



Interim Financial Report

for the half year ended 31 December 2022

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Directors

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

Company Secretary

Michelle Blandford

Registered Office and Principal Place of Business

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16 Milligan Street
PERTH WA 6000
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Solicitors

Steinepreis Paganin
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16 Milligan Street
PERTH WA 6000

Share Registry

Automic Registry Services
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PERTH WA 6000

Auditors

KPMG
235 St George's Terrace
PERTH WA 6000

Website

www.australianpotash.com.au

Stock Exchange Listing

The following are listed on the Australian Securities Exchange:

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

Your directors are pleased to present their report on the consolidated entity consisting of Australian Potash Limited (**APC** or **Company**) and the entities it controlled at the end of, or during, the half year ended 31 December 2022.

Directors

The names of the directors who held office during or since the end of the half year, to the date of this report, are:

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

All directors held office for the entire reporting period.

Principal Activities

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

Review of Operations

	31 December 2022		31 December 2021	
	Income	Results	Income	Results
	\$	\$	\$	\$
Australian Potash Limited	114,545	(1,513,867)	70,192	(3,627,696)

Lake Wells Sulphate of Potash Project (LSOP or Project)

The Lake Wells Sulphate of Potash (**SOP**) Project is located approximately 500km northeast of Kalgoorlie in the eastern Goldfields of Western Australia. It is a 100% borefield SOP project and is being developed without any recourse to a trenching system to abstract (or mine), the potassium rich brines.

Increased Production Delivers Superior Economic Outcomes

During the period APC announced the results of its optimisation study¹ which incorporates the foreshadowed increased brine production at the LSOP.

In the second half of 2021 the Company commenced an early works program focused on the development of 16 additional production bores², site accommodation, power and water treatment infrastructure. Data obtained through the bore development and testing program, including hydro stratigraphic, flow rate and brine composition information, was used to reiterate the hydrogeological flow model (**hydro model**) that underpins the planning and development of the Lake Wells SOP Project.

The hydro model was first developed through the scoping study conducted on the LSOP in 2016/2017³. It was subsequently reiterated through the 2019 Definitive Feasibility Study⁴, the 2021 Front End Engineering Design (**FEED**) program⁵, and finally, with the early works' data sets referenced above.

The financial outcomes, and development and operational strategies of the optimisation study, are based upon this latest iteration of the hydro model. The areas where material changes to the FEED program were modelled are:

- average annual SOP production increased to 205,000 tpa from 170,000 tpa;
- the borefield development was optimised, reducing the number of production wells required in steady state operations to 89 from 172 over life of mine;
- the pre-concentration pond network development and operations remain largely unchanged, with an increase in the size of the harvest pond network to accommodate the larger Kainite Type Mixed Salts (KTMS) feed salt profile; and
- in the processing plant, increases in certain vessel sizes to accommodate the higher SOP output from both brine and muriate of potash conversion.

The optimised production, impact of the current global inflationary environment and scope changes have been reflected in the updated financial metrics below:

Table 1: Optimisation Study Financial Metrics

Financial metric	Unit	FEED value	Optimised development	Change
Annual production	ktpa	170	205	+21%
Number of bores (life of mine)	#	172	89	-48%
Project NPV ₈ (pre-tax, nominal)	A\$m	614	1,014	+65%
IRR (pre-tax)	%	21	22	+5%
CAPEX (including contingency)	A\$m	292	408	+39%
OPEX	US\$/t	251	295	+17%
Annual average EBITDA	A\$m	124	158	+27%
Annual average free cash flow (pre-tax)	A\$m	119	155	+30%
Operational payback period	years	4.5	4.3	-4%
Development schedule (post FID)	months	36	36	-0%

Mine Plan

The optimised life of mine production plan recovers 5.1 Mt of SOP, or 2.3 Mt of potassium, from the total Measured Mineral Resource (MRE) of 18.1Mt of SOP (8.11 Mt K)⁶. Contributing to the mine plan is 100% of the Probable Ore Reserve (3.6 Mt SOP)⁷ with the remaining 1.52 Mt SOP abstracted from the MRE. Accounting for seepage losses, plant recovery losses and entrainment, the recovered potassium equates to approximately 28% of the total pre-mining Mineral Resource.

