

12 August 2020

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

FOURTH AGREEMENT EXECUTED IN OFFTAKE PROGRAM

HELM AG for distribution of 30,000 tonnes in EUROPE

85% of DFS Output Under Offtake

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to advise signing of the fourth binding term sheet in the Offtake Program with Tier 1 partner **HELM AG (HELM)** for the supply of 30,000 tonnes per annum (tpa) of premium **K-Brite™** sulphate of potash from the Lake Wells Sulphate of Potash Project (LSOP).

Highlights



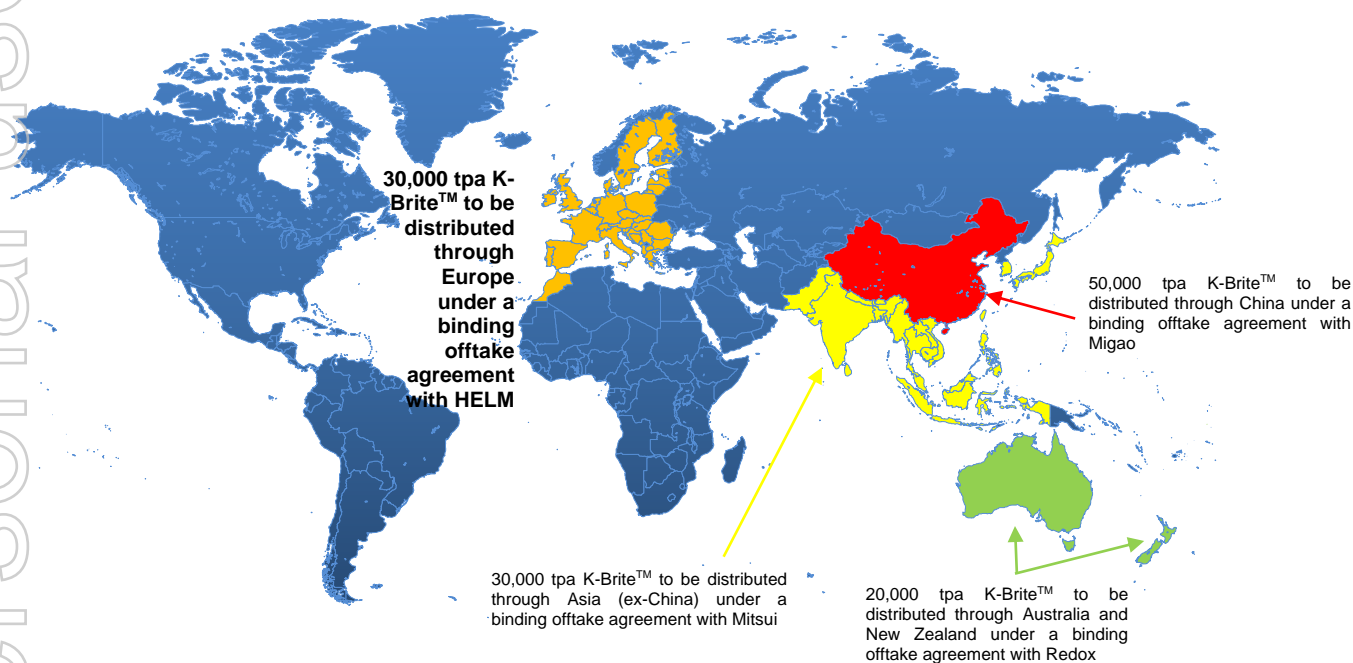
- Binding 10-year take-or-pay term sheet for 30,000 tpa of K-Brite™
- Pricing on Net Realised Price basis incentivising **HELM** to achieve the highest sales price in the market jurisdictions covered by the Agreement
- Geographic rights for distribution through several European jurisdictions
- The parties' obligations under the binding term sheet are subject to and conditional on long form documentation being executed by 15 September 2020, and APC reaching a final investment decision to develop the LSOP by 31 March 2021
- Total offtake under binding term sheet agreements including Redoxⁱ, Migaoⁱⁱ, Mitsuiⁱⁱⁱ and **HELM: 130,000 tpa**
- Output under offtake agreements: **>85% of DFS projected output** of 150,000 tpa (*refer map below*)

Managing Director and CEO, Matt Shackleton, commented: “This agreement with Tier 1 international chemicals and fertiliser distributor **HELM AG** is a defining moment for Australian Potash and the K-Brite™ brand. Our Lake Wells product will be distributed into the lucrative and expanding European fertiliser market through HELM’s dominant brand and market leading position.

