

23 September 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

ENVIRONMENTALLY SUSTAINABLE SOP

HIGH-PENETRATION RENEWABLE POWER SOLUTION

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise finalisation of the FEED Study for the Engineering, Procurement and Construction of Australia's first high-penetration renewable power solution on a green-fields SOP minerals project development.

Highlights

- Base case **renewable power penetration** rate of 53% with potential to rise to 87%
- **50% reduction in CO₂ emissions** compared to DFS hydro-carbon power solution base case
- **300% more carbon emissions** produced from Mannheim (industrial) SOP production than the LSOP on an equivalent tonne's basis
- **LSOP** positioned as the **lowest CO₂ emitting** potash project development in Australia
- **International Organic Certification** agencies assessing K-Brite™ application

Managing Director and CEO, Matt Shackleton, commented: *“Solar-SOP projects naturally sit at the lower end of the CO₂ emissions curve by virtue of the natural evaporative process involved, and we challenged our project team to model a renewable power solution to maximise the LSOP's long-term environmental sustainability.*

“We are running competitive tendering processes for the eight packages of work defined to develop the LSOP, and bids have been received for the Power Station EPC package. This package was scoped to include renewable power generation, battery storage and an LNG backup reserve.

“Very pleasingly, these bids exceeded our design criteria both in terms of the rate of penetration of renewable power, and the impact that the renewable power solution has on reducing the LSOP's carbon emissions. These are benefits that accrue to both our shareholders and the broader stakeholder and investment base.

“Solar-SOP production competes on a cost basis with the industrial Mannheim process, sitting at the lowest end of the global cost of production curve. The LSOP will produce SOP into that lowest quartile, and will also be one of the lowest carbon footprint potash projects globally.

“The Company is pursuing organic certification for the suite of products to be produced at the LSOP, which will truly make the K-Brite™ branded SOP long term environmentally sustainable.”

Carbon Emissions (CO₂ equivalent)

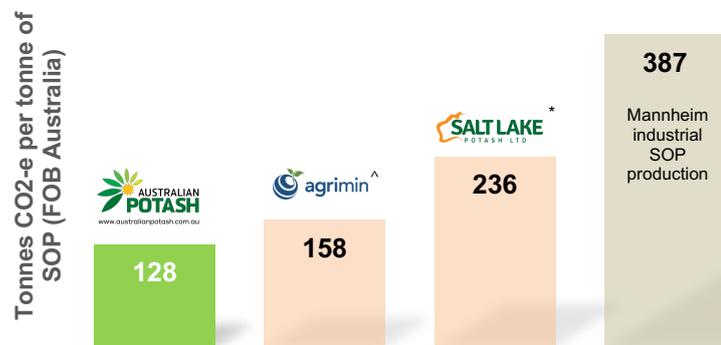


Figure 1: The LSOP to produce lowest CO₂ emissions (t/tpa) versus peer space developing renewable power

(*ASX Announcement 5 August 2020 'Equity Raising and Debt Facility Investor Presentation' slide 26; ^ ASX Announcement 21 September 2020 'Investor Presentation September 2020', slide 9 [158kg/t SOP x 450,000tpa SOP])

Figure 2: The LSOP to become the most efficient CO₂ emissions project (t CO₂/t SOP) versus peer space developing renewable power

(*ASX Announcement 5 August 2020 'Equity Raising and Debt Facility Investor Presentation' slide 26; ^ ASX Announcement 21 September 2020 'Investor Presentation September 2020', slide 9 [158kg/t SOP x 450,000tpa SOP])



Next Steps

Quarter	Milestone
Q4 2020	Finalise Offtake Program
Q4 2020	Finalise Approvals Pathway
Q4 2020	Complete FEED optimisation, report outcomes
Q4 2020	Complete debt financing due diligence, appoint lead arranger, credit approvals
Q4 2020	Award EPC contracts
Q1 2021	Final Investment Decision
Q1 2021	Commence construction

This release was authorised by the Managing Director of the Company.

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About Australian Potash Limited



K-Brite is a registered trademark brand of Australian Potash Limited (ASX: APC), representing the premium Sulphate of Potash (SOP) to be produced from the Company's flagship Lake Wells Sulphate of Potash Project (LSOP).

APC holds a 100% interest in the LSOP, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

Following the release of the Definitive Feasibility Study (DFS) in August 2019ⁱ, APC is focused on the Front-end Engineering Design (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 utilising approximately 21% of the total Measured Resource estimate
- 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

ⁱ 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.