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SCOPING STUDY CONFIRMS EXCEPTIONAL ECONOMICS OF APC'S 100% OWNED LAKE WELLS POTASH PROJECT IN WA

Australian potash developer Australian Potash Limited (ASX: APC) is pleased to advise it has completed a Scoping Study on the development of its 100%-owned Lake Wells Potash Project in Western Australia (the Project).

The Scoping Study has exceeded expectations and confirms that the Project's economic, financial 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.

In light of these strong findings, APC will immediately move to conduct brief optimisation studies, site investigations and test-work, all of which will form the basis for a Feasibility Study planned to commence in Q2 2017.

APC's Executive Chairman Matt Shackleton, commented, "This Scoping Study shows that the Lake Wells Potash Project, located 500km north-east of Kalgoorlie, will enjoy considerable production scale, low capital expenditure, high margins and a long mine life.

"From initial planned production rates, we have numerous opportunities to expand production capacity to meet growing demand and the market environment at the time. The Project has the right location, the right brine chemistry and the right extraction method of the resource, to truly allow for numerous expansion pathways. In addition, we have identified numerous potential upside opportunities for the Project, which in turn allows for the optimisation of fundability and economic returns and positions APC exceptionally well to dominate Australian SOP supply.

"In light of these strong findings, we are commencing optimisation studies before quickly moving to a Feasibility Study, beginning with building a pilot harvest pond. The optimisation studies and Feasibility Study will generate strong newsflow over the coming months as we seek to expedite technical studies, funding discussions and Project development."

Scoping Study – cautionary statement

The Study referred to in this announcement is a preliminary technical and economic investigation of the potential viability of the Lake Wells Potash Project. It is based on low accuracy technical and economic assessments, (+/- 35% accuracy) and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage; or to provide certainty that the conclusions of the Study will be realised.

Approximately 86% of the existing Mineral Resource is in the Indicated category, with the remainder in the Inferred category. There is a low level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources. Furthermore, there is no certainty that further exploration work will result in the conversion of Indicated and Measured Mineral Resources to Ore Reserves, or that the production target itself will be realised.

The Scoping Study is based on the material assumptions outlined below. These include assumptions about the availability of funding. While Australian Potash Limited considers all the material assumptions to be based on reasonable grounds, there is no certainty that they will prove to be accurate or that outcomes indicated by the Study will be achieved.

To achieve the outcomes indicated in this Study, initial funding in the order of A$175m/US $135m will likely be required. Investors should note that there is no certainty that Australian Potash Limited will be able to raise funding when needed. It is also possible that such funding may only be available on terms that may be dilutive to or otherwise affect the value of Australian Potash Limited's existing shares. It is also possible that Australian Potash Limited could pursue other value realisation strategies such as sale, partial sale, or joint venture of the Project. If it does this could materially reduce Australian Potash Limited's proportionate ownership of the Project. Given the uncertainties involved, investors should not make any investment decisions based solely on the results of this Scoping Study.

Scoping Study Highlights

Overview

- 100% owned project located in one of the best mining jurisdictions in the world
- Adjustable production rates, low capital, high margin, long mine life
- Project is well understood and development pathways relatively simple
- Consultants to the Scoping Study include NovoPro Project Development and Management, internationally recognised experts in Sulphate of Potash process modelling and plant design

Scale

- 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)
- Minor portion of SOP produced through the conversion of imported MOP to SOP using the natural excess sulphate in the brine[1]
- Scoping Study assumes expansion to Stage 2 occurs in Year 5 and the majority of Stage 2 capital expenditure is funded from internal cash flow
- Life of Mine (LOM) is 20 years (inc. Stage 1 & Stage 2) – upside to LOM through development option selected and continued exploration

Robust financial model[2]

• Approximate pre-tax NPV at 10% discount rate	A$500m/US$386m
• Approximate pre-tax IRR	33.0%
• LOM average annual operating pre-tax cashflow[3]	A$118m/US$81m
• Stage 1 average annual operating pre-tax cashflow[3]	A$61m/US$47m
• Stage 2 average annual operating pre-tax cashflow[3]	A$137m/US$106m
• LOM development capital intensity[4]	A$1,126/US$868 t SOP
• LOM revenue to cost ratio	2.32

1 Please refer to page 16 Process description
2 Based on Stage 2 being developed in year 5
3 Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure
4 Exclusive of LOM sustaining capital and mine closure costs

Capital expenditure

- Pre-production capital expenditure (Stage 1) — A$175m/US$135m
  - o which includes a contingency of — A$24m/US$19m
- Stage 1 payback[5] — 2.9 years
- Stage 2 (optional) capital expenditure — A$163m/US$125m
  - o which includes a contingency of — A$23m/US$18m
  - o modelling indicates majority funded through cashflow
- Stage 2 payback — 1.7 years

Operating expenditure

- Stage 1 — A$368/US$283 tonne SOP
- Stage 2 — A$339/US$261 tonne SOP
- LOM — A$343/US$264 tonne SOP

Sales price assumption

- LOM SOP sales price[6] — A$795/ US$612 t SOP

JORC Resource[7]

- Upgraded JORC 2012 Mineral Resource Estimate comprising 14.7m tonnes of SOP, including 12.7mt in the Indicated category
- Significant upside: the modelled mine life extracts only 34% of the Indicated Resource in the Western High Grade Zone and 33% of the Inferred Resource in the Southern Zone, providing opportunities to extend LOM with inclusion of the Eastern Zone (4.6mt SOP Indicated)

Next steps

- Brief Project optimisation studies, site investigations and test-work
- Significant upside and opportunities for the Project's development to be explored
- Feasibility Study planned to commence in Q2 2017
- Building pilot harvest ponds
- Progressing Mining Licence applications and permitting and approvals
- Cash balance of A$4.3 million (31 Dec 2016) - APC well-funded for the next phase of work

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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.

5 Scoping Study financial results modelled on a pre-tax basis

6 Please refer to page 10 Product pricing forecasts for analysis of SOP sales price

7 Please refer to JORC 2012 Mineral Resource Estimate and Table 1 from page 26

AUSTRALIAN POTASH

Scoping Study Summary

March 2017

Lake Wells Potash Project

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INTRODUCTION

Australian Potash Limited (APC, the Company) has completed a Scoping Study on its industry-leading Lake Wells Potash Project located in the Eastern Goldfields of Western Australia. The results of the Scoping Study confirm the Company's plans to become a world class Australian sulphate of potash (SOP) producer.

The Company proposes to develop an SOP operation by evaporation and processing of the potassium and sulphate rich brines found at Lake Wells.

The Scoping Study process and plant design was undertaken by NovoPro Project Development and Management, a Canadian-based consultancy with extensive experience in all facets of potash processing. NovoPro services potash and SOP clients across the globe, including in the USA, Ethiopia, Canada, Spain, the DRC and Australia. Expert hydrogeological input was provided by AQ2, geotechnical work by Galt Geotechnics, and civil and infrastructure engineering by Shawmac Engineering. The Company has built an in-house team of experienced process and project engineers, hydrogeologists and geologists to manage the development of the Project and coordination of the Study programs.

Staged development

APC proposes to develop the Project in two stages, allowing it to mitigate operational and commodity price risks prior to committing to Stage 2 capital expenditure. The staged development approach allows APC the flexibility to optimise economic outcomes based on the future market dynamics at the time, while also providing APC the flexibility to capture domestic Australian SOP demand early.

The Stage 1 development comprises a 150,000 tonne per annum (tpa) SOP processing plant, 35 bore brine abstraction network, evaporation ponds, accommodation village, and associated site infrastructure.

The Stage 2 development duplicates the processing plant, expanding its capacity to 300,000 tpa of SOP, and increases the span of the bore field and the area of the evaporation ponds.

The Lake Wells Potash Project brine is naturally high in sulphates, which affords the Company the opportunity to increase SOP production utilising the same pumped brine volume. The processing plant has been scoped to include the muriate of potash (MOP) to SOP conversion circuit, with Stage 2 duplicating Stage 1. This MOP to SOP conversion is undertaken in other SOP operations globally for projects with the right brine chemistry, those that enjoy the benefit of brines naturally high in sulphates. At 150,000 tpa SOP output, 50,000 tpa will be SOP that has been converted from MOP. At 300,000 tpa SOP output, 100,000 tpa will be SOP that has been converted from MOP.

01. Location

The Lake Wells Potash Project is located in the Eastern Goldfields region of Western Australia, approximately 160 km north-northeast of Laverton. The Fraser Institute consistently ranks Australia in the Top 2 mining jurisdictions globally, and the Eastern Goldfields hosts many of the world's largest gold, nickel and copper mining operations.

The Project sits in the south-west region of the Lake Wells playa lake system, on the edge of the Great Victoria Desert. Shuttle Radar Topography Mission (SRTM) data for the region indicates the south-west lake area has a catchment area of approximately 6,600km^2, with the majority of the catchment flowing from the west.

With an average annual rainfall of approximately 200mm, the arid climate is characterised by hot dry summers (December to February) with maximum daily temperatures of around

34°C, often exceeding 40°C. Low overnight temperatures are recorded during winter (June to August).

The topography of the Project is dominated by open, scattered mulga and spinifex sand plains with salt lakes (playas) and low kopai dunes. The sand dune areas are part of the western margin of the Great Victoria Desert.

Pan evaporation rates for the area are estimated to be 3,200mm/year, with evaporation rates in the area far exceeding annual rainfall. The large environmental moisture deficit provides opportunity for solar-evaporation.

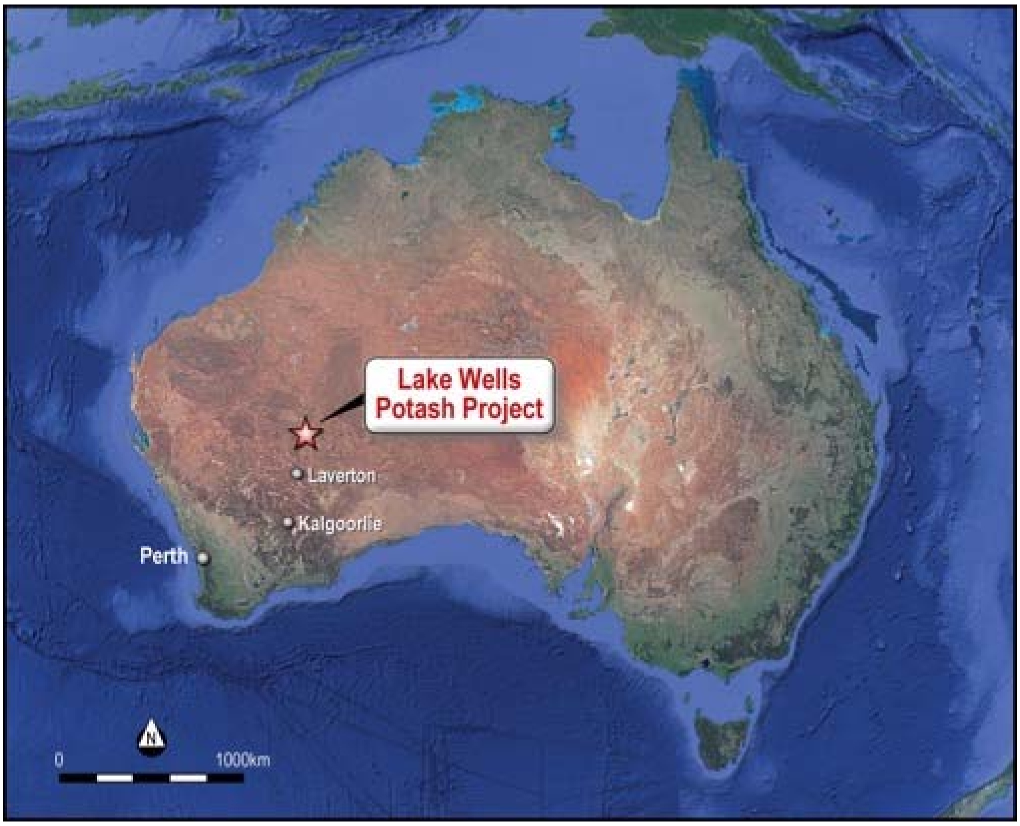

Figure 1. Western Australia, the World's best mining jurisdiction

Figure 2. The Eastern Goldfields of Western Australia

02. Study team

The Lake Wells Potash project Scoping Study team comprised the owners team and specialist Australian and overseas consultants.

