31 Ord Street, West Perth WA 6005
PO Box 1941, West Perth WA 6872
+61 8 9322 1003
australianpotash.com.au
ABN 58 149 390 394

27 July 2017

NEARBY DRILLING ON STRUCTURAL TREND ELEVATES APC'S GOLD POTENTIAL

- **Following the June 2017 announcement by neighbour Gold Road Resources (ASX: GOR) of outstanding gold results 2kms south-east of APC's tenement holding, including 10m @ 28.76g/t Au and 9m @ 4.56g/t Au at the Ibanez prospect[i], APC commissioned experts in the Yamarna region, CSA Global, to conduct a gold structural interpretation and targeting exercise**
- **Australian Potash's (ASX: APC) tenements cover an estimated 65kms of strike 60kms north-west & along strike of the 6m ounce Gruyere mine development[ii]**
- **A significant dilation zone opens up through the middle of APC's tenement holding** (*Figure 1*)
- **18 priority gold targets identified along a 62 kilometre strike length for further exploration and drilling, including 9 high priority areas**
- **Gold exploration and drilling program to commence Q3 2017**

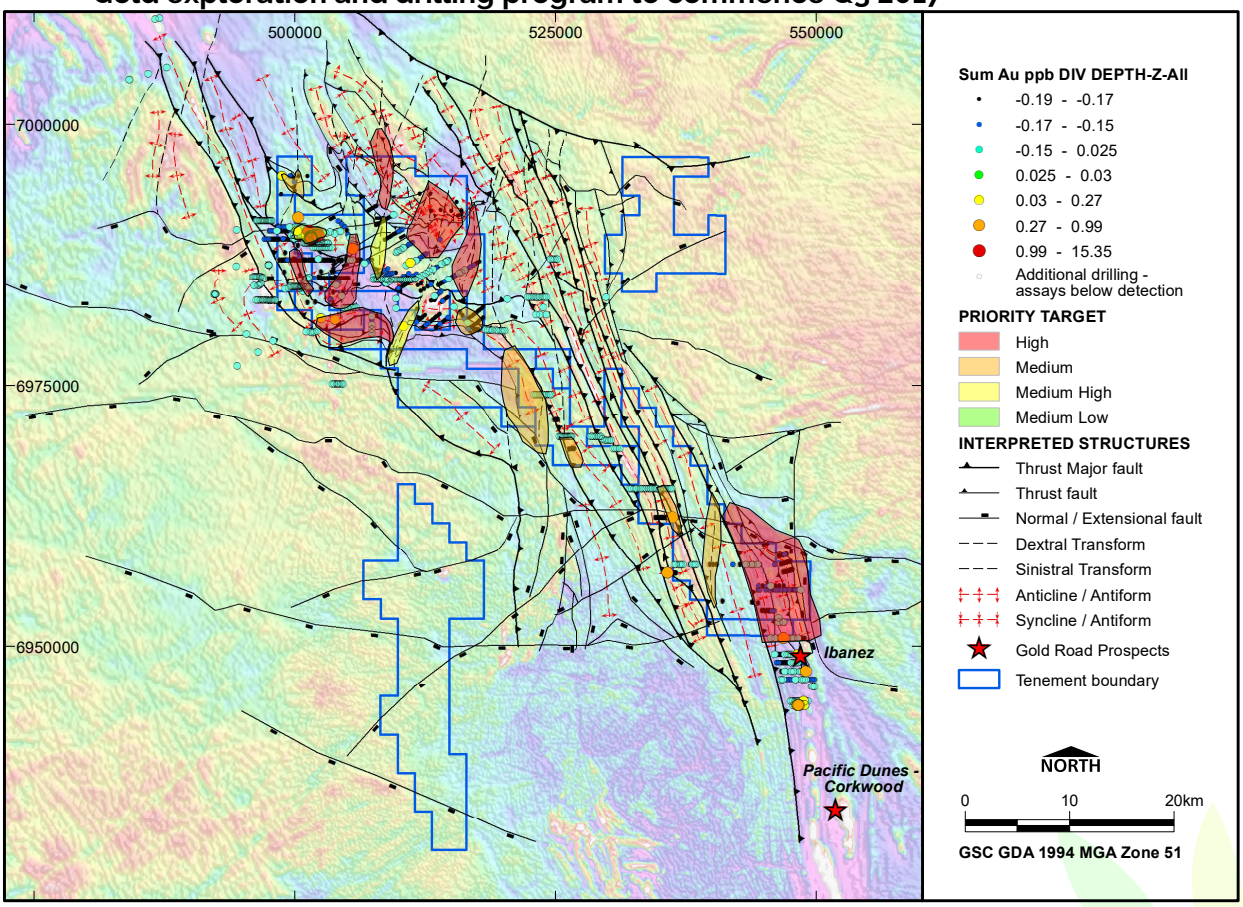

Figure 1: Structural interpretation and priority target areas along the 62km strike of greenstone belts in APC's Yamarna tenure

