

27 February 2018

## YAMARNA GOLD PROJECT

### 23,000 metre Drill Program to Test Priority Target Area

- Target area coincident with Arsenic in soils anomaly of 10x background
- Historic previously unpublished drill holes identified 250m south of target area with material gold anomalism
- Target area is the first of 13 'walk-up' drill targets identified so far across +1,400km<sup>2</sup> 100% owned Yamarna Gold Project tenure
- Drill contractor engaged to commence drilling April 2018
- Compelling new prospect – Barrett North – identified through anomalous bottom of hole envelope over 800m of strike

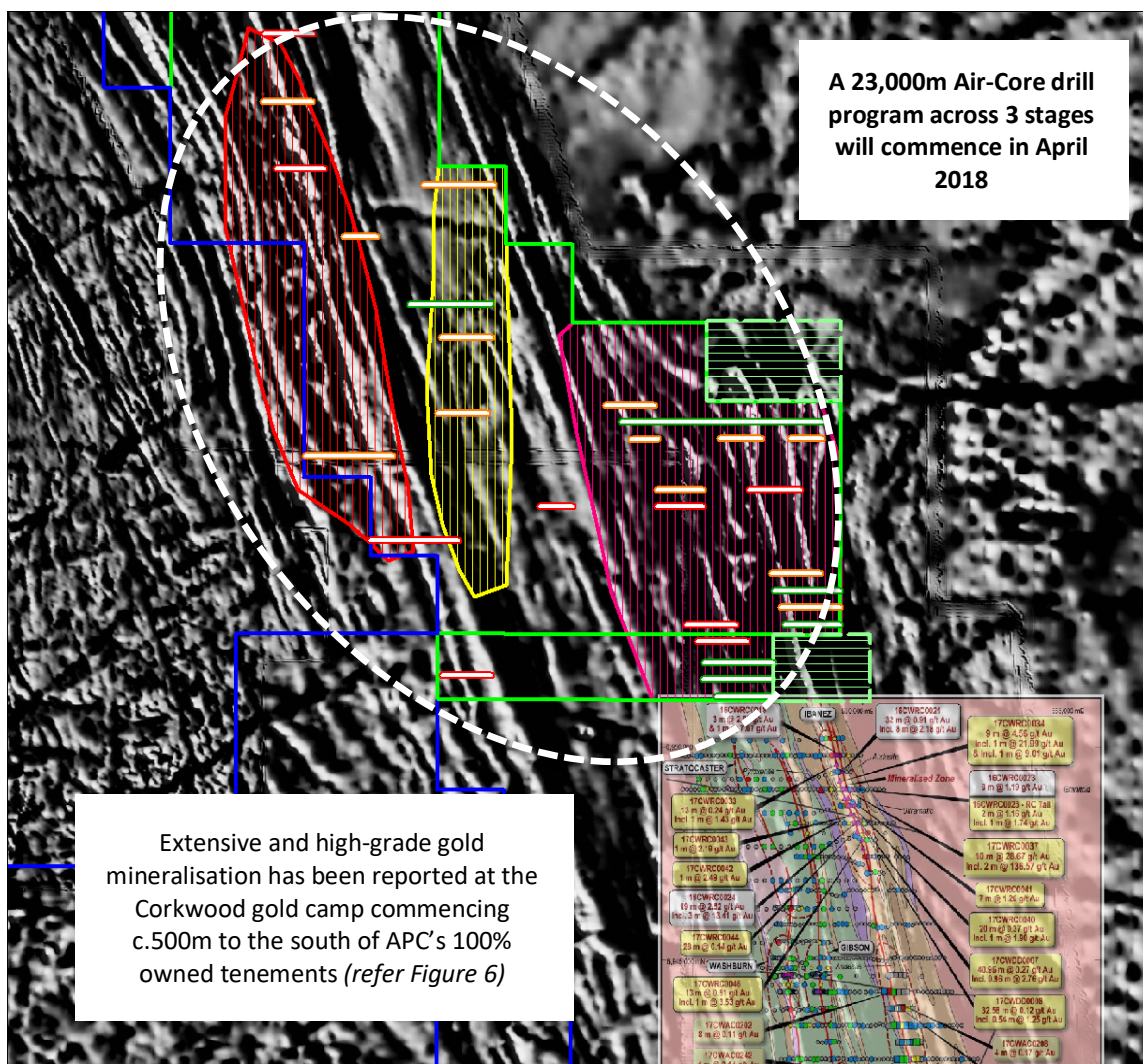


Figure 1: Target area 1 is highly ranked in the recently completed CSA structural and lithological review

