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APC TO RAISE APPROXIMATELY \$5 MILLION FOR LAKE WELLS POTASH PROJECT & YAMARNA GOLD PROJECT

- \$3.0 million raised in oversubscribed share placement
- Share Purchase Plan (SPP) of circa \$2.0 million to be offered to eligible shareholders and Bonus Loyalty Option Issue for shareholders on the register at 29 September 2017
- Funds raised will be used to continue advancement of the Feasibility Study on the Lake Wells Sulphate of Potash Project and to commence exploration at the Yamarna Gold Project

Australian Potash Limited (ASX: APC) is pleased to announce that it has completed a bookbuild for a placement to institutional, sophisticated and professional investors to raise up to \$3.0 million through an oversubscribed placement of 30,000,000 fully paid ordinary shares (**New Shares**) at an issue price of 10.0 cents (**Placement**). Hartleys Limited is Broker to the Placement.

APC Executive Chairman Matt Shackleton said, "APC will continue to aggressively progress the study phase of the Lake Wells SOP project.

"We have defined the largest indicated SOP resource estimated in Australia to date, developed early stage relationships in the largest market for SOP through MOU's and completed a scoping study with very strong economics. The scoping study confirmed a conventional, proven abstraction method to produce a high quality SOP product in the bottom of the global cost curve.

"APC's key focus is on positioning the Company to deliver a strong Feasibility Study in H1 CY2018 that confirms the potential for a high returning project and positions Lake Wells as a superior Australian Sulphate of Potash project."

"In addition, funding will be applied to commencing exploration at the Yamarna Gold project, following up the extremely positive findings of CSA Global's report on the gold prospectivity of APC's northern Yamarna greenstone tenements¹. The Company's Yamarna tenements run contiguously north of and 65 kilometres along strike from neighbouring explorer Gold Road Resources (ASX: GOR). That company has successfully delineated several million ounces of gold across several project areas, including the Gruyere mine currently under development."



Funds raised pursuant to the Placement and SPP will be used as follows:

100% owned Lake Wells Sulphate of Potash Project

- Continued advancement of items to deliver the Feasibility Study in H1 CY2018, including;
- Installation of a further 4 SOP brine production bores, brings total installed to 7;
- Long term production bore test pumping programme – 3 to 6 months;
- Commissioning of the large scale 5 pond pilot evaporation program;
- Resource extension through exploration target estimate on recently acquired palaeochannel extension;
- Further geotechnical and logistical work;
- Advancement of the process flow sheet for the production of SOP to deliver SOP product to advance current MOUs towards binding arrangements;
- Continued engagement with industry players and potential strategic partners, and working capital purposes.

100% owned Yamarna Gold Project

Following the recent announcement by neighbour Gold Road Resources (ASX: GOR) of outstanding gold results 2kms south-east of APC's tenement holding, at the Ibanez prospect and the commissioning of a report by experts in the Yamarna region (CSA Global), APC is accelerating gold exploration programmes.

- Further exploration work across 18 priority gold targets (9 high priority gold targets);
- First drilling of higher ranked targets expected to commence in H2 CY2017.

Placement

The New Shares will be issued on the same terms, and rank equally in all respects with the existing fully paid ordinary shares in the Company. The allotment of the Placement is not subject to shareholder approval and will fall within the Company's 15% placement capacity under ASX LR 7.1 and additional 10% placement capacity under ASX LR7.1A. The Company was pleased to receive the support of its directors in the placement, subject to shareholder approval.

Share Purchase Plan (SPP)

APC is pleased to offer eligible shareholders the opportunity to acquire shares at the same price as the Placement.

Under the SPP, shareholders of the Company's register as at 5:00pm WST Friday 11 August 2017 (**Record Date**) with a registered address in Australia or New Zealand will be entitled to participate in the SPP (**Eligible Shareholders**). The SPP will provide Eligible Shareholders with the opportunity to acquire up to \$15,000 worth of ordinary, fully paid APC shares at 10.0 cents per share (subject to receipt of a waiver from ASX) without incurring brokerage or other transaction costs. The new shares issued under the SPP will rank equally with the existing fully paid ordinary shares in the Company. The Company has applied for a waiver from ASX from the relevant Listing Rules to enable it to price the SPP at the same price as the Placement.

A copy of the SPP Offer Document along with a SPP Application Form will be mailed to all Eligible Shareholders on or around Thursday, 17 August 2017.



The key dates for the SPP are as follows*:

Event	Date
Record Date	5:00pm WST Friday 11 August 2017
Offer Opens and SPP Offer Document Dispatch	7:00am WST Thursday 17 August 2017
Offer Closes	5:00pm WST Tuesday 19 September 2017
Issue Date of New Shares	Thursday 21 September 2017
Dispatch of Holding Statements	Wednesday 27 September 2017

**Note: APC reserves the right to vary these times and dates in its absolute discretion.*

Shareholders on the register as at close of trade on 29 September 2017 will also be eligible to participate in a Loyalty Option Issue on a 1:3 basis at \$0.01 per Option. Options will have an exercise price of \$0.20 and exercise date 2 years from date of issue. The Loyalty Bonus Options will be listed if there are more than 50 holders and all ASX requirements are met.

