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Annual Report

2022



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Corporate Information

Directors

Natalia Streltsova (Non-Executive Chair)
Matt Shackleton (Managing Director & Chief Executive Officer)
Brett Lambert (Non-Executive Director)
Cathy Moises (Non-Executive Director)
Rhett Brans (Non-Executive Director)

Company Secretary

Michelle Blandford

Registered Office & Principal Place of Business

Suite 31, 22 Railway Road
SUBIACO WA 6008
Telephone: +61 8 9322 1003

Solicitors

Steinepreis Paganin
Level 4, The Read Building, 16 Milligan Street
PERTH WA 6000

Share Registry

Automic Registry Services
Level 2, 267 St George's Terrace
PERTH WA 6000

Auditors

KPMG
235 St George's Terrace
PERTH WA 6000

Website

www.australianpotash.com.au

Stock Exchange Listing

At the date of this report the following are listed on the Australian Securities Exchange:

Australian Potash Limited fully paid ordinary shares (ASX code APC)

Chair's Letter

Dear Shareholders

Welcome to the 2021/22 Annual Report for Australian Potash Limited. I had the pleasure of becoming your Chair during the year and working closely with your first class management team in moving the Lake Wells Sulphate of Potash Project (**LSOP**) to its current pre-construction stage.



This advanced stage has been achieved in spite of the ongoing COVID impact and the issues facing all resource companies in supply chain disruptions and volatile equity markets. I have no doubt there has also been a cloud over the listed potash sector with one high profile failure and some expectations not being met leading to equity market concerns. However, this is balanced by very strong potash demand for fertilisers and high pricing for our planned products. I note that Australian demand is almost entirely imported yet the resources in the various advanced potash projects here are sufficiently large enough to eliminate that offshore dependence and provide growth for all stakeholders.

With this in mind, APC has substantially de-risked the technical aspects of LSOP through first stage development of the borefield, pump testing and positive reconciliation of the hydrogeological model. This work resulted in the Project being expanded during the latest studies from 120,000 tonnes per annum (**tpa**) to 135,000 tpa SOP from brine, with total forecast SOP production of 205,000 tpa¹. Unlike some other projects, LSOP is entirely a borefield. There will be no surface disturbance through trenching.

APC is well placed to start construction once funding is finalised, with all approvals having been granted and all design aspects finalised.

To strengthen our commitment to Environment, Social and Governance (**ESG**), your Board has created the Risk and Sustainability Committee that will oversee the implementation of our comprehensive risk and ESG strategy that underscores your company's green credentials. As part of our social contribution to the region, we have already established a training centre at Laverton. We have also signed an agreement to install a power supply for the LSOP using a majority of renewable energy (65% solar and wind) and achieved organic certification for our SOP product.

I do want to express my and the Board's appreciation for the ongoing shareholder support through the exercise of options and the share purchase plan as well as the rights issue subsequent to the end of the year. I look forward to working on your behalf throughout the 2022/23 year to take the LSOP into construction.



Dr Natalia Streltsova
Non-Executive Chair

¹ Refer ASX announcement 21 September 2022

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Review of Operational Activities

Lake Wells Sulphate of Potash Project (LSOP)

The LSOP is 100% owned by APC and located approximately 500km northeast of Kalgoorlie, in Western Australia's eastern Goldfields. The Company is finalising pre-development plans for commencement of construction with first production from the LSOP scheduled for 31 months from a Final Investment Decision.

During 2021/22, an early works program was completed at the LSOP comprising development of the western and southern borefields, including developing and pump testing of bores, progressing statutory approvals, and developing non-process infrastructure.

Borefield Development & SOP Production Potential

The LSOP is a 100% borefield sulphate of potash (SOP) project with zero kilometres of trench abstraction. It is being developed without any recourse to a trenching system to abstract, or mine the potassium rich brines. During the reporting period, 16 bores were drilled in the western and southern borefields, representing over 20% of those scheduled to be developed at operational start-up.

A program of step rate testing, followed by a mixture of constant rate tests of varying duration, commenced in mid-October 2021. Information obtained from the pumping tests has been used to calculate the efficiency and yield of the tested production bores, and provide aquifer details that feed into the hydrogeological flow model.

Evaporation Network

The LSOP evaporation network comprises on-lake pre-concentration ponds and off-lake, HDPE lined harvest ponds. 460 geotechnical test-sites sampled across the surface of the lake system have identified a consistent layer of clay retarding the vertical seepage of brine. The pre-concentration pond construction methods have been trialled and have successfully demonstrated the veracity of the LSOP pond construction design.

The LSOP evaporation pond development does not rely on long transfer pipelines or trenches of pre-concentrated brine. The operating model includes a 'buffer' pond at the start of the network, which will be fed year round from the borefield. The purpose of the buffer pond is to enable the storage of brine supply during the low evaporation periods (winter), that can then be discharged at a greater rate than is possible from the borefield directly in the peak evaporation periods (summer). The addition of buffer ponds enables better management of the pre-concentration ponds, to ensure they do not dry out and that the correct chemistry is maintained. The buffer pond fluctuates between 0.5m and 3.5m of brine depth and will hold, at peak capacity, up to 25% of the total annual LSOP brine demand.

Production Potential

On 20 April 2021 the Company announced to ASX the results of its Front End Engineering Design (FEED) study. Analysis of results from brine supply bores completed during 2021/22 and following the FEED program provides evidence of an increased brine grade and higher sustainable pumping rates within the borefield that was the subject of the FEED study.

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Furthermore, updating the hydrogeological flow model with the newly collected data indicates the potential to increase the annual production of SOP from the LSOP brine from 120,000 tpa shown in the FEED study to 135,000tpa (an increase of 15,000tpa or 12.5%). An additional 70,000tpa is forecast to be produced through the addition and conversion of Muriate of Potash to SOP². Additional improvements realised in the recent modelling also indicate a 48% reduction in installed bores. 89 supply bores will be suitable for life-of-mine (LOM) operation, whereas the original FEED development model had 172 bores over the LOM.

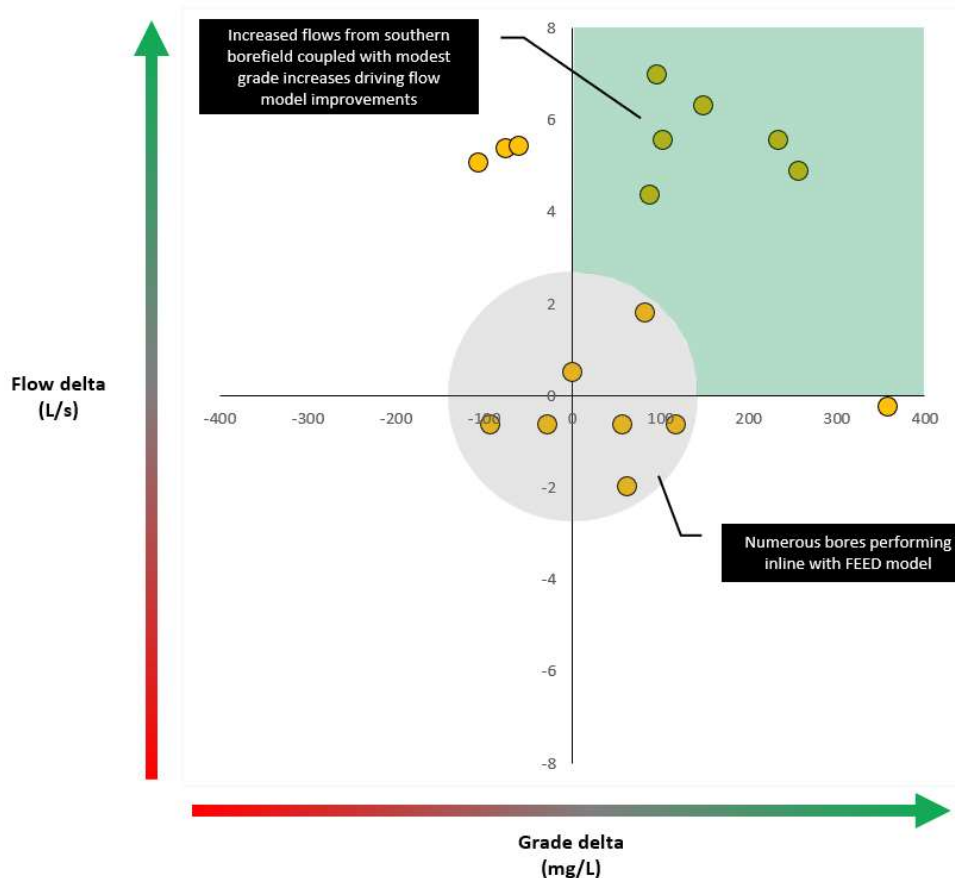


Figure 1: Comparison of the FEED modelled results to updated flow model results for the early works' bores. The yellow circle represents an individual bore's performance for grade and flow, relative to the previous model.

The financial outcomes to the increased average annual production from the LSOP of 205,000 tpa were announced subsequent to year end².

Technical De-risking & Project Development

During the period, Tony Dominkovich was appointed as Project Manager to oversee the development of the LSOP. Tony brings to the APC team over 40 years of project management experience, with recent and relevant expertise in the Western Australian SOP sector.

APC have engaged Corey Milne as a specialist consultant, specifically in the field of SOP production from brine. Corey has over 30 years' experience in the operation of brine solar concentration ponds and SOP processing and production and will provide input into both the LSOP's development pathway and risk minimising strategies for operations.

² Refer ASX announcement 21 September 2022

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Renewable Microgrid

In early September 2021, the Company advised that PWR Hybrid had been awarded Preferred Proponent status to build, own and operate the circa 35MW high renewable energy fraction microgrid at the LSOP. The microgrid will integrate an innovative gas-fuelled power station with solar PV, wind and battery energy storage technology. It will be developed in a staged approach, with the thermal component to be completed within circa 15 months of the Company making a Final Investment Decision. This timeline ensures power supply preparedness for steady state operations. Further information regarding the microgrid is available in the Company's **2022 Sustainability Report**.

Processing Plant

The LSOP processing design is based on the reliable and proven 'North American' flow sheet with direct schoenite flotation and belt filters. It has been used at the largest ex-China solar SOP producer for over 50 years and several contemporary developments using similar flow sheet design have commissioned successfully and transitioned to profitable operations.

The LSOP processing plant will be contracted on an Engineering-Procurement-Construction (**EPC**) basis providing process, time and cost guarantees from a successful Western Australian engineering head contractor, GR Engineering Services Limited (ASX: GNG), which is a specialist EPC contracting firm with exposure to and experience in the SOP sector.

Organic Certification

During 2021/22, LSOP premium product K-Brite™ potassium sulphate SOP was allowed by the United States' premier organic certification body, Organic Materials Review Institute, for use in the production and processing of organic foods, in compliance with the US Department of Agriculture National Organic Program. It was also certified as compliant with the requirements set out in the Australian Certified Organic Standard 2021 (Version 1) by ACO Certification Ltd, Australia's largest certifier for organic and biodynamic produce.

The US and Australian organic certifications join the previously secured ECOCERT classification certifying K-Brite™ as suitable for use in organic farming in Europe.

Approvals

All approvals required for the LSOP to commence operations are now in place.

The Company's Cultural Heritage Management Plan provides a framework for understanding the cultural context within which the LSOP will be developed and was approved by the Environmental Protection Authority during July 2021.

Mining Leases (M38/1287, M38/1288, M38/1289) were granted in early October 2021. The grant of these tenements secures mining lease tenure across the LSOP development area.

Approval was received from the Environmental Protection Authority for changes to the LSOP (Ministerial Statement 1162) in January 2022. The changes reflect the updated operational scope since the original environmental application was submitted in December 2017. The Department of Mines,

Industry Regulation and Safety also approved the LSOP Mining Proposal and Mine Closure Plan, which permits the commencement of mining operations.

Funding

Approved credit facilities with Northern Australia Infrastructure Fund (**NAIF**) and Export Finance Australia were announced during 2020/21. Commercial banks continue with their credit processes for the final tranche of the debt facility.

Discussions and documentation were ongoing during the year with the syndicated debt facility lenders. Additional technical due diligence requirements requested by funders in light of the development challenges of the Company's Australian peers were completed.

Lake Wells Gold Project

The Lake Wells Gold Project operated as a joint venture with St Barbara Limited (SBM) during 2021/22 for the exploration, development and mining of non-potash minerals. SBM withdrew from the joint venture subsequent to year end.

