in the mineral industry and more than five years' relevant experience in the estimation, assessment and evaluation of the type of mineral deposits being sought by the Company. Mr Doepel holds a Bachelor of Science with Honours and a Graduate Diploma in Forensic Science from the University of Western Australia; and a Diploma of Teaching from the Western Australian Institute of Technology. He is a Member of the Geological Society of Australia and of the Australasian Institute of Mining and Metallurgy. He has been involved in exploration for a wide variety of metals and minerals, including mineral sands and the industrial minerals kaolin, garnet sands, and phosphate.

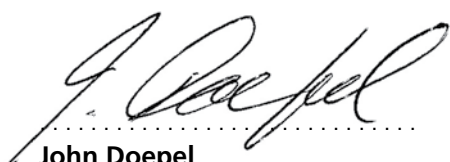
CRM was established in 1989 and since that time has provided geological consulting services to the exploration industry in Australia, Asia, Europe, Africa and North America. It has provided services in relation to the estimation, assessment and evaluation of a wide range of both metallic and non-metallic deposits. It has advised upon, designed and performed exploration programmes, carried out valuations, due diligence studies and mine life studies, and produced independent reports on mining and exploration properties.

No member or employee of CRM is, or is intended to be, a director, officer or other direct employee of the Company. No member or employee of CRM has, or has had, any share holding, or the right (whether enforceable or not) to subscribe for securities, or the right (whether legally enforceable or not) to nominate persons to subscribe for securities in the Company. CRM has not previously provided geological services to the Company and there is no agreement or understanding between CRM and the Company as to CRM performing further work for the Company. Fees for the preparation of this report are being charged at a commercial rate, and payment of same is not contingent upon the conclusions of the report.

Where Mineral Resources and Ore Reserves are referred to, the terminology is consistent, unless specifically stated to the contrary, with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves as per the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and the Australian Mining Industry Council and dated December 2004.

The statements and opinions contained in this report are given in good faith and in the belief that they are not false or misleading. The conclusions are based on the reference date of 17 February 2011 and could alter over time depending on exploration results, metal prices and other relevant market factors.

Yours faithfully



**John Doepel**

Continental Resource Management Pty Ltd



## Glossary of Geological and Technical Terms

air-core drilling	A rotary drilling technique that uses compressed air to cut a core sample and return fragments to the surface inside drill rods.
alteration	Change in mineralogical composition of a rock; commonly caused by hydrothermal solutions.
$\text{Al}_2\text{O}_3$	The chemical symbol for aluminium oxide.
amorphous	Descriptive of a mineral with no regular arrangement of atoms; i.e. non crystalline.
apatite	A phosphate mineral.
Archaean	The oldest rocks of the Precambrian Era; older than about 2,500 million years.
assay	Test and quantify metals of interest within a sample.
basin	A general term for an originally depressed area that has been filled with sedimentary rocks.
beneficiation	The separation of desired minerals from gangue during exploitation of a mineral deposit, which mineral is concentrated prior to refining.
biotite	A dark platy mineral of the mica group.
calcination	A thermal treatment process applied to ores and other solid materials in order to bring about a thermal decomposition, phase transition or removal of a volatile fraction.
chalk	A very fine-grained, porous limestone.
Cl	Chemical symbol for the element chlorine.
claystone	An argillaceous sedimentary rock composed predominantly of clay minerals.
collophane	Massive, cryptocrystalline varieties of apatite making up the bulk of phosphate rock and fossil bone.
Cretaceous	The final period of the Mesozoic Era; from about 135 to 65 million years ago.
depocentre	The site of maximum thickness of sediment accumulation in a sedimentary basin over a particular period of time.
de-sliming	The separation of fine material from coarse, usually by pumping a slurry to a cyclone, which has a cut point below 70 microns.
diagenesis	All physical, chemical and biological processes that occur in a sediment after deposition and before metamorphism.
erosion	The process whereby particles are detached from rock or soil and transported away, the principal agents being ice, wind and water.
fault	A fracture in rock along which there has been relative displacement of the two sides.
ferruginous	Containing the element iron.
$\text{Fe}_2\text{O}_3$	The chemical symbol for iron oxide.
flotation	A method of concentrating minerals by selective flotation, in which the mineral attaches to bubbles blown through a mixture of ground ore, water and a frothing agent, and rises to form a surface froth.
fluorapatite	The commonest variety of apatite ( $\text{Ca}_5(\text{PO}_4)_3\text{F}$ ).
formation	A grouping of beds used in lithostratigraphy; the smallest unit mappable on a reasonable scale.
glauconite	A clay mineral found as an authigenic mineral in sedimentary rocks.
graben	A fault block downthrown between normal faults.
grade	Expression of relative quality of mineralisation (e.g. high-grade) or of numerical quality (e.g. 1.2% Ni).
greensand	A sandstone with a green colour due to the presence of glauconite.
GSWA	Geological Survey of Western Australia.
Indicated Resource	That part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence

K	The chemical symbol for the element potassium.
K <sub>2</sub> O	The chemical symbol for potassium oxide.
km	Kilometre(s).
km <sup>2</sup>	Square kilometre(s).
laterite	An iron oxide-rich rock formed near the earth's surface by weathering processes.
m	Metre(s).
Mesozoic	The era of geological time between about 65 and 250 million years ago.
MgO	The chemical symbol for magnesium oxide.
mica	A platy mineral.
mudstone	A fine-grained, dark-grey sedimentary rock formed from silt and clay and similar to shale, but without laminations.
P	The chemical symbol for the element phosphorous.
P <sub>2</sub> O <sub>5</sub>	The chemical symbol for phosphorous pentoxide.
Permian	The period of geological time between about 250 and 300 million years ago.
Phanerozoic	Post-Precambrian time.
phosphate	<b>Phosphate</b> rock is a general term that refers to rock with a high concentration of <b>phosphate</b> minerals (minerals containing the element phosphorous, most commonly of the apatite group).
potash	Potassium compounds and potassium-bearing materials.
Precambrian	The oldest (>570 million years) era, characterised by a paucity of organisms with hard parts capable of fossilization.
quartz	A mineral composed of silicon and oxygen; forms as hard, colourless crystals; a common component of sand.
RC drilling	Reverse circulation drilling, a percussion drilling technique in which the cuttings are recovered through the drill rods, thereby minimising sample losses and contamination.
resource	An <i>in situ</i> mineral occurrence from which valuable or useful minerals may be recovered.
sandstone	A sedimentary rock composed primarily of sand-sized grains.
scarp	A long, steep slope or cliff at the edge of a plateau or ridge; usually formed by erosion or faulting.
sediment	Rock formed by the deposition of solids from water.
shale	Fine-grained, laminated sedimentary rock formed from clay, mud and silt.
silica	Dioxide of silicon, usually found as the various forms of quartz.
siltstone	A fine-grained sedimentary rock formed by the lithification of layers of silt.
stratigraphic	Pertaining to the composition, sequence and correlation of stratified rocks.
strike	Horizontal direction or trend of a geological structure.
trough	A linear structural depression that extends laterally over a distance.
WA	Western Australia.
weathering	The processes by which rocks at or near the earth's surface change in mineralogical and chemical composition due to the action of air, water, plants and temperature changes.
Yilgarn Block	The south western portion of Western Australia, to the east of the Darling Fault; part of the earth's crust that has been stable and undeformed, except perhaps by faulting, for over 2.5 billion years.

## 6. FINANCIAL INFORMATION

### 6.1 Introduction

This section contains the following financial information for the Company, prepared by the Directors of the Company.

- The Historical Statement of Financial Position as at 12 November 2010.
- A Pro Forma Statement of Financial Position as at 12 November 2010, which assumes completion of the transactions set out in Note 3 as at that date, including the minimum subscription under this Prospectus.
- A Pro Forma Statement of Financial Position as at 12 November 2010 which assumes completion of the transactions set out in Note 3 as at that date, including the maximum subscription under this Prospectus.

The Directors of the Company are responsible for the inclusion of all financial information in the Prospectus. The Historical and Pro Forma Statements of Financial Position have been reviewed by Ernst & Young whose Independent Accountant's Report is contained at Section 7.

### 6.2 Basis of Preparation and Presentation of the Historical and Pro Forma Statements of Financial Position

The Historical Statement of Financial Position as at 12 November 2010 has been derived from the Company's underlying books and records.

The Pro Forma Statements of Financial Position have been based on the Historical Statement of Financial Position of the Company as at 12 November 2010. As set out in Note 3, Pro Forma adjustments have been made to the Historical Statement of Financial Position of the Company as at 12 November 2010 to compile the Pro Forma Statements of Financial Position of the Company at that date.

Two Pro Forma Statements of Financial Positions have been presented on the basis of:

- (i) a minimum subscription to raise \$4,500,000 by the issue of 22,500,000 fully paid ordinary Shares; and
- (ii) a maximum subscription to raise \$6,000,000 by the issue of 30,000,000 fully paid ordinary Shares to be issued under the Public Offer.

The financial information set out in the Prospectus has been prepared in accordance with the accounting policies of the Company and the recognition and measurement principles (but not all the disclosure requirements) prescribed by Australian Accounting Standards and other pronouncements of the Australian Accounting Standards Board. The financial information contained in this Prospectus is presented in an abbreviated form and does not contain all the disclosures required by the Australian Accounting Standards applicable to annual reports prepared in accordance with the Corporations Act.

The financial information in this section should be read in conjunction with:

- the summary of significant accounting policies and additional financial disclosures set out in Note 1;
- the Pro Forma Statements of Financial Position assumptions set out in Note 3;
- the risk factors as set out in Section 4 of this Prospectus; and
- other information contained within this Prospectus.

### 6.3 Directors' Forecasts

It was determined by the Directors of the Company not to include forecast information.



## 6.4 Historical and Pro Forma Statements of Financial Position

		Historical 12 November 2010	Pro Forma 12 November 2010 Assumed Capital Raising \$4,500,000	Pro Forma 12 November 2010 Assumed Capital Raising \$6,000,000
	Note	\$	\$	\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	4	25	4,185,361	5,593,165
TOTAL CURRENT ASSETS		25	4,185,361	5,593,165
<b>NON-CURRENT ASSETS</b>				
Exploration expenditure	5	–	2,500,000	2,500,000
TOTAL NON-CURRENT ASSETS		–	2,500,000	2,500,000
TOTAL ASSETS		25	6,685,361	8,093,165
<b>CURRENT LIABILITIES</b>				
Trade and other payables		–	–	–
TOTAL LIABILITIES		–	–	–
NET ASSETS		25	6,685,361	8,093,165
<b>EQUITY</b>				
Issued capital	6	25	7,060,021	8,465,014
Accumulated losses	7	–	(374,660)	(371,849)
TOTAL EQUITY		25	6,685,361	8,093,165

## 6.5 Notes to and Forming Part of the Historical and Pro Forma Statements of Financial Position

### 1. Summary of Significant Accounting Policies

The significant accounting policies adopted by the company in preparing the historical and Pro Forma Statement of Financial Position are set out below.

#### (a) Cost Convention

The financial information has been prepared on an accruals basis, based on historical cost and, except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

#### (b) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

#### (c) Revenue

Revenue is recognised and measured at fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised.

- Interest income is recognised as interest accrues using the effective interest method.

#### (d) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

**(e) Impairment of Assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

**(f) Exploration and Evaluation Expenditure**

Exploration and evaluation costs are written off in the year they are incurred, apart from acquisition costs, which are carried forward where right of tenure of the area of interest, is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the Directors of the Company decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period in which the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

**(g) Trade and Other Payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. Amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**(h) Issued Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

***Contingent Entitlement shares***

The Company's own equity instruments, which have been issued to the Contingent Entitlement share Trustee for later use in a bonus issue, are accounted for as reserve shares and deducted from equity.

