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## AUSTRALIAN POTASH LIMITED

ACN 149 390 394

## NOTICE OF ANNUAL GENERAL MEETING

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Notice is given that the Meeting will be held at:

**TIME:** 10:30am (WST)  
**DATE:** 30 November 2017  
**PLACE:** 31 Ord Street West Perth WA 6005

*The business of the Meeting affects your shareholding and your vote is important.*

*This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4:00pm (WST) on Tuesday, 28 November 2017.*

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## BUSINESS OF THE MEETING

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### AGENDA

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#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the director's report, the Remuneration Report and the auditor's report.

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#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company's annual financial report for the financial year ended 30 June 2017.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

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#### 3. RESOLUTION 2 – ELECTION OF DIRECTOR – BRETT LAMBERT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 6.3(j) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Brett Lambert, a Director who was appointed casually on 9 May 2017, retires, and being eligible, is elected as a Director.”*

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#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – RHETT BRANS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 6.3(j) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Rhett Brans, a Director who was appointed casually on 9 May 2017, retires, and being eligible, is elected as a Director.”*

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5. **RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of Equity Securities under this Resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associates of those persons. However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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6. **RESOLUTION 5 – RATIFICATION OF PRIOR ISSUE OF SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 7,453,439 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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7. **RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 22,145,421 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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8. **RESOLUTION 7 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO MR BRETT LAMBERT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 750,000 Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**9. RESOLUTION 8 – RATIFICATION OF PRIOR ISSUE OF OPTIONS TO MR RHETT BRANS**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 750,000 Options on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion:** The Company will disregard any votes cast on this Resolution by a person who participated in the issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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**10. RESOLUTION 9 – ISSUE OF OPTIONS TO MR MATT SHACKLETON**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,500,000 Options to Mr Matt Shackleton (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Shackleton (or his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

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11. **RESOLUTION 10 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING - MR MATT SHACKLETON**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue up to 200,000 Shares to Mr Matt Shackleton (or his nominee) at an issue price of \$0.10 per Share under the Capital Raising and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Shackleton (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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12. **RESOLUTION 11 - RELATED PARTY PARTICIPATION IN CAPITAL RAISING - MR BRETT LAMBERT**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of section 195(4) of the Corporations Act, ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue, up to 200,000 Shares to Mr Brett Lambert (or his nominee) at an issue price of \$0.10 per Share under the Capital Raising and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Lambert (and his nominee) and any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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13. **RESOLUTION 12 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of section 136(2) of the Corporations Act and for all other purposes, approval is given for the Company to modify its existing Constitution by renewing Schedule 5 for a period of 3 years from the date of approval of this Resolution.”*

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Dated: 25 October 2017

By order of the Board



Leigh-Ayn Absolom  
Company Secretary

## **Voting in person**

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To vote in person, attend the Meeting at the time, date and place set out above.

## **Voting by proxy**

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To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

***Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9322 1003.***

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## EXPLANATORY STATEMENT

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This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

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### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 30 June 2017 together with the declaration of the directors, the directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.australianpotash.com.au](http://www.australianpotash.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

#### 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this Annual General Meeting.

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### **3. RESOLUTION 2 – ELECTION OF DIRECTOR – MR BRETT LAMBERT**

#### **3.1 General**

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Lambert, having been appointed by other Directors on 9 May 2017 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### **3.2 Qualifications and other material directorships**

Mr Lambert is a mining engineer and experienced company director in the Australian and international mineral resources industry. Over his 35-year career, Mr Lambert has held senior management roles with Western Mining Corporation Ltd, Herald Resources Limited, Western Metals Limited, Padaeng Industry PCL, Intrepid Mines Limited and Thundelarra Exploration Limited. He has successfully managed a number of green-fields resource projects through feasibility study and development and has been involved in numerous facets of financing resource project development. Mr Lambert has experience as a director of companies listed on the Australian Securities Exchange, AIM and the Toronto Stock Exchange and holds a Bachelors of Applied Science (Mining Engineering) degree from Curtin University in Western Australia and is a Member of the Australian Institute of Mining and Metallurgy.

Mr Lambert is currently a director of Mincor Resources NL and during the past three years, Mr Lambert has also served as a director of Mincor Resources NL, ABM Resources NL and Bullabulling Gold Limited.