Owners team

Matt Shackleton	Executive Chairman
Alan Rubio	Project Manager
Shaun Triner	Process Manager
Carsten Kraut	Principal Hydrogeologist
Lisa Chandler	Environmental Consultant
Brenton Siggs	Exploration Manager
Leigh-Ayn Absolom	Financial Controller

Consultants

Process modelling & plant design	NovoPro
Brine resource & bore field design	AQ2
Geotechnical investigations	Galt Geotechnics
Evaporation pond and infrastructure design	Shawmac Engineering
Environmental surveys and assessments	Botanica Consulting Bennelongia Environmental
Logistics	Prime Logistics
Heritage	Daniel de Gand Consulting Anthropologist
Marketing	AJ Roth and Associates

ECONOMICS

01. Capital costs estimates

a. Summary

The pre-production capital estimate for the project which is based on an initial 150ktpa SOP plant capacity is A$175M, including contingency estimate of A$24.4M. The estimate is considered a Class 5 estimate (+/- 35% accuracy) and is primarily suitable for a preliminary project evaluation and the basis for further optimisation and de-risking work.

Description	Pre-production 150ktpa (Stage 1) A$M	Expansion 150ktpa (Stage 2) A$M
Brine Bore Field	15.4	26.0
Evaporation Ponds	26.4	25.5
Process Plant	62.9	60.4
Non-Process Infrastructure	11.0	3.6
Sub-total direct costs	**115.7**	**115.5**
Indirect costs	34.8	24.3
Contingency	24.4	23.1
Total	**174.9**	**162.9**

Stage 2 expansion capital is planned for year 5 of operations, with production capacity expanded to 300,000 tpa SOP. Using modelled operational costs, on a pre-tax basis, this additional expansion capital can be met through cashflow if an average SOP sales price of A$850 (+6.9% on modelled SOP sales price of A$795/t granular grade SOP) is achieved over the first 5 years of operations.

b. Sustaining capital

Sustaining capital is the annual capital required to sustain brine extraction rates, evaporation pond capacity, replacing equipment and components that have reached their useful life and for closure. Sustaining capital is exclusive of maintenance costs which have been incorporated into the operating costs of the project. Evaporation pond embankment lifts have been calculated from material take offs and applied in years 6, 10 and 15 of operations. An allowance for closure costs has also been made.

02. Operating costs estimates

a. Summary

Operating costs are inclusive of brine extraction, processing, infrastructure, administration and product transport Free on Truck (FOT) at Fremantle port. Notwithstanding the strategic intent of the Company to supply the domestic demand for this premium potassium fertiliser, it has prudently modelled freight costs to Fremantle as an adequate proxy for freight to other distribution points.

Development	Stage 1: 150ktpa			Stage 2: expansion by 150ktpa to 300ktpa		
Cost category	A$m/yr	A$/t	%	A$m/yr	A$/t	%
General & administration	2.6	17	5	3.2	11	3
Labour	7.2	48	13	8.6	29	9
Power	14.9	98	26	29.1	97	29
Reagents/consumables	19.0	127	34	37.8	126	37
Maintenance	1.4	9	3	2.1	7	2
Product transport	10.4	69	19	20.7	69	20
Total	**55.5**	**368**	**100**	**101.5**	**339**	**100**

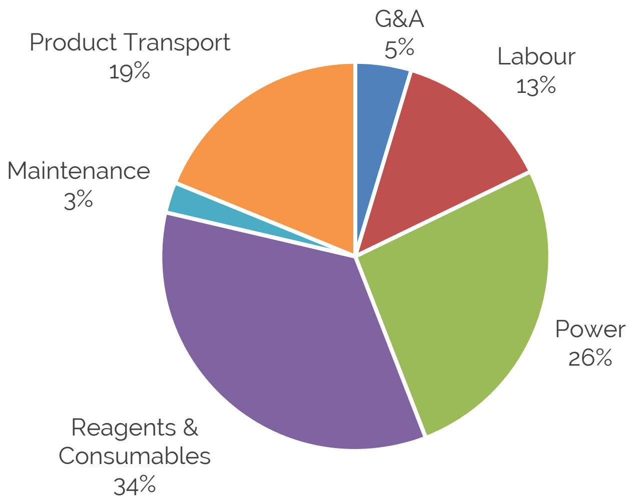

Figure 3. Indicative annual operating costs Stage 1 development

b. General and administration

General and administration costs, including insurances, tenement fees, communications, and office expenses, are factored from Project direct costs for the process plant.

c. Labour

Base salaries for the various operational positions were based on contemporary industry salary data. All personnel costs are inclusive of on-costs, travel and site accommodation.

Position	Employee numbers (150ktpa)
Management & administration	3
Engineering	3
Operations	30
Maintenance	8
Total	44

d. Power

For the Scoping Study it has been assumed that a contracted power supplier will provide power to the process plant and brine bore field on a 'Build, Own and Operate' (BOO) basis. Power requirements for the project were determined from a mechanical equipment list developed for each area of the Project.

The primary power station cost is modelled at $0.22/kWh which includes power provider costs. For individual infrastructure diesel generator sets, a power cost of $0.25/kWh has been modelled. Initial power requirements have been estimated at approximately 8MW.

e. Reagents and consumables

Reagent consumption has been estimated from the process model and mass balance. Reagent rates are based on supplier quotes and data-base prices, with transport costs to site included in the reagent rate. Consumable costs have been estimated by NovoPro and cover product packaging, liners, filter cloths and chemicals.

MOP which is converted to SOP in the process plant was priced at A$326/t delivered to site[8]. MOP pricing was provided by AJ Roth & Associates.

f. Maintenance

Maintenance costs for each component of the process plant and site infrastructure are factored from the direct capital cost of the equipment.

g. Product logistics

Product transport costs are based on a combination of containerised FOB (free on board) costs at the port of Fremantle, Western Australia and containerised FOT (free on truck) at the port of Fremantle. This is based on the Company's assumption that it will sell a portion of its product domestically with the remainder exported to overseas customers. Transport costs were developed by Prime Logistics and assume containerised road haulage from site to Leonora and rail transport from Leonora to Fremantle. Freight costs are inclusive of port charges at Fremantle.

[8] Please refer to page 10 Product pricing forecasts for analysis of MOP costs

03. Economic analysis

a. Summary

The following key assumptions were made and inputs used as part of the financial modelling analysis (Project level, pre-tax, excluding depreciation and cost of financing):

Discount rate	10%
US$:AU$ exchange rate	c.0.77
State royalty[9]	A$0.73/t
Sale price of granular grade SOP delivered to Fremantle	A$795/US$612 t SOP

b. Financial model results

	Stage 1	Stage 2
Life of mine	20+ years	20 years
Annual plant capacity (SOP production)	150,000 tonnes	150,000ktpa moving to 300,000ktpa year 6
Capital expenditure	A$175m/US$135	A$163m/US$125m
Payback	2.9 years	1.7 years
LOM NPV10% A$ *(approximate)*	500m	
LOM NPV10% US$ *(approximate)*	385m	
LOM IRR *(approximate)*	33.0%	
LOM average annual OPEX	A$343/US$264 t SOP	

c. Sensitivity analysis

The following net present value (NPV) sensitivity analysis demonstrates the effect of changes to the SOP price, operating expenditure and capital expenditure on the base case NPV, which has been calculated on a pre-tax basis using a discount rate of 10%.

Pre-tax NPV Sensitivity Analysis										
	-20%		-10%		Base Case NPV10%		+10%		+20%	
	A$m	US$m	A$m	US$m	A$m	US$m	A$m	US$m	A$m	US$m
SOP Prices	231	177	366	280	500	383	635	486	769	589
Opex	618	473	559	428	500	383	442	338	383	293
Capex	552	423	526	403	500	383	475	364	449	344

d. Market overview

The Company commissioned AJ Roth and Associates, potash market experts based in Florida USA, to provide *A Profile of the Sulfate of Potash Market and the Potential for the Purchase of Potassium Chloride*.

Initially, APC is targeting to sell circa 50% of its SOP production in the Australian domestic market by leveraging the close proximity of the rail network in Leonora, only 300km from site, which provides access to the trans-Australia rail network. The other circa 50% of SOP production will be exported to overseas markets. Exports will be accommodated initially through Fremantle port to service overseas markets.

[9] Mining Act 1978, Section 8, Regulation 86, Table A

e. The Australian SOP market

Australia imports 100% of its potash fertilisers, with 2016 import volumes reported in CRU Fertilizer Week as 273,000 tonnes of MOP and 2015 SOP imports at 72,000 tonnes. At a suitable price, it is understood a portion of Australian MOP users will purchase SOP, potentially providing further upside and growth in domestic SOP demand levels.

Distribution of SOP into the Australian market is currently dominated by bulk fertiliser companies including the likes of CSBP, Summit and Incitec Pivot. The Company's business model assumes domestic sales of product are to fertiliser companies, as opposed to selling directly to the end user farmers and growers.

f. International SOP market

The global demand for SOP excluding China has grown from 2.2m tonnes per year in 2010 (Fertecon, AJRA) to 3.2m tonnes in 2015. The Chinese market has shown similar growth in demand volumes over the same period, with demand met largely through domestic supply, and expected to be c.3.2m tonnes by 2020. Global demand including China is expected to be c.6.4m tonnes by 2020. China is expected to consume approximately 50% of global supplies of SOP by 2020.

Asia is the biggest growth region for SOP fertiliser demand and Australian Potash is well positioned to supply this market.

g. Product types

There are three SOP product grades, each with similar potassium levels but differing in physical characteristics, standard grade, granular grade, and soluble grade. APC will produce the premium grade granular product.

The Scoping Study has been based around a 1 tonne bulka-bagged granular grade product with flexibility for future bulk production. Similarly, while the Scoping Study has not considered ancillary products from the brine conversion process, these will be assessed throughout future study stages.

h. Product pricing forecasts

SOP is priced at a premium to MOP and has maintained a premium of US$250-US$278 per tonne over MOP over the last three years (Integer Research). That premium is expected to continue.

Prices reported for sales through the ports of Geelong, Newcastle or Brisbane indicate that the SOP premium to MOP pricing in the Australian market is greater than in the European or North American markets, at MOP price plus c.US$361/A$469 per tonne.

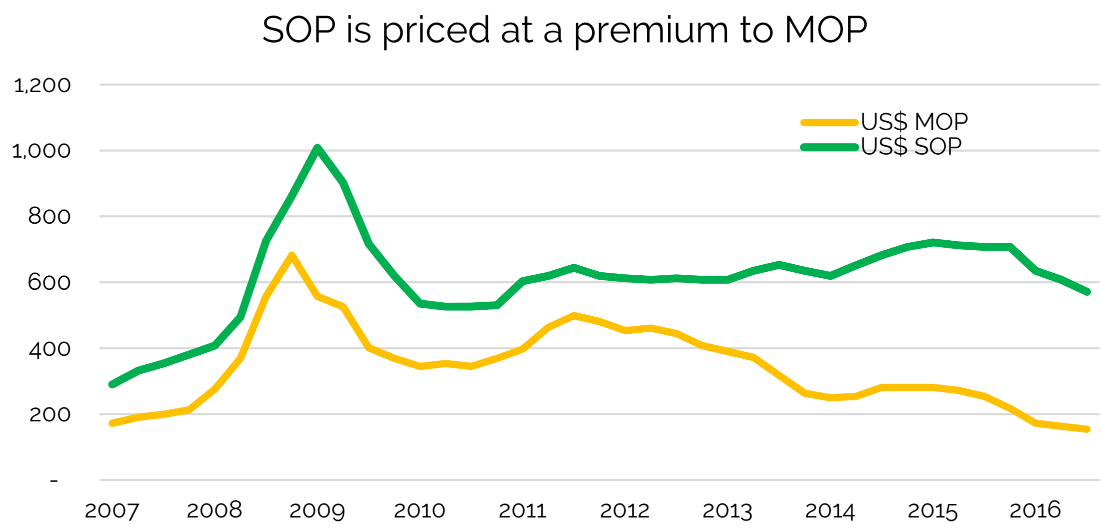

Figure 4. SOP is priced at a premium to MOP[10]

SOP production sales price

The modelled SOP sales price was based on a weighted average of the following calculated domestic and export sales prices, assuming approximately 50% of the Lake Wells SOP product is sold domestically and 50% is exported to overseas markets.

