

25 March 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

ADDITIONAL INFORMATION ON BINDING OFFTAKE TERM SHEET

Australia and New Zealand

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that it is advancing with the final offtake agreement to be entered into with Tier 1 partner, Redox Pty Ltd (**Redox**), for the supply of 20,000 tonnes per annum (tpa) of premium **K-Brite™** sulphate of potash from the Lake Wells Sulphate of Potash Project (**LSOP**), following the signing of a binding term sheet as announced on ASX on 16 March 2020.

APC would also like to confirm that the parties' obligations under the binding term sheet are subject to and conditional on APC reaching a final investment decision to develop the LSOP.

Managing Director and CEO, Matt Shackleton, commented: "We are pleased to be progressing with and look forward to finalising the terms of the final offtake agreement with Redox, covering sales and distribution rights to K-Brite™ in Australia and New Zealand."

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

For further information:

Matt Shackleton

Managing Director & CEO

m.shackleton@australianpotash.com.au

+61 (0) 438 319 841

Scott Nicholas

Chief Financial Officer

s.nicholas@australianpotash.com.au

+61 (0) 447 474 469

Phil Retter

Cannings Purple

pretter@canningspurple.com.au

+61 (0) 407 440 882

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 Project.

APC holds a 100% interest in the Lake Wells Sulphate of Potash Project (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.