

16 August 2022

## Investor Presentation

Australian Potash Limited (**ASX: APC** or the **Company**) is pleased to provide a copy of its latest investor presentation.

This release was authorised by the Managing Director & CEO.

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About Australian Potash Limited



APC holds a 100% interest in the **Lake Wells Sulphate of Potash (LSOP)**, located approximately 500km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Company is finalising pre-development plans for commencement of construction. First production from the LSOP is scheduled for 24 to 27 months from a Final Investment Decision.

K-Brite™ is a registered trademark brand of Australian Potash Limited and the brand under which the suite of high quality, premium SOP products from the LSOP will be marketed.

APC holds a 100% interest in the **Laverton Downs Project**, located 5kms north of Laverton, in Western Australia's Eastern Goldfields.<sup>i</sup>

APC holds a 30% free-carried interest in the **Lake Wells Gold Project**, located 500km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.<sup>ii</sup>

Please visit [www.australianpotash.com.au](http://www.australianpotash.com.au) for more information.

<sup>i</sup> Refer to ASX Announcement 9 April 2021

<sup>ii</sup> Refer to ASX Announcement 8 April 2021



# Australian Potash Limited Investor Presentation

Lake Wells Sulphate of Potash Project  
August 2022

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## **Mineral Resource, Ore Reserve & Competent Persons' Statement**

<sup>#</sup>The information in this report that relates to the Mineral Resource is based on information announced to the ASX on 8 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

The information in this report that relates to the Ore Reserve is based on information announced to the ASX on 28 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

## **Forward Looking Statements Disclaimer**

This presentation 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 presentation. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

## **Financial Forecasts**

<sup>^</sup>The forecast financial information stated in this presentation is based on the Company's Front End Engineering Design Program results as released to the ASX on 20 April 2021. The Company confirms that all material assumptions underpinning the forecast financial information continue to apply and have not materially changed.

# Executive summary

A compelling opportunity in a non-substitutable & essential, strategically vital market



## ***Compelling macro-economic market dynamics: record pricing for SOP in all markets***

- Increasing demand for SOP and limited opportunities to increase global supply



## ***Best in Class Resource [de-risked over 8 years] expanded production base, shovel ready***

- Largest Measured JORC compliant SOP Resource of 18.1Mt SOP#, full approvals in place



## ***Strong, real commitment to ESG***

- Environmentally sustainable, exceptional community credentials, very strong governance



## ***De-risked construction and marketing***

- 6 of 8 construction contracts struck on EPC, 90% output banked, take-or-pay offtake agreements



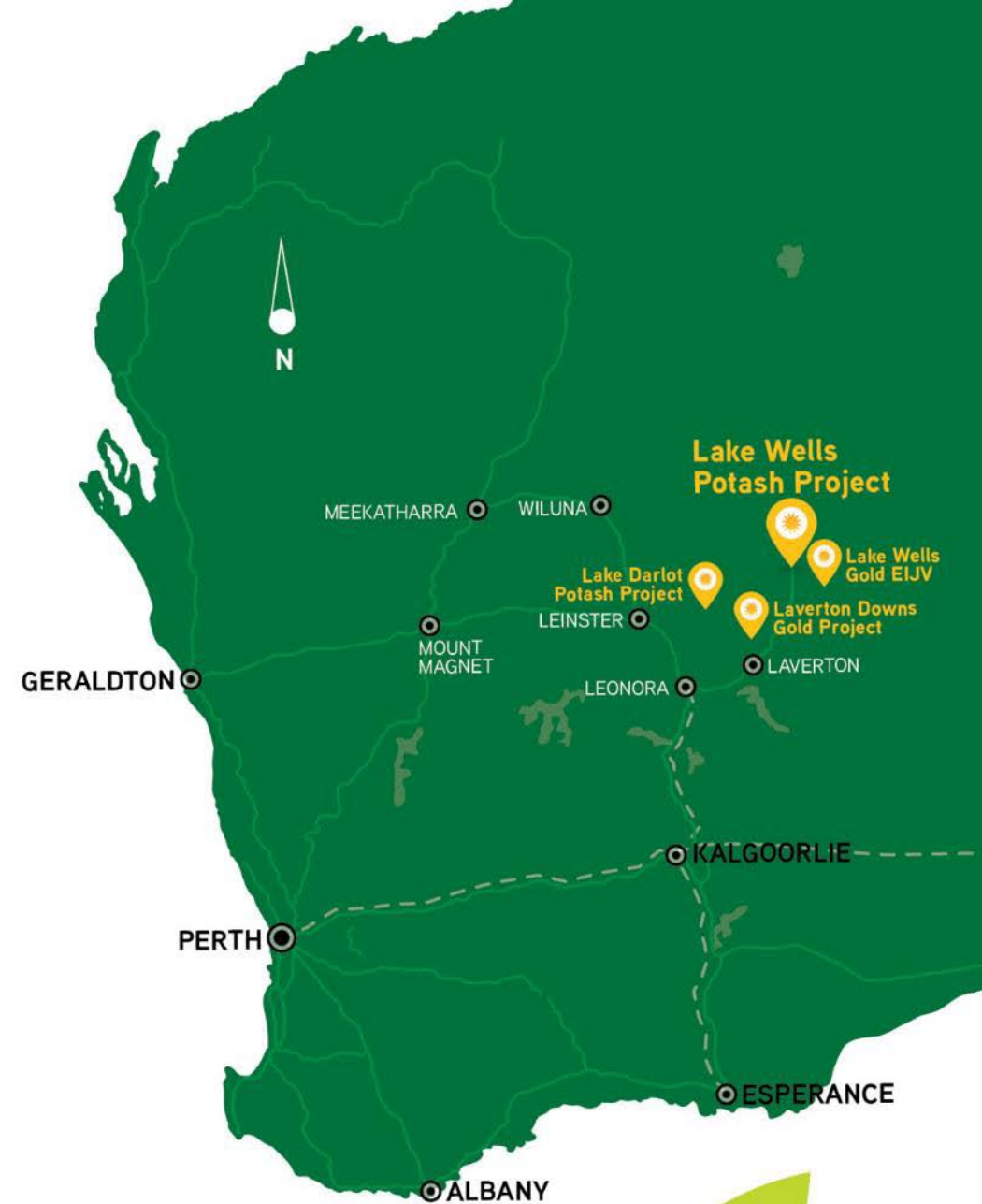
## ***De-risked operational model***

- Opportunities for valuable learnings from peer development and operational challenges

# Project overview

## Lake Wells Sulphate of Potash (SOP) Project

- Located ~500km north-east of Kalgoorlie, in a tier 1 mining jurisdiction
- 100% owned asset
- c. 30% of start-up bore field already developed
- ‘Shovel ready’: all necessary approvals in place with production targeted in 2024
- Set to become Australia’s next SOP producer



