



**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2020**

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 year ended 30 June 2020 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*.

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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

Sophie Raven

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Subiaco WA 6008

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Solicitors

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PERTH WA 6000

Share Register

Automic Registry Services

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PERTH WA 6000

Auditors

Bentleys Audit & Corporate (WA) Pty Ltd

Level 3, 216 St Georges Terrace

PERTH WA 6000

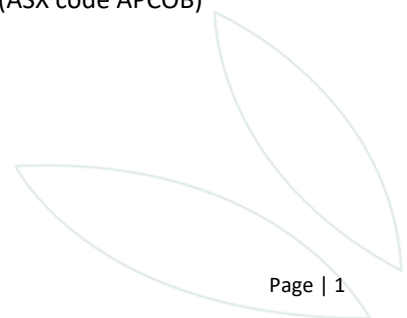
Website

www.australianpotash.com.au

Stock Exchange Listing

The following are listed on the Australian Securities Exchange:

- Australian Potash Limited shares (ASX code APC)
- Australian Potash Limited 12 cent options expiring on 8 August 2021 (ASX code APCOB)



DIRECTORS' REPORT

Your directors are pleased to present their report on the consolidated entity consisting of Australian Potash Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

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:

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)

Review and Results of Operations

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

	2020		2019	
	Revenues	Results	Revenues	Results
	\$	\$	\$	\$
Australian Potash Limited	79,177	(1,889,766)	1,424,066	122,269

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 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

APC also has an Earn-In and Joint Venture (**EIJV**) with St Barbara Ltd (**SBM**) for the Lake Wells Gold Project (**LWGP**). SBM will spend up to \$5.5 million on exploration to earn a 70% interest. APC's 30% interest will be free-carried until the conclusion of a bankable feasibility study into the development of any deposit identified by SBM.

Lake Wells Sulphate of Potash Project (LSOP) – 100% Owned, Western Australia

During the period, APC derisked the Project further with a focus on finalising the Front End Engineering Design (**FEED**) programs, securing offtake agreements for 100% of the Company's Defined Feasibility Study (**DFS**) production output, securing environmental and other approvals, and finalising project development capital.

Funding Strategy

During the period, APC progressed due diligence with a number of debt institutions to provide the LSOP development capital under a multi-tranche senior debt facility.

Subsequent to period end, the Northern Australia Infrastructure Facility (**NAIF**) made a positive investment decision to provide a \$140 million loan facility for the development of the LSOP. The NAIF facility has a 17-year tenor and is the first major step in the financing pathway for the development of the LSOP.

Export Finance Australia continued its detailed due diligence on potentially providing a further tranche to the proposed multi-tranche senior debt facility.

The Company received indicative terms sheets from a number of commercial lenders during the period. A club structure of commercial banks is being formalised and due diligence continues by these banks to provide the final tranche of the senior debt facility.

DIRECTORS' REPORT (CONTINUED)

During the period, the lenders' independent technical expert, Behre Dolbear, completed its review of the financial and technical metrics of the LSOP development and operations. A Public Benefits Report and Independent Market Report were also completed during the period.

