

ASX ANNOUNCEMENT

ASX: APC



30 April 2021

Quarterly Activities Report for Period Ended 31 March 2021

Highlights

- **Minister for Environment issued a Statement that the Lake Wells Sulphate of Potash Project Proposal May be Implementedⁱ**
- **ECOCERT, a leading European organic certification agency classified K-Brite as suitable for use in international organic farming in compliance with EU regulationsⁱⁱ**
- **Approved A\$140 million, 17-year loan facility from the Northern Australian Infrastructure Facility (NAIF)ⁱⁱⁱ**

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 31 March 2021.

Managing Director and CEO, Matt Shackleton, commented: “The March quarter saw the Lake Wells Sulphate of Potash Project (LSOP) achieve more significant milestones, with progress on the syndicated debt facility advanced with NAIF approval, the K-Brite™ SOP products being certified for use in organic agriculture in one of the world’s most lucrative SOP markets, and Environmental Approval being granted by the Minister for Environment.

“All of these milestones were integral to the completion of the front-end engineering design program (FEED) that APC released post-quarter end, establishing the LSOP as a technically robust and materially de-risked SOP development.”

Post quarter end:

- **Front End Engineering Design program results released^{iv}**
- **Export Finance Australia (EFA) received conditional approval for a A\$45 million, 10-year loan facility^v**
- **Massive nickel sulphide targets identified at 100% owned Laverton Downs Project (LDP)^{vi}**
- **SBM advised satisfaction of the expenditure commitment under the Earn-In and Joint Venture Agreement to acquire a 70% interest in the tenements comprising the LWGP^{vii}**

Lake Wells Sulphate of Potash Project (LSOP) – WA, 100% owned

Funding

During the quarter, the Northern Australia Infrastructure Facility (NAIF) made an Investment Decision to provide a \$140 million loan facility with a 17-year tenor for the development of the Lake Wells Sulphate of Potash (SOP) project near Laverton, Western Australia. NAIF’s decision followed a comprehensive process of due diligence involving the Project’s Independent Technical and Market Experts. The NAIF facility was the first major step in the financing pathway for the development of the LSOP and is one tranche of a planned multi-tranche debt facility.

The Lake Wells SOP Project will generate strong economic and social benefits to the regions in which it operates including Northern Australia and the remote Shire of Laverton. The NAIF facility is subject to commercial and project conditions precedent including conclusion of the responsible Federal Minister's consideration period as outlined in the NAIF Act 2016 and the State having notified NAIF that it agrees to the investment decision.

Subsequent to the quarter end, Export Finance Australia completed initial due diligence and received conditional approval to provide a \$45 million senior debt facility with a 10-year tenor to develop Lake Wells.

A club structure of commercial banks is being formalised with an investment decision on providing the final tranche of the senior debt facility expected through the balance of H2 FY21.

Approvals Pathway

The Minister for Environment, the Honourable Stephen Dawson, issued a Statement that a Proposal May be Implemented for the Lake Wells Sulphate of Potash Project.

Conditions agreed with the EPA and contained in the Statement allow APC to develop an environmentally sustainable Project with effectively no impact on social surrounds. Flora, fauna and water management plans proposed by the Company were all accepted by the EPA.

Organic Certification and Premium Product Pathway

The Company received the first notification of organic certification for the premium suite of high-value K-Brite SOP products. ECOCERT, a leading European organic certification agency classified K-Brite as suitable for use in international organic farming as allowed under European regulation EC 834/2007.

Organic certification opens premium markets across the globe that demand environmentally friendly inputs. Distribution partners will be able to position K-Brite into those market targeting premium price points across the horticultural, viticultural and flower sectors, and high-value broad-acre crops.

The organic farming market is fast growing as the world moves to more sustainable farming practices. The EU recently announced a goal of reaching 25% of the total European agricultural area as organic farmland by 2030. The current organic farmland makes up 7.7% of the EU's total agricultural land. The Company is progressing other geographic specific organic certification processes to be recognised in each of its current offtake geographies as a supplier of premium organic SOP for sustainable agriculture.

The rigorous testwork program conducted through FEED demonstrates the LSOP will produce premium granulated and fertigation grade K-Brite, both additional value-adding product qualities. Granule hardness reduces product loss through the logistics chain, right up to end user application. Granular K-Brite will command a price premium to the more common standard or powdered SOP. Similarly, soluble K-Brite, which will go to the fertigation market, is priced at a premium due to its applicable uses in the high-value horticultural sectors.

