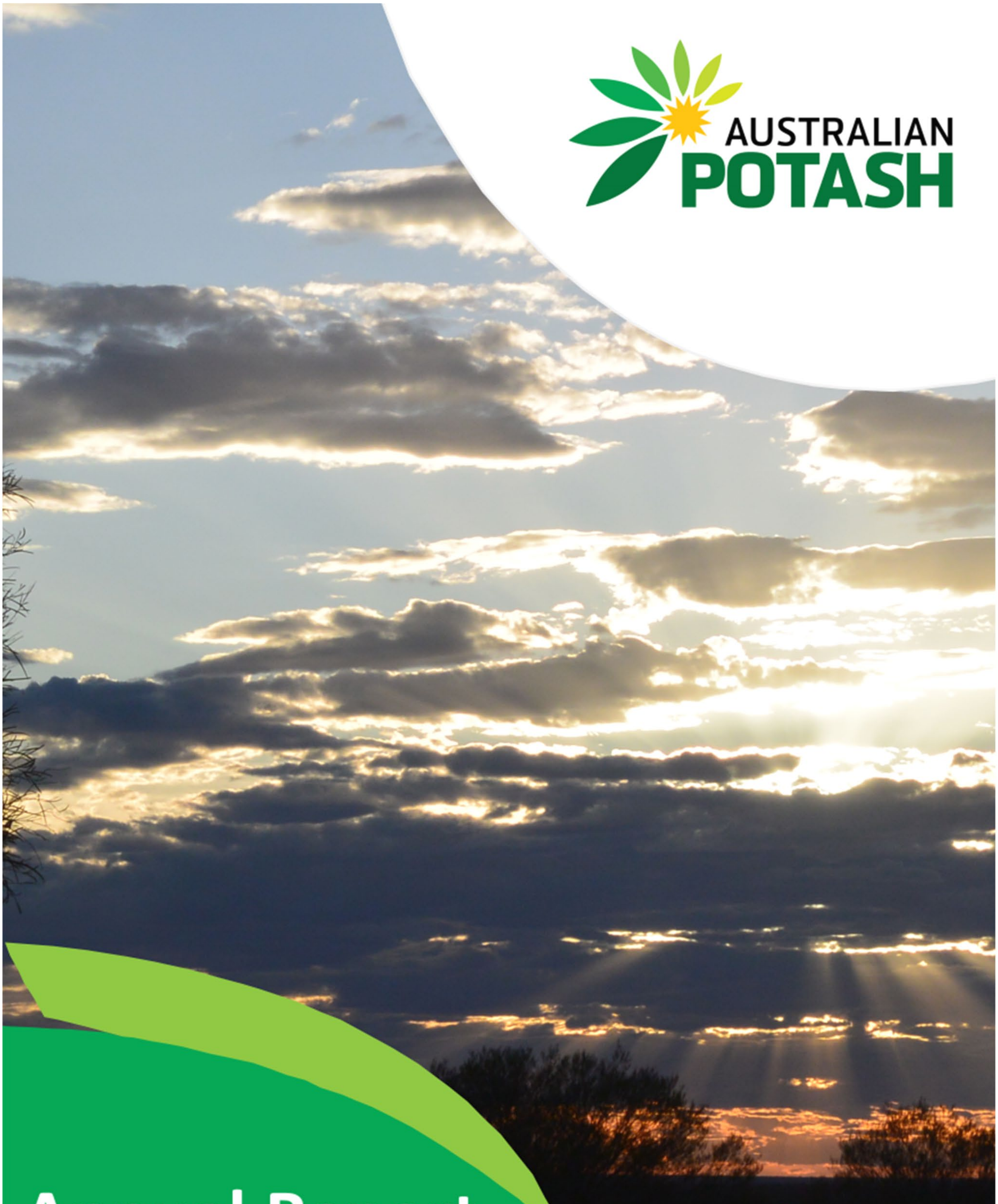
AUSTRALIAN POTASH



Annual Report

Year Ended 30 June 2023

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Directors

Cathy Moises (Non-Executive Chair)

Matt Shackleton (Managing Director & Chief Executive Officer)

Jonathan Fisher (Non-Executive Director)

Company Secretary

Joel Ives

Registered Office & Principal Place of Business

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PERTH WA 6000

Telephone: +61 8 9322 1003

Solicitors

Steinepreis Paganin

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PERTH WA 6000

Share Registry

Automic Registry Services

Level 2, 267 St George's Terrace

PERTH WA 6000

Auditors

KPMG

235 St George's Terrace

PERTH WA 6000

Website

www.australianpotash.com.au

Stock Exchange Listing

At the date of this report the following are listed (suspended from trading 2 October 2023) on the Australian Securities Exchange:

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

Dear Shareholders

Welcome to the 2022/23 Annual Report for Australian Potash Limited. I had the pleasure of becoming your Chair following the Company effectuating the Deed of Company Arrangement in February 2024.

The 2023 financial year, and the period up to the date of this report, was undeniably a difficult and tumultuous time for the Company, the Lake Wells Sulphate of Potash Project (LSOP), stakeholders and of course you as a shareholder. The optimism the board and management team had towards the likely successful development of the LSOP was tempered during the period by the continued travails of peer developers, a deteriorating economic climate and the consequential cooling of investor interest in the newly emerging Australian potash sector.

During the year to 30 June 2023, the Company's management team continued to generate new interest in the LSOP development opportunity, as well as fostering the discussions and due diligence processes that were already afoot. Notwithstanding the consistent feedback as to the quality of the work that the team had conducted on de-risking the LSOP development, the worsening economic climate for large scale capital expenditure programs, driven in the main by the rising cost environment typified by inflation rates of over 5% per annum, together with the demonstrable and public execution failures in the sector, culminated in the board reshaping the strategy for the LSOP development in the interests of preserving as much shareholder wealth as feasible. Following the year end, the Company surrendered the mining leases that comprised the LSOP and by October 2023 had finalised rehabilitation of site disturbances and demobilised all personnel.

The period of transformation for the Company continued through the appointment in December 2023 of voluntary administrators. A Deed of Company Arrangement was proposed by Managing Director and CEO Matt Shackleton in January 2024, with creditors resolving to accept the terms of that DOCA, with control of the Company returning to directors on 1 February 2024.

As we now prepare to finalise the recapitalisation of the Company I would like to express my gratitude to you as one of Australian Potash's shareholders. On successful completion, your Company will be ideally positioned to take advantage of the enormous potential of the Lake Wells Gold Project and the extremely interesting Western Australian West Arunta rare earth and lithium prospects at the Nexus Project. The board and management team look forward to working with all of our stakeholders over the coming year as we continue to strive to create meaningful shareholder value.

Cathy Moises
Non-Executive Chair

Lake Wells Gold Project

The Lake Wells Gold Project (LWGP) operated as a joint venture with St Barbara Limited (SBM) between 7 October 2018 until 12 August 2022, at which time SBM withdrew from the Project. On withdrawal SBM attended to its rehabilitation obligations and transferred its interest in the tenements and all of the geological data and analysis it had generated from the project back to APC. The Company is now a 100% holder of the tenements.

The Company commissioned the full reinterpretation of all of the available data across the entire area of the LWGP subsequent to the end of this year's financial reporting period.

The Lake Wells Gold Project is located at the northern end of the Yamarna Belt of Western Australia, and includes the northernmost section of the Yamarna Shear Zone("YSZ"). The YSZ is a regional scale shear zone which roughly represents the contact between the Yamarna Belt Greenstones and the surrounding country rock granites and it plays a major role in the formation of gold deposits in the local area including hosting Gold Road Resource's "Golden Highway" complex of deposits 55km to the south. Gold Road has also identified high grade gold mineralisation to the east of the YSZ at the Ibanez prospect which is just 3km to the south of the Lake Wells Gold Project.

Potential Gold Targets

Two higher priority target areas have been identified as being prospective for potentially economic gold mineralisation and have not yet been fully tested by drilling.

Western Target:

This target is the projected northern strike extension of the YSZ and is prospective for Golden Highway style mineralisation. The target consists of a 6km strike length of untested YSZ which has only a single drill line over it, the two holes on that line which coincide with the shear zone have returned anomalous gold grades of up to 0.28g/t (2021LWDD0017) and 0.94g/t (2020LWAC1075).

The Golden Highway on the Gold Road Project comprises a 10km long section of the YSZ which is a consistent 20m - 50m wide ductile shear zone within mafic volcanics with a background gold grade of 0.1g/t. The shear hosts several discrete high-grade shoots with a strike length of 600-800m, 3-5m width and gold grades >5g/t. Formation of the high-grade shoots appears to be related to a series of NW trending faults which breaks the main Yamarna Shear up into a series fault blocks or "compartments" with a high-grade shoot developing within a compartment constrained by the cross-cutting faults.

When reviewing the magnetic geophysical data, the magnetic units which represent the Yamarna Shear, and the host units of the Golden Highway mineralisation can be traced striking north into APC's ground. It appears that these prospective units could be located further to the west than previously interpreted so the existing AC drill lines that were intended to test the Yamarna Shear may have actually stopped too far to the east. This is supported by 2019 St Barbara JV gravity data (refer to figure 2 below) which shows the gravity high (greenstones) extending west beyond the end of the regional AC lines.

St Barbara conducted a structural review of the project in 2020 and have interpreted NW trending structures crossing the interpreted position of the Yamarna Shear giving the area a similar structural setting to the Golden Highway.

Eastern Target:

The target is an 8 km strike extension of the Ibanez host rock package. The magnetic data shows that this package continues north from Ibanez up through APC's tenements for 8km and includes a prominent S shaped bend featuring a nearly 90-degree strike change which is considered a desirable structural target for gold mineralisation. Existing drilling, mostly AC over this area only consists of 1,600m - 2,000m spaced drill lines which are too widely spaced to effectively test for a small footprint (600m - 800m strike length), high grade deposit.

