



14 December 2018

WA STATE GOVERNMENT ASSISTANCE FURTHER BENEFITS GOLDFIELDS-BASED SOP PROJECT

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to announce that, following the release of a media statement yesterday by the Hon Bill Johnston MLA, Minister for Mines and Petroleum, the Western Australian Government has confirmed its commitment to assisting the development of the potash and minerals in brine industry in Western Australia.

The Government's media statement can be accessed in full by clicking on the following link:

<https://www.mediastatements.wa.gov.au/Pages/McGowan/2018/12/McGowan-Government-assists-development-of-new-potash-projects.aspx>

The Government is set to introduce a new rental rate for potash projects that are granted a new class of mining lease for restricted minerals, with the existing rental rate of \$18.70 per hectare to be significantly reduced to:

- \$2.32 per hectare for the first five years of the lease; and
- \$4.64 per hectare from year six onwards.

The new potash rental rates are expected to come into effect in early 2019.

In comments attributed to **Mines and Petroleum Minister Bill Johnston** in the media statement: "These changes will assist the development of a new industry in Western Australia, and create employment and community development opportunities, particularly in remote Aboriginal communities.

"Potash is vital for agriculture because it is an essential nutrient in fertilisers that protect food crops from disease and pests, and improves water retention, yield, taste and appearance.

"The new industrial minerals in brine mining tenure for potash projects will help stimulate this very important mineral sector and create jobs for Western Australians.

"Potash projects generally have a mine life that spans 30 to 40 years, so this longevity is a win for local communities and sustaining jobs."

Managing Director and CEO, Matt Shackleton, commented: "We are delighted that the WA Government has acted on industry's concerns regarding mining leases for minerals in brine, as these operations require substantially larger mining leases than other forms of mining.

Australian Potash looks forward to moving ahead with the development of its exciting Lake Wells Sulphate of Potash project, and thanks the WA Government for its support of the industry as a whole given the importance of potash for Australian and global agriculture.”

“This decision can further reduce the cost of our lowest cost quartile production profile making this an even more internationally competitive project.”

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 2017¹. 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 category²
- 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 cashflow³ 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

¹ 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.

² 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.

³ Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.

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 the announcement that relates to Exploration Targets and Mineral Resources 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 paleochannel 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 “Australian 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.

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