	A$/t SOP
SOP domestic sales price	946
SOP export sales price	756
Weighted average SOP sales price A$	851
Weighted average SOP sales price **A$** modelled	**795**
Weighted average SOP sales price **US$** modelled	**612**

In testing the reasonableness of this modelled SOP sales price, comparisons were made to the most recently quoted US$ (A$) SOP granular grade sales prices[11] as per:

Source	Avg. $US	US$ CFR[12]	FOT $US	A$
CRU[11]	583	69	652	844
Green Markets	650	46	696	901
Fertecon[11]	550	69	619	801

Modelled SOP sales price (domestic sales) was based on the comparative east-coast Australia free-on-truck (FOT) SOP granular grade price, concluding that a domestic buyer would not buy Lake Wells SOP unless it were less than or equal to that price. At time of finalising the Scoping Study this price was:

SOP FOT east-coast Australia US$/t	729
SOP FOT east-coast Australia A$/t used in average	946

[10] Integer Research, short tons converted to metric tonnes
[11] Standard grade SOP generally trades at c.US$50 discount to granular grade SOP
[12] CFR costs include ocean freight (US$23) and port charges export (US$23) and import (US$23)

Modelled SOP sales price (export sales) was based on the comparative Florida FOB SOP granular grade price, concluding that an international buyer would not buy Lake Wells SOP unless it were less than or equal to that price. At time of finalising the Study these prices were:

	Low	High
SOP FOB Florida US$/t	600	610
SOP FOB Florida A$/t	779	792
Averaging LOW-HIGH A$/t SOP FOB Florida cost		785
Adjusting for Australian port charges		-29
A$/t export SOP sale price used in average		756

MOP input cost price

MOP market is expected to be in oversupply for the foreseeable future, with estimated installed production capactity by 2020 potentially exceeding demand by 32mt or 47%. This demand-supply imbalance is countered by the oligopolistic nature of MOP production and marketing. Outside of China, there are currently only 8 producers, in 4 countries, dominating 73% of MOP supply. Three of these producers in Canada, the largest country supplier, market and sell their product through the jointly controlled CANPOTEX.

The global MOP market has seen some price stability return through 2016. It is however difficult to forecast materially higher MOP prices into the longer term, given the significant existing excess capacity and pending new capacity coming on-line.

The modelled MOP cost was based on the assumption that standard grade MOP would be used in the conversion circuit. Current prices for standard grade MOP FOB Vancouver are shown below, with an estimate of ocean freight supplied to SE Asia by leading fertiliser ocean freight consultant Bery Maritime.

	Low	High
MOP FOB Vancouver US$/t	192	234
Ocean freight to SE Asia US$/t	21	23
Total US$/t CFR Australia	213	257
Total A$ CFR Australia	276	333
Averaging LOW-HIGH A$ MOP cost		304
Delivery costs to Lake Wells on a back-haul basis		21
A$/t cost of MOP input used in Scoping Study modelling		326

OPERATION

01. Site layout

The figure below shows the proposed site layout including the brine bore field, evaporation ponds, process plant and associated infrastructure for a 300ktpa SOP output.

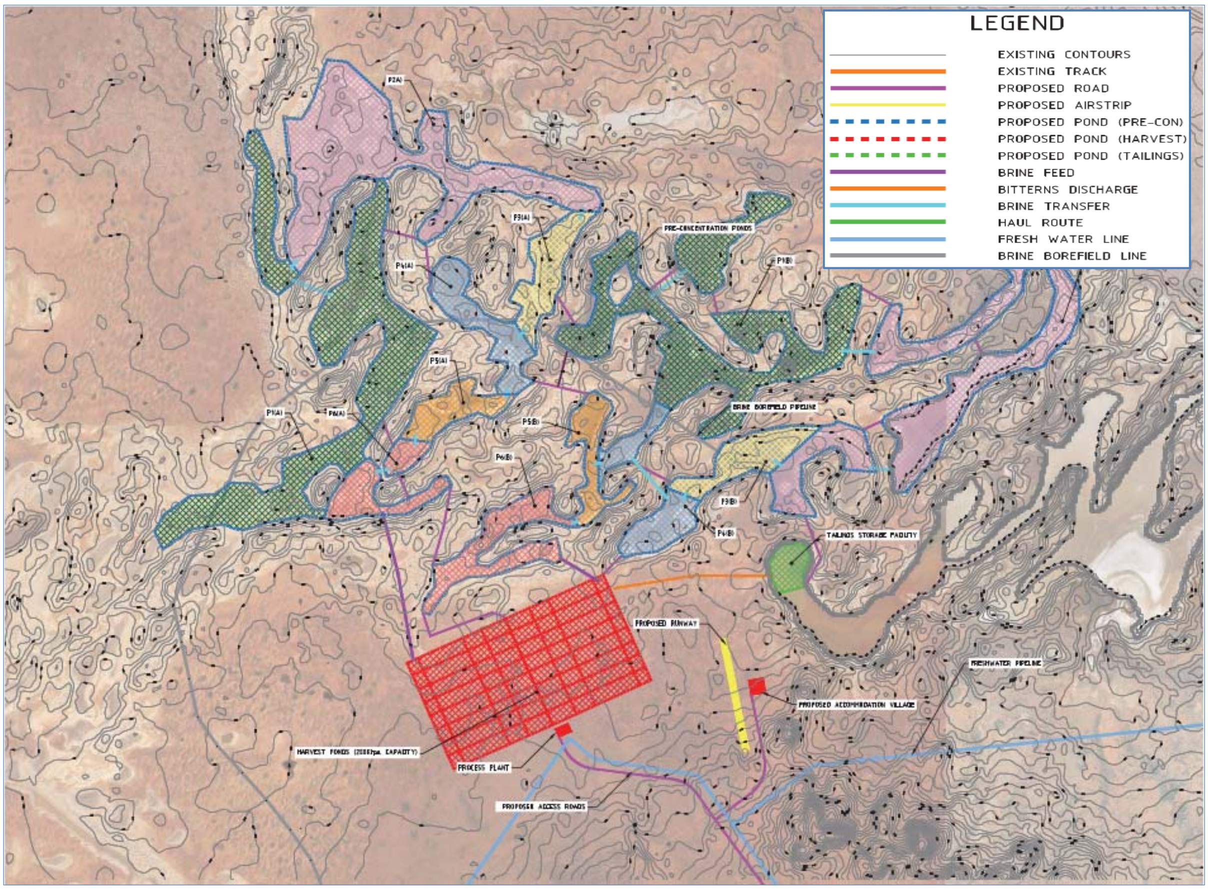

Figure 4. The Lake Wells Potash Project site layout (indicative)

02. Brine extraction

a. Summary

Brine will be extracted from the aquifers via a network of bores positioned along the centre line of the paleochannel. For the Scoping Study the bores have been placed at 250m spacings.

The total volume of brine that will be extracted from the borefield over the life of the Project represents 34% of the Indicated Resource in the Western zone and 33% of the Inferred Resource in the Southern Zone. Moreover, any risk related to this assessment is mitigated by the opportunity to expand the borefield Eastern zone, which has an Indicated Resource of 4.6 Mt.

The brine abstraction plan over the life of mine requires development of only 22% of the currently determined global Indicated Resource and 24% of the total global Resource (Indicated and Inferred combined).

Permeability estimates for the main aquifer units combined with the recent pumping tests confirm the viability of abstracting brine from the more permeable upper and basal sand units of the palaeochannel. For testing to date, bores were installed against one or other of the sand units so that the hydraulic response of each individual unit could be determined. However, in the operational borefield, each of the brine production bores will be screened against both the upper and basal sand. Abstraction from the basal sand will facilitate depressurisation and under-drainage of the overlying clays, whilst abstraction from the upper sand will draw from the overlying surficial aquifer.

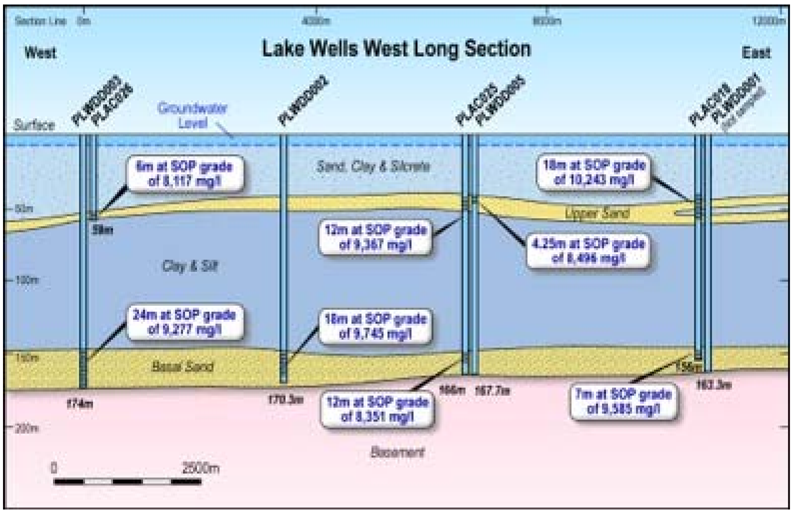

Figure 5. Brine abstraction model

b. Brine borefield

Over the 20-year mine life assuming Stage 2 development, the brine borefield will produce a total of 3.3 million tonnes of SOP. The proposed borefield comprises thirty-five bores.

The design of the brine borefield is based on the brine demand and aquifer conditions. During Stage 1 production, assuming a mean-weighted average K concentration of 3,700 mg/L, the brine borefield will produce 46,400kL/d of brine on a continuous basis. During Stage 2, this rate rises to 102,200kL/d.

Analytical modelling suggests pumping water levels will fall below the base of the upper sand during the first year of operation and a long-term inflow rate of 200kL/d has been determined (assuming a specific yield of 10%). Brine contained in the surficial aquifer will drain into the upper aquifer, and that contained in the overlying clay will drain into the basal aquifer, as those aquifers are pumped and depressurised. Accordingly, there is no requirement for trenching of the surficial aquifer to abstract the brine contained within it.

03. Evaporation ponds

a. Description

Extracted brine is evaporated in solar ponds to recover the potassium bearing minerals required to produce SOP. The brine bore network will pump on a continuous, constant rate basis. During winter, bore production will exceed evaporation rates and the storage ponds will fill to a high level. During summer, evaporation rates will exceed fill rate and the storage pond levels will drop.

There are three types of ponds proposed at the Project:

- Brine pre-concentration and storage ('*Storage/Concentrators*');
- Sodium Chloride (halite) deposition ('*Crystallisers*') and;
- Mixed potassium harvest salt deposition ('*Harvest*').

Pre-concentration ponds are used to concentrate the extracted brine up to potassium saturation, and also serve the purpose of separating the potassium bearing minerals and NaCl from gangue minerals. As water evaporates from the pre-concentration pond brine, its potassium concentration increases and halite (NaCl) is precipitated, with minor quantities of non-potassium bearing minerals. As minerals accumulate in the pre-concentration ponds, the ponds' berms are periodically raised to accommodate the rising pond floor.

Figure 6. Californian salt evaporation ponds demonstrating similar configuration to APC's proposed pond development

From the concentrator ponds, the brine is moved through the crystallisers with the proportion of sodium chloride decreasing as it deposits in each sequential pond. At the point where potassium salts start to deposit, the brine is moved into the harvest ponds.

The mixed salts are deposited in a series of harvest ponds from which they are harvested and blended before feeding the processing plant. The harvest ponds also receive a brine re-cycle stream from the processing plant to increase the total potassium recovery. The harvest ponds include a pavement layer of salt to act as a buffer protecting the pond floor from damage by harvesting equipment.

The final brine from the harvest ponds is high in magnesium chloride which is stored in a dedicated pond on the playa surface and used for dust suppression on roads. The implementation plan includes a phased pond construction to minimize re-work as the ponds come up to full capacity. The playa system also contains additional areas that can be developed into ponds in the future.

The Lake Wells aquifer brine has been evaporated in laboratory trials that demonstrated the salt composition is favourable for SOP production. Trial evaporation pans have been installed to correlate the rate of evaporation of different brine compositions to fresh water to confirm the field productivity assumptions. Data generated so far is consistent with assumptions. A weather station has been installed on site at Lake Wells to confirm the evaporation and rain assumptions and will be used throughout the life of the operation.

b. Geotechnical investigations

Solar ponds will be constructed using in-situ materials and have a layer of low permeability clay underlying them to minimize loss of brine from seepage. Two site investigations have been conducted by Galt Geotechnical to identify suitable pond areas. Forty two test pits have been excavated with samples confirming the availability of low permeability clays close to the playa surface. Further site investigations are planned for 2017 to confirm the continuity of the low permeability clay across the pond areas and to gather more detailed information on in–situ permeability rates. Work is planned to identify the most efficient wall construction techniques, and to identify and quantify borrow areas for construction materials.

04. Process plant

a. Process description

Salts from the harvest ponds described above are discharged into an apron feeder and fed into a cage mill with conversion brine to produce a crushed salt slurry with the correct particle size distribution for the downstream unit operations.