Mineralisation at Ibanez is hosted within a narrow dolerite which has intruded into a volcaniclastic package with a 600m long high-grade shoot with gold grades of up to 10g/t. The change in strike as the stratigraphy is folded around the S bend are positions where dilation zones will develop and provide favourable positions for additional dolerites to intrude and these dolerites would then be preferred host rocks for Ibanez style gold mineralisation.

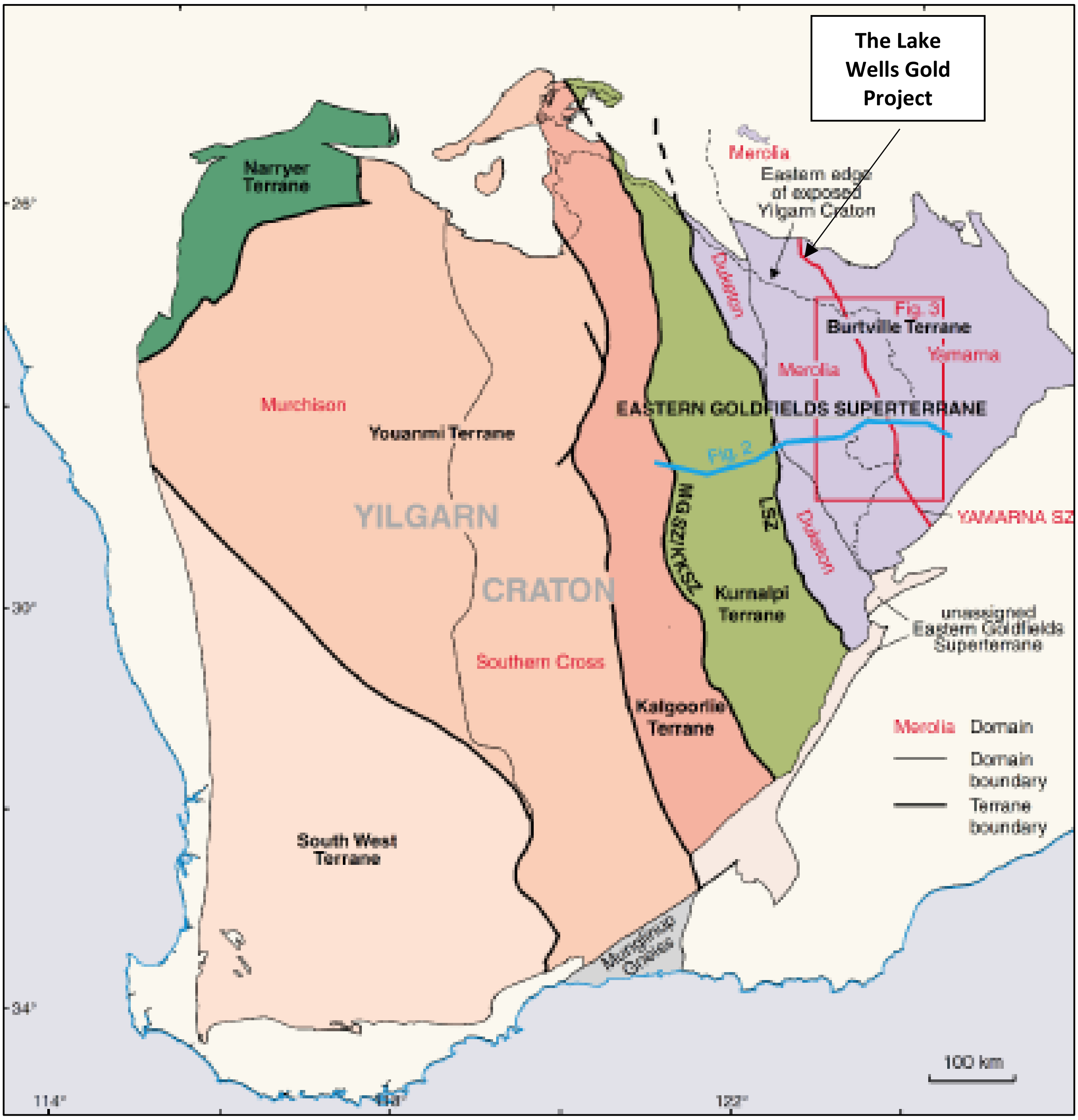

Figure 1: The Lakw Wells Gold Project sits across the Yamarna Greenstone Shear Zone on the eastern edge of the Yilgarn Craton

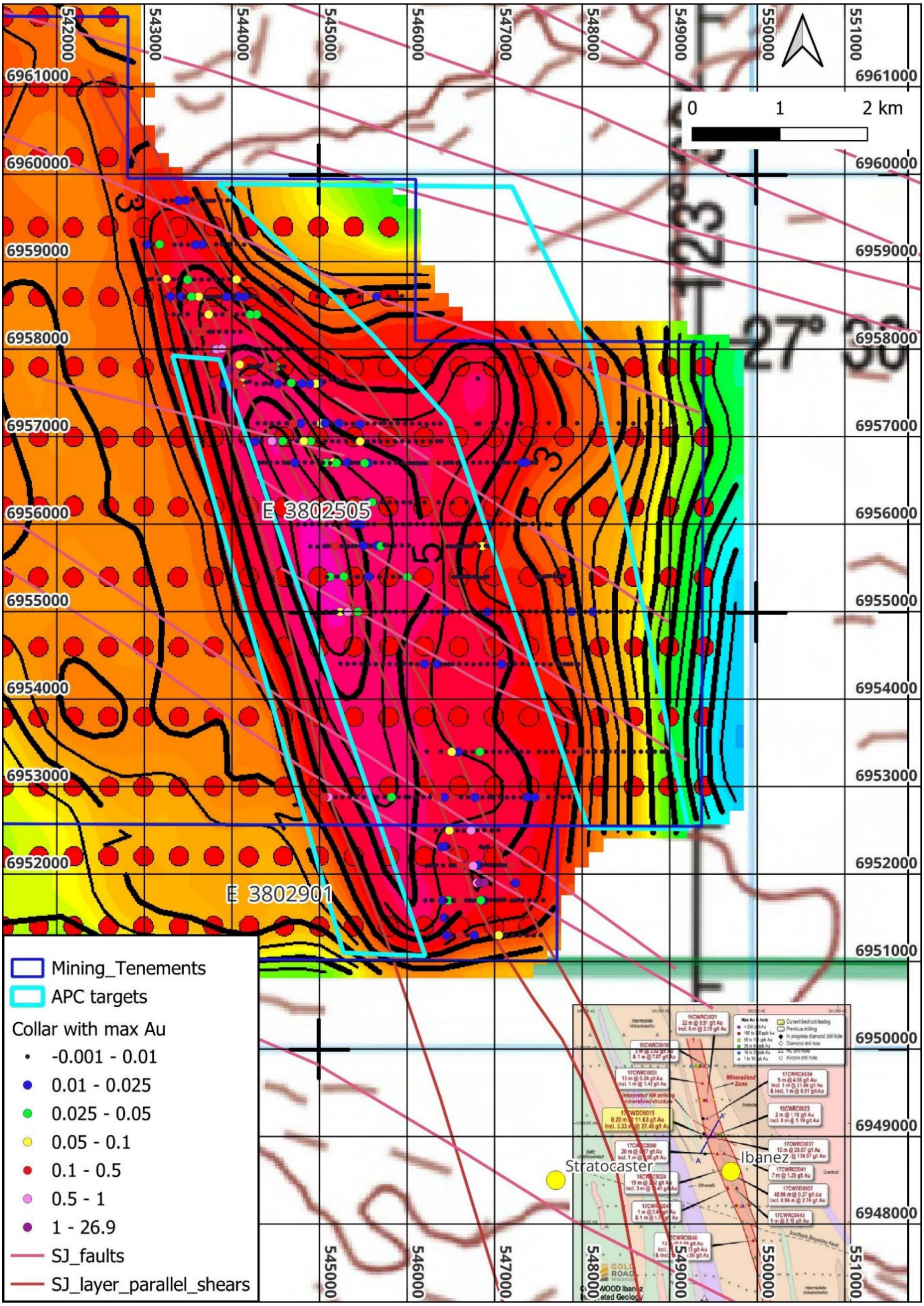

Figure 2. Gravity results showing greenstones extending west of regional drill lines.

Nexus Rare Earth Project (Nexus)

The Company has sought to grow its footprint in a new prospective region of Western Australia by making application for a new exploration licence (E80/5917) and entering into a Tenement Sale (Purchase) Agreement for a contiguous exploration licence (E80/5778) in the West Arunta. The Company refers to this as its 'Nexus Project'.

Attention has been focused on the West Arunta region recently through the discovery of a high-grade carbonatite hosted niobium deposit by explorer WA1 Resources Limited (ASX: WA1). The area of focus for WA1 is approximately 80km to the north of APC's new tenure (see Figure 3 below). The area is also the subject of an exploration joint venture between a private company and Rio Tinto Exploration Pty Ltd. Furthermore, major Western Australian nickel and lithium production company Independence Group (ASX: IGO) has tenure to the east of the Nexus Project.

The Nexus Project was previously partly explored by Canadian base metals production company First Quantum Minerals (FQM) between 2015 and 2016, who drilled five aircore/slim line reverse circulation holes into the area of E80/5778 as part of a larger drilling campaign across the area. While ostensibly exploring for a large copper system hosted in the basement, FQM submitted 526 samples for multi-element assay.