#### **3.3 Independence**

Mr Lambert has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Lambert will be an independent director.

#### **3.4 Board recommendation**

The Board supports the re-election of Mr Lambert and recommends that Shareholders vote in favour of Resolution 2.



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## 4. RESOLUTION 3 – ELECTION OF DIRECTOR – MR RHETT BRANS

### 4.1 General

Mr Rhett Brans, having been appointed by other Directors on 9 May 2017 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

### 4.2 Qualifications and other material directorships

Mr Brans is an experienced director and civil engineer with over 45 years' experience in project developments. He is currently a Non-Executive Director of Syrah Resources and Carnavale Resources Ltd. Previously, Mr Brans was a founding director of Perseus Mining Limited and served on the boards of Tiger Resources Limited and Monument Mining Limited. Throughout his career, Mr Brans has been involved in the management of feasibility studies and the design and construction of mineral treatment plans across a range of commodities and geographies.

Mr Brans holds a Diploma in Engineering (Civil), and is a member of the Institution of Engineers, Australia and the Australian Institute of Company Directors.

During the past three years, Mr Brans has also served as a director of Syrah Resources Limited, Carnavale Resources Limited, Monument Mining Limited and RMG Limited.

### 4.3 Independence

Mr Brans has no interests, position, association or relationship that might influence, or reasonably be perceived to influence, in a material respect his capacity to bring an independent judgement to bear on issues before the board and to act in the best interest of the entity and its security holders generally.

If elected the board considers Mr Brans will be an independent director.

### 4.4 Board recommendation

The Board supports the re-election of Mr Brans and recommends that Shareholders vote in favour of Resolution 3.

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## 5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY

### 5.1 General

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and

- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$23,118,576.57 (based on the number of Shares on issue and the closing price of Shares on the ASX on 18 October 2017).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one (1) class of quoted Equity Securities on issue, being the Shares (ASX Code: APC) and nine (9) classes of unlisted Options. The Company has also agreed to issue 85,491,024 loyalty Options part of a Loyalty Option Issue as announced on 25 August 2017 (**Loyalty Bonus Options**). The Loyalty Bonus Options will be issued on 25 October 2017 and will be listed if there are more than 50 holders.

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

## 5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

### (a) Minimum Price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in section 17.2(a)(i), the date on which the Equity Securities are issued.

### (b) Date of Issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and

- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 18 October 2017.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

Number of Shares on Issue (Variable 'A' in ASX Listing Rule 7.1A2)	Dilution			
	Issue Price (per Share)	\$0.0450 50% decrease in Issue Price	\$0.090 Issue Price	\$0.135 50% increase in Issue Price
256,873,073 (Current Variable A)	Shares issued - 10% voting dilution	25,687,307 Shares	25,687,307 Shares	25,687,307 Shares
	Funds raised	\$1,155,929	\$2,311,858	\$3,467,786
385,309,610 (50% increase in Variable A)	Shares issued - 10% voting dilution	38,530,961 Shares	38,530,961 Shares	38,530,961 Shares
	Funds raised	\$1,733,893	\$3,467,786	\$5,201,680
513,746,146 (100% increase in Variable A)	Shares issued - 10% voting dilution	51,374,615 Shares	51,374,615 Shares	51,374,615 Shares
	Funds raised	\$2,311,858	\$4,623,715	\$6,935,573

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are currently 256,873,073 Shares on issue comprising:
  - (a) 256,473,073 existing Shares as at the date of this Notice of Meeting; and
  - (b) 400,000 Shares which will be issued if Resolutions 10 and 11 are passed at this Meeting.
2. The issue price set out above is the closing price of the Shares on the ASX on 18 October 2017.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of Issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised for the continued development and ongoing exploration of the Lake Wells Project and other exploration projects and working capital; or
- (ii) as non-cash consideration for the acquisition of new exploration areas consistent with the Company's existing projects in such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

(e) **Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 28 November 2016 (**Previous Approval**).

The Company has issued 22,145,421 Shares pursuant to the Previous Approval.

