

31 July 2023

Quarterly Activities Report – June 2023

- **Strategic process to secure development funding for Lake Wells Sulphate of Potash Project ongoing**
- **Pegging and acquisition agreement in relation to two tenements prospective for rare earths and lithium in the West Arunta region of WA: the Nexus Project**
- **Training continues at Laverton Training Centre with delivery of nationally accredited training courses both at Laverton and on the Ngaanyatjarra Lands**

Australian Potash Limited (**ASX: APC** or the **Company**) is pleased to provide its Quarterly Activities Report for the period ending 30 June 2023.

Managing Director and CEO, Matt Shackleton, commented: “In continued pursuit of shareholder value, we have progressed discussions with the West Arunta traditional owners, where the Nexus Project is located. The area is covered by a determined Native Title claim, with representation on behalf of the Tjamu Tjamu RNTBC being made by Perth based Central Desert Native Title Services with whom APC’s management are familiar. The first step in the exploration process on this area is to agree a Heritage and Access Agreement, with first drafts being exchanged following the end of the quarter.

“We continue to pursue development capital for the Lake Wells Sulphate of Potash project but do so having withdrawn our application for debt funding from NAIF. Investor sentiment towards the nascent Western Australian SOP sector has if anything deteriorated over the quarter, which period saw the indefinite suspension from ASX of another SOP aspirant.

“Through the quarter we continued to rationalise our cost base, adopting a conservative position in respect to the outlook for potash developments in Western Australia and a positive view of constructive discussions with the Tjamu Tjamu native title body corporate.”

Operational Update

Lake Wells Sulphate of Potash Project (LSOP or Project)

The Lake Wells Sulphate of Potash (**SOP**) Project is located approximately 500km north of Kalgoorlie in the north-eastern Goldfields of Western Australia. It is a 100% borefield SOP project and will be developed without any recourse to a trenching system to abstract (or mine), the potassium rich brines.

The Company has previously announced that it is been undertaking a strategic review process on the LSOP which included providing several parties with access to due diligence material to enable them to consider investing in the project. This process is yet to deliver any executable proposals.

Technical and Permitting Work Continues

The Company has been advised by the federal Department of Climate Change, Energy, the Environment and Water (**DCCEEW**) that upon receiving a third-party referral of the LSOP, they have determined that the outcome of their considerations is to deem the LSOP development a 'Controlled Action' under the relevant federal legislation. This is over and above the Western Australian State Government's assessment of the LSOP development, full approval for which was received in February 2021.

The Company has commenced the process with DCCEEW to provide information requested so that they can consider what actions and potential conditions must be adhered to over and above the State imposed conditions.

Funding

During the period the Company reported on discussions with syndicated debt facility lender Northern Australia Infrastructure Fund (**NAIF**). NAIF extended the 'sunset date' for the offer of debt development finance for the LSOP to 30 June 2023 and advised that unless the Company was able to make material progress in securing the requisite equity development capital by that date, it would have to consider applying that amount of debt funding to alternative uses. Subsequent to period end, APC formally withdrew its funding application to NAIF.

Nexus REE & Lithium Project (Nexus)

The Company has sought to grow its footprint in a new prospective region of Western Australia by making application for an exploration licence (E80/5917) and entering into a Tenement Sale (Purchase) Agreement¹ for a contiguous exploration licence (E80/5778) in the West Arunta. The Company refers to this as its 'Nexus Project'.

Attention has been focused on the West Arunta region recently through the discovery of a high-grade carbonatite hosted niobium deposit by explorer WA1 Resources Limited (ASX: **WA1**). The area of focus for WA1 is approximately 80km to the north of APC's new tenure (see Figure 1 below). The area is also the subject of an exploration joint venture between a private company and Rio Tinto Exploration Pty Ltd. Furthermore, major Western Australian nickel and lithium production company Independence Group (ASX: **IGO**) has tenure to the east of the Nexus Project.

The Nexus Project was previously partly explored by Canadian base metals production company First Quantum Minerals (**FQM**) between 2015 and 2016, who drilled five aircore/slim line reverse circulation holes into the area of E80/5778 as part of a larger drilling campaign across the area. While ostensibly exploring for a large copper system hosted in the basement, FQM submitted 526 samples for multi-element assay.