**(i) Share-Based Payments**

Where the Company operates equity-settled share-based payment employee share and option schemes, the fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model, which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Share-based payment transactions also include transactions where the Company receives goods and services as consideration for equity instruments in the entity. In situations where equity instruments are issued and some or all of the goods and services received by the Company as consideration cannot be specifically identified, the unidentified goods and services received (or to be received) are measured as the difference between the fair value of the share-based payment transaction and the fair value of any identified goods and services received at the grant date. This is then capitalised or expensed as appropriate.



**(j) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the payables in the balance sheet.

**2. Going Concern**

The financial information has been prepared on the basis of the Company being a going concern. The Company's ability to continue as a going concern is contingent upon raising capital from this Prospectus to fund the planned activities and for use as working capital. If this capital raising is not successful, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts different from those stated in the financial information. No allowance for such circumstances has been made in the financial information.

**3. Actual and Proposed Transactions to Arrive at the Pro Forma Statements of Financial Position**

The Pro Forma Statements of Financial Position have been included for illustrative purposes to reflect the position of Potash West on the assumption that the following transactions had occurred as at 12 November 2010.

**3.1 Shares issued on 12 November 2010**

- 3.1.1 The issue of 25,000,000 shares on 12 November 2010. Consideration receivable included cash of \$0.000001 per share received on incorporation at 12 November 2010 and certain mineral rights received post 12 November 2010. Full subscription price represents fair value of 1 \$0.100001 per share.

**3.2 Shares issued subsequent to 12 November 2010**

- 3.2.1 The issue of 2,000,000 shares at a fair value of \$0.100001 per share to Patrick McManus, the managing director, for services. \$0.000001 per share was received in cash.
- 3.2.2 The issue of 1,500,000 shares at fair value of \$0.100001 per share for unspecified services related to the promotion of the Company. \$0.000001 per share was received in cash.
- 3.2.3 The issue of 1,500,000 shares for cash consideration of \$0.10 per share as seed capital.
- 3.2.4 The issue of 15,000,000 shares for the Contingent Entitlement shares held on trust and accounted for as reserve shares with nil value.
- 3.2.5 The issue of 22,500,000 (minimum subscription) or 30,000,000 (maximum subscription) shares at \$0.20 per share pursuant to this Prospectus to raise \$4,500,000 (minimum subscription) or \$6,000,000 (maximum subscription).
- 3.2.6 The payment of costs incurred by the Company in relation to equity raising and listing of the Company's shares estimated to be \$464,667 (minimum raising) and \$555,863 (maximum raising). These costs are recognised as \$440,007 (minimum raising) and \$534,014 (maximum raising) directly in equity relating to equity raising costs and \$24,660 (minimum raising) and \$21,849 (maximum raising) in profit and loss relating to the listing of the Company's existing shares.

		Historical 12 November 2010	Pro Forma 12 November 2010 Assumed Capital Raising \$4,500,000	Pro Forma 12 November 2010 Assumed Capital Raising \$6,000,000
	Note	\$	\$	\$
<b>4. Cash and Cash equivalents</b>				
Cash on hand – 12 November 2010	3.1.1	25	25	25
Issue of shares to Patrick McManus	3.2.1	–	2	2
Issue of Shares to promoters	3.2.2	–	1	1
Issue of seed capital	3.2.3	–	150,000	150,000
Issue of ordinary Shares pursuant to this Prospectus	3.2.5	–	4,500,000	6,000,000
Equity raising and issue costs	3.2.6	–	(464,667)	(555,863)
<b>TOTAL CASH AND CASH EQUIVALENTS</b>		<b>25</b>	<b>4,185,361</b>	<b>5,593,165</b>
<b>5. Exploration Expenditure</b>				
Acquisition of mineral rights	3.1.1	–	2,500,000	2,500,000
		–	2,500,000	2,500,000

The ultimate recoupment of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

#### 6. Issued Capital

Issue of 25,000,000 shares at \$0.100001 for the acquisition of mineral rights, against which cash was received partly for \$0.000001 per share on 12 November 2010	3.1.1	25	2,500,025	2,500,025
Issue of 2,000,000 shares at \$0.100001 for share-based payments	3.2.1	–	200,002	200,002
1,500,000 ordinary shares issued to promoters at \$0.00001	3.2.2	–	150,001	150,001
1,500,000 ordinary shares issued as seed capital at \$0.10 each	3.2.3	–	150,000	150,000
Issue of ordinary shares pursuant to this Prospectus	3.2.5	–	4,500,000	6,000,000
Equity raising costs	3.2.6	–	(440,007)	(535,014)
		<b>25</b>	<b>7,060,021</b>	<b>8,465,014</b>

**6. Issued Capital (continued)****Number of shares issued**

		Historical 12 November 2010	Pro Forma 12 November 2010 Assumed Capital Raising \$4,500,000	Pro Forma 12 November 2010 Assumed Capital Raising \$6,000,000
	Note	No.	No.	No.
Issue of 25,000,000 shares for the acquisition of mineral rights	3.1.1	25,000,000	25,000,000	25,000,000
Issue of 2,000,000 Shares to Patrick McManus	3.2.1	–	2,000,000	2,000,000
1,500,000 ordinary shares issued to promoters	3.2.2	–	1,500,000	1,500,000
1,500,000 ordinary shares issued as seed capital	3.2.3	–	1,500,000	1,500,000
Issue of 15,000,000 shares for the Contingent Entitlement shares accounted for as reserve shares	3.2.4	–	15,000,000	15,000,000
Issue of ordinary shares pursuant to this Prospectus	3.2.5	–	22,500,000	30,000,000
		25,000,000	67,500,000	75,000,000
Less reserve shares	3.2.4	–	(15,000,000)	(15,000,000)
		25,000,000	52,500,000	60,000,000

Refer to Section 9.1 of this Prospectus for details relating to the rights and restrictions attaching to ordinary Shares.

Refer to Section 2.6 of this Prospectus for details relating to the Contingent Entitlement shares accounted for as reserve shares.



		Historical 12 November 2010	Pro Forma 12 November 2010 Assumed Capital Raising \$4,500,000	Pro Forma 12 November 2010 Assumed Capital Raising \$6,000,000
	Note	\$	\$	\$
<b>7. Accumulated Losses</b>				
Employee share-based payments	3.2.1	–	(200,000)	(200,000)
Promotion costs and services – share-based payments	3.2.2	–	(150,000)	(150,000)
Costs associated with the listing of existing shares	3.2.6	–	(24,660)	(21,849)
		–	(374,660)	(371,849)

**8. Related Parties**

Refer to Section 9.4 and 9.5 of this prospectus for details of related party transactions and shareholdings.

**9. Commitments****(a) Exploration**

The Company will have minimum obligations pursuant to the terms and conditions of the profit à prendre agreement. Further details and specific arrangements are contained in Section 8 of this Prospectus.

**(b) Native Title**

The Company's mining tenements may be subject to native title applications in the future. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

**10. Contingent Assets and Liabilities**

At the date of this report, the Directors of the Company have not made any specific undertakings regarding any amounts which may become payable in the future. Further details and specific arrangements are contained in Section 9 of this Prospectus. In the opinion of the Directors, other than the matters disclosed above, there were no material contingent liabilities or assets as at 12 November 2010 and in the interval between 12 November 2010 and the date of this report.

**11. Subsequent Events**

There have been no events subsequent to balance date not already disclosed or accounted for in the Pro Forma financial information which are sufficiently material to warrant disclosure.

## 7. INVESTIGATING ACCOUNTANT'S REPORT



Ernst & Young Building  
11 Mounts Bay Road  
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16 February 2011

The Directors  
Potash West NL  
Unit 1, 135 Great Eastern Highway  
Rivervale WA 6103

Dear Directors

### **Investigating Accountant's Report on Historical and Pro Forma Statements of Financial Position**

#### **Introduction**

We have prepared this Investigating Accountant's Report (the "Report") on the Historical and Pro Forma Statements of Financial Position of Potash West NL (the "Company") for inclusion in the Prospectus to be dated on or about 17 February 2011 relating to the Public Offer by the Company of up to 30 million ordinary Shares (at an issue price of \$0.20 per Share) to raise up to \$6 million before Share issue costs.

Expressions defined in the Prospectus have the same meaning in this report.

#### **Scope**

Ernst & Young has been requested to prepare this report to cover the following financial information.

#### ***Historical Financial Information***

1. The unaudited Historical Statement of Financial Position as at 12 November 2010, as set out in Section 6 of the Prospectus.

The Company was incorporated on 12 November 2010 and therefore no audited financial statements have previously been prepared. The Historical Statement of Financial Position has therefore been extracted from the underlying books and records of the Company.

#### ***Pro Forma Financial Information***

The Pro Forma Statements of Financial Position, as set out in Section 6 of the Prospectus, comprise:

1. the Pro Forma Statement of Financial Position as at 12 November 2010, which assumes completion of the proposed transactions (the Pro Forma Transactions) and includes the Pro Forma Adjustments disclosed in Note 3 relating to the raising of the minimum subscription;
2. the Pro Forma Statement of Financial Position as at 12 November 2010, which assumes completion of the proposed transactions (the Pro Forma Transactions) and includes the Pro Forma Adjustments disclosed in Note 3 relating to the raising of the maximum subscription;

(collectively, the 'Financial Information').

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The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

Ernst & Young disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purposes for which it was prepared. This Report has been prepared for inclusion in the Prospectus and should be read in conjunction with it.

### **Directors' Responsibility for the Financial Information**

The Directors of the Company have prepared and are responsible for the preparation and presentation of the Financial Information. The Directors of the Company are also responsible for the determination of the key assumptions and Pro Forma adjustments as set out in Section 6 of the Prospectus.

### **Our Responsibility for the Financial Information**

Our responsibility is to express a conclusion on the Financial Information based on our review. We have conducted an independent review of the Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention that would cause us to believe that, in all material respects:

- a. the Historical Statement of Financial Position, as set out in Section 6 of the Prospectus, does not present fairly the financial position of the Company as at 12 November 2010 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia;
- b. the Pro Forma Adjustments in Note 3 do not provide a reasonable basis for the Pro Forma Statements of Financial Position; and
- c. the Pro Forma Statements of Financial Position, which assume completion of the proposed transactions (the Pro Forma Transactions) as set out in Section 6 of the Prospectus, are not prepared in accordance with the Pro Forma Adjustments disclosed in Section 6 and the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro Forma Transactions had occurred at 12 November 2010.

Our independent review of the Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards applicable to review engagements. Our procedures consist of reading of relevant Board minutes, reading of relevant contracts and other legal documents, inquiries of management personnel and the Directors of the Company and analytical and other review procedures applied to the accounting records. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.



## Conclusion Statements

### *Review Conclusion on the Financial Information*

Based on our independent review, which is not an audit, nothing has come to our attention which causes us to believe that, in all material respects:

- a. the Historical Statement of Financial Position, as set out in Section 6 of the Prospectus, does not present fairly the financial position of the Company as at 12 November 2010 in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia;
- b. the Pro Forma Adjustments in Note 3 do not provide a reasonable basis for the Pro Forma Financial Information; and
- c. the Pro Forma Statements of Financial Position, which assume completion of the proposed transactions (the Pro Forma Transactions) as set out in Section 6 of the Prospectus, are not prepared in accordance with the Pro Forma Adjustments disclosed in Section 6 and the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the Pro Forma Transactions had occurred at 12 November 2010.

### *Inherent Uncertainty Regarding Continuation as a Going Concern*

Without qualification to the review statement expressed above, attention is drawn to the following matter. As disclosed in Note 2 to the Historical and Pro Forma Statements of Financial Position, set out in Section 6 to the Prospectus, if the capital raising under the Prospectus is unsuccessful, there is significant uncertainty as to whether the Company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they become due and payable and realise its assets and extinguish its liabilities in the normal course of operations and at the amounts stated in the Historical and Pro Forma Statements of Financial Position. The Historical and Pro Forma Statements of Financial Position do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

### **Independence or Disclosure of Interest**

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to the Company, and will receive a professional fee for the preparation of this report.





