

5 August 2022

Chairperson's Letter

Dear Shareholder,

On behalf of Australian Potash Limited (**Company**) I cordially extend to you an offer to participate in this Entitlement Offer (**Offer**).

Your Company finds itself in a very opportune position at this tipping point in the development of the Western Australian sulphate of potash (**SOP**) sector. The Lake Wells Sulphate of Potash Project (**LSOP**) is this country's pre-eminent potash fertiliser project, carrying the largest JORC Compliant Measured SOP Resource of over 18 million tonnes[#]. The Resource is located strategically in a region of the state that does not suffer regular cyclonic or coastal weather patterns and with existing transport infrastructure in place. Your Board and Management are very confident that the LSOP will develop into one of the world's most competitive primary producers of the essential, non-substitutable sulphate form of potash.

The APC team has spent nearly eight years methodically studying and testing the aquifers from which the mineral rich brines will be pumped. The products we will manufacture at Lake Wells have been certified for use in organic agriculture on three continents, including Australia, North America and Europe. With very strong Environmental, Social and Governance (ESG) credentials the LSOP is attracting interest from those investors focused on food security and sustainable industries.

The Board of Directors appreciates that through your investment in the Company, we have sought your patience in support of our rigorous development and design studies. As we seek to finalise the last, and critical phase of pre-development – the development funding program – we urge you to participate in this issue of entitlement shares. Your investment will continue to support the small, dedicated and highly skilled team at APC as they progress to recommending to the Directors, a Final Investment Decision.

Instructions follow overleaf on how to take up your entitlement under the Offer, including how to access the materials electronically ahead of your personalised subscription form being delivered to you.

Yours faithfully



Natalia Streltsova
Non-Executive Chair
Australian Potash Limited

Taking up your Entitlement

Personalised Entitlement & Acceptance Forms will be generated for all shareholders eligible to participate in the Offer and mailed to those who have elected to receive hard copy communications from the Company.

Shareholders who have elected to receive electronic communications from the Company, and any shareholders who wish to subscribe for their entitlement ahead of receiving their hard copy offer documents, may do so by following these instructions.

Downloading your Entitlement & Acceptance Form

I already have an online account with Automic share registry	I don't have an online account with Automic – but wish to register for one	I don't have an online account with Automic – but want to use Automic for this Offer only
https://investor.automic.com.au Select: "Existing Users Sign In" Once you have successfully signed in, click on "Documents and Statements"; Select "Other Documents" Download the Rights Issue Form and follow the instructions on making your subscription	https://investor.automic.com.au/#/signup Select: Australian Potash Limited from the dropdown list in the ISSUER field Enter your holder number SRN / HIN (from your latest Holding Statement) Enter Postcode (Australia only) or Country of Residence (if not Australia) Tick box "I am not a robot", then "Next" Complete prompts Once you have successfully signed in, click on "Documents and Statements"; Select "Other Documents" Download the Rights Issue Form and follow the instructions on making your subscription	https://investor.automic.com.au/#/loginsah Select: Australian Potash Limited from the dropdown list in the ISSUER field Enter your holder number SRN / HIN (from your latest Holding Statement) Enter Postcode (Australia only) or Country of Residence (if not Australia) Tick box "I am not a robot", then "Access" Once you have successfully signed in, click on "Documents and Statements"; Select "Other Documents" Download the Rights Issue Form and follow the instructions on making your subscription

Payment of subscription amounts will only be accepted via BPAY^{®1} or EFT.

Details of the Offer

As announced on 27 July 2022, the Company is undertaking a pro-rata non-renounceable rights issue of one (1) new fully paid ordinary share (**Share**) in the Company for every four (4) shares held at 5.00pm AWST on 1 August 2022 at an issue price of \$0.038, plus one (1) free attaching option for every two (2) Shares subscribed for (**Option**), to raise up to \$7.68 million before costs. The Options will have an exercise price of \$0.060 and a 12 months' term. The Company lodged a prospectus for the Offer with ASIC on 26 July 2022 and ASX on 27 July 2022. A replacement prospectus was lodged with ASIC on 5 August 2022 (**Prospectus**).

The minimum subscription of the Offer is \$3,575,156. Shaw and Partners Limited and Canaccord Genuity (Australia) Limited have been appointed Joint Lead Managers of the Offer.

The issue price of \$0.038 represents a discount of:

- 20.8% to the price of APC shares at the close of trading on 26 July 2022, being the last day of trading before the Offer was announced; and
- 23.5% discount to the 10 day volume weighted average price prior to the announcement of the Offer.

¹ ®Registered to BPAY Pty Ltd; ABN 69 079 137 518

Funding raised through this Offer will be used to meet site-based costs, statutory tenement holding costs, debt and equity fund raising costs and general working capital.

Following completion of the Offer, the Company will have issued approximately 202,095,702 new Shares and 101,047,851 new Options resulting in total shares and options on issue of approximately 1,010,478,510 and 102,547,851 respectively (excluding any options issued to the Joint Lead Managers of the Offer as part of their fee).

Key dates of the Offer

The Directors encourage you to read the Prospectus carefully. For any enquiries regarding the Offer, please contact the Company's share registry on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia). You should also consult your stockbroker, solicitor, accountant or professional adviser before deciding whether to participate.

Event	Date
Lodgement of original prospectus with ASIC	26 July 2022
Lodgement of original prospectus & Appendix 3B with ASX	27 July 2022
'Ex' date	29 July 2022
Record date for determining Entitlements	5.00pm AWST 1 August 2022
Lodgement of replacement Prospectus	5 August 2022
Opening Date of the Offer, Prospectus dispatched to Shareholders, letters sent to Ineligible Shareholders and announcement that dispatch has occurred	5 August 2022
Last day to extend the Closing Date	16 August 2022
Closing date of the Offer	5.00pm AWST 19 August 2022
Shares quoted on a deferred settlement basis	22 August 2022
Notification of Shortfall (if any) under the Offer	24 August 2022
Issue and allotment of New Shares/New Options under the Offer, dispatch of holding statements and announcement of Appendix 2A & Appendix 3G	26 August 2022
Quotation of the New Shares issued under the Offer	29 August 2022
Issue and allotment of Shortfall Securities under the Shortfall Offer and announcement of Appendix 2A & Appendix 3G	By 21 November 2022

#Mineral Resource Estimate

The information in this report that relates to the Mineral Resource is based on information announced to the ASX on 8 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.