

26 July 2022

Quarterly Activities Report – June 2022

- Updated hydrogeological flow model indicated higher sulphate of potash (SOP) production than forecast during the Front End Engineering Design (FEED) program
 - Total potential SOP production from LSOP brine increased from 120,000 tpa to 135,000 tpa (12.5% increase)
 - 48% reduction in installed bores from FEED model as grade and yield parameters materially improved through development of initial 20 production bores
 - Design scope implications being worked through in preparation for revised financial outcomes
- Key Management Personnel appointment – Tony Dominkovich joined the APC team as Project Manager
- Laverton Training Centre General Manager Mac Jensen awarded an Order of Australia Medal for services to remote Aboriginal communities
- SOP trades being recorded between €1,065 – €1,150/t [US\$1,074 – US\$1,159/t] FOB NW Europe
 - FEED financial model results based upon forecast average SOP selling price of US\$550/t

Australian Potash Limited (ASX: APC or the Company) is pleased to provide its Quarterly Activities Report for the period ending 30 June 2022.

Managing Director and CEO, Matt Shackleton, commented: “It would be disingenuous to consider any mineral project development in Western Australia immune to the impact of global macro economic factors, which are reflected not only in supply chain disruptions and cost pressures but in equity market sentiment.

“The nascent WA SOP sector is developing projects across a range of alternative resources with a range of grades and scale. As the developers of these projects progress we are creating a critical mass of technical understanding in brine resource abstraction and management, design and operation of evaporation ponds and commissioning of processing facilities.

“APC is developing the Lake Wells SOP Project (LSOP) with the benefit of understanding some of the challenges encountered by early movers in the peer space. As devoted exponents of the borefield method of brine abstraction, we believe that the LSOP’s low-risk mining model allows us infinitely more control over brine supply and therefore evaporation processes. The challenge we have at Lake Wells and across large parts of WA is not slow evaporation but environmental conditions so conducive to evaporation that we have to slow it down in the hot months.

“We saw during the quarter that our early works program in the borefield – we have developed 20 bores or about 25% of the borefield – yielded excellent results, which when input into the hydro model showed us the Project will produce more SOP at a better grade with fewer bores than we originally thought.

“Our work is now centred on understanding the financial implications of this production shift, including scope and design changes and incorporating a higher SOP sales price in our financial model. We continue to engage with debt and potential equity partners and anticipate being able to update shareholders further on this work through the balance of Q3 and into Q4.”

Operational Update

Lake Wells Sulphate of Potash Project (LSOP)

The Lake Wells SOP Project is located approximately 500km north of Kalgoorlie in the north-eastern Goldfields of Western Australia. It is a 100% borefield SOP project and is being developed without any recourse to a trenching system to abstract (or mine), the potassium rich brines.

Updated Flow Model Increases SOP Production Potential

During the period APC announced updates to its flow modelling which outlined the potential for increased production from brine at the LSOP.

On 20 April 2021 the Company announced to ASX the results of its FEED study. Further to that FEED study, analysis of results from recently completed brine supply bores at the LSOP demonstrates evidence of increased brine grade and sustainable pumping rates within the borefield the subject of the FEED study.

Updating the hydrogeological flow model with this data indicates the potential to increase the annual production of SOP from the LSOP from 120,000 tonnes per annum (tpa) shown in the FEED study to 135,000tpa (an increase of 15,000tpa or 12.5%). Additional improvements realised in the recent modelling also indicate that 89 supply bores will be suitable for life-of-mine (LOM) operation, whereas the original FEED development model had 172 bores over the LOM, a 48% reduction in installed bores.