The crushed salts slurry is transferred to the conversion circuit, comprising two continuously stirred, temperature controlled tank reactors, where it is mixed with mother liquor. Here, the potassium minerals are converted to a single potassium-bearing mineral, schoenite. The conversion slurry is transferred to the flotation circuit while a portion of the clear brine overflow from the conversion reactor is sent to the crushing circuit to slurry the incoming salts.

The conversion slurry is mixed with flotation reagents in a series of two conditioning tanks, and the conditioned solids are pumped to a series of flotation cells where the schoenite is preferentially separated from the halite and gangue material. The flotation concentrate is transferred to a leach reactor, with refuse directed to another leach circuit.

The leached schoenite solids are directed to the SOP crystallizer where they are mixed with water. The resulting slurry is transferred to a centrifuge to separate the mother liquor from the solid SOP crystals, which are dried, screened and packaged into the final SOP product.

The Scoping Study includes the production of 50,000 tpa SOP (Stage 1) and 100,000 tpa SOP (Stage 2) through the conversion of imported MOP to SOP using the natural excess sulphate in the Project brine. Process plant design and capital expenditure incorporates an MOP circuit.[13]

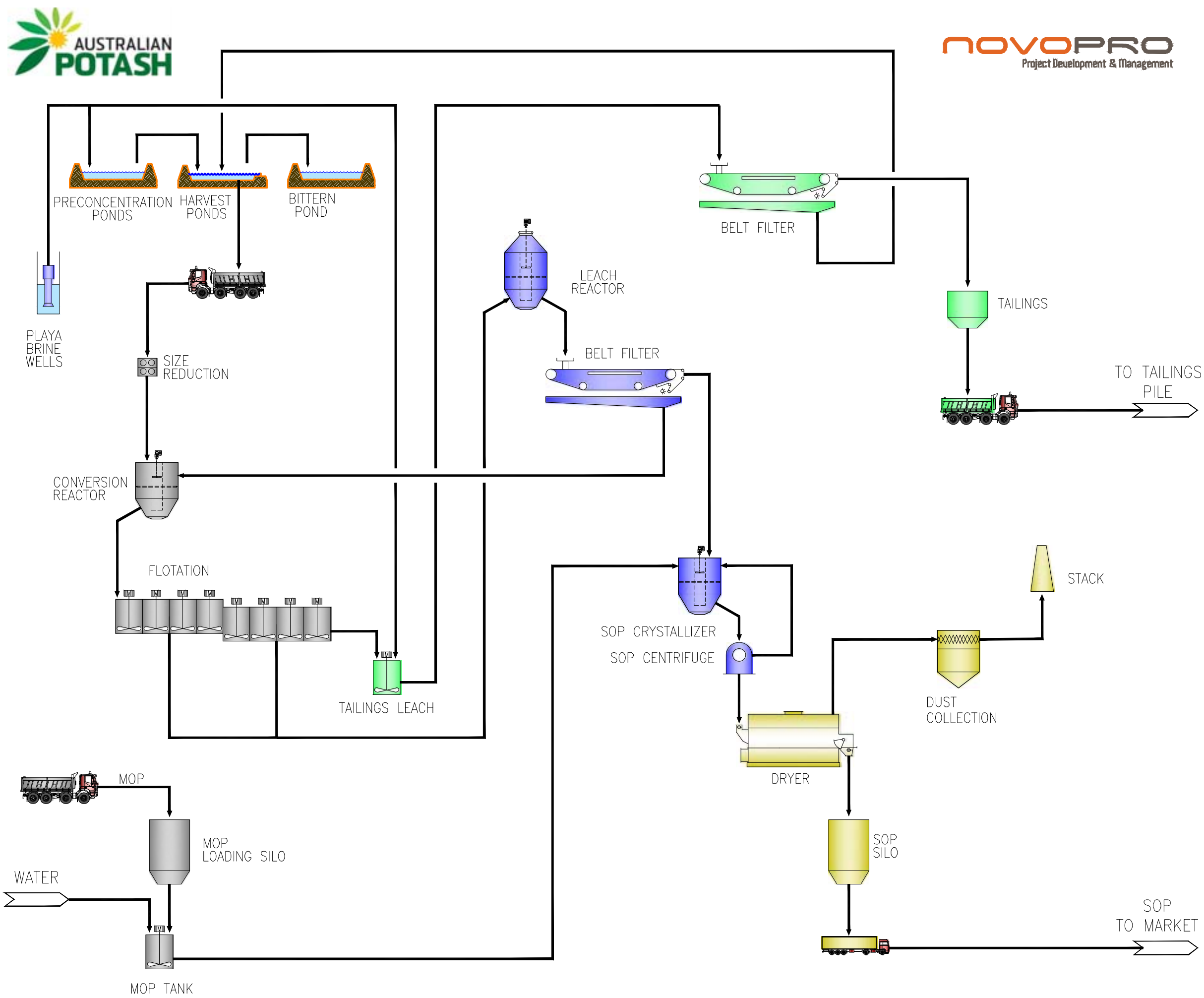

Figure 7. The Lake Wells Potash Project flow diagram

b. Power

The primary BOO power station will be co-located with the process plant and is expected to have a generating capacity in the order of 8MW. Power to the brine bore field network will be reticulated from the central power station.

Individual generator sets will be used to power the fresh water bore field pumps and the accommodation village. For the purposes of the Scoping Study it has been assumed that diesel generator sets will be used across the site however alternative fuel sources will be investigated in future study work.

c. Logistics

A preliminary transport study has investigated transport options for the product from site to both domestic and international destinations. Based on the concept of bagging the product

[13] Please refer to page 10 Product pricing forecasts for analysis of MOP costs

in 'bulka' bags and transporting in 20-foot shipping containers, Fremantle was identified as the preferred export port. The port of Esperance, which is closer to site than Fremantle, does not have adequate container handling infrastructure and is more tailored to bulk exports. A combination of trucking and rail will be used to transport product from site to Fremantle. The product will initially be trucked to Leonora and loaded onto a train and railed to Fremantle.

Using containers to transport product to Fremantle provides the advantage of being able to backload MOP from Fremantle to site. Future work will assess the viability of transporting product in bulk and importing MOP in bulk and potentially using Esperance port. This may become more attractive as the Project expands and product quantities increase.

05. Infrastructure

a. Fresh water supply borefield

Twelve windmill bores currently supply the Lake Wells pastoral station with fresh water from fractured rock aquifers recharged directly by infiltration of rainfall. The potash production process requires fresh to brackish water, and the station operation confirms that suitable water is present in local fractured rock aquifers. Comparison to similar systems in the goldfields, including the Laverton and Leonora town water supplies, provides confidence that sufficient fresh water to process potash can be sourced from fractured rock aquifers. A drilling program to confirm these assumptions will take place in subsequent Study stages.

A fresh water borefield with a capacity for approximately 42L/s pumping is proposed to supply water to the process plant. To achieve this supply rate, APC proposes to install production bores at 7 locations, with 2 bores at each location (i.e. 14 bores total).

b. Accommodation village

An accommodation village consisting of single storey, motel-style rooms with associated messing and recreational facilities will be constructed on site. Initially it will contain 40 rooms and be expanded to 50 rooms as production ramps up.

The current economic conditions provide the opportunity to source a good quality second hand camp and this opportunity will be investigated in later study phases.

c. Airstrip

A site investigation was conducted by Shawmac Engineering and Galt Geotechnical to assess the condition of the current station airstrip and the suitability of nearby materials for maintenance and upgrade. The existing airstrip will be upgraded by widening, lengthening and repairing the pavement to make it suitable for 20 seat aircraft. The airstrip will be upgraded in line with CASA standards using suitable local material.

d. Roads

Shawmac provided an assessment of the upgrade works required for the access route to the Project site, and this has been costed accordingly. Current access to site is via Laverton along the Great Central Road and then via Lake Wells Road, a distance of c.180km. Minor upgrades will be required for the c.80km Lake Wells Road portion of the access. The Great Central Road currently carries a high level of vehicle movements, and the Laverton Shire maintains this road.

e. Communications

Communication services include high-speed wireless internet, satellite television, site SCADA radios for pump stations and plant and site UHF radio network. The broadband internet and phone service is connected from site back to Laverton where it joins an existing back-bone service to Kalgoorlie.

ENVIRONMENTAL, SOCIAL AND APPROVALS

01. Aboriginal heritage

Aboriginal heritage surveys have been conducted over the Project area. Field investigations in August 2016 did not identify any Aboriginal heritage sites in areas likely to be impacted by Project implementation.

02. Environmental surveys

a. Flora and vegetation

The first part of a two-season Level 2 field survey of flora and vegetation in the Project area was completed in September 2016. Follow up surveys will be conducted in April 2017. Surveys completed to date have found no Threatened Flora listed under the Commonwealth *Environment Protection and Biodiversity Conservation* (EPBC) *Act 1999* or *the Wildlife Conservation* (WC) *Act 1950*. One Priority plant species as listed by the WA Department of Parks and Wildlife (DPaW) was identified within the survey area: *Lepidium xylodes* (P1).

b. Terrestrial fauna and habitats

The first part of a Level 2 field survey of terrestrial fauna and fauna habitats in the Project area was completed in September 2016. To date, no vertebrate fauna species protected under Commonwealth or State legislation have been observed in the Project area. Some 37 invertebrate fauna species have been identified, including one new species of scorpion.

c. Lake ecology

Lake ecology studies at Lake Wells commenced in early March 2017. Field investigations will provide a baseline characterisation of aquatic and water dependent flora and fauna (including water birds).

d. Subterranean fauna

A first stage of subterranean fauna studies commenced in early March 2017. Field investigations will target potential subterranean fauna habitats within the zone of influence of the fresh water borefield(s) required for ore processing and other operational purposes.

e. Surface hydrology

A preliminary flood Study was completed in December 2016. Additional hydrological assessment and drainage design will be conducted once the final Project layout and plant design are known.

f. Acid sulphate soils

Field studies were carried out in November 2016 to assess the likelihood of significant acid sulphate soil risk arising from abstraction of brine from beneath the Lake Wells playa. No acid generating materials were observed in the playa sediments, and the sediments were shown to have a moderate to high acid neutralising capacity.

03. Stakeholders

Key stakeholders consulted on the Lake Wells Potash Project include:

- Leaseholders of the Lake Wells pastoral lease
- Traditional owners, represented by a group of tribal elders
- Local government (Shire of Laverton)
- WA regulators, including the Department of Mines & Petroleum, the Department of Parks & Wildlife, the Department of Water, the Department of Environment Regulation, and the Office of the EPA
- Neighbouring mining and exploration tenure holders

APC has actively consulted with stakeholders since early 2015 through targeted discussions, correspondence and presentations on topics of mutual interest. The Company maintains a stakeholder engagement register to ensure that issues and concerns raised by interested parties are captured and commitments made by APC are recorded and tracked.

04. Land access and tenure

The Project is located on Vacant Crown Land (VCL) and the Lake Wells Pastoral Lease (PL NO50056 5), in the Mount Margaret Mineral Field. It consists of a package of granted Exploration Licences covering c.2,000km^2 (E38/1903, 2113, 2114, 2505, 2901, 3021, 3039, 3109, 2742 & 2744) and three Mining Lease applications covering 285km^2. All exploration tenements are held 100% by Australian Potash Limited except E38/2742 & 2744, which are held by Lake Wells Exploration Pty Ltd (LWE). APC has the right to explore for and develop potash brine resources on the LWE tenure.

Of the three Mining Lease applications that have been made two are made in the name of LWE, and 1 is in the name of APC. Upon grant, LWE is required to transfer the Mining Leases to APC, retaining a 100% interest in all minerals other than those associated with the exploitation of potash resources. All tenements are in good standing and at the time of writing, no Native Title Claim has been lodged, registered or determined in respect of any part of the Project area.