APC Executive Chairman Matt Shackleton said, "We will keep the first class project team we have assembled clearly focussed on the delivery of the high value SOP project at Lake Wells to capitalise on the strong outlook for premium quality SOP production.

In parallel, the exciting regional gold discoveries, high-grade intercepts and results of the CSA Global review present a significant opportunity which demands further assessment. The board will now work closely with our geological and corporate advisors to explore avenues to realise value from the gold potential of our vast and highly prospective ground position.

"We will be considering exploration programs over the coming weeks, with a view to drilling several of the higher ranked targets through Q3 2017."

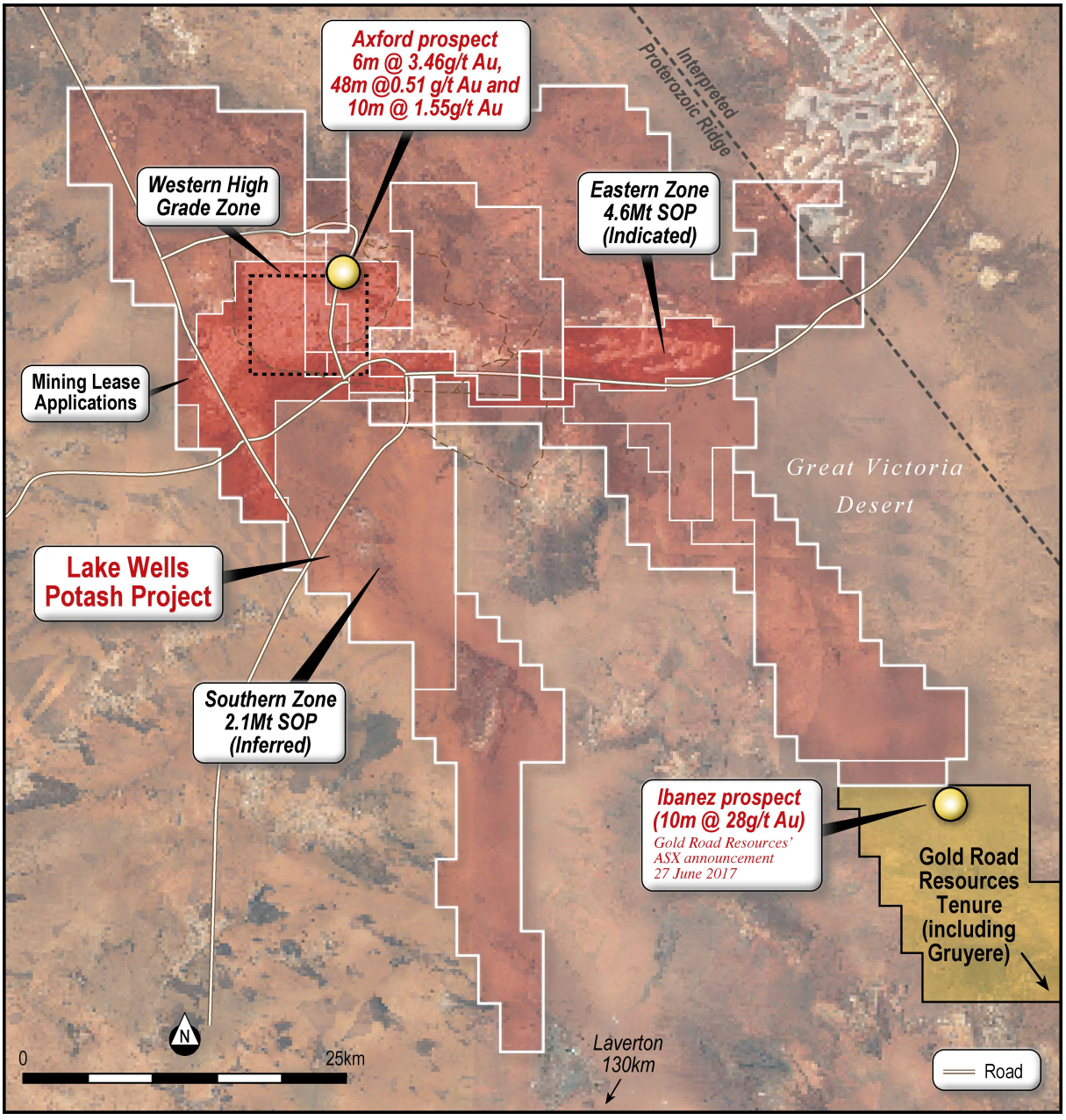

Figure 2: APC's ground position at Lake Wells extends to and is contiguous with the North Yamarna project being explored by Gold Road Resources Limited

Summary Technical Comment

CSA Global has completed a desktop review of the Lake Wells project, located at the northern end of the Yamarna Greenstone belt of the Eastern Goldfields Province, Western

Australia. Based on available remote sensing data, a new structural interpretation has been completed.

The project area has been interpreted to be dominated by a project scale feature termed a lateral ramp thrust (LRT), created as a result of dextral transpression across the Yamarna Shear Zone. The architecture of the LRT is considered to have produced a combination of potential fluid pathways and trap sites favoured to host orogenic gold mineralisation.

CSA Global has identified areas of interest based on a combination of the structural interpretation and a statistical analysis of existing drilling data. For the purpose of this review, the gold assays in each hole were summed, then averaged over the entre depth of hole as a single data point per collar location. 18 areas of interest have been identified within the project group. Of these, 9 areas are considered high priority. Included, is the area immediately to the north of Gold Road's Ibanez prospect. CSA Global considers that additional work is warranted in this area and the rest of the project as a result.

A significant dilation zone opens up through the middle of APC's tenement holding, at the northern end of which APC has reported intercepts of 6m @ 3.46g/t Au, 48m @ 0.51g/t Au and 10m @ 1.55g/t Au at the Axford prospect[3] (*Figure 2*).

For further information, please contact:

Matt Shackleton

Executive Chairman

m.shackleton@australianpotash.com.au

+61 (0)438 319 841

Media

Michael Vaughan

Fivemark Partners

+61 (0)422 602 720

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 3: 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[4]. 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[4]
- 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[5] 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