A program of 16 diamond drill holes, with reverse circulation pre-collars, for 4,407m commenced in September 2021. Results confirmed that the joint venture area has been subject to gold mineralising events. Significant intercepts over 0.5g/t Au included³:

- 1.11m @ 1.1g/t Au from 191.39m in 2021LWDD0009;
- 1m @ 2.1g/t Au from 51m in 2021LWDD0010;
- 1.2m @ 0.6g/t Au from 51.8m in 2021LWDD0013; and
- 1m @ 1.8g/t Au from 236m including 0.55m @ 2.7g/t and 1.16m @ 2.2g/t in 2021LWDD0019.

While the results of the drilling program do not present targets for immediate follow-up drilling, there is significant data to work through to form the basis of future programs.

Laverton Downs Project (LDP)

The Laverton Downs Project is 100% owned by APC and located approximately 20km north of Laverton. Regional geology highlights the potential for gold and nickel sulphide mineralisation. Project evaluation undertaken to date by APC has incorporated regional datasets, detailed magnetic data and high precision geochemical assay results derived from historical bottom of hole drill samples.

In early June 2021, a diamond drill rig was mobilised to the LDP. Two holes were drilled to depths of 213.3m and 300.5m. Results were received during the reporting period and in keeping with the gold mineralisation model for the project, several intervals returned elevated gold and arsenic results, with a peak interval of 8m @ 147ppb Au and 782ppm As from 274m in hole 21LDDD002⁴. Along with the ongoing collection and assay of legacy drill spoils, these results build on strong gold focussed targets for future drilling campaigns.

³ Refer ASX Announcement 29 April 2022

⁴ Refer ASX Announcement 29 October 2021

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Darlot Project (DP)

The Darlot Project comprises three exploration licences across Lake Darlot, 50 kilometres ENE of Leinster in the northern Goldfields. No work has been conducted at the DP, other than a data review of historical publicly available data.

Review of Corporate Activities

Board of Directors

Dr Natalia Streltsova was appointed as Non-Executive Chair of the Company on 15 December 2021 following the resignation of Jim Walker due to other corporate commitments.

During the year the Board reviewed membership of its Committees and established a Risk & Sustainability Committee in late 2021 to co-ordinate the Company's ESG activities.

Auditor Appointment

KPMG were appointed the Company's auditors following the 2021 annual general meeting. The change of auditor was made to align with the expectations of project financiers and followed the resignation of Hall Chadwick.

Capital Raising

On 9 July 2021 the Company held a general meeting of shareholders to consider various resolutions in relation to capital raisings conducted in November 2020 and May 2021. A total of 9,207,144 shares representing the second tranche of shares associated with the May 2021 placement to sophisticated and professional investors was issued on 16 July 2021 following the meeting.

On 2 November 2021, the Company announced a \$12 million capital raising comprising a two tranche placement to sophisticated and professional investors and a share purchase plan at an issue price of \$0.08. The first tranche of the placement was completed on 9 November 2021 and the issue of the shares, the subject of both the share purchase plan and the second tranche of the placement, took place in mid-December 2021.

Other equity movements during the period comprised the exercise and expiry of listed options (ASX: APCOB) and the issue and lapsing of unlisted performance rights to employees.

Subsequent to year end, the Company announced a non-renounceable pro-rata entitlement offer to raised up to approximately \$7.7 million.

Community Engagement

Heritage Survey

Heritage surveys were conducted in September 2021 and March 2022 with heritage consultants and Traditional Custodians. Building on the previous ethnographic surveys, these surveys were conducted to assist with preparing site avoidance and management strategies, if and where applicable, at the LSOP. No sites of cultural significance were identified across the proposed development areas surveyed.

Sandalwood Harvesting

APC has engaged for some time with the Forest Products Commission on a program to salvage a large quantity of sandalwood where the harvest ponds will be constructed at Lake Wells. During the period, sandalwood salvaging works were completed by the team from Yonga Djena, a local indigenous company.

Laverton Training Centre

The Laverton Training Centre (**LTC**) is an initiative of APC which provides access to nationally accredited vocational training for long-term unemployed Aboriginal people living in this remote part of Western Australia. The LTC is a registered charity (Public Benevolent Institution) with the Australian Charities and Not-for-profits Commission and a registered deductible gift recipient with the Australian Taxation Office. The LTC was announced as the recipient of a \$250,000 WA Government Regional Economic Development grant in early 2022.

The LTC training ethos is modelled on the highly successful Martu-ku Yiwarra Training Centre in Wiluna, a unique four-year pilot remote Aboriginal vocational training program, with delivery by Central Regional TAFE Kalgoorlie as the registered training organisation.

Refurbishment of the dedicated LTC facility at 2 Crawford Street, Laverton began in August 2021 and training commenced in late February 2022. The first students received their certificates for completed units in early August 2022.

Further information regarding the LTC is available in the Company's **2022 Sustainability Report**.

Corporate Governance

The Board of Directors of APC is responsible for corporate governance of the Company and the Company is committed to implementing a governance framework of the highest standard. The **2022 Corporate Governance Statement** is available on the Company's website at www.australianpotash.com.au/site/About-Us/corporate-governance.

Forward Looking Statements Disclaimer

This Report contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

Mineral Resource Statement

Australian Potash Limited presents its Mineral Resource Statement as at 30 June 2022 for the Lake Wells Sulphate of Potash Project (**MR Statement**). There has been no change to the Mineral Resource and Ore Reserve previously disclosed.

A Probable Ore Reserve for the LSOP was announced in conjunction with the Definitive Feasibility Study (**DFS**) on 28 August 2019 of 3.6Mt SOP. Supporting the Probable Ore Reserve is a Measured Mineral Resource Estimate (**MRE**) that was reported on 5 August 2019. In accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2012 Edition (the **JORC Code 2012**), the results of the MRE are reported in terms of potassium (**K**) and SOP.

Lake Wells Sulphate of Potash Project – Measured Mineral Resource

In compliance with Australian and internationally recognised reporting standards, APC has reported a MRE using **specific yield**, or **drainable porosity** that contains 8.1Mt of K. The Company believes this is an accurate estimate of the amount of potassium that can be abstracted from the measured aquifers and used in the production of SOP.

An MRE has been calculated on the LSOP’s potassium deposit under both JORC Code 2012 and the Guidelines for Resource and Reserve Estimation for Brines 2019. Under these internationally recognised guidelines the Mineral Resource is reported in terms of gravity recoverable brine as measured by the Specific Yield (**Sy**) of the host lithology.

Table 1: Measured MRE using Sy (drainable porosity)

Measured Resource for APC Lake Wells Sulphate of Potash Project						
Hydrogeological unit	Volume of Aquifer	Specific Yield	Drainable Brine Volume	K Conc (mg/L)	K	SOP ⁵
	MCM	Mean	MCM	Wgt Mean Ave	Mt	Mt
Loam	5,180	10%	518	4,009	2.08	4.6
Upper Aquitard	10,772	7%	754	3,020	2.28	5.1
Crete	479	5%	24	2,386	0.06	0.1
Upper Sand	801	17%	136	3,435	0.47	1.0
Lower Aquitard	9,502	8%	760	3,367	2.56	5.7
Mixed Aquifer	440	17%	75	3,645	0.27	0.6
Basal Sand	503	23%	116	3,415	0.40	0.9
Total	27,677	9%	2,383	3,402	8.11	18.1

Lake Wells Sulphate of Potash Project – Probable Ore Reserve

Where the Measured Resource is a static estimate of the volume of potentially recoverable brine, an Ore Reserve is the portion of the Mineral Resource that can be economically recovered and is calculated from a combination of groundwater flow modelling to simulate brine abstraction and the evaluation of associated engineering design, capital and operating costs and likely revenue.

⁵ The measured potassium content in brine can be expressed in units of sulphate of potash (SOP or K₂SO₄) by multiplying K by 2.229 and assuming complete conversion and no limiting reagent

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The Ore Reserve is derived from the MRE, and is therefore a subset of the MRE, not an addition to it.

Table 2: Probable Ore Reserve Estimate

Probable Ore Reserve for APC Lake Wells Sulphate of Potash Project				
Brine Volume Recovered	Average Produced K Concentration	K Mass	SOP Mass	Proportion of Measured Resource
Mm ³	mg/L	Mt	Mt	SOP
490	3,325	1.6	3.6	20%

Annual Statement of Mineral Resources

The MR Statement has been prepared in accordance with the JORC Code 2012 and the ASX Listing Rules.

On 5 August 2019, APC announced an upgrade to the MRE (originally announced 29 June 2016). Ore Reserves were declared as part of the DFS released on 28 August 2019. Those announcements contain the relevant statements, data and consents referred to in this MR Statement. APC is not aware of any other new information or data that materially affects the information included in this MR Statement and confirms that the material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.

Mineral Resources' Corporate Governance

Due to the nature, stage and size of APC's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring APC's processes for estimating Mineral Resources and Ore Reserves and for ensuring that the appropriate internal controls are applied to such estimates. However, APC ensures that any Mineral Resource and Ore Reserve estimations are prepared by competent geologists and hydrogeologists and are reviewed independently and verified including estimation methodology, sampling, analytical and test data. APC reports an MRE in accordance with the JORC Code 2012.

Competent Persons' Statements

The information in the MR Statement that relates to Mineral Resources and Ore Reserves is based on information that was compiled by Mr Duncan Gareth Storey. Mr Storey is a Director and Consulting Hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Storey nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Storey has 30 years of international experience. He is a Chartered Geologist with, and Fellow of, the Geological Society of London (a Recognised Professional Organisation under the JORC Code 2012). Mr Storey has experience in the assessment and development of palaeochannel aquifers, including the development of hypersaline brines in Western Australia. His experience and expertise are such that he qualifies as a Competent Person as defined in the JORC Code 2012.

The MR Statement has been approved by Christopher Shaw who is a member of the Australian Institute of Geoscientists. Mr Shaw is an employee of Australian Potash Ltd. Mr Shaw has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the JORC Code 2012. Mr Shaw consents to the inclusion in this report of the MR Statement in the form and context in which it appears.

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Financial Report

Year Ended 30 June 2022

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Australian Potash Limited and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors

The names and details of the Company's directors in office during the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Natalia Streltsova (Non-Executive Chair)

Appointed 15 December 2021

Dr Streltsova is a PhD qualified chemical engineer with over 25 years' minerals industry experience, including more than 10 years in senior technical and corporate roles with mining majors Western Mining Corporation Ltd, BHP Group Ltd and Vale S.A. She has a strong background in mineral processing and project development across multiple commodities, including potash and phosphate fertilisers. Dr Streltsova has considerable international experience covering project development and acquisitions in several jurisdictions including North and South America, Africa and Central Asia.

Other current and former ASX-listed directorships (last 3 years):

Name of Company	Position Held	Date commenced	Date resigned
Centaurus Metals Ltd	Non-Executive Director	15 August 2022	n/a
Neometals Ltd	Non-Executive Director	14 April 2016	n/a
Ramelius Resources Ltd	Non-Executive Director	1 October 2019	n/a
Western Areas Ltd	Non-Executive Director	1 January 2017	20 June 2022

Jim Walker (Non-Executive Chair)

Resigned 15 December 2021

Mr Walker has over 45 years of experience in the resources sector, including as Managing Director of WesTrac Pty Ltd where he led the company's rapid development in industrial and mining services locally and in China. Mr Walker is a Member of the Australian Institute of Company Directors and the Australian Institute of Management (WA). He is Chairman of Western Australia's State Training Board, Chairman of RAC Holdings (WA) and Chairman of the Diggers & Dealers Mining Forum and serves on the Board of several ASX-listed companies.

Other current and former ASX-listed directorships (last 3 years):

Name of Company	Position Held	Date commenced	Date resigned
Austin Engineering Ltd	Non-Executive Chair	8 July 2016	n/a
Macmahon Holdings Ltd	Non-Executive Chair	14 July 2015	27 June 2019
Mader Group Ltd	Non-Executive Chair	1 January 2019	n/a
MLG OZ Ltd	Non-Executive Chair	20 January 2021	n/a

Matt Shackleton (Managing Director & Chief Executive Officer)

Mr Shackleton is an experienced director with over 25 years in senior corporate positions both in Australia and the UK. Previously the Managing Director of ASX-listed Western Australian gold developer Mount Magnet South NL, Mr Shackleton was the founding director of ASX-listed and West African gold and bauxite explorer Canyon Resources Ltd. He has also held senior roles with Bannerman Resources Ltd, a uranium developer, Skywest Airlines Ltd, iiNet Ltd and DRCM Global Investors in London. Mr Shackleton holds a BComm (Economics & Accounting) from Murdoch University in Western Australia, an MBA from The University of Western Australia, and is a Fellow of the Institute of Chartered Accountants, Australia & New Zealand, and a Member of the Australian Institute of Company Directors.

