

6 February 2024

## Quarterly Activities Report – December 2023

- **Voluntary Administrators appointed 6 December 2023 (Administration ceased 1 February 2024)**
- **Focus on development of recapitalisation strategy to exit voluntary administration and continue as a going concern**
- **Exploration tenure prospective for gold and base metals retained at Lake Wells, Western Australia and activities to be initiated at the Nexus Rare Earths & Lithium Project upon recapitalisation**

### Post Quarter End

- **Voluntary administration ceased on 1 February 2024**
- **Control of the Company returned to the control of the Directors**

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

**Managing Director and CEO, Matt Shackleton, commented:** “All of the stakeholders in the Lake Wells sulphate of potash Project are undoubtedly disappointed with the demise of Western Australia’ nascent potash sector, which reflects a lack of investment sentiment for these project development opportunities. Notwithstanding the dedicated effort of the Board of Directors, the management team and all of the staff at APC, the fall-out from the highly inflated capital cost environment & failures of the early movers in the sector could not be overcome.

“Fortunately for our shareholders, the Company retains the tenure at the Lake Wells Gold Project, with its extensive drill assay database, and the Nexus Project tenure in the emerging West Arunta province of Western Australia. Upon recapitalisation and re quoting of the Company’s stock on the ASX, we will immediately commence the exploration program at Lake Wells and begin the process to secure access and heritage clearance at Nexus. Plans for these programs of work are well advanced.

“While the Company finished the December quarter poorly, the process of Voluntary Administration proved to be very effective, with positive outcomes for our shareholders and suppliers. We successfully proposed a Deed of Company Arrangement that was approved by creditors and can report today that the VA process has ceased, and the Board are back in control of the Company.

“With a clean balance sheet, two highly prospective exploration projects and a reconstituted Board with a breadth of experience across a range of mineral commodities, we look forward with energy and enthusiasm to the coming year.”

## Voluntary Administration/Deed of Company Arrangement

On 6 December 2023 the directors of APC resolved to appoint Voluntary Administrators Hayden White and Daniel Woodhouse of FTI Consulting (**Administrators**) with the view to undertaking a restructuring that

would enable the Company to continue as a going concern. Between that time and the end of the reporting period, the Company worked with the Administrators to progress a recapitalisation proposal which sought to restructure the balance sheet, avoid liquidation and allow all shareholders the ability to retain value in their investment and participate in future capital raises.

Subsequent to the period end, on 2 February 2024 it was announced that the Company had exited Voluntary Administration and returned to the control of the Directors. Creditors voted at a second meeting on 19 January 2024 to accept a Deed of Company Arrangement (**DOCA**) proposed by Matt Shackleton, with all previous trade and other creditors of the Company transferring to a Creditors' Trust, removing these liabilities from the Company's balance sheet.

Under the terms of the DOCA, the Company has funded the Creditors' Trust with \$900,000, following the issue of \$1 million in converting loans. The Company is preparing to lodge with ASIC a Prospectus in relation to an offer of shares, with the broad terms being:

- a Priority Placement offer to all existing shareholders on the register at the record date (to be determined);
- a General Placement offer following the close of the Priority Placement offer;
- an issue price of \$0.001 per share; and
- one (1) free attaching option for each two (2) shares subscribed for under both the Priority Placement and General Placement offers, exercisable at \$0.0015 per option for a period of 3 years. The Company will seek to have these options listed on ASX.

Canaccord Genuity (Australia) Limited and Cumulus Wealth Management Limited have been appointed Lead Managers for the capital raising. The capital raising will be underwritten to \$2.75million.

Following the return of the Company to the Board's control, Management has immediately moved to finalise the 2023 Financial Report, conduct the 2023 Annual General Meeting and seek the lifting of the suspension of trading of the Company's securities on the ASX.