During the 12-month period preceding the date of the Meeting, being on and from 22 November 2016, the Company issued 35,018,860 Shares and 9,212,523 Options which represents approximately 18.25% of the total diluted number of Equity Securities on issue in the Company on 22 November 2016, which was 242,314,213.

Further details of the issues of Equity Securities by the Company during the 12-month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### 5.3 Voting Exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

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## 6. RESOLUTIONS 5 AND 6 - RATIFICATION OF PRIOR ISSUE OF SHARES

### 6.1 General

On 22 August 2017, the Company issued 29,598,860 Shares at an issue price of \$0.10 per Share to raise \$2,959,886.

22,145,421 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1A which was approved by Shareholders at the annual general meeting held on 28 November 2016 and 7,453,439 Shares were issued pursuant to the Company's capacity under ASX Listing Rule 7.1.

Resolutions 5 and 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Shares (**Ratification**).

### 6.2 Resolution 5 - ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12-month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12-month period.

### 6.3 Resolution 6 - ASX Listing Rule 7.1A

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue.

By ratifying the issue, the subject of Resolutions 5 and 6, the base figure (i.e. variable "A") in which the Company's 15% and 10% annual placement capacities are calculated will be a higher number which in turn will allow a proportionately higher number of securities to be issued without prior Shareholder approval. Although, it is noted that the Company's use of the 10% annual placement capacity following this Meeting remains conditional on Resolution 4 being passed by the requisite majority.

#### 6.4 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) 29,598,860 Shares were issued on the following basis:
  - (i) 7,453,439 Shares issued pursuant to ASX Listing Rule 7.1; and
  - (ii) 22,145,421 Shares issued pursuant to ASX Listing Rule 7.1A;
- (b) the issue price was \$0.10 per Share under both the issue of Shares pursuant to ASX Listing Rule 7.1 and ASX Listing Rule 7.1A;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to institutional, sophisticated and professional investors. None of these subscribers are related parties of the Company; and
- (e) the funds raised from this issue are intended to be used for the continued advancement of a feasibility study on the Lake Wells Potash Project and commencement of the Yamarna Gold Project.

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## 7. RESOLUTIONS 7 AND 8 - ISSUE OF NON-EXECUTIVE DIRECTOR OPTIONS TO MESSRS LAMBERT AND BRANS

### 7.1 General

On 23 October 2017, the Company issued a total of 1,500,000 Options to Messrs Lambert and Brans for nil consideration pursuant to the terms of their letters of appointment as non-executive directors of the Company dated 8 May 2017. The Options were issued under Listing Rule 10.12, exception 6 as part of the terms of their appointment at Directors.

Resolutions 7 and 8 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of those Options (**Ratification**).

A summary of Listing Rules 7.1 and 7.4 is set out above.

By ratifying this issue, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 7.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the Ratification:

- (a) A total of 1,500,000 Options were issued comprising:
  - (i) 750,000 Options to Mr Lambert; and
  - (ii) 750,000 Options to Mr Brans,
- (b) the Options were issued for nil consideration;
- (c) the Options were issued on the terms and conditions set out in Schedule 2; and
- (d) the Options were issued to Messrs Brans and Lambert. Messrs Lambert and Brans are related parties by virtue of being Directors of the Company however the Company has issued the Options by relying on ASX Listing Rule 10.12, Exception 6.

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## **8. RESOLUTION 9 – ISSUE OF RELATED PARTY OPTIONS TO MR MATT SHACKLETON**

### **8.1 General**

The Company has agreed, subject to obtaining Shareholder approval, to issue 2,500,000 Options (**Related Party Options**) to Mr Shackleton (or his nominee) on the terms and conditions set out below.

Resolution 9 seeks Shareholder approval for the grant of the Related Party Options to Mr Shackleton (or his nominee).

### **8.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Related Party Options constitutes giving a financial benefit and Mr Shackleton is a related party of the Company by virtue of being a Director.

The Directors (other than Mr Shackleton who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of Related Party Options because the agreement to grant the Related Party Options, reached as part of the agreed remuneration package for Mr Shackleton, is considered reasonable remuneration in the circumstances and was negotiated on an arm's length basis.

