

15 August 2023

Lake Wells Sulphate of Potash Project Update

Further to its last announcement on 13 June 2023, Australian Potash Limited (**ASX: APC** or the **Company**) provides the following update on the Lake Wells Sulphate of Potash Project (**LSOP**).

Strategic review process

APC has been conducting an exhaustive funding process for the LSOP over the past 12 months. This was conducted against a backdrop of recent very high sulphate of potash prices, global fertiliser shortages and a project valuation of between A\$774 million and A\$1.025 billion¹. By the time the strategic process started, APC had completed detailed design and engineering and secured debt funding with NAIF, subject to raising the appropriate equity. The project was therefore effectively ready to go into construction once the equity was secured.

Having made data and information on the LSOP available to various parties, the strategic review process has not resulted in a transaction that was considered suitable for the Company or its shareholders. As such, considering that this process has been adequately exhausted, the directors have made the difficult decision to cease this process.

There is no doubt that recent company failures in the developing WA potash industry have created a negative perception of solar SOP projects in WA. The directors and management of APC are confident the work done on the LSOP to date demonstrates it to be a high value, well-engineered project, supported by a thorough test work program and on-site evaporation piloting, as disclosed through the Company's consistent ASX releases over the past 9 years. However, and without a funding proposition to consider, the directors have made the difficult decision to surrender the LSOP mining leases, which have a high holding cost. The relevant documents have been lodged with the Department of Mining, Industry Regulation and Safety.

The Company retains its interest in the exploration license tenure it holds at Lake Wells.

The directors have received consideration of A\$950,000 for components of the Lake Wells camp assets and are holding discussions around the sale of bore-field inventory and other site assets.

Chairperson, Natalia Streltsova, commented: "The directors of APC are extremely disappointed that the demise of local high profile potash projects has largely contributed to the lack of investment support for our sector and project. Matt Shackleton and his team have shown professionalism and commitment to the project which makes it even more disappointing that we have been unable to secure equity funding.

"We stress to shareholders that all possible options have been vigorously pursued in our efforts to preserve optimal value in the LSOP. We are fully committed to and already engaged in considering the Company's alternate project opportunities to generate value for our shareholders."

¹ Refer ASX Announcement 21 September 2022 'Increased Production Delivers Superior Economic Outcomes for World Scale LSOP, page 7.

Managing Director and CEO, Matt Shackleton, commented: “Following the demise of Kalium Lakes this past fortnight we reviewed once again our strategic plan with respect to the LSOP.

“With a hydrogeological model – the brine equivalent of a hard rock mine model – that is informed with over 60,000 metres of drill data, several hundred kilometres of seismic survey data, pump test data from more than 20 developed production wells and the production of high-grade SOP in field evaporation ponds, the LSOP will retain one of the country’s better solar SOP development data sets.

“We brought the best technical expertise the world of solar SOP has to offer to our project, and consequentially secured binding take or pay offtake agreements for nearly all our forecast output with several of the world’s more recognised and influential potash distributors.

“However, notwithstanding the nearly 10-year commitment to the LSOP development by APC’s management team, the current investment sentiment has for obvious reasons turned away from solar SOP development. We remain committed to all opportunities to restart the LSOP, but pragmatically will also pursue the Lake Wells Gold Project, Nexus REE and lithium project and other opportunities in pursuit of value for our shareholders and stakeholders.”

Lake Wells camp and associated assets

The directors of APC advise the Company has received consideration of A\$950,000 for the sale of the Lake Wells camp accommodation units, wet and dry mess and water treatment equipment. The terms of the sale include the demobilisation from site of the assets, and the rehabilitation of the village site. The consideration received from the sale will be used to fund working capital and the Company’s ongoing investigations and exploration on the Lake Wells Gold Project and Nexus REE and Lithium Project, the details of which were outlined in the Company’s announcement on 13 June 2023.

This release was authorised by the Board of Directors.

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