POTASH WEST NL

A.C.N. 147 346 334

Annual Report

For the period
12 November 2010 to 30 June 2011

Potash West NL
A.C.N. 147 346 334

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Corporate directory

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Adrian Griffin
Patrick McManus
George Sakalidis
Gary Johnson

Company Secretary:
Amanda Wilton-Heald

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Stock Exchange Listing
Potash West NL shares are listed on the Australian Securities Exchange (ASX code: PWN).

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Potash West NL

A.C.N. 147 346 334

Directors' Report

The directors of Potash West NL ("Potash West" or "the Company") present their report for the period 12 November 2010 (date of incorporation) to 30 June 2011.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows, directors were in office for the entire period unless otherwise stated.

Adrian Griffin was appointed Non-executive Chairman on 12 November 2010.

Patrick McManus was appointed as Managing Director on 23 November 2010.

George Sakalidis was appointed as Non-executive Director on 12 November 2010.

Gary Johnson was appointed as Non-executive Director on 12 November 2010.

Names, qualifications, experience and special responsibilities

Adrian Griffin *(Age 58) 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, Mr Griffin was a founding director of ASX-listed Northern Uranium, 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.

Other listed company directorships during the last 3 years:
Empire Resources Limited (Director February 2004 – November 2009); Hodges Resources Limited (Director August 2005 – December 2008); Reedy Lagoon Corporation Limited (Director May 2007 – November 2009); Washington Resources Limited (Director September 2004 – December 2008); Ferrum Crescent Ltd (Director January 2010 – September 2010) and Midwinter Resources Ltd (Director February 2011 – Current).

Adrian Griffin is also a member of the Audit Committee, Remuneration Committee (Chairman) and the Nomination Committee (Chairman).

Patrick McManus *(Age 58) 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 RioTinto, 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.

Directors' Report (continued)

George Sakalidis *(Age 54) 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 NL. 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 NL 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 NL and the unlisted Imperium Minerals Limited.

George Sakalidis is also a member of the Audit Committee (Chariman), Remuneration Committee and the Nomination Committee.

Gary Johnson *(Age 54) 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, Mr Johnson 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 Mr Johnson became managing director of the latter's Australian operations.

Today, Mr Johnson 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 and ASX listed Antipa Minerals Ltd.

Gary Johnson is also a member of the Audit Committee, Remuneration Committee and the Nomination Committee.

Company Secretary as at year end

Amanda Wilton-Heald *(Age 34)*

Amanda Wilton-Heald is a Chartered Accountant with over 13 years of experience in Australia and the UK.

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of the company were:

	Number of ordinary shares	Number of options over ordinary shares
Adrian Griffin	3,447,181	Nil
Patrick McManus	1,700,000	Nil
George Sakalidis	656,485	Nil
Gary Johnson	250,000	Nil

Directors' Report (continued)

Dividends

No dividend has been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

Principal activities

The principal activity of the entity during the financial period was the exploration for minerals, namely potash.

Review of operations and activities

Information on the operations and activities of the Company is set out in the review of operations and activities on page 15 of this annual report.

The loss after income tax benefit for the period 12 November 2010 to 30 June 2011 was $808,723.

The financial position of the Company is presented in the attached Statement of Financial Position.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company from 12 November 2010 (date of incorporation) to the date of this report.

Significant events after the balance date

There have not been any matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations, or the state of affairs of the Company in future financial periods other than disclosed elsewhere in this annual report.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the company. Therefore, this information has not been presented in this report.

Environmental regulation and performance

The Company's activities are subject to Australian legislation relating to the protection of the environment. The Company's is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. There have been no known breaches of these regulations and principles.

Indemnification and Insurance of directors and officers

The Company has entered into deeds of access and indemnity with the officers of the Company, indemnifying them against liability incurred, including costs and expenses in successfully defending legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the director or officer acting in their capacity as a director or officer.

Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

(a) owed to the Company or a related body corporate of the Company;

(b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the Corporations Act 2001; or

(c) owed to someone other than the Company or a related body corporate of the Company where the liability did not arise out of conduct in good faith.

Directors' Report (continued)

Similarly, the indemnity does not extend to liability for legal costs and expenses:

(d) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c);

(e) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or

(f) in connection with proceedings for relief under the Corporations Act 2001 in which the court denies the relief.

During or since the financial period, the Company has paid premiums in respect of a contract insuring all the Directors and Officers. The terms of the contract prohibit the disclosure of the details of the insurance contract and premiums paid.

Share Options

As at the date of this report there were 700,000 unissued ordinary shares under options (nil at the reporting date).

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

Non-audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important.
Details of the amounts paid or payable to the auditor, Ernst & Young, and non-audit services provided during the year are set out below.

	2011 $
Remuneration of the auditor of the Company for:	
-other services; investigating accountant's report	7,725
	7,725

Directors' meetings

Meetings of directors held and their attendance during the financial period were as follows:

Name of director:	Directors' meeting held whilst in office	Directors' meetings attended	Audit Committee meetings held	Audit Committee meetings attended
Adrian Griffin	5	5	-	-
Patrick McManus	5	5	-	-
George Sakalidis	5	5	-	-
Gary Johnson	5	5	-	-

As at the date of this report no meetings had been held by the remuneration committee and the nomination committee.

Directors' Report (continued)

Exemption from preparing and lodging half-year financial report.

The financial year of the company since incorporation (12 November 2010) is less than 8 months. The company pursuant to ASIC Class Order [CO 08/15] claims reporting relief in relation to preparing and lodging a half-year financial report for the period 12 November 2010 to 12 May 2011 and relies on the class order for such relief. The class order effectively gives the company relief from preparing and lodging the half-year financial report.

Remuneration Report (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, and includes executives of the Company. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Details of Key Management Personnel

(i) Directors:

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

(ii) Executives:

Lindsay Cahill	Geologist
Amanda Wilton-Heald	Company Secretary
Robert Van Der Laan	Chief Financial Officer

Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value; and
- Provide significant portions of executive remuneration "at risk" through participation in incentive plans.

Shares and options issued under the incentive plans provide an incentive to stay with the Company. At this time, shares and options issued do not have performance criteria attached. This policy is considered to be appropriate for the Company, having regard to the current state of its development.

The Company does not have a policy which precludes directors and executives from entering into contracts to hedge their exposure to options or shares granted to them as remuneration.

Directors' Report (continued)

Remuneration Report (audited) (continued)

The Company also recognizes that, at this stage in its development, it is most economic to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the directors on the basis of their known management, geoscientific, engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its directors and executives, whether they are employees of/or consultants to the Company.

Remuneration Committee Responsibilities

For the period ended 30 June 2011, the Company did not have a separately established Remuneration Committee. The Board considered that this function would be efficiently achieved with full Board support. Accordingly, the Board of directors was responsible for determining and reviewing compensation arrangements for the directors, the Managing Director and the senior management team. A Remuneration Committee was established on 20 September 2011.

The Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the non-executive directors.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive directors is reviewed annually. The Board may consider advice from external consultants, as well as the fees paid to non-executive directors of comparable companies, when undertaking the annual review process.

Each non-executive director receives a fee for being a director of the Company. No additional fee is paid for participating in the Audit, Remuneration and Nomination Committees.

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The non-executive directors of the Company may also participate in the share and option plans as described in this report.

Remuneration Report (audited) (continued)

Executive director and senior management remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure

- At this time, the cash component of remuneration paid to the Executive director, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.
- Executive director is encouraged by the Board to hold shares in the Company (purchased on market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The Executive directors of the Company may also participate in the share and option plans as described in this report.

