
AUSTRALIAN POTASH LIMITED**ACN 149 390 394****NOTICE OF GENERAL MEETING**

Notice is given that the Meeting will be held at:

TIME: 9:00am
DATE: 9 April 2020
PLACE: The Celtic Club
48 Ord Street
WEST PERTH WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 9:00am on Tuesday, 7th April 2020.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,000,000 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Goldphyre Resources Pty Ltd (ACN 149 390 394)) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF BROKER OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,500,000 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Zenix Nominees Pty Ltd (ACN 107 391 908)) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 21,999,998 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. RESOLUTION 4 – APPROVAL TO ISSUE SHARES TO RELATED PARTY – MR JAMES WALKER

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 857,142 Shares to Mr James Walker (or his nominee) on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion Statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Mr James Walker (and his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the entity).

However, this does not apply to a vote cast in favour of the Resolution by:

- (d) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

5. RESOLUTION 5 – APPROVAL TO ISSUE INVESTOR RELATIONS OPTIONS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 1,787,865 Options on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Purple Communications Australia Pty Ltd (ACN 108 802 366) as trustee for the Acuity Capital Holdings Trust) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (g) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (h) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. RESOLUTION 6 - RATIFICATION OF PRIOR ISSUE OF 18,500,000 COLLATERAL SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 18,500,000 Collateral Shares on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue or is a counterparty to the agreement being approved (namely Acuity Capital Investment Management Pty Ltd (ACN 132 459 093) as trustee for the Acuity Capital Holdings Trust) or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (d) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (e) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

7. RESOLUTION 7 – APPROVAL TO ISSUE SHARES PURSUANT TO CONTROLLED PLACEMENT AGREEMENT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to that number of Shares, when multiplied by the issue price, will raise up to \$5,000,000 on the terms and conditions set out in the Explanatory Statement.”

Voting Exclusion:

The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (namely Acuity Capital Investment Management Pty Ltd (ACN 132 459 093) as trustee for the Acuity Capital Holdings Trust) (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons).

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated: 9 March 2020

By order of the Board



**Sophie Raven
Company Secretary**

Voting in person

To vote in person, attend the Meeting at the time, date and place set out above.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1003.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. RESOLUTION 1 – RATIFICATION OF PRIOR ISSUE OF SHARES

1.1 General

On 24 December 2019, the Company issued 3,000,000 Shares in consideration for the tenements the subject of the Sale of Mining Tenements Agreement between the Company and Goldphyre WA Pty Ltd dated 11 April 2011 as detailed in Section 1.2 of this Notice (**Consideration Shares**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As the issue of the Consideration Shares has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of the Consideration Shares.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consideration Shares.

Resolution 1 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Consideration Shares.

1.2 Summary of the Agreement

Goldphyre WA Pty Ltd and the Company are parties to a Sale of Mining Tenements Agreement dated on or about 11 April 2011 under which the Company acquired a 100% interest in 9 tenements (**Tenements**) (**Agreement**). In consideration for the acquisition of the Tenements, the Company issued Goldphyre WA Pty Ltd:

- (a) 7,250,000 Shares; and
- (b) 3,625,000 Options exercisable at \$0.20 per share on or before 30 June 2015.

The Agreement provided for the issue, by the Company, of a further 3,000,000 Shares to Goldphyre WA Pty Ltd in the event the Company completed a

bankable feasibility study in any of the projects acquired from the Goldphyre WA Pty Ltd.

1.3 Technical information required by Listing Rule 14.1A

If Resolution 1 is not passed, the Consideration Shares will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Consideration Shares.

If Resolution 1 is passed, the base figure (i.e. variable "A") in which the Company's 15% placement capacity is calculated/and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval. Technical information required by Listing Rule 7.5

1.4 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Consideration Shares were issued to Goldphyre WA Pty Ltd, who is not a related party of the Company;
- (b) 3,000,000 Consideration Shares were issued;
- (c) the Consideration Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Consideration Shares were issued on 24 December 2019;
- (e) no funds were raised from this issue as the Consideration Shares were issued in consideration for the tenements the subject of the Agreement as detailed in Section 1.2 of this Notice;
- (f) a summary of the Agreement is set out in Section 1.2, above.

2. RESOLUTION 2 – RATIFICATION OF PRIOR ISSUE OF BROKER OPTIONS

2.1 General

On 24 December 2019, the Company issued 7,500,000 Options in consideration for brokerage fees payable in respect of the placement to sophisticated and professional investors as announced on 17 December 2019 (**Broker Options**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As the issue of the Broker Options has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Broker Options.

Resolution 2 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Broker Options.

