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ASX Announcement
30 April 2018

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 31 MARCH 2018

Highlights:

Lake Wells Sulphate of Potash Project – Western Australia

- **Environmental Protection Authority to assess Lake Wells SOP Project development on an Environmental Review (No Public Comment) basis**
 - Final round of field data collection and assessment to commence June quarter
 - Environmental Review Document, Mining Proposal, Mine Closure Plan, Works Approval & Environmental License, and Project Management Plan being prepared for submission Q2/Q3
- **Pilot evaporation pond progressing to first production of SOP**
 - Trade samples to form basis of next round of discussions with Chinese MOU partners, aiming to commence off-take discussions Q2/Q3 2018
- **Trade-off DFS level (+/-10% - 15%) logistics study completed confirming Lake Wells – Port of Esperance export route is the most efficient**
 - Solution includes using the Leonora – Esperance bulk rail infrastructure
- **Hydrogeological flow model development nearing completion with planning for the 2018 field program being finalised and drill contractor appointed**

Yamarna Gold Project – Western Australia

- **3-stage, 23,000m drill program commenced at Yamarna to test highly prospective zone identified in the CSA Global structural and geochemical/lithological review**
- **Twelve targets have been defined, with more pending as the detailed targeting process continues**
- **Board actively considering strategic options to realise full-value for shareholders**

Corporate Activity

- **Sophie Raven appointed Company Secretary**

Australian Potash Limited (ASX: APC) (“**APC**” or the “**Company**”) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 March 2018.

Australian Potash, Executive Chairman, Matt Shackleton commented:

“The March quarter is traditionally a period of data consolidation and analysis for APC, and this quarter our focus was on leveraging the upside from both the flagship Lake Wells SOP project and the promising Yamarna Gold project.

“Pleasingly, the EPA’s decision to evaluate APC’s development proposal as ‘Environmental Review Document (No Public Comment)’ will likely fast-track the completion of its assessment – a welcome result. We presented the EPA with a comprehensive Referral of our Lake Wells SOP project development, and through subsequent meetings and continuous liaison with the EPA’s representatives, we have planned our final field data collection programs. With contractors engaged to conduct these programs, we anticipate this part of our project development will be completed over the next 2 quarters.

“Our pilot scale, site-based evaporation pond program is nearing completion, with excellent depositions of salt. We anticipate progressing to sulphate of potash production from the harvested salts over the next few weeks. Our Canadian based process engineers, Novopro, experts in the production of solar salts, will have personnel at the production facility to supervise this first run of Lake Wells SOP. A memorable milestone for the Company to achieve.

“The completion of CSA Global’s structural and geochemical/lithological review has further enhanced APC’s confidence that there is significant value to be realised from the Yamarna Gold project.

“The Board’s focus with the gold assets is to explore strategic options that realise best value outcomes for shareholders.

“Management is looking forward to a highly productive June quarter with a number of value catalysts expected to be delivered across both projects.”

APC Project Developments: March Quarter 2018

Lake Wells Potash Project – Western Australia (Definitive Feasibility Study)

APC holds a 100% interest in the Lake Wells Potash Project located approximately 500km northeast of Kalgoorlie, in Western Australia’s Eastern Goldfields. On development of Stage 1, Lake Wells will comprise a 150,000 tonne per annum (tpa) SOP processing operation, supported by a 35-bore brine abstraction network.

In December 2017, the Company referred the Lake Wells SOP project development proposal to the Environmental Protection Authority (EPA). On 6 February, the EPA 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.

Continued consultation between the EPA and APC has further refined additional information required to finalise the assessment of the project development and proceed to approval. The Company’s environmental consultants, who have extensive experience both in the WA resources industry and in the Yamarna region, are now developing and awarding scopes of work for the balance of the field survey work. Preparation of the Environmental Review Document (ERD) is well advanced.

The Lake Wells SOP development area is not subject to Native Title, and the Mining Leases applied for in December 2016 have been recommended for grant. As part of its community consultation processes, the Company continues to liaise closely with local stakeholder groups, including pastoralists and local Indigenous elders.

Yamarna Gold Project – Western Australia

The Yamarna Gold project is situated 130km north-east of Laverton in Western Australia's Eastern Goldfields. APC's tenements cover an estimated 65km of strike, 60km north-west of the 6-million ounce Gruyere mine development.

During 2017, the Company commissioned CSA Global to conduct a structural & lithological-geochemical review, interpretation and targeting exercise at the Yamarna Gold project. The Lake Wells area considered in the reviews comprises over 1,400km² of granted and pending tenure, encompassing the majority of the northern third of the Yamarna Greenstone Belt.

Post quarter end, the Company commenced a 3-stage, 23,000m Air-Core drill program to test a highly prospective zone identified in the CSA Global review process. The program commenced on five targets at Target area 1 (see Figure 1), and 12 targets have been defined with more pending as the detailed targeting process continues.