### **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. Over the duration of that joint venture, SBM spent approximately \$3.5million exploring (primarily for gold) the tenements, which sit contiguous to, and south of, the Lake Wells Sulphate of Potash (**LSOP**) development envelope. The LWGP extends approximately 80km to the south of Lake Wells, where it adjoins tenure currently being explored by successful gold producer Gold Road Resources Limited (ASX: GOR).

APC has 100% ownership of the tenure comprising the LWGP.

A geological review of all previous exploration results has been conducted and recommendations developed for an aircore drill program to the most prospective 'walk-up' drill targets (see Figure 1). It is anticipated that drilling will commence at the LWGP during the June 2024 quarter once the recapitalisation of the Company has been completed.

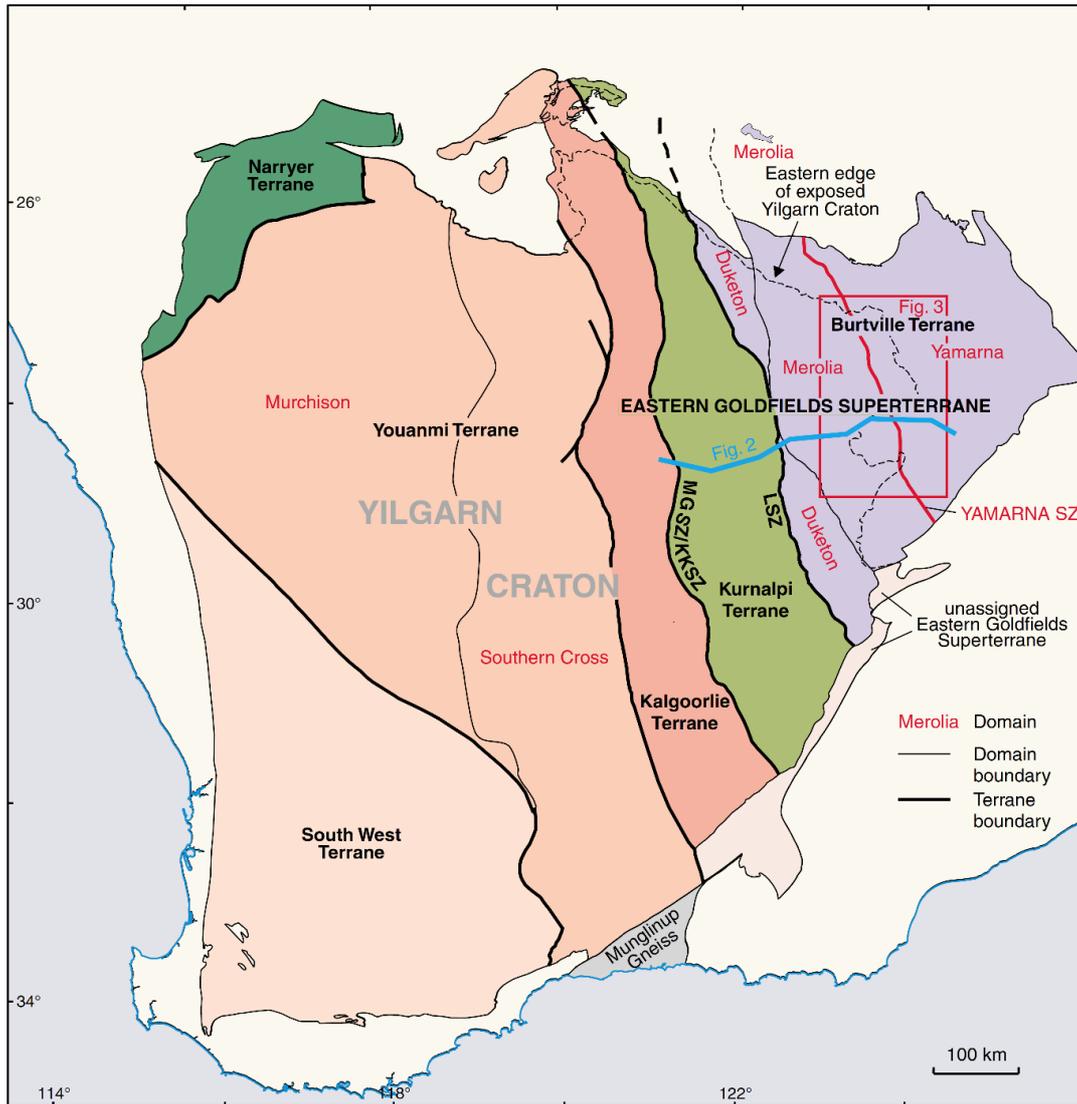


Figure 1: The LWGP sits on the edge of the Archean craton

