

ASX Announcement
6 February 2018

ENVIRONMENTAL PROTECTION AUTHORITY TO ASSESS PROJECT DEVELOPMENT AS AN ENVIRONMENTAL REVIEW (NO PUBLIC COMMENT)

HIGHLIGHTS:

Permitting and approvals process significantly advanced and on-track to meet 2018 target

- **APC referred the Lake Wells SOP project development proposal to the Environmental Protection Authority (“EPA”) in December 2017**
- **The EPA has advised that the project development will be assessed as an Environmental Review (No Public Comment), the second least stringent level of assessment**
- **APC now provided with a clear permitting pathway and on target to meet development timelines**
- **EPA guidelines indicate final ministerial approval to proceed likely H2 2018**

Australian Potash Limited (ASX: APC) (“**APC**” or the “**Company**”) is pleased to provide shareholders with an update on its significantly advanced permitting and approvals process.

Environmental Protection Authority (EPA): Level of Assessment – Environmental Review (No Public Comment)

In December 2017, the Company referred its proposed project development to the EPA. The purpose of the referral was to understand at what level of assessment the EPA would consider the development proposal. The assessment options range from the lowest ‘No Assessment’ to the most stringent ‘Environmental Review with Public Comment’.

The EPA has today advised that it will assess the project development based upon the submission of an Environmental Review Document (No Public Comment), which is the second lowest level of assessment. That is, the EPA requires APC to submit sufficient information in order for it to understand how the project will be developed, and what impacts the development will have on the surrounding environment.

The level of assessment required will not require formal public environmental review, therefore reducing the timeframes required for completion of assessment.

APC Executive Chairman, Matt Shackleton, commented: “Over the last two years, we have devoted significant resources to stakeholder engagement and undertaking baseline environmental studies to understand the hydrological processes, terrestrial and aquatic flora and fauna in order to inform project design and plan for mitigation of environmental impacts. We are extremely pleased to see that effort reflected in the EPA’s level of assessment.

“The Lake Wells SOP development area does not have any Native Title claims over it, and the Mining Leases applied for in 2016 have been recommended for grant.

“The Company has in place licenses to build bores, licenses to abstract water, permits to build and operate evaporation ponds and an approved Project Management Plan. We will continue to work with

the EPA to complete the assessment process in parallel with assessment by Department of Mines, Industry Regulation and Safety of a Mining Proposal and Mine Closure Plan so as to finalise all approvals for the project.

“Following the application this month for a process water abstraction license from the significant non-saline aquifers identified through the 2016 and 2017 exploration programs, we remain firmly on track to meet our approvals timeline.”

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About Australian Potash Limited

Australian Potash Limited (ASX: APC) is an ASX-listed Sulphate of Potash (SOP) developer. The Company holds a 100% interest in the Lake Wells Potash Project located approximately 500kms northeast of Kalgoorlie, in Western Australia’s Eastern Goldfields.

The Lake Wells Potash Project is a palaeochannel brine hosted sulphate of potash project. Palaeochannel bore fields supply large volumes of brine to many existing mining operations throughout Western Australia, and this technique is a well understood and proven method for extracting brine. APC will use this technically low-risk and commonly used brine extraction model to further develop a bore-field into the palaeochannel hosting the Lake Wells SOP resource.

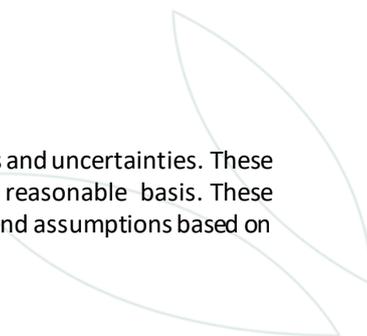
A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017ⁱ. The Scoping Study exceeded expectations and confirmed that the Project’s economic and technical aspects are all exceptionally strong, and highlights APC’s potential to become a significant long-life, low capital and high margin sulphate of potash (SOP) producer.

Key outcomes from the Scoping Study are as follows:

- Stage 1 production rate of **150,000tpa** of premium-priced sulphate of potash (years 1 – 5)
- Stage 2 production rate of **300,000tpa** of premium-priced sulphate of potash (years 6 – 20)
- Upgraded JORC 2012 Mineral Resource Estimate comprising 14.7m tonnes of SOP, including 12.7mt in the Indicated categoryⁱ
- Operating expenditure of A\$368/US\$283 tonne SOP in the first 5 years and A\$343 tonne SOP over the life of mine
- At a SOP price of A\$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflowⁱⁱ of A\$118m/US\$81m
- Pre-production capital expenditure (Stage 1) of A\$175m/US\$135m and Stage 2 of A\$163m/US\$125m
- Life of Mine (LOM) is 20 years (inc. Stage 1 & Stage 2) – upside to LOM through continued exploration

Forward looking statements disclaimer

This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on



currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Competent persons statement

The information in this announcement that relates to Exploration Targets and Mineral Resources is based on information that was compiled by Mr Jeffery Lennox Jolly. Mr Jolly is a principal hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Jolly nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Jolly has over 30 years of international experience. He is a member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Jolly has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jolly consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Hydrogeological information in this announcement has been prepared by Carsten Kraut, who is a member of the Australasian Institute of Geoscientists (AIG), and International Association of Hydrogeologists (IAH). Mr Kraut is contracted to the Company through Flux Groundwater Pty Ltd. Mr Kraut has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kraut consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

ⁱRefer to ASX announcement 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.

ⁱⁱOperating cashflows include all revenue and operating expenditure, but exclude capital expenditure.

