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30 October 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2020

Highlights

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

- **Funding Strategy Execution**
  - Domestic and International project debt provider institutions conducted due diligence on the funding opportunity for the LSOP as detailed in the debt IM provided in August
  - Export Finance Australia has agreed to commence due diligence on and detailed assessment of the LSOP (*post quarter-end*)
  - APC now reviewing indicative terms sheets provided by commercial lenders following due diligence conducted through September
  - Aiming to appoint a Lead Arranger for the multi-tranche syndicated debt facility by mid Q2 FY21
- **Offtake Program**
  - 30,000 tonne take-or-pay binding agreement signed with Mitsui
  - 30,000 tonne take-or-pay binding agreement signed with HELM AG
  - Total under offtake agreement 130,000 tonnes: targeting +90% SOP output
- **Approvals Pathway**
  - Environmental Protection Authority (EPA) Board has recommended to the Minister for the Environment that the LSOP project be approved for development
- **Front End Engineering Design (FEED) program**
  - All EPC packages' tender documentation issued and bids received (*post quarter* end)
  - Packages being evaluated for award recommendations
- **Board Appointment**
  - Ms Cathy Moises, appointed to the APC Board

Lake Wells Gold Project (LWGP) – WA, Joint Venture with St Barbara (SBM)

- FY21 exploration program update provided with initial assays received

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Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to provide shareholders with its Quarterly Activities Report for the period ended 30 September 2020.

Managing Director and CEO, Matt Shackleton, commented: *"The September quarter provided another set of material milestone achievements for the LSOP.*

"Adding to our Tier 1 portfolio of offtake partners with globally recognised houses such as Mitsui and HELM, is central to executing on our offtake strategy. The LSOP SOP will now be distributed across Europe, Asian and Oceania, with the program to conclude through Q4 2020.

"The debt information memorandum we issued in August generated interest from upwards of ten domestic and international, traditional bank lenders with due diligence conducted during September. The Company has been in discussions with NAIF for several months, with that lender providing information around potential structures in its 'lead in lender' capacity to the Company. Pleasingly post quarter end we received notice from Export Finance Australia that they would like to proceed to due diligence on augmenting the NAIF facility.

"The state's over-arching approval authority, the Environment Protection Authority, provided the Minister for the Environment with its Report and Recommendations into the proposed development of the LSOP. The EPA have recommended that the LSOP be approved for development, with the conditions around development having already been agreed with the Company.

"The APC are still on track to deliver the results of the FEED Optimisation program through Q4 2020, which has modelled the opportunity a high-penetration hybrid renewable power facility has on the LSOP. We anticipate that in operation, the LSOP will be the lowest carbon footprint SOP project in Australia, and possibly the world. K-Brite™ will be certifiable for use in organic agriculture and be produced with an ultra-low C footprint, allowing our offtake partners to position it into the premium price points for SOP products."

