



Low Cost, Organically Certified,  
Environmentally Sustainable,  
Green Sulphate of Potash

Transitioning to  
Development  
May 2021

[www.australianpotash.com.au](http://www.australianpotash.com.au)

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## Competent Person's Statement

The information in the announcement that relates to Mineral Resources and Ore Reserves 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 palaeo channel 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 'Australasian 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.

The information in this report that relates to Exploration Results is based on information compiled by Mr Christopher Shaw who is a member of the Australian Institute of Geoscientists (AIG). Mr Shaw is an employee of Australian Potash Ltd. Mr Shaw has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shaw consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mineral processing is based on information compiled by Mr Antoine Lefavre P.Eng, a Competent Person who is a Member of the *Ordre des Ingénieurs du Québec* (Order of Engineers of Quebec). Mr Lefavre is employed by Novopro Projects Inc. and has sufficient experience that is relevant to the style of minerals processing and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lefavre consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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## Financial Forecasts

The forecast financial information stated in this presentation is based on the Company's Front End Engineering Design Program results as released to the ASX on 20 April 2021. The Company confirms that all material assumptions underpinning the forecast financial information continue to apply and have not materially changed.

# Australia's Green SOP Project

FEED Program positions the Lake Wells SOP K-Brite™ product as a genuinely green, premium fertiliser product for distribution into the world's most lucrative markets

- ✓ 100% owned project in Tier 1 jurisdiction
- ✓ 170,000 tonnes per annum over an initial 30-year mine life
- ✓ 'EPC' construction strategy: cost, schedule & performance guarantees
- ✓ 90% of production under Offtake agreements structured to pass through price premium
- ✓ Lowest quartile cash cost
- ✓ 'High-penetration' hybrid renewable power station (*base case 44%*)
- ✓ 66% less carbon emissions than Mannheim SOP
- ✓ High grade, organically certified and soluble product lines
- ✓ Green loan verification with debt financing well advanced

A genuinely green, premium fertiliser



# The Lake Wells Sulphate of Potash Project

The essential metrics

- ✓ 100% OWNED – TIER 1 LOCATION
- ✓ AUSTRALIA'S LARGEST MEASURED JORC COMPLIANT SOP RESOURCE
- ✓ MINING LEASES & ENVIRONMENTAL APPROVALS
- ✓ 30 YEAR MINE PLAN UTILISES 24% OF MEASURED RESOURCE ESTIMATE
- ✓ PROBABLE RESERVE 3.6 M TONNES SOP  
MEASURED RESOURCE 18.1 M TONNES SOP
- ✓ PRE-TAX<sup>#</sup> NPV<sub>8</sub> **A\$415M**
- ✓ **A\$88M** EBITDA<sup>#</sup> (AVG ANNUAL OVER LOM)
- ✓ CASH COST<sup>#</sup> **US\$251/t**
- ✓ SOP PRICE<sup>#</sup> **US\$550/t**
- ✓ CAPITAL COST<sup>1</sup> **A\$266M** (+A\$26M CONTINGENCY)
- ✓ DEBT FUNDING<sup>2</sup> **A\$185M** (+COMMERCIAL BANKS PENDING)

# The Lake Wells Sulphate of Potash Project

The essential metrics



30 YEARS OF SOP  
PRODUCTION AT  
**170,000**  
TONNES PER ANNUM

PREMIUM PRODUCTS  
**STANDARD  
GRANULAR  
WATER SOLUBLE  
ORGANIC CERTIFICATION**



**90%**  
**OF PRODUCTION  
UNDER OFFTAKE**



RENEWABLE  
ENERGY

**60%<sup>1</sup>**  
↑  
**44%**

LOW CO<sub>2</sub> EMISSIONS  
**66% less**  
THAN MANNHEIM  
INDUSTRIAL PROCESS

GREEN LOAN  
VERIFICATION



NAIF FUNDING  
**A\$140M**  
EFA FUNDING\*  
**A\$45M**

# FEED Summary

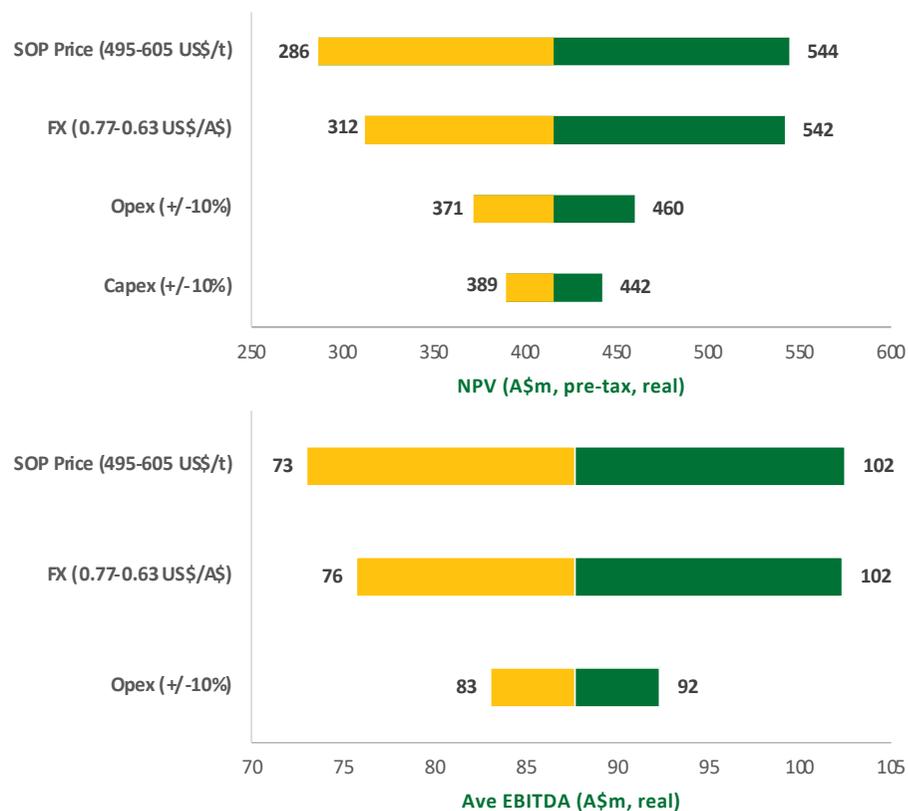
## The Lake Wells Sulphate of Potash Project