Other current and former ASX-listed directorships (last 3 years):

None

Brett Lambert (Non-Executive Director)

Mr Lambert is a mining engineer and experienced company director in the Australian and international mineral resources industries. Over a career spanning 35 years, Mr Lambert has held senior management roles with Western Mining Corporation Ltd, Herald Resources Ltd, Western Metals Ltd, Intrepid Mines Ltd, Thundelarra Exploration Ltd and Bullabulling Gold Ltd. He has successfully managed several greenfields 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 ASX, AIM and the Toronto Stock Exchange and holds a BAppSc (Mining Engineering) degree from Curtin University in Western Australia and is a Member of the Australian Institute of Company Directors.

Other current and former ASX-listed directorships (last 3 years):

Name of Company	Position Held	Date commenced	Date resigned
De Grey Mining Ltd	Non-Executive Director	26 October 2017	22 July 2019
Metal Hawk Ltd	Non-Executive Chair	3 July 2019	n/a
Metals X Ltd	Non-Executive Director	24 October 2019	10 July 2020
Mincor Resources NL	Non-Executive Chair	1 January 2017	n/a
Musgrave Minerals Ltd	Non-Executive Director	4 February 2021	n/a
Saturn Metals Ltd	Non-Executive Chair	9 April 2020	n/a

Cathy Moises (Non-Executive Director)

Ms Moises holds a Bachelor of Science with Honours in Geology from the University of Melbourne and a Diploma of Finance and Investment from the Securities Institute of Australia. She has extensive experience in the resources sector having worked as a senior resources analyst for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup) and Evans and Partners where she was a partner of that firm. More recently in 2017-2019, Ms Moises was Head of Research at Patersons Securities Ltd. Ms Moises brings substantial experience to APC in company management, capital markets and institutional investor engagement in the gold, base metals, mineral sands and rare earths sectors.

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Other current and former ASX-listed directorships (last 3 years):

Name of Company	Position Held	Date commenced	Date resigned
Arafura Resources Ltd	Non-Executive Director	1 December 2019	n/a
Eastern Metals Ltd	Non-Executive Director	26 July 2021	n/a
PacGold Ltd	Non-Executive Chair	11 February 2021	n/a
Pearl Gull Iron Ltd	Non-Executive Director	1 February 2021	5 April 2022
Podium Minerals Ltd	Non-Executive Director	11 January 2021	n/a
WA Kaolin Ltd	Non-Executive Chair	22 May 2020	n/a

Rhett Brans (Non-Executive Director)

Transitioned from Non-Executive Director to Executive Director 9 June 2020 & resumed Non-Executive role 20 May 2022

Mr Brans is an experienced director and civil engineer with over 45 years' experience in project development. He was a founding director of Perseus Mining Ltd and served on the boards of Tiger Resources Ltd, Monument Mining Ltd and Syrah Resources Ltd. Throughout his career, Mr Brans has been involved in the management of feasibility studies and the design and construction of mineral treatment plants across a range of commodities and geographies. Mr Brans holds a Dip.Engineering (Civil), and is a member of the Institute of Engineers, Australia.

Other current and former ASX-listed directorships (last 3 years):

Name of Company	Position Held	Date commenced	Date resigned
AVZ Minerals Ltd	Non-Executive Director	5 February 2018	n/a
Carnavale Resources Ltd	Non-Executive Director	17 September 2013	n/a

Company Secretary

Michelle Blandford

Mrs Blandford (née Simson) has 25 years' administration experience, including the last 20 years in the resources industry working in both exploration and mining companies in the commodities of gold and uranium. Mrs Blandford has previously held positions with Agincourt Resources Ltd, Nova Energy Ltd, Navigator Resources Ltd and Breaker Resources NL and has completed an Executive Master of Business Administration with Distinction at The University of Western Australia and a Graduate Diploma in Applied Corporate Governance. Mrs Blandford is a Chartered Secretary and Member of the Governance Institute of Australia.

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Interests in the shares and options/performance rights of the Company and related bodies corporate as at the date of this report

	Ordinary Shares	Options over Ordinary Shares	Performance Rights over Ordinary Shares
Natalia Streltsova	-	-	-
Matt Shackleton	9,422,372	328,947	2,379,107
Brett Lambert	794,099	829,410	-
Cathy Moises	-	750,000	-
Rhett Brans	791,861	1,316	939,082

Principal Activities

During the year the Group focused on progressing the development of the 100% owned Lake Wells Sulphate of Potash Project located approximately 500km northeast of Kalgoorlie, in Western Australia's eastern Goldfields.

Dividends

No dividends were paid or declared during the year. No recommendation for payment of dividends has been made.

Finance Review

The Group began the year with available cash assets of \$7,796,799. The Group raised funds during the year via the issue of shares and exercise of options. Total gross funds raised during the year amounted to \$15,474,159.

During the year, the Group capitalised exploration costs amounting to \$14,940,384 (2021: \$11,387,177). Exploration expenditure not at the definitive feasibility stage of \$1,569,176 (2021: \$518,170) was expensed as incurred.

The Group reported an operating loss after income tax for the year ended 30 June 2022 of \$5,579,288 (2021: \$3,734,289).

At 30 June 2022 cash assets available totalled \$878,791.

Operating Results for the Year

A summary of consolidated revenues and results for the year is set out below:

	2022		2021	
	Income \$	Results \$	Income \$	Results \$
Australian Potash Limited	70,357	(5,579,288)	380,501	(3,734,289)

Shareholder Returns

Basic loss per share (cents)

2022	2021
(0.75)	(0.70)

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Significant Changes in the State of Affairs

Other than as disclosed in this Report, no significant changes in the state of affairs of the Group occurred during the financial year.

Audit Appointment

At the annual general meeting, shareholders considered the appointment of a new auditor to the Company. The change of auditor was made to align with the expectations of project financiers and KPMG's appointment followed the Australian Securities and Investment Commission's approval for the resignation of Hall Chadwick.

Significant Events after the Balance Date

On 27 July 2022, the Company announced a non-renounceable pro-rata entitlement offer (**Offer**) to raise up to \$7,679,637. The Offer was on the basis of one fully paid ordinary share in the Company for every four shares held by eligible shareholders at an issue price of \$0.038 per share plus one free attaching option for every two new shares subscribed for. The Offer closed on 19 August 2022 with acceptances from eligible shareholders totaling \$4,365,686 before costs, representing 114,886,355 shares and 57,443,347 options. The shortfall is available to be placed within three months of the closing date.

No other matters or circumstances, besides those disclosed at Note 25, have arisen since the end of the year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Likely Developments and Expected Results

The Group expects to maintain the present status and level of operations and will report any further developments in accordance with ASX continuous disclosure requirements.

Business Risks

The material business risks faced by the Group that are likely to have an effect on its financial prospects, and how the Group manages these risks, are:

Additional requirements for capital

Additional funding will be required to develop the LSOP and also in the event if the future costs exceed estimates to effectively implement business and operations plans, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Group may incur.

The Group may seek to raise further funds through equity or debt financing, joint ventures or other means. Failure to obtain sufficient financing for the Group's activities and future projects may result in delay and indefinite postponement of its development program. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable.

Business Risks (continued)

LSOP development

There is remaining uncertainty around whether the development of the LSOP will proceed as previously announced, will proceed in the intended timeframe, or will proceed at all. Development of the LSOP will depend upon the review of the costs of that development, the market for end products after development and the ability of the Group to obtain financing to develop the Project.

Exploration costs and success

In addition to the LSOP, the Group holds interests in several other projects in the northeastern Goldfields of Western Australia. Any exploration costs associated with these projects are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, as a result, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice.

The tenements at these other projects are at various stages of exploration, and mineral exploration and development are high-risk undertakings. There can be no assurance that further exploration will result in the discovery of an economic ore deposit at these projects. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

Coronavirus (COVID-19) risk

The outbreak of COVID-19 continues to impact global financial markets. The ongoing nature and extent of the effect of the outbreak on the performance of the Group remains unknown. The Company's share price may be adversely affected in the short to medium term by any economic uncertainty caused by COVID-19. Further, any new government or industry measures taken in response to COVID-19 may adversely impact operations and are likely to be beyond the control of the Group.

The Group is operationally based in Western Australia and may continue to be impacted in various ways including supply chain and operational challenges, possible disruptions in access, limited specialised workers' availability, and cross border movement restrictions. The Group will however continue to operate with the best intentions of fulfilling its commitments.

The directors continue to monitor the situation and consider the impact of COVID-19 on business and financial performance however the consequences are inevitably uncertain. In compliance with its continuous disclosure obligations, the Group will update the market in regard to the impact of COVID-19 on its projects and any other adverse impact on the Group.

Climate change regulation

Certain aspects of the Group's operations now and planned are dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Group's cost of operations and adversely impact the financial performance of the Group.

Commodity price and exchange rate risks

As it is focused on the development of the LSOP, the Group is exposed to movements in commodity prices, which are quoted in foreign currency. The Group monitors historical and forecast pricing for these commodities from a range of sources in order to inform its planning and decision making.

Environmental Regulation and Performance

The Group is subject to significant environmental regulation in respect to its exploration activities.

The Group aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The directors of the Company are not aware of any breach of environmental legislation for the year under review.

The directors have considered the *National Greenhouse and Energy Reporting Act 2007* (**the NGER Act**) which outlines a single national reporting framework for the reporting and dissemination of information about greenhouse gas emissions, greenhouse gas projects and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Group for the current, nor subsequent, financial year. The directors will reassess this position as and when the need arises.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. Whilst unlikely due to the proposed nature of activities at the LSOP, the occurrence of any such safety or environmental incident could delay development or increase costs. Events, such as unpredictable rainfall or bushfires may impact on the Group's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Group's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programs or mining activities.

Further information regarding the Group's environmental activities is available in the **2022 Sustainability Report**.

Audited Remuneration Report

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth). The Report details the remuneration arrangements for the Group's key management personnel (**KMP**):

- Non-executive directors (**NEDs**); and
- Executive directors and senior executives (collectively the **executives**).

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group. The KMP during the year were:

Natalia Streltsova	Non-Executive Chair	Appointed 15 December 2021
Jim Walker	Non-Executive Chair	Resigned 15 December 2021
Matt Shackleton	Managing Director & Chief Executive Officer	
Brett Lambert	Non-Executive Director	
Cathy Moises	Non-Executive Director	
Rhett Brans	Project Director	Resigned 20 May 2022
	Non-Executive Director	Appointed 20 May 2022
Michelle Blandford	Company Secretary & Chief Administration Officer	
Scott Nicholas	Chief Financial Officer	Resigned 9 September 2022

Principles of Compensation

Remuneration Policy

The Remuneration & Nomination Committee of the Board of Directors (**RNC**) is responsible for determining and reviewing remuneration arrangements for the directors and executives. The RNC assesses the appropriateness of the nature and amount of remuneration of executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality, high performing director and executive team. The RNC will recommend remuneration for the directors and executives to the Board of Directors for approval.

Non-executive directors

The Company's policy is to remunerate NEDs at market rates for comparable companies for time, commitment and responsibilities.

The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by shareholders at the annual general meeting (currently \$500,000). Fees for NEDs are not linked to the performance of the Group however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the Company's Incentive Performance Rights Plan.

The base fee for the Chair was increased from \$70,000 to \$90,000 per annum effective 1 December 2021. Similarly, the base fees for other directors increased from \$45,000 to \$60,000 per annum.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation (which is included in the base fee).

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Audited Remuneration Report (continued)

Executives

Australian Potash's remuneration policy has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial and operating results. The Board of Directors believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best KMP to run and manage the Group.

The Board's policy for determining the nature and amount of remuneration for directors and senior executives of the Group is as follows:

The remuneration policy, setting the terms and conditions for the executives, was developed by the RNC. All executives receive a base salary or fee (which is based on factors such as length of service, performance and experience) and the equivalent statutory superannuation. The RNC reviews executive packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The Board may exercise discretion in relation to approving incentives, bonuses and awards of equity. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth. Executives are also entitled to participate in employee share, option and performance right arrangements.

The executives receive a superannuation guarantee contribution required by the government, which was 10% for the 2022 financial year. Some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Company and expensed. Shares issued are valued as the difference between the market price of those shares and the amount paid by the KMP. Options are valued using the Black-Scholes methodology. Performance rights are valued using the share price on grant date.