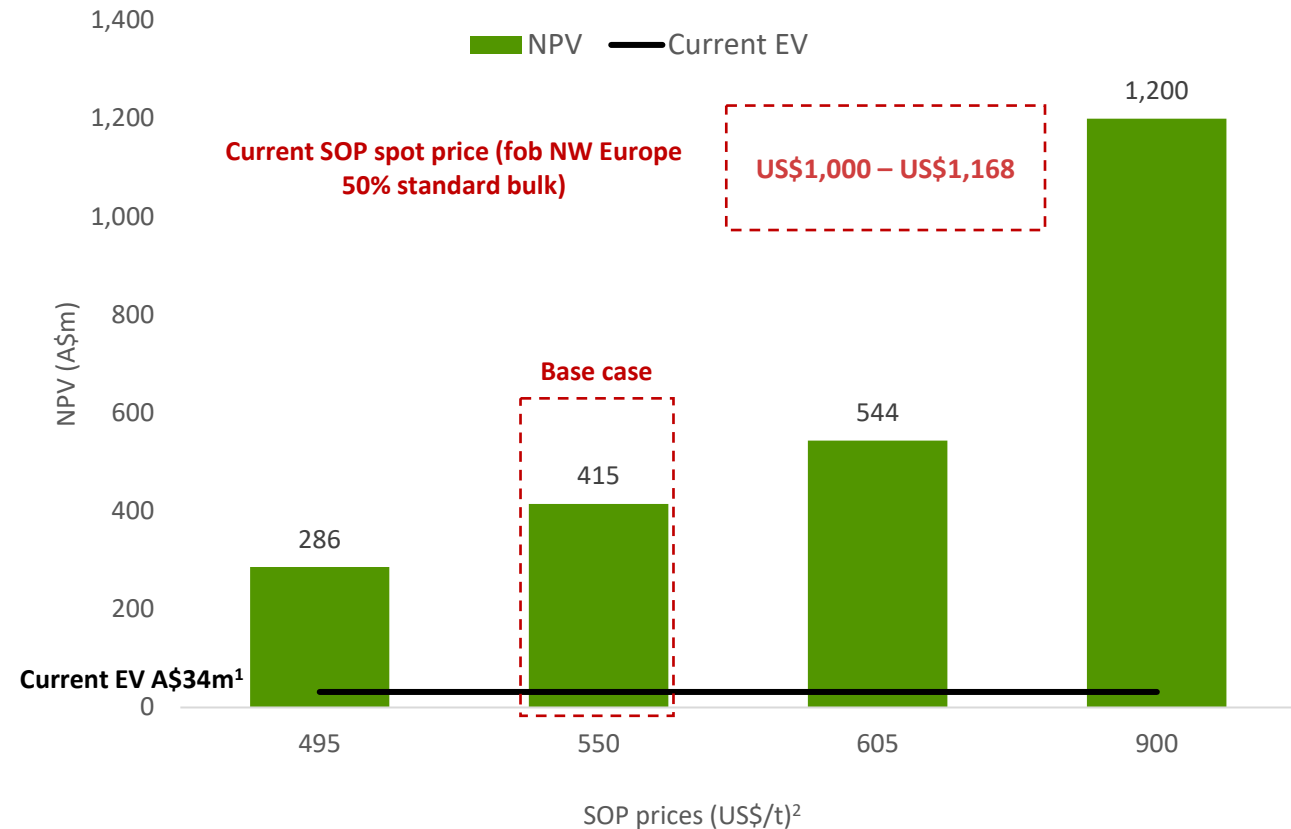
# The value proposition

## Equity at large discount to funded project value

### Corporate snapshot

	Current	Pro-forma
Share price (A\$)	0.043	0.038
Market capitalisation (A\$m)	34.7	38.4
Net Cash (A\$m)	(0.8)	(7.0)
Enterprise Value (A\$m)	33.9	31.4
Shares on issue (m)	808.4	1,010.5
Options (m)	3.2	104.2
Performance rights (m)	7.6	7.6
Debt	NIL	NIL

### Scenario analysis – NPV at various SOP prices\*

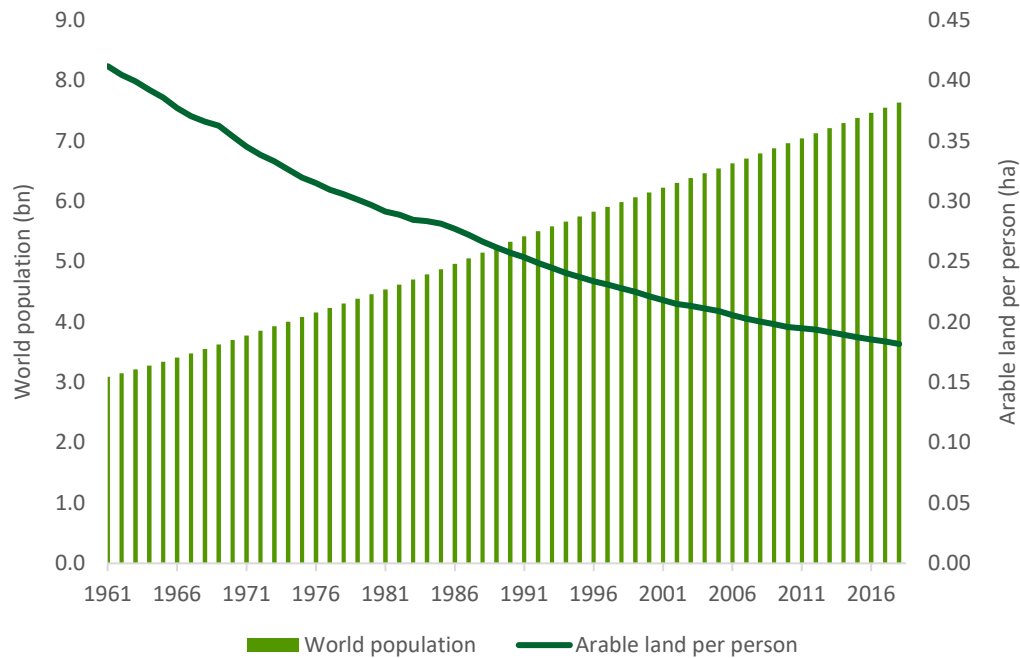


# Increasing demand for potash

Long term supply constraints and long term demand pressure

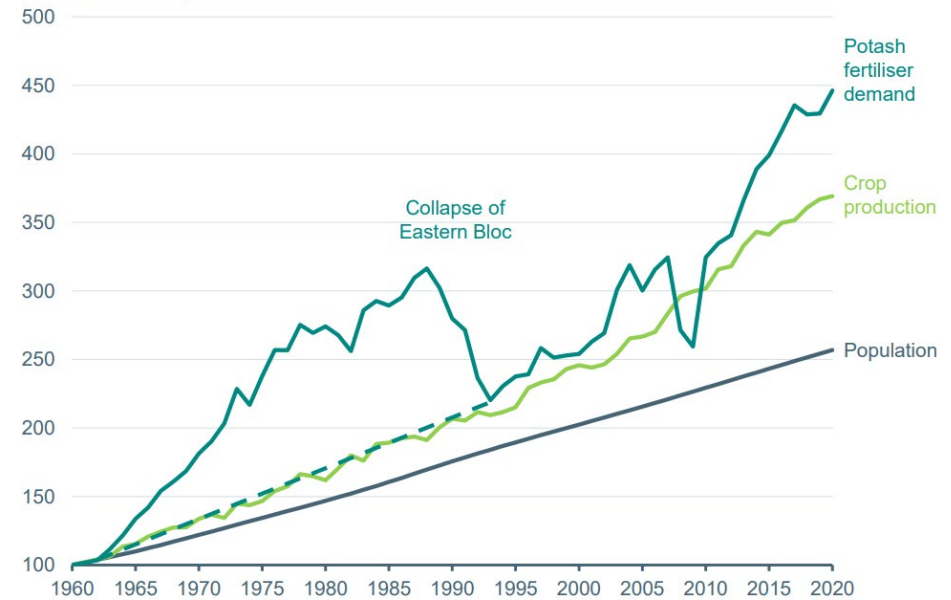
## 1. Decreasing arable land per person

World population vs arable land per person<sup>1</sup>



## 2. Increasing population driving potash demand

Population up ~2.5 fold since 1960, crops ~3.5 fold, potash ~4.5 fold<sup>2</sup>  
(Index, 1960 = 100)