Performance table

The following table details the loss of the Company from continuing operations after income tax, together with the basic loss per share since the incorporation of the company:

	2011 **$**
Net loss from continuing operations after income tax	808,723
Basic loss per share in cents	1.08
Share Price in Cents	18.00

Agreements with Non – Executive Directors

Mr Adrian Griffin was appointed as Non-Executive Chairman on 12 November 2010. Pursuant to an agreement dated 18 November 2010, his salary is set at $40,000 per annum inclusive of 9% superannuation. In the event of termination, there is no notice period required.

Mr George Sakalidis was appointed as a non-executive director on 12 November 2010. Pursuant to an agreement dated 18 November 2010, his salary is set at $40,000 per annum inclusive of 9% superannuation. In the event of termination, there is no notice period required.

Mr Gary Johnson was appointed as a non-executive director on 12 November 2010. Pursuant to an agreement dated 18 November 2010, his salary is set at $40,000 per annum inclusive of 9% superannuation. In the event of termination, there is no notice period required.

Directors' Report (continued)

Remuneration Report (audited) (continued)

The company has also entered into a services agreement with Strategic Metallurgy Pty Ltd for the provision of Metallurgical Services. Service fees are agreed on an arm's length transaction basis. Mr Gary Johnson is a director and shareholder of Strategic Metallurgy Pty Ltd.

Executive director and senior management remuneration

Agreement with Managing Director

Mr Patrick McManus was appointed as Managing Director on 23 November 2010. Pursuant to an agreement dated 23 November 2010, his salary is set at $250,000 per annum inclusive of 9% superannuation. The agreement can be terminated by either party by giving three months' notice or payment of three months' salary in lieu of notice.

Agreement with Company Secretary

On 13 May 2011, the company entered into an agreement containing the terms and conditions under which the services of Company Secretary are provided to the Company.

The agreement involves the payment to the Company associated with Mrs Wilton-Heald of a monthly fee of $2,500 (excluding GST) and reimbursement of expenses.

Agreement with Chief Financial Officer

Mr Robert Van Der Laan was appointed as Chief Financial Officer, effective on 13 May 2011. On 5 August 2011 the company entered into an agreement containing the terms and conditions under which the services of Chief Financial Officer are provided. In the event of termination, there is no notice period required.

The agreement involves the payment to the Company associated with Robert Van der Laan of an hourly fee of $120 and reimbursement of expenses.

Agreement with Exploration Manager

On 25 August 2011, the Company and a company associated with Mr Lindsay Cahill entered into an agreement containing the terms and conditions under which the services of Mining Services Manager are provided to the Company. In the event of termination, there is no notice period required.

The agreement involves the payment to the Company associated with Mr Cahill of an hourly fee of $125 and reimbursement of expenses.

Remuneration Report (audited) (continued)

Company

Directors' Remuneration 2011

Executive	Short-term Directors' Fees $	Short-term Salary and Consulting Fees $	Post-employment benefits Superannuation Contribution $	Termination Benefits $	Share Based Payments Shares and options $	Total $
Adrian Griffin	6,116	2,544	551	-	-	9,211
Patrick McManus	-	-	41,667*	-	200,000**	241,667
George Sakalidis	6,116	-	551	-	-	6,667
Gary Johnson	6,116	-	551	-	-	6,667
	18,348	2,544	43,320	-	200,000	264,212

* Patrick McManus elected to contribute his remuneration into his nominated superannuation fund.

** 2,000,000 shares were issued to Patrick McManus at fair value of $0.100001 per share for his services. $0.000001 was received from Patrick McManus in cash.

Company

Executives' Remuneration 2011

Executive	Short-term Salary $	Short-term Consulting Fees $	Post-employment benefits Superannuation Contribution $	Share based payment Shares and options $	Total $
Lindsay Cahill	-	4,437	-	-	4,437
Robert Van der Laan	-	12,360	-	-	12,360
Amanda Wilton-Heald	-	4,032	-	-	4,032
	-	20,829	-	-	20,829

No remuneration is performance related.

Incentive shares and options: Granted and vested during the year

Shares

No shares were issued as part of an incentive plan during the period ended 30 June 2011.

Options

No options were granted or vested as part of an incentive plan during the year ended 30 June 2011.

End of Remuneration Report.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page14 and forms part of this report.

This report is made in accordance with a resolution of directors.

Patrick McManus
Managing Director
Perth
30 September 2011

Potash West NL
A.C.N. 147 346 334

Auditors Independence Declaration

Ernst & Young

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Auditor's Independence Declaration to the Directors of Potash West NL

In relation to our audit of the financial report of Potash West NL for the year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

R A Kirkby
Partner
Perth
30 September 2011

RK:MJ:POTASH:010

Liability limited by a scheme approved under Professional Standards Legislation

Potash West NL
A.C.N. 147 346 334

Review of Operations and Activities

Corporate

The Company was listed on the Australian Securities Exchange on 13 May 2011, listing under the name Potash West NL.

Chairman's Letter

Fellow shareholders,

As a listed company, Potash West was active for 2 months of the financial year. We have quickly established our exploration and metallurgical programmes and they are now building up to the level of activity necessary to achieve our corporate objective of completing a scoping study on the Dandaragan glauconite deposits by the end of 2012.

Investment markets continue to be volatile and I would like to thank you for supporting us in our IPO, and subsequently. The company has attracted a large amount of interest as one of the few ASX listed companies looking to develop a potash project.

As we move into 2012 we continue to see economic volatility, however the underlying demand for fertilizer will, we believe, continue to increase strongly. We will strive to see Potash West take advantage of that situation.

Adrian Griffin
Chairman

Corporate Review

Potash West has a goal to increase shareholder value by unlocking value in deposits, by applying technical skills in areas where changing market circumstances enhance project economics. It commenced operations in late 2010 and was incorporated on 12 November 2010. It has the rights to Potash and Phosphate in a number of tenements in the Dandaragan Trough in WA (Fig 1).

Review of Operations and Activities (continued)