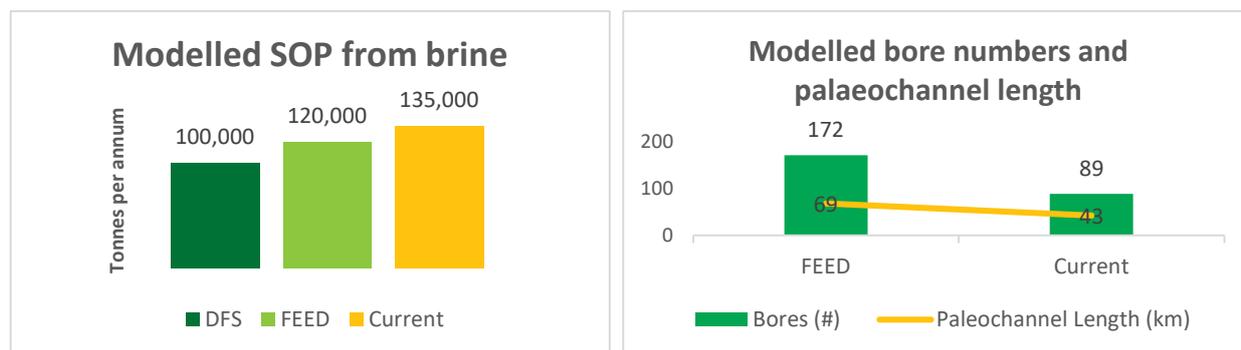


Figure 1: Higher Annual Production Rate with Fewer Brine Production Bores

In the Company's Definitive Feasibility Study (DFS) released in August 2019¹, SOP production from brine abstraction was projected to be 100,000tpa, resulting in a Probable Reserve of 3.6Mt[#] (utilising ~20% of the in-situ Measured Resource[#]). An additional 50,000tpa was forecast in that DFS to be produced through the addition and conversion of Muriate of Potash (MOP) to SOP.

The brine abstraction rate was optimised through the FEED study, leading to optimised SOP output of 120,000tpa.

Through the DFS, external consultants AQ2 prepared a hydrogeological model for the proposed development of the LSOP. This model has been updated regularly with actual data generated in the field. Short term pump testing allows the reconciliation of the modelled early-time flow rate at each bore to the actual early-time flow rate likely to be recorded in operations. The inclusion of the data from the test pumping of the bores completed to date² in the hydrogeological model, reconciles positively (see Figure 2 below) and indicates the potential to increase the annual SOP production from brine abstraction to 135,000tpa (+15,000tpa/12.5%).

