15 February 2021

ASX ANNOUNCEMENT
ASX: APC

AUSTRALIAN POTASH LIMITED

ORGANIC CERTIFICATION

CLARIFICATION – ASX ANNOUNCEMENT

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) refers to its announcement on 9 February 2021 (**Announcement**) regarding the organic certification of the Company's K-Brite SOP product.

Attached is the Announcement containing the JORC Code, 2012 Edition – Table 1 in relation to the testing results.

This release was authorised by the Managing Director of the Company.

For further information:

Matt Shackleton
Managing Director & CEO
m.shackleton@australianpotash.com.au
+61 (0) 438 319 841

Danielle van Kampen
Community Engagement Manager
d.vankampen@australianpotash.com.au
+61 (0) 409 104 613

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HIGH-VALUE PRODUCT STRATEGY

Highlights

Lake Wells Sulphate of Potash Project (LSOP) – WA, 100% owned

- **LSOP's K-Brite certified for organic use**
  - K-Brite has been reviewed by ECOCERT, a leading European organic certification agency and classified suitable for use in international organic farming in compliance with European regulations
  - Organically certified K-Brite to be distributed through take-or-pay offtake agreement with Helm AG through European jurisdictions where organic certification carries a premium
- **Process flow optimisation testwork confirms premium grade K-Brite SOP**
  - Front-end Engineering Design (FEED) Study process flow optimisation testwork across all unit processes performed by Bureau Veritas, an international provider of laboratory testwork services to the minerals sector, confirms >53% potassium (K_2O) and <0.1% chloride
  - Testwork further confirms LSOP's process flow design for producing a premium fertigation grade K-Brite for use in micro-irrigation
  - Soluble SOP carries an estimated premium of up to US$50/tonne [i]
- **Granulation testwork confirms premium granulated K-Brite SOP**
  - FEED granulation process flow testwork undertaken by FEECO International, a global leader in the manufacture of fertiliser processing equipment, confirms LSOP will produce a premium granulated product
  - Premium granulated SOP achieves a granule hardness that minimises product loss in handling and logistics
  - Granulated SOP carries an estimated premium of up to US$25/tonne [ii] to powdered SOP and is growing in demand due to its improved handling and application characteristics

Australian Potash Limited (ASX: APC) (**APC** or the **Company**) is pleased to provide an update on K-Brite's organic certification pathway and high-value product strategy.

Managing Director and CEO, Matt Shackleton, commented: *"We are very pleased to advise the first notification of organic certification for our premium suite of high-value K-Brite SOP products.*

"Organic certification opens premium markets across the globe that demand environmentally friendly inputs. Our distribution partners will be able to position K-Brite into these markets, targeting premium price points across the horticultural, viticultural and flower sectors, and high-value broad-acre crops.

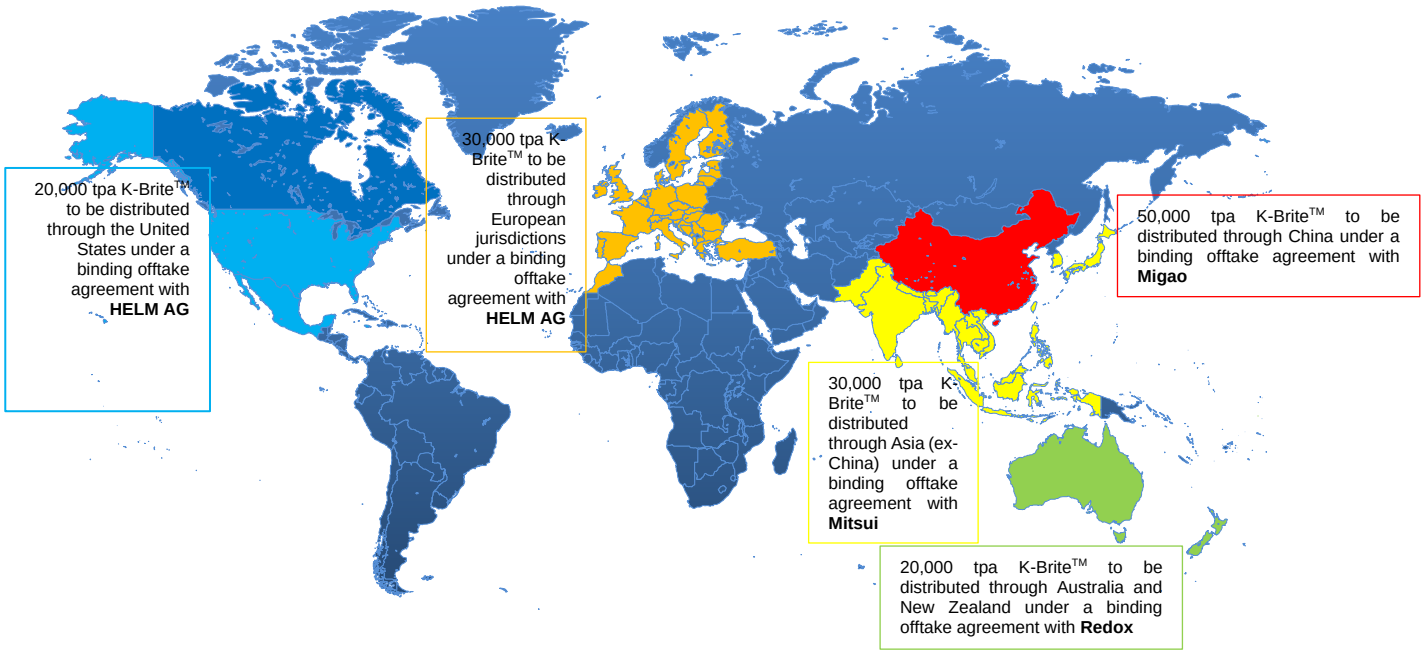
"The rigorous testwork program conducted through FEED demonstrates the LSOP will produce premium granulated and fertigation grade K-Brite, both additional value-adding product qualities.