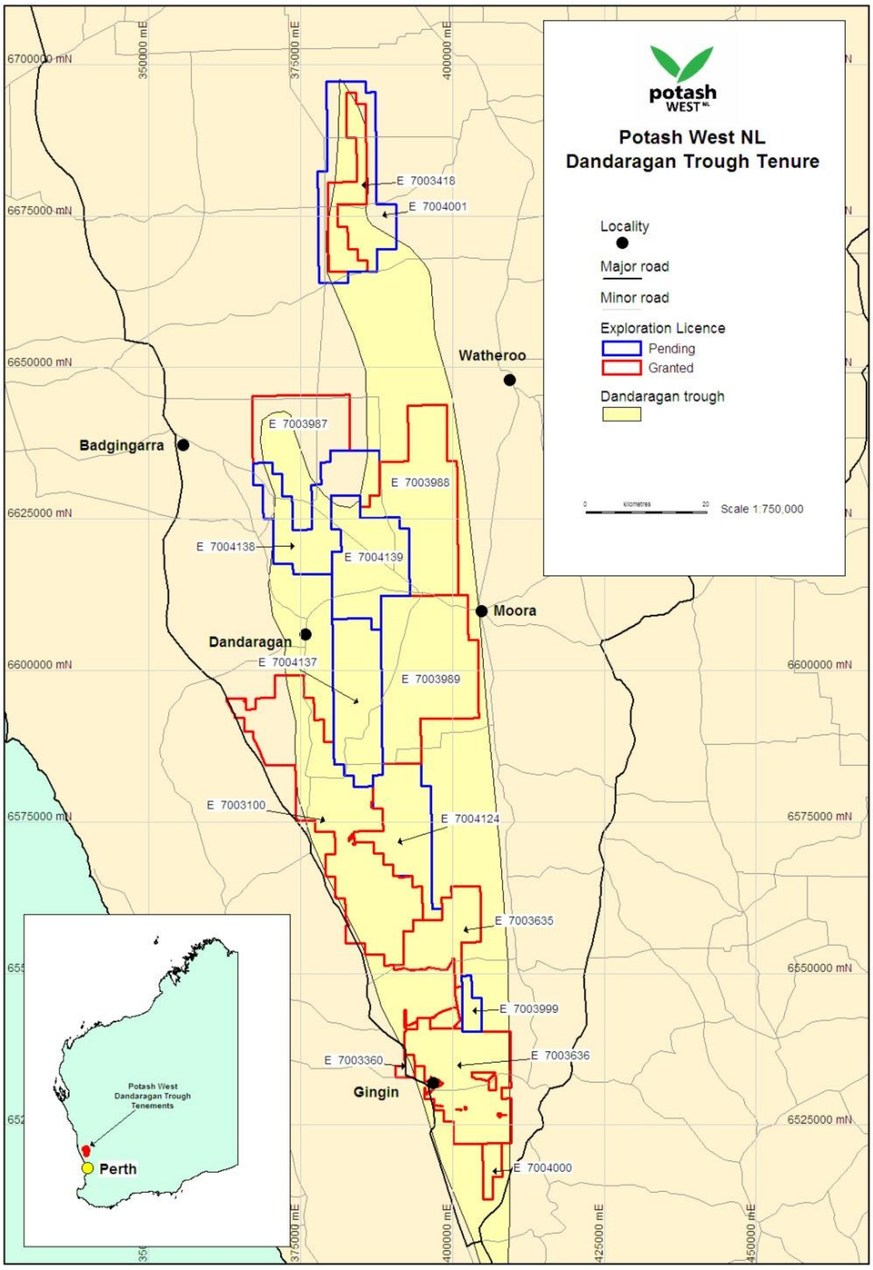

Figure 1 *Potash West Tenure in Dandaragan Trough as at 31 August 2011*

Operations Report

ASX Listing

The Company applied for subscriptions in February 2011 and closed its IPO, oversubscribed, on 18 March 2011. It listed on the ASX on 11 May 2011 and commenced trading on 13 May 2011.

Review of Operations and Activities (continued)

Dandaragan Trough

The Company has obtained the Potash and Phosphate rights for more than 2,000 sq km of ground within this geological feature. The trough is known to carry significant deposits of glauconite, within greensand beds, which are a mixture of quartz and glauconite. Subsequent to year end we have acquired additional exploration rights, such that we now have the Potash and phosphate rights to an estimated 80% of the trough. See figure 1.

Immediately after listing we commenced our two main programmes,

- process design work to identify, and ultimately cost, the most effective method of producing a commercially viable potash product from the glauconitic greensands
- Exploration to identify areas where the greensands are thicker, closer to the surface and with a minimum thickness of potassium depleted cover.

Our first drilling programme intersected substantial thicknesses of potassium-bearing material, and provided samples to commence test work. The key results from the drilling programme are summarized in table 1.

Hole	Depth (m)	East (m)	North (m)	Surface Level (m)	Interval (m)	From (m)	To (m)	K_2O%
PWA0001	68	387966	6560365	118	34	34	68	2.90
PWA0002	72	394013	6560209	141	62	10	72	3.09
PWA0003	68	378123	6577610	214	10	10	20	2.61
PWA0005	78	385961	6578253	162	40	38	78	2.66
PWA0006	94	367702	6594711	259	46	42	88	2.37
PWA0007	78	369898	6594940	262	34	44	78	4.21

Table 1: Intercepts above a cut off grade of 2% K_2O

We also commenced a detailed mapping exercise, utilizing high resolution digital imagery. This technique has enabled the mapping of laterite surfaces and low lying topography, both known to have a deleterious influence on potash grades. It also allowed the mapping of geomorphology and overburden, and features which are considered to reflect underlying geology. The results from the mapping exercise were received in August and has allowed planning of drilling programmes, which are expected to commence in the December quarter.

In tandem with the increased exploration activity we have commenced investigations into processing options with our partner, Strategic Metallurgy. Work to date has shown that the glauconite does dissolve in hydrochloric acid, solubilising the iron, aluminium and potassium. This work is ongoing and some encouraging results were reported to the market on 13 September 2011.

Potash Market

Potassium is one of three elements that are required in very high addition rates (typically + 100 kg/hectare) to optimize the growth of food crops, for example typically optimum potash usage for sugar cane is approximately 1.1 tonne per hectare. The other elements required are phosphorous and nitrogen, both of which are manufactured in Australia.

Demand for food products continues to grow, driven by population increases and rising standards of living. As available arable land is not increasing at the same rate as food demand, agricultural intensity must grow to meet demand, it is anticipated that this will cause an increase in usage of all fertilizers, including potash. These macro drivers are particularly important in our prime market areas, Australia, India and China, all major importers of potash.

Review of Operations and Activities (continued)

Prices have continued to firm post the sharp decrease in 2009, See Figure 2

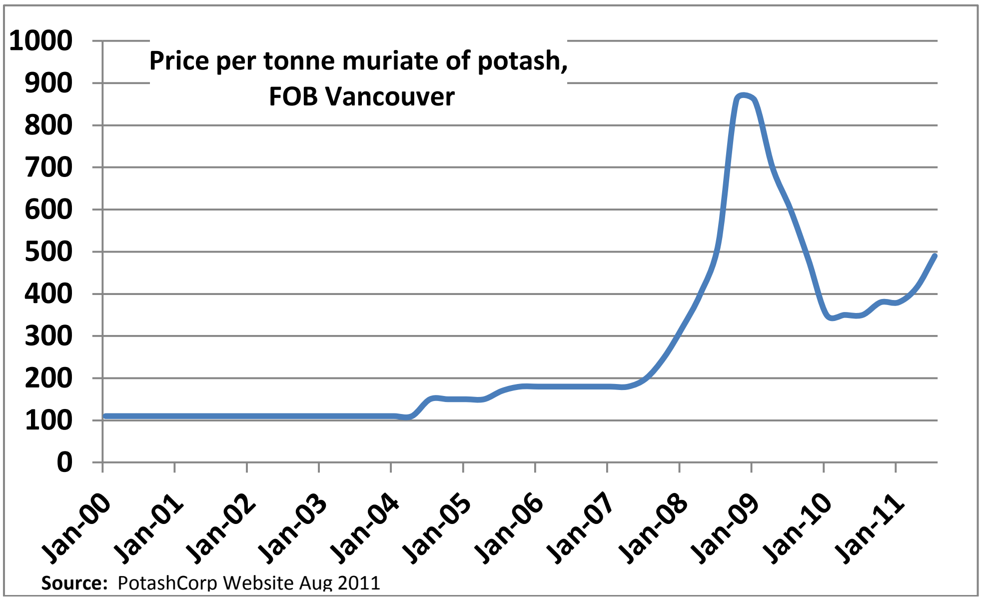

Figure 2: *Potash Vancouver Export prices*

Potash production is concentrated in four countries, Canada, Russia, Belarus and Germany, between them they account for 85% of traded potash. Five companies account for 63% of global capacity, controlled by two marketing companies, Canpotex in Canada and BPC in Russia and Belarus.

Other Opportunities

We will continue to evaluate projects and opportunities that we may become aware of.

Potash West NL

A.C.N. 147 346 334

Corporate governance statement

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has considered the ASX Corporate Governance Council's *Principles of Good Corporate Governance and Recommendations*.

