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FINAL APPROVALS RECEIVED FOR PILOT EVAPORATION POND PROGRAM

- All necessary approvals to build pilot evaporation ponds received from the Department of Mines and Petroleum, the Department of Water and the Department of Environment Regulation
- Pilot evaporation ponds to provide bulk samples of potash salts, and ultimately the first samples of APC's Sulphate of Potash
- Experienced international potash consultants Novopro, have been coordinating the test-work program, and have overseen the planning and development of the pilot pond program

Australian Sulphate of Potash (SOP) developer Australian Potash Limited (ASX: APC) is pleased to advise that it has received all necessary approvals from the Department of Mines and Petroleum, the Department of Water and the Department of Environment Regulation to proceed with the development of pilot evaporation ponds at its 100%-owned Lake Wells Potash Project in Western Australia (the Project).

Pilot pond program to derisk key project input parameters

APC will commence an on-site, pilot evaporation pond program to produce the first sample of Sulphate of Potash (SOP) from the Lake Wells Potash Project.

Highly experienced potash consultants, Novopro, are coordinating the test-work program to optimise the process design. Production of the bulk samples of potash salts from the pilot evaporation pond program will provide site specific factors to further the optimisation of the process design, and lead to the production of the first SOP sample product from the Project.

In conjunction with Novopro, APC management believe the focus on brine extraction and pond design will significantly reduce key risk areas as the Project progresses through to investment decision.

Continued field data program

Construction of the evaporation pond is scheduled to commence in May with interim updates and results reported over the next 6 months (*Figure 1*). The pilot pond program will build on the pan evaporation trials that have been underway for several months, and when considered with the site climate data generated through the permanent 24/7 weather station installed by APC, will build into the overall understanding of the evaporative environment at Lake Wells.

Palaeochannel aquifers such as the Lake Wells resource supply large volumes of brine to many existing mining operations throughout Western Australia, with extraction methods well understood and technically proven.

APC generated exceptional flow rates from test-production bores at site through 2016[1], and will commence the Stage 2 constant rate tests on installed bores in Q2. These tests will continue through the duration of the feasibility study, adding substantially to the dataset on the potential yield from the resource in an operational phase.

