

22 January 2019

GLOBAL TOPPING GRADE REVEALED FOR AUSTRALIA'S FIRST FIELD EVAPORATED SOP

High Grade 98% Sulphate of Potash Produced in Major Milestone

Highlights:

- Sulphate of potash with a purity of 98% produced from pilot plant
- 65 kilograms of SOP produced in first production run
- Target volume of 250 kilograms from first batch of field evaporated salts on track
- Lake Wells Potash Project (LWPP) confirmed as a high-grade SOP producer targeting low cost production for the global market

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to announce that it has produced Australia's first field evaporated Sulphate of Potash at its pilot processing facility in Canning Vale.

The achievement of this significant milestone has exceeded expectations of product purity previously held by APC. The result follows almost one month after the industry first delivery milestone of 3 tonnes of the final potassium rich harvest salts from APC's Lake Wells site in Western Australia's Goldfields to the processing facility.

Working to the flow-sheet designed by Novopro, the production process is being managed by one of that firm's senior engineers seconded to APC for the duration. Preliminary analysis from titration indicates a 98% pure SOP equivalent to approximately 53% K₂O.

Managing Director and CEO, Matt Shackleton, commented: "APC adopted a primary focus on the chemistry of the salts we can produce at Lake Wells very early on in our program. It gave us confidence, therefore, to not only achieve this significant Australian milestone but to now see that the salts we produce at Lake Wells are of the highest quality.

"Combined with what is now a proven processing pathway to high-grade SOP, APC's Lake Wells Potash Project's superior logistical advantage driven by proximate rail and port access and the low-risk brine abstraction model our geological setting affords us, gives us even more confidence we will be able to deliver a low-cost product for the competitive world market. We have access to rail, and do not have to use trenching to abstract the potassium brines.

"We look forward to using the high-grade SOP produced here in the pending research program through 2019 which will allow us to further define the agronomic benefits of APC's Lake Wells SOP in Western Australian soil profiles, and further demonstrate our commitment to the WA agricultural sector."



APC Director Rhett Brans, Novopro Chemical Engineer Mike Morrison and Bureau Veritas Senior Metallurgist Jeremy Neal handle a sample of 98% pure K_2SO_4 produced at the pilot processing plant.

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.

Following the release of a Scoping Study (detailed below) in 2017, APC has been conducting a Definitive Feasibility Study (DFS) into the development of the Lake Wells Potash Project. The Company is aiming to release the findings of the DFS in H2 2019.

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 2017¹. 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.

¹ 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.

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 category¹
- At a SOP price of A\$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflow² 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.

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² Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.