In line with the above, the Board has set out the way forward for the Company in its implementation of its Principles of Good Corporate Governance and Recommendations. The approach taken by the board was to set a blueprint for the Company to follow as it introduces elements of the governance process. Due to the current size of the Company and the scale of its operations it is neither practical nor economic for the adoption of all of the recommendations approved via the board charter. Where the Company has not adhered to the recommendations it has stated that fact in this Corporate Governance Statement however has set out a mandate for future compliance when the size of the Company and the scale of its operations warrants the introduction of those recommendations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.

In carrying out its governance role, the main task of the Board is to drive the performance of the Company. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board carry its functions, it has developed a Code of Conduct to guide the Directors. A copy of the code is available on the Company's website (www.potashwest.com.au).

1.2 Composition of the Board

To add value to the Company the Board has been formed so that it has effective composition, size and commitment to adequately discharge it responsibilities and duties. The names of the Directors and their qualifications and experience have been stated in the prospectus dated 17 February 2011 and will be stated in the Directors' Report of future Annual Reports along with the term of office held by each of the Directors. Directors are appointed based on the specific skills required by the Company and on their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. There are currently three Non-Executive Directors on the board of the Company who are also independent directors.

An Independent Director:

1. is a Non-Executive Director and;
2. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
3. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
4. within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
5. is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
6. has no material contractual relationship with the Company or other group member other than as a Director of the Company;
7. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and

Corporate governance statement (continued)

8. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

Materiality for the purposes of points 1 to 8 above is determined on the basis of both quantitative and qualitative aspects with regard to the independence of directors. An amount over 5% of the Company's expenditure or 10% of the particular directors annual gross income is considered to be material. A period of more than six years as a director would be considered material when assessing independence.

Mr Adrian Griffin is a Non-Executive Director and Chairman of the Company and meets the Company's criteria for independence. Although Mr Adrian Griffin has entered into a profit á prendre re mineral interest rights with the Company, he is still considered to be independent as the agreement is not considered to be material as the proportion vended in is insignificant to both parties. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as Chairman.

Mr Gary Johnson is a Non-Executive Director of the Company, is a material consultant to the Company and therefore does not meet the Company's criteria for independence. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as a Non-Executive Director.

Mr George Sakalidis is a Non-Executive Director of the Company and meets the Company's criteria for independence. Although Image Resources NL, of which Mr George Sakalidis is a director, has entered into a profit á prendre re mineral interest rights with the Company, Mr George Sakalidis is still considered to be independent as the agreement is not considered to be material as the proportion vended in is insignificant to both parties. His experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board and in his position as a Non-Executive Director.

Mr Patrick McManus is an Executive Director of the Company and does not meet the Company's criteria for independence. However, his experience and knowledge of the Company makes his contribution to the Board such that it is appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board.
2. Strategy Formulation: to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: the development of the Company's strategic plan.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: the development of the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving expenses and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: reviewing the performance of Executive Officers and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.

9. Delegation of Authority: delegating appropriate powers to the CEO (Executive Director) to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter. A copy of the charter is available on the Company's website (www.potashwest.com.au).

1.4 Board Policies

1.4.1 Conflicts of Interest

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the *ASX Listing Rules* the Company immediately notifies the ASX of information:

1. concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

A copy of the strategy is available on the Company's website (www.potashwest.com.au).

1.4.5 Education and Induction

It is the policy of the Company that each new Director undergo an induction process in which they are given a full briefing on the Company. Where possible this includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors include:

- details of the roles and responsibilities of a Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- a copy of the Board Charter;
- a copy of the Corporate Governance Statement, Charters, Policies and Memos and
- a copy of the Constitution of the Company.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development.

Corporate governance statement (continued)

1.4.6 Independent Professional Advice
The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, up to specified limits, (that limit is currently set at $2,000), to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions
Related party transactions include any financial transaction between a Director and the Company. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

1.4.8 Shareholder Communication
The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. communicating effectively with shareholders through releases to the market via ASX, information mailed to shareholders and the general meetings of the Company;
2. giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. making it easy for shareholders to participate in general meetings of the Company; and
4. requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report of future Annual Reports.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company. A copy of the policy is available on the Company's website (www.potashwest.com.au).

1.4.9 Trading in Company Shares
The Company has a Share Trading Policy which states that Directors, members of senior management, certain other employees and their associates likely to be in possession of unpublished price sensitive information may not trade in the Company's securities prior to that unpublished price sensitive information being released to the market via the ASX and which include restrictions on trading in closed periods, complying with the ASX Listing Rule requirements. A copy of the policy is available on the Company's website (www.potashwest.com.au). Unpublished price sensitive information is information regarding the Company, of which the market is not aware, that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

1.4.10 Performance Review / Evaluation
It is the policy of the Board to conduct evaluation of its performance. The objective of this evaluation is to provide best practice corporate governance to the Company. To date, there has been no formal process put in place for performance evaluation. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place. A copy of the policy is available on the Company's website (www.potashwest.com.au).

1.4.11 Attestations by CEO and CFO
It is the Board's policy, that the MD and the CFO make the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing future Annual Reports.

1.4.12 Risk Management Policy
The Company's risk management strategy policy states that the Board as a whole is responsible for the oversight of the Company's risk management and control framework. The objectives of the Company's risk management strategy are to:

- identify risks to the Company;
- balance risk to reward;
- ensure regulatory compliance is achieved; and
- ensure senior executives, the Board and investors understand the risk profile of the Company.

The Board monitors risk through various arrangements including:

- regular Board meetings;
- share price monitoring;
- market monitoring; and
- regular review of financial position and operations.

The Company has developed a Risk Register in order to assist with the risk management of the Company. The Company's risk management strategy was formally reviewed by the Board on 23 November 2010 and was considered a sound strategy for addressing and managing risk. A copy of the strategy is available on the Company's website (www.potashwest.com.au).

1.4.13 Diversity Policy

The Company recognises and respects the value of diversity at all levels of the organisation.
The Company is committed to setting measurable objectives for attracting and engaging women at the Board level, in senior management and across the whole organisation.

As at the date of this report, the Company has the following proportion of women appointed:

- to the Board – 0%
- to senior management – 13%
- to the organisation as a whole – 25%

The Company's objective is to promote a culture which embraces diversity through ongoing education, succession planning, director and employee selection and recognising skills are not gender specific. The Company's Diversity Policy is located on its website (www.potashwest.com.au).

2. Board Committees

2.1 Audit Committee

The Audit Committee consists of Mr Adrian Griffin, Mr George Sakalidis and Mr Gary Johnson.

The Committee did not meet formally as the Audit Committee during the financial year however any relevant matters were discussed on an as-required basis from time to time during regular meetings of the Board.

2.2 Remuneration Committee

2.2.1.1 Role

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Remuneration Committee consists of three (3) non-executive directors, being Mr Adrian Griffin, Mr George Sakalidis and Mr Gary Johnson. The Chairman of the Remuneration Committee is Mr Adrian Griffin, an independent director.

2.2.1.2 Responsibilities

The responsibilities of a Remuneration Committee include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Executive Director, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors, recommendations for remuneration by gender and making recommendations on any proposed changes and undertaking reviews of the Executive Director's performance, including, setting with the Executive Director goals and reviewing progress in achieving those goals.

2.2.2 Remuneration Policy

2.2.2.1 Non-Executive Director Remuneration Policy

Non-Executive Directors are to be paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors.

Corporate governance statement (continued)

2.2.2.2 Executive Director Remuneration
Executive Director remuneration is set by the board with the executive director in question not present.

2.2.3 Current Director Remuneration
Full details regarding the remuneration of Directors has been included in the prospectus dated 17 February 2011 and will be included in the Directors' Report of future Annual Reports. A copy of the statement is available on the Company's website (www.potashwest.com.au).