Consequences of performance on shareholder wealth

In establishing performance measures and benchmarks to ensure incentive plans are appropriately structured to align corporate behaviour with the long-term creation of shareholder wealth, the Board has regard for the stage of development of the Group's business, share price, operational and business development achievements (including results of exploration activities) that are of future benefit to the Group. In considering the Group's performance and benefits for shareholder wealth, the Board have regarded the following indices in respect to the current and previous four financial years:

	2022	2021	2020	2019	2018
(Loss)/profit per share (cents)	(0.75)	(0.70)	(0.20)	0.04	(1.93)
Net (loss)/profit (\$)	(5,5579,288)	(3,734,289)	(775,551)	142,446	(4,999,921)
Share price at 30 June	0.045	0.140	0.055	0.095	0.058

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Audited Remuneration Report (continued)

Performance Based Remuneration

Short Term Incentive (STI)

Executives were granted STIs during the year in the form of cash bonuses based on 12.5% of total remuneration. The STI was split into three tranches with the following vesting conditions:

- 25% of the bonus vests when the Company makes a Final Investment Decision (**FID**) or 11 June 2022 (whichever comes first);
- 50% of the bonus vests 3 months after the Company makes an FID; and
- 25% of the bonus vests 12 months after the Company makes an FID.

No other STIs were granted during the financial year (2021: nil STIs).

Long Term Incentive (LTI)

The LTI awards are aimed specifically at creating long term shareholder value and the retention of executives.

Incentive Option Plan

The Group has an Incentive Option Plan which enables the provision of options to executives and employees. In 2019/20 the Incentive Option Plan was replaced with the Incentive Performance Rights Plan. During the 2022 and 2021 financial years, no options were issued to executives under the Incentive Option Plan.

Incentive Performance Rights Plan

The Group implemented the Company's Incentive Performance Rights Plan during the 2020 financial year which enables the provision of performance rights to employees and contractors of the Company.

During the 2022 and 2021 financial years, performance rights which will vest subject to pre-defined performance hurdles were allocated to executives. The grant of performance rights aims to reward executives in a manner that aligns remuneration with the creation of shareholder wealth. Refer to page 27 for the number and value of performance rights issued to executives during the year.

Performance Measures to Determine Vesting of Performance Rights

The vesting of performance rights is subject to the attainment of defined individual and group performance criteria, chosen to align the interests of employees with shareholders, representing key drivers for delivering long term value.

The performance measures for the 2022 performance rights related to:

- FID to develop the Lake Wells Sulphate of Potash Project (**Project**); and
- commencement of commercial production at the Project.

The performance measures for the 2021 performance rights related to:

- completion of the Front End Engineering Design Study for the Project;
- FID to develop the Project; and
- commencement of commercial production at the Project.

Audited Remuneration Report (continued)

Termination and Change of Control Provisions

Where an executive ceases employment prior to the vesting of an award, the incentives are forfeited unless the Board applies its discretion to allow vesting at, or post cessation of, employment in appropriate circumstances.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and the rights will vest in full, subject to ultimate Board discretion.

No hedging of LTIs

As part of the Company's Securities Trading Policy, executives are prohibited from entering into arrangements to protect the value of unvested LTI awards. This includes entering into contracts to hedge exposure to options, performance rights or shares granted as part of their remuneration package.

Use of Remuneration Consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2022 (2021: nil).

Voting and Comments made at the Company's 2021 Annual General Meeting

The Company received 91.58% of "yes" votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year on its remuneration practices.

Details of Remuneration

Details of the remuneration of the KMP of the Group (who are disclosed above) are set out in the table overleaf.

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Audited Remuneration Report (continued)

Key Management Personnel of the Group

	Short-Term			Post-Employment		Share-based	Total	Performance Related
	Salary & Fees	STI Cash Bonus ⁽ⁱ⁾	Other	Super-annuation	Retirement benefits	Options/Rights		
	\$	\$	\$	\$	\$	\$	\$	%
Directors								
Natalia Streltsova								
2022	44,428	-	-	4,443	-	-	48,871	-
Jim Walker								
2022	32,466	-	-	3,246	-	-	35,712	-
2021	70,000	-	-	6,650	-	-	76,650	-
Matt Shackleton								
2022	362,566	20,629 ⁽ⁱⁱ⁾	15,000	22,434	-	(48,491)	372,138	(7.5%)
2021	284,795	-	15,000	21,805	-	104,138	425,738	24.5%
Brett Lambert								
2022	48,864	-	-	4,886	-	-	53,750	-
2021	41,096	-	-	3,904	-	39,750	84,750	-
Cathy Moises								
2022	48,864	-	-	4,886	-	-	53,750	-
2021	38,145	-	-	3,624	-	39,750	81,519	-
Rhett Brans								
2022	274,299	-	-	21,451	-	(9,322)	286,428	(3.3%)
2021	240,000	-	-	22,800	-	120,812	383,612	31.5%
Total directors' compensation								
2022	811,487	20,629	15,000	61,346	-	(57,813)	850,649	-
2021	674,036	-	15,000	58,783	-	304,450	1,052,269	-
Other executives								
Michelle Blandford								
2022	226,263	13,851	-	23,434	-	15,792	279,340	10.6%
2021	13,558	-	-	1,288	-	-	14,846	-
Scott Nicholas								
2022	284,978	9,625	-	23,984	-	(66,491)	252,096	(22.6%)
2021	267,992	-	-	22,008	-	71,712	361,712	19.8%
Total other executives' compensation								
2022	511,241	23,476	-	47,418	-	(50,699)	531,436	-
2021	281,550	-	-	23,296	-	71,712	376,558	-
Total KMP compensation								
2022	1,322,728	44,105	15,000	108,764	-	(108,512)	1,382,085	-
2021	955,586	-	15,000	82,079	-	376,162	1,428,827	-

(i) Included in STI Cash Bonus is tranche 1 (paid or payable) and recognition of the accrued portion of tranche 2 and 3.

(ii) Mr Shackleton has deferred payment of tranche 1 of the STI. This amount is included in accounts payable as at 30 June 2022.

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Audited Remuneration Report (continued)

Analysis of Bonuses included in Remuneration

Details of the vesting profile of the short-term cash bonuses awarded as remuneration to key management personnel are detailed below.

	STI Incentive Bonus							
	Included in Remuneration	Vested in year ⁽ⁱⁱ⁾						Forfeited in year
		Tranche 1		Tranche 2		Tranche 3		
Directors	\$	\$	%	\$	%	\$	%	%
Matt Shackleton	20,629	12,031	100% ⁽ⁱ⁾	6,666	-	1,932	-	-
Other executives								
Michelle Blandford	13,851	8,078	100%	4,476	-	1,297	-	-
Scott Nicholas	9,625	9,625	100%	-	-	-	-	-

(i) Mr Shackleton has deferred payment of the STI. This amount is included in accounts payable as at 30 June 2022.

(ii) Refer to elements of executive STI set out on page 23.

Service Agreements

Managing Director & Chief Executive Officer

Matt Shackleton (appointed Managing Director & CEO 14 August 2018):

- As from 1 July 2021 paid annual salary of \$350,000 (2021: \$280,000) (plus statutory superannuation).
- The Company may terminate, without cause, the executive's employment at any time by giving six calendar months' written notice to the executive.
- The Company pays \$15,000 per annum towards the cost of a novated lease for a motor vehicle.

Project Director

Rhett Brans (appointed Project Director 1 July 2020, resumed as Non-Executive Director 20 May 2022):

- As from 1 July 2021 paid annual salary of \$295,000 (2021: \$240,000) (plus statutory superannuation).
- During the term of the agreement the Company could have terminated, without cause, the executive's employment at any time by giving three calendar months' written notice.

Company Secretary & Chief Administration Officer

Michelle Blandford (appointed 23 April 2021):

- Paid annual salary of \$235,000 (plus statutory superannuation).
- The Company may terminate, without cause, the executive's employment at any time by giving four weeks' written notice to the executive.

Chief Financial Officer

Scott Nicholas (appointed 18 May 2019):

- As from 1 July 2021, paid annual salary of \$280,000 (2021: \$264,840) (plus statutory superannuation).
- The Company may terminate, without cause, the executive's employment at any time by giving three calendar months' written notice to the executive.

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Audited Remuneration Report (continued)

Share-based Compensation

Terms and conditions of share-based payment arrangements affecting remuneration of KMP in the current financial and future financial years:

	Instrument	Grant Date	Number	Value per right at grant date (cents)	Exercise Price (cents)	Expiry Date	Vesting Date
Directors							
Matt Shackleton	Rights	18-Nov-19	2,379,087	9.9	-	4-Mar-24	(i)
Rhett Brans	Rights	28-Nov-20	939,082	13.5	-	4-Mar-24	(i)
Other executives							
Michelle Blandford	Rights	7-Dec-21	832,402	7.2	-	4-Mar-24	(i)
Scott Nicholas	Rights	4-Mar-20	1,110,026	9.9	-	4-Mar-24	(i)

(i) Vesting of the rights granted is dependent on the following performance criteria being met:

- half will vest upon an FID to develop the Project; and
- half will vest upon the commencement of commercial production at the Project.

The following options/rights over ordinary shares of the Company were granted, vested or lapsed with KMP during the year:

	No. options /rights awarded during year	Grant Date	Value per option /right at grant date		Vesting Date	Exercise Price (cents)	Expiry Date	No. vested during year	No. lapsed during year	Value of options/rights	
			(cents)	(cents)						granted during year (\$)	exercised during year (\$)
Other executives											
Michelle Blandford											
2022	832,402	7-Dec-21	7.2	(i)	-	4-Mar-24	-	-	-	59,933	-

(i) Vesting of the rights granted is dependent on the following performance criteria being met:

- half will vest upon an FID to develop the Project; and
- half will vest upon the commencement of commercial production at the Project.

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Audited Remuneration Report (continued)

Equity Instruments held by Key Management Personnel

Share holdings

The numbers of shares in the Company held during the financial year by each director of Australian Potash Limited and other KMP of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2022 ordinary shares	Balance at start of the year	Received during the year on the exercise of options	Received during the year on the vesting of performance rights	Number acquired during the year	Other	Balance at end of the year
Directors						
Natalia Streltsova	-	-	-	-	-	-
Jim Walker	1,255,142	-	-	-	-	1,255,142
Matt Shackleton	8,523,228	241,250	-	-	-	8,764,478
Brett Lambert	525,613	109,666	-	-	-	635,279
Cathy Moises	-	-	-	-	-	-
Rhett Brans	689,541	99,688	-	-	-	789,229
Other executives						
Michelle Blandford	-	-	-	-	-	-
Scott Nicholas	941,544	-	-	-	-	941,544

Option and Rights Holdings

The numbers of options and rights over ordinary shares in the Company held during the financial year by each director of Australian Potash Limited and other KMP of the Group, including their personally related parties, are set out overleaf.

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Audited Remuneration Report (continued)

Option and Rights Holdings (continued)

2022	Balance at start of the year	Granted as compensation	Exercised	Expired	Balance at end of the year	Vested and exercisable	Unvested
Directors							
Natalia Streltsova							
Options	-	-	-	-	-	-	-
Jim Walker							
Options	1,277,496	-	-	(1,277,496)	-	-	-
Matt Shackleton							
Options	241,250	-	(241,250)	-	-	-	-
Rights	2,379,107	-	-	-	2,379,107	-	2,379,107
Brett Lambert							
Options	859,666	-	(109,666)	-	750,000	750,000	-
Cathy Moises							
Options	750,000	-	-	-	750,000	750,000	-
Rhett Brans							
Options	99,688	-	(99,688)	-	-	-	-
Rights	939,082	-	-	-	939,082	-	939,082
Other executives							
Michelle Blandford							
Rights	-	832,402	-	-	832,402	-	832,402
Scott Nicholas							
Rights	1,110,026	-	-	-	1,110,026	-	1,110,026

Loans to Key Management Personnel

There were no loans to KMP during the year.

Other Transactions with Key Management Personnel

There were no other transactions with KMP during the year.

End of Audited Remuneration Report

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Directors' Meetings

During the year the Company held 13 meetings of directors. The attendance of directors at meetings of the Board and committees were:

	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings		Risk & Sustainability Committee Meetings	
	A	B	A	B	A	B	A	B
Directors	A	B	A	B	A	B	A	B
Natalia Streltsova	9	9	1	1	2	2	2	2
Jim Walker	4	3	1	1	2	2	-	-
Matt Shackleton	13	13	1	1	2	2	2	2
Brett Lambert	13	13	2	2	4	4	2	2
Cathy Moises	13	10	2	2	4	4	2	2
Rhett Brans	13	13	1	1	2	2	2	2

Notes

A – Number of meetings held during the time the director held office during the year

B – Number of meetings attended

The composition of the Committees changed during the year.

