



**POTASH WEST NL**

A.C.N. 147 346 334

**Annual Report**

For the year ended  
30 June 2014

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

**Contents to Financial Report**

	<b>Page No.</b>
<b>Corporate Information</b>	<b>3</b>
<b>Chairman's Letter</b>	<b>4</b>
<b>Directors' Report</b>	<b>5</b>
<b>Auditor's Independence Declaration</b>	<b>27</b>
<b>Corporate Governance Statement</b>	<b>28</b>
<b>Statement of Comprehensive Income</b>	<b>40</b>
<b>Statement of Financial Position</b>	<b>41</b>
<b>Statement of Changes in Equity</b>	<b>42</b>
<b>Statement of Cash Flows</b>	<b>43</b>
<b>Notes to the Financial Statements</b>	<b>44</b>
<b>Directors' Declaration</b>	<b>66</b>
<b>Independent Auditor's Report</b>	<b>67</b>
<b>Additional ASX Information</b>	<b>69</b>
<b>Tenement Register</b>	<b>72</b>

## **Corporate directory**

### **Directors:**

Adrian Griffin  
Patrick McManus  
George Sakalidis  
Gary Johnson

### **Company Secretary:**

Elizabeth Hunt (appointed 16 April 2014)  
Amanda Wilton-Heald (resigned 16 April 2014)

### **Auditor:**

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9429 2222  
Facsimile (+61 8) 9429 2436

### **Share Registry:**

Advanced Share Registry  
160 Stirling Highway  
Nedlands WA 6009 AUSTRALIA  
Telephone (+61 8) 9389 8033  
Facsimile (+61 8) 9262 3723

### **Registered and Principal Office**

Suite 3  
23 Belgravia Street  
Belmont WA 6104 AUSTRALIA  
Telephone (+61 8) 9479 5386  
Facsimile (+61 8) 9475 0847  
Website [www.potashwest.com.au](http://www.potashwest.com.au)  
Email [info@potashwest.com.au](mailto:info@potashwest.com.au)

### **Stock Exchange Listing**

Potash West NL shares are listed on the Australian Securities Exchange (ASX code: PWN) and OTC Pink (OTC Pink code: PWNNY).

### **Solicitors**

Price Sierakowski  
Level 24, St Martin's Tower  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 6211 5000  
Facsimile (+61 8) 6211 5055

### **Bankers**

National Australia Bank  
Ground Floor  
100 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone: (+61 8) 9441 9313

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

**CHAIRMAN'S LETTER**

Fellow shareholders, it is with great pleasure that the management of Potash West NL presents this year's annual report to you. Once again it has been a significant year for your company which has succeeded in completing the objectives set at the time of listing in 2011. Broadly the aim was to define a substantial glauconite resource, develop a flow sheet to recover the potassium from that material, and to complete a scoping study to quantify the operating parameters and likely commercial outcomes.

Through dedication and persistence more has been achieved than originally planned, particularly with the recognition that the phosphate nodules, contained within the greensands could be viewed as a self-contained phosphate project in their own right. This led to the acquisition of further ground near Dandaragan, on which historic phosphate mining had been undertaken. The realization that phosphate may well stand alone, gives your company the opportunity of commencing operations with a much lower capital cost, and lower technical risk, while management determines how best to implement the much larger, and more significant K-Max project, that being the recovery of potash, alum and other fertilizer products, from the glauconite. These products will find a well-deserved place in the agricultural industry as global population expands, and the intensity of agriculture increases to meet demand. So too will there be a place for large scale alum production for clarifying much needed water supplies for increased domestic consumption.

Development of the Dandaragan Trough, with glauconite spread over a length of 150km, width of 30km and average thickness thought to be about 80m, offers an opportunity of a magnitude not seen in Australia since the iron ore developments of the 1970s. The target is vast, and the impact on Australian agriculture will be huge. I have to say that historically these characteristics have not gone unnoticed, and indeed it was the Western Australian Government that first drilled to determine the potential of the glauconite as a potash resource. At the time the technology to recover the potash commercially did not exist, and the project lay dormant for over 50 years. Potash West has resolved the processing issue and transformed the project from a government vision, to an undertaking that is likely to be of national importance.

As founder, and Chairman of Potash West, I have taken great pride in observing the transformation of the project technically, as our management transformed a concept into a technical reality. The next challenge will be to transform the technical reality into a commercial outcome. We will all look forward to watching that evolve.

I am also pleased to report that the efforts of Potash West have not gone unnoticed, and the technology developed for our project, is now in demand on the international stage. Ultimately the technology will provide the opportunity to produce fertilizers from other glauconite deposits that are much closer to the point of consumption, streamlining the logistic chain, which is currently long, and expensive, for most fertilizer consumers. Your board is examining the means by which our unique process and the great advantage it provides for deposits not belonging to the Company, can be turned into value for Potash West shareholders.

It has been an eventful year indeed, and as capital markets once again become more liquid, we will advance our aims of developing one of the greatest unconventional fertilizer production projects ever undertaken.

I thank you for your support in the tough financial times of the last year, and look forward to your support into the future as we realize our aspirations to extract fertilizer from the Dandaragan greensands.



Adrian Griffin  
Chairman

**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 year ended 30 June 2014.

**Directors**

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

Adrian Griffin was appointed as Non-executive Chairman.

Patrick McManus was appointed as Managing Director.

George Sakalidis was appointed as Non-executive Director.

Gary Johnson was appointed as Non-executive Director.

**Names, qualifications, experience and special responsibilities**

*Adrian Griffin 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 Cobre Montana NL, an African-focused iron ore project developer.

*Other listed company directorships during the last 3 years:*

Northern Minerals Ltd (Director June 2006 – present) and Cobre Montana NL (Director February 2011 – Present).

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

*Patrick McManus 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.

*Other listed company directorships during the last 3 years:*

Tungsten Mining NL (Director December 2012 – present)

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

**Directors' Report (continued)**

*George Sakalidis 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 (Chairman), Remuneration Committee and the Nomination Committee.

*Gary Johnson 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 year 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**

Elizabeth Hunt (appointed 16 April 2014)  
Amanda Wilton-Heald (resigned 16 April 2014)

**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 (including related parties) in the shares and options of the company were:

	<b>Number of ordinary shares</b>	<b>Number of options over ordinary shares</b>
Adrian Griffin	5,890,297	509,090
Patrick McManus	3,384,121	1,535,834
George Sakalidis	1,080,600	475,000
Gary Johnson	436,097	491,667

## Directors' Report (continued)

### Dividends

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

### Principal activities

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

### Operating and financial review

#### Operating results for the year

The loss after income tax benefit for the year ended 30 June 2014 was \$1,822,505 (2013: \$4,193,632).

#### Financial Performance

	2014 \$	2013 \$	% Increase/ (decrease)
Company income	605,096	595,522	1.61%
Loss before tax	(1,822,505)	(4,193,632)	-56.54%
Profit/(loss) after income tax benefit	(1,822,505)	(4,193,632)	-56.54%
Earning per share (cents)	(1.72)	(5.85)	-70.60%

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

## OPERATING AND FINANCIAL REVIEW

### DANDARAGAN TROUGH PROJECT

#### INTRODUCTION

The Dandaragan Trough is a large sedimentary sequence within the North Perth Basin. The Company has obtained the potash and phosphate rights for more than 2,600km<sup>2</sup> of ground within the basin, covering more than 80% of the prospective geological formations, (Figure 1). The trough is known to carry significant deposits of glauconite, and apatite nodules within greensand beds. Greensand is a generic name for mixtures of quartz and glauconite.

Work on the project has consisted of three activities,

- exploration drilling to delineate a JORC resource,
- the refining of process designs to develop flow sheets capable of unlocking the value of the elements within the deposit and
- Scoping Studies, to quantify value.

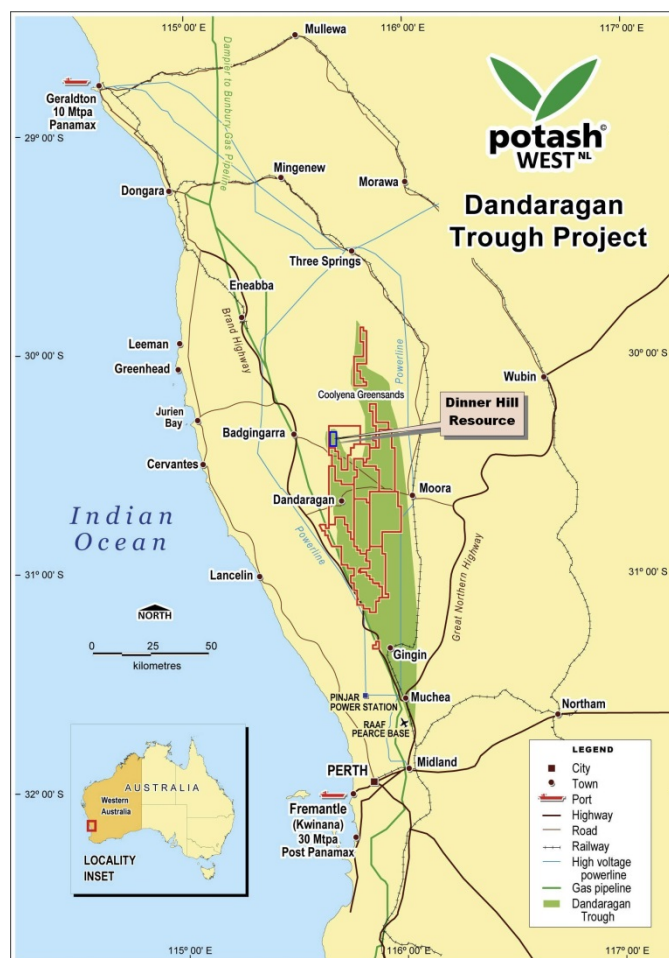


Figure 1: Dandaragan Trough project

# Potash West NL

A.C.N. 147 346 334

## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

We continue to make good progress in all three areas.

The greensand units within the Dandaragan Trough are widespread. The Dinner Hill project area covers approximately 60km<sup>2</sup> in the north-west of the Trough. This has been the focus of our exploration efforts as the greensands sequences are close to the surface in this location, as shown in Figure 2.

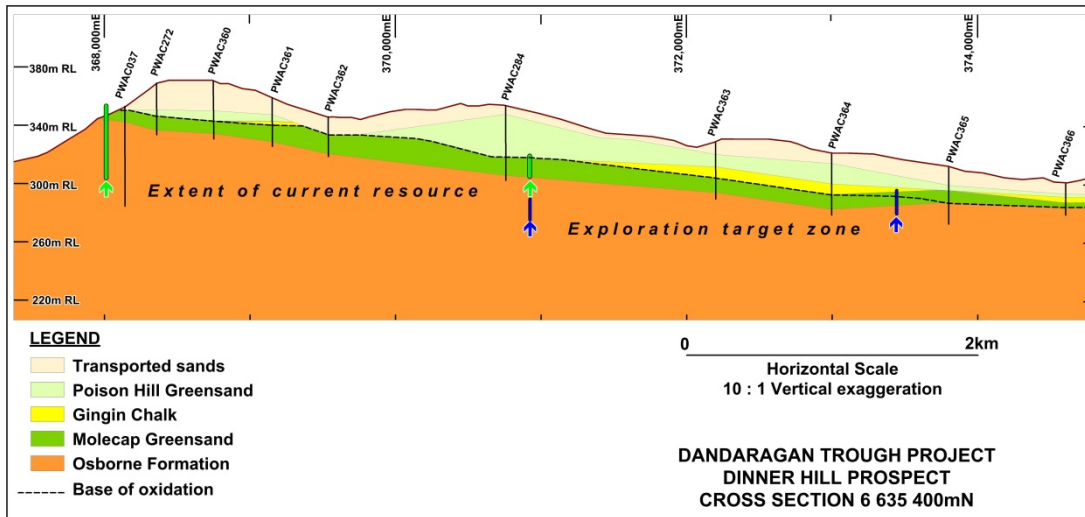


Figure 2: Cross section 6 635 400

### RESOURCE STATEMENT

Some 9km<sup>2</sup> of the Dinner Hill project area has been drilled to a density sufficient to allow the estimation of a JORC compliant Indicated and Inferred Mineral resource for both the phosphate and K-Max (potash) resources. Nodular phosphate at Dinner Hill is located in the lower portions of the Poison Hill Greensand, the Gingin Chalk and the Molecap Greensand. Potash is present in both the greensand units but the higher grades are confined to the Molecap Greensand. Figure 3 shows drill holes samples in a generalised stratigraphic sequence and depicts the location of the phosphate and K-Max resource in the sequence.