2.3 Nomination Committee

2.3.1.1 Role
The role of a Nomination Committee is to help achieve a structured Board that adds value to the Company by ensuring an appropriate mix of skills are present in Directors on the Board at all times.

The Nomination Committee consists of three (3) non-executive directors, being Mr Adrian Griffin, Mr George Sakalidis and Mr Gary Johnson. The Chairman of the Nomination Committee is Mr Adrian Griffin, an independent director. The Nomination Committee meets once a year and abides by the Nomination Committee Charter.

2.3.1.1 Responsibilities
The responsibilities of a Nomination Committee would include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans including the MD and his/her direct reports and evaluate the Board's performance and make recommendations for the appointment and removal of Directors. Currently the Board as a whole performs this role. Matters such as remuneration, expectations, terms, the procedures for dealing with conflicts of interest and the availability of independent professional advice are clearly understood by all Directors, who are experienced public company Directors.

2.3.2 Criteria for selection of Directors
Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience appropriate to the Company's target market. In addition, Directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- Director-level business experience.

The Nomination Committee is responsible for implementing a program to identify, assess and enhance director competencies. In addition, the Nomination Committee puts in place succession plans to ensure an appropriate mix of skills, experience, expertise and diversity are maintained on the Board. A copy of the procedure is available on the Company's website (www.potashwest.com.au).

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has established a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. The Company Code of Conduct was adopted by resolution of the Board on 23 November 2010. This Code includes the following:

Responsibilities to Shareholders and the Financial Community Generally
The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its financial statements fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

Corporate governance statement (continued)

Responsibilities to Clients, Customers and Consumers
The Company has an obligation to use its best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers and is committed to providing clients, customers and consumers with fair value.

Employment Practices
The Company policy is to endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources. As at the date of this Corporate Governance Statement there are no employees who are not also directors.

Obligations Relative to Fair Trading and Dealing
The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers and competitors.

Responsibilities to the Community
As part of the community the Company: is committed to conducting its business in accordance with applicable environmental laws and regulations

Responsibility to the Individual
The Company is committed to keeping private information from employees, clients, customers, consumers and investors confidential and protected from uses other than those for which it was provided.

Conflicts of Interest
Directors and Employees must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

How the Company Complies with Legislation Affecting its Operations
Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company will abide by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will prevail.

How the Company Monitors and Ensures Compliance with its Code.
The Board of the Company is committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code. A copy of the code is available on the Company's website (www.potashwest.com.au).

This Corporate Governance Statement sets out Potash West NL's current compliance with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Recommendations. The Recommendations are not mandatory.

Corporate governance statement (continued)

	RECOMMENDATION	COMMENT	REFERENCE
1	***Lay solid foundations for management and oversight***		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the Board.	1.1, 1.3, Website
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board has also adopted a policy to assist in evaluating Board performance.	1.4.10, Website
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1.*	The Company has explained any departures (if any) from recommendations 1.1 and 1.2 in the Corporate Governance Statement and Policies.	1.1, 1.3, 1.4.10, Website
2	***Structure the board to add value***		
2.1	A majority of the board should be independent directors.	There are four Directors on the Board, of which Mr Adrian Griffin, Mr George Sakalidis are independent. Mr Patrick McManus and Mr Gary Johnson are not considered to be independent. Both Mr Patrick McManus and Mr Gary Johnson have a sound knowledge of Potash West NL's projects. This knowledge is considered important in enabling the Company to capitalise on the value of its projects to create shareholder wealth. There remains a departure from the recommendation in relation to a majority of independent directors due to the small scale nature of the Company and its limited financial resources to attract appropriately skilled yet independent directors. The Board is continually reviewing the status of independent directors with a view to engaging further independent directors when financial resources allow.	1.2
2.2	The chair should be an independent director.	The Chairman, Mr Adrian Griffin, is considered to be independent as his profit á prendre re mineral interest rights with the Company is not considered to be material to either party.	1.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The roles of chair and chief executive officer are not exercised by the same individual.	1.2
2.4	The board should establish a nomination committee.	A formal nomination committee has been adopted by the Company , chaired by Mr Adrian Griffin, consisting of Mr George Sakalidis, Mr Gary Johnson and the Company Secretary.	2.3

Corporate governance statement (continued)

2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	The Chairman will review the composition of the Board and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the Company's activities. A new Director will receive an induction appropriate to his or her experience.	1.4.10, 2.3.2, 1.4.5, Website
2.6	Companies should provide the information indicated in the Guide *to reporting on Principle 2.*	The Company has provided details of each Director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures (if any) from recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in the Prospectus dated 17 February 2011 and Corporate Governance Statement and Policies respectively.	1.2, 2.3, 1.4.10, 2.3.2, 1.4.5, 1.4.6, Website
3	***Promote ethical and responsible decision-making***		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	The Company's Corporate Governance Policy includes a Code of Conduct for Directors and Key Executives, which provides a framework for decisions and actions in relation to ethical conduct in employment.	3, 1.4.1, 1.4.2, 1.4.3, Website
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	The Company has implemented a Diversity Policy which includes requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	1.4.13
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The measurable objectives for achieving gender diversity will be disclosed in each annual report.	1.4.13

Corporate governance statement (continued)

3.4	Companies disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The measurable objectives for achieving gender diversity will be disclosed in each annual report.	1.4.13
3.5	Companies should provide the information indicated in the Guide *to reporting on Principle 3.*	The Company has explained any departures (if any) from recommendations 3.1, 3.2, 3.3 and 3.4 in the Corporate Governance Statement and Policies.	3, 1.4.1, 1.4.2, 1.4.3, 1.4.9, 1.4.13, Website
4	***Safeguard integrity in financial reporting***		
4.1	The board should establish an audit committee.	Established 23 November 2010.	2.1
4.2	The audit committee should be structured so that it: • consists only of non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not chair of the board • has at least three members.	Mr George Sakalidis (Non-Executive Director – Potash West NL) Chairman of Audit Committee Mr Gary Johnson (Non-Executive Director – Potash West NL) Mr Adrian Griffin (Non-Executive Chairman – Potash West NL)	2.1
4.3	The audit committee should have a formal charter.		2.1
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4.*	The Company will explain any departures (if any) from recommendations 4.1, 4.2 and 4.3 in its Corporate Governance Statement.	2.1
5	***Make timely and balanced disclosure***		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a Board level for compliance and factual presentation of the Company's financial position.	1.4.4, Website
5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	The Company will provide an explanation of any departures (if any) from recommendation 5.1 in its Corporate Governance Statement.	1.4.4, Website
6	***Respect the rights of shareholders***		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Policy includes a Shareholder Communications Policy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.	1.4.8, Website

Corporate governance statement (continued)

6.2	Companies should provide the information indicated in the *Guide to reporting on Principle* 6.	The Company has provided an explanation of any departures (if any) from recommendation 6.1 in the Corporate Governance Statement and Policies.	1.4.8, Website
7	***Recognise and manage risk***		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The Board determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's Corporate Governance Policy includes a Risk Management Policy which aims to ensure that material business risks are identified and mitigated, through the use of a Risk Register.	1.4.12, Website
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board requires that either the individual performing the role of Chief Executive Officer or the Chief Financial Officer will design and implement risk management and internal control systems and provide a report at the relevant time.	1.4.11, 1.4.12 Website
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Board will seek this relevant assurance from the individuals performing the role of Chief Executive Officer and the Chief Financial Officer.	1.4.11, 1.4.12 Website
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7.*	The Company has provided an explanation of any departures (if any) from recommendations 7.1, 7.2 and 7.3 in the Corporate Governance Statement and Policies.	1.4.11, 1.4.12 Website

Corporate governance statement (continued)