Australian Potash Limited (ASX: APC) is pleased to provide an update on drilling and exploration plans for the Yamarna Gold Project, 130kms north-east of Laverton in Western Australia’s Eastern Goldfields.

**Drill Program to Commence**

A 3 stage, 23,000 metre Air-Core drilling program has been finalised to test a highly prospective zone identified in the recently completed CSA Global and Dr Scott Halley structural and geochemical/lithological reviews. (refer Figure 1.) A drilling contractor has been engaged and the program is scheduled to commence April 2018.

Currently thirteen targets have been defined (refer Figure 2), with more pending as the detailed targeting process continues. Aiding in the target definition process is the sourcing of additional drill assay data from Department of Mines, Industry Regulation and Safety records (refer Figure 3), adding to the understanding of local geology.

Limited shallow drilling by APC in 2016 recorded anomalous gold, silver, and arsenic results along strike from Gold Road Resources Ltd’s (ASX: GOR, **Gold Road**) Corkwood gold camp, and geochemical analysis confirms the prospectivity of this area through identification of favourable alteration, particularly highly anomalous arsenic recordings. Arsenic is commonly associated with gold mineralisation as it facilitates transport of the gold during deposition. Refer Figure 3.

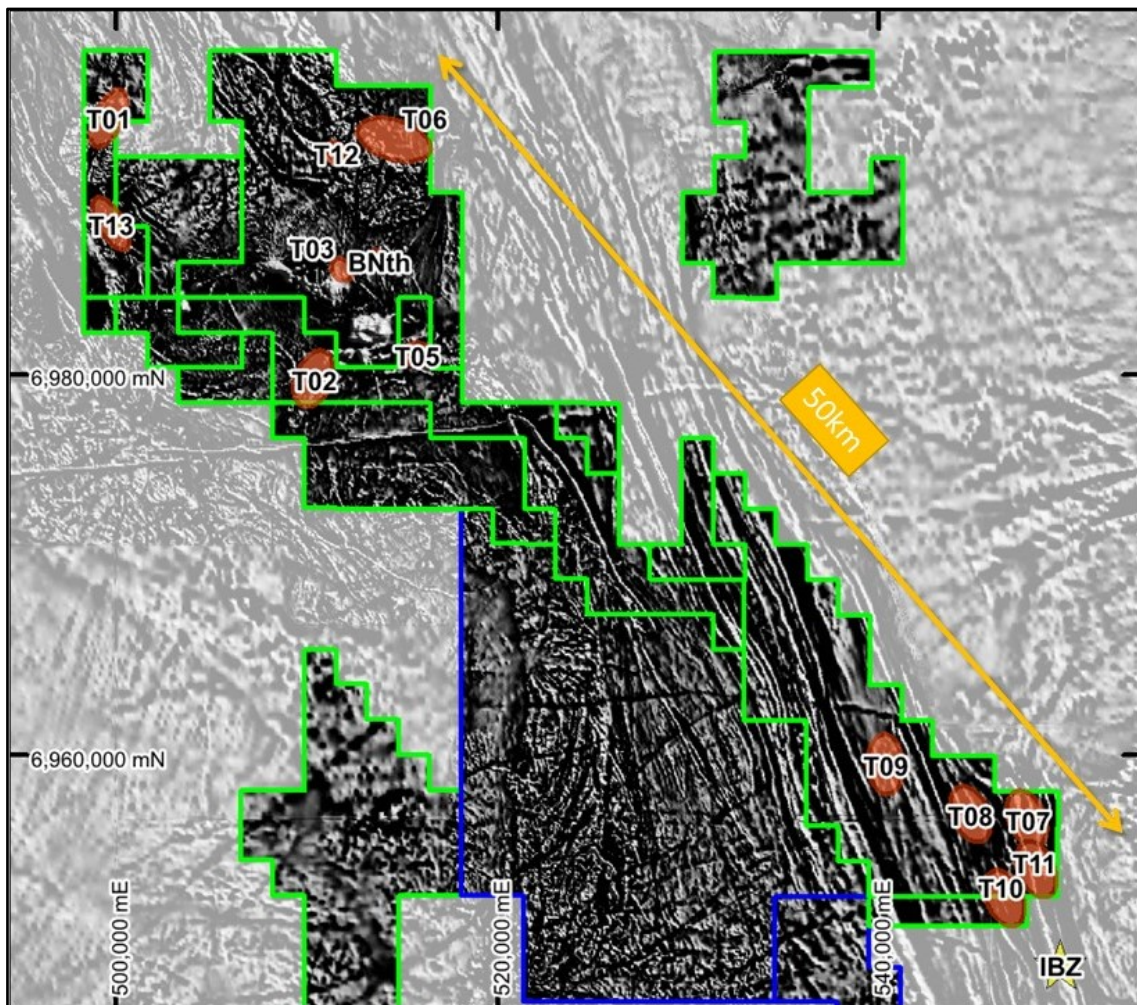


Figure 2: Of the 13 currently defined walk-up drill targets, 5 of the highest priority (T07 – T011) are located in close proximity to GOR’s Corkwood gold camp

Gold Road’s Corkwood gold camp of prospects includes Ibanez, Stratocaster, Washburn, and Gibson prospects where AC, RC and DD results have been announced. Refer Figure 6.

**APC Executive Chairman Matt Shackleton said,** “The insights given into the Yamarna Gold Project by external expert reviews demonstrate the enormous potential of the North-Yamarna greenstone belt, comprising 1,400km<sup>2</sup> of 100% owned tenure contiguous with Gold Road’s Corkwood gold camp. We have narrowed down onto drill targets with geochemical/Arsenic assays more than 10 times background readings.

“Anyone familiar with the current gold developments around the Laverton gold district understands the significance of this exploration model in identifying large intrusive related gold deposits.

“The Board of APC is committed to a strategy of improving the value proposition of this Project for the benefit of shareholders in the Company, and we believe the pending Air-Core program is the first step in executing that strategy.”