Lake Wells Sulphate of Potash Project (LSOP) – 100% Owned, Western Australia

Additional offtake agreement milestones

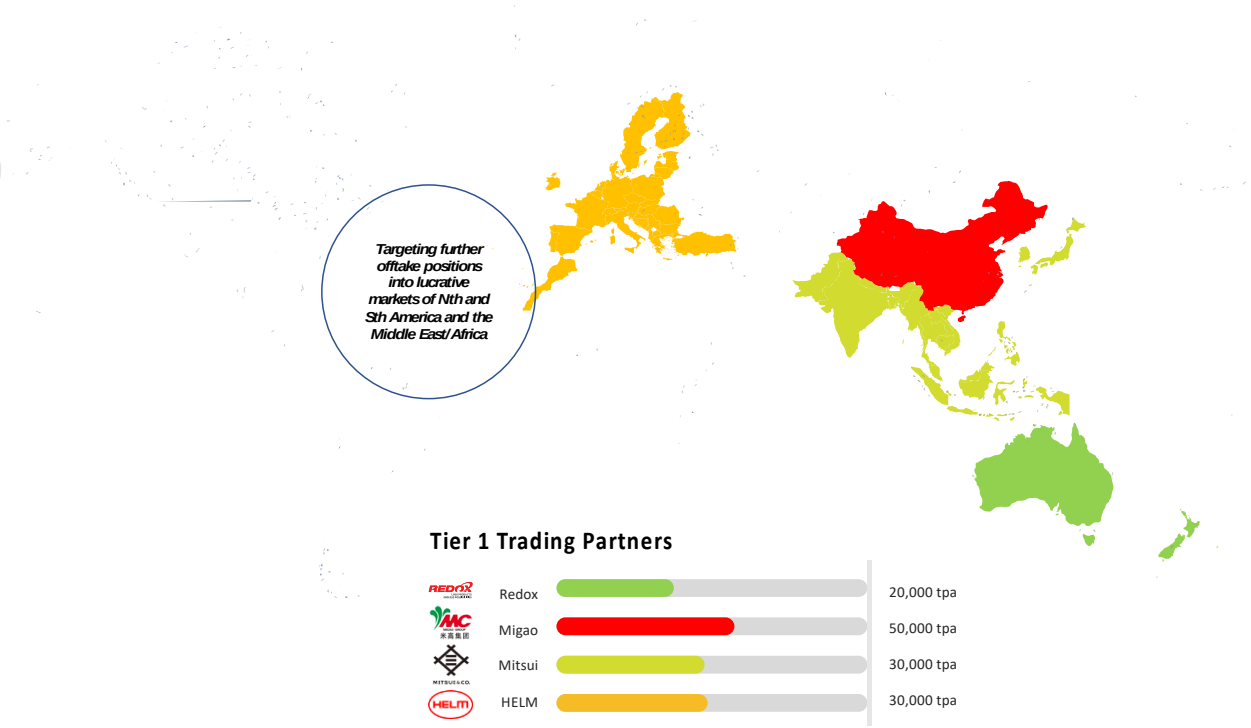
During the quarter, the Company announced two additional binding offtake agreements.

In July 2020, a binding offtake agreement was signed with Mitsui & Co. (Asia Pacific) for 30,000tpa of K-Brite™ sulphate of potash from Lake Wells for distribution into Asia (ex-China). Having an internationally recognised, major fertiliser and chemicals trading house distributing our brand through this rapidly expanding market is a significant achievement and bodes well for our investors.i

In August 2020, a binding 10-year take-or-pay term sheet was signed with HELM AG (**HELM**) for 30,000 tpa of K-Brite™ sulphate of potash from Lake Wells for distribution into several European jurisdictions. 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.

The Company is continuing discussions with other offtake partners for production from the LSOP, with distribution targeting the US and Middle East, with the current marketing program covering the following jurisdictions:

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Funding Strategy

Post quarter end, Export Finance Australia confirmed that it would undertake a detailed due diligence on providing an additional tranche to the proposed multi-tranche senior debt facility.

This tranche will be in addition to, and not replacement of, the previously announced potential Northern Australia Infrastructure Facility (NAIF) tranche (refer to the announcement dated 3 April 2020) and the commercial bank tranche being considered by APC.

The Company is now reviewing indicative terms sheets provided by commercial lenders following due diligence conducted through September and is aiming to appoint a Lead Arranger for the multi-tranche syndicated debt facility by mid Q2 FY21.

Environmental Review Document (ERD)

The ERD for the LSOP was finalised with the Environmental Protection Authority (EPA) during the June quarter. The ERD is the comprehensive environmental approval document submitted for assessment by the EPA.

During the quarter, the EPA delivered its Report and Recommendations on the Lake Wells (SOP) Potash Project to the Minister for the Environment, recommending to the Minister that the LSOP development be approved to proceed.

Front End Engineering Design (FEED)

Tender documents for all packages of work for the development of the LSOP, including 6 Engineering, Procurement and Construction (EPC) and 2 Engineering, Procurement, Construction and Management (EPCM)/Design and Construct (D&C) packages, were issued through the quarter. Post quarter-end, bids had been received back for all packages.

Work through the balance of Q4 will focus on conforming the bids across all packages, presenting Requests for Approval to the Board of APC, and awarding contracts. All contract awards are made subject to the Company reaching Final Investment Decision (FID), which is planned for Q1 2021.

