



AUSTRALIAN
POTASH

www.australianpotash.com.au

2020 **FEED**

UPDATE

Timeline
Offtake
Approvals
Funding



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Competent Person's Statement

The information in the announcement that relates to Mineral Resources and Ore Reserves is based on information that was compiled by Mr Duncan Gareth Storey. Mr Storey is a Director and Consulting Hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Storey nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr. Storey has 30 years of international experience. He is a Chartered Geologist with, and Fellow of, the Geological Society of London (a Recognised Professional Organisation under the JORC Code 2012). Mr Storey has experience in the assessment and development of palaeo channel aquifers, including the development of hypersaline brines in Western Australia. His experience and expertise are 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 Storey consents to the inclusion in this report of the matters based on this information in the form and context as it appears.

The information in this report that relates to Exploration Results is based on information compiled by Mr Christopher Shaw who is a member of the Australian Institute of Geoscientists (AIG). Mr Shaw is an employee of Australian Potash Ltd. Mr Shaw has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify 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 Shaw consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to mineral processing is based on information compiled by Mr Antoine Lefavre, a Competent Person who is a Member of the *Ordre des Ingénieurs du Québec* (Order of Engineers of Quebec). Mr Lefavre is employed by Novopro Projects Inc. and has sufficient experience that is relevant to the style of minerals processing and type of deposit under consideration and to the activity being undertaken to qualify 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 Lefavre consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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.

Financial Forecasts

The forecast financial information stated in this presentation is based on the Company's Definitive Feasibility Study as released to the ASX on 28 August 2019. The Company confirms that all material assumptions underpinning the forecast financial information continue to apply and have not materially changed.



The Lake Wells Sulphate of Potash Project

Realistic Timeline to Development

FEED Update

Q3 & Q4

- Finalise Offtake Program
- Finalise Debt Due Diligence
- Finalise EPC contracts
- EPA Approval
- Strategic Partner investment
- Minor & Preliminary works



2021

Construction

- Village & NPI
- Pre-concentration ponds
- Process plant and load out facilities



2023



2020

Q1

- FID
- Commence construction of bore-field
- Commence construction of harvest ponds



2022

Ramp-up to steady state production

- 150,000 – 170,000 Tpa SOP production



Q3 & Q4 2020

Newsflow



01

Offtake Program

- Targeting 75% - 85% of DFS output under contracted sale agreements by end Q3 to 'bank' LSOP offtake position
- Currently 86%

03

NAIF & Funding

- Targeting conclusion Q4

02

Environmental Approval

- Environmental Review Document being finalised with EPA
- EPA 6-week window to prepare report to the Minister post-finalisation of ERD

