

20 July 2020

**ASX ANNOUNCEMENT**  
ASX: APC

# AUSTRALIAN POTASH LIMITED

## THIRD AGREEMENT EXECUTED IN OFFTAKE PROGRAM

### Mitsui & Co. (Asia Pacific)

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise signing of a long-form binding agreement (**Agreement**) with Tier 1 partner **Mitsui & Co. (Asia Pacific) Pte. Ltd. (Mitsui)** for the supply of 30,000 tonnes per annum (tpa) of premium **K-Brite™** sulphate of potash from the Lake Wells Sulphate of Potash Project (LSOP). Mitsui & Co. is one of the largest trading and investment companies in the world.

This is the third agreement executed in the offtake program and covers the distribution of **K-Brite™** through Asia, excluding China. APC now has agreements in place for 100,000tpa of offtake across Australia, New Zealand, China and Asia, out of its total expected production of 150,000tpa.

### Highlights



**MITSUI & CO.**

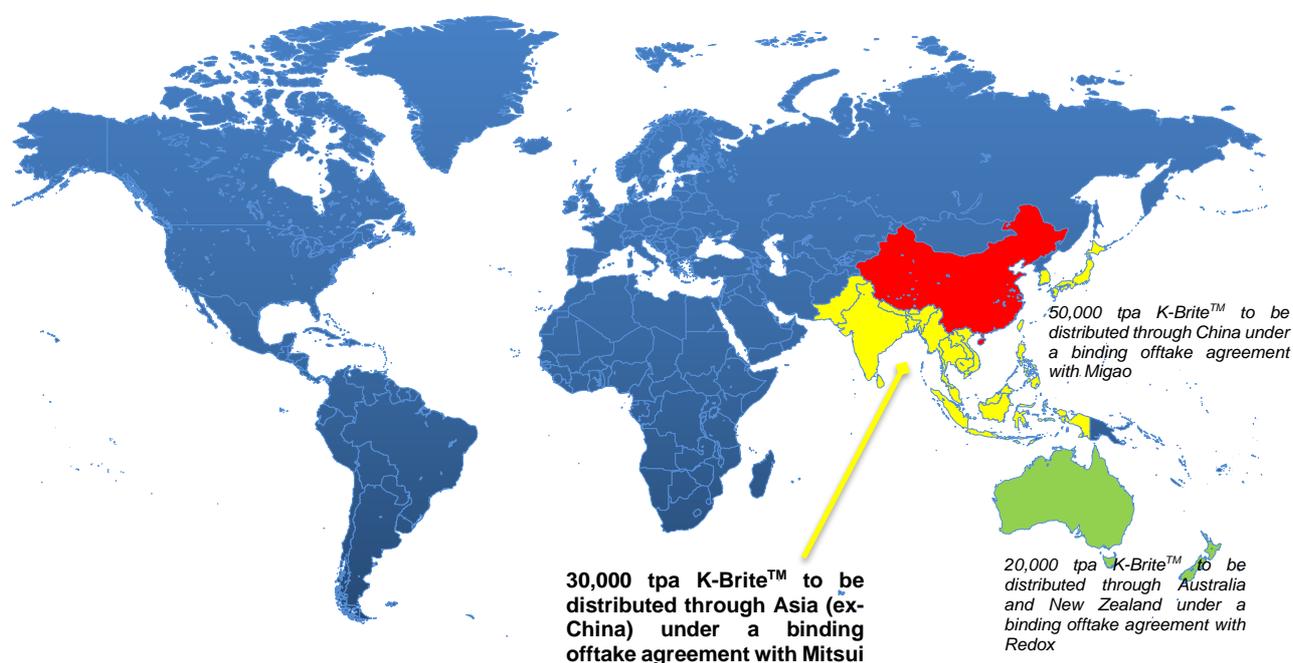


- Binding 5-year agreement to take 30,000 tpa of K-Brite™ with 3-year extension option
- Pricing on Net Realised Price basis incentivising Mitsui to achieve the highest sales price in the market jurisdictions covered by the Agreement
- Geographic rights for distribution through several Asian (ex-China) jurisdictions
- Total offtake under binding agreements including Redox<sup>i</sup>, Migao<sup>ii</sup> and **Mitsui: 100,000 tpa**
- Discussions well advanced with further Tier 1 offtake partners covering Europe and the Americas

**Managing Director and CEO, Matt Shackleton, commented:** *“The relationship with Tier 1 Global fertiliser distributor Mitsui & Co. (Asia Pacific), reflected in this long-form binding offtake Agreement, opens the Asian ex-China fertiliser markets to the K-Brite™ and Australian Potash brands.*