### Consent

Consent to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and content in which it appears, together with all references to this report in the Prospectus, has been given. At the date of this report, the consent has not been withdrawn.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Robert Kirkby', written over a horizontal line.

Robert Kirkby  
Partner

## 8. SOLICITOR'S REPORT ON TENEMENTS

16 February 2011

The Directors  
Potash West NL  
Unit 1, 135 Great Eastern Highway  
RIVERVALE WA 6103



Dear Sirs

### PROSPECTUS – SOLICITOR'S REPORT

This report is prepared for inclusion in a prospectus to be dated on or about 17 February 2011 issued by Potash West NL (the "**Company**") for the issue of up to 30,000,000 shares at 20 cents each to raise up to \$6,000,000.

This report is prepared with respect to the mining tenements (the "**Tenements**") listed in the Schedule of Mining Tenements (the "**Schedule**").

#### 1. Searches and Reviews

In preparing this report we have undertaken the following searches:

- 1.1. searches of the Tenements in the register maintained by the Department of Mines and Petroleum (the "**Department**") in accordance with the Mining Act 1978 (WA) (the "**Act**") on 11 January 2011;
- 1.2. quick appraisal searches of the Tenements obtained on-line from the Department;
- 1.3. searches of native title application summaries maintained by the National Native Title Tribunal ("**NNTT**") on 23 November 2010 with respect to those native title claims which may affect the Tenements and on 14 February 2011 in respect of E70/3418.

#### 2. Assumptions and Qualifications

In this report:

- 2.1. we have assumed the results of the searches, which we have made or caused to be made as referenced in paragraph 1 of this report, are accurate;
- 2.2. we have relied on the accuracy of the registers and databases maintained by the governmental bodies referenced in paragraph 1 of this report;
- 2.3. the holding of the Tenements is subject to compliance with their terms and conditions and the provisions of the Act and the information available from the searches we conducted or caused to be conducted only includes information in relation to compliance with some such terms, conditions and provisions;
- 2.4. finally, as it is beyond the scope of this report, we have not undertaken the following searches:
  - 2.4.1. searches of the register of contaminated sites maintained by the Department of Environment and Conservation; and
  - 2.4.2. searches of deregistered or unregistered native title claims with NNTT.

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Riverlord Holdings Pty Ltd ABN: 57 349 088 119 | aff The Trinity Trust | an Incorporated Legal Practice trading as Irdi Legal

### 3. Mining Tenement Introductions

- 3.1. The Tenements, located in Western Australia, consist of exploration licenses granted or applied for under the Act.
- 3.2. An exploration licence applied for on or after 10 February 2006 requires the holder to relinquish an area which constitutes not less than 40% of the area of the licence at the end of 5 years. A holder may apply to the Minister for Mines (the "**Minister**") requesting a deferral of the relinquishment of an area of an exploration licence for a period of 12 months.
- 3.3. Pursuant to section 64 of the Act no legal or equitable interest in or affecting an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. In determining whether to grant consent or not the Minister may consider whether the exploration programme submitted by the holder at the time of application of the tenement has been complied with.
- 3.4. The holder of an exploration licence, pursuant to the Act, may apply for a mining lease(s) over the land the subject of the exploration licence, assuming the exploration licence remains in force.
- 3.5. There are two instances where a mining lease may be applied for:
  - 3.5.1. where there is significant mineralisation which satisfies the Director, Geological Survey; or
  - 3.5.2. where a mining proposal has been prepared by the applicant.
- 3.6. Pursuant to the Act a mining lease remains in effect for 21 years and may be renewed for a further 21 years.
- 3.7. Under the Act tenements are granted pursuant to certain conditions such as payment of annual rent, minimum expenditure requirements, reporting requirements and environmental conditions. Failure to comply with these terms and conditions by a tenement holder may result in fines or orders being imposed by the Minister or a Warden of the Warden's Court that a tenement be forfeited. However, it is not just the Minister or a Warden that can impose orders affecting a tenement. A third party may intervene where a tenement holder has failed to comply with the terms and conditions and seek orders that the tenement be forfeited.
- 3.8. A tenement holder may apply to the Department for an exemption with respect to meeting annual minimum expenditure requirements. However, a third party may object to an application for exemption and the Minister or Warden may impose a fine or make an order for forfeiture.
- 3.9. At the time of our searches of the Tenements no fines or orders have been imposed by the Minister or by a Warden concerning forfeiture of the Tenements and there are no applications by third parties over the Tenements seeking forfeiture.

### 4. Material Contracts

- 4.1. The Company has entered into a number of contracts which relate to the business of the Company.
- 4.2. The full terms of the material contracts are not set out in this Prospectus. An investor who may wish to gain a full knowledge of the contents of any agreement should inspect them at the Company's registered office.

#### *Image Resources NL Licence Agreement*

- 4.3. By deed dated 22 December 2010 (the "**Image Resources Deed**") and a deed of variation entered into in or about February 2011 Image Resources NL ("**Image Resources**") agreed, subject to the shareholders of Image Resources approving the same, to grant the Company the exclusive right (the "**Image Resources Licence**") to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite or phosphate or both) ("**Designated Minerals**") on tenements E70/3100, E70/3418, ELA70/3999, ELA70/4000 and ELA70/4001 ("**Image Resources Tenements**") on the following terms.

- 4.4. The Company will, subject to the Company being admitted to official lists of the ASX by no later than 60 days after the date that the Company is conditionally admitted to the official lists of the ASX, acquire the Image Resources Licence for the licence term commencing on and from the date that the Company is conditionally admitted to the official lists of the ASX and continuing until the earlier of:
  - 4.4.1. the surrender of the relevant Image Resources Tenements by Image, in accordance with the Image Resources Deed;
  - 4.4.2. the withdrawal from the Image Resources Deed or any Image Resources Tenements by either Image Resources or the Company; or
  - 4.4.3. the termination or expiry of the Image Resources Deed for whatever other reason in accordance with the Image Resources Deed.
- 4.5. In consideration of the Company acquiring the Image Resources Licence, the Company will be required during the licence term to keep the Image Resources Tenements in good standing and full force and effect under the Act including, but not limited to, meeting minimum expenditure requirements on the Image Resources Tenements pursuant to the Act.
- 4.6. The rights of the parties under the Image Resources Deed will be concurrent provided that where any conflict occurs in the exercise of those rights the Company will, subject to the terms of the Image Resources Deed, be deemed to have priority.
- 4.7. Image Resources will meet the prescribed expenditure commitment applicable to tenement E70/3100 and E70/3418 for the first year of the term of those tenements and upon listing the Company will reimburse Image Resources for the expenditure incurred by Image Resources during the period commencing from the date of the Image Resources Deed until the earlier of either the date that the Company is conditionally admitted to the official lists of the ASX or 3 May 2011.
- 4.8. The Company will lodge the Image Resources Deed and the deed of variation with the Office of State Revenue for the purposes of assessing the Image Resources Deed and the deed of variation pursuant to the *Duties Act 2008*.

#### *Richmond Resources Pty Ltd Licence Agreement*

- 4.9. By deed dated 22 December 2010 (the "**Richmond Resources Deed**") Richmond Resources Pty Ltd ("**Richmond Resources**") agreed to grant the Company the exclusive right (the "**Richmond Resources Licence**") to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite or phosphate or both) ("**Designated Minerals**") on tenements E70/3635, ELA70/3987, ELA70/3988 and E70/3989 (the "**Richmond Resources Tenements**") on the following terms.
- 4.10. The Company will, conditional upon the Company being admitted to the ASX by no later than 30 June 2011, acquire the Richmond Resources Licence for the licence term commencing on and from the date that the Company is conditionally admitted to the official lists of the ASX and continuing until the earlier of:
  - 4.10.1. the surrender of the relevant Richmond Resources Tenements by Richmond Resources, in accordance with the Richmond Resources Deed;
  - 4.10.2. the withdrawal from the Richmond Resources Deed or any Richmond Resources Tenements by either Richmond Resources or the Company; or
  - 4.10.3. the termination or expiry of the Richmond Resources Deed for whatever other reason in accordance with the Richmond Resources Deed.
- 4.11. In consideration of the Company acquiring the Richmond Resources Licence the Company will be required during the licence term to keep the Richmond Resources Tenements in good standing and full force and effect under the Act including, but not limited to, meeting minimum expenditure requirements on the Richmond Resources Tenements pursuant to the Act.



- 4.12. The rights of the parties under the Richmond Resources Deed will be concurrent provided that where any conflict occurs in the exercise of those rights the Company will, subject to the terms of the Richmond Resources Deed, be deemed to have priority.
- 4.13. The Company will lodge the Richmond Resources Deed with the Office of State Revenue for the purposes of assessing the Richmond Resources Deed pursuant to the *Duties Act 2008*.

#### *Adrian Griffin Licence Agreement*

- 4.14. By deed dated 22 December 2010 (the "**Adrian Griffin Deed**") Adrian Christopher Griffin ("**Adrian Griffin**") agreed to grant the Company the exclusive right (the "**Adrian Griffin Licence**") to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite or phosphate or both) ("**Designated Minerals**") on tenement E70/3360 (the "**Adrian Griffin Tenement**") on the following terms.
- 4.15. The Company will, conditional upon the Company being admitted to the ASX by no later than 30 June 2011, acquire the Adrian Griffin Licence for the licence term commencing on and from the date that the Company is conditionally admitted to the official lists of the ASX and continuing until the earlier of:
- 4.15.1. the surrender of the Adrian Griffin Tenement by Adrian Griffin, in accordance with the Adrian Griffin Deed;
  - 4.15.2. the withdrawal from the Adrian Griffin Deed or the Adrian Griffin Tenement by either Adrian Griffin or the Company; or
  - 4.15.3. the termination or expiry of the Adrian Griffin Deed for whatever other reason in accordance with the Adrian Griffin Deed.
- 4.16. In consideration of the Company acquiring the Adrian Griffin Licence, the Company will be required during the licence term to keep the Adrian Griffin Tenement in good standing and full force and effect under the Act including, but not limited to, meeting minimum expenditure requirements on the Adrian Griffin Tenements pursuant to the Act.
- 4.17. The rights of the parties under the Adrian Griffin Deed will be concurrent provided that where any conflict occurs in the exercise of those rights the Company will, subject to the terms of the Adrian Griffin Deed, be deemed to have priority.
- 4.18. The Company will lodge the Adrian Griffin Deed with the Office of State Revenue for the purposes of assessing the Adrian Griffin Deed pursuant to the *Duties Act 2008*.

#### *Torbinup Resources Pty Ltd Licence Agreement*

- 4.19. By deed dated 22 December 2010 (the "**Torbinup Resources Deed**") Torbinup Resources Pty Ltd ("**Torbinup Resources**") agreed to grant the Company the exclusive right (the "**Torbinup Resources Licence**") to prospect and explore for and mine glauconite and/or phosphate (and any by-products resulting from the processing of any glauconite or phosphate or both) ("**Designated Minerals**") on tenement E70/3636 (the "**Torbinup Resources Tenement**") on the following terms.
- 4.20. The Company will, conditional upon the Company being admitted to the ASX by no later than 30 June 2011, acquire the Torbinup Resources Licence for the licence term commencing on and from the date that the Company is conditionally admitted to the official lists of the ASX and continuing until the earlier of:
- 4.20.1. the surrender of the Torbinup Resources Tenement by Torbinup, in accordance with the Torbinup Resources Deed;
  - 4.20.2. the withdrawal from the Torbinup Resources Deed or the Torbinup Resources Tenement by either Torbinup Resources or the Company; or
  - 4.20.3. the termination or expiry of the Torbinup Resources Deed for whatever other reason in accordance with the Torbinup Resources Deed.