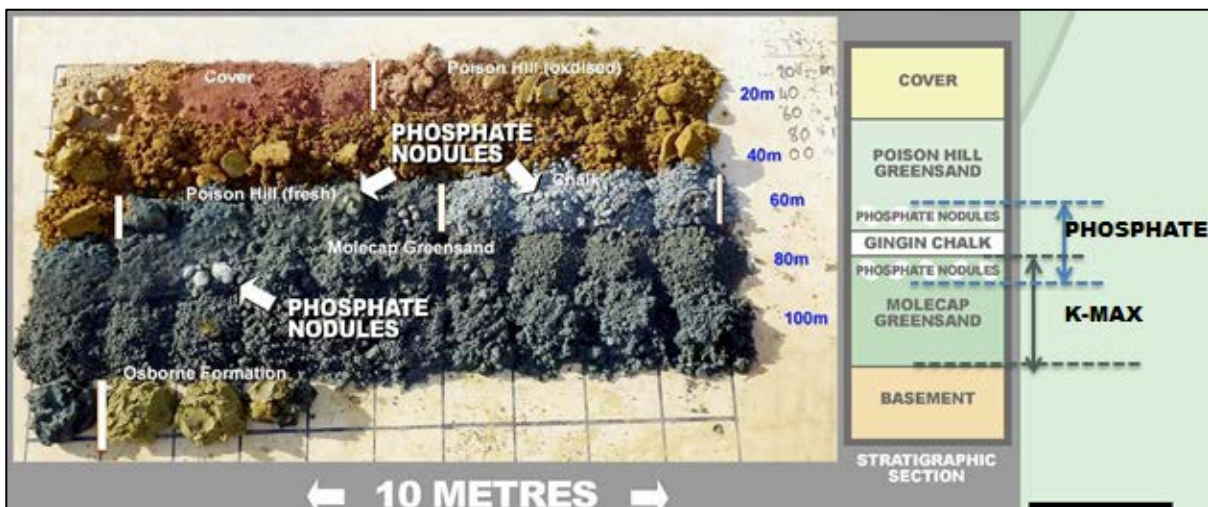


Figure 3: Generalised stratigraphic sequence



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

**Directors' Report (continued)**

**OPERATING AND FINANCIAL REVIEW (continued)**

The resources for the Dinner Hill Project are shown in Table 1.

<b>Phosphate Resource (All Indicated) <sup>(1)</sup></b>				
<b>Lower Cut-off Grade (% P<sub>2</sub>O<sub>5</sub>)</b>	<b>Million Tonnes</b>	<b>Grade (% P<sub>2</sub>O<sub>5</sub>)</b>	<b>Grade (% K<sub>2</sub>O)</b>	<b>Grade (% CaO)</b>
<b>2.15</b>	<b>120</b>	<b>2.79</b>	<b>3.10</b>	<b>8.17</b>

<b>K-Max Resource <sup>(2)</sup></b>				
<b>Unit</b>	<b>Category</b>	<b>Tonnes (Mt)</b>	<b>K<sub>2</sub>O %</b>	<b>P<sub>2</sub>O<sub>5</sub> %</b>
Molecap Greensand	Indicated	120	4.6	1.8
	Inferred	2	4.4	2.2
	<b>Total</b>	<b>122</b>	<b>4.6</b>	<b>1.8</b>
Poison Hill Greensand	Indicated	121	1.5	1.4
	Inferred	1	1.6	1.1
	<b>Total</b>	<b>122</b>	<b>1.5</b>	<b>1.4</b>
Total K-Max Resources	Indicated	241	3.0	1.6
	Inferred	2	3.6	1.9
	<b>Total</b>	<b>244</b>	<b>3.0</b>	<b>1.6</b>

**Table 1 Dinner Hill Resources**

(1) Refer ASX release 20 March 2014

(2) Refer ASX release 11 October 2012

The broader Dinner Hill area, some 60km<sup>2</sup>, has been drilled to a density that has allowed the establishment of an Exploration Target estimated to contain 1 to 1.5 Billion tonnes of greensand at a grade of 4.0 to 4.8% K<sub>2</sub>O. Included in the same area is 300 to 600 million tonnes of greensand at a grade of 1.5 to 3% P<sub>2</sub>O<sub>5</sub>.

The location of the Dinner Hill resource and exploration target is shown in Figure 4.

**Note: The potential quantity and grade of the target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource over its area and it is uncertain if further exploration will result in the estimation of a Mineral Resource**

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

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

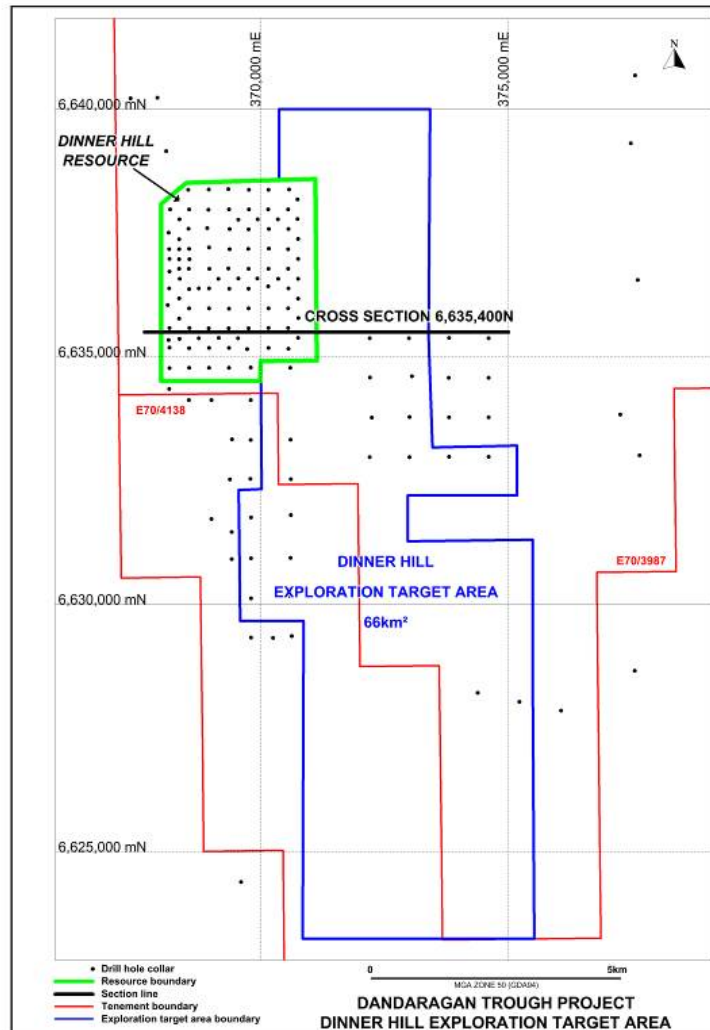


Figure 4: Dinner Hill resource and exploration target areas

K-MAX STUDY

The Company has applied for a patent for the revolutionary K-Max process which produces sulphate of potash (SOP), high magnesium SOP, single superphosphate, iron oxide and aluminium sulphate from glauconite. Aside from its value to the program to commercialise Dandaragan Trough Project, the K-Max has the potential to be licensed with the Company already receiving interest in the process from around the globe. The mined glauconite rich ore is concentrated by screening and magnetic separation then subject to a number of hydrometallurgical and pyrometallurgical processing stages to extract and recover K, P, Mg, Fe and Al from the minerals present in the ore. The extracted elements are converted to saleable products including sulfate of potash, potassium magnesium sulfate, single superphosphate, hematite and aluminium sulfate.

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

**Directors' Report (continued)**

**OPERATING AND FINANCIAL REVIEW (continued)**

**K-MAX STUDY (continued)**

The main processing steps are:

- Beneficiation by de-agglomeration, screening and high-intensity magnetic separation results in 89% K<sub>2</sub>O recovery to 64% mass recovery.
- Hot sulfuric acid leach extracts >95% K, Mg and P and results in a leach residue containing quartz and amorphous silica.
- Selective crystallization of a mixed Fe and K salt, ferric phosphate and magnesium sulfate.
- Conversion of iron sulfate to hematite and recovery of sulfur dioxide for acid production.
- Separation and recovery of sulfate of potash and potassium magnesium sulfate by water leaching, quenching and crystallization stages.
- Separation and recovery of hematite and superphosphate by leaching and precipitation stages.
- Selective crystallization of aluminium sulfate by cooling.

The main reagent imported is elemental sulfur, which is converted to sulfuric acid for use in the process. The energy recovered from the sulfuric acid production plant is utilised within the process. Limestone would be mined locally and used to precipitate phosphate.

Work on that Scoping Study also identified a number of potential improvements to the process flow sheet and these have been the subject of ongoing investigations.

The possible areas of potential improvement include:

- Optimising the heat management within the process to reduce energy needs.
- Optimising performance of the crystallizers to increase the yield of potassium to SOP, increasing the revenue stream.
- Conduct testwork to better define the construction materials required by the process equipment.
- Further drilling to identify thicker greensand seams with lower overburden.
- Production of an iron oxide product that can be sold for its iron value.
- 

The scoping study carried out by Strategic Metallurgy, Tenova-Bateman and CRU demonstrated a robust project with the following parameters:

- Mining rate 2.4 Mtpa
- Mine life +60 years
- Average revenues per year \$365 million
- Operating cash costs per year \$137 million
- IRR 21%
- NPV<sub>10%</sub> \$808 million
- Capital cost \$650 million

The long mine life, on the 9km<sup>2</sup> of the Dinner Hill resource area, shows the potential to increase the capacity of the project as market share is gained.

As the K-Max process is not used commercially at present, we will need to operate a pilot plant to establish operating parameters more accurately. This will be the next stage of the commercialisation project and we are currently planning the details of the pilot plant design and its funding.

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

**Directors' Report (continued)**

**OPERATING AND FINANCIAL REVIEW (continued)**

**PHOSPHATE STUDY**

The phosphate component in the Dandaragan greensands has been identified as fluorapatite, which is relatively liberated. The apatite is nodular in nature and has proved easy to concentrate in the coarser fractions. Phosphate concentrates respond well to conventional anionic flotation and high recoveries and grades of more than 30% P<sub>2</sub>O<sub>5</sub> are achieved. There appears to be potential value in recovering the phosphate content present in the greensands in a stand-alone plant. The relatively short distance to market, well-established infrastructure and friable mineralisation - which sits close to surface – are seen as key advantages over most other “greenfields” phosphate projects. Work carried out to define this value consisted of the following:

- Definition of a higher grade phosphate resource from Dinner Hill drill hole data
- Development of a processing flowsheet to produce a saleable phosphate product
- Conducting an initial economic assessment

This was carried out by our partners, Strategic Metallurgy, using the data generated for the K-Max Scoping Study, and mineral processing data obtained by testing the phosphate rich material from Dinner Hill. An operation producing 340 thousand tpa of single superphosphate (SSP) was evaluated, with the following outcomes:

- Processing rate 3.8 Mtpa
- Mine life 20 years
- Average revenue per year \$124 million (\$383/tonne of SSP)
- Operating cash costs per year (inclusive of royalties) \$82.1 million (\$241 / tonne of SSP)
- IRR 29.5%
- NPV<sub>8%</sub> \$331 million
- Capital Cost \$144 million

The processes to produce high-grade rock phosphate concentrate and to react that with sulphuric acid to produce SSP are well established and are used at many sites throughout the world. It is believed that the technical risk is reasonably low, accordingly it is planned to go straight to final feasibility study for this project. Environmental work is in progress, as the first step in the approvals process.

