

23 November 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

FIFTH AGREEMENT EXECUTED IN OFFTAKE PROGRAM

HELM AG for distribution of 20,000 tonnes through UNITED STATES OF AMERICA

100% of DFS Output Now Under Offtake

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise signing of the fifth binding term sheet in the Offtake Program with Tier 1 partner **HELM AG (HELM)** 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).

Highlights



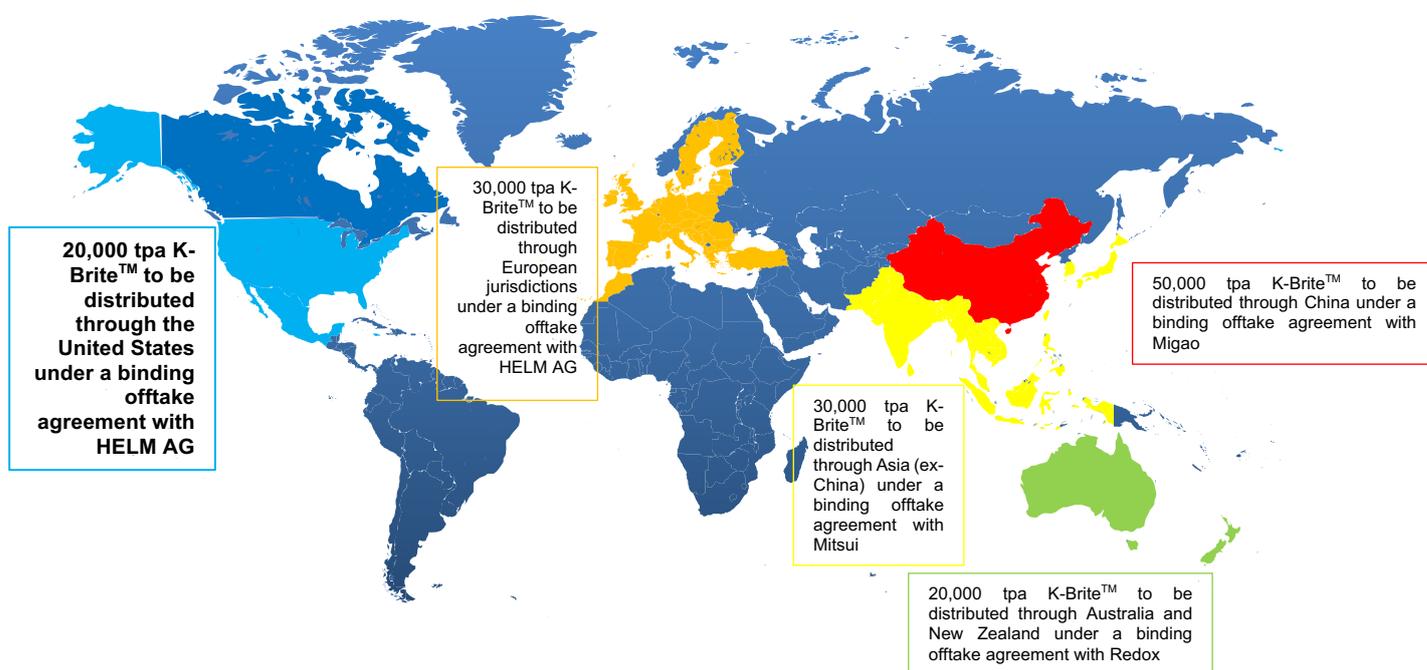
- Binding 10-year take-or-pay term sheet for 20,000 tpa of K-Brite™
- Pricing on Net Realised Price basis incentivising **HELM** to achieve the highest sales price in the market jurisdictions covered by the Agreement
- Geographic rights for distribution through United States of America
- The parties' obligations under the binding term sheet are subject to and conditional on long form documentation being executed by 30 November 2020, and APC reaching a final investment decision to develop the LSOP by 31 March 2021
- Total offtake under binding agreements including Redoxⁱ, Migaoⁱⁱ, Mitsuiⁱⁱⁱ and **HELM (European jurisdictions^{iv} and USA): 150,000 tpa**
- Output under offtake agreements: **100% of DFS projected output** of 150,000 tpa (*refer map below*)

Managing Director and CEO, Matt Shackleton, commented: “APC now has 100% of its DFS output under offtake. This is a significant milestone for the Company, and bears testament to the open and cooperative relationship we have developed with our major offtake partner, HELM AG.

“**HELM** continues to pursue their clear strategic direction of expanding their value in brand across the world’s major fertiliser markets, and importantly this includes the lucrative and under-supplied North American continental market. SOP economics are driven by demand for high-quality horticultural crops, which are grown in large volumes in this market.

“With the recent oversubscribed placement to institutional and private investors, the achievement of this 100% DFS offtake position, where we are in the approvals pathway with the EPA report being considered by the Minister’s department, and the syndicated debt facility negotiations drawing to a close, APC is positioned well for significant progress through Q1 2021.

“We look forward to providing updates presently on the development of the Lake Wells SOP project.”



Key Terms

The HELM offtake contains commercial terms and clauses customary to this type of agreement, including the following key terms:

- Pricing based on the market price minus traditional ‘net back’ costs including a marketing fee and ‘flow through’ shipping, storage and handling costs (Net Realised Price)
- Binding agreement to take-or-pay 20,000 tpa of K-Brite™ over an initial 10-year term
- K-Brite™ sales and distribution rights on an exclusive basis to the United States of America
- Subject to the finalisation of long-form documentation by 30 November 2020, and the board of APC making a final investment decision by 31 March 2021

About HELM AG

HELM is a Hamburg, Germany, based family-owned company established in 1900. HELM is one of the world's largest chemicals marketing companies. The company secures access to the world's key markets through its specific regional knowledge as well as its subsidiaries, sales offices and participations in over 30 countries. As a multifunctional marketing organization HELM is active in the chemicals industry, in the crop protection industry, in pharmaceuticals and in the fertilizer industry.

To learn more about the HELM AG, please visit www.helmag.com.

This release was authorised by the Board of Directors 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 16 March 2020 'FIRST OFFTAKE AGREEMENT'.

ⁱⁱ Refer to ASX Announcement 14 APRIL 2020 'SECOND BINDING OFFTAKE TERM SHEET EXECUTED'.

iii Refer to ASX Announcement 20 July 2020 'THIRD AGREEMENT EXECUTED IN OFFTAKE PROGRAM'.

iv Refer to ASX Announcement 12 August 2020 'FOURTH AGREEMENT EXECUTED IN OFFTAKE PROGRAM'.

v 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.