

27 Nov 2018

Share Price	\$0.068
Valuation	\$0.34
Price Target (12 month)	\$0.26

Brief Business Description:
Potash (SOP) explorer/developer

Hartleys Brief Investment Conclusion
100%-owned Sulphate of Potash (SOP) Project at Lake Wells in WA. Targeting brine SOP production of 150ktpa ramping up to 300ktpa for domestic and export markets. DFS due in H1 CY19. Gold exploration funded

Board
Jim Walker (Non-Exec Chair)
Matt Shackleton (MD & CEO)

Top Shareholders

Yandal Investments (Creasy)	10.0%
Perth Select Seafood	5.2%
Board and Management	2.3%

Company Address
31 Ord Street
West Perth WA 6005

Issued Capital 305.1m
- fully diluted 398.0m

Market Cap A\$20.7m
- fully diluted A\$27.1m

Cash (est) A\$2.4m

Debt (est) A\$0.0m

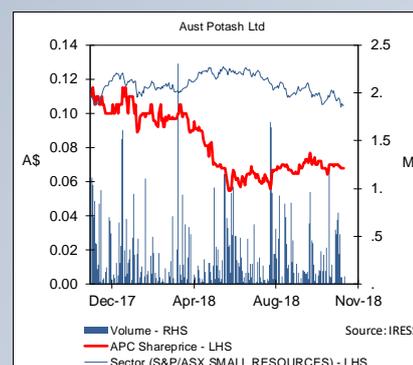
EV A\$18.3m

EV/Resource t A\$1.25/t

EV/Reserve t na

	Prelim. (A\$m)	FY20e	FY21e	FY22e
Prod (Mt)	0.00	0.04	0.15	0.15
Op Cash Flw	-6.6	7.4	31.6	31.6
Norm NPAT	-10.4	5.1	28.9	28.9
CF/Share (cps)	-1.1	0.3	2.4	2.4
EPS (cps)	-1.4	0.5	3.1	3.1
P/E	-6.4	19.6	2.8	2.8

	Vol MCM	SOP mg/L	M t SOP
Resources (SOP)	20,329	7,896	14.7
Reserves (SOP)	na	na	na



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Hartleys has completed a capital raising in the past 12 months for Australian Potash Limited ("APC") for which it has earned fees. Hartleys has a beneficial interest in unlisted options in Australian Potash Limited. The analyst has a beneficial interest in APC shares.

AUSTRALIAN POTASH LIMITED (APC)

Lake Wells MLs granted with DFS due H1 CY19

Australian Potash Limited (APC) continues to advance its 100%-owned Lake Wells Sulphate of Potash (SOP) Project in WA.

APC was granted mining leases (MLs) over the project area in Sep'18, covering ~30,000Ha of the playa lake and palaeochannel system, which contains a current estimated 14.7Mt of recoverable SOP (~86% in the higher confidence Indicated category). The MLs span the proposed brine borefield, evaporation ponds, processing plant and associated infrastructure (airstrip, village and power station). Once developed, the brine operation is expected to be serviced by some 35 bores, enabling the production of 150ktpa of SOP (Stage 1), scaling up to 75 bores for production of 300ktpa of SOP (Stage 2).

APC expects to release the DFS on the project development in H1 CY19, and already has MoUs in place for a combined 200,000tpa of SOP in off-takes. The potash project is located ~280kms from a rail terminal at Leonora, making it the closest SOP project in Australia to bulk rail infrastructure. In addition, the local shire of Laverton is now sealing the Great Central Road, providing some 70kms of bitumen for improved transport logistics. The upgrade of the access road into Lake Wells (~90kms) is also being considered, and under an agreement with the shire be funded via off-setting some annual rates.

Brines being harvested with trade samples being prepared

APC recently completed the final transfer of brine into its third harvest pond (Harvest Pond 3) at Lake Wells. The last evaporation step is now expected to be finished in the coming weeks, completing the pilot evaporation pond program. After final evaporation, a blend of ~2t of potassium and sulphate-rich salts from the three harvest ponds will be processed into SOP at the pilot processing plant in Perth. The pilot plant is expected to generate ~250kg of SOP trade samples. Ultimately the trade samples will be supplied to MoU offtake partners (Sino-Agri and Hubei-Agri) in late Q4 CY18/early Q1 CY19.

Maiden reserve to be delivered for DFS

APC has successfully intersected deep sand aquifers in latest infill drilling at Lake Wells. The aircore drill program (8 hole for ~1,086m) was designed to increase the resource confidence and enable the estimation of a maiden reserve. Drilling has confirmed a continuous basal sand layer, implying high permeability considered highly suited for the brine abstraction technique using bores. Lake Wells is already considered to be a long-lived asset, with a large available brine inventory, which is anticipated to grow over time.

