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 australianpotash.com.au
ABN 58 149 390 394

25 August 2017

Letter from the Chairman.

The offer enclosed is inviting you to participate in Australian Potash Limited's Share Purchase Plan (SPP). In the offer you will find details of the SPP, including pricing and the application process. I encourage you to read the offer document carefully, and should you have any questions, please contact our Company Secretary or me.

As you will have seen from the recent announcements made to the ASX, the Company's feasibility study program into the development of the Lake Wells SOP project is progressing rapidly and successfully.

We are in the process of installing a further 4 production bores, which will over the next several months be test-pumped to understand long term sustainable yields. Our hydrogeological team are firmly of the view that it is only with a critical amount of long-term flow data that any reserve estimate can be reliably made, and an accurate hydro-model developed.

We have also built a pilot evaporation pond network at site. Pilot ponds allow process engineers to better understand the specific composition of the harvest salts produced from the brine, and will yield an estimated 20 tonnes of salts. APC will be conducting product testing on these salts, as we strive towards producing a very high-quality SOP product.

Our SOP project team remain dedicated to and focussed on the advancement of the feasibility study, with the funds raised from the recently completed placement and this SPP to go largely towards that program. However, a portion of the funds will also be applied to exploration across one of this state's most exciting and prospective gold regions, which APC has a significant tenement holding in.

The Yamarna greenstone belt is the last remaining undeveloped and underexplored greenstone belt in the Eastern Goldfields. APC's southern tenement boundary adjoins regional neighbour Gold Road Resources Ltd, who have enjoyed remarkable success in delineating over 6 million ounces of gold in the Yamarna region. With over 65 kilometres of strike immediately north of and along strike from that company's Ibanez prospect, I very much look forward to bringing you news about the pending exploration program.

Thank you for your continued support. This is a very exciting time for the Company, with the many programs of work across two project areas leading to exciting and regular news.

Kind regards,

Matt Shackleton

Executive Chairman

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Company Secretary

Leigh-Ayn Absolom

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Dear Shareholder,

Invitation to Participate in Share Purchase Plan

On 14 August 2017, Australian Potash Limited (ACN 149 390 394) (**APC** or **the Company**) announced that it had successfully completed an institutional placement of 30,000,000 fully paid ordinary shares at a price of \$0.10 per share to sophisticated and professional investors, raising approximately \$3.0 million (**Placement**).

In order to provide all eligible APC Shareholders with the ability to participate in this capital raising, APC is pleased to provide details of its Share Purchase Plan (**Plan**). Under the Plan, APC is giving Eligible Shareholders, on a 'first come first served' basis, the opportunity to purchase up to \$15,000 worth of fully paid ordinary shares in APC (**Shares**) at the same price as the Placement, irrespective of the size of their shareholding, without incurring brokerage or transaction costs. As the Company intends to issue Shares under the Plan on a 'first come first served' basis, Eligible Shareholders are encouraged to submit their applications as soon as they are able and in any event prior to the closing date.

The offer under the Plan (**Offer**) will seek to raise \$2.0 million on the terms and conditions (**Terms and Conditions**) contained in this letter (**Announcement**).

Shareholders Eligible to Participate in the Plan

The right to participate under the Plan is optional and is available exclusively to shareholders who are registered as holders of Shares at 5:00pm (WST) on the Record Date of 11 August 2017 and whose registered address is in Australia or New Zealand (**Eligible Shareholders**).