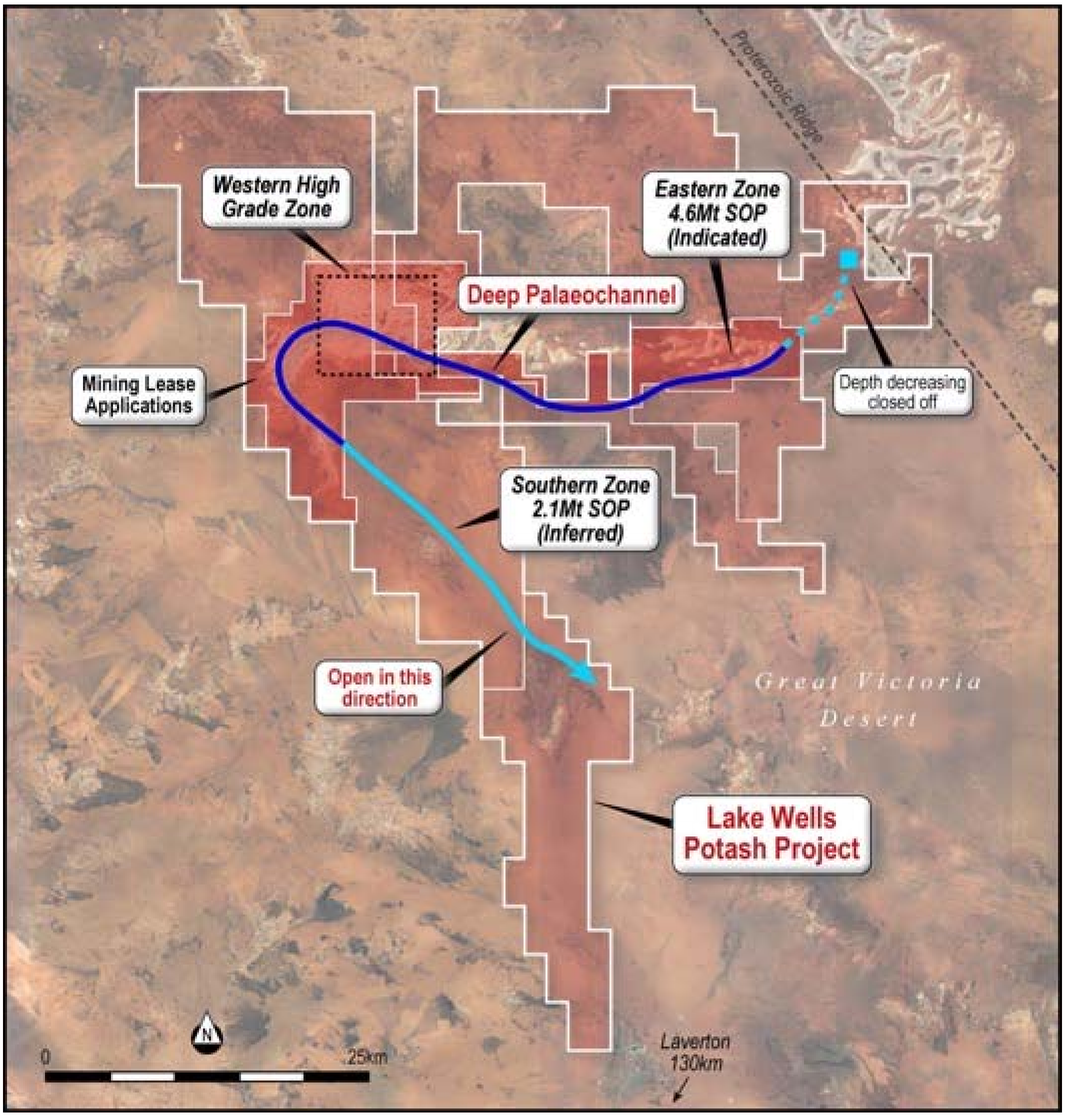

Figure 8. Tenure map

05. Permitting and approvals

Project implementation will be subject to the grant of multiple environmental (and related) approvals under a range of Western Australian legislation. It is possible, but not likely, that assessment and approval will also be required under the Commonwealth *Environment Protection and Biodiversity Conservation Act* 1999. There are no fixed statutory timelines for the various environmental assessments required under WA legislation. A minimum of six months to nine months is likely to be required to complete the approvals required prior to Project commencement. Indicative permitting timelines have been developed assuming referral of the Project to the WA EPA in June 2017.

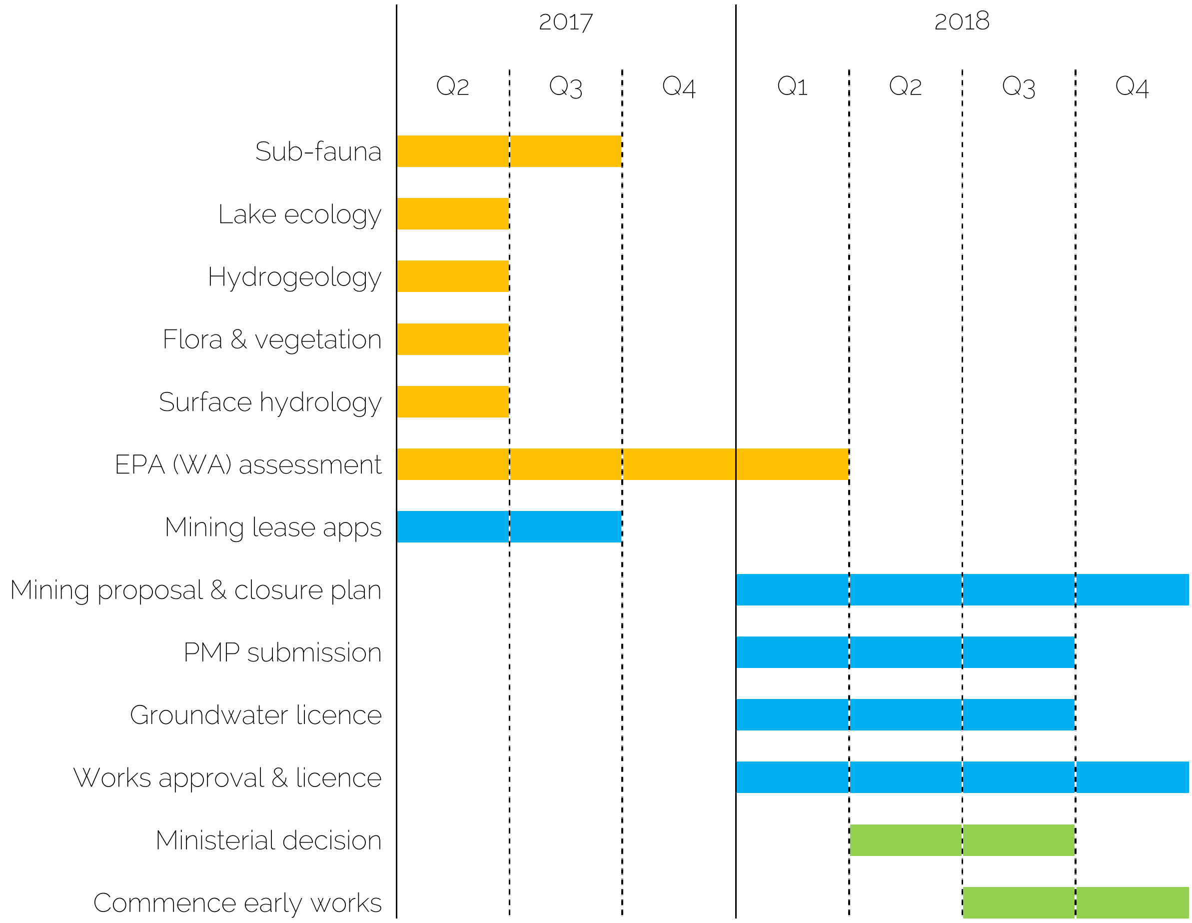

Figure 9. Timeline for environmental studies, EPA assessment and permitting (indicative)

IMPLEMENTATION

01. Development strategy

A preliminary implementation strategy for the design and construction of the Project has been developed comprising the following stages.

a. Optimisation studies

After the Scoping Study, numerous individual optimisation studies will be undertaken aimed at developing a single go forward design case to take into the Feasibility Study. This phase will also incorporate a testwork program to firm up flow sheet design and assumptions.

b. Feasibility Study

A Feasibility Study will then be undertaken to further develop the major areas of the Project and prepare a Class 3 AACE cost estimate with a +15/-10% precision.

c. Permitting

Refer section above.

d. Early works

Playa well field construction is scheduled to take up to 8 months to complete and will allow first brine extraction and pond filling. Similarly, pond construction is critical to the early works schedule as ponds must be filled with brine as soon as it becomes available. Brine will be pumped to the harvest ponds to deposit a protective halite base. Filling the harvest ponds will take approximately 2 - 3 months while the halite deposition process takes approximately 8-12 months. After the harvest ponds are filled, the pre-concentration pond filling process begins. The filling process allows time for brine infiltration into the soil, to bring the brine in the pre-concentration pond to an operable level and to initiate evaporation and the pre-concentration process such that the brine can be effectively transferred to the harvest ponds.

To support the early pond development work the Company will begin to develop its fresh water supply infrastructure and establish other onsite infrastructure.

e. FEED & execution phase

Front End Engineering Design (FEED) will be undertaken immediately after the completion of the Feasibility Study and in parallel with Project funding. The Project will then move into execution, with detailed design work flowing into onsite construction activity. Detail engineering will focus on civil and process requirements to support construction activities, and then on mechanical, electrical and instrumentation components of the Project, in time to support plant construction and commissioning.

f. Commissioning and start-up

The bore field and ponds will be fully commissioned and producing several months prior to the end of plant construction. The potash production ramp-up from 150ktpa to 300ktpa requires additional engineering, permitting and brown-field construction during operations, and will depend on project economics and potash demands.

02. Development schedule

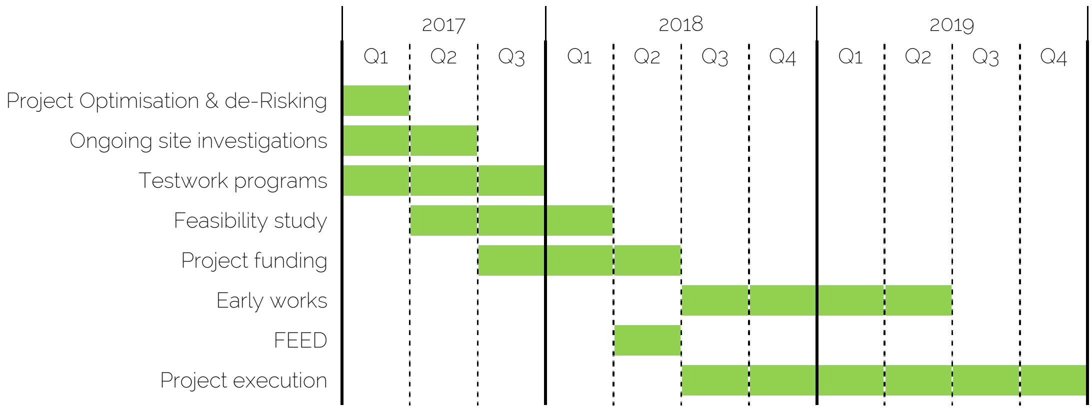

Figure 10. Proposed development schedule

HYDROGEOLOGY AND RESOURCE

01. Hydrogeology

a. Geological setting

The Project is located on the northeastern margin of the Archaean Yilgarn Craton with geology comprising weathered Archean basement overlain by depositional sediments. The

Archaean basement, including basalt, granite, porphyry, felsic volcanoclastics and ultramafic schistose rocks, is concealed by Cainozoic (dominantly Quaternary) depositional-regime sediments of kopai dunes, aeolian sand dunes, sheetwash and playa lake sediments of the extensive Lake Wells playa lake system (GSWA THROSSELL 1: 250 000 Sheet (Bunting JA, 1978)).

b. Potassium enrichment

Concentration of potassium (K) often occurs in salt lakes, where potassium-bearing salt solutions represent a primary potash deposit. The evolution of salt lake waters begins with the acquisition of solutes in dilute inflow, primarily through chemical weathering reactions and atmospheric input. The granitoid batholith rocks, which are enriched in potassium (relative to the average concentration in the earth's crust), predominate the basement lithology near Lake Wells.