"Granule hardness reduces product loss through the logistics chain, right up to end user application. For this granular K-Brite will command a price premium to the more common standard or powdered SOP. Similarly, soluble K-Brite, which will go to the fertigation (spray fertiliser) market, is priced at a premium due to its applicable uses in the high-value horticultural sectors."

Geographic and Counterparty Offtake Diversity

100% of the Company's DFS projected output of 150,000 tonnes per annum is now under binding take-or-pay offtake agreements. APC adopted a geographically diverse distribution strategy, minimising exposure to single market risks.

The Company's existing marketing program covers the following jurisdictions:



During the FEED program opportunities were considered to optimise the SOP output profile, with the Company continuing to aim for 100% of output under offtake agreement.

The LSOP is planning on producing three high quality, organically certified SOP products being:

- Granulated SOP;
- Fertigation grade SOP; and,
- Standard SOP.

Industry pricing benchmarks are typically for a 50% potassium product and pricing premiums are achieved for high quality SOP products including being certified for use in organic agricultural, greater than 50% potassium content, fertigation grade SOP, and granular SOP.

Organic Input Certification

The LSOP's K-Brite has been certified by ECOCERT as suitable for use in international organic farming, in compliance with European regulations as allowed under European regulation EC 834/2007.

The organic farming market is fast growing as the world moves to more sustainable farming practices. The EU recently announced a goal of reaching 25% of the total European agricultural area as organic farmland by 2030. The current organic farmland makes up 7.7% of the EU's total agricultural land.

The Company is progressing other geographic specific organic certification processes to be recognised in each of its current offtake geographies as a supplier of premium organic SOP for sustainable agriculture.

ECOCERT is a globally recognised inspection and certification body established in France in 1991 by agronomists aware of the need to develop environmentally friendly agriculture and of the importance of offering some form of recognition to those committed to this method of production.

High Grade Premium Product

The FEED program included further process flow optimisation testwork to confirm the process flow design that formed the basis of the tendered EPC SOP process plant package. The testwork was performed by Bureau Veritas across all unit processes and confirmed the following product characteristics:

- Potassium (K_2O) 53%
- Sulphate (SO_4) 54%
- Chloride (Cl) <0.1%

The high potassium and low chloride content confirms the premium nature of the standard SOP and fertigation grade SOP products.

It is expected that fertigation grade SOP will be a fast-growing market as the agricultural industry moves towards improved irrigation systems and water use efficiency. Recent estimates of the market size and growth rates of micro-irrigation systems give a robust global compound annual growth rate (CAGR) of over 17% up to 2019 from a baseline of nearly US$2bn in 2013, with Asia-Pacific growing fastest overall, with a CAGR in excess of 20%.