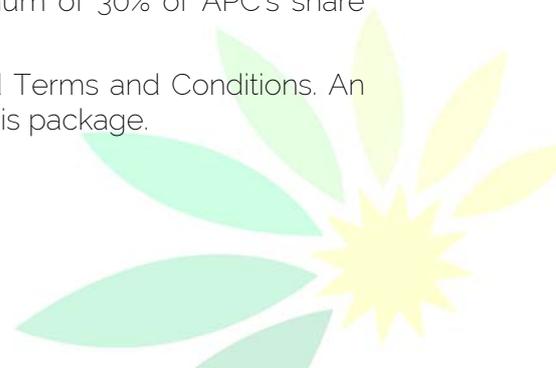
Share Purchase Plan

The Plan entitles Eligible Shareholders, irrespective of the size of their shareholding, to purchase up to \$15,000 worth of Shares priced at \$0.10 per share (**Price**), a discount of 21.26% to the volume weighted average market price (**VWAP**) for the Shares over the last 5 days on which sales in the shares were recorded before the day on which the Plan was announced. This Price is the same price as Shares offered to sophisticated and professional investors under the Placement. The Company has applied for and been granted, a waiver from the ASX Listing Rules to ensure Eligible Shareholders pay the same price as participants in the Placement.

The VWAP of Shares traded on the ASX during the 5 trading days immediately prior to the announcement date of the Offer was \$0.127.

Whilst APC intends to raise \$2.0 million, APC reserve the right to accept additional applications. However, the maximum number of Shares to be issued is limited by the Australian Securities Exchange (**ASX**) Listing Rules to a maximum of 30% of APC's share capital.

An outline of the Plan is set out in this letter and the enclosed Terms and Conditions. An application form for the Plan (**Application Form**) is included in this package.



Current Activities

Details of APC's current activities are set out in the announcements made by APC to the ASX and are available from the ASX, or APC's website at www.australianpotash.com.au.

The funds raised under the Plan (and the Placement) will be used for the continued advancement of the Feasibility Study on the Lake Wells Potash Project and commencement of exploration of the Yamarna Gold Project.

Proposed Loyalty Option Issue

Shareholders on the register as at the close of trade on 29 September 2017 will also be eligible to participate in a Loyalty Option Issue on a 1:3 basis at \$0.01 per Option. Options will have an exercise price of \$0.20 and exercise date 2 years from date of issue. The Loyalty Bonus Options will be listed if there are more than 50 holders and all ASX requirements are met.

How much can you invest?

Eligible Shareholders may each apply for a maximum of \$15,000 worth of Shares under the Plan.

Subscription and Application Procedure

If you would like to participate in the Offer, you can either:

- complete the enclosed Application Form and send it together with your payment by cheque made payable to "Australian Potash Limited" and drawn in Australian currency for the correct amount, to APC's share registry, Security Transfer Australia Pty Ltd at PO Box 52, Collins Street West VIC 8007 to be received by the share registry no later than 5:00 pm (WST) on the **Closing Date of 15 September 2017**. No late applications will be accepted and if the targeted amount has been received, the Directors may close the Plan offer early; or
- make a BPAY^{®1} payment from your cheque or savings account by using the Biller Code and Reference Number shown on your Application Form which is required to identify your holding. If you have multiple holdings you will have multiple BPAY Reference Numbers. To ensure you receive your Shares under the Offer in respect of that holding you must use the specific Biller Code and Reference Number shown on each personalised Application Form when paying for any Shares that you may wish to apply for in respect of that holding. If you inadvertently use the same Reference Number for more than one of your applications, you will be deemed to have applied only for that application to which that Reference Number applies and any excess amount will be refunded. **If you make your payment using BPAY[®] you do not need to return your Application Form.** New Zealand holders will not be able to make a payment using BPAY[®]. Payments made by BPAY[®] received after 5:00 pm (WST) on the **Closing Date of 15 September 2017** will not be accepted. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

Applicants should not forward cash and direct bank transfers are not permitted.

¹ [®] Registered to BPAY Pty Ltd, ABN 69 079 137 518



Eligible Shareholders may participate by selecting only one of the following offers to purchase Shares under the Plan:

	Total amount payable	Number of Shares which may be purchased
Offer A	\$15,000	150,000
Offer B	\$10,000	100,000
Offer C	\$5,000	50,000
Offer D	\$2,500	25,000
Offer E	\$1,000	10,000

Once an application has been made it cannot be revoked. All valid applications shall be deemed accepted if received before the plan offer closes, except where valid applications have already been received for 66,436,263 Shares under the Plan, APC reserves the right to return your Application Form and or payment and not allot any Shares to you if required by ASX regulations. If the exact amount of money is not tendered with your application, APC reserves the right to either:

- (a) return your Application Form and/or payment and not allot any Shares to you; or
- (b) allot to you the number of Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your payment and refund the excess application money to you by cheque as soon as possible, without interest.

