

26 October 2018

AUSTRALIAN POTASH ANNOUNCES SUCCESSFUL PRODUCTION OF FIRST POTASH SALTS

Highlights:

- **Successful Brine Transfer from First Harvest Pond to Second Harvest Pond**
- **Approximately 10 tonnes of potassium and sulphate bearing salts precipitated into the first harvest pond**
- **The next phases of evaporation and crystallisation in the second and third harvest ponds will produce more than 10 additional tonnes of salts**
- **APC will produce an estimated 250 kilograms of SOP trade samples in an initial production run for delivery to MOU Offtake Partners Q4 2018**



Figure 1: H1 containing saturated brine and precipitated K and SO₄ bearing salts prior to second brine transfer into H2

Australian Potash Limited (ASX: APC) (**Company**) is pleased to advise the second successful transfer of approximately 70 tonnes of potassium saturated brine from the first harvest pond (H1) into the second harvest pond (H2) at the Lake Wells Sulphate of Potash project pilot evaporation pond network.

This second transfer allows for the desiccation and collection of potassium (K) and sulphate (SO₄) bearing salts precipitated in H1.

The pilot pond network at Lake Wells comprises a large pre-concentration pond (P1) and three smaller, harvest ponds (H1 to H3). The raw, hypersaline brine was pumped into P1 using one of the five (5) existing production bores at the project. Evaporation in P1 promoted the precipitation of NaCl and the saturation of dissolved K and SO₄ in the remaining brine solution.¹ While minor amounts of NaCl continued to precipitate in H1, the crystallisation of K and SO₄ bearing salts also occurred.

Following this second successful brine transfer, the salts in H1 may now be harvested.

As the brine evaporates further in H2, various K and SO₄ bearing salts continue to crystallise. It is anticipated that the third and final transfer of brine into the final harvest pond (H3) will occur within the next 2 – 3 weeks, resulting in the final crystallisation of ‘feeder’ or harvest salts in the harvest ponds. A blend of salts from H1, H2 and H3 will be processed to a refined SOP.



Figure 2: Harvest Pond 1 with stockpiled K and SO₄ bearing salts after brine transfer into Harvest Pond 2

The pilot evaporation pond program is anticipated to produce more than 20 tonnes of harvest salts, from which approximately two tonnes will be transported to the laboratory in Perth, where a pilot plant is being established; the remaining salt will be stored on site for future testing as required. In the initial pilot run, approximately 250 kilograms of trade samples of SOP will be produced. The Company’s processing consultants, Novopro, will manage the production of SOP at the Perth laboratory’s pilot plant.

Managing Director Matt Shackleton commented: “The understanding of the evaporative environment that we gain from the pilot pond network is invaluable in our final design concepts for the commercial scale ponds. Coupled with the more than 100 years of local

meteorological records and our own long-term Class A evaporation pan trials, we are seeing confirmation of the evaporation models being developed by expert Canadian potash processing consultants Novopro.

“The Definitive Feasibility Study has entered its final phase across abstraction, evaporation and processing. We are very advanced with our permitting, with EPA approval of our Environmental Scoping Document, have granted mining leases and have made material advancements in logistics.

“We look forward to continuing to provide regular updates on the DFS over these final few months.”



Figure 3: H2 one day after the transfer of concentrated brine from H1 showing immediate K salt crystallisation

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ⁱ Refer to ASX announcement 22 August 2018 ‘Pilot Pond Brine Processing’. 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 22 August 2018 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 22 August 2018 announcement continue to apply and have not materially changed.