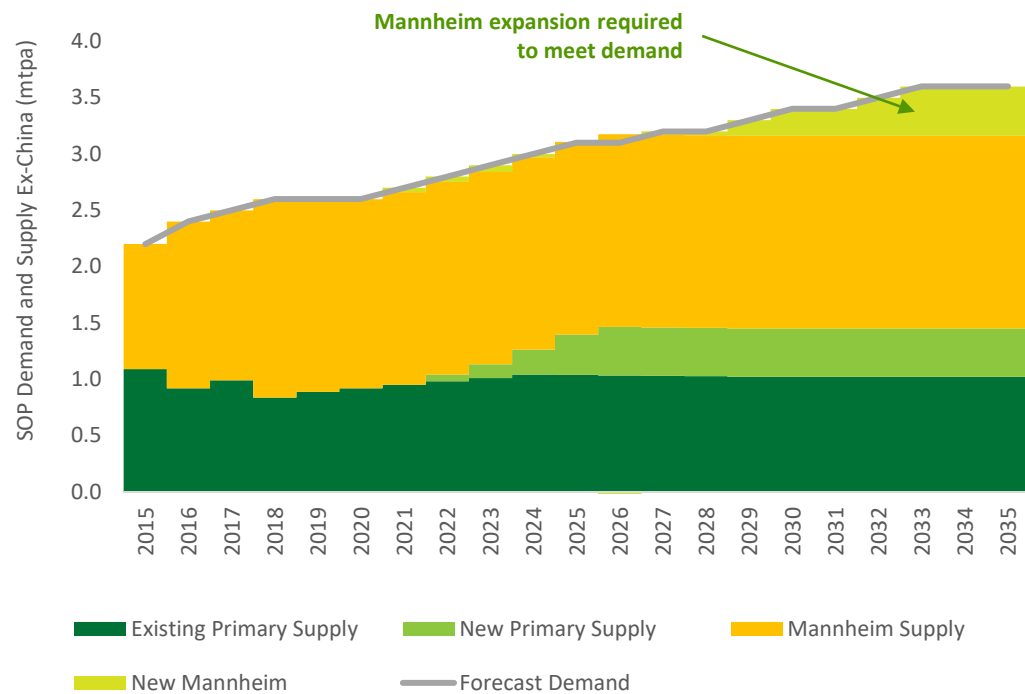




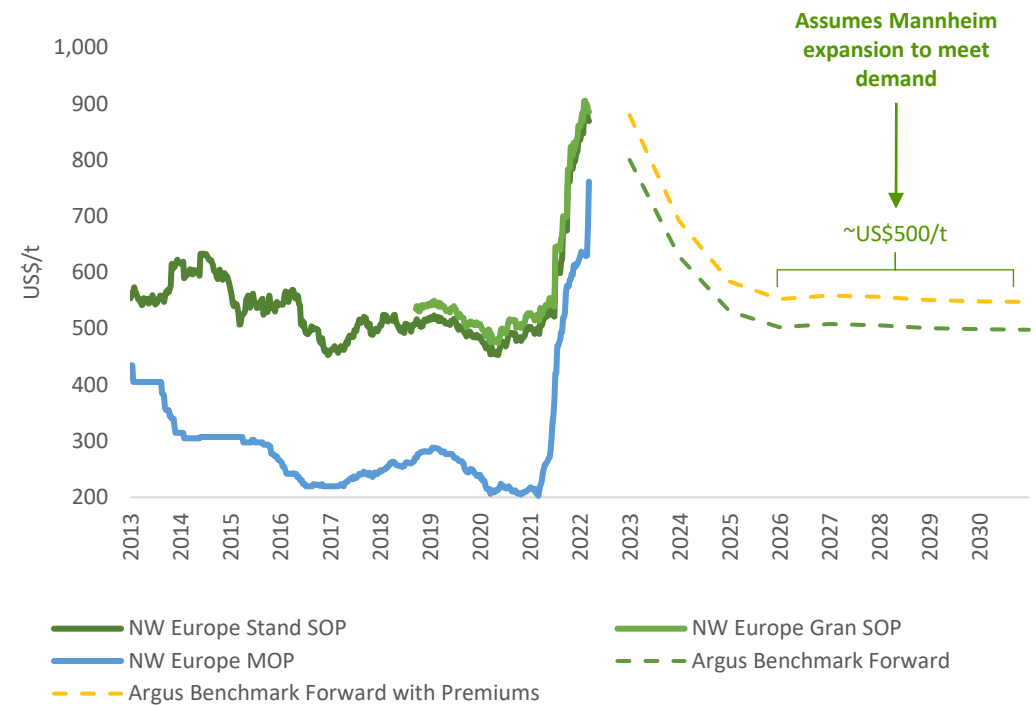
# Forecast shortfall in potash supply

Forecast production and forward prices imply Mannheim expansion will be needed to meet future demand

## 3. SOP demand and supply imbalance<sup>1</sup>



## 4. Inflationary SOP pricing<sup>1</sup>



# Optimisation program

## Delivering the most efficient project development

	FEED <sup>1</sup>	Optimised production <sup>2</sup>	Impact	
Annual production (ktpa SOP)	<b>170,000</b>	<b>205,000</b>	<ul style="list-style-type: none"> <li>• IRR and NPV</li> <li>• Offtake</li> <li>• Harvest ponds</li> <li>• Process plant</li> </ul>	<ul style="list-style-type: none"> <li>• Increase (likely)</li> <li>• Increase</li> <li>• Minor</li> <li>• Minor</li> </ul>
Number of bores (Life of Mine)	<b>172</b>	<b>89</b>	<ul style="list-style-type: none"> <li>• CAPEX</li> <li>• Sustaining CAPEX</li> </ul>	<ul style="list-style-type: none"> <li>• NIL</li> <li>• Reduction</li> </ul>
Project development schedule (from FID to cashflow)	<b>36 months</b>	<b>36 months</b>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>	<ul style="list-style-type: none"> <li>• n/a</li> </ul>
EBITDA (A\$m/year)	<b>88.0</b>	<b>TBA</b>	<ul style="list-style-type: none"> <li>• TBA</li> </ul>	<ul style="list-style-type: none"> <li>• TBA</li> </ul>
CAPEX incl. contingency (A\$m)	<b>292</b>	<b>TBA</b>	<ul style="list-style-type: none"> <li>• TBA</li> </ul>	<ul style="list-style-type: none"> <li>• TBA</li> </ul>
OPEX (US\$/t)	<b>251</b>	<b>TBA</b>	<ul style="list-style-type: none"> <li>• TBA</li> </ul>	<ul style="list-style-type: none"> <li>• TBA</li> </ul>

- Expanded production driven out of reiterated hydrogeological model informed with field data generated through early works bore drilling, development and installation program
- FEED financial model ('M1') being re-costed to 2022 ('M2'): M1 contract pricing 2021
- Physicals and Scope changes to M1/M2 model to transition to expanded production ('M3') underway

# Entitlements Issue

- **Prospectus** is available at <https://www.australianpotash.com.au/site/investor-information/2022-rights-issue>
- \$7.7m entitlement offer announced 27 July 2022
- 1-for-4 pro-rata non-renounceable offer to eligible shareholders at \$0.038 per share plus 1 free attaching option for every 2 shares applied for
  - Options exercisable at \$0.06 with 12-month expiry date
- Existing shareholders can apply for securities above entitlements, preferential allocation
- Offer closes 19 August 2022
- **Use of Funds**
  - \$2.9m site-based costs
  - \$1.8m tenement holding costs
  - \$680k progression of project financing to documentary close
  - \$1.8m working capital
- Next steps
  - Finalise optimisation program including re-costed FEED (base case) model and expanded production model (205ktpa SOP)
  - Progress project funding discussions with strategic and financial investors

# Leadership team

## Board of Directors



**Dr Natalia Streltsova**  
*Non-Executive Chair*

- Over 25 years' minerals industry experience, extensive operational experience with BHP Group and Vale S.A.