2.2 Technical information required by Listing Rule 14.1A

If Resolution 2 is not passed, the Broker Options will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

If Resolution 2 is passed, Broker Options will be excluded from the calculation of the Company's 15% placement capacity under Listing Rule 7.1, effectively increasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Broker Options.

2.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the Broker Options were issued to Zenix Nominees Limited, which is not a related party of the Company;
- (b) 7,500,000 Broker Options were issued;
- (c) the Broker Options were issued on the terms and conditions set out in Schedule 1;
- (d) the Broker Options were issued on 24 December 2019; and
- (e) no funds were raised from this issue as the Broker Options were issued in consideration for brokerage fees payable in respect of the placement to sophisticated and professional investors as announced on 17 December 2019.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF PLACEMENT SHARES

3.1 General

On 24 December 2019, the Company issued 21,999,998 Shares at an issue price of \$0.07 per Share to raise \$1,539,999 (**Placement Shares**) (**Placement**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month

period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The issue of the Placement Shares does not fit within any of the exceptions to Listing Rule 7.1 and, as it has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Placement Shares.

3.2 Technical information required by Listing Rule 14.1A

If Resolution 3 is not passed, the Placement Shares will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Placement Shares.

If Resolution 3 is passed, the base figure (i.e. variable "A") in which the Company's 15% placement capacity is calculated/and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

3.3 Technical information required by Listing Rule 7.5

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 3:

- (a) the Placement Shares were issued to professional and sophisticated investors who are clients of Hartleys Limited. The recipients were identified through a bookbuild process, which involved Hartleys Limited seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) 21,999,998 Placement Shares were issued;
- (c) the Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Placement Shares were issued on 24 December 2019;

- (e) the issue price was \$0.07 per Placement Shares; and
- (f) the purpose of the issue of the Placement Shares was to raise approximately \$1,539,999 which will be applied towards finalising Lake Wells Sulphate of Potash Project permitting and progressing FEED and optimisation activities.

4. RESOLUTION 4 – ISSUE OF SHARES TO RELATED PARTY

4.1 General

Pursuant to Resolution 4 the Company is seeking Shareholder approval for the issue of 857,142 Shares to Mr James Walker at an issue price of \$0.07 per Share to raise approximately \$60,000 (**Related Party Shares**). The Company is proposing to issue the Related Party Shares, by virtue of Mr Walker participating in the Placement the subject of Resolution 3.

Resolution 4 seeks Shareholder approval for the in the issue of up to 857,142 Shares to Mr James Walker (or his nominee) arising from the participation by Mr James Walker in the Placement (**Participation**).

4.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit and Mr James Walker is a related party of the Company by virtue of being a Director.

The Directors (other than Mr James Walker who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the Participation because the Shares will be issued to Mr James Walker on the same terms as Shares issued to non-related party participants in the Capital Raising and as such the giving of the financial benefit is on arm's length terms.

4.3 ASX Listing Rule 10.11

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

4.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Mr James Walker (or his nominee);
- (b) the maximum number of Shares to be issued is 857,142 Shares;
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.07 per Share, being the same as all other Shares issued under the Placement;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Placement as set out in section 3.3(f) of this Explanatory Statement.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Mr Walker (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

5. RESOLUTION 5 – APPROVAL TO ISSUE OPTIONS IN CONSIDERATION FOR INVESTOR RELATIONS SERVICES

5.1 General

Pursuant to Resolution 5 the Company is seeking Shareholder approval for the issue of 1,787,865 Options in full consideration for the provision of investor relation services to be provided to the Company by Cannings Purple (**Investor Relations Options**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The proposed issue of the Investor Relations Options does not fit within any of the specified exceptions to Listing Rule 7.1. While the issue does not exceed the 15% limit in Listing Rule 7.1 and can therefore be made without breaching that rule, the Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval pursuant to Listing Rule 7.1 so that it does not use up any of its 15% placement capacity under Listing Rule 7.1.

5.2 Technical information required by Listing Rule 14.1A

If Resolution 5 is not passed, the issue of the Investor Relation Options can still proceed but it will diminish the Company's capacity to issue equity securities without Shareholder approval under Listing Rule 7.1 in the future.

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Investor Relation Shares. In addition, the issue of the Investor Relation Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 5 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Investor Relation Options.

