

7 September 2020

**ASX ANNOUNCEMENT**  
ASX: APC

# AUSTRALIAN POTASH LIMITED

## ENVIRONMENTAL PROTECTION AUTHORITY BOARD RECOMMENDS APPROVAL OF THE LAKE WELLS SULPHATE OF POTASH PROJECT

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that the board of the Environmental Protection Authority (EPA) has recommended to the Minister for the Environment that the Lake Wells Sulphate of Potash project be approved for development.

### Highlights

- Recommendation for approval of full Project development made to Minister for the Environment
- Conditions for development and operations agreed between APC and EPA

**Managing Director and CEO, Matt Shackleton, commented:** *"We are very pleased to advise shareholders of the EPA Board's recommendation to the Minister that the LSOP be approved for development. In any minerals project development, this is a seminal step, and one which the APC team can be rightly proud.*

*"Our typically thorough approach to the Approvals Pathway is reflected in the very positive liaison we have enjoyed with the EPA over the past 2 years, and in the concise and effective list of conditions we will adhere to through development and production.*

*"We are continuing discussions in the Offtake Program, with in excess of 75% of our forecast output already contracted under binding take or pay agreements. The plant EPC tender package has been issued and we are reviewing EPC bids received for several other packages. The formal debt due diligence process has commenced with domestic and international financing institutions now in the data room.*

*"The Board looks forward to updating shareholders on these remaining milestone tasks in the coming weeks."*



## FEED Update and Timeline

The FEED program is scheduled to deliver optimised CAPEX, OPEX and production models through Q4 CY2020. Six of the eight development packages of work are being tendered under an Engineering, Procurement and Construction (EPC) contracting strategy, which is designed to mitigate schedule, cost and performance risk.

The formal financing due diligence process has commenced, and APC is requesting indicative terms sheets by the end Q3/beginning Q4 CY2020. Independent technical and marketing experts have been appointed to review the FEED outputs and prepare reports for the several domestic and international commercial financial institutions considering the opportunity. NAIF will be conducting detailed due diligence concurrently.

We are continuing with our discussions in the offtake program, with a particular focus on the North and South American continental markets. While the Company has in excess of 75% of its forecast output under offtake agreements, material opportunities are being presented for consideration in these lucrative SOP markets.

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 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 2019<sup>1</sup>, 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 NPV<sub>8</sub> 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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<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.