Shares Under Option/Right

Unissued ordinary shares of Australian Potash Limited under option/right at the date of this report are as follows:

Date issued	Expiry date	Exercise price (cents)	Number
Options			
28-Nov-20	29-Jul-23	17.5 Unlisted	1,500,000
26-Aug-22	26-Aug-23	6.0 Unlisted	57,443,347
Rights			
4-Mar-20 ⁽ⁱ⁾	4-Mar-24	NIL Unlisted	6,547,884
Total number outstanding at the date of this report			65,491,231

(i) This is the first date of issue for performance rights of the same class.

No option/right holder has any right under the options/rights to participate in any other share issue of the Company or any other entity.

Insurance of Directors and Officers

During the financial year, a premium was paid to insure the directors and officers of the Company. Details of the premium are subject to a confidentiality clause under the contract of insurance.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

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Non-Audit Services

There were no non-audit services provided by the entity's auditor, KPMG, or associated entities.

Proceedings on Behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* (Cth) for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001* (Cth).

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 32.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read "Matt Shackleton".

Matt Shackleton

Managing Director & Chief Executive Officer
Perth, 29 September 2022



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Potash Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Potash Limited for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.



KPMG



Glenn Brooks
Partner

Perth

29 September 2022

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Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2022

	Note	2022 \$	2021 \$
REVENUE			
Revenue from contracts with customers	5	-	159,360
Cost of sales		-	(151,464)
Gross Profit		-	7,896
Other income	6	70,357	221,141
Administration expenses	7	(4,068,242)	(3,424,380)
Exploration expenses	8	(1,569,176)	(518,170)
OPERATING LOSS		(5,567,061)	(3,713,513)
FINANCE COSTS			
Finance income		199	471
Finance costs		(12,426)	(21,247)
NET FINANCE COSTS		(12,227)	(20,776)
LOSS BEFORE INCOME TAX		(5,579,288)	(3,734,289)
Income tax benefit/(expense)	9	-	-
LOSS FOR THE YEAR		(5,579,288)	(3,734,289)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF AUSTRALIAN POTASH LIMITED		(5,579,288)	(3,734,289)
Loss per share (cents per share)			
Basic loss attributable to the ordinary equity holders of the Company	27	(0.75)	(0.70)
Diluted loss attributable to the ordinary equity holders of the Company	27	(0.75)	(0.70)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position as at 30 June 2022



	Note	2022 \$	2021 \$
CURRENT ASSETS			
Cash and cash equivalents	10	878,791	7,796,799
Trade and other receivables	11	472,142	735,600
Inventory		227,206	52,760
TOTAL CURRENT ASSETS		1,578,139	8,585,159
NON CURRENT ASSETS			
Plant and equipment	12	196,733	173,957
Right-of-use assets	13	108,143	110,255
Intangibles		4,353	6,812
Exploration and evaluation	14	35,763,106	20,822,722
TOTAL NON CURRENT ASSETS		36,072,335	21,113,746
TOTAL ASSETS		37,650,474	29,698,905
CURRENT LIABILITIES			
Trade and other payables	15	2,206,021	5,311,008
Lease liabilities - current	13	44,116	82,192
Provisions - current	16	1,855,167	309,426
TOTAL CURRENT LIABILITIES		4,105,304	5,702,626
NON CURRENT LIABILITIES			
Lease liabilities - non current	13	-	35,307
Provisions - non current	16	514,350	-
TOTAL NON CURRENT LIABILITIES		514,350	35,307
TOTAL LIABILITIES		4,619,654	5,737,933
NET ASSETS		33,030,820	23,960,972
EQUITY			
Contributed equity	17	60,491,225	45,704,920
Reserves	18	2,009,627	2,146,796
Accumulated losses		(29,470,032)	(23,890,744)
TOTAL EQUITY		33,030,820	23,960,972

The above Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity for the year ended 30 June 2022



	Issued Capital	Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
BALANCE AT 1 JULY 2020	29,628,277	1,646,066	(20,156,455)	11,117,888
Loss for the year	-	-	(3,734,289)	(3,734,289)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	(3,734,289)	(3,734,289)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the year	17,063,826	-	-	17,063,826
Share issue transaction costs	(987,183)	-	-	(987,183)
Issue of supplier options	-	3,586	-	3,586
Share-based payments	-	497,144	-	497,144
BALANCE AT 30 JUNE 2021	45,704,920	2,146,796	(23,890,744)	23,960,972
BALANCE AT 1 JULY 2021	45,704,920	2,146,796	(23,890,744)	23,960,972
Loss for the period	-	-	(5,579,288)	(5,579,288)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	(5,579,288)	(5,579,288)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the year	15,684,159	-	-	15,684,159
Share issue transaction costs	(897,854)	-	-	(897,854)
Share-based payments	-	(137,169)	-	(137,169)
BALANCE AT 30 JUNE 2022	60,491,225	2,009,627	(29,470,032)	33,030,820

The above Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows for the year ended 30 June 2022



	Note	2022 \$	2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		-	159,360
Payment of exploration expense		(321,302)	(370,318)
Payments to suppliers and employees		(3,568,848)	(3,022,349)
Interest received		300	686
Research and development refund received		-	134,304
Government grants		-	67,500
Net cash outflow from operating activities	26	(3,889,850)	(3,030,817)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds on sale of plant and equipment		600	-
Payments for plant and equipment		(172,463)	(119,609)
Payments for evaluation and exploration		(17,260,286)	(8,342,474)
Net cash outflow from investing activities		(17,432,149)	(8,462,083)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		15,474,159	17,063,826
Payments of share issue transaction costs		(902,293)	(1,056,089)
Repayments of lease liabilities		(171,452)	(77,396)
Interest expense of lease liabilities		(11,694)	(17,817)
Net cash inflow from financing activities		14,388,720	15,912,524
Net (decrease)/increase in cash and cash equivalents		(6,933,279)	4,419,624
Cash and cash equivalents at the beginning of the year		7,796,799	3,379,177
Effect of exchange rate changes on cash and cash equivalents		15,271	(2,002)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10	878,791	7,796,799

The above Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Consolidated Financial Statements.

1. REPORTING ENTITY

Australian Potash Limited (the **Company**) is a company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at Suite 31, 22 Railway Road, Subiaco WA 6008. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the '**Group**'). The Group is a for-profit entity and is primarily involved in the development of the Lake Wells Sulphate of Potash Project. The presentation currency of the group is Australian Dollars (\$).

2. BASIS OF PRESENTATION

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations (**Standards and Interpretations**) adopted by the Australian Accounting Standards Board (**the AASB**) and the *Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on 29 September 2022.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a loss of \$5,579,288 (2021: \$3,734,289), operating cash outflows of \$3,889,850 (2021: \$3,030,817), net cash outflows of \$6,933,279 (2021: Inflows \$4,419,624) and working capital deficit of \$2,495,951 (2021: Surplus \$2,882,533). The ability of the Group to continue as a going concern is reliant on the Group securing funds by raising capital from equity financing, debt financing or other means and managing cashflow in line with available funds. These conditions, and the Group's ability to raise additional capital indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The directors are satisfied there are reasonable grounds to believe that the Group will be able to continue as a going concern, after consideration of the following factors:

- The Group has a history of successfully raising equity with \$15.5 million (2021: \$17.1 million) raised during the year including placements to professional and sophisticated investors;
- Subsequent to year end, the Group raised \$4.4 million through a non-renounceable pro-rata entitlement offer with the shortfall of \$3.3 million available to be placed until November 2022;
- The Group has a Controlled Placement Agreement (**CPA**) that provides APC with standby equity capital of 18.5 million shares to January 2024;
- The Group has no loans or borrowings; and
- The Group has the ability to adjust its expenditure commitments subject to operational plans and its funding position.

2. BASIS OF PREPARATION (continued)

Going concern (continued)

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to secure additional funding or curtail expenditure, or both, and be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Adoption of new and revised Accounting Standards

The Group has adopted all new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2021.

Standards and Interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the year ended 30 June 2022. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations on issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(ii) Non-controlling interests

Non-controlling interests (**NCI**) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

2. BASIS OF PREPARATION (continued)

Significant accounting policies (continued)

(iv) *Investments in associates*

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investments includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term interest that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(v) *Joint arrangements*

The Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

(vi) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment

(b) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income; and
- interest expense.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

2. BASIS OF PREPARATION (continued)

Significant accounting policies (continued)

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(c) Inventories

Materials and supplies are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

(d) Segment reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(e) Financial Instruments

(i) Recognition and derecognition of financial instruments

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party to the contractual provisions of the instrument, which is generally on trade date. Loans and receivables are recognised when cash is advanced (or settled) to the borrowers.

Financial assets at fair value through profit or loss are recognised initially at fair value. All other financial assets are recognised initially at fair value plus directly attributable transaction costs.

The Group derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

A financial liability is derecognised from the balance sheet when the Group has discharged its obligation or the contract is cancelled or expires.

(ii) Classification of financial instruments

The Group classifies its financial assets into the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss); and
- those to be measured at amortised cost.

2. BASIS OF PREPARATION (continued)

Significant accounting policies (continued)

The classification depends on the Group's business model for managing financial assets and the contractual terms of the financial assets' cash flows.

The Group classifies its financial liabilities at amortised cost unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities at fair value through profit or loss such as derivative liabilities.

(iii) *Items at fair value through profit or loss*

Items at fair value through profit or loss comprise:

- items held for trading;
- items specifically designated as fair value through profit or loss on initial recognition; and
- debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the income statement as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the income statement as they arise.

Where a financial asset is measured at fair value, a credit valuation adjustment is included to reflect the credit worthiness of the counterparty, representing the movement in fair value attributable to changes in credit risk.

Financial instruments held for trading

A financial instrument is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term, or forms part of a portfolio of financial instruments that are managed together and for which there is evidence of short-term profit taking, or it is a derivative not in a qualifying hedge relationship.

Financial instruments designated as measured at fair value through profit or loss

Upon initial recognition, financial instruments may be designated as measured at fair value through profit or loss. A financial asset may only be designated at fair value through profit or loss if doing so eliminates or significantly reduces measurement or recognition inconsistencies (ie. eliminates an accounting mismatch) that would otherwise arise from measuring financial assets or liabilities on a different basis.

A financial liability may be designated at fair value through profit or loss if it eliminates or significantly reduces an accounting mismatch or:

- if a host contract contains one or more embedded derivatives; or
- if financial assets and liabilities are both managed and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Where a financial liability is designated at fair value through profit or loss, the movement in fair value attributable to changes in the Group's own credit quality is calculated by determining the changes in credit spreads above observable market interest rates and is presented separately in other comprehensive income.

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2. BASIS OF PREPARATION (continued)

Significant accounting policies (continued)

(iv) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are Grouped on the basis of shared credit risk characteristics, taking into account instrument type, credit risk ratings, date of initial recognition, remaining term to maturity, industry, geographical location of the borrower and other relevant factors.

(v) Offsetting

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when the Group has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(f) Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Australian dollars at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit and Loss and Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Australian dollars at foreign exchange rates ruling at the dates the fair value was determined.

(g) Critical accounting judgements, estimates and assumptions

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are:

(i) Exploration and evaluation phase and the transition to development

Management assesses the phase of its projects with respect to consideration of the transition from evaluation activities to the reclassification to development. Exploration and evaluation projects for which technical and commercial feasibility have been determined are transferred to development and tested for impairment at date of transition. Whilst technical feasibility of the Lake Wells SOP Project has been obtained, commercial feasibility is subject to the Company raising sufficient equity funding, which as at the date of this report has not been achieved.

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2. BASIS OF PREPARATION (continued)

Significant accounting policies (continued)

(ii) Rehabilitation provision

The Group assesses site rehabilitation liabilities on an annual basis. The provision recognised is based on an assessment of the estimated cost of closure and reclamation of the areas discounted to present value. Significant estimation is required in determining the provision for site rehabilitation. Factors such as future development/exploration activity, changes in the costs of goods and services required to complete restoration activity and changes to the legal and regulatory framework can all affect the timing and ultimate cost to rehabilitate sites where mining and/or exploration activities have previously taken place.

(iii) Share-based payments

Share-based payment transactions, in the form of options to acquire ordinary shares, are valued using the Black-Scholes option pricing model. Performance rights are valued using the share price on grant date. A Monte Carlo simulation is applied to fair value the market related element of the shares or rights. Both models use assumptions and estimates as inputs.

3. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks arising from financial instruments:

- market risk;
- credit risk; and
- liquidity risk.

(a) Risk Management Framework

The Company's Board of Directors (**Board**) has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit Committee and the Risk & Sustainability Committee.

The primary purpose of the Audit Committee is to assist the Board in monitoring and reviewing any matters of significance affecting the Company's financial reporting and compliance; this includes all financial risks.