Laverton Downs Project (LDP) – WA, 100% owned

Following quarter end, the Company's 100% owned Laverton Downs Project (LDP) returned compelling targets with Kambalda-style massive nickel sulphide potential. A limited program of Versatile Time Domain Electromagnetic (VTEM™) surveying has returned six well defined conductive plates interpreted to be indicative of massive sulphides. The geological setting and initial geochemical analysis support the potential

for these plates to represent nickel sulphides. Three high priority target areas have been defined and plans for drill testing are being advanced.

Lake Wells Gold Project (LWGP) – WA, Joint Venture with St Barbara (SBM)

Following the quarter end, SBM advised satisfaction of the expenditure commitment under the Earn-In and Joint Venture Agreement to acquire a 70% interest in the tenements comprising the Lake Wells Gold Project (LWGP). APC and SBM have now formed an unincorporated Joint Venture to continue the exploration, development, and mining of mineral resources on the project. Under the terms of the Agreement, APC shall not be obliged to make any contribution to project expenditure until such time as SBM have completed a bankable feasibility study into the development of any non-potash orebody within the project tenements.

A three-hole Diamond core drill program was completed at the Lake Wells Gold Project (LWGP) during the quarter and third hole completed post-quarter end. Results from core assays are pending with analysis expected to be completed Q2 2021.

Corporate Actions

During the quarter, the Company issued a total of 3,703,106 fully paid ordinary shares (Ordinary Shares) on the conversion of 3,703,106 listed options (APCOB) (Listed Options), with an exercise price of \$0.12 each. The securities are part of a class of securities quoted on the Australian Securities Exchange.

Corporate and Financial

Company Secretary

Scott Nicholas was appointed as Company Secretary on March 26, 2021. Mr Stephen Buckley was appointed as a co-Company Secretary post quarter end.

Related Party and Project Expenditure

During the quarter, payments to related parties and their associates totaled \$184,000, comprising directors' salaries, fees, and superannuation.

In addition, a summary of the expenditure incurred during the quarter on the activities described in this report is as follows: exploration and evaluation (capitalised) (\$691,000), exploration and evaluation (expensed) (\$134,000) staff costs (\$365,000), and administration and corporate costs (\$478,000).

Mining Tenements

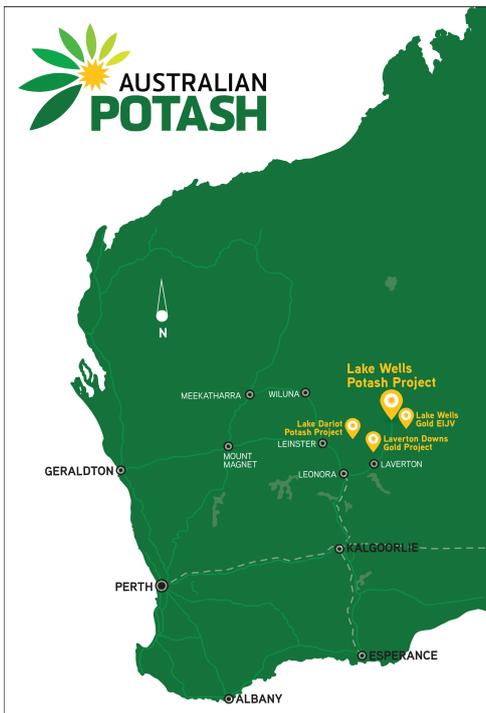
Area	Tenement	Interest at 1 January 2021	Action	Interest at 31 March 2021
Lake Wells	E38/1903	100%	-	100%
	E38/2113	100%	-	100%
	E38/2114	100%	-	100%
	E38/2505	100%	-	100%
	E38/2901	100%	-	100%
	E38/2988	100%	-	100%
	E38/3018	100%	-	100%
	E38/3021	100%	-	100%
	E38/3028	100%	-	100%
	E38/3039	100%	-	100%
E38/3224	100%	-	100%	

Area	Tenement	Interest at 1 January 2021	Action	Interest at 31 March 2021
	E38/3225	100%	-	100%
	E38/3226	100%	-	100%
	E38/3270	100%	-	100%
	ELA38/3423	100%	Application pending	100%
	M38/1274	100%	-	100%
	M38/1275	100%	-	100%
	M38/1276	100%	-	100%
	MLA38/1287	100%	Application pending	100%
	MLA38/1288	100%	Application pending	100%
	MLA38/1289	100%	Application pending	100%
Laverton Downs	E38/2724	100%	-	100%
	E38/3014	100%	-	100%
	E38/3132	100%	-	100%
	E38/3402	100%	-	100%
	E38/3403	100%	-	100%
	E38/3404	100%	-	100%
Darlot East	ELA37/1388	100%	Application pending	100%
	E37/1389	100%		100%
	E37/1390	100%		100%

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

For further information:

Matt Shackleton
Managing Director and CEO
m.shackleton@australianpotash.com.au
+61 (0) 438 319 841



About Australian Potash Limited

APC holds a 100% interest in the **Lake Wells Sulphate of Potash (LSOP)**, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Company is finalising pre-development plans for commencement of construction. First production from the LSOP is scheduled mid-2023.^{viii}



K-Brite is a registered trademark brand of Australian Potash Limited and the brand under which the suite of high quality, premium SOP products from the LSOP will be marketed.