Assumptions	Unit		
SOP price [real]	US\$/t	550	
FX rate	US\$:A\$	0.70	
Discount rate	%	8.0	
Mine life	Yrs	30	
Production	Ktpa	170	
Financial metric	Unit	Nominal	Real
Project NPV <sub>8</sub> [pre-tax]	A\$m	614	415
IRR (pre-tax)	%	21	19
Annual avg EBITDA [LOM]	A\$m	124	88
Annual avg FCF [pre-tax]	A\$m	119	84

## Financial metrics

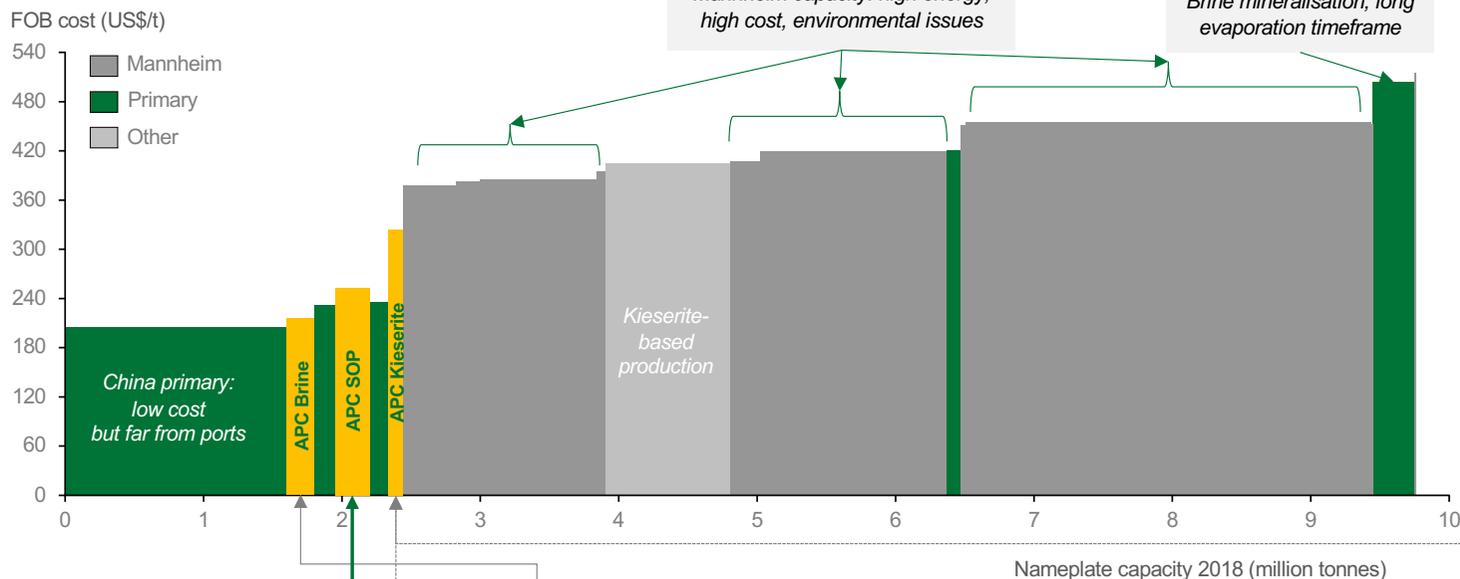
## Strong Returns in All Scenarios



# Lowest Quartile on Global Cost Curve



Global FOB SOP cost curve 2018



Brine SOP average cost of production	120,000 tpa	US\$221/t
Kieserite SOP average cost of production	50,000 tpa	US\$327/t
<b>Overall SOP average cost of production</b>	<b>170,000 tpa</b>	<b>US\$251/t</b>

**What is Kieserite SOP?**  
MOP + excess sulphate = SOP

1. Not Mannheim
2. Low energy
3. Minimal marginal OPEX
4. Compass Minerals, SO<sub>4</sub>

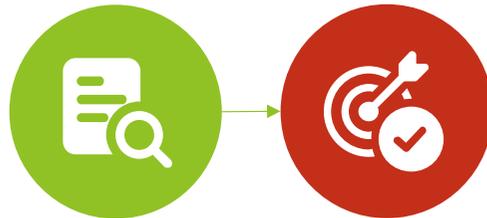
# Contracting Strategy

+75% of construction contracts by value are EPC

Minimising the risk of cost overruns, schedule creep and process under-performance