8	***Remunerate fairly and responsibly***		
8.1	The board should establish a remuneration committee.	A formal remuneration committee has been adopted by the.	2.2.1
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	The remuneration committee is chaired by Mr Adrian Griffin, consisting of Mr George Sakalidis, Mr Gary Johnson and the Company Secretary.	2.2.1, 2.2.2, Website
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board will distinguish the structure of non executive Director's remuneration from that of executive Directors and senior executives. Relevantly, the Company's Constitution provides that the remuneration of non-executive Directors will be not be more than the aggregate fixed sum determined by a general meeting. The Board is responsible for determining the remuneration of any Director or senior executives (without the participation of the affected Director).	2.2.2, Website
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8.*	The Company has provided an explanation of any departures (if any) from recommendations 8.1, 8.2 and 8.3 in the Corporate Governance Statement and Policies.	2.2.1, 2.2.2, Website

Potash West NL
A.C.N. 147 346 334

Statement of Comprehensive Income
For the period 12 November 2010 to 30 June 2011

	Note	$
REVENUE FROM CONTINUING ACTIVITIES		
Interest		64,769
TOTAL REVENUE		64,769
EXPENSES		
Administration		144,616
Equity based payments		150,000
Exploration		255,513
Legal		5,458
Occupancy		8,000
Remuneration		309,905
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(808,723)
Income Tax	**4**	-
NET LOSS FOR THE PERIOD		(808,723)
OTHER COMPREHENSIVE INCOME		-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(808,723)
Basic and diluted loss per share (cents per share)	**7**	(1.08)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Potash West NL
A.C.N. 147 346 334

Statement of Financial Position
As at 30 June 2011

	Note	$
CURRENT ASSETS		
Cash and cash equivalents	8	5,432,722
Trade and other receivables	9	81,289
Total Current Assets		5,514,011
NON CURRENT ASSETS		
Exploration and Evaluation	10	2,500,000
Total Non Current Assets		2,500,000
TOTAL ASSETS		8,014,011
CURRENT LIABILITIES		
Trade and other payables	11	436,910
Provisions	12	2,940
Total Current Liabilities		439,850
TOTAL LIABILITIES		439,850
NET ASSETS		7,574,161
EQUITY		
Issued Capital	13	8,382,884
Accumulated losses	15	(808,723)
TOTAL EQUITY		7,574,161

This Statement of Financial Position is to be read in conjunction with the accompanying notes.

Potash West NL

A.C.N. 147 346 334

Statement of Changes in Equity
For the period 12 November 2010 to 30 June 2011

	Note	Issued Capital $	Accumulated Losses $	Total $
Loss for the period		-	(808,723)	(808,723)
Other comprehensive income (net of tax)		-	-	-
Total comprehensive loss for the period (net of tax)		-	(808,723)	(808,723)
Transactions with owners in their capacity as owners:				
Shares issued		6,150,028	-	6,150,028
Shares issued transaction cost		(617,144)	-	(617,144)
Share based payments	14	350,000	-	350,000
Shares issued for acquisition of mineral rights		2,500,000	-	2,500,000
Balance at 30 June 2011		8,382,884	(808,723)	7,574,161

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

Potash West NL
A.C.N. 147 346 334

Statement of Cash Flows
For the period 12 November 2010 to 30 June 2011

	Note	$
OPERATING ACTIVITIES		
Payments to suppliers and employees		(257,011)
Interest Received		64,769
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(192,242)
INVESTING ACTIVITIES		
Purchase of plant and equipment - deposit		(32,920)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(32,920)
FINANCING ACTIVITIES		
Proceeds from issue of shares		6,150,028
Share issue costs		(492,144)
NET CASH FLOWS FROM FINANCING ACTIVITIES		5,657,884
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,432,722
Cash and cash equivalents at the beginning of the period		-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	8	5,432,722

Notes to financial statements

Note 1: Corporate information

The consolidated financial report of Potash West NL for the period 12 November 2010 (date of incorporation) to 30 June 2011 was authorised for issue in accordance with a resolution of directors on 30 September 2011.

Potash West NL is a company limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX).

The nature of operations and principal activities of the Group are described in the directors' report.

Note 2: Statement of significant accounting policies

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently throughout the period presented unless otherwise stated.
The financial report has also been prepared on a historical cost basis. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activities are mineral exploration.

(b) Adoption of new and revised standards

Accounting Standards and Interpretations issued but not yet effective.

Australian Accounting Standards and interpretations that have recently been issued or amended but are not yet effective have not been adopted for the reporting period ended 30 June 2011. These are outlined in the table below:

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]. (Application date: 1 January 2013, Effective date: 1 July 2013).
- AASB 124 (Revised) Related Party Disclosures (December 2009). (Application date: 1 January 2011, Effective date: 1 July 2013).
- AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]. (Application date: 1 January 2011, Effective date: 1 July 2011).
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]. (Application date: 1 January 2011, Effective date: 1 July 2011).
- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]. (Application date: 1 January 2011, Effective date: 1 July 2011).
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]. (Application date: 1 July 2011, Effective date: 1 July 2011).
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]. (Application date: 1 January 2013, Effective date: 1 July 2013).

Note 2: Statement of significant accounting policies (continued)

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]. (Application date: 1 January 2012, Effective date: 1 July 2012).
- AASB 10 - Consolidated Financial Statements. (Application date: 1 January 2013, Effective date: 1 July 2013).
- AASB 11 - Joint Arrangements. Application date: 1 January 2013, Effective date: 1 July 2013).
- AASB 12 - Disclosure of Interests in Other Entities. (Application date: 1 January 2013, Effective date: 1 July 2013).
- AASB 13 – Fair value Measurements. (Application date: 1 January 2013, Effective date: 1 July 2013)
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards (Application date: 1 January 2013, Effective date: 1 July 2013)
- AASB 2011-8 Amendments to Australian Accounting Standards arising from the Fair Value Measurement Standard (Application date: 1 January 2013, Effective date: 1 July 2013)

The Company has not assessed the impact of any new standards or amendments that are issued but not yet effective.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

(d) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Share-based payment transactions:
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black and Scholes formula taking into account the terms and conditions upon which the instruments were granted.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Impairment of capitalized exploration and evaluation expenditure
The future recoverability of capitalized exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Notes to financial statements (continued)

Note 2: Statement of significant accounting policies (continued)

(e) Going concern

The directors are of the opinion the Company is a going concern as cash balances as at 30 June 2011 for the Company were well in excess of expected working capital requirements expected for the next 12 months.

(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 decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period 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) Plant & equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 15 years

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

(h) Income tax

Current tax assets and liabilities for the current period and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognized directly in equity are recognized in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) GST

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognized 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 receivables or payables in the statement of financial position.

Notes to financial statements (continued)

(i) GST (continued)

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting form the passage of time is recognized in finance costs.

Employee leave benefits

i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognized in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognized when the leave is taken and measured at the rates paid or payable.

ii. Long service leave

The liability for long service leave is recognized and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(k) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to financial statements (continued)

(l) Receivables

Receivables, which generally have 30-90 day terms, are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability or receivables are reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Company will not be able to collect the debt.

(m) Revenue recognition

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

Interest Revenue
Revenue is recognized as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(n) Contributed equity

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.

(o) Trade and other payables

Trade payables and other payables are carried at amortized costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(p) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the Company adjusted for:
- costs of servicing equity (other than dividends),
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognized as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

Notes to financial statements (continued)

(q) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit or loss.

(ii) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to maturity, such as bonds, are subsequently measured at amortized cost. This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognized amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss when the investment are derecognized or impaired, as well as through the amortisation process.

(iii)Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss when the loans and receivables are derecognized or impaired, as well as through the amortisation process.