### West target

This target is the projected northern strike extension of the Yamarna Shear Zone (YSZ) and is prospective for Golden Highway style mineralisation (ala Gold Road Resources Ltd (ASX: GOR)

Target consists of a +6km strike length of untested YSZ which has only a single drill line over it.

### East target

The target is an 8 km strike extension of the Ibanez host rock package.

Magnetic data shows that this package continues north from Ibanez up through APC's tenements for 8km and includes a prominent S shaped bend featuring a nearly 90-degree strike change which is considered a desirable structural target for gold mineralisation.

Existing drilling, mostly AC over this area only consists of 1,600-2,000m spaced drill lines which are too widely spaced to effectively test for a small footprint (600-800m strike length), high grade deposits.

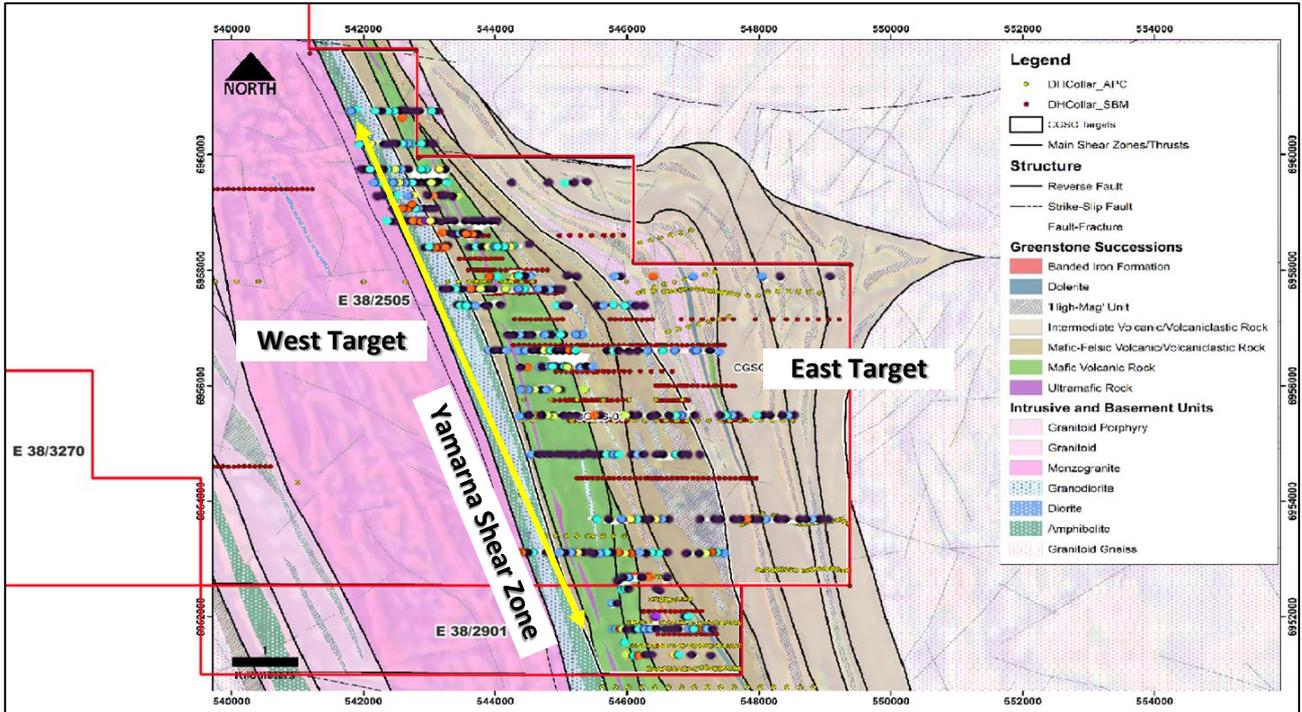


Figure 2: Two 'walk-up drill targets' emerged after the interpretation of the combined APC and St Barbara drill assay database