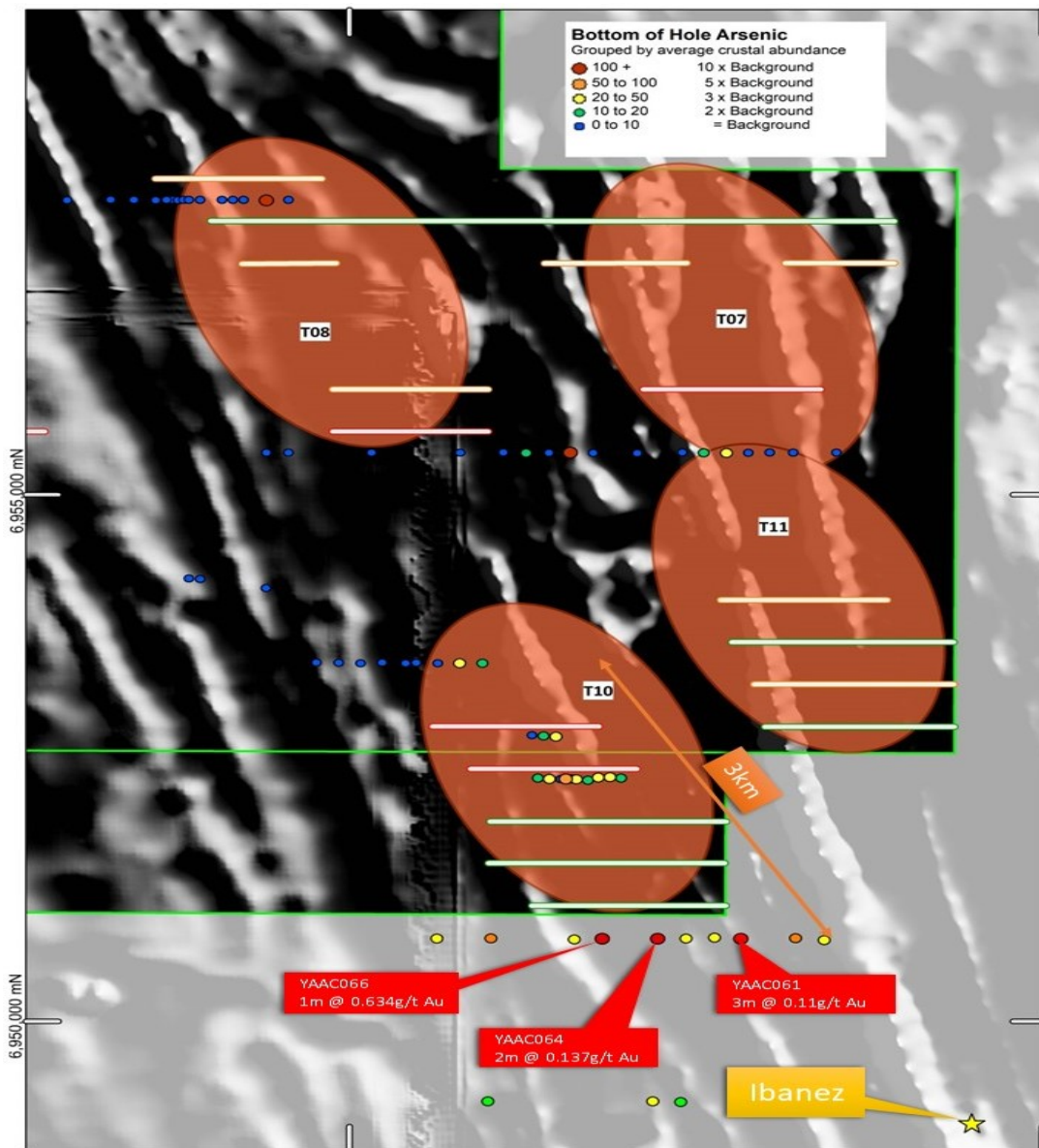


Figure 4: Highly anomalous arsenic recordings in limited drilling and material anomalous gold assays in previous workers’ drilling between depths of 52m and 63m (WAMEX report A072218) has assisted with drill planning

### Barrett North target

New data has been uncovered in the open file records that has provided additional drill ready targets. A prospect called Barrett North is defined by a coherent bottom of hole +10ppb gold anomaly that extends for over 800m of strike, with a maximum assay result of 120ppb Au (refer Figure 5). Drilling at Barrett North was conducted using Air-Core to blade refusal, and no follow-up drilling has been conducted (source A046498). Barrett North is considered an advanced prospect where follow up drilling with RC is warranted. This prospect will be included in a larger RC program schedule for later in the year.