*“Mitsui & Co. are a titan in the world’s major fertiliser, logistics and distribution sectors, and the marketing and distributorship of SOP is integral to their brand presence in Asia. It is enormously gratifying that APC’s K-Brite™ brand will be traded through the Mitsui network in these lucrative and growing Asian markets.*

*“We are now working to finalise the last part of the Offtake Program, which we expect to update shareholders on shortly. In addition to that, we continue to progress along the Approvals Pathway, with firm dates now agreed with the EPA, and the Financing Program. This quarter will be a very fruitful period for the Company’s shareholders and stakeholders and the development of the Lake Wells SOP project.”*



Hartleys Limited is acting as corporate adviser to APC in relation to its offtake program.

## Key Terms

The Mitsui & Co. (Asia Pacific) Pte. Ltd. Agreement contains commercial terms and clauses customary to this type of agreement, including the following key terms:

- Pricing based on the market price minus traditional ‘net back’ costs including a marketing fee and ‘flow through’ shipping, storage and handling costs (Net Realised Price)
- Binding agreement to take 30,000 tpa of K-Brite™ over an initial 5-year term with a 3-year extension option
- K-Brite™ sales and distribution rights on an exclusive basis to Asian (ex-China) jurisdictions
- Conditional on APC making a final investment decision by 31 December 2021 at the latest

## About MITSUI

**Mitsui & Co. (Asia Pacific) Pte. Ltd.** is a 100% owned Singapore domiciled subsidiary of Mitsui & Co. Ltd.

Mitsui & Co., Ltd (8031: JP) is a global trading and investment company with a diversified business portfolio that spans approximately 65 countries in Asia, Europe, North, Central & South America, The Middle East, Africa and Oceania.

Mitsui has over 5,600 employees and deploys talent around the globe to identify, develop, and grow businesses in collaboration with a global network of trusted partners. Mitsui has built a strong and diverse core business portfolio covering the Mineral and Metal Resources, Energy, Machinery and Infrastructure, and Chemicals industries.

Leveraging its strengths, Mitsui has further diversified beyond its core profit pillars to create multifaceted value in new areas, including innovative Energy Solutions, Healthcare & Nutrition and through a strategic focus on high-growth Asian markets. This strategy aims to derive growth opportunities by harnessing some of the world's main mega-trends: sustainability, health & wellness, digitalization and the growing power of the consumer.

Mitsui has a long heritage in Asia, where it has established a diverse and strategic portfolio of businesses and partners that gives it a strong differentiating edge, provides exceptional access for all global partners to the world's fastest growing region and strengthens its international portfolio.

For more information on Mitsui & Co.'s businesses visit, [www.mitsui.com](http://www.mitsui.com).

This release was authorised by the Board of Directors of the Company.

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## About Australian Potash Limited



K-Brite is a registered trademark brand of Australian Potash Limited (ASX: APC), representing the premium Sulphate of Potash (SOP) to be produced from the Company's flagship Lake Wells Sulphate of Potash Project (LSOP).

APC holds a 100% interest in the LSOP, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

Following the release of the Definitive Feasibility Study (DFS) in August 2019<sup>iii</sup>, APC is focused on the Front-end Engineering Design (FEED) Study, finalising offtake discussions and securing financing to develop the LSOP.

The DFS was underpinned by extensive and rigorous testwork, data, and modelling. The DFS confirmed that the LSOP will be a long life, low capital and high margin SOP producer.

**Key outcomes from the DFS include:**

- 30-year mine life producing 150,000tpa of premium grade SOP utilising approximately 21% of the total Measured Resource estimate
- Long mine life underpinned by 3.6Mt reserve and **18.1Mt** Measured Resource estimate
- Pre-tax NPV<sub>8</sub> of **A\$665m** and an IRR of 25%
- Development capex of A\$208M with sector leading capital intensity of A\$1,387/t
- First quartile industry opex of US\$262/t providing high cash operating margins

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<sup>i</sup> Refer to ASX Announcement 16 March 2020 'FIRST OFFTAKE AGREEMENT'.

<sup>ii</sup> Refer to ASX Announcement 14 APRIL 2020 'SECOND BINDING OFFTAKE TERM SHEET EXECUTED'.

<sup>iii</sup> Refer to ASX Announcement 28 August 2019 'Definitive Feasibility Study Outstanding Financial Outcomes'. 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 28 August 2019 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 28 August 2019 announcement continue to apply and have not materially changed.