AUSTRALIAN POTASH

ANNUAL **REPORT** 2021

Figure 1: Aerial view of Lake Wells Village

TABLE OF CONTENTS

CORPORATE INFORMATION

Directors

Jim Walker (Non-Executive Chairman)

Matt Shackleton (Managing Director & Chief Executive Officer)

Brett Lambert (Non-Executive Director)

Cathy Moises (Non-Executive Director)

Rhett Brans (Project Director)

Company Secretary

Michelle Blandford

Registered Office & Principal Place of Business

Suite 31, 22 Railway Road
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Solicitors

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Level 4, The Read Building
16 Milligan Street
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Share Register

Automic Registry Services
Level 2, 267 St George's Terrace
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Auditors

Hall Chadwick WA Audit Pty Ltd (formerly Bentleys Audit & Corporate (WA) Pty Ltd)
238 Rokeby Road
SUBIACO WA 6008

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)

Chairman's Letter

Dear Shareholders,

On behalf of the Board of Directors of Australian Potash Limited, I am pleased to present the Company's 2021 Annual Report.

APC's focus during the year continued to be the development of the Lake Wells Sulphate of Potash Project. Significant strides were taken in de-risking many technical and financial aspects, including the following achievements:

- Finalisation and release of the front end engineering design study which positions the SOP to be produced at Lake Wells at the premium end of the global market and the project as the lowest CO_2 emitting SOP project in Australia;
- Confirmation of a 17 year $140million loan facility from NAIF and conditional credit approval for a 10 year $45million loan facility from EFA;
- Execution of binding take-or-pay offtake agreements with Mitsui & Co (for distribution into Asia ex China) and HELM (for USA and Europe);
- Organic certification for Lake Wells' SOP in Europe (ECOCERT) and USA (OMRI);
- WA Government environmental approval for the project's development;
- Development of the first brine production bores; and
- Construction of the 20-person accommodation village incorporating ensuited rooms, tavern, kitchen/dining room and water treatment plants.

I would like to acknowledge the hard work undertaken and commitment demonstrated by everyone in the APC team and thank all shareholders for their support and my fellow directors, the Company's management, staff and contractors for their ongoing efforts in developing the Lake Wells Sulphate of Potash Project.

Jim Walker

Operations Report

Australian Potash Limited (ASX: APC) is an ASX-listed Sulphate of Potash **(SOP)** developer. APC holds a 100% interest in the Lake Wells Sulphate of Potash Project **(LSOP** or the **Project)** located approximately 500km northeast of Kalgoorlie, in Western Australia's North-Eastern Goldfields.

During the year APC focused on the methodical technical and financial de-risking of the Project which incorporated completing the Front End Engineering Design **(FEED)** program, executing offtake agreements, finalising environmental and other approvals, and securing project development capital.

Figure 2: Trial evaporation pond at LSOP

Operations Report

Figure 3: Brine production bore drilling at LSOP

LAKE WELLS SULPHATE OF POTASH PROJECT

FEED Results

The FEED program was released in April 2021[1] and positioned APC's K-Brite™ at the premium end of the global SOP market. The optimised sustainable SOP development will produce 170,000 tonnes per annum for distribution across the world's most lucrative markets. The Company has five binding take-or-pay offtake agreements with Tier 1 global fertiliser distribution partners covering 90% of optimised forecast output and providing downside price protection and uncapped upside premium.

Lake Wells is positioned as the lowest CO_2 emitting SOP project development in Australia, enhancing global decarbonising of the fertiliser supply chain with K-Brite™ SOP to replace energy-intensive Mannheim SOP use in key markets. A renewable hybrid power solution will generate a base-case 44% renewable energy penetration **(REP)** rate with a pathway to 60% REP through battery energy storage system build-out.

K-Brite™ products have been certified for use in organic agriculture by institutions covering the European Union, United States of America and Australia and green label debt verification provides assurance of a positive environmental contribution.

[1] Refer ASX announcement 20 April 2021

FEED Highlights[1]

SOP PRODUCTION
170,000
tonnes per annum

MEASURED RESOURCE
18.1M
tonnes of sulphate of potash[2]

PROBABLE RESERVE
3.6M
tonnes of sulphate of potash[2]

MINE LIFE
30 Years
initial mine life

RENEWABLE ENERGY
60%
run on renewables

LOW CO_2 EMISSIONS
66% Less
than Mannheim

OFFTAKE AGREEMENTS
90%
of projected output under offtake

- Green loan verification ✔
- Organic certification ✔
- Mining tenure ✔
- Environmental approvals ✔

METRICS

A$415M
Pre-tax NPV[3]

19%
Pre-tax IRR[3]

4.5 years
Payback period

A$88M
Annual EBITDA forecast[3]

US$251/t
Cash cost[3]

FUNDING

A$140M
NAIF Funding

A$45M
EFA Funding

[1] Refer ASX announcement 20 April 2021
[2] Refer Mineral Resource Statement on page 22
[3] These are Real numbers

Operations Report

Figure 4: Lake Wells Village messing and accommodation

Figure 5: Drilling of the Western Borefield

Project Development

More than 75%, by value, of Project construction contracts are being awarded on an Engineering, Procurement and Construction lump sum basis providing schedule, cost and performance guarantees. APC prides itself on attracting and retaining global experts at the earliest stages of development to ensure the fundamental foundation of LSOP's operations and financial performance are realistic, profitable, and sustainable. Similarly, APC has built a team of experienced domestic experts that know how to build and execute an Australian operation successfully.

Project development activities during the year focused on first stage construction of the accommodation village and establishment of the first brine production bores. Infrastructure associated with a 20-person permanent village incorporating ensuited rooms, tavern, kitchen/dining room and potable and wastewater treatment plants were completed.

The borefield drilling contract was awarded in April 2021 to Pentium Hydro Pty Ltd[2] **(Pentium)**. The FEED program identified an optimised borefield design comprising 79 brine bores and the development of two raw (or fresh) water borefields comprising approximately 13 bores. Pentium mobilised to site in June 2021.

Approvals

In February 2021 the Company received environmental approval with the Ministerial Statement conveying that a proposal may be implemented for the LSOP.

Subsequent to year end, the Company received approval from the Environmental Protection Authority for the Cultural Heritage Management Plan **(CHMP)** for the development of the LSOP. The CHMP provides a framework for understanding the cultural context within which the LSOP will be developed and for processes that directly mitigate risks of impacts on, and minimises harm to, sites and objects of cultural value to the region's Traditional Custodians.

The approval of the CHMP is required under the Ministerial Statement and was approved by the CEO of the Environmental Protection Authority on 26 July 2021.

[2] Refer ASX announcement 22 April 2021

Operations Report

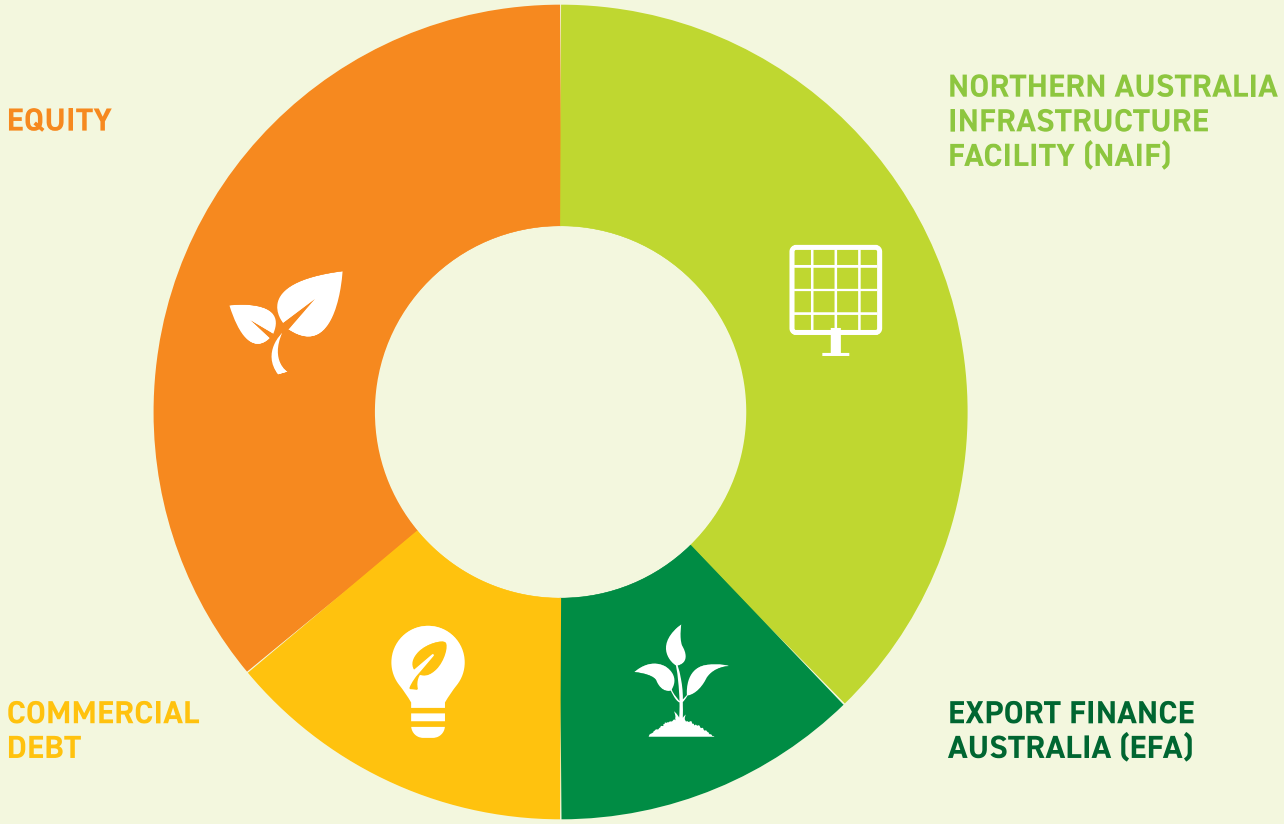

Figure 6: Funding Plan

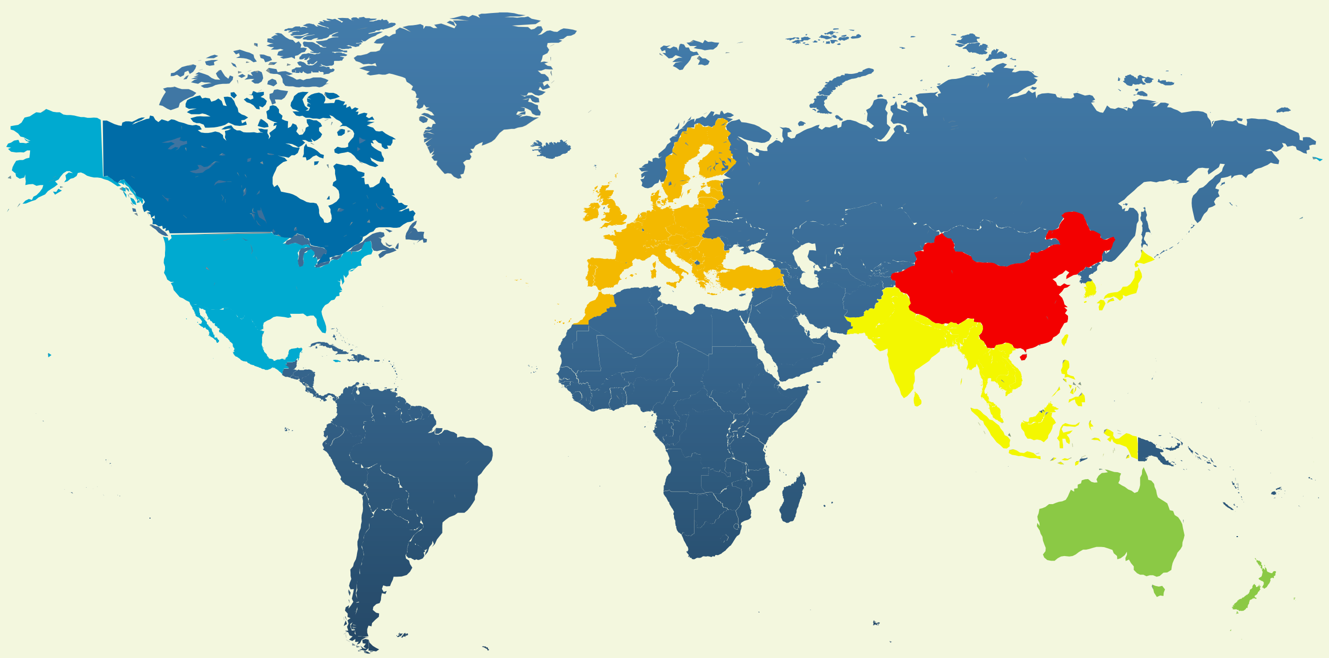

Figure 7: Offtake Partners

20,000tpa K-Brite™ to be distributed through the USA under a binding offtake agreement with HELM AG	30,000tpa K-Brite™ to be distributed through European jurisdictions under a binding offtake agreement with HELM AG	30,000tpa K-Brite™ to be distributed through Asia (ex-China) under a binding offtake agreement with Mitsui & Co	20,000tpa K-Brite™ to be distributed through Australia and New Zealand under a binding offtake agreement with Redox	50,000tpa K-Brite™ to be distributed through China under a binding offtake agreement with Migao

Funding

On 2 March 2021 the Company announced that the Northern Australia Infrastructure Facility **(NAIF)** had made an Investment Decision to provide a $140 million loan facility with a 17-year tenor for the development of the LSOP. NAIF's decision followed a comprehensive process of due diligence involving the Project's Independent Technical and Market Experts. The NAIF facility was the first major step in the financing pathway for the development of the LSOP and is one tranche of a planned multi-tranche debt facility.

