

28 April 2023

Quarterly Activities Report – March 2023

- **Technical and permitting work continues to maintain shovel ready status of the Lake Wells SOP Project (LSOP)**
- **Second year of training commences at Laverton Training Centre with two new nationally accredited vocational units**
- **Conditional sale of Laverton Downs Project announced to secure cash and royalty for APC and enable focus on Lake Wells**

Australian Potash Limited (**ASX: APC** or the **Company**) is pleased to provide its Quarterly Activities Report for the period ending 31 March 2023.

Managing Director and CEO, Matt Shackleton, commented: “With strong demand underpinning the global market for potassium fertilisers, and pundits predicting India’s population to exceed China’s in the near term indicating continued rapid expansion in the world’s population, the Australian equity market’s bearish sentiment towards the emerging potash sector appears at odds with other investment markets.

Australian Potash remains in a strong strategic position due in significant part to the continued support of its larger shareholder base. Conviction investment is typical of successful and long-term resources industry investors, and we are fortunate to count on our register such investors.

The capital raised through the quarter is allowing the Board to continue assessing strategic investor opportunities. At the date of this report, other than this corporate effort, the Company’s team is holding the Lake Wells SOP Project in shovel-ready status, in the expectation that a successful process will introduce the necessary capital to commence the development of the LSOP. The Board looks forward to updating the market as new and material progress is made.”

SOP Market Update

Long Term Price Forecast

In the first week of April 2023, India agreed to new muriate of potash (**MOP**) pricing with the major suppliers at US\$422 per metric tonne. This influential contract further sets a floor following the seasonal reduction of inventories and delayed purchases as farmers await some certainty in the market. The final major influential indicator is the price contract with China. This is typically an annual event however it has on previous occasions been delayed beyond 12 months. Most recently China is believed to be holding out for a better price than that of India with China’s negotiating power supported by domestic inventory levels slightly above average.

The global market is adjusting to the latest price set by India and there are regional fluctuations based on inventories, seasonal demand, and the 'bank' of nutrients present in the soil.

Sulphate of potash (**SOP**) pricing has traditionally been US\$200/t higher than MOP pricing: in April 2023, following the contract with India, SOP bulk northwest Europe was priced at US\$806/t. The LSOP financial model released in September 2022¹ carried a forecast SOP price of US\$567/t, which assumption has not changed.

In 2022, 70 Mt of expected global MOP shipments were short 9 Mt. Unconstrained volumes in 2023 should be 70-71 Mt, however it is expected to fall short at 63-67 Mt due to the continued sanctions against Belarus and the ongoing conflict in Ukraine by Russia. Russian MOP exports were down 28%, Belarus exports were down 52% in 2022. The anticipation for 2023 is that Russian MOP exports will be down 15-30% and Belarus down 40% from normalised levels².

Operational Update

Lake Wells Sulphate of Potash Project (LSOP or Project)

The Lake Wells SOP Project is located approximately 500 km north of Kalgoorlie in the north-eastern Goldfields of Western Australia. It is a 100% borefield SOP project and is being developed without any recourse to a trenching system to abstract (or mine), the potassium rich brines.

Technical and Permitting Work Continues

APC continued to progress technical and permitting work relating to construction and development with the view to maintaining the Project's shovel ready status.

Funding & Offtakes

During the reporting period APC maintained ongoing dialogue with the syndicated debt facility lenders (Northern Australia Infrastructure Fund (**NAIF**), Export Finance Australia (**EFA**)), interested commercial banks and offtake partners.

Laverton Training Centre (LTC)

The Laverton Training Centre is an initiative of APC which provides access to nationally accredited vocational training for long-term unemployed Aboriginal people living in this remote part of Western Australia.

The LTC training ethos is modelled on the highly successful Martu-ku Yiwarra Training Centre in Wiluna, a unique four-year pilot remote Aboriginal vocational training program which was funded by local employers, overseen by Martu Elders, and had training delivered by Central Regional TAFE Kalgoorlie as the registered training organisation.

Units delivered to date during 2023 include automotive training and weed and chemical training with students attending from Laverton, Mount Margaret and Wiluna. LTC students are building up a portfolio of relevant skills in order to become competitive in the northern Goldfields employment market and launch into employment pathways.



Photos 1 & 2: Automotive (L) and chemicals and weed spraying (R) training

Lake Wells Gold Project (LWGP)

In 2018, APC and St Barbara Limited (**SBM**) entered into a joint venture for the exploration, development and mining of non-potash minerals at the Lake Wells Gold Project. In July 2022 SBM provided notice of withdrawal from the LWGP Joint Venture and APC is resuming 100% ownership of the tenements.

APC continued to review the data compiled from SBM’s exploration activities, which will form the basis of future programs.

