

## ASX ANNOUNCEMENT

ASX: APC



15 December 2021

### Annual General Meeting Presentation

Australian Potash Limited (**ASX: APC** or the **Company**) is pleased to provide a copy of the presentation that will be given this afternoon by Managing Director & CEO Matt Shackleton at the Company's annual general meeting of shareholders.

This release was authorised by the Managing Director & CEO.

**Matt Shackleton**

Managing Director & CEO

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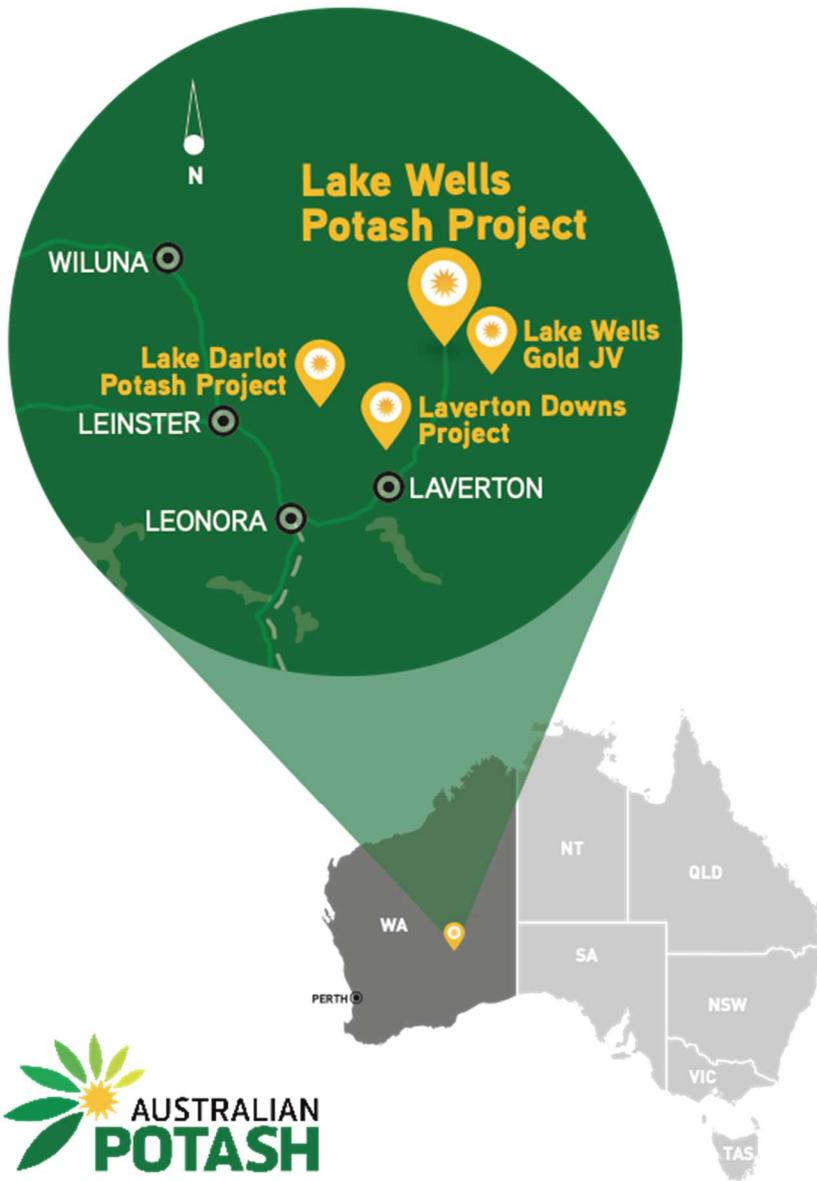
**Michelle Blandford**

Company Secretary

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About Australian Potash Limited



APC holds a 100% interest in the **Lake Wells Sulphate of Potash (LSOP)**, located approximately 500km 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 for 24 to 27 months from a Final Investment Decision.

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.<sup>i</sup>

APC holds a 30% free-carried interest in the **Lake Wells Gold Project**, located 500km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.<sup>ii</sup>

Please visit [www.australianpotash.com.au](http://www.australianpotash.com.au) for more information.

<sup>i</sup> Refer to ASX Announcement 9 April 2021  
<sup>ii</sup> Refer to ASX Announcement 8 April 2021



# AUSTRALIAN POTASH

Low Cost, Organically Certified,  
Environmentally Sustainable,  
Green Sulphate of Potash

[www.australianpotash.com.au](http://www.australianpotash.com.au)

## Annual General Meeting Presentation

15 December 2021

# Disclaimer

## Nature of this document

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## Competent Persons' Statement

#The information in this report that relates to the Mineral Resource is based on information announced to the ASX on 8 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

The information in the abovementioned announcement relating to Mineral Resources was based on information that was compiled by Mr Duncan Gareth Storey. Mr Storey is a Director and Consulting Hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Storey nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Storey has 30 years of international experience. He is a Chartered Geologist with, and Fellow of, the Geological Society of London (a Recognised Professional Organisation under the JORC Code 2012). Mr Storey has experience in the assessment and development of paleochannel aquifers, including the development of hypersaline brines in Western Australia. His experience and expertise are such that he qualifies as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves". Mr Storey consented to the inclusion in the abovementioned report of the matters based on this information in the form and context as it appeared.

The information in the abovementioned announcement relating to mineral processing was based on information compiled by Mr Antoine Lefavre P.Eng, a Competent Person who is a Member of the *Ordre des Ingénieurs du Québec* (Order of Engineers of Quebec). Mr Lefavre is employed by Novopro Projects Inc, a consultant to the Company, and has sufficient experience that is relevant to the style of minerals processing and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lefavre consented to the inclusion in the abovementioned report of the matters based on his information in the form and context in which it appeared.

## Forward Looking Statements Disclaimer

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.

## Financial Forecasts

The forecast financial information stated in this presentation is based on the Company's Front End Engineering Design Program results as released to the ASX on 20 April 2021. The Company confirms that all material assumptions underpinning the forecast financial information continue to apply and have not materially changed.

Hydrogeological Unit	Volume of aquifer (MCM)	Specific Yield (mean)	Drainable Brine Volume (MCM)	K Concent* (mg/L, weighted mean value)	SOP Grade (mg/L, weighted mean value)	SOP Resource (MT)
Loam	5,180	10%	518	4,009	8,941	4.6
Upper aquitard	10,772	7%	754	3,020	6,735	5.1
Crete	479	5%	24	2,386	5,320	0.1
Upper sand	801	17%	136	3,435	7,660	1.0
Lower aquitard	9,502	8%	760	3,367	7,509	5.7
Mixed aquifer	440	17%	75	3,645	8,129	0.6
Basal sand	503	23%	116	3,415	7,616	0.9
<b>Total (MCM/MT)</b>	<b>27,678</b>		<b>2,383</b>	<b>3,343</b>	<b>7,455</b>	<b>18.1</b>

Table 1: Measured JORC Mineral Resource Estimate for Lake Wells Sulphate of Potash Project based on modelled aquifer volume, specific yield and weighted mean K concentrations (derived from modelling)

# To recap

FEED Program\* positions the Lake Wells SOP K-Brite™ product as a genuinely green, premium fertiliser product for distribution into the world's most lucrative markets