¹ Refer ASX Announcement 28 August 2019

² Refer ASX Announcement 31 January 2022

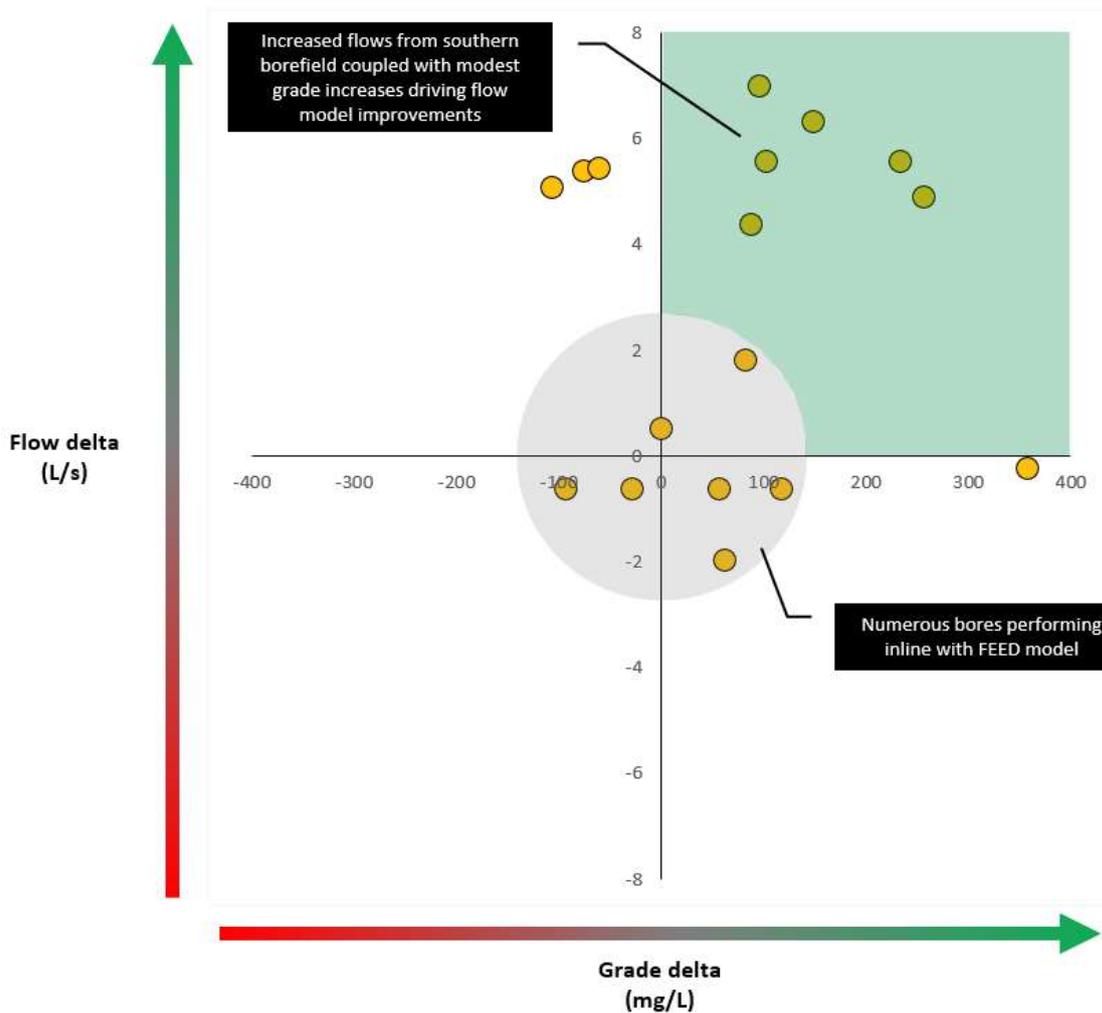


Figure 2: Comparison of the FEED modelled results to updated flow model results for the early works' bores. The yellow circle represents an individual bore's performance for grade and flow, relative to the previous model.

There has been no material change to the estimated JORC Compliant Measured Resource for the project previously announced to ASX³.

All primary approvals remain in place for the development of the LSOP. Secondary approvals still outstanding include dangerous goods storage, various minor miscellaneous licence tenement applications, a liquor licence and the like.

Key Management Personnel

During the period, Mr Tony Dominkovich was appointed as Project Manager to oversee the development of the LSOP. Tony brings to the APC team over 40 years of project management experience, with recent and relevant experience in the Western Australian SOP sector.

Upon Tony's appointment, Mr Rhett Brans reverted to a non-executive position in his capacity as Project Director however remains an active and engaged member of the Board of APC.

During the quarter Mr Scott Nicholas tendered his resignation from his role as Chief Financial Officer at APC to pursue another opportunity. The Company is actively engaged in recruiting Mr Nicholas' replacement which we anticipate having in place prior to the expiry of the contracted notice period of early September.

³ Refer ASX Announcement 8 August 2019



Figure 3: Construction of the new storage shelters at LSOP was completed during the period

Funding

Discussions, due diligence, and documentation continued with the syndicated debt facility lenders (Northern Australia Infrastructure Fund (**NAIF**), Export Finance Australia (**EFA**) and commercial banks). Additional technical due diligence requirements requested by funders in light of the development challenges of the Company’s Australian peers have been completed.

Commercial banks continue with their credit processes for the final tranche of the debt facility.

Laverton Training Centre

The Laverton Training Centre (**LTC**) is an initiative of Australian Potash Limited which provides access to nationally accredited vocational training for long-term unemployed Aboriginal people living in this remote part of Western Australia.

The LTC training ethos is modelled on the highly successful Martu-ku Yiwarra Training Centre in Wiluna, a unique four-year pilot remote Aboriginal vocational training program which was funded by local employers, overseen by Martu Elders, and had training delivered by Central Regional TAFE Kalgoorlie (**CRTAPE**) as the registered training organisation.

Training at the LTC continued during the period with students completing more units of the Certificate II Rural Operations including bobcat and machinery training. The first cohort of students were due to receive certificates at a ceremony on 19 July 2022, however an outbreak of COVID-19 in the north-eastern Goldfields has necessarily delayed that ceremony.



Figures 4 & 5: Machinery training – May & June 2022



Figures 6 & 7: Machinery training – May & June 2022

On 13 June 2022, LTC General Manager Mac Jensen was recognised in the Queen’s Birthday Honours with an Order of Australia Medal for his services to remote Aboriginal communities. Mac Jensen has been a tireless and dedicated advocate for a broader understanding of Aboriginal cultural strength, adapting remote training practices to incorporate these strengths and to reflect the central and vital role they play in Aboriginal people’s lives.

Mac retired from the Armed Services with the rank of Major and is a previous officer of NORFORCE and commander of the Kimberley Squadron. Following his retirement from the Army, Mac continued to foster strong and enduring relationships with the Aboriginal troops in his command and was instrumental in gaining recognition for 13 Aboriginal ex-servicemen, with them being awarded 21 military medals post-service.