04

FEED Finalisation

- EPC tender \$ to drive outcome of FEED
- Production output, OPEX, NPV

FEED Update

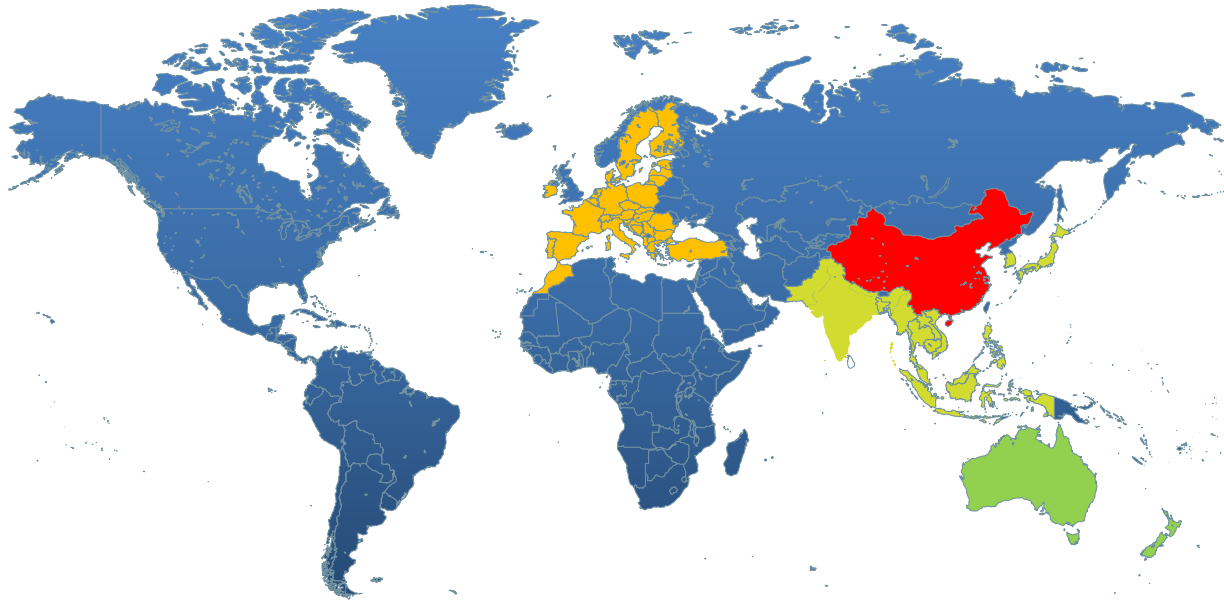


The Lake Wells Sulphate of Potash Project

Premium project Premium fertiliser



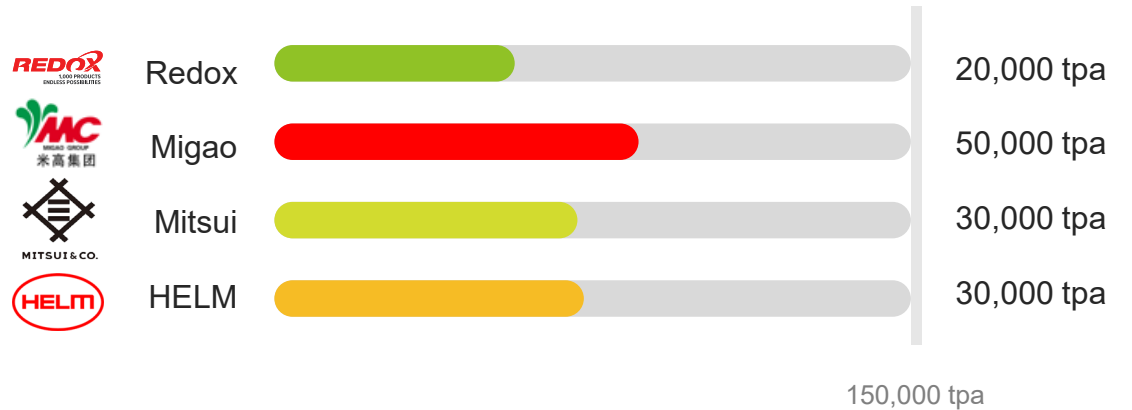
FEED Update



Offtake Program

- 130,000 tonnes per annum under binding offtake agreements
- 86% of DFS output contract sold
- FEED Program optimising output volume

Tier 1 Trading Partners



Approvals Pathway

Environmental Protection Authority and Other DMAs

FEED Update



Government of Western Australia
Environmental Protection Authority

Status of Active Formal Assessments - s. 38
Part IV of the Environmental Protection Act 1986

Proposal Information				Stage 1 and 2 - Referral of Proposal			Stage 3 - Assessment of Proposals						Stage 4 - EPA Report		
assess. number	Proposal Title	Proponent	Level of Assessment	Received	7 Day Public Comment date	LoA Published	Approval of Environmental Scoping Doc	Approval of Environmental Review Doc	Close Date for Public Review of Environmental Review Doc	Response to Public Submissions	Preparation of EPA draft Assessment Report	Completion of EPA Assessment	Consultation on Draft Conditions	EPA Report Released	
2144	Lake Wells Potash Project	Australian Potash Limited	Environmental Review with no Public review	21/12/2017	8/01/2018	5/02/2018	21/09/2018	In Prep - EPA Services	Not applicable to APC						

- Endorsement of the Environmental Review Document (ERD) by EPA
 - 6 weeks to report to Minister for the Environment
- Minor & Preliminary Works Approval already received
- Water licenses
- Native Vegetation Clearance permits, Mining Proposal: all pending EPA recommendation and Ministerial Statement of Consent (September 2020)



Financing the Build

NAIF, Commercial Debt, Equity



FEED Update



**Northern Australia
Infrastructure
Facility (NAIF)**

35% of total funding requirement



Commercial Debt
30% of total funding requirement



Equity
35% of total funding requirement



Contracting Strategy

Risk Mitigation

Shareholder Protection



6 Packages EPC Contracted

Tender docs EOM AUG 2020:

Tender docs WED 12 AUG:

Bids due FRI 14 AUG:

Bids due FRI 14 AUG:

SOP process plant

Borefield fit-out & HV network

Power station

Comms & Village



Why?