**EXPLORATION TENURE**

During the year the following tenements were relinquished from the portfolio, E70/3635, E70/3636, E70/3999, E70/4000 and E70/4001. The decision to relinquish was based on a combination of low prospectivity, high holding costs and competition from competing land use.

A new application E70/4609 overlies the Dandaragan Scarp, on the western edge of the Dandaragan Trough, in a similar geological setting to the Company's potash and phosphate resources at Dinner Hill ( ASX release 20 August 2014).

E70/4471 was granted during the period.

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

**Directors' Report (continued)**

**OPERATING AND FINANCIAL REVIEW (continued)**

**OTHER OPPORTUNITIES**

**K-Max process**

The intellectual property (IP) of the K-Max process is 100% owned by the Company. Patents are being applied for and a number of steps have been taken to preserve the value associated with the IP. We believe that the techniques used as part of the process can be applied to other minerals similar to glauconite. This represents an opportunity for the Company to capture value by:

- Applying K-Max process to other glauconites worldwide
- Developing process's to treat minerals with similar mineral structure to glauconite

We have been approached by companies with glauconite deposits with interest in applying K-Max technology. We are also investigating, with our partners Strategic Metallurgy ways to widen the applicability of the technology.

We will continue to pursue these opportunities, as it could become an important asset for the Company.

**German Exploration**

During the year we investigated the opportunity of entering an early stage potash exploration project in Germany. We have a 25% interest as an associate in East Exploration Pty Ltd as at 30 June 2014. Subsequent to year end, we are earning a further 30% of East Exploration Pty Ltd to take our total holding to 55% by funding the application for two exploration licences and the geological appraisal of information already available on the area. We are using as consultants, the group who worked on the licences as part of the Potash group of the former East Germany.

The project is based in the South Harz region of Germany, close to the town of Sonderhausen. This area has been the site of potash mining for over 100 years and still has operating potash mines. Production from this region reduced significantly after the reunification of Germany. We believe that we can use the considerable amount of drilling and assaying carried out in the 1970s and 80s to quickly evaluate the geological and economic potential of the licences.

**CORPORATE ACTIVITY**

The Company continued to promote itself and the Dandaragan Trough Project throughout the financial year, both locally and in key investment markets, participating in a number of investor focused conferences and was featured in a number of articles in leading industry and investor publications.

The company removed itself from the OTC QX listing, due to lack of investor interest. It still trades in the USA, on the OTC Pink Sheets.

We have raised \$1.1M during the year, through share issues. It has been a difficult year in terms of market interest, like many other small capacity exploration companies, we have suffered from a weak share price. Whilst the market capitalisation of the Company has fallen sharply, there have been several strong achievements and advances during the year. These include, notably:

- Improvements to the phosphate scoping study
- Rationalisation of Dandaragan tenements
- Discussions with potential JV partners on the Dinner Hill project

In common with other companies in the sector, we have seen an improvement in market sentiment in the last four months. Time will tell whether this will be the start of renewed interest in the exploration sector.

Research reports on the Company were published by Breakaway Research on 21 October 2013; Arrowhead on 6 January 2014; Breakaway Research on March 21 2014 and Barclay Wells on 24 May 2014.

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

**Directors' Report (continued)**

**OPERATING AND FINANCIAL REVIEW (continued)**

**Competent Persons Statement**

The information in this announcement that relate to Mineral Resources and Exploration Targets is based on, and fairly represents, the Mineral Resource and Exploration Target information and supporting documentation extracted from the reports which were prepared by a Competent Person in compliance with the JORC Code (2012) and released to ASX by the Company on 11 October 2012 and 20 March 2014. Potash West confirms that it is not aware of any new information or data that materially affect the information included in the original announcements. All material assumptions and technical parameters underpinning the Mineral Resource estimate in those previous ASX releases continue to apply and have not materially changed.

**Significant changes in the state of affairs**

With the exception of the announcement regarding the entry into the German exploration project, there have been no significant changes in the state of affairs of the Company from 1 July 2014 to the date of this report.

**Likely Developments and expected results**

The Company will continue its focus on the Dandaragan Trough and exploring opportunities to progress both the phosphate and the K-Max projects. It is likely, given the investing public risk profile, that we will focus on progressing the phosphate project in the short term. We will also look to advance the South Harz project. The Company will continue to focus on fertiliser projects in regions with low sovereign risk and good infrastructure.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Company from 1 July 2013 to the date of this report.

**Significant events after the balance date**

On 9 July 2014, the Company successfully raised \$826,275 before costs through private placement. Proceeds of the placement will be directed to ongoing project development activities on Dandaragan Trough projects.

On 29 July 2014, the Company has announced it is earning an interest in a potash project in Germany. Potash West NL has the right to earn up to 55% of East Exploration Pty Ltd by funding early exploration. The first tranche of \$100,000 was paid during the financial year to acquire its first 25% earning interest in the project and an additional \$50,000 was paid on 12 August 2014 to increase its interest in the project.

On 20 August 2014, the Company announced the acquisition of an additional 300 km<sup>2</sup> of prospective ground within the Dandaragan Trough Project. The tenement was formerly held by Dempsey Minerals Ltd ("Dempsey") and the Company agreed to purchase the technical data generated by Dempsey for 200,000 fully paid ordinary shares and a 0.4% Net Smelter Royalty.

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 years other than disclosed elsewhere in this annual report.

## **Directors' Report (continued)**

### **Likely Developments and expected results**

The Company will continue its focus on the Dandaragan Trough and exploring opportunities to progress both the phosphate and the K-Max projects. It is likely, given the investing public risk profile, that we will focus on progressing the phosphate project in the short term. We will also look to advance the South Harz project. The Company will continue to focus on fertiliser projects in regions with low sovereign risk and good infrastructure.

### **Environmental regulation and performance**

The Company's activities are subject to Australian legislation relating to the protection of the environment. The Company 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.

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 year, 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.

### **Indemnification of auditors**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### **Share Options**

As at the date of this report there were 13,021,457 (2013: 11,521,457) unissued ordinary shares under options.

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.

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

**Directors' Report (continued)**

**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, for non-audit services provided during the year are set out below.

	2014 \$	2013 \$
Remuneration of the auditor of the Company for:		
-other services; research & development tax concession.	38,072	38,888
	38,072	38,888

**Directors' meetings**

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

Name of director:	Directors' meeting held whilst in office	Directors' meetings attended	Audit Committee meetings held	Audit Committee meetings attended	Remuneration and Nomination Committee meetings held	Remuneration and Nomination Committee meetings attended
Adrian Griffin	6	6	2	2	1	1
Patrick McManus	6	6	-	-	-	-
George Sakalidis	6	4	2	2	1	1
Gary Johnson	6	6	2	1	1	1

**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
Elizabeth Hunt	Company Secretary (appointed 16 April 2014)
Amanda Wilton-Heald	Company Secretary (resigned 16 April 2014)
Robert Van Der Laan	Chief Financial Officer



## **Directors' Report (continued)**

### **Remuneration Report (audited) (continued)**

#### 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.

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.

The Company also recognises that, at this stage in its development, it is most economical 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, and 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

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. During the 2013 year, the resolution to increase non-executive director remuneration was passed at the Annual General Meeting. As at the date of the report, the aggregate directors' fees for non-executive Directors has been set at an amount not exceeding \$200,000 per annum (2013: \$200,000 per annum).

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

**Directors' Report (continued)**

**Remuneration Report (audited) (continued)**

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.

As an incentive to employees, Directors, executive officers and consultants, the Company has adopted a scheme called the Potash West Employee Incentive Scheme ('the Scheme'). The purpose of the Scheme is to give employees, Directors, executive officers and consultants of the Company an opportunity to subscribe for shares and/or options in the Company. The Directors consider that the Scheme will enable the Company to retain and attract skilled and experienced employees, Board members and executive officers and provide them with the motivation to participate in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and development.

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 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 Executive directors of the Company may also participate in the share and option plans as described in this report.

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

**Directors' Report (continued)**

**Remuneration Report (audited) (continued)**

*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:

	<b>2014</b> \$	<b>2013</b> \$	<b>2012</b> \$	<b>2011</b> \$
Net loss from continuing operations after income tax	1,822,505	4,193,632	3,900,096	808,723
Basic loss per share in cents	1.72	5.85	5.76	1.08
Share Price in Cents	3.60	12.0	23.0	18.00

\* The Company was registered in November 2010

The options on issue are not considered dilutive for the purpose of the calculation of diluted earnings/loss per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share. Consequently, diluted earnings/loss per share is the same as basic earnings per share.

*Agreements with non-executive directors*

On 12 November 2012, a resolution was passed at the Annual General Meeting to increase the maximum aggregate amount payable to non-executive Directors, Mr Adrian Griffin, Mr George Sakalidis and Mr Gary Johnson in any year from \$120,000 per annum to \$200,000 per annum inclusive of superannuation requirements effective from 1 July 2012.

The revised director's fees of \$90,000 per annum inclusive of superannuation requirements were paid, or due and payable to Mr Adrian Griffin. In the event of termination, there is no notice period required.

The revised director's fees of \$50,000 per annum inclusive of superannuation requirements were paid, or due and payable to Mr George Sakalidis. In the event of termination, there is no notice period required.

The revised director's fees of \$50,000 per annum inclusive of superannuation requirements were paid, or due and payable to Mr Gary Johnson. In the event of termination, there is no notice period required.

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

Long-Term Incentive ("LTI") awards to executives are made under the Employee Share Plan ("ESP") and are delivered in the form of shares. Shares granted under the ESP are released equally over 36 months, 12 months from the grant date.

*Agreement with Managing Director*

On the 6 September 2012, the Remuneration Committee recommended to increase Mr Patrick McManus's annual salary from \$250,000 inclusive of superannuation requirements to \$275,000 per annum inclusive of superannuation requirement, effective from 1 July 2012.

The agreement can be terminated by either party by giving three months' notice or payment of three months' salary in lieu of notice.

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

**Directors' Report (continued)**

**Remuneration Report (audited) (continued)**

*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 Ms Amanda Wilton-Heald (resigned 16 April 2014) and Mrs Elizabeth Hunt (appointed 16 April 2014) of a monthly fee of \$2,500 (excluding GST) and reimbursement of expenses.

Ms Amanda Wilton-Heald and Mrs Elizabeth Hunt were excluded from the Executives' Remuneration as they were uninvolved in strategic decision of the Company. The company secretary fees were paid via Mining Corporate Pty Ltd, a company of which Ms Amanda Wilton-Heald is an employees and Mrs Elizabeth Hunt is a director.

*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. The hourly rate was revised up to \$130 effective from 1 July 2013.

*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.