Export Finance Australia completed initial due diligence during the year on providing a senior debt facility to develop Lake Wells and obtained conditional credit approval for a $45 million facility with 10-year tenor. The provision of any debt facility will be subject to formal documentation and the satisfaction of conditions precedent for a facility of this nature.

Discussions with EFA and other financiers continued during the latter half of the year and documentary close on the development debt program is expected within the next three months. Debt issued to develop the LSOP will be granted Green Loan verification in line with the Green Loan Principles 2021[3] adopted by the Loan Market Association and the Asia Pacific Loan Market Association.

Offtake

During the year three further offtake agreements were finalised with Tier 1 partners.

In July 2020, a binding offtake agreement was signed with Mitsui & Co. (Asia Pacific) **(Mitsui)** for 30,000tpa of K-Brite™ SOP from Lake Wells for distribution into Asia (ex-China). Mitsui is an internationally recognised, major fertiliser and chemicals trading house that will distribute K-Brite™ through the rapidly expanding Asian market.

In August 2020, a binding 10-year offtake agreement was signed with HELM AG **(HELM)** for 30,000tpa of K-Brite™ SOP from Lake Wells for distribution into several European jurisdictions.

In November 2020, a binding 10-year offtake agreement was signed with HELM for 20,000tpa of K-Brite™ SOP from Lake Wells for distribution into the United States of America.

90% of the Company's projected output of 170,000tpa is now under offtake.

[3] Refer ASX announcement 19 April 2021

Operations Report

Power Plant

Subsequent to year end, the Company advised that PWR Hybrid had been awarded Preferred Proponent status to build, own and operate the Lake Wells high renewable energy fraction microgrid. The Power Purchase Agreement will be finalised through the Early Contractor Involvement process the companies will now progress, with an improved indicative levelised cost of energy and renewable penetration (65%) to the FEED study.

Greenhouse Gas Emissions Assessment Report

Subsequent to year end, a Carbon Footprint Study was commissioned by APC to determine greenhouse gas **(GHG)** emissions from APC's LSOP compared to other sources of SOP. The study was performed by Novopro, a Canadian project development, engineering, and management company, operating in a number of mineral and metallurgical fields, specialising in potash mining and processing plants. Novopro has conducted carbon footprint estimations for multiple potash projects (muriate of potash and SOP) in different areas of the world.

LSOP's direct and indirect GHG emissions were compared against other brine SOP producers and Mannheim reaction produced SOP.

GHG Emissions (kg CO_2-e/tonne SOP)			
Scope	LSOP	Other brine SOP production	Mannheim SOP production
1:Direct emissions Including diesel for mobile fleet and natural gas combusted at site	20	123	135
2:Indirect emissions Including emissions from energy produced by third-party providers	64	134	35
3:Reagent emissions Including GHG emissions accounted for by third-party manufacture of major reagents	103	113	421
Total	**187**	**370**	**591**

Organic Certification

During the year the LSOP's K-Brite™ was certified by ECOCERT as suitable for use in international organic farming, in compliance with European regulations as allowed under European regulation EC 834/2007. Subsequent to year end, K-Brite™ was allowed by the United States' premier organic certification body, Organic Materials Review Institute, for use in the production and processing of organic foods. K-Brite™ was also certified as compliant with the requirements set out in the Australian Certified Organic Standard 2021 (Version 1) and received Australian market organic certification.

Figure 8: LSOP SOP

LAKE WELLS GOLD PROJECT (LWGP)

The Lake Wells Gold Project is a joint venture with St Barbara Limited **(SBM)** for the exploration, development and mining of non-potash minerals. On 8 April 2021 it was announced that SBM had met the necessary expenditure commitment to earn a 70% interest in the LWGP. APC is free-carried at 30% until the completion of a bankable feasibility study in the development of any non-potash resource.

Preliminary exploration work conducted by APC, and continued by SBM, has sought to understand the geology and mineralisation potential of the Yamarna area which hosts the fertile Yamarna Shear Zone. During the reporting period, a third phase of aircore drilling was completed for an additional 19,853m. A first phase of reverse circulation (18 holes, 2,328m) and diamond drilling (three holes for 1,034m) was also completed.

Significant results[4] included:

• **2020LWDD0002**	1.9m @ 14.35 g/t Au from 73.5m including 1m @ 26.9 g/t Au from 73.5m
• **2020LWDD0001**	1.1m @ 1.14 g/t Au from 78.9m
	1.8m @ 0.53 g/t Au from 82m
	1.6m @ 3.46 g/t Au from 109.2m including 0.8m @ 6.51 g/t Au from 109.2m
	2.5m @ 0.85 g/t Au from 116.5m including 1m @ 1.62 g/t Au from 117m
	1.0m @ 0.52 g/t Au from 128m
	7.0m @ 0.52 g/t Au from 140m including 2m @ 1.07 g/t Au from 144m

A work program of up to 16 diamond drill holes for 4,200m is planned for 2021/22. Along with the diamond drilling there will be the associated assay and geochemical analysis, structural logging, and lithological analysis all to be completed to understand the scale and significance of the mineralisation discovered in the 2020/21 exploration programs.

[4] Refer ASX announcement 3 August 2021

Operations Report

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 by APC incorporating regional datasets, detailed magnetic data and high precision geochemical assay results derived from historical bottom of hole drill samples confirmed that a Kambalda-style nickel deposit host rock type is present within the LDP.

A limited program of Versatile Time Domain Electromagnetic (**VTEM**™) surveying was undertaken in November 2020 and returned several high priority target areas supported by detailed geochemistry. The VTEM survey identified six modelled conductive plates forming three separate high priority target areas (Figure 9[5].)

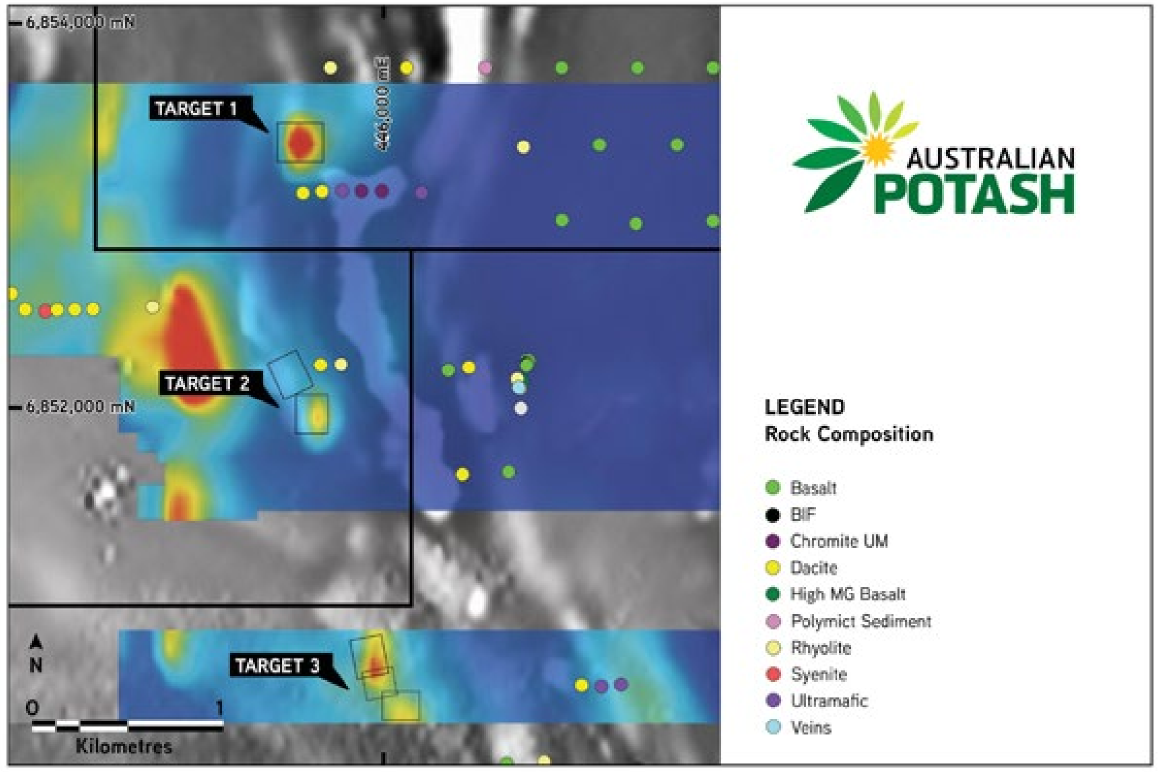

Figure 9: LDP diamond drill target modelled conductor plates, with geochemically defined rock compositions. Background image is a combination of the black and white first vertical derivative magnetic data overlain with the VTEM dZ45 HDV processed image.

[5] Refer ASX announcements 9 April 2021 and 31 May 2021

Laverton Downs Project (LDP) (Continued)

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. Final assay results are pending and will influence the timing and extent of further work targeting nickel sulphide mineralisation.

Multiple prospects for gold mineralisation have also been identified within the LDP. Strongly anomalous indicator elements such as antimony, arsenic, tungsten and tellurium support several +100ppb gold targets and follow-up work programs, including drilling, are planned.

LAKE DARLOT POTASH PROJECT

The Lake Darlot Potash Project is strategically located near existing infrastructure such as a gas pipeline, sealed roads, and 70km east of the regionally significant town of Leinster. At the date of this report, the Project consists of two granted tenements and one application.

While investigating legacy drilling data that focussed on gold mineralisation, several anomalous results were located that have not been fully explored. In the course of potash exploration the Company intends to complete preliminary investigations into the gold potential of the project area and follow with further exploration should this be justified by the results.