**Matt Shackleton**

*Managing Director & CEO, Chartered Accountant*

- Joined APC 2014
- Former MD of gold developer Mount Magnet South NL
- Founding Director of African gold developer Canyon Resources



**Rhett Brans**

*Project Director*

- Over 45 years' experience in project developments
- Founding Director of Perseus Mining



**Brett Lambert**

*Non-Executive Director*

- Over 35 years' experience in the international mineral resources industry including with Western Mining Corporation



**Cathy Moises**

*Non-Executive Director*

- Previously Head of Research at Patersons Securities, Partner of Evans and Partners, senior resources analyst at Merrill Lynch and Citigroup



**Tony Dominkovich**

*Project Manager*

- +40 years experience Australia, Africa, USA and UK
- GRES, Barrick, Alliance, SOP developers (WA)



**Ryan Duncan**

*Technical Manager*

- Industrial Chemist with +15 years' experience
- Previous Project Delivery Principal and Process Engineer, Rio Tinto/Dampier Salt



**Scott Nicholas**

*Chief Financial Officer*

- Chartered Accountant with 15 years' resources experience
- Executive search underway through transition period



**Jay Hussey**

*Chief Commercial Officer*

- 20 years in SOP marketing, supply, contracting & negotiations
- Previous VP of Migao Corporation



**Michelle Blandford**

*Company Secretary*

- Chartered Secretary with 25 years' administration experience
- Formerly Company Secretary of Breaker Resources

## Management team

# Robust ESG strategy

## Turning strong ESG credentials into World Class ESG asset

### 2021 Exploration & Study

Focus on safety and environmental stewardship

All work on the Lake Wells project carried out using a comprehensive risk management framework

### 2022 Early Works

Australian Federal Government accredited Safety Framework

Full environmental approvals and monitoring programme executed

Governance platform developed, tested and executed

Social development initiatives

### 2024 Development

Construction and operations will leverage the innate natural advantages of a solar salt project

Setting the social tone in the community in which we will be working for 30+ years

Ensuring the systems we have in place can take us where we want to go

### 2025 Operations

Measuring and reporting Scope 1 & 2 emissions

Scope 3 emissions estimated & reported within our capacity

Corporate social standing within local community and regulatory authorities

Best practice Governance culture managing sustainability from Board down

# Committed to Sustainability



APC has identified 8 of 17 UN Goals\* to contribute to



SOP increases agricultural productivity

Resources to safeguard physical and mental health

Laverton Training Centre

Equal opportunities at all levels of decision making



Full-time job creation & sustainable growth plans

Promote inclusion of all

Renewable power solution

Conservation and restoration commitment

# Conclusion

## APC represents a compelling equity value opportunity



Substantial value opportunity – inappropriate peer comparison leads to undervaluing this Tier 1 project



Potash is increasingly vital for sustainable food production



Demand for SOP significantly outstrips supply



Western Australia is a reliable source of SOP production



Lake Wells is Australia's premier SOP project and substantially de-risked



Lake Wells is at Final Investment Decision stage and 'shovel ready' for development



# Appendices





# Sustainable potash supports global food security

Committed to measuring and reporting on Environmental impact as part of food Supply Chain

2.5% of total Global Greenhouse Gas Emissions come from potash\*



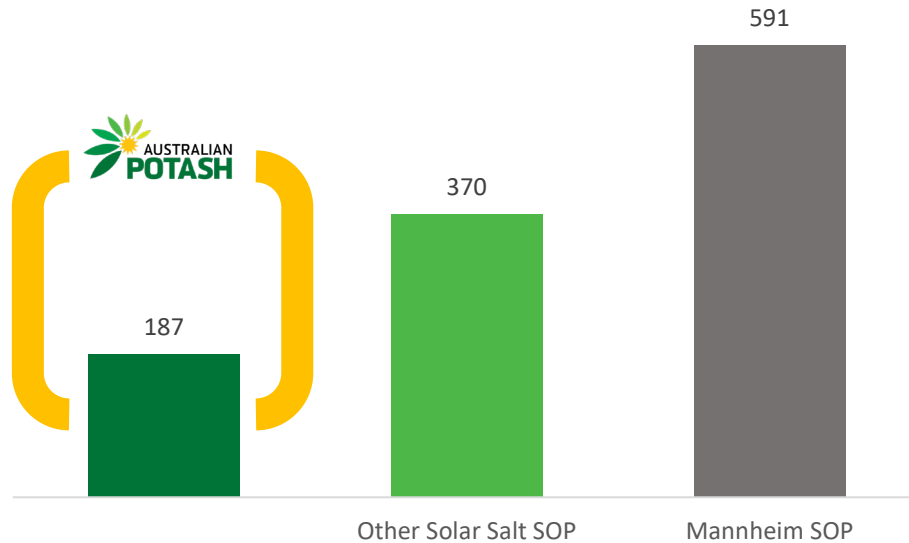
- Topography mitigates 1:100 flood events/climate change risks
- Low carbon SOP alternative to CO<sub>2</sub> emitting Mannheim industrial process
- Green Loans verification
- Offtake partners committed to ESG principles: [Helm](#) and [Mitsui & Co](#)



# Environmentally sustainable potash

68% less GHGs than 80% of the global supply of Sulphate of Potash<sup>1</sup>

Greenhouse gas emissions<sup>1</sup>  
(kg CO<sub>2</sub>eq/tonne SOP scope 1, 2 & 3)



- **Fertiliser use can be environmentally positive**
  - enhance agricultural productivity and stimulate CO<sub>2</sub> uptake by crops
  - increase yield and reduce need to cultivate new land, so avoiding GHG emissions from land use change<sup>2</sup>
- **Lake Wells SOP produces fertiliser with low emissions**
  - Leveraging sustainable ‘solar salt’ project development – with beneficiation using naturally occurring renewable energy

*A very high Renewable Energy Fraction [REF] power solution<sup>1</sup>*

- 14MW power station scoped, designed and contracted
- 63% – 69% REF
- 4.5MW solar array
- 2 x 4.5MW = 9MW wind turbines
- 9MW/3MWh Battery Energy Storage System [BESS]

# Social supply chain: our Company and Partners

## Tier 1 Mining Investment Jurisdiction\*: WA = No.1

- Transparent employment and equal opportunity legislative regime
- Work Health and Safety Act 2020 (WA)

## Working with our Partners: award winning Social Reporting Indicators and Community commitments

- [https://www.mitsui.com/jp/en/sustainability/topics/1242863\\_13977.html](https://www.mitsui.com/jp/en/sustainability/topics/1242863_13977.html)
- <https://www.helmag.com/company/values-and-responsibility/responsibility-for-environment-and-society>
- <https://redox.com/about/corporate-social-responsibility/>