Directors' Remuneration 2014

Director	Short-term		Post-employment benefits		Share and Option		Total
	Directors' Fees	Salary and Consulting Fees	Superannuation Contribution	Termination Benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Adrian Griffin	76,982	-	7,636	-	5,382	-	90,000
Patrick McManus	-	228,315	33,213	-	13,472	-	275,000
George Sakalidis	42,711	-	4,242	-	3,047	-	50,000
Gary Johnson	42,771	-	4,242	-	2,987	-	50,000
<b>Total</b>	<b>162,464</b>	<b>228,315</b>	<b>49,333</b>	<b>-</b>	<b>24,888</b>	<b>-</b>	<b>465,000</b>

Executives' Remuneration 2014

Executive	Short-term		Post-employment benefits		Share and Option		Total
	Salary	Consulting Fees	Superannuation Contribution	Termination Benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Lindsay Cahill	-	54,083	-	-	-	-	54,083
Robert Van der Laan	-	86,172	-	-	-	-	86,172
<b>Total</b>	<b>-</b>	<b>140,255</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,255</b>
<b>Total Directors' and Executives' Remuneration</b>	<b>162,464</b>	<b>368,570</b>	<b>49,333</b>	<b>-</b>	<b>24,888</b>	<b>-</b>	<b>605,255</b>

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

**Directors' Report (continued)**

**Remuneration Report (audited) (continued)**

Directors' Remuneration 2013

Directors	Short-term		Post-employment benefits		Share and Option Based Payments		Total
	Directors' Fees	Salary and Consulting Fees	Superannuation Contribution	Termination Benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Adrian Griffin	82,569	-	7,431	-	-	22,208*	112,208
Patrick McManus	-	252,294	22,706	-	-	83,281*	358,281
George Sakalidis	45,872	-	4,128	-	-	22,208*	72,208
Gary Johnson	45,872	-	4,128	-	-	22,208*	72,208
<b>Total</b>	<b>174,313</b>	<b>252,294</b>	<b>38,393</b>	<b>-</b>	<b>-</b>	<b>149,905</b>	<b>614,905</b>

\* 1,350,000 \$0.355 options were issued to the directors exercisable on or before 13 November 2015 for their services. The options were valued at \$0.1110 per option. Refer to "Incentive shares and options: Granted and vested during the year" on the page 15 for further details.

Executives' Remuneration 2013

Executives	Short-term		Post-employment benefits		Share and Option Based Payments		Total
	Salary	Consulting Fees	Superannuation Contribution	Termination Benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
Lindsay Cahill	-	154,968	-	-	-	-	154,968
Robert Van der Laan	-	71,580	-	-	-	-	71,580
<b>Total</b>	<b>-</b>	<b>226,548</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>226,548</b>
<b>Total Directors' and Executives' Remuneration</b>	<b>174,313</b>	<b>478,842</b>	<b>38,393</b>	<b>-</b>	<b>-</b>	<b>149,905</b>	<b>841,453</b>

**Incentive shares and options: Granted and vested during the year**

Shares

There were no shares issued to key management personnel as part of the incentive plan during the year ended 30 June 2014 (2013: nil)

Options

There were no options granted to key management personnel as part of the incentive plan during the year ended 30 June 2014.

There were total 1,350,000 options granted to key management personnel as part of the incentive plan during the year ended 30 June 2013.

<b>2013</b>	Options granted during the year	Exercise price	Grant date	Fair Value per options at grant date(i)	Expiry date	Vesting Date (ii)	No. vested during the year	No. lapsed during the year
<b>Directors</b>	No.	\$		\$				
A. Griffin	200,000	0.355	13-Nov-12	0.1110	13-Nov-15	13-Nov-12	200,000	-
P. McManus	750,000	0.355	13-Nov-12	0.1110	13-Nov-15	13-Nov-12	750,000	-
G. Sakalidis	200,000	0.355	13-Nov-12	0.1110	13-Nov-15	13-Nov-12	200,000	-
G. Johnson	200,000	0.355	13-Nov-12	0.1110	13-Nov-15	13-Nov-12	200,000	-
<b>Total</b>	<b>1,350,000</b>						<b>1,350,000</b>	<b>-</b>

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

**Directors' Report (continued)**

**Remuneration Report (audited) (continued)**

**Incentive shares and options: Granted and vested during the year (continued)**

Options (continued)

- (i) The Company 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. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.
- (ii) During the year ended 30 June 2013, a total of 1,350,000 options were issued to the directors under the Employee Option Plan (EOP). The fair value of options granted under the EOP is estimated at the date of grant using a Black-Scholes option pricing methodology, taking into account the terms and services were valued at the market price at the date of issue as the value of the services received could not be reliably measured. Options issued during the period vested at grant date.

<b><u>2013</u></b>	<b>Value of options granted during the year \$</b>	<b>Value of options exercised during the year \$</b>	<b>Value of options lapsed during the year \$</b>	<b>Remuneration consisting of options for the year %</b>
Adrian Griffin	22,208	-	-	19.79%
Patrick McManus	83,281	-	-	23.24%
George Sakalidis	22,208	-	-	30.76%
Gary Johnson	22,208	-	-	30.76%
<b>Total</b>	<b>149,905</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Potash West NL

A.C.N. 147 346 334

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel, which including the directors and executives.

#### (a) Share holdings of Key Management Personnel

	Balance at 1 July 2013 Ordinary	Granted as remuneration Ordinary	On Exercise of Options Ordinary	Net change other Ordinary	Balance at 30 June 2014 Ordinary
<b>2014</b>					
<b>Directors</b>					
Adrian Griffin	5,175,622	99,667	-	615,008	5,890,297
Patrick McManus	2,612,205	249,475	-	522,441	3,384,121
George Sakalidis	947,205	56,420	-	76,975	1,080,600
Gary Johnson	339,121	55,309	-	41,667	436,097
<b>Total</b>	<b>9,074,153</b>	<b>460,871</b>	<b>-</b>	<b>1,256,091</b>	<b>10,791,115</b>
<b>Executives</b>					
Lindsay Cahill	554,863	-	-	3,200,219	3,755,082
Robert Van der Laan	75,000	-	-	6,711,023	6,786,023
<b>Total</b>	<b>629,863</b>	<b>-</b>	<b>-</b>	<b>9,911,242</b>	<b>10,541,105</b>
<b>Total Directors' and Executives Share holdings</b>	<b>9,704,016</b>	<b>460,871</b>	<b>-</b>	<b>11,167,333</b>	<b>21,332,220</b>
	Balance at 1 July 2012 Ordinary	Granted as remuneration Ordinary	On Exercise of Options Ordinary	Net change other Ordinary	Balance at 30 June 2013 Ordinary
<b>2013</b>					
<b>Directors</b>					
Adrian Griffin	3,455,261	-	-	1,720,361	5,175,622
Patrick McManus	1,715,000	-	-	897,205	2,612,205
George Sakalidis	700,517	-	-	246,688	947,205
Gary Johnson	250,000	-	-	89,121	339,121
<b>Total</b>	<b>6,120,778</b>	<b>-</b>	<b>-</b>	<b>2,953,375</b>	<b>9,074,153</b>
<b>Executives</b>					
Lindsay Cahill	300,000	-	-	254,863	554,863
Robert Van der Laan	300,000	-	-	(225,000)	75,000
<b>Total</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>29,863</b>	<b>629,863</b>
<b>Total Directors' and Executives Share holdings</b>	<b>6,720,778</b>	<b>-</b>	<b>-</b>	<b>2,983,238</b>	<b>9,704,016</b>

# Potash West NL

A.C.N. 147 346 334

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### (b) Partly Paid Contributing Shares of Key Management Personnel

<u>2014</u>	Balance at 1 July 2013 Partly Paid	Granted as remuneration Partly Paid	On Exercise of Options Partly Paid	Net change other Partly Paid	Balance at 30 June 2014 Partly Paid
<b>Directors</b>					
Adrian Griffin	-	-	-	2,895,317	2,895,317
Patrick McManus	-	-	-	1,567,323	1,567,323
George Sakalidis	-	-	-	454,705	454,705
Gary Johnson	-	-	-	-	-
<b>Total</b>	-	-	-	<b>4,917,345</b>	<b>4,917,345</b>
<b>Executives</b>					
Lindsay Cahill	-	-	-	1,877,542	1,877,542
Robert Van der Laan	-	-	-	2,823,012	2,823,012
<b>Total</b>	-	-	-	<b>4,700,554</b>	<b>4,700,554</b>
<b>Total Directors' and Executives Share holdings</b>	-	-	-	<b>9,617,899</b>	<b>9,617,899</b>

#### (c) Option holdings of Key Management Personnel

<u>2014</u>	Balance at 1 July 2013 Number	Granted as remuneration Number	Options exercised Number	Net change other Number	Balance at 30 June 2014 Number	Not exercisable Number	Exercisable Number
<b>Directors</b>							
Adrian Griffin	450,000	-	-	59,090	509,090	-	509,090
Patrick McManus	1,250,000	-	-	285,834	1,535,834	-	1,535,834
George Sakalidis	450,000	-	-	25,000	475,000	-	475,000
Gary Johnson	450,000	-	-	41,667	491,667	-	491,667
<b>Total</b>	<b>2,600,000</b>	-	-	<b>411,591</b>	<b>3,011,591</b>	-	<b>3,011,591</b>
<b>Executives</b>							
Lindsay Cahill	500,000	-	-	113,637	613,637	-	613,637
Robert Van der Laan	-	-	-	1,754,534	1,754,534	-	1,754,534
<b>Total</b>	<b>500,000</b>	-	-	<b>1,868,171</b>	<b>2,368,171</b>	-	<b>2,368,171</b>
<b>Total Directors' and Executives Share holdings</b>	<b>3,100,000</b>	-	-	<b>2,279,762</b>	<b>5,379,762</b>	-	<b>5,379,762</b>



# Potash West NL

A.C.N. 147 346 334

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### (c) Option holdings of Key Management Personnel (continued)

<u>2013</u>	Balance at 1 July 2012 Number	Granted as remuneration Number	Options exercised Number	Net change other Number	Balance at 30 June 2013 Number	Not exercisable Number	Exercisable Number
<b>Directors</b>							
Adrian Griffin	250,000	200,000	-	-	450,000	-	450,000
Patrick McManus	500,000	750,000	-	-	1,250,000	-	1,250,000
George Sakalidis	250,000	200,000	-	-	450,000	-	450,000
Gary Johnson	250,000	200,000	-	-	450,000	-	450,000
<b>Total</b>	<b>1,250,000</b>	<b>1,350,000</b>	-	-	<b>2,600,000</b>	-	<b>2,600,000</b>
<b>Executives</b>							
Lindsay Cahill	500,000	-	-	-	500,000	-	500,000
Robert Van der Laan	-	-	-	-	-	-	-
<b>Total</b>	<b>500,000</b>	-	-	-	<b>500,000</b>	-	<b>500,000</b>
<b>Total Directors' and Executives Option holdings</b>	<b>1,750,000</b>	<b>1,350,000</b>	-	-	<b>3,100,000</b>	-	<b>3,100,000</b>

#### (d) Other Transactions with Key Management Personnel

There were no other transactions with key management personnel.

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 page 27 and forms part of this report.

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



Patrick McManus  
Managing Director  
Perth  
Dated: 30 September 2014



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## 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 financial year ended 30 June 2014, 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

Robert Kirkby

Partner

30 September 2014

## **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 of Conduct is available on the Company's website ([www.potashwest.com.au](http://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 its responsibilities and duties. The names of the Directors and their qualifications and experience have been stated in the Directors' Report of the 2014 Annual Report 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
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.

## **Corporate Governance Statement (continued)**

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 à 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 à 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 Managing 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 Board Charter is available on the Company's website ([www.potashwest.com.au](http://www.potashwest.com.au)).

## **Corporate Governance Statement (continued)**

### **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 Disclosure Strategy is available on the Company's website ([www.potashwest.com.au](http://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 includes:

- 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. The Board has implemented an Ongoing Education Framework.

#### **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.

## **Corporate Governance Statement (continued)**

### **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 Shareholder Communication Policy is available on the Company's website ([www.potashwest.com.au](http://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 Share Trading Policy is available on the Company's website ([www.potashwest.com.au](http://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. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. 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 Board Performance Evaluation Policy is available on the Company's website ([www.potashwest.com.au](http://www.potashwest.com.au)).

### **1.4.11 Attestations by Managing Director and CFO**

It is the Board's policy that the Managing Director 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 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.

## **Corporate Governance Statement (continued)**

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 readopted by the Board on 20 September 2011 and is considered a sound strategy for addressing and managing risk. A copy of the Risk Management Strategy is available on the Company's website ([www.potashwest.com.au](http://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.