SBM earning in on gold ground; Maintain our Speculative Buy

In Oct'18, St Barbara Ltd (SBM) entered into an earn-in agreement with APC over ground considered highly prospective for gold mineralisation within the Yamarna Belt. Under the deal terms, SBM paid APC A\$1.25M in cash and has a minimum exploration spend of A\$1.75M in the 1st year. SBM can elect to earn 70% interest in the ground by spending a further A\$3.5M over 2 years, and paying up to A\$0.5M to APC. APC's 30% interest will be free-carried to the completion of a BFS.

We maintain our **Speculative Buy** recommendation with latest price target of 26cps (from 36cps). APC's current cash position is estimated to be ~A\$2.4M, and its likely additional funding is needed for ongoing exploration and to complete development studies (DFS).

SUMMARY MODEL

Australian Potash Limited APC		Share Price \$0.068					27 November 2018 Speculative Buy									
Key Market Information											Company Information					
Share Price		\$0.068					31 Ord Street									
Market Capitalisation - ordinary		\$20.7m					West Perth WA 6005									
Net Debt (cash)		-\$2m					+61 8 9322 1003									
Market Capitalisation - fully diluted		\$27.1m					www.austrianpotash.com.au									
EV		\$9m														
Issued Capital		305.1m														
Options		92.9m														
Issued Capital (fully diluted inc. all options)		398.0m														
Issued Capital (fully diluted inc. all options and new capital)		1178.0m														
Valuation		\$0.34														
12month price target		\$0.26														
P&L	Unit	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22										
Net Revenue	A\$m	1.9	0.0	0.0	30.0	118.0										
Total Costs	A\$m	-6.9	-4.6	-6.5	-16.6	-61.1										
EBITDA	A\$m	-5.0	-4.6	-6.5	13.4	56.9										
- margin		na	na	-	45%	48%										
Depreciation/Amort	A\$m	0.0	-0.1	-1.4	-6.0	-9.9										
EBIT	A\$m	-5.0	-4.7	-7.9	7.4	47.0										
Net Interest	A\$m	0.0	0.2	-0.1	-3.4	-5.8										
Pre-Tax Profit	A\$m	-5.0	-4.5	-8.0	3.9	41.2										
Tax Expense	A\$m	0.0	0.0	0.0	0.0	-12.4										
Normalised NPAT	A\$m	-6.5	-5.8	-10.4	5.1	28.9										
Abnormal Items	A\$m	1.5	1.3	2.4	-1.2	0.0										
Reported Profit	A\$m	-5.0	-4.5	-8.0	3.9	28.9										
Minority	A\$m	0.0	0.0	0.0	0.0	0.0										
Profit Attrib	A\$m	-5.0	-4.5	-8.0	3.9	28.9										
Balance Sheet	Unit	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22										
Cash	A\$m	2.2	3.7	147.3	13.4	17.7										
Other Current Assets	A\$m	0.1	0.0	0.0	2.9	11.5										
Total Current Assets	A\$m	2.3	3.7	147.4	16.4	29.2										
Property, Plant & Equip.	A\$m	0.1	0.0	43.6	174.6	172.8										
Exploration	A\$m	0.0	3.4	8.4	10.4	12.4										
Investments/other	A\$m	0.0	0.0	0.0	0.0	0.0										
Tot Non-Curr. Assets	A\$m	0.1	3.4	52.0	185.0	185.2										
Total Assets	A\$m	2.5	7.2	199.4	201.4	214.4										
Short Term Borrowings	A\$m	-	-	-	-	-										
Other	A\$m	0.6	0.2	0.3	0.6	2.0										
Total Curr. Liabilities	A\$m	0.6	0.2	0.3	0.6	2.0										
Long Term Borrowings	A\$m	-	-	121.0	103.7	86.4										
Other	A\$m	-	-	-	-	-										
Total Non-Curr. Liabil.	A\$m	-	-	121.0	103.7	86.4										
Total Liabilities	A\$m	0.6	0.2	121.3	104.3	88.5										
Net Assets	A\$m	1.8	6.9	78.1	97.1	125.9										
Net Debt	A\$m	-2.2	-3.7	-26.3	90.3	68.7										
nd / nd + e		607.3%	-115.2%	-50.9%	48.2%	35.3%										
Cashflow	Unit	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22										
Operating Cashflow	A\$m	-6.2	-4.9	-6.5	10.8	49.8										
Income Tax Paid	A\$m	0.0	0.0	0.0	0.0	-12.4										
Interest & Other	A\$m	0.0	0.2	-0.1	-3.4	-5.8										
Operating Activities	A\$m	-6.1	-4.7	-6.6	7.4	31.6										
Property, Plant & Equip.	A\$m	-0.1	0.0	-45.0	-137.0	-8.0										
Exploration and Devel.	A\$m	0.0	-3.4	-5.0	-2.0	-2.0										
Other	A\$m	0.0	0.0	0.0	0.0	0.0										
Investment Activities	A\$m	-0.1	-3.4	-50.0	-139.0	-10.0										
Borrowings	A\$m	0.0	0.0	121.0	-17.3	-17.3										
Equity or "tbc capital"	A\$m	6.9	9.6	79.2	15.0	0.0										
Dividends Paid	A\$m	0.0	0.0	0.0	0.0	0.0										
Financing Activities	A\$m	6.4	9.6	200.2	-2.3	-17.3										
Net Cashflow	A\$m	0.2	1.5	143.6	-133.9	4.3										
Shares	Unit	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22										
Ordinary Shares - End	m	304	424	1,084	1,184	1,184										
Ordinary Shares - Weighted	m	263	364	754	1,134	1,184										
Diluted Shares - Weighted	m	194	296	686	1,066	1,116										
Ratio Analysis	Unit	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	30 Jun 22										
Cashflow Per Share	A\$ cps	-2.3	-1.3	-0.9	0.7	2.7										