Laverton Downs Project (LDP)

The Laverton Downs Project is located approximately 5 km north of Laverton. Regional geology highlights the potential for gold and nickel sulphide mineralisation. Project evaluation undertaken by APC incorporating regional datasets, detailed magnetic data and high precision geochemical assay results derived from historical bottom of hole drill samples confirmed that a Kambalda-style nickel deposit host rock type is present within the LDP.

On 28 February 2023, APC announced³ that it had signed a binding letter of intent with Maverick Minerals Pty Ltd, a newly incorporated entity which intends to conduct an IPO and list on the ASX, for the sale and purchase of the six tenements comprising the LDP. The transaction is subject to several conditions, including completion of a three month due diligence period which is currently underway.

Darlot Project (DP)

The Darlot Project comprises three exploration licences across Lake Darlot, 50 km ENE of Leinster in the northern Goldfields. The tenements comprising the DP were surrendered post reporting period.

Corporate Update

The Company remains committed to canvassing funding opportunities to bring the LSOP into development. A number of expressions of interest received in this regard gave rise to a strategic investment review focused on the potential to attract a strategic partner with the balance sheet capacity and, ideally, industry expertise in either fertiliser feedstocks or the development of solar SOP brines globally. This process remains ongoing and a decision about the outcome of the review will be made only after due diligence has been undertaken and formal offers have been received and considered by the Board.

On 16 March 2023 the Company announced⁴ that it had received firm commitments to raise \$2,077,356 via a placement to a number of existing shareholders who are sophisticated or professional investors. A total of 115,408,645 fully paid ordinary shares with an issue price of 1.8 cents per share with a 1:1 attaching option were issued on 23 March 2023. The attaching options will be exercisable at 3.6 cents and have an expiry date of 21 March 2025.

As at the date of this report, the Company's capital comprises:

- 1,038,677,808 fully paid ordinary shares (ASX: APC)
- 1,500,000 unlisted options exercisable at \$0.175 and expiring 29 July 2023
- 57,443,347 unlisted options exercisable at \$0.06 and expiring 26 August 2023
- 115,408,645 unlisted options exercisable at \$0.036 and expiring 21 March 2025
- 5,431,653 unlisted performance rights.

A general meeting of shareholders is scheduled to be held on Tuesday, 30 May 2023 to seek ratification of the shares and options issued under the recent placement capital raising.

Financial Commentary

The Quarterly Cashflow Report (Appendix 5B) for the period ending 31 March 2023 provides an overview of the Company's financial activities.

During the quarter, payments to related parties and their associates totalled \$97,000, comprising directors' salaries, fees and superannuation. In addition, a summary of the expenditure incurred during the quarter on the activities described in this report is as follows: exploration and evaluation (capitalised) \$199,000; exploration and evaluation (expensed) \$79,000; property, plant and equipment \$105,000; staff costs \$243,000; and administration and corporate costs \$433,000.

Mining Tenement Holdings

In line with obligations under ASX Listing Rule 5.3.3, APC provides the following information relating to its mining tenement holdings as at 31 March 2023.

Area	Tenement	Interest at 31 December 2022	Action	Interest at 31 March 2023
Lake Wells	E38/1903	100%	-	100%
	E38/2113	100%	-	100%
	E38/2505	100%	-	100%
	E38/2901	100%	-	100%
	E38/2988	100%	-	100%
	E38/3018	100%	-	100%
	E38/3021	100%	-	100%
	E38/3028	100%	-	100%
	E38/3039	100%	-	100%
	E38/3224	100%	-	100%
	E38/3225	100%	-	100%
	E38/3226	100%	-	100%
	E38/3270	100%	-	100%
	E38/3423	100%	-	100%
	ELA38/3784 ⁵	100%	Application pending	100%
	ELA38/3785 ⁵	100%	Application pending	100%
	ELA38/3786 ⁵	100%	Application pending	100%
	LA38/350 ⁶	100%	Application pending	100%
	L38/351 ⁶	100%	-	100%
	L38/356 ⁶	100%	-	100%
	LA38/359 ⁶	100%	Application pending	100%
	LA38/360 ⁶	100%	Application pending	100%
	M38/1274	100%	-	100%
	M38/1275	100%	-	100%
M38/1276	100%	-	100%	
M38/1287	100%	-	100%	
M38/1288	100%	-	100%	
M38/1289	100%	-	100%	
Laverton Downs	E38/2724 ⁷	100%	-	100%
	E38/3014 ⁷	100%	-	100%
	E38/3132 ⁷	100%	-	100%
	E38/3402 ⁷	100%	-	100%
	E38/3403 ⁷	100%	-	100%
	E38/3404 ⁷	100%	-	100%
Darlot	E37/1388	100%	-	100%
	E37/1389	100%	-	100%
	E37/1390	100%	-	100%

No tenements are subject to any farm-in or farm-out agreements.

This release was authorised by the Board of Directors.

