

5 April 2018

COMMENCEMENT OF DRILL PROGRAM

Yamarna Gold Project

23,000m Air-Core drill program commences

3 stage program to test first set of targets identified in recently completed structural and geochemical/lithological reviews

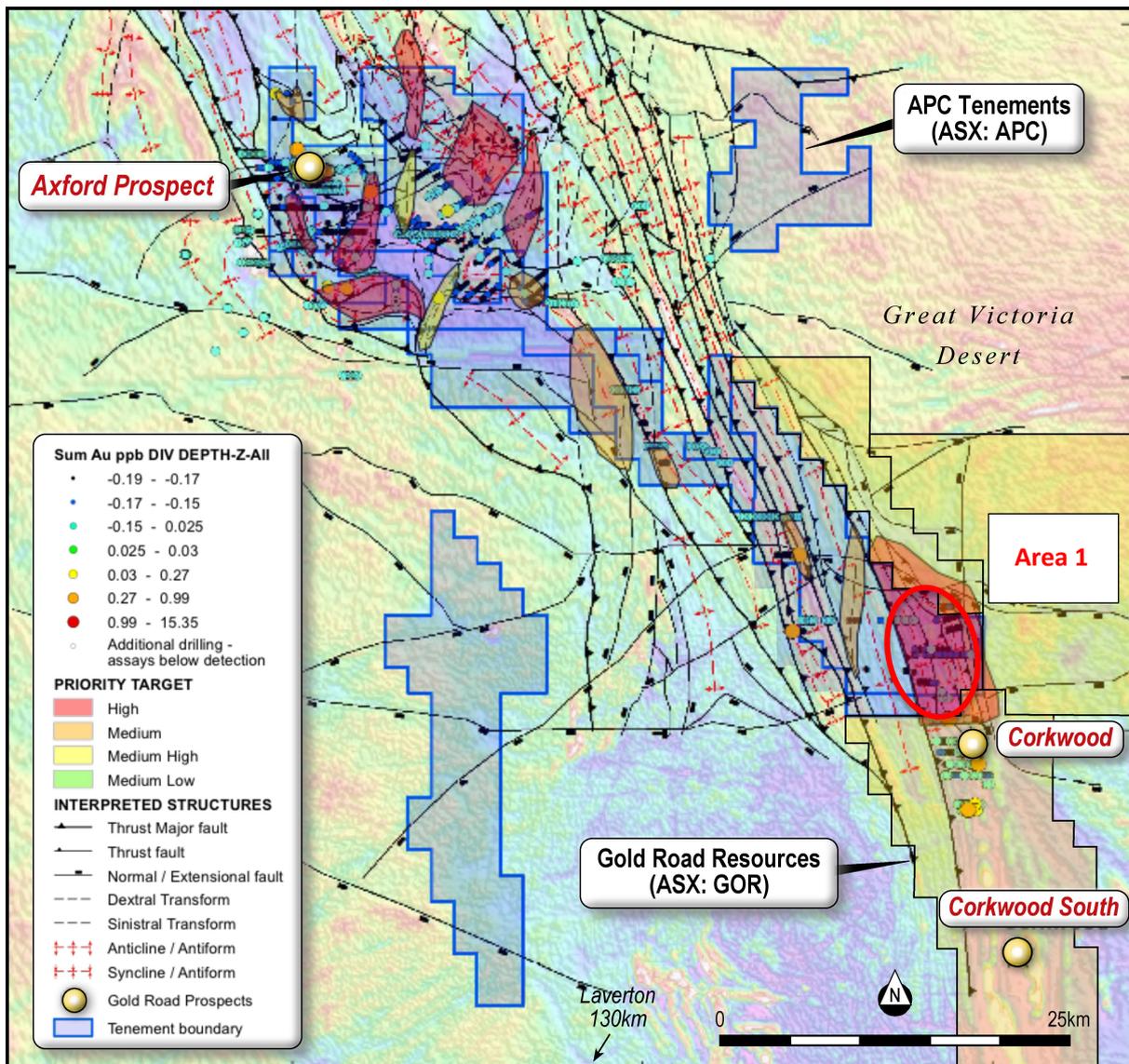


Figure 1: Area 1 comprises 5 targets and will be tested with a 23,000m Air-Core drilling campaign immediately north of and contiguous with Gold Road Resources Ltd's (ASX: GOR) Corkwood Gold Camp (refer Figure 2)

Australian Potash Limited (ASX: APC) is pleased to provide an update on the exploration program for the Yamarna Gold Project, 130kms north-east of Laverton in Western Australia's Eastern Goldfields.

APC Executive Chairman Matt Shackleton said, “Following the conclusion of the brief, low rainfall season in the Yamarna region we’ve mobilised our gold exploration team and drill contractor to site.

“Over the next several weeks, we will be drilling a planned 23,000m of Air-Core into 5 targets at Target area 1. The program has been designed in three stages, with each stage comprising approximately 8,000m and planned to take between 3 and 4 weeks to complete. We will be assaying continuously.

“Target area 1 was identified as being highly prospective from a structural and litho-geochem perspective, and the work that our southern neighbour has conducted at the Corkwood Gold Camp demonstrates it to be a highly mineralised gold system.

