



31 Ord Street, West Perth WA 6005
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australianpotash.com.au
@OzPotash
ABN 58 149 390 394

13 February 2019

Dear Optionholder,

Australian Potash Limited - pro-rata renounceable rights issue

As announced on 11 February 2019, Australian Potash Limited (ACN 149 390 394) (**APC** or the **Company**) is undertaking a 3 for 14 pro-rata renounceable rights issue (**Rights Issue** or **Offer**) of approximately 65,372,802 fully paid ordinary shares (**New Shares**) to raise approximately \$5,229,824. The price of New Shares under the Offer is 8 cents per New Share (**Issue Price**). The Company will also issue 1 free attaching option (**New Option**) for every 4 New Shares issued, exercisable at 12 cents per New Option on or before 8 August 2021. The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 13 February 2019.

The Offer is partially underwritten by Patersons Securities Limited. The terms of the underwriting are set out in section 8.4 of the Prospectus.

The funds raised under the Offer will be used for expenses of the definitive feasibility study for the Lake Wells Potash Project, corporate, administration and staffing expenses and working capital, as well as satisfying the costs of the Offer.

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5:00 pm WST on 19 February 2019, whose registered address is in Australia, New Zealand, Singapore or Hong Kong.

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, the Company will have issued approximately 65,372,802 New Shares resulting in total Shares on issue of approximately 370,445,875.

Optionholders

The terms and conditions of the options you currently hold do not entitle you to participate in the Rights Issue unless you exercise your options in time for new Shares to be allotted and to be entered on the Company's register of members on or before 5:00 pm WST on 19 February 2019 (**Record Date**).

To exercise your options and thereby participate in the Rights Issue, you will need to deliver the following to the Company at 31 Ord Street, West Perth WA 6005 or by email to s.raven@australianpotash.com.au:

- (a) A notice of exercise of options (attached to this letter);
- (b) An option certificate (where the options are certificated) or a copy of a holding statement (where the options are uncertificated) in respect of those options to be exercised; and



- (c) Payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to “Australian Potash Limited” or by bank transfer to:

Account name: Australian Potash Limited
Bank: National Australia Bank Limited
Bank address: 1232 Hay Street
West Perth WA 6005, Australia
SWIFT: NATAAU3306P
BSB: 086-492
Account No.: 195900091
Reference: [Subscriber’s name]

To ensure that your new Shares are allotted prior to the Record Date, the above must be received by Australian Potash Limited **no later than 5:00 pm WST on 18 February 2019**. If received after this date, allotment of new Shares prior to the Record Date cannot be assured.

Before deciding whether to exercise any or all of your options, you should read the Prospectus in its entirety.

This notice is important and requires immediate attention. If you have any queries concerning the Rights Issue, please contact your financial adviser or Sophie Raven, APC’s Company Secretary on +61 8 9322 1003 or 0400 007 906.

Yours sincerely

Matt Shackleton
Managing Director and CEO





NOTICE OF EXERCISE OF OPTIONS

To: The Directors
Australian Potash Limited

I/We _____ of _____, being the registered holder(s) of the options to acquire fully paid ordinary shares in Australian Potash Limited (**Company**) set out in the certificate or holding statement annexed to this notice, hereby exercise _____ of the abovementioned options. I/We enclose my/our cheque for \$ _____ or attach a copy of the corresponding bank transfer confirmation in payment of the option exercise price due in respect of those options calculated on the basis of \$ _____ per option.

I/We authorise and direct the Company to register me/us as the holder(s) of the shares to be allotted to me/us and I/we agree to accept such shares subject to the provisions of the Constitution of the Company:

Dated: _____

Signature(s) and names(s) of Holder(s)

Notes:

1. Each holder must sign.
2. An application by a company must be executed in accordance with section 127 of the *Corporations Act 2001* (Cth) and if signing for a company as a sole director/secretary, please ensure that "sole director" and "sole secretary" is written beside the signature.
3. Cheques (if applicable) should be made payable to Australian Potash Limited.