31 Ord Street, West Perth WA 6005
PO Box 1941, West Perth WA 6872
+61 8 9322 1003
australianpotash.com.au
@OzPotash
ABN 58 149 390 394

12 September 2018

GRANT OF MINING LEASES AT THE LAKE WELLS SULPHATE OF POTASH PROJECT

Highlights:

- **Major milestone achieved with the grant of Mining Leases required to develop and operate the Lake Wells SOP Project**
- **Grant of the Mining Leases is a significant achievement in the Approval work stream being finalised through the Definitive Feasibility Study**
- **Mining Leases cover the development area required for Stage 1 (150,000 tonnes per annum SOP production) and Stage 2 (+150,000 tpa SOP)**[i]

Australian Potash Limited (**APC**) is pleased to advise that Mining Leases have been granted at the Lake Wells Sulphate of Potash project (Figure 1). The Mining Leases cover an area in excess of 30,000 hectares of the Lake Wells playa and underlying palaeochannel system.

The Lake Wells SOP project currently carries a 2012 JORC Compliant Mineral Resource Estimate of 14.7 million tonnes of recoverable SOP, with a sector high 12.7Mt in the Indicated category[i], which reflects the long (+55 kilometres), deep (+174m) and wide (+4 kilometres) palaeochannel that APC has delineated at the Project (Figure 2).

The area of the granted Mining Leases covers the proposed brine bore-field, evaporation ponds, processing plant, and associated infrastructure including accommodation village, airstrip and power station.

APC's Lake Wells SOP Project development includes an all-weather bore field brine abstraction network developed into the extensive palaeochannel identified. Test-pumping results from the existing 5 production wells developed into the palaeochannel at Lake Wells have yielded very high long-term pump test flow rates in excess of 15 litres per second[ii]. Stage 1 of the Lake Wells SOP project calls for a bore-field comprising approximately 35 bores, with 20% of this capacity to be built, commissioned and pump-tested prior to the completion of the DFS.

All of the brine SOP projects being proposed in Australia source their brine from a playa (or lake surface) which by definition means they are at the bottom of regional catchment areas, which is where water flows in flood. APC's exclusive use of bores to recover brine will mitigate to a very large extent the construction and operational risks associated with weather events. In addition, as the depth of the bores developed at Lake Wells are up to 174 metres, the bore network will be able to access the entire brine resource, which commences at surface and extends to the very bottom of the palaeochannel.