The Diversity Policy was re-adopted on 1 March 2013 and the Company set the following objectives for the employment of women:

- to the Board – no target set
- to senior management – 20% by 2014
- to the organisation as a whole – 20% by 2014

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

- to the Board – 0%
- to senior management – 14%
- to the organisation as a whole – 30%

The Company recognises that the mining and exploration industry is intrinsically male dominated in many of the operational sectors and the pool of women with appropriate skills will be limited in some instances. Where possible, the Company will seek to identify suitable candidates for positions from a diverse pool. The Company's Diversity Policy is located on its website ([www.potashwest.com.au](http://www.potashwest.com.au)).

## **2. Board Committees**

### **2.1 Audit Committee**

The Audit Committee consists of Mr George Sakalidis, Mr Adrian Griffin and Mr Gary Johnson. The Audit Committee met twice during the financial year ended 30 June 2014 of which Mr George Sakalidis and Mr Adrian Griffin were present at the first meeting and Mr Gary Johnson at the second. A copy of the Audit Committee Charter is available on the Company's website ([www.potashwest.com.au](http://www.potashwest.com.au)).

### **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 Non-Executive Directors, being Mr Gary Johnson, Mr Adrian Griffin and Mr George Sakalidis and the Company Secretary. The Chairman of the Remuneration Committee is Mr Gary Johnson, an independent director. The Remuneration Committee met once during the financial year ended 30 June 2014 and Mr Gary Johnson and Mr Adrian Griffin were present.

#### **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 Managing 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 Managing Director's performance, including, setting with the Managing 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

Managing 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 Directors' Report of the 2014 Annual Report. A copy of the Remuneration Committee Charter is available on the Company's website ([www.potashwest.com.au](http://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 Non-Executive directors, being Mr Gary Johnson, Mr Adrian Griffin and Mr George Sakalidis and the Company Secretary. The Chairman of the Nomination Committee is Mr Gary Johnson, an independent director. The Nomination Committee met once during the financial year ended 30 June 2014 and Mr Gary Johnson and Mr Adrian Griffin were present.

### 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 Managing Director 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 operations. The Company's current directors all have relevant experience in the operations. 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 Nomination Committee Charter is available on the Company's website ([www.potashwest.com.au](http://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 Code of Conduct was re-adopted by resolution of the Board on 29 April 2013. This Code of Conduct 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 endeavour 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.

### **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 of Conduct. A copy of the Code of Conduct is available on the Company's website ([www.potashwest.com.au](http://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.

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

**Corporate Governance Statement (continued)**

	RECOMMENDATION	COMMENT	REFERENCE
<b>1</b>	<b><i>Lay solid foundations for management and oversight</i></b>		
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 <i>Guide to reporting on Principle 1</i> .	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
<b>2</b>	<b><i>Structure the board to add value</i></b>		
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 à 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 Gary Johnson, consisting of Mr George Sakalidis, Mr Adrian Griffin and the Company Secretary.	2.3

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

**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 2013 Annual Report and Corporate Governance Statement and Policies respectively.	1.2, 2.3, 1.4.10, 2.3.2, 1.4.5, 1.4.6, Website
<b>3</b>	<b>Promote ethical and responsible decision-making</b>		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>• the practices necessary to maintain confidence in the company's integrity</li> <li>• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders</li> <li>• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices</li> </ul>	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

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

**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 <i>Guide to reporting on Principle 3</i> .	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
<b>4</b>	<b><i>Safeguard integrity in financial reporting</i></b>		
4.1	The board should establish an audit committee.	A formal Audit Committee has been adopted by the Company.	2.1
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists only of non-executive directors</li> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair, who is not chair of the board</li> </ul> has at least three members.	Mr George Sakalidis (Non-Executive Director – Potash West NL) Mr Adrian Griffin (Non-Executive Chairman – Potash West NL) Mr Gary Johnson (Non-Executive Director – 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 <i>Guide to reporting on Principle 4</i> .	The Company will explain any departures (if any) from recommendations 4.1, 4.2 and 4.3 in its Corporate Governance Statement.	2.1
<b>5</b>	<b><i>Make timely and balanced disclosure</i></b>		
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 Disclosure Strategy 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 <i>Guide to Reporting on Principle 5</i> .	The Company will provide an explanation of any departures (if any) from recommendation 5.1 in its Corporate Governance Statement.	1.4.4, Website
<b>6</b>	<b><i>Respect the rights of shareholders</i></b>		
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

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

**Corporate Governance Statement (continued)**

6.2	Companies should provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	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
<b>7</b>	<b><i>Recognise and manage risk</i></b>		
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 Strategy 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 the Managing Director and 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 Managing Director and the Chief Financial Officer.	1.4.11, 1.4.12 Website
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	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

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

**Corporate Governance Statement (continued)**

<b>8</b>	<b><i>Remunerate fairly and responsibly</i></b>		
8.1	The board should establish a remuneration committee.	A formal Remuneration Committee has been adopted by the Company.	2.2.1
8.2	The remuneration committee should be structured so that it: <ul style="list-style-type: none"> <li>• consists of a majority of independent directors</li> <li>• is chaired by an independent chair</li> <li>• has at least three members.</li> </ul>	The Remuneration Committee is chaired by Mr Gary Johnson, consisting of Mr Adrian Griffin, Mr George Sakalidis 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 <i>Guide to reporting on Principle 8</i> .	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 YEAR ENDED 30 JUNE 2014**

	Note	For the year ended 30 June 2014 \$	For the year ended 30 June 2013 \$
<b>INCOME FROM CONTINUING ACTIVITIES</b>			
<b>REVENUE</b>			
Geological services		660	51,660
Administrative services		35,595	-
Interest		10,120	48,600
		<u>46,375</u>	<u>100,260</u>
<b>OTHER INCOME</b>			
Government grant		558,721	495,262
		<u>605,096</u>	<u>595,522</u>
<b>EXPENSES</b>			
Administration		735,642	1,672,892
Depreciation		20,719	23,809
Share based payments	18	67,735	149,905
Exploration		777,352	2,124,454
Legal		57,750	84,470
Occupancy		71,000	55,000
Remuneration (excluding share based payments)		697,402	678,624
		<u>(1,822,505)</u>	<u>(4,193,632)</u>
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX</b>		<b>(1,822,505)</b>	<b>(4,193,632)</b>
INCOME TAX BENEFIT	4	-	-
NET LOSS FOR THE YEAR		(1,822,505)	(4,193,632)
OTHER COMPREHENSIVE INCOME		-	-
		<u>(1,822,505)</u>	<u>(4,193,632)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(1,822,505)</b>	<b>(4,193,632)</b>
Basic and diluted loss per share (cents per share)	7	(1.72)	(5.85)

*The 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 2014**

	Note	As at 30 June 2014 \$	As at 30 June 2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	164,270	1,157,541
Trade and other receivables	9	48,133	96,141
Other assets	12	18,804	20,753
<b>Total Current Assets</b>		<b>231,207</b>	<b>1,274,435</b>
<b>NON CURRENT ASSETS</b>			
Exploration and evaluation	10	2,500,000	2,500,000
Investment in associate	11	100,000	-
Plant and equipment	13	65,580	86,299
<b>Total Non Current Assets</b>		<b>2,665,580</b>	<b>2,586,299</b>
<b>TOTAL ASSETS</b>		<b>2,896,787</b>	<b>3,860,734</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	297,490	548,066
Provisions	15	46,281	34,286
<b>Total Current Liabilities</b>		<b>343,771</b>	<b>582,352</b>
<b>TOTAL LIABILITIES</b>		<b>343,771</b>	<b>582,352</b>
<b>NET ASSETS</b>		<b>2,553,016</b>	<b>3,278,382</b>
<b>EQUITY</b>			
Issued capital	16	12,754,631	11,725,227
Reserves	17	523,341	455,606
Accumulated losses		(10,724,956)	(8,902,451)
<b>TOTAL EQUITY</b>		<b>2,553,016</b>	<b>3,278,382</b>

*The statement of financial position should be read in conjunction with the accompanying notes.*

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

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2014**

	Issued Capital	Accumulated Losses	Share and Option Based Payment Reserve	Total
	\$	\$	\$	\$
<b>At 1 July 2012</b>				
Opening Balance	9,965,087	(4,708,819)	305,701	5,561,969
Loss for the year	-	(4,193,632)	-	(4,193,632)
Other comprehensive income (net of tax)	-	-	-	-
<b>Total comprehensive loss for the year (net of tax)</b>	<b>9,965,087</b>	<b>(8,902,451)</b>	<b>305,701</b>	<b>1,368,337</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued	1,809,671	-	-	1,809,671
Share issue transaction costs	(49,531)	-	-	(49,531)
Share and option based payments	-	-	149,905	149,905
<b>Balance at 30 June 2013</b>	<b>11,725,227</b>	<b>(8,902,451)</b>	<b>455,606</b>	<b>3,278,382</b>
<b>Balance at 1 July 2013</b>	<b>11,725,227</b>	<b>(8,902,451)</b>	<b>455,606</b>	<b>3,278,382</b>
Loss for the year	-	(1,822,505)	-	(1,822,505)
Other comprehensive income (net of tax)	-	-	-	-
<b>Total comprehensive loss for the year (net of tax)</b>	<b>-</b>	<b>(1,822,505)</b>	<b>-</b>	<b>(1,822,505)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued	1,146,211	-	-	1,146,211
Share issued transaction costs	(116,807)	-	-	(116,807)
Share and option based payments	-	-	67,735	67,735
<b>Balance as at 30 June 2014</b>	<b>12,754,631</b>	<b>(10,724,956)</b>	<b>523,341</b>	<b>2,553,016</b>

*The statement of changes in equity should be read in conjunction with the accompanying condensed notes.*

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

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Note	For the year ended 30 June 2014 \$	For the year ended 30 June 2013 \$
<b>OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(2,491,516)	(4,384,079)
Government grant received		11,139	-
R&D tax rebate		547,582	491,862
Interest received		10,120	48,600
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	22	<b><u>(1,922,676)</u></b>	<b><u>(3,843,617)</u></b>
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment		-	(9,241)
Payment for equity investments		(100,000)	-
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b><u>(100,000)</u></b>	<b><u>(9,241)</u></b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,146,211	1,809,671
Share issue costs		(116,807)	(49,531)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b><u>1,029,404</u></b>	<b><u>1,760,140</u></b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(993,272)	(2,092,718)
Cash and cash equivalents at the beginning of the year		1,157,541	3,250,259
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	8	<b><u>164,270</u></b>	<b><u>1,157,541</u></b>

*The statement of cash flows should be read in conjunction with the accompanying notes.*

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

**Notes to Financial Statements**

**Note 1: Corporate information**

The financial report of Potash West NL for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of directors on 30 September 2014.

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

The nature of operations and principal activities of the Company 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. Potash West NL is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies detailed below have been consistently throughout the year 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**

The Company has adopted the following new and amended Australian Accounting Standard and AASB Interpretations for the reporting year ended 30 June 2014:

Reference	Title	Application date of standard	Application date for Group
AASB 10	Consolidated Financial Statements AASB 10 establishes a new control model that applies to all entities	1 January 2013	1 July 2013
AASB 11	Joint Arrangements AASB 11 replaces AASB 131 <i>Interests in Joint Ventures</i> and UIG-113 <i>Jointly- controlled Entities - Non-monetary Contributions by Ventures</i> .	1 January 2013	1 July 2013
AASB 12	Disclosure of Interests in Other Entities AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities.	1 January 2013	1 July 2013
AASB 13	Fair Value Measurement AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities.	1 January 2013	1 July 2013

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

**Notes to Financial Statements**

**Note 2: Statement of significant accounting policies (continued)**

**(b) Adoption of new and revised standards (continued)**

Reference	Title	Application date of standard	Application date for Group
AASB 119	Employee Benefits The main change introduced by this standard is to revise the accounting for defined benefit plans.	1 January 2013	1 July 2013

The adoption of these new and revised standards has not resulted in any significant changes to the Company's accounting policies or to the amounts reported for the current or prior periods.