### **8.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that



approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the grant of the Related Party Options involves the issue of securities to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### 8.4 Technical Information required by ASX Listing Rule 10.13

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 9:

- (a) the Related Party Options will be granted to Mr Shackleton (or his nominee);
- (b) the number of Related Party Options to be issued is 2,500,000;
- (c) the Related Party Options will be granted no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that issue of the Options will occur progressively;
- (d) the Related Party Options will be issued for nil cash consideration, accordingly no funds will be raised; and
- (e) the terms and conditions of the Related Party Options are set out in Schedule 3.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Related Party Options as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the grant of Related Party Options to Mr Shackleton (or his nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 9. RESOLUTIONS 10 AND 11 – RELATED PARTY PARTICIPATION IN CAPITAL RAISING – MESSRS SHACKLETON AND LAMBERT

### 9.1 General

The Company is seeking Shareholder approval for the issue a total of up to 400,000 Shares to two (2) of the current directors, being Messers Shackleton and Lambert (or their Nominees) arising from their proposed participation in the Capital Raising (on the same terms as other investors) (**Capital Raising**)(**Participation**).

### 9.2 Chapter 2E of the Corporations Act

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The Participation will result in the issue of Shares which constitutes giving a financial benefit.

Messrs Shackleton and Lambert are related parties of the Company by virtue of being Directors.

The Directors (other than Mr Shackleton) who has a material personal interest in Resolution 10) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 10 because the Shares will be issued to Mr Shackleton on the same terms as Shares issued to non-related party participants in the Capital Raising.

The Directors (other than Mr Lambert) who has a material personal interest in Resolution 11) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of Resolution 11 because the Shares will be issued to Mr Lambert on the same terms as Shares issued to non-related party participants in the Capital Raising.

### **9.3 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Participation involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

### **9.4 Technical Information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to the Participation:

- (a) the Shares will be issued to Messrs Lambert and Shackleton (or their nominees);
- (b) the maximum number of Shares to be issued is:
  - (i) 200,000 Shares to Mr Lambert; and
  - (ii) 200,000 Shares to Mr Shackleton.
- (c) the Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (d) the issue price will be \$0.10 per Share, being the same as all other Shares issued under the Capital Raising and will raise a total amount of \$40,000 for the Company;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) the funds raised will be used for the same purposes as all other funds raised under the Capital Raising as set out in the Company's announcement on 14 August 2017.

Approval pursuant to ASX Listing Rule 7.1 is not required for the Participation as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to Messrs Lambert and Shackleton (or their nominees) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1 under Resolution 4.

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## **10. RESOLUTION 12 – RENEWAL OF PROPORTIONAL TAKEOVER PROVISIONS IN THE CONSTITUTION**

### **10.1 General**

Section 648G(1) of the Corporations Act provides that a company's proportional takeover approval provisions, unless sooner omitted from its constitution, cease to apply at the end of 3 years from adoption or renewal as appropriate unless otherwise specified.

When the provisions cease to apply the company's constitution is modified by omitting the provisions.

A company may renew its proportional takeover approval provisions in the same manner in which a company can modify its constitution (i.e. by special resolution of shareholders)

The Company's constitution (including the proportional takeover provisions set out in Schedule 5 was adopted on 15 December 2011 and were renewed on 24 November 2014. Accordingly, the proportional takeover provisions included in the Constitution apply until 24 November 2017 unless sooner omitted or renewed.

Resolution 12 is a special resolution which will enable the Company to modify its Constitution by renewing Schedule 5 for a period of 3 years from the date of Shareholder approval. It is noted that Shareholder approval will not result in a change to the wording of Schedule 5.

The Company is permitted to seek further Shareholder approval to renew this clause for further periods of up to 3 years on each occasion.

A copy of the Constitution was released to ASX on 15 December 2011 and is available for download from the Company's ASX announcements platform.

### **10.2 Proportional takeover provisions (Schedule 5 of Constitution)**

#### **(a) General**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's shares.

The proportional takeover provisions set out in Schedule 5 of the Constitution provides that a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of

Shareholders held in accordance with the terms set out in the Corporations Act.

This clause will cease to have effect on the third anniversary of the date of the adoption of the last renewal of the clause.

**(b) Information required by section 648G of the Corporations Act**

**(i) Effect of proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed or the deadline for obtaining such approval has passed.