Offtake Finalised

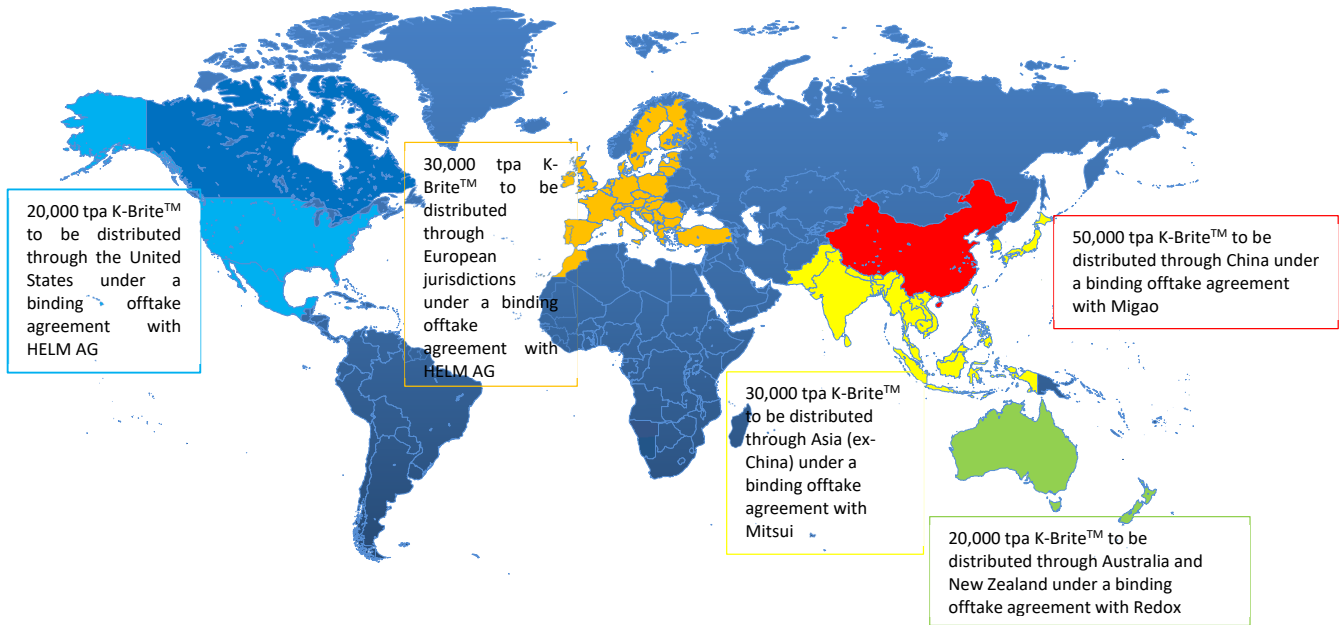
During the period three further offtake agreements were finalised with Tier 1 partners.

In July 2020, a binding offtake agreement was signed with Mitsui & Co. (Asia Pacific) for 30,000tpa of K-Brite™ sulphate of potash 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 30,000 tpa of K-Brite™ sulphate of potash from Lake Wells for distribution into several European jurisdictions.

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

100% of the Company's DFS projected output of 150,000 tpa is now under offtake.



Organic Certification

The LSOP's K-Brite has been certified by ECOCERT as suitable for use in international organic farming, in compliance with European regulations as allowed under European regulation EC 834/2007.

The organic farming market is fast growing as the world moves to more sustainable farming practices. The EU recently announced a goal of reaching 25% of the total European agricultural area as organic farmland by 2030. The current organic farmland makes up 7.7% of the EU's total agricultural land.

The Company is progressing other geographic specific organic certification processes to be recognised in each of its current offtake geographies as a supplier of premium organic SOP for sustainable agriculture.

High Grade Premium Product

The FEED program included further process flow optimisation test work to confirm the process flow design that formed the basis of the tendered EPC SOP process plant package. The test work was performed by Bureau Veritas across all unit processes and confirmed the following product characteristics:

- Potassium (K₂O) 53%
- Sulphate (SO₄) 54%
- Chloride (Cl) <0.1%

The high potassium and low chloride content confirms the premium nature of the standard SOP and fertigation grade SOP products.

It is expected that fertigation grade SOP will be a fast-growing market as the agricultural industry moves towards improved irrigation systems and water use efficiency. Recent estimates of the market size and growth rates of micro-irrigation systems give a robust global compound annual growth rate (CAGR) of over 17% up to 2019 from a baseline of nearly US\$2bn in 2013, with Asia-Pacific growing fastest overall, with a CAGR in excess of 20%.

Premium Granulated Product

The FEED program also included granulation test work undertaken by FEECO International on the LSOP feed salts produced during the evaporation trial ponds in late 2018. FEECO completed granulation test work at its facility in North America. A variety of tests were conducted to assess different binder combinations and finished product characteristics such as granular hardness and quality.

The granulation test work confirmed the granular K-Brite product will have a >50% potassium content and >4 kg/granule hardness with the use of a benign binder. Granulated SOP has improved handling and application characteristics and is used as both a direct application SOP and in blended NPK fertilisers.

FEECO is recognised globally as an expert in process design and manufacturing solutions for complete fertiliser systems and turnkey production facilities including bulk material handling, granulation technology and control systems.