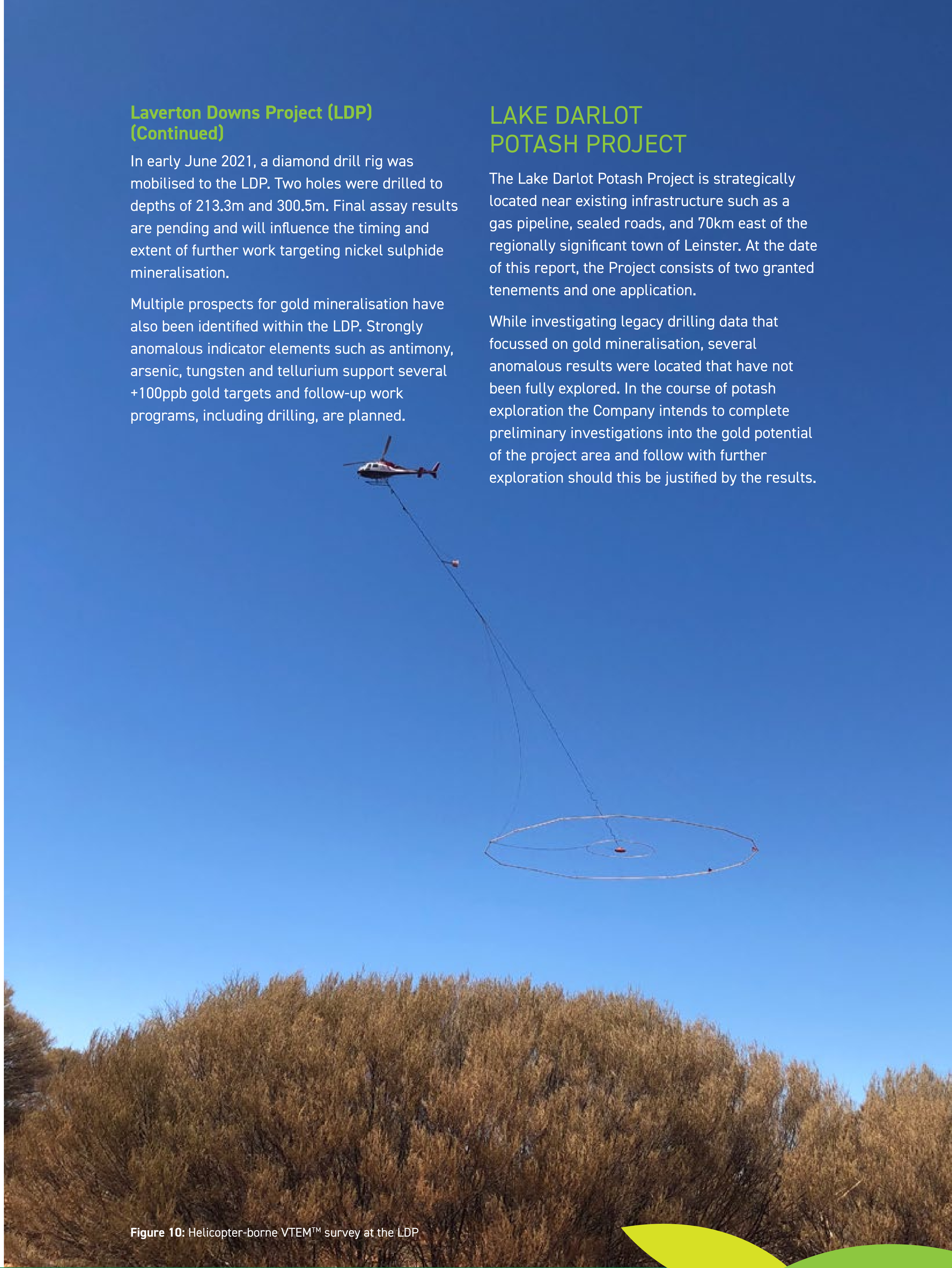

Figure 10: Helicopter-borne VTEM™ survey at the LDP

Operations Report

CORPORATE

Capital Raising

In November 2020, the Company completed a placement to institutional and sophisticated investors to raise $7 million at $0.111 per share following which it issued 63,063,064 fully paid ordinary shares to placement participants.

On 24 May 2021 the Company announced a $10 million capital raising comprising a two-tranche placement to institutional, sophisticated and professional investors at an issue price of $0.14 per share. A total of 62,221,428 shares was issued on 31 May 2021 to complete the first tranche. The second tranche, comprising 9,207,144 shares, was issued on 16 July 2021 following shareholder approval received at a general meeting held on 9 July 2021.

Funds raised from the placement were to be applied towards:

- Pre-development activities at LSOP in advance of a final investment decision including:
  - drilling of paleochannel production wells;
  - commencement of early works for the Lake Wells Village; and
  - finalising the syndicated debt facility with the commercial banks; and
- Commencing the maiden diamond drilling program at LDP.

Other equity movements during the year comprised an exercise of unlisted options by APC major shareholder Yandal Investments Pty Ltd, the issue of unlisted options to directors, vesting of performance rights issued to personnel under the Company's Performance Rights Plan following completion of the FEED study and exercise of listed options (ASX: APCOB) prior to their expiry on 8 August 2021.

Board Appointments

During July 2020, Cathy Moises joined the APC Board as a non-executive director, bringing more than 30 years' experience in finance and resources. Ms Moises has extensive knowledge of financial markets and the resources industry, having worked for several major stockbroking firms including McIntosh (now Merrill Lynch), County Securities (now Citigroup), Evans and Partners, where she was a partner, and Patersons Securities, where she was head of research. Ms Moises' industry experience and research coverage includes gold, base metals, mineral sands and the rare earths sector.

At the beginning of the reporting period, Rhett Brans transitioned from non-executive director to an executive director, enabling the Company to leverage his extensive project development experience on a full-time basis as the LSOP progresses towards operations.

Company Secretary

On 26 March 2021, Scott Nicholas was appointed as Company Secretary to APC. Stephen Buckley joined Scott Nicholas as Company Secretary on 1 April 2021. Michelle Blandford assumed sole responsibility for the Company Secretary role on 1 June 2021.

SUSTAINABILITY

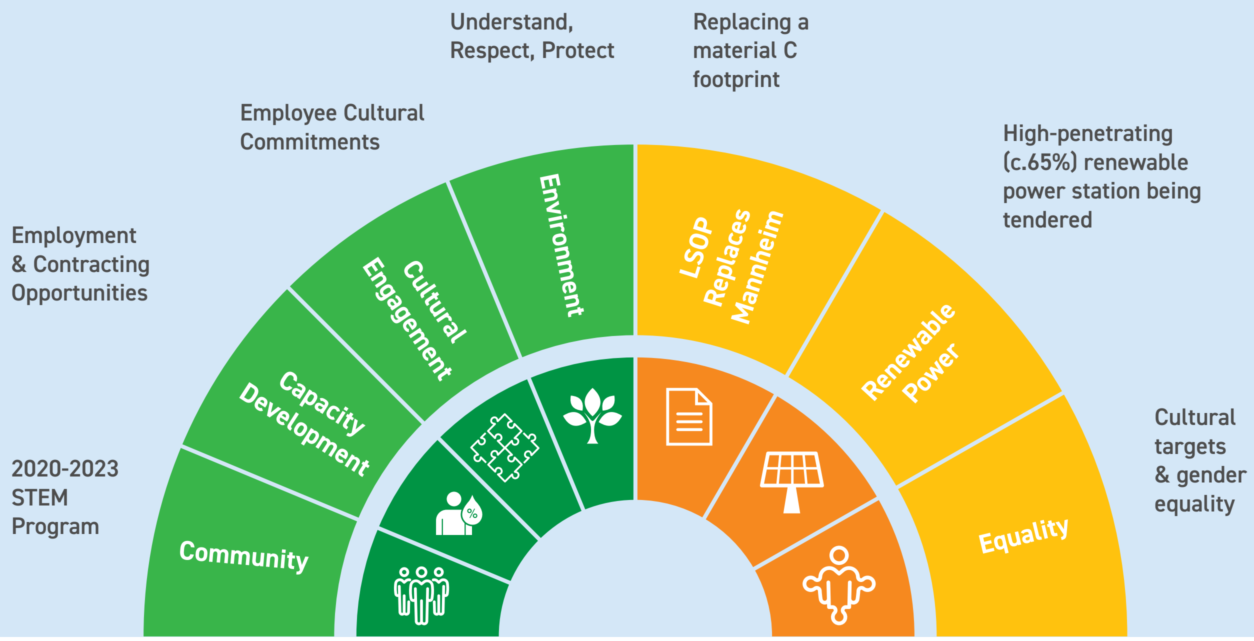

Figure 11: APC's Sustainability Commitment

APC recognises that we have a role to play in contributing to global sustainable development. We are committed to conducting our business responsibly so that our people are safe and well supported, local communities benefit from our presence and we demonstrate strong environmental stewardship.

Health and Safety

OHS

The OH&S Management System applies to all matters arising out of APC business activities which may impact the health and safety of employees, contractors, the environment and the communities in which the Company operates. All business units of the organisation are included in the scope of the management system.

With the commencement of early works at the LSOP during the reporting period, significant steps have recently been undertaken to expand the Company's safety system, including the appointment of an HSE Advisor. In addition the LSOP has now progressed from an exploration site to a mine site under the relevant legislation administered by the Department of Mines, Industry Regulation and Safety and has made several statutory appointments, including Registered Manager, Alternate Registered Managers and Electrical Supervisor in line with its new reporting obligations.

Employee Assistance Program

APC offers a free professional and confidential counselling service for all employees and their immediate family members. It focuses on a variety of issues such as stress, workplace bullying and depression to name a few. It also has a strong focus on promoting long term health and wellbeing.

COVID-19 Response

APC continued to proactively implement protocols and systems to safeguard our people, manage risk and overcome any impacts on our activities due to COVID-19.

Key measures implemented during the year include:

- maintaining health and safety systems in line with formal guidance of state health authorities;
- promoting vaccination for all personnel;
- boosting social distancing measures across workplaces; and
- enhancing workforce communication and promotion of APC's health and wellbeing programs, including mental health.

Operations Report

Figure 12: LSOP is located in the Shire of Laverton

Community

Aboriginal Engagement

APC is committed to implementing an effective and transparent engagement, communication and reporting process with the Traditional Custodians of the land where APC operates.

The Company's Community Engagement Manager has worked closed with heritage consultants and the Traditional Custodians in relation to the conduct of field surveys with the aim of identifying Aboriginal sites or heritage places and preparing avoidance and management strategies where applicable.

Community Engagement

As part of the planned development of the LSOP, APC looks to support jobs and economic development and build capability in local communities. The Company has always been committed to making real substantive change to the Laverton community through its close working relationship with the Shire and the township. The Company has extended this endeavour by pledging jobs through the Wirrpanda Foundation's programs that encompass work skills, on the job mentoring and ongoing employment support for newly hired Aboriginal people.

A major initiative undertaken during 2021 was commencing the establishment of the Laverton Training Centre **(LTC)**. The LTC will coordinate a remote training program, delivered by Central Regional TAFE Kalgoorlie, specifically tailored to working with extremely disadvantaged people whose literacy and numeracy levels are low, have embedded intergenerational welfare dependence, poor health and little or no forms of identification; all of which are barriers to employment.

The LTC's focus is on the creation and advancement of a local workforce to be employed in remote communities to support the infrastructure development of these areas. Central to the training model to be provided by the LTC, which is based on that originally developed and proven in Wiluna, is a strength-based learning approach which allows students to gain confidence and continue into more advanced training programs. This results in high retention rates, high self-confidence, and the ability to create generational change as people enter the local workforce.

A General Manager and Community Liaison Officer were appointed in August 2021 to progress the LTC establishment and APC's community engagement activities.

Laverton Regional Schools STEM Innovation Day

During the reporting period, APC implemented the inaugural Science, Technology, Engineering and Mathematics **(STEM)** Innovation Day at Laverton. Students from five regional and remote communities attended the STEM Innovation Day.

The 2020 inaugural STEM Innovation Day was supported by local and regional stakeholders, including the Laverton Shire, Laverton School, including the remote schools of Mt Margaret, Cosmo Newberry and Mulga Queen, and Leonora School. Local miners Anglo Gold Ashanti and SBM also supported the day, continuing their long established financial and in-kind support for regional community initiatives and local employment. The program was delivered by Firetech, a national education services provider head-quartered in Perth and specialised in digital technology and STEM education.

In term 4 2020, the STEM Augmentation Program commenced at the Laverton School. Designed as a 'pilot program' to determine the shape, duration and content of the longer term, 3 year STEM Program planned for 2021-2023, the STEM AP comprises on-site and remote STEM tuition for 20 students across an 8 week workshop program. In addition, there will be Professional Development provided to the teaching staff at Laverton School to equip them for the optimum delivery of STEM programs into the future.

Following the successful pilot, the STEM Program has continued to be delivered throughout 2021.

Corporate Governance

APC is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve the Company has turned to the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations, 4th Edition".

The Board of Directors of APC is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of APC on behalf of the shareholders by whom they are elected and to whom they are accountable.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is working towards compliance however it does not consider that all the practices are appropriate for the Company due to the size and scale of Company operations.

The 2021 Corporate Governance Statement of Australian Potash Limited is available on the Company's website at https://www.australianpotash.com.au/site/About-Us/corporate-governance.