Table 2: Abstracted brine, potassium & SOP mass for 30 year life of mine

Brine volume recovered (Mm ³)	Mining period (years)	Average pumping rate (L/s)	K concentration (mg/L)			Mass potassium recovered (Mt)	Mass SOP recovered (Mt)	Proportion of MRE
			Start	End	Weighted average			
674	30	712	3,676	3,267	3,406	2.3	5.12	28%

Brine Abstraction

The optimisation program across the brine abstraction model focused on developing abstraction from high flow bores in the western borefield where yields in some bores are modelled at approximately 18 L/s. The borefield will initially comprise 77 bores connected by high density polyethylene pipelines, powered by individual generators. Reticulated power will be supplied to the borefield once the hybrid power station is established.

Table 3: Bore requirements and yield by area (Year 1)

Borefield Pipeline	Number of bores	Yield (L/s)
Southern	24	401
Western	33	186
Eastern	20	72

To maintain target SOP production, abstraction rates of ~659 L/s are required initially, increasing to around 779 L/s in year 23. 77 operational bores are required in year 1 and additional bores are added to the east, and extending to the south, along the main thalweg in subsequent years. By year 25, a total of 89 bores will be operational.

Execution Schedule

A summary of key activities for the project schedule is shown in Figure 1. The critical path for project execution remains the drilling of bores, connection to pipeline and sustained discharge of brine into the evaporation ponds. The APC schedule is designed to ensure a substantive brine flow volume (~401 L/s from the southern borefield) is available on commencement to mitigate the risk of dry out and ensure a sustainable flow is achieved, avoiding issues experienced at other WA SOP operations on start up, that have led to greatly protracted start up timings.

The schedule assumes two drill rigs drilling out the borefield on a 24/7 continuous basis to achieve the shortest possible time to first SOP. The process plant is not on the critical path and its timing is made such that sufficient harvest salts (KTMS) are available to coincide with planned plant start date.

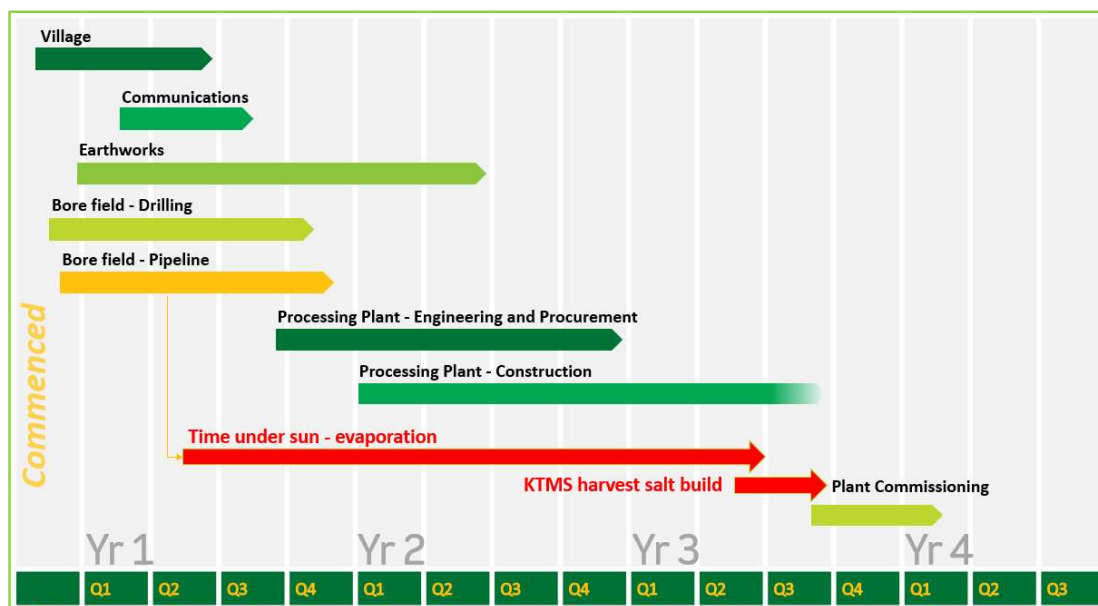


Figure 1: High level project execution schedule

Environmental Approvals

The Minister for Environment issued Statement number 1162 'Statement that a Proposal May be Implemented' (*Environmental Protection Act 1986*) in respect to the LSOP on 1 February 2021. On 25 January 2022, changes were approved under Section 45C to enable increased production output and abstraction volumes. Due to the ramp up period, and currently approved abstraction volumes, the approvals in place are sufficient for the LSOP to commence operations and will not hinder further expansion to 205,000 tpa.

Funding & Offtakes

Discussions, due diligence, and documentation continued with the syndicated debt facility lenders (Northern Australia Infrastructure Fund (**NAIF**), Export Finance Australia (**EFA**) and commercial banks).