Figure 1: LSOP granulated product showing well-formed granules

Approvals Pathway

In February 2021, Minister for Environment, the Honourable Stephen Dawson, conveyed the Statement that a Proposal May be Implemented for the Lake Wells Sulphate of Potash Project. Consistent with s45(1) of the Environment Protection Act 1986, the Minister has consulted with other decision-making authorities and reached agreement that the development proposal for the LSOP may be implemented. All decision-making authorities have been advised that they may now proceed to the issuing of the requisite, standard licenses and permits to commence development.

Front End Engineering Design (FEED)

Tender documents for all packages of work for the development of the LSOP, including 6 Engineering, Procurement and Construction (EPC) and 2 Engineering, Procurement, Construction and Management (EPCM)/Design and Construct (D&C) packages, were issued. Bids have been received back for all packages and are currently being assessed.

Other FEED work programs are currently being finalised post period end in anticipation of making a final investment decision to develop the LSOP.

Lake Wells Gold Project (LWGP) – WA, Joint Venture with St Barbara (SBM)

Drilling by SBM has continued to expand the footprint and tenor of gold mineralisation, with a mineralised corridor exceeding 9 kilometres in length delineated (refer to Figure 2 below).

The LWGP exploration program is based upon a comprehensive and detailed dataset that includes magnetic and gravity geophysics, and mapping of bottom of hole (BOH) geochemistry. Analysis of the available data has generated target opportunities for follow up drill programs. SBM commenced the drilling programs with a circa 60,000 metre Air-Core program, which in turn has delineated a ~1km wide mineralised corridor extending over 9 kilometres at the Southern Yamarna Anomaly Camp (SYAC).

The Yamarna greenstone belt is not only home to the multi-million-ounce Gruyere JV Project which is targeted to produce an average of 300,000 ounces per annum for 10 years, but are typified by a deep cover profile and subtle gold anomalies, lending itself to exploration using AC drilling.

The highest grade air-core (AC) assay results from the regional scale drilling program were returned, including:

- LWAC0900: 1m @ 3.88g/t Au from 47m
- LWAC0979: 3m @ 2.03g/t Au from 62m including 1m @ 5.53g/t Au from 62m and 4m @ 0.33g/t Au from 71m
- LWAC0824: 3m @ 0.99g/t Au from 53m including 1m @ 2.46g/t Au from 55m and 1m @ 0.111g/t Au from 58m

Subsequent to period end, a three-hole diamond core drill program was completed by SBM in addition to a 19 hole, 2,400 metre Reverse Circulation (RC) drill program. Analysis and assay results are yet to be received.

Notification was received from SBM that the expenditure commitment per the EIJV had been satisfied on 15 February 2021, which is a pre-requisite to the formation of a non-incorporated joint venture.

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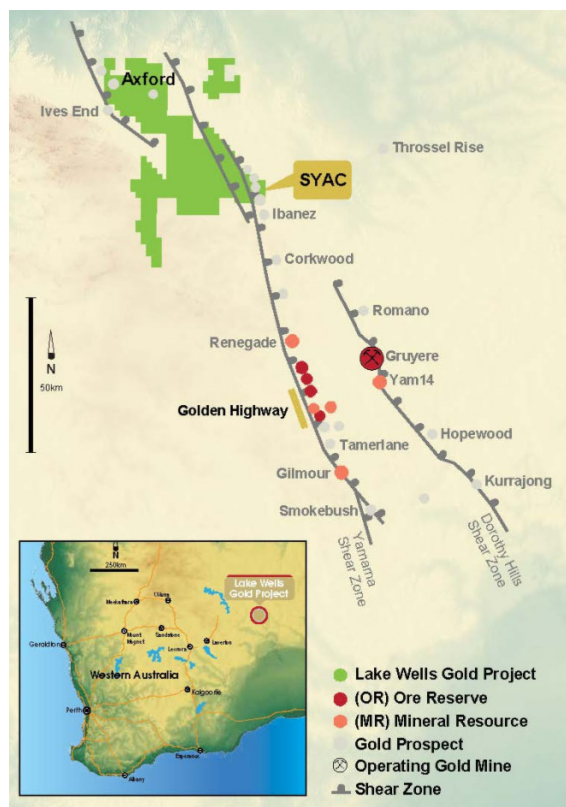


Figure 2: Project location map showing the South Yamarna Anomaly Camp (SYAC)

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.