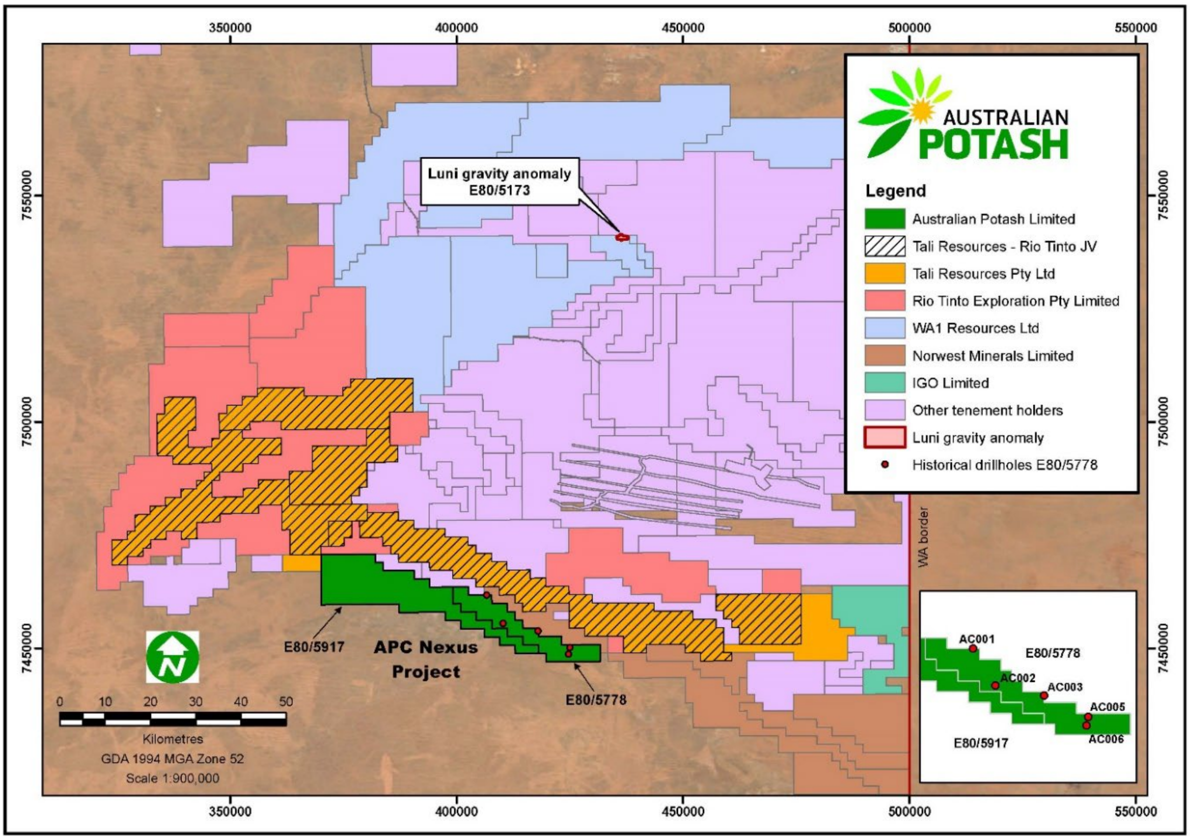

Figure 3: APC's Nexus Project location in the West Arunta region of Western Australia showing relative tenure positions of niobium discoverer WA1, Rio Tinto Exploration and IGO, and drill-hole locations of previous work conducted by FQM

Nexus Exploration Strategy

Several samples analysed by FQM returned anomalous lithium and total rare earth oxide (TREO) assays, and further work conducted by ASX-listed NorWest Minerals (ASX: NWM) in 2022 on the same ground showed that TREO mineralisation increased in concentration with increasing distance from the Webb Granite contact (Refer to NWM ASX Announcement on 22 February 2023).

Geologically, the zone to the south of the Webb Granite is typified by thick (up to 100m) lacustrine and palaeochannel sediments overlying Amadeus Basin metasediments. It is surmised that as the granites and metasediments in the region oxidise and weather, they 'shed' contained components into the nearby sediment traps. The differing mobility properties of the released elements and minerals shed then determine how far they travel, and if they are stopped (or caught) in the palaeochannel and lake clay systems to the south.

About clay-hosted lithium and ionic rare earth projects

There are several examples of clay-hosted lithium and ionic rare earth projects guiding the Company's exploration strategy at its LSOP Project area and the Nexus Project.

America Battery Technology Company's (OTCMKTS: ABML) Tonopah Flats and Ioneer Limited's (ASX: INR) Rhyolite Ridge clay-hosted lithium project in Nevada, Arizona Lithium Limited's (ASX: AZL) Big Sandy lithium project in Arizona and Jindalee Resources Limited's (ASX: JRL) McDermitt lithium project in Oregon represent the largest lithium Mineral Resource clay projects. These range from ~1,000-2,000 ppm Li in grade and occur as flat-lying stratigraphic ore bodies within lacustrine sedimentary sequences (Refer to INR ASX Announcement on 27 April 2023; ASL ASX Announcement on 28 April 2023; JRL ASX Announcement on 28 April 2023; ABTC website: www.americanbatterytechnology.com).

Clay-hosted rare earth projects, or ionic clay deposits (when a reasonable proportion of the contained rare earths are clay-adsorbed) are a major global source of rare earths, with China dominating production. A number of other operations globally are nearing production from this deposit type (eg. Aclara, Serra Verde) and many in Australia and globally are at advanced stages of exploration (eg. Koppamurra SA, Caldeira Brazil). Ionic clay deposits can be economically attractive due to the potential for much cheaper mining and metallurgical methods when compared to hard rock rare earth deposits.

APC's exploration strategy at the Nexus Project is to expand the work conducted by FQM and NWM, by pursuing the increasing tenor of lithium and rare earth mineralisation in the lacustrine clays overlying the Bitter Springs formation to the south of the Webb Granite (see Figures 4, 5 and 6).

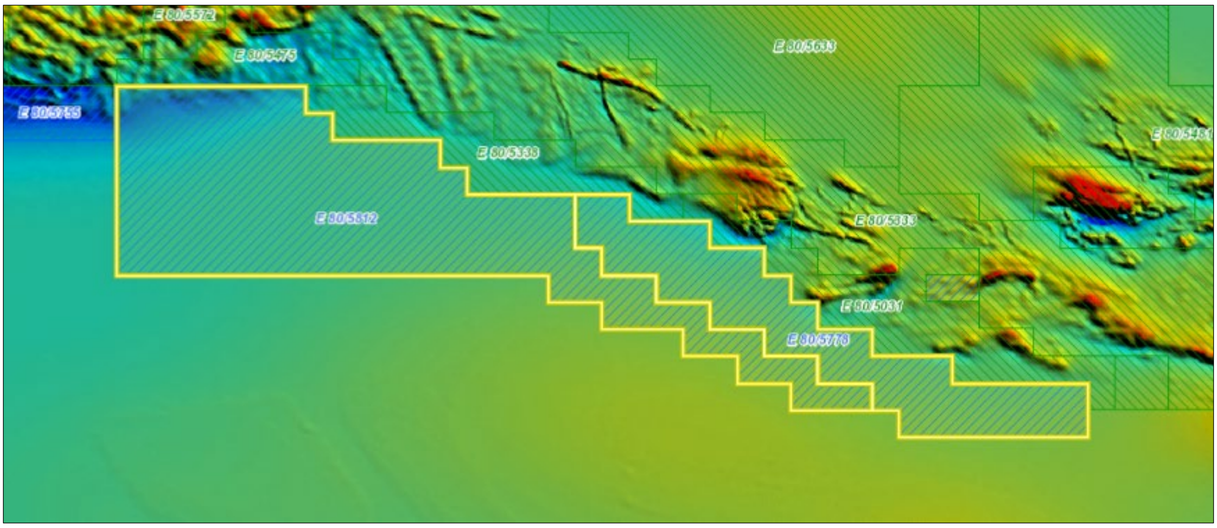

Figure 4: APC's Nexus Project tenements overlain on magnetic image depicting the contact zone between the Webb Granite and the palaeochannel/lacustrine sediments sitting over the Amadeus Basin metasediments

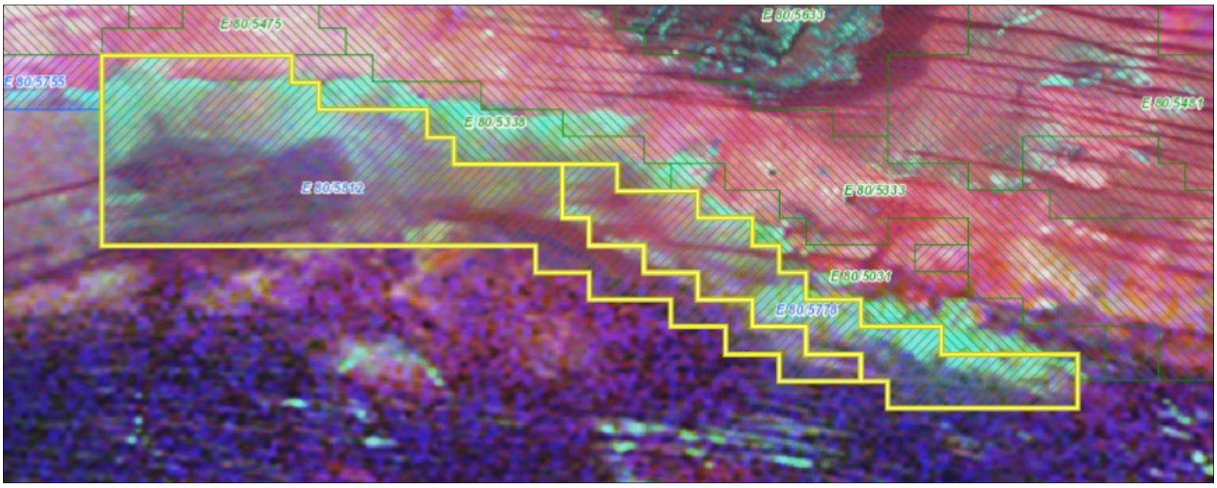

Figure 5: APC's Nexus Project tenements overlain on radiometric image depicting the contact zone between the Webb Granite and the palaeochannel/lacustrine sediments sitting over the Amadeus Basin metasediments