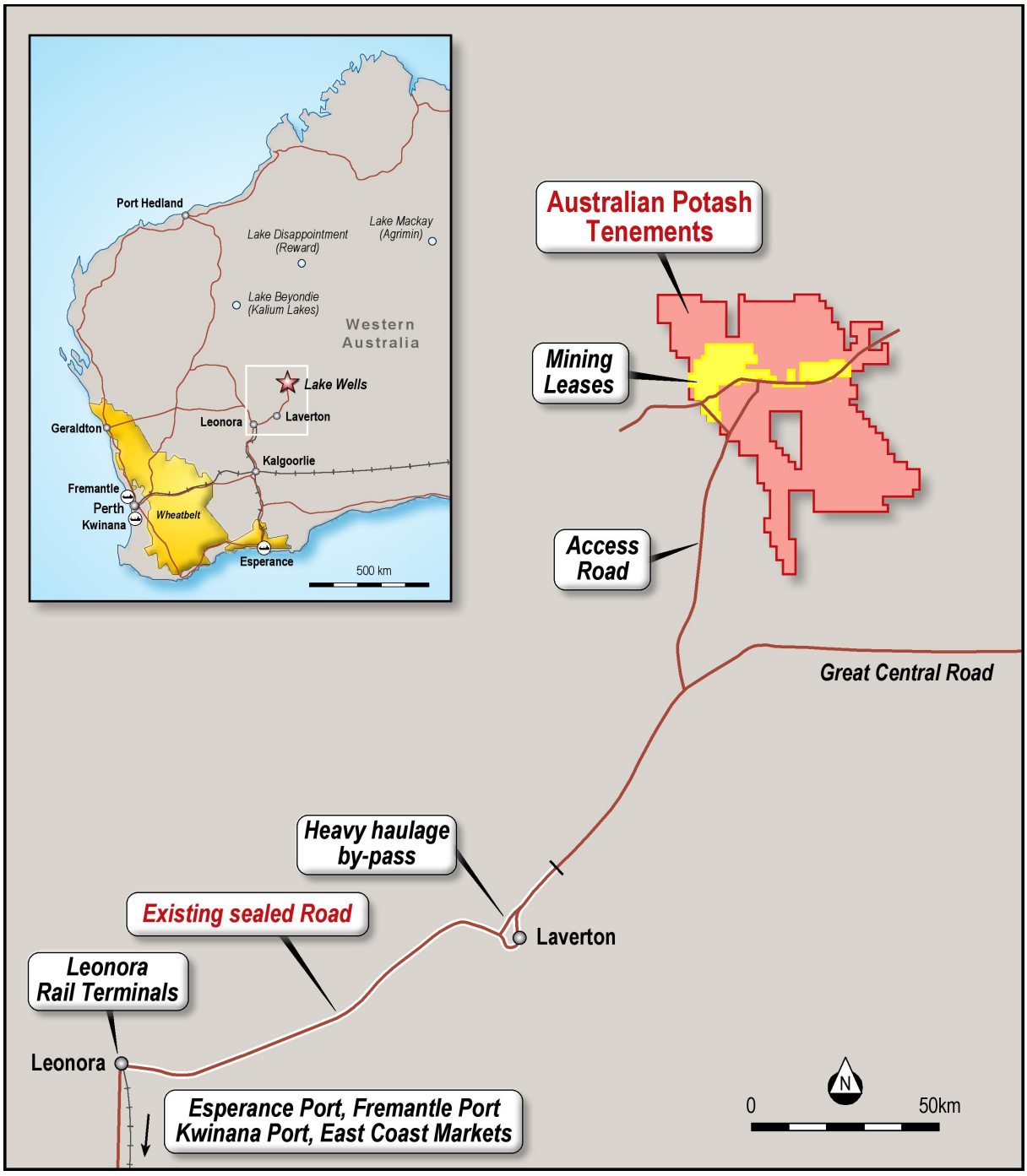

Figure 1: Mining Leases have been granted at Australian Potash's Lake Wells Sulphate of Potash project

Managing Director Matt Shackleton commented: "This is a major milestone on the approvals pathway and a significant step towards completion of the Definitive Feasibility Study.

"We've always been very confident in our resource, with our palaeochannel modelling being based on nearly thirteen hundred drill holes, over fifty two thousand metres of drilling and in excess of 300 kilometres of ground based seismic lines. Having access to this massive palaeochannel mitigates several areas of risk around brine abstraction.

"We have some additional work to do around a reserve estimate, which combined with our geotechnical program will form the basis of the field work over the next quarter.

"With the grant of these mining leases, the next two quarters are shaping up to deliver some of the most significant de-risking events for the Lake Wells project's development cycle. We look forward to providing regular updates to shareholders on our progress as we achieve further milestones."

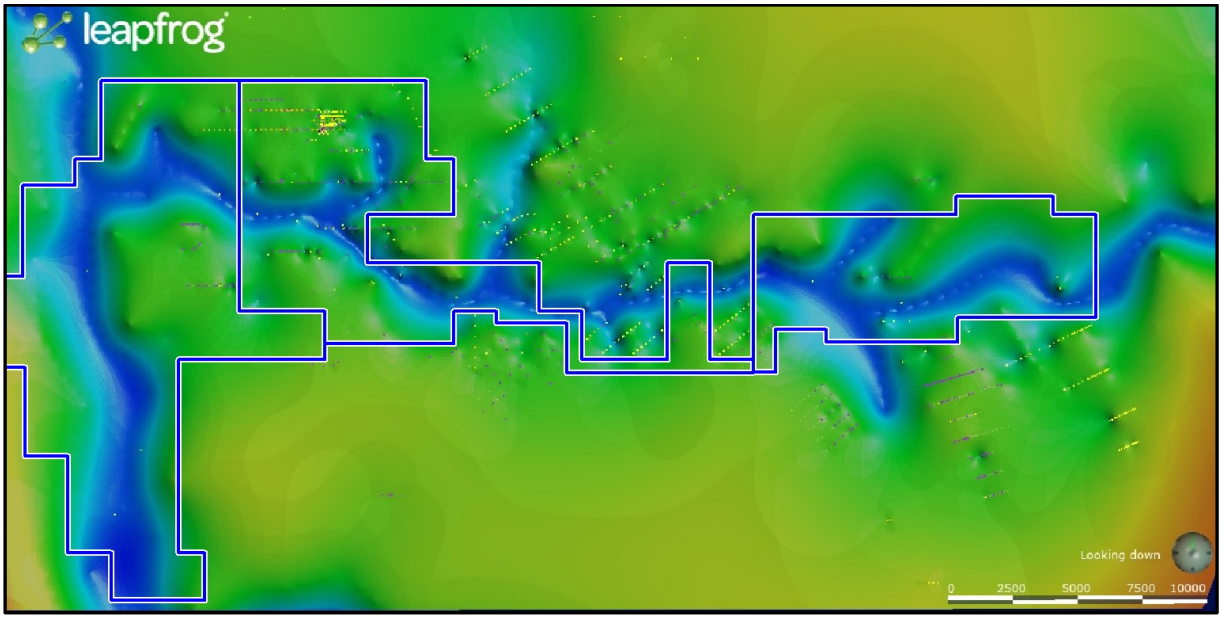

Figure 2: APC's Lake Wells SOP Project granted Mining Leases (blue outline) *over the palaeochannel modelling which is derived from 1,280 drill-holes totalling over 52,000 metres of drilling and 315 kilometres of passive seismic survey.*

Mining Leases granted are M38/1274, M38/1275 and M38/1276.

For further information, please contact:

Matt Shackleton
Managing Director and CEO

m.shackleton@australianpotash.com.au

+61 (0) 438 319 841

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[i] Refer 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.

[ii] Refer to ASX announcement 21 November 2017 'Pumping Test Confirms Drainage from Entire Palaeochannel Sequence into Basal Production Aquifer'. 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 21 November 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 21 November 2017 announcement continue to apply and have not materially changed.