## Socially responsible member of the Laverton community

- Laverton School STEM Program: initiated and financially support
- 15% Indigenous employment targets
  - 40% construction contracts by value to Indigenous companies

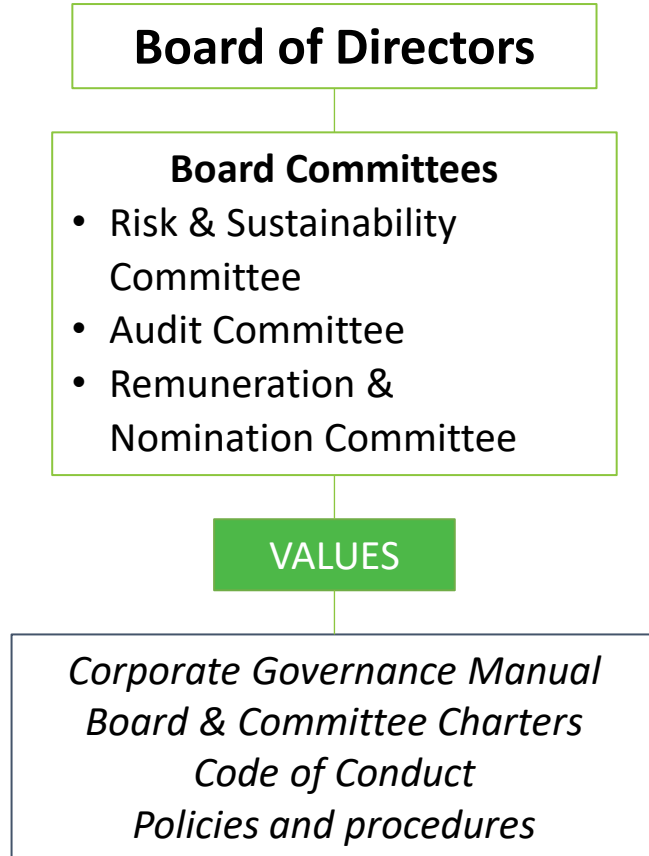
## Case Study: Laverton Training Centre

- Established and funded by APC providing vocational education training programs to local and regional people who would otherwise be unable to access formal training
- Aiming to improve the participation rate of disadvantaged people in training and skills development which leads to increased economic capacity and workforce participation
- Training commenced in February 2022 in a refurbished, customised building located in Laverton, in the middle of the northern Goldfields region



# Governance and transparency

An integrated governance platform operating in a transparent, sophisticated jurisdiction



The sustainability of the Lake Wells Project is considered and managed under APC's Risk Management Framework

## Case Study: APC INX compliance platform

- Developed
- Tested
- Implemented



Big 4 Audit

# Deloitte.

Big 4 Tax

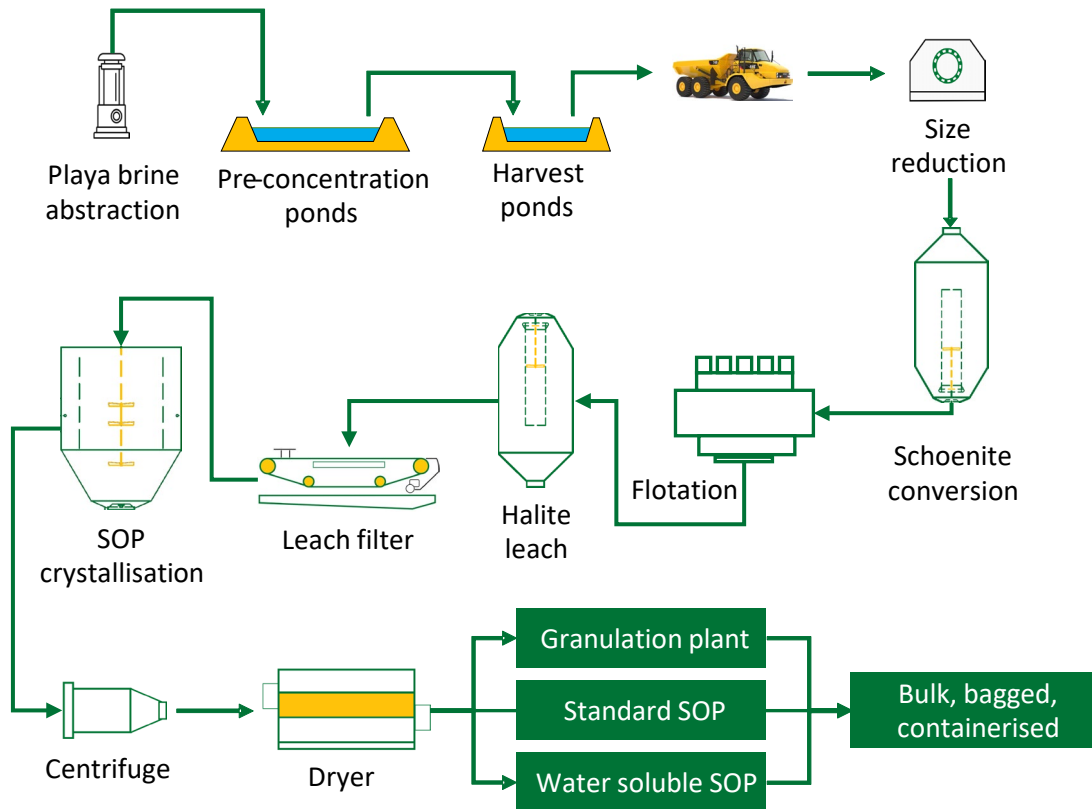


ASX: APC

# Project details and status

Lake Wells is shovel ready with all necessary approvals in place and production expected in 2024

## Simplified flowsheet\*



## Project details

- Lake Wells is Australia's only 100% borefield solar salt SOP development with zero kilometres of trench abstraction
- The Lake Wells processing design is based on the reliable and proven 'North American' flowsheet with direct schoenite flotation and belt filters
- The flowsheet has been used successfully at the largest ex-China solar SOP producer for over 50 years – underpins high level of confidence in successful execution

## Project status

- Lake Wells is at Final Investment Decision (FID) stage and is shovel ready for development with all necessary approvals in place
- Production is expected to commence in 2024

# Implementation team – international expertise

## Project management



## Process design



Corey Milne  
Consulting

## Borefield development



## Commercial



**Deloitte.**



**Green Legal**



# Early Works Complete

## Staged development to support conservative schedule



Village infrastructure in place to support early works construction activities



20 rooms, tavern, kitchen/dining room, sewage treatment plant and potable water plant all constructed