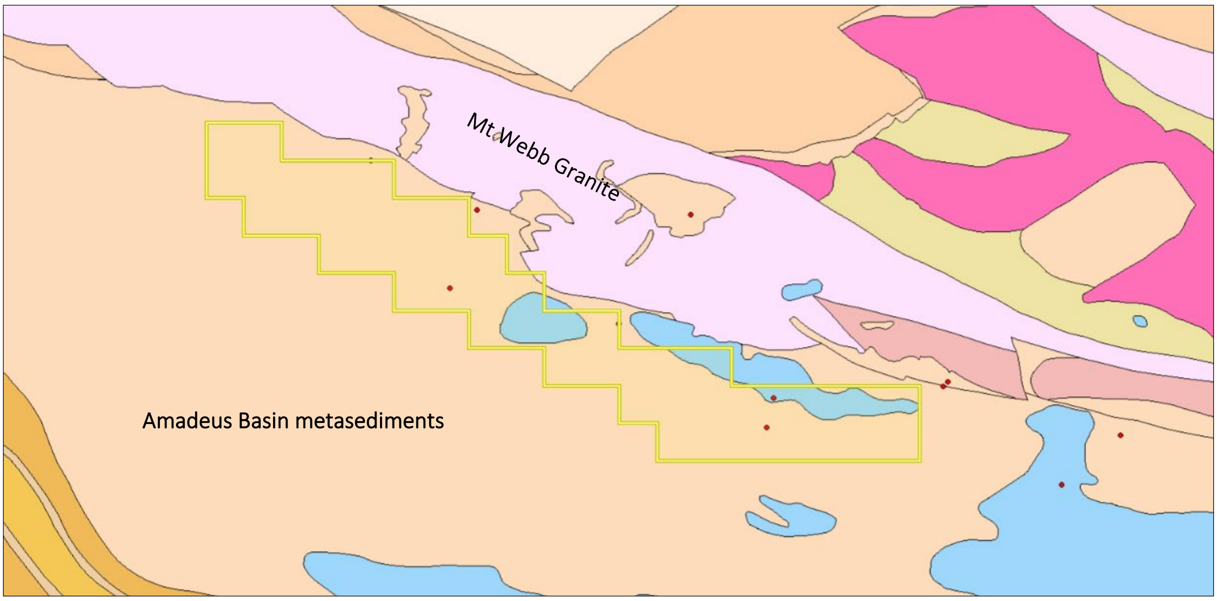

Figure 6: APC's Nexus Project bedrock geology (geophysical interpretation) & tenement E80/5778 with FQM drill collar locations

Laverton Downs Project (LDP)

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

In March 2023, the Company executed a Tenement Sale Agreement for the sale of the tenements comprising the LDP to Maverick Minerals Pty Ltd. The terms of the all-cash transaction comprised a $10,000 one-off payment on the execution date of the transaction (received) and a $200,000 payment on settlement. Maverick Minerals Pty Ltd is pursuing an Australian Securities Exchange listing of its shares, and anticipates the settlement of the transaction following the completion of that listing, which had not been achieved at the date of this report.

One of the conditions of the Deed of Company Arrangement effectuated in January 2024 was that the proceeds of settlement of the LDP transaction with Maverick would be paid into the creditors' trust and used to settle creditors' claims.

Lake Wells Sulphate of Potash Project (LSOP)

All mining and miscellaneous tenure comprising the Lake Wells Sulphate of Potash Project had been surrendered by 31 October 2023. The Company retains the extensive data base of drilling, assay, geotechnical, seismic and design data and criteria that were generate over the several years the LSOP was explored and studied. Following the extensive rehabilitation of the ground disturbance footprint at the LSOP, all equipment and personnel were demobilised from site by the end of October 2023.

Competent Person's Statement

The information in this report that relates to Mineral Resources, exploration targets, geological interpretations and mineral grades is based on information that was compiled by Mr John Vinar. Mr Vinar is the Principal Geologist and a Director of Barking Outback, a firm that provides consulting services to the Company. Neither Mr Vinar nor Barking Outback own either directly or indirectly any securities in the issued capital of the Company. Mr Vinar is a geologist and a member of the Australian Institute of Mining and Metallurgy. Mr Vinar has over 35 years of technical experience and therefore has sufficient experience which is relevant to the style of mineralisation and type of deposit and to the activity which he is undertaking 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 Vinar consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Forward Looking Statements Disclaimer

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

Board of Directors and Key Management Personnel

On 27 June 2023 Mr Brett Lambert resigned as a non-executive director of the Company.

On 27 June 2023 Mr Patrick Leung resigned as Chief Financial Officer of the Company.

Capital Raising

On 24 August 2022 the Company announced the results of a non-renounceable entitlement offer to eligible shareholders as follows:

Acceptances from eligible shareholders totalled $4,365,686, representing a 57% take up of entitlements. The results of the Offer are as follows:

	Shares	Options
Maximum securities offered under the Offer[1]	202,096,283	101,048,142
Entitlement acceptances[2]	114,886,356	57,443,348
Shortfall securities to be placed	87,209,927	43,604,794

Notes:
[1] The maximum number of securities is the actual entitlements calculated with appropriate rounding.
[2] The calculation of the entitlements taken up is based on the total subscriptions from the Offer and additional subscriptions from eligible shareholders for Shares over and above their entitlement.

On 16 March 2023 the Company announced the results of a placement to existing shareholders at $0.014 per share, raising $2.08m. Options were issued on a 1:1 basis, free, with a 3 year expiry date and exercisable at $0.036 per option.

	Shares	Options
Maximum securities placed under the Offer	115,408,645	115,408,645

Community Engagement

Heritage Survey

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

Laverton Training Centre

The Laverton Training Centre (LTC) is an initiative of APC which provides access to nationally accredited vocational training for long-term unemployed Aboriginal people living in this remote part of Western Australia. The LTC is a registered charity (Public Benevolent Institution) with the Australian Charities and Not-for-profits Commission and a registered deductible gift recipient with the Australian Taxation Office.

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

Refurbishment of the dedicated LTC facility at 2 Crawford Street, Laverton began in August 2021 and training commenced in late February 2022.

Further information regarding the LTC is available at the Centre's website at www.lavertontrainingcentre.org.

Corporate Governance

The Board of Directors of APC is responsible for corporate governance of the Company and the Company is committed to implementing a governance framework of the highest standard. The **2023 Corporate Governance Statement** is available on the Company's website at www.australianpotash.com.au/site/About-Us/corporate-governance.

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 2023.

Directors

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

Natalia Streltsova *(Non-Executive Chair until 1 February 2024)*

Resigned 1 February 2024

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

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

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

Matt Shackleton *(Managing Director & Chief Executive Officer)*

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

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

None

Brett Lambert *(Non-Executive Director)*
Resigned 27 June 2023

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

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

Name of Company	Position Held	Date commenced	Date resigned
De Grey Mining Ltd	Non-Executive Director	26 October 2017	22 July 2019
Metal Hawk Ltd	Non-Executive Chair	3 July 2019	9 September 2023
Metals X Ltd	Non-Executive Director	24 October 2019	10 July 2020
Mincor Resources NL	Non-Executive Chair	1 January 2017	6 July 2023
Musgrave Minerals Ltd	Non-Executive Director	4 February 2021	4 September 2023
Saturn Metals Ltd	Non-Executive Chair	9 April 2020	n/a

Cathy Moises *(Non-Executive Chair from 1 February 2024)*

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

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

Name of Company	Position Held	Date commenced	Date resigned
Arafura Resources Ltd	Non-Executive Director	1 December 2019	n/a
Eastern Metals Ltd	Non-Executive Director	26 July 2021	4 October 2022
PacGold Ltd	Non-Executive Chair	11 February 2021	n/a
Pearl Gull Iron Ltd	Non-Executive Director	1 February 2021	5 April 2022
Podium Minerals Ltd	Non-Executive Director	11 January 2021	n/a
WA Kaolin Ltd	Non-Executive Chair	22 May 2020	n/a

Rhett Brans *(Non-Executive Director)*

Resigned 1 February 2024

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

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

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

Jonathan Fisher *(Non-Executive Director)*

Appointed 1 February 2024

Mr Fisher is an experienced resources industry executive and the current Chief Executive Officer of Cauldron Energy Limited (ASX: CXU). He holds degrees in Commerce, Law and Finance and has held senior positions with TNG Ltd (Chief Financial Officer), Atlas Iron Limited (General Manager Corporate Finance), Price Waterhouse Coopers, Rothschild (London) and Poynton and Partners. Mr Fisher is a graduate of the Australian Institute of Company Directors (GAICD) and fellow of Finsia.

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

Name of Company	Position Held	Date commenced	Date resigned
Pearl Gull Iron Limited	Non-Executive Director	1 February 2021	31 March 2023
M8 Sustainable Limited	Non-Executive Director	1 September 2021	6 December 2021

Company Secretary

Michelle Blandford

Resigned 1 February 2024

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

Joel Ives

Appointed 1 February 2024

Mr Ives is a Chartered Accountant who has held numerous roles as Chief Financial Officer and Company Secretary of private and public start-up technology and resource exploration companies. He has assisted a number of ASX listings, via both Initial Public Offerings and Reverse Take Overs and has ensured ongoing regulatory compliance post-listing. Mr Ives is currently a Company Secretary of Green Technology Metals Limited (ASX:GT1). He is also Joint Company Secretary of Kuniko Limited (ASX: KNI) and OD6 Metals Limited (ASX:OD6).

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

	Ordinary Shares	Options over Ordinary Shares	Performance Rights over Ordinary Shares
Matt Shackleton	10,422,372	-	-
Cathy Moises	-	-	-
Jonathan Fisher	-	-	-

Principal Activities

During the year the Group focused on a strategic process aimed at securing the funding for the development of the Lake Wells Sulphate of Potash Project located approximately 500km northeast of Kalgoorlie, in Western Australia's eastern Goldfields.