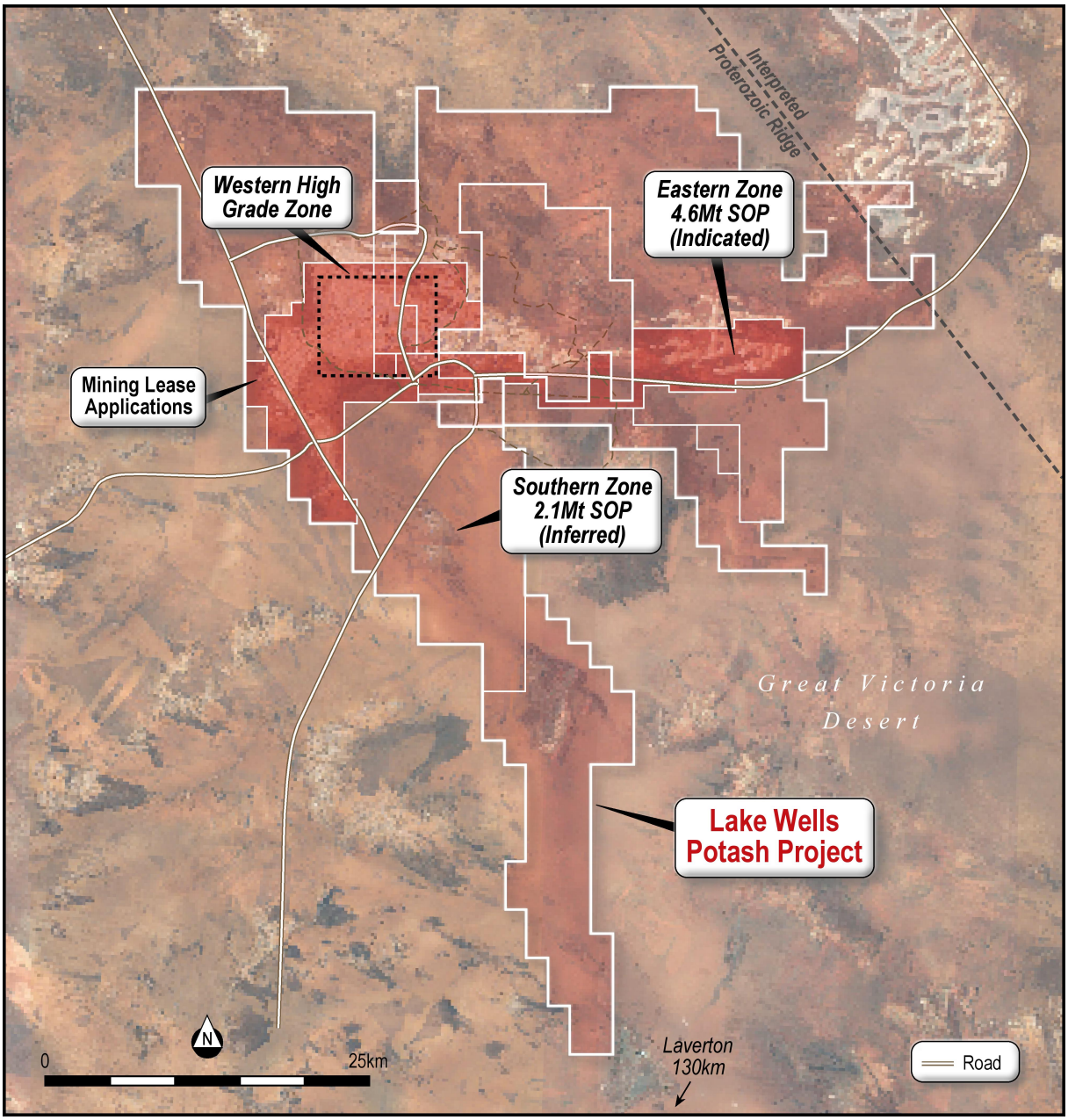

Figure 4: The Lake Wells Potash Project SOP brine resource is hosted within the palaeochannel extending to date over 55kms in length, and to a maximum depth of 174m

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.

Competent persons statement

The information presented here that relates to the gold portion only of this 'Strategic Review of Gold Assets' release is based on information compiled by Mr Marcus Willson of CSA Global Pty Ltd. Mr Willson takes overall responsibility for information relating to the gold related strategic review. Data was provided for the review by Australian Potash Limited. Mr Willson is a Member and Registered Professional Geoscientist (Exploration) with the Australian Institute of Geoscientists and has sufficient experience which is relevant to this style of mineralisation under consideration and to the activity that has been undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Person consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

JORC Code, 2012 Edition – Table 1 report

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	• JORC Code explanation	• Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Data has been compiled from historic open file data sources, and comprises historical results from a combination of RAB, Aircore and RC drilling. Limited sampling information is available. • The statistical review of data used indicates that analytical methods are sufficiently similar, without apparent method or batch bias to allow all data to be treated as a single dataset for review purposes.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• A combination of RAB, RC and aircore drilling results have been compiled for use as a single dataset. The differences in drilling technique is not considered material for the purpose of this review.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No recovery information is available. The lack of information is not considered material for the purpose of this review.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Drill hole logging was not used or referenced as part of the study as is not considered material for the purpose of this review.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and*	• As data relates to historic sampling, information is not available as to specific sampling techniques used by the various companies from which the drilling was compiled. The lack of information is not considered material for the purpose of this

Criteria	• JORC Code explanation	• Commentary
	appropriateness of the sample preparation technique. • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	review.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• No quality assessment has been completed on the data. Each drillhole has been compiled and used to create a single data point per collar location. . • A visual review of this derived dataset does not suggest any evidence of sampling bias or batch affects. The compilation process will cause a smoothing of data such that any errors are unlikely to materially affect the outcome of the review.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No validation process has been completed. All historic drilling results have been taken at face value as presented.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Where available, drill holes have been located on the basis of hand-held GPS with collar RL determined based on Shuttle Radar data. This is considered sufficient given the generally wide-spaced nature of the drilling as compiled.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• The various drilling methods were completed on a wide range of spacing. In general, the drilling density is considered insufficient to adequately test the majority of the tenure.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Assay data indicates that all holes have been systematically sampled down-hole either as composite or single metre intervals, in keeping with industry standards for the type of drilling. As a result, no sampling bias is expected. • For the purpose of this review, the gold assays in each hole were summed, then averaged over the entre depth of hole as a single data point per collar location. This data was then treated statistically, using a z-score formula, to assess areas where gold is generally elevated in the available dataset.

