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PROJECT TOPPING HIGH YIELDING BASAL SAND INTERSECTIONS WITH COMPELLING DEVELOPMENT FLOW RATES

OUTSTANDING PRODUCTION WELL DEVELOPMENT CONTINUES

Highlights:

- **Resource and Reserve finalisation**
  - **Conclusive production well development work adding two bores at Lake Wells SOP Project specifies widest high yielding basal sands intersections to date with indicative flow rates above project requirement of 15l/s**
  - **The second bore, 19LWPR002 was developed through 62 metres of high-yielding sands in the palaeochannel and has been cased to 175.5 metres, making it the deepest production well developed to date**
  - **Diamond drilling to recover basement rock core for permeability test work has been completed**
- **Evaporation pond construction program completed with first fill to commence in 2 weeks**
- **Hartleys updated research note on Australian Potash Limited which is available on the Company's website (www.australianpotash.com.au)**

Figure 1: 19LWPR002 being developed into the southern strike of the Lake Wells palaeochannel has been cased to a depth of 175.5m (previous deepest well cased to 170m) and is indicating very high flow rates

Videos showing the development of 19LWPR002 can be viewed on the Company's website (https://www.australianpotash.com.au/site/news/videos).

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to provide an update on the progress of the production well development program, which forms the last schedule of work in the Reserve estimate for the pending Definitive Feasibility Study announcement (DFS) into the Lake Wells Sulphate of Potash Project (Project).

Managing Director and CEO, Matt Shackleton, commented: "Integral to any mineral project's success is the **quality of the JORC Resource estimate** underpinning it, and the Lake Wells SOP fertiliser project is no different. Project developments have to demonstrate to the lowest level of risk, both longevity of production, and recoverability of minerals. A bore-field permits a more straightforward assessment of at least the recoverability of brine and is a well-tried and proven method for abstracting brine.

"Central to the final field program at Lake Wells is the push to a JORC Reserve estimate, and our focus is on building upon the **more than 50,000 metres of drilling** and already extensive database of test work that comprises the existing, robust JORC Compliant SOP mineral resource estimate which contains over 12 million tonnes of gravity recoverable SOP at the Indicated level[1].

"Developing these 2 additional production wells, test-pumping them, and collecting bed-rock core for analysis are critical factors that will feed into the calculation of an Ore Reserve estimate for Lake Wells.

"APC's extensive geotechnical field and test-work at the Project have confirmed the existence of a uniform, flat lying layer of low permeability clay at the lake surface that can accommodate 'on-playa' evaporation ponds. Because of this, we can avoid the significant capital expenditure required to line the pre-concentration ponds. The final geotechnical field trials will allow us to establish the optimal commercial-scale pond design, in terms of cost of construction and effectiveness of the plan."

Figure 2: 19LWPR002 was developed through 62 metres of sands including importantly a 33.5m intersection of basal sands which at the Lake Wells SOP project have historically returned very high flow rates