- 4.21. In consideration of the Company acquiring the Torbinup Resources Licence, the Company will be required during the licence term to keep the Torbinup Resources Tenement in good standing and full force and effect under the Act including, but not limited to, meeting minimum expenditure requirements on the Torbinup Resources Tenements pursuant to the Act.
- 4.22. The rights of the parties under the Torbinup Resources Deed will be concurrent provided that where any conflict occurs in the exercise of those rights the Company will, subject to the terms of the Torbinup Resources Deed, be deemed to have priority.
- 4.23. The Company will lodge the Torbinup Resources Deed with the Office of State Revenue for the purposes of assessing the Torbinup Resources Deed pursuant to the *Duties Act 2008*.

## 5. Aboriginal Heritage

- 5.1. There may be sites of Aboriginal heritage or significance located on the land on which the Tenements are situated.
- 5.2. The Aboriginal Heritage Act 1972 Western Australia ("**WA Heritage Act**") applies to all mining Tenements situated in Western Australia and makes it an offence to, among other things, alter or damage an Aboriginal site or object on or under an Aboriginal site. A site is defined to include any sacred, ritual or ceremonial site which is of importance and special significance to persons of Aboriginal descent.
- 5.3. The Aboriginal and Torres Strait Islanders Heritage Act (1984) ("**Commonwealth Heritage Act**") applies to all of the Tenements and is aimed at the preservation and protection from desecration of significant Aboriginal areas and significant Aboriginal objects. An area or object is found to be desecrated if it is used or treated in a manner inconsistent with Aboriginal tradition.
- 5.4. Sites may be registered in the registers maintained by the Department of Indigenous Affairs ("**DIA**"), but there is no requirement or need for a site to be registered in any public manner or, indeed, to be in any way acknowledged as an Aboriginal site for it to qualify as an Aboriginal site for the purposes of the WA Heritage Act.
- 5.5. A report of searches of the online electronic version of the Aboriginal Sites Register maintained by the DIA and conducted on the 10 January 2011 is noted in the Tenement Schedule.
- 5.6. Because there is no obligation to register Aboriginal Sites, it is not possible to ascertain whether there are in fact other Aboriginal sites in the vicinity of the Tenements.
- 5.7. It should be noted that, in any event, the WA Heritage Act protects all Aboriginal sites whether or not they are registered under that act and that tenements in Western Australia are granted subject to an endorsement reminding the tenement holder of its obligation to comply with the requirements of the WA Heritage Act. Accordingly, the Company will need to ensure that it does not contravene these acts while carrying out operations on the Tenements.

## 6. Native Title

- 6.1. In June 1992 the High Court of Australia held in *Mabo v Queensland* (1992) 175 CLR 1 that the Australian legal system does recognise a form of native title rights of Aboriginal Australians where those rights have not been lawfully extinguished.
- 6.2. A native title claim will not be recognised if the native title has been extinguished, either by voluntary surrender to the Crown, death of the last survivor of a community entitled to native title, abandonment of the land in question by that community or the granting of an "inconsistent interest" in the land by the Crown, such as the granting of a freehold interest or some types of leasehold interests in the land. The granting of a lesser form of interest will not extinguish native title unless it is wholly inconsistent with native title.
- 6.3. The Native Title Act 1993 ("**NTA**") came into operation on 1 January 1994, recognising and seeking to protect common law native title in Australia. The NTA, *inter alia*, sets out procedures to be complied with for various future acts affecting native title and specifies procedures by which native title can be claimed. The NTA was extensively amended in 1998 by the Native Title Amendment Act 1998 ("**NTAA**").

*Validity of Tenements*

- 6.4. Granting of a tenement is capable of affecting native title. As a result of the future act procedures under the NTA a valid grant of a tenement may still be achieved however. The validity of a tenement is dependent upon its grant date as discussed below.

*Future Grant of Tenements*

- 6.5. The valid grant of any of the Tenements which may be affected by native title requires compliance with the provisions of the NTA in addition to compliance with the usual procedures under the Act.
- 6.6. The primary statutory procedure prescribed under the NTA is the "right to negotiate" ("**RTN**") procedure. Other procedures may apply to low impact or infrastructure mining titles in some instances.
- 6.7. The RTN procedure involves the publication of a notice of the proposed grant of a tenement, followed by a 6-month period of negotiation between the relevant State Government, the Tenement applicant and the relevant registered native title claimant. If agreement is not reached to enable the grant to occur, the matter may be referred to arbitration before the NNTT, which has a further 6 months to reach a decision. The decision of the Tribunal may be reviewed by the relevant Federal Minister.
- 6.8. The RTN procedure does not have to be pursued in cases where an indigenous land use agreement ("**ILUA**") is negotiated with the relevant Aboriginal people, and registered with the NNTT. In such cases, the procedures prescribed by the ILUA must be followed to obtain the valid grant of the tenement. These procedures will vary depending on the terms of the relevant ILUA.

*Native Title Claims*

- 6.9. Persons claiming to hold native title may lodge an application for determination of native title (being a native title claim) with the Federal Court. Applications which are lodged with the Federal Court will also be referred to the NNTT for the purposes of registration of the claim.
- 6.10. If the Native Title Registrar is satisfied that a claim meets the registration requirements set out in the NTA (the "**Registration Test**") it will be entered on the Register of Native Title Claims maintained by the NNTT (the "**Register**").
- 6.11. Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received, and may be entered on the Register at a later date if additional information that satisfies the Registration Test is provided by the claimant.
- 6.12. The Tenements relate to land which is currently the subject of one or more native title claims. These claims are noted in the Schedule attached to this report.

*Current Native Title Claims*

- 6.13. The Tenements relate to land which is currently the subject of one or more native title claims. These claims are noted in the Tenement Schedule attached to this Report. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that no native title exists over that area. The existence of native title will be determined in due course as the claims are assessed by the Federal Court. We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likely outcome of existing claims or the possibility of any further claims in respect of the area of the Tenements being made in the future.
- 6.14. Each of these claims falls under the future acts provisions of the NTA and is subject to the RTN procedures under Subdivision P of Division 3 of the NTA. It will be necessary to negotiate an agreement with the claimants or excise the affected areas from the application.
- 6.15. It is important to note that native title is extinguished over freehold titles.

- 6.16. Image Resources has entered into a Heritage Protection Agreement ("HPA") with the Yued People and the Southwest Aboriginal Land and Sea Council ("SALSC") dated 25 July 2008 with respect to tenement E70/3100 as noted in the Tenement Schedule. The Yued People, as noted in the Tenement Schedule, have a native title claim, being application WC 97/71-YUED (WAD 6192/98) covering tenement E70/3100. The Company will observe the terms of the HPA and where required shall enter into a Deed of Covenant with the Yued People and the SALSC where it shall observe and perform all of Image Resources' obligations under the HPA including, but not limited to, conducting heritage surveys with respect to tenement E70/3100 before ground disturbing activities are carried out over any area on tenement E70/3100 where native title is not extinguished.
- 6.17. Image Resources has conferred with the Yued People with respect to entering into other heritage protection agreements concerning the balance of the Image Resources Tenements however, no further heritage protection agreements have been entered into between Image Resources and the Yued People that may bind the Company. In the event Image Resources and/or the Company enter into such heritage protection agreements with the Yued People in order to obtain a grant of the Image Resources Tenement applications they will conduct heritage surveys before ground disturbing activities are carried out over any area of the Image Resources Tenements where native title is not extinguished, and to accurately record the findings of the survey and implement proper management and protection for any aboriginal site that are discovered.
- 6.18. In addition to the Image Resources Tenements, the Company may also enter into heritage protection agreements with those native title claimants referred to in the Tenement Schedule whose native title claims may affect the grant of other tenements the subject of licence agreements with Richmond Resources, Adrian Griffin and Torbinup Resources.

#### *Risk Factors – Native Title*

- 6.19. The existence of native title and/or native title claims in relation to the land which is the subject of the Tenements may have an adverse impact on the Company's activities and its ability to fund those activities. It is impossible at this stage to quantify the impact that these matters may have on the Company's operations but the main risks the following.
- 6.19.1. Delays in obtaining the grant of the current applications, renewals or conversions of the Tenements or further applications as a result of the RTN (or alternative State) procedure as this can take a significant period of time. Further, if the parties to the RTN procedure cannot reach agreement the matter may be referred to the NNTT for arbitration. The NNTT may determine that the application cannot be granted or only granted on conditions unacceptable to the Company.
- 6.19.2. Compensation may be payable by the Company as a result of agreements made pursuant to the RTN or alternative procedure or as a result of a compensation order made by the Federal Court in the event native title has been determined to exist.
- 6.19.3. If native title is found to exist the nature of the native title may be such that consent to mining is required from the native title holders, but is withheld or only granted on conditions unacceptable to the Company.
- 6.19.4. The risk that Aboriginal sites exist on the land the subject of the Tenements, which may preclude or limit activities in certain areas of the Tenements. Further, the disturbance of any Aboriginal sites that may exist on the land could amount to an offense under the applicable legislation, exposing the Company to fines and other penalties.
- 6.20. To date no work has been carried out on any ground where native title applies.



## 7. Private Land

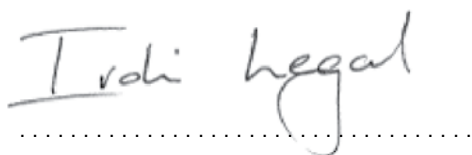
- 7.1. Significant portions of the area comprised in the exploration licence applications forming part of the Tenements are classified as private land. Pursuant to the Act an exploration licence will not be granted unless with the consent of the owner of the land. However, a tenement application may still be granted without the consent of the owner but access will be limited to the area that is below a depth of 30 metres from the natural surface of the land in the relevant areas and the tenement register will be endorsed accordingly.
- 7.2. Grants of freehold made prior to 1899 in Western Australia included the grant of minerals other than gold, silver and precious metals, which were reserved to the Crown. This land is commonly referred to as "minerals to owner" land, as the landowner owns all other minerals and has the right to deal with those minerals as it sees fit.
- 7.3. In the event that "minerals to owner" land does constitute part of the land the subject of the Tenements, the Company may negotiate with the owner(s) of such land with the intention of entering into an agreement(s) under which the owner(s) may consent to the inclusion of the top 30 metres in the grant of the mining lease on that owner's land.

## 8. Consent and Declarations

- 8.1. Irdi Legal and the staff involved in the preparation of this report have no interest in or financial relationship with the Company. Other than a time-based fee for the preparation of this report, no pecuniary or other benefit, direct or indirect, has been received by Irdi Legal in connection with the making of this report.
- 8.2. In providing this report we have relied on (and have not sought to verify) the accuracy of information provided to us and to our agent by the Department and the NNTT in response to our searches (and our agent's searches) of their records and registers. In reliance upon this information, we believe this report does not contain anything which is false in a material particular or which is materially misleading in the form and context in which it appears. We have not undertaken any additional searches of other government agencies or of courts or tribunals.
- 8.3. We have given, and have not, before the lodgement of the Prospectus of which this report forms part, withdrawn our consent to the issue of the Prospectus with this report in the form and context in which it is included.

Yours faithfully

**IRDI LEGAL**



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## SCHEDULE OF TENEMENTS

Set out below is a list of the Tenements in which the Company holds an interest.