## 6 Packages EPC Contracted

SOP process plant  
Borefield fit-out & HV network  
Power station  
Comms & Village

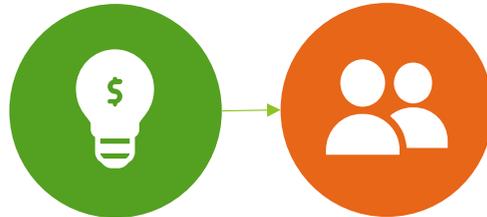


## Why?

Schedule guarantee  
Price guarantee  
Process guarantee  
Local engineers & Canadian expertise

## 2 Packages Owner's Team

Borefield drilling  
Civils (incl. ponds)



Experienced owner's team  
In depth knowledge of ground conditions – no-one knows better than APC's team

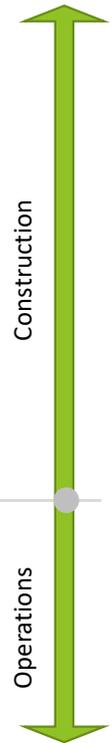
## Contracted

Village  
Power station  
Logistics



## Owner's Team

Pumping  
Processing  
Marketing

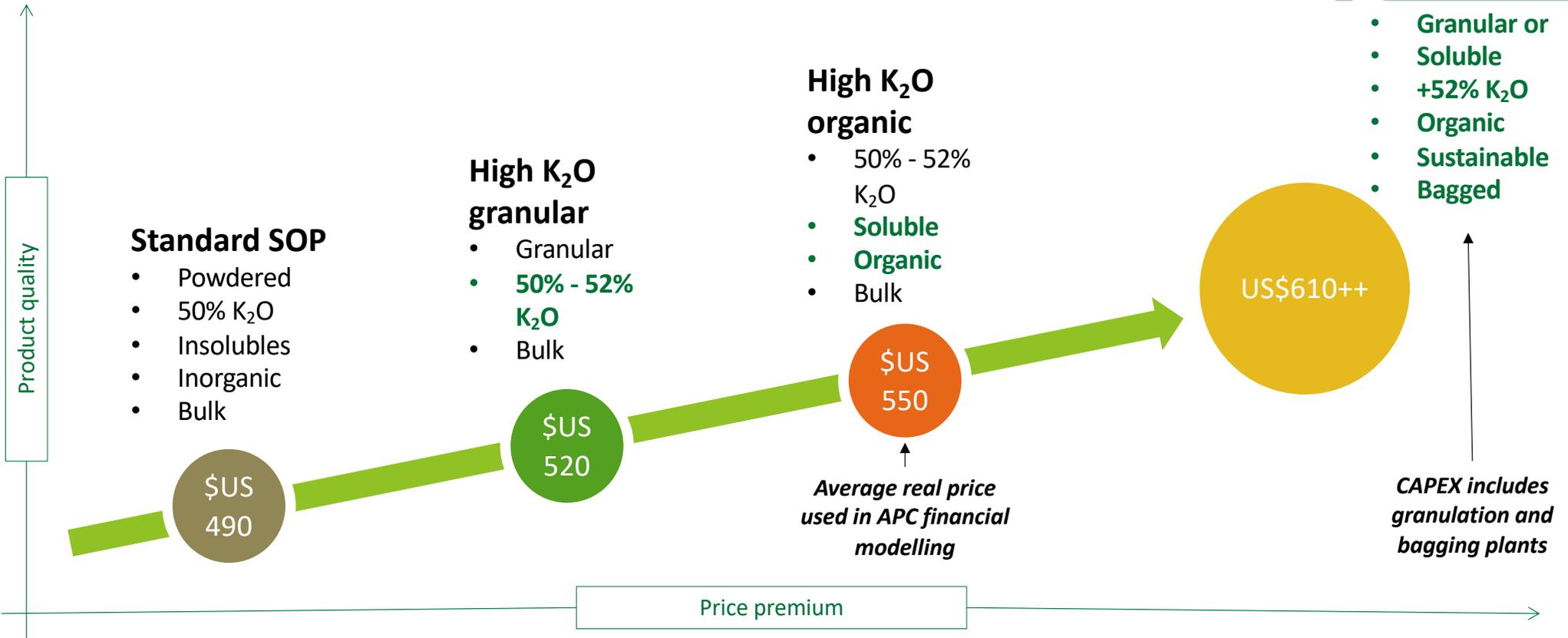


# Pricing the SOP Product

Premium product commands premium pricing

