



31 Ord Street, West Perth WA 6005
PO Box 1941, West Perth WA 6872
+61 8 9322 1003
australianpotash.com.au
[@OzPotash](https://twitter.com/OzPotash)
ABN 58 149 390 394

15 February 2019

Dear Shareholder,

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 5:00pm 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.

Ineligible shareholders

A Shareholder who has a registered address outside Australia, New Zealand, Singapore and Hong Kong (**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 Prospectus. 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 will appoint a nominee (**Nominee**) to sell the rights to subscribe for New Shares pursuant to the Prospectus (**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, APC's Company Secretary, on +61 8 9322 1003 or +61 (0) 400 007 906.

Yours sincerely,

Matt Shackleton
Managing Director and CEO