Cashflow Multiple	x	-2.9	-5.3	-7.8	10.5	2.5										
Earnings Per Share	A\$ cps	-1.9	-1.2	-1.1	0.3	2.4										
Price to Earnings Ratio	x	-3.6	-5.5	-6.4	19.6	2.8										
Dividends Per Share	AUD	-	-	-	-	-										
Dividend Yield	%	0.0%	0.0%	0.0%	0.0%	0.0%										
Net Debt / Net Debt + Equity	%	607%	-115%	-51%	48%	35%										
Interest Cover	X	2697.8	28.6	na	2.1	8.1										
Return on Equity	%	na	na	na	5%	23%										
Directors											Company Information					
Jim Walker (Non-Exec Chair)											31 Ord Street					
Matt Shackleton (MD & CEO)											West Perth WA 6005					
Rhett Brans (Non-Exec Dir)											+61 8 9322 1003					
Brett Lambert (Non-Exec Dir)											www.austrianpotash.com.au					
Jay Hussey (Chief Commercial Officer)																
Sophie Raven (Company Secretary)																
Alan Rubio (Proj Man)											Carsten Kraut (Hydrogeologist)					
											Shaun Triner (Process Man)					
Top Shareholders											m shares	% ord				
Yandal Investments (Creasy)											30.5	10.0%				
Perth Select Seafood											16.0	5.2%				
Board and Management											7.1	2.3%				
Reserves & Resources											Vol MCM	Yield	Brine Vol	K (mg/L)	SOP (mg/L)	SOP Mt
TOTAL RESERVES											-	-	-	-	-	-
Measured											-	-	-	-	-	-
Indicated											17,050	9%	1,521	3,707	8,267	12.7
Inferred											3,279	10%	340	2,674	5,963	2.1
TOTAL RESOURCES											20,329	9%	1,861	3,541	7,896	14.7
Production Summary											Unit	Jun 20	Jun 21	Jun 22	Jun 23	
Mill Throughput											Mt	-	0.04	0.15	0.15	
Potash equiv											Mt	-	0.04	0.15	0.15	
Potash equiv (Attrib)											Mt	-	0.04	0.15	0.15	
Potash (SOP)											Mt	-	0.04	0.15	0.15	
NaCl (Industrial)											Mt	-	0.00	0.00	0.00	
NaCl (De-icing)											Mt	-	0.00	0.00	0.00	
Conversion of resources not in reserves											%	-	-	-	-	
Mine Life											yr	20.0	20.0	19.0	18.0	
Costs											Unit	Jun 20	Jun 21	Jun 22	Jun 23	
Cost per processed tonne											\$/t	-	390.0	390.0	390.0	
EBITDA / tonne processed ore											\$/t	-	357.3	379.2	386.3	
Total cash costs											\$/t equiv.	-	443.7	407.5	409.2	
Total cash costs											\$/t equiv.	-	342.2	321.2	319.0	
- ex shipping											\$/t equiv.	-	326.8	305.4	303.4	
C1: Operating Cash Cost = (a)											\$/t equiv.	-	390	390	390	
- ex shipping											\$/t equiv.	-	370	370	370	
(a) + Royalty = (b)											\$/t equiv.	-	390	390	390	
C2: (a) + depreciation & amortisation = (c)											\$/t equiv.	-	550	456	459	
(a) + actual cash for development = (d)											\$/t equiv.	-	4,097	457	457	
C3: (c) + Royalty											\$/t equiv.	-	550	456	459	
(d) + Royalty											\$/t equiv.	-	4,097	457	457	
C1: Operating Cash Cost = (a)											\$/t equiv.	-	301	307	304	
- ex shipping (mine gate)											\$/t equiv.	-	285	292	288	
Price Assumptions											Unit	Jun 20	Jun 21	Jun 22	Jun 23	
AUDUSD											AS/US\$	0.76	0.77	0.79	0.78	
Potash (SOP)											US\$/t	620	620	620	620	
NaCl (industrial)											US\$/t	90	90	90	90	
NaCl (de-icing)											US\$/t	60	60	60	60	
Hedging											Jun 20	Jun 21	Jun 22	Jun 23		
Hedges maturing?											No	No	No	No		
Sensitivity Analysis											Valuation					
Base Case											0.34					
Spot Prices											0.29 (-14.3%)					
Spot USD/AUD 0.72, SOP US\$583/t.																
AUDUSD +/-10%											0.27 / 0.44 (-21.7% / 27.7%)					
SOP +/-10%											0.43 / 0.26 (24.9% / -24.0%)					
Production +/-10%											0.42 / 0.26 (24.3% / -23.4%)					
Operating Costs +/-10%											0.31 / 0.38 (-10.6% / 10.6%)					
Unpaid Capital											No. (m)	\$m	Avg price	% ord		
30-Jun-18											0.0	0.0	0.0	0%		
30-Jun-19											14.0	2.0	0.1	5%		
30-Jun-20											48.3	9.7	0.2	16%		
30-Jun-21											9.4	1.4	0.2	3%		
30-Jun-22											21.2	2.5	0.1	7%		
TOTAL											92.9	15.6	0.17	30%		
Share Price Valuation (NAV)											Riskd Est. A\$m	Est. A\$/share				
100% Lake Wells (pre-tax NAV at disc. rate of 12%)											453.1	0.38				
Other Exploration											40.0	0.03				
Forwards											0.0	0.00				
Corporate Overheads											-13.9	-0.01				
Net Cash (Debt)											2.4	0.00				
Tax (NPV future liability)											-79.1	-0.07				
Options & Other Equity											0.0	0.00				
Total											402.5	0.34				
Analyst: Mike Millikan											Last Updated: 27/11/2018					
+61 8 9268 2805																
tbc capital could be equity or debt. Our valuation is risk-adjusted for how this may be obtained.																
Sources: IRESS, Company Information, Hartleys Research																

