

22 August 2018

PILOT EVAPORATION POND NETWORK UPDATE

Highlights:

- **Successful Initial Brine Transfer from Pre-Concentration Pond to First Harvest Pond (H1)**
- **110 tonnes of pre-concentrated brine transferred into H1**
- **From this evaporation cycle, 22 tonnes of harvested potassium salts will be produced yielding 2 tonnes of SOP**
- **APC will produce 250 kilograms of SOP trade samples in an initial production run for delivery to MOU Offtake Partners Q4 2018**

Australian Potash Limited (ASX: APC) (**Company**) is pleased to advise the successful transfer of brine from the pre-concentration pond into the first harvest pond at the Lake Wells Sulphate of Potash project pilot evaporation pond network.



Figure 1: Pre-concentration pond at the Lake Wells SOP project prior to initial brine transfer

The pilot pond network at Lake Wells comprises 1 large pre-concentration pond and 3 smaller, harvest ponds. The raw, hypersaline brine was pumped into the pre-concentration pond using one of the five (5) already installed production bores at the project.

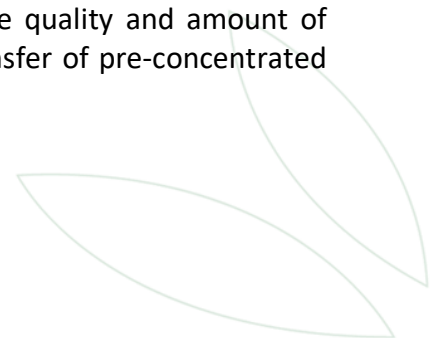
As the brine evaporates further through the harvest ponds, various sodium and magnesium salts are crystallised out of it until it becomes highly concentrated with potassium bearing salts. It is anticipated that the final transfer of brine into the final harvest pond will occur within the next 4 – 6 weeks, resulting in the crystallisation of ‘feeder’ or harvest salts in the harvest ponds. It is from these blended harvest salts that SOP is processed and refined.



Figure 2: Pre-concentrated brine after transfer into harvest pond 1

The pilot evaporation pond program is anticipated to produce approximately 22 tonnes of harvest salts, from which an estimated 2 tonnes of SOP can eventually be refined. In the initial production run, approximately 250 kilograms of trade samples of SOP will be produced. The Company’s processing consultants, Novopro will manage the production of SOP over the final stages of the process, with that company’s lead expert being present in Perth for the duration.

Managing Director Matt Shackleton commented: “Across the four major work streams we are progressing through the definitive feasibility study, the pilot ponds generate data essential to our understanding of the climatic-evaporation conditions, and the quality and amount of potassium salts we are able to produce. This successful initial transfer of pre-concentrated brine into H1 represents a major step in these areas.



“Based on modelled average daily evaporation rates, we anticipate the evaporation process will be finished in the next 4 – 6 weeks. As evaporation rates are heavily correlated to daily temperatures, this process will speed up as we head into the hot part of the year.

“With the expected 250 kilograms of trade samples of SOP we will produce from the initial production run, we will look to continue our engagement with our MOU partners in China. Our aim through Q4 2018 is to move these MOU positions to formal, offtake discussions.”



Figure 3: Pre-concentration pond after the transfer of concentrated brine to harvest pond 1, showing the crystallisation of 220 tonnes of predominantly sodium and magnesium salts on the base of the pond

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