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16 May 2018

OVERSUBSCRIBED PLACEMENT TO RAISE UP TO \$3M FOR POTASH FEASIBILITY STUDY AND HIGH IMPACT GOLD EXPLORATION

Highlights:

- Up to \$3.0 million raised in oversubscribed placement
- Funds raised will be used to continue advancement of the Feasibility Study on the Lake Wells Sulphate of Potash Project and to undertake high impact drilling at the Yamarna Gold Project
- Next quarter, test-production bores installed will total 7, constituting 20% of the entire Stage 1 potash brine abstraction network
- Next quarter, additional 8,000m of Air-Core program to existing target areas and RC drilling program to commence

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to announce that it has completed a bookbuild for a placement to sophisticated and professional investors to raise up to \$3.0 million through an oversubscribed placement of approximately 43,200,000 fully paid ordinary shares (**New Shares**) at an issue price of 7.0 cents each (**Placement**).

APC Executive Chairman Matt Shackleton said, “The DFS into the Lake Wells SOP Project development continues to build on the strong, high-returning scoping study APC released in 2017. We have recently augmented the strong technical team managing the DFS with the appointment of Chief Commercial Officer Jay Hussey. Jay’s experience in China, his deep understanding of SOP markets and more generally, his experience in the global fertiliser space will see APC’s focus on the commercial aspects to the project development enhanced significantly over the next several quarters.

“The first phase (6,000m) of the planned 23,000m Air-Core drilling campaign into targets at the Yamarna Gold Project finished in early May, with some 1,400 samples submitted for assay. We expect to see a steady stream of results returned over the next few weeks and anticipate being able to report on the outcome of this first phase presently. The second phase comprising 8,000m of the remaining 17,000m will commence in June/July, and plans around the initial RC drilling programme will be finalised.

“With funding in place to execute the planned activity at both of the Company’s project areas, we very much look forward to reporting on the outcomes of those programs over the coming months.”

Funds raised pursuant to the Placement will be used as follows:

100% owned Lake Wells Sulphate of Potash Project

- Continued advancement of items to deliver the Feasibility Study in Q4 2018;



- Producing first trade samples from the site-based pilot evaporation pond program during Q2 – Q3 2018;
- Leverage existing MOUs with global scale Chinese off-take partners to formal off-take agreement discussions during Q3 2018;
- Pre-production development of 20% of Stage 1 bore field through Q3 – Q4 2018;
- Estimate of JORC 2012 SOP Reserve to support development by Q3 2018; and
- Finalisation of EPA process and progress towards Ministerial approval to proceed Q4 2018.

100% owned Yamarna Greenstone Gold Project

- Further exploration work across 18 priority gold targets (9 high priority gold targets);
- Analysis of first assays expected to flow throughout June on first 6,000m of the planned 23,000m Air-Core drilling programme completed in early May;
- Phase 2 (8,000m) of the remaining 17,000m Air-Core drilling programme to recommence in June/July;
- RC drilling programme expected to commence July/August 2018 following the completion of the Air-Core drilling programme;
- Work continues to potentially capitalise on the high level of corporate interest in the region; and
- For general working capital purposes.

Placement Details

The New Shares will be issued on the same terms as, and rank equally in all respects with, the existing fully paid ordinary shares in the Company. The allotment of the Placement is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX Listing Rule 7.1 (approximately 17,512,693 shares) and additional 10% placement capacity under ASX Listing Rule 7.1A (approximately 25,687,307 shares). Settlement is expected on or around Wednesday 23 May 2018. The Company was pleased to receive the support of its Executive Chairman in the placement (for 300,000 shares), subject to shareholder approval. Hartleys Limited acted as Broker to the Placement and Patersons Securities Limited acted as Co-Manager to the Placement.

Options

As part of the Placement, the Company will issue one free attaching option with every two Placement shares (**Options**). The Options will be exercisable at \$0.12 with an expiry date of three years from issue and will be listed on ASX if there are more than 50 holders and all ASX requirements are met. The allotment of Options is subject to shareholder approval at a general meeting of the Company scheduled to take place in June/July 2018.

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About Australian Potash Limited

Australian Potash Limited (ASX: APC) is an ASX-listed minerals exploration and development company.

Potash

The Company holds a 100% interest in the **Lake Wells Sulphate of Potash Project** located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

The Lake Wells SOP Project is a palaeochannel brine hosted sulphate of potash project. Palaeochannel bore fields supply large volumes of brine to many existing mining operations throughout Western Australia, and this technique is a well understood and proven method for extracting brine. APC will use this technically low-risk and commonly used brine extraction model to further develop a bore-field into the palaeochannel hosting the Lake Wells SOP resource.

A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017ⁱ. The confirmed that the Project's economic and technical aspects are all exceptionally strong, and highlights APC's potential to become a significant long-life, low capital and high margin sulphate of potash (SOP) producer.

Key outcomes from the Scoping Study are as follows:

- Stage 1 production rate of **150,000tpa** of premium-priced sulphate of potash (years 1 – 5)
- Stage 2 production rate of **300,000tpa** of premium-priced sulphate of potash (years 6 – 20)
- Upgraded JORC 2012 Mineral Resource Estimate comprising 14.7m tonnes of SOP, including 12.7mt in the Indicated categoryⁱ
- Operating expenditure of A\$368/US\$283 tonne SOP in the first 5 years and A\$343 tonne SOP over the life of mine
- At a SOP price of A\$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflowⁱⁱ of A\$118m/US\$81m
- Pre-production capital expenditure (Stage 1) of A\$175m/US\$135m and Stage 2 of A\$163m/US\$125m
- Life of Mine (LOM) is 20 years (inc. Stage 1 & Stage 2) – upside to LOM through continued exploration

Gold

The Company also holds a 100% interest in the **Yamarna Gold Project**, with tenure covering approximately 65 kilometres of strike along the Yamarna greenstone shear zone.

Structural and lithological/geochemical analysis conducted through 2017 identified 13 drill targets based upon a limited data set of approximately 500 BOH assays. A 23,000m Air-Core program has been designed to test these targets, with the first phase of approximately 6,000m completed in May 2018.

The Yamarna Greenstone Belt is one of Western Australia's least explored greenstone belts, lying towards the eastern edge of the Yilgarn craton. There is approximately 9 million ounces of gold delineated so far along the belt, with the \$500million Gruyere Gold Project development lying 80 kilometres to the south-east of the Company's southern tenement boundary.

The Company's Board are considering strategic options with respect to generating the appropriate value that this significant, regional scale opportunity represents for APC's shareholders. The current drilling exploration programs form an integral part of that strategy.

**Forward looking statements disclaimer**

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.

Competent persons statement

The information in the announcement that relates to Exploration Targets and Mineral Resources 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 paleochannel 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 "Australian 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.

ⁱRefer to ASX announcement 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. 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 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.

ⁱⁱOperating cashflows include all revenue and operating expenditure but exclude capital expenditure.