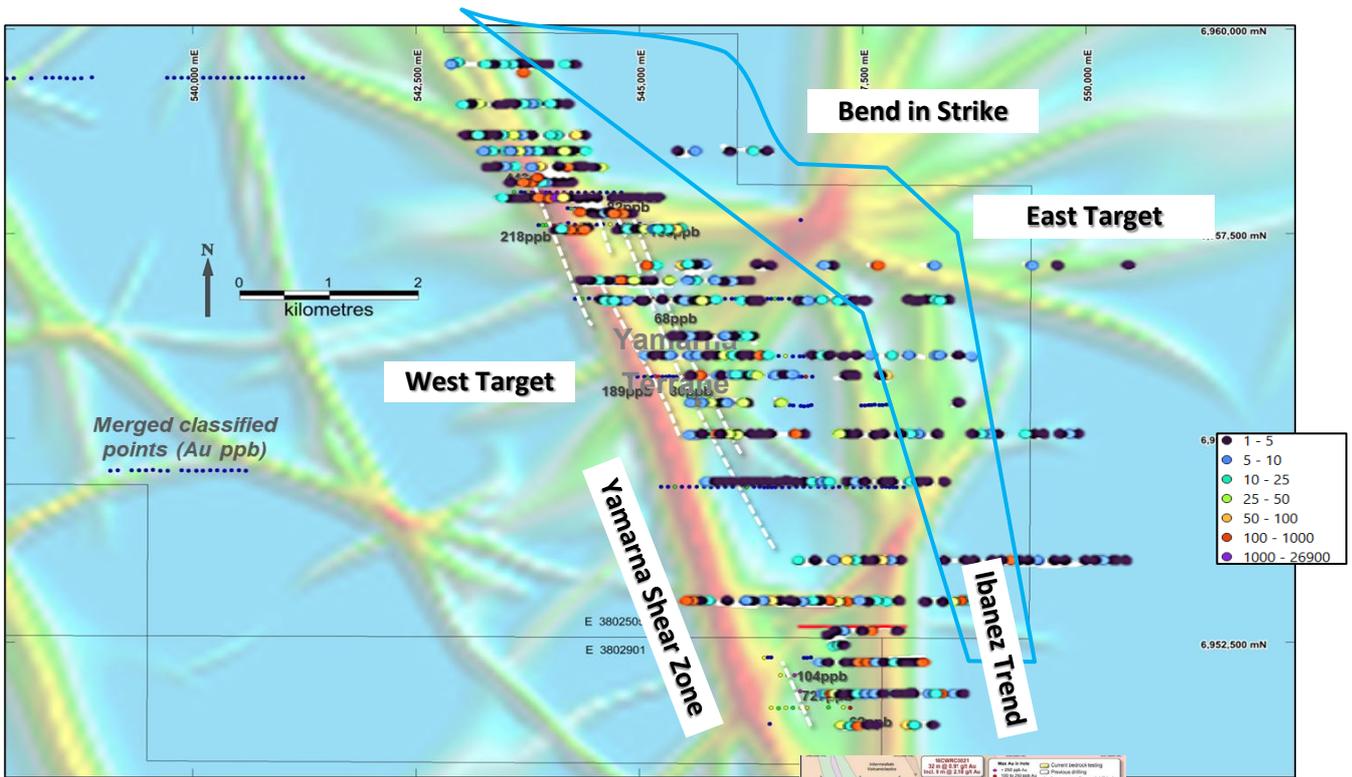


Figure 3: Bend in strike and the Ibanez trend on GOR's Golden Highway



### Nexus REE & Lithium Project (Nexus)

The Nexus Project is located in the West Arunta of Western Australia’s Kimberley region. The project comprises an exploration licence application (E80/5917) and the Company has entered into an agreement to purchase a contiguous exploration licence (E80/5778).

