

18 October 2021

Lake Wells Potash Project Development Update

- **Borefield development progressing at both the western and southern borefields**
- **Step rate testing of constructed bores underway to confirm condition and efficiency**
- **Specialist consultant appointed to provide technical expertise on operations development**
- **Further heritage survey and sandalwood harvesting across harvest pond area completed**

Australian Potash Limited (**ASX: APC** or the **Company**) is pleased to provide the following update on the development of the Lake Wells Sulphate of Potash Project (**LSOP**) and scheduled activities for Q4 2021.

Australian Potash Managing Director and CEO, Matt Shackleton said, “The current focus on the emerging potash minerals sector in Western Australia, arising primarily out of project execution issues encountered by two of the early developers in the space, has caused APC some delay. Having been required as a result of these external issues, and having now completed, a further independent technical expert review of our financial model and development strategy, commercial lenders have recommenced their credit processes. We welcomed this further review as another layer of confirmation of the strength of the LSOP development.

“The LSOP has always had economic scale. The LSOP’s logistics solution, hybrid-renewable power station and process flow sheet are all efficient at 120,000 tonnes per annum, and we will produce 170,000 tpa. 120,000 tonnes of this production will come from direct brine evaporation and a further 50,000 tonnes from the conversion of muriate of potash to sulphate of potash using a low energy agitation process referred to as salt conversion. The MOP conversion unit process, a feature of the LSOP since the project’s inception, requires immaterial marginal capital expenditure.

“In essence we will incur the cost of a 120,000 tpa processing plant but produce 170,000 tpa. Relative capital intensity and debt service ratios across the early developers in the peer space attest to the efficiency of the LSOP development.

“We have mobilised the test-pumping contractor to site. Since June, we have drilled and developed 11 production bores which brings to 14 the total number of developed production bores at the LSOP. In operation, we will abstract brine from 79 production bores. By volume, we anticipate having approximately 60% of the borefield capacity developed by the end of Q4 2021.

“It is noteworthy that recent publicly released revisions to development strategies in the early developer peer space comprise expansion to brine abstraction from additional borefield development. The LSOP development strategy has always revolved around a large borefield development with no reliance on trenching.

“We remain committed to the same rigorous and methodical de-risking strategy in execution that we brought to the DFS and FEED study programs. Development of an efficiently scaled operation with 100% borefield brine abstraction, and a development schedule that allows the concentration pond network adequate time to crystallise the appropriate feeder salts have always been and remain central to that strategy.”

Project Development

Work is continuing on the development of the western and southern borefields. A total of 11 new bores have been drilled in this current program, of the 76 new bores scheduled to be developed through Project construction. A further three (3) existing brine production bores make up the balance of the 79 brine bores in the optimised borefield design coming out of the LSOP Front End Engineering Design Study¹.

On the current schedule, it is anticipated that by the end of the December 2021 quarter, 60% of the production borefield capacity, by volume, will be established.

A program of step rate testing commenced within the past week to obtain information on the condition and efficiency of selected production bores drilled in this program. Constant rate testing is planned to assist in determining bore yields.



Figure 1: Brine production bore drilling at LSOP

APC have engaged Corey Milne as a specialist consultant, specifically in the field of SOP production from brine. Corey has over 30 years' experience in the operation of brine filled solar concentration/harvest ponds and processing to produce SOP. Corey will provide an overview of both the LSOP's development pathway and operational aspects. Corey's expert knowledge will add considerable depth to the APC team and continue the de-risking strategy around implementation and operation of the Lake Wells Project.