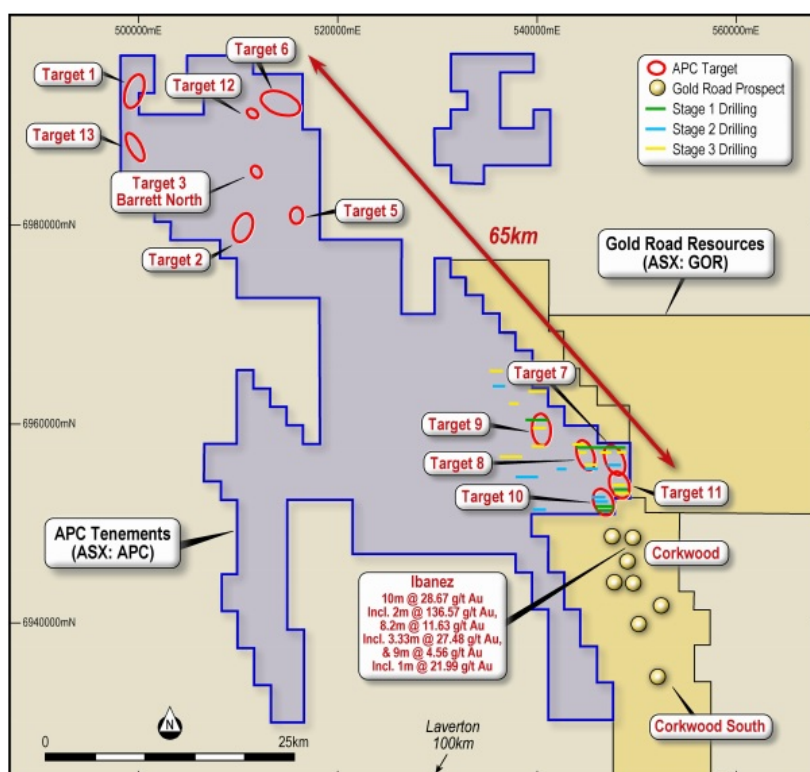


Figure 1: The 23,000m Air-Core drill program will test structural and geochemical/lithological targets along strike and between 1km and 10km north of GOR's Ibanez/Corkwood prospect

Corporate Activity

Company Secretary Appointment

On January 31, the Company appointed Sophie Raven as Company Secretary, following the resignation of Leigh-Ayn Absolom who continues in her role as Financial Controller. Ms Raven is a lawyer and company secretary with 20 years' experience in corporate law and company secretarial roles within the resources industry.

Hartleys Research

Post quarter end, leading Australian broking and corporate advisory firm Hartleys Research updated its previous report on the Company.

The report is available at www.australianpotash.com.au.

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Area	Tenement	Interest at 1 Jan 2018	Action	Interest at 31 March 2018
Lake Wells	E38/1903	100%	-	100%
	E38/2901	100%	-	100%
	E38/2505	100%	-	100%
	E38/3021	100%	-	100%
	E38/3039	100%	-	100%
	E38/2113	100%	-	100%
	E38/2114	100%	-	100%
	E38/2744 ¹	100%	-	100%
	E38/2742 ²	100%	-	100%
	E38/2988	100%	-	100%
	E38/3018	100%	-	100%
	E38/3028	100%	-	100%
	E38/3109	100%	-	100%
	E38/3224	100%	-	100%
	E38/3225	100%	-	100%
	E38/3226	100%	-	100%
	ELA38/3270	0%	Application ³	0%
Laverton Downs	E38/2724	100%	-	100%
	E38/3014	100%	-	100%

¹ Australian Potash Limited holds the rights to explore for and extract all potash minerals contained within brine from the tenement. Lake Wells Exploration Pty Ltd remains the holder of the tenement.

² Australian Potash Limited holds the rights to explore for and extract all potash minerals contained within brine from the tenement. Lake Wells Exploration Pty Ltd remains the holder of the tenement.

³ This tenement was granted subsequent to quarter end on 11 April 2018.

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 the announcement that relates to Exploration Targets and Mineral Resources is based on information that was compiled by Mr Duncan Gareth Storey. Mr Storey is a Director and Consulting Hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Storey nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Storey has 30 years of international experience. He is a Chartered Geologist with, and Fellow of, the Geological Society of London (a Recognised Professional Organisation under the JORC Code 2012). Mr Storey has experience in the assessment and development of paleochannel aquifers, including the development of hypersaline brines in Western Australia. His experience and expertise are such that he qualifies as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves". Mr Storey consents to the inclusion in this report of the matters based on this information in the form and context as 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.

The information presented here that relates to the gold portion only of this 'Exploration Program on Yamarna Gold Project' release is based on information compiled by Mr Marcus Willson of CSA Global Pty Ltd. Mr Willson takes overall responsibility for information relating to the gold related strategic review. Data was provided for the review by Australian Potash Limited. Mr Willson is a Member and Registered Professional Geoscientist (Exploration) with the Australian Institute of Geoscientists and has sufficient experience which is relevant to this 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.

ⁱ Refer 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.

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