The maximum investment any shareholder may apply for will remain \$15,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account). It is the responsibility of the applicant to ensure that the aggregate of the application price paid for the Shares the subject of the application and any other shares and interests in the class applied for by you under the Plan or any similar arrangement in the 12 months prior to the date of submission does not exceed \$15,000.

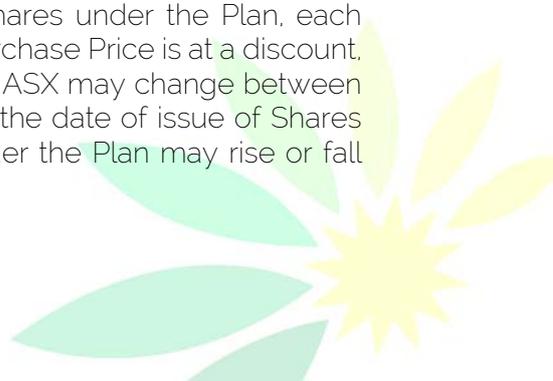
Custodians and Nominees

Eligible Shareholders who hold Shares as Custodian or Nominee (**Custodian**) for one or more persons on the Record Date (**Beneficiary**) may apply for up to a maximum amount of A\$15,000 worth of Shares in respect of each Beneficiary who is resident in Australia or New Zealand, subject to providing a Custodian Certificate to APC, as described in the Terms and Conditions enclosed with this letter. Please refer to the Terms and Conditions for more details.

Acceptance of Risk Factors

On the last trading day immediately prior to the announcement date of the Offer, the closing price of the Shares traded on ASX was \$0.125. The market price of Shares in APC may rise and fall between the date of the Offer and the date that any Shares are issued to you as a result of your application under this Offer.

By making an application under this Offer and applying for Shares under the Plan, each Eligible Shareholder will be acknowledging that although the purchase Price is at a discount, Shares are a speculative investment and the price of Shares on ASX may change between the date of APC announcing its intention to make an Offer and the date of issue of Shares under that Offer and that the value of the Shares received under the Plan may rise or fall accordingly.



The Board recommends that you obtain your own financial advice in relation to the Offer and consider price movements of Shares in APC prior to making an application under this Offer.

Additional Information and Important Dates

The offer of Shares under the Plan is made in accordance with ASIC Class Order 09/425 and therefore does not require a prospectus for the purposes of Chapter 6D of the *Corporations Act 2001* (Cth).

The Offer cannot be transferred and the Directors of APC reserve the right in their absolute discretion to reject, or scale back, on an equitable basis, any application. Shares allotted under the Plan will be issued no later than 10 business days after the Closing Date of the Offer. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

The amount proposed to be raised under the Offer is \$2.0 million. APC, however, reserves absolute discretion regarding the final amount raised under the Plan, subject to the ASX Listing Rules.

The Company intends to accept valid applications on a 'first come first served' basis.

If APC rejects or scales-back an application or purported application, APC will promptly return to the shareholder the relevant application monies, without interest.

Foreign offer restrictions

This document may not be released or distributed in any country other than Australia and New Zealand. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in any other country. In particular, any securities described in this document have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, registration under the US Securities Act and applicable US state securities laws.

New Zealand Shareholders

The Shares offered under the Plan are not being offered or sold to the public within New Zealand other than to existing shareholders of APC with registered addresses in New Zealand and to whom the Offer is being made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand).

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

Shortfall Placement

In the event that less than \$2.0 million is applied for, the full amount of the shortfall may be placed at the discretion of the Board subject to compliance with the necessary legal requirements.