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Corporate and Financial

Board Appointment

During the quarter, Cathy Moises joined the APC Board as a non-executive director, bringing more than thirty years' experience in the finance and resources sector. Ms Moises has extensive knowledge and experience in financial markets and the resources industry, having worked as a senior resources analyst, head of research and partner for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup), Evans and Partners, where she was a partner, and Patersons Securities, where she was head of research. Ms Moises' industry experience and research coverage includes gold, base metals, mineral sands and the rare earths sector.

The Company has agreed to issue Ms Moises with 750,000 unlisted options with an exercise price of 17.5 cents each, expiring on 29 July 2023, subject to shareholder approval at the Annual General Meeting of the Company scheduled for Friday, 27 November 2020.

Related Party and Project Expenditure

During the quarter, payments to related parties and their associates totaled $196,000, comprising directors' salaries, fees, and superannuation.

In addition, a summary of the expenditure incurred during the quarter on the activities described in this report is as follows: exploration and evaluation ($32,000), staff costs ($315,000), and administration and corporate costs ($282,000).

Lake Wells Gold Project

As announced on 8 October 2018, APC and St Barbara Limited (**SBM**) entered into an Earn-in & Joint Venture Agreement (**Agreement**) covering APC's tenure at the Lake Wells Gold Project.

During the quarter, St Barbara Limited commenced their FY21 exploration drilling programs under the Earn-In & Joint Venture agreement at the Lake Wells Gold Project.

Key outcomes of the FY21 exploration program work to date include:

- 203 aircore (AC) holes completed of planned 397 Priority 1 holes;
- Preliminary composite assay results received for 101 holes;
- A new zone of anomalism discovered defined by the following:
    - 4m @ 1,070ppb Au from 52m in hole 2020LWAC0824.

Selected intervals with elevated initial gold grades have had individual metre samples submitted for final assay and analysis.

Subject to access, the FY21 program will continue through the balance of Q2 FY21, with the following planned:

- Continuing the regional scale drilling program totalling up to c.30,000 metres comprising:
    - Remaining ~190 Priority 1 AC holes for approximately 13,000 metres;
    - 19 planned Reverse Circulation (RC) holes for approximately 3,400 metres; and,
    - 3 planned diamond drill (DDH) holes for approximately 900 metres.

- Priority 1 AC drilling includes extensive infill drilling to the Yamarna target area to extend and further define gold anomalism discovered in earlier AC drilling. Holes are generally spaced at 80m intervals, with 40m infill.

- Please refer to Figure 1 below.