Figure 8: Major Neil McArthur ‘Mac’ Jensen RFD (Retd) JP OAM (far left) with a group of Aboriginal trainees and TAFE lecturer

Lake Wells Gold Project (LWGP)

The Lake Wells Gold Project is a joint venture with St Barbara Limited (**SBM**) for the exploration, development and mining of non-potash minerals. On 8 April 2021 it was announced that SBM had met the necessary expenditure commitment to earn a 70% interest in the LWGP.

SBM have provided notice of withdrawal from the LWGP Joint Venture and following due process, APC will resume 100% ownership of the tenements.

Laverton Downs Project (LDP)

The Laverton Downs Project is 100% owned by APC and located approximately 20km north of Laverton. Regional geology highlights the potential for gold and nickel sulphide mineralisation. Project evaluation undertaken by APC incorporating regional datasets, detailed magnetic data and high precision geochemical assay results derived from historical bottom of hole drill samples confirmed that a Kambalda-style nickel deposit host rock type is present within the LDP.

Darlot Project (DP)

The Darlot Project comprises three exploration licenses across Lake Darlot, 50 kilometres ENE of Leinster in the northern Goldfields. No work has been conducted at the DP, other than a data review of historical publicly available data. This work will continue with a view to conducting an initial surface sampling program for potassium mineralisation if the data review indicates that expenditure is warranted.

SOP Market Update

Fertiliser Markets

Ongoing global inflationary pressures and supply side imbalances are expected to keep prices at elevated levels (compared to long term pricing) in the short to mid-term term. Seasonal impacts on demand in Europe and the US and harvesting activities in Africa have seen fertiliser prices soften a little from decade high peaks. Inventory levels of fertilisers are still high in key markets such as Brazil, India, and China due to security purchases and protective policies.

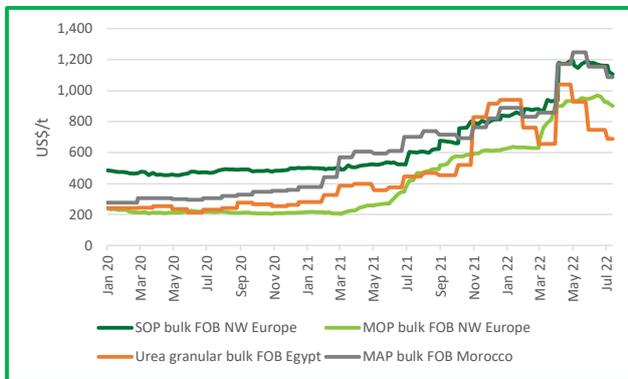


Figure 9: Global Fertiliser Prices⁴

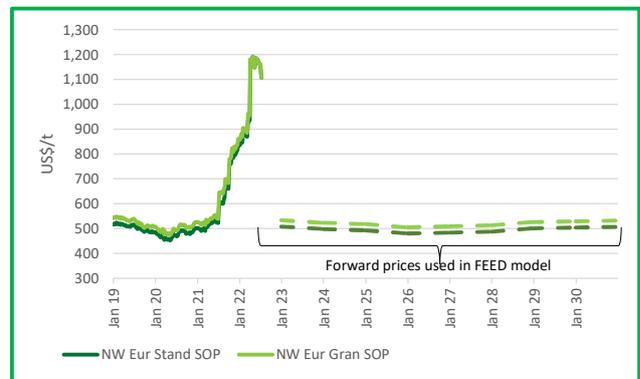


Figure 10: SOP Prices⁴

Potash Markets

Lacklustre demand from key regions continues to soften prices MOP and SOP prices. Reduced demand is a result of both a seasonal lull in key regions and demand erosion due to high prices. China continues its recent export controls on fertilisers with limited SOP volume being exported.

Sanctions on MOP producers in Belarus and Russia (representing approximately 40% of global supply) continues to add uncertainty to global supply. There are reports of Russian MOP shipments arriving in Brazil and USA recently and Europe has set an annual quota for MOP Russian imports of 837,570t.

⁴ Source: Argus Consulting

As of mid-July 2022, SOP prices are at a US\$200/t premium to MOP prices. Both MOP and SOP prices have started to reduce but still remain at elevated levels. In mid-July 2022 prices show Northwest Europe granular SOP trading at US\$1,106/t and East Asia granular SOP trading at US\$1,065/t⁴.

APC is carrying an average, real life of mine SOP sales price of US\$550/tonne in its bank financial model⁵.

Corporate Update

Equity movements during the period comprised the issue of fully paid ordinary shares in settlement of a 2011 tenement sale agreement milestone consideration clause and expiry of unlisted options.