Tenement No	Holder/ Applicant	Status	Date of Grant	Expiry Date	Registered Dealing	Registered or Determined Native Title Claims	Aboriginal Sites	Notes	Annual Rent	Annual Rates	Expenditure Commitment
E70/3100	Image Resources	Live	4/05/10	3/05/15	Caveat	WC03/6 WC97/071	3 Registered Sites 8 Heritage Places	A, 1, 2, 3, 4, 5, 6, 7, 8, 9, 27, 29	\$20,588.70	\$1,000.00	\$170,000.00
E70/3360	Adrian Griffin	Live	7/04/10	6/04/15	Caveat	WC03/6 WC97/071	1 Registered Site 2 Heritage Places	B, 10, 11, 12, 13, 14, 15, 27	\$363.33	\$1,000.00	\$15,000.00
E70/3418	Image Resources	Live	8/02/11	7/02/16	Caveat	WC97/071 WC04/002 WC03/006	N/A	C, 16, 17, 27	\$3,875.52	\$1,000.00	\$32,000.00
E70/3635	Richmond Resources	Live	2/12/10	1/12/15	Caveat	WC03/6 WC97/071	1 Registered Site No Heritage Places	D, 18, 19, 20, 27	\$5,571.06	\$1,000.00	\$46,000.00
E70/3636	Torbinup Resources	Live	2/12/10	1/12/15	Caveat	WC03/6 WC97/071	5 Registered Sites 13 Heritage Places	E, 21, 22, 23, 24, 25, 26, 27	\$12,232.11	\$1,000.00	\$101,000.00
E70/3987	Richmond Resources	Pending	Pending	Pending	Caveat to be lodged	WC03/6 WC97/071	No Registered Sites 1 Heritage Place	F, 27, 28	\$8,367.60	N/A	N/A
E70/3988	Richmond Resources	Pending	Pending	Pending	Caveat to be lodged	WC03/6 WC97/071	No Registered Sites 1 Heritage Place	G, 27, 28	\$10,899.90	N/A	N/A
E70/3989	Richmond Resources	Pending	Pending	Pending	Caveat to be lodged	WC03/6 WC97/071	3 Registered Sites 7 Heritage Places	H, 27, 28	\$13,432.20	N/A	N/A
E70/3999	Image Resources	Pending	Pending	Pending	Caveat to be lodged	WC03/6 WC97/071	N/A	I, 27, 28	\$880.80	N/A	N/A
E70/4000	Image Resources	Pending	Pending	Pending	Caveat to be lodged	WC03/6 WC97/071 WC10/9	3 Registered Sites 7 Heritage Places	J, 27, 28	\$880.80	N/A	N/A
E70/4001	Image Resources	Pending	Pending	Pending	Caveat to be lodged	WC03/6 WC97/071 WC04/002	N/A	K, 27, 28	\$111,450.40	N/A	N/A

## NOTES TO TENEMENT SCHEDULE

## Notes to Schedule

*Registered Dealings*

A.	Caveat	This is a consent caveat lodged by the Company dated 27 January 2011 pursuant to the terms of the Image Resources Deed.
B.	Caveat	This is a consent caveat lodged by the Company dated 27 January 2011 pursuant to the terms of the Adrian Griffin Deed.
C.	Caveat	This is a consent caveat which will be lodged by the Company pursuant to the terms of the Image Resources Deed and the deed of variation.
D.	Caveat	This is a consent caveat lodged by the Company dated 27 January 2011 pursuant to the terms of the Richmond Resources Deed.
E.	Caveat	This is a consent caveat lodged by the Company dated 27 January 2011 pursuant to the terms of the Torbinup Resources Deed.
F.	Caveat	A consent caveat will be lodged by the Company pursuant to the terms of the Richmond Resources Deed in the event the tenement application is granted.
G.	Caveat	A consent caveat will be lodged by the Company pursuant to the terms of the Richmond Resources Deed in the event the tenement application is granted.
H.	Caveat	A consent caveat will be lodged by the Company pursuant to the Richmond Resources Deed in the event the tenement application is granted.
I.	Caveat	A consent caveat will be lodged by the Company pursuant the terms of the Image Resources Deed in the event the tenement application is granted.
J.	Caveat	A consent caveat will be lodged by the Company pursuant to the terms of the Image Resources Deed in the event the tenement application is granted.
K.	Caveat	A consent caveat will be lodged by the Company pursuant the terms of the Image Resources Deed in the event the tenement application is granted.

*Conditions*

1. No excavation, excepting shafts, approaching closer to the Brand Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Brand Highway or Highway verge being confined to below a depth of 30 metres from the natural surface.
2. The prior written consent of the Minister responsible for the Act being obtained before commencing any exploration activities on Gravel Reserves 25263, 27995, 27994, 25951, 25952, and 25950, Recreation Reserve 5234, Use and Benefit of Aboriginal Inhabitants Reserve 16833, Trigonometrical Station Reserves 12000, 11909, 11914, 11912, 27350, Stopping Place for Travellers Reserve 33032 and Dampier to Bunbury Pipeline Act 1997 Reserve 48442.
3. No mining within 25 metres of either side of the Dampier to Bunbury Gas/Petroleum pipeline contained within FNA3259 as shown in TENGRAPH.
4. All Act tenement activities prohibited within 200 metres of RAMSAR or ANCA listed wetlands unless written permission of the Department of Environment and Conservation, in consultation with the Department of Water, is first obtained.
5. No mining within 25 metres of either side of the Dampier to Bunbury Gas/Petroleum pipeline contained within FNA3259 as shown in TENGRAPH.
6. Mining on the safety zone established in condition 5 above being confined to below a depth of 50 metres from the natural surface unless otherwise approved by the State Mining Engineer, DoCEP.
7. The rights of ingress and egress from the pipeline easement established in condition 5 above being at all times preserved for employees, contractors and agents of the operators of the Gas/Petroleum pipeline.
8. Written notification, where applicable, of the time frame, type and extent of proposed ground-disturbing activities being forwarded to the Department of Water Geraldton 7 days prior to commencement of those activities.
9. Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from the Department of Water.

10. No excavation, excepting shafts, approaching closer to the Brand Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Brand Highway or Highway verge being confined to below a depth of 30 metres from the natural surface, and on any other road or road verge, to below a depth of 15 metres from the natural surface.
11. No mining within 25 metres of either side of the Gas/Petroleum pipeline contained within Petroleum Pipeline Licences No 40 and 1 R 1 as shown in TENGRAPH.
12. The rights of ingress to and egress from the pipeline easement established in Condition 11 hereof being at all times preserved for employees, contractors and agents of the operators of the Gas/Petroleum pipeline.
13. The prior written consent of the Minister responsible for the Act being obtained before commencing any exploration activities on File Notation Area 3259 and Natural Gas Pipeline Purposes reserve 39159.
14. No surface excavation approaching closer to the boundary of the Safety Zone established by condition 11 above than a distance equal to three times the depth of the excavation without the prior written approval of the Director Petroleum, DMP.
15. All activities under the Act prohibited within 200 metres of "Conservation" and "Resource Enhancement" Category wetlands unless written permission of the Department of Water is first obtained.
16. Unless the written approval of the Environmental Officer, Department of Mines and Petroleum is first obtained, the use of drilling rigs, scrapers, graders, bulldozers, backhoes or other mechanised equipment for surface disturbance or the excavation of costeans is prohibited. Following approval, all topsoil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
17. In areas of native vegetation within the tenement, no exploration activities commencing until the licensee provides a plan of management to prevent the spread of dieback disease (*Phytophthora* sp) to the Director, Environment, Department of Mines and Petroleum for assessment and until his written approval has been received. All exploration activities shall then comply with the commitments made in the management plan.
18. Written notification, where practicable, of the time frame, type and extent of proposed ground disturbing activities being forwarded to the Department of Water Northam 7 days prior to commencement of those activities.
19. Any significant waterway (flowing or not), wetland or its fringing vegetation that may exist on site not being disturbed or removed without prior written approval from the Department of Water.
20. All tenement activities under the Act prohibited within 200 metres of RAMSAR or ANCA listed wetlands unless the written permission of the Department of Environment and Conservation, in consultation with the Department of Water, is first obtained.
21. No excavation, excepting shafts, approaching closer to the Brand Highway, Highway verge or the road reserve than a distance equal to twice the depth of the excavation and mining on the Brand Highway or Highway verge being confined to below a depth of 30 metres from the natural surface.
22. No mining within 30 metres of either side and to a depth of 15 metres of the Rail Corridor Land 86 (Moora to Millendon Junction) as shown in TENGRAPH without the prior written approval of the Minister responsible for the Act.
23. Mining below 15 metres from the natural surface of the land in the Safety Zone established in Condition 11 herein being approved by the State Mining Engineer, DMP in consultation with the operator of the railway on corridor land.
24. No mining within 30 metres of either side and to a depth of 15 metres of the Rail Corridor Land 86 (Moora to Millendon Junction) as shown in TENGRAPH without the prior written approval of the Minister responsible for the Act.
25. All tenement activities under the Act prohibited within 200 metres of RAMSAR or ANCA listed wetlands unless the written permission of Department of Environment and Conservation, in consultation with the Department of Water, is first obtained.
26. All tenement activities under the Act prohibited within 200 metres of "Conservation" and "Resource Enhancement" Category wetlands unless the written permission of the Department of Water is first obtained.

### *General*

27. The Tenements are subject to certain licence agreements between the Company and Image Resources, Adrian Griffin, Richmond Resources and Torbinup Resources and a deed variation between the Company and Image Resources whereby the Company will be granted the right to explore for glauconite, phosphate and related by-products and must meet minimum expenditure requirements on each tenement upon listing on the ASX.
28. The tenement is currently an application pending approval by the Department.
29. The tenement is subject to the HPA dated 25 July 2008





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## 9. ADDITIONAL INFORMATION

### 9.1 Rights Attaching to Securities

The rights, privileges and restrictions attaching to securities can be summarised as follows.

#### (a) General meetings

Security holders are entitled to be present in person, or by proxy, attorney or representative, to attend and vote at general meetings of the Company.

Security holders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### (b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of securities, at general meetings of security holders or classes of security holders:

- (i) each security holder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a security holder or a proxy, attorney or representative of a security holder has one vote, and
- (iii) on a poll, every person present who is a security holder or a proxy, attorney or representative of a security holder shall, in respect of each fully paid security held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the security, but in respect of partly paid securities shall have such number of votes as bears the same proportion to the total of such securities registered in the security holder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### (c) Dividend rights

Subject to the rights of persons (if any) entitled to securities with special rights to dividend, the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the security holders of such interim dividends as appear to the Directors to be justified by the profits

of the Company. Subject to the rights of persons (if any) entitled to securities with special rights as to dividend, all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. The Company may not pay interest in respect of any dividend, whether final or interim.

#### (d) Winding up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the security holders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the security holders or different classes of security holders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any securities or other securities in respect of which there is any liability. Where an order is made for the winding-up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, any securities classified as restricted securities at the time of the commencement of the winding up shall rank in priority after all other securities.

#### (e) Transfer of securities

Generally, securities in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act.

#### (f) Variation of rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of security holders, vary or abrogate the rights attaching to securities.

If at any time the share capital is divided into different classes of securities, the rights attached to any class (unless otherwise



provided by the terms of issue of the securities of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued securities of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the securities of that class.

## 9.2 Employee Incentive Scheme

As an incentive to employees of Potash West, the Company has adopted a scheme called the Potash West Employee Incentive Scheme ('the Scheme'). At the date of this Prospectus, no shares or options have been granted under the Scheme.

The purpose of the Scheme is to give employees, Directors, executive officers and consultants of the Company an opportunity, in the form of shares and/or options, to subscribe for shares and/or options in the Company. The Directors consider that the Scheme will enable the Company to retain and attract skilled and experienced employees, Board members and executive officers and provide them with the motivation to participate in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and development.

### Brief overview of the Scheme

A summary of the terms and conditions of the Scheme is set out below.

### Participants in the Scheme

The Board may offer shares and/or options to an eligible employee (being an employee who is determined by the Board to be an eligible employee for the purposes of the Scheme, or any other person (including a contractor to or consultant with the Company) who is determined by the Board to be an eligible employee for the purposes of the Scheme) through a loan from the Company. The loan will be interest-free and must be repaid prior to the expiry of the loan term. The amount repayable on the loan will be the lesser of:

- (a) the issue price less any cash dividends paid in respect of loan shares and applied by the Company and any repayments made by the eligible employee, and
- (b) the last sale price of the shares on the ASX on the repayment date or, if there are no transactions on that day, the last sale price of the shares prior to that date, or, if

the shares are sold by the Company, the amount realised by the Company from the sale.