During the original FEED program, five binding offtake agreements with four Tier 1 global fertiliser industry counterparties covering 150,000 tpa were executed around the marketing and distribution of the LSOP's premium suite of SOP products. APC is optimising the offtake strategy to place the increased production volumes and allow the Company to access the highest premium price points in the SOP markets into which it will be distributed.

K-Brite™, the trademarked brand of LSOP product, will be produced in a bulk and bagged packaging format, and to premium water-soluble, standard (or crystallised/powdered) and granulated specifications. All products to be produced have been accredited for use in organic agriculture in the European Union, USA and the Australian markets⁸. EcoCert is the certifying agency in Europe, OMRI is the certifying agency in the USA, and Certified Organic Australia covers Australia.

Under the updated production volumes, 65,000 tpa are anticipated to be shipped by bulk from the Port of Geraldton and the remaining production of 140,000 tpa will be shipped from Fremantle in containers. Regardless of bulk versus container, the complete suite of SOP formats will be shipped using both means.



Figure 2: Sunset at Lake Wells

LSOP Expansion

During October 2022, the Company announced⁹ that application had been made for several tenements covering the balance of the Lake Wells' salt lake and palaeochannel system, with the potential to increase the project area of 175% to 1,905km².

APC reports an Exploration Target over the application area, named Lake Wells East (LWE), of between 9.5 Mt and 24 Mt of SOP⁹. The potential quantity and grade of the Exploration Target is conceptual in nature, there has been insufficient exploration to estimate a Mineral Resource and there is no certainty that further exploration work will result in the estimation of a Mineral Resource.

The Company has work plans that will focus on estimating a Mineral Resource using a borefield abstraction model. The experience and techniques developed at the LSOP are directly applicable to LWE, and this will reduce the time and expense in developing the Mineral Resource with dedicated exploration.