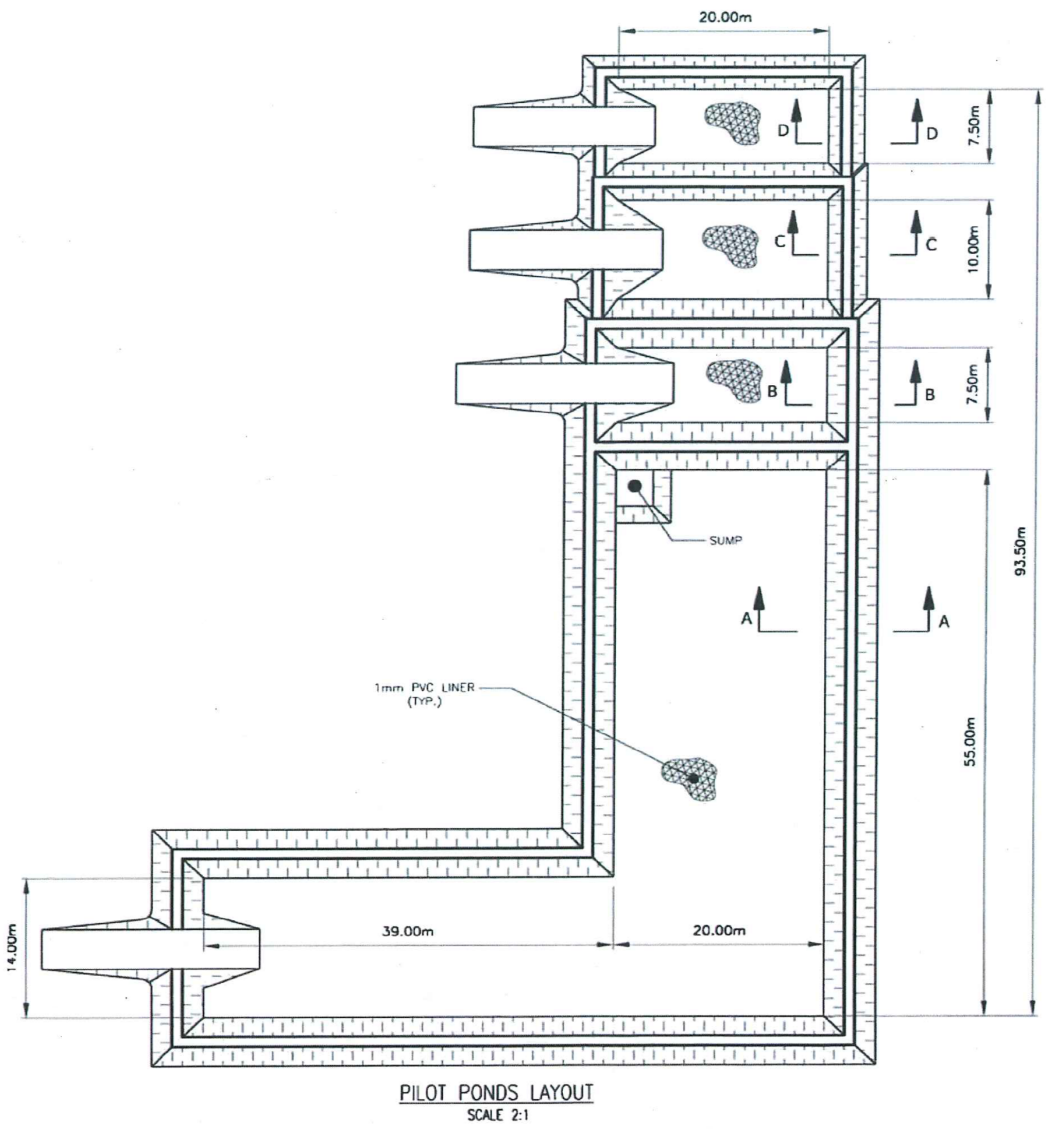

Figure 1: The pilot evaporation ponds will mirror the full-scale evaporation process with the large pre-concentration pond (A) feeding brine into the smaller crystallisation (B & C) and harvest ponds (D)

Next steps

- Construction of pilot evaporation ponds
- Commencement of Stage 2 test-pumping program
- Feasibility study planned to commence Q2 2017
- Mining Lease applications and permitting and approvals advanced and progressing in parallel with feasibility study

APC Executive Chairman Matt Shackleton said, "We enjoy a very constructive dialogue with the regulatory bodies overseeing mining in Western Australia. It is pleasing to receive a key regulatory permit for the Lake Wells Potash Project, demonstrating the APC team's commitment to delivering a project to create value for all stakeholders as the permitting process progresses in lockstep with project work streams.

"The APC team is focused on the delivery of a high returning project at Lake Wells to capitalise on the strong fundamental outlook for high quality SOP production within close proximity to transport logistics for domestic and export markets."

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About Australian Potash Limited

Australian Potash Limited (ASX: APC) is an ASX-listed Sulphate of Potash (SOP) developer. The Company holds a 100% interest in the Lake Wells Potash Project located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

The Lake Wells Potash Project is a palaeochannel brine hosted sulphate of potash project. Palaeochannel bore fields supply large volumes of brine to many existing mining operations throughout Western Australia, and this technique is a well understood and proven method for extracting brine. APC will use this technically low-risk and commonly used brine extraction model to further develop a bore-field into the palaeochannel hosting the Lake Wells SOP resource.

Figure 2: The Lake Wells Potash Project is located 300kms from the Leonora rail head in WA's Eastern Goldfields

A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017[2]. The Scoping Study exceeded expectations and confirmed that the Project's economic and technical aspects are all exceptionally strong, and highlights APC's potential to become a significant long-life, low capital and high margin sulphate of potash (SOP) producer.

