

28 February 2020

# AUSTRALIAN POTASH LIMITED

## APPENDIX 3B

### Highlights

- Controlled Placement Agreement entered into with Acuity Capital
- CPA provides standby equity capital of up to \$5 million
- Australian Potash retains full control of all aspects of the placement process

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that it has entered into a Controlled Placement Agreement (**CPA**) with Acuity Capital. The CPA provides APC with up to \$5 million of standby equity capital over the coming 23 months. Importantly, APC retains full control of all aspects of the placement process: having sole discretion as to whether or not to utilise the CPA, the quantum of issued shares, the minimum issue price of shares and the timing of each placement tranche (if any).

There are no requirements on APC to utilise the CPA and APC may terminate the CPA at any time, without cost or penalty. Acuity Capital and the CPA do not place any restrictions at any time on APC raising capital through other methods. If APC does decide to utilise the CPA, APC is able to set a floor price (at its sole discretion) and the final issue price will be calculated as the greater of that floor price set by APC and a 10% discount to a Volume Weighted Average Price (VWAP) over a period of APC's choosing (again at the sole discretion of APC).

As collateral for the CPA, APC has agreed to place 18.5 million shares using the Company's existing capacity under ASX Listing Rule 7.1 at nil consideration to Acuity Capital (**Collateral Shares**) but may, at any time, cancel the CPA and buy back the Collateral Shares for no consideration (subject to shareholder approval).

Managing Director and CEO, Matt Shackleton, commented; "The CPA with Acuity Capital is a prudent capital management initiative while we progress the permitting and approvals process, FEED and optimisation activities, as well as financing and offtake discussions for our flagship Lake Wells Sulphate of Potash Project."

## Notice under Section 708A of the Corporations Act 2001 (Cth)

The Company gives this notice pursuant to Section 708A(5)(e) of the Corporations Act, that the 18,500,000 Collateral Shares which the Company has agreed to place for nil consideration will be issued without disclosure under Part 6D.2, in reliance on Section 708A(5) of the Corporations Act. The Company, as at the date of this notice, has complied with:

1. The provisions of Chapter 2M of the Corporations Act; and
2. Section 674 of the Corporations Act.

There is no excluded information, as at the date of this notice, to be disclosed for the purposes of Sections 708A(7) and (8) of the Corporations Act.

An Appendix 3B in relation to the Collateral Shares is to follow.

This announcement is authorised for release by APC's Board of Directors.

### **For further information:**

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## **About Australian Potash Limited**

Australian Potash Limited (ASX: APC) is an ASX-listed Sulphate of Potash (SOP) developer. The Company 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 2019<sup>i</sup>, APC is focused on the 6 month 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
- 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

## 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.

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<sup>i</sup> 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.