**(ii) Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without Shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow Shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

**(iii) Knowledge of any acquisition proposals**

As at the date of this Notice, no Director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

**(iv) Advantages and disadvantages of proportional takeover provisions during the period in which they have been in effect**

The Directors consider that the proportional takeover provisions had no advantages or disadvantages for them during the period in which they have been in effect.

The advantages and disadvantages of the proportional takeover provisions for Shareholders include those set out immediately below, which were applicable during the period in which they have been in effect.

**(v) Potential advantages and disadvantages of proportional takeover provisions**

The Directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether

an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for Shareholders include:

- (A) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (B) assisting in preventing Shareholders from being locked in as a minority;
- (C) increasing the bargaining power of Shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (D) each individual Shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of Shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for Shareholders include:

- (A) proportional takeover bids may be discouraged;
- (B) lost opportunity to sell a portion of their Shares at a premium; and
- (C) the likelihood of a proportional takeover bid succeeding may be reduced.

**(c) Recommendation of the Board**

The Directors do not believe the potential disadvantages outweigh the potential advantages of renewing the proportional takeover provisions and as a result consider that renewal of the proportional takeover provision set out in Schedule 5 of the Constitution is in the interest of Shareholders and unanimously recommend that Shareholders vote in favour of Resolution 12.

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## GLOSSARY

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**\$** means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 17.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of directors of the Company.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

**Capital Raising** means the placement to institutional, sophisticated and professional investors as announced on the Company's ASX announcement platform on 14 August 2017.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Australian Potash Limited (ACN 149 390 394).

**Constitution** means the Company's constitution.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share with the terms and conditions set out in Schedule 2.

**Optionholder** means a holder of an Option or Related Party Option as the context requires.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Proxy Form** means the proxy form accompanying the Notice.

**Related Party Option** means an Option granted pursuant to Resolutions 7, 8 and 9 with the terms and conditions set out in Schedule 2.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 30 June 2017.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**WST** means Western Standard Time as observed in Perth, Western Australia.

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 22 NOVEMBER 2016**

Date	Quantity	Class	Recipients	Issue price and discount to Market Price (if applicable) <sup>1</sup>	Form of consideration
Issue – 22/12/2016  Appendix 3B – 22/12/2016	1,861,702	Unquoted Options <sup>3</sup>	Directors as approved at the Shareholder meeting held on 28/11/2016	No issue price (nil cash consideration)	Consideration: Performance based remuneration for services provided to the Company  Current value <sup>8</sup> = \$72,606
Issue – 22/12/2016  Appendix 3B – 22/12/2016	2,034,883	Unquoted Options <sup>4</sup>	Directors as approved at the Shareholder meeting held on 28/11/2016	No issue price (nil cash consideration)	Consideration: Performance based remuneration for services provided to the Company  Current value <sup>8</sup> = \$69,186
Issue – 22/12/2016  Appendix 3B – 22/12/2016	2,559,526	Unquoted Options <sup>4</sup>	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting held on 28/11/2016	No issue price (nil cash consideration)	Consideration: Performance based remuneration for services provided to the Company  Current value <sup>8</sup> = \$99,822
Issue – 22/12/2016  Appendix 3B – 22/12/2016	2,756,412	Unquoted Options <sup>4</sup>	Employees pursuant to the employee incentive scheme approved at the Shareholder meeting held on 28/11/2016	No issue price (nil cash consideration)	Consideration: Performance based remuneration for services provided to the Company  Current value <sup>8</sup> = \$93,718
Issue – 22/08/2017  Appendix 3B – 22/08/2017	7,453,439	Ordinary Shares	Issued as part of a placement to institutional, sophisticated and professional investors as announced on 14/08/2017.	Issue Price: \$0.100  Market price: \$0.105 (21/08/17)  Discount: 4.76%	Amount raised = \$745,343.90  Amount spent = \$461,089.00  Use of funds: to continue the advancement of a feasibility study on the Lake Wells Sulphate of Potash Project and to commence exploration at the Yamarna Gold Project  Amount remaining = \$284,254.90  Proposed use of remaining funds <sup>7</sup> = Use of funds: to continue the advancement of a feasibility study on the Lake Wells Sulphate of Potash Project and to commence exploration at the Yamarna Gold Project
Issue – 22/08/2017  Appendix 3B – 22/08/2017	22,145,421	Ordinary Shares	Issued as part of a placement to institutional, sophisticated and professional investors as announced on 14/08/2017.	Issue Price: \$0.100  Market price: \$0.105 (21/08/17)  Discount: 4.76%	Amount raised = \$2,214,542.10  Amount spent = \$1,383,267.00  Use of funds: to continue the advancement of a feasibility study on the Lake Wells Sulphate of Potash Project and to commence exploration at the Yamarna Gold Project  Amount remaining = \$831,275.10  Proposed use of remaining funds <sup>7</sup> = Use of funds: to continue the advancement of a feasibility study on the Lake Wells Sulphate of Potash Project