Upon receipt of such an offer, the eligible person may nominate that an associate acceptable to the Board be issued with the shares and/or options.

The Company will have a lien over the Scheme shares in respect of which the loan amount is outstanding and the Company will be entitled to sell those Scheme shares in accordance with the terms of the Scheme.

### Terms of shares and options

The share issue price will be not less than:

- (a) (if there was at least one transaction in the shares on the ASX during the 10 Business Day trading period immediately before the offer date) the price determined by VWAP determination (being the calculation of an average share price as trade on the ASX) by reference to volume and numbers of shares traded over a period of 10 Business Days before the relevant date) of the shares on the ASX during that period, or
- (b) (if there were no transactions in the shares on the ASX during the 10 Business Day trading period immediately before the offer date) the last price at which an offer was made on the ASX to purchase a share.

Options granted under the Scheme will be granted free of charge.

The exercise price for the options must not be less than:

- (a) (if there was at least one transaction in the Shares on ASX during the 10 Business day period immediately before the offer date) the VWAP determination for that period, or
- (b) (if there were no transactions in the shares on the ASX during the 10 Business day period immediately before the offer date) the last price at which an offer was made on the ASX to purchase a share.

Shares issued on exercise of options will rank equally with other ordinary securities of the Company.

Options may not be transferred without the prior written approval of the Company's remuneration committee. Quotation of options on the ASX will not be sought. However, in the event that the Company is listed on the ASX, it will apply to the ASX for official quotation of securities issued on the exercise of options.

### *Restrictions on issues and exercise of options*

The Board may not offer options under the Scheme if the total number of securities that would be issued were each option accepted, together with the number of securities in the same class or options to acquire such securities issued pursuant to all employee or executive security schemes during the previous 5 years, exceeds 5% of the total number of issued securities in that class as at the date of the offer.

Options may only be issued or exercised within the limitations imposed by the Corporations Act and the ASX Listing Rules.

### *Exercise of options*

If an eligible employee leaves the employ of the Company:

If at any time during the exercise period a participant ceases to be an eligible employee, all options held by that participant will lapse 1 month after the participant ceases to be an eligible employee.

If a participant ceases to be an eligible employee by reason of any of the following events, the options held by that participant will lapse at the expiration of 12 months after the relevant event:

- (a) the retirement or retrenchment of the participant or, if the participant is not an employee, the retirement or retrenchment of the employee by virtue of whom an eligible employee holds options, or
- (b) the bankruptcy or commencement of winding-up or deregistration procedures in respect of the participant, or
- (c) the death of the participant or, if the participant is not an employee, the death of the employee by virtue of whom an eligible employee holds options.

### *Participation in future issues*

A participant is required to exercise an option in order to participate in a bonus or entitlement issue made by the Company. Participants will be provided with written notice of the terms of the issue to shareholders and afforded that period as determined by the ASX Listing Rules to exercise their option if they wish to participate in the bonus or entitlement issue.

### *Capital reconstruction*

If, prior to the expiry of an option, there is a reorganisation of the issued share capital of the Company (including a consolidation, subdivision or reduction of capital or return of capital to shareholders), the number of Shares subject to the option and/or the exercise price will be adjusted in the manner required by the ASX Listing Rules.

## **9.3 Summary of Material Contracts**

The full terms of material contracts are not set out in this Prospectus. An investor who may wish to gain full knowledge of the contents of any agreement should inspect them at the Company's registered office.

### *Services agreement – Patrick McManus*

The Company entered into an employment contract with Patrick McManus on 23 November 2010, pursuant to which Patrick was employed as managing director of the Company. Patrick is employed for an initial term of 2 years from the date of the agreement, with the possibility of the parties agreeing to an additional 3-year term.

Patrick receives an annual salary of \$250,000, inclusive of superannuation payable monthly, commencing from the date of Quotation. This will be reviewed annually. The Company may also pay Patrick performance bonuses during the term of the agreement, as determined by the Directors based on key performance indicators.

Patrick is entitled to standard annual and sick leave while employed by the Company, and to be reimbursed for his reasonable expenses in connection with carrying out his duties.

Patrick's duties comprise managing the Company's business, including implementing strategic plans and managing operational functions.

Patrick's employment may be terminated by the Company in certain circumstances, including without notice where Patrick is guilty of wilful misconduct or wilful neglect. The Company may also terminate the agreement without cause, subject to the provisions of the Corporations Act and the Listing Rules, by giving at least 3 months' notice and making a payment equivalent to 3 months' remuneration.



### *Services agreement – Strategic Metallurgy Pty Ltd*

The Company entered into a services agreement with Strategic Metallurgy Pty Ltd ('Strategic Metallurgy') on 23 November 2010, pursuant to which Strategic Metallurgy will provide services in relation to the planning, analysing, reporting and supervision of Potash West's metallurgical programme, budgeting, and acting as Potash West's agent when dealing with third parties in relation to metallurgical work in certain circumstances.

Potash West will pay Strategic Metallurgy a monthly fee based on hours worked.

### *Agreement with the Lead Manager – Patersons Securities*

The Company entered into a mandate with Patersons Securities as Lead Manager on 24 January 2011 ('mandate').

Professional fees for acting as Lead Manager for the Public Offer are as follows.

- A corporate fee of \$60,000.
- A 5% capital raising fee based on total funds raised under the Public Offer.
- A 1% lead manager fee based on the total amount raised from all sources under the Public Offer.

The mandate provides that the mandate may be terminated by the Company upon the occurrence of a material default by Patersons Securities which is incapable of being remedied having been given 10 Business Days' notice in writing by the Company of such breach having occurred or on a no-fault basis with 10 Business Days' notice in writing by the Company provided that Patersons Securities are given the opportunity to rectify the quality of service provided by Patersons Securities.

Patersons Securities may terminate the mandate at any time by giving 2 Business Days' notice in writing of its intention to do so, or if one or more of the following events occur in its sole and absolute opinion:

- the Australian equity capital market conditions and/or ASX trading conditions are such that they are not, in the bona fide judgement of Patersons Securities, conducive to the successful completion of this mandate or other events beyond the control of Patersons Securities are so material and adverse as to make it impracticable or inadvisable to proceed with the new equity issues on the terms and in the manner contemplated herein;

- there is a material adverse effect including any adverse change in the assets, liabilities, financial position or prospects of the Company as disclosed publicly and/or to Patersons Securities, other than for the costs incurred by the Company in relation to the proposed Public Offer;
- there is a false or misleading statement in the material or information supplied to Patersons Securities or included in the presentation materials or a material omission in the material supplied to Patersons Securities or included in the presentation materials;
- default by the Company of any term of the mandate;
- the All Ordinaries Index as published by the ASX is at any time 10% or more below its level as at the close of business on the Business Day prior to the date of the mandate;
- any of the warranties or representations by the Company in the mandate are or become materially untrue;
- any government agency (including ASIC) commences any public action, hearing or investigation against the Company or any of the Directors in their capacity as a director of the Company or announces that it intends to take such action, or

The mandate contains additional terms and conditions considered standard for this type of agreement.

### *Contingent Entitlement share trust deed – Barclay Wells Limited*

The Contingent Entitlement share Trustee has entered into a declaration of trust under which it declares that it holds the Contingent Entitlement shares on trust for certain shareholders of the Company ('Eligible Beneficiaries'), being those shareholders who hold at least 10,000 shares in the Company as at the Listing Date and who hold at least one share in the Company on the first Business Day following the date that all shares in respect of which the ASX imposes restrictions as a condition to the listing of the Company cease to be restricted securities ('the Entitlement Date'). The Trustee will distribute the Contingent Entitlement shares to each of the Eligible Beneficiaries on a pro rata basis in accordance with the following formula:

$$\frac{A}{B} \times C = X$$

where:

- A is the number of shares in the Company held by an Eligible Beneficiary as at the Entitlement Date;
- B is the total number of shares in the Company held by all of the Eligible Beneficiaries as at the Entitlement Date;
- C is the total number of Contingent Entitlement shares, and
- X is the amount of Contingent Entitlement shares which the Eligible Beneficiary is entitled to receive on the Entitlement Date.

#### 9.4 Interests of Directors

Except as disclosed in this Prospectus, no Director holds, or during the last 2 years has held, any interest in:

- (a) the formation or promotion of Potash West;
- (b) property acquired or proposed to be acquired by Potash West in connection with its formation or promotion of the Public Offer, or
- (c) the Public Offer,

and no amounts of any kind (whether in cash, shares or otherwise) have been paid or agreed to be paid to any Director to induce that person to become or to qualify as a Director or otherwise for services rendered by that person in connection with the formation or promotion of the Company or the Public Offer.

##### *Directors' shareholdings*

The Directors are not required under the Constitution to hold any shares.

At the date of this Prospectus, the Directors' relevant interests in the shares are as follows.

Director	Number of shares
Adrian Griffin <sup>1</sup>	3,113,000
Patrick McManus	1,700,000
George Sakalidis	465,689
Gary Johnson	Nil

<sup>1</sup> Held by Elsinore Energy in trust.

Nothing in this Prospectus will be taken to preclude Directors, officers or employees of Potash West from applying for Shares.

##### *Directors' remuneration*

The Company's constitution provides that the remuneration of non-executive Directors be not more than the aggregate fixed sum determined by a general meeting. The aggregate

remuneration for non-executive Directors has been set at an amount not exceeding \$120,000 per annum.

The remuneration of executive and non-executive Directors will be fixed by the Directors and may be paid by way of a fixed salary or consultancy fee.

The annual remuneration (inclusive of superannuation) payable to each of the Directors as at the date of this Prospectus is as follows.

Director	Annual remuneration
Adrian Griffin	\$40,000
Patrick McManus	\$250,000
George Sakalidis	\$40,000
Gary Johnson	\$40,000

Strategic Metallurgy, a company in which Gary Johnson has a beneficial interest and is a director, will receive professional fees of approximately \$300,000 for services undertaken by him in connection with the operations of the Company.

##### *Deeds of indemnity and access*

The Company intends to enter into a deed of indemnity, insurance and access with each of its appointed officeholders. Under those deeds, the Company will agree to indemnify the officer to the extent permissible by the Corporations Act against any liability arising as a result of that officer acting in his capacity as an officer of the Company.

#### 9.5 Interests of Entities Named

Other than as set out below or elsewhere in this Prospectus, no entity named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus has, or has had within the 2 years prior to lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of Potash West;
- (b) property acquired or proposed to be acquired by Potash West in connection with its formation or promotion of the Public Offer, or
- (c) the Public Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those entities for services rendered by them in connection with the formation or promotion of the Company or the Public Offer.

Adrian Griffin has entered into a profit à prendre re mineral interest rights with the Company whereby he has agreed to grant Potash West a profit à prendre licence in respect of the mining tenements under which Potash West will acquire the designated mineral rights under the terms and conditions listed in the profit à prendre.

CRM has acted as the Independent Geologist and has prepared an Independent Geologist's Report, included in Section 5 of this Prospectus. The Company estimates that it will pay CRM approximately \$21,000 for the provision of these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, CRM has not received any other fees from the Company.

Ernst & Young is the auditor of the Company, has acted as Investigating Accountant and has prepared an Investigating Accountant's Report, included in Section 7 of this Prospectus. The Company estimates that it will pay Ernst & Young approximately \$7,500 for the provision of these services. Subsequent audit fees will be charged in accordance with normal charge-out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Ernst & Young has not received any other fees from the Company.

IRDI Legal has acted as legal advisor to the Company in relation to the Public Offer and has prepared a Solicitor's Report on Tenements, included in Section 8 of this Prospectus. The Company estimates that it will pay IRDI Legal approximately \$10,000 for the provision of these services. Subsequent fees will be charged in accordance with normal charge-out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, IRDI Legal has not received any other fees from the Company.

Advanced Share Registry Services has been appointed as the Company's Share Registrar and will be paid for these services on normal commercial terms.

