



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

29 September 2017

Dear Optionholder

AUSTRALIAN POTASH LIMITED – PRO-RATA NON-RENOUCEABLE RIGHTS ISSUE

As announced on 25 August 2017, Australian Potash Limited (ACN 149 390 394) (**APC** or **the Company**) is undertaking a 1:3 pro rata non-renounceable rights issue (**Rights Issue** or **Offer**) of approximately 85,491,024 options to acquire fully paid ordinary shares (**Loyalty Options**) to raise \$854,910.24. The price of Loyalty Options under the Offer is \$0.01 each (**Issue Price**). The Company lodged a prospectus for the Offer (**Prospectus**) with ASIC and ASX on 28 September 2017.

The funds raised from the Offer are planned to be used in accordance with the table set out below:

Item	Proceeds of the Offer	Full Subscription (\$)	%
1.	Expenses of the Offer	\$20,929	2.45%
2.	Working capital	\$833,981.24	97.55%
	Total	\$854,910.24	100%

The Offer is being made to all shareholders of the Company (**Shareholders**) named on its register of members at 5.00pm (WST) on Wednesday, 4 October 2017, whose registered address is in Australia or New Zealand.

Loyalty Options will be issued on the terms and conditions as set out in section 6.1 of the Prospectus.

Following completion of the Offer, the Company will have issued approximately 85,491,024 Loyalty Options resulting in total Options on issue of approximately 114,563,547.

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 5:00pm (WST) on 4 October 2017 (**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:

- **a notice of exercise of options (attached to this letter);**
- **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**
- **payment for the exercise price in respect of those options to be exercised by way of a cheque made payable to "Australian Potash Limited" and crossed "Not Negotiable".**



To ensure that your new shares are issued prior to the Record Date, the above must be received by Australian Potash Limited **no later than** 3 October 2017. If received after this date, issue 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, or the action you are required to take to subscribe for Loyalty Options, please contact your financial adviser or Leigh-Ayn Absolom, APC's Company Secretary, on +61 422 516 743.

Yours sincerely

MATT SHACKLETON
Executive Chairman





NOTICE OF EXERCISE OF OPTIONS

To: The Directors
Australian Potash Limited

I/ We _____ of _____
_____ being registered holder(s) of the options to acquire fully paid ordinary shares in the Company set out on the certificate annexed to this notice, hereby exercise _____ of the abovementioned options. I/We enclose my/our cheque for \$ _____ 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 of Holder(s)

Note:

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 – ensure “sole director” and “sole secretary” is written beside the signature.
3. Cheques should be made payable to Australian Potash Limited.