Forward Looking Statements

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

MINERAL RESOURCE STATEMENT AS AT 30 JUNE 2021

Australian Potash Limited **(APC)** presents its Mineral Resource Statement as at 30 June 2021 for the Lake Wells Sulphate of Potash Project **(LSOP).** There has been no change to the statement since previously disclosed.

A Probable Ore Reserve for the LSOP was announced in conjunction with a Definitive Feasibility Study **(DFS)** on 28 August 2019 of 3.6Mt sulphate of potash **(SOP).** Recovering 81.5% of the Probable Reserve (pond and process losses) is sufficient to supply the LSOP with 95% of the brine required to produce 100,000tpa premium SOP for the proposed 30 year mine life.

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 - Mineral Resource Estimate

In compliance with Australian and internationally recognised reporting standards, APC has reported a MRE using **specific yield**[1], or **drainable porosity** that contains 8.1Mt of potassium. 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 the guidelines of both JORC Code 2012 and the recently adopted 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.

The Measured Resource is a static estimate; it represents the volume of potentially recoverable brine that is contained within the defined aquifer. It takes no account of modifying factors such as the design of a borefield (or other pumping scheme), which will affect both the proportion of the Resource that is ultimately recovered and changes in grade associated with mixing between each aquifer unit and the surrounding geology, which will occur once pumping starts. The MRE also takes no account of recharge to the uppermost aquifer which is a modifying factor that may increase brine-recovery from this unit.

With combined Resources of 8.1Mt K, that results in 18.1Mt SOP, APC has delineated a substantial Resource on which to base its planned operation for a sustained period.

The MRE covers the four key parameters as outlined in the brine resource guidelines:

- Determination of the Sy of the brine-aquifer;
- Definition of the brine-aquifer geometry;
- Determination of the concentration of the elements of interest; and
- Determination of appropriate boundaries for the MRE.

[1] Refer to ASX announcement 5 August 2019 'Major Resource Estimate Upgrade'. That announcement contains the relevant statements, data and consents referred to in this Statement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 5 August 2019 announcement; and 2. State that all the material assumptions and technical parameters underpinning the production target and the forecast financial information derived from a production target in the 5 August 2019 announcement continue to apply and have not materially changed.

Measured Resource for APC Lake Wells Sulphate of Potash Project (JORC Code 2012-Compliant)

	Volume of Aquifer	Specific Yield	Drainable Brine Volume	K Conc (mg/L)	K	SOP[1]
Hydrogeological unit	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

As part of the LSOP DFS report[2] APC reported a Probable Ore Reserve estimate of 3.6Mt SOP. 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.

The model predictions indicate that for the first 20 years of abstraction the target SOP production of 100,000tpa can be achieved from a borefield comprising 78 bores, located along the thalweg of the paleochannel at approximately 800m spacing. Modelled bore yields, drawing from both the upper and basal sand aquifers, range between 4L/s to 17L/s per bore, based on the variable aquifer parameters and sand intervals. Target production can be sustained for a further 10 years (ie. 30 years in total) with the progressive addition of 30 additional bores pumping only from the upper sand aquifer. The potassium concentrations are predicted to range between 3,570mg/L to 3,255mg/L over the 30 year life of mine.

There is inherent uncertainty in the modelling of groundwater systems for long periods into the future. This uncertainty limits the Reserve categorisation to Probable and is addressed with sensitivity and risk analysis, using a plausible range of more conservative aquifer parameters. Over 30 years, the base case SOP abstraction is 3.8Mt (which represents 21% of the in-situ Measured Mineral Resource). For all sensitivity scenarios, brine production remains within 5% of the base-case estimate. The Reserve has been conservatively limited to the lower end of the sensitivity analysis which provides 3.6Mt SOP for a 30 year mine life.

[2] Refer to ASX announcement 28 August 2019 'Australian Potash Ltd Announces Definitive Feasibility Study'. That announcement contains the relevant statements, data and consents referred to in this Statement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 28 August 2019 announcement; and 2. State that all the material assumptions and technical parameters underpinning the production target and the forecast financial information derived from a production target in the 28 August 2019 announcement continue to apply and have not materially changed.

Mineral Resource Statement

Figure 13: Trial evaporation pond at LSOP

Annual Statement of Mineral Resources

The Annual Statement of Mineral Resources as at 30 June 2021 presented in this Report 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[3]. Ore Reserves were declared as part of the DFS released on 28 August 2019[4]. APC is not aware of any other new information or data that materially affects the information included in this Annual Statement and confirms that all 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 Mineral Resource estimates in accordance with the JORC Code 2012.

[3] Refer to ASX announcement 5 August 2019 'Major Resource Estimate Upgrade'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 5 August 2019 announcement; and 2. State that all the material assumptions and technical parameters underpinning the production target and the forecast financial information derived from a production target in the 5 August 2019 announcement continue to apply and have not materially changed.

[4] Refer to ASX announcement 28 August 2019 'Australian Potash Ltd Announces Definitive Feasibility Study'. That announcement contains the relevant statements, data and consents referred to in this Statement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 28 August 2019 announcement; and 2. State that all the material assumptions and technical parameters underpinning the production target and the forecast financial information derived from a production target in the 28 August 2019 announcement continue to apply and have not materially changed.

Competent Persons' Statements

The information in this Report 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 2012 edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Storey consents to the inclusion in this report of the matters based on this information in the form and context as it appears.

The information in this Report that relates to Exploration Results is based on information compiled 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 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Shaw consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The information in this Report that relates to mineral processing is based on information compiled by Mr Antoine Lefaivre, P.Eng, a Competent Person who is a Member of the Ordre des Ingénieurs du Québec (Order of Engineers of Quebec) and an employee of Novopro, a firm that provides consulting services to the Company. Neither Mr Lefaivre nor Novopro own either directly or indirectly any securities in the issued capital of the Company. Mr Lefaivre is a Chemical Engineer employed by Novopro Projects Inc. and has 11 years of experience, with 8 years of potash processing that is relevant to the type of minerals recovered from deposits similar to the one under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Lefaivre consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements

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.

Directors' Report

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 2021.

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.

Jim Walker (Non-Executive Chairman)

Mr Walker is the Non-Executive Chairman of Australian Potash with 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 currently 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 20 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 Limited. He has also held senior roles with Bannerman Resources Limited, a uranium developer, Skywest Airlines Limited, iiNet Limited 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, Herald Resources Limited, Western Metals Limited, Intrepid Mines Limited, Thundelarra Exploration Limited and Bullabulling Gold Limited. 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)

Appointed 29 July 2020

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 Limited. 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.

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
PacGold Ltd	Non-Executive Chair	11 February 2021	n/a
Podium Minerals Ltd	Non-Executive Director	11 January 2021	n/a
WA Kaolin Ltd	Non-Executive Chair	22 May 2020	n/a

Directors' Report

Rhett Brans (Project Director)

Mr Brans is an experienced director and civil engineer with over 45 years' experience in project development. He is currently a Non-Executive Director of AVZ Minerals Limited and Carnavale Resources Limited. Previously, Mr Brans was a founding director of Perseus Mining Limited and served on the boards of Tiger Resources Limited, Monument Mining Limited and Syrah Resources Limited. 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

Appointed 2 June 2021

Mrs Blandford (née Simson) has 25 years' administration experience, including the last 18 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 Limited, Nova Energy Limited, Navigator Resources Limited 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.

Stephen Buckley

Appointed 1 April 2021; Resigned 2 June 2021

Mr Buckley is a director of Governance Corporate Pty Ltd, a company that provides specialised governance and company secretarial services to ASX-listed companies. He has worked in both the Australian and New Zealand listed markets managing major corporate activities including demutualisations, initial public offerings, takeovers and various capital raisings and reconstructions. Mr Buckley was previously the Chief Executive Officer WA for Automic Registry Services and Head of WA for Link Market Services. He is a graduate of the Australian Institute of Company Directors.

Scott Nicholas

Appointed 26 March 2021; Resigned 2 June 2021

Mr Nicholas is a Chartered Accountant with 15 years' experience in the resources industry. Mr Nicholas was previously Chief Financial Officer for MACH Energy Australia Pty Ltd and also Atlantic Limited which encompassed over A$1 billion in debt and equity financings to develop and operate Australian resource assets. Mr Nicholas has been involved in taking greenfield resource assets through to production including feasibilities, construction, operations, and offtake and marketing. Mr Nicholas began his career with KPMG and Ernst & Young in audit and corporate finance. Mr Nicholas has a Bachelor of Law and Commerce from Murdoch University and a graduate Diploma of Applied Finance from FINSIA.

Sophie Raven

Appointed 29 January 2018; Resigned 26 March 2021

Ms Raven is a lawyer and company secretary, with extensive experience in Australia and internationally, including as a corporate lawyer in Santiago, Chile advising Australian and Canadian resources and drilling companies. Ms Raven has held positions as Company Secretary with Austin Engineering Limited, Craig Mostyn Holdings Pty Ltd, and Cradle Resources Limited. Ms Raven holds a Bachelor of Laws from the University of Western Australia and is a member of the Australian Institute of Company Directors. Ms Raven is a board member of The Place of Keeping Limited, a charitable organisation.

Interests in the shares and options/performance rights of the company and related bodies corporate

	Ordinary Shares	Options over Ordinary Shares	Performance Rights over Ordinary Shares
Jim Walker	1,255,142	1,277,496	-
Matt Shackleton	8,523,228	241,250	2,379,107
Brett Lambert	525,613	859,666	-
Cathy Moises	-	750,000	-
Rhett Brans	689,541	99,688	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 500kms northeast of Kalgoorlie, in Western Australia's North-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 $3,379,177. The Group raised funds during the year via the issue of shares and options. Total gross funds raised during the year amounted to $17,063,826.

During the year, the Group capitalised exploration costs amounting to $11,387,177 (2020: $4,381,780). Exploration expenditure not at the definitive feasibility stage of $518,170 (2020: $153,144) was expensed as incurred.

The Group reported an operating loss after income tax for the year ended 30 June 2021 of $3,734,289 (2020: $775,551).

At 30 June 2021 cash assets available totalled $7,796,799.

Directors' Report

Operating Results for the Year

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

	2021		2020	
	Revenues $	Results $	Revenues $	Results $
Australian Potash Limited	**380,972**	**(3,734,289)**	1,961,381	(775,551)

Shareholder Returns

Basic loss per share (cents)		**(0.70)**		(0.20)

Risk Management

The Board has overall responsibility for risk management.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified.

The Audit and Risk Committee, of which all directors are members, is responsible for overseeing the identification and management of financial, business, economic, environmental and social sustainability risks and reviewing the Company's risk management framework.

These include:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets; and
- Twice yearly Committee meetings to provide regular oversight, review and management of business risks.

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.

Significant Events after the Balance Date

No matters or circumstances, besides those disclosed at note 22, 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.

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 introduces 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.

REMUNERATION REPORT

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

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

Key management personnel are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

The key management personnel during the year were:

Jim Walker	Non-Executive Chairman
Matt Shackleton	Managing Director & Chief Executive Officer
Brett Lambert	Non-Executive Director
Cathy Moises	Non-Executive Director (appointed 29 July 2020)
Rhett Brans	Project Director
Michelle Blandford	Company Secretary (appointed 2 June 2021) & Chief Administration Officer (appointed 23 April 2021)
Scott Nicholas	Chief Financial Officer

Principles used to Determine the Nature and Amount of Remuneration

Remuneration Policy

The remuneration policy of Australian Potash Limited has been designed to align key management personnel 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 Australian Potash Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group.

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

The remuneration policy, setting the terms and conditions for the executives, was developed by the Board. 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 Board 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 options. 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 the employee share, option and performance right arrangements.

The NEDs and executives receive a superannuation guarantee contribution required by the government, which was 9.5% for the 2021 financial year. Some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed. Shares issued to key management personnel are valued as the difference between the market price of those shares and the amount paid by the key management personnel. Options are valued using the Black Scholes methodology.

The Board policy is to remunerate NEDs at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the NEDs and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by shareholders at the Annual General Meeting (currently $300,000). 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.

Performance Based Remuneration

Short Term Incentive

The Group currently has no short-term performance-based remuneration components built into key management personnel remuneration packages.