¹ Refer to ASX Announcement on 13 June 2023

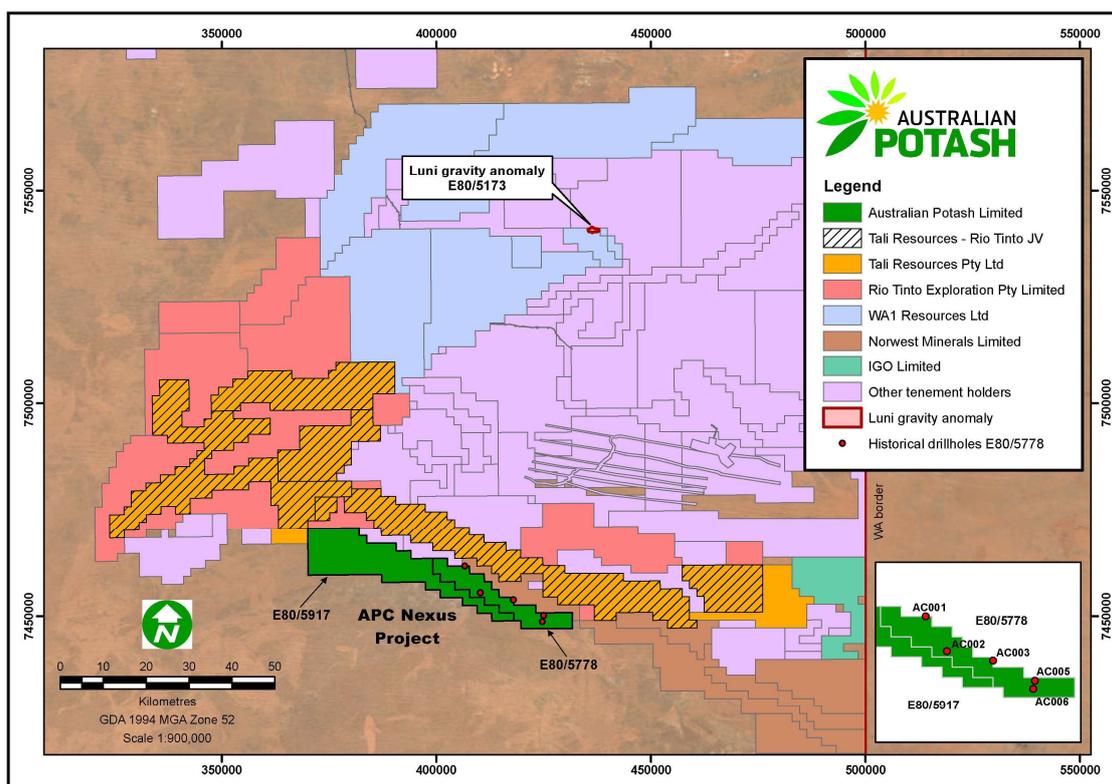


Figure 1: APC's Nexus Project location in the West Arunta region of Western Australia showing relative tenure positions of niobium discoverer WA1, Rio Tinto Exploration and IGO, and drill-hole locations of previous work conducted by FQM

Nexus Exploration Strategy

Several samples analysed by FQM returned anomalous lithium and total rare earth oxide (**TREO**) assays, and further work conducted by ASX-listed NorWest Minerals (ASX: **NWM**) in 2022 on the same ground showed that TREO mineralisation rose in concentration with increasing distance from the Webb Granite contact.²

Geologically, the zone to the south of the Webb Granite is typified by thick (up to 100m) lacustrine and palaeochannel sediments overlying Amadeus Basin metasediments. It is surmised that as the granites and metasediments in the region oxidise and weather, they 'shed' contained components into nearby sediment traps. The differing mobility properties of the released elements and minerals shed then determine how far they travel, and if they are stopped (or caught) in the palaeochannel and lake clay systems to the south.

About clay-hosted lithium and ionic rare earth projects

There are several examples of clay-hosted lithium and ionic rare earth projects guiding the Company's exploration strategy at its LSOP Project area and the Nexus Project.

America Battery Technology Company's (OTCMKTS: ABML) Tonopah Flats and Ioneer Limited's (ASX: INR) Rhyolite Ridge clay-hosted lithium project in Nevada, Arizona Lithium Limited's (ASX: AZL) Big Sandy lithium project in Arizona and Jindalee Resources Limited's (ASX: JRL) McDermitt lithium project in Oregon represent the largest lithium Mineral Resource clay projects. These range from ~1,000-2,000 ppm Li in grade³ and occur as flat-lying stratigraphic ore bodies within lacustrine sedimentary sequences.

