

16 December 2020

ASX ANNOUNCEMENT

ASX: APC

AUSTRALIAN POTASH LIMITED

Independent Expert Reports & Debt Funding Update

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to update shareholders on the progress of the independent expert's investigations into the LSOP, including technical and financial fundamentals, the finalisation of the public benefits and independent market reports, and progress of funding applications to debt providers, including NAIF, EFA and commercial lending institutions.

Highlights

- **The Northern Australia Infrastructure Facility (NAIF) is undertaking the technical and financial due diligence required for the board of NAIF to consider an investment decision**
- **Export Finance Australia (EFA) is continuing its detailed due diligence on its potential participation as a lender to the project**
- **Commercial project debt lenders to form a club arrangement for syndicated debt facility**
- **Lender's Independent Technical Expert, Behre Dolbear, is finalising its review of the financial and technical metrics of the LSOP development and operations**
- **Public Benefits Report and Independent Market Report have been completed**

Managing Director and CEO, Matt Shackleton, commented: *"Our focus at APC has always been rigorous and methodical. The LSOP will be developed to take maximum advantage of the enormously beneficial evaporative conditions at Lake Wells, a large, well-defined and data heavy resource estimate, and the sustainable CAPEX and OPEX models the involvement of our financing partners allows us to develop."*

"The LSOP will generate strong local, regional and state public benefits. Establishing a sustainable cost base is core to this style of project fulfilling the strong multi-generation mine-life potential they present. In pursuing EPC contracts, we aim to further de-risk cost & time over-runs through construction, and secure performance guarantees in operations."

NAIF's CEO, Chris Wade commented: *"We continue to work closely with Australian Potash to support the creation of regional economic opportunities with positive impacts on Northern Australia"*

and local Indigenous communities. Despite the challenges of 2020, we have developed a strong and positive relationship with the APC team.”

Export Finance Australia (EFA) commenced detailed due diligence in late October 2020 on providing a tranche of the proposed senior debt facility.

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

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About Australian Potash Limited



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).

APC holds a 100% interest in the LSOP, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

Following the release of the Definitive Feasibility Study (DFS) in August 2019ⁱ, APC is focused on the Front-end Engineering Design (FEED) Study, finalising offtake discussions and securing financing to develop the LSOP.

The DFS was underpinned by extensive and rigorous testwork, data, and modelling. The DFS confirmed that the LSOP will be a long life, low capital and high margin SOP producer.

Key outcomes from the DFS include:

- 30-year mine life producing 150,000tpa of premium grade SOP utilising approximately 21% of the total Measured Resource estimate
- Long mine life underpinned by 3.6Mt reserve and **18.1Mt** Measured Resource estimate
- Pre-tax NPV₈ of **A\$665m** and an IRR of 25%
- Development capex of A\$208M with sector leading capital intensity of A\$1,387/t
- First quartile industry opex of US\$262/t providing high cash operating margins

ⁱ Refer to ASX Announcement 28 August 2019 'Definitive Feasibility Study Outstanding Financial Outcomes'. 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 28 August 2019 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 28 August 2019 announcement continue to apply and have not materially changed.