“HELM’s clear strategic direction is to expand their value in brand across the world’s major fertiliser markets, and the marketing and distributorship of SOP forms an integral piece in their offering. It is enormously gratifying that APC’s K-Brite™ brand will be central to that program on the European continent.

“The APC team are progressing rapidly along the Approvals Pathway, with firm dates now agreed with the EPA, and the Financing Program, with parties, including NAIF, moving into due diligence. To that point, and notably, more than 85% of the DFS projected output is now under contracted sale.

“This quarter will be a very active period for the Company and the we look forward to providing updates presently on the development of the Lake Wells SOP project.”



Key Terms

The HELM offtake contains commercial terms and clauses customary to this type of agreement, including the following key terms:

- Pricing based on the market price minus traditional ‘net back’ costs including a marketing fee and ‘flow through’ shipping, storage and handling costs (Net Realised Price)
- Binding agreement to take-or-pay 30,000 tpa of K-Brite™ over an initial 10-year term
- K-Brite™ sales and distribution rights on an exclusive basis to European jurisdictions
- Subject to the finalisation of long-form documentation by 15 September 2020, and the board of APC making a final investment decision by 31 March 2021

About HELM AG

HELM is a Hamburg, Germany, based family-owned company established in 1900. HELM is one of the world's largest chemicals marketing companies. The company secures access to the world's key markets through its specific regional knowledge as well as its subsidiaries, sales offices and participations in over 30 countries. As a multifunctional marketing organization HELM is active in the chemicals industry, in the crop protection industry, in pharmaceuticals and in the fertilizer industry.

To learn more about the HELM AG, please visit www.helm.com.

This release was authorised by the Board of Directors of the Company.

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About Australian Potash Limited



K-Brite is a registered trademark brand of Australian Potash Limited (ASX: APC), representing the premium Sulphate of Potash (SOP) to be produced from the Company's flagship Lake Wells Sulphate of Potash Project (LSOP).

APC holds a 100% interest in the LSOP, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

Following the release of the Definitive Feasibility Study (DFS) in August 2019^{iv}, APC is focused on the Front-end Engineering Design (FEED) Study, finalising offtake discussions and securing financing to develop the LSOP.

The DFS was underpinned by extensive and rigorous testwork, data, and modelling. The DFS confirmed that the LSOP will be a long life, low capital and high margin SOP producer.

Key outcomes from the DFS include:

- 30-year mine life producing 150,000tpa of premium grade SOP utilising approximately 21% of the total Measured Resource estimate
- Long mine life underpinned by 3.6Mt reserve and **18.1Mt** Measured Resource estimate
- Pre-tax NPV₈ of **A\$665m** and an IRR of 25%
- Development capex of A\$208M with sector leading capital intensity of A\$1,387/t
- First quartile industry opex of US\$262/t providing high cash operating margins

ⁱ Refer to ASX Announcement 16 March 2020 'FIRST OFFTAKE AGREEMENT'.

ⁱⁱ Refer to ASX Announcement 14 APRIL 2020 'SECOND BINDING OFFTAKE TERM SHEET EXECUTED'.

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iii Refer to ASX Announcement 20 July 2020 'THIRD AGREEMENT EXECUTED IN OFFTAKE PROGRAM'.

iv Refer to ASX Announcement 28 August 2019 'Definitive Feasibility Study Outstanding Financial Outcomes'. 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 28 August 2019 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 28 August 2019 announcement continue to apply and have not materially changed.