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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 forward-looking 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 or any other referenced announcement. No obligation is assumed to update forward-looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

¹ Refer ASX Announcement 21 September 2022 *'Increased Production Delivers Superior Economic Outcomes for World Scale LSOP'*. That announcement contains the relevant statements, data and consents referred to in this announcement. APC, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 21 September 2022 announcement; and 2. State that the material assumptions and technical parameters underpinning the estimates in the 21 September 2022 announcement continue to apply and have not materially changed.

² Bank of America Global Agriculture & Material Conference, 1 March 2023.

³ Refer ASX Announcement 28 February 2023.

⁴ Refer ASX Announcement 16 March 2023.

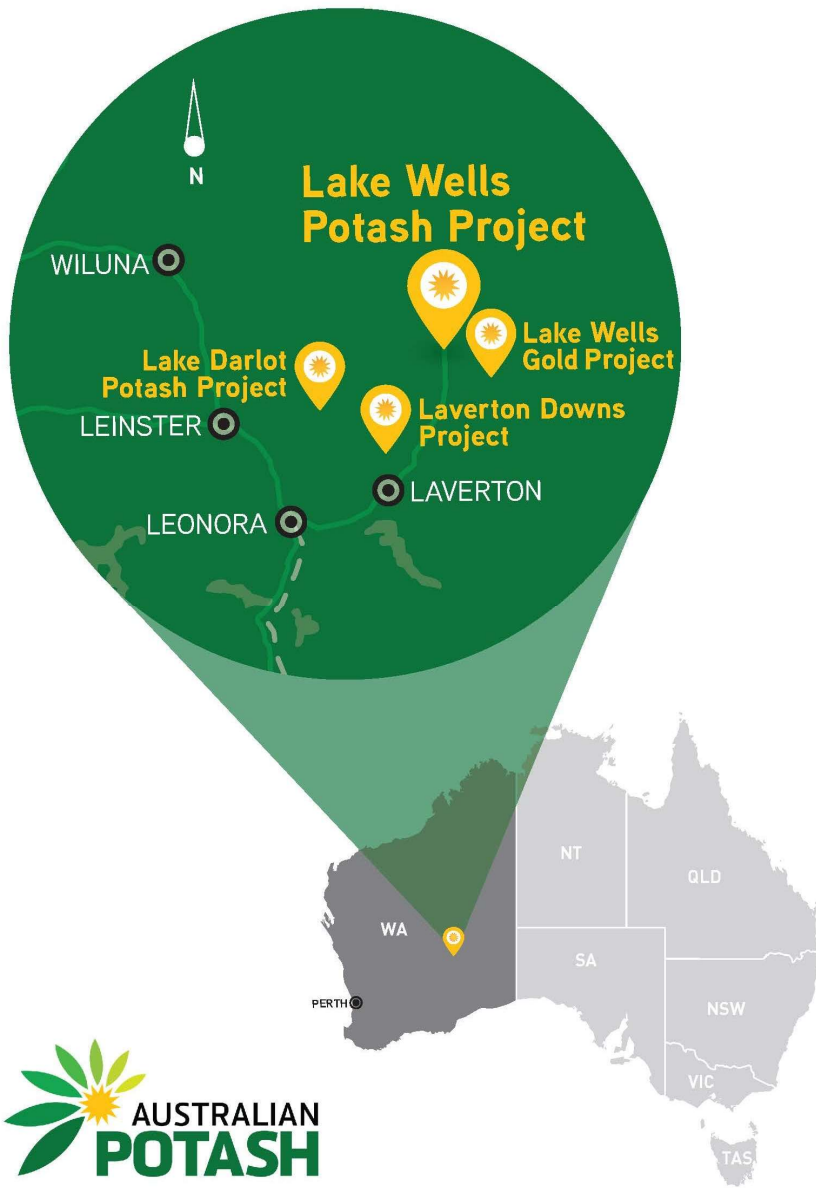
⁵ Tenements held by Lake Wells East Pty Ltd, a wholly owned subsidiary of APC.

⁶ Tenements held by Lake Wells Potash Pty Ltd, a wholly owned subsidiary of APC.

⁷ Tenements held by Laverton Downs Pty Ltd, a wholly owned subsidiary of APC. On 28 February 2023 the Company announced that it had entered into a binding Letter of Intent in relation to the conditional sale of the Laverton Downs' tenements to Maverick Minerals Pty Ltd.

About Australian Potash Limited

APC holds a 100% interest in the **Lake Wells Sulphate of Potash Project (LSOP)**, located approximately 500 km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Company is finalising pre-development plans for commencement of construction. First production from the LSOP is scheduled for 31 months from a Final Investment Decision.



K-Brite™ is a registered trademark brand of Australian Potash Limited and the brand under which the suite of high quality, premium SOP products from the LSOP will be marketed.

APC holds a 100% interest in the **Lake Wells Gold Project**, located 500 km northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

Please visit www.australianpotash.com.au for more information.