(iv)Available-for-sale investments
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three proceeding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognized in profit and loss.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

(r) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognized in profit. Reversals of impairment losses for debt instruments are reversed through profit and loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(s) Leases

Operating Lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the reduction of the liability.

Note 3: Segment information

Identification of Reportable Segments

The Company has based its operating segment on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The Company currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria the Company has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in note 2 for the computation of the Company's results presented in this set of financial statements.

Note 4: Income tax

	2011
	$
(a) Income tax expense/(benefit)	
Current tax	-
Deferred tax	-
Adjustments for current tax of prior years	-
Total tax expense/(benefit)	-

Notes to financial statements (continued)

Note 4: Income tax (continued)

	2011 $
(b) Numerical reconciliation of income tax expense to prima facie tax payable	
Loss from continuing operations before income tax expense	(808,723)
Prima facie tax benefit at the Australian tax rate of 30%	(242,617)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income	
Share based payment	105,000
Non-deductible expenses	335
Capital raising costs deductible	(29,529)
Deferred Tax Assets not brought to account	166,811
Income tax expense/(benefit)	-
(c) Deferred tax assets	
Accrued expenses	7,500
Employee entitlement provisions	882
Tax losses	908,429
	916,811
Deferred tax asset not recognised	(166,811)
	750,000
Offset against deferred tax liabilities	(750,000)
Net deferred tax assets	-
(d) Deferred tax liabilities	
Exploration tenement	750,000
	750,000
Offset against deferred tax assets	(750,000)
Net deferred tax liabilities	-

Note 5: Directors' and executives' remuneration

Directors	Short-term Directors' Fees	Short-term Salary and Consulting Fees	Post-employment benefits Superannuation Contribution	Termination Benefits	Share Based Payments Shares and options	Total
	$	$	$	$	$	$
Adrian Griffin	6,116	2,544	551	-	-	9,211
Patrick McManus	-	-	41,667*	-	200,000**	241,667
George Sakalidis	6,116	-	551	-	-	6,667
Gary Johnson	6,116	-	551	-	-	6,667
	18,348	2,544	43,320	-	200,000	264,212

* Patrick McManus elected to contribute his remuneration into his nominated superannuation fund.
** 2,000,000 shares were issued to Patrick McManus at fair value of $0.100001 per share for his services. $0.000001 was received from Patrick McManus in cash.

Executive	Salary	Consulting Fees	Superannuation Contribution	Shares and options	Total
	$	$	$	$	$
Lindsay Cahill	-	4,437	-	-	4,437
Robert Van der Laan	-	12,360	-	-	12,360
Amanda Wilton-Heald	-	4,032	-	-	4,032
	-	20,829	-	-	20,829

(a) Shareholdings

Number of shares held by directors

2011

	Number of Ordinary Shares		
	Held at 12 November 2010	Net Change	Held at 30 June 2011
Adrian Griffin	-	3,447,181	3,447,181
Patrick McManus	-	1,700,000	1,700,000
George Sakalidis	-	656,485	656,485
Gary Johnson	-	250,000	250,000

Notes to financial statements (continued)

Note 6: Auditor's remuneration

	2011 $
Remuneration of the auditor of the Company for:	
-auditing or reviewing the financial report	25,000
-investigating accountants report	7,725
Ernst & Young	32,725

Note 7: Earnings per share

	2011 $
Basic loss per share (cents per share)	1.08
Diluted loss per share (cents per share)	1.08
Net loss	(808,723)
Loss used in calculating basic and diluted loss per share	(808,723)
	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share	75,000,000

During the period there were no options that were issued over ordinary share capital.

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 8: Cash and cash equivalents

	2011 $
Cash at bank	5,432,722
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:	
Cash at bank	5,432,722

Notes to financial statements (continued)

Note 9: Receivables

	2011 $
Current	
GST receivables	48,369
Prepayments	32,920
	81,289

(i) Non-trade debtors are non-interest bearing and are generally on 30-90 days terms. The carrying amounts of these receivables represent fair value and are not considered to be impaired.

Note 10: Exploration Expenditure

	2011 $
Acquisition of mineral rights	2,500,000

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

Note 11: Trade and other payables

	2011 $
Current	
Unsecured liabilities	
Trade payables	436,910
	436,910

Due to short term nature of these payables, their carrying value is assumed to approximate their fair value.

Note 12: Provisions

	2011 $
Employee benefits	2,940

Note 13: Contributed equity

	2011 $
Ordinary shares fully paid	8,382,884

Note 13: Contributed equity (continued)

Effective 1 July 1998, the corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorized capital or par value in respect of its issued shares. Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

Capital management
When managing capital (which is defined as the Company's total equity amounting $7,574,161), management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As the equity market is constantly changing management may issue new shares to provide for future exploration and development activity. The Company is not subject to any externally imposed capital requirements.

Movements in ordinary shares on issue of the legal parent are:

	Note	2011 Number
At the beginning of reporting period		
Ordinary Shares		-
Issue of 25,000,000 shares for the acquisition of mineral rights	13.1.1	25,000,000
Issue of 2,000,000 shares to Patrick McManus	13.2.1	2,000,000
1,500,000 shares issued to promoters	13.2.2	1,500,000
1,500,000 shares issued as seed capital	13.2.3	1,500,000
Issue of 15,000,000 shares of Contingent Entitlement shares accounted for as reserve shares	13.2.4	15,000,000
Issue of 30,000,000 shares pursuant to Public Offering	13.2.5	30,000,000
At the end of the reporting period		75,000,000

	Note	2011 $
At the beginning of reporting period		-
Issue of 25,000,000 shares at $0.100001 to the acquisition of mineral rights, against which cash was received partly for $0.000001	13.1.1	2,500,025
Issue of 2,000,000 shares at $0.100001 for share based payments	13.2.1	200,002
1,500,000 ordinary shares issued to promoters at $0.100001	13.2.2	150,001
1,500,000 ordinary shares issued as seed capital at $0.10 each	13.2.3	150,000
Issue of 30,000,000 shares at $0.20 pursuant to Public Offering	13.2.5	6,000,000
Equity raising costs	13.2.6	(617,144)
At the end of the reporting period		8,382,884

Notes to financial statements (continued)

Note 13: Contributed equity (continued)

13.1 Shares issued on 12 November 2010

13.1.1 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.

13.2 Shares issued subsequent to 12 November 2010

13.2.1 The issue of 2,000,000 shares at fair value of $0.100001 per share to Patrick McManus, the managing director, for services. $0.000001 per share was received in cash.

13.2.2 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.

13.2.3 The issue of 1,500,000 shares for cash consideration of $0.10 per share as seed capital.

13.2.4 The issue of 15,000,000 shares for the Contingent Entitlement shares held in trust and accounted for as reserve shares with nil value.

13.2.5 The issue of 30,000,000 shares at $0.20 per share pursuant to Public Offering raising $6,000,000.

13.2.6 The payment of costs incurred by the Company in relation to equity raising and listing of the Company's shares and of $617,143.

Note 14: Share Based Payments

Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period were as follows:

	2011
	$
Shares issued in consideration for services. See note 13.2.1 and 13.2.2.	350,000
	350,000

Note 15: Accumulated losses

	2010
	$
Net loss for the reporting period	(808,723)
Accumulated losses at the end of the financial period	(808,723)

Note 16: Commitments

(i) The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follows:

	2011
	$
Within 1 year	770,684
1 to 2 years	770,684
Total	1,541,368

Notes to financial statements (continued)

Note 16: Commitments (continued)

The commitments may vary depending upon additions or relinquishments of the tenements, as well as farm-out agreements. The above figures are based on the mines department Emits reports as at 30 June 2011. These figures are adjusted at the anniversary date of each tenement and therefore the total can change on a monthly basis.