The primary purpose of the Risk & Sustainability Committee is to assist the Board in discharging its responsibilities overseeing the Company's risk management systems, governance and sustainability programs, environmental and community obligations, ethical standards, codes of conduct and compliance procedures.

The Committees report regularly to the Board on their activities. Prior to December 2021, the Audit Committee was responsible for all risk management matters.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

3. FINANCIAL RISK MANAGEMENT (continued)

The Risk & Sustainability Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Management undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Risk & Sustainability Committee.

(b) Market Risk

Market risk is the risk that changes in market prices – eg. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Foreign exchange risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currency of Group companies. The functional currency of the Group is Australian Dollar.

As all operations are currently within Australia, the Group is not exposed to any material foreign exchange risk.

(ii) Commodity price risk

Given the current level of operations, the Group is not exposed to commodity price risk.

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group of \$878,791 (2021: \$7,796,799) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.2% (2021: 0.1%).

Sensitivity analysis

At 30 June 2022, if interest rates had changed by +/- 100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for the Group would have been \$18,687 lower/higher (2021: \$10,198 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(c) Credit Risk

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date is the carrying amount (net of provision for impairment) of those assets as disclosed in the Consolidated Statement of Financial Position and Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements for the year ended 30 June 2022 (continued)



3. FINANCIAL RISK MANAGEMENT (continued)

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	Carrying Value	
		2022 \$	2021 \$
Cash and cash equivalents	10	878,791	7,796,799
Trade and other receivables	11	472,142	735,600
		1,350,933	8,532,399

(d) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows. Typically, the Group ensures it has sufficient cash on demand to meet expected operational expenses for a period of 90 days, this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The expected settlement of the Group's financial liabilities is as follows:

	Contractual Cashflows					
	Carrying Amount	Total	< 6 months	6-12 months	1-2 years ⁽ⁱ⁾	2-5 years
	\$	\$	\$	\$	\$	\$
30 June 2022						
Trade and other payables	2,206,021	2,206,021	2,206,021	-	-	-
Lease liabilities – current	44,116	44,116	44,116	-	-	-
Provisions – current	1,855,167	1,855,167	220,637	251,851	1,382,679	-
	4,105,304	4,105,304	2,470,774	251,851	1,382,679	-

(i) Whilst the Company does not have the right to defer the liability, it is progressing through an arbitration process so payment is expected to occur at that point, which is anticipated to be over 12 months from balance date. Refer to Note 16 for further information.

(e) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying amount of all financial assets and financial liabilities of the Group at the balance date approximate their fair value due to their short-term nature.

4. SEGMENT INFORMATION

For management purposes, the Group has identified only one reportable segment being exploration activities undertaken in Australia. This segment includes activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in this geographic location. Segment performance is evaluated based on the operating profit and loss and cash flows and is measured in accordance with the Group's accounting policies.

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5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 \$	2021 \$
Sale of goods	-	159,360

Accounting Policy:

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Sale of Sulphate of Potash (SOP)

Revenue from sale of SOP is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods at the customer's location. The normal credit term is 50% deposit before goods are received and payment on delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the SOP, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the customer (if any).

6. OTHER INCOME

	2022 \$	2021 \$
Research and development tax incentive	-	134,304
Government grants	-	67,500
Other	70,357	19,337
	70,357	221,141

Accounting Policy:

Government grants

Government grants are recognised when there is reasonable assurance that:

- the Group will comply with the conditions attaching to them; and
- the grants will be received;

they are then recognised in profit or loss as other income or as a deduction against the carrying value of an underlying asset.

The Group recognises the refundable research and development tax incentive (received under the tax legislation passed in 2011) as a government grant. This incentive is refundable to the Group regardless of whether the Group is in a tax payable position and is presented by deducting the grant from the carrying amount of the related exploration asset.

7. ADMINISTRATION EXPENSES BY NATURE

	2022 \$	2021 \$
Accounting and compliance	225,403	173,054
Consultants	546,964	530,347
Depreciation and amortisation expense	170,072	127,110
Employee benefits expense	1,929,000	1,825,422
Insurance	106,759	79,447
Legal fees	262,055	148,772
Office costs	176,685	149,248
Telecommunications	145,523	-
Travel	81,077	15,680
Stakeholder engagement	226,703	240,619
Other	198,001	134,681
	4,068,242	3,424,380

8. EXPLORATION EXPENSE

	Note	2022 \$	2021 \$
Research & development incentive reversal	6, 16	1,382,679	-
Exploration expenditure expenses	14	186,497	518,170
		1,569,176	518,170

9. INCOME TAX

	2022 \$	2021 \$
Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(5,579,288)	(3,734,289)
Prima facie tax benefit at the Australian tax rate of 25% (2021: 26%)	(1,394,822)	(970,915)
Tax effect of:		
Non-deductible expenses	380,736	77,922
Movement in deferred tax assets not brought into account	1,014,086	892,994
Income tax expense	-	-

9. INCOME TAX (continued)

	2022 \$	2021 \$
Unrecognised temporary differences		
Deferred Tax Assets (at 25% (2021: 26%))		
Accruals and other provisions	353,160	646,324
Capital raising costs	405,366	346,034
Carry forward tax losses	13,592,455	8,661,421
	14,350,981	9,653,779
Set off of deferred tax liabilities	(8,958,824)	(962,261)
Net deferred tax assets	5,392,157	8,691,518
Less deferred tax assets not recognised	(5,392,157)	(8,691,518)
	-	-
Deferred Tax Liabilities (at 25% (2021: 26%))		
Exploration	8,885,976	917,231
Prepayments	52,992	45,029
Other	19,856	
	8,958,824	962,261
Set off against deferred tax assets	(8,958,824)	(962,261)
	-	-

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The Group's ability to use losses in the future is subject to the Group satisfying the relevant tax authority's criteria for using these losses.

Accounting Policy:

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation.

It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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9. INCOME TAX (continued)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

10. CASH AND CASH EQUIVALENTS

	2022 \$	2021 \$
Cash at bank and in hand	853,791	7,771,799
Short-term deposits	25,000	25,000
	878,791	7,796,799

Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates.

Accounting Policy:

For Consolidated Statement of Cash Flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Consolidated Statement of Financial Position.

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11. TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
GST receivable	35,843	519,220
Other receivables	436,299	216,380
	472,142	735,600

Accounting Policy:

Trade and other receivables

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses (**ECL**) using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis; as they possess shared credit risk characteristics they have been grouped based on the days past due.

Allowance for ECL

The Group has not recognised any loss (2021: nil) in respect of ECL for the year ended 30 June 2022.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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12. PLANT AND EQUIPMENT

	Computer Equipment	Plant & Equipment	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Total
	\$	\$	\$	\$	\$	\$
Cost						
Balance at 1 July 2020	35,852	125,017	-	42,093	17,245	220,207
Additions	16,077	10,395	-	85,164	1,818	113,454
Disposals	(1,145)	(3,382)	-	(26,364)	-	(30,891)
Balance at 30 June 2021	50,784	132,030	-	100,893	19,063	302,770
Additions	16,485	-	152,265	82,312	-	251,062
Government grant received ⁽ⁱ⁾	-	-	(60,831)	(99,169)	-	(160,000)
Disposals	-	(4,545)	-	-	-	(4,545)
Balance at 30 June 2022	67,269	127,485	91,434	84,036	19,063	389,287

Accumulated Depreciation						
Balance at 1 July 2020	14,681	50,243	-	18,591	3,506	87,021
Depreciation for the year	9,303	19,293	-	12,363	5,662	46,621
Disposals	(1,145)	(1,286)	-	(2,398)	-	(4,829)
Balance at 30 June 2021	22,839	68,250	-	28,556	9,168	128,813
Depreciation for the year	15,981	17,684	7,639	20,179	5,949	67,432
Disposals	-	(3,691)	-	-	-	(3,691)
Balance at 30 June 2022	38,820	82,243	7,639	48,735	15,117	192,554
Net Book Value						
Balance at 30 June 2021	27,945	63,780	-	72,337	9,895	173,957
Balance at 30 June 2022	28,449	45,242	83,795	35,301	3,946	196,733

(i) The Group was awarded a grant from the Government of Western Australia's Regional Economic Development Grants program. The grant has been recognised as a deduction against the carrying value of the underlying assets (refer Note 6 for the accounting policy).

Accounting Policy:

Plant and equipment

Plant, machinery, fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, on the following bases:

- Computer equipment 20% - 33% per annum
- Motor vehicles 20% per annum
- Plant and equipment 10% - 20% per annum
- Furniture and fittings 16% - 33% per annum
- Leasehold improvements 10% - 20% per annum

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12. PLANT AND EQUIPMENT (continued)

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (see Note 9) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

13. LEASES (GROUP AS LESSEE)

	2022	2021
	\$	\$
RIGHT-OF-USE ASSETS		
Cost		
Beginning of the period	238,053	238,053
Additions	98,068	-
End of the period	336,121	238,053
Accumulated Depreciation		
Beginning of the period	127,798	49,307
Charge for the period	100,180	78,491
End of the period	227,978	127,798
Carrying Amount	108,143	110,255

The Group entered into leases for office space and a motor vehicle. The average lease term is 0.5 years (30 June 2021: 2 years).

	2022	2021
	\$	\$
Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	100,180	78,491
Interest expense on lease liabilities	11,694	17,817
Expense relating to short-term leases	-	-
Expense relating to leases of low value assets	20,165	16,204

At 30 June 2022, the Group is committed to \$nil short-term leases (2021: \$nil).

	2022	2021
	\$	\$
LEASE LIABILITIES		
Maturity analysis:		
Year 1	44,712	88,747
Year 2	-	35,897
Year 3	-	-
	44,712	124,644
Less unearned interest	(596)	(7,145)
	44,116	117,499
Analysed as:		
Current	44,116	82,192
Non current	-	35,307
	44,116	117,499

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

13. LEASES (GROUP AS LESSEE) (continued)

Accounting Policy:

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees; and
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options.

The lease liability is presented as a separate line in the Consolidated Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

13. LEASES (GROUP AS LESSEE) (continued)

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the Consolidated Statement of Financial Position.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Plant and Equipment” policy outlined in Note 12.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “administration expenses” in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

14. EXPLORATION AND EVALUATION

	2022 \$	2021 \$
Beginning of the financial year	20,822,722	9,435,545
Additions	14,940,384	11,387,177
End of the financial year	35,763,106	20,822,722

The value of the Company’s interest in exploration expenditure is dependent upon:

- The continuance of the Company’s rights to tenure of the areas of interest;
- The results of future exploration; and
- The recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

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14. EXPLORATION AND EVALUATION (continued)

Accounting Policy:

Exploration and evaluation expenditure

Exploration and evaluation costs for each area of interest in the early stages of project life are expensed as they are incurred.

For each area of interest, the expenditure is recognised as an exploration and evaluation asset where the following conditions are satisfied:

- The area of interest has progressed to the definitive feasibility study stage;
- The rights to tenure of the area of interest are current; and
- At least one of the following conditions is also met:
 - The expenditure is expected to be recouped through successful development and commercial exploitation of an area of interest, or alternatively by its sale; and
 - Exploration and evaluation activities in the area of interest have not, at reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise “economically recoverable reserves” and active and significant operations in, or in relation to, the area of interest are continuing.

Economically recoverable reserves are the estimated quantity of product in an area of interest that can be expected to be profitably extracted, processed and sold under current and foreseeable conditions.

Exploration and evaluation assets include:

- Acquisition of rights to explore;
- Topographical, geological, geochemical and geophysical studies;
- Exploratory drilling, trenching, and sampling; and
- Activities in relation to evaluating the technical feasibility and commercial viability of extracting the mineral resource.

General and administrative costs are allocated to, and included in, the cost of exploration and evaluation assets only to the extent that those costs can be related directly to the operational activities in the area of interest to which the exploration and evaluation assets relate. In all other instances, these costs are expensed as incurred.

Exploration and evaluation assets are transferred to development assets once technical feasibility and commercial viability of an area of interest is demonstrable. Exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised prior to being reclassified.

The carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

Impairment testing of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment if sufficient data exists to determine technical feasibility and commercial viability or facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

14. EXPLORATION AND EVALUATION (continued)

Exploration and evaluation assets are tested for impairment when any of the following facts and circumstances exist:

- The term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploitation for and evaluation of mineral resources in the specific area are not budgeted or planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

Where a potential impairment is indicated, an assessment is performed for each cash generating unit which is no larger than the area of interest. The Group performs impairment testing in accordance with accounting policy detailed in Note 12.