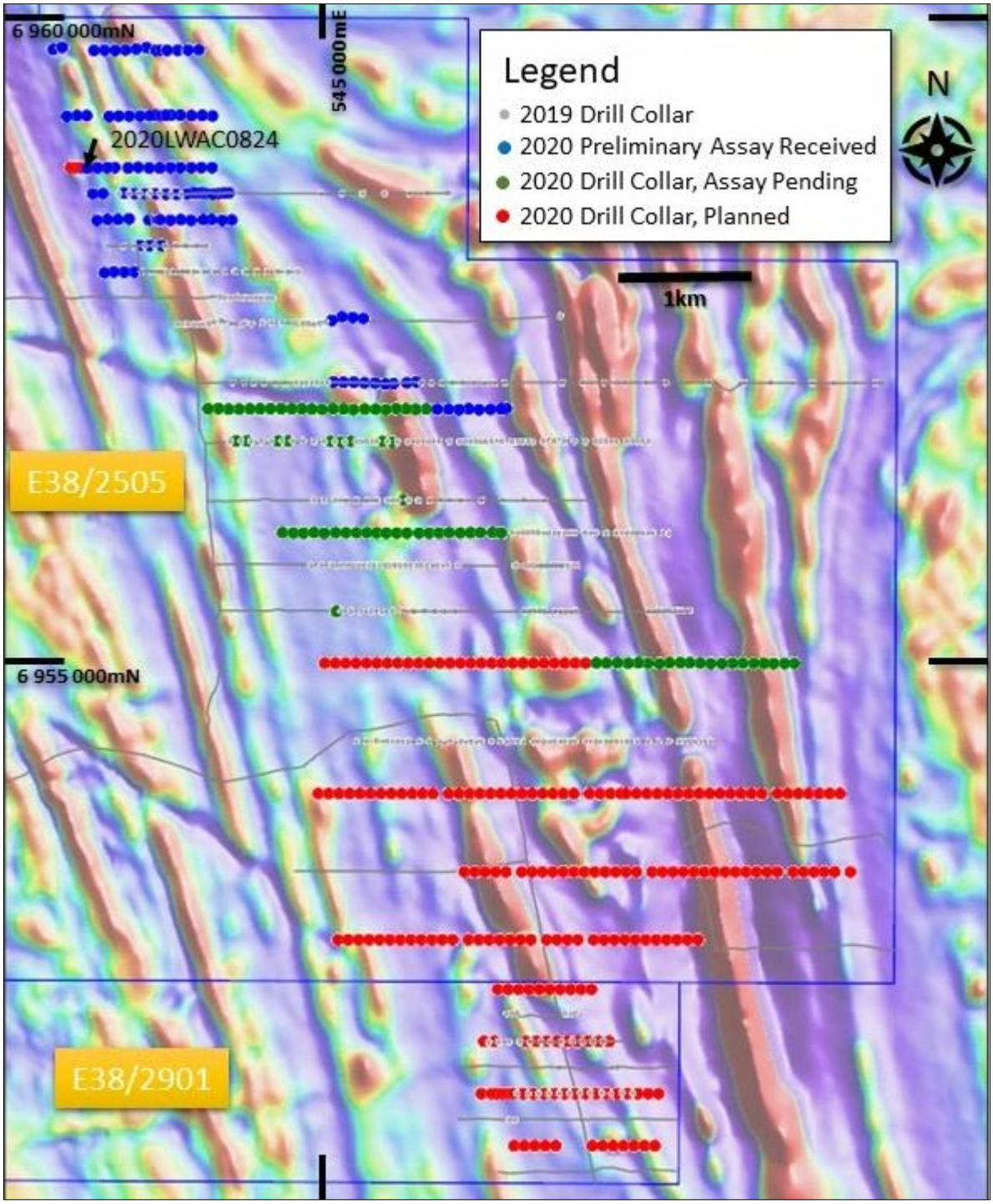


Figure 1: Summary of FY21 exploration program drill locations, progress and preliminary assay results

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Mining Tenements

Area	Tenement	Interest at 1 July 2020	Action	Interest at 30 September 2020
Lake Wells	E38/1903	100%	-	100%
	E38/2113	100%	-	100%
	E38/2114	100%	-	100%
	E38/2505	100%	-	100%
	E38/2901	100%	-	100%
	E38/2988	100%	-	100%
	E38/3018	100%	-	100%
	E38/2744	100%	Access rights no longer required	0%
	E38/2742	100%	Access rights no longer required	0%
	E38/3021	100%	-	100%
	E38/3028	100%	-	100%
	E38/3039	100%	-	100%
	E38/3224	100%	-	100%
	E38/3225	100%	-	100%
	E38/3226	100%	-	100%
	E38/3270	100%	-	100%
	ELA38/3423	100%	Application pending	100%
	M38/1274	100%	-	100%
	M38/1275	100%	-	100%
	M38/1276	100%	-	100%
	MLA38/1287	100%	Application pending	100%
	MLA38/1288	100%	Application pending	100%
	MLA38/1289	100%	Application pending	100%
Laverton Downs	E38/2724	100%	-	100%
	E38/3014	100%	-	100%
	E38/3132	100%	-	100%
	E38/3402	100%	-	100%
	E38/3403	100%	-	100%
	E38/3404	100%	-	100%
Darlot East	ELA37/1388	100%	Application pending	100%
	E37/1389	100%	Granted on 30 July 2020	100%
	E37/1390	100%	Granted on 30 July 2020	100%

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[ii], 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_8 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.

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[i] Refer to ASX Announcement 20 July 2020 'Third Agreement Executed in Offtake Program'.

[ii] 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.

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