

5 May 2020

AUSTRALIAN POTASH LIMITED

LETTER FROM THE CHAIRMAN

Dear Shareholder,

It is with great pleasure that I advise you of the Offer of Entitlements in your Company, Australian Potash Limited.

The last 12 months have transformed the Lake Wells Sulphate of Potash project (LSOP) from a large-scale exploration opportunity to a near-term development asset with compelling financial metrics and long-term strategic importance.

The project team's Front End Engineering Design (or FEED) program is examining in close detail cost efficiencies that will ultimately improve project economics. A core focus is identifying, managing and minimising risks around execution and commissioning. I have every confidence that the highly experienced board and management team will develop an implementation plan that will result in successful project delivery.

The offtake program is designed to focus on the larger and more lucrative global markets for SOP, identifying third parties that are active and respected in those markets to contract with. To date the Company has announced binding term sheets with an Australian company and a Chinese company for a total of 70,000 tonnes of SOP. Discussions are continuing in the south-east Asian (ex-China), European and North American jurisdictions.

The Northern Australia Infrastructure Facility, or NAIF, has advised it will conduct a due diligence process on funding certain infrastructure at the LSOP. This feeds directly into the overall debt funding solution, with NAIF often acting as 'lead-in' funders.

And finally, the Company is working closely with the various decision-making authorities led by the Environmental Protection Authority (EPA), to progress final approvals for development. The LSOP is in the third stage of approvals with the EPA, and management is confident approval timelines will be met.

As you can see, the activities and efforts of the dedicated management and board at APC are yielding fruit, with a strong flow of updates on the development plan on the horizon for the balance of 2020. I strongly encourage you to consider the Offer being made to you to continue your journey with one of the State's most exciting project opportunities.

Yours sincerely,



Jim Walker, Chairman