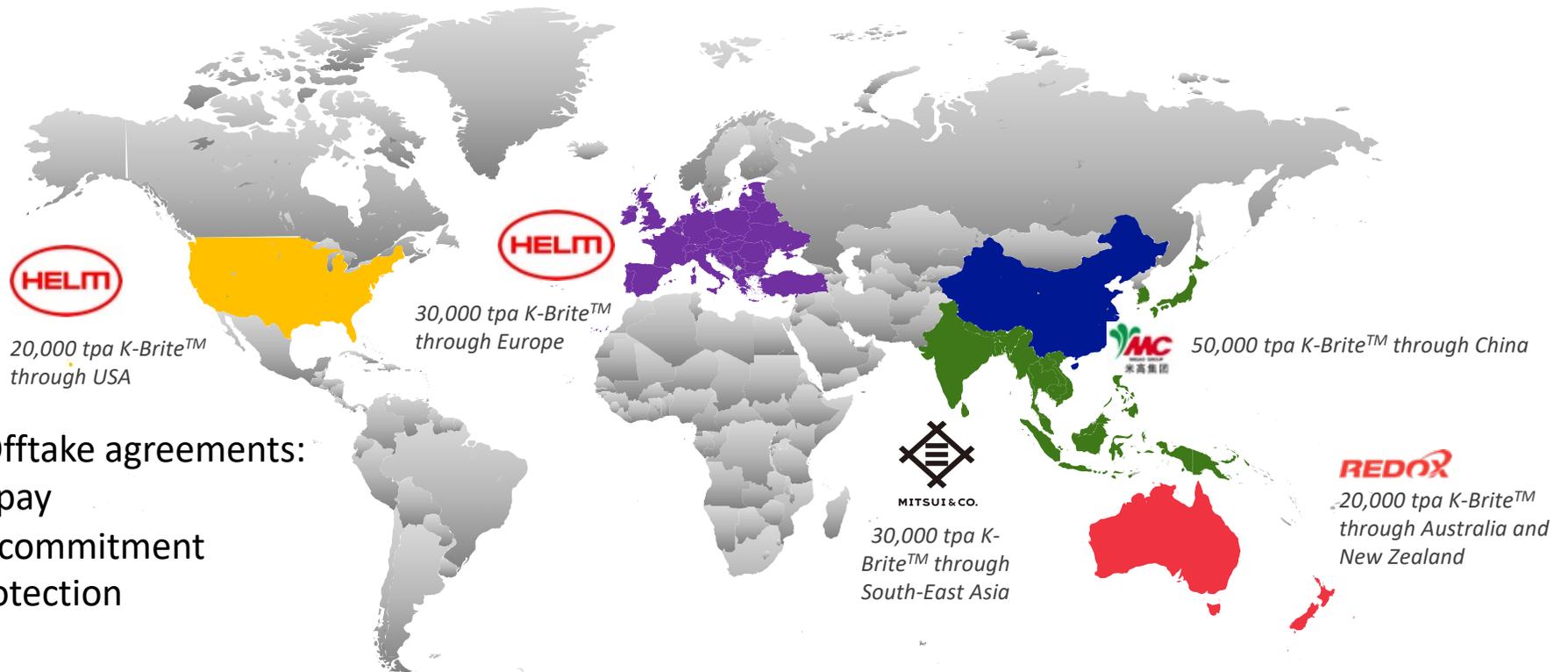


- Granular or Soluble
- +52% K<sub>2</sub>O
- Organic
- Sustainable
- Bagged



# Offtakes over 90% of Production

Tier 1 global partners  
Third party validation



## Bankable Offtake agreements:

- Take-or-pay
- Volume commitment
- Price protection

# Renewable Energy

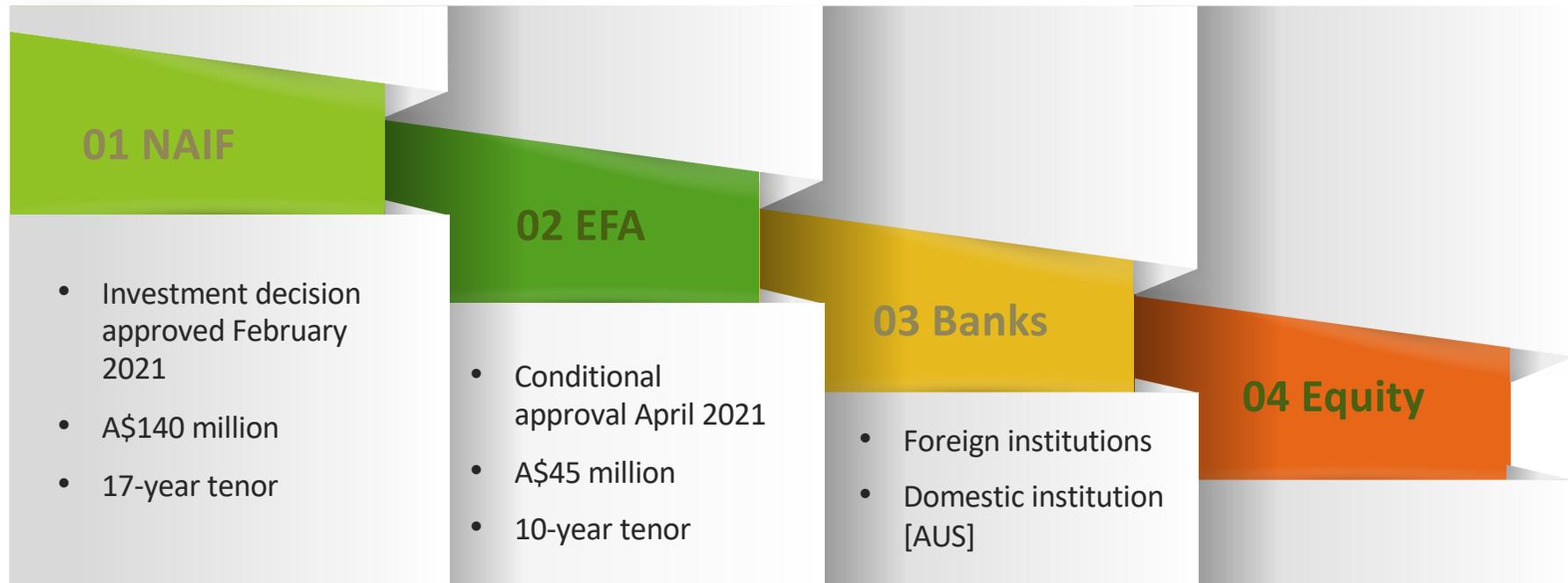


## High penetration renewables

- 44% base case Renewable Energy Penetration rate rising to +60%
- Material impact on reducing carbon emissions
- Mannheim process generates 3 times the carbon emissions of Lake Wells
- Contract delivers APC financial benefits of technical advances in RE generation and storage