Schedule guarantee

Price guarantee

Process guarantee

Local engineers & Canadian expertise

2 Packages Owner's Team

Schedule of rates

Schedule of rates

Borefield drilling

Civils (incl. ponds)



Can we?

Experienced owner's team

In depth knowledge of ground conditions

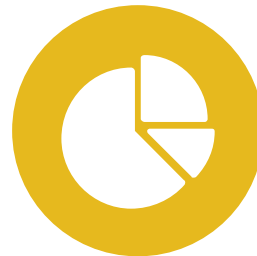
– no-one knows better than APC's team

Contracted

Village

Power station

Logistics



Owner's Team

Pumping

Processing

Marketing



Construction

Operations



Renewable Power

Low C Footprint PLUS Renewable Power



FEED Update



Design & Construct

Tender documents issued for D&C pricing
Bids due FRIDAY 14 AUGUST 2020



Material impact on OPEX

30% saving indicated versus DFS OPEX



Lowering the carbon footprint

Future proofing against fiscal penalty regime
Broadening market appeal



High penetration renewables

Design capacity averaging 60% renewable power
Wind, solar, battery storage



The Peer Space

Companies with Offtake Agreements in Place



Peer Comparison



SOP Reserve (Proven & Probable)	3.6Mt	5.4Mt ¹	5.13Mt ⁴
SOP Resource (Measures & Indicated) – drainable	18.1Mt	4.0Mt ¹	11.58Mt ⁴
Planned production	150ktpa	245ktpa	90ktpa
CapEx	\$208m	\$264m ²	\$280m ⁵
NPV ₍₈₎ (Post-tax)	\$441m	\$469m ²	\$218m ⁵
Bankable Offtake secured	130ktpa – Program ongoing	200ktpa	90ktpa
Environmental approval received	Stage 4 of 4	Stage 3 of 4	Complete
Project financing complete	No	Yes	Yes
Market Capitalisation (7 August 2020)	\$35.5m	\$275.2m ³	\$125.5m
Enterprise Value (7 August 2020)	\$34.1m	~\$235m ³	~\$120m

1. ASX:SO4: Bankable Feasibility Study 11/10/19
2. ASX:SO4: Investor Presentation 05/08/20
3. Including \$98.5m capital raising – Market capitalisation at issue price
4. ASX:KLL: Investor Presentation 15/07/20
5. ASX:KLL: Investor Presentation 21/05/20 (Phase 1 only)



Board Composition

Skills and Governance



FEED Update



Jim Walker

Chairman

- Appointed Aug 2018
- 13 years MD&CEO of WesTrac
- Austin Engineering Ltd (ANG) Chairman
- Mader Group (MAD) Chairman
- Wesley College
- State Training Board
- RACWA and WA Motor Museum



Brett Lambert

Non-executive Director

- Appointed May 2017
- Mincor Resources (ASX: MIN) Chairman
- Saturn Metals (ASX: STN) NED
- Western Mining, Intrepid, Thundelarra, Bullabulling Gold
- Mining Engineer



Rhett Brans

Project Director

- Appointed NED May 2017
- PD June 2020
- +45 years Project Management and development experience
- Carnavale Resources (ASX: CAV) NED
- AVZ Minerals (ASX: AVZ) NED
- Perseus, Tiger Resources
- Civil Engineer



Matt Shackleton

Managing Director & CEO

- Appointed July 2014
- 6 years as MD of gold developer Mt Magnet South (ASX: MUM)
- Founding director of bauxite developer Canyon Resources (ASX: CAY)
- Chartered Accountant



Cathy Moises

Non-executive Director

- Appointed July 2020
- McIntosh/Merrill Lynch
- County Securities/CITI Group
- Evans & Partners (partner)
- Head of Research Patersons Securities
- Geologist



Corporate Snapshot

Recent capital raising positions Company strongly with zero debt



Capital Structure



Share Price (25 August 2020)	\$0.105
Shares on Issue	486,560,549
Listed options ¹	55,350,135
Unlisted options & Performance Rights ²	22,275,708
Market Capitalisation	\$51.1m
Cash (30 June 2020)	~\$3.4m
Debt	None
Enterprise Value	\$47.7m



Project Delivery and Risk Management

Skills and Governance



- ASX Corporate Governance Structures (Gold Standard)
- Deep Commercial and Technical Experience
- Highly experienced and diversified Board

- ISO45001 Framework
- Continuous training and improvement
- 1:25 OH&S Professionals on staff
- Framework mirrored in Contractor Policy

- Borefield development & fit-out
- Evaporation ponds & Civils
- Processing Plant
- Power Plant
- Accommodation Village
- Communications

- EPC/M Work Packages
- Fixed cost/Lump sum components
- Schedule certainty driven by LDs
- Process Guarantees



Sustainability

Respect for Community, Environment, Indigenous Culture & Stakeholders



Understand,
Respect, Protect

Replacing a
material C footprint



Lake Wells branded SOP is a high-purity organically certifiable and soluble SOP



Brine SOP = low cost

Low cost, technically feasible bore-pumping operation to produce 17Gt of Potash brine per year



Why MOP addition?