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About Australian Potash Limited

Australian Potash Limited (ASX: APC) is an ASX-listed Sulphate of Potash (SOP) developer. The Company holds a 100% interest in the Lake Wells Potash Project located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

The Lake Wells Potash Project is a palaeochannel brine hosted sulphate of potash project. Palaeochannel bore fields supply large volumes of brine to many existing mining operations throughout Western Australia, and this technique is a well understood and proven method for extracting brine. APC will use this technically low-risk and commonly used brine extraction model to further develop a bore-field into the palaeochannel hosting the Lake Wells SOP resource.





Figure 1: The Lake Wells Potash Project is located 300kms from the Leonora rail head in WA's Eastern Goldfields

A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017². The Scoping Study exceeded expectations and confirmed that the Project's economic and technical aspects are all exceptionally strong, and highlights APC's potential to become a significant long-life, low capital and high margin sulphate of potash (SOP) producer.

Key outcomes from the Scoping Study are as follows:

- Stage 1 production rate of 150,000tpa of premium-priced sulphate of potash (years 1 – 5)
- Stage 2 production rate of 300,000tpa of premium-priced sulphate of potash (years 6 – 20)
- Upgraded JORC 2012 Mineral Resource Estimate comprising 14.7m tonnes of SOP, including 12.7mt in the Indicated category²
- Operating expenditure of A\$368/US\$283 tonne SOP in the first 5 years and A\$343 tonne SOP over the life of mine
- At a SOP price of A\$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflow³ of A\$118m/US\$81m
- Pre-production capital expenditure (Stage 1) of A\$175m/US\$135m and Stage 2 of A\$163m/US\$125m
- Life of Mine (LOM) is 20 years (inc. Stage 1 & Stage 2) –upside to LOM through continued exploration



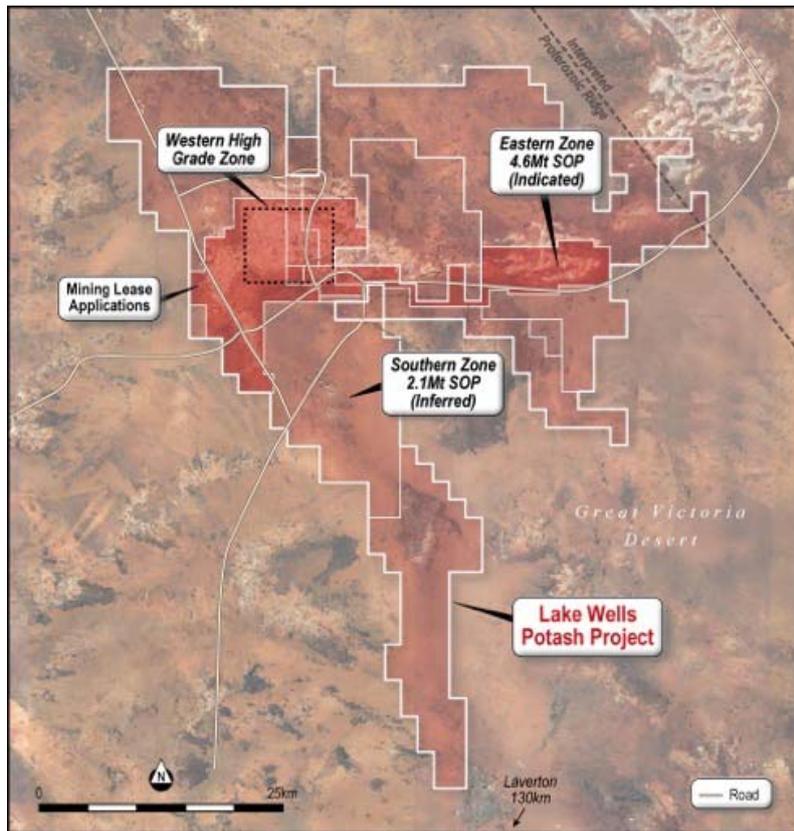


Figure 2: The Lake Wells Potash Project SOP brine resource is hosted within the palaeochannel extending to date over 55kms in length, and to a maximum depth of 174m



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.

Scoping study – cautionary statement

The Study referred to in this announcement is a preliminary technical and economic investigation of the potential viability of the Lake Wells Potash Project. It is based on low accuracy technical and economic assessments, (+/- 35% accuracy) and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Study will be realised.

Approximately 86% of the existing Mineral Resource is in the Indicated category, with the remainder in the Inferred category. There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources. Furthermore, there is no certainty that further exploration work will result in the conversion of Indicated and Measured Mineral Resources to Ore Reserves, or that the production target itself will be realised.

The Scoping Study is based on the material assumptions outlined in the ASX announcement of 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. These include assumptions about the availability of funding. While Australian Potash Limited considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be accurate or that outcomes indicated by the Study will be achieved.

To achieve the outcomes indicated in this Study, initial funding in the order of A\$175m/US\$135m will likely be required. Investors should note that there is no certainty that Australian Potash Limited will be able to raise funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Australian Potash Limited's existing shares.

It is also possible that Australian Potash Limited could pursue other value realisation strategies such as sale, partial sale, or joint venture of the Project. If it does this could materially reduce Australian Potash Limited's proportionate ownership of the Project.

Given the uncertainties involved, investors should not make any investment decisions based solely on the results of this Scoping Study.

¹Refer to ASX announcement 7 August 2017 'Exploration Program on Yamarna 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 7 August 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 7 August 2017 announcement continue to apply and have not materially changed.

²Refer to ASX announcement 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. 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 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.

³Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.