# Financing the Build

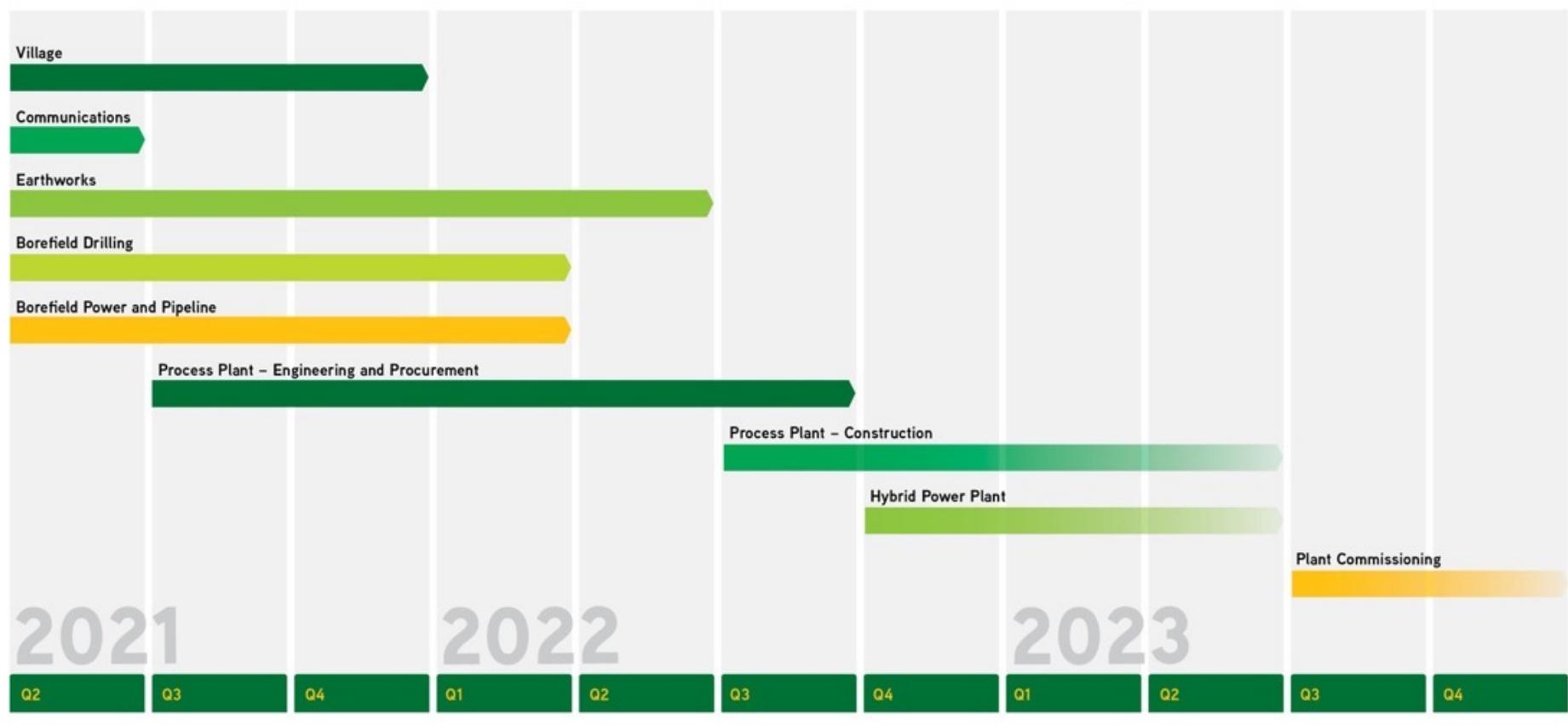
NAIF  
EFA  
Commercial banks  
Equity



- Green Loan verification on debt issued by APC
- Capital cost of A\$266 million [plus contingency of A\$26m]

# Timeline to Production

Conservative schedule commitments



# Corporate Snapshot

Strong share price performance  
Strong balance sheet  
Zero debt

## Capital Structure\*



Share Price (19 May 2021)	\$0.175
Shares on Issue	635.6m
Listed options <sup>1</sup>	51.3m
Unlisted options & Performance Rights <sup>2</sup>	11.9m
Market Capitalisation <sup>#</sup>	\$111.2m
Cash (At 31 March 2021) <sup>^</sup>	\$14.3m
Debt	None
Enterprise Value	\$96.9m

\* Pro-forma Post May 2021 placement of \$10m at 14c

# At last closing price

<sup>^</sup> including 31 March 2021 reported balance of \$4.3m adjusted for options exercise funds received post 31 March 2021

