

5 October 2018

LOGISTICS UPGRADE

Australian Potash Limited (ASX: APC) will benefit from \$35M committed Federal and State funding for the upgrade of a 100-kilometre section of the Great Central Road between Lake Wells and Laverton

Highlights:

- The Shire of Laverton will bitumen-seal up to 100kms of the Great Central Road (GCR) commencing January 2019
- This road-surfacing project will replace 70kms of un-sealed road with high-grade sealed road in APC's logistics solution (Figure 2)
- APC's logistics consultants are refining OPEX models based upon this latest material development
- APC and the Shire of Laverton have entered into an Agreement to offset rates due on the recently granted Mining Leases at Lake Wells to the upgrade and maintenance of the Lake Wells access road
- APC and the Shire of Laverton have agreed to scope the feasibility of sealing the Lake Wells access road which would make the Lake Wells SOP Project's logistics solution a 300km all-weather bitumen sealed road to the Leonora rail-head



Figure 1: Commencing January 2019, the Great Central Road will be sealed to 100kms east of Laverton

Australian Potash Limited (ASX: APC) (**Company**) is pleased to advise the Shire of Laverton has received committed funding to bitumen-seal an additional 100kms of the Great Central Road to the east of Laverton, commencing in January 2019.

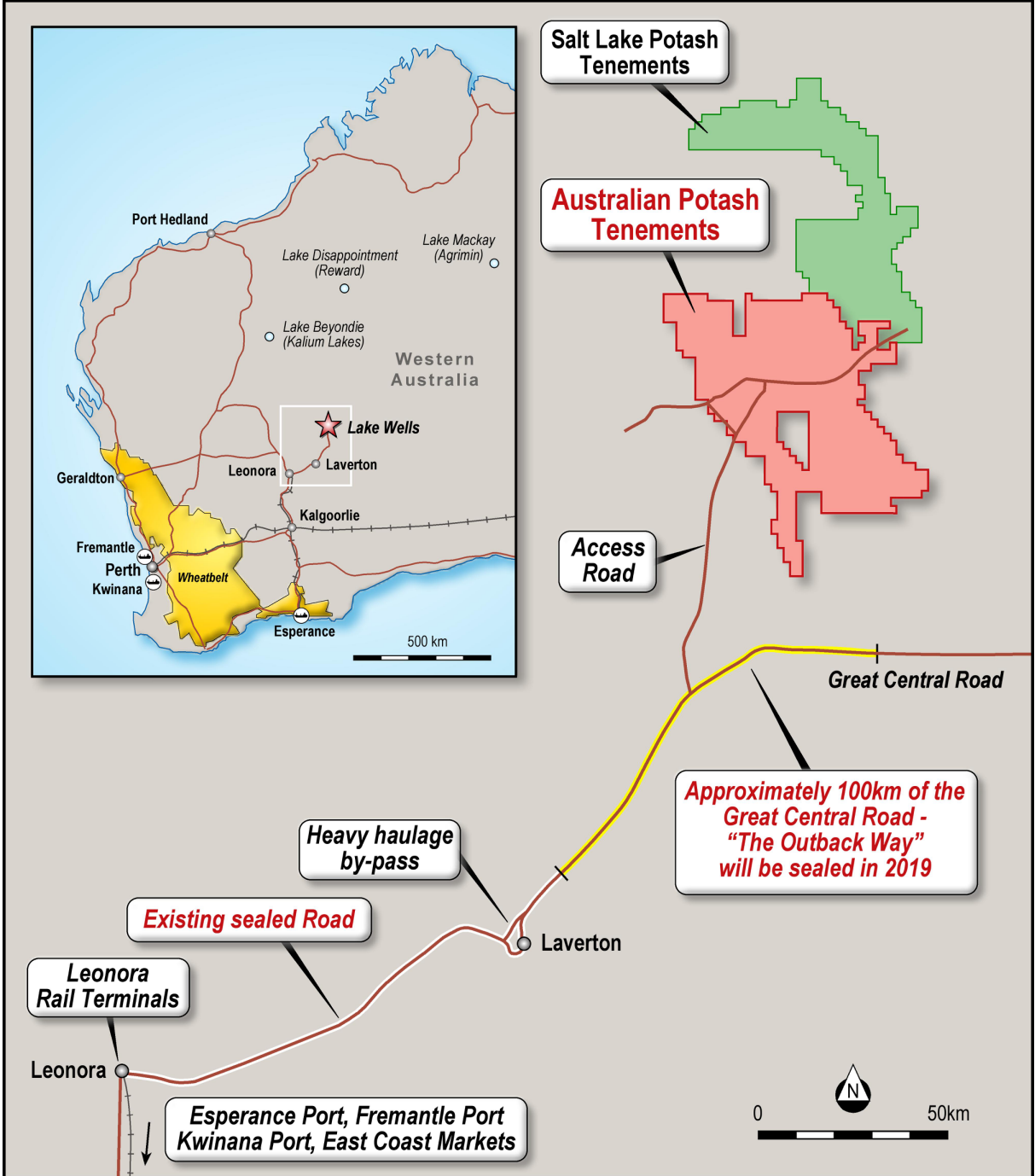


Figure 2: APC’s Lake Wells SOP Project location: material benefits to the Project’s economics are expected to arise with an all-weather, bitumen sealed haulage route

Managing Director Matt Shackleton commented: “Logistics is one of the most important areas of cost to control in a bulk project, and one of the natural features of the Lake Wells SOP Project that first attracted our interest was its strategically superior logistical position, in respect to the short haulage distance to the Leonora rail terminals. The rail from Leonora goes to Fremantle, Kwinana, Esperance and the east coast – that is, once our SOP is on the rail, we can send it anywhere at a cheaper cost than if we were reliant on 100% road haulage.

“Our logistics consultants are working with the APC project team to understand the full, positive impact having access to an additional 70 kilometres of sealed road has on their previous estimates of freight.

“We are also delighted with the strong support shown by the Shire of Laverton in assisting the Company with its development plans. The Laverton Shire’s councilors and executive have a clear focus on assisting the development of the region’s massive mineral endowment.

“We are working with the Shire to understand the feasibility of a mid-term road sealing project on the Lake Wells Road. Not only does road-haulage on bitumen as opposed to unsealed surfaces indicate an optimised freight solution, but with a 100% sealed road to Lake Wells we could realistically use Laverton as the hub for our operation, avoiding the capital cost of many site-based services.”



Figure 3: Having an all-weather sealed logistics solution to the rail head at Leonora is likely to generate optimum OPEX once the Lake Wells SOP Project is in operation

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