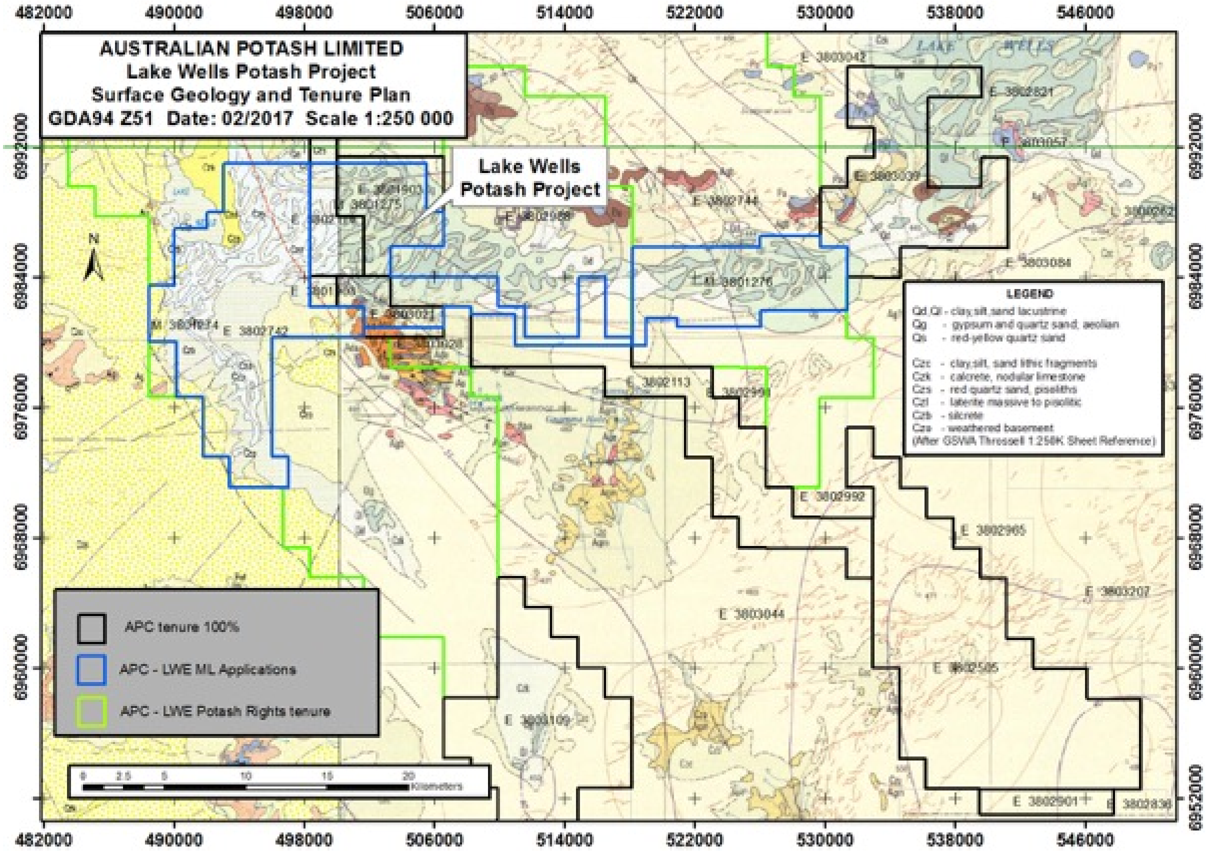

Figure 11. Lake Wells Potash Project geology with tenure plan (GSWA base)

c. Palaeochannels as a brine source

The extensive linear Cenozoic palaeovalleys of the North-Eastern Goldfields are characterised by chains of salt lakes that have expanded over hundreds of kilometres of valley floors and contain shallow hypersaline groundwater. In these palaeovalleys, the basal palaeochannel aquifer is incised into Archean bedrock and is typically overlain by dense intervening clay. Both the basal sand and overlying materials within the palaeovalleys are saturated with hypersaline brine (Geoscience Australia, 2013). Basal sand and sand lenses are commonly utilised for process water supplies in the Eastern Goldfields, with palaeochannel sand aquifers providing significant groundwater supplies (S.L. Johnson, 1999).

d. Exploration

Exploration involved first pass field reconnaissance and research, playa lake pit and auger sampling, passive seismic surveys and follow-up drilling campaigns. Reconnaissance sampling completed through mid to late 2014 recorded samples reporting anomalous to high K and SO4 concentrations in playa lake brine. Drill campaigns were completed to target the palaeochannel basal sand zones. Drilling depths were up to 174m with three test production bores installed and test-pumped in 2016.

e. Hydrostratigraphy

Drilling results show a deep Tertiary valley with predominantly lacustrine clays and minor sand interbeds, at depths of up to 174 metres below ground level. The clay is overlain by a mixed alluvial sequence comprising sand, clay, evaporite and precipitate deposits. The sequence overlying the clay is highly variable although there is a reasonably consistent unit of predominantly sand at the base of this sequence. This sand unit has been intersected by 21 drill holes. Test bore TPB001 has been installed in this upper sand unit and tested.

Ten drill holes encountered sand at the base of the Tertiary palaeovalley sequence and test bores TPB002 and TPB003 were installed and screened against this unit. The thickness of the sand encountered varied between 5m and 30m.

Sub-surface units beneath and adjacent to the Lake Wells playa comprise:

- A surficial aquifer unit of Pliocene – Quaternary silcrete/lacustrine sediments comprising clayey sands, calcrete, laterite and evaporate deposits. The hydraulic properties of this unit are highly variable, depending on the mix of each sediment type. Overall, it is likely to form a low-permeability unconfined aquifer although locally, calcrete and evaporites may be very permeable.
- A Pliocene aquifer unit of predominantly sand. This sand-bed has been encountered at the base of surficial aquifer unit in 21 drill holes and will contribute to the ability to pump from the surficial aquifer unit.
- A Miocene clay aquitard comprising puggy lacustrine clay with sandy interbeds. This unit has been drilled extensively during the drilling programmes. While clay has a high porosity and this unit contains substantial volumes of brine, the recoverability of this brine will be limited. The clay unit acts as a confining layer for the underlying basal sand and provides a source of downward leakage during the pumping of the basal sand aquifer.
- An Eocene basal sand has been encountered in 10 drill holes located across the entire Project area. The presence of this sand is consistent with the geological description above and the palaeochannel thalweg as interpreted from the geophysical survey. The sand forms a permeable aquifer. It will have relatively high specific yield i.e. over 50% of the brine contained within the pore-space will be recoverable. Additionally, pumping from the sand will lower the hydrostatic pressure within this unit, facilitating drainage of brine from the overlying clay aquitard.

02. JORC 2012 Mineral Resource Estimate

Hydrogeological Unit	Volume of Aquifer MCM	Specific Yield Mean	Drainable Brine Volume MCM	K Concentration (mg/L) Weighted Mean Value	SOP Grade (mg/L) Weighted Mean Value	SOP Resource MT
Indicated Resources						
Western High Grade Zone						
Surficial Aquifer	5,496	10%	549	3,738	8,336	4.6
Upper Sand	37	25%	9	4,017	8,958	0.1
Clay Aquitard	4,758	6%	308	4,068	9,071	2.8
Basal Sand Aquifer	214	29%	63	4,520	10,080	0.6
Sub Total (MCM / MT)	***10,505***		***919***	***3,904***	***8,706***	***8.1***
Eastern Zone						
Surficial Aquifer	3,596	10%	359	3,416	7,617	2.7
Upper Sand	22	25%	5	3,345	7,459	0.04
Clay Aquitard	2,689	6%	174	3,362	7,497	1.3
Basal Sand Aquifer	237	29%	69	3,352	7,475	0.5
Sub Total (MCM / MT)	***6,545***		***602***	***3,391***	***7,563***	***4.6***
Total Indicated						
Surficial Aquifer	9,092	10%	907	3,610	8,051	7.3
Upper Sand	59	25%	15	3,769	8,404	0.1
Clay Aquitard	7,447	6%	482	3,813	8,503	4.1
Basal Sand Aquifer	452	29%	132	3,906	8,711	1.1
Indicated Resource (MCM / MT)	***17,050***		***1,521***	***3,707***	***8,267***	***12.7***
Inferred Resources						
Southern Zone						
Surficial Aquifer	1,296	16%	207	2,742	6,115	1.3
Clay Aquitard	1,901	6%	114	2,620	5,842	0.7
Basal Sand Aquifer	82	23%	19	2,871	6,401	0.1
Inferred Resources (MCM / MT)	***3,279***		***340***	***2,674***	***5,963***	***2.1***

Indicated Resource based modelled aquifer volume, mean specific yield and weighted mean K concentrations (derived from modelling)

Summary						
Indicated Resources	17,050		1,521	3,707	8,267	12.7
Inferred Resources	3,279		340	2,674	5,963	2.1
Total Resources	**20,329**		**1,861**	**3,541**	**7,896**	**14.7**

Resources do not include exploration target at Lake Wells South (tenement areas south of Southern Zone)

The Indicated Mineral Resource is a static estimate; it represents the volume of potentially recoverable brine that is contained within the defined aquifer. It takes no account of modifying factors such as the design of any borefield (or other pumping scheme), which will affect both the proportion of the Indicated Mineral Resource that is ultimately recovered and changes in grade associated with mixing between each aquifer unit, which will occur once pumping starts. The Southern Zone remains a data constrained Inferred Resource, with planned future drilling aiming to bring it into the Indicated category.

Competent Persons' Statements

The information in the announcement that relates to Exploration Targets and Mineral Resources is based on information that was compiled by Mr Jeffery Lennox Jolly. Mr Jolly is a principal hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Jolly nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Jolly has over 30 years of international experience. He is a member of the Australian Institute of Geoscientists (AIG) and the International Association of Hydrogeologists (IAH). Mr Jolly has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jolly consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The Hydrogeological information in this report has been prepared by Carsten Kraut, who is a member of the Australasian Institute of Geoscientists (AIG), the International Association of Hydrogeologists (IAH), and the International Mine Water Association (IMWA). Carsten Kraut is contracted to the Company through Flux Groundwater Pty Ltd. Carsten Kraut has experience in the assessment and development of palaeochannel groundwater resources, including the development of water supplies in hypersaline palaeochannels in Western Australia. His experience and expertise is such that he qualifies as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Kraut consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Exploration Results is based on information compiled by Brenton Siggs who is a member of the Australasian Institute of Geoscientists (AIG). Mr Siggs is the principal geologist of Reefus Geology Services, a firm that provides geological consulting services to the Company. Mr Siggs is a director and shareholder of Goldphyre WA Pty Ltd, a company that holds ordinary shares and options in the capital of Australian Potash Limited (Australian Potash Limited (formerly Goldphyre Resources Limited), Annual Report 2016). Mr Siggs is a Non-Executive Director of Australian Potash Limited. Mr Siggs has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being 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'. Mr Siggs consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

03. Modifying factors summary

The modifying factors included in the JORC Code (2012 Edition) have been assessed as part of the Scoping Study, including mining, processing, infrastructure, economic, marketing, legal, environmental, social and government factors. The Company has received advice from appropriate experts when assessing each modifying factor.

Mining and processing

Please refer to the section above titled Operation and sub-sections 02. Brine extraction, 03. Evaporation ponds, and 04. Process plant.

The Company has engaged AQ2, a Perth based hydrogeological consultancy to, among other matters, compile the Mineral Resource Estimate detailed above, to estimate brine volumes required to support proposed production levels, and further, to design and cost bore field infrastructure appropriate for the proposed level of production.

The Company has engaged NovoPro Project Development and Management to design the production process and plant design.

As detailed throughout this announcement, the Lake Wells SOP operation is based on the abstraction of hyper-saline brine from a palaeochannel system comprised of sediments. The brine is pumped to concentration ponds, and as it evaporates, is sequentially moved through crystalliser and harvest ponds. From the final harvest ponds, the salts are harvested and transported for processing into SOP through the process plant.

Estimated results of the Scoping Study indicate that the annualised production results are achievable taking into account the palaeochannel stratigraphy, existing mineral resource estimate, and bore field, evaporation pond and process plant design.

Infrastructure

Please refer to the section above titled Operation, sub-section 05. Infrastructure.

The Project site is accessed through existing roads, travelling north-east out of Laverton on the Great Central Road for approximately 80 kilometres, then north on the Lake Wells Road for a further 80 kilometres. Both roads are currently unsealed however the Company understands the Laverton Shire Council is in discussions with stakeholders to seal Great Central Road past the Lake Wells Road turnoff.

The Company has estimated the costs of developing an accommodation village and associated power, water and catering infrastructure at site.

It is the Company's plan to use road freight to transport product to Leonora, approximately 300 kilometres from site, transfer the bagged product to rail cars, and rail-freight the remaining distance to Fremantle. At Fremantle, a portion of the product will be exported via ship, with the balance distributed via a third party to end-users.

The Company engaged Shawmac and Prime Logistics, experts in civil engineering and infrastructure design, and logistics respectively to assess existing infrastructure and make recommendations and cost estimates for the development of additional required infrastructure.

Marketing

Please refer to the section above titled Economics, sub-section 03. Economic analysis.

The Company engaged AJ Roth & Associates, a US based potash and SOP marketing expert, to provide an overview of the international and Australian domestic SOP and MOP markets. In addition, the Company sourced past and current SOP and MOP prices to derive indicative pricing and costing for use in the included economic analysis.

SOP has historically been a supply constrained premium fertiliser that has enjoyed strong annual growth rates year on year for the past 10 years. It is forecast that the demand for SOP will continue to grow on an annualised basis (CRU. Integer Research, Green Markets), as anticipated demand continues to exceed installed and proposed production capacity.

Economic

Please refer to section above titled Economics, subsection 03. Economic analysis.