“The Board remain committed to realising the best value proposition for our shareholders from the Yamarna Gold project and this drill program is an integral step in executing that strategy.”

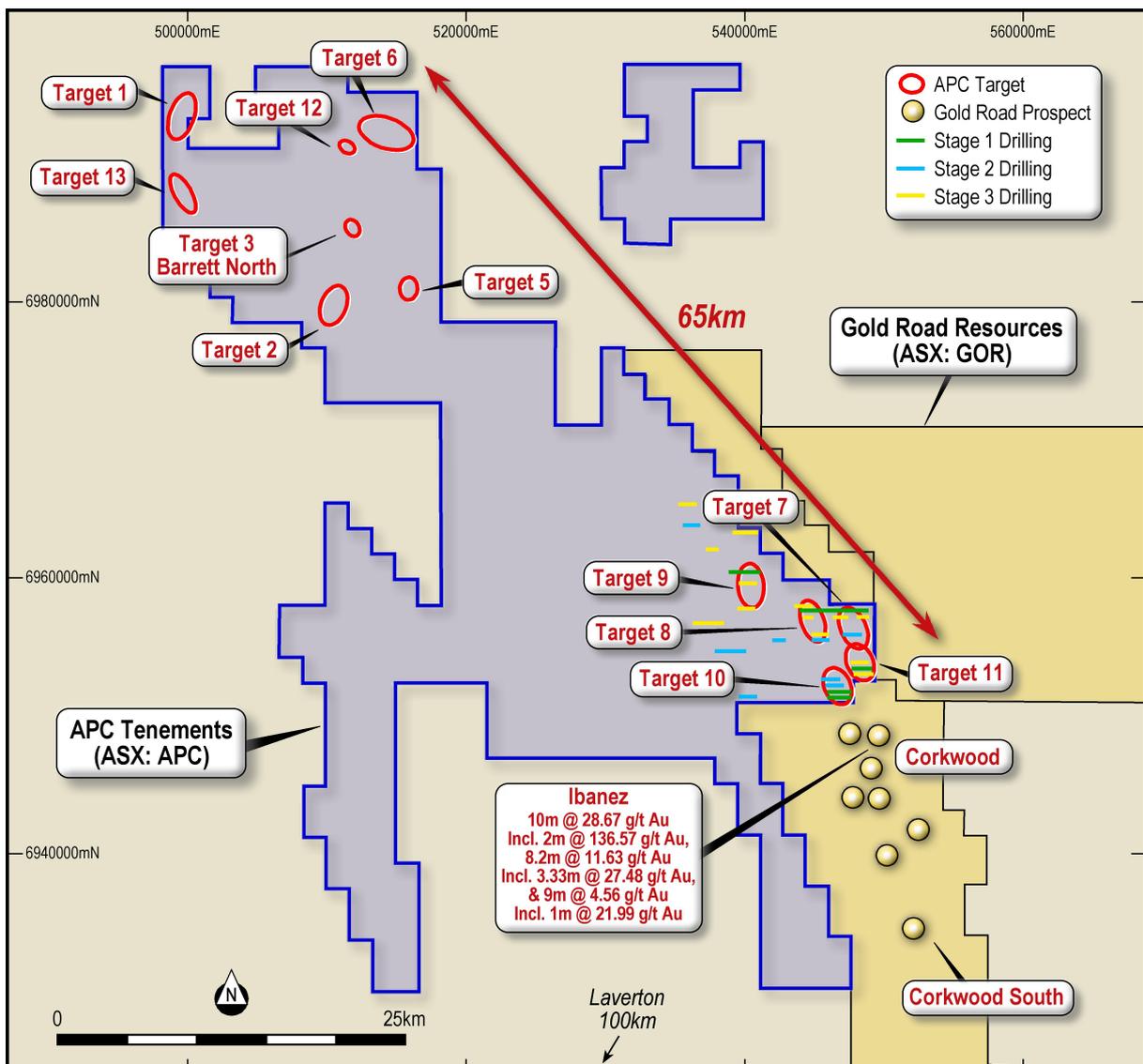


Figure 2: The 23,000m Air-Core drill program will test structural and geochemical/lithological targets along strike and between 1km and 10km north of GOR’s Ibanez/Corkwood prospect



Currently twelve targets have been defined (refer Figure 2), with more pending as the detailed targeting process continues. Aiding in the target definition process is the sourcing of additional drill assay data from Department of Mines, Industry Regulation and Safety records, adding to the understanding of local geology.

Limited shallow drilling by APC in 2016 recorded anomalous gold, silver, and arsenic results along strike from Gold Road Resources Ltd's (ASX: GOR) Corkwood gold camp, and geochemical analysis confirms the prospectivity of this area through identification of favourable alteration, particularly highly anomalous arsenic recordings. Arsenic is commonly associated with gold mineralisation as it facilitates transport of the gold during deposition.

For further information please contact:

Matt Shackleton

Executive Chairman

(p) +61 (0)438 319 841

(e) m.shackleton@australianpotash.com.au

Released through Sam Burns, Six Degrees Investor Relations, +61 400 164 067



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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 presented is based on information compiled by Mr Chris Shaw a full-time employee of Australian Potash Ltd. Mr Shaw is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style of mineralisation under consideration and to the activity that has been undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Person consents to the inclusion in this release of the matters based on the 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.

