

ASX Announcement
30 November 2017

CHAIRMAN'S AGM ADDRESS

Good morning fellow shareholders, and thank you for attending today's Annual General Meeting.

I would like to take the opportunity to give you a brief overview of the activities APC's team have under-taken in the last 12 months, and more importantly, update you on the coming year's programs at the Lake Wells Sulphate of Potash project.

Shortly before our last AGM, the Company had recently commenced a scoping study into the development of our 100% owned Lake Wells Sulphate of Potash Project in Western Australia. We published the positive findings of the study in March this year, with those findings showing a high-returning, highly capital efficient and economically robust project.

We carried that confidence through a brief 3-month optimisation period, before moving into the more rigorous feasibility study program, which is progressing well. We are aiming for completion of the feasibility study in the first half of calendar 2018.

The Lake Wells SOP project continues to demonstrate technical strength across the three major areas of a mineral brine evaporation operation, namely brine abstraction, brine evaporation and salt processing. In our case, the salt we are looking to process ends up as SOP, which is in demonstrably very high demand around the world. Unlike its peer potash variety, MOP, SOP pricing remains bullish with the strong demand growth continuing to come out of south-east Asia, and in particular China.

On the brine abstraction front, the production bore installation program has already achieved 15% of planned Stage 1 capacity in October of this year, with five bores installed. Four of these have been developed into the deep basal aquifer, and one into the shallow, or upper aquifer. Step, constant rate and long-term pump testing is on-going, as is the installation program itself. Our most recent announcement in this area confirmed the assumption we had made in the scoping study model around the downward drainage of the brine contained in the clay layer, and hence the re-charge of the basal layer.

We successfully commissioned our pilot solar evaporation pond network during the year. This pilot scale work is planned to produce approximately 20 tonnes of the 'feeder' salts from which SOP is produced. Ultimately, we are aiming to produce 2 – 3 tonnes of SOP from this pilot program. Our off-take MOU partners in China are particularly interested in understanding the specifications of the final SOP output, as we move towards a more formal off-take position with them.

Our expert potash processing consultants, the Canada based Novopro Projects, have managed our laboratory test-work program to date. That firm's understanding of our project, and in particular the unique properties of our brine, lead to them recommending the MOP-SOP conversion process route. Augmenting our production capacity in this way allows us to significantly increase our output, by 50%, without the need to build the capex intensive brine abstraction and evaporation infrastructure. The laboratory test-work is also on-going as we further refine our process engineering.

While the focus of the team has been on the continuing development of the SOP project, a little unexpectedly the gold prospectivity of our part of the Yamarna greenstone belt began to attract attention during the year. Largely on the back of the high-grade intercepts generated immediately to the south of our southern boundary by Gold Road Resource Limited, we decided to engage with expert



consulting firm CSA Global, commissioning them to undertake a structural and geochemical review and targeting exercise. The results of the structural review were discussed at this year's Diggers and Dealers forum in Kalgoorlie, however I am very happy to be presenting to you following this address the findings of the geochemical and lithological review and targeting work.

The past year has seen the APC team achieve significant milestones across all of our major areas of work. I would like to thank the APC team for their continued hard work and dedication and also thank all shareholders. APC continue to deliver results that give us considerable comfort that our 100% owned Lake Wells Sulphate of Potash Project will develop into the highest-returning, superior SOP project in Australia.

Your Company once again heads into the new year with a very bright project outlook, with that positive future only strengthened by the strong and enticing gold opportunity identified in the Yamarna. I'd now like to run through a brief presentation on both our Sulphate of Potash and gold projects.

For further information, please contact

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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.

A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017ⁱ. 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.