A detailed financial model and discounted cash flow (DCF) analysis has been prepared by the Company in order to demonstrate the economic viability of the Lake Wells Potash Project. The financial model and DCF were modelled with conservative inputs to provide management with a baseline valuation of the Project. Sensitivity analysis as detailed above was performed on the 3 key inputs, being SOP prices, operating expenditure and capital expenditure.

Key inputs and assumptions are outlined throughout this document to allow analysts and investors to calculate project valuations based on their own revenue assumptions.

The production target referred to in the Scoping Study is based on 33% Indicated Resources and 33% Inferred Resources for the mine life covered under the Scoping Study. Furthermore, under the mine plan schedule the first 5 years of production will be based exclusively on Indicated Resources, with Indicated resources only being exhausted by year 14 of a 20 year mine life if Stage 2 is developed. As a result, the Project's economic viability is not dependent on Inferred Resources.

APC has only recently completed a Scoping Study for the Lake Wells Potash Project and is not currently funded for the estimated initial development capital cost of A$175 million (which includes A$24 million of contingency).

Over the past 12 months, the Company's market capitalisation has grown to approximately A$30 million, following achieving key milestones and the Project continuing to deliver positive results. APC is targeting to commence Feasibility Study works shortly. The Company remains confident that its market capitalisation will converge closer to the Company's future funding requirement as the Project is de-risked and greater certainty of initial development capital cost funding is obtained. This share price appreciation and the resulting increase in market capitalisation reduces the dilution from further equity financings and allows larger funding scenarios, improving the potential ability of the Company to finance the Project into production in the future.

APC is in a strong position with cash of A$4.3 million (31 Dec 2016) and no debt.

Financing for development of mining companies often involves a broader mix of funding sources rather than just traditional debt and equity, and the potential funding alternatives available to the Company include, but are not limited to: prepaid off-take agreements; equity; joint venture participation; strategic partners/investors at project or company level; senior secured debt/project finance; secondary secured debt; and equipment leasing. It is important to note that no funding arrangements have yet been put in place, as these discussions will usually, and are expected to, commence concurrently with the commencement of feasibility studies.

The composition of the funding arrangements ultimately put in place may also vary, so it is not possible at this stage to provide any further information about the composition of potential funding arrangement.

The Board of APC believes there is a reasonable basis to assume that the necessary funding for the Project will be obtained, because of (but not limited to) the following:

- The quantum of finance required is relatively small compared to the size and frequency of recent capital raisings by mining companies at a similar development stage on the ASX;
- The quantum of finance required is relatively small compared to the quantum of capital required by potash companies globally at a similar development stage;
- The economics of the Scoping Study are highly attractive and for this reason it is reasonable for the Company to anticipate that equity financing will be available to further develop the Project;
- In addition to future equity financing, the Company plans to commence discussions with potential debt providers, and will continue these discussions to progress funding options. It is expected given the economics of the project, the stable jurisdiction and long mine life debt financing will be readily available for a part of the project funding;
- Discussions entered into with potential process plant providers have contemplated Build, Own, Operate and Transfer (BOOT) style commercial agreements. A BOOT commercial agreement is where the process plant provider funds the capital cost of the process plant and over an agreed contract period (once production and positive cashflow is established), APC would pay an operating cost rate plus a hire purchase fee, until such time as the process plant is effectively transferred to APC;
- APC's cornerstone investors and shareholders have been strongly supportive of the Company since the discovery of the Project and continue to demonstrate strong support for the Company;
- The Board & Management have significant experience on ASX and have long track records of securing equity financing. In addition, the Company has a history of

successful capital raisings and most recently (October 2016) completed a circa A$5.5 million equity capital raising to sophisticated and professional investors, institutional investors and shareholders, and;

- The Company is confident there is a strong possibility that it will continue to increase the JORC Mineral Resource base at the Project to extend the mine life beyond what is currently assumed in the Scoping Study.

APC has received support in writing from Hartleys Limited (Hartleys), which was Lead Manager for its most recent capital raising. Hartleys confirms that it is reasonable for the Company to anticipate that equity financing will be available to further develop the Project. Hartleys has assisted in raising billions of dollars in new equity over the last few years, a great deal of which has been applied to financing the development of resources projects.

Given the above, including the Project's economic metrics and its low-risk location in Western Australia, the Company has concluded it has a reasonable basis to expect that the Project's development capital cost could be funded following the completion of a positive Feasibility Study and obtaining the necessary project approvals.

Environmental

Please refer to section above titled Environmental, Social and Approvals, subsection 02. Environmental surveys.

The Company engaged Lisa Chandler, from Chandler Redwood Pty Ltd, to provide expert management services in implementing the environmental programs necessary to understand the potential impact of the Project on the surrounding environment. Chandler Redwood are also expert in managing the approvals process in so far as it pertains to submissions to the Environmental Protection Authority, and the Department of Environment Regulation. The Company has and will continue to contract specialist field environmental and botanical consultants Botanica Consulting and Bennelongia Environmental to implement the recommended environmental surveys and assessments.

The nature of the work around environmental data gathering, monitoring and assessment is seasonal, and at the time of writing the Company had progressed various components of the comprehensive environmental assessment process. It will conduct follow up fauna and flora surveys in the coming quarter (autumn), Q3 2017 (spring) and again in Q4 (summer), as required.

Social, Legal and Governmental

Please refer to section above titled Environmental, Social and Approvals, subsections 01. Aboriginal heritage, 03. Stakeholders, 04. Land access and tenure and 05. Permitting and approvals.

The Company engaged Daniel de Gand Consulting Anthropologist to plan and manage a heritage survey across the Project area. The survey was conducted with the assistance of 6 local traditional elders, with the results of the survey indicating that the proposed development would not interfere with any identified heritage sites.

The Company maintains a Stakeholder Engagement Register to record all communications with the varied list of Project stakeholders. Of particular importance to the Project's progress is the healthy and productive ongoing relationship with the pastoral lease holders, and the Laverton Shire Council.

The Company retains the services of Steinepreis Paganin, and Gilbert + Tobin for expert legal advice. There are no past, ongoing or pending legal matters that the Company is aware of. There have been two objections raised to the applications for mining leases, which the

Company is in discussions on. It is anticipated that these objections will be resolved prior to the matters appearing before the Warden's Court.

The Company has maintained a highly consultative approach with the regulatory authorities to which proposed approval applications will be made, these include the Departments of Mines & Petroleum, Environment Regulation, and Water. It is the Company's intention at the time of writing to refer the Project's development proposal for assessment by the Environmental Protection Authority (WA). The Company has been in consultation with all of the above agencies through the Scoping Study, and will continue to maintain this consultative approach.

04. Material assumptions

Material assumptions used in the estimate of production targets and associated financial evaluations are set out below.

Minimum LOM	20 years
Average Stage 1 brine extraction rate	46,400 kL/d (continuous basis)
Average brine concentration	8,267 mg/L SOP
Overall process recovery	51.50%
MOP converted to SOP	42,120tpa
Plant production days per year	325 days/yr
Stage 1 plant throughput	150,000tpa
Power station	BOO
Stage 1 capital estimate	A$175M
Stage 2 capital estimate	A$163M
LOM sustaining capital	A$54M
Stage 1 Operating costs	A$368/t
Stage 2 Operating costs	A$339/t
Accuracy of Capital cost estimate	+/-35%
Accuracy of Operating cost estimate	+/-20%
SOP sales price	A$795/t
MOP price delivered to site	A$326/t
US$:AU$ exchange rate	0.75 – 0.77
Discount rate	10%
Royalty	0.31% of revenue

05. Appendix: JORC Table 1

Section 1: Sampling Techniques and Data

(Criteria in the 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.*	• Brine sampling was completed using Mud Rotary-Diamond (MR-DDH) cased with PVC and Air core (AC) drilling techniques; Auger holes completed using handheld (unpowered) auger; and brine collected during pumping tests on test-production bores. • AC Drilling - Groundwater (brine) and selective mineral (lithological) samples collected. Brine sample recovery procedure included collecting brine sample through the cyclone in a clean 9l bucket at the start of drilling each rod. Where possible, flow rate data was logged via air lifting using a stop watch and 9l bucket beneath the cyclone. Not every rod may produce a brine sample depending upon formation characteristics. Flow rate information collected using compressed air drill technique is considered indicative. Regolith samples from AC drilling were collected from the cyclone and laid out in rows of 10 or 20 for geological logging and (where applicable) mineral sampling. Particle size distribution (PSD) samples (28 lithological samples, weight 1-2 kg) were collected and analysed at Soilwater Group (Perth). 23 samples represent the surficial aquifer, upper sand aquifer, confining clay and basal sand aquifer; PSD samples from consolidated rock (i.e. silcrete and basement) have not been considered. The PSD samples have been used to estimate permeability, specific yield and porosity. • Mud Rotary Drilling - 50mm PVC cased Mud Rotary drill holes were airlifted for 1-2 hours using a 180cfm trailer-mounted compressor to remove remnant drilling fluids introduced at time of drilling. A pressure transducer was then placed in the borehole to measure water levels, while a small 40mm submersible pump pumped brine to the surface. After 30 minutes, the brine was sampled and the transducer data downloaded to allow estimation of hydraulic parameters. Auger hole brine samples collected via bailer or by hand with 250 or 500ml bottles. • Selective triple tube PQ core was logged on site, sealed in plastic and transported in plastic trays to Perth office for further processing.
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).*	• Mud Rotary-Diamond Drilling (MR-DDH) was completed by Terra Drilling, Kalgoorlie, using a Hanjin Powerstar 7000 track-mounted diamond rig. Selective PQ Triple tube Core (diameter 85mm, no orientation) used to penetrate hard regolith zones and basement was collected with core recovery generally

Criteria	JORC Code Explanation	Commentary
		over 90%. • 2016 Air core (AC) drilling using Schramm 685 with 125mm vacuum blade bit was completed by Austral Drilling, Perth. 2015 Air core (AC) drilling completed by Raglan Drilling, Kalgoorlie. • Test production bores were completed with large diameter PVC and stainless steel casing and pumped for up to 10 days. The produced brine was collected at the bore head each day of testing. • All holes vertical.
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.*	• See Sampling Techniques. • AC Drilling - Drilling with care (e.g. clearing hole at start of rod, regular cyclone cleaning) but majority of lithological samples moist/wet due to primary aim of targeting brine samples. Mud Rotary Drilling – Lithological sample recovery and quality was generally low due to poor development of wall cake and mixing with drill cuttings from entire hole column. • Sample recovery/grade relationship not applicable to groundwater brine sampling. Brine samples collected in 80ml or 250 ml bottles.
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.*	• AC Drilling - Qualitative lithological logging completed by inspection of washed Air–core drill cuttings at time of drilling with end-of-hole (EOH) samples and 1m chip samples collected in plastic chip trays for future reference. Flow rate data was collected where possible along with Magnetic Susceptibility data (Fugro RT-1 unit). Mud Rotary-Diamond Core drilling - Triple tube PQ core lithologically logged.
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 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.*	• PQ Triple tube core awaiting core cutting for processing. • AC Drilling - Brine water samples were collected with a clean bucket from the rig cyclone. 80ml and 250ml plastic sterile sample bottles were used to collect sample. At the end of each rod, air turned on and brine (if present) flows through cyclone and sample collected after initial discharge flow of brine. • Mud Rotary Drilling – Brine samples collected from small submersible pump in 50mm PVC cased holes after sufficient airlifting to remove traces of drilling fluids. • Reference brine solution provided by independent laboratory used for QA/QC analysis with a sample ratio of approx. 1:10. Duplicate samples (approx. 1:20) were also collected for QA/QC analysis and despatched to laboratory for brine analysis. Archive brine sample collected for each laboratory sample. A small sample batch (~10%) despatched to umpire lab for comparison purposes. • Once collected, brine samples were kept in cool to cold, dark storage and delivered to laboratory within 7 days of field collection.

