

3 April 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

Northern Australia Infrastructure Facility

Due Diligence to Commence

Lake Wells Sulphate of Potash Project (LSOP) – WA, 100% owned

Highlights

- The LSOP has **completed the Strategic Assessment Phase** of the Northern Australia Infrastructure Facility (NAIF) Application and Approval Process
- Formal due diligence phase to commence

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that a formal response has been received from the NAIF, advising that the LSOP has been approved to proceed to due diligence.

The due diligence phase of the NAIF process is initiated with the allocation of resources to conduct a detailed assessment of the Company's request for funding. All other aspects of discussions between the Company and NAIF are required to remain confidential at this time, and there has been no commitment of funding or agreement of terms by the NAIF at this stage.

Managing Director and CEO, Matt Shackleton, commented: "The NAIF and APC have engaged on a very proactive basis to date on the LSOP funding application, and it is pleasing that the NAIF has committed to the formal due diligence process. APC's Board looks forward to further updating shareholders on its progress on the various funding and offtake initiatives, and permitting status, for the LSOP in the near future."

The LSOP Definitive Feasibility Study (DFS)

On 28 August 2019, APC, announced the completion of an AACE Class 3 DFS (+15%/-5%) on developing the LSOP into a 150,000 tpa Sulphate of Potash (SOP) operation¹. The

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DFS was prepared by Lycopodium in conjunction with industry leading consultants including Novopro, AQ2, Knight Piésold, and MBS Environmental.

The LSOP will use a bore field to abstract brine, mitigating geotechnical challenges and a decline in grade and production over time evident in trenching systems. The LSOP has an extremely competitive capital intensity, forecast first quartile operating costs and exceptional financial returns.

Highlights of the DFS include:

- Compelling economics:
 - Pre-tax NPV₈ of A\$665M
 - Annual pre-tax free cash flows of A\$100M and LOM pre-tax free cash flows of A\$3.1B
 - Pre-tax IRR of 25% on robust operational and capital efficiencies
 - 150,000 tpa SOP production rate
- Long life project with lowest quartile production costs:
 - 30 year mine life with LOM production of 4.5Mt of premium high-grade SOP
 - LOM cash cost of US\$262/t placing the LSOP in the first quartile of the SOP cost curve
- Sector leading CAPEX:
 - Development CAPEX of A\$208M
 - Competitive capital intensity of A\$1,387/t SOP
- Substantial Mineral Resource base:
 - LOM production is met by a 3.6Mt Probable Reserve and draws on a Measured Resource of 18.1Mt drainable SOPⁱⁱ

This announcement is authorised for release by APC's Managing Director & CEO.

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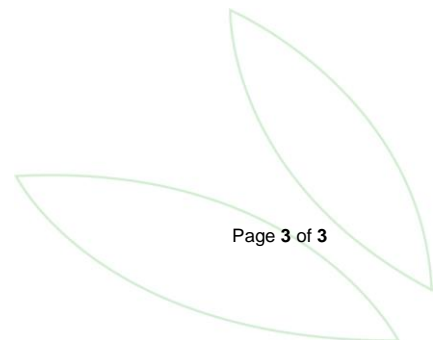
Forward Looking Statements

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 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.

ⁱⁱ Refer to ASX announcement 5 August 2019 'Major Resource Estimate Upgrade'. 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 5 August 2019 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 5 August 2019 announcement continue to apply and have not materially changed.



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