15. TRADE AND OTHER PAYABLES

	2022 \$	2021 \$
Trade payables	1,295,760	3,099,899
Other payables and accruals	910,261	2,211,109
	2,206,021	5,311,008

Accounting Policy:

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured, non-interest bearing and are paid on normal commercial terms.

16. PROVISIONS

Current	Note	2022 \$	2021 \$
Employee entitlements		472,488	309,426
Research & development incentive provision ⁽ⁱ⁾	6, 8	1,382,679	-
		1,855,167	309,426

(i) The Company has received a notice from the Department of Industry, Science, Energy and Resources (**Department**) with respect to the Company's Research & Development (**R&D**) application for the 2018/2019 financial year which has brought into question the ability of the Company to claim aspects of the R&D incentive. The Company requested, and received, an independent internal review by the Department which concluded a portion of the 2018/2019 R&D application was ineligible. The Company has obtained advice and has filed an application in the Administrative Appeals Tribunal (**Tribunal**) to appeal the Department's decision. Pending the outcome of this action before the Tribunal, the Company has recognised a \$1.4 million provision based on the Department's independent internal review. This matter was previously disclosed as a contingent liability in the 30 June 2021 annual financial report.

16. PROVISIONS (continued)

Non current	2022 \$	2021 \$
Employee entitlements	99,535	-
Rehabilitation provision ⁽ⁱⁱⁱ⁾	414,815	-
	514,350	-

(iii) Provision has been made for the anticipated costs for future rehabilitation of land disturbed or mined.

Accounting Policy:

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Rehabilitation Provision

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the present value of the estimated future cost is capitalised by increasing the carrying amount of the related property plant and equipment. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs.

The carrying amount is capitalised unless the costs incurred relate to an operation that does not have a future economic benefit, in which case the costs are expensed.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, bonuses, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

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Notes to the Consolidated Financial Statements
for the year ended 30 June 2022 (continued)



17. CONTRIBUTED EQUITY

	Note	2022		2021	
		No. of securities	\$	No. of securities	\$
(a) Share capital					
Ordinary shares fully paid	17(c)	808,382,808	59,950,430	626,478,509	45,164,125
(b) Other equity securities					
Options	17(d)	-	540,795	51,222,420	540,795
Total issued capital			60,491,225		45,704,920

(c) Movements in ordinary share capital					
Beginning of the financial year		626,478,509	45,164,125	486,560,550	29,087,482
Issued during the year:					
– Issued for cash at 14 cents per share		9,207,144	1,289,000	62,221,428	8,711,000
– Issued for cash at 8 cents per share		155,962,500	12,477,000	-	-
– Issued to supplier at 8.4 cents per share	17(i)	2,500,000	210,000	-	-
– Issued for cash at 11.1 cents per share				63,063,063	7,000,000
– Issued on exercise of unlisted options at 15 cents per option				3,430,000	514,500
– Issued on exercise of unlisted options at 10 cents per option				3,430,000	343,000
– Issued on exercise of listed options at 12 cents per option		14,234,655	1,708,159	4,127,715	495,326
– Issued on vesting of performance rights	(i)			3,645,753	-
Share issue transaction costs		-	(897,854)	-	(987,183)
End of the financial year		808,382,808	59,950,430	626,478,509	45,164,125

(d) Movements in other equity securities					
Beginning of the financial year		51,222,420	540,795	72,260,805	540,795
Issued during the year:					
– Exercise of listed options at 12 cents per option		(14,234,655)	-	(4,127,715)	-
Expiry of listed options		(36,987,765)	-	(16,910,670)	-
End of the financial year		-	540,795	51,222,420	540,795

(i) Shares issued on vesting of performance rights were in escrow until 12 May 2022.

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17. CONTRIBUTED EQUITY (continued)

	2022	2021
(e) Movements in options on issue	Number of options	
Beginning of the financial year	55,787,785	67,775,500
Movements of options during the year		
Unlisted options issued, exercisable at 17.5 cents, expiring 29 July 2023	-	1,500,000
Exercise of listed options at 12 cents per option	(14,234,655)	(4,127,715)
Exercise of unlisted options at 10 cents per option	-	(3,430,000)
Exercise of unlisted options at 15 cents per option	-	(3,430,000)
Expired during the year	(40,053,130)	(2,500,000)
End of the financial year	1,500,000	55,787,785

	2022	2021
(f) Movements in performance rights on issue	Number of rights	
Beginning of the financial year	7,327,025	9,850,347
Movements of performance rights during the year		
Unlisted performance rights issued, expiring 4 March 2024	1,805,672	1,408,623
Unlisted performance rights vested during the year	-	(3,645,753)
Unlisted performance rights forfeited during the year	(1,474,787)	(286,192)
End of the financial year	7,657,910	7,327,025

Note: Performance rights do not have an exercise price.

(g) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On 28 February 2020 (ratified by the shareholders on 9 April 2020), the Company entered into a Controlled Placement Agreement (CPA) and placed 18,500,000 shares on 3 March 2020 at nil consideration to Acuity Capital (Collateral Shares) but may at any time cancel the CPA and buy back the Collateral Shares for no consideration. The Collateral Shares are fully paid ordinary shares.

(h) Shares issued to suppliers

In April 2022, the Company issued 2,500,000 ordinary shares to Goldphyre WA Pty Ltd as settlement of the 2011 tenement sale agreement milestone consideration clause. The shares were valued at the closing price on the date of issue being 8.4 cents each for a total expense of \$210,000.

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17. CONTRIBUTED EQUITY (continued)

(i) Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads.

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital positions of the Group at 30 June 2022 and 30 June 2021 are as follows:

	2022 \$	2021 \$
Cash and cash equivalents	878,791	7,796,799
Trade and other receivables	472,142	735,600
Inventory	227,206	52,760
Trade and other payables	(2,206,021)	(5,311,008)
Lease liabilities – current	(44,116)	(82,192)
Provisions – current	(1,855,167)	(309,426)
Working capital (deficit)/position	(2,527,165)	2,882,533

Accounting Policy:

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

18. RESERVES

	Note	2022 \$	2021 \$
Share-based payment reserve			
Beginning of the financial year		2,146,796	1,646,066
Movements in share-based payment reserve	28(f)	(137,169)	500,730
End of the financial year		2,009,627	2,146,796

19. DIVIDENDS

No dividends were paid during the financial year. No recommendation for payment of dividends has been made.

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20. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity within the Group is Australian Potash Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Key management personnel compensation

	2022 \$	2021 \$
Short-term benefits	1,381,833	970,586
Post-employment benefits	108,764	82,079
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	(108,512)	376,162
	1,382,085	1,428,827

Detailed remuneration disclosures are provided in the remuneration report on pages 21 to 29.

(d) Transactions and balances with other related parties

There were no transactions with other related parties, including key management personnel, during the year.

(e) Loans to related parties

There were no loans to related parties, including key management personnel, during the year.

21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2:

Name	Country of Incorporation	Class of Shares	2022	2021
			%	%
Lake Wells Potash Pty Ltd	Australia	Ordinary	100	100
Lake Wells Potash Holdings Pty Ltd	Australia	Ordinary	100	100
Laverton Downs Project Pty Ltd	Australia	Ordinary	100	100
Lake Wells East Pty Ltd	Australia	Ordinary	100	-
Laverton TC Property Pty Ltd	Australia	Ordinary	100	-
Laverton Training Centre Pty Ltd	Australia	Ordinary	100	-

(i) The proportion of ownership interest is equal to the proportion of voting power held.

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22. REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the Group, its related practices and non-related audit firms:

	2022 \$	2021 \$
Audit services		
KPMG – audit and review of financial reports	55,000	-
Hall Chadwick WA Audit Pty Ltd – audit and review of financial reports	18,333	36,654
Total remuneration for audit services	73,333	36,654

23. CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date other than in relation to the R&D incentive provision described in Note 16 and the settlement of the tenement sale agreement milestone consideration clause described in Note 17(h).

24. COMMITMENTS

	2022 \$	2021 \$
Exploration commitments		
The Group has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
Within one year	4,110,068	3,222,892
Later than one year but not later than five years	13,571,255	12,241,622
Later than five years ⁽ⁱ⁾	37,983,984	37,441,339
	55,665,307	52,905,853

(i) Relates to Mining Leases granted for a period of 20 years.

25. EVENTS OCCURRING AFTER THE REPORTING DATE

On 27 July 2022, the Company announced a non-renounceable pro-rata entitlement offer (**Offer**) to raise up to \$7,679,637. This Offer was on the basis of one fully paid ordinary share in the Company for every four shares held by eligible shareholders at an issue price of \$0.038 per share plus on free attaching option for every two new shares subscribed for. The Offer closed on 19 August 2022 with acceptances from eligible shareholders totaling \$4,365,686 before costs, representing 114,886,355 shares and 57,443,347 options. The shortfall is available to be placed within three months of the closing date.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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26. CASH FLOW INFORMATION

(a) Reconciliation of net loss after income tax to net cash outflow from operating activities

	2022 \$	2021 \$
Net loss for the year	(5,579,288)	(3,734,289)
Non-cash Items		
Depreciation and amortisation of non current assets	170,072	127,110
Lease liability finance charges	11,694	17,817
Share-based payments expense	(137,169)	500,730
Loss on disposal of property, plant and equipment	254	26,061
Other	(15,170)	2,003
Change in operating assets and liabilities		
Decrease/(increase) in trade and other receivables	459,567	(476,965)
Increase in inventory	(174,446)	(52,760)
(Decrease)/increase in trade and other payables	(251,322)	434,356
Increase in provisions	1,625,958	125,120
Net cash outflow from operating activities	(3,889,850)	(3,030,817)

(b) Non-cash investing and financing activities

In April 2022, the Company issued 2,500,000 ordinary shares to Goldphyre WA Pty Ltd as settlement of the 2011 tenement sale agreement milestone consideration clause. The shares were valued at the closing price on the date of issue being 8.4 cents each for a total expense of \$210,000.

There were no other non-cash investing and financing activities during the year (2021: \$nil).

27. LOSS PER SHARE

	2022 \$	2021 \$
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(5,579,288)	(3,734,289)
(b) Weighted average number of ordinary shares used in calculating loss per share	Number of shares	
Weighted average number of ordinary shares used as the denominator in calculating basic loss per share	741,702,009	535,323,345
Effects of dilution from:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effects of dilution	741,702,009	535,323,345

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27. LOSS PER SHARE (continued)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

(c) Information on the classification of options

As the Group has made a loss for the year, all options on issue are considered antidilutive and have not been included in the calculation of diluted earnings per share.

Accounting Policy:

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

28. SHARE-BASED PAYMENTS

(a) Director Options

The Group has provided benefits to directors of the Company in the form of options constituting share-based payment transactions. No options were granted during the year ended 30 June 2022. In the prior year, 1,500,000 options were granted. Options granted had an exercise price of 17.5 cents per option and the contractual term for the options is three years.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Fair value of options granted

The weighted average fair value of the options granted during the prior year was 5.3 cents. The price was calculated by using the Black-Scholes European Option Pricing Model taking into account the terms and conditions upon which the options were granted. A Monte Carlo simulation is applied to fair value the TSR element, if applicable.

	2022	2021
Weighted average exercise price (cents)	-	17.5
Weighted average life of the option (years)	-	3
Weighted average underlying share price (cents)	-	13.5
Expected share price volatility	-	70.61%
Risk free interest rate	-	0.18%

Historical volatility has been used as the basis for determining expected share price volatility as it is assumed that this is indicative of future trends, which may not eventuate.

28. SHARE-BASED PAYMENTS (continued)

(b) Incentive Option Plan

The Group has provided benefits to employees and contractors of the Company in the form of options under the Company's Incentive Option Plan as approved at the annual general meeting on 28 November 2016, constituting a share-based payment transaction. No options were issued in the current or prior year.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

Fair value of options granted

No options were issued during the current or prior year.

(c) Incentive Performance Rights Plan

The Group provides benefits to employees and contractors of the Company in the form of performance rights under the Company's Incentive Performance Rights Plan as approved at the annual general meeting on 18 November 2019, constituting a share-based payment transaction.

During the year, 1,805,672 performance rights (2021: 1,408,623) with a \$nil exercise price (2021: \$nil) and expiry of 2.2 years (2021: 3 years) were granted. The average fair value of the performance rights granted during the year is 7.2 cents (2021: 13.5 cents).

Performance rights granted carry no dividend or voting rights. When vested, each performance right is convertible into one ordinary share of the Company with full dividend and voting rights.