Mining Corporate Pty Ltd ('Mining Corporate') has acted as IPO Compliance Manager in relation to the Public Offer and this Prospectus. The Company estimates that it will pay Mining Corporate approximately \$20,000 for the provision of these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Mining Corporate has not received any other fees from the Company.

Patersons Securities has acted as Lead Manager in relation to the Public Offer and this Prospectus. The Company estimates that it will

pay Patersons Securities approximately \$60,000 for the provision of corporate services, a lead manager fee of 1% of the total amount raised and a capital raising fee of 5% of the total amount raised. During the 24 months preceding lodgement of this Prospectus with the ASIC, Patersons Securities has not received any other fees from the Company.

## 9.6 Consents

Each of the following entities has consented to being named in the Prospectus and to the inclusion of the following statements, and statements identified in this Prospectus as being based on statements made by those entities, in the form and context in which they are included, and have not withdrawn that consent before lodgement of this Prospectus with the ASIC.

- CRM – Independent Geologist's Report
- Ernst & Young – Investigating Accountant's Report
- IRDI Legal – Solicitor's Report on Tenements.

To the maximum extent permitted by law, each of the entities referred to above expressly disclaims and takes no responsibility for any part of this Prospectus other than the statements referred to above and the statements identified in this Prospectus as being based on statements made by these entities.

The following entities have consented to being named in this Prospectus but have not made any statements that are included in this Prospectus or statements identified in this Prospectus as being based on any statements made by those entities, and have not withdrawn their consent before lodgement of this Prospectus with ASIC.

- IRDI Legal as legal advisors to Potash West
- Ernst & Young as auditors of Potash West
- Advanced Share Registry as Share Registrar
- Mining Corporate as IPO Compliance Managers to Potash West
- Patersons Securities as Lead Manager.

The entities referred to above do not make, or purport to make, any statement in this Prospectus or on which a statement made in the Prospectus is based other than as specified in this section, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

### 9.7 Top 20 Shareholders

As at the date of this report, the top shareholders in Potash West are as follows.

#	Name	Number of shares
1	Image Resources NL	12,500,000
2	Elsinore Energy Pty Ltd	12,500,000
3	Patrick McManus	1,700,000
4	Sept Rouges Ltd	1,500,000
5	Choon Kong Lim	350,000
6	DW Sargeant Pty Ltd	200,000
7	Richmond Resources Pty Ltd	150,000
8	Elizabeth Laura Mackay & Charlton William Kable <Sapphire Super Fund A/C>	100,000
9	Endeavour Corporate Pty Ltd	100,000
10	McGhee Investment Holdings Pty Ltd	100,000
11	Murilla Exploration Pty Ltd <Jessup Superannuation Fund A/C>	100,000
12	Symons Investment Holdings Pty Ltd	100,000
13	Wilgus Investments Pty Ltd	50,000
14	Jodie Marwick <Dixon Investment A/C>	50,000
15	Totode Pty Ltd <Hindmarsh>	50,000
16	Mr Barry Woodhouse & Mrs Danielle Woodhouse <Woodhouse S/F A/C>	25,000
17	Jmap Computer Mapping Services Pty Ltd <Bohemian Super Fund A/C>	25,000
18	Aaron Sim Kwang Liang	20,000
19	Bulow Pty Ltd <Newton Super Plan A/C>	20,000
20	Chen Li Chiao	20,000

### 9.8 Expenses of the Public Offer

The total expenses of the Public Offer are estimated to be approximately \$555,863 at full subscription and are expected to be applied towards the items set out in the table below.

Items of Expenditure	Amount – Minimum Subscription (\$)	Amount – Maximum Subscription (\$)
ASIC fees	2,068	2,068
ASX fees	44,099	45,295
Broker commission	270,000	360,000
Mandate fee	60,000	60,000
Compliance manager fee	20,000	20,000
Investigating Accountant's Report	7,500	7,500
Legal	15,000	15,000
Independent Geologist's Report	21,000	21,000
Printing/typesetting	10,000	10,000
Miscellaneous	15,000	15,000
<b>Total</b>	<b>464,667</b>	<b>555,863</b>



### 9.9 Litigation

Other than as disclosed elsewhere in this Prospectus, the Company is not involved in any material litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

### 9.10 Taxation

The acquisition and disposal of Shares will have tax consequences that will differ depending on the individual financial affairs of each investor. All potential investors in Potash West are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, Potash West, its officers and each of their respective advisors accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares.

### 9.11 Exposure Period

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any Application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act. The Company will not accept Applications until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge Applications prior to the expiry of the Exposure Period.

### 9.12 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic Public Offer Application Form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic Public Offer Application Form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus, accompanied by the Public Offer Application Form. If you have not, please email the Company at [info@potashwest.com.au](mailto:info@potashwest.com.au) and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at [www.potashwest.com.au](http://www.potashwest.com.au).

The Company reserves the right not to accept an Public Offer Application Form from a person if it has reason to believe that when that person was given access to the 'electronic Public Offer Application Form', the 'electronic Public Offer Application Form' was not provided together with the 'electronic Prospectus' and any relevant supplementary or replacement prospectus or any of those documents was incomplete or altered.

### 9.13 Forecasts

Potash West is predominantly an exploration company. Given the speculative nature of exploration in general, and of potash development and production in particular, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

## 10. GLOSSARY

**Advanced Share Registry** means Advanced Share Registry Services Limited (ACN 127 175 946), Share Registrar to the Company.

**Applicant** means a person who submits an Application.

**Application** means a valid application to subscribe for Shares.

**Application Monies** means monies received by Potash West from Applicants.

**ASIC** means Australian Securities and Investments Commission.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ACN 008 504 532).

**ASX** means ASX Limited (ACN 008 624 691) or Australian Securities Exchange, as the context requires.

**Auditors** means Ernst & Young.

**Board** means the board of directors of the Company, unless the context indicates otherwise.

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia.

**CHESS** means ASX Clearing House Electronic Sub-registry System.

**Company** or Potash West means Potash West NL (ACN 147 346 334).

**Contingent Entitlement shares** means those securities held in trust by the Contingent Entitlement share Trustee.

**Contingent Entitlement share Trustee** means Barclay Wells Ltd <Nominee A/C>, the trustee holding the Contingent Entitlement shares for distribution to Eligible shareholders.

**Corporations Act** means the Corporations Act 2001 of Australia.

**CRM** means Continental Resources Management Pty Ltd.

**Directors** means the directors of the Company from time to time.

**DMP** means the Western Australian Department of Mines and Petroleum.

**Dollars or \$** means Australian dollars unless otherwise stated.

**Eligible Beneficiaries** means a Potash West Shareholder who holds at least 10,000 Shares in Potash West on the Listing Date and who also holds at least one share in Potash West on the Entitlement Date.

**Entitlement Date** means the first Business Day following the date all Shares in respect of which the ASX imposes restrictions on a condition to the listing of Potash West cease to be restricted securities.

**Eligible Beneficiaries** means a Potash West Shareholder who holds at least 10,000 shares in Potash West on the Listing Date and who also holds at least one share in Potash West on the Entitlement Date.

**Eligible Persons** means employees of the Company (full- or part-time) and Directors.

**Eligible shareholders** means those shareholders in Potash West that, at the Listing Date hold 10,000 shares in Potash West and, at the date of release from escrow of the Contingent Entitlement shares, hold shares in the Company.

**Entitlement Date** means the first Business Day following the date all shares in respect of which the ASX imposes restrictions on a condition to the listing of Potash West cease to be restricted securities

**Ernst & Young** means Ernst & Young (ACN 288 172 749), Investigating Accountant and Auditors to the Company.

**evaporite deposits** means deposits formed when mineral-rich water evaporates.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**Glossary** means this glossary of defined terms and abbreviations.

**greensand** means sandstone that has a green colour due to the presence of glauconite.

**HIN** means Holder Identification Number.

**Investigating Accountant** means Ernst & Young.

**Investigating Accountant's Report** means the report contained in Section 7 of this Prospectus.

**Independent Geologist** means CRM.

**Independent Geologist's Report** means the report contained in Section 5 of this Prospectus.

**IRDI Legal** means IRDI Legal (ACN 349 088 119), legal advisor to the Company.

**KCl** means muriate of potash.

**km** means kilometre/s.

**km<sup>2</sup>** means square kilometre/s.

**K<sub>2</sub>SO<sub>4</sub>** means sulphate of potash.

**Potash West** or **the Company** means Potash West NL (ACN 147 346 334).

**Laterite** means an iron oxide-rich rock formed near Earth's surface by weathering processes.

**Listing Rules** means the official Listing Rules of the ASX.

**Listing Date** means the date the Company's securities are listed on ASX.

**m** means metres.

**Mining Corporate** means Mining Corporate Pty Ltd (ACN 117 812 549), IPO Compliance Manager to the Company.

**Mtpa** means million tonnes per annum.

**Official List** means the Official List of the ASX.

**Opening Date** means the date on which the Public Offer opens.

**Priority Entitlement share offer share** means the securities offered as part of the Priority Entitlement share offer to Image Resources NL shareholders of up to 5,000,000 shares at an issue price of \$0.20 each.

**Priority Entitlement share offer** means the offer to Image Resources NL shareholders of up to 5,000,000 shares at an issue price of \$0.20 each.

**Priority Entitlement share offer closing date** means the date on which the offer to Image Resources NL shareholders of up to 5,000,000 shares at an issue price of \$0.20 each closes, being 14 March 2011.

**Priority Entitlement share offer Application Form** means the application form attached to and forming part of this Prospectus for the offer to Image Resources NL shareholders of up to 5,000,000 shares at an issue price of \$0.20 each, issued pursuant to the Prospectus.

**Prospectus** means this prospectus, dated 17 February 2011, for the issue of up to 30,000,000 Shares, including any electronic or online version.

**Public Offer Application Form** means the Public Offer application form attached to and forming part of this Prospectus for the Public Offer of up to 30,000,000 fully paid ordinary Shares at an issue price of \$0.20 each to raise up to \$6,000,000.

**Public Offer Closing Date** means the date on which the Public Offer closes, being 4 April 2011.

**Public Offer** means the offer of up to 30,000,000 Shares pursuant to this Prospectus.

**Public Offer Period** means the period commencing on the Opening Date and ending on the Public Offer Closing Date.

**Quotation** means quotation of the Shares on the ASX.

**Scheme** means Potash West Employee Incentive Scheme.

**Securities** means shares in companies other than Potash West NL.

**Share** means a fully paid ordinary Share in the capital of Potash West offered under this Prospectus.

**Shareholder** means a holder of Shares.

**Share Registrar** means Advanced Share Registry Services Limited.

**Solicitor's Report on Tenements** means the report contained in Section 8 of this Prospectus.

**SRN** means Security-holder Reference Number.

**tenements** means the tenements as detailed in the Solicitor's Report on Tenements in Section 8 of this Prospectus.

**Potash West** means Potash West NL (ACN 147 346 334).

**tpa** means tonnes per annum.

**WST** means Western Standard Time, Perth, Western Australia.

## 11. CONSENT BY THE DIRECTORS



The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that in respect to any other statements made in this Prospectus by entities other than Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that the entities making the statement or statements were competent to make such statements, have given their consent to the statements being included in this Prospectus in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or, to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors has consented to the lodgement of this Prospectus in accordance with Section 720 of the Corporations Act and has not withdrawn that consent.

Dated 17 February 2011.

.....  
Signed for and on behalf of  
POTASH WEST NL  
by

**Patrick McManus**  
Managing Director



## 12. PUBLIC OFFER APPLICATION FORM AND INSTRUCTIONS

Broker/Dealer Stamp

Share Registrar Use Only

# Public Offer Application Form

Before completing this Public Offer Application Form, you should read the Prospectus dated 17 February 2011 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON PAGE 87.**

I/We apply for

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Shares in **POTASH WEST NL** at \$0.20 per Share

or such lesser number of Shares that may be allocated to me/us by the Directors.