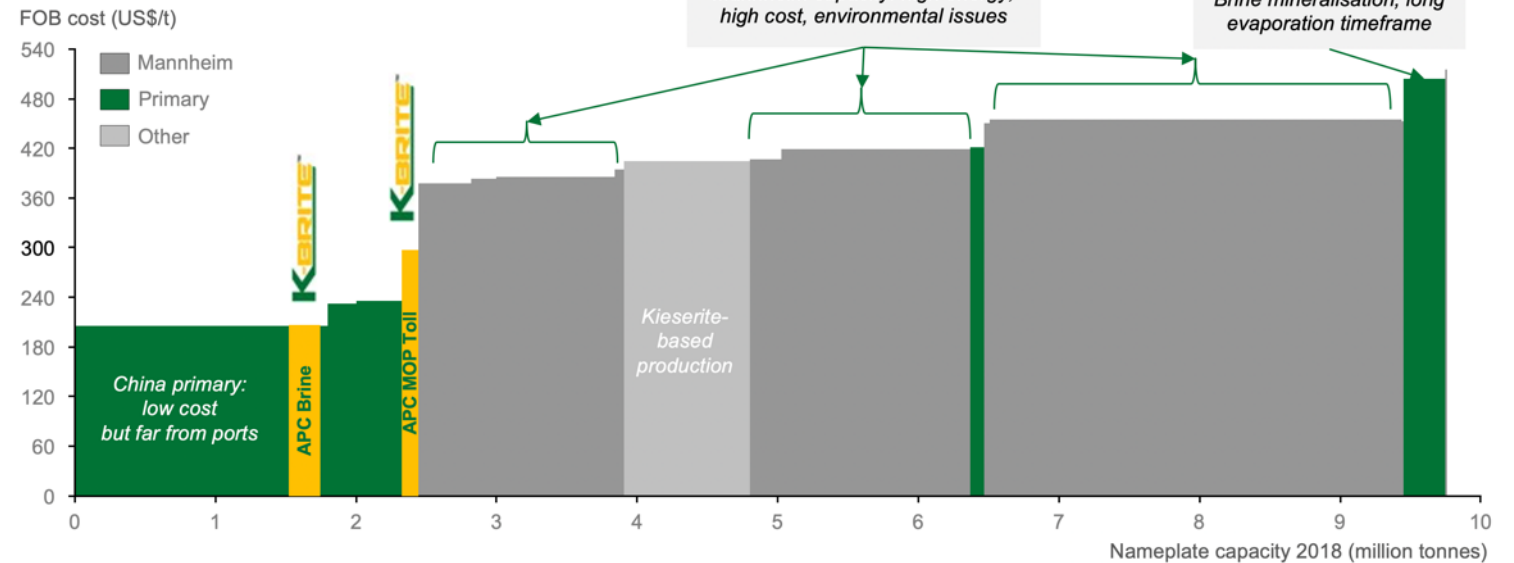
Capital efficiency: same bore-field, same ponds, same village BUT 50,000 – 100,000 tpa more SOP



Organic soluble SOP

Suitable for use in Organic agriculture: certifications being secured now
Portion of output soluble SOP
+organic +soluble = +US\$50/t sale price

Global FOB SOP cost curve 2018

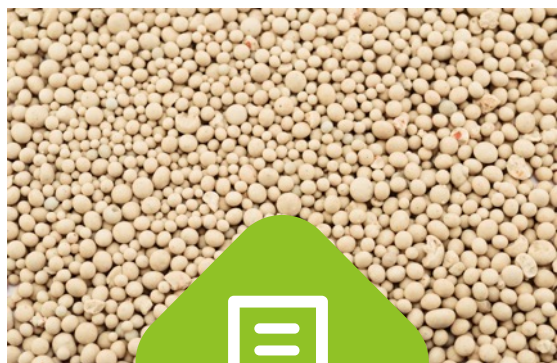


Source: Argus Consulting



SOP Market

Sulphate of Potash is the premium form of an essential non-substitutable plant fertiliser