Criteria	JORC Code Explanation	Commentary
		Major cations were analysed using either ICP-AES or ICP-MS techniques. Analysis of Cations in brine solution by Mohr Titration. Sulphate was determined by either: ICP-AES Determination or dissolved sulphate in a 0.45um filtered sample with sulphate ions converted to a barium sulphate suspension in an acetic acid medium with barium chloride. Light absorbance of the BaSO4 suspension measured by a photometer and the SO4-2 concentration is determined by comparison of the reading with a standard curve. Specific Gravity (SG) calculated using Pycnometric method. Total Dissolved Solids (TDS) calculated by Gravimetric method. • Sample size (80 and 250 ml plastic bottles) appropriate for brine being sampled.
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.*	• The samples were collected for major cation (Ca, K, Na, Mg) and anions (Cl, sulphate), alkalinity, Specific Gravity, Total Dissolved Solids (TDS) and selective multi-element (dissolved metals) via ICP-MS and ICP-OES analysis. Drill samples (2016) were completed at Bureau Veritas Laboratory, Perth. These samples were analysed with Lab Codes GC006, GC026, GC033, GC004, and SO101 and SO102 methods. Reference brine solution samples dispatched to laboratory reported an average error of <10%. Drill samples (2015) were assayed at ALS Laboratory (Perth) with Lab Codes ED093F, ED041G, ED045G, EA050, ED037-P,EG020A-F. Duplicate and reference brine samples were submitted to MPL Laboratory (Perth) and ALS Metallurgy Laboratory (Perth). • Potash brine results calculated with primary potassium (K) values and K_2SO_4 equivalent. No upper and lower cuts applied. For multi-element suite - (Bureau Veritas Lab Code SO101 and SO102) elements included (but not limited to): Al, As, Cr, Co, Fe, Pb, Ni, U, Th, Zn, V). No anomalous or significant multi-element results recorded in brine samples. • Quality control process and internal laboratory checks demonstrate acceptable levels of accuracy. • Further Data QA/QC checks undertaken include: o Database QA/QC reporting including box and whisker plots o Primary laboratory duplicate comparison and interlaboratory duplicate comparison o Charge balance check o Ionic ratio analysis • These checks demonstrate acceptable levels of accuracy and consistency in the dataset.

Criteria	JORC Code Explanation	Commentary
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.*	• QA/QC procedures included reference solution and duplicate samples collected and analysed at both the primary and independent umpire laboratory to evaluate analytical consistency. Internal laboratory standards and instrument calibration are completed as a matter of course. • Sample data was captured in the field and digital data entry completed both in the field and in the Company's Perth office. All drill and sample data was then loaded into the Company's DATASHED database and validation checks completed to ensure data accuracy. Analytical results as csv and pdf files were received from the laboratory.
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.*	• Drill collars were surveyed by handheld Garmin 60 GPS with horizontal accuracy (Easting and Northing values) of +-5m. • Grid System – MGA94 Zone 51. • Topographic elevation using published GSWA geological maps and hand held GPS with Z range +-15m suitable for relatively flat salt lake/dune terrain.
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.*	• Hole spacing on approximate 1-6 km drill pattern targeted upper and basal sand paleochannel zones with 6m sample intervals (where possible) across the targeted salt lake system and meets SEG and Bench mark standards for Inferred Brine Resource classification (Houston, Butcher, Ehren, Evans, Godfrey (2012) The Evaluation of Brine Prospects and the Requirement for Modification to Filing Standards. Economic Geology v106, pp1225-1239. The data spacing is considered sufficient to establish the degree of geological and grade continuity appropriate for mineral resource estimation procedures. • Samples taken from intervals downhole are considered indicative due to groundwater seepage below the static water table level (SWL) and it is difficult to estimate the degree of down-hole brine 'mixing' using the Air-core drilling technique. Brine samples collected at end of rod (every 3 or 6m) where possible, are to some extent, naturally composited due to the nature of the sample medium and compressed air drill technique.
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.*	• Vertical drill holes targeted the deepest sections of the palaeovalley system within interpreted flat lying transported sedimentary profile and weathered-transitional basement rocks. • Vertical drill orientation not considered to have introduced any sampling bias with regard to sampling relatively flat lying regolith units.
Sample security	• *The measures taken to ensure sample security.*	• Samples collected from the field airfreighted to Perth laboratory with sealed eskies or delivered by Company personnel to laboratory direct.

Criteria	JORC Code Explanation	Commentary
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• Data reviews are summarised under QA/QC of data above.

Section 2: Reporting of Exploration Results

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 LAKE WELLS POTASH PROJECT, located 140 km northeast of Laverton, Western Australia consists of tenements: E38/1903, E38/2113, E38/2114, E38/3021, E38/3039, E38/3109, E38/2742 and E38/2744. All tenements held 100% by Australian Potash Ltd (APC) except E38/2742 and E38/2744 held by Lake Wells Exploration Pty. Ltd. (LWE). APC has entered into a Sale and Split Commodity Agreement (dated on or about 11th December, 2015) with LWE. All tenements are in good standing. There is no Native Title Claim registered in respect of the project tenure. Accordingly, there is no requirement for a Regional Standard Heritage Agreement to be signed. • At time of writing, the tenements have expiry dates ranging between 1/5/2017 and 22/9/2021.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Previous reconnaissance AC, RAB and RC drilling has been completed in the Lake Wells – WEST Area. Companies that have completed previous exploration in the region include WMC Ltd, Gold Partners Ltd, Kilkenny Gold NL, Anglogold Ashanti Australia Ltd, Croesus Mining NL and Terra Gold Mining Ltd.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Targets include: Brine hosted sulphate of potash mineralisation associated with the Lake Wells playa lake system.
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:* *•easting and northing of the drill hole collar* *•elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* *•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.*	• Air-core drilling and Mud Rotary-Diamond drill data completed by APC and previously reported with Test Production bore data previously reported (ASX Announcement dated 14/12/2016)

Criteria	JORC Code Explanation	Commentary
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 analytical results previously reported with no minimum and/or maximum grade truncations applied. • Average Sulphate of Potash (SOP) values were previously reported from brine samples collected in a particular interval although several drill holes returned sample intervals in which groundwater was present but insufficient brine sample was available for sampling and analysis. • No metal equivalent values or formulas used.
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').*	• The brine deposit is understood to be essentially a flat resource hosted within a sedimentary aquifer and the underlying weathered basement. Vertical drillhole intercepts are interpreted to represent the true thickness of the deposit.
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.*	• Appropriate summary diagram(s) with Scale and North Point previously reported.
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.*	• Refer previously reported K, SO4, and Mg brine results.
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.*	• AC drilling in 2015 provided encouragement for further potash brine exploration. Geophysical data (TMI, FVD, Gravity and passive seismic survey) processing along with extensive previous explorers' drill data has contributed further to the understanding of the salt lake system and palaeotopography on the project area. Test pumping of 3 production bores in 2016 has allowed hydraulic parameters for the upper and basal sand aquifers to be determined. The results correlate with those of the PSD analyses, giving greater confidence to the representative parameters for these units.
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 areas, provided this information is not commercially sensitive.*	• Based on results returned **and *Other Substantive Exploration data*** summarised above, the design of follow up drilling program(s) (including additional test bore drilling, pump testing and brine exploration drilling) are under preparation. • Extension and infill target areas around current drilling as shown in diagram(s) included in the accompanying report will be assessed.

Section 3 Estimation and Reporting of Mineral Resources

Criteria	JORC Code Explanation	Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* *Data validation procedures used.*	• Digital data loaded into DATASHED database then extracted and checked for errors to ensure drilling, lithology and assay data are correct. • Dropdown menus used for digital data capture. • Data points plotted in ARCGIS to check location. • Database extracts for resource modelling work and GIS compilation work checked for accuracy.
Site Visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* *If no site visits have been undertaken indicate why this is the case.*	• Competent Person for information regarding Exploration Results and consultant hydrogeologist conducted in-field management and supervision for exploration drill programs.
Geological Interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* *The factors affecting continuity both of grade and geology.*	• Confidence in the geological interpretation is strong as the brine resource is contained within extensive, relatively flat lying, Tertiary age sediments infilling a meandering palaeovalley system interpreted from passive seismic surveys and drill data and identified on a regional scale by adjacent projects and GSA research. • The geological interpretation is supported by detailed geological logging of drill chips and seismic survey. • No alternative geological interpretations have been generated. • Geological interpretation based on the logging of the various regolith units in guiding and controlling Mineral Resource estimation. • Sedimentology processes affect form, thickness and extent of geological units. Hydrological factors may influence brine concentration and continuity.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• The Indicated and Inferred Resource has been calculated for a portion of the Well Paleochannel/Lake Wells aquifer within tenements owned or controlled by APC. • The resource covers ~55km length of paleochannel thalweg. • The resource has been modelled for the entire Tertiary valley sequence from the water level surface (within 1 m of the ground surface) to 130 mbgl in the east and 170 mbgl in the west and 145 mbgl in the south. The resource is ~3km wide at the surface and ~0.8km wide at depth within the incised channel.

Criteria	JORC Code Explanation	Commentary
Estimation and Modelling Techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (eg sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Modelling has been undertaken with ARANZ Leapfrog Hydro modelling software. The model provides an estimate of the potentially drainable brine within the LWPP. The model is a static model and takes no account of pumping / brine recovery (other than by the application of specific yield rather than porosity). • The model comprises 5 geological units – basement, basal sand, confining clay, upper sand and a surficial mixed aquifer. All lithologies encountered during drilling were assigned to one of these 5 hydrogeological groups. • Geological surfaces were modelled with priority given to drill-hole data and secondary focus on seismic interpretation. Key surfaces, in particular the base of the palaeochannel thalweg were extended assuming constant gradients between control points (this is considered reasonable given the hydrological origin of the surface i.e. the base of a river generally has a constant gradient). • Surfaces were modelled with a spatial resolution of 75m. Interpolations were undertaken with Leapfrog's Linear Interpolation Function. • The model was validated by comparing total sediment volumes with those estimated from the interpreted geophysical surface and with simplified estimated from large scale analytical block models. The model was also validated by comparing cross sections with drill-hole intersections.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Not Applicable to estimated tonnages for brine resources
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• No cut-off grades applied
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.*	• Potential mining process or brine abstraction process is envisaged to involve pumping brine via a series of water bores targeting the basal sand and surficial aquifer / upper sand. • New field and laboratory test work studies will commence to further test the efficiency and viability of extraction method options. • Preliminary assessment based on the permeability values described in the attached report, indicate groundwater abstraction from throughout the aquifer sequence is feasible. In particular, the basal sand will be depressurised during pumping and induce leakage (under-draining) from the overlying clay. This has been general the operating experience in numerous palaeochannel bore fields in the region.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical*	• Brine analysis work at the Lake Wells Project has demonstrated a potassium-magnesium-sulphate elevated brine with very low calcium and carbonate content. Scientific reference material, open file and ASX report data of past

Criteria	JORC Code Explanation	Commentary
	methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.	and recent brine Sulphate of Potash (SOP) projects provide support for the brine type at the Lake Wells project to be amenable to SOP mineral recovery via conventional evaporation processes employed on similar operations elsewhere in the world. • Hydrometallurgical testing on the Lake Wells brines has been completed as part of the Scoping Study.
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Assumptions made regarding Environmental factors may include: Ground disturbance from the installation of bores, trenches, ponds and salt tailing facilities and extraction with possible reduction in hypersaline and fresh groundwater aquifers. • The brine evaporation process will result in a salt (sodium chloride residue).
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Bulk density determination is not relevant for brine resource calculations as the porosity, or more applicably, the drainable porosity or specific yield, of the aquifer material is relevant for brine resource calculations. The volume of the sediments containing the brine and the specific yield combine for brine resource calculation.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (ie relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Exploration data including brine analysis, drill data, PSD analysis, test pumping data, geological setting and seismic surveys provide confidence in classifying the western and eastern zones of the Mineral Resource as Indicated. • The southern zone of the Mineral Resource is an extension of the same palaeochannel deposit (as demonstrated by the seismic survey), although with less exploration data available, therefore this zone of the Mineral Resource is classified as Inferred. • Appropriate account for brine resource reporting has been taken of all relevant factors. • The Classification result appropriately reflects the Competent Person's view of the deposit.
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The modelling and the Inferred and Indicated Resource estimates have been subject to internal peer-review only.
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or*	• The Indicated and Inferred Resource is based on average specific yield values for the major hydrogeological units and the interpolated distribution of potassium brine within those units. The average specific yields are derived

Criteria	JORC Code Explanation	Commentary
	geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate. • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	from 23 samples and the results fall within the ranges of other published work from the region (Department of Water). The aquifer conditions during the test pumping only allow for a confined storage to be derived. This is a different storage property to specific yield and the values cannot be compared. However, on the basis of the strong correlation between the values of permeability derived from pumping tests and PSDs, the test pumping results give greater confidence to the specific yield values derived from the PSD analyses. It is not possible to provide a quantified level of confidence. In particular, this is because the Inferred & Indicated Resources are static estimates; they represent the volume of potentially recoverable brine that is contained within the defined aquifer. They take no account of modifying factors such as the design of any bore field (or other pumping scheme), which will affect both the proportion of the Inferred and Indicated Resource that is ultimately recovered and changes in grade associated with mixing between each aquifer unit, which will occur once pumping starts. Such uncertainties are inherent in groundwater modelling where factors vary in both space and time. Given these uncertainties inherent in the ultimate concentration of produced brine, the level of confidence in the modelling to date is considered satisfactory.