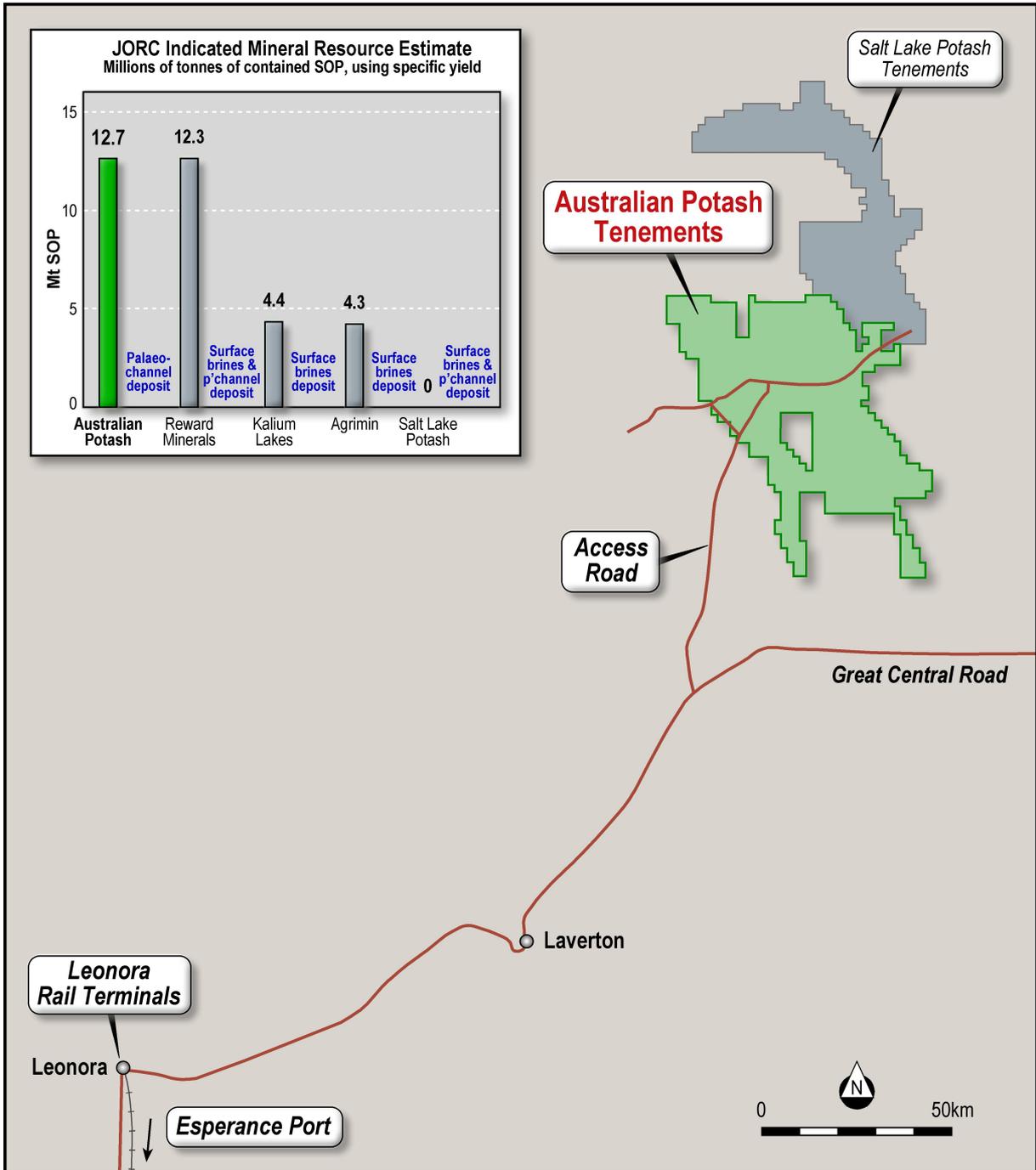
Key outcomes from the Scoping Study are as follows:

- 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 categoryⁱ
- 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 cashflowⁱⁱ 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





Lake Wells is located close to existing logistics infrastructure in WA's Eastern Goldfields



APC's Lake Wells SOP Project with existing logistics infrastructure

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.

Competent persons statement

The information in this announcement that relates to Exploration Targets and Mineral Resources is based on information that was compiled by Mr Jeffery Lennox Jolly. Mr Jolly is a principal hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Jolly nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Jolly has over 30 years of international experience. He is a member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Jolly has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies 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 Jolly consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Hydrogeological information in this announcement has been prepared by Carsten Kraut, who is a member of the Australasian Institute of Geoscientists (AIG), and International Association of Hydrogeologists (IAH). Mr Kraut is contracted to the Company through Flux Groundwater Pty Ltd. Mr Kraut has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies 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 Kraut consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

ⁱRefer 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.

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