A genuinely green, premium fertiliser



✓ 'SHOVEL READY': DEBT 70% COMPLETE, EQUITY FUNDING

✓ 100% OWNED – TIER 1 LOCATION

✓ FULL ENVIRONMENTAL PERMITTING

✓ AUSTRALIA'S LARGEST MEASURED SOP RESOURCE#

✓ HIGH GRADE, ORGANICALLY CERTIFIED PRODUCT LINES

✓ BINDING TAKE-OR-PAY OFFTAKES FOR 90% OF PRODUCTION

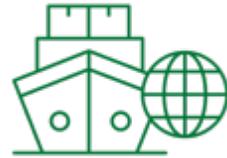
✓ GREEN LOAN VERIFICATION

# The financial metrics

The essential metrics



30 YEARS OF SOP  
PRODUCTION AT  
**170,000**  
TONNES  
PER ANNUM



**90%**  
OF PRODUCTION  
UNDER **OFFTAKE**

PRE-TAX<sup>^</sup> NPV<sub>8</sub>  
**A\$415M**

**A\$88M** EBITDA<sup>^</sup>  
(AVG ANNUAL OVER LOM)

CASH COST<sup>^</sup>  
**US\$251/t**



SOP PRICE<sup>^</sup>  
**US\$550/t**

CAPITAL COST<sup>1</sup>  
**A\$266M**  
(+A\$26M  
CONTINGENCY)

DEBT FUNDING<sup>2</sup>  
**A\$185M**  
(+COMMERCIAL  
BANKS PENDING)

**LOWEST QUARTILE CASH COST**

GREEN LOAN  
VERIFICATION



NAIF FUNDING  
**A\$140M**

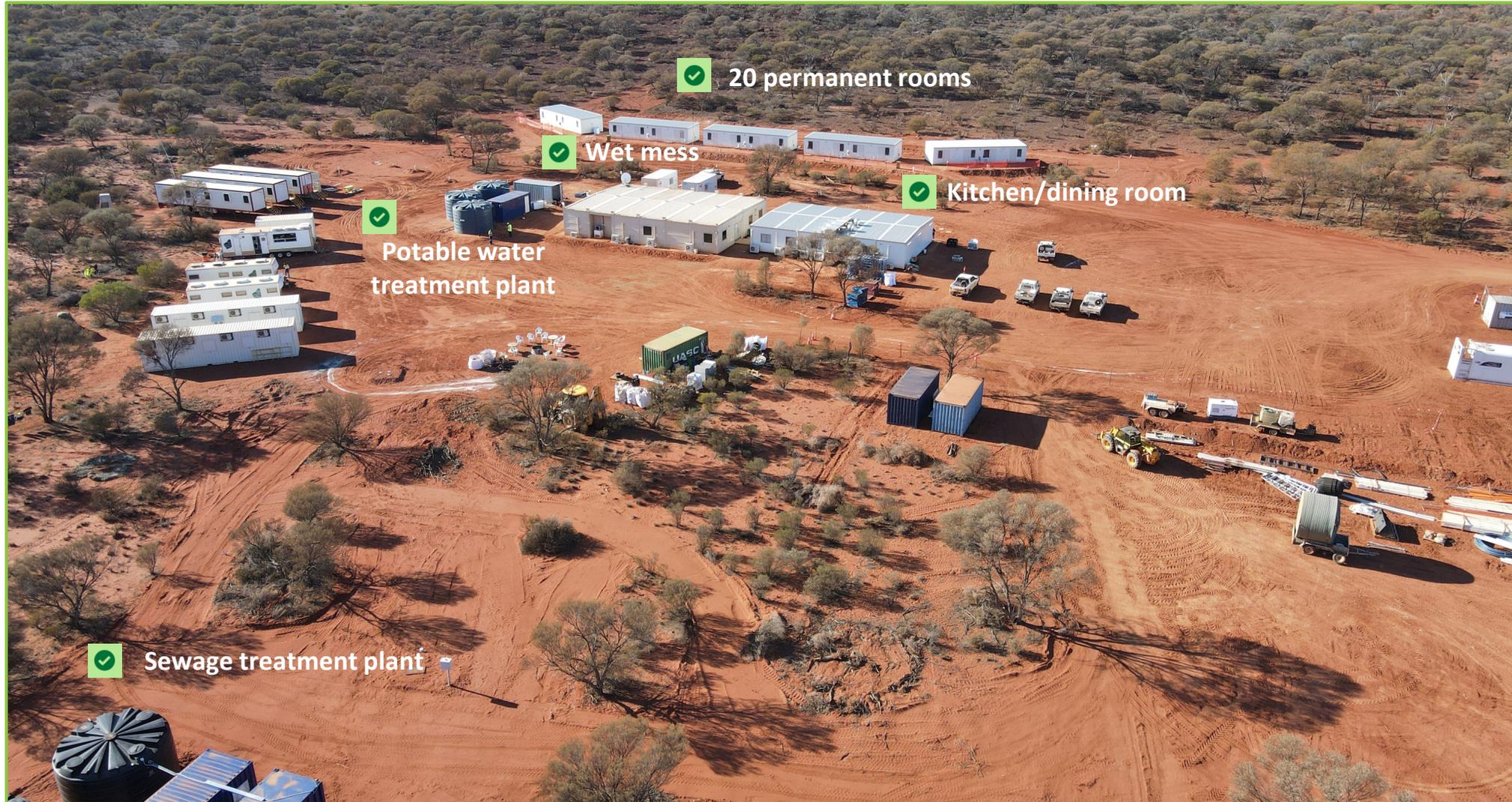


EFA FUNDING\*  
**A\$45M**

<sup>^</sup> These are Real numbers  
\* Conditional credit approval received  
1. Refer Appendix 2  
2. Refer Slide 15