² Refer to NWM ASX Announcement on 22 February 2023

³ Refer to INR ASX Announcement on 27 April 2023; ASL ASX Announcement on 28 April 2023; JRL ASX Announcement on 28 April 2023; ABTC website: www.americanbatterytechnology.com

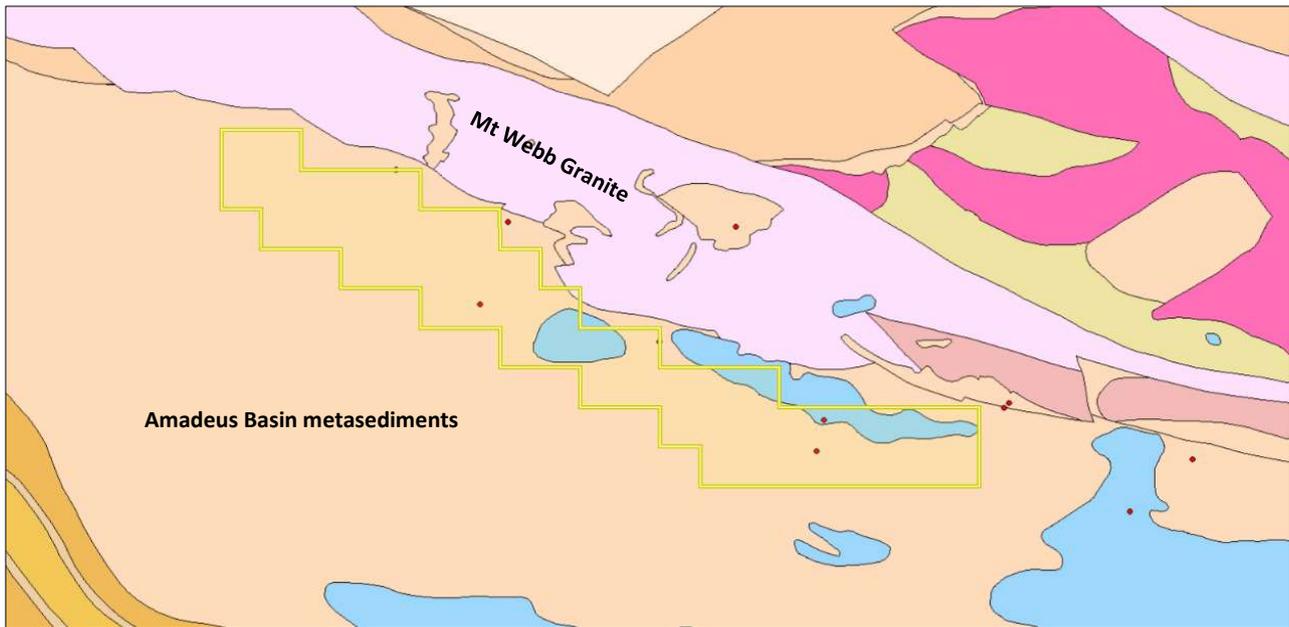


Figure 4: APC's Nexus Project bedrock geology (geophysical interpretation) & tenement E80/5778 with FQM drill collar locations

Lake Wells Gold Project (LWGP)

In 2018, APC and St Barbara Limited (**SBM**) entered into a joint venture for the exploration, development and mining of non-potash minerals at the Lake Wells Gold Project. Over the duration of that joint venture, SBM spent approximately A\$3.5million exploring (primarily for gold) the tenements, which sit contiguous to, and south of, the LSOP mining leases. The LWGP extends approximately 80km to the south of Lake Wells, where it adjoins tenure currently being explored by successful gold producer Gold Road Resources Limited (ASX: **GOR**).

APC now has 100% ownership of the tenure comprising the LWGP⁴.

Laverton Downs Project (LDP)

The Laverton Downs Project is located approximately 5km north of Laverton. Regional geology highlights the potential for gold and nickel sulphide mineralisation. Project evaluation undertaken by APC incorporating regional datasets, detailed magnetic data and high precision geochemical assay results derived from historical bottom of hole drill samples confirmed that a Kambalda-style nickel deposit host rock type is present within the LDP.