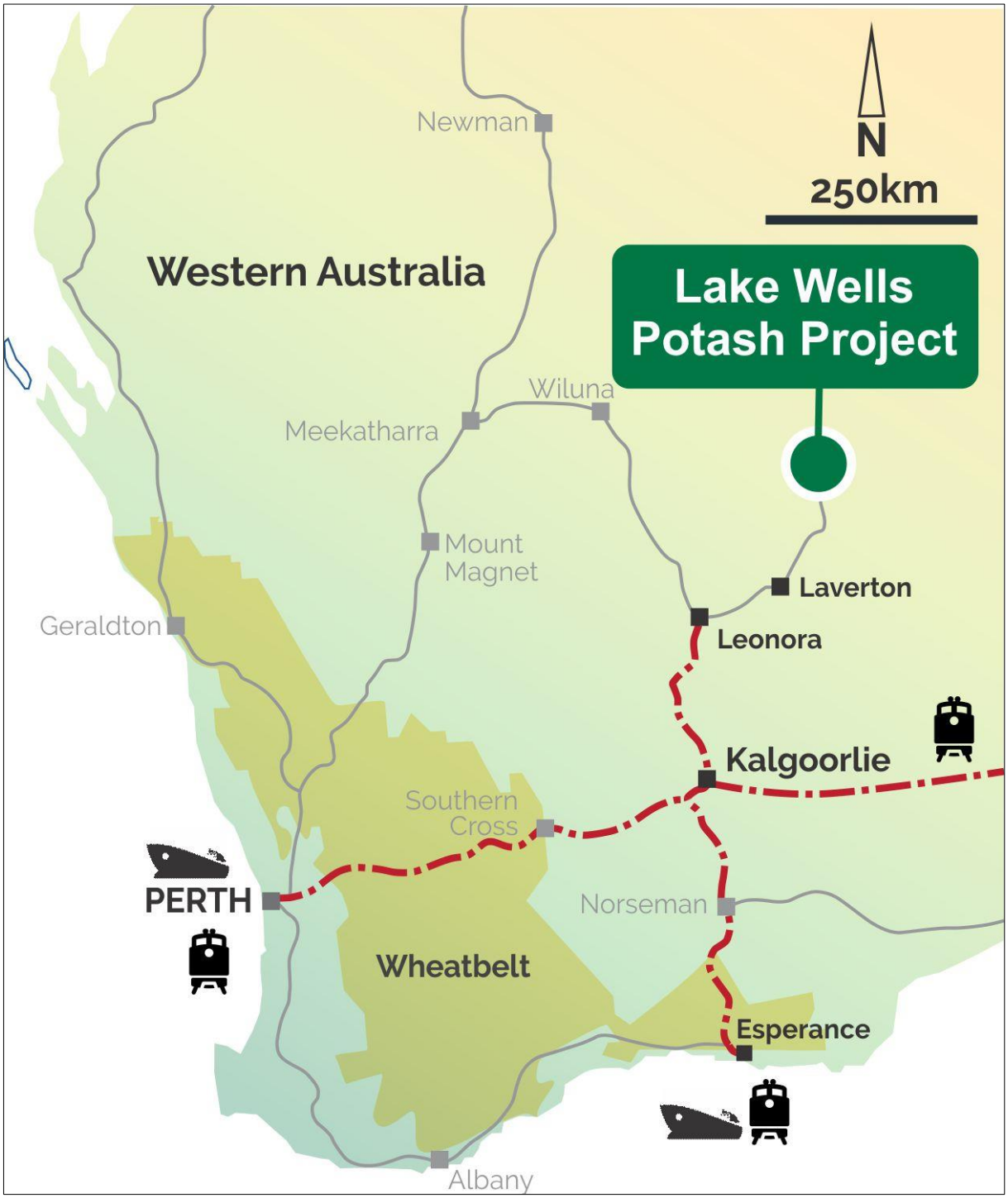

Figure 3: The Lake Wells Sulphate of Potash project is located close to economic rail infrastructure at Leonora in WA's north-eastern Goldfields

Resource

Subsequent to reporting the JORC 2012 compliant Indicated Mineral Resource[1] in March 2017, significant additional work has been completed, enhancing APC's understanding of the resource. Drilling, passive seismic surveys, brine assays, and particle size distribution tests have been completed, adding significant confidence in the Resource and indicating a potential expansion of the Resource.

Additional brine drilling totalling 4,266m has been completed since the calculation of the reported Resource, including two production wells, diamond core drilling with VWP

installation and several monitoring bores installed to assess aquifer response during test-pumping, in addition to exploration holes.

A further 52,600m of passive seismic data has been collected, which contributes to the understanding of the Lake Wells palaeovalley model, and has facilitated identification of drill targets for the current program.

Environmental

The Company referred the Project to the Environmental Protection Authority (EPA) in December 2017 and it was determined that the Project would be formally assessed, through an Environmental Review Document (ERD), in February 2018. An Environmental Scoping Document was approved and published by the EPA in September 2018.

To inform the development of the ERD and DFS, APC have completed several studies and base-line surveys within and adjacent to the salt lake system, including terrestrial fauna, sub-terranean fauna, and flora. In addition to fauna and flora assessments, the ERD will include the groundwater abstraction plan. While also substantiating the resource and reserve models, the upcoming drilling and pump testing work will also contribute significantly to validating the water management plan as part of the ERD.

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.

Following the release of a Scoping Study (detailed below) in 2017, APC has been conducting a Definitive Feasibility Study (DFS) into the development of the Lake Wells Potash Project. The Company is aiming to release the findings of the DFS in H2 2019.

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 2017[1]. 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[1]
- At a SOP price of A$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflow[2] of A$118M/US$81M

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

- 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 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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