

3 October 2017

PILOT SOLAR EVAPORATION PONDS COMMISSIONED AT LAKE WELLS POTASH PROJECT, WA

Highlights:

- Pilot solar evaporation pond system commissioned with first fill of brine from site production bores
- System comprises a series of four ponds that will pre-concentrate brine to remove halite salt impurities and produce approximately 20-tonnes of mixed feeder potash salts
- Piloting the evaporation system builds on the 12-month Class A Pan Evaporation Trial
- Mixed potash salts will be provided to MOU offtake partners for confirmation test-work
- Management Update on pond network at www.australianpotash.com.au

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to provide an operational update on the pilot solar evaporation pond program currently underway at its flagship Lake Wells Potash project, located 480km north-east of Kalgoorlie in Western Australia.



Figure 1. Pilot Solar Evaporation Pond at Lake Wells



Figure 2. First Stage Crystalliser Pond at Lake Wells



Figure 3. Fill Level in the Crystalliser Pond

The design, construction and commissioning of the pilot solar evaporation pond network is an extension of the Class A evaporation pan trial underway since October 2016ⁱ. The evaporation pan trial will continue to collect data that contributes to the evaporation model under which the commercial

ponds will operate and when combined with the outcomes of the pilot solar evaporation pond network, will lead to refining the design of the commercial scale pond network.

The pilot ponds have been constructed off the playa in a similar manner to that proposed for the harvest ponds in the full-scale project. At full-scale, the initial concentration and halite crystallisation ponds will be developed on the surface of the playa lakes, taking advantage of the existing near-surface low-permeability clay layer to minimise brine leakage, and save considerable pond construction expenditure associated with lining the bottom of the ponds.



Figure 4. Installed Production Bore used to Commission the Pilot Solar Evaporation Pond Network

Australian Potash, Executive Chairman, Matt Shackleton commented: “The feasibility program we are conducting on the Lake Wells SOP Project is looking closely at the three integral parts of a brine SOP operation: brine abstraction, brine evaporation and processing of the feeder salts into SOP. We have been conducting a Class A Evaporation Pan trial for 12 months and are very pleased to extend the work program around the brine evaporation step into commissioned pilot solar evaporation ponds.

“These ponds will provide over 20 tonnes of feeder salts, which we will then provide to our Chinese partners and our laboratory for test-work.


“APC’s Lake Wells SOP Project is auspiciously located 280kms from a rail terminal, which as WA’s experience at opening up the Pilbara demonstrates is an essential piece of infrastructure for bulk projects. We look forward to updating our shareholders on the results of the logistics program of work underway as part of the feasibility program.”

For further information, please visit the Company’s website at www.australianpotash.com.au to view the latest management update video, or contact:

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About Australian Potash Limited

Australian Potash Limited (ASX: APC) is an ASX-listed Sulphate of Potash (SOP) developer. The Company holds a 100% interest in the Lake Wells Potash Project located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

The Lake Wells Potash Project is a palaeochannel brine hosted sulphate of potash project. Palaeochannel bore fields supply large volumes of brine to many existing mining operations throughout Western Australia, and this technique is a well understood and proven method for extracting brine. APC will use this technically low-risk and commonly used brine extraction model to further develop a bore-field into the palaeochannel hosting the Lake Wells SOP resource.

A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017ⁱⁱ. The Scoping Study exceeded expectations and confirmed that the Project's economic 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.

Key outcomes from the Scoping Study are as follows:

- 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)
- Upgraded JORC 2012 Mineral Resource Estimate comprising 14.7m tonnes of SOP, including 12.7mt in the Indicated categoryⁱⁱ
- Operating expenditure of A\$368/US\$283 tonne SOP in the first 5 years and A\$343 tonne SOP over the life of mine
- At a SOP price of A\$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflowⁱⁱⁱ of A\$118m/US\$81m
- Pre-production capital expenditure (Stage 1) of A\$175m/US\$135m and Stage 2 of A\$163m/US\$125m
- Life of Mine (LOM) is 20 years (inc. Stage 1 & Stage 2) –upside to LOM through continued exploration

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.

Competent persons statement

The information in this 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 announcement has been prepared by Carsten Kraut, who is a member of the Australasian Institute of Geoscientists (AIG), and International Association of Hydrogeologists (IAH). Mr Kraut is contracted to the Company through Flux Groundwater Pty Ltd. Mr 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.

ⁱ Refer to ASX announcement 31 January 2017 'Scoping Study on Lake Wells Potash Project set for completion in March Quarter following strong flow rates from test bores, December 2016 Quarterly Activities Report'. 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 31 January 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 31 January 2017 announcement continue to apply and have not materially changed.

ⁱⁱ Refer to ASX announcement 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. 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 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.

ⁱⁱⁱ Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.