APC holds a 100% interest in the **Laverton Downs Project**, located 5kms north of Laverton, in Western Australia's Eastern Goldfields.^{ix}

APC holds a 30% free-carried interest in the **Lake Wells Gold Project**, located 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.^x

Please visit www.australianpotash.com.au for more information.

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 forward-looking 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.

ⁱ Refer to ASX Announcement 2 February 2021 'Full Environmental Approval Received'. 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 2 February 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 2 February 2021 announcement continue to apply and have not materially changed.

ⁱⁱ Refer to ASX Announcement 9 February 2021 'Organic Certification High-Value Product Strategy'. 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 9 February

2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 9 February 2021 announcement continue to apply and have not materially changed.

ⁱⁱⁱ Refer to ASX Announcement 2 March 2021 'NAIF Approves \$140 Million Loan for Lake Wells SOP Project'. 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 2 March 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 2 March 2021 announcement continue to apply and have not materially changed.

^{iv} Refer to ASX Announcement 20 April 2021 'Front End Engineering Design (FEED) Positions K-Brite™ at the Premium End of the Global SOP Market'. 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 20 April 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 20 April 2021 announcement continue to apply and have not materially changed

^v Refer to ASX Announcement 19 April 2021 'Green Loan verification and debt finance update'. 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 19 April 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 19 April 2021 announcement continue to apply and have not materially changed.

^{vi} Refer to ASX Announcement 9 April 2021 'Massive Nickel Sulphide targets Identified at Laverton Downs'. 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 9 April 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 9 April 2021 announcement continue to apply and have not materially changed.

^{vii} Refer to ASX Announcement 8 April 2021 'St Barbara Limited Acquires 70% Interest in Lake Wells Gold Project'. 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 8 April 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 8 April 2021 announcement continue to apply and have not materially changed.

^{viii} Refer to ASX Announcement 20 April 2021 'FEED positions K-Brite at the Premium End of SOP Market'. 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 20 April 2021 announcement, and 2. State that the material assumptions and technical parameters

underpinning the estimates in the 20 April 2021 announcement continue to apply and have not materially changed.

^{ix} Refer to ASX Announcement 9 April 2021 'Massive Nickel Sulphide Targets Identified at Laverton Downs'. 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 9 April 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 9 April 2021 announcement continue to apply and have not materially changed.

^x Refer to ASX Announcement 8 April 2021 'SBM Acquires 70% Interest in Lake Wells Gold Project'. 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 8 April 2021 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 8 April 2021 announcement continue to apply and have not materially changed.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Australian Potash Limited

ABN

58 149 390 394

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	166	166
1.2 Payments for		
(a) exploration & evaluation (if expensed)	(134)	(264)
(b) development	-	-
(c) production	-	-
(d) staff costs	(365)	(956)
(e) administration and corporate costs	(478)	(1,157)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	68
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(811)	(2,142)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(15)	(50)
(d) exploration & evaluation (if capitalised)	(691)	(4,654)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(706)	(4,704)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	7,000
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	444	446
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(19)	(522)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	425	6,924

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,540	3,379
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(811)	(2,142)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(706)	(4,704)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	425	6,924

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	4	(5)
4.6	Cash and cash equivalents at end of period	3,452	3,452

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	3,427	4,515
5.2	Call deposits	25	25
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	3,452	4,540

6. Payments to related parties of the entity and their associates

6.1	Aggregate amount of payments to related parties and their associates included in item 1	184
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

**Current quarter
\$A'000**

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Item 6.1 includes aggregate amounts paid to directors including salary, directors' fees and superannuation.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (Item 1.9)	(811)
8.2 Capitalised exploration & evaluation (Item 2.1(d))	(691)
8.3 Total relevant outgoings (Item 8.1 + Item 8.2)	(1,502)
8.4 Cash and cash equivalents at quarter end (Item 4.6)	3,452
8.5 Unused finance facilities available at quarter end (Item 7.5)	-
8.6 Total available funding (Item 8.4 + Item 8.5)	3,452
8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	2.3

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

n/a

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

n/a

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

n/a

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

30 April 2021

Date:

By the Managing Director & CEO

Authorised by:
 (Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.