Board Appointment

During July 2020, Cathy Moises joined the APC Board as a non-executive director, bringing more than thirty years' experience in the finance and resources sector. Ms Moises has extensive knowledge and experience in financial markets and the resources industry, having worked as a senior resources analyst, head of research and partner 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.

Annual General Meeting

The Company's Annual General Meeting was held on 25 November 2020, at which the requisite majority passed all resolutions presented to shareholders.



DIRECTORS' REPORT (CONTINUED)

Auditor's Independence Declaration

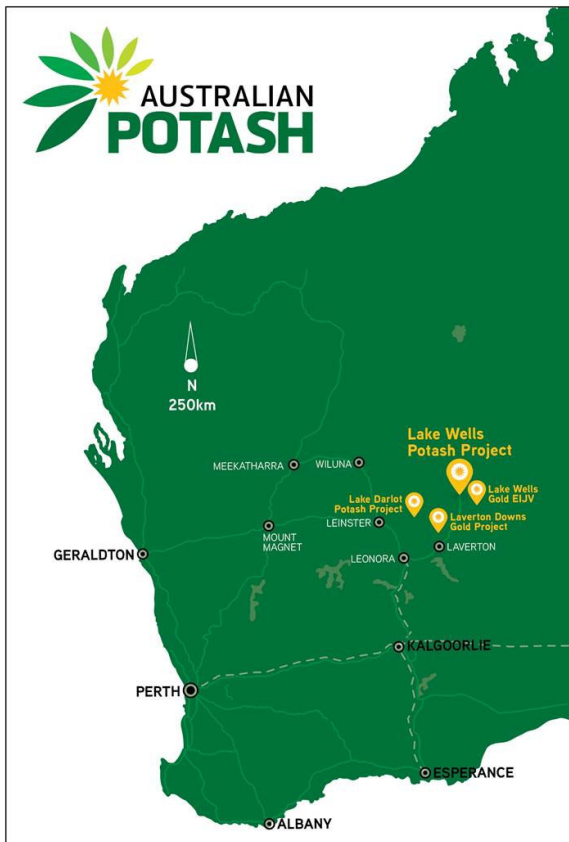
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

This report is made in accordance with a resolution of directors.

Matt Shackleton

Managing Director and Chief Executive Officer
Perth, 12 March 2021

About Australian Potash Limited



“Using the sun and the wind, with high-penetration renewable power, Australian Potash is going to produce organically certified, environmentally sustainable green Sulphate of Potash that will go to the world’s most productive and high-value markets.”

MD & CEO
Matt Shackleton

APC holds a 100% interest in the Lake Wells Sulphate of Potash, located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields. The Lake Wells Sulphate of Potash project will be a long life, low capital and high margin SOP producer.

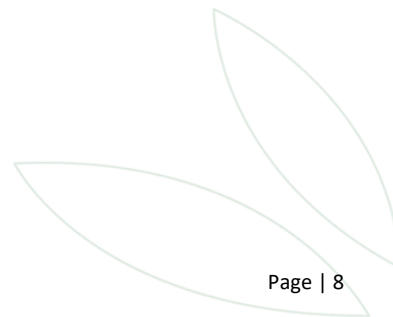


K-Brite is a registered trademark brand of Australian Potash Limited (ASX: APC), representing the premium Sulphate of Potash (SOP) to be produced from the Company's flagship Lake Wells Sulphate of Potash Project (LSOP). The LSOP's K-Brite has been certified by ECOCERT as suitable for use in international organic farming, in compliance with European regulations as allowed under European regulation EC 834/2007. The organic farming market is fast growing as the world moves to more sustainable farming practices.

Please visit www.australianpotash.com.au for more information.

Forward Looking Statements

This announcement 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.



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To the Board of Directors

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

As lead audit Partner for the review of the financial statements of Australian Potash Limited for the period ended 31 December 2020, 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 review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,


BENTLEYS
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 12th day of March 2021