LAKE WELLS POTASH PROJECT

SOP PRODUCTION, ONLY MODEST CAPEX HURDLE

*Project located
~500km NE of
Kalgoorlie, WA*

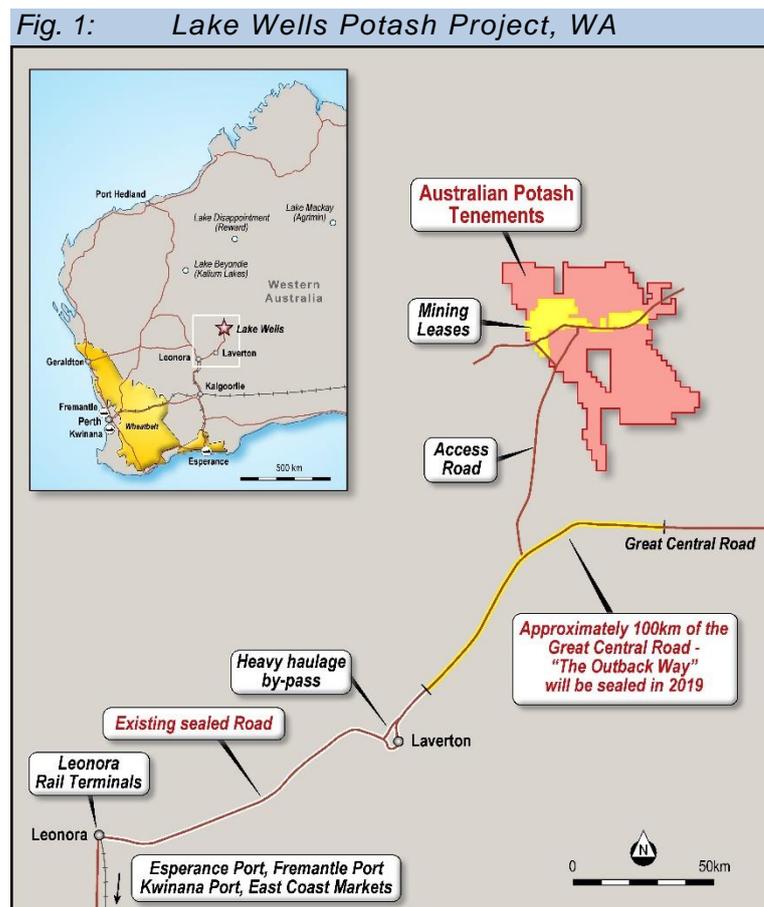
The Lake Wells Potash Project is located ~180km north-east of Laverton, ~500km north-east of Kalgoorlie in WA. The project area consists of tenure, which covers ~2,000km² and now includes granted Mining Leases spanning some 30,000Ha over the Lake Wells playa and palaeochannel system.

APC has 100% ownership and all potash rights. Access to the project is via the Great Central (~90km sealed/unsealed road) and Lake Wells (~90km unsealed) roads. The project is located ~280km from a bulk rail terminal at Leonora. The climate for the project area is highly conducive to evaporation and thus a solar salt operation.