Dividends

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

Finance Review

The Group began the year with available cash assets of $878,791. The Group raised funds during the year via the issue of shares and exercise of options. Total gross funds raised during the year amounted to $6,443,117.

During the year, the Group capitalised exploration and evaluation costs amounting to $2,948,286 (2022: $14,940,384). An impairment expense relating to capitalised exploration and evaluation of $37,761,392 (2022: nil) was recorded at 30 June 2023. Exploration and evaluation expenditure not at the definitive feasibility stage of $248,915 (2022: $186,497) was also expensed as incurred. The Group reported an operating loss after income tax for the year ended 30 June 2023 of $41,606,037 (2022: $5,579,288).

At 30 June 2023 cash assets available totalled $1,291,658.

Operating Results for the Year

	2023		2022	
	Income $	Results $	Income $	Results $
Australian Potash Limited	**184,977**	**(41,606,037)**	70,357	(5,579,288)

Shareholder Returns	2023	2022
Basic loss per share (cents)	**(4.44)**	(0.75)

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 Balance Date

Voluntary Administration

On 6 December 2023 the directors of APC resolved to appoint Voluntary Administrators Hayden White and Daniel Woodhouse of FTI Consulting (Administrators) to the Company with the view to undertake a restructuring of Australian Potash Limited that would enable it to continue as a going concern, avoid liquidation and allow all shareholders the ability to retain value in their investment and participate in future capital raises.

Creditors voted at a second meeting on 19 January 2024 to accept a Deed of Company Arrangement (DOCA) proposed by Managing Director Matt Shackleton, with all creditors of the Company existent up to the time of appointment, except for outstanding Directors fees and Managing Director employee benefits (in total $316,859), transferring to a Creditors' Trust and thus removing these liabilities from the Company's balance sheet from that date.

The proposed DOCA included the following key terms:

Key Elements	DOCA Proposal
Purpose	Ensure that creditors of the Company receive a better return than in liquidation.

	Facilitate a capital raising for the Company of not less than \$2.75m, expected to comprise of convertible loans, a Priority Placement Offer to existing shareholders and a General Placement Offer. Minimise holding costs and reduce further administrators' fees that may be incurred.
Creditors Trust	The DOCA proposal accepted and subsequently effectuated includes the creation of a Creditors' Trust, to facilitate the payment of creditors' claims in accordance with the terms of the DOCA, and to expedite the re-instatement of the Company on the ASX following effectuation of the DOCA. The Creditors' Trust was created on 1 February 2024.
Contributions	The DOCA Contribution to funds available for distribution to creditors out of the Creditors Trust was \$900,000, which was raised in the Company via a converting loan issue of \$1,000,000.
Capital Raising	The Company has issued converting loans to the value of \$1m, with a concomitant commitment to sub-underwrite \$2.75m in a Priority and General Placement the subject of the pending Prospectus. The terms of the loans are as follows: Each \$1 of converting loan confers a sub-underwritten commitment of \$2.75; 1 Sub-Underwriting Option will be issued for each 2 shares sub-underwritten exercisable at \$0.0015 per option for a period of 3 years. The Company will seek to have the Sub-Underwriting Options listed on ASX; Converting loans can be converted into ordinary shares in the Company under the pending Prospectus at \$0.001 per share; In the event the loans are converted into ordinary shares the lender will receive Commitment Options at 0.8 options per share exercisable at \$0.0015 per option for a period of 3 years. The Company will seek to have the Commitment Options listed on ASX. The Company is preparing to lodge with ASIC a Prospectus in relation to an offer of shares to raise a maximum of \$6m and minimum of \$2.75m (Offer), with the broad terms being: • a Priority Placement offer to all existing shareholders on the register at the record date (to be determined); • a General Placement offer following the close of the Priority Placement offer; • an issue price of \$0.001 per share; and

	• one (1) free attaching option for each two (2) shares subscribed for under both the Priority Placement and General Placement offers, exercisable at $0.0015 per option for a period of 3 years. The Company will seek to have these options listed on ASX. Canaccord Genuity (Australia) Limited and Cumulus Wealth have been appointed Lead Managers to the Offer. The capital raising will be underwritten to $2.75million.
Classification of creditors	The DOCA classifies creditors as follows: Priority creditors: creditors owed wages and other employee entitlements. Pool A creditors: unsecured creditors owed less than $60,000. Pool B creditors: unsecured creditors owed more than $60,000. Excluded creditors: non-executive directors' accrued fees and on-going employee' entitlements including annual and long service leave due to Managing Director Matt Shackleton.
Position of Creditors	The estimates shown below are based on the information presently available, the Company's estimated realisable value of assets, and estimated claims of creditors. Whilst the DOCA contemplates the pooling of unsecured creditors into two groups, all unsecured creditors would be treated as a single group in a liquidation:

Categories	Liquidation	DOCA
Priority creditors	0 to 100 c/$	100 c/$
Unsecured creditors – Pool A	0 to 13.9 c/$	100 c/$
Unsecured creditors – Pool B	0 to 13.9 c/$	7.3 to 17.0 c/$

Conditions precedent to completion/effectuation	The completion of the DOCA was conditional on (unless waived): • funds greater or equal to the DOCA Contribution ($900,000) being available to the Company through the proposed converting loans;

	• the ASX providing no objection to the Company relisting on terms acceptable to the Proponent (acting reasonably); • the Company holding good title to all of its assets; • no material changes or proposed changes to the Company's assets or operations; and • the Proponent nominating new directors to the board.
Completion	Upon completion, the following key events occurred contemporaneously: the DOCA contribution was received by the Deed Administrators/Trustees; • the Creditors' Trust was established, and the Deed Administrators became the Trustees of the Creditors' Trust; • the Administrators made changes to the board of directors, as proposed by the Proponent; and • control of the Company was returned to the Directors nominated by the Proponent.

On 1 February 2024, it was confirmed that the conditions precedent to effectuation of the DOCA had been met.

On 2 February 2024 it was announced that the Company had exited Voluntary Administration and returned to the control of the Directors.

Relinquishment of Lake Wells SOP Project Mining Leases

On 15 August 2023 the Company announced that it had concluded a strategic process which aimed to secure funding for the development of the Lake Wells Sulphate of Potash Project. The process did not result in a funding proposition for consideration therefore the decision was made to surrender the mining lease tenure at the Project and sell the camp assets.

Rehabilitation and Mine Closure Report

Following the relinquishment of the mining lease tenure, the Company prepared a Mine Closure Report for the Department of Energy, Mines, Industry Regulation and Industry (DEMIRS) and contracted an earth-moving contractor to effect the rehabilitation of the disturbed areas at Lake Wells.

Over the period to early November 2023, rehabilitation of some on-playa and off-playa ground disturbance was carried out. This entailed the ripping of approximately 17 drill pad areas with many of these being on the lake surface. At the conclusion of the rehabilitation program, a Closure Completion Report (CCP) was completed . Several parts of the development infrastructure were retained by the pastoral lease holder for future use and once recognised by the Pastoral Lands Board is expected to sit outside of the Group's rehabilitation obligation for the site.

The CCP was lodged with DEMIRS on 8 January 2024, and a response from DEMIRS was received on 30 January 2024, requesting additional information prior to accepting the works performed by APC and the satisfaction of obligations regarding rehabilitation of disturbed areas. At the time of this report, there remains a risk that additional rehabilitation work will be required, however it is expected to be immaterial.

Lapse of performance rights

On 22 September 2023 the Company lodged an Appendix 3H with the ASX advising the lapsing of all performance rights on issue.

Annual General Meeting

The Company will issue a notice of Annual General Meeting (AGM) at which the normal business of an AGM will be conducted, as well as presenting to shareholders the resolutions to give effect to the Capital Raising detailed above.

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

Likely Developments and Expected Results of Operations

Following the surrender of the LSOP mining tenure, the Group has transitioned from developer to explorer and will continue to pursue prospective mineral project opportunities within Western Australia and other jurisdictions. Any developments will be reported in accordance with ASX continuous disclosure requirements.

Business Risks

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

<u>Additional requirements for capital</u>

Additional funding will be required to effectively implement business and operations plans, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses as they come due.

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

<u>Exploration costs and success</u>

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

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

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.

A Mine Closure Plan (MCP) was submitted to, and approved by, the Department of Energy, Mines, Industry Regulation and Safety (DEMIRS) in relation to the development of the Lake Wells Sulphate of Potash Project. Following the surrender of the Lake Wells' mining leases, which occurred subsequent to period end, the Group has an obligation to rehabilitate the disturbed areas in accordance with the MCP. There is a risk that the rehabilitation works may not initially be completed to the satisfaction of DEMIRS and that additional work may be required to discharge this obligation. Please see Note 25 Events Occurring After the Reporting Date.

Events, such as unpredictable rainfall or bushfires may impact on the Group's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

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

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

Audited Remuneration Report

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

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

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group. The KMP identified in the following table were employed during the financial year and dates of appointment and resignation as applicable only pertain to the financial year:

Natalia Streltsova	Non-Executive Chair	
Matt Shackleton	Managing Director & Chief Executive Officer	
Brett Lambert	Non-Executive Director	Resigned 27 June 2023
Cathy Moises	Non-Executive Director	
Rhett Brans	Non-Executive Director	
Michelle Blandford	Company Secretary & Chief Administration Officer	
Scott Nicholas	Chief Financial Officer	Resigned 9 September 2022
Patrick Leung	Chief Financial Officer	Appointed 7 September 2022 Resigned 30 June 2023

Principles of Compensation

Remuneration Policy

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

<u>Non-executive directors</u>

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

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

During the reporting period, the base fee for the Chair was $90,000 per annum and for other directors was $60,000 per annum. The fees were reduced subsequent to year end to $50,000 and $38,000 per annum respectively.