5.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Investor Relation Options will be issued to Cannings Purple (ABN 37 108 802 366) or their nominee(/s), none of whom are related parties of the Company;
- (b) the maximum number of Investor Relation Options to be issued is 1,787,865;
- (c) the Investor Relation Options will be issued on the terms and conditions set out in Schedule 2;
- (d) the Investor Relation Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the Investor Relation Options will occur on the same date;
- (e) no funds will be raised from the issue as the Investor Relation Options will be issued in consideration for the provision of investor and stakeholder engagement services.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF COLLATERAL SHARES

6.1 General

As announced on 28 February 2020, the Company entered into an agreement with Acuity Capital Investment Management Pty Ltd ATF Acuity Capital Holdings Trust (**Acuity Capital**) (**Collateral Placement Agreement** or **CPA**).

On 3 March 2019, the Company issued 18,500,000 Collateral Shares in accordance with the terms of the Collateral Placement Agreement, a summary of which is set out in Section 7.2 below.

In accordance with the terms of the Collateral Placement Agreement, the Company is seeking approval, pursuant to this Resolution 6, to allow the Company to issue the 18,500,000 Collateral Shares without prior Shareholder approval under the Company's 15% annual placement capacity under ASX Listing Rule 7.1, at nil consideration, to Acuity Capital (**Collateral Shares**). Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

As the issue of the Collateral Shares has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further equity

securities without Shareholder approval over the 12 month period following the date of issue of the Collateral Shares.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities in the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1. Accordingly, the Company is seeking Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Collateral Shares.

Resolution 6 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of the Collateral Shares.

6.2 Technical information required by Listing Rule 14.1A

If Resolution 6 is not passed, the Collateral Shares will be included in calculating the Company's 15% placement capacity under Listing Rule 7.1, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Collateral Shares.

If Resolution 6 is passed, the base figure (i.e. variable "A") in which the Company's 15% placement capacity is calculated/and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval.

Resolution 6 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the Collateral Shares.

6.3 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) the Collateral Shares were issued to Acuity Capital, who are not related parties of the Company;
- (b) 18,500,000 Collateral Shares were issued;
- (c) the Collateral Shares issued are fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Collateral Shares were issued on 3 March 2020;
- (e) no funds were raised from the issue as the Collateral Shares were issued for nil consideration in accordance with the terms and conditions of the Controlled Placement Agreement set out in Section 7, below; and
- (f) a summary of the material terms of the Controlled Placement Agreement is set out in Section 7.2, below.

7. RESOLUTION 7 5 – APPROVAL TO ISSUE SHARES PURSUANT TO CONTROLLED PLACEMENT AGREEMENT

7.1 General

As announced on 28 February 2020, the Company entered into the Controlled Placement Agreement with Acuity Capital under which the Company is provided with the discretion to raise up to \$5,000,000 through the issue of number of Shares that when multiplied by the issue price, would raise up to \$5,000,000 (**CPA Shares**).

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

The proposed issue of the CPA Shares does not fall within any of the specified exceptions and may exceed the 15% limit in Listing Rule 7.1. Accordingly, the Company is seeking Shareholder approval under Listing Rule 7.1 for the issue of the CPA Shares.

7.2 Controlled Placement Agreement

As noted above, the Controlled Placement Agreement provides the company with the discretion to raise up to \$5 million over a 23-month period without any restriction or conditions on strategic partnerships, joint ventures, acquisitions of any assets or on the timing, nature or amount of any other equity or debt funding mechanisms. There is no obligation on the Company to utilise the Controlled Placement Agreement facility and no penalty or fees associated if the Company elects not to utilise or cancel the CPA facility.

If the Controlled Placement Agreement is utilised, the Company retains full control over the Controlled Placement Agreement process including, the Company's ability to determine:

- (a) each valuation period (if any): being the date(s) over which the volume weighted average price and final issue price are calculated; and
- (b) maximum shares to be issued in placement amount to be issued for any placement period thereby minimizing dilution of existing shareholders.

In the event the Company wishes to raise funds under the Controlled Placement Agreement, the Company is required to request an exercise of the Controlled Placement Agreement (**Exercise Request**). The material terms of the Controlled Placement Agreement are set out below:

- (c) Start Date: 28 February 2020;
- (d) End Date: 28 February 2022;
- (e) Discount to Shares issued to Acuity Capital under the Controlled Placement Agreement: 4.99%;
- (f) Termination: The Company must provide Acuity Capital 5 Business Days' notice in the event the Company wishes to terminate the Controlled Placement Agreement;

- (g) Floor Price: The minimum price at which the Company will issue the CPA Shares to Acuity will be advised by the Company at the date of each Exercise Request (**Floor Price**). The final issue price per share may exceed the Floor Price and this can occur where the discounted VWAP of Company's shares are above the Floor Price over the valuation period;
- (h) Exercise Price: The greater of:
 - (i) the 90.00% volume weighted average price of securities notified by Acuity for the relevant valuation period; and
 - (ii) the Floor Price,
- (i) On execution of the Controlled Placement Agreement, the Company must pay Acuity Capital a set up fee of \$30,000 (exclusive of GST) which may, subject to Acuity's Capital consent, be paid in Shares.

