

16 March 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

FIRST AGREEMENT EXECUTED IN OFFTAKE PROGRAM

Australia and New Zealand

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise signing of the first binding term sheet with Tier 1 partner Redox Pty Ltd for the supply of 20,000 tonnes per annum (tpa) of premium **K-Brite™** sulphate of potash from the Lake Wells Sulphate of Potash Project (LSOP).

Highlights



**1,000 PRODUCTS
ENDLESS POSSIBILITIES**

- Binding 10-year take-or-pay term sheet for 20,000 tpa of K-Brite™
- Pricing on Net Realised Price basis incentivising Redox to achieve the highest sales price in the market
- Geographic rights for distribution through Australia and New Zealand
- Discussions well advanced with further Tier 1 offtake partners covering Asia (ex-China), Europe, the Americas and China

Managing Director and CEO, Matt Shackleton, commented: “We are pleased to announce the first binding term sheet for offtake supply, covering sales and distribution rights to K-Brite™ in Australia and New Zealand.

Our new partnership with long-established Australian company Redox, who from its Sydney base has built broad trade relationships and an extensive global distribution network, delivers APC’s first step in the larger offtake program. Ultimately APC will have a large proportion of the planned 150,000 tpa output from the LSOP under offtake

agreements, and we look forward to updating shareholders on our progress in the near future.

The emerging Australian SOP sector is gaining credibility on the international stage, and it is pleasing to see APC's rigorous approach to both the technical and commercial aspects of its solar salt SOP project being recognised."



20,000 tpa K-Brite™ to be distributed through Australia and New Zealand under a binding offtake agreement with Redox

Key Terms

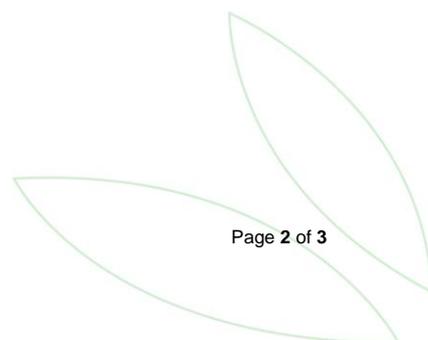
The Redox offtake contains commercial terms and clauses customary to this type of agreement, including the following key terms:

- Pricing based on the market price minus traditional 'net back' costs including a marketing fee and 'flow through' shipping, storage and handling costs (Net Realised Price)
- Binding agreement to take-or-pay 20,000 tpa of K-Brite™ over an initial 10-year term
- K-Brite™ sales and distribution rights on an exclusive basis to Australia and New Zealand
- Subject to the finalisation of long-form documentation

About the Counterparty

Redox is an Australian based company which since 1965 has grown into one of the world's leading chemical and raw material distributors to industry. With offices in all major Australian and New Zealand cities, Redox has reported significant year on year growth for over a decade, with 2019 financial year sales revenues increasing 8% to A\$705 million. Headquartered in Sydney, Redox's corporate values align closely with APC's with a dedication to integrity, hard work and persistence.

To learn more about Redox, please visit www.redox.com.



This release was authorised by the Board of Directors 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 Project.

APC 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 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.