(ii) The Company has entered into a commercial property sub-lease. The head-lease and sub- lease expire on 15 August 2014. The amount of $180,000 remains outstanding in relation to the sub-lease.

	2011
	$
Within 1 year	60,000
1 to 3 years	120,000
Total	180,000

(iii) In addition to the above, the Company has an obligation of $32,920 for the purchase of equipment within 12 months from 30 June 2011.

(iv) Mr Patrick McManus was appointed as Managing Director on 23 November 2010. Pursuant to an agreement dated 23 November 2010, his salary is set at $250,000 per annum inclusive of 9% superannuation. The agreement can be terminated by either party by giving three months' notice or payment of three months' salary in lieu of notice being $62,500.

Note 17: Contingent liabilities

There are no contingent liabilities as at 30 June 2011.

Note 18: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

During the period the following transactions were undertaken between the Company, executive officers and director-related entities.

	2011
	$
Consulting fees were paid to Strategic Metallurgy Pty Ltd, a company of which Gary Johnson is a director and shareholder.	34,900

Notes to financial statements (continued)

Note 19: Cash flow information

	2011 $
Reconciliation of cash flow from operations with (loss)/profit from ordinary activities after income tax	
Loss from ordinary activities after income tax	(808,723)
Expenses settled via equity issues	350,000
Changes in assets and liabilities	
(Increase)/decrease in receivables	(48,369)
Increase/(decrease) in payables	311,910
Increase/(decrease) in provisions	2,940
Cash flows from operations	(192,242)

Note 20: Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to finance the Company's operations. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table. Also included is the effect on profit and equity before tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

Notes to financial statements (continued)

Note 20: Financial risk management objectives and policies (continued)

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total	Interest Rate Risk Sensitivity -10% Profit	-10% Equity	+10% Profit	+10% Equity
	%	$	$	$	$	$	$	$	$
2011									
Financial Assets									
Cash	4.75	5,064,769	-	367,953	5,432,722	(17,018)	(17,018)	17,018	17,018
Receivables		-	-	48,369	48,369				
Total Financial Assets		5,064,769	-	416,322	5,481,091				
Financial Liabilities									
Trade creditors		-	-	436,910	436,910				
Total Financial Liabilities		-	-	436,910	436,910				

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A -10% sensitivity would move short term interest rates at 30 June 2011 from around 4.75% to 4.27% representing a 48 basis points downwards shift (33.6 basis points net of tax).

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

All payables are due within 30 days.

(c) Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(d) Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Company is exposed to credit risk from its operating activities, financing activities including deposits with banks. The credit risk control procedures adopted by the Company is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

The maximum exposure to credit risk on financial assets of the Company which have been recognized on the statement of financial position is generally limited to the carrying amount.

Note 20: Financial risk management objectives and policies (continued)

Cash is maintained with National Australia Bank.

Note 21: Subsequent events

There have not been any matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations, or the state of affairs of the Company in future financial periods other than disclosed elsewhere in this annual report.

Potash West NL

A.C.N. 147 346 334

Directors' Declaration

In the opinion of the directors of Potash West NL :

(a) the financial statements and notes set out on pages 31 to 52 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Company as at 30 June 2011 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (c); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the year ending 30 June 2011.

This declaration is made in accordance with a resolution of the directors.

Patrick McManus
Managing Director
Perth
30 September 2011

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Independent audit report to members of Potash West NL

Report on the financial report

We have audited the accompanying financial report of Potash West NL, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies, other explanatory notes and the directors' declaration of the entity comprising the company at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the directors' report.

RK:MJ:POTASH:011

Opinion

In our opinion:

a) the financial report of Potash West NL is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the financial position of the entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Potash West NL for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

R A Kirkby
Partner
Perth
30 September 2011

RK:MJ:POTASH:011

Potash West NL

A.C.N. 147 346 334

Shareholder Information

Distribution schedules of shareholders and statements of voting rights are set out in Table 1, whilst the Company's top twenty shareholders are shown in Table 2. Substantial shareholder notices that have been received by the Company are set out in Table 3.

Table 1
Shareholder spread

Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share)

1-1,000	1,370
1,001-5,000	683
5,001-10,000	293
10,001-100,000	538
100,001 - and over	134
Total holder of ordinary shares	2,942
Total number of ordinary shares	75,312,500

Table 2
Top twenty shareholders

Shareholder	***Number of shares***	***Percentage***
1. Barclay Wells Limited <Nominee A/C>	15,000,000	19.92%
2. Elsinore Energy Pty Ltd	12,500,000	16.60%
3. UOB Kay Hian Private Limited <Clients A/C>	5,528,328	7.34%
4. Citicorp Nominees Pty Limited	1,897,673	2.52%
5. HSBC Custody Nominees (Australia) Limited	1,855,054	2.46%
6. Patrick McManus	1,700,000	2.26%
7. National Nominees Limited	1,503,658	2.00%
8. Sept Rogues Ltd	1,400,000	1.86%
9. CIMB Securities (Singapore) PTE Ltd <Client A/C>	1,000,000	1.33%
10. Chaoyang Zheng	1,000,000	1.33%
11. Pontian Orico Plantations SDN BHD	913,762	1.21%
12. Mr Frederick Denis L'Aime Ribton	906,123	1.20%
13. Clariden Capital Limited	700,000	0.93%
14. WIT Team Enterprises Limited	555,955	0.74%
15. Merrill Lynch (Australia) Nominees Pty Limited	500,139	0.66%
16. Rajendram Chandrika	500,000	0.66%
17. Shao Yu Lu	500,000	0.66%
18. Ossart Holdings Pty Ltd <The OT Family A/C>	460,000	0.61%
19. ABN AMRO Clearing Sydney Nominees Pty Ltd <Next Custodian A/C>	370,658	0.49%
20. Mr John Mandosio & Mrs Elizabeth Mandosio & Mr James Richard O'Neill <Simius P/L Private S/F A/C>	350,000	0.46%

Shareholder Information (continued)

Table 3
Substantial shareholders

Shareholder	*Number of shares*	*Percentage*
1. Barclay Wells Limited <Nominee A/C>	15,000,000	19.92%
2. Elsinore Energy Pty Ltd	12,500,000	16.60%

Voting Rights

The voting rights attached to each class of equity securities are set out below.

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Potash West NL
A.C.N. 147 346 334

Tenement Register

Tenements (Australia)

Projects	**License Number**	**Holder**	**Interest/Status**
Quinns Hill	E70/3100	Image Resources NL	100% Mineral Rights for Potash
Gin Gin	E70/3360	A C Griffin	100% Mineral Rights for Potash
Bell	E70/3418	Image Resources NL	100% Mineral Rights for Potash
Mindara	E70/3635	Richmond Resources Pty Ltd	100% Mineral Rights for Potash
Mindara	E70/3636	Torbinup Resources Pty Ltd	100% Mineral Rights for Potash
Dinner Hill	E70/3987	Richmond Resources Pty Ltd	100% Mineral Rights for Potash
Dalaroo North	E70/3988	Richmond Resources Pty Ltd	100% Mineral Rights for Potash
Daraloo South	E70/3989	Richmond Resources Pty Ltd	100% Mineral Rights for Potash
Fernview	E70/3999	Image Resources NL	Pending
Dunterry	E70/4000	Image Resources NL	100% Mineral Rights for Potash
Whyona	E70/4001	Image Resources NL	Pending
Mogumber	E70/4124	Potash West NL	Pending
Jam Hill	E70/4137	Potash West NL	Pending
Bald Hill	E70/4138	Potash West NL	Pending
Ingra Hills	E70/4139	Potash West NL	Pending