# Where are we with development?

Village



# Where are we with development?

Civils



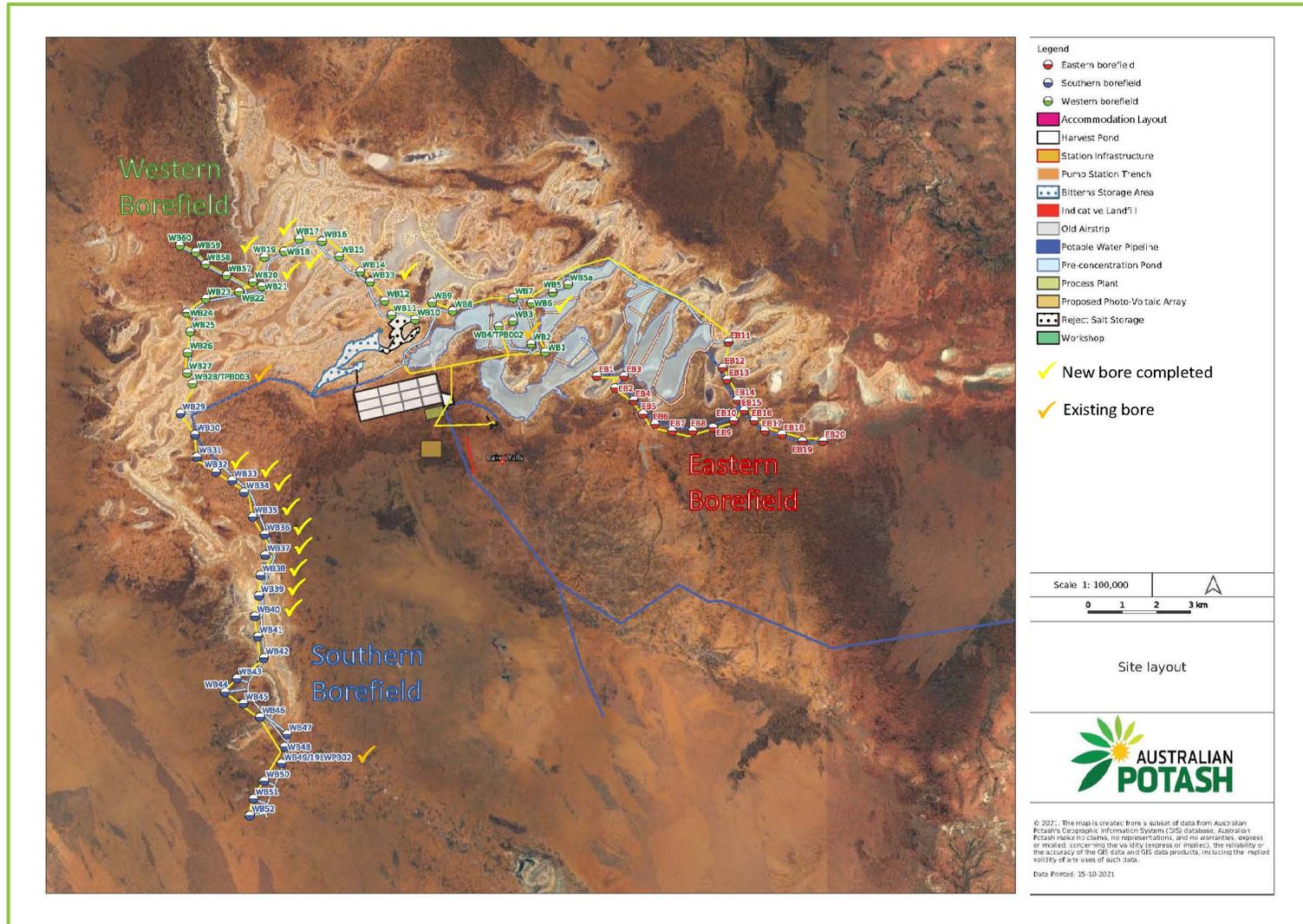
20 bore pads constructed and handed over to drilling contractor



~25km of access tracks completed



# Where are we with development?



## Borefield



17 bores developed out of total 79 bores



Test pumping to date: flow rates aligned with resource model



Brine abstraction materially de-risked with early works



# Where are we with development?

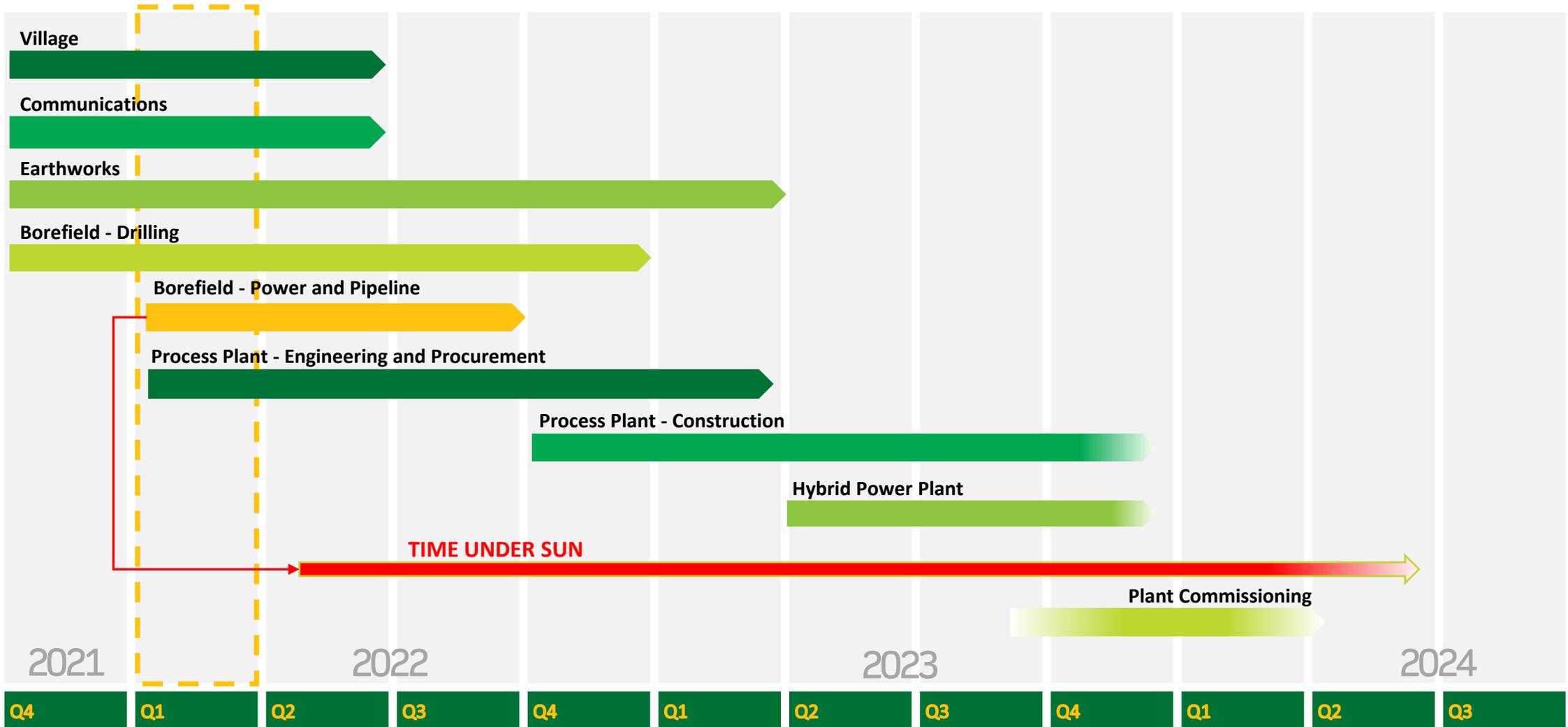


## Evaporation

- ✓ On-playa evaporation pond trial program complete
- ✓ High-grade K SOP produced from pilot-evaporation program\*
- ✓ Organic certification received in Europe, USA & Australia^
- ✓ Operational experts engaged (Corey Milne)
- ✓ Vital two evaporation seasons to production