Criteria	• JORC Code explanation	• Commentary
		Orientation of data is therefore limited to 2D coordinate space relative to the project.
Sample security	• *The measures taken to ensure sample security.*	• No information is available in respect to this from historic drill results. The lack of information is not considered material for the purpose of this review.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews of sample protocols or analyses were undertaken. • The review relies on the overall dataset. As such any single sample errors or inconsistencies will be smoothed out and are therefore considered unlikely to have a material impact on results.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	• JORC Code explanation	• Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The project area comprises 18 tenements in total of which 14 are granted exploration licenses and four are Mining licenses: • Exploration Licenses: E38/1903, 2113,2114,2505, 2901,2988,3018,3021,3028, 3039, 3109, 3224,3226, and 3225 • Mining License applications: M38/1274, 1275,1276 • All exploration licenses are held in good standing according to minimum expenditure commitments, rents and rates. The Mining License applications have been recommended for grant by the DMIRS, but are subject to two objections currently before the Warden's Court, Perth, Western Australia.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The majority of exploration has been completed by other companies historically. The work is considered reasonable and results considered sufficiently reliable to be used for the review as completed.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The project covers the northern extent of the Archaean aged Yamarna Greenstone belt located at the eastern edge of the Eastern Goldfields Province of the Yilgarn craton Western Australia. Existing data and the completed interpretation indicates that the project area is underlain by a complexly deformed area of greenstone and metamorphosed granites. • The geological model and style of mineralisation considered for the project is Archaean Orogenic Gold – typical for this type of geological setting.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*	• All drillholes have been compiled into a single dataset from which a point value for each collar location has been developed, as described under '***Orientation of data in relation to geological structure'.*** Data points are located strictly on the basis of easting and northing coordinates in the GDA94 – zone 51S datum.

	○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Information on dip, azimuth and orientation are not recorded as data has been reduced to single collar location point to assess areas of statistically anomalous accumulation of gold. • Total hole depth was used to normalise summed gold values in each drill hole; producing a two-dimensional dataset, in which every drill hole is represented by a single accumulated gold value at the collar location.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• All data has been compiled into a single flat table. All gold assays for each drill hole have been summed together and the value then divided by the total depth of the hole. This data has then been statistically reviewed by applying a z-score analysis. This provides a value that indicates the variation above and below the mean value for the total dataset. It provides a depth normalised index of the gold accumulation within each hole.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	• All results have been reduced to a single point normalized to the depth of hole and therefore can be considered to be a composite sample for the entire hole. • Thickness is considered immaterial due to the statistical treatment of the data.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• The data relates strictly to the regional prospectivity of the project area. The images included in this release are considered sufficient to provide context of the location of the results in respect to the project and geological setting of the project.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All results have been treated equally and statistically. As any individual result is unlikely to be material to the overall outcome of the study considered by this release. Results should be considered in their entirety as an indication of the prospectivity of the project.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Extensive soil geochemistry has been completed over the project area. A review of this data indicated that it should be considered ineffective and therefore not material. • The company has completed additional drilling for potash within the project. Results of this area considered immaterial to gold potential.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling*	• The results of the prospectivity study indicate that completed exploration has a) only partially covered gold prospective areas of the project, and b) due to spacing and depth penetration likely to be only partially effective at testing the overall gold

	areas, provided this information is not commercially sensitive.	mineral potential of the project area. Additional work is justified and recommended.

[i]Gold Road Resources Limited, ASX announcement 27 June 2017, 'Yamarna Exploration Update: Significant Intersections Returned Across Tenement Package'.
[ii]www.goldfields.com.au

[3]Refer to ASX announcement 28 September 2012 'Significant Gold Intercepts from One Metre Resplits Including a High Grade End of Hole Intercept of 1m @ 19.73g/t Gold at the Axford Prospect, Lake Wells Project'. 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 September 2012 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 28 September 2012 announcement continue to apply and have not materially changed.

[4]Refer 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.

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