Premium Granulated Product

The FEED program also included granulation test work undertaken by FEECO International on the LSOP feed salts produced during the evaporation trial ponds in late 2018. FEECO completed granulation test work at its facility in North America. A variety of tests were conducted to assess different binder combinations and finished product characteristics such as granular hardness and quality.

The granulation test work confirmed the granular K-Brite product will have a >50% potassium content and >4 kg/granule hardness with the use of a benign binder. Granulated SOP has improved handling

and application characteristics and is used as both a direct application SOP and in blended NPK fertilisers.

FEECO is recognised globally as an expert in process design and manufacturing solutions for complete fertiliser systems and turnkey production facilities including bulk material handling, granulation technology and control systems.

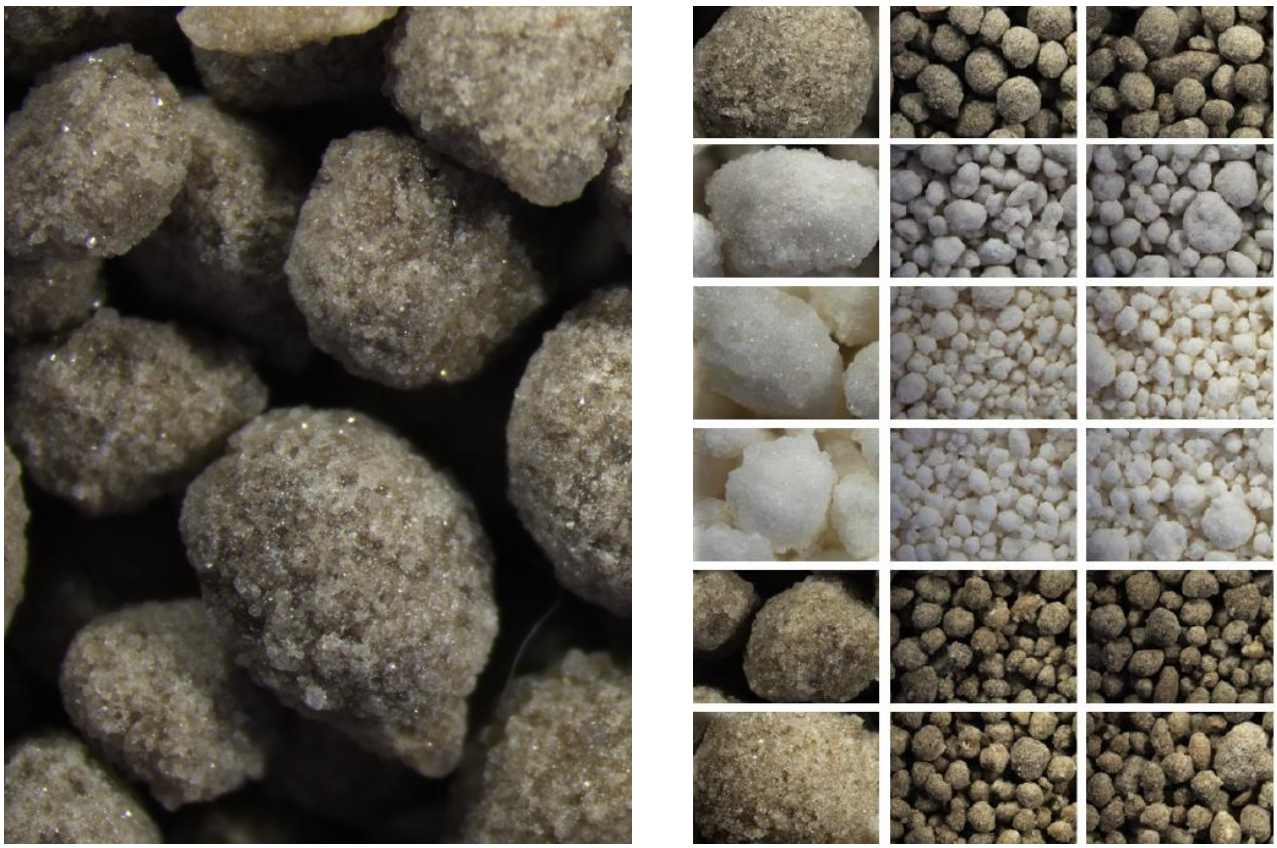


Figure 1: LSOP granulated product showing well-formed granules

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d.vankampen@australianpotash.com.au
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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[iii], 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 NPV_8 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

Forward Looking Statements

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.

