

25 September 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

PROJECT UPDATE

ON SCHEDULE TO DELIVER FID Q1 2021

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to provide an update on the programs of work scheduled to position the Company to make a final investment decision (FID) during Q1 2021.

Highlights

- **Offtake program continues** with positions secured for 130,000 tonnes/+86% of forecast DFS output
- **All 5 EPC packages'** tender documentation issued and bids received for 3 packages are being evaluated for award recommendations
- **EPA Report and Recommendation** made to the Minister for the Environment
- **Project finance due diligence** processes underway, including **NAIF** and domestic and international institutions, and on track to complete early Q4 2020
- **Minor & Preliminary Works** approval in place with scheduled works to commence Q4 2020

Managing Director and CEO, Matt Shackleton, commented: *"Our highly experienced team have made great progress across the work programs we are finalising to bring the FEED program to a close and report optimised results through Q4 2020.*

"Our Marketing program continues apace, with active discussions around several lucrative jurisdictions. Marketing leads directly into the Project Financing program, where due diligence has been underway through September.

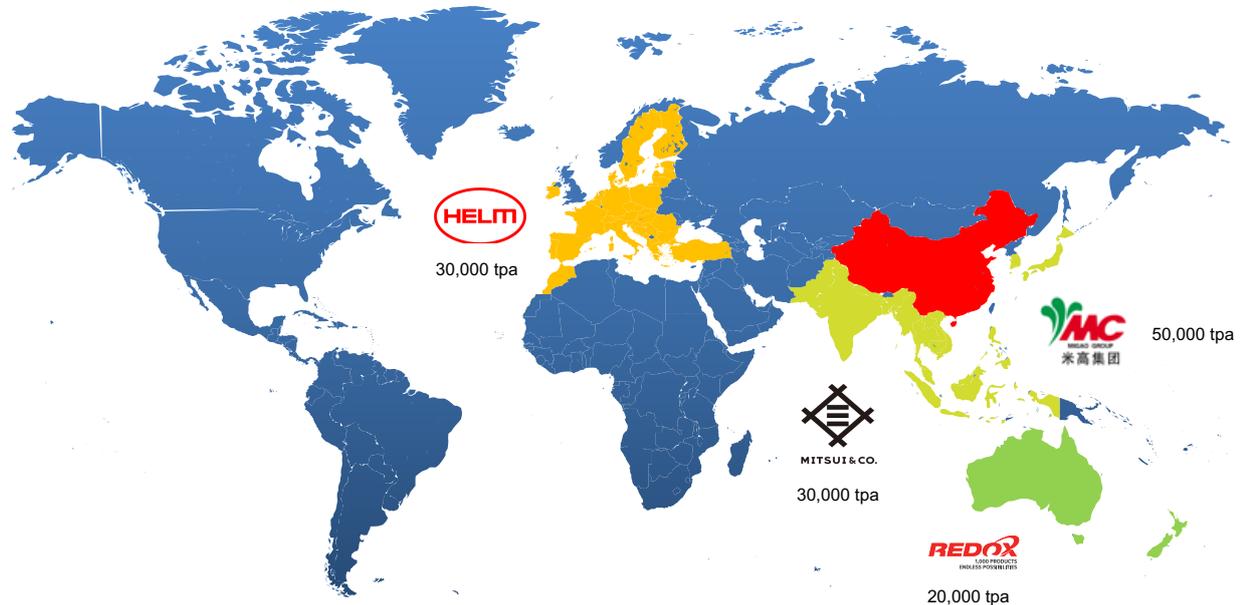
The EPA has completed their Report into the development of the LSOP and has made their recommendation to the Minister.

"The competitive tendering process we are running for all packages of work is drawing to a close with several bids having already been received. Bid review is underway and recommendations for award being prepared.

"The various approvals and permits required for us to commence works under the Minor and Preliminary Works approval previously granted by the EPA are now being finalised, with site activities being scheduled for Q4 2020.

“Notwithstanding the operating restrictions caused by the COVID pandemic, it is very pleasing to report that APC remains on track to complete all of the above work programs and make a final investment decision on developing the LSOP in early 2021.”

Marketing Program



- Tier 1 International partners with strong market positions and financial capacity
- Take or pay volume commitments
- 130,000 tonnes representing 86% of the DFS pre-optimised production output

Contracting Strategy Being Effectuated

Engineering, Procurement and Construction contracts, providing certainty on schedule, cost and performance, being tendered for:

- SOP process plant, borefield fit out and high-voltage reticulated power network, high-penetration hybrid renewable power station, communications network, accommodation village

Reimbursable/Schedule of Rates contracts being tendered for:

- Borefield drilling and civil earthworks (including pond developments).

Several bids have already been received for tendered packages, with optimised capital and operating expenditure in the FEED model reflecting these contracted positions.

Approvals Program

In early September 2020, the EPA submitted their Report and recommended to the Minister for the Environment that the Lake Wells Sulphate of Potash Project be approved for development. Following an appeals period, which expired Monday 21 September, the EPA and APC have been advised that an appeal against the EPA Report and recommendation has been made. Based on their submission to the Appeals Convenor, it does not appear the appellant is seeking anything that APC considers

to be unusual in relation to development of a minerals project. It is understood that the Appeals Convenor will consider the appeal in the normal course of their processes and determine what further action, if any, is required. APC does not consider that the conclusion of those processes will affect the critical path of the LSOP development.

Project Financing

The Northern Australia Infrastructure Fund (**NAIF**) traditionally acts as a 'lead in' lender and allows borrowers to shape a more compelling debt-equity ratio.

Several domestic and international project lending institutions are conducting their initial due diligence investigations, with this formal debt process being managed for APC by third party consultants Origin Capital.

Agreed timelines call for indicative term sheets Q4 2020.

Next Steps

Quarter	Milestone
Q4 2020	Finalise Offtake Program
Q4 2020	Finalise Approvals Pathway
Q4 2020	Complete FEED optimisation, report outcomes
Q4 2020	Complete debt financing due diligence, appoint lead arranger, credit approvals
Q4 2020	Award EPC contracts
Q1 2021	Final Investment Decision
Q1 2021	Commence construction

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

For further information:

Matt Shackleton

Managing Director & CEO

m.shackleton@australianpotash.com.au

+61 (0) 438 319 841

Scott Nicholas

Chief Financial Officer

s.nicholas@australianpotash.com.au

+61 (0) 447 474 469

Peter Kermode

Cannings Purple

pkermode@canningspurple.com.au

+61 (0) 411 209 459

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 2019ⁱ, 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 NPV₈ 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

ⁱ 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.