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

		Six Months ended 31 December 2020 \$	Six Months ended 31 December 2019 \$
REVENUE			
Finance Revenue		314	2,497
Other income	3	78,863	1,421,569
EXPENDITURE			
Administration expenses		(758,265)	(595,329)
Depreciation and amortisation expenses		(61,212)	(30,855)
Employee benefits expenses		(602,588)	(639,605)
Exploration expenses		(163,775)	(99,288)
Interest expense		(14,307)	(4,336)
Share-based payments expense	13(e)	(368,796)	67,616
(LOSS)/PROFIT BEFORE INCOME TAX		(1,889,766)	122,269
Income tax benefit/(expense)		-	-
(LOSS)/PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		(1,889,766)	122,269
Other comprehensive income		-	-
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF AUSTRALIAN POTASH LIMITED		(1,889,766)	122,269
(Loss)/earnings per share (cents)			
Basic (loss)/profit per share (cents)		(0.4)	0.03
Diluted (loss)/profit per share (cents)		(0.4)	0.03

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

AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$	30 June 2020 \$
CURRENT ASSETS			
Cash and cash equivalents		4,539,863	3,379,177
Trade and other receivables		232,756	258,635
TOTAL CURRENT ASSETS		4,772,619	3,637,812
NON CURRENT ASSETS			
Plant and equipment		140,841	133,186
Right-of-use assets	4	151,234	188,746
Intangibles		4,454	5,375
Exploration and evaluation	5	13,275,784	9,435,545
TOTAL NON CURRENT ASSETS		13,572,313	9,762,852
TOTAL ASSETS		18,344,932	13,400,664
CURRENT LIABILITIES			
Trade and other payables	6	1,793,949	1,903,575
Lease liabilities	7	82,353	81,152
Provisions		232,536	184,306
TOTAL CURRENT LIABILITIES		2,108,838	2,169,033
NON CURRENT LIABILITIES			
Lease liabilities	7	86,117	113,743
TOTAL NON CURRENT LIABILITIES		86,117	113,743
TOTAL LIABILITIES		2,194,955	2,282,776
NET ASSETS		16,149,977	11,117,888
EQUITY			
Issued capital	8	36,177,750	29,628,277
Reserves		2,018,448	1,646,066
Accumulated losses		(22,046,221)	(20,156,455)
TOTAL EQUITY		16,149,977	11,117,888

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 2020

	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
Profit for the period	-	-	122,269	122,269
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE PROFIT	-	-	122,269	122,269
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the period	1,979,500	-	-	1,979,500
Share issue transaction costs	(302,794)	-	-	(302,794)
Issue of employee options	-	(67,616)	-	(67,616)
BALANCE AT 31 DECEMBER 2019	25,573,144	1,434,322	(19,258,635)	7,748,831
	\$	\$	\$	\$
BALANCE AT 1 JULY 2020	29,628,277	1,646,066	(20,156,455)	11,117,888
Loss for the period	-	-	(1,889,766)	(1,889,766)
Other comprehensive income for the period	-	-	-	-
TOTAL COMPREHENSIVE LOSS	-	-	(1,889,766)	(1,889,766)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the period	7,002,411	-	-	7,002,411
Share issue transaction costs	(452,938)	-	-	(452,938)
Share based payment – suppliers	-	3,586	-	3,586
Share based payment – employees	-	368,796	-	368,796
BALANCE AT 31 DECEMBER 2020	36,177,750	2,018,448	(22,046,221)	16,149,977

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 2020

	Six Months ended 31 December 2020 \$	Six Months ended 31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	11,363	283,970
Expenditure on exploration	(129,341)	(119,753)
Payments to suppliers and employees	(1,243,071)	(1,462,321)
Interest received	639	2,538
Research and development refund received	-	2,734,534
Government grants	67,500	-
Net cash (outflow)/inflow from operating activities	(1,292,910)	1,438,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for plant and equipment	(35,039)	(23,707)
Payments for evaluation and exploration	(3,963,119)	(3,252,103)
Net cash outflow from investing activities	(3,998,158)	(3,275,810)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares and options	7,002,411	1,519,000
Payments of share issue transaction costs	(503,103)	(22,642)
Repayment of lease liabilities	(38,345)	(3,801)
Net cash inflow from financing activities	6,460,963	1,492,557
Net increase/(decrease) in cash and cash equivalents	1,169,895	(344,285)
Cash and cash equivalents at the beginning of the half-year	3,379,177	1,952,751
Effect of exchange rate changes on cash and cash equivalents	(9,209)	2,772
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	4,539,863	1,611,238

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This condensed consolidated 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 2020 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*.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going Concern

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

The Group incurred a loss for the period of \$1,889,766 (2019: Profit \$122,269) and net cash inflows of \$1,169,895 (2019: Outflows \$344,285). The ability of the Group to continue as a going concern is reliant on the Group securing funds by raising capital from equity financing, debt financing or other means and managing cashflow in line with available funds. These conditions 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 \$7,000,000 raised in November 2020 following placements to professional and sophisticated investors;
- 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT (continued)

Adoption of new and revised Accounting Standards

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

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 2020. 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 Company and, therefore, no change is necessary to Group accounting policies.

