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16 May 2018

Mr Wade Baggot
Adviser
ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

By email: wade.baggott@asx.com.au

Dear Mr Baggot,

I refer to your 'aware query' received by Australian Potash Limited (ASX: APC) (**Company**) dated 16 May 2018.

Utilising the numbering outlined in your letter, the Company provides the following answers to the questions raised:

1. Yes.
2. Not applicable.
3. As discussed with ASX, the Company has been in ongoing discussions with its advisors since March 2018 in relation to a capital raising to fund the Company, including structures and terms of any such raising. The Company referenced these discussions in its response to the Appendix 5B, referenced by ASX in paragraph C of the aware letter. The finalisation of terms upon which it was agreed a capital raising could be undertaken and the execution of a mandate to undertake the capital raising was executed by the Company with the lead manager and corporate advisor on Sunday, 13 May 2018.
4. The Company made reference to its intention or consideration to undertake a capital raising in its response to the Appendix 5B, as referenced by ASX in paragraph C of the aware letter.

The Company's action upon agreeing the terms of its capital raising, which included the pricing, and entering into the mandate for the capital raising was to place the Company into a trading halt prior to the opening of trading on the next trading day, which was Monday, 14 May 2018. No information was released to the market until the capital raising had been completed and the Company intended to come out of trading halt prior to the market opening on Wednesday, 16 May 2018.

Prior to the Company entering into the mandate on Sunday, 13 May 2018, the Company did not have any agreed terms or confirmation that it had the support of its advisors to undertake a capital raising and as such was not in a position to make any announcement in relation to a capital raising prior to the date the Company entered into a trading halt on Monday, 14 May 2018 and subsequently announced the completion of the capital raising on Wednesday, 16 May 2018.



2018. The Company considers its actions are in line with its previous disclosures to the market and its obligations as an ASX listed company.

5. The Company confirms that it is in compliance with the ASX Listing Rules and, in particular, Listing Rule 3.1.
6. The Company confirms that its responses above have been authorized and approved by the board.

Yours faithfully,

Matt Shackleton
Executive Chairman





16 May 2018

Ms Sophie Raven
Australian Potash Limited
31 Ord Street
West Perth WA 6005

By email

Dear Ms Raven

Australian Potash Limited (the “Entity”): aware query

ASX Limited (“ASX”) refers to the following:

A. The discussion between ASX and the Entity at approximately 09:10am WST on 10 May 2018. The Entity’s response to ASX an query that a potential capital raising was to be conducted at \$0.07 per share was “not true”.

B. ASX’s Appendix 5B query letter dated 9 May 2018 (“Appendix 5B Query Letter”) which asked in part the following:

“2. Has the Company taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?”

and

“5. Please confirm that the Company is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.”

C. The Entity’s response to the Appendix 5B Query Letter dated 11 May 2018, received by ASX at 5:30pm WST on 11 May 2018, and lodged on the ASX Market ASX Market Announcements Platform together with the Appendix 5B Query Letter and released at 09:27 am AEST on 14 May 2018, stating in part the following:

“2. Yes. The Company is in discussions with its advisors. Based on these relationships, and on a best endeavours basis, the Company believes it is likely that it will be successful in raising further capital.”

and

“5. The Company confirms that it is in compliance with ASX Listing Rule 3.1 and that there is no information about its financial condition that should be given to the ASX in accordance with that Rule that has not already been released to the market.”

D. The Entity’s request for a trading halt release lodged on the ASX Market Announcements Platform and released at 9:37 am AEST on 14 May 2018, stating in part the following.

“1. The trading halt is requested pending an announcement by the Company to the market in relation to a capital raising.”

E. The Entity's announcement entitled "Oversubscribed Placement to Raise Up to \$3M for Potash Feasibility Study and High Impact Gold Exploration" lodged on the ASX Market Announcements Platform and released at 08:50 am AEST on 16 May 2018 ("Capital Raising Announcement"), disclosing that the Entity had raised \$3 million at an issue price of \$0.07 per share ("Capital Raising").

F. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

G. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity"

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* "When does an entity become aware of information".

H. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity;*
or
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed."

I. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

J. Section 4.15 of Guidance Note 8, which states that:

“Wherever possible, an announcement under Listing Rule 3.1 should contain sufficient detail for investors or their professional advisers to understand its ramifications and to assess its impact on the price or value of the entity’s securities.”

Having regard to the above, ASX asks the Entity to respond separately to each of the following questions and requests for information:

1. Does the Entity consider the information contained in the Capital Raising Announcement, in particular, the information regarding the Capital Raising to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did the Entity first become aware of the Capital Raising?
4. If the answer to question 1 is “yes” and the Entity first became aware of the Capital Raising before t14 May 2018, did the Entity make any announcement prior to the relevant date which disclosed the Capital Raising? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release this information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that this information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEST) on Friday, 18 May 2018.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require the Entity to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that the Entity's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in the Entity's securities under Listing Rule 17.3.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[Sent electronically without signature]

Wade Baggott

Principal Adviser, Listings Compliance (Perth)

T 131 279