(d) Summary of Share-Based Payments

Set out below are summaries of the share-based payment options granted per (a) and (b):

	2022		2021	
	Number of options	Weighted average exercise price (cents)	Number of options	Weighted average exercise price (cents)
Outstanding as at 1 July	2,777,496	19.8	10,637,496	15.0
Granted	-	-	1,500,000	17.5
Forfeited	-	-	-	-
Exercised	-	-	(6,860,000)	18.0
Expired	(1,277,496)	22.5	(2,500,000)	12.5
Outstanding as at 30 June	1,500,000	17.5	2,777,496	19.8
Exercisable as at 30 June	1,500,000	17.5	2,777,496	19.8

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.1 years (2021: 1.3 years), and the exercise price is 17.5 cents (2021: 17.5 to 22.5 cents).

Set out below are summaries of the share-based payment performance rights granted per (c):

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28. SHARE-BASED PAYMENTS (continued)

	2022	2021
	Number of performance rights	Number of performance rights
Outstanding as at 1 July	7,327,025	9,850,347
Granted	1,805,672	1,408,623
Forfeited	(1,474,787)	(286,192)
Exercised	-	(3,645,753)
Expired	-	-
Outstanding as at 30 June	7,657,910	7,327,025
Exercisable as at 30 June	-	-

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 1.7 years (2021: 2.7 years). Performance rights have \$nil exercise price.

The following share-based payment arrangements were in existence during the current and prior years:

Number	Grant date	Expiry date	Exercise price (cents)	Fair value at grant date (cents)
Options				
3,430,000	22 April 2016	21 April 2021	10.0	7.1
3,430,000	22 April 2016	21 April 2021	15.0	6.8
1,250,000	30 November 2017	30 November 2020	16.0	7.1
1,250,000	30 November 2017	30 November 2020	20.0	6.6
1,277,496	27 December 2018	27 December 2021	22.5	0.8
1,500,000	25 November 2020	29 July 2023	17.5	5.3
Performance Rights				
3,550,906	18 November 2019	4 March 2024	-	9.0
6,299,441	4 March 2020	4 March 2024	-	9.9
1,408,623	25 November 2020	4 March 2024	-	13.5
1,689,772	7 December 2021	4 March 2024	-	7.2
115,900	17 January 2022	4 March 2024	-	7.2

(e) Shares issued to suppliers

In April 2022, the Company issued 2,500,000 ordinary shares to Goldphyre WA Pty Ltd as settlement of the 2011 tenement sale agreement milestone consideration clause. The shares were valued at the closing price on the date of issue being 8.4 cents each for a total expense of \$210,000.

No shares were issued to suppliers during the prior year.

(f) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

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28. SHARE-BASED PAYMENTS (continued)

	2022 \$	2021 \$
Performance rights and options included in share-based payments expense	(137,169)	497,144

Accounting Policy:

Share-based payments

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model. A Monte Carlo simulation is applied to fair value the market related options.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (**vesting date**).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the number of options that, in the opinion of the directors of the Company, will ultimately vest.

This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

Options over ordinary shares have also been issued as consideration for the acquisition of interests in tenements and other services. These options have been treated in the same manner as employee options described above, with the expense being included as part of exploration expenditure.

29. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Australian Potash Limited, at 30 June 2022. The information presented here has been prepared using accounting policies consistent with those presented throughout the financial statements.

29. PARENT ENTITY INFORMATION (continued)

	2022 \$	2021 \$
Current assets	1,567,802	8,585,159
Non current assets	35,845,897	21,113,946
Total assets	37,413,699	29,699,105
Current liabilities	(4,103,139)	(5,702,626)
Non current liabilities	(514,350)	(35,307)
Total liabilities	(4,617,489)	(5,737,933)
Issued capital	60,491,225	45,704,920
Reserves	2,009,627	2,146,796
Accumulated losses	(29,704,642)	(23,890,544)
Total equity	32,796,210	23,961,172
Loss for the year	(5,814,098)	(3,734,189)
Total comprehensive loss for the year	(5,814,098)	(3,734,189)

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In the directors' opinion:

- (a) the financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and accompanying notes set out on pages 33 to 69 are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* (Cth) and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial period ended on that date;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the Notes to the Consolidated Financial Statements.

The directors have been given the declarations required by section 295A of the *Corporation Act 2001* (Cth).

This declaration is made in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read "Matt Shackleton".

Matt Shackleton

Managing Director & Chief Executive Officer

Perth, 29 September 2022

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Independent Auditor's Report

To the shareholders of Australian Potash Limited

Report on the audit of the Financial Report

Opinion

We have audited the **Financial Report** of Australian Potash Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 30 June 2022
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

We draw attention to Note 2, "Going Concern" in the financial report. The conditions disclosed in Note 2, indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

In concluding there is a material uncertainty related to going concern we evaluated the extent of uncertainty regarding events or conditions casting significant doubt in the Group's assessment of going concern. Our approach to this involved:

- Evaluating the feasibility, quantum and timing of the Group's plans to raise additional shareholder funds to address going concern; and
- Assessing the Group's cash flow forecasts for incorporation of the Group's operations and plans to address going concern, in particular in light of the history of loss making operations.

Determining the completeness of the Group's going concern disclosures for the principal matters casting significant doubt on the Group's ability to continue as a going concern, the Group's plans to address these matters, and the material uncertainty.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matter described below to be the Key Audit Matter.

Exploration and evaluation expenditure capitalised (\$35,763,106)	
Refer to Note 14 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Exploration and evaluation expenditure capitalised (E&E) relating to the Lake Wells Sulphate of Potash (SOP) project is a key audit matter due to:</p> <ul style="list-style-type: none"> • the significance of the balance (being 95% of total assets); and • the greater level of audit effort to evaluate the Group's application of the requirements of the accounting standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. This includes the analysis of the conditions allowing capitalisation of relevant 	<p>Our procedures included:</p> <ul style="list-style-type: none"> • evaluating the Group's accounting policy to recognise exploration and evaluation assets against the criteria of the accounting standard; • assessing the Group's current rights to tenure for the Lake Wells SOP project, by checking the ownership of the relevant licenses to government registries. We also tested for compliance with conditions, such as minimum expenditure requirements, on a sample of licenses;

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<p>expenditure and in particular the assessment of the presence of impairment indicators. The presence of impairment indicators would necessitate a detailed analysis by the Group of the value of E&E. Given the criticality of this to the scope and depth of our work, we involved senior team members to challenge the Group’s determination of non-existence of such indicators.</p> <p>In assessing the conditions allowing capitalisation of relevant expenditure, we focused on documentation available regarding rights to tenure, via licensing, and compliance with relevant conditions, to maintain current rights to an area of interest. We also focused on the Group’s intention and capacity to continue the relevant exploration and evaluation activities.</p> <p>In assessing the presence of impairment indicators, we focused on those which may draw into question the commercial continuation of exploration and evaluation activities for the Lake Wells SOP project. In addition to the assessments above and given the financial position of the Group, we paid particular attention to:</p> <ul style="list-style-type: none"> • the Group’s determination of the expectation of E&E to be recovered in full through successful development of the area of interest, or alternatively, by its sale; and • the ability of the Group to fund the continuation of activities. 	<ul style="list-style-type: none"> • testing the Group’s additions to E&E for the year by evaluating a statistical sample of recorded expenditure for consistency to underlying records. We also checked the additions against the capitalisation requirements of the Group’s accounting policy and the requirements of the accounting standard; • evaluating documents, such as minutes of Board meetings and ASX announcements for consistency with the Group’s stated intentions for continuing exploration and evaluation activities. We challenged this through interviews with key operational and finance personnel; • analysing the Group’s determination of recoupment through successful development and exploitation of the Lake Wells SOP project by evaluating the Group’s documentation of planned future/continuing activities including work programmes and corporate budgets; and • assessing the Group’s cash flow budget as outlined in the Material uncertainty related to going concern section for evidence of the ability to fund continued activities and capacity of the Group to secure such funding.
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Other Information

Other Information is financial and non-financial information in Australian Potash Limited’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

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Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Potash Limited for the year ended 30 June 2022, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 21 to 29 of the Directors' report for the year ended 30 June 2022.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.



KPMG



Glenn Brooks
Partner
Perth
29 September 2022

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Additional ASX Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 31 August 2022.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

		Ordinary Shares		
		# holders	# shares	% capital
1	- 1,000	68	6,220	0.00
1,001	- 5,000	144	575,242	0.06
5,001	- 10,000	452	3,678,976	0.40
10,001	- 100,000	1,849	77,641,127	8.41
100,001	and over	1,185	841,367,598	91.13
		3,698	932,269,163	100.00

There are 839 holders of unmarketable parcels of fully paid ordinary shares (ASX: APC), based on the closing market price of \$0.038 on 31 August 2022, representing 6,333,233 shares and amounting to 0.69% of issued capital.

(b) On-market buy-back

There is no current on-market buy-back.

(c) Restricted securities

There are Nil restricted securities on issue.

(d) Voting rights

All fully paid ordinary shares carry one (1) vote per share. Unlisted options or performance rights carry no attaching voting rights.

(e) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* (Cth), and the details of their holding at the time of notification, are:

	# shares	% shares
Yandal Investments Pty Ltd	43,864,974	7.83

(f) Top 20 shareholders

The names of the 20 largest holders of quoted fully paid ordinary shares (ASX: APC) are:

		Fully Paid Ordinary Shares	
		# shares	% shares
1	Yandal Investments Pty Ltd	50,722,300	5.49
2	Perth Select Seafoods Pty Ltd	21,000,000	2.27
3	Bluedale Pty Ltd <Comb Super Fund A/C>	19,375,000	2.10
4	Mr Geoffrey Donald Coultas <The Coultas Family A/C>	19,000,000	2.06
5	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	18,500,000	2.00
6	Kassett Pty Ltd <JR Zito Discretionary No 2>	13,211,034	1.43
7	Trade Holdings Pty Ltd <K H & R M Allister S/F A/C>	13,000,000	1.41
8	Cuzinc 2 Pty Ltd <The Cox Investment A/C>	9,166,048	0.99
9	Mr Michael Owen Meredith	8,825,577	0.96
10	Navigato Australia Ltd <MLC Investment Sett A/C>	7,812,500	0.85
11	Element Au SMSF Pty Ltd <Element Au SMSF A/C>	7,689,866	0.83
12	Mr William Tannahill Fleming	7,400,000	0.80
13	Cen Pty Ltd	7,125,000	0.77
14	Argento Fodera Pty Ltd	7,000,000	0.76
15	BNP Paribas Noms Pty Ltd <DRP>	6,913,371	0.75
16	Mr Rodney James Kevan	6,500,000	0.70
17	Citicorp Nominees Pty Ltd	6,475,065	0.70
18	Mr Michael Owen Meredith & Mrs Tracy Lee Meredith <Terra Nova Super Fund A/C>	6,284,122	0.68
19	Tangee Pty Ltd <Affleck A/C>	6,150,000	0.67
20	Fakuba Pty Ltd	6,000,000	0.65
		248,149,883	26.88

(g) Unquoted securities

Class	# securities	# holders	Holders of 20% or more of the class	
			Holder name/s	# securities
Unlisted \$0.175 options expiring 29/07/2023	1,500,000	2	EM Lambert / Tooradin Park Super Fund	750,000/ 750,000
Unlisted \$0.06 options expiring 26/08/2023	57,443,347	1,024		
Performance Rights – Tranche B	3,811,196	14		
Performance Rights – Tranche C	3,846,714	14		

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(h) Tenement Schedule

APC's tenement holdings as at 31 August 2022:

Area	Tenement	Interest	Tenement	Interest
Lake Wells	E38/1903	100%	E38/3423	100%
	E38/2113	100%	ELA38/3637 ⁶	100%
	E38/2114	100%	LA38/350 ⁷	100%
	E38/2505	100%	L38/351 ⁷	100%
	E38/2901	100%	L38/356 ⁷	100%
	E38/2988	100%	LA38/357 ⁷	100%
	E38/3018	100%	LA38/359 ⁷	100%
	E38/3021	100%	LA38/360 ⁷	100%
	E38/3028	100%	M38/1274	100%
	E38/3039	100%	M38/1275	100%
	E38/3224	100%	M38/1276	100%
	E38/3225	100%	M38/1287	100%
	E38/3226	100%	M38/1288	100%
	E38/3270	100%	M38/1289	100%
Laverton Downs ⁷	E38/2724	100%	E38/3402	100%
	E38/3014	100%	E38/3403	100%
	E38/3132	100%	E38/3404	100%
Darlot	E37/1388	100%	E37/1390	100%
	E37/1389	100%		



⁶ Tenements held by Lake Wells Potash Pty Ltd, a wholly owned subsidiary of APC

⁷ Tenements held by Laverton Downs Pty Ltd, a wholly owned subsidiary of APC

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