

7 May 2020

Dear Shareholder,

Australian Potash Limited – pro-rata renounceable rights issue

As announced on 1 May 2020, Australian Potash Limited (ACN (149 390 394)) (**Company**) is undertaking a one (1) to seven (7) pro rata renounceable rights issue (**Rights Issue** or **Offer**) of approximately 63,132,876 fully paid ordinary shares (**New Share**) to raise approximately \$3.156 million. The price of New Shares under the Offer is \$0.05 each (**Issue Price**).

The Company lodged an Offer Document for the Offer (**Offer Document**) with ASX on 5 May 2020. The funds raised from the Rights Issue will also be used to progress and complete the front-end engineering design activities, finalise tenure and regulatory approvals, progress finance and marketing, for general working capital and expenses of the Offer.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00pm (Perth time) on 8 May 2020, whose registered address is in Australia or New Zealand.

New Shares will rank equally with all fully paid ordinary shares in the capital of the Company (**Shares**) already on issue.

Following completion of the Offer, and assuming that all entitlements are accepted, the Company will have issued approximately 63,132,876 New Shares resulting in total Shares on issue of approximately 505,063,089.

Ineligible shareholders

A Shareholder who has a registered address outside Australia and New Zealand (**Ineligible Shareholder**) will not be eligible to participate in the Offer.

You are not eligible to participate in the Offer and you will not be sent a copy of the Offer Document. This decision has been made pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules after taking into consideration the costs of complying with legal and regulatory requirements in jurisdictions outside of Australia and New Zealand compared with the small number of Ineligible Shareholders and the number and value of New Shares to which they would otherwise be entitled.

The Company has appointed Cacaccord Genuity (Australia) Limited (**Nominee**) as nominee to sell the rights to subscribe for New Shares pursuant to the Offer Document (**Entitlements**) to which Ineligible Shareholders are entitled. The Nominee will have the absolute and sole discretion to determine the timing and price at which the Entitlements may be sold and the manner of any such sale.

Any interest earned on the proceeds of the sale of these Entitlements will firstly be applied against expenses of such sale, including brokerage, and any balance will accrue to Ineligible Shareholders.

The net proceeds of the sale of these Entitlements will then be forwarded by the Company as soon as practicable to the Ineligible Shareholders, in proportion to their share of such Entitlements (after deducting brokerage commission and other expenses). If any such net proceeds of sale are less than the reasonable costs that would be incurred by the Company for distributing those proceeds, such proceeds may be retained by the Company.

Notwithstanding that the Nominee may sell Entitlements, Ineligible Shareholders may nevertheless receive no net proceeds if the costs of the sale are greater than the sale proceeds.

There is no guarantee that the Nominee will be able to sell Entitlements of Ineligible Shareholders on ASX and Ineligible Shareholders may receive no value for the Entitlements. Both the Company and the Nominee take no responsibility for the outcome of the sale of such Entitlements or the failure to sell such Entitlements.

If you have any queries concerning the Rights Issue, please contact your financial adviser or Sophie Raven, Company Secretary, at s.raven@australianpotash.com.au or on +61 400 007 906.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M Shackleton', enclosed within a thin black rectangular border.

Matt Shackleton
Managing Director & CEO