

AUSTRALIAN POTASH LIMITED



Dealing Desk Note – Internal Use Only

A robust and low-cost Sulphate of Potash Project

- Australian Potash Limited (APC) is an industrial minerals company primarily focussed on developing its 100% owned Lake Wells Sulphate of Potash Project that is situated approximately 480 kilometres north-east of the Eastern Goldfields centre of Kalgoorlie. Today the company released its Definitive Feasibility Study (DFS) on Lake Wells, which demonstrates a robust and low-cost Potash project that has the potential to supply up to 150Ktpa of Sulphate of Potash (SOP) to overseas and domestic markets.**
- Lake Wells.** The SOP project, located in one of the world's premium locations for solar evaporation operations represents a compelling long-life development opportunity as the demand for SOP continues to rise in Asia and the rest of the world. With total drainable SOP of 18.1Mt, evaporated through sun and wind, APC will look to supply overseas and domestic markets with up to 150ktpa of SOP for at least the next 30 years. DFS results indicate life of mine (LOM) cash costs of US\$262/t which are highly competitive with other Western Australian developers, placing the Lake Wells project in the first quartile of the SOP cost curve.
- Robust Financial Returns.** The Project boasts a pre-tax NPV₈ of A\$665M with an internal rate of return (IRR) of 25% on robust operational and capital efficiencies. These economics are based on the Projects Probable Reserves of 3.6Mt SOP, which account for 95% of the LOM output, with the remaining 5% coming from the Measured Resource (18.1Mt). Overall, the project has a 30 year mine life with LOM production of 4.5Mt of premium high-grade SOP.
- Marketing Strategy.** With a growing middle-class in many developed countries creating demand for more and better quality food, and urbanisation decreasing the arable land per capita and increasing demand for higher quality less land intensive crops, its South Asian markets where we expect demand for SOP to grow the most. Initially, APC plans to export approximately 125ktpa of the 150ktpa to these Asian markets, with the balance to be sold to the Western Australian market. APC have been liaising with WANTFA and Wheat Belt Farmers throughout the year and believe there is a need for a domestic supply of premium SOP to be made available to domestic consumers at a compelling price.
- Funding now the Key.** APC have commenced discussions with potential offtake partners and strategic investors and we believe this will continue to progress as a final investment decision becomes more apparent. We feel that the Board have displayed a strong track record of securing funding for resource projects, and have been successful in seeing projects through from an early stage right through to production. Combining these factors with the relatively low capital requirements of A\$208m and the positive DFS, we are encouraged to believe that the company will be able to source the funds to develop the project.
- Accomplished Management Team:** The Board is Chaired by ex-Westrac CEO Jim Walker with Rhett Brans and Brett Lambert combining to bring direct project development experience spanning many decades and commodities. The team is headed up by Matt Shackleton who has over 20 years' experience in senior management and boards roles across a wide range of ASX listed Resource companies. Recently, highly experienced CFO Scott Nicholas joined the team, prior to joining APC Scott worked at MACH Energy and Atlantic Ltd where he was responsible for approximately A\$1 billion in debt and equity financings to develop and operate Australian Resource assets.
- Catalysts:** 1) Offtake or Funding Agreement 2) Final Investment Decision 3) First Production.

28 August 2018

Price	A\$	0.11
ASX		APC.ASX
Shares o/s	m	357
Market Cap.	A\$m	39.3
Net Cash	A\$m	-3
Net Debt/Equity	%	NA
3mth Av. D. T'over	A\$m	0.062
52wk High/Low	A\$	0.12/0.06

DIRECTORS & MANAGEMENT

Name	Role
Jim Walker	Non-Executive Chairman
Matt Shackleton	Managing Director & CEO
Rhett Brans	Non-Executive Director
Brett Lambert	Non-Executive Director
Sophie Raven	Company Secretary
Scott Nicholas	Chief Financial Officer

TOP SHAREHOLDERS

Name	Shares	%
Yandal (Creasy)	30.34m	8.5
Perth Select Seafood	16.06m	4.5
Directors & Mgmt	8.92m	2.5

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12 Month Share Price Performance



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