

2 February 2021

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

FULL ENVIRONMENTAL APPROVAL RECEIVED

Highlights

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

- **Ministerial Statement Received**
 - Minister for Environment, the Honourable Stephen Dawson, has conveyed the **Statement that a Proposal May be Implemented** for the Lake Wells Sulphate of Potash Project
 - Consistent with s45(1) of the Environment Protection Act 1986, the Minister has consulted with other decision-making authorities and reached agreement that the development proposal for the LSOP may be implemented
 - All decision-making authorities have been advised that they may now proceed to the issuing of the requisite, standard licenses and permits to commence development

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise receipt of the Minister's Statement that a Proposal May be Implemented.

Managing Director and CEO, Matt Shackleton, commented: *"We are very pleased to announce the achievement of another significant milestone in the development of the Lake Wells SOP Project. Receiving this full environmental approval allows us to now secure the operating licenses and permits to develop the Project and proceed to development on making a Final Investment Decision.*

"Conditions agreed with the EPA and contained in the Statement allow APC to develop an environmentally sustainable Project with effectively no impact on social surrounds. Flora, fauna and water management plans proposed by the Company were all accepted by the EPA.

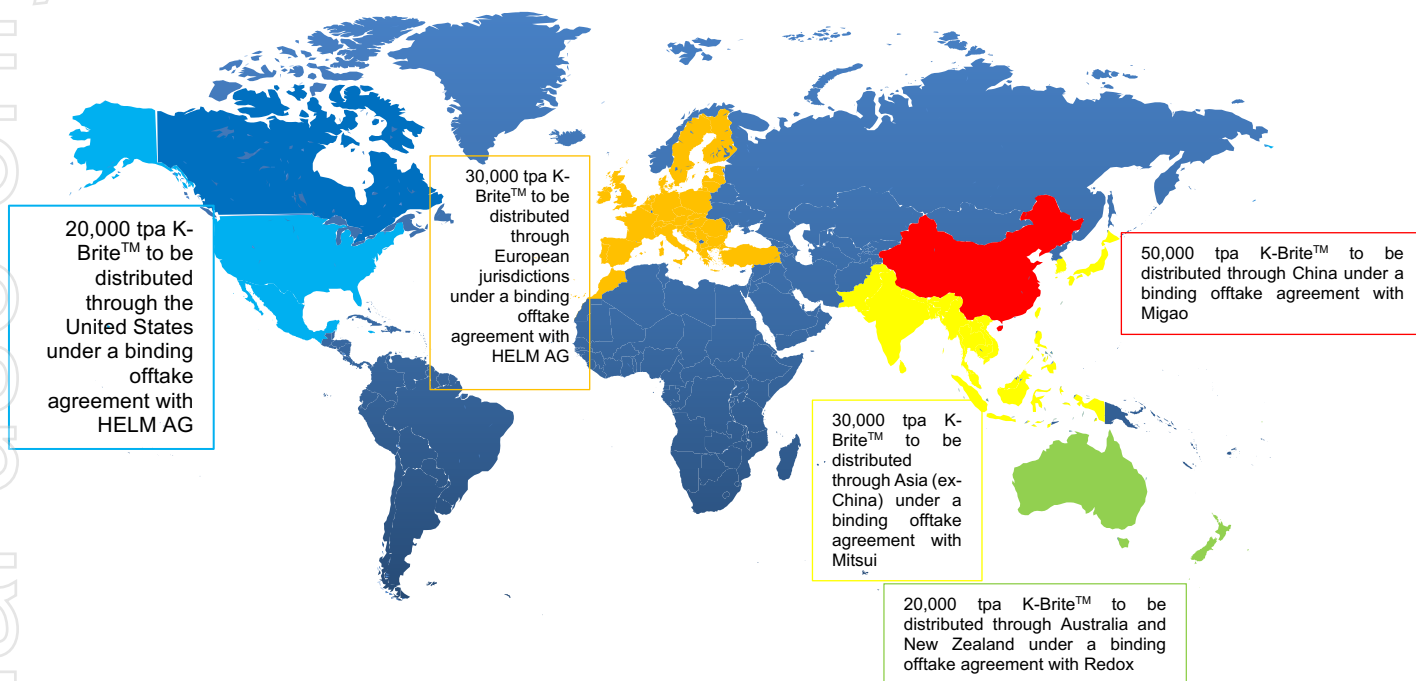
The LSOP is now positioned with environmental approval to develop, and 100% of forecast output under binding take-or-pay agreements. Due diligence by lenders, including the Northern Australia Infrastructure Facility, Export Finance Australia and commercial lenders are either complete or nearing completion. We expect to update shareholders on the financing program over the balance of the quarter."

Offtake Finalised

In November 2020, a binding 10-year take-or-pay term sheet was signed with HELM AG (**HELM**) for 20,000 tpa of K-Brite™ sulphate of potash from Lake Wells for distribution into the United States of America. Pricing is based on a Net Realised Price basis, incentivising HELM to achieve the highest sales price in the market jurisdictions covered by the agreement.

100% of the Company's DFS projected output of 150,000 tpa is now under offtake. During the FEED program opportunities have been considered to optimise the SOP output profile, with the Company continuing to aim for 100% of output under offtake agreement.

The Company's existing marketing program covers the following jurisdictions:



This release was authorised by the Managing Director of the Company.

For further information:

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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 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

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.