

13 January 2020

**ASX ANNOUNCEMENT**  
ASX: APC

# AUSTRALIAN POTASH LTD

## ST BARBARA LIMITED EARN-IN AND JOINT VENTURE AGREEMENT

### Highlights

- St Barbara notifies APC of completion of its First Earn-in Period expenditure commitment of \$1.75m pursuant to the Lake Wells Gold Project Earn-in and Joint Venture Agreement.
- APC and St Barbara agree to a Gold Drilling Amount of \$318,000, which is reimbursable gold drilling expenditure incurred by and payable to APC.
- St Barbara to proceed to the Second Earn-in Period, requiring the expenditure of an additional \$3,500,000 to earn a 70% interest.

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that St Barbara Limited (**SBM**) has completed its expenditure obligation under the First Earn-in Period pursuant to the Lake Wells Gold Project Earn-in and Joint Venture Agreement (**Agreement**).

In addition, SBM has agreed to reimburse APC \$318,000 for previously incurred gold exploration expenditure.

St Barbara will now proceed to the Second Earn-in Period.

In October 2018, APC and SBM entered into an Earn-In and Joint Venture Agreement over the Lake Wells Gold Project (*refer to ASX announcement of 8 October 2018: '\$7 million Joint Venture Agreement'*).

Under the terms of the Agreement, St Barbara has the right to earn up to a 70% participating interest in the Lake Wells Gold Project tenements through the expenditure of \$1,750,000 in the First Earn-in Period, and \$3,500,000 in the Second Earn-in Period.

Managing Director and CEO, Matt Shackleton, commented; "Our strategic intent for the Lake Wells Gold Project was to partner with a capable and proven mid-tier gold company to help unlock the inherent value we believe this package of ground holds. In St Barbara we have that partner and progressing to the Second Earn-in Period increases our

confidence that future exploration success could add significant value to APC and its flagship Lake Wells SOP Project.”

This announcement is authorised for release by APC’s Managing Director and CEO, Matt Shackleton.

### **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 Sulphate of Potash Project (LSOP) located approximately 500kms northeast of Kalgoorlie, in Western Australia’s Eastern Goldfields.

Following the release of the Definitive Feasibility Study (DFS) in August 2019<sup>i</sup>, APC is focused on the 6 month FEED Study, finalising offtake discussions and securing financing to develop the LSOP.

The DFS was underpinned by extensive and rigorous testwork, data, and modelling. The DFS confirmed that the LSOP will be a long life, low capital and high margin SOP producer.

### **Key outcomes from the DFS include:**

- 30 year mine life producing 150,000tpa of premium grade SOP
- Long mine life underpinned by 3.6Mt reserve and **18.1Mt** Measured Resource estimate
- Pre-tax NPV8 of **A\$665m** and an IRR of 25%
- Development capex of A\$208M with sector leading capital intensity of A\$1,387/t
- First quartile industry opex of US\$262/t providing high cash operating margins

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### **Forward Looking Statements**

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.

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<sup>i</sup> Refer to ASX Announcement 28 August 2019 ‘Definitive Feasibility Study Outstanding Financial Outcomes’. 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 28 August 2019 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 28 August 2019 announcement continue to apply and have not materially changed.