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 implemented an Incentive Option Plan which enables the provision of options to executives and employees. During the prior year the Incentive Option Plan was replaced with the Incentive Performance Rights Plan. During the 2021 and 2020 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 prior year which enables the provision of performance rights to employees and contractors of the Company.

During the 2021 and 2020 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 10 for the number and value of performance rights issued to executives during the year.

Performance Measures to Determine Vesting of Options and Performance Rights

The vesting of the options and performance rights are 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 2021 and 2020 performance rights related to:

- Completion of the FEED Study for the Lake Wells Sulphate of Potash Project (Project);
- Final investment decision to develop the Project; and
- Commencement of commercial production at the Project.

No options were issued to executives in the current year or the prior year. The performance measures for the previously issued options related to:

- Completion of the Lake Wells Sulphate of Potash Project feasibility study (Class 3);
- Finalisation of a Board approved finance package to commence the development of the Lake Wells Potash Project; and
- Delineation of JORC compliant resource of >250,000 gold equivalent ounces of base, PG or precious metals.

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 options and rights will vest in full, subject to ultimate Board discretion.

No hedging of LTIs

As part of the Company's Securities Trading Policy, the Company prohibits executives 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.

Directors' Report

Figure 14: Aerial view of borefield development

Use of Remuneration Consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2021 (2020: Nil).

Voting and Comments made at the Company's 2020 Annual General Meeting

The Company received 99.7% of "yes" votes on its remuneration report for the 2020 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 key management personnel of the Group are set out in the following table.

The key management personnel of the Group are disclosed above.

Key Management Personnel of the Group

	Short-Term		Post-Employment		Share-based Payments		Total	Performance Related
	Salary & Fees ($)	Other ($)	Super-annuation ($)	Retirement benefits ($)	Shares ($)	Options/ Rights ($)	($)	(%)
Directors								
JIM WALKER								
2021	**70,000**	-	**6,650**	-	-	-	**76,650**	-
2020	56,538	-	5,371	-	-	-	61,909	-
MATT SHACKLETON								
2021	**284,795**	**15,000**	**21,805**	-	-	**104,138**	**425,738**	**24.5%**
2020	272,811	15,000	22,390	-	-	(11,169)	299,032	-
BRETT LAMBERT								
2021	**41,096**	-	**3,904**	-	-	**39,750**	**84,750**	-
2020	33,192	-	3,153	-	-	-	36,345	-
CATHY MOISES								
2021	**38,145**	-	**3,624**	-	-	**39,750**	**81,519**	-
2020	-	-	-	-	-	-	-	-
RHETT BRANS								
2021	**240,000**	-	**22,800**	-	-	**120,812**	**383,612**	**31.5%**
2020	44,768	-	2,828	-	-	-	47,596	-
Total Directors' Compensation								
2021	**674,036**	**15,000**	**58,783**	-	-	**304,450**	**1,052,269**	-
2020	407,309	15,000	33,742	-	-	(11,169)	444,882	-
Executives								
MICHELLE BLANDFORD								
2021	**13,558**	-	**1,288**	-	-	-	**14,846**	-
SCOTT NICHOLAS								
2021	**267,992**	-	**22,008**	-	-	**71,712**	**361,712**	**19.8%**
2020	257,335	-	23,030	-	-	49,726	330,091	15.1%
Total Executives' Compensation								
2021	**281,550**	-	**23,296**	-	-	**71,712**	**376,558**	-
2020	257,335	-	23,030	-	-	49,726	330,091	-
Total Key Management Personnel Compensation								
2021	**955,586**	**15,000**	**82,079**	-	-	**376,162**	**1,428,827**	-
2020	664,644	15,000	56,772	-	-	38,557	774,973	-

Directors' Report

Figure 15: Airlift testing underway on a newly drilled and developed production bore

Service Agreements

Managing Director & Chief Executive Officer

Matt Shackleton (formerly Executive Chairman, currently Managing Director and Chief Executive Officer), first appointed 23 July 2014:

- Paid annual salary of $280,000 (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.
- The Company pays $15,000 per annum towards the cost of a novated lease for a motor vehicle.

Project Director

Rhett Brans (Appointed 9 June 2020 formerly Non-Executive Director):

- Effective 1 July 2020, Mr Bran's annual salary is $240,000 (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.

Chief Administrative Officer & Company Secretary

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):

- Paid annual salary of $264,840 (plus statutory superannuation). Subsequent to year end, effective 1 July 2021, Mr Nicholas' annual salary increased to $280,000 (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.

Share-based Compensation

Options

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

Grant Date	Value Per Option at Grant Date (Cents)	Exercise Price (Cents)	Expiry Date	Vesting Date
30/11/2017	7.1	16.0	30/11/2020	(1)
30/11/2017	6.6	20.0	30/11/2020	(1)
28/11/2020	5.3	17.5	29/07/2023	28/11/2020

(1) Vesting of the options granted was dependent on the following performance criteria being met:
- 50% will vest upon a resolution of the Board to proceed to the development of the Project; and
- 50% will vest on delineation of JORC compliant resource of > 250,000 gold equivalent ounces (as measured at the spot price) of base, plantinum group or precious metals.

Rights

Grant Date	Value Per Option at Grant Date (Cents)	Exercise Price (Cents)	Expiry Date	Vesting Date
18/11/2019	9.0	-	04/03/2024	(1)
04/03/2020	9.9	-	04/03/2024	(1)
28/11/2020	13.5	-	04/03/2024	(1)

(1) Vesting of the rights granted is dependent on the following performance criteria being met:
- One third will vest upon the Company completing its FEED Study for the Project;
- One third will vest upon a final investment decision to develop the Project; and
- One third will vest upon the commencement of commercial production at the Project.

Share-based Compensation (continued)

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

Financial Year	Options /rights awarded during the year No.	Grant Date	Value per option / right at grant date (cents)	Vesting Date	Exercise Price (cents)	Expiry Date	No. Vested during the year	No. Lapsed during the year	Value of options / rights granted during the year	Value of options /rights exercised during the year
Directors										
BRETT LAMBERT										
2021	750,000	28/11/2020	5.3	28/11/2020	17.5	29/07/2023	750,000	-	39,750	-
CATHY MOISES										
2021	750,000	28/11/2020	5.3	28/11/2020	17.5	29/07/2023	750,000	-	39,750	-
RHETT BRANS										
2021	1,408,623	28/11/2020	13.5	(i)	-	04/03/2024	469,541	-	190,164	63,388
MATT SHACKLETON										
2018	-	30/11/2017	-	-	-	30/11/2020	-	1,250,000	-	-
2018	-	30/11/2017	-	-	-	30/11/2020		1,250,000	-	-
2020	-	18/11/2019	9.0	(i)	-	04/03/2024	1,171,799	-	-	105,462
Executives										
MICHELLE BLANDFORD										
-	-	-	-	-	-	-	-	-	-	-
SCOTT NICHOLAS										
2020	-	04/03/2020	9.9	(i)	-	04/03/2024	555,013	-	-	54,946

(i) Vesting of the rights granted is dependent on the following performance criteria being met:
- One third will vest upon the Company completing its FEED Study for the Project;
- One third will vest upon a final investment decision to develop the Project; and
- One third will vest upon the commencement of commercial production at the Project.

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 key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2021 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	Balance at end of the year	Number of shares in Escrow (i)
Directors						
JIM WALKER	1,255,142	-	-	-	1,255,142	-
MATT SHACKLETON	7,351,429	-	1,171,799	-	8,523,228	1,171,799
BRETT LAMBERT	525,613	-	-	-	525,613	-
CATHY MOISES	-	-	-	-	-	-
RHETT BRANS	220,000	-	469,541	-	689,541	469,541
Executives						
MICHELLE BLANDFORD	-	-	-	-	-	-
SCOTT NICHOLAS	386,531	-	555,013	-	941,544	555,013

i. Shares issued on vesting of performance rights are in escrow until 12 May 2022

Directors' Report

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 key management personnel of the Group, including their personally related parties, are set out below:

2021	Balance at start of the year	Granted as compensation	Exercised	Expired	Other changes	Balance at end of the year	Vested and exercisable	Unvested
Directors								
JIM WALKER								
Options	1,277,496	-	-		-	1,277,496	1,277,496	-
MATT SHACKLETON								
Options	2,741,250	-	-	(2,500,000)	-	241,250	241,250	-
Rights	3,550,906	-	(1,171,799)	-	-	2,379,107	-	2,379,107
RHETT BRANS								
Options	109,666	750,000	-	-	-	859,666	859,666	-
CATHY MOISES								
Options	-	750,000	-	-	-	750,000	750,000	-
RHETT BRANS								
Options	99,688	-	-	-	-	99,688	99,688	-
Rights	-	1,408,623	(469,541)	-	-	939,082	-	939,082
Executives								
MICHELLE BLANDFORD								
-	-	-	-	-	-	-	-	-
SCOTT NICHOLAS								
Rights	1,665,039	-	(555,013)	-	-	1,110,026	-	1,110,026

Loans to Key Management Personnel

There were no loans to key management personnel during the year.

Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during the year.

END OF AUDITED REMUNERATION REPORT

Directors' Meetings

During the year the Company held 5 meetings of directors. The attendance of directors at meetings of the Board and committees were:

	Director's Meetings		Audit & Risk Committee Meetings		Remuneration & Nomination Committee Meetings	
	A	B	A	B	A	B
JIM WALKER	5	5	2	2	2	2
MATT SHACKLETON	5	5	2	2	2	2
BRETT LAMBERT	5	5	2	2	2	2
CATHY MOISES	4	4	2	2	2	2
RHETT BRANS	5	5	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.

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			
27/12/2018	27/12/2021	22.5 Unlisted	1,277,496
15/04/2020	15/04/2022	25.0 Unlisted	1,787,865
28/11/2020	29/07/2023	17.5 Unlisted	1,500,000
Rights			
04/03/2020	04/03/2024	NIL Unlisted	6,363,024
Total number outstanding at the date of this report			**10,928,385**

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.

Directors' Report

Insurance of Directors and Officers

During the financial year, Australian Potash Limited paid a premium 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.

Non Audit Services

There were no non audit services provided by the entity's auditor, Hall Chadwick WA Audit Pty Ltd (formerly Bentleys), or associated entities.

Proceedings on Behalf of The Company

No person has applied to the Court under section 237 of the Corporations Act 2001 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.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 43.

Signed in accordance with a resolution of the directors.

Matt Shackleton

Managing Director & Chief Executive Officer

Perth, 23 September 2021

Auditor's Independence Declaration

HALL CHADWICK

To the Board of Directors,

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

As lead audit partner for the audit of the financial statements of Australian Potash Limited for the year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully

HALL CHADWICK WA AUDIT PTY LTD

DOUG BELL CA
Partner

Dated this 23rd day of September 2021

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the Year Ended 30 June 2021

	Note	2021 ($)	2020 ($)
Revenue			
Revenue from contracts with customers	4	**159,360**	163,380
Finance revenue		**471**	3,019
Other income	5	**221,141**	1,794,982
		380,972	1,961,381
Cost of sales		**(151,464)**	(186,777)
Gross Profit		**229,508**	1,774,604
Expenditure			
Administration expenses		**(1,500,089)**	(989,827)
Depreciation and amortisation expenses		**(127,110)**	(87,779)
Employee benefits expenses		**(1,300,037)**	(1,175,922)
Exploration expenses		**(518,170)**	(153,144)
Interest expense		**(21,247)**	(6,527)
Share-based payments expense	25(f)	**(497,144)**	(136,956)
Loss Before Income Tax		**(3,734,289)**	(775,551)
Income tax benefit/(expense)	7	**-**	-
Loss for the Year from Continuing Operations		**(3,734,289)**	(775,551)
Other comprehensive income		**-**	-
Total Comprehensive Loss for the Period Attributable to Owners of Australian Potash Limited		**(3,734,289)**	(775,551)
Loss per share (cents per share)			
Basic loss attributable to the ordinary equity holders of the Company	24	**(0.7)**	(0.2)
Diluted loss attributable to the ordinary equity holders of the Company	24	**(0.7)**	(0.2)