During the previous reporting period, APC signed a binding Tenement Sale Agreement with Maverick Minerals Pty Ltd for the sale and purchase of the six tenements comprising the LDP. The due diligence period has been completed and settlement is pending Maverick's IPO and listing on the ASX, which is anticipated in the second half of CY2023.

⁴ Beneficial ownership of 100%; formal transfer of tenure remains pending Office of State Revenue duty assessment

Laverton Training Centre (LTC)

The Laverton Training Centre is an initiative of APC which provides access to nationally accredited vocational training for long-term unemployed Aboriginal people living in this remote part of Western Australia. The LTC training ethos is modelled on the highly successful Martu-ku Yiwarra Training Centre in Wiluna, a unique four-year pilot remote Aboriginal vocational training program which was funded by local employers, overseen by Martu Elders, and had training delivered by Central Regional TAFE Kalgoorlie as the registered training organisation.

During the period courses were delivered at the LTC covering weeds, chemicals, automotive and welding. In addition a number of workplace health safety 'white card' courses for residents of Jameson, Blackstone and Wingellina were conducted out on the Ngaanyatjarra Lands. A total of 105 students have now benefited from the nationally accredited training offered by the LTC.

The LTC is currently working with the Main Roads Department and a number of other stakeholders to facilitate training and employment opportunities in Wiluna for the upcoming Goldfields Highway upgrade.



Photos 1 & 2: Welding (L) and automotive (R) training

Corporate Update

During the period the Company announced that it would not be contesting its ability to claim aspects of the 2018/2019 R&D incentive. The Company provisioned \$1.38m in its 2022 financial statements for these amounts, as reported in the Annual Report lodged with ASX on 29 September 2022.

The directors understand that with the cessation of the Administrative Appeals Tribunal process, the Department of Industry, Science, Energy and Resources will, in conjunction with the Australian Taxation Office (ATO), seek to recover the amount provisioned from the Company. It is the directors' expectation that where the ATO makes a demand for the payment of this amount, an arrangement will be entered into with the ATO to settle the Company's outstanding liability over a period of time, however no discussions have as yet been held with the ATO on this matter.

A general meeting of shareholders was held on 30 May 2023 where all resolutions were decided on a poll and passed.

On 27 June 2023 the Company announced the resignation of Non-Executive Director Brett Lambert and Chief Financial Officer Patrick Leung.

Capital movements during the period relate to the lapsing of performance rights. As at the date of this report, the Company's capital comprises:

- 1,038,678,058 fully paid ordinary shares (ASX: APC)
- 57,442,097 unlisted options exercisable at \$0.06 and expiring 26 August 2023
- 115,408,645 unlisted options exercisable at \$0.036 and expiring 21 March 2025
- 4,387,075 unlisted performance rights.

Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) for the period ending 30 June 2023 provides an overview of the Company's financial activities. Cash at the end of the quarter was \$1.292 million.

During the quarter, payments to related parties and their associates totalled \$97,000, 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) \$747,000; exploration and evaluation (expensed) \$11,000; staff costs \$285,000; and administration and corporate costs \$200,000. Net income of \$25,000 was received in relation to property, plant and equipment.

Mining Tenement Holdings

In line with obligations under ASX Listing Rule 5.3.3, APC provides the following information relating to its mining tenement holdings as at 30 June 2023.

Area	Tenement	Interest at 31 March 2023	Action	Interest at 30 June 2023
Lake Wells	E38/1903	100%	-	100%
	E38/2113	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%
	E38/3225	100%	-	100%
	E38/3226	100%	-	100%
	E38/3270	100%	-	100%
	E38/3423	100%	-	100%
	ELA38/3784 ¹	100%	Application pending	100%
	ELA38/3785 ¹	100%	Application pending	100%
	ELA38/3786 ¹	100%	Application pending	100%
	L38/350 ²	100%	Granted 26 April 2023	100%
	L38/351 ²	100%	-	100%
	L38/356 ²	100%	-	100%
	LA38/359 ²	100%	Application pending	100%
	LA38/360 ²	100%	Application pending	100%
	M38/1274	100%	-	100%
	M38/1275	100%	-	100%
M38/1276	100%	-	100%	
M38/1287	100%	-	100%	
M38/1288	100%	-	100%	
M38/1289	100%	-	100%	
Laverton Downs	E38/2724 ³	100%	-	100%
	E38/3014 ³	100%	-	100%
	E38/3132 ³	100%	-	100%
	E38/3402 ³	100%	-	100%
	E38/3403 ³	100%	-	100%
	E38/3404 ³	100%	-	100%
Nexus	E80/5917	-	Application submitted	100%

No tenements are subject to any farm-in or farm-out agreements.