28 bore pads constructed and handed over to drilling contractor



~25km of access tracks completed



# Early Works Complete

## Staged development to support conservative schedule



On-playa evaporation pond trial program complete



High-grade K SOP produced from pilot-evaporation program<sup>1</sup>



Organic certification received in Europe, USA & Australia<sup>2</sup>



Operational experts engaged



Vital two evaporation seasons to production





# +75% of Construction Contracts by Value are EPC

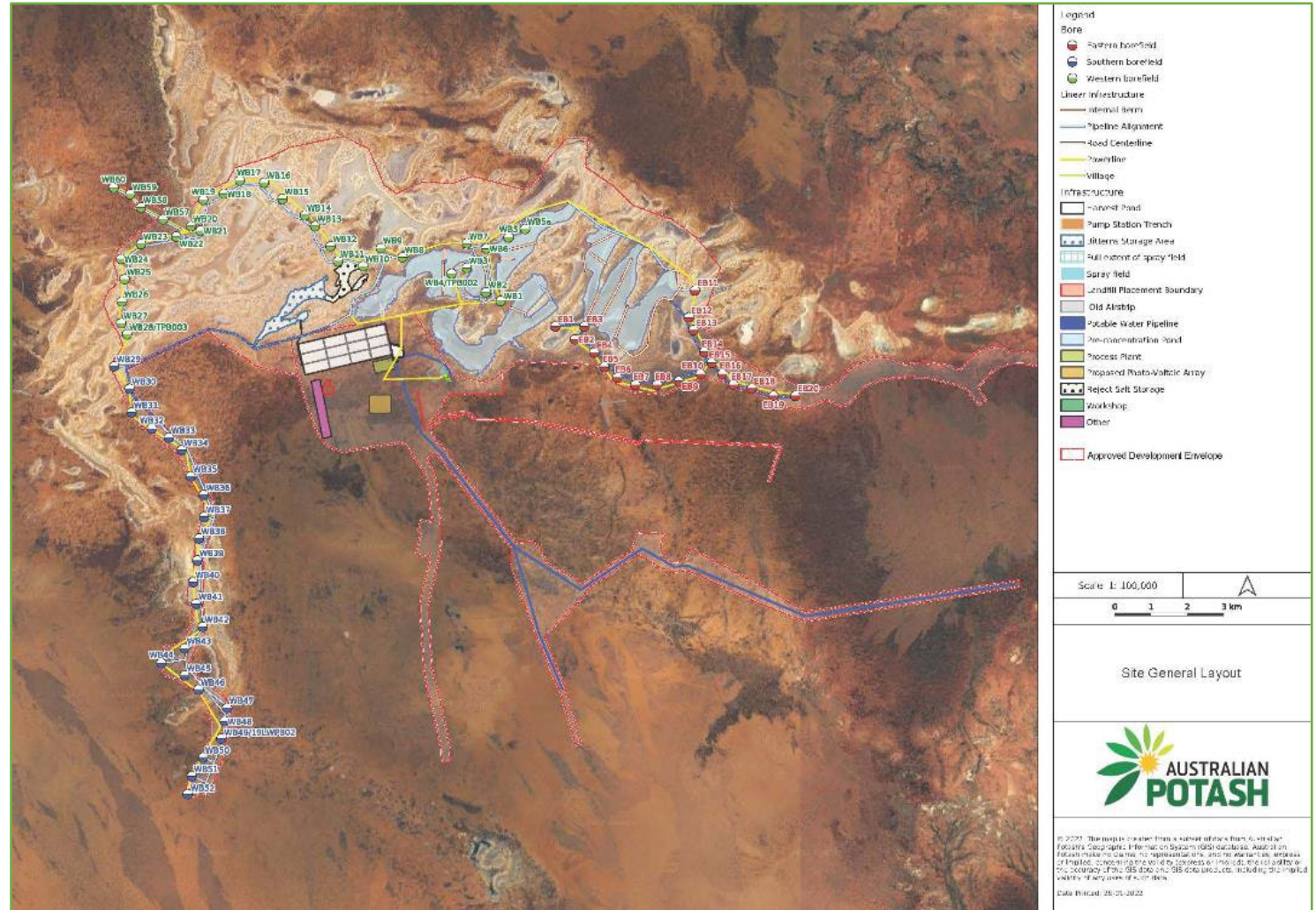
Minimises the risk of cost overruns, schedule creep and process under-performance

Construction EPC Packages	Construction Owner's Team	Operations' EPC Packages	Operations' Owner's Team
✓ Process plant	✓ Borefield drilling	✓ Village	✓ Pumping
✓ Borefield fit-out	✓ Civils (including ponds)	✓ Power station	✓ Processing
✓ HV network		✓ Logistics	✓ Marketing
✓ Power station			
✓ Communications			
✓ Village			

# Borefield Only Development

## 100% Borefield Development with NIL km of Trenching

- 25% of borefield by well numbers developed
- 36% of Probable Reserve\* by volume developed
- Brine abstraction (mining method) materially de-risked through early works program



# SOP is the premium form of potassium fertiliser

Essential, non-substitutable part of the food supply chain

## 7Mt Market Size

- SOP = 10% of the global demand for potassic fertilisers
- 170ktpa = 2.4% of SOP demand

## US\$3.5B Global Demand

- 50% of global supply from the high-carbon emitting Mannheim industrial process
- 50% from the passive solar evaporation (low carbon) process

## Essential & Non-Substitutable

- <1% Chloride/  
17% Sulphur
- Potassium is essential
- Potassium without chloride is essential

## High Margin = Premium Pricing

- Solar salt = lowest quartile cost
- 50/50 China/Rest-of-World production
- 4% - 6% CAGR profile past 2030

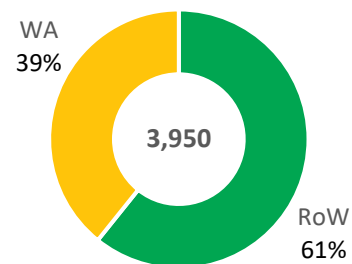
# WA positioned to be a global leader in SOP production

## Scale & quality of Resource, production capability, nexus to Asia

### Scale and quality of Resource

- WA is currently developing several SOP operations that will challenge other regions' production levels
- Environmentally friendly production methods (ie. solar evaporation of brine and salt reaction) demonstrate the quality and environmental credentials of WA's planned SOP production

Solar Salt SOP Production (mt)



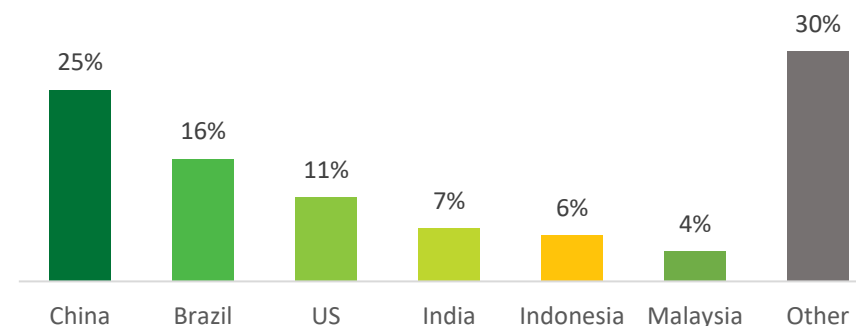
### Production capability

- With a highly developed minerals industry already in existence, WA has a proven track record of supporting new mining projects
- WA is well placed to capitalise on its strengths to support the planned SOP projects (including APC):
  - Nil sovereign risk
  - Well understood regulatory regime
  - Infrastructure in place