# Execution Timeline to Production

Conservative schedule commitments



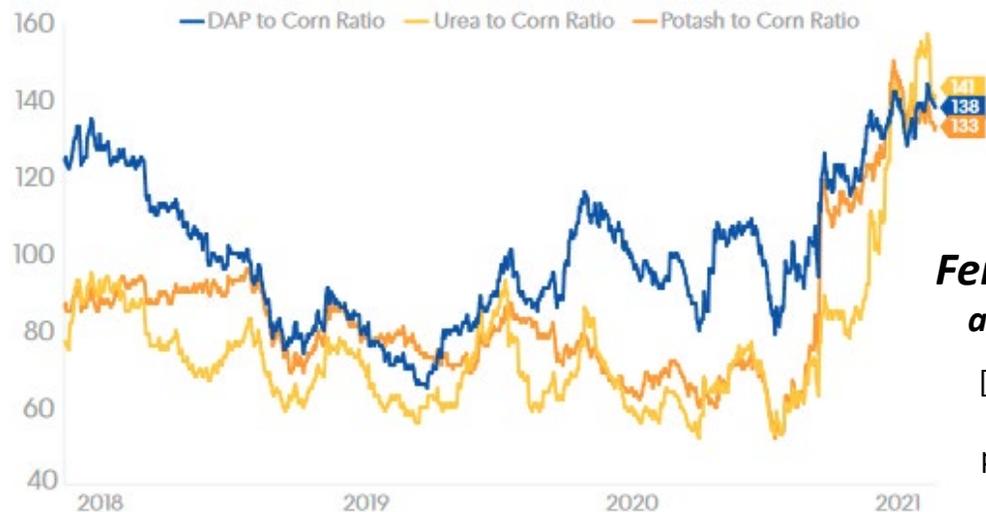
# Potash Market Update

Incentivised pricing environment

- Very high energy prices
  - Natural gas pricing soaring on resurgent demand and lag time to fill production capacity
  - Poor renewable energy production due to drought [hydro], low wind
  - Flooding in China curbing coal production
- Freight costs remain high
  - Demand for manufactured goods
  - Forecast to remain high through 2022
- CPI on the increase in many, though not all, developed economies

## Government trade decisions:

- *China: frozen exports of fertilisers*
- *Turkey: export restrictions on DAP and NPK*
- *Vietnam: 6% import duty on DAP*
- *Russia: export quota on N&P*
- *Egypt: halted N exports unless approved*
- *US: imposed sanctions on trade with Belarus*



## Fertiliser affordability against US grown corn\*

[lag effect: low prices/high demand in 2020 = high prices/high demand 2021]

Source: Bloomberg Intelligence

# Potash Market Update

Incentivised pricing environment

The LSOP will operate in a global market

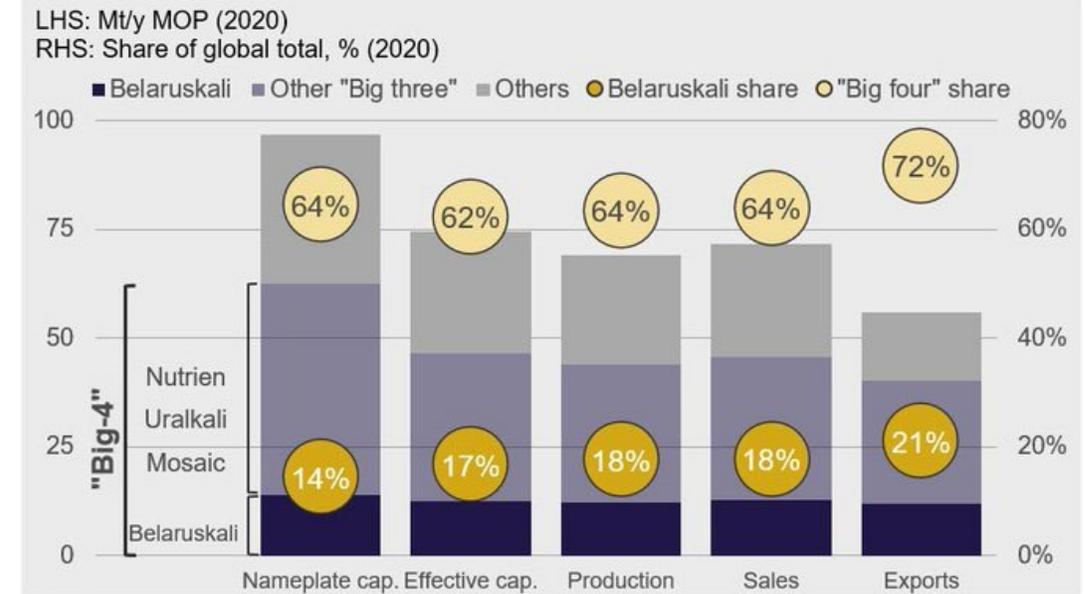
Ranking of fertiliser purchase decision weightings:

- *Affordability*
- *Supply*
- *Crop price variability*
- *Government policies*
- *Environmental uncertainty*

## Potash demand year on year\*:

2018/2019	37.1Mt	-
2019/2020	37.0Mt	-0%
2020/2021	40.4Mt	+9%
2021/2022	38.9Mt	-4%
2022/2023	40.3Mt	+4%

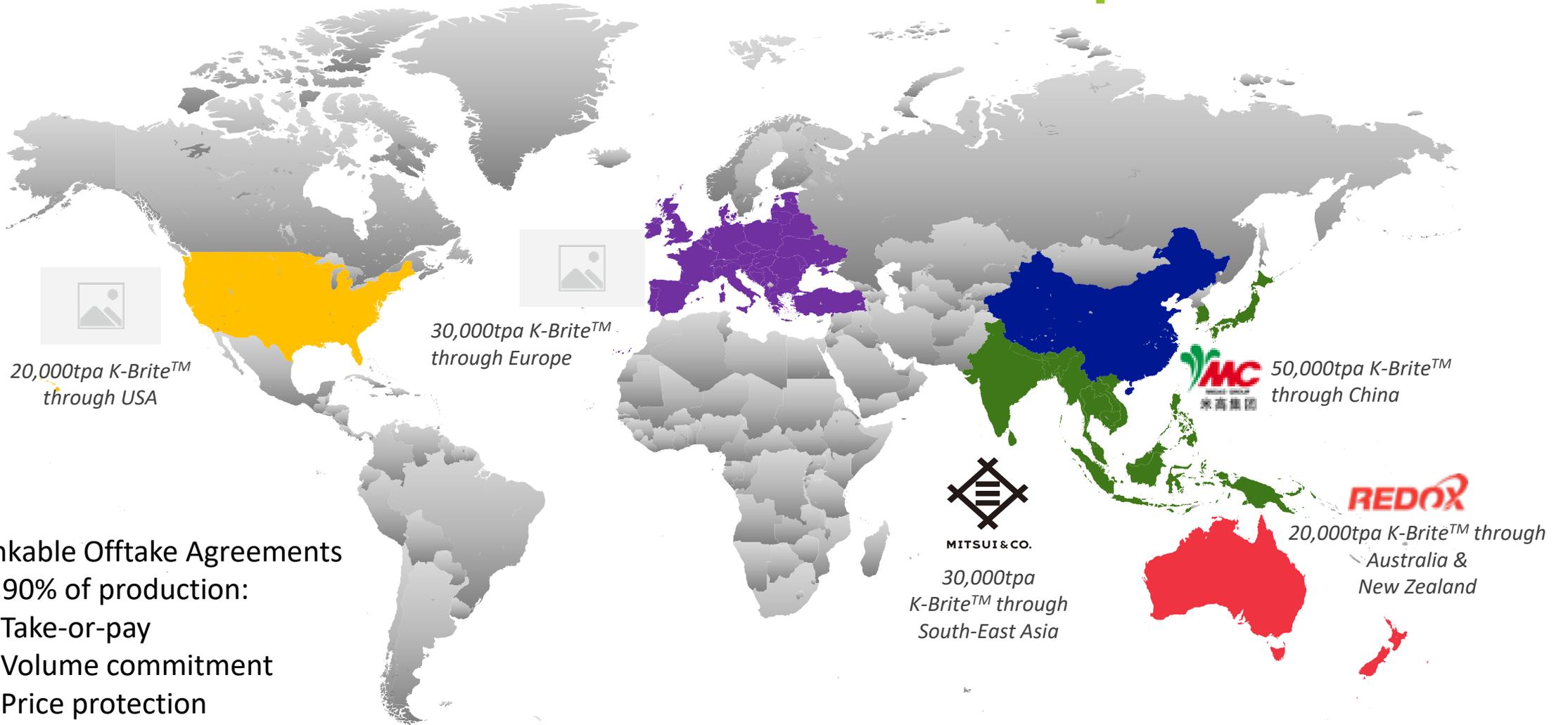
Belarus accounts for around a fifth of global MOP supply



DATA: CRU Potassium Chloride Market Outlook; NOTE: "cap." = capacity.