Accounting Standards and Interpretations issued but not yet effective:

Reference	Title	Application date of standard	Application date for Group
AASB 2012-3	Amendments to Australian Accounting Standards - <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014	1 July 2014
Interpretation 21	<i>Levies</i>	1 January 2014	1 July 2014
AASB 9/IFRS 9	<i>Financial Instruments</i>	1 January 2018	1 July 2018
AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014	1 July 2014
AASB 2013-4	Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]	1 January 2014	1 July 2014
AASB 2013-5	Amendments to Australian Accounting Standards – Investment Entities [AASB 1, AASB 3, AASB 7, AASB 10, AASB 12, AASB 107, AASB 112, AASB 124, AASB 127, AASB 132, AASB 134 & AASB 139]	1 January 2014	1 July 2014
AASB 2013-7	Amendments to AASB 1038 arising from AASB 10 in relation to Consolidation and Interests of Policyholders [AASB 1038]	1 January 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	1 July 2014	1 July 2014
AASB 2014-1 Part A -Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	1 July 2014	1 July 2014
AASB 1031	<i>Materiality</i>	1 January 2014	1 July 2014

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

**Notes to Financial Statements**

**Note 2: Statement of significant accounting policies (continued)**

**(b) Adoption of new and revised standards (continued)**

Reference	Title	Application date of standard	Application date for Group
AASB 2013-9	<i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i>		
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	1 January 2016	1 July 2016
AASB 2014-1 Part B Amendments to AASB 119	Amendments to Australian Accounting Standards - Part B Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)	1 July 2014	1 July 2014
IFRS 15	Revenue from Contracts with Customers	1 January 2017	1 July 2017

The impact of the above new and revised standards is yet to be determined.

**(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 year in which the estimate is revised if it affects only that year or in the year of the revision and future years if the revision affects both current and future years.

*Share-based payment transactions*

The Company measures the share-based payment transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

*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.

**Notes to Financial Statements (continued)**

**Note 2: Statement of significant accounting policies (continued)**

**(d) Critical accounting estimates and judgements (continued)**

*Impairment of capitalised exploration and evaluation expenditure*

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

**(e) Share-based payment transactions**

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in equity based payments expense (Note 18).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 7).

**(f) Going concern**

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The Company has incurred a net loss for the year ended 30 June 2014 of \$1,822,505 (2013: \$4,193,632) and experienced net cash outflows from operating activities of \$1,922,676 (2013: \$3,843,617). At the end of the reporting year, the Directors recognise the need to raise additional funds via equity raising to fund future planned exploration activities.

The Directors have reviewed the Company's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Company will be successful in securing additional funds through the equity issue.

**Notes to Financial Statements (continued)**

**Note 2: Statement of significant accounting policies (continued)**

**(f) Going concern (continued)**

Should the Company not achieve the matters set out above, there is significant uncertainty whether the Company will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Company not be able to continue as a going concern.

**(g) 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.

**(h) 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 two 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.



**Notes to Financial Statements (continued)**

**Note 2: Statement of significant accounting policies (continued)**

**(i) Income tax**

Current tax assets and liabilities for the current year and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current year'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 utilised 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 utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised 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 realised 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 recognised directly in equity are recognised 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.

**(j) 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 recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**Notes to Financial Statements (continued)**

**Note 2: Statement of significant accounting policies (continued)**

**(j) 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.

**(k) 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 from the passage of time is recognised 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 recognised 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 recognised when the leave is taken and measured at the rates paid or payable.

ii. Long service leave

The liability for long service leave is recognised 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.

**(l) 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 Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Notes to Financial Statements (continued)**

**Note 2: Statement of significant accounting policies (continued)**

**(m) Receivables**

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

Collectability of 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.

**(n) Prepayments**

Prepayment for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in the other assets in the balance sheet.

**(o) Revenue recognition**

Revenue is recognised 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 Income*

Income is recognised 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.

*Fee Income*

Revenue from geological services provided is recognised as the services are rendered, the revenue and the costs incurred or to be incurred in respect of the transactions can be measured reliably and the economic benefits associated with the transaction will flow to the Company.

*Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grants.

**(p) 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.

**(q) Trade and other payables**

Trade payables and other payables are carried at amortised 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.

## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (r) 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 recognised 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.

#### (s) 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 recognised 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) 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 amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised 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 amortised cost, gains and losses are recognised in profit and loss when the investment are derecognised or impaired, as well as through the amortisation process.

##### *(ii) 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 amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

#### (t) 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 recognised 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.

**Notes to Financial Statements (continued)**

**Note 2: Statement of significant accounting policies (continued)**

**(u) 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.

**(v) Investment in associate**

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

**Note 3: Segment information**

The Company has based its operating segment on the internal reports that are reviewed and used by the executive management team ("Chief Operating Decision Makers") 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.

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

**Notes to Financial Statements (continued)**

**Note 4: Income tax**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Income tax expense/(benefit)</b>		
Current tax	-	-
Deferred tax	-	-
Adjustments for current tax of prior years	-	-
Total tax expense/(benefit)	-	-
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Loss from continuing operations before income tax expense	(1,822,505)	(4,193,632)
Prima facie tax benefit at the Australian tax rate of 30%	(546,751)	(1,258,090)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share based payment	-	44,972
Non-deductible expenses	7,366	9,316
Non-assessable income	(164,275)	-
Capital raising costs deductible	(35,042)	(14,859)
Deferred tax assets not brought to account	738,702	1,218,661
Income tax expense/(benefit)	-	-
<b>(c) Deferred tax assets</b>		
Accrued expenses	7,500	7,500
Employee entitlement provisions	13,884	10,286
Tax losses	3,920,326	3,206,606
	3,941,710	3,224,392
Deferred tax asset not recognised	(3,191,710)	(2,474,392)
	750,000	750,000
Offset against deferred tax liabilities	(750,000)	(750,000)
Net deferred tax assets	-	-
<b>(d) Deferred tax liabilities</b>		
Exploration tenement	750,000	750,000
	750,000	750,000
Offset against deferred tax assets	(750,000)	(750,000)
Net deferred tax liabilities	-	-

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

**Notes to Financial Statements (continued)**

**Note 5: Directors' and Executives' remuneration**

	2014 \$	2013 \$
Short-term employee benefits	531,034	653,155
Post-employment benefits	49,333	38,393
Termination benefits	-	-
Share-based payment	24,888	149,905
<b>Total compensation</b>	<b>605,255</b>	<b>841,453</b>

**Note 6: Auditor's remuneration**

	2014 \$	2013 \$
Remuneration of the auditor of the Company for:		
- auditing or reviewing the financial report	42,745	41,200
- research & development tax concession	33,440	28,253
- tax agent	4,632	10,635
	<b>80,817</b>	<b>80,088</b>

**Note 7: Earnings per share**

	2014 \$	2013 \$
Basic loss per share (cents per share)	1.72	5.85
Diluted loss per share (cents per share)	1.72	5.85
Net loss	(1,822,505)	(4,193,632)
Loss used in calculating basic and diluted loss per share	(1,822,505)	(4,193,632)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic and diluted (loss)/earnings per share	106,144,476	71,864,583

During the year there were no listed or key management personnel options exercised.

The options issued under Employee Option Plan (EOP) are not considered dilutive for the purpose of the calculation of diluted earnings/loss per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share. Consequently, diluted earnings/loss per share is the same as basic earnings per share.

Subsequent to the reporting date, the Company undertook a capital raising, raising a total of \$826,275 before costs at \$0.035 per share. Total 23,604,857 ordinary shares have been issued as a result of the capital raising and 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.

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

**Notes to Financial Statements (continued)**

**Note 8: Cash and cash equivalents**

	30-Jun-14 \$	30-Jun-13 \$
Cash at bank and on hand	164,270	1,157,541
	<b>164,270</b>	<b>1,157,541</b>

Reconciliation of cash and cash equivalents

Cash at the end of financial period is shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

Cash and cash equivalents	164,270	1,157,541
---------------------------	---------	-----------

**Note 9: Trade and other receivables**

	30-Jun-14 \$	30-Jun-13 \$
Trade debtors	14,837	23,298
GST Receivables	33,296	72,843
	<b>48,133</b>	<b>96,141</b>

- (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.

**Ageing Analysis**

	Current	90 – 120 Days	120 – 180 Days	180 + Days	Total
<b>30 June 2014</b>					
<b>Financial assets</b>					
Trade and other receivables	46,525	1,608-	-	-	48,133
<b>Financial liabilities</b>					
Trade and other payables	297,490	-	-	-	297,490
Loans and borrowings	-	-	-	-	-
<b>Net Maturity</b>	<b>(250,965)</b>	<b>1,608</b>	<b>-</b>	<b>-</b>	<b>(249,357)</b>
<b>30 June 2013</b>					
<b>Financial assets</b>					
Trade and other receivables	96,141	-	-	-	96,141
<b>Financial liabilities</b>					
Trade and other payables	548,066	-	-	-	548,066
Loans and borrowings	-	-	-	-	-
<b>Net Maturity</b>	<b>(451,925)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(451,925)</b>



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

**Notes to Financial Statements (continued)**

**Note 10: Exploration expenditure**

	30-Jun-14 \$	30-Jun-13 \$
Acquisition of mineral rights - Dandaragan Trough tenements	2,500,000	2,500,000
	<b>2,500,000</b>	<b>2,500,000</b>

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: Investment in associate**

	30-Jun-14 \$	30-Jun-13 \$
Investment - East Exploration Pty Ltd	100,000	-
	<b>100,000</b>	-

On 24 April 2014, the Company has entered agreement with Lufgan Nominees Pty Ltd and RL Holdings Pty Ltd to set up a new company called East Exploration Pty Ltd and acquires exploration permits in respect of the tenements and developing the tenements in Germany, which is the principal place of business. Upon signing of the Heads of Agreement, the Company agrees to subscribe 100,000 shares at \$1.00 per share in East Exploration Pty Ltd to acquire its first 25% interest in the project. Subsequent to year end, the Company is earning a further 30% of East Exploration Pty Ltd to take the total holding to 55% by funding the application for two exploration licences and the geological appraisal of information already available on the area. The investment in East Exploration Pty Ltd has been accounted for using the equity method. As at 30 June 2014, East Exploration Pty Ltd holds current assets of \$100,000 representing cash received through the subscription of 100,000 shares to Potash West NL. There has been no further activity impacting the financial information of East Exploration Pty Ltd. There are no commitment or contingent liabilities.

**Note 12: Other assets**

	30-Jun-14 \$	30-Jun-13 \$
Prepayments	18,804	20,753
	<b>18,804</b>	<b>20,753</b>

**Note 13: Plant and equipment**

	Office Equipment \$	Plant and Equipment \$	Computer Software \$	Total \$
<b>At 30 June 2013</b>				
Cost	9,465	59,458	31,944	100,867
Additions	3,466	-	5,775	9,241
Accumulate depreciation	(3,142)	(11,876)	(8,791)	(23,809)
<b>Closing net carrying value</b>	<b>9,789</b>	<b>47,582</b>	<b>28,928</b>	<b>86,299</b>
<b>Year ended 30 June 2014</b>				
Opening net carrying value	9,789	47,582	28,928	86,299
Additions	-	-	-	-
Depreciation charge for the year	(3,292)	(9,503)	(7,924)	(20,719)
<b>Closing net carrying value</b>	<b>6,497</b>	<b>38,079</b>	<b>21,004</b>	<b>65,580</b>

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

**Notes to Financial Statements (continued)**

<b>Note 14: Trade and other payables</b>	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Unsecured liabilities		
Trade payables	297,490	548,066
	<b>297,490</b>	<b>548,066</b>

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

**Note 15: Provisions**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Employee benefits	46,281	34,286
	<b>46,281</b>	<b>34,286</b>

**Note 16: Contributed equity**

	<b>30-Jun-14</b>		<b>30-Jun-13</b>	
	<b>No.</b>	<b>\$</b>	<b>No.</b>	<b>\$</b>
Ordinary shares - fully paid	113,806,148	13,047,840	92,021,064	11,960,252
Contributing Shares - partly paid	35,960,024	-	-	-
	<b>149,766,172</b>	<b>13,047,840</b>	<b>92,021,064</b>	<b>11,960,252</b>

Effective 1 July 1998, the corporation legislation abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised 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.