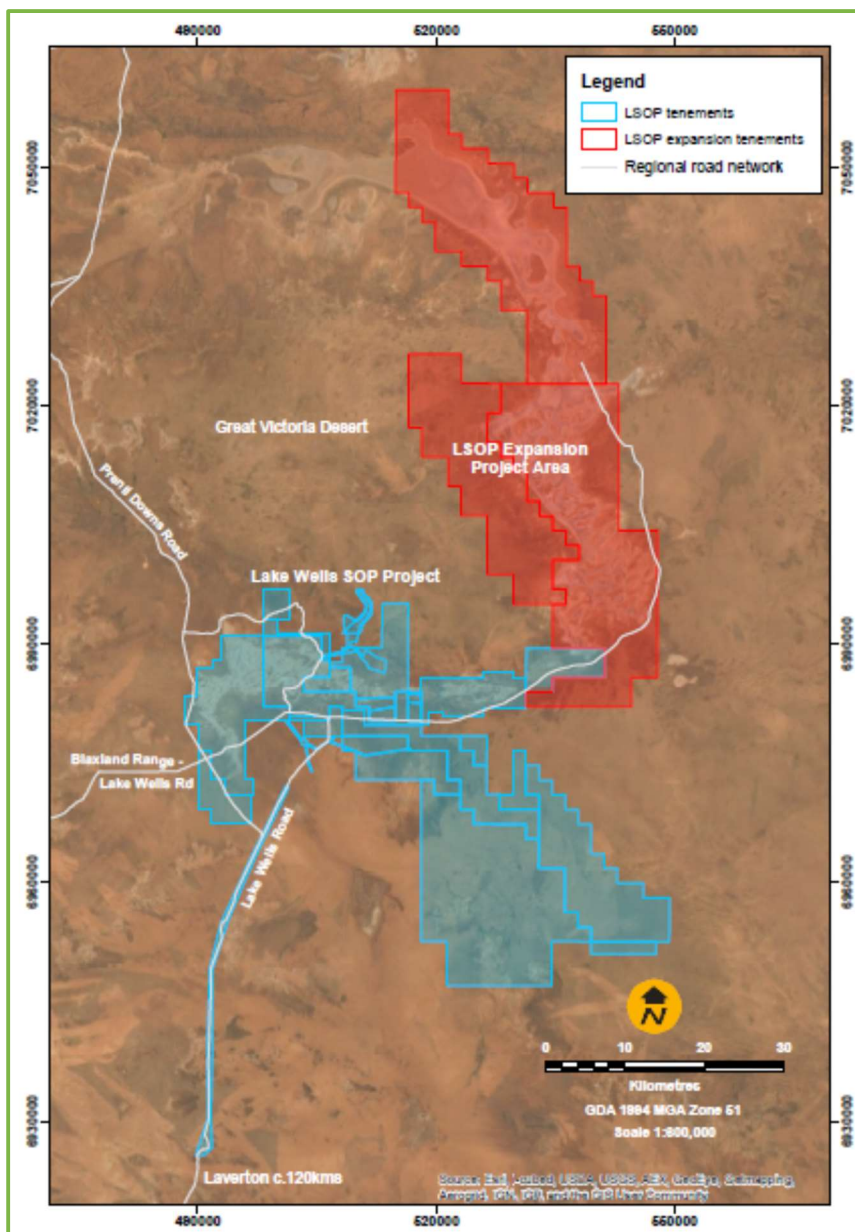


Figure 3:
Lake Wells
SOP Project
Expanded
Tenure

Laverton Training Centre (LTC)

The Laverton Training Centre is an initiative of APC which provides access to nationally accredited vocational training for long-term unemployed Aboriginal people living in this remote part of Western Australia.

The LTC training ethos is modelled on the highly successful Martu-ku Yiwarra Training Centre in Wiluna, a unique four-year pilot remote Aboriginal vocational training program which was funded by local employers, overseen by Martu Elders, and had training delivered by Central Regional TAFE Kalgoorlie (CRTAFE) as the registered training organisation.

The first courses were offered in February 2022 and the first cohort of students received certificates of attainment on 9 August 2022, at a ceremony attended by Hon. Alannah MacTiernan MLC, Minister for Regional Development, Hon. Kyle McGinn MLC, Member for the Mining and Pastoral Region and senior managers of CRTAFE.



Figure 4: 9 August 2022 Certificate Ceremony

The first year of training at the LTC concluded in December 2022. Over the course of the year, 62 students enrolled across 19 courses and successfully completed 217 nationally accredited vocational training units including chainsaws, first aid, bobcat/skid steer, small machinery/dingo, load/unload machinery, White Card, excavator, four wheel drive and local business machinery, as well as units associated with the Aboriginal Ranger Program. In addition to Laverton residents, students travelled from Leonora, Mt Margaret and Wiluna and attendance and training rates are running at 100%.

LTC students are building up a portfolio of relevant skills in order to become competitive in the northern Goldfields employment market and launch into employment pathways.

Training recommenced in mid-February 2023.



Figure 5: Excavator training group at the LTC

Lake Wells Gold Project (LWGP)

In 2018, APC and St Barbara Limited (**SBM**) entered into a joint venture for the exploration, development and mining of non-potash minerals at the Lake Wells Gold Project. In July 2022 SBM provided notice of withdrawal from the LWGP Joint Venture and APC is resuming 100% ownership of the tenements. APC is now reviewing the data compiled from SBM's exploration activities, which will form the basis of future programs.

Laverton Downs Project (LDP)

The Laverton Downs Project is 100% owned by APC and located approximately 20km north of Laverton. Regional geology highlights the potential for gold and nickel sulphide mineralisation. Project evaluation undertaken 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.

Darlot Project (DP)

The Darlot Project comprises three exploration licences across Lake Darlot, 50km ENE of Leinster in the northern Goldfields. A review of historical publicly available data is continuing.

Financial Position

The Group made a loss for the half year to 31 December 2022 of \$1,513,867 (31 December 2021: \$3,627,696). Cash reserves at 31 December 2022 were \$1,384,067 (30 June 2022: \$878,791).

Corporate Activities

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

On 24 October 2022, the Company provided notification of the change in its registered office address to Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000.

On 30 November 2022, the Company held its annual general meeting where all resolutions were passed on a poll, including adoption of several amendments to the Company Constitution.

Events Subsequent to Reporting Date

Subject to period end, the Company announced¹⁰ that it had signed a binding Letter of Intent in relation to the sale of the Laverton Downs Project tenements.

On 16 March 2023, the Company announced¹¹ a capital raising comprising a placement of \$2,077,356 to existing sophisticated and professional investor shareholders. A total of 115,408,645 fully paid ordinary shares will be issued on or around 21 March 2023 at an issue price of 1.8 cents, each with a free attaching option which will be exercisable at 3.6 cents and expire on 21 March 2025.

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) forms part of the Directors' Report and is included on page 12.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001* (Cth).