Attention has been focused on the West Arunta region recently through the discovery of a high-grade carbonatite hosted niobium deposit by explorer WA1 Resources Limited (ASX: WA1) and ongoing lithium exploration by Independence Group (ASX: IGO), amongst others.

APC’s exploration strategy at Nexus is to expand the work conducted by previous tenement holders, by pursuing the increasing tenor of lithium and rare earth mineralisation in the lacustrine clays overlying the Bitter Springs formation to the south of the Webb Granite. Initial work will focus on securing heritage and access agreements to enable on the ground exploration activities to proceed.

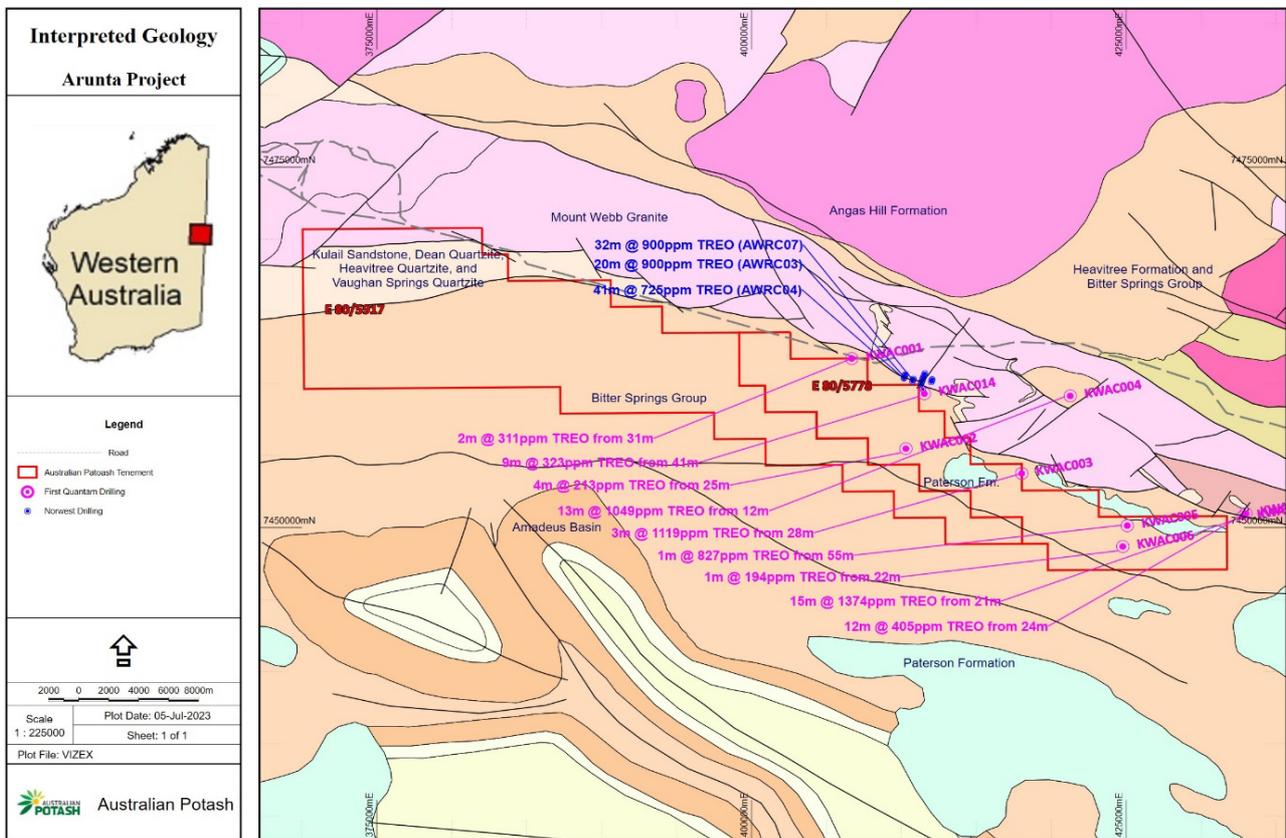


Figure 4: Encouraging historical drill assay results for REE mineralisation have been recorded at the Nexus Project

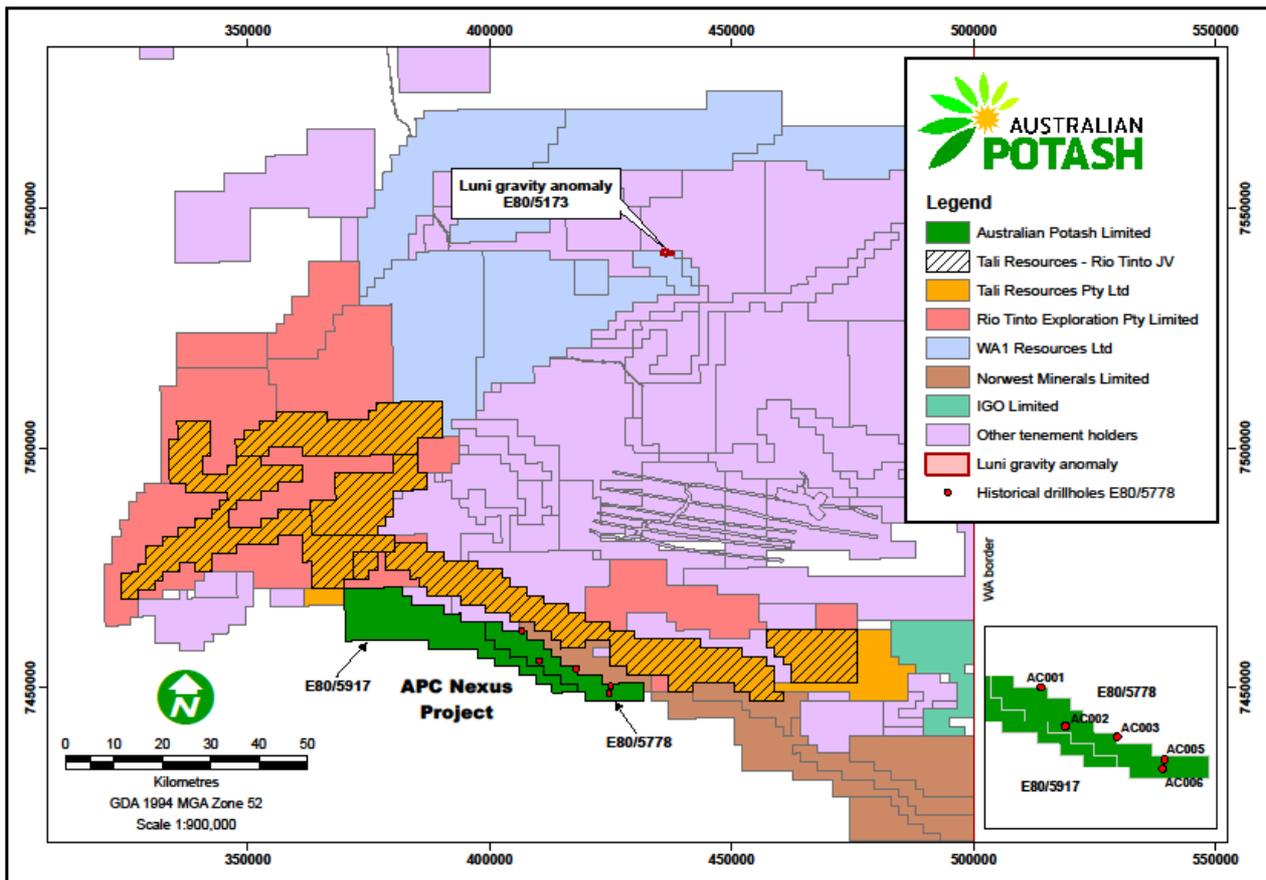


Figure 5: The West Arunta province is attracting exploraiton interest following the identification of mineralisation around and across the large Webb Granite