7M TONNES

Market Size

- SOP = 10% of the global demand for potassic fertilisers
- 170ktpa = 2.4% global demand



Essential

<1% Chloride/17% Sulphur

- Potassium is essential
- Potassium without chloride is essential
- SOP is essential and non-substitutable



US\$450/t

High-margin

- Solar salt = lowest quartile cost
- 50/50 China/Rest-of-World production
- 4% - 6% CAGR profile past 2030



US\$3.5B

SOP Global Demand

- 50% of global supply from the Mannheim industrial process
- 50% from the passive solar evaporation (low Carbon) process

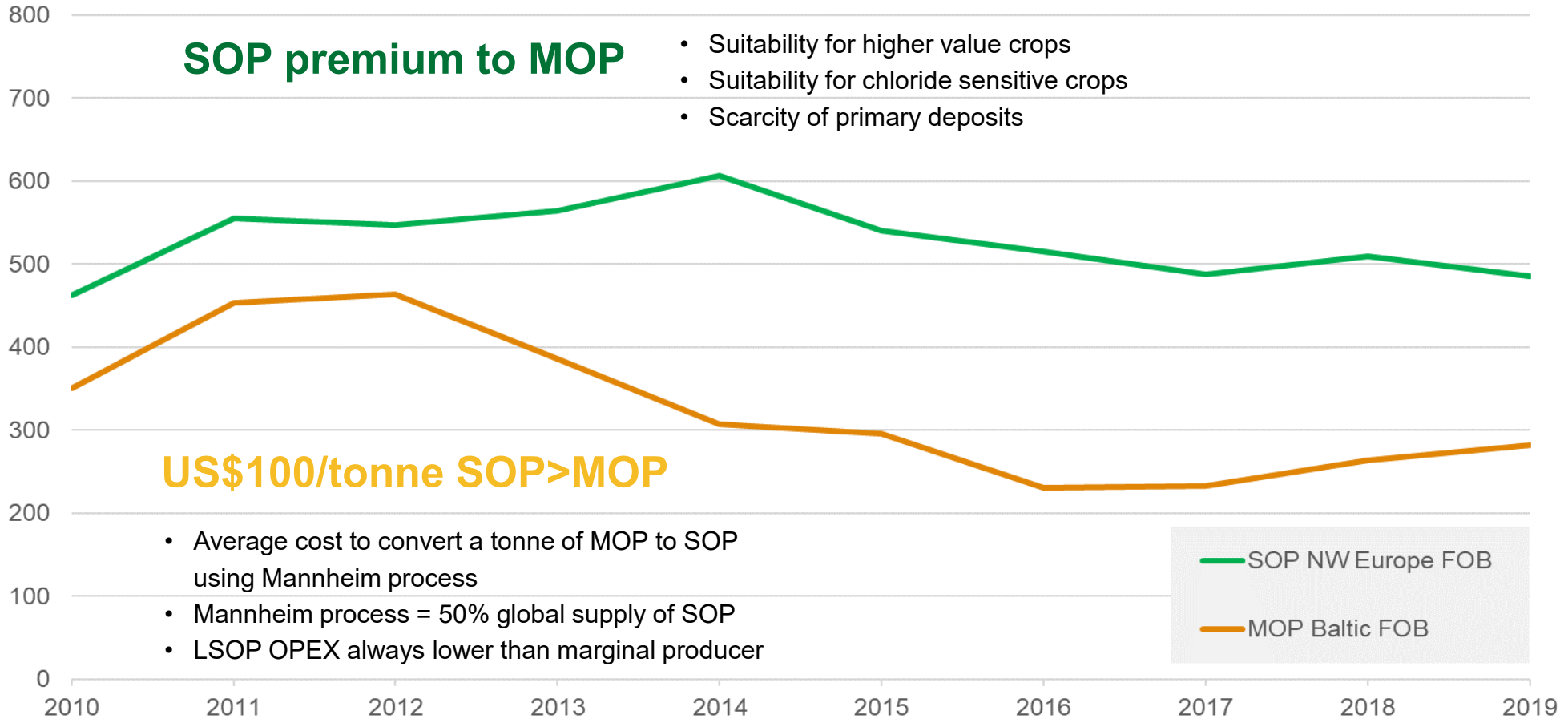


SOP Market

SOP trades at a Premium to MOP



US\$/t FOB, real



Source: Argus Consulting





www.australianpotash.com.au



Suite 31, 22 Railway Road, Subiaco WA 6008



admin@australianpotash.com.au



+61 8 9322 1003