As at the date of this report, the Company's capital comprises:

- 808,382,808 fully paid ordinary shares (ASX: APC)
- 7,657,910 unlisted performance rights
- 1,500,000 unlisted options exercisable at \$0.175 and expiring 29 July 2023.

Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) for the period ending 30 June 2022 provides an overview of the Company's financial activities.

During the quarter, payments to related parties and their associates totalled \$201,000, comprising directors' salaries, fees and superannuation. In addition, a summary of the expenditure incurred during the quarter on the activities described in this report is as follows: exploration and evaluation (capitalised) \$1,759,000; exploration and evaluation (expensed) \$36,000; plant and equipment \$87,000; staff costs \$511,000; and administration and corporate costs \$387,000.

Mining Tenement Holdings

In line with obligations under ASX Listing Rule 5.3.3, APC provides the following information relating to its mining tenement holdings as at 30 June 2022.

Area	Tenement	Interest at 1 April 2022	Action	Interest at 30 June 2022
Lake Wells	E38/1903	30% ⁶	-	30% ⁶
	E38/2113	30% ⁶	-	30% ⁶
	E38/2114	100%	-	100%
	E38/2505	30% ⁶	-	30% ⁶
	E38/2901	30% ⁶	-	30% ⁶
	E38/2988	30% ⁶	-	30% ⁶
	E38/3018	30% ⁶	-	30% ⁶
	E38/3021	30% ⁶	-	30% ⁶
	E38/3028	30% ⁶	-	30% ⁶
	E38/3039	100%	-	100%
	E38/3224	30% ⁶	-	30% ⁶
	E38/3225	30% ⁶	-	30% ⁶

⁵ Refer ASX announcement 20 April 2021

⁶ Effective interest

Area	Tenement	Interest at 1 April 2022	Action	Interest at 30 June 2022
	E38/3226	30% ⁶	-	30% ⁶
	E38/3270	30% ⁶	-	30% ⁶
	E38/3423	100%	-	100%
	ELA38/3637 ⁷	100%	Application pending	100%
	LA38/350 ⁷	100%	Application pending	100%
	L38/351 ⁷	100%	-	100%
	LA38/352 ⁷	100%	Application pending	100%
	L38/356 ⁷	100%	-	100%
	LA38/357 ⁷	100%	Application pending	100%
	LA38/359 ⁷	100%	Application pending	100%
	LA38/360 ⁷	100%	Application pending	100%
	M38/1274	100%	-	100%
	M38/1275	30% ⁶	-	30% ⁶
	M38/1276	100%	-	100%
	M38/1287	100%	-	100%
	M38/1288	100%	-	100%
	M38/1289	100%	-	100%
Laverton Downs	E38/2724 ⁸	100%	-	100%
	E38/3014 ⁸	100%	-	100%
	E38/3132 ⁸	100%	-	100%
	E38/3402 ⁸	100%	-	100%
	E38/3403 ⁸	100%	-	100%
	E38/3404 ⁸	100%	-	100%
Darlot East	E37/1388	100%	-	100%
	E37/1389	100%	-	100%
	E37/1390	100%	-	100%

No tenements are subject to any farm-in or farm-out agreements except as disclosed above.

This release was authorised by the Board of Directors.

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⁷ Tenements held by Lake Wells Potash Pty Ltd, a wholly owned subsidiary of APC

⁸ Tenements held by Laverton Downs Pty Ltd, a wholly owned subsidiary of APC

#Mineral Resource Estimate

The information in this report that relates to the Mineral Resource is based on information announced to the ASX on 8 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

Hydrogeological Unit	Volume of aquifer (MCM)	Specific Yield (mean)	Drainable Brine Volume (MCM)	K Concent ⁿ (mg/L, weighted mean value)	SOP Grade (mg/L, weighted mean value)	SOP Resource (MT)
Loam	5,180	10%	518	4,009	8,941	4.6
Upper aquitard	10,772	7%	754	3,020	6,735	5.1
Crete	479	5%	24	2,386	5,320	0.1
Upper sand	801	17%	136	3,435	7,660	1.0
Lower aquitard	9,502	8%	760	3,367	7,509	5.7
Mixed aquifer	440	17%	75	3,645	8,129	0.6
Basal sand	503	23%	116	3,415	7,616	0.9
Total (MCM/MT)	27,678		2,383	3,343	7,455	18.1