This release was authorised by the Board of Directors.

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Forward Looking Statements

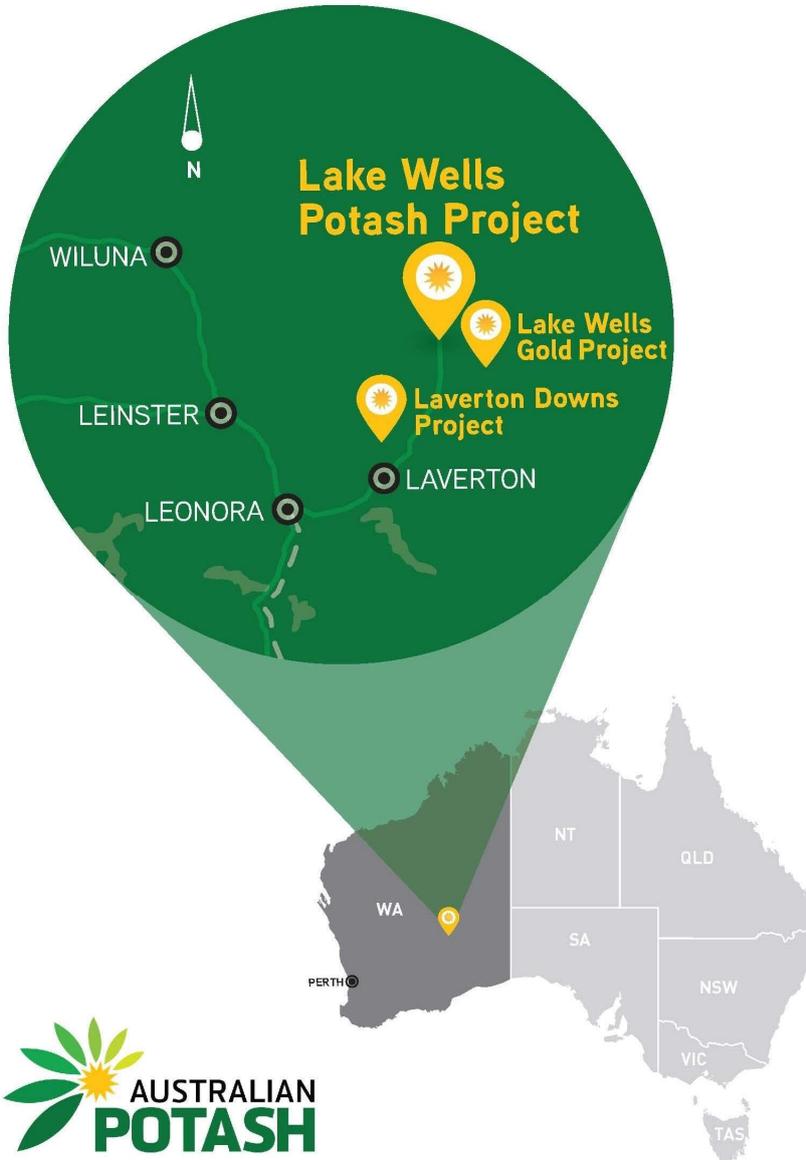
This announcement contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These forward-looking statements reflect current expectations, intentions or strategies regarding 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 or any other referenced announcement. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

¹ Tenements held by Lake Wells East Pty Ltd, a wholly owned subsidiary of APC.

² Tenements held by Lake Wells Potash Pty Ltd, a wholly owned subsidiary of APC.

³ Tenements held by Laverton Downs Pty Ltd, a wholly owned subsidiary of APC. On 28 February 2023 the Company announced that it had entered into a binding Letter of Intent in relation to the conditional sale of the Laverton Downs' tenements to Maverick Minerals Pty Ltd.

About Australian Potash Limited



APC holds a 100% interest in the **Lake Wells Sulphate of Potash Project (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 31 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 **Lake Wells Gold Project**, located 500km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

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