

1 May 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LTD

\$2.0M PLACEMENT COMPLETED and \$3.15M RIGHTS ISSUE ANNOUNCED

Lake Wells Sulphate of Potash Project

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise that it has received firm commitments for \$2.0 million through a placement of 40,000,000 fully paid ordinary shares (**Placement Shares**) at an issue price of 5.0 cents each (**Placement**). The bookbuild was oversubscribed with strong demand from sophisticated and professional investors.

The Placement Shares will be issued on the same terms as, and rank equally in all respects with, the existing fully paid ordinary shares in the Company. Placement Shares will be issued under the Company's 15% placement capacity under ASX Listing Rule 7.1. Settlement is expected on or around Wednesday, 6 May 2020.

Matt Shackleton, Managing Director of APC said, *"The most pleasing aspect of the very strong support for the placement of new shares is that our near-term milestone targets are well understood.*

*"Building on the 70,000 tonnes per annum binding offtake term sheets already announced, the **Offtake Program** to contract the remaining balance to reach the target of 125,000 – 135,000tpa of our projected 150,000 tpa output is well advanced.*

*"Our **Approvals Pathway** through the Environmental Protection Authority is highly visible, and firmly on track. APC considers full-scale commercial development approval through the EPA prior to allocating capital to project development as the least-risk approvals process.*

*"And with the NAIF conducting due diligence on the LSOP, the **Project Financing** program has commenced in earnest, with financing providers in Australia and internationally. We very much look forward to the continued participation of our existing and new shareholders in this active and exciting period for the LSOP, with, in addition to the above, results of the **FEED Optimisation** program targeted for H2."*

Rights Issue

The Company is also pleased to announce that it will undertake a pro rata renounceable rights (or entitlements) issue (**Rights Issue**) to raise up to approximately \$3.156 million before costs.

The Rights Issue will comprise an offer on the basis of one (1) rights share (**Rights Share**) for every seven (7) existing shares held at the Record Date (5:00pm AWST on 8 May 2020). Rights Shares will be issued on the same terms as the Placement, at an issue price of 5.0 cents per Rights Share.

The issue price for the Rights Issue represents a discount of 35.1% to the closing price of the Company's shares of \$0.077 on Tuesday, 28 April 2020, being the last trading day before the announcement of the Rights Issue.

The Rights Issue will be available to shareholders who, as at the Record Date, have a registered address in Australia or New Zealand or are shareholders that the Company has otherwise determined are eligible to participate in the Rights Issue (**Eligible Shareholders**). Holders of Placement Shares who are Eligible Shareholders will be entitled to participate in the Rights Issue. Shareholders who are not Eligible Shareholders are not eligible to participate in the Rights Issue (**Ineligible Shareholders**).

Eligible Shareholders who have taken up their full entitlement under the Rights Issue may also subscribe for additional Rights Shares (**Additional Shares**) in excess of their entitlement from a shortfall pool of those entitlements not taken up by other shareholders of the Company at the issue price. There is no guarantee that applicants for Additional Shares will receive all or any of the Additional Shares they apply for. Rights trading will also be offered in accordance with the timetable outlined below.

Assuming full take up of the Rights Issue, the Company will issue 63,132,876 new Rights Shares.

Canaccord Genuity (Australia) Limited (**Canaccord**) is Lead Manager to the Placement and Rights Issue.

The Company has also appointed Canaccord to act as nominee (**Nominee**) for the purposes of selling entitlements which would otherwise have been available to Ineligible Shareholders had they been eligible to participate in the Rights Issue and arranging for the distribution to Ineligible Shareholders of their proportion of the proceeds of sale (if any), net of expenses.

Further details will be provided in a Rights Issue offer document (**Offer Document**) which is intended to be lodged with ASX on 5 May 2020.

Use of Funds

Proceeds from the Placement and Rights Issue will be applied towards progressing ongoing front-end engineering design (**FEED**) activities at the Company's 100% owned Lake Wells Sulphate of Potash Project (**LSOP**) in Western Australia, finalising commercial discussions around offtake and project debt facilities, and general working capital.

Indicative Timetable

The current proposed timetable for the Rights Issue is set out below. The dates are indicative only and the Company reserves the right to vary the dates (subject to the Corporations Act and the ASX Listing Rules).

Company announces Rights Issue	1 May 2020
Lodgement of Offer Document, Appendix 3B and s708AA Cleansing Notice with ASX (Prior to the commencement of trading)	5 May 2020
Ex date	7 May 2020
Rights commence trading	7 May 2020
Record Date for determining Entitlements	8 May 2020
Offer Document sent out to Eligible Shareholders & Company announces this has been completed & Offer Opening Date	13 May 2020
Rights stop trading	15 May 2020
Last day to extend the Offer Closing Date	19 May 2020
Closing Date*	22 May 2020
ASX notified of results of Offer	27 May 2020
Issue date/Shares entered into Shareholders' security holdings and lodge Appendix 2A with ASX	29 May 2020
Quotation of Shares issued under the Offer	1 June 2020

*The Directors may extend the Closing Date by giving at least 3 business days' notice to ASX prior to the Closing Date. As such the date the Rights Shares are expected to commence trading on ASX may vary.

This announcement is authorised for release by APC's Board of Directors.

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About Australian Potash Limited



K-Brite™ is a registered trademark brand of Australian Potash Limited (ASX: APC), representing the premium Sulphate of Potash (SOP) to be produced from the Company's flagship Lake Wells Project.

APC holds a 100% interest in the Lake Wells Sulphate of Potash Project (LSOP) located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

Following the release of the Definitive Feasibility Study (DFS) in August 2019ⁱ, APC is focused on the Front-end Engineering Design (FEED) Study, finalising offtake discussions and securing financing to develop the LSOP.

The DFS was underpinned by extensive and rigorous testwork, data, and modelling. The DFS confirmed that the LSOP will be a long life, low capital and high margin SOP producer.

Key outcomes from the DFS include:

- 30-year mine life producing 150,000tpa of premium grade SOP utilising approximately 21% of the total Measured Resource estimate
- Long mine life underpinned by 3.6Mt reserve and **18.1Mt** Measured Resource estimate
- Pre-tax NPV8 of **A\$665m** and an IRR of 25%
- Development capex of A\$208M with sector leading capital intensity of A\$1,387/t
- First quartile industry opex of US\$262/t providing high cash operating margins

Forward Looking Statements

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.

ⁱ Refer to ASX Announcement 28 August 2019 'Definitive Feasibility Study Outstanding Financial Outcomes'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 28 August 2019 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 28 August 2019 announcement continue to apply and have not materially changed.