1. ASX: APCOB – strike price 12c, expiring August 2021
2. Various strike prices and expiry dates



# Sustainability

Community  
Environment  
Aboriginal culture



# Board

Skills  
Experience  
Competence



**Jim Walker**

Chairman

- Appointed Aug 2018
- 13 years MD&CEO of WesTrac
- Austin Engineering Ltd (ANG) Chairman
- Mader Group (MAD) Chairman
- Wesley College
- State Training Board
- RACWA and WA Motor Museum



**Brett Lambert**

Non-executive Director

- Appointed May 2017
- Mincor Resources (ASX: MIN) Chairman
- Saturn Metals (ASX: STN) NED
- Western Mining, Intrepid, Thundelarra, Bullabulling Gold
- Mining Engineer



**Rhett Brans**

Project Director

- Appointed NED May 2017
- PD June 2020
- +45 years Project Management and development experience
- Carnavale Resources (ASX: CAV) NED
- AVZ Minerals (ASX: AVZ) NED
- Perseus, Tiger Resources
- Civil Engineer



**Matt Shackleton**

Managing Director & CEO

- Appointed July 2014
- 6 years as MD of gold developer Mt Magnet South (ASX: MUM)
- Founding director of bauxite developer Canyon Resources (ASX: CAY)
- Chartered Accountant



**Cathy Moises**

Non-executive Director

- Appointed July 2020
- McIntosh/Merrill Lynch
- County Securities/CITI Group
- Evans & Partners (partner)
- Head of Research Patersons Securities
- Geologist

# Management Team

Skills  
Experience  
Competence



**Stewart McCallion**

Project Manager

- Project manager at Blackham Resources, Hancock Prospecting
- Civil Engineer



**Ryan Duncan**

Technical Manager

- Direct salt processing experience at Dampier Salt and Parsons Brinckerhoff
- Industrial Chemist



**Simon Page**

Hydrogeologist

- 25 years experience in the UK, Europe, and Australia
- Most recently spent 10 years as a specialist hydrogeologist with Rio Tinto



**Chris Shaw**

Exploration Manager

- 20 years industry experience
- Worked with both junior and major mining houses.



**Saul Hawkins**

Contracts Manager

- Bachelor of Laws and Grad Diploma in Procurement & Supply Chain Management
- Experienced Contracts Manager responsible for negotiating & awarding major construction packages for Iron Ore and Oil & Gas Mega Projects
- Site based experience administering Earthworks, Concrete, Structural Mechanical Piping and Electrical & Instrumentation construction contracts



**Scott Nicholas**

Chief Financial Officer

- Chartered Accountant with +15 years in resources
- Previously CFO at MACH Energy involved in financing and developing +\$600m coal project
- Previously CFO at Atlantic Ltd involved in financing and developing +\$400m vanadium project



**Matt Shackleton**

Managing Director & CEO



**Rhett Brans**

Project Director

## New Hires May 2021

- Michelle Blandford
- Sandra Barkla
- Valeria Mazzola
- Chief Administration Officer
- Community Engagement Manager
- Health, Safety and Environment Advisor

# Key Implementation Partners

Experienced  
Visible

## Key Implementation Partners<sup>1</sup>



## Consultants



<sup>1</sup> Implementation partner contracts subject to on-going review and finalisation: Partners identified have been advised of their 'Preferred Contractor' position

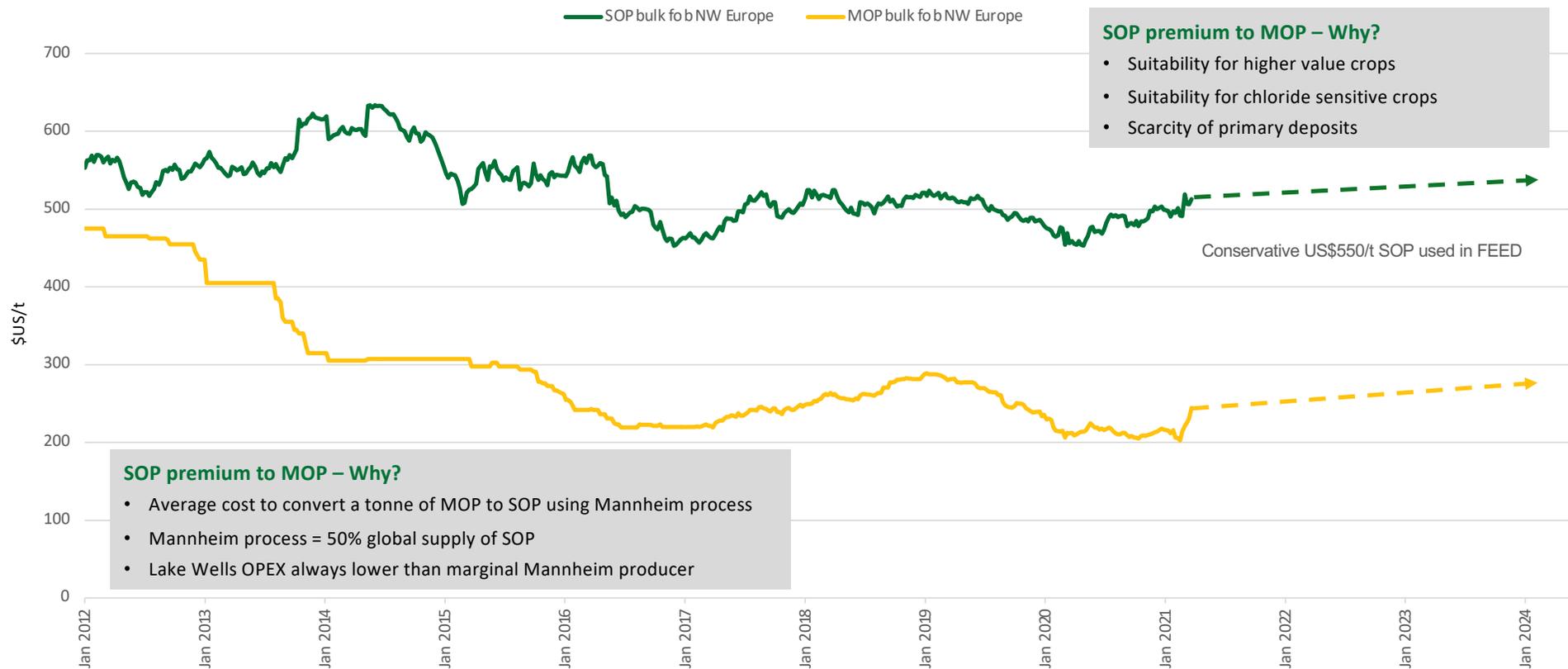
# Lake Wells Delivering into Favourable Structural Change

