

14 October 2020

Ms Stephanie Patchell
Adviser, Listings Compliance (Perth)
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: Stephanie.Patchell@asx.com.au

Dear Ms Patchell,

Australian Potash Limited (ASX: APC) – Response to ASX Query

We refer to your letter dated 9 October 2020 (**Letter**). Capitalised terms used in this letter have the meaning given in your Letter unless otherwise defined. Set out below is the response of Australian Potash Limited (**APC**) to each of the questions in your Letter.

1. Did APC calculate CO₂-e emissions for the Project as part of its Definitive Feasibility Study ('DFS')?

No.

2. If the answer to question 1 is “yes”, please advise why CO₂-e emissions were not disclosed in the DFS Announcement.

Not applicable.

3. If the answer to question 1 is “no”, please advise:

- 3.1 when the CO₂e-emissions were calculated; and

*The CO₂e-emissions were calculated on 22 September 2020, the day prior to the announcement entitled “Sustainable Renewable Power Station” lodged on the ASX Market Announcements Platform (**MAP**) and released on 23 September 2020 (**Announcement**), on page 2 of which graphs of APC’s anticipated CO₂e-emissions were provided in favourable comparison to the peer space (based on publicly disclosed information by such peers).*

- 3.2 whether the outcome changes any figure reported in the DFS Announcement.

No.

4. What analysis was done in the CO₂e-emissions calculation and what methodology was used?

The analysis undertaken and methodology used by APC in the CO₂e-emissions calculation was as follows:

- a) APC used the Australian Government's National Greenhouse and Energy Reporting Calculator (**NGERS Calculator**) to calculate the estimated carbon emissions;
- b) The material carbon emissions identified for the Lake Wells Sulphate of Potash Project and populated into the NGERS Calculator are:
 - i) Emissions from the hybrid renewable power station arising from LNG consumption;
 - ii) Emissions from light and heavy vehicle movements at site arising from diesel and oils consumption; and
 - iii) Emissions from road haulage to transport sulphate of potash from site to export port arising from diesel and oils consumption;
- c) The inputs to (b)(i) above were provided by an independent hybrid renewable power contractor engaged to complete a FEED level study by APC;
- d) The inputs to (b)(ii) were internal estimates based on the fleet requirement provided by independent contractors and usage rates; and
- e) The inputs to (b)(iii) were provided by an independent transport and logistics contractor that provided a proposal to APC for logistics and transport services.

5. The DFS Announcement states that “[f]uel for the power plant will be LNG trucked to the operation and stored in the Vendor’s storage facility.” Were there any other options for power generation used in the power plant considered under the DFS?

Various options for power generation were considered, analysed and modelled under the DFS, at length and in detail, including the use of renewable power generation. Power generation options were considered, included or excluded under the DFS based on many factors, including then-available funding options and cost (both capital expenditure and operational expenditure).

Post-DFS, which was lodged on MAP and released on 28 August 2019, and in particular following completion of the Strategic Assessment Phase of the Northern Australia Infrastructure Facility (NAIF) and commencement of formal due diligence with respect to APC’s request for funding (as announced in an announcement entitled “Northern Australia Infrastructure Facility – Due Diligence to Commence” lodged on MAP and released on 3 April 2020), APC has proceeded with further analysis and modelling as part of its FEED Study of the use of renewable power generation based on NAIF requirements for any potential funding.

6. When did APC first become aware of the CO₂e-emissions figure reported in the Announcement?

22 September 2020, the day prior to the Announcement.

7. Does APC consider the CO₂ figure to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

No, however to ensure compliance with ASX Listing Rule 3.1 APC decided to err on the side of caution and release the CO₂ figure to the market in the Announcement immediately it became known.

8. If the answer to question 7 is “no”, please advise the basis for that view.

Not applicable, however in this regard, APC notes that the share price of its securities from the close of trade on the day prior to the Announcement to the close of trade on the day prior to the date of receipt of your Letter has increased only by 3.33%, which in the view of APC is not material.

9. If the answer to question 7 is “yes” and APC first became aware of the Information before the release of the Announcement, did APC make any announcement prior to the release of the Announcement which disclosed the CO₂e figure? If so, please provide details, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe APC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps APC took to ensure that the information was released promptly and without delay.

Not applicable, however APC first became aware of the Information on 22 September 2020, the day prior to the Announcement.

10. Please confirm that APC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

APC confirms that it is complying with the Listing Rules and, in particular, Listing Rule 3.1.

11. Please confirm that APC’s responses to the questions above have been authorized and approved in accordance with this published continuous disclosure policy or otherwise by its board or an officer of APC with delegated authority from the board to respond to ASX on disclosure matters.

APC confirms that this response has been approved and authorized by its Managing Director and CEO.

Yours sincerely,

Sent electronically without signature

Sophie Raven
Company Secretary



9 October 2020

Reference: 25581

Ms Sophie Raven
Company Secretary
Australian Potash Limited

By email: s.raven@australianpotash.com.au

Dear Ms Raven

Australian Potash Limited ('APC'): Query

ASX refers to the following:

- A. APC's announcement entitled "Sustainable Renewable Power Solution" lodged on the ASX Market Announcements Platform ('MAP') and released at 09:46 AM AEST on 23 September 2020 (the 'Announcement'), disclosing information regarding the anticipated CO₂ emissions from APC's Lake Wells Sulphate of Potash Project (the 'Project').
- B. APC's announcement entitled "Definitive Feasibility Study Outstanding Financial Outcomes" lodged on MAP and released at 9.59 AM AEST on 28 August 2019 (the 'DFS Announcement').
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- D. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:
"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- E. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.
 - "3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:
 - 3.1A.1 One or more of the following applies:
 - It would be a breach of a law to disclose the information;
 - The information concerns an incomplete proposal or negotiation;
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure;
 - The information is generated for the internal management purposes of the entity; or
 - The information is a trade secret; and
 - 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and
 - 3.1A.3 A reasonable person would not expect the information to be disclosed."

-
- F. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for information

Having regard to the above, ASX asks APC to respond separately to each of the following questions and requests for information:

1. Did APC calculate CO₂-e emissions for the Project as part of its Definitive Feasibility Study ('DFS')?
2. If the answer to question 1 is "yes", please advise why CO₂-e emissions were not disclosed in the DFS Announcement.
3. If the answer to question 1 is "no", please advise:
 - 3.1 when the CO₂-e emissions were calculated; and
 - 3.2 whether the outcome changes any figure reported in the DFS Announcement.
4. What analysis was done in the CO₂-e emissions calculation and what methodology was used?
5. The DFS Announcement states that "[f]uel for the power plant will be LNG trucked to the operation and stored in Vendor's storage facility." Were there any other options for power generation used in the power plant considered under the DFS?
6. When did APC first become aware of the CO₂-e figure reported in the Announcement?
7. Does APC consider the CO₂-e figure to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
8. If the answer to question 7 is "no", please advise the basis for that view.
9. If the answer to question 7 is "yes" and APC first became aware of the Information before the release of the Announcement, did APC make any announcement prior to the release of the Announcement which disclosed the CO₂-e figure? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe APC was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps APC took to ensure that the information was released promptly and without delay.
10. Please confirm that APC is complying with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that APC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of APC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **10.00 AM WST on Wednesday, 14 October 2020**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, APC's obligation is to disclose the

information ‘immediately’. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require APC to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsCompliancePerth@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in APC’s securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in APC’s securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to APC’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that APC’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Stephanie Patchell
Adviser, Listings Compliance (Perth)