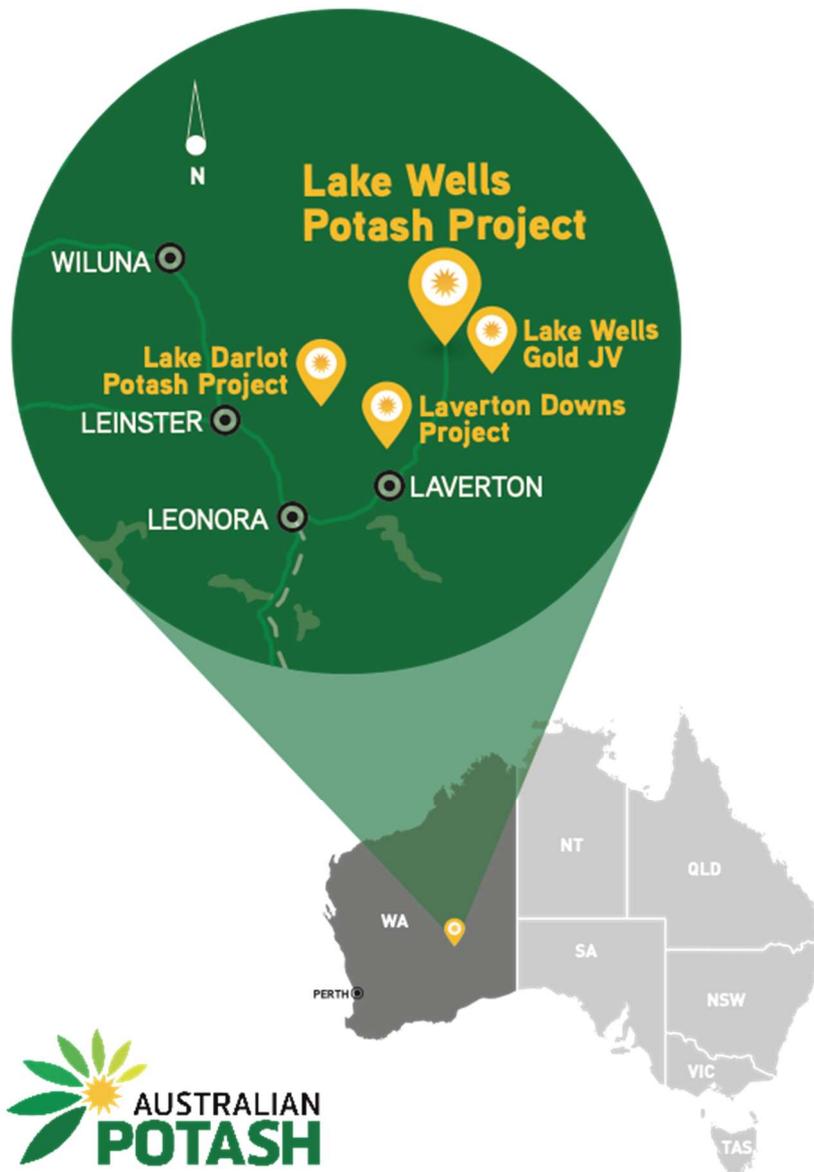
Table 2: Measured JORC Mineral Resource Estimate for Lake Wells Sulphate of Potash Project based on modelled aquifer volume, specific yield and weighted mean K concentrations (derived from modelling)

#Ore Reserve Estimate

The information in this report that relates to the Ore Reserve is based on information announced to the ASX on 28 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

Brine Volume Recovered (Mm ³)	Average Produced K Concentration (mg/L)	K Mass (MT)	SOP Mass (MT)	Proportion of Measured Resource	Proportion of LOM Production
490	3,325	1.6	3.6	20%	96%

About Australian Potash Limited



APC holds a 100% interest in the **Lake Wells Sulphate of Potash Project (LSOP)**, located approximately 500km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Company is finalising pre-development plans for commencement of construction. First production from the LSOP is scheduled for 24 to 27 months from a Final Investment Decision.

K-Brite™ is a registered trademark brand of Australian Potash Limited and the brand under which the suite of high quality, premium SOP products from the LSOP will be marketed.

APC holds a 100% interest in the **Laverton Downs Project**, located 5kms north of Laverton, in Western Australia's Eastern Goldfields.⁹

APC holds a 30% free-carried interest in the **Lake Wells Gold Project**, located 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.¹⁰

Please visit www.australianpotash.com.au for more information.

Forward Looking Statements

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 forward-looking 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 or any other referenced announcement. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

⁹ Refer ASX Announcement 9 April 2021

¹⁰ Refer ASX Announcement 8 April 2021