### Nexus to Asia

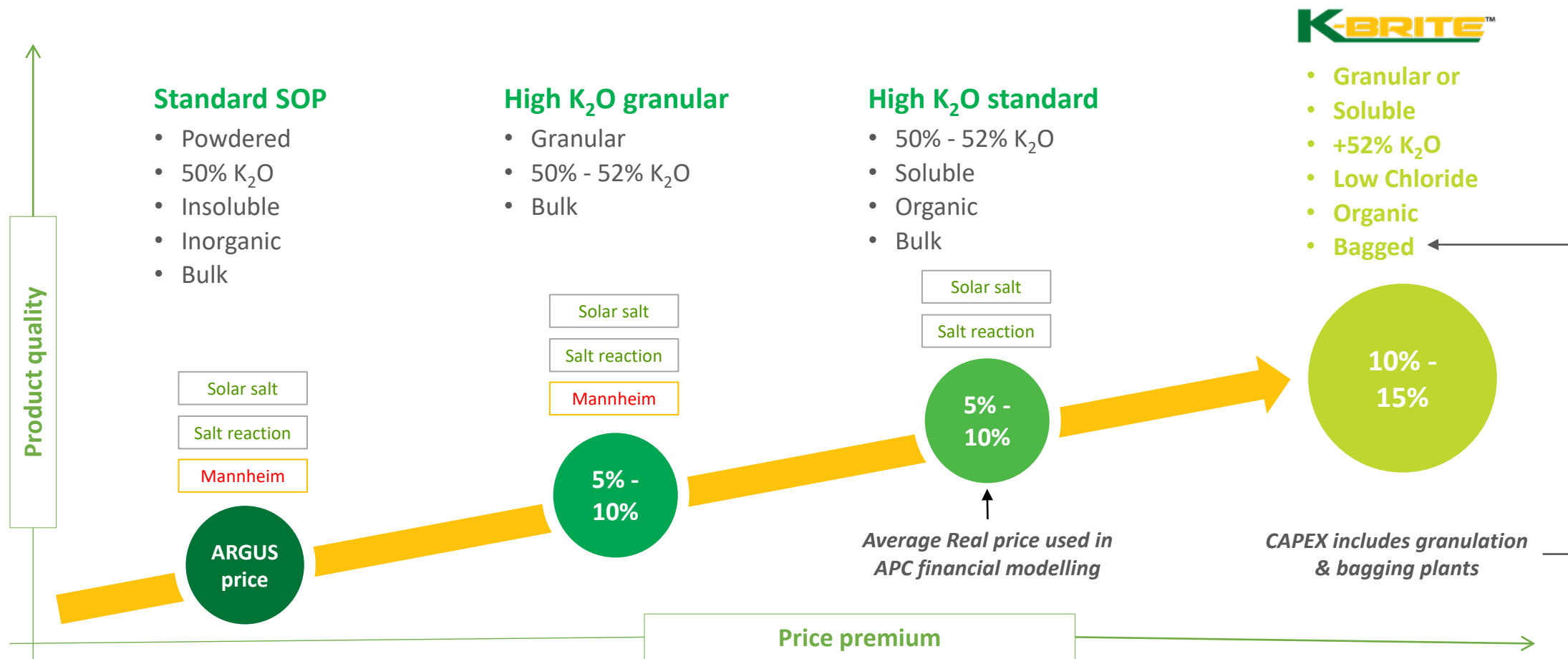
- At least 40% of global potash demand is derived from Asia
  - High population centres
  - Fastest growing region in the world
- Demand for potash will continue to grow as arable land per capita reduces over time
- With its close proximity to Asia, WA based potash producers can leverage significant cost benefits (e.g. lower transport and logistics costs) to offer more cost effective solutions to Asian fertiliser markets

Global potash demand, by country



# SOP Pricing

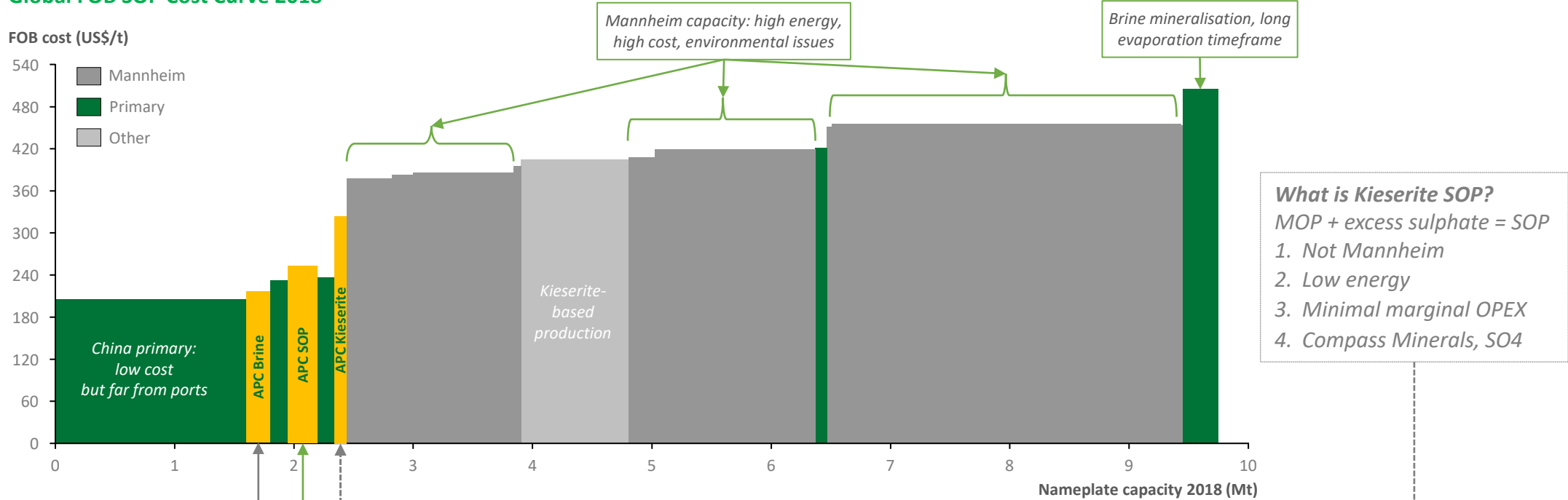
## Premium product commands premium pricing