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[i] To standard (or powdered) SOP containing insoluble particles greater than 0.1% w/v (*Argus Media*).
[ii] To standard (or powdered) SOP that is not granulated (*Argus Media*).
[iii] 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.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Samples used for test work were sourced from the original pilot pond salts grown and collected as part of the Definitive Feasibility Study (DFS) works and previously reported. • A total of 740 kg of H2 salts and 720 kg of H3 salts were transported to Bureau Veritas directly by Australian Potash staff.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Not required
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Not required
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.*	• Not required

Criteria	JORC Code explanation	Commentary
	• *The total length and percentage of the relevant intersections logged.*	
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• A 60:40 blend of H2/H3 salts were used in the test work based on advice from Novopro Projects Inc. who reviewed QXRD and ICP analysis on the salt composition. The blend ratio was selected to be representative of the average feed composition to the commercial scale plant. • 60 kg of H2, and 40 kg of H3 were collected by cone and quartering, and the material crushed to 100% passing 3.35 mm using a screen and hammer. The undersize material was then combined, homogenized and split into 10 kg lots. • Samples were dried at 35C prior to preparation for assay and QXRD. H2 lost 3% of its mass after drying, H3 lost 1% of its mass after drying. • The harvest salts were dissolved as a 10.0% w/v solution and assayed by ICP-OES for Mg, Ca, Na, K and SO4. Chloride was determined from the same dilution by colorimetric titration. H_2O is calculated by difference with the assayed elements. This process was done to create an assay head grade for all subsequent test work.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• Test work plans were developed by Novopro Projects Inc. and executed at Bureau Veritas, Perth. under the supervision of Australian Potash with remote support provided by Novopro. • Solid salt samples for species identification were analyzed using QXRD at Microanalysis. Salt samples (brine or solids) were analysed using ICP-OES or ICP-MS for K, Na, Mg, Ca, with chloride determined by Mohr titration. • Sulphate was calculated from the ICP sulphur analysis. • Bureau Veritas applied internal quality procedures including the use of certified standards, replicates and lab repeats. • Granulation test work was completed by FEECO using their internal methods. • All analytical techniques and testing methods are considered

Criteria	JORC Code explanation	Commentary
		appropriate for analysis of the salt samples.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Assays were collected as a head grade, prior to test work, during test work to track reaction completion and kinetics and as a final product, as a result of the test work. Only final product assay data is reported. • Assayed data is reported based on a conversion to K_2O content by multiplying the measured K concentration by 1.21. Reported SO_4 levels are calculated by multiplying the reported SO_3 concentrations by 1.2. • Reported crush strength data provided by FEECO were converted from units of pounds/pellet to units of kg/pellet by multiplying by 0.453.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Original salts were collected from trial harvest ponds. • The source of the brine in the trial ponds is considered representative of the brine Resource noted in the Company Resource statement.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Not required
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Not required
Sample security	• *The measures taken to ensure sample security.*	• All salt samples were stored in marked bags and kept onsite before transport to the laboratory. Transport to Bureau Veritas was done directly by Australian Potash personnel and logged through a Chain of Custody system. • Salt samples for granulation test work completed by FEECO, were dispatched by Australian Potash

Criteria	JORC Code explanation	Commentary
		using an international carrier with a Chain of Custody system in sealed containers. A photo of the container condition prior to sending was provided to FEECO and samples were received unopened.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews were completed as part of test work. Standard laboratory QA and QC methods were applied for individual tests in line with Bureau Veritas internal procedures.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The trial ponds that the samples were collected from were located within granted M38/1274 (now rehabilitated). • Australian Potash have 100% beneficial interest in M38/1274.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Not required
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Brine for the trial pond and subsequent salt formation was sourced from a bore constructed beside the trial pond. • The host to the brine is a sedimentary sequence that has filled a river valley, with a basal sand and upper sand aquifers, and intervening clay dominated units.
Drill hole Information		• Not required
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of*	• This report covers the results of an intermediate product, and process testing to determine final product process optimisation. • Aggregation of ore (brine) occurred during the pumping of the brine from the source lithology, and was in-line with the Resource that has been calculated covering the project.

Criteria	JORC Code explanation	Commentary
	metal equivalent values should be clearly stated.	
Relationship between mineralisation widths and intercept lengths		• Not required
Diagrams		• Not required
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Not required
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The body of the announcement presents the results of test work, that is a metallurgical test to optimise final product quality, and production parameters. • The methodology of this test work is described in preceding sections.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Not required