Key outcomes from the Scoping Study are as follows:

- Stage 1 production rate of **150,000tpa** of premium-priced sulphate of potash (years 1 – 5)
- Stage 2 production rate of **300,000tpa** of premium-priced sulphate of potash (years 6 – 20)
- Upgraded JORC 2012 Mineral Resource Estimate comprising 14.7m tonnes of SOP, including 12.7mt in the Indicated category
- Operating expenditure of A$368/US$283 tonne SOP in the first 5 years and A$343 tonne SOP over the life of mine
- At a SOP price of A$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflow[3] of A$118m/US$81m
- Pre-production capital expenditure (Stage 1) of A$175m/US$135m and Stage 2 of A$163m/US$125m
- Life of Mine (LOM) is 20 years (inc. Stage 1 & Stage 2) –upside to LOM through continued exploration

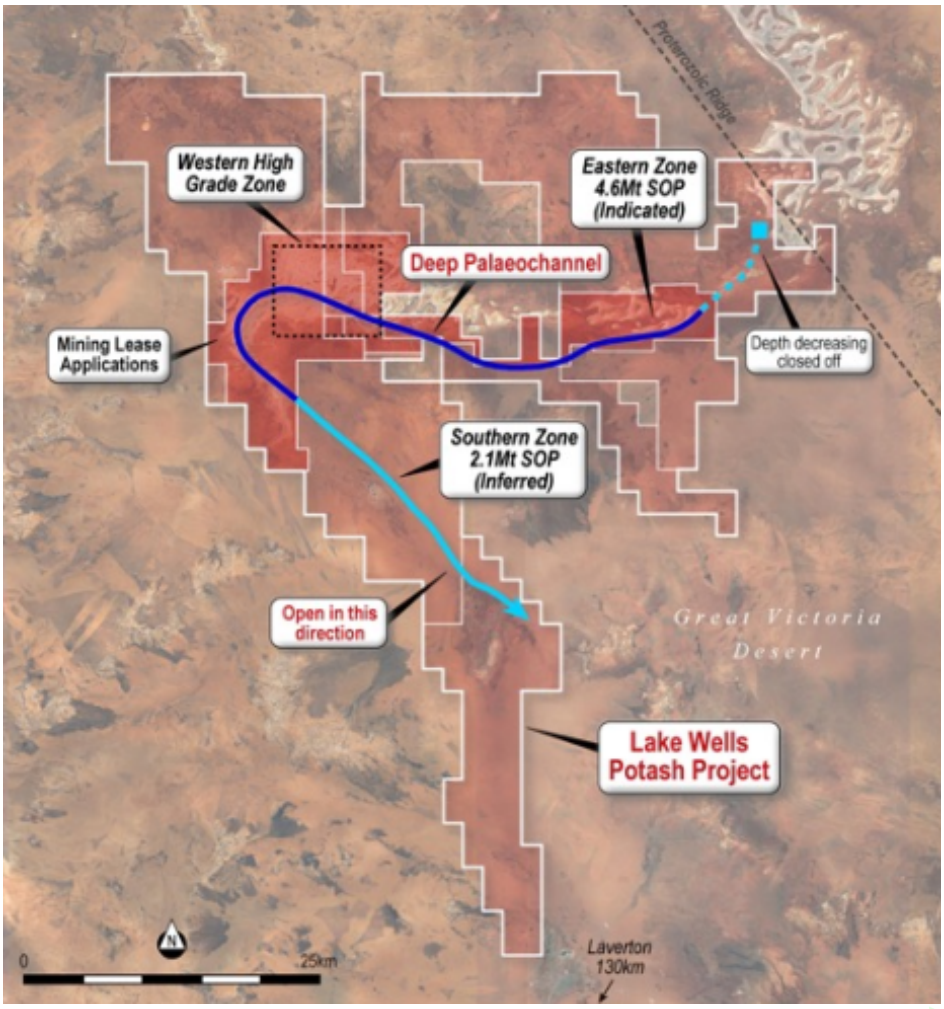

Figure 3: The Lake Wells Potash Project SOP brine resource is hosted within the palaeochannel extending to date over 55kms in length, and to a maximum depth of 174m

Forward looking statements disclaimer

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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[1]Refer to ASX announcement 14 December 2016 'Strong Flow Rates from Test Production Bores'. 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 14 December 2016 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 14 December 2016 announcement continue to apply and have not materially changed.

2Refer to ASX announcement 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. 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 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.

[3]Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.