# Bankable offtake agreements

Ship and supply

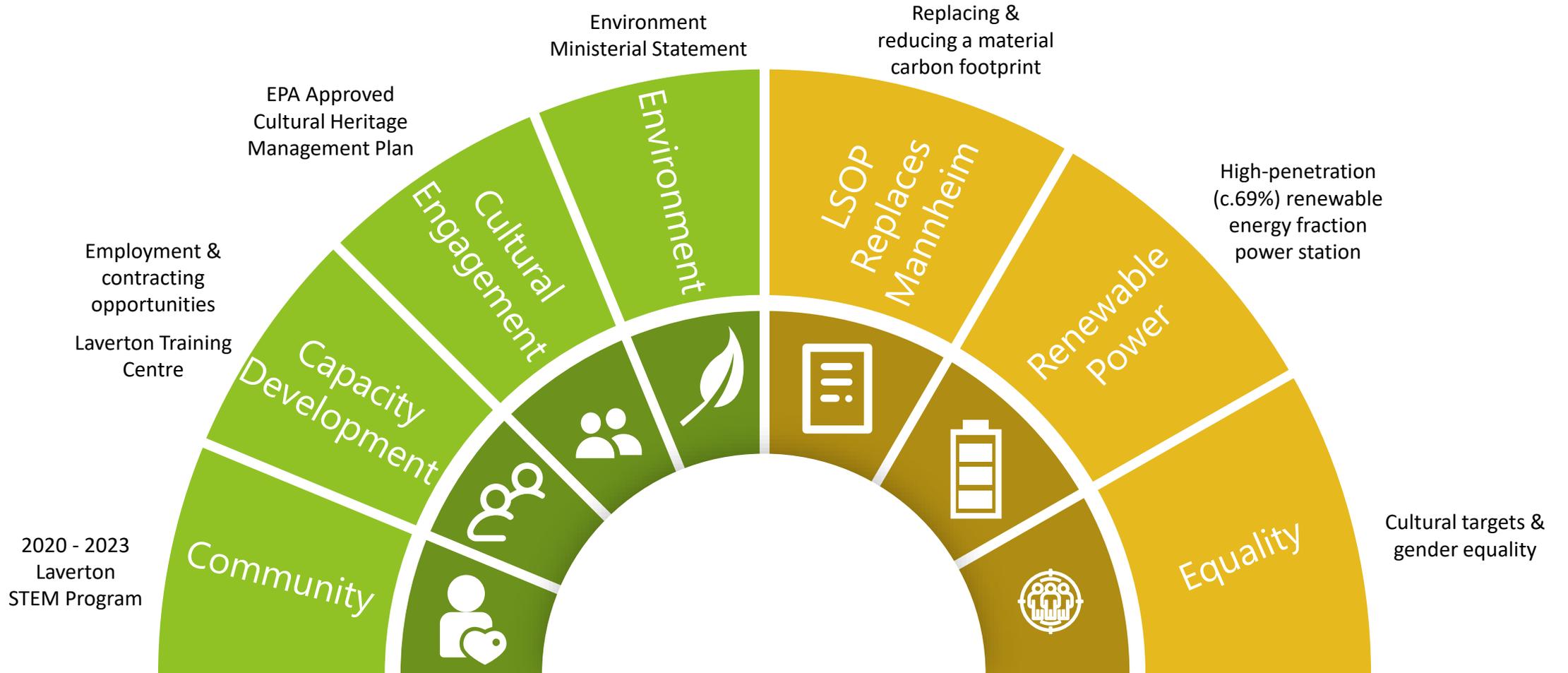


Bankable Offtake Agreements for 90% of production:

- Take-or-pay
- Volume commitment
- Price protection

# Sustainability

Community  
Culture  
Environment



# Sustainability



Multi-generational reduction in Greenhouse Gas Emissions



## Lake Wells Renewable Power Station

- 63-69% Renewable fraction
- \$0.17/kWh
- 4.5MW solar
- 9MW wind (2x4.5MW turbines)
- 9MW/3MWh BESS



## Greenhouse Gas Emissions (GHG)<sup>^</sup>

[tCO<sub>2</sub>eq/tonneSOP, scope 1,2 & 3]

APC	Other SS	Mannheim
0.187	0.370	0.591

- 49% LESS GHG than other solar salt SOP projects
- 69% LESS GHG than Mannheim SOP operation