On behalf of the directors



Matt Shackleton

Managing Director & Chief Executive Officer

Perth, 16 March 2023

¹ Refer ASX Announcement 21 September 2022 '*Increased Production Delivers Superior Economic Outcomes for World Scale LSOP*'. That announcement contains the relevant statements, data and consents referred to in this announcement. APC, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 21 September 2022 announcement; and 2. State that the material assumptions and technical parameters underpinning the estimates in the 21 September 2022 announcement continue to apply and have not materially changed.

² Refer ASX Announcement 23 November 2021

³ Refer ASX Announcement 23 March 2017

⁴ Refer ASX Announcement 28 August 2019

⁵ Refer ASX Announcement 20 April 2021

⁶ Refer ASX Announcement 5 August 2019. The information in this report that relates to the Mineral Resource is based on information announced to the ASX on 5 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

⁷ Refer ASX Announcement 28 August 2019. The information in this report that relates to the Ore Reserve is based on information announced to the ASX on 28 August 2019. APC confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the Estimate in the relevant market announcement continue to apply.

⁸ Refer ASX Announcements 9 February 2021, 12 September 2021 & 11 October 2021.

⁹ Refer ASX Announcement 13 October 2022 '*Strategic Tenement Application Package to Expand Lake Wells*'. That announcement contains the relevant statements, data and consents referred to in this announcement. APC, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 13 October 2022 announcement; and 2. State that the material assumptions and technical parameters underpinning the estimates in the 13 October 2022 announcement continue to apply and have not materially changed.

¹⁰ Refer ASX Announcement 28 February 2023

¹¹ Refer ASX Announcement 16 March 2023



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

To the Directors of Australian Potash Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Australian Potash Limited for the half-year ended 31 December 2022 there have been:

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

A handwritten signature of the KPMG representative in blue ink.

KPMG

A handwritten signature of Glenn Brooks in blue ink.

Glenn Brooks

Partner

Perth

16 March 2023

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**Condensed Consolidated Statement of Profit or Loss
and Other Comprehensive Income**
for the half year ended 31 December 2022



	Notes	6 months ended	
		31 Dec 2022	31 Dec 2021
		\$	\$
Other income		114,545	70,192
Administration expenses	4	(1,448,739)	(2,198,379)
Exploration expenses	5	(176,388)	(1,491,845)
OPERATING LOSS		(1,510,582)	(3,620,032)
FINANCE COSTS			
Finance income		103	148
Finance expenses		(3,388)	(7,812)
NET FINANCE COSTS		(3,285)	(7,664)
LOSS BEFORE INCOME TAX		(1,513,867)	(3,627,696)
Income tax benefit/(expense)		-	-
LOSS FOR THE PERIOD		(1,513,867)	(3,627,696)
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF AUSTRALIAN POTASH LIMITED		(1,513,867)	(3,627,696)
LOSS PER SHARE (cents per share)			
Basic loss attributable to the ordinary equity holders of the Company		(0.17)	(0.5)
Diluted loss attributable to the ordinary equity holders of the Company		(0.17)	(0.5)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position
for the half year ended 31 December 2022



	Notes	31 Dec 2022 \$	30 Jun 2022 \$
CURRENT ASSETS			
Cash and cash equivalents		1,384,067	878,791
Trade and other receivables		235,246	472,142
Inventory		160,473	227,206
TOTAL CURRENT ASSETS		1,779,786	1,578,139
NON-CURRENT ASSETS			
Plant and equipment		171,866	196,733
Right-of-use assets		-	108,143
Intangibles		3,679	4,353
Exploration and evaluation	6	38,631,791	35,763,106
TOTAL NON-CURRENT ASSETS		38,807,336	36,072,335
TOTAL ASSETS		40,587,122	37,650,474
CURRENT LIABILITIES			
Trade and other payables	7	2,708,838	2,206,021
Lease liabilities – current		-	44,116
Provisions – current	8	1,700,124	1,855,167
TOTAL CURRENT LIABILITIES		4,408,962	4,105,304
NON-CURRENT LIABILITIES			
Provisions – non-current	8	498,935	514,350
TOTAL NON-CURRENT LIABILITIES		498,935	514,350
TOTAL LIABILITIES		4,907,897	4,619,654
NET ASSETS		35,679,225	33,030,820
EQUITY			
Contributed equity	9	64,676,602	60,491,225
Reserves		1,986,522	2,009,627
Accumulated losses		(30,983,899)	(29,470,032)
TOTAL EQUITY		35,679,225	33,030,820