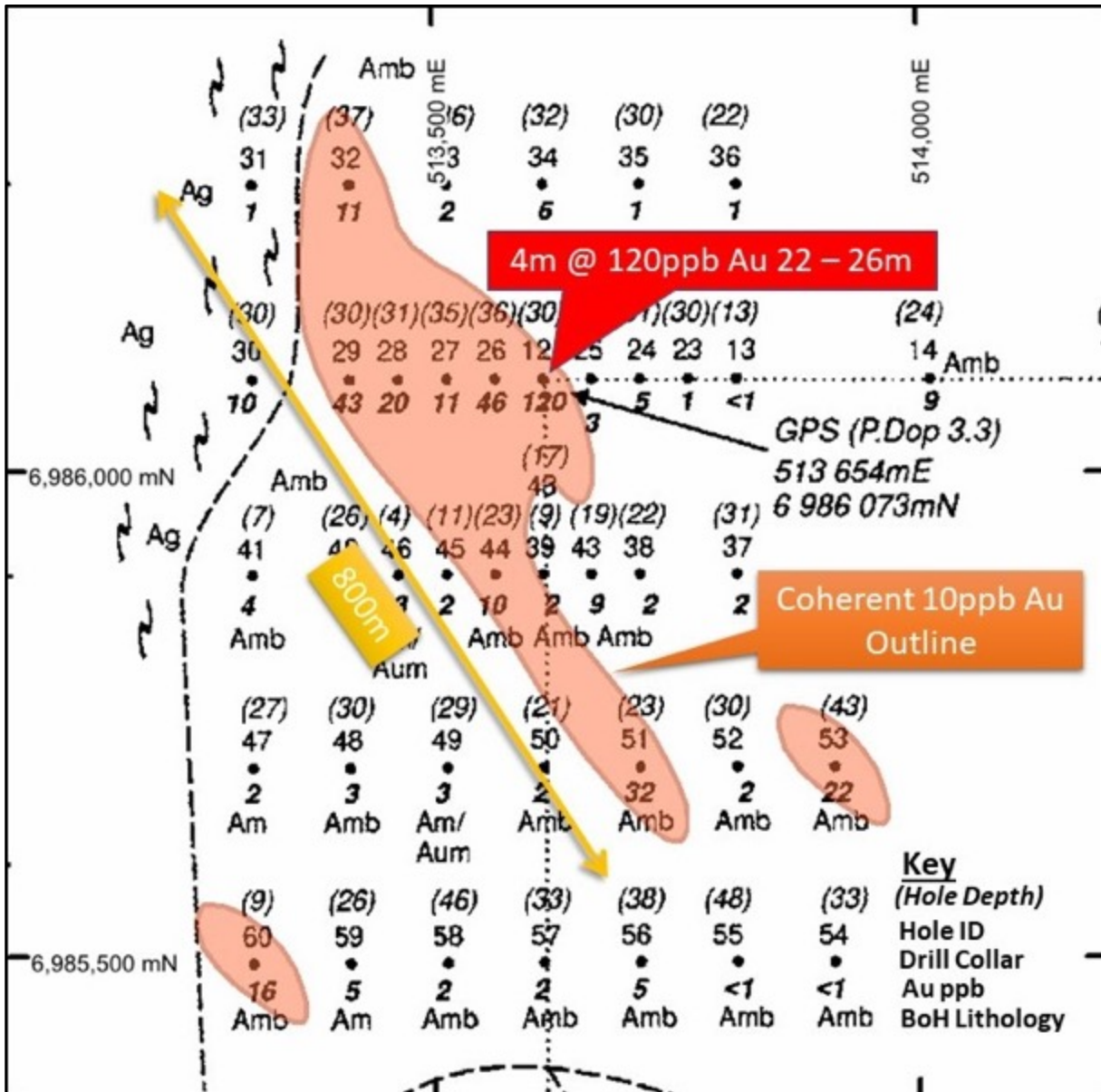


Figure 5: Barret North prospect comprises a coherent 10ppb Au outline over a strike of some 800m, approximately 30km north of the current Air-Core drill program at target area 1

