

12 May 2017

MINING LEASE APPLICATION UPDATE

Completion of the Native Title Process

Australian Sulphate of Potash (SOP) developer Australian Potash Limited (ASX: APC) is pleased to advise of the completion of the native title processes in relation to the Mining Lease applications at its 100%-owned Lake Wells Potash Project in Western Australia (the Project).

The Department of Mines and Petroleum gave notification for the purposes of the Native Title Act 1993 (Cth) (NTA) on 11 January 2017 in respect to Mining Lease applications 38/1274, 38/1275 & 38/1276. In accordance with the NTA, APC would need to undertake the right to negotiate process with any claimant group that made a claim by 11 April 2017 and had their claim registered by 11 May 2017. No claim was made by 11 April 2017, and no claim was registered as at 12 May 2017 (**Native Title Process**).

APC Executive Chairman Matt Shackleton said, "We have developed a constructive and cooperative relationship with senior traditional owners and lawmen who speak for the Lake Wells area. APC is committed to developing these relationships as our Lake Wells Potash Project develops, with the ultimate aim of creating value for stakeholders and shareholders alike.

"We consider the completion of the Native Title Process over the proposed Mining Lease application areas to be a major milestone and beneficial to our development timeline."

Upcoming Activity for Q2 2017

- Construction of pilot evaporation ponds
- Commencement of Stage 2 test-pumping program
- Installation of Stage 2 test-production bores
- Continue resource upgrade and expansion programmes
- Feasibility study planned to commence

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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.



Figure 2: The Lake Wells Potash Project is located 300kms from the Leonora rail head in WA's Eastern Goldfields

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 category



- 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 cashflow² 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

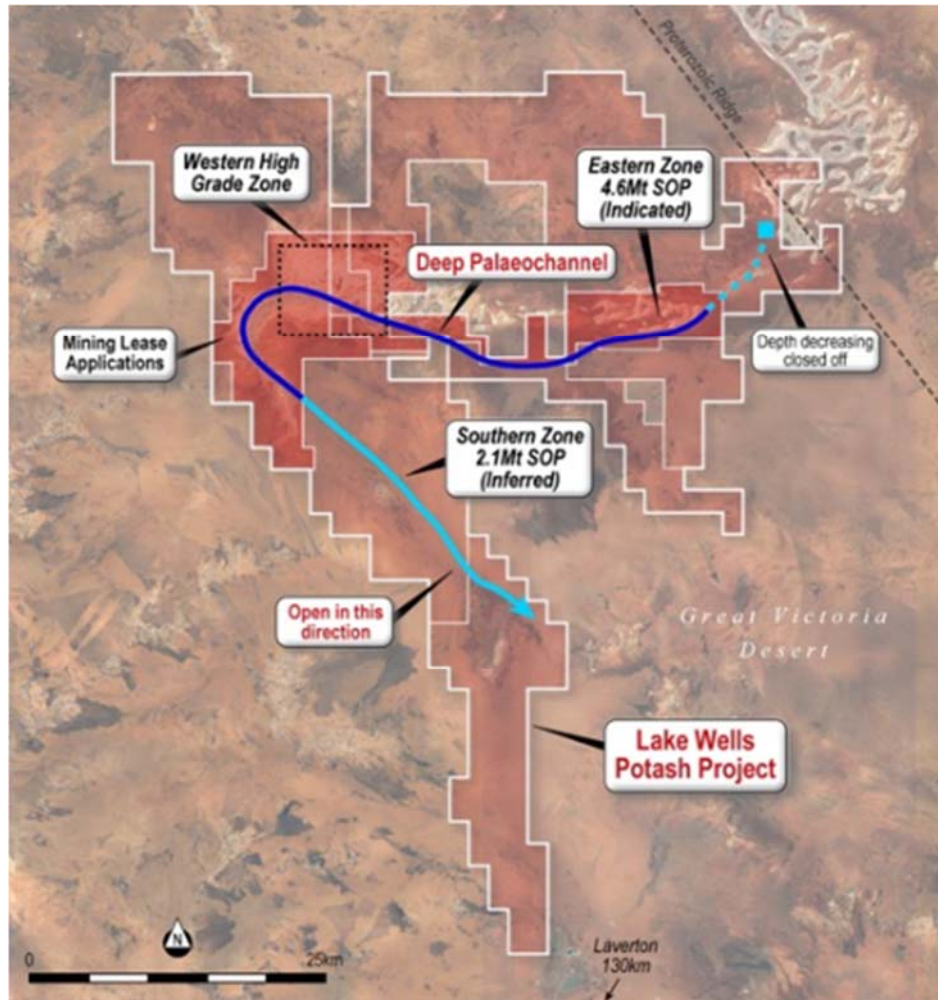


Figure 3: The Lake Wells Potash Project SOP brine resource is hosted within the palaeochannel extending to date over 55kms in length, and to a maximum depth of 174m

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.

¹Refer 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.

²Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.