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

for the half year ended 31 December 2022



	Issued capital	Reserves	Accumulated losses	Total equity
	\$		\$	\$
BALANCE AT 1 JULY 2021	45,704,920	2,146,796	(23,890,744)	23,960,972
Loss for the period	-	-	(3,627,696)	(3,627,696)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	(3,627,696)	(3,627,696)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the year	15,474,159	-	-	15,474,159
Share issue transaction costs	(895,706)	-	-	(895,706)
Share-based payments	-	19,072	-	19,072
BALANCE AT 31 DECEMBER 2021	60,283,373	2,165,868	(27,518,440)	34,930,801
BALANCE AT 1 JULY 2022	60,491,225	2,009,627	(29,470,032)	33,030,820
Loss for the period	-	-	(1,513,867)	(1,513,867)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	(1,513,867)	(1,513,867)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the year	4,365,686	-	-	4,365,686
Share issue transaction costs	(180,309)	-	-	(180,309)
Share-based payments	-	(23,105)	-	(23,105)
BALANCE AT 31 DECEMBER 2022	64,676,602	1,986,522	(30,983,899)	35,679,225

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

for the half year ended 31 December 2022



	6 months ended	
	31 Dec 2022	31 Dec 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,797	-
Payment of exploration expense	(166,057)	(262,481)
Payments to suppliers and employees	(1,702,592)	(1,313,309)
Interest received	103	275
Interest paid	(2,792)	-
Corporate sponsorship received	114,545	-
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	(1,753,996)	(1,575,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds in relation to/(Payments for) plant and equipment	111,286	(20,199)
Payments for evaluation and exploration	(1,991,399)	(12,916,174)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES	(1,880,113)	(12,936,373)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	4,365,686	15,474,159
Payments of share issue transaction costs	(180,309)	(883,930)
Repayments of lease liabilities	(44,115)	(77,828)
Interest expense of lease liabilities	(596)	-
NET CASH FLOWS INFLOWS FROM FINANCING ACTIVITIES	4,140,666	14,512,401
NET INCREASE IN CASH AND CASH EQUIVALENTS	506,557	513
Cash and cash equivalents at beginning of period	878,791	7,796,799
Effect of exchange rate changes on cash and cash equivalents	(1,281)	6,615
CASH AND CASH EQUIVALENTS AT END OF PERIOD	1,384,067	7,803,927

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Condensed Financial Statements

for the half year ended 31 December 2022

1. CORPORATE INFORMATION

Australian Potash Limited is a company limited by shares, domiciled and incorporated in Australia. This condensed consolidated interim financial report (**Interim Financial Report**) as at and for the six months ended 31 December 2022 comprises the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in the development of the Lake Wells Sulphate of Potash Project.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2022 is available upon request from the Company’s registered office at Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000 or at www.australianpotash.com.au.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

This Interim Financial Report contains general purpose financial statements prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* (Cth), and with International Accounting Standard *IAS 34 Interim Financial Reporting*. All amounts are presented in Australian dollars.

This Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 30 June 2022 and any public announcements made by Australian Potash Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (Cth).

The accounting policies and methods of computation adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Company’s annual financial report for the year ended 30 June 2022. The accounting policies are consistent with Australian Accounting Standards adopted by the Australian Accounting Standards Board (**AASB**) and with the International Financial Reporting Standards.

The Interim Financial Report was authorised for issue by the directors on 16 March 2023.

Going Concern Basis

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

The Group incurred a loss for the period of \$1,513,867 (2021: \$3,627,696), operating cash outflows of \$1,753,996 (2021: \$1,575,515) and net cash inflows of \$506,557 (2021: \$513). The Group is in a current net liability position of \$2,629,176. The ability of the Group to continue as a going concern is reliant on the Group securing funds in March 2023 to fund outstanding creditors and provide working capital, curtailing expenditure to match available cash and/or raising capital by the end of the financial year from equity financing or other means (such as the sale of assets or farm-down of interests in projects). These conditions, and the Group’s ability to raise additional capital indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

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

for the half year ended 31 December 2022

- The Group has secured irrevocable firm commitments with professional and sophisticated investors raising \$2.07 million which is expected to be deposited by 20 March 2023;
- The Group intends to raise additional capital over the course of this financial year, via either:
 - an equity placement to professional or sophisticated investors which is subject to market conditions and the ability to replenish the Company's capacity under ASX Listing Rule 7.1 following the March 2023 raise;
 - a capital raising with existing shareholders (which may include a rights issue or share purchase plan subject to market conditions); or
 - the sale or farm-down of interests in projects.
- The Group has a history of successfully raising equity;
- 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 not receive the funds from the firm commitments of \$2.07 million noted above and further funds from equity placements by the end of the financial year or be able to curtail expenditure, or both, and be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

Adoption of new and revised Accounting Standards

The Group has adopted all new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

Standards and Interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the half year ended 31 December 2022. As a result of this review the Group has determined that there is no material impact of the Standards and Interpretations on issue not yet adopted on the Company and, therefore, no change is necessary to Group accounting policies.