- 30+ year mine life
- Renewable power solution
- Organic certification
- Green loan verification



# SOP Pricing

SOP trades at a premium to MOP



# Our Market

SOP is the premium form of an essential, non-substitutable plant fertiliser



## 7M TONNES

### Market Size

- SOP = 10% of the global demand for potassic fertilisers
- 170ktpa = 2.4% global demand



## Essential

### <1% Chloride/17% Sulphur

- Potassium is essential
- Potassium without chloride is essential
- SOP is essential and non-substitutable



## High Margin

### Premium pricing

- Solar salt = lowest quartile cost
- 50/50 China/Rest-of-World production
- 4% - 6% CAGR profile past 2030



## US\$3.5B

### SOP Global Demand

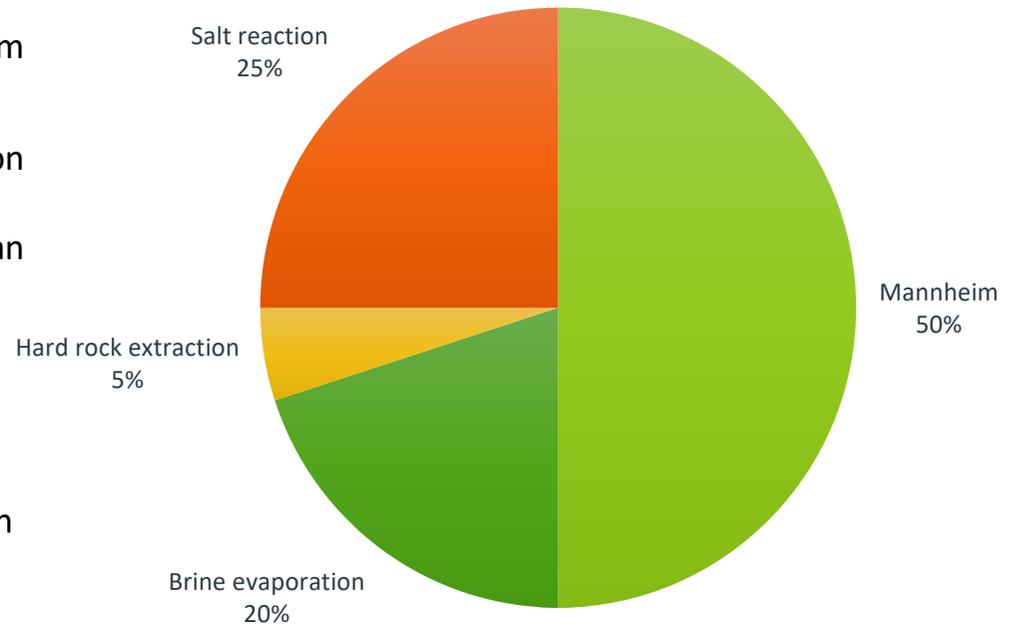
- 50% of global supply from the high-carbon emitting Mannheim industrial process
- 50% from the passive solar evaporation (low Carbon) process

# The Landscape is Changing Now

Mannheim SOP production faces increasing environmental pressure

- SOP application rates in China are among the highest globally at about 68.5kg/ha compared with 54.9kg/ha in the US, and a global average of just 28.5kg/ha
- c. 50% of China's domestic production of SOP comes from Mannheim facilities
- Since 2016, increasingly stringent environment protection measures in China mean HCl disposal has become more difficult for many existing Mannheim producers [costs can be in the range RMB150-300/t (US\$22-45/t), for others disposal has been banned outright]
- Mannheim is energy intensive and constrained by hydrochloric acid by-product disposal
- World moving to environmentally sustainable production platforms to reduce carbon footprint
- Brine SOP outcompetes Mannheim on cost of production and environmental sustainability principles

## Origin of global SOP supply



# ESG and Risk Management

Skills  
Governance  
Commitment

- ASX Corporate Governance Structures (Gold Standard)
- Deep Commercial and Technical Experience
- Highly experienced and diversified Board

- ISO45001 Framework
- Continuous training and improvement
- 1:25 OH&S Professionals on staff
- Framework mirrored in Contractor Policy

- Borefield development & fit-out
- Evaporation ponds & Civils
- Processing Plant
- Power Plant
- Accommodation Village
- Communications