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 2021

	Note	2021 ($)	2020 ($)
Current Assets			
Cash and cash equivalents	8	**7,796,799**	3,379,177
Trade and other receivables	9	**735,600**	258,635
Inventory		**52,760**	-
Total Current Assets		**8,585,159**	3,637,812
Non Current Assets			
Plant and equipment	10	**173,957**	133,186
Right-of-use assets	11	**110,255**	188,746
Intangibles		**6,812**	5,375
Exploration and evaluation	12	**20,822,722**	9,435,545
Total Non Current Assets		**21,113,746**	9,762,852
Total Assets		**29,698,905**	13,400,664
Current Liabilities			
Trade and other payables	13	**5,311,008**	1,903,575
Lease liabilities – current	14	**82,192**	81,152
Provisions		**309,426**	184,306
Total Current Liabilities		**5,702,626**	2,169,033
Non Current Liabilities			
Lease liabilities – non current	14	**35,307**	113,743
Total Non Current Liabilities		**35,307**	113,743
Total Liabilities		**5,737,933**	2,282,776
Net Assets		**23,960,972**	11,117,888
Equity			
Issued capital	15	**45,704,920**	29,628,277
Reserves		**2,146,796**	1,646,066
Accumulated losses		**(23,890,744)**	(20,156,455)
Total Equity		**23,960,972**	11,117,888

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 2021

	Issued Capital ($)	Share-based Payments Reserve ($)	Accumulated Losses ($)	Total ($)
Balance at 1 July 2019	23,896,438	1,501,938	(19,380,904)	6,017,472
Loss for the period	-	-	(775,551)	(775,551)
Total Comprehensive Loss	-	-	(775,551)	(775,551)
Transactions with Owners in their Capacity as Owners				
Shares and options issued during the period	6,271,017	-	-	6,271,017
Share issue transaction costs	(539,178)	-	-	(539,178)
Issue of supplier options	-	7,172	-	7,172
Issue of employee options	-	136,956	-	136,956
Balance at 30 June 2020	29,628,277	1,646,066	(20,156,455)	11,117,888
Balance at 1 July 2020	**29,628,277**	**1,646,066**	**(20,156,455)**	**11,117,888**
Loss for the period	-	-	**(3,734,289)**	**(3,734,289)**
Total Comprehensive Loss	-	-	**(3,734,289)**	**(3,734,289)**
Transactions with Owners in their Capacity as Owners				
Shares and options issued during the period	**17,063,826**	-	-	**17,063,826**
Share issue transaction costs	**(987,183)**	-	-	**(987,183)**
Issue of supplier options	-	**3,586**	-	**3,586**
Issue of employee options	-	**497,144**	-	**497,144**
Balance at 30 June 2021	**45,704,920**	**2,146,796**	**(23,890,744)**	**23,960,972**

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 2021

	Notes	2021 ($)	2020 ($)
Cash Flows from Operating Activities			
Receipts from customers		**159,360**	163,380
Expenditure on exploration		**(370,318)**	(197,715)
Payments to suppliers and employees		**(3,022,349)**	(2,383,067)
Interest received		**686**	2,738
Research and development refund received		**134,304**	2,734,534
Government grants		**67,500**	50,000
Net cash (outflow)/inflow from operating activities	23	**(3,030,817)**	369,870
Cash Flows from Investing Activities			
Payments for plant and equipment		**(119,609)**	(42,405)
Payments for evaluation and exploration		**(8,342,474)**	(4,720,317)
Reimbursement of gold expenditure		**-**	318,022
Net cash outflow from investing activities		**(8,462,083)**	(4,444,700)
Cash Flows from Financing Activities			
Proceeds from issue of shares and options		**17,063,826**	5,831,517
Payments of share issue transaction costs		**(1,056,089)**	(286,811)
Payments of lease liabilities		**(95,213)**	(47,746)
Net cash inflow from financing activities		**15,912,524**	5,496,960
Net increase in cash and cash equivalents		**4,419,624**	1,422,130
Cash and cash equivalents at the beginning of the year		**3,379,177**	1,952,751
Effect of exchange rate changes on cash and cash equivalents		**(2,002)**	4,296
Cash and Cash Equivalents at the End of the Year	8	**7,796,799**	3,379,177

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. The financial statements are for Australian Potash Limited. The financial statements are presented in the Australian currency. Australian Potash Limited is a company limited by shares, domiciled and incorporated in Australia. The financial statements were authorised for issue by the directors on 23 September 2021. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Australian Potash Limited is a for-profit entity for the purpose of preparing the financial statements. All amounts are presented in Australian dollars unless otherwise stated.

(i) Compliance with IFRS

The financial statements of Australian Potash Limited also comply with International Financial Reporting Standards **(IFRS)** as issued by the International Accounting Standards Board **(IASB)**.

(ii) Adoption of new and revised Standards

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board **(AASB)** that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2020.

(iii) Standards and interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations in issue not yet adopted for the year ended 30 June 2021. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group; therefore, no change is necessary to Group accounting policies.

(iv) Early adoption of standards

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(v) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, which have been measured at fair value.

(vi) 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 generated a loss for the period of $3,734,289 (2020: $775,551) and net cash inflows of $4,419,624 (2020: Inflows $1,422,130). The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cashflow in line with available funds. These conditions 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 consolidated entity will be able to continue as a going concern, after consideration of the following factors:

- The Group has a Controlled Placement Agreement (CPA) that provides APC with up to $5 million of standby equity capital to January 2022;
- The Group has a history of successfully raising equity with $15.7 million raised during the year following placements to professional and sophisticated investors;

(vi) Going concern (Continued)

- 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.

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 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.

(b) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Australian Potash Limited.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly controlled entity or associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) Revenue recognition

(i) Revenue from contracts with customers

The Group is in the business of providing sulphate of potash fertiliser **(SOP)**.

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, except for the procurement services below, because it typically controls the goods or services before transferring them to the customer.

Sale of 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 equipment 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. In determining the transaction price for the SOP, the Group considers the effects of variable consideration, existence of a significant financing component, noncash consideration, and consideration payable to the customer (if any).

(ii) Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

(e) Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset

(f) Income tax

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 associated 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.

(f) 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.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For 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 statement of financial position.

(i) Trade and other receivables

Receivables are recognised at amortised cost less any Expected Credit Losses **(ECL)**. The company has reviewed its impairment methodology under AASB 9 for financial assets under the new ECL model for all its assets held at amortised cost. There has been no change in the impairment impacts on the financial statements as a result of this change in methodology.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) Exploration and evaluation costs

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

Exploration and evaluation costs for each area of interest that has progressed to the definitive feasibility study stage are capitalised as exploration and evaluation assets. The capitalised costs are presented as either tangible or intangible exploration and evaluation assts according to the nature of the assets acquired.

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount an impairment loss is recognised in the Statement of Comprehensive Income.

(l) Financial Instruments

(i) 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.

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.

(ii) Financial assets measured at amortised cost

Debt instruments

Investments in debt instruments are measured at amortised cost where they have:

- contractual terms that give rise to cash flows on specified dates, that represent solely payments of principal and interest on the principal amount outstanding; and
- are held within a business model whose objective is achieved by holding to collect contractual cash flows.

These debt instruments are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost. The measurement of credit impairment is based on the three-stage expected credit loss model described below in note (v) Impairment of financial assets.

(iii) Financial assets measured at fair value through other comprehensive income

Equity instruments

Investment in equity instruments that are neither held for trading nor contingent consideration recognised by the Group in a business combination to which AASB 3 "Business Combination" applies, are measured at fair value through other comprehensive income, where an irrevocable election has been made by management.

Amounts presented in other comprehensive income are not subsequently transferred to profit or loss. Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

(l) Financial Instruments (Continued)

(iv) 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 (i.e. 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.

(v) Impairment of financial assets

The Group applies a three-stage approach to measuring expected credit losses **(ECLs)** for the following categories of financial assets that are not measured at fair value through profit or loss:

- debt instruments measured at amortised cost and fair value through other comprehensive income;
- loan commitments; and
- financial guarantee contracts.

No ECL is recognised on equity investments.

Determining the stage for impairment

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the remaining expected life from the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial Instruments (Continued)

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the provision for doubtful debts reverts from lifetime ECL to 12-months ECL. Exposures that have not deteriorated significantly since origination are considered to have a low credit risk. The provision for doubtful debts for these financial assets is based on a 12-months ECL. When an asset is uncollectible, it is written off against the related provision. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off reduce the amount of the expense in the income statement.

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.

(vi) 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.

(vii) 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.

(m) Leases

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.

(m) Leases (Continued)

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.

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 IAS 37. 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 'Property, Plant and Equipment' policy as outlined in the financial report for the annual reporting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Leases (Continued)

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.

(n) 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.

(o) Employee benefits

Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(p) 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), refer to note 25.

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 (i) the extent to which the vesting period has expired and (ii) 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.

(p) Share-based payments (Continued)

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.

(q) 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.

(r) Earnings per share

(i) 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.

(ii) 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.

(s) 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 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.

(t) 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:

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

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 Sulphate of Potash 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Critical accounting judgements, estimates and assumptions (continued)

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office. With regards to the research and development incentive, AusIndustry reserves the right to review claims made under the R&D legislation.

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. 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.

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

2. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board has overall responsibility for risk management. The Audit and Risk Committee, of which all directors are members, is responsible for overseeing the identification and management of financial, business, economic, environmental and social sustainability risks and reviewing the Company's risk management framework.

The Managing Director and Chief Executive Officer, with the assistance of senior management as required, has responsibility for the day to day risk management which includes identifying, assessing, treating and monitoring risks and reporting to the Committee.

(a) Market Risk

(i) Foreign exchange risk

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 $7,796,799 (2020: $3,379,177) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.1% (2020: 0.2%).

Sensitivity analysis

At 30 June 2021, 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 $10,198 lower/higher (2020: $16,221 lower/higher) as a result of lower/higher interest income from cash and cash equivalents.

(b) 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 statement of financial position and notes to the financial statements.

As the Group does not presently have any debtors, lending, significant stock levels or any other credit risk, a formal credit risk management policy is not maintained.

(c) Liquidity Risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and ensuring sufficient cash and marketable securities are available to meet the current and future commitments of the Group. 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. The Board of Directors constantly monitor the state of equity markets in conjunction with the Group's current and future funding requirements, with a view to initiating appropriate capital raisings as required.

The financial liabilities of the Group are confined to trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 12 months of the reporting date. Financial assets mature within 3 months of balance date.

2. FINANCIAL RISK MANAGEMENT (Continued)

(d) 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.

3. 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.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2021 ($)	2020 ($)
Sale of goods	**159,360**	163,380

5. OTHER INCOME

Research and development tax incentive	**134,304**	1,406,955
Government grants	**67,500**	-
Other (i)	**19,337**	388,027
	221,141	1,794,982

(i) Included in Other Income in 2020 is $318,022 reimbursed to APC by SBM for previously incurred gold expenditure.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

6. EXPENSES

	2021 ($)	2020 ($)
Loss before income tax includes the following specific expenses:		
Defined contribution superannuation expense	**89,392**	88,001
Depreciation of plant and equipment	**46,621**	37,119
Amortisation of intangibles	**1,998**	1,353

7. INCOME TAX

(a) Income tax expense

Current tax	-	-
Deferred tax	-	-
	-	-

(b) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	**(3,734,289)**	(775,551)
Prima facie tax benefit at the Australian tax rate of 26% (2020: 27.5%)	**(970,915)**	(213,276)
Tax effect of non deductible expenses in calculating taxable income	**77,922**	(347,539)
Movements in unrecognised temporary differences	**(2,541,702)**	(92,717)
Tax effect of current period tax losses for which no deferred tax asset has been recognised	**3,434,696**	653,532
Income tax expense	-	-

7. INCOME TAX (Continued)

(c) Unrecognised temporary differences

	2021 ($)	2020 ($)
Deferred Tax Assets (at 26% (2020: 27.5%))		
On Income Tax Account		
Accruals and other provisions	**646,324**	77,372
Capital raising costs	**346,034**	239,067
Carry forward tax losses	**8,661,421**	4,457,298
	9,653,779	4,773,737
Set off of deferred tax liabilities	**(962,261)**	(997,389)
Net deferred tax assets	**8,691,518**	3,776,348
Less deferred tax assets not recognised	**(8,691,518)**	(3,776,348)
	-	-
Deferred Tax Liabilities (at 26% (2020: 27.5%))		
Prepayments	**45,029**	27,240
Exploration	**917,231**	970,148
	962,261	997,389
Set off against deferred tax assets	**(962,261)**	(997,389)
	-	-

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.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

8. CASH AND CASH EQUIVALENTS

	2021 ($)	2020 ($)
Cash at bank and in hand	**7,771,799**	3,354,177
Short-term deposits	**25,000**	25,000
	7,796,799	3,379,177

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

9. TRADE AND OTHER RECEIVABLES

GST receivable	**519,220**	108,270
Other receivables	**216,380**	150,365
	735,600	258,635

10. PLANT AND EQUIPMENT

	Computer Equipment ($)	Plant and Equipment ($)	Motor Vehicles ($)	Furniture and Fittings ($)	Total ($)
Cost					
Balance at 1 July 2019	22,196	116,765	42,093	-	181,054
Additions	13,656	8,252	-	17,245	39,153
Balance at 30 June 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**
Accumulated Depreciation					
Balance at 1 July 2019	7,705	32,025	10,172	-	49,902
Depreciation for the year	6,976	18,218	8,419	3,506	37,119
Balance at 30 June 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**
Net Book Value					
Balance at 30 June 2020	21,171	74,774	23,502	13,739	133,186
Balance at 30 June 2021	**27,945**	**63,780**	**72,337**	**9,895**	**173,957**

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

11. LEASES (GROUP AS LESSEE)

Right-of-Use Assets	2021 ($)	2020 ($)
Cost		
Beginning of the period	**238,053**	-
Additions	**-**	238,053
End of the period	**238,053**	-
Accumulated Depreciation		
Beginning of the period	**49,307**	-
Charge for the period	**78,491**	49,307
End of the period	**127,798**	49,307
Carrying Amount	**110,255**	188,746

The Group entered into leases for office space during the year. The average lease term is 2 years (30 June 2020: 3 years). The maturity analysis of lease liabilities is presented in note 14.

Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	**78,491**	49,307
Interest expense on lease liabilities	**17,817**	4,588
Expense relating to short-term leases	**-**	20,835
Expense relating to leases of low value assets	**16,204**	3,595

At 30 June 2021, the Group is committed to $nil short-term leases (2020: $nil).

12. EXPLORATION AND EVALUATION

	2021 ($)	2020 ($)
Beginning of the financial year	**9,435,545**	5,053,765
Additions	**11,387,177**	4,381,780
End of the financial year	**20,822,722**	9,435,545

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.

13. TRADE AND OTHER PAYABLES

Trade payables	**3,099,899**	1,358,995
Other payables and accruals	**2,211,109**	544,580
	5,311,008	1,903,575

14. LEASE LIABILITIES

Maturity analysis:		
Year 1	**88,747**	93,922
Year 2	**35,897**	86,167
Year 3	**-**	34,466
	124,644	214,555
Less Unearned interest	**(7,145)**	(19,660)
	117,499	194,895
Analysed as:		
Current	**82,192**	81,152
Non current	**35,307**	113,743
	117,499	194,895

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.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

15. ISSUED CAPITAL

		2021		2020	
(a) Share capital	Notes	No. of securities	$	No. of securities	$
Ordinary shares fully paid	15(c)	**626,478,509**	**45,164,125**	486,560,550	29,087,482
(b) Other equity securities					
Options	15(d)	**51,222,420**	**540,795**	72,260,805	540,795
Total issued capital			**45,704,920**		29,628,277
(c) Movements in ordinary share capital					
Beginning of the financial year		**486,560,550**	**29,087,482**	357,573,073	23,543,143
Issued during the year:					
Issued for cash at 11.1 cents per share		**63,063,063**	**7,000,000**	-	-
Issued for cash at 14 cents per share		**62,221,428**	**8,711,000**	-	-
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		**4,127,715**	**495,326**	-	-
Issued on vesting of performance rights	(i)	**3,645,753**	**-**	-	-
Issued for cash at 7 cents per share		**-**	**-**	22,857,141	1,600,000
Issued for cash at 5 cents per share		**-**	**-**	84,630,336	4,231,517
Issued as compensation at 8.4 cents per share	(ii)	**-**	**-**	3,000,000	252,000
Issued to Acuity Capital	(iii)	**-**	**-**	18,500,000	-
Share issue transaction costs		**-**	**(987,183)**	-	(539,178)
End of the financial year		**626,478,509**	**45,164,125**	486,560,550	29,087,482

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

(ii) As agreed under clause 5.1(c) of the Sale of Mining Tenements Agreement dated 11 April 2011, as amended (Goldphyre Agreement) and entered into between the Company and Goldphyre WA Pty Ltd (Goldphyre), 3,000,000 fully paid ordinary shares were issued by the Company during the year to Goldphyre as consideration for the acquisition by the Company of the mining tenements and mining information specified in the Goldphyre Agreement.

(iii) On 28 February 2020 and ratified by the shareholders on 9 April 2020, the Company entered into a Controlled Placement Agreement (CPA) and agreed to place 18,500,000 shares 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.

15. ISSUED CAPITAL (Continued)

(d) Movements in other equity securities	2021 No. of securities	2021 $	2020 No. of securities	2020 $
Beginning of the financial year	**72,260,805**	**540,795**	102,355,711	353,295
Issued during the year:				
Options issued as compensation	-	-	7,500,000	187,500
Exercise of listed options at 12 cents per option	**(4,127,715)**	-		
Expiry of listed options	**(16,910,670)**	-	(37,594,906)	-
Share option transaction costs	-	-	-	-
End of the financial year	**51,222,420**	**540,795**	72,260,805	540,795

(e) Movements in options on issue	Number of options 2021	Number of options 2020
Beginning of the financial year	**67,775,500**	106,795,060
Movements of options during the year		
Unlisted options issued, exercisable at 17.5 cents, expiring 29 July 2023	**1,500,000**	-
Listed options issued, exercisable at 12.0 cents expring 8 August 2021	-	7,500,000
Unlisted options issued, exercisable at 25.0 cents, expiring 15 April 2020	-	1,787,865
Unlisted options issued, exercisable at 22.5 cents, expiring 27 December 2021		
Exercise of listed options at 12.0 cents per option	**(4,127,715)**	-
Exercise of unlisted options at 10.0 cents per option	**(3,430,000)**	
Exercise of unlisted options at 15.0 cents per option	**(3,430,000)**	
Expired during the year	**(2,500,000)**	(48,307,425)
End of the financial year	**55,787,785**	67,775,500

(f) Movements in performance rights on issue	Number of rights 2021	Number of rights 2020
Beginning of the financial year	**9,850,347**	-
Movements of performance rights during the year		
Unlisted performance rights issued, expiring 4 March 2024	**1,408,623**	9,850,347
Unlisted performance rights vested during the year	**(3,645,753)**	-
Unlisted performance rights cancelled during the year	**(286,192)**	
End of the financial year	**7,327,025**	9,850,347

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

15. ISSUED CAPITAL (Continued)

(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.

(h) 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 programmes 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 position of the Group at 30 June 2021 and 30 June 2020 are as follows:

	2021 ($)	2020 ($)
Cash and cash equivalents	**7,796,799**	3,379,177
Trade and other receivables	**735,600**	258,635
Inventory	**52,760**	-
Trade and other payables	**(5,311,008)**	(1,903,575)
Lease liabilities – current	**(82,192)**	(81,152)
Provisions	**(309,426)**	(184,306)
Working capital position	**2,882,533**	1,468,779

16. DIVIDENDS

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

17. 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 18.

17. RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel compensation

	2021 ($)	2020 ($)
Short-term benefits	**970,586**	679,644
Post-employment benefits	**82,079**	56,772
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	**376,162**	38,557
	1,428,827	774,973

Detailed remuneration disclosures are provided in the remuneration report on pages 31 to 40.

(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.

18. SUBSIDIARIES

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

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name	Country of Incorporation	Class of Shares	Equity Holding[1] 2021 (%)	Equity Holding[1] 2020 (%)
Lake Wells Potash Pty Ltd	Australia	Ordinary	**100**	100
Lake Wells Potash Holdings Pty Ltd	Australia	Ordinary	**100**	-
Laverton Downs Project Pty Ltd	Australia	Ordinary	**100**	-

[1] The proportion of ownership interest is equal to the proportion of voting power held.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

19. 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:

Audit services	2021 ($)	2020 ($)
Hall Chadwick WA Audit Pty Ltd (formerly Bentleys Audit & Corporate (WA) Pty Ltd) – audit and review of financial reports	**36,654**	25,211
Total remuneration for audit services	**36,654**	25,211

20. CONTINGENCIES

Tenement Acquisition Agreements

Goldphyre WA Pty Ltd

Goldphyre WA Pty Ltd and the Company are parties to a sale of Mining Tenements Agreement dated on or about 11 April 2011 under which the Company acquired a 100% interest in 9 Tenements. In consideration, the Company issued the Vendor 7,250,000 ordinary shares and 3,625,000 options (with an exercise price of 20 cents that expired on 30 June 2015) during the 2011 financial period. During the current year, the Company issued 3,000,000 ordinary shares upon the Company completing a bankable feasibility study in any of the projects acquired from the Vendor.

The Company will also issue the Vendor with further ordinary shares in the following circumstances, subject to any necessary regulatory or shareholder approvals:

a) 2,000,000 ordinary shares upon the Company delineating 250,000 ounces of JORC measured gold or equivalent (as a single commodity) that can be verified as an economic deposit by an independent expert, on a project acquired from the Vendor; and

b) 2,000,000 ordinary shares upon the Company delineating a further 250,000 ounces of JORC measured gold or equivalent (as a single commodity) that can be verified as an economic deposit by an independent expert, on a project acquired from the Vendor.

Subject to the grant of a waiver in writing from ASX from Condition 10 of Chapter 1 of the Listing Rules the Company agrees to pay the Vendor a 2% net smelter royalty on any mineral won from the tenements acquired from the Vendor.

R&D Incentive

On 5 February 2021, the Company received a notice from Department of Industry, Science, Energy and Resources with respect to the Company's Research & Development (R&D) application for the 2018/19 financial year which has brought into question the ability of the Company to claim aspects of the R&D Incentive. On advice, the Company is of the opinion that based on the facts to hand, the costs incurred meet the definition of a core R&D Activity and has exercised its rights to request a review of their findings. No specific timeframe has been provided to the Company with regards to the review. The expenditure relating to the R&D Incentive is $3.2m (this relates to a tax offset of $1.4m). Accordingly, no adjustment has been made to the financial report with respect to this matter.

Other than the items disclosed above, there have been no change in contingent liabilities or contingent assets since the last annual reporting date.

21. COMMITMENTS

(a) 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:

	2021 ($)	2020 ($)
Within one year	**3,222,892**	3,642,419
Later than one year but not later than five years	**12,241,622**	12,390,730
Later than five years (i)	**37,441,339**	40,249,046
	52,905,853	56,282,195

22. EVENTS OCCURRING AFTER THE REPORTING DATE

No 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.

23. CASH FLOW INFORMATION

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

Net loss for the year	**(3,734,289)**	(775,551)
Non Cash Items		
Depreciation and amortisation of non-current assets	**127,110**	87,779
Lease liability finance charges	**17,817**	-
Shares issued as consideration for services rendered	**-**	7,172
Share-based payments expense	**500,730**	136,956
Loss on disposal of property, plant and equipment	**26,061**	-
Other	**2,003**	292
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	**(476,965)**	1,053,544
Increase in inventory	**(52,760)**	-
Increase/(decrease) in trade and other payables	**434,356**	(236,897)
Increase in provisions	**125,120**	96,575
Net cash (outflow)/inflow from operating activities	**(3,030,817)**	369,870

(i) Relates to Mining Leases granted for a period of 20 years (until September 2039).

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

(b) Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year. In the prior year the following activities took place:

- On 24 December 2019, the Company issued 3,000,000 ordinary shares at a deemed cost of $252,000 to Goldphyre WA Pty Ltd as consideration for the acquisition by the Company of the mining tenements and mining information specified in the Sale of Mining Tenements Agreement dated 11 April 2011, as amended. This amount is included in 'Exploration and evaluation' on the statement of financial position of the Group.
- On 24 December 2019, the Company issued 7,500,000 listed options exercisable at 12 cents and expiring on 8 August 2021 at a deemed cost of $187,500 to Patersons Corporate Finance as fee for services rendered. This item is included in 'share transaction costs' on the statement of changes in equity of the Group.
- On 28 February 2020 and ratified by the shareholders on 9 April 2020, the Company entered into a CPA and agreed to place 18,500,000 shares 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.
- On 15 April 2020, the Company issued 1,787,865 unlisted options exercisable at 25 cents and expiring on 15 April 2022 at a deemed cost of $7,172 to Cannings Purple as fee for services rendered. This item is included in 'administration expenses' on the statement of profit or loss and other comprehensive income of the Group.

