

# ASX ANNOUNCEMENT

ASX: APC



2 March 2021

## NAIF approves \$140 million loan for Lake Wells Sulphate of Potash project in Western Australia

- The Northern Australia Infrastructure Facility (NAIF) has made an Investment Decision to provide a \$140 million loan facility with a 17-year tenor for the development of the Lake Wells Sulphate of Potash (SOP) project near Laverton, Western Australia
- NAIF's decision follows a comprehensive process of due diligence involving the project's Independent Technical and Market Experts
- The Lake Wells SOP Project is positioned as the lowest CO<sub>2</sub> emitting SOP project development in Australia, with a certified organic product and a high-penetration hybrid renewable power solution
- The NAIF facility is the first major step in the financing pathway for the development of Lake Wells and is one tranche of a multi-tranche debt facility
- Export Finance Australia is in the process of progressing their due diligence and credit assessment to potentially provide a tranche of the senior debt facility
- A club structure of commercial banks is being formalised with an investment decision on providing the final tranche of the senior debt facility expected through the balance of H2 FY21
- The Lake Wells SOP Project will generate strong economic and social benefits to the regions in which it operates including Northern Australia and the remote Shire of Laverton
- The NAIF facility is subject to commercial and project conditions precedent including conclusion of the responsible Federal Minister's consideration period as outlined in the NAIF Act 2016 and the State having notified NAIF that it agrees to the investment decision

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that the Northern Australia Infrastructure Facility (**NAIF**) has made an Investment Decision to provide a debt financing facility of \$140m to assist the development of the Lake Wells SOP Project.

### **Australian Potash Managing Director and CEO, Matt Shackleton, said**

"We are very pleased to advise the first major step in financing the development of Lake Wells, with the board of NAIF resolving to support this regionally important project that returns strong social and economic benefits.

"Approximately 30% by value of the construction EPC contracts will be awarded to companies in Northern Australia, and 20% by value to Indigenous companies and joint ventures.

"We continue to enjoy strong relationships with stakeholders in the local community of Laverton, most importantly with senior traditional owners.

“Through our initiatives including the Laverton STEM Program, the Laverton VTEC Program, and our local and indigenous employment commitments we are able to tangibly demonstrate our commitment to improving economic and social values in the region.

“Financially, the NAIF facility offers a long tenor of 17 years, and an interest rate that improves the opportunity for attractive returns to equity invested in the Project.

“We now turn our attention to closing out the balance of the development financing pathway, and to moving into the pre-mobilisation phase for the development of the Lake Wells Sulphate of Potash Project.

“Lake Wells is a substantially de-risked, technically sound, low cost and socially responsible project that will deliver a premium product for at least thirty years.

“We now look forward to delivering the results of the FEED study and announcing a FID.”

### Key Terms of NAIF’s Facility

<b>Facility Amount</b>	\$140 million towards the construction and ramp up of the Lake Wells Sulphate of Potash Project
<b>Tenor</b>	17 years
<b>Amortisation</b>	Interest only until such time as other tranches are repaid. Principal and interest thereafter
<b>Security</b>	Comprehensive senior security package over assets and rights of the Lake Wells Sulphate of Potash, pari passu with other tranches of the senior secured facility
<b>Conditions Precedent to Financial Close:</b>	<p>The NAIF facility is subject to facility documents being entered into between the parties and satisfaction of customary conditions precedents. These include, but are not limited to:</p> <ul style="list-style-type: none"> <li>(i) Conclusion of the Federal Minister’s consideration period as outlined in the NAIF Act 2016;</li> <li>(ii) Finalisation of the State’s consideration of the Project and its agreement for the approved funds to be advanced;</li> <li>(iii) All relevant approvals in place to develop the LSOP; and</li> <li>(iv) Evidence of the balance of development funding being secured.</li> </ul>

This release was authorised by the Managing Director of the Company.

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## About Australian Potash Limited



*“Using the sun and the wind, with high-penetration renewable power, Australian Potash is going to produce organically certified, environmentally sustainable green Sulphate of Potash that will go to the world’s most productive and high-value markets.”*

MD & CEO

Matt Shackleton

APC holds a 100% interest in the Lake Wells Sulphate of Potash, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Lake Wells Sulphate of Potash project will be a long life, low capital and high margin SOP producer.



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). The LSOP's K-Brite has been certified by ECOCERT as suitable for use in international organic farming, in compliance with European regulations as allowed under European regulation EC 834/2007. The organic farming market is fast growing as the world moves to more sustainable farming practices.

Please visit [www.australianpotash.com.au](http://www.australianpotash.com.au) for more information.

## About NAIF

The Northern Australia Infrastructure Facility ('NAIF') is a Commonwealth Government A\$5 billion lending facility to finance projects via the governments of the Northern Territory, Queensland and Western Australia to achieve growth in the economies and population of northern Australia and encourage and complement private sector investment.

Projects supported by NAIF are diversified across sectors including ports, airports, tourism, education, agriculture resources and renewable energy.

NAIF's mandate was recently extended by the Minister for Resources, Water and Northern Australia until 2026 and the Minister also announced a series of reforms that following the passing of legislation will further assist in accelerating NAIF's ability to drive economic growth in northern Australia.

Every NAIF project will support important Indigenous engagement with many projects committing to Indigenous employment or procurement targets. More information is available at <http://www.naif.gov.au/>.

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