

28 December 2018

FINAL SALTS DELIVERED TO PILOT PROCESSING PLANT

APC to become first Australian producer of field evaporated sulphate of potash

Highlights:

- **3 tonnes of potassium rich feeder salts delivered to Canning Vale pilot processing plant for production of SOP trade samples through January 2019**
- **SOP trade sample verification work planned for Q1 2019, after December 2018 meetings held with Chinese MOU off-take partners.**
- **University of Western Australia's School of Agriculture and Environment has developed a greenhouse research project into the efficacy of APC's Lake Wells SOP on Western Australian soil types to be initiated in Q2 2019**
- **UWA research program developed in conjunction with field trials testing the effect of SOP versus MOP on yield, quality and soil biology commencing Q2 2019**
- **Approximately 2.5 tonnes of magnesium chloride rich bitterns retained for road construction trial on the Lake Wells access road through Q1 2019**

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to announce that its pilot processing facility in Canning Vale has received 3 tonnes of the final potassium rich harvest salts from the Lake Wells pilot evaporation program. This milestone marks an essential step for the Company and the sector, as APC is poised to become the first Australian producer of SOP from field evaporated salts.

Managing Director and CEO, Matt Shackleton, commented: "One area of focus for APC's project team over the past 12 months has been to develop and refine the site evaporation model. Understanding the chemistry of the salts that are produced through the natural evaporation cycle is crucial to planning both the commercial scale development and SOP processing strategies.

"We are delighted to reach this important milestone in our development plans. In January 2019, we plan to produce Australia's first field evaporated sulphate of potash, which will be of enormous value to APC and our MOU off-take partners, as we will be able to detail the chemical composition of the SOP we can produce.

“2019 will be an exciting year for APC on several fronts, including the commissioning of a greenhouse SOP-MOP trial managed by the University of Western Australia’s world class School of Agriculture and Environment. The trial will also be supported by field trials across at least 5 sites, examining the effect of SOP versus MOP. The robust analysis will also test broad acre crop yields and grain quality across several of the various Western Australian soil types.

“APC has always been focussed on developing an operation that can provide this enormously beneficial fertiliser to the local Western Australian, Australian and south-east Asian markets at a cost that promotes SOP use over MOP. Buyers acknowledge APC’s Lake Wells Potash Project’s superior logistical advantage concerning rail and port access, local government support and low-risk brine abstraction model, and the likely effect these advantages will have on operating cost.

“Running these research and trial programs through 2019 will allow us to further define the agronomic benefits of APC’s Lake Wells SOP, and engage with the end-user farming sector on the cost of supply.”

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.

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

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.

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

- 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.

For further information, please contact:

Matt Shackleton

Managing Director & CEO

@ m.shackleton@australianpotash.com.au

+61 (0) 438 319 841

Rueben Hale

Media Enquiries

@ rueben.hale@halepalmer.com

+61 (0) 437 736 098