Critical accounting judgements, estimates and assumptions

The critical accounting judgements, estimates and assumptions adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020.

2. 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.

3. OTHER INCOME

	31 Dec 2020	31 Dec 2019
	\$	\$
Other	78,863	14,614
Research and development tax incentive	-	1,406,955
	78,863	1,421,569

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

4. LEASES (GROUP AS LESSEE)

	31 Dec 2020	30 Jun 2020
OFFICE LEASE	\$	\$
COST		
Beginning of the period	238,053	-
Additions	-	238,053
End of the period	238,053	238,053
ACCUMULATED DEPRECIATION		
Beginning of the period	49,307	-
Charge for the period	37,512	49,307
End of the period	86,819	49,307
CARRYING AMOUNT	151,234	188,746

The Group has ongoing leases for office space during the half-year. The average lease term is 2 years (30 June 2020: 3 years).

The maturity analysis of lease liabilities is presented in note 7.

Amounts recognised in profit and loss

	31 Dec 2020	31 Dec 2019
	\$	\$
Depreciation expense on right-of-use assets	37,512	13,225
Interest expense on lease liabilities	11,920	3,172
Expense relating to short-term leases	-	20,835
Expense relating to leases of low value assets	6,157	1,797

At 31 December 2020, the Group has \$nil short-term leases (30 June 2020: \$nil).

5. EXPLORATION AND EVALUATION

	31 Dec 2020	30 Jun 2020
	\$	\$
Beginning of the period	9,435,545	5,053,765
Additions	3,840,239	4,381,780
End of the period	13,275,784	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.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

6. TRADE AND OTHER PAYABLES

	31 Dec 2020	30 Jun 2020
	\$	\$
Trade payables	1,310,636	1,358,995
Other payables and accruals	483,313	544,580
	1,793,949	1,903,575

7. LEASE LIABILITIES

Maturity analysis:

Year 1	92,196	93,922
Year 2	89,316	86,167
Year 3	-	34,466
	181,512	214,555
Less Unearned interest	(13,042)	(19,660)
	168,470	194,895

Analysed as:

Non current	86,117	113,743
Current	82,353	81,152
	168,470	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.

8. ISSUED CAPITAL

	31 December 2020		30 June 2020	
	Number	\$	Number	\$
(a) Share capital				
Ordinary shares fully paid	549,643,704	35,636,955	486,560,550	29,087,482
(b) Other equity securities				
Options	72,240,715	540,795	72,260,805	540,795
		36,177,750		29,628,277



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

8. ISSUED CAPITAL (continued)

(c) Movements in ordinary share capital	2020	2020	2019	2019
	Shares	\$	Shares	\$
Balance as at 1 July	486,560,550	29,087,482	357,573,073	23,543,143
Issues of ordinary shares during the half-year				
Issued on exercise of listed options at 12 cents per share	20,090	2,411	-	-
Issued for cash at 11.1 cents per share	63,063,064	7,000,000	-	-
Issued for cash at 7 cents per share	-	-	22,000,000	1,540,000
Issued as compensation	-	-	3,000,000	252,000
Share issue transaction costs	-	(452,938)	-	(302,794)
Balance as at 31 December	549,643,704	35,636,955	382,573,073	25,032,349

(d) Movements in other equity securities	2020	2020	2019	2019
	No.	\$	No.	\$
Balance as at 1 July	72,260,805	540,795	102,355,711	353,295
Issues of listed options during the half-year				
Options issued as compensation	-	-	7,500,000	187,500
Exercise of listed options at 12 cents per share	(20,090)	-	-	-
Expiry of listed options	(16,910,670)	-	(37,594,906)	-
Balance as at 31 December	55,330,045	540,795	72,260,805	540,795