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

Audited Remuneration Report

Executives

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

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

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

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

The executives receive a superannuation guarantee contribution required by the government, which was 10.5% for the 2023 financial year. Some individuals may choose to sacrifice part of their salary or fees to increase payments towards superannuation.

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

Consequences of performance on shareholder wealth

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

	2023	2022	2021	2020	2019
(Loss)/profit per share (cents)	(4.44)	(1.01)	(0.70)	(0.20)	0.04
Net (loss)/profit ($)	(41,606,037)	(7,526,424)	(3,734,289)	(775,551)	142,446
Share price at 30 June	0.009	0.045	0.140	0.055	0.095

Audited Remuneration Report

Performance Based Remuneration

Short Term Incentive (**STI**)

No executives were granted STIs during the year (2022: cash bonus based on 12.5% of total remuneration).

Long Term Incentive (**LTI**)

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

Incentive Plans

The Group implemented the Company's Incentive Performance Rights Plan during the 2020 financial year which enables the provision of performance rights to employees and contractors of the Company. The Employee Incentive Securities Plan was implemented in November 2022.

During the 2023 and 2022 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 26 for the number and value of performance rights issued to executives during the year.

Performance Measures to Determine Vesting of Performance Rights

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

The performance measures for the 2023 performance rights related to securing of sufficient funding to allow a final investment decision (**FID**) to develop the Lake Wells Sulphate of Potash Project (**Project**).

The performance measures for the 2022 performance rights related to:

- FID to develop the Project; and
- commencement of commercial production at the Project.

These performance measures were not achieved.

Termination and Change of Control Provisions

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

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

No hedging of LTIs

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

Use of Remuneration Consultants

The Group did not employ the services of any remuneration consultants during the financial year ended 30 June 2023 (2022: nil).

Voting and Comments made at the Company's 2022 Annual General Meeting

The Company received 91.02% of "yes" votes on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the annual general meeting or throughout the year on its remuneration practices.

Audited Remuneration Report

Details of Remuneration

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

Key Management Personnel of the Group

	Short-Term			Post-Employment		Share-based Payments		
	Salary & Fees	STI Cash Bonus(i)	Other	Super-annuation	Retirement benefits	Options/ Rights	Total	Performance Related
	$	$	$	$	$	$	$	%
Directors								
Natalia Streltsova								
2023	**81,448**	**-**	**-**	**8,552**	**-**	**-**	**90,000**	**-**
2022	44,428	-	-	4,443	-	-	48,871	-
Jim Walker(ii)								
2023	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2022	32,466	-	-	3,246	-	-	35,712	-
Matt Shackleton								
2023	**342,353**	**(8,598)**	**13,703**	**26,396**	**-**	**(88,607)**	**285,247**	**(34.1%)**
2022	362,566	(iii)20,629	15,000	22,434	-	(48,491)	372,138	(7.5%)
Brett Lambert								
2023(iv)	**54,299**	**-**	**-**	**5,701**	**-**	**-**	**60,000**	**-**
2022	48,864	-	-	4,886	-	-	53,750	-
Cathy Moises								
2023	**54,299**	**-**	**-**	**5,701**	**-**	**-**	**60,000**	**-**
2022	48,864	-	-	4,886	-	-	53,750	-
Rhett Brans								
2023	**54,299**	**-**	**-**	**5,701**	**-**	**(48,102)**	**11,898**	**(404.3%)**
2022	274,299	-	-	21,451	-	(9,322)	286,428	(3.3%)
Total directors' compensation								
2023	**586,698**	**(8,598)**	**13,703**	**52,051**	**-**	**(136,709)**	**507,145**	**(28.7%)**
2022	811,487	20,629	15,000	61,346	-	(57,813)	850,649	-
Other executives								
Michelle Blandford								
2023	**237,797**	**(5,773)**	**-**	**23,916**	**-**	**(15,792)**	**240,148**	**(9.0%)**
2022	226,263	13,851	-	23,434	-	15,792	279,340	10.6%
Scott Nicholas (v)								
2023	**47,487**	**-**	**-**	**4,835**	**-**	**-**	**52,322**	**-**
2022	284,978	9,625	-	23,984	-	(66,491)	252,096	(22.6%)
Patrick Leung (vi)								
2023	**100,848**	**-**	**-**	**10,084**	**-**	**-**	**110,932**	**0.0%**
2022	-	-	-	-	-	-	-	-

Audited Remuneration Report

	Short-Term			Post-Employment		Share-based Payments		
	Salary & Fees	STI Cash Bonus(i)	Other	Super-annuation	Retirement benefits	Options/ Rights	Total	Performance Related
	$	$	$	$	$	$	$	%
Total other executives' compensation								
2023	**386,132**	**(5,773)**	**-**	**38,835**	**-**	**(15,792)**	**403,402**	
2022	511,241	23,476	-	47,418	-	(50,699)	531,436	-
Total KMP compensation								
2023	**972,830**	**(14,371)**	**13,703**	**90,886**	**-**	**(152,501)**	**910,547**	
2022	1,322,728	44,105	15,000	108,764	-	(108,512)	1,382,085	-

(i) Included in STI Cash Bonus is tranche 1 (paid or payable) and reversal of the accrued portion of tranche 2 and 3. See note of table below for vesting conditions.
(ii) Mr Walker resigned effective 15 December 2021.
(iii) Mr Shackleton has deferred payment of tranche 1 of the STI. This amount is included in accounts payable as at 30 June 2023.
(iv) Mr Lambert resigned effective 27 June 2023.
(v) Mr Nicholas resigned effective 9 September 2022.
(vi) Mr Leung was appointed 7 September 2022 and resigned effective 30 June 2023.

Analysis of Bonuses included in Remuneration

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

STI Incentive Bonus								
	Included in Remuneration	Forfeited in year(i)						Vested in year
		Tranche 1(ii)		Tranche 2(ii)		Tranche 3(ii)		
Directors	$	$	%	$	%	$	%	%
Matt Shackleton	(8,598)	-	-	(6,666)	-	(1,932)	-	-
Other executives								
Michelle Blandford	(5,773)	-	-	(4,476)	-	(1,297)	-	-

(i) Refer to elements of executive STI set out on page 22.
(ii) Vesting conditions of the cash bonus are:
- *25% (tranche 1) vests upon the earlier of the Company making an FID to development the Project or 11 June 2022;*
- *50% (tranche 2) to vest 3 months after FID; and*
- *25% (tranche 3) to vest 12 months after FID.*

Service Agreements

Managing Director & Chief Executive Officer

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

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

Audited Remuneration Report

Company Secretary & Chief Administration Officer

Michelle Blandford (appointed 23 April 2021):

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

Chief Financial Officer

Scott Nicholas (appointed 18 May 2019, resigned 9 September 2022)

- 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.

Patrick Leung (appointed 7 September 2022; resigned 30 June 2023)

- Paid annual salary of $120,000 (plus statutory superannuation) for two days per week.
- The Company may terminate, without cause, the executive's employment at any time by giving four weeks' written notice to the executive.

Share-based Compensation

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

	Instrument	Grant Date	Number	Value per right at grant date (cents)	Exercise Price (cents)	Expiry Date	Vesting Date
Directors							
Matt Shackleton	Rights	18-Nov-19	2,379,107	9.9	-	4-Mar-24	(i)
Rhett Brans	Rights	28-Nov-20	939,082	13.5	-	4-Mar-24	(i)
Other executives							
Michelle Blandford	Rights	7-Dec-21	832,402	7.2	-	4-Mar-24	(i)

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

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

The vesting of these non-market conditions will not be achieved and therefore the cumulative share-based payment expense for these rights has been reversed.

Audited Remuneration Report

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

	No. options /rights awarded during year	Grant Date	Value per option /right at grant date (cents)	Vesting Date	Exercise Price (cents)	Expiry Date	No. vested during year	No. lapsed during year	Value of options/rights granted during year ($)	Value of options/rights exercised during year ($)
Other executives										
Scott Nicholas										
2023	-	-	-	-	-	-	-	1,110,026	-	-
Patrick Leung										
2023	7,894,736	25-Apr-23	3.0	(i)	-	7-Sep-23	-	7,894,736	121,053	-

(i) Vesting of the rights granted is dependent on the performance criteria or sufficient funding to allow an FID for develop the Project being met.

Equity Instruments held by Key Management Personnel

Share holdings

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

2023 ordinary shares	Balance at start of the year	Received during the year on the exercise of options/vest-ing of rights	Number acquired during the year	Other transactions	Held at resignation	Balance at end of the year
Directors						
Natalia Streltsova	-	-	-	-	n/a	-
Matt Shackleton	8,764,478	-	657,894	-	n/a	9,422,372
Brett Lambert	635,279	-	158,820	-	794,099	n/a
Cathy Moises	-	-	-	-	n/a	-
Rhett Brans	789,229	-	2,632	-	n/a	791,861
Other executives						
Michelle Blandford	-	-	-	-	n/a	-
Scott Nicholas	941,544	-	146,633	-	1,088,177	n/a
Patrick Leung	-	-	400,000	(400,000)	-	n/a

Option and Rights Holdings

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

Audited Remuneration Report

2023	Balance at start of year	Acquired	Exercised	Expired or Lapsed	Held at resignation	Balance at end of year	Vested and exercisable	Unvested
Directors								
Natalia Streltsova								
Options/Rights	-	-	-	-	n/a	-	-	-
Matt Shackleton								
Options	-	328,947	-	-	n/a	328,947	328,947	-
Rights	2,379,107	-	-	-	n/a	2,379,107	-	2,379,107
Brett Lambert								
Options	750,000	79,410	-	-	829,410	829,410	829,410	-
Cathy Moises								
Options	750,000	-	-	-	n/a	750,000	750,000	-
Rhett Brans								
Options	-	1,316	-	-	n/a	1,316	1,316	-
Rights	939,082	-	-	-	n/a	939,082	-	939,082

2023	Balance at start of year	Granted as compensa-tion	Acquired	Exercised	Expired or Lapsed	Held at resignation	Balance at end of year	Vested and exercisable	Unvested
Other executives									
Michelle Blandford									
Rights	832,402	-	-	-	-	n/a	832,402	-	832,402
Scott Nicholas									
Options	-	-	73,317	-	-	73,317	n/a	73,317	-
Rights	1,110,026	-	-	-	1,110,026	-	n/a	-	-
Patrick Leung									
Rights	-	7,894,736	-	-	7,894,736	-	n/a	-	-

Loans to Key Management Personnel

There were no loans to KMP during the year.

