

22 November 2018

AUSTRALIAN POTASH COMPLETES FINAL BRINE TRANSFER

FIRST POTASSIUM RICH SALTS HARVESTED

Highlights:

- **11 tonnes of Potassium rich salts harvested from Harvest Pond 1**
- **13 – 14 tonnes of Potassium rich salts crystallised in Harvest Pond 2**
- **Transfer of +40 tonnes of concentrated brine into final Harvest Pond 3**
- **Lake Wells SOP Project environment ideal for solar salt production**

Australian Potash Limited (ASX: APC) (Australian Potash) is pleased to advise the successful completion of the final transfer of brine into Harvest Pond 3 at the Lake Wells Sulphate of Potash project's pilot evaporation pond network.



Figure 1: 11 tonnes of Potassium rich salts from the Lake Wells SOP project's Harvest Pond 1 ready for processing into Lake Wells Sulphate of Potash.

Australian Potash Managing Director Matt Shackleton said: *"With this transfer of brine into the final harvest pond, the pilot evaporation pond program is rapidly concluding.*

"Once the evaporation step is complete, which we anticipate in the next 14 – 21 days, a blend of about 2 tonnes of the Potassium rich salts from all the harvest ponds will be processed into

SOP at the Company's purpose-built pilot processing plant. The production of SOP in Perth will be supervised by one of Novopro's expert engineers on secondment to APC.



Figure 2: Harvest Pond 2 with crystallised potassium rich salts windrowed for draining prior to bagging, blending and transporting to Perth for refining into Lake Wells Sulphate of Potash.

“We plan to provide trade samples of APC’s Lake Wells SOP to our existing MOU-off-take partners, Sino-Agri and Hubei-Agri as we look to move the relationships with those parties to a more formal off-take position. We are also constantly engaged with Australian users and

distributors of SOP, and we look forward to providing evidence of the quality of our product to those parties too” Mr Shackleton said.

Lake Wells Sulphate of Potash Project

With granted Mining Leases in place, the Lake Wells SOP Project is targeting the **production** of 150,000 tonnes per annum through an initial Stage-1 development, rising to 300,000 tonnes per annum on development of Stage-2. Costs of production place the project in the **lowest quartile** on the global operating costs curve¹.

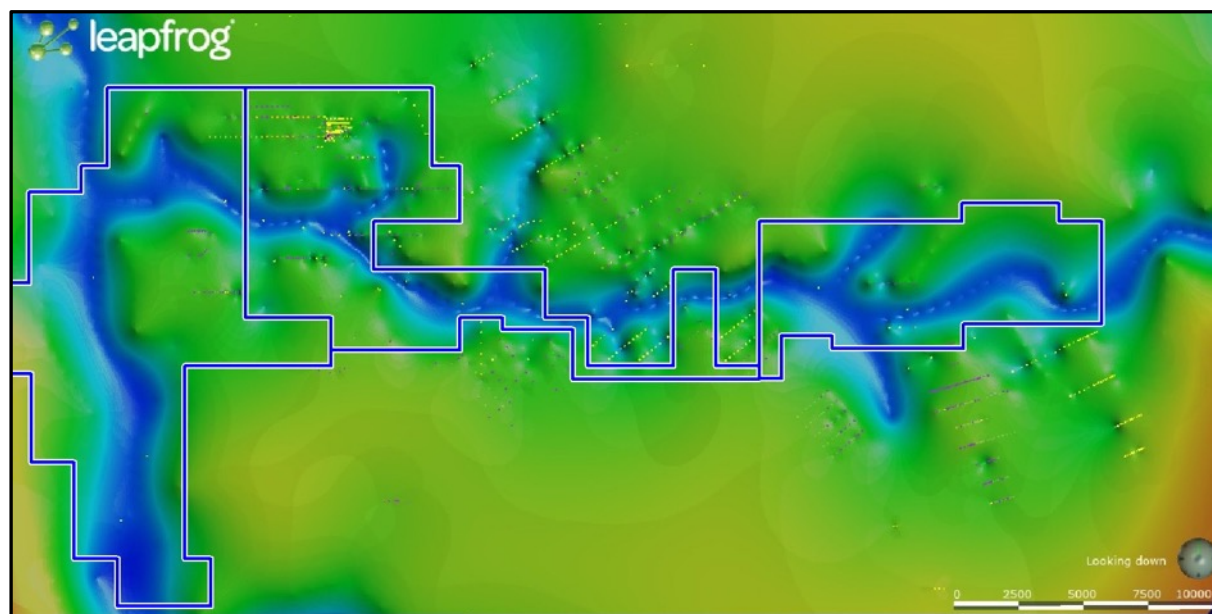


Figure 3: APC's Lake Wells SOP Project's Resource is hosted in a palaeochannel that is open, and over 55 kms long. The model driving exploration and resource estimation is derived from 1,280 drill-holes totaling over 52,000 metres of drilling and 315 kms of passive seismic survey.