When managing capital (which is defined as the Company's total equity amounting \$2,553,016, (2013: \$3,278,382), the Board'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. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available 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:**

	<b>Note</b>	<b>2014 Number</b>	<b>2013 Number</b>
At the beginning of reporting year		92,021,064	83,795,833
Issue of 8,223,344 shares to existing shareholders via renounceable entitlement issue	16.1	-	8,223,344
Issue of 1,887 shares via exercising options	16.2	-	1,887
Issue of 2,000,000 shares via private share placement	16.3	2,000,000	-
Issue of 8,174,790 shares via non-renounceable entitlement issue	16.4	8,174,790	-
Issue of 10,649,423 shares via non-renounceable entitlement shortfall issue	16.5	10,649,423	-
Issue of 460,871 shares to directors and senior management via remuneration sacrifice share plan	16.6	460,871	-
Issue of 500,000 shares to consultant in lieu of services provided	16.7	500,000	-
		<b>113,806,148</b>	<b>92,021,064</b>
Reserved shares		(2,110,871)	(1,150,000)
<b>At the end of the reporting year</b>		<b>111,695,277</b>	<b>90,871,064</b>

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

**Notes to Financial Statements (continued)**

**Note 16: Contributed equity (continued)**

	Note	2014 \$	2013 \$
At the beginning of reporting year		11,960,252	10,200,112
Issue of 8,223,344 shares to existing shareholders via renounceable entitlement issue	16.1	-	1,809,671
Issue of 2,000,000 shares via private share placement	16.3	200,000	-
Issue of 8,174,790 shares via non-renounceable entitlement issue	16.4	408,740	-
Issue of 10,649,423 shares via non-renounceable entitlement shortfall issue	16.5	532,471	-
Issue of 460,871 shares to directors and senior management via remuneration sacrifice share plan	16.6	24,887	-
Issue of 500,000 shares to consultant in lieu of services provided	16.7	25,000	-
Shares to be issued to Steda Nominees Pty Ltd via private share placement	16.8	5,000	-
Shares to be issued under the director and senior management fee and remuneration sacrifice share plan	16.9	8,296	-
Equity raising costs	16.10	(116,807)	(49,531)
		<b>13,047,839</b>	<b>11,960,252</b>
Reserved shares		(293,208)	(235,025)
<b>At the end of the reporting year</b>		<b>12,754,631</b>	<b>11,725,227</b>

**Movements in partly paid contributing shares on issue of the legal parent are:**

	Note	2014 Number	2013 Number
At the beginning of reporting year		-	-
Issue of 35,960,024 partly paid contributing shares pursuant to non-renounceable entitlement issue	16.11	35,960,024	-
<b>At the end of the reporting year</b>		<b>35,960,024</b>	<b>-</b>

Outstanding amount per partly paid contributing share at 30 June 2014 is \$0.049 (2013: Nil).

The partly paid contributing shares are issued with 35,960,024 outstanding calls of 4.9 cents each. The dates for the future calls are not before 30 June 2014. The partly paid contributing shares carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid contributing shares carry the right to vote in proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The company must then offer the shares forfeited for public auction within six weeks of the call becoming payable.

- 16.1 The issue of 8,223,344 shares to existing shareholders at \$0.22 per share via renounceable entitlement issue.
- 16.2 The issue of 1,887 shares as \$0.30 listed options expiring 15 March 2015 exercised during the year.
- 16.3 The issue of 2,000,000 shares at \$0.10 per share via private share placement.
- 16.4 The issue of 8,174,790 shares to existing shareholders at \$0.05 per share via non-renounceable entitlement issue.
- 16.5 The issue of 10,649,423 shares to existing shareholders at \$0.05 per share via non-renounceable entitlement shortfall issue.

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

**Notes to Financial Statements (continued)**

**Note 16: Contributed equity (continued)**

- 16.6 The issue of 460,871 shares to directors and senior management at \$0.054 per share via director fee and remuneration sacrifice share plan.
- 16.7 The issue of 500,000 shares to consultant at \$0.05 per share in lieu of services provided.
- 16.8 Shares to be issued to Steda Nominees Pty Ltd at \$0.05 per share via private share placement.
- 16.9 Shares to be issued to directors and senior management via director fee and remuneration sacrifice share plan. Shares have not yet been issued, with the number of shares to be determined at issue date, dependent on the market share price.
- 16.10 For the year 2014, the payment of costs incurred by the Company in relation to equity raising and listing of the Company's shares and of \$116,807 (2013: \$49,531).
- 16.11 The issue of 35,960,024 partly paid contributing shares pursuant to non-renounceable entitlement bonus issue.

**Note 17: Share based payment reserve**

	<b>Note</b>	<b>30-Jun-14 Number</b>	<b>30-Jun-13 Number</b>
At the beginning of reporting year		4,450,000	3,100,000
Issue of 1,350,000 options for option based payment	17.1	-	1,350,000
Issue of 500,000 options for option based payment	17.2	500,000	-
Issue of 460,871 shares for share based payment	16.6	460,871	-
Issue of 500,000 shares for share based payment	16.7	500,000	-
<b>At the end of the reporting year</b>		<b>5,910,871</b>	<b>4,450,000</b>

	<b>Note</b>	<b>30-Jun-14 \$</b>	<b>30-Jun-13 \$</b>
At the beginning of reporting year		455,606	305,701
Amount expensed for options issued to directors. 1,350,000 options with exercise price of \$0.355	17.1	-	149,905
Amount expensed for options issued to consultant. 500,000 options with exercise price of \$0.15	17.2	9,552	-
Amount expensed for shares issued to directors and senior management under the Remuneration Sacrifice Share Plan. 460,871 shares at \$0.054 per share	16.6	24,887	-
Amount expensed for shares issued to consultant in lieu of services provided. 500,000 share at \$0.05 per share	16.7	25,000	-
Shares to be issued under the Director and Senior Management Fee and Remuneration Sacrifice Share Plan	16.9	8,296	-
<b>At the end of the reporting year</b>		<b>523,341</b>	<b>455,606</b>

- 17.1 The issue of 1,350,000 \$0.355 options exercisable on or before 13 November 2015 on 12 November 2012 to Directors. Please refer to Note 18 for further explanation.
- 17.2 The issue of 500,000 \$0.15 options exercisable on or before 7 February 2017 on 6 February 2014 to consultant. Please refer to Note 18 for further explanation.

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

**Notes to Financial Statements (continued)**

**Note 18: Equity based payments**

**Expenses arising from share-based payment and option-based payment transactions**

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

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Options issued in consideration for services. See note 17.2	9,552	149,905
Shares issued under the director and senior management fee and remuneration sacrifice share plan. See note 16.6 and 16.9	33,183	-
Shares issued in consideration of services. See note 16.7	25,000	-
	<b>67,735</b>	<b>149,905</b>

During the 2014 financial year, 500,000 options were issued to consultant under the Employee Option Plan (EOP). The fair value of options granted under the EOP is estimated at the date of grant using a Black-Scholes option pricing methodology, taking into account the terms and services were valued at the market price at the date of issue as the value of the services received could not be reliably measured. Options issued during the period vested at grant date.

Under the Management fee and remuneration sacrifice share plan, the eligible directors and senior management of the Company may elect to sacrifice part of their directors' fees or consulting fees to acquire Shares in the Company. Under the Plan, the relevant directors and senior management will receive the remainder of their directors' fees or consulting fees in cash. As such, the Shares will be issued for nil cash consideration and will be valued at market fair value. The Plan has been approved by the shareholders during 2013 AGM. The associated shares for the sacrificed amount up to March 2014 have been issued to the directors who have elected to sacrifice part of their directors' fees, with remaining associated shares to be issued in next financial year.

On 8 April 2014 and 20 June 2014, a total of 500,000 shares were issued to a consultant for services provided to the Company at a market value, \$0.05 per share.

The fair value of the shares and options granted for the year ended 30 June 2014 was estimated on the date of grant using the following assumptions:

	<b>30-June-2014</b>	<b>30-June-2013</b>
Dividend yield (%)	Nil	Nil
Expected volatility* (%)	75	75
Risk-free interest rate (%)	2.5	3
Expected life (years)	3	3 to 5
Share price (\$)	See below tables:	See below tables:

	<b>2014</b>	<b>2014</b>	<b>2013</b>	<b>2013</b>
<b>Share-based payment plans</b>	<b>Number</b>	<b>WAEP</b>	<b>Number</b>	<b>WAEP</b>
Outstanding at 1 July	1,150,000	\$0.2040	1,150,000	\$0.2040
Granted during the year	960,871	\$0.0500	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	<b>2,110,871</b>	<b>\$0.1348</b>	<b>1,150,000</b>	<b>\$0.2040</b>
Exercisable at 31 December	-	-	-	-

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

**Notes to Financial Statements (continued)**

**Note 18: Equity based payments (continued)**

<u>Option-based payment plans</u>	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at 1 July	2,600,000	\$0.3189	1,250,000	\$0.2800
Granted during the year			1,350,000	\$0.3550
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	2,600,000	\$0.3189	2,600,000	\$0.3189
Exercisable at 31 December	-	-	-	-

\* Volatility was determined using considered judgement as to the volatility of the share price over the vesting period.

<u>Option-based payments (to consultants)</u>	2014 Number	2014 WAEP	2013 Number	2013 WAEP
Outstanding at 1 July	700,000	\$0.3570	700,000	\$0.3570
Granted during the year	500,000	\$0.1500	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at 31 December	1,200,000	\$0.2708	700,000	\$0.3570
Exercisable at 31 December	-	-	-	-

**Note 19: Commitments**

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

	2014 \$	2013 \$
Within 1 year	1,000,500	961,000
1 to 2 years	1,000,500	961,000
Total	2,001,000	1,922,000

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 2014. These figures are adjusted at the anniversary date of each tenement and therefore the total can change on a monthly basis.

- (ii) Mr Patrick McManus was appointed as Managing Director on 23 November 2010. Pursuant to an agreement dated 23 November 2010 and resolution passed at the 2012 Annual General Meeting, his salary is set at \$275,000 per annum inclusive of superannuation requirement, effective from 1 July 2012. The agreement can be terminated by either party by giving three months' notice or payment of three months' salary in lieu of notice being \$68,750.

**Note 20: Contingent liabilities**

There are no contingent liabilities as at 30 June 2014 (2013: Nil).

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

**Notes to Financial Statements (continued)**

**Note 21: Related party transactions**

	30-Jun-14 \$	30-Jun-13 \$
Consulting fees were paid to Strategic Metallurgy Pty Ltd, a company of which Gary Johnson is a director and shareholder	340,785	614,614

The Company issued 15,000,000 shares to Barclay Wells Ltd for the Contingent Entitlement shares in 2011 year (Nil: 2014 year). The Contingent Entitlement share Trustee has entered into a declaration of trust under which it declares that it holds the Contingent Entitlement shares on trust for certain shareholders of the Company ('Eligible Beneficiaries'), being those shareholders who hold at least 10,000 shares in the Company as the Listing Date and who hold at least one share in the Company on the first Business Day following the date that all shares in respect of which the ASX imposes restrictions as a condition to the listing cease to be restricted securities ('the Entitlement Date'). These shares are held in Share Plan Trust on behalf of the Company and accounted for as reserve shares with nil value.

During the year, the 15,000,000 Contingent Entitlement shares were transferred from the Share Plan Trust to the Eligible Beneficiaries accordingly.