# Financing the Build

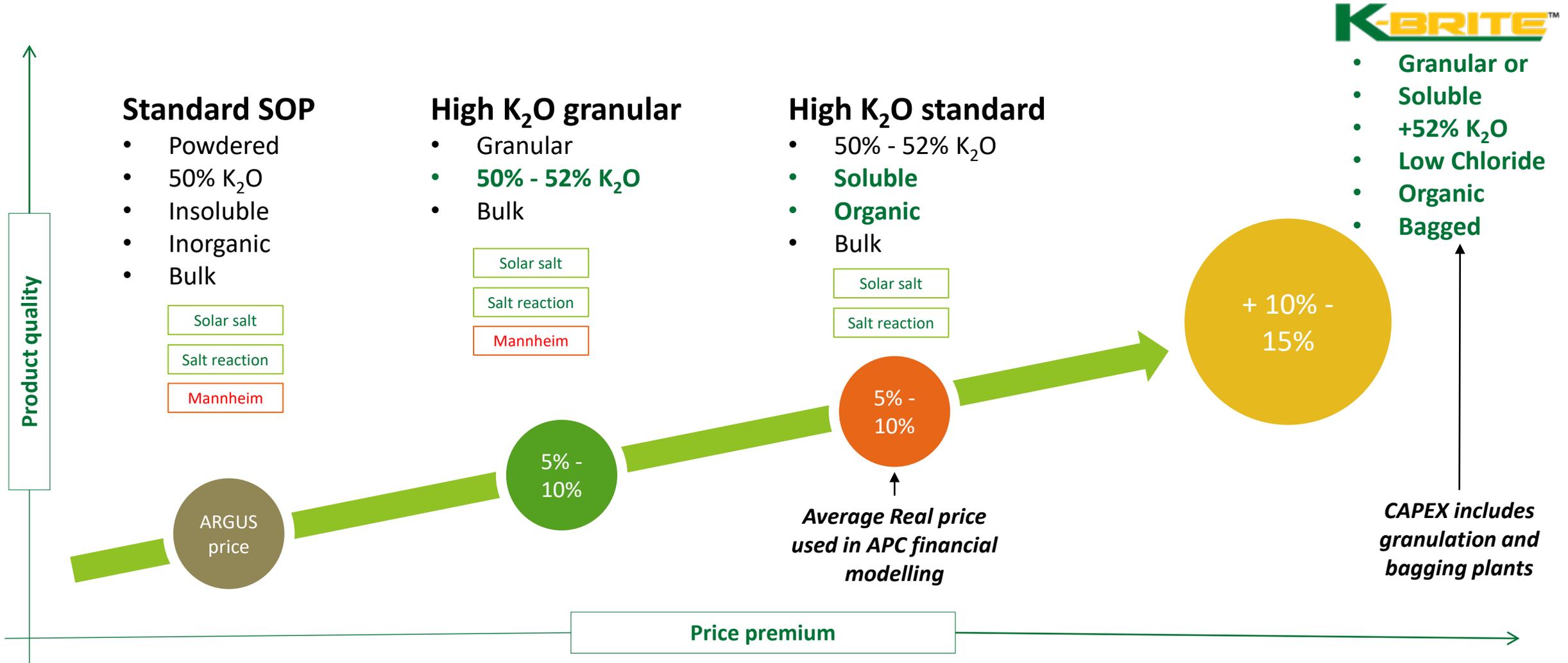
NAIF  
EFA  
Commercial banks  
Equity



- Green Loan verification on debt issued by APC\*
- Capital cost of A\$266million [plus contingency of A\$26million]^

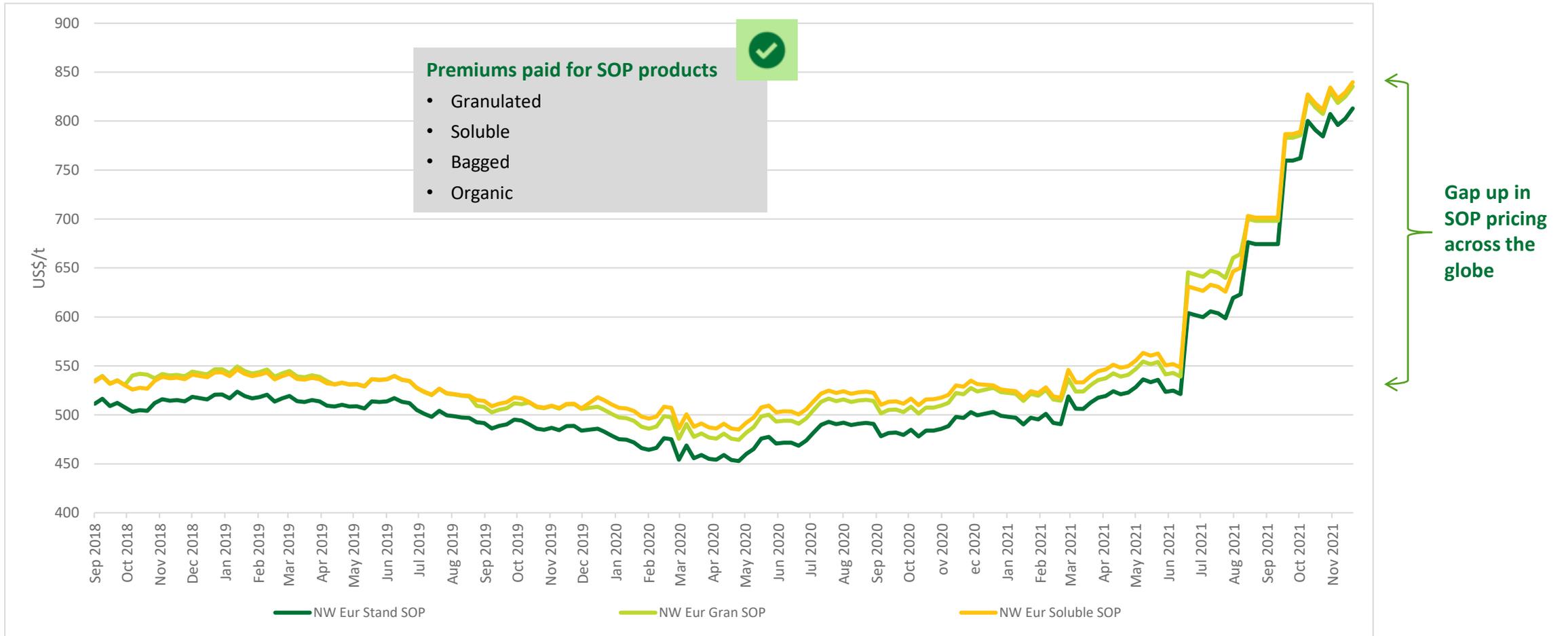
# How does SOP pricing work?

Premium product commands premium pricing



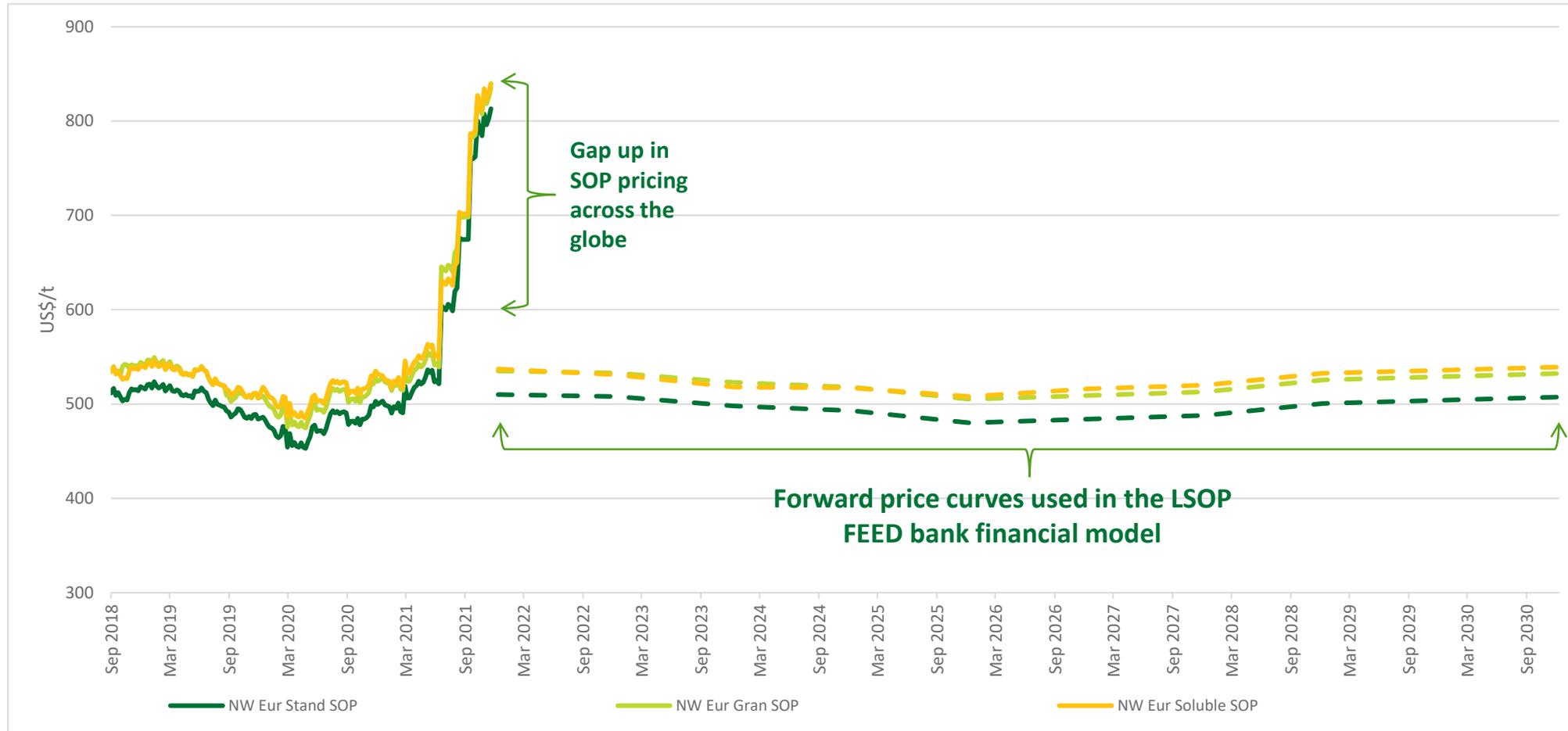
# How does SOP pricing work?