Located just 280kms from **bulk rail terminals** at Leonora (Figure 4), the Lake Wells SOP Project is well supported by local government. The Shire of Laverton allows APC to off-set annual rates payable on the recently granted Mining Leases against the maintenance and upgrade of the Lake Wells access road. In addition to this, the Shire has committed to sealing the surface of the Great Central Road a further 100 kms east of Laverton, effectively providing APC with an additional 70kms of sealed road in its infrastructure solution.

APC has in place Memorandums of Understanding with two of China's largest agricultural companies for a combined 200,000 tonnes per annum of off-take.

Australian Potash is committed to supplying SOP to Australian farmers and is actively engaged with large fertiliser distributors in Western Australia. Annual consumption of all potash types in Australia is approximately 500 – 600 thousand tonnes, including 50 – 60kT SOP. With effective incentive pricing, the volume of SOP consumed in Australia will increase materially.

APC is conducting a Definitive Feasibility Study into the development of a solar salt SOP operation at Lake Wells and is targeting H1 2019 to release the findings of this DFS.

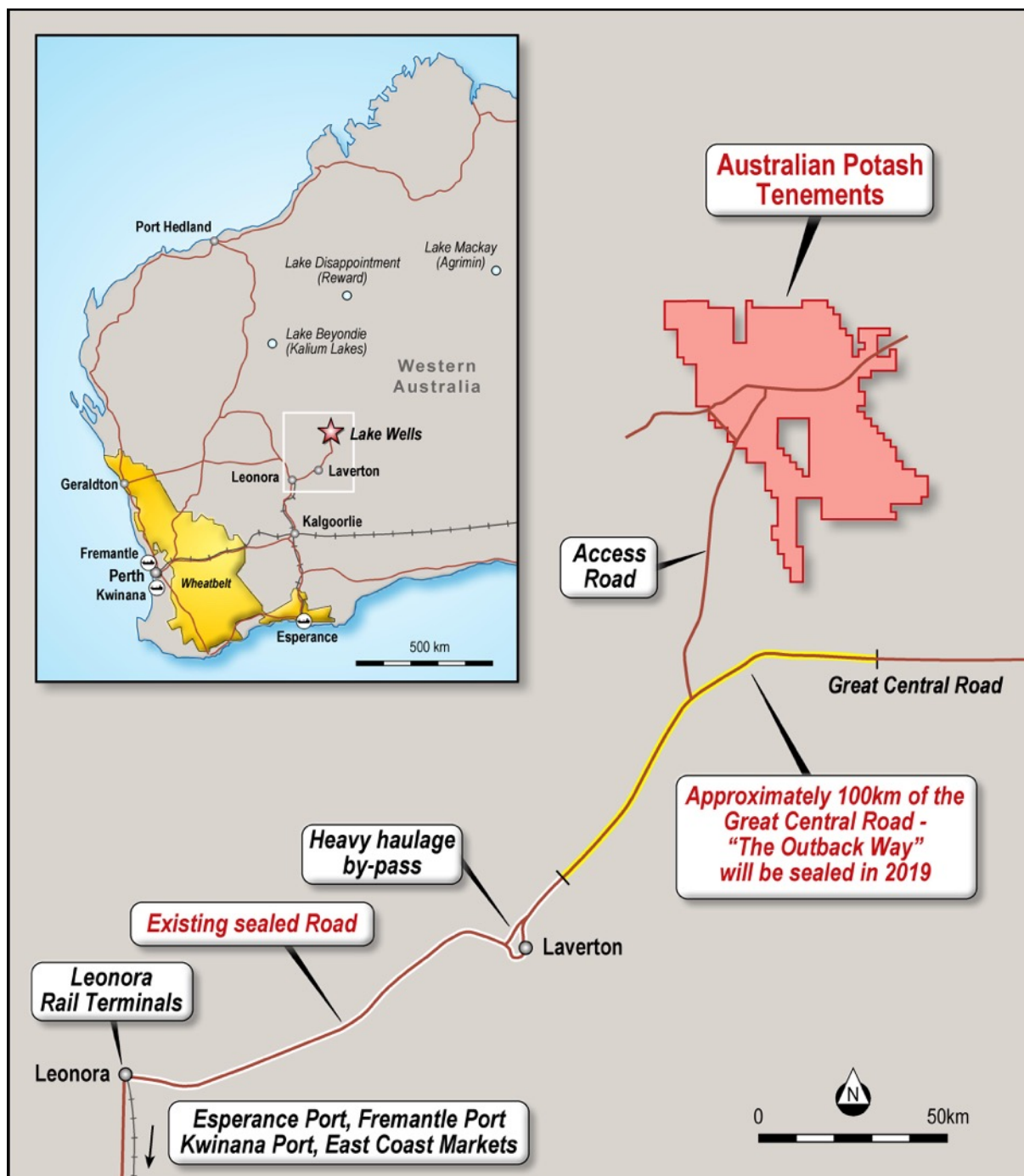


Figure 4: APC's Lake Wells SOP Project's logistics solution is to be enhanced through the local shire's road sealing project which will add an additional 70 kms of bitumen road to the 280km road haul to the rail head.

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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.

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.