- EPC/M Work Packages
- Fixed cost/Lump sum components
- Schedule certainty driven by LDs
- Process Guarantees





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# CAPEX Summary

Appendix 1: Capital expenditure

## The Lake Wells Sulphate of Potash Project



CAPEX	A\$m	Delivery and Execution Risk Mitigated
Owners Team	18	Capable & experienced owner's team
Bore drilling & development	16	Schedule guarantee, specialist contractor, productivity KPIs
Bore-field fit out, pipeline, HV	36	Lump sum, schedule and process guarantee
Earthworks and ponds	40	Schedule guarantee, specialist contractor, productivity KPIs
SOP processing plant	104	Lump sum, schedule and process guarantee
Granulation & Bagging	36	Lump sum, schedule and process guarantee
NPI	16	Lump sum, schedule and process guarantee
<b>Total (excluding contingency)</b>	<b>266</b>	
Contingency	26	EPC contracting strategy for +75% of packages of work
<b>Total (including contingency)</b>	<b>292</b>	

# Proven Production Process

Appendix 2: Low risk  
Bore-field development



## Brine pumping

- Brine is pumped **from** the palaeochannel bore-field
- Bore-field developed over c.50km with well depths up to 180m
- Overhead reticulated power-lines feed electric powered bore pumps



## Pre-concentration

- Brine is pumped **into** the pre-concentration pond network
- Brine beneficiation occurs as brine moves sequentially through the 10km<sup>2</sup> pre-con. network
- Sun & wind do the work



## Crystallisation

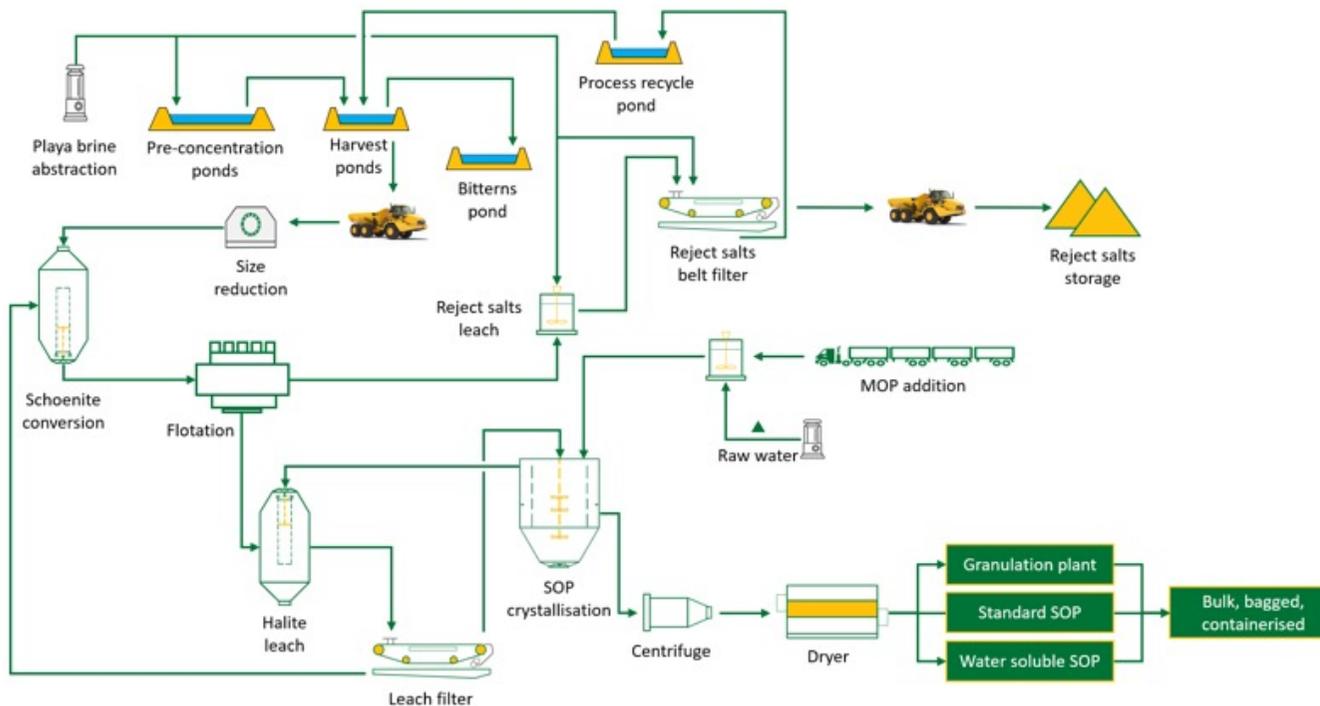
- Potassium-rich salts crystallise out in the harvest pond network
- Raw salt is harvested and sent to processing plant for refinement
- Mechanical harvesting using traditional civil machinery



## Processing

- Potassium-rich salts refined by removing remaining sodium & magnesium salts
- Refined K salts re-crystallised into SOP (K<sub>2</sub>SO<sub>4</sub>) – sold **directly** to market
- Proven flow sheet

# Process Flow Sheet



Appendix 3: Flow sheet including Granulation circuit Bagging plant

- Lake Wells flow-sheet augmented with granulation circuit and bagging plant to produce premium SOP
- Offtake and distribution agreements provide uncapped exposure to premium price points
- Partners incentivised with material share of premium achieved over benchmark