# Global Production Cost Profile

LSOP SOP is in the lowest quartile on the global cost curve

Global FOB SOP Cost Curve 2018\*



**What is Kieserite SOP?**  
MOP + excess sulphate = SOP

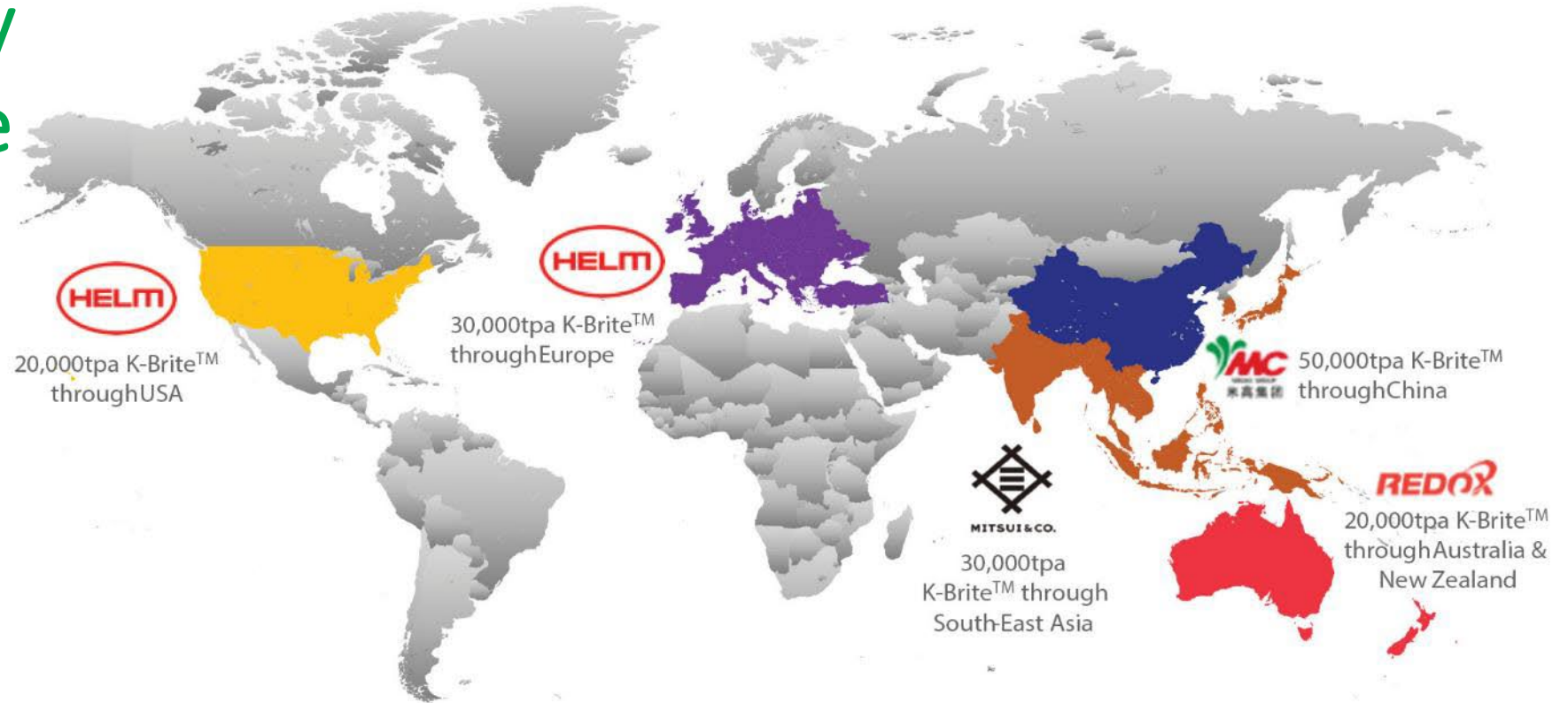
1. Not Mannheim
2. Low energy
3. Minimal marginal OPEX
4. Compass Minerals, SO4

Brine SOP average cost of production	120,000tpa	US\$221/t
Kieserite SOP average cost of production	50,000tpa	US\$327/t
<b>Overall SOP average cost of production</b>	<b>170,000tpa</b>	<b>US\$251/t</b>



\* Source: Argus Consulting.

## Geographically diverse offtake marketing and distribution agreements



	REDOX	Migao	Mitsui	HELM	Total	
Volume (tpa)	20,000	50,000	30,000	30,000	20,000	150,000
Jurisdiction	Australasia	China	South-east Asia	Europe	North America	Global distribution

# Project CAPEX Summary

A de-risked project plan

**FEED base case  
170ktpa SOP**

CAPEX <sup>^</sup>	A\$m	Delivery & Execution Risk Mitigated
Owner's Team	18	Capable & experienced owner's team
Bore drilling & development	16	Schedule guarantee, specialist contractor, productivity KPIs
Borefield fit-out, pipeline, HV	36	Lump sum, schedule & process guarantee
Earthworks & ponds	40	Schedule guarantee, specialist contractor, productivity KPIs
SOP processing plant	104	Lump sum, schedule & process guarantee
Granulation & bagging	36	Lump sum, schedule & process guarantee
NPI	16	Lump sum, schedule & process guarantee
<b>Total (excluding contingency)</b>	<b>266</b>	
<i>Contingency</i>	<i>26</i>	<i>EPC contracting strategy for +75% packages of work</i>
<b>Total (including contingency)</b>	<b>292</b>	



# LSOP OPEX Summary

Cash Cost US\$251/t

**FEED base case  
170ktpa SOP**

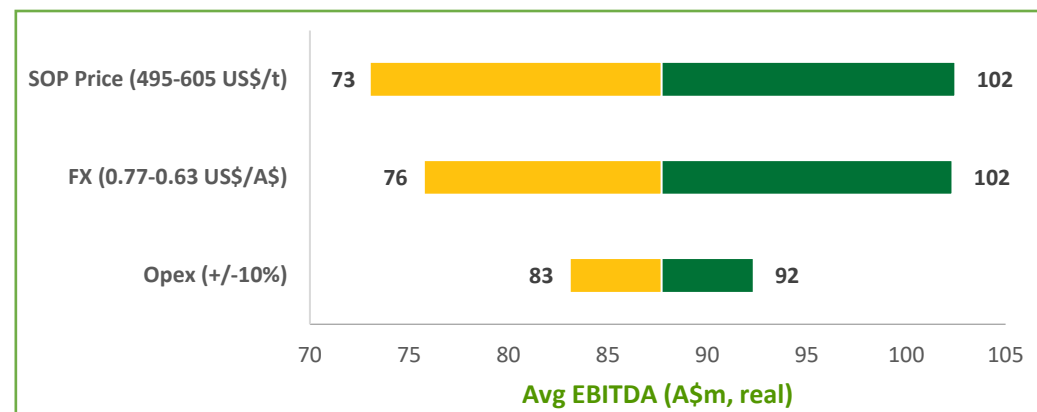
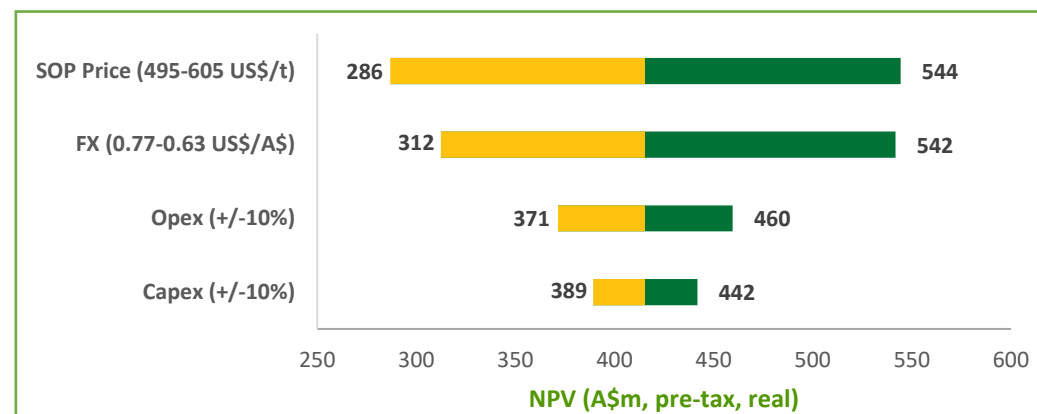
OPEX^	Brine SOP	MOP Conversion	Combined
Annual production	120,000 tonnes	50,000 tonnes	170,000 tonnes
Salt harvesting	13	-	9
Power	49	3	35
Reagents & consumables	12	266	85
Labour	57	-	41
Export logistics (FOB)	59	59	59
Maintenance	4	-	3
Indirects	27	-	19
<b>Total cash costs (US\$)</b>	<b>221</b>	<b>328</b>	<b>251</b>

# LSOP FEED Summary

Strong returns in all scenarios

**FEED base case  
170ktpa SOP**

Assumptions <sup>^</sup>	Unit		
SOP price [real]	US\$/t	550	
FX rate	US\$:A\$	0.70	
Discount rate	%	8.0	
Mine life	years	30	
Production	ktpa	170	
Financial Metrics	Unit	Nominal	Real
Project NPV <sub>g</sub> [pre-tax]	A\$m	614	415
IRR [pre-tax]	%	21	19
Annual avg EBITDA [LOM]	A\$m	124	88
Annual avg FCF [pre-tax]	A\$m	119	84



# Australian Potash Limited (ASX: APC)

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