Premium product commands premium pricing



# How does SOP pricing work?

Premium product commands premium pricing



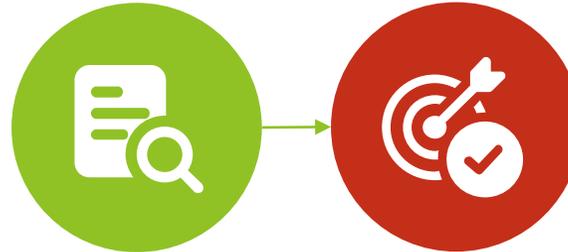
# Contracting Strategy

Minimising the risk of cost overruns, schedule creep and process under-performance

**+75% of construction contracts by value are EPC**

## 6 Packages EPC Contracted

SOP process plant  
Borefield fit-out & HV network  
Power station  
Communications & Village

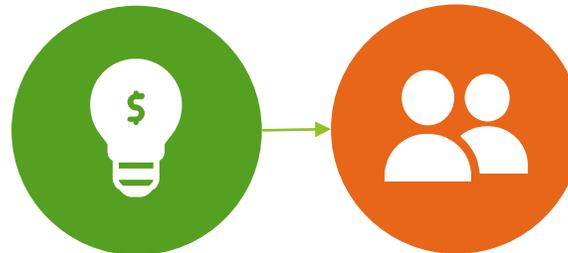


### Why?

Schedule guarantee  
Price guarantee (in mid-2021 \$)  
Process guarantee  
Local engineers & Canadian expertise

## 2 Packages Owner's Team

Borefield drilling  
Civils (including ponds)



Experienced owner's team  
In depth knowledge of ground conditions –  
no-one knows better than APC's team

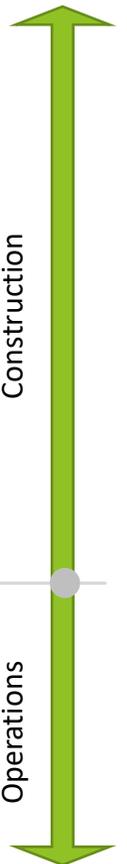
## Contracted

Village  
Power station  
Logistics



## Owner's Team

Pumping  
Processing  
Marketing



# Key Implementation Team

Skills  
Experience  
Competence

## Project Management



**Rhett Brans**  
Project Director

**Peter de Groot**  
Construction Manager



## Process Design



**Ryan Duncan**  
Technical Manager

**Corey Milne**  
Specialist Technical  
Consultant



## Borefield Development



**Simon Page**  
Principal Hydrogeologist

**Chris Shaw**  
Exploration Manager



## Commercial



**Scott Nicholas**  
Chief Financial Officer

**Jay Hussey**  
Chief Commercial Officer



**Deloitte.**



**Green Legal**



# Corporate

Skills  
Experience  
Competence



**Jim Walker**  
Chairman



**Brett Lambert**  
Non-executive Director



**Cathy Moises**  
Non-executive Director



**Matt Shackleton**  
Managing Director & CEO



**Rhett Brans**  
Project Director



**Scott Nicholas**  
Chief Financial Officer



**Michelle Blandford**  
Company Secretary

Share Price (16 November 2021)	\$0.074
Shares on Issue	747.4m
Unlisted Options & Performance Rights	12.6m
Market Capitalisation	\$55.3m
Cash (30 September 2021)	\$7m
Debt	Nil
Enterprise Value	\$50m



# Risk Management

Skills  
Governance  
Commitment

- ASX Corporate Governance structures
- Deep commercial & technical experience
- Highly experienced & diversified Board

- Borefield development & fit-out
- Evaporation ponds & civils
- Processing Plant
- Power Plant
- Accommodation Village
- Communications



- ISO45001 Framework
- Continuous training and improvement
- 1:20 OH&S professionals on staff
- Framework mirrored in Contractor Policy

- EPC/M Work Packages
- Fixed cost/Lump sum components
- Schedule certainty driven by LDs
- Process Guarantees

# Community Engagement

A commitment to the community



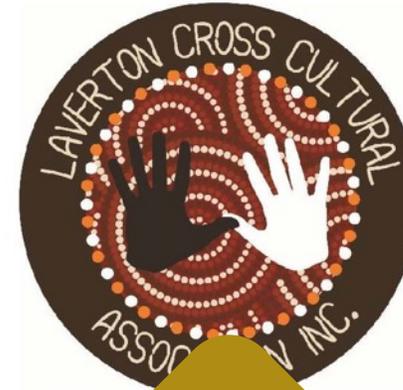
Laverton STEM

- Construction of Laverton Training Centre has commenced
- Local, state, federal & industry funding

Laverton TC



- Interdisciplinary approach promoting Science, Technology, Engineering and Maths
- 3 year investment



Laverton CCA

- Active member of the Laverton Cross Cultural Association Inc.