Critical accounting judgements, estimates and assumptions

The Interim Financial Report requires management to make judgments, estimates and assumptions that affect the application of accounting policies. Actual results may differ to these.

The critical accounting judgements, estimates and assumptions adopted in the preparation of the Interim Financial Report are consistent with those adopted and disclosed in the Company's annual financial report for the year ended 30 June 2022.

3. SEGMENT INFORMATION

For management purposes, the Company 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 Company'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 Company's accounting policies.

4. ADMINISTRATION EXPENSES BY NATURE

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Accounting and compliance		88,206	100,382
Consultants		208,125	298,615
Depreciation and amortisation expense		84,329	81,016
Employee benefits expense		744,737	1,100,214
Insurance		56,608	53,908
Legal fees		64,459	194,861
Office costs		88,207	33,938
Telecommunications		22,303	81,903
Travel		33,734	16,869
Share-based payments	14	(23,105)	19,072
Stakeholder engagement		-	115,679
Other		81,136	101,924
		1,448,739	2,198,379

5. EXPLORATION EXPENSE

	Notes	31 Dec 2022 \$	31 Dec 2021 \$
Research and development incentive reversal	8	-	1,382,679
Exploration expenditure expensed		176,388	109,166
		176,388	1,491,845

6. EXPLORATION AND EVALUATION

	31 Dec 2022 \$	30 Jun 2022 \$
Balance at beginning of period	35,763,106	20,822,722
Additions	2,868,685	14,940,384
End of the period	38,631,791	35,763,106

for the half year ended 31 December 2022

The recoverability of the Group'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.

7. TRADE AND OTHER PAYABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
Trade payables	1,728,449	1,295,760
Other payables and accruals	980,389	910,261
	2,708,838	2,206,021

8. PROVISIONS

		31 Dec 2022	30 Jun 2022
	Notes	\$	\$
CURRENT			
Employee entitlements		317,445	472,488
Research and development incentive provision	(i)	1,382,679	1,382,679
		1,700,124	1,855,167
NON-CURRENT			
Employee entitlements		73,168	99,535
Rehabilitation provision	(ii)	425,767	414,815
		498,935	514,350

- (i) During 2020/2021, the Company received a notice from the Department of Industry, Science, Energy and Resources (**Department**) with respect to the Company's Research & Development (**R&D**) application for the 2018/2019 financial year which brought into question the ability of the Company to claim aspects of the R&D incentive. The Company requested, and received, an independent internal review by the Department which concluded a portion of the 2018/2019 R&D application was ineligible. The Company has filed an application in the Administrative Appeals Tribunal (**Tribunal**) to appeal the Department's decision. Pending the outcome of this action before the Tribunal, the Company has recognised a \$1.4 million provision based on the Department's independent internal review. The matter is still ongoing.
- (ii) Provision has been made for the anticipated costs for future rehabilitation of land disturbed or mined.

9. ISSUED CAPITAL

	31 Dec 2022		30 Jun 2022	
	No. of Securities	\$	No. of Securities	\$
SHARE CAPITAL				
Ordinary shares fully paid	923,269,163	64,135,807	808,382,808	59,950,430
OTHER EQUITY SECURITIES				
Options	-	540,795	-	540,795
TOAL ISSUED CAPITAL	923,269,163	64,676,602	808,382,808	60,491,225
MOVEMENTS IN SHARE CAPITAL				
BALANCE AS AT 1 JULY	808,382,808	59,950,430	626,478,509	45,164,125
Issued for cash at 14 cents per share	-	-	9,207,144	1,289,000
Issued for cash at 8 cents per share	-	-	155,962,500	12,477,000
Issued on exercise of listed options at 12 cents per share	-	-	14,234,655	1,708,159
Issued to supplier at 8.4 cents per share	-	-	2,500,000	210,000
Issued for cash at 3.8 cents per share	114,886,355	4,365,686	-	-
Share issue transaction costs	-	(180,309)	-	(897,854)
	923,269,163	64,135,807	808,382,808	59,950,430
MOVEMENTS IN OTHER EQUITY SECURITIES				
BALANCE AS AT 1 JULY	-	540,795	51,222,420	540,795
Exercise of listed options at 12 cents per share	-	-	(14,234,655)	-
Expiry of listed options	-	-	(36,987,765)	-
Issue of unlisted options	-	-	-	-
BALANCE AS AT 31 DECEMBER	-	540,795	-	540,795

10. CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

11. DIVIDENDS

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

12. FINANCIAL INSTRUMENTS

The Group's financial instruments consist of trade and other receivables, trade and other payables and lease liabilities. These financial instruments are measured at amortised cost, less any provision for non-recovery. The carrying amounts of the financial assets and liabilities approximate their fair value.

13. EVENTS SUBSEQUENT TO REPORTING DATE

Subject to period end, the Company announced that it had signed a binding Letter of Intent in relation to the sale of the Laverton Downs Project tenements.

On 16 March 2023, the Company announced a capital raising comprising a placement of \$2,077,356 to existing sophisticated and professional investor shareholders. A total of 115,408,645 fully paid ordinary shares will be issued on or around 21 March 2023 at an issue price of 1.8 cents, each with a free attaching option which will be exercisable at 3.6 cents and expire on 21 March 2025.

There have been no other transactions or events of a material and unusual nature likely, in the opinion of the directors of the Company, to significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

14. SHARE BASED PAYMENTS**(a) Director options**

The Group has provided benefits to directors of the Company in the form of options constituting share-based payment transactions. No options were granted during the period ended 31 December 2022 or in the comparative period ended 31 December 2021.

(b) 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 current period, nil performance rights were granted. During the comparative period ending 31 December 2021, 1,689,772 performance rights with a nil exercise price, expiry of 2.2 years and average fair value of 7.2 cents were granted. A total of 2,226,257 performance rights were forfeited during the period (2021: 964,001) due to cessation of employment.

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.

(c) Incentive Securities Plan

The Group may provide benefits to employees and contractors of the Company in the form of equity securities under the Company's Incentive Securities Plan as approved at the Annual General Meeting on 30 November 2022, constituting a share-based payment transaction. No equity securities have been issued under this plan to date, either during the reporting period or subsequently.

(d) Summary of share-based payments

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

	2022		2021	
	No. of Options	Weighted average exercise price (cents)	No. of Options	Weighted average exercise price (cents)
OUTSTANDING AT 1 JULY	1,500,000	17.5	2,777,496	19.8
Expired	-	-	(1,277,496)	22.5
OUTSTANDING AS AT 31 DECEMBER	1,500,000	17.5	1,500,000	17.5
EXERCISABLE AS AT 31 DECEMBER	1,500,000	17.5	1,500,000	17.5

The weighted average remaining contractual life of share options outstanding at the end of the period was 0.6 years (31 December 2021: 1.6 years), and the exercise price is 17.5 cents (31 December 2021: 17.5 cents).

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

	Number of Rights	
	2022	2021
OUTSTANDING AT 1 JULY	7,657,910	7,327,025
Granted	-	1,689,772
Forfeited	(2,226,257)	(964,001)
OUTSTANDING AS AT 31 DECEMBER	5,431,653	8,052,796
EXERCISABLE AS AT 31 DECEMBER	-	-

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 1.2 years (31 December 2021: 2.2 years). Performance rights have a \$nil exercise price.

(e) Expenses arising from share-based payment transactions

	31 Dec 2022	31 Dec 2021
	\$	\$
Shares and options included in share-based payments expense	(23,105)	19,072

The directors of Australian Potash Limited declare that:

The financial statements and notes, as set out on pages 13 to 23, are in accordance with the *Corporations Act 2001* (Cth), including:

- giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- complying with *Accounting Standard AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001* (Cth).

In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

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

Matt Shackleton

Managing Director & Chief Executive Officer

Perth, 16 March 2023



Independent Auditor's Review Report

To the Shareholders of Australian Potash Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying **Interim Financial Report** of Australian Potash Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Australian Potash does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the **Group's** financial position as at 31 December 2022 and of its performance for the Half-year ended on that date; and
- Complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2022;
- Condensed consolidated statement of profit or loss and other comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date;
- Notes 1 to 14 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises Australian Potash Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Company 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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Material uncertainty related to going concern

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

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Company are responsible for:

- The preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



KPMG



Glenn Brooks
Partner
Perth
16 March 2023