(e) Movements in options on issue	Number of options	
	2020	2019
Balance as at 1 July	67,775,500	106,795,060
Movements of options during the half-year		
Unlisted options issued, exercisable at 17.5 cents, expiring 29 July 2023	1,500,000	-
Unlisted options issued, exercisable at 12.0 cents, expiring 8 August 2021	-	7,500,000
Exercised during the half-year	(20,090)	-
Expired during the half-year	(2,500,000)	(46,807,429)
Balance as at 31 December	66,755,410	67,487,631



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

8. ISSUED CAPITAL (continued)

(f) Movements in performance rights on issue	Number of rights	
	2020	2019
Balance as at 1 July	9,850,347	-
Movements of performance rights during the half-year		
Unlisted performance rights issued expiring 4 March 2024	1,408,623	-
Balance as at 31 December	11,258,970	-

9. CONTINGENCIES

Subsequent to period end, 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 reported above, there has been no change in contingent liabilities or contingent assets since the last annual reporting date.

10. DIVIDENDS

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

11. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of trade and other receivables and trade and other payables. 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.

12. SUBSEQUENT EVENTS

Subsequent to period end, on 2 March 2021 the Company advised that the Northern Australia Infrastructure Facility (NAIF) has made an Investment Decision to provide a debt financing facility of \$140m with a 17 year tenor for the development of the Lake Wells SOP Project.

Subsequent to period end, the Company has issued 3,692,926 fully paid ordinary shares on the conversion of 3,692,926 listed options (APCOB) with an exercise price of \$0.12 each.

Other than matters above, no other matter or circumstance has arisen since 31 December 2020, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

13. 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 period ended 31 December 2020, 1,500,000 options were granted. Options granted had an exercise price of 17.5 cents per option and a contractual term for the options is three years. No options were granted in the prior 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

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

	Six Months ended 31 December 2020	Six Months ended 31 December 2019
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	70.6%	-
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 periods.

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.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

13. SHARE-BASED PAYMENTS (continued)

(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 current period, 1,408,623 performance rights with a nil exercise price and expiry of 3.3 years were granted. The average fair value of the performance rights granted during the period is 13.5 cents.

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

(d) Summary of Share-Based Payment

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

	2020	Weighted average exercise price (Cents)	2019	Weighted average exercise price (Cents)
	Number of options		Number of options	
Outstanding as at 1 July	10,637,496	15.0	21,350,019	17.7
Granted	1,500,000	17.5	-	-
Forfeited	-	-	-	-
Expired	(2,500,000)	18.0	(9,212,523)	20.1
Exercised	-	-	-	-
Outstanding as at 31 December	9,637,496	14.6	12,137,496	15.9
Exercisable as at 31 December	9,637,496	14.6	9,637,496	15.4

The weighted average remaining contractual life of share options outstanding at the end of the period was 1.0 years (31 December 2019: 1.5 years), and the exercise prices range from 10 to 22.5 cents (31 December 2019: 10.0 to 22.5 cents).

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

	Number of rights	
	2020	2019
Outstanding as at 1 July	9,850,347	-
Granted	1,408,623	-
Forfeited	-	-
Expired	-	-
Exercised	-	-
Outstanding as at 31 December	11,258,970	-
Exercisable as at 31 December	-	-

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 3.2 years (31 December 2019: nil). Performance rights have a \$nil exercise price.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

13. SHARE-BASED PAYMENTS (continued)

(e) Expenses arising from share-based payment transactions

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

	Six Months ended 31 December 2020	Six Months ended 31 December 2019
Shares and options included in share-based payments expense	\$ 368,796	\$ (67,616)

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DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 10 to 22 are in accordance with the *Corporations Act 2001*, including:
 - a. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Australian Potash Limited 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.



Matt Shackleton

Managing Director and Chief Executive Officer

Perth, 12 March 2021

Independent Auditor's Review Report

To the Members of Australian Potash Limited

Conclusion

We have reviewed the accompanying half-year financial report of Australian Potash Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the 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, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Potash Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Australian Potash Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

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* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Independent Auditor's Review Report

To the Members of Australian Potash Limited (Continued)



Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated Entity incurred a net loss of \$1,889,766 during the half year ended 31 December 2020. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of the Australian Potash Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2020 and 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*.

A review of a half-year 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.


BENTLEYS
Chartered Accountants


MARK DELAURENTIS CA
Partner

Dated at Perth this 12th day of March 2021

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