- Target of 15% Aboriginal participation
- Carey Mining and Central Earthmoving joint venture contracted for earthworks

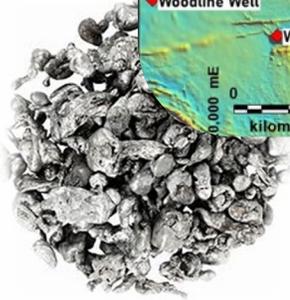
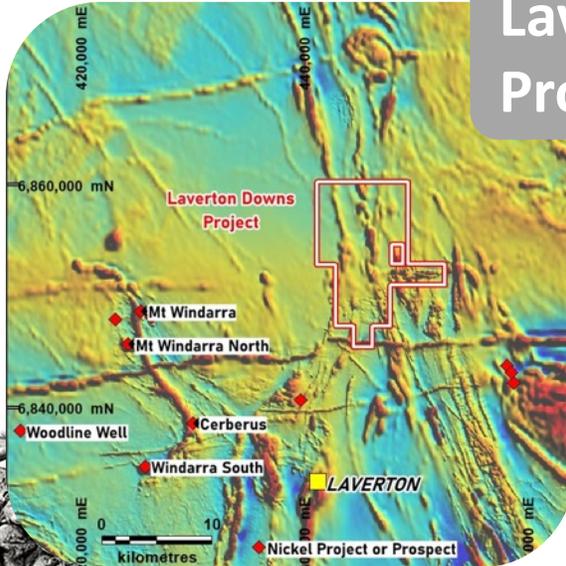
Employment



# Exploration Opportunities

Regional  
multi-commodity  
potential

## Laverton Downs Project



- Prospective for nickel sulphide and gold mineralisation
- Assessment of results of diamond drilling program undertaken in June 2021 quarter will influence future field activities

## Lake Wells Gold Project



- SBM earnt in 70% during April 2021; APC 30% free-carried to bankable feasibility study for non-potash resource
- Extensive exploration program planned for 2021/22 to test mineralised corridor exceeding 9km in length

# Appendix 1: Our Market

SOP is the premium form of an essential, non-substitutable plant fertiliser



## 7M tonnes

### Market Size

- SOP = 10% of the global demand for potassic fertilisers
- 170ktpa = 2.4% global demand



## Essential

### <1% Chloride/17% Sulphur

- Potassium is essential
- Potassium without chloride is essential
- SOP is essential and non-substitutable



## High Margin

### Premium pricing

- Solar salt = lowest quartile cost
- 50/50 China/Rest-of-World production
- 4% - 6% CAGR profile past 2030



## US\$3.5B

### SOP Global Demand

- 50% of global supply from the high-carbon emitting Mannheim industrial process
- 50% from the passive solar evaporation (low Carbon) process

# Appendix 2: CAPEX Summary

Capital expenditure

## The Lake Wells Sulphate of Potash Project



CAPEX*	A\$m	Delivery and Execution Risk Mitigated
Owner's Team	18	Capable & experienced owner's team
Bore drilling & development	16	Schedule guarantee, specialist contractor, productivity KPIs
Borefield fit out, pipeline, HV	36	Lump sum, schedule & process guarantee
Earthworks & ponds	40	Schedule guarantee, specialist contractor, productivity KPIs
SOP processing plant	104	Lump sum, schedule & process guarantee
Granulation & bagging	36	Lump sum, schedule & process guarantee
NPI	16	Lump sum, schedule & process guarantee
<b>Total (excluding contingency)</b>	<b>266</b>	
Contingency	26	EPC contracting strategy for +75% of packages of work
<b>Total (including contingency)</b>	<b>292</b>	

# Appendix 3: OPEX Summary

Operating expenditure

## The Lake Wells Sulphate of Potash Project



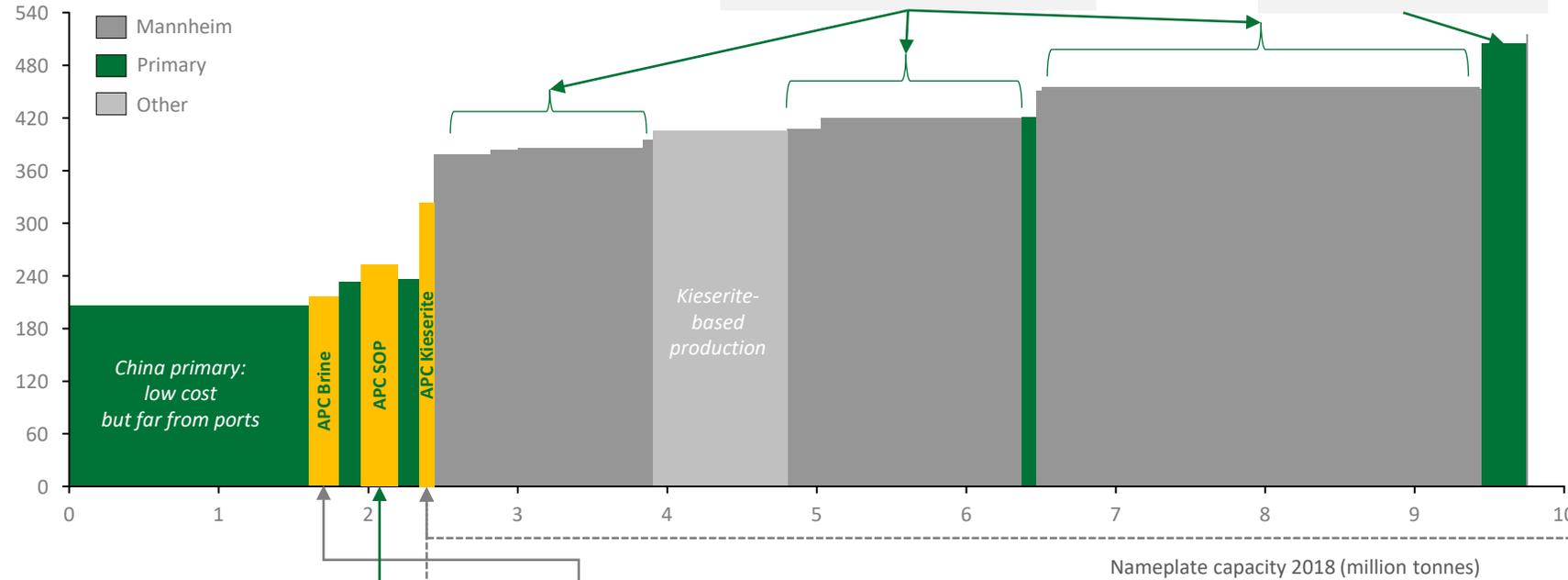
	Brine SOP	MOP conversion	Combined
Annual production	120,000 tonnes	50,000 tonnes	170,000 tonnes
Salt harvesting	13	-	9
Power	49	3	35
Reagents & consumables	12	266	85
Labour	57	-	41
Export logistics (FOB)	59	59	59
Maintenance	4	-	3
Indirects	27	-	19
<b>Total cash costs (USD) per tonne</b>	<b>221</b>	<b>328</b>	<b>251</b>

# Appendix 4: Lowest Quartile on Global Cost Curve



Global FOB SOP cost curve 2018

FOB cost (US\$/t)



Brine SOP average cost of production	120,000 tpa	US\$221/t
Kieserite SOP average cost of production	50,000 tpa	US\$327/t
<b>Overall SOP average cost of production</b>	<b>170,000 tpa</b>	<b>US\$251/t</b>

**What is Kieserite SOP?**  
MOP + excess sulphate = SOP

1. Not Mannheim
2. Low energy
3. Minimal marginal OPEX
4. Compass Minerals, SO4

# Appendix 5: FEED Summary

Financial metrics

## The Lake Wells Sulphate of Potash Project



Assumptions*	Unit		
SOP price [real]	US\$/t	550	
FX rate	US\$:A\$	0.70	
Discount rate	%	8.0	
Mine life	years	30	
Production	ktpa	170	
Financial metric	Unit	Nominal	Real
Project NPV <sub>8</sub> [pre-tax]	A\$m	614	415
IRR (pre-tax)	%	21	19
Annual avg EBITDA [LOM]	A\$m	124	88
Annual avg FCF [pre-tax]	A\$m	119	84

## Strong Returns in All Scenarios