Indicative Timetable

Record Date for Share Purchase Plan	11 August 2017
Announce Share Purchase Plan	14 August 2017
Section 708A "Cleansing Notice" lodged with ASX	22 August 2017
Dispatch Share Purchase Plan booklet to shareholders and release Offer Letter on the ASX	25 August 2017
Share Purchase Plan Opens	25 August 2017
Closing date for Share Purchase Plan	15 September 2017
Lodge Appendix 3B, Issue of new shares under the Share Purchase Plan	18 September 2017
Quotation on ASX of new shares under the Share Purchase Plan	22 September 2017

These dates are indicative only. APC may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

Should you wish to discuss any information contained in this letter further, do not hesitate to contact APC's Company Secretary, Leigh-Ayn Absolom on +61 422 516 743 or email labsolom@australianpotash.com.au.

Yours faithfully



Leigh-Ayn Absolom
Company Secretary





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SHAREHOLDER SHARE PURCHASE PLAN TERMS AND CONDITIONS

Purpose

The purpose of the Shareholder Share Purchase Plan (**the Plan**), which will be conducted in conjunction with the Placement, is to offer shareholders of Australian Potash Limited **APC** or **the Company**) the opportunity to acquire additional fully paid ordinary shares in APC (**APC Shares**) up to a maximum of \$15,000 (when combined with any shares issued under any share purchase plan in the 12 months preceding the date of the Plan). The issue price under the Plan will be at a discount of 21.26% to the average market price for APC Shares over the last 5 days on which sales in the shares were recorded on the financial market operated by ASX Limited (**ASX**) before the day on which the issue was announced. APC Shares will also be issued without the need to pay brokerage costs and without the need for APC to issue a Prospectus. The Plan is governed upon such terms and conditions as the board of directors of APC, in its absolute discretion, sees fit.

Shareholders Eligible to Participate

Holders of APC's Shares that are registered with an Australian or New Zealand address at the relevant record date are eligible shareholders (**Eligible Shareholders**) and may participate in the Plan, unless such registered shareholder holds shares on behalf of another person who resides outside Australia or New Zealand. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these Terms and Conditions. Offers made under the Plan are non-renounceable (i.e. Eligible Shareholders may not transfer their rights to any APC Shares offered under the Plan). Eligible Shareholders who wish to take up APC Shares issued under the Plan agree to be bound by APC's constitution in respect of APC Shares issued under the Plan. The Company intends to issue Shares under the Plan on a 'first come first served' basis.

An offer may, at the discretion of the directors of APC (**Directors**), be made under the Plan once a year. The maximum amount which any shareholder may subscribe for in any consecutive 12 month period is \$15,000. The Directors may also determine in their discretion the minimum amount for participation, the multiple of Company Shares to be offered under the Plan and the period the offer is available to Eligible Shareholders.

Custodians, trustees and nominees

If you are an Eligible Shareholder and hold APC Shares as a custodian (as defined in ASIC Class Order [CO 09/425] (refer below) (**Custodian**) or in any more specific ASIC relief granted to APC in relation to the Plan), you may apply for up to the maximum of new Shares for each beneficiary for whom you act as custodian provided you annex to your Application Form a certificate to APC (**Custodian Certificate**) with the following information:



- that you held APC Shares on behalf of one or more other persons who are resident in Australia or New Zealand (each a **Participating Beneficiary**) at 11 August 2017 who have subsequently instructed you to apply for Shares under the Plan on their behalf;
- the number of Participating Beneficiaries and their names and addresses;
- the number of Shares that you hold on behalf of each Participating Beneficiary;
- the dollar amount of Shares that each Participating Beneficiary has instructed you, either directly or indirectly through another custodian, to apply for on their behalf;
- that the application price for Shares applied under the Offer for each Participating Beneficiary for whom you act plus the application price for any other APC Shares issued to you as custodian for that Participating Beneficiary under any arrangement similar to the Plan in the prior 12 months does not exceed \$15,000;
- that a copy of the written offer document was given to each beneficiary; and
- where you hold shares on behalf of a beneficiary indirectly, through one or more interposed custodians, the name and address of each interposed custodian.