24. LOSS PER SHARE

(a) Reconciliation of earnings used in calculating loss per share	2021 ($)	2020 ($)
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	**(3,734,289)**	(775,551)

(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	**535,323,345**	**386,071,402**
Effects of dilution from:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effects of dilution	**535,323,345**	**386,071,402**

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.

25. 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. During the year, 1,500,000 options were granted with an exercise price of 17.5 cents per option and a contractual term of three years. No options were granted during the year ended 30 June 2020.

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 year was 5.3 cents (2020: nil). 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 total shareholder return **(TSR)** element, if applicable.

	2021	2020
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 assumed that this is indicative of future trends, which may not eventuate.

(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 period or comparative period.

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 comparative period.

(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 1,408,623 performance rights (2020: 9,850,347) with a $nil exercise price (2020: $nil) and expiry of 3 years (2020: 4 years) were granted. The average fair value of the performance rights granted during the period is 13.5 cents (2020: 9.6 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.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

(d) Summary of Share-Based Payments

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

	2021		2020	
	Number of options	Weighted average exercise price (Cents)	Number of options	Weighted average exercise price (Cents)
Outstanding as at 1 July	**10,637,496**	**15.0**	21,350,019	17.7
Granted	**1,500,000**	**17.5**	-	-
Forfeited	**-**	**-**	-	-
Exercised	**(6,860,000)**	**18.0**	-	-
Expired	**(2,500,000)**	**12.5**	(10,712,523)	20.4
Outstanding as at 30 June	**2,777,496**	**19.8**	10,637,496	15.0
Exercisable as at 30 June	**2,777,496**	**19.8**	8,137,496	14.1

The weighted average remaining contractual life of share options outstanding at the end of the year was 1.3 years (2020: 0.8 years), and the exercise prices range from 17.5 to 22.5 cents (2020: 10.0 to 22.5 cents).

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

	2021	2020
	Number of performance rights	Number of performance rights
Outstanding as at 1 July	**9,850,347**	-
Granted	**1,408,623**	9,850,347
Forfeited	**(286,192)**	-
Exercised	**(3,645,753)**	-
Expired	**-**	-
Outstanding as at 30 June	**7,327,025**	9,850,347
Exercisable as at 30 June	**-**	-

The weighted average remaining contractual life of performance rights outstanding at the end of the year was 2.7 years (2020: 3.7 years). Performance rights have $nil exercise price.

25. SHARE-BASED PAYMENTS (Continued)

(d) Summary of Share-Based Payments (Continued)

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

Options				
Number	Grant date	Expiry date	Exercise price (cents)	Fair value at grant date (cents)
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
1,861,702	28 November 2016	28 November 2019	17.5	4.7
2,034,883	28 November 2016	28 November 2019	22.5	4.3
2,559,526	22 December 2016	14 December 2019	17.5	4.2
2,756,412	22 December 2016	14 December 2019	22.5	3.9
1,500,000	23 October 2017	9 May 2020	22.5	5.7
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				
Number	Grant date	Expiry date	Exercise price (cents)	Fair value at grant date (cents)
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

(e) Shares issued to suppliers

No shares were issued to suppliers during the current year. In the prior year the following shares were issued to suppliers:

- On 24 December 2019, the Company issued 3,000,000 ordinary shares at a deemed cost of $252,000 to Goldphyre WA Pty Ltd as consideration for the acquisition by the Company of the mining tenements and mining information specified in the Sale of Mining Tenements Agreement dated 11 April 2011, as amended.
- On 24 December 2019, the Company issued 7,500,000 listed options exercisable at 12 cents and expiring on 8 August 2021 at a deemed cost of $187,500 to Patersons Corporate Finance as fee for services rendered.
- On 15 April 2020, the Company issued 1,787,865 unlisted options exercisable at 25 cents and expiring on 15 April 2022 at a deemed cost of $7,172 to Cannings Purple as fee for services rendered.

Notes to the Consolidated Financial Statements
For the Year Ended 30 June 2021

(f) Expenses arising from share-based payment transactions

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

	2021 ($)	2020 ($)
Shares and options included in share-based payments expense	**497,144**	136,956

26. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Australian Potash Limited, at 30 June 2021. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Current assets	**8,585,159**	3,637,812
Non-current assets	**21,113,946**	9,762,952
Total assets	**29,699,105**	13,400,764
Current liabilities	**(5,702,626)**	(2,169,033)
Non-current liabilities	**(35,307)**	(113,743)
Total liabilities	**(5,737,933)**	(2,282,776)
Issued capital	**45,704,920**	29,628,277
Reserves	**2,146,796**	1,646,066
Accumulated losses	**(23,890,544)**	(20,156,355)
Total equity	**23,961,172**	11,117,988
Loss for the year	**(3,734,189)**	(775,551)
Total comprehensive loss for the year	**(3,734,189)**	(775,551)

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes set out on pages 44 to 77 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2021 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 financial statements.

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

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

Matt Shackleton
Managing Director & Chief Executive Officer
Perth, 23 September 2021

Audit Report

HALL CHADWICK

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS 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") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a)(i).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 auditor independence requirements of 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(a)(vi) in the financial report which indicates that the Group incurred a net loss of $3,734,289 during the year ended 30 June 2021. As stated in Note 1(a)(vi), these events, or conditions, along with other matters as set forth in Note 1(a)(vi), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

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HALL CHADWICK

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.

Key Audit Matter	How our audit addressed the Key Audit Matter

Exploration Expenditure
During the year the Group capitalised exploration expenditure for areas of interest that have progressed to a definitive feasibility stage. The policy is in line with the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"), which allows exploration expenditure to be expensed in full, partially capitalised or fully capitalised, in line with the Group's accounting policies.
 	
During the year the Group incurred exploration expenditure of $11,905,347, of which $11,387,177 was capitalised and the remainder expensed.
 	
Exploration expenditure is a key audit matter due to:
• The level of judgement required in evaluating management's application of the requirements of AASB 6. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge; and
• The carrying value of exploration expenditure represents a significant asset of the Group, we considered it necessary to assess whether facts and circumstances existed to suggest whether impairment indicators exist which involves significant judgement.
	Our audit procedures included but were not limited to:
	• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6;
	• Assessing the Group's rights to tenure for a sample of tenements;
	• Testing the Group's additions to exploration expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Group's accounting policy and the requirements of AASB 6;
	• By testing the status of the Group's tenure and planned future activities, reading board minutes, reviewing funding agreements and discussions with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the mineral exploration expenditure:
	  ◦ The licenses for the rights to explore expiring in the near future or are not expected to be renewed;
	  ◦ Substantive expenditure for further exploration in the area of interest is not budgeted or planned;
	  ◦ Decision or intent by the Group to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and
	  ◦ Data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recorded in full from successful development or sale.

Audit Report

HALL CHADWICK

Key Audit Matter	How our audit addressed the Key Audit Matter
	• We also assessed the appropriateness of the related disclosures in note 12 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

HALL CHADWICK

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit
Report

HALL CHADWICK

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of Australian Potash Limited, for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

DOUG BELL CA
Partner

Dated this 23rd day of September 2021

ASX Additional 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 30 September 2021.

(a) Distribution of equity securities

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

	Ordinary Shares		
	# holders	# shares	% capital
1 - 1,000	53	5,180	0.00
1,001 - 5,000	184	717,755	0.11
5,001 - 10,000	406	3,390,513	0.52
10,001 - 100,000	1,226	54,097,187	8.37
100,00 and over	674	588,063,920	90.99
	2,543	**646,274,555**	**100.00**

There are 248 holders of unmarketable parcels of fully paid ordinary shares (ASX: APC), based on the closing market price of $0.095 on 30 September 2021, representing 779,884 shares and amounting to 0.12% of issued capital.

(b) Restricted securities

There are 3,645,753 restricted securities on issue. These securities were issued on 12 May 2021 upon the conversion of performance rights by employees and the restriction period expires on 12 May 2022.

(c) Voting rights

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

(d) 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	% capital
Yandal Investments Pty Ltd	43,864,974	7.83

ASX Additional Information

(e) 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	7.85
2	Perth Select Seafoods Pty Ltd	24,000,001	3.71
3	Bluedale Pty Ltd <Comb Super Fund A/C>	18,551,172	2.87
4	Acuity Capital Investment Management Pty Ltd <Acuity Capital Holdings A/C>	18,500,000	2.86
5	Cen Pty Ltd	17,200,000	2.66
6	Mr Geoffrey Donald Coultas <The Coultas Family A/C>	15,000,000	2.32
7	Kassett Pty Ltd <Jr Zito Discretionary No 2>	11,520,245	1.78
8	Jemaya Pty Ltd <The Featherby Family A/C>	11,300,000	1.75
9	Seacorp Superfund Pty Ltd <Seacorp Super Fund A/C>	11,027,561	1.71
10	Trade Holdings Pty Ltd <K H & R M Allister S/F A/C>	9,750,000	1.51
11	Mr Phillip Ross Smith	6,840,000	1.06
12	Mr Rodney James Kevan	6,750,000	1.04
13	Tangee Pty Ltd <Affleck A/C>	6,200,000	0.96
14	Oceanic Capital Pty Ltd	6,000,000	0.93
15	Mr Michael Owen Meredith	5,910,461	0.91
16	Goldphyre WA Pty Ltd	5,813,807	0.90
17	Southern Cross Capital Pty Ltd	5,328,572	0.82
18	Fakuba Pty Ltd	5,200,856	0.80
19	Mr Lingbin Huang <Huang A/C>	4,611,156	0.71
20	Mr Norman Surtees	4,500,000	0.70
		244,726,131	**37.87**

ASX Additional Information

(f) Unquoted securities

	Holders of 20% or more of the Class			
Class	# securities	# holders	Holder Name/s	# securities
Unlisted $0.225 options expiring 27/12/2021	1,277,496	1	James Allan Walker	1,277,496
Unlisted $0.25 options expiring 15/04/2022	1,787,865	1	Purple Communications (Australia) Pty Ltd	1,787,865
Unlisted $0.175 options expiring 29/07/2023	1,500,000	2	EM Lambert / Tooradin Park Super Fund	750,000/ 750,000
Performance Rights – Tranche B	3,163,753	11		
Performance Rights – Tranche C	3,199,271	11		

(g) On-market buy-back

There is no current on-market buy-back.

(h) Schedule of interests in mining tenements

Area	Tenement	Interest at 30/09/2021	Area	Tenement	Interest at 30/09/2021
Lake Wells	E38/1903	30%[1]	Lake Wells	LA38/352[3]	100%
	E38/2113	30%[1]		LA38/356[3]	100%
	E38/2114	100%		LA38/357[3]	100%
	E38/2505	30%[1]		M38/1274	100%
	E38/2901	30%[1]		M38/1275	30%[1]
	E38/2988	30%[1]		M38/1276	100%
	E38/3018	30%[1]		MLA38/1287	100%
	E38/3021	30%[1]		MLA38/1288	100%
	E38/3028	30%[1]		MLA38/1289	100%
	E38/3039	100%	Laverton Downs	E38/2724[2]	100%
	E38/3224	30%[1]		E38/3014[2]	100%
	E38/3225	30%[1]		E38/3132	100%
	E38/3226	30%[1]		E38/3402[2]	100%
	E38/3270	30%[1]		E38/3403[2]	100%
	E38/3423	100%		E38/3404[2]	100%
	ELA38/3637[3]	100%	Darlot East	ELA37/1388	100%
	LA38/350[3]	100%		E37/1389	100%
	LA38/351[3]	100%		E37/1390	100%

[1] Effective interest; transfer pending
[2] Tenements held by Laverton Downs Pty Ltd, a wholly owned subsidiary of APC
[3] Tenements held by Lake Wells Potash Pty Ltd, a wholly owned subsidiary of APC

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