7.3 Technical information required by Listing Rule 14.1A

If Resolution 7 is not passed, the issue of the CPA Shares can still proceed, subject to the Company having sufficient placement capacity under Listing Rule 7.1. The issue of the CPA Shares will effectively use up part of the Company's 15% placement capacity under Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12-month period following the date of issue of the CPA Shares.

If Resolution 7 is passed, the Company will be able to proceed with the issue of the CPA Shares. In addition, the issue of the CPA Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under Listing Rule 7.1.

Resolution 7 seeks Shareholder approval for the purposes of Listing Rule 7.1 for the issue of the CPA Shares.

7.4 Technical information required by Listing Rule 7.1

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to Resolution 7:

- (a) the CPA Shares will be issued to professional and sophisticated investors who are clients of Acuity Capital. The recipients will be identified through a bookbuild process, which will involve Acuity Capital seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients will be related parties of the Company;
- (b) the maximum number of CPA Shares to be issued is up to that number of Shares which, when multiplied by the issue price, equals \$5,000,000;
- (c) the CPA Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the CPA Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is intended that issue of the CPA Shares will occur progressively;

- (e) the issue price will be calculated in accordance with the controlled Placement Agreement summarised in Section 7.2(h), above;
- (f) the purpose of the issue of the CPA Shares is to raise up to \$5,000,000;
- (a) the Company intends to apply the funds raised from the issue towards finalising Lake Wells Sulphate of Potash Project permitting, progressing FEED and optimisation activities, and general working capital purposes; and
- (g) a summary of the material terms of the Controlled Placement Agreement is set out in Section 7.2.

GLOSSARY

\$ means Australian dollars.

Acuity Capital means Acuity Capital Investment Management Pty Ltd ATF Acuity Capital Holdings Trust.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Broker Option means an option to acquire a Share with the terms and conditions set out in Schedule 1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Chair means the chair of the Meeting.

Collateral Shares has the meaning set out in Section 6.1.

Company means Australian Potash Limited (ACN 149 390 394).

Constitution means the Company's constitution.

Controlled Placement Agreement has the meaning set out in Section 6.1.

Corporations Act means the *Corporations Act 2001* (Cth).

CPA Shares has the meaning given in Section **Error! Reference source not found.**

Directors means the current directors of the Company.

Exercise Request has the meaning set out in Section 7.2.

Explanatory Statement means the explanatory statement accompanying the Notice.

General Meeting or **Meeting** means the meeting convened by the Notice.

Investor Relations Options means an option to acquire a Share with the terms and conditions set out in Schedule 2.

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means a Broker Option or an Investor Relations Options, as the case may be.

Optionholder means a holder of an Option.

Participation has the meaning set out in Section 4.1.

Proxy Form means the proxy form accompanying the Notice.

Related Party Shares has the meaning set out in Section 4.1.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 – TERMS AND CONDITIONS OF BROKER OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.12 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 8 August 2021 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

SCHEDULE 2 – TERMS AND CONDITIONS OF INVESTOR RELATIONS OPTIONS

(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on the expiry of 24 months from the date of issue (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

(k) **Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

(l) **Transferability**

The Options are non-transferable.

If you are attending the meeting in person, please bring this with you for Securityholder registration.

Holder Number:

Vote by Proxy: APC

Your proxy voting instruction must be received by **9.00am (WST) on Tuesday, 7 April 2020**, being not later than **48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY VOTE ONLINE

Vote online at <https://investor.automic.com.au/#/loginsah>

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting form.

- ✓ **Save Money:** help minimise unnecessary print and mail costs for the Company.
- ✓ **It's Quick and Secure:** provides you with greater privacy, eliminates any postal delays and the risk of potentially getting lost in transit.
- ✓ **Receive Vote Confirmation:** instant confirmation that your vote has been processed. It also allows you to amend your vote if required.



SUBMIT YOUR PROXY VOTE BY PAPER

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

VOTING UNDER STEP 1 - APPOINTING A PROXY

If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chairman of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIRMAN OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chairman of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chairman of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

VOTES ON ITEMS OF BUSINESS – PROXY APPOINTMENT

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all of the Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

ATTENDING THE MEETING

Completion of a Proxy Voting Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Voting Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.

POWER OF ATTORNEY

If a representative as power of attorney of a Shareholder of the Company is to attend the Meeting, a certified copy of the Power of Attorney, or the original Power of Attorney, must be received by the Company in the same manner, and by the same time as outlined for proxy forms.