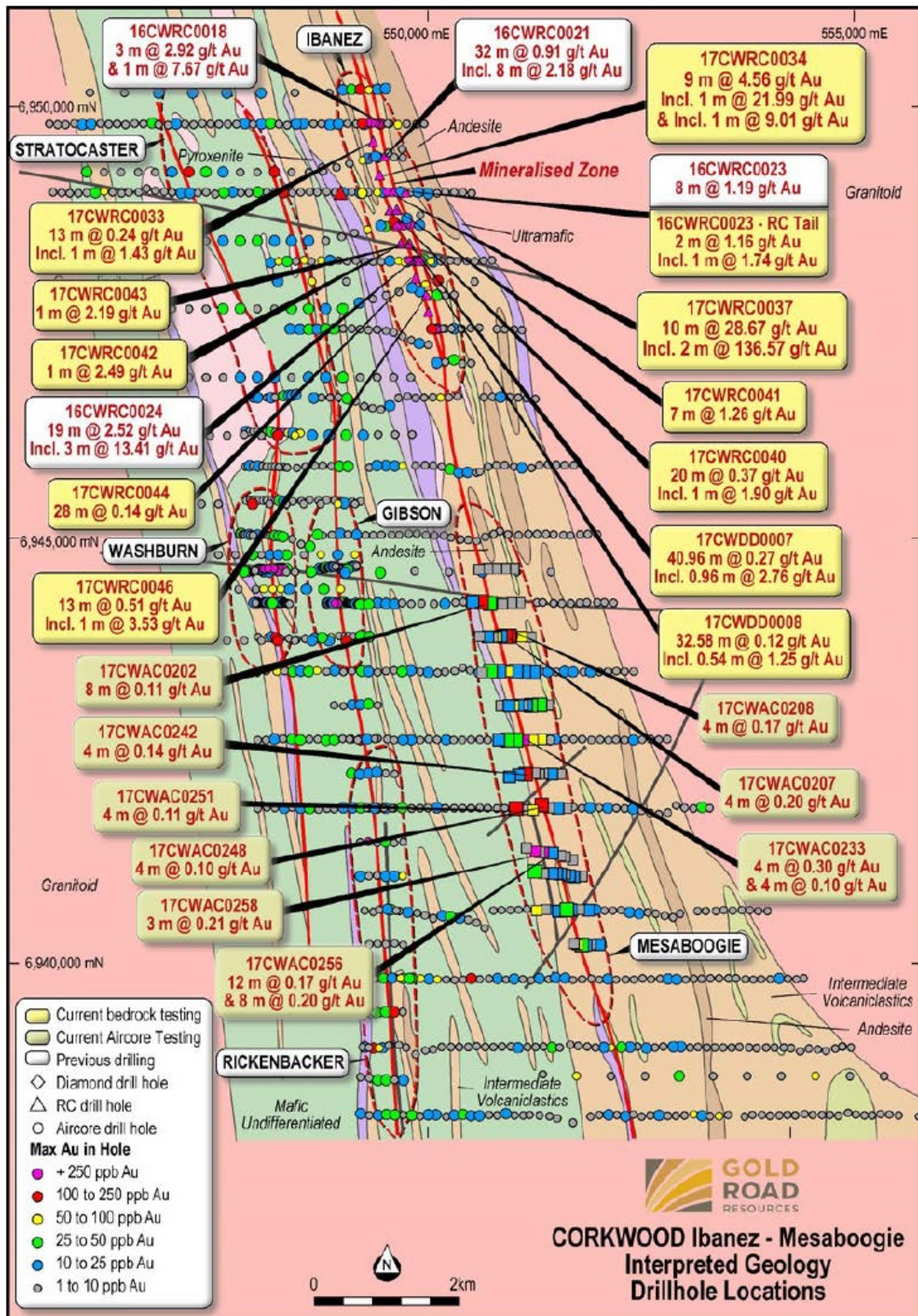


Figure 6: Gold Road Resources Limited (ASX: GOR) has reported extensive and high-grade gold mineralisation at the Corkwood gold camp to the south of APC's Yamarna Gold Project tenure (Gold Road Resources Limited's ASX Announcement 27 June 2017 'Yamarna Exploration Update: Significant Intersections Returned Across the Tenement Package')



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### **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.

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<sup>i</sup>. 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<sup>i</sup>
- Operating expenditure of A\$368/US\$283 tonne SOP in the first 5 years and A\$343 tonne SOP over the life of mine
- At a SOP price of A\$795 per tonne SOP, the Project generates LOM annual operating pre-tax cashflow<sup>ii</sup> of A\$118m/US\$81m
- 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 presented is based on information compiled by Mr Chris Shaw a full-time employee of Australian Potash Ltd. Mr Shaw is a Member of the Australian Institute of Geoscientists and has sufficient experience which is relevant to the style



of mineralisation under consideration and to the activity that has been undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2012)'. The Competent Person consents to the inclusion in this release of the matters based on the information in the form and context in which it appears.

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<sup>i</sup>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.

<sup>ii</sup>Operating cashflows include all revenue and operating expenditure, but exclude capital expenditure.