Other Transactions with Key Management Personnel

There were no other transactions with KMP during the year.

End of Audited Remuneration Report

Directors' Meetings

During the year the Company held 42 meetings of directors. The attendance of directors at meetings of the Board and committees were:

	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings		Risk & Sustainability Committee Meetings	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
Natalia Streltsova	42	35	2	2	1	1	-	-
Matt Shackleton	42	41	-	-	-	-	-	-
Brett Lambert(i)	41	38	2	2	1	1	-	-
Cathy Moises	42	34	2	2	1	1	-	-
Rhett Brans	42	34	-	-	-	-	-	-

Notes
A – Number of meetings held during the time the director held office during the year
B – Number of meetings attended
(i) Mr Lambert resigned effected 27 June 2023

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			
23-Mar-23	21-Mar-25	3.6 Unlisted	115,408,645
Total number outstanding at the date of this report			**115,408,645**

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

Insurance of Directors and Officers

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

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

Non-Audit Services

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

Proceedings on Behalf of the Company

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

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 33.

Signed in accordance with a resolution of the directors.

Matt Shackleton
Managing Director & Chief Executive Officer
Perth, 23 February 2024

KPMG

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

To the Directors of Australian Potash Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Potash Limited for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Glenn Brooks

Partner

Perth

23 February 2024

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	Notes	2023 $	2022 $
Other income	5	184,977	70,357
Administration expenses	6	(2,233,983)	(4,068,242)
Exploration expenses	7	(1,791,182)	(1,569,176)
Impairment expense	14	(37,761,392)	-
OPERATING LOSS		**(41,601,580)**	**(5,567,061)**
FINANCE COSTS			
Finance income		1,427	199
Finance expenses		(5,884)	(12,426)
NET FINANCE COSTS		**(4,457)**	**(12,227)**
LOSS BEFORE INCOME TAX		**(41,606,037)**	**(5,579,288)**
Income tax expense	8	-	-
LOSS FOR THE PERIOD		**(41,606,037)**	**(5,579,288)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF AUSTRALIAN POTASH LIMITED		**(41,606,037)**	**(5,579,288)**
LOSS PER SHARE (cents per share)			
Basic loss attributable to the ordinary equity holders of the Company	27	(4.44)	(0.75
Diluted loss attributable to the ordinary equity holders of the Company	27	(4.44)	(0.75)

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

Consolidated Statement of Financial Position

for the year ended 30 June 2023

	Notes	2023 $	2022 $
CURRENT ASSETS			
Cash and cash equivalents	9	1,291,658	878,791
Trade and other receivables	10	16,682	260,174
Prepayments	11	251,642	211,968
Inventory		167,130	227,206
TOTAL CURRENT ASSETS		**1,727,112**	**1,578,139**
NON-CURRENT ASSETS			
Plant and equipment	12	281,955	196,733
Right-of-use assets	13	-	108,143
Intangibles		3,015	4,353
Exploration and evaluation	14	950,000	35,763,106
TOTAL NON-CURRENT ASSETS		**1,234,970**	**36,072,335**
TOTAL ASSETS		**2,962,082**	**37,650,474**
CURRENT LIABILITIES			
Trade and other payables	15	2,017,999	1,927,054
Lease liabilities – current	13	-	44,116
Provisions – current	16	3,498,826	2,134,134
TOTAL CURRENT LIABILITIES		**5,516,825**	**4,105,304**
NON-CURRENT LIABILITIES			
Provisions – non-current	16	6,156	514,350
TOTAL NON-CURRENT LIABILITIES		**6,156**	**514,350**
TOTAL LIABILITIES		**5,522,981**	**4,619,654**
NET (LIABILITIES) / ASSETS		**(2,560,899)**	**33,030,820**
EQUITY			
Contributed equity	17	66,745,282	60,491,225
Reserves	18	1,769,888	2,009,627
Accumulated losses		(71,076,069)	(29,470,032)
TOTAL (DEFICIENCY) / EQUITY		**(2,560,899)**	**33,030,820**

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

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

	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	-	-	(5,579,288)	(5,579,288)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE LOSS	**-**	**-**	**(5,579,288)**	**(5,579,288)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the year	15,684,159	-	-	15,684,159
Share issue transaction costs	(897,854)	-	-	(897,854)
Share-based payments	-	(137,169)	-	(137,169)
BALANCE AT 30 JUNE 2022	**60,491,225**	**2,009,627**	**(29,470,032)**	**33,030,820**
BALANCE AT 1 JULY 2022	**60,491,225**	**2,009,627**	**(29,470,032)**	**33,030,820**
Loss for the period	-	-	(41,606,037)	(41,606,037)
Other comprehensive income for the year	-	-	-	-
TOTAL COMPREHENSIVE LOSS	**-**	**-**	**(41,606,037)**	**(41,606,037)**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS				
Shares and options issued during the year	6,443,117	-	-	6,443,117
Share issue transaction costs	(189,060)	-	-	(189,060)
Share-based payments	-	(239,739)	-	(239,739)
BALANCE AT 30 JUNE 2023	**66,745,282**	**1,769,888**	**(71,076,069)**	**(2,560,899)**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	Notes	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment of exploration expense		(261,381)	(321,302)
Payments to suppliers and employees		(3,061,568)	(3,568,848)
Return of security deposit		43,272	-
Interest received		4,743	300
Interest paid		(5,289)	-
Corporate sponsorship received		174,546	-
NET CASH OUTFLOWS FROM OPERATING ACTIVITIES	26	**(3,105,677)**	**(3,889,850)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds for sale of exploration assets		10,000	-
Proceeds in relation to/(Payments for) plant and equipment		76,890	(171,863)
Payments for evaluation and exploration		(2,822,718)	(17,260,286)
NET CASH OUTFLOWS FROM INVESTING ACTIVITIES		**(2,735,828)**	**(17,432,149)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares and options		6,443,117	15,474,159
Payments of share issue transaction costs		(189,060)	(902,293)
Repayments of lease liabilities		-	(171,452)
Interest expense of lease liabilities		-	(11,694)
NET CASH FLOWS INFLOWS FROM FINANCING ACTIVITIES		**6,254,057**	**14,388,720**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**412,552**	**(6,933,279)**
Cash and cash equivalents at beginning of period		878,791	7,796,799
Effect of exchange rate changes on cash and cash equivalents		315	15,271
CASH AND CASH EQUIVALENTS AT END OF PERIOD	9	**1,291,658**	**878,791**

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

1. CORPORATE INFORMATION

Australian Potash Limited (the **Company**) is a company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at Level 4, The Read Buildings, 16 Milligan Street, Perth WA 6000. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the '**Group**'). The Group is a for-profit entity and during the reporting period was primarily involved in the development of the Lake Wells Sulphate of Potash Project.

The presentation currency of the Group is Australian Dollars (**$**).

2. BASIS OF PRESENTATION

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations (**Standards and Interpretations***)* adopted by the Australian Accounting Standards Board (**the AASB**) and the *Corporations Act 2001* (Cth). The consolidated financial statements comply with International Financial Reporting Standards adopted by the International Accounting Standards Board. They were authorised for issue by the Board of Directors on 29 September 2023.

2.1. Historical cost convention

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

2.2. Going concern basis

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 $41,606,037 (2022: $5,579,288), operating cash outflows of $3,105,677 (2022: $3,889,850) and net cash inflows of $412,552 (2022: outflow $6,933,279) as at 30 June 2023. The Group is in a current net liability position of $3,789,713 and has a net deficiency in equity of $2,560,899.

The Directors of the Company appointed Voluntary Administrators on 6 December 2023. Following their appointment, the Administrators received a Deed of Company Arrangement (DOCA) proposal from Managing Director Matt Shackleton which was put to creditors and approved on 19 January 2024. The DOCA was subsequently effectuated by the Company and the Administrators on 1 February 2024.

The ability of the Group to continue as a going concern is reliant on the Company securing funds from the planned equity financing (set out below) via prospectus and managing cashflow in line with the funds raised. The Company's requirement to complete the planned equity raising in the near term indicates a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

At the date of signing these financial statements:

- The Company has effectuated the DOCA where all creditors at the time of entering administration, excluding outstanding directors' fees and the Managing Director's accrued employee benefits in total of $375,662, will be settled by the Creditors' Trust according to the terms and conditions of the DOCA.
- The Group has the following material assets and liabilities which result in an overall net liability position of $1.05 million:
  - $78,000 of cash;
  - $251,642 of other assets, predominately non-refundable prepayments;
  - $375,662 of accrued directors' fees and employee benefit obligations; and
  - $1,000,000 of converting loan liabilities which can be called at anytime.

- The Group has engaged Canaccord Genuity as Lead Manager of a proposed share placement (set out below) a maximum of $6 million with an expectation of the Lead Manager underwriting $2.75 million of the raise; and
- Issued converting loans of $1,000,000 to professional and sophisticated investors in January 2024. The converting loan agreements anticipate the lenders will then sub-underwrite to the Lead Manager for the proposed share placement at the rate of $2.75 for every $1.00 of loan funding provided (for a total anticipated sub-underwriting of $2.75 million).