### Laverton Downs Project (LDP)

The Laverton Downs Project is located approximately 5km 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.

In early 2023, APC signed a binding Tenement Sale Agreement with Maverick Minerals Pty Ltd for the sale and purchase of the six tenements comprising the LDP. The due diligence period has been completed and settlement is pending Maverick's IPO and listing on the ASX, which is anticipated during February/March 2024. Consideration payable by Maverick Minerals to APC forms part of the Creditors' Trust and will be applied to the payment of creditors under the DOCA.

### Lake Wells Sulphate of Potash Project (LSOP)

Demobilisation of all personnel, assets and infrastructure from the LSOP was completed in early November 2023. APC retains the intellectual property associated with the development of the LSOP and will be ready to deploy this should a new opportunity emerge for this Project.

## 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.

During the period, students from the remote Aboriginal communities of Warakurna, Wanarn and Warburton (close to the Northern Territory border) completed training in workplace health and safety which qualifies them for White Cards, enabling remote employment. Students from Leonora received instruction during December 2023 in chemical and weed spraying to assist them progress towards employment as Rangers with the Tijwarl land management program.



Photos 1-3: LTC training delivery in the December 2023 quarter including chemical and weed spraying for Leonora students and White Card for Warakurna students

To the date of writing, 164 individual students have completed a total of 480 federally accredited vocational training units at the LTC, with over 80% of these students experiencing a direct employment outcome. Of the students, 130 identify as Aboriginal or Torres Strait Islanders and 47 as women. LTC students have attended training from Leonora, Mount Margaret, Laverton, Wiluna, Kalgoorlie and the Ngaanyatjarra, and Tjuntjunjarra communities.

## Corporate Update

Capital movements during the period relate to the lapsing of unlisted options and performance rights. As at the date of this report, the Company's capital comprises:

- 1,038,689,490 fully paid ordinary shares (ASX: APC); and
- 115,408,645 unlisted options exercisable at \$0.036 and expiring 21 March 2025.

## Financial Commentary

The Financial Report for the period ending 30 June 2023 is still pending at the date of this report.

Cash at the end of the quarter was \$546,000. However all remaining cash in the Company at quarter end has formed part of the Creditors' Trust and will be applied to the settlement of creditors debts by the Trustees.

During the quarter, payments to related parties and their associates totalled \$320,000, 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 \$166,000 (expensed); staff costs \$517,000; and administration and corporate costs \$411,000. Proceeds of \$289,000 were received in relation to property, plant and equipment and grant funding for the Laverton Training Centre.

## 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 December 2023.

Area	Tenement	Interest at 30 September 2023	Action	Interest at 31 December 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%
	E38/3224	100%	-	100%
	E38/3225	100%	-	100%
	E38/3226	100%	-	100%
	E38/3270	100%	-	100%
	E38/3423	100%	-	100%
Laverton Downs	E38/2724 <sup>1</sup>	100%	-	100%
	E38/3014 <sup>1</sup>	100%	-	100%
	E38/3132 <sup>1</sup>	100%	-	100%
	E38/3402 <sup>1</sup>	100%	-	100%
	E38/3403 <sup>1</sup>	100%	-	100%
	E38/3404 <sup>1</sup>	100%	-	100%
Nexus	ELA80/5917	100%	Application pending	100%

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

This release was authorised by the Board of Directors.

### Matt Shackleton

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<sup>1</sup> 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 tenements to Maverick Minerals Pty Ltd.