In 2012 financial year, 1,150,000 shares were issued under the Employee Share Plan (ESP) accounted for as in-substance options. The Company has provided each employee with a Resource Loan up to the amount payable in respect of the shares. The employee must repay the Loan in full prior to expiry of the Loan Term but may elect to repay the Loan Amount in respect of any or all of the Plan Shares at any time prior to expiry of the Loan Term.

**Note 22: Cash flow information**

	30-Jun-14 \$	30-Jun-13 \$
Reconciliation of cash flow from operations with (loss)/profit from ordinary activities after income tax		
Loss from ordinary activities after income tax	(1,822,505)	(4,193,632)
Depreciation and amortisation	20,719	23,809
Expenses settled via equity issues	67,735	149,905
Changes in assets and liabilities		
(Increase)/decrease in receivables	49,957	(5,395)
Increase/(decrease) in payables	(250,576)	170,487
Increase/(decrease) in provisions	11,994	11,209
<b>Cash flows from operations</b>	<b>(1,922,676)</b>	<b>(3,843,617)</b>

**Note 23: 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 after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

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

**Notes to Financial Statements (continued)**

**Note 23: Financial risk management objectives and policies (continued)**

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.

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$	Interest Rate Risk Sensitivity			
						-10% Profit \$	Equity \$	10% Profit \$	Equity \$
<b>2014</b>									
<b>Financial Assets</b>									
Cash	2.35	92,968	-	71,302	164,270	-153	-153	153	153
Receivables		-	-	48,133	48,133				
<b>Total Financial Assets</b>		<b>92,968</b>	<b>-</b>	<b>119,435</b>	<b>212,403</b>				
<b>Financial Liabilities</b>									
Trade creditors		-	-	297,490	297,490				
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>297,490</b>	<b>297,490</b>				

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$	Interest Rate Risk Sensitivity			
						-10% Profit \$	Equity \$	10% Profit \$	Equity \$
<b>2013</b>									
<b>Financial Assets</b>									
Cash	2.75	1,097,848	-	59,693	1,157,541	-2,113	-2,113	2,113	2,113
Receivables		-	-	96,141	96,141				
<b>Total Financial Assets</b>		<b>1,097,848</b>	<b>-</b>	<b>155,834</b>	<b>1,253,682</b>				
<b>Financial Liabilities</b>									
Trade creditors		-	-	548,066	548,066				
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>548,066</b>	<b>548,066</b>				

A sensitivity of 10% (2013: 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 2014 from around 2.35% to 2.12% (2013: 2.75% to 2.48%) representing a 23.5 basis points (2013: 27.5 basis points) downwards shift, which is 16.5 basis points (2013: 19.3 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.

(a) 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, which is consistent with the prior year.



**Notes to Financial Statements (continued)**

**Note 23: Financial risk management objectives and policies (continued)**

(b) 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 recognised on the statement of financial position is generally limited to the carrying amount.

Cash is maintained with National Australia Bank.

**Note 24: Subsequent events**

On 9 July 2014, the Company successfully raised \$826,275 before costs through private placement. Proceeds of the placement will be directed to ongoing project development activities on Dandaragan Trough projects.

On 29 July 2014, the Company announced it is earning an interest in a potash project in Germany. Potash West NL has the right to earn up to 55% of East Exploration Pty Ltd by funding early exploration. The first tranche of \$100,000 was paid during the financial year to acquire its first 25% earning interest in the project and an additional \$50,000 was paid on 12 August 2014 to increase its earning interest in the project.

On 20 August 2014, the Company announced the acquisition of an additional 300 km<sup>2</sup> of prospective ground within the Dandaragan Trough Project. The tenement was formerly held by Dempsey Minerals Ltd ("Dempsey") and the Company has agreed to purchase the technical data generated by Dempsey for 200,000 fully paid ordinary shares and 0.4% Net Smelter Royalty.

**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 40 to 65 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 2014 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) subject to the matters discussed in Note 2(f), 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 2014. This declaration is made in accordance with a resolution of the directors.



Patrick McManus  
Managing Director  
Perth  
Dated: 30 September 2014

## Independent auditor's report to the 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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### 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 of the financial report that gives a true and fair view 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.

## 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 company's financial position as at 30 June 2014 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.

## Emphasis of Matter

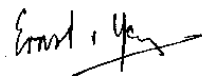
Without qualifying our opinion, we draw attention to Note 2 (f) in the financial report which describes the principal conditions that raise doubt about the company's ability to continue as a going concern.. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

## Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. 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 2014, complies with section 300A of the *Corporations Act 2001*.



Ernst & Young



Robert Kirkby  
Partner  
Perth

30 September 2014

**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 and option holders are shown in Tables 2, 3 and 4. Substantial shareholder notices that have been received by the Company are set out in Table 5.

**Table 1**  
**Shareholder spread as at 28 August 2014**

*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)*

<b>Spread of Holdings</b>	<b>No. Holders PWN</b>	<b>No. Holders PWNCA</b>	<b>No. Holders PWNO</b>
1-1,000	103	29	120
1,001-5,000	256	138	237
5,001-10,000	216	140	62
10,001-100,000	821	292	74
100,001 - and over	166	53	12
Total number of holders of securities	1,562	652	505
Total number of securities	137,414,005	35,960,024	8,221,457

**Table 2**  
**Top twenty shareholders as at 28 August 2014**

<b>Shareholder</b>	<b>No. Shares</b>	<b>Percentage</b>
1 Citicorp Nominees Pty Limited	15,633,457	11.377
2 UOB Kay Hian Private Limited <Clients A/C>	9,549,745	6.950
3 Mr Robert Peter Van der Laan	6,337,645	4.612
4 Mr Adrian Christopher Griffin	5,077,045	3.695
5 HSBC Custody Nominees (Australia) Limited	4,140,284	3.013
6 Mr John Stephen Bladon Millward	3,727,814	2.713
7 Torbinup Resources Pty Ltd	3,558,057	2.589
8 Mr Patrick Bernard McManus & Mrs Vivienne Edwin McManus <McManus Super Fund A/C>	3,107,230	2.261
9 Mr Dennis Bell	2,857,143	2.079
10 Gilpin Park Pty Ltd <The JJH No 1 A/C>	2,855,000	2.078
11 Sept Rogues Ltd	1,827,781	1.330
12 Nutsville Pty Ltd <Indust Electric Co S/F A/C>	1,740,000	1.266
13 J P Morgan Nominees Australia Limited	1,438,384	1.047
14 Richmond Resources Pty Ltd	1,395,834	1.016
15 National Nominees Limited	1,368,233	0.996
16 Chaoyang Zheng	1,305,559	0.950
17 Pontian Orico Plantations SDN BHD	1,192,970	0.868
18 Mr Frederick Denis L'Aime	1,182,997	0.861
19 Rajendram Chandrika	1,152,779	0.839
20 Potash West NL <Employee Share Loan A/C>	1,150,000	0.837
	<b>70,597,957</b>	<b>51.376</b>

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

**Shareholder Information (continued)**

**Table 3**  
**Top twenty partly paid shareholders as at 28 August 2014**

	<b>Shareholder</b>	<b>No. Shares</b>	<b>Percentage</b>
1	Mr Robert Peter Van der Laan	2,598,823	7.227
2	Mr Adrian Christopher Griffin	2,575,931	7.163
3	HSBC Custody Nominees (Australia) Limited	2,050,559	5.702
4	Mr John Stephen Bladon Millward	1,863,907	5.183
5	Torbinup Resources Pty Ltd	1,779,029	4.947
6	Roberin Pty Ltd <McManus Family A/C>	1,553,615	4.320
7	Sept Rogues Ltd	913,891	2.541
8	Mrs Anjana Nandha	911,091	2.534
9	Citicorp Nominees Pty Limited	779,509	2.168
10	Richmond Resources Pty Ltd	697,917	1.941
11	National Nominees Limited	655,817	1.824
12	J P Morgan Nominees Australia Limited	637,255	1.772
13	Mr Frederick Denis L'Aime	591,499	1.645
14	Potash West NL <Employee Share Loan A/C>	575,000	1.599
15	Ossart Holdings Pty Ltd <The OT Family A/C>	494,556	1.375
16	Financial & Business Planning Super Fund Pty Ltd	456,713	1.270
17	Mr Bruno Carraro & Mrs Giuseppina Carraro <Investment A/C>	415,422	1.155
18	Nutsville Pty Ltd <Indust Electric Co S/F A/C>	400,000	1.112
19	Mr Dale Brendan Johnstone	400,000	1.112
20	Mr Brent Arthur Cotsworth	295,376	0.821
		<b>20,645,910</b>	<b>57.414</b>

**Table 4**  
**Top twenty option holders as at 28 August 2014**

	<b>Optionholder</b>	<b>No. Options</b>	<b>Percentage</b>
1	Mr Robert Peter Van der Laan	1,482,034	18.026
2	Mr Matthew Burford	870,000	10.582
3	Ossart Holdings Pty Ltd <The OT Family A/C>	500,001	6.082
4	Goffacan Pty Ltd	365,223	4.442
5	HSBC Custody Nominees (Australia) Limited	340,839	4.146
6	Roberin Pty Ltd <McManus Family A/C>	283,334	3.446
7	Mr Gregory John Miller	220,000	2.676
8	Mr Riley Stuart Kemp	150,000	1.824
9	J P Morgan Nominees Australia Limited	148,148	1.802
10	Mr John Stephen Bladon Millward	134,471	1.636
11	Mr John Culton Speak & Mrs Verna Jean Speak	125,000	1.520
12	Torbinup Resources Pty Ltd	113,637	1.382
13	Timothy Pascoe Pty Ltd <Super Fund Account>	100,000	1.216
14	Mr Lip Bee Seet & Mrs Elsie Yuen <Yuen Family Account>	90,000	1.095
15	Mr Martin Cornelis Krowinkel	89,195	1.085
16	Mr Bruno Carraro & Mrs Giuseppina Carraro <Investment A/C>	83,334	1.014
17	Kahl Nominees Pty Ltd <Kahl (2007) Super Fund A/C>	80,392	0.978
18	Coombe Nominees (Qld) Pty Ltd <Coombe Super Fund A/C>	80,000	0.973
19	Mr Vasso Massonic & Mrs Victoria Jean Massonic	80,000	0.973
20	Financial & Business Planning Super Fund Pty Ltd	75,000	0.912
		<b>5,410,608</b>	<b>65.811</b>

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

**Shareholder Information (continued)**

**Table 5**  
**Substantial shareholders as at 28 August 2014**

<u>Shareholder</u>	<u>No. of shares</u>	<u>Percentage</u>
Nil	-	-

**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.

**Unlisted options as at 30 June 2014**

Details of unlisted option holders are as follow:

<b>Class of unlisted options</b>	<b>No. Options</b>
Options exercisable at \$0.40 on or before 8 September 2016	100,000
Holders of more than 20% of this class	1
Options exercisable at \$0.60 on or before 8 September 2016	100,000
Holders of more than 20% of this class	1
Options exercisable at \$0.30 on or before 8 September 2014	500,000
Holders of more than 20% of this class	1
Options exercisable at \$0.28 on or before 30 November 2014	1,250,000
Holders of more than 20% of this class	1
Options exercisable at \$0.355 on or before 13 November 2015	1,350,000
Holders of more than 20% of this class	1
Options exercisable at \$0.13 on or before 25 October 2015	1,000,000
Holders of more than 20% of this class	2
Options exercisable at \$0.15 on or before 7 February 2017	500,000
Holders of more than 20% of this class	1

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

**Tenement Register**

**Tenements (Australia) as at 27 August 2014**

<b>Tenements Name</b>	<b>Project</b>	<b>Holder</b>	<b>Details</b>
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
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
Mogumber	E70/4124	Potash West NL	Pending
Jam Hill	E70/4137	Potash West NL	100% Mineral Rights for Potash
Bald Hill	E70/4138	Potash West NL	100% Mineral Rights for Potash
Ingra Hills	E70/4139	Potash West NL	100% Mineral Rights for Potash
Watheroo	E70/4471	Potash West NL	100% Mineral Rights for Potash