I/We lodge full Application Monies of

[illegible]

**First Name** (PLEASE PRINT)

**Surname** (PLEASE PRINT)

[illegible]

Joint Applicant #2 or <designated account>

[illegible]

Joint Applicant #3 or <designated account>

[illegible]**Postal address** (PLEASE PRINT)

Street number    Street

[illegible]

Suburb/Town

[illegible]

State

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Postcode

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Contact name

[illegible]

Telephone number – bus. hours

[illegible]

Telephone number – after hours

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CHES HIN (where applicable)

[illegible]

E-mail address

[illegible]

Tax File Number or exemption

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Applicant #2

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Applicant #3

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Drawer

[illegible]

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[illegible]

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Cheques should be marked **'Not Negotiable'** and made payable to **'Potash West NL – application account'**.

## Declaration and Statements

By lodging this Public Offer Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us, and

I/We acknowledge that returning the Public Offer Application Form with the Application Monies will constitute my/our offer to subscribe for Shares in Potash West and that no notice of acceptance of the Application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 17 FEBRUARY 2011.

## 12. PUBLIC OFFER APPLICATION FORM AND INSTRUCTIONS

Broker/Dealer Stamp

Share Registrar Use Only

# Public Offer Application Form

Before completing this Public Offer Application Form, you should read the Prospectus dated 17 February 2011 and the instructions overleaf. No Shares will be issued pursuant to the Prospectus later than 13 months after the date of the Prospectus.

**PLEASE READ CAREFULLY ALL INSTRUCTIONS ON PAGE 87.**

I/We apply for

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Shares in **POTASH WEST NL** at \$0.20 per Share

or such lesser number of Shares that may be allocated to me/us by the Directors.

I/We lodge full Application Monies of

[illegible]

**First Name** (PLEASE PRINT)

Surname (PLEASE PRINT)

[illegible]

Joint Applicant #2 or <designated account>

[illegible]

Joint Applicant #3 or <designated account>

[illegible]

**Postal address** (PLEASE PRINT)

Street number    Street

[illegible]

Suburb/Town

[illegible]

State

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Postcode

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Contact name

[illegible]

Telephone number – bus. hours

[illegible]

Telephone number – after hours

[illegible]

CHES HIN (where applicable)

[illegible]

E-mail address

[illegible]

Tax File Number or exemption

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Applicant #2

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Applicant #3

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Drawer

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Cheques should be marked **'Not Negotiable'** and made payable to **'Potash West NL – application account'**.

## Declaration and Statements

By lodging this Public Offer Application Form:

I/We declare that all details and statements made by me/us are complete and accurate;

I/We agree to be bound by the terms and conditions set out in the Prospectus and by the constitution of the Company;

I/We acknowledge that the Company will send me/us a paper copy of the Prospectus free of charge if I/we request so during the currency of the Prospectus;

I/We authorise the Company to complete and execute any documentation necessary to effect the issue of Shares to me/us, and

I/We acknowledge that returning the Public Offer Application Form with the Application Monies will constitute my/our offer to subscribe for Shares in Potash West and that no notice of acceptance of the Application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 17 FEBRUARY 2011.



### How to Complete the Public Offer Application Form

Applications must be made on the Public Offer Application Form attached to this Prospectus. Please complete all relevant parts of the Public Offer Application Form using BLOCK LETTERS.

- a. Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares.
- b. Enter the TOTAL AMOUNT of Application Monies payable. To calculate the amount, multiply the number of Shares applied for by \$0.20.
- c. Enter the FULL NAME/S of all legal entities that are to be recorded as the registered holder(s). Use correct forms of registrable name (see below). Applications using the wrong form of name may be rejected.
- d. Enter the POSTAL ADDRESS for all communications from the Company. Only one address can be recorded.
- e. Enter a CONTACT NAME and TELEPHONE NUMBER/S of a person the share registry can speak to regarding any queries they may have regarding the application.
- f. The Company will become an issuer sponsored participant in the ASX CHESS system. This enables a holder to receive a statement of their shareholdings from the Company's Share Registrar. If you are already a broker sponsored participant in this system, enter your HIN. Otherwise, leave this box blank and your Shares will automatically be issued sponsored on allotment.
- g. Enter the TAX FILE NUMBER/S of the Applicant/s. Collection of Tax File Numbers is authorised by taxation laws. Quotation of Tax File Number/s is not compulsory and will not affect the Application.
- h. Enter the details of cheque/s accompanying the Public Offer Application Form in payment of Application Monies.

### Declaration and Statements

Before completing the Public Offer Application Form the Applicant/s should read the Prospectus dated 17 February 2011. The Applicant/s agree/s, upon and subject to the terms of the Prospectus, to take any number of Shares equal to or less than the number of Shares indicated on the Public Offer Application Form that may be allotted to the Applicant/s pursuant to the Prospectus and declare/s that all details of statements made are complete and accurate.

The Company will not provide a notice of acceptance of the Public Offer Application Form prior to the allotment of Shares. Applicants agree to be bound upon acceptance by the Company of the application.

If your Public Offer Application Form is not completed correctly, it may still be treated as valid. The Company's decision as to whether to treat your application as valid, and how to construe, amend or complete it, shall be final.

There is no requirement to sign the Public Offer Application Form.

### Payment

Applications for Shares must be accompanied by the Application Monies of \$0.20 per Share. Cheques should be made payable to **'Potash West NL — application account'** and crossed **'Not Negotiable'**.

### Lodging of Applications

Completed Public Offer Application Forms and accompanying Application Monies must be:

<b>Post to</b>	or	<b>Deliver to</b>
Potash West NL c/- ADVANCED SHARE REGISTRY SERVICES LIMITED PO Box 1156 Nedlands WA 6909 Australia		Potash West NL c/- ADVANCED SHARE REGISTRY SERVICES LIMITED 150 Stirling Highway Nedlands WA 6009 Australia

Applications must be received by no later than **5.00 pm WST on the Public Offer Closing Date**, currently **4 April 2011** (unless varied by the Company).

### Correct Form of Registrable Title

Note that only legal entities are allowed to hold Shares. Applications must be in the name/s of a natural person/s, companies or other legal entities acceptable to Potash West. At least one full given name and the surname are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the example of the correct forms of registrable names below.

Type of investor	Correct form of registrable title	Incorrect form of registrable title
<b>Individual</b> <i>(use given names, not initials)</i>	Peter David Jones	PD Jones
<b>Company</b> <i>(use company title, not abbreviations)</i>	AAA Pty Ltd	AAA P/L AAA Co.
<b>Trusts</b> <i>(use trustee/s personal names; do not use the name of the trust)</i>	Michelle Jones <Michelle Jones Family A/C>	Michelle Jones Family Trust
<b>Deceased estates</b> <i>(use executor/s personal name/s)</i>	James Jones <Est. James Jones A/C>	Estate of the late James Jones
<b>Partnerships</b> <i>(use partners' personal names; do not use the name of the partnership)</i>	James Jones and Peter Jones <James Jones and Son A/C>	James Jones and Son
<b>Clubs/Incorporated bodies/business names</b> <i>(use office bearer/s personal name/s; do not use the names of the clubs, etc.)</i>	Michael Jones <BBB Cricket Association A/C>	BBB Cricket Association
<b>Superannuation funds</b> <i>(use name of trustee of fund; do not use the name of the fund)</i>	Lisa Jones Pty Ltd <Super Fund A/C>	Lisa Jones Pty Ltd Superannuation Fund

### 13. PRIORITY ENTITLEMENT SHARE OFFER APPLICATION FORM AND INSTRUCTIONS

**Potash West NL**  
ABN 62 147 346 334

**Priority Entitlement Share Offer Application Form –  
To Be Completed by Image Resources NL Shareholders Only**

This Priority Entitlement share offer Application Form is important. If in doubt as to how to complete it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Priority Entitlement share offer Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

PRIORITY ENTITLEMENT SHARE OFFER CLOSES 5.00 PM WST ON 14 MARCH 2011  
(UNLESS EXTENDED OR CLOSED EARLY BY THE COMPANY).

**Number of Image Resources securities held as at record date for Image Resources**

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**I/We apply for**

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number of Priority Entitlement share offer shares in Potash West at \$0.20 per Priority Entitlement share offer share, or such lesser number of Priority Entitlement share offer shares which may be allocated to me/us.

## I/We lodge full Application Monies

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## Enter your contact details

**First name** (PLEASE PRINT)

Surname (PLEASE PRINT)

[illegible]**Postal address** (PLEASE PRINT)

Street number Street

[illegible]

Suburb/Town

State

Postcode

[illegible]

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Telephone number – bus. hours

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Telephone number – after hours

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## CHES participant

HIN (if applicable)

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the Priority Entitlement share offer will be held on the issuer sponsored sub-register.

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[illegible]

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### Payment

Make your cheque or bank draft in Australian currency payable to '**Potash West NL – application account**' and cross it '**Not negotiable**'. Your cheque or bank draft must be drawn on an Australian bank.

Supply cheque details in the boxes provided. The total amount must agree with the amount shown where it states "I/We lodge full Application Monies".

Cheques will be processed on the day of receipt, so there must be sufficient cleared funds in your account to cover the amount of the cheque. Cheques returned unpaid may not be re-presented and may result in your Priority Entitlement share offer Application Form being rejected. Please pin (not staple) your cheque/s to the top left of the Priority Entitlement share offer Application Form. Cash will not be accepted. No receipt for payment will be forwarded.

### Declaration

By completing and lodging this Priority Entitlement share offer Application Form you agree to the following statements:

I/We acknowledge that I/we received this Priority Entitlement share offer Application Form in the Prospectus or accompanied by a copy of the Prospectus.

I/We have completed this Priority Entitlement share offer Application Form accurately and completely.

I/We apply for the amount of Priority Entitlement share offer shares shown on the front of this Priority Entitlement share offer Application Form.

I/We agree to being allocated the number of Priority Entitlement share offer shares that I/we have applied for (or a lower number allocated in a way allowed under the Prospectus).

I/We authorise Potash West and its officers or agents to do anything on my/our behalf necessary for the Priority Entitlement share offer shares to be allocated to me/us.

In respect of any Priority Entitlement share offer shares allocated to me/us, I/we agree to be bound by the constitution of Potash West and by the terms and conditions set out in Section 2 of the Prospectus.

I/We acknowledge that I/we have read and understood the privacy notification in Section 2.13 of the Prospectus and the privacy statement below and agree to my/our personal information being used.

### Lodgement of Application

Priority Entitlement share offer Application Forms must be received at the office of Advanced Share Registry Services Limited by no later than 5.00 pm WST on 14 March 2011 (unless the Public Offer is extended or closed early by the Company). Applicants must return this Application Form with their cheque/s.

Please return this Application Form with your bank draft/s or cheque/s to:

**Potash West NL**  
**c/- Advanced Share Registry Services Limited**  
**PO Box 1156**  
**Nedlands WA 6909**  
**Australia**

or

**Potash West NL**  
**c/- Advanced Share Registry Services Limited**  
**150 Stirling Highway**  
**Nedlands WA 6009**  
**Australia.**

### Privacy Statement

The Priority Entitlement share offer Application Form requires you to provide information that may be personal information for the purpose of the *Privacy Act 1988* (as amended). Potash West and the share registry on its behalf will collect, hold and use that personal information in order to process your application, service your needs as an investor, provide facilities and services that you request and carry out appropriate administration. Under the *Privacy Act 1988* (as amended), you may request access to your personal information held by (or on behalf of) Potash West.

For any enquiries concerning your application, please contact the Priority Entitlement share offer share offer information line on +61 8 9389 8033

[illegible]





Unit 1  
135 Great Eastern Highway  
Rivervale WA 6103

PO Box 588  
Belmont WA 6984

Phone +61 (0) 8 9479 5386  
Fax +61 (0) 8 9475 0847  
[info@potashwest.com.au](mailto:info@potashwest.com.au)  
[www.potashwest.com.au](http://www.potashwest.com.au)