*Potash as a high
value bulk commodity
which requires access
to infrastructure*

Australia currently imports 100% of its potassium fertiliser requirements, and the low chloride and high sulphate content of SOP makes it an ideal and preferred form of potassium (fertiliser) for Australian farmers. SOP attracts a superior price to muriate of potash (MOP), and is underpinned by limited brine supply (only 3 evaporative operations globally) and increasing demand (forecast growth of 4%). Australia currently has no potash production, but appears well endowed with resources across a number of its salt lake systems.

*Brine SOP projects
generally occupy the
lower end of
production cost curve
and have lower capital
hurdles than rock
potash projects*



Source: Australian Potash Limited

APC released a maiden SOP resource for its Lake Wells Project in late June 2016, and upgraded the resource estimate for the Scoping Study (March 2017). The total resource estimate using specific yield provides **14.7Mt of SOP grading 7,896mg/L SOP**. Indicated resources make up 12.7Mt (86%) of total resources, with three main hydrogeological zones (Western High Grade, Eastern and Southern Zones). The Southern Zone is currently data constrained and as such classified as Inferred.

The Scoping development study was led by NovoPro (an expert potash consultant from Canada)

The Scoping Study highlighted potential for a long-life, staged production of 150ktpa to 300ktpa of SOP for initial capital costs of A\$175M

APC proposes to develop the Lake Wells Potash Project in two stages.

Stage 1 development consists of 35 bores extracting brine to evaporation ponds, simple processing to crystallise the SOP for transport to markets. The Company plans to extract the SOP-rich brine from a network of bores positioned along the central parts of the palaeochannel.

The processing plant has been designed in such a manner to include a muriate of potash (MOP) to SOP conversion circuit, which increases overall SOP production. The MOP to SOP conversion is using the excess naturally occurring sulphate in the brines, and involves no sulphuric acid use (not the Mannheim Process).

The initial production rate of 150ktpa of SOP (includes ~42ktpa of imported MOP to SOP conversion for 50ktpa SOP). Stage 1 opex is estimated to be A\$368/t SOP, which at the SOP prices (US\$612/t/A\$795/t) used in the Scoping Study provides capital payback in less than 3 years. Pre-production capex is estimated to be A\$175M.

Stage 2 expansion in year 5 duplicates Stage 1 to double production to 300ktpa SOP (includes 100ktpa of imported MOP conversion). After expansion, opex improves to A\$339/t SOP, with LOM sustaining capex expected to be less than A\$3Mpa.

Stage 2 capex of A\$163M (includes a contingency of A\$23M), is expected to be funded largely through internal cash flows. Over the initial 20 year mine life and assuming Stage 2 development for 300ktpa SOP, the borefield will produce a total of 3.3Mt of SOP.



Pilot Evap Pond

Source: APC

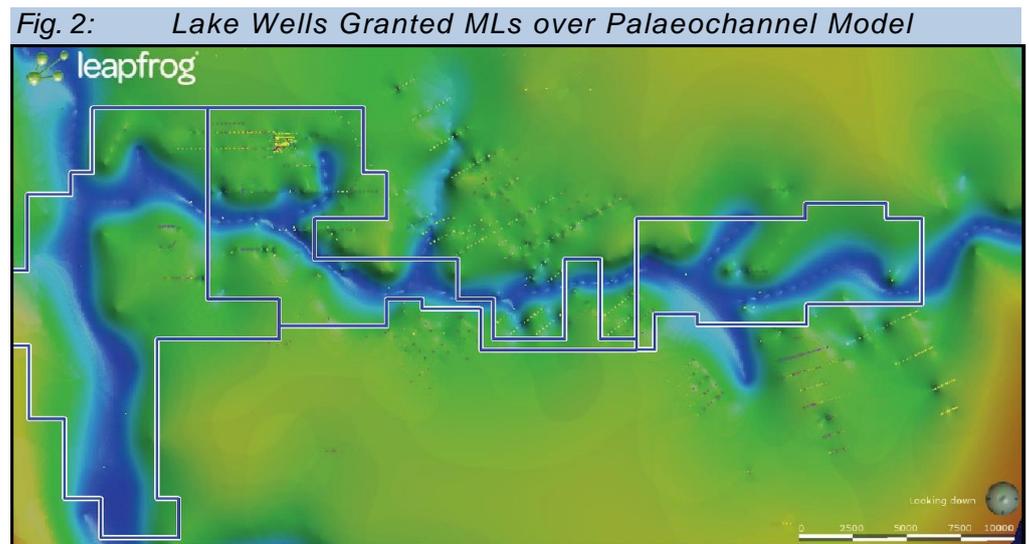


Fig. 2: Lake Wells Granted MLs over Palaeochannel Model

Source: Australian Potash Limited

APC recently completed the final transfer of brine into its third harvest pond (Harvest Pond 3). The last evaporation step is now expected to be finished in the coming weeks, completing the pilot evaporation pond program. After final evaporation, a blend of ~2t of salts (potassium and sulphate-rich) from the three harvest ponds will be processed into SOP at the pilot processing plant in Perth. The pilot plant is expected to generate ~250kg of SOP trade samples. Ultimately the trade samples will be supplied to MoU offtake partners (Sino-Agri and Hubei-Agri) before the end of Q4 CY18.