¹ Refer ASX Announcement 20 April 2021

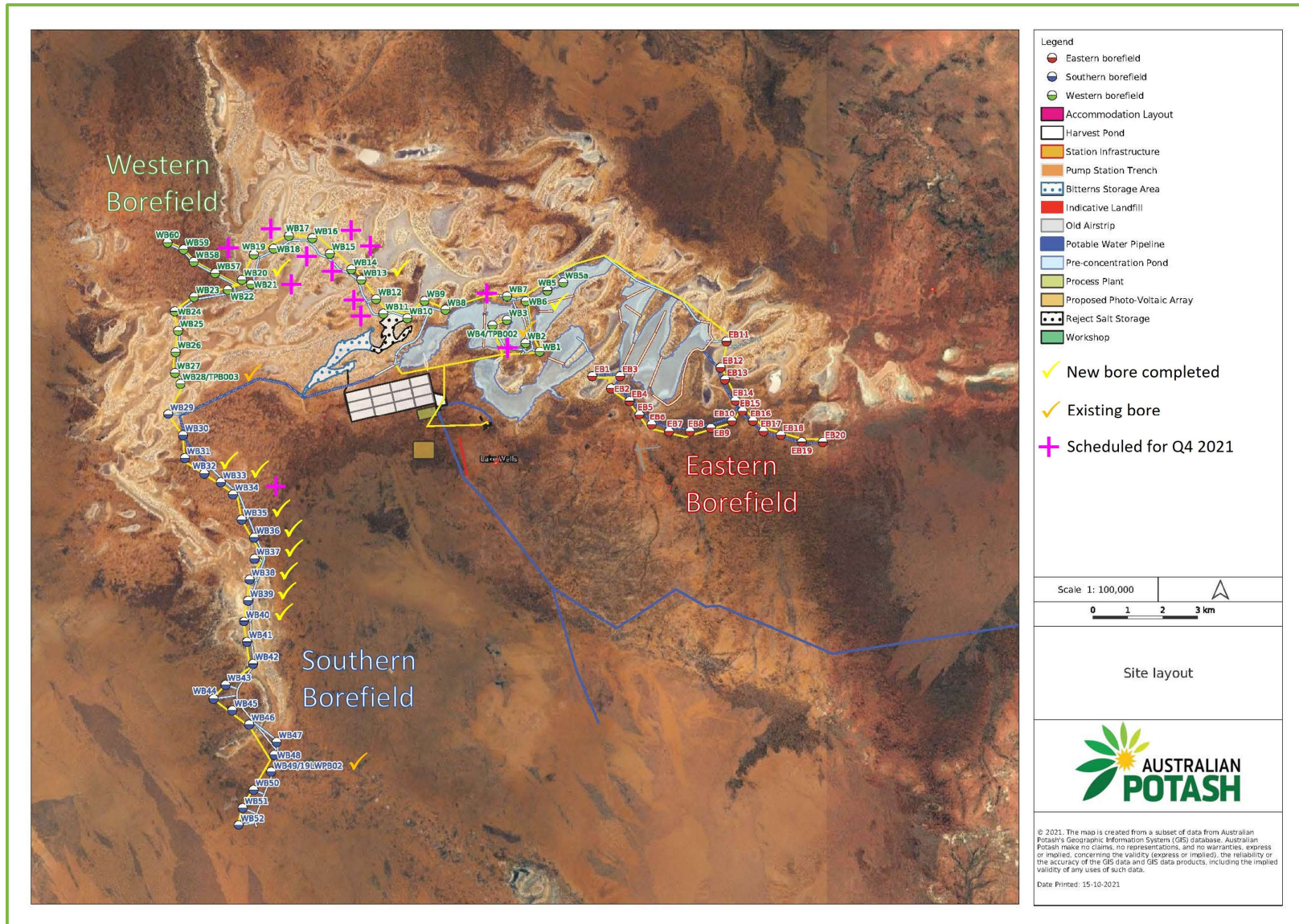


Figure 2: Borefield Layout with existing, new and to-be-drilled bores

A heritage survey was conducted in the last week of September 2021 with heritage consultants and Traditional Custodians. Building on the previous ethnographic surveys, this survey was conducted to assist with preparing site avoidance and management strategies, if and where applicable, at the LSOP. No sites of cultural significance were identified across the proposed development areas surveyed.

A program to salvage a large quantity of sandalwood where the harvest ponds will be constructed at Lake Wells was also conducted during September. The works were undertaken by Yonga Djena, a local indigenous company. APC assisted with the works by providing ablution facilities and raw water supply. A piece of sandalwood from Lake Wells will be procured from the Forest Products Commission to be mounted and displayed at the APC head office.



Figure 3: Senior lawmen at LSOP heritage survey



Figure 4: Sandalwood harvesting

Approvals

On 11 October 2021, three Mining Leases (M38/1287, M38/1288, M38/1289) were granted.

Funding

Discussions with the lenders (Northern Australian Infrastructure Fund, Export Finance Australia, commercial banks) are continuing in relation to progressing documentation and due diligence. The finalisation of the debt facility has been delayed due to additional technical due diligence requirements in light of the development challenges of the Company’s Australian peers. This technical due diligence is now complete, with commercial bank lenders progressing to seek credit approval for the final tranche of the debt facility.

Scheduled Activities

The following activities are scheduled for Q4 2021:

- Continuation of bore drilling program;
- Earthworks relating to access and drill pad preparation; and
- Documentary close on the development debt program.



Figure 5: Aerial view of Lake Wells Village

This release was authorised by the Board of the Company.

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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 forward-looking 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.

About Australian Potash Limited



APC holds a 100% interest in the **Lake Wells Sulphate of Potash (LSOP)**, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Company is finalising pre-development plans for commencement of construction. First production from the LSOP is scheduled mid-2023.ⁱ

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

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

APC holds a 30% free-carried interest in the **Lake Wells Gold Project**, located 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.ⁱⁱⁱ

Please visit www.australianpotash.com.au for more information.

ⁱ Refer to ASX Announcement 20 April 2021 'FEED positions K-Brite at the Premium End of SOP Market'. 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 20 April 2021 announcement; and 2. State that the material assumptions and technical parameters underpinning the estimates in the 20 April 2021 announcement continue to apply and have not materially changed.

ⁱⁱ Refer to ASX Announcement 9 April 2021 'Massive Nickel Sulphide Targets Identified at Laverton Downs'. 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 9 April 2021 announcement; and 2. State that the material assumptions and technical parameters underpinning the estimates in the 9 April 2021 announcement continue to apply and have not materially changed.

ⁱⁱⁱ Refer to ASX Announcement 8 April 2021 'SBM Acquires 70% Interest in Lake Wells Gold Project'. 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 8 April 2021 announcement; and 2. State that the material assumptions and technical parameters underpinning the estimates in the 8 April 2021 announcement continue to apply and have not materially changed.