For the purposes of ASIC Class Order [CO 09/425] you are a 'custodian' if you are a registered holder that:

- holds an Australian financial services licence that allows you to perform custodian or depositary services or operate IDPS accounts;
- is exempt under:
 - (i) paragraph 7.6.01(1)(k) of the *Corporations Regulations 2001* (the **Regulations**); or
 - (ia) paragraph 7.6.01(1)(na) of the Regulations; or
 - (ii) ASIC Class Order CO 14/1000 or ASIC Class Order CO 14/1001; or
 - (iia) ASIC Class Orders CO 03/1099, CO 03/1100, CO 03/1101, CO 03/1102, CO 04/829 or CO 04/1313; or
 - (iib) an individual instrument of relief granted by ASIC to the person in terms similar to one of the class orders referred to in subparagraph (xx); or
 - (iii) paragraph 911A(2)(h) of the Act;

from the requirement to hold an Australian financial services licence for the provision of a custodial or depositary service; or
- is a trustee of a self-managed superannuation fund;
- is a trustee of superannuation master trusts;
- is a responsible entity of IDPS like schemes; or
- is noted on APC's register of members as holding the shares on account of another person.



If you hold APC Shares as a trustee or nominee for another person or persons but are not a Custodian as defined above, you cannot participate for beneficiaries in the manner described above. In this case, the rules for multiple single holdings (above) apply.

Custodians should request a Custodian Certificate when making an application on behalf of Participating Beneficiaries. To request a Custodian Certificate and if you would like further information on how to apply, you should contact Security Transfer Australia Pty Ltd at any time from 8.30am to 5.00pm (WST time) Monday to Friday during the Offer period.

APC reserves the right to reject any application for APC Shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these requirements. APC reserves the right to reject applications in accordance with these Terms and Conditions.

Price of APC Shares

The price of APC Shares to be issued under the Plan will be at a discount of 21.26% of the average market price for the shares over the last 5 days on which sales in the shares were recorded before the day on which the issue was announced.

Applications and Notices

At the discretion of the Directors, APC will send Eligible Shareholders a letter of offer and acceptance procedures, inviting them to subscribe for APC Shares under the Plan, and accompanied by these Terms and Conditions of the Plan and an Application Form. The Company intends to issue Shares under the Plan on a 'first come first served' basis. Applications will not be accepted after the closing date of the offer. Over subscriptions to an offer may be refunded without interest.

Notices and statements made by APC to participants may be given in any manner prescribed by its Constitution.

Placement of Shortfall

Any shortfall from the Offer may be placed at the discretion of the Directors.

Issue of APC Shares

APC Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of APC in the relevant offer.

APC Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in APC from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all APC Shares issued under the Plan. APC will, promptly after the issue of APC Shares under the Plan, make application for those APC Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

APC may modify or terminate the Plan at any time. APC will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, APC may issue to any person fewer Company Shares than the person applied for under the Plan if the issue of APC Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Raising Amount and Scale back

APC seeks to raise approximately \$2.0 million. However the maximum number of Shares that can be issued is 66,436,263 in APC. APC reserves absolute discretion regarding the final amount raised under the Plan.



Applications will be accepted on a 'first come first served' basis.

If APC rejects or scales-back an application or purported application, APC will promptly return to the shareholder the relevant application monies, without interest.

Dispute Resolution

APC may, in any manner it thinks fit, settle any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or APC Shares. The decision of APC in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

APC reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of APC under these conditions may be exercised by the directors of APC or any delegate of the directors of APC.

Questions and Contact Details

If you have any questions regarding the Plan or how to deal with this Offer, please contact your stockbroker or professional adviser or Leigh-Ayn Absolom, Company Secretary on +61 422 516 743.