					and to commence exploration at the Yamarna Gold Project
Issue – 19/09/2017  Appendix 3B – 19/09/2017	5,420,000	Ordinary Shares	Issued as part of a placement to institutional, sophisticated and professional investors as announced on 14/08/2017.	Issue Price: \$0.100  Market price: \$0.100 (18/09/17)  Discount: nil	Amount raised = \$542,000  Amount spent = \$nil  Use of funds: to continue the advancement of a feasibility study on the Lake Wells Sulphate of Potash Project and to commence exploration at the Yamarna Gold Project  Amount remaining = \$542,000  Proposed use of remaining funds <sup>7</sup> = Use of funds: to continue the advancement of a feasibility study on the Lake Wells Sulphate of Potash Project and to commence exploration at the Yamarna Gold Project

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
2. Fully paid ordinary shares in the capital of the Company, ASX Code: APC (terms are set out in the Constitution).
3. Unquoted Options, exercisable at \$0.175 each, on or before 28 November 2019. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 28 November 2016.
4. Unquoted Options, exercisable at \$0.225 each, on or before 28 November 2019. The full terms and conditions were disclosed in the notice of meeting for the shareholder meeting held on 28 November 2016.
5. Unquoted Options, exercisable at \$0.175 each, on or before 14 December 2019. The full and conditions are disclosed in the Incentive Option Plan as approved at the shareholder meeting held on 28 November 2016.
6. Unquoted Options, exercisable at \$0.225 each, on or before 14 December 2019. The full terms and conditions are disclosed in the Incentive Option Plan as approved at the shareholder meeting held on 28 November 2016.
7. This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
8. In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.090) on the ASX on 18 October 2017. In respect of unquoted Equity Securities the value of Options is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option. No account is taken of any performance conditions included in the terms of the Option other than market based performance conditions (i.e. conditions linked to the price of Shares).

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## SCHEDULE 2 – TERMS AND CONDITIONS OF OPTIONS

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(a) **Entitlement**

Each Option entitles the holder to subscribe for one Share upon exercise of the Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Option will be \$0.225 (**Exercise Price**).

(c) **Expiry Date**

Each Option will expire at 5:00 pm (WST) on 9 May 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being

ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(h) Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**(i) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(j) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(k) Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(l) Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 3 – TERMS AND CONDITIONS OF EXECUTIVE DIRECTOR OPTIONS

### (a) Entitlement

Subject to paragraph (l), each Option entitles the holder to subscribe for one Share upon exercise of the Option.

### (b) Exercise Price

Subject to paragraphs (i) and (k), the amount payable upon exercise of each Option will be:

Number of Options	Exercise Price
1,250,000 (Class A)	Higher of: (a) \$0.15; or (b) 145% of the 5-day VWAP prior to the date of the Meeting expiring 30 November 2020.
1,250,000 (Class B)	Higher of: (a) \$0.20; or (b) 145% of the 5-day VWAP prior to the date of the Meeting expiring 30 November 2020.

### (c) Expiry Date

Each Option will expire at 5:00 pm (WST) on 30 November 2020 (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

### (d) Vesting Conditions

The Executive Director Options have the following vesting conditions:

#### (i) Class A Executive Director Options:

- (A) 50% of the Class A Options will vest upon a resolution of the Board to proceed to the development of the Lake Wells SOP Project; and
- (B) 50% of the Class A Options will vest on delineation of JORC compliant resource of >250,000 gold equivalent ounces (as measured at the spot price) of base, PG or precious metals,

#### (ii) Class B Executive Director Options:

- (A) 50% of the Class B Options will vest upon a resolution of the Board to proceed to the development of the Lake Wells SOP Project; and
- (B) 50% of the Class B Options will vest on appointment of JORC complaint resource of >250,000 gold equivalent ounces (as measured bat the spot price) of base, PG or precious metals.

### (e) Exercise Period

The Options that have vested are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

**(f) Notice of Exercise**

The Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

**(g) Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Option being exercised in cleared funds (**Exercise Date**).

**(h) Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

**(i) Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the then issued shares of the Company.

**(j) Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

**(k) Participation in new issues**

There are no participation rights or entitlements inherent in the Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options without exercising the Options.

**(l) Change in exercise price**

An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.

**(m) Transferability**

The Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

## SCHEDULE 4 – VALUATION OF EXECUTIVE DIRECTOR OPTIONS

The Non-Executive Director Options to be issued to the Related Parties pursuant to Resolution 8 have been valued by internal management.

Using the Black & Scholes option model and based on the assumptions set out below, the Related Party Options were ascribed the following value:

<b>Assumptions:</b>		
Valuation date	18 October 2017	18 October 2017
Market price of Shares	9.0 cents	9.0 cents
Exercise price	15.0 cents	20.0 cents
Expiry date (length of time from issue)	30/11/2020	30/11/2020
Risk free interest rate	2.06%	2.06%
Volatility (discount)	110.8%	110.8%
<b>Indicative value per Related Party Option</b>	5.3 cents	4.8 cents
<b>Total Value of Related Party Options</b>	\$65,664.79	\$59,678.63
- <i>Mr Matt Shackleton</i>	\$65,664.79	\$59,678.63

Note: The valuation noted above is not necessarily the market price that the Related Party Options could be traded at and is not automatically the market price for taxation purposes.

# AUSTRALIAN POTASH LIMITED

REGISTERED OFFICE:  
31 ORD STREET  
WEST PERTH WA 6005

ACN: 149 390 394

**SHARE REGISTRY:**  
Security Transfer Australia Pty Ltd  
**All Correspondence to:**  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»



«Post\_zone»  
«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Code:

APC

Holder Number:

«HOLDER\_NUM

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:30am WST on Wednesday 29 November 2017 at 31 Ord Street, West Perth WA 6005 and at any adjournment of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION	For	Against	Abstain*	For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Ratification of Prior Issue of Options - Mr Brett Lambert	<input type="checkbox"/>	<input type="checkbox"/>
2. Election of Director - Brett Lambert	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Ratification of Prior Issue of Options - Mr Rhett Brans	<input type="checkbox"/>	<input type="checkbox"/>
3. Election of Director - Rhett Brans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Issue of Executive Director Options – Mr Matt Shackleton	<input type="checkbox"/>	<input type="checkbox"/>
4. Approval of 10% Placement Capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Related Party Participation in Capital Raising - Mr Matt Shackleton	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of Prior Issue of Shares - 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Related Party Participation in Capital Raising - Mr Brett Lambert	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of Prior Issue of Shares - 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12. Renewal of proportional takeover provisions in the Constitution	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

**Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:30am WST on Monday 27 November 2017.**

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My/Our contact details in case of enquiries are:

Name:

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Number:

( 

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**1. NAME AND ADDRESS**

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

**2. APPOINTMENT OF A PROXY**

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

**3. DIRECTING YOUR PROXY HOW TO VOTE**

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

**4. APPOINTMENT OF A SECOND PROXY**

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

**5. SIGNING INSTRUCTIONS**

**Individual:** where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

**6. LODGEMENT OF PROXY**

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Australia Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

**Security Transfer Australia Pty Ltd**

- Online** [www.securitytransfer.com.au](http://www.securitytransfer.com.au)
- Postal Address** PO BOX 52  
Collins Street West VIC 8007
- Street Address** Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000
- Telephone** 1300 992 916
- Facsimile** +61 8 9315 2233
- Email** [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

**PRIVACY STATEMENT**

Personal information is collected on this form by Security Transfer Australia Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of security holders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