The Group is advanced in its plans to lodge a prospectus at or around 26 February 2024 to raise equity from existing and new shareholders via the issuance of ordinary shares and options. The share placement, targeting a raise of a maximum of $6 million has the following proposed terms:

- A Priority Placement offer of ordinary shares at 0.1 cent per share will be made to all existing shareholders on the register at the record date
- A General Placement offer, following the Priority Placement offer, of ordinary shares at 0.1 cent per share will be made
- 1 free attaching Placement Option will be issued for each 2 ordinary shares subscribed for under both the Priority and General Placement offers, exercisable at 0.15 cent per option for a period of 3 years.

Completion of the planned share placement is dependent upon:

- Obtaining necessary regulatory approvals, including from ASIC and ASX to recommence trading on the ASX.
- The prospectus being duly lodged as anticipated, and at a minimum the converting loan lenders providing sub-underwriting commitments to the Lead Manager and the Lead Manager providing an underwriting commitment to the Group.

Based on the status of the planned equity financing and the Group's cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate.

However, should any of the matters and uncertainties detailed above not be successfully concluded, the Group may be unable to continue as a going concern and 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 further 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.

2.3. 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.

2.4. Standards and Interpretations in issue not yet adopted

The Group has reviewed the new and revised Standards and Interpretations on issue not yet adopted for the year ended 30 June 2023. 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.

2.5. Significant accounting policies

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

(a) Principles of consolidation

(i) Subsidiaries

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

(ii) Non-controlling interests

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

(iii) Loss of control

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

(iv) Investments in associates

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

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

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

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

(v) Joint arrangements

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

(vi) Transactions eliminated on consolidation

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

(b) Finance income and finance costs

The Group's finance income and finance costs include:

- interest income; and
- interest expense.

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

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

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

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

(c) Inventories

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

(d) Segment reporting

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

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

(e) Financial Instruments

(i) Recognition and derecognition of financial instruments

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

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

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

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

(ii) Classification of financial instruments

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

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

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

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

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

Items at fair value through profit or loss comprise:

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

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

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

Financial instruments held for trading

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

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

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

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

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

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

(iv) *Impairment of financial assets*

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

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

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

(v) Offsetting

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

(f) Foreign currency

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

(g) Critical accounting judgements, estimates and assumptions

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

(i) Share-based payments

Share-based payment transactions require a valuation in order to recognise an expense in the financial statements. Options to acquire ordinary shares are valued using the Black-Scholes option pricing model. Performance rights are valued using the share price on grant date. A Monte Carlo simulation is applied to fair value the market related elements of the performance rights. Both models use assumptions and estimates as inputs.

The Share-based payments expense is then adjusted each period for the anticipated vesting of certain non-market conditions. For the Group, these relate to project milestones associated with the Lake Wells Sulphate of Potash Project.

3. FINANCIAL RISK MANAGEMENT

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

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

(a) Risk Management Framework

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

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

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

The Committees report regularly to the Board on their activities.

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

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

(b) Market Risk

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

(i) Foreign exchange risk

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

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

(ii) Commodity price risk

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

(iii) Interest rate risk

The Group is exposed to movements in market interest rates on cash and cash equivalents. The Group policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The entire balance of cash and cash equivalents for the Group of $1,291,658 (2022: $878,791) is subject to interest rate risk. The weighted average interest rate received on cash and cash equivalents by the Group was 0.01% (2022: 0.2%).

<u>Sensitivity analysis</u>

At 30 June 2023, 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 $16,786 lower/higher (2022: $18,687 lower/higher) as a result of lower/higher interest income from cash and

cash equivalents.

(c) Credit Risk

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

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

		Carrying Value	
	Note	2023 $	2022 $
Cash and cash equivalents	9	1,291,658	878,791
Trade and other receivables	10	16,682	260,174
Prepayments	11	251,642	211,968
		1,559,982	**1,350,933**

(d) Liquidity Risk

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

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

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

		Contractual Cashflows				
	Carrying Amount $	Total $	< 6 months $	6-12 months $	1-2 years $	2-5 years $
30 June 2023						
Trade and other payables	2,017,999	2,017,999	856,518	1,161,481	-	-
Provisions – current	3,498,826	3,498,826	-	3,498,826	-	-
	5,516,825	**5,516,825**	**856,518**	**4,660,307**	**-**	**-**

(e) Fair Value Estimation

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

4. SEGMENT INFORMATION

For management purposes, the 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.

5. OTHER INCOME

	2023 $	2022 $
Donations and sponsorship for the Laverton Training Centre	174,545	60,000
Other	10,432	10,357
	184,977	**70,357**

6. ADMINISTRATION EXPENSES BY NATURE

	Notes	2023 $	2022 $
Accounting and compliance		180,151	225,403
Consultants		309,932	546,964
Depreciation and amortisation expense		106,806	170,072
Employee benefits expense		1,360,967	1,929,000
Insurance		112,493	106,759
Legal fees		95,743	262,055
Office costs		134,850	176,685
Telecommunications		20,346	145,523
Travel		39,124	81,077
Share-based payments	28	(239,739)	-
Stakeholder engagement		2,291	226,703
Other		111,019	198,001
		2,233,983	**4,068,242**

7. EXPLORATION EXPENSE

	2023 $	2022 $
Research and development incentive provision adjustment	1,542,267	1,382,679
Exploration expenditure expensed	248,915	186,497
	1,791,182	**1,569,176**

8. INCOME TAX

	2023 $	2022 $
Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(41,606,037)	(5,579,288)
Prima facie tax benefit at the Australian tax rate of 25% (2022: 25%)	(10,401,509)	(1,394,822)
Tax effect of:		
Non-deductible expenses	351,335	380,736
Share issue costs included in equity	(47,265)	-
Impairment of exploration asset previously deducted	9,440,348	-
Movement in deferred tax assets not brought into account	657,091	1,014,086
Income tax expense	**-**	**-**
Unrecognised temporary differences		
Deferred Tax Assets (at 25% (2022:25%))		
Accruals and other provisions	148,370	353,160
Capital raising costs	298,168	405,366
Carry forward tax losses	15,331,072	13,592,455
	15,777,610	**14,350,981**
Set off of deferred tax liabilities	(288,013)	(8,958,824)
Net deferred tax assets	15,489,597	5,392,157
Less deferred tax assets not recognised	(15,489,597)	(5,392,157)
	-	**-**
Deferred Tax Liabilities (at 25% (2022:25%))		
Exploration	206,997	8,885,976
Prepayments	61,243	52,992
Other	19,773	19,856
	288,013	**8,958,824**
Set off against deferred tax assets	(288,013)	(8,958,824)
	-	**-**

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

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

Accounting Policy:

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

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

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.

9. CASH AND CASH EQUIVALENTS

	2023	2022
	$	$
Cash at bank and in hand	1,266,658	853,791
Short-term deposits	25,000	25,000
	1,291,658	**878,791**

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

Accounting Policy:

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

10. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
GST receivable	7,845	35,843
Grant funding receivable	-	176,000
Other receivable	8,837	48,331
	16,682	**260,174**

Accounting Policy:

Trade and other receivables

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

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

Allowance for ECL

The Group has not recognised any loss (2022: nil) in respect of ECL for the year ended 30 June 2023.

Goods and Services Tax (GST)

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

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

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

11. PREPAYMENTS

	2023 $	2022 $
Insurance	116,194	176,535
Other	135,448	35,433
	251,642	**211,968**

Accounting Policy:

Prepayments

These amounts represent payments for goods and services made prior to the end of the financial year for which the underlying asset will not be consumed until a future date.

12. PLANT AND EQUIPMENT

	Computer Equipment	Plant & Equipment	Leasehold Improvements	Motor Vehicles	Furniture & Fittings	Total
	$	$	$	$	$	$
Cost						
Balance at 30 June 2021	**50,784**	**132,030**	**-**	**100,893**	**19,063**	**302,770**
Additions	16,485	-	152,265	82,312	-	251,062
Government grant received(i)	-	-	(60,831)	(99,169)	-	(160,000)
Disposals	-	(4,545)	-	-	-	(4,545)
Balance at 30 June 2022	**67,269**	**127,485**	**91,434**	**84,036**	**19,063**	**389,287**
Additions	-	-	83,279	91,204	-	174,483
Transfers from leases	-	-	-	98,068	-	98,068
Government grant received(i)	-	-	(12,000)	(78,000)	-	(90,000)
Disposals	(9,715)	-	-	-	(980)	(10,695)
Balance at 30 June 2023	**57,554**	**127,485**	**162,713**	**195,308**	**18,083**	**561,143**

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

	Computer Equipment $	Plant & Equipment $	Leasehold Improvements $	Motor Vehicles $	Furniture & Fittings $	Total $
Accumulated Depreciation						
Balance at 30 June 2021	**22,839**	**68,250**	**-**	**28,556**	**9,168**	**128,813**
Depreciation for the year	15,981	17,684	7,639	20,179	5,949	67,432
Disposals	-	(3,691)	-	-	-	(3,691)
Balance at 30 June 2022	**38,820**	**82,243**	**7,639**	**48,735**	**15,117**	**192,554**
Depreciation for the year	14,305	14,258	26,611	20,087	2,453	77,714

Transfers from leases	-	-	-	17,679	-	17,679
Disposals	(8,259)	-	-	-	(500)	(8,759)
Balance at 30 June 2023	**44,866**	**96,501**	**34,250**	**86,501**	**17,070**	**279,188**
Net Book Value						
Balance at 30 June 2022	28,449	45,242	83,795	35,301	3,946	196,733
Balance at 30 June 2023	**12,688**	**30,984**	**128,463**	**108,807**	**1,013**	**281,955**

Accounting Policy:

Plant and equipment

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

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

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

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

Government grant

Where the Company receives a government grant that's primary condition is to