APC has successfully intersected deep sand aquifers in latest infill drilling at Lake Wells. The aircore drill program was designed to increase the resource confidence and enable the estimation of a maiden reserve. Lake Wells is already considered to be a long-lived asset, with a large available brine inventory, which is anticipated to grow over time.

APC expects to release the DFS on the project development in H1 CY19.

Lake Wells DFS due for release in H1 CY19

LAKE WELLS GOLD PROJECT

SBM EARN-IN PROVIDES FUNDING FOR GOLD

Key gold ground is also situated ~60km NW of the +6Moz Gruyere gold project (under construction) and spans a 65km structural zone

The earn-in JV appears to be a sensible approach for APC, attracting a good quality partner to advance the gold prospects, while they remain focused on the delivery of the Lake Wells SOP DFS

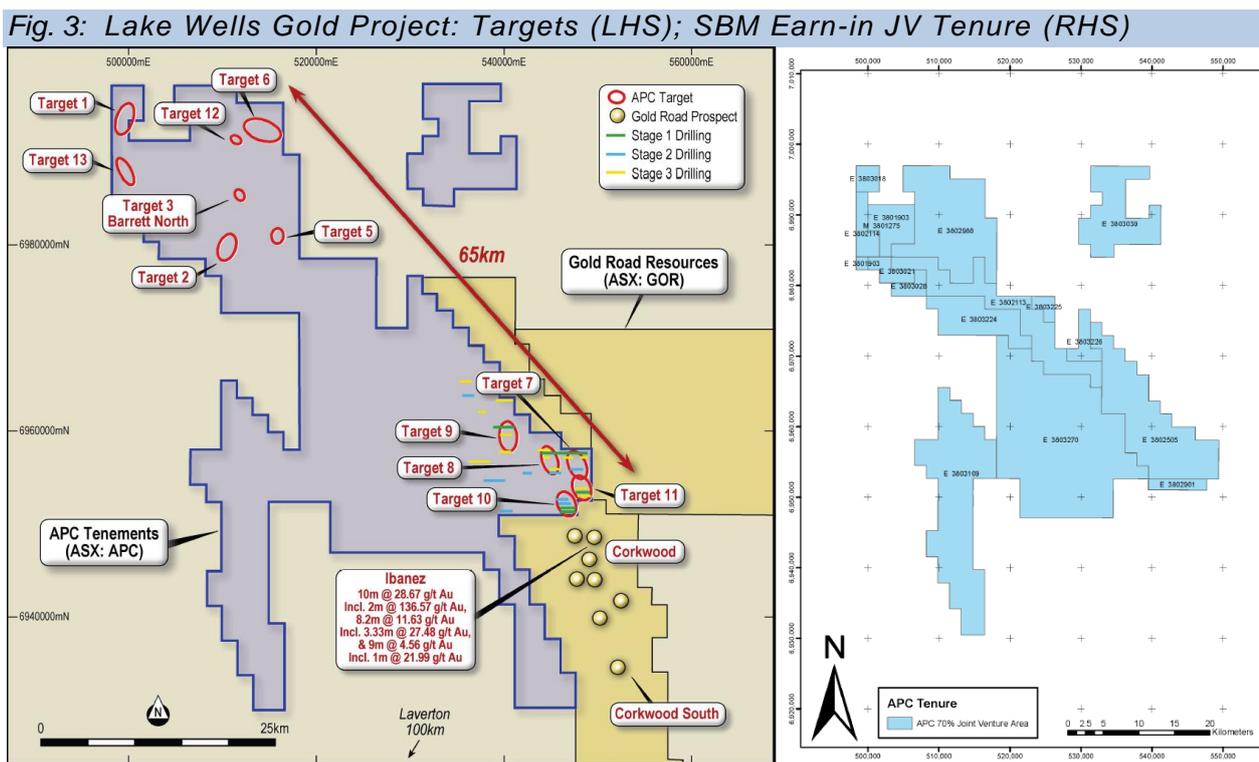
APC and SBM recently entered into an earn-in JV over ground considered prospective for gold mineralisation at the Lake Wells project area, within the Yamarna Belt. The key gold ground is situated ~60km north-west of Gold Roads (GOR)/Goldfieds +6Moz Gruyere gold project (now under construction) and spans a 65km structural zone.

Under the terms of the JV, SBM paid APC A\$1.25M in cash and plans to spend a minimum of A\$1.75M on gold exploration within 12 months. After which, SBM can elect to earn a 70% interest through further expenditure of A\$3.5M on exploration over the next 24 months and pay a further A\$0.5M to APC (for prior spend). APC retains full 100% potash rights over the ground, and once the earn-in has been reached by SBM, retains a free-carried 30% interest through to completion of a BFS.

The earn-in JV appears to be a sensible approach for APC, attracting a good quality partner to advance the gold prospects, while they remain focused on the delivery of the Lake Wells SOP DFS, which is due in H1 CY19.

During CY17, APC commissioned CSA Global and Dr Scott Halley to conduct a structural interpretation and targeting exercise over the project area. This was largely instigated after neighbour GOR released some significant gold results in close proximity to APC's ground. Of particular interest was GOR's reported gold intersections of **10m @ 28.8 g/t Au** and **8.2m @ 11.6g/t Au** from Corkwood/Ibanez, which is only 2km south-east of APC's tenement holding.

First pass drilling (an aircore (AC) program for 23,000m over 3 stages) commenced in May'18, with the initial phase (~6,000m) of AC reporting gold anomalism. A significant target was confirmed at T15a, which spans +2.5km of strike, up to 200m wide (still open). Results also extended mineralisation in the southern neighbouring (GOR) tenements into APC ground, with more detailed drilling required and now to be funded by SBM.



Source: Australian Potash Limited

VALUATION AND PRICE TARGET

UPDATED – FIRST SOP CHANGED TO MID-CY21

Our sum of parts valuation for APC is based largely on information supplied in the Scoping Study. We assume staged production (**Stage 1**: 150ktpa 1-5 years and **Stage 2**: 300ktpa 6-20 years), with a similar capex and opex profile as per the study.

*Updated APC NAV
and Price Target*

We assume existing infrastructure of roads and rail can be accessed and SOP prices of US\$620/t. We assume start-up capex of ~A\$180m, with some additional working capital and funding through a 60% debt and 40% equity mix. We have now adjusted timing for first production to mid-CY21. We will update our assumptions upon release of the DFS. Our modelling also dilutes for additional equity required in the near-term.

*Updated 12-month
price target of 26cps
(down from 36cps)*

Our price target for APC is weighted for the different scenarios (as shown below).

Fig. 4: APC Price Target Methodology

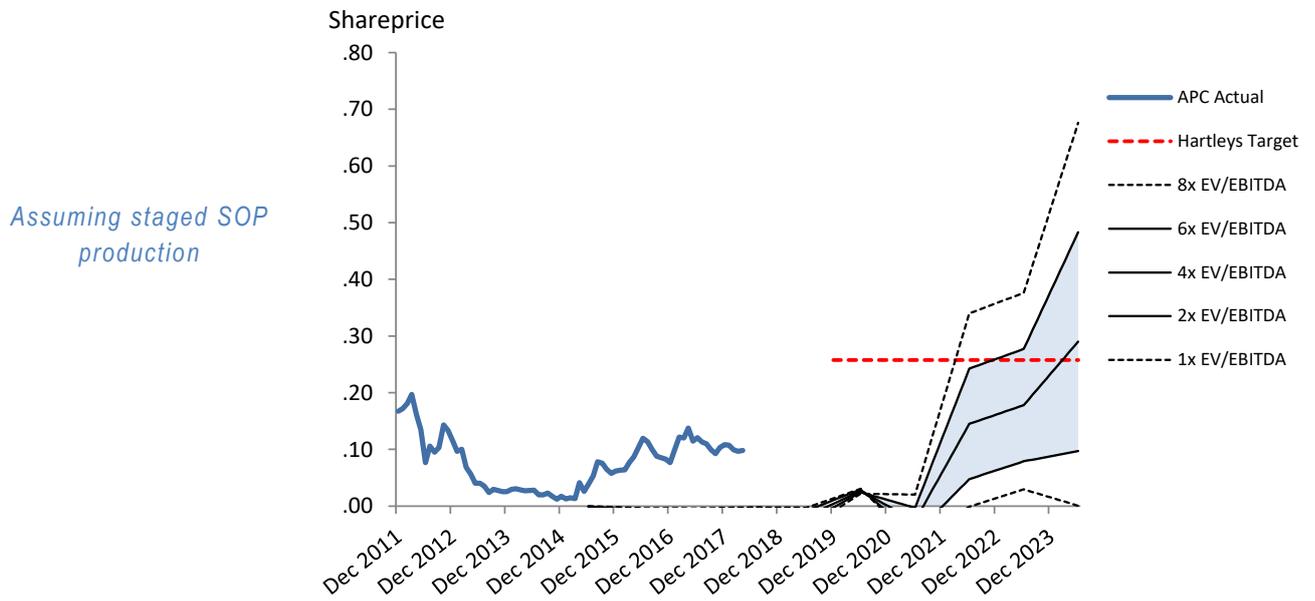
Price Target Methodology	Weighting	Spot	12 mth out
NPV base case (DR 12%), debt/equity funded 60/40	40%	\$0.34	\$0.37
NPV base case (DR 10%), debt/equity funded 60/40	10%	\$0.41	\$0.44
Cash backing	30%	\$0.01	\$0.01
NPV spot prices (DR 12%) debt/equity funded 60/40	20%	\$0.29	\$0.31
Risk weighted composite		\$0.24	
12 Months Price Target		\$0.26	
Shareprice - Last		\$0.068	
12 mth total return (% to 12mth target + dividend)		279%	

*Our latest spot price
for SOP is US\$583/t*

Source: Hartleys Estimates

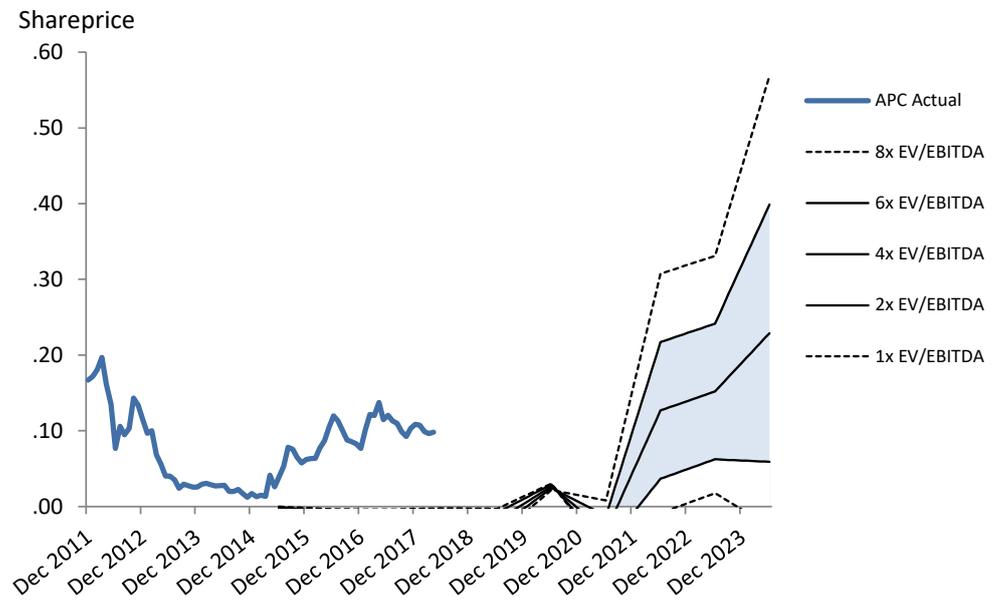
EV/EBITDA BANDS

Fig. 5: Using Hartleys Base Case Commodity Forecasts



Source: Hartleys Estimates

Fig. 6: Using Spot Commodity Prices



Source: Hartleys Estimates

RISKS

Key risks for APC are funding, and commodity prices. Hence we view APC as high risk.

Fig. 7: Key assumptions and risks for valuation

Assumption	Risk of not realising assumption	Risk to valuation if assumption is incorrect	Comment
Model parameters for our APC valuation and price target	Med	Meaningful	We have made a number of assumptions in our APC valuation, based largely on the Scoping Study, which will be preceded by more accurate development studies. APC has no production history. Any changes to our assumptions have both upside and downside risks.
Favourable commodity prices	Low	Meaningful	APC remains sensitive to changes in commodity (potash) prices, exchange rates and market sentiment. Though with no current operations, direct impact from commodity prices is limited. We assume potash prices will remain stable into the near-term, which is open to speculation.
Funded for ongoing exploration and studies	Med	Moderate	APC's cash position is just over A\$2M. As an explorer with no current production assets, ongoing funding will be required. We assume development studies will be progressed.

Conclusion

We have made significant assumptions but believe these are achievable.

Source: Hartleys Research

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Hartleys Recommendation Categories

Buy	Share price appreciation anticipated.
Accumulate	Share price appreciation anticipated but the risk/reward is not as attractive as a "Buy". Alternatively, for the share price to rise it may be contingent on the outcome of an uncertain or distant event. Analyst will often indicate a price level at which it may become a "Buy".
Neutral	Take no action. Upside & downside risk/reward is evenly balanced.
Reduce / Take profits	It is anticipated to be unlikely that there will be gains over the investment time horizon but there is a possibility of some price weakness over that period.
Sell	Significant price depreciation anticipated.
No Rating	No recommendation.
Speculative Buy	Share price could be volatile. While it is anticipated that, on a risk/reward basis, an investment is attractive, there is at least one identifiable risk that has a meaningful possibility of occurring, which, if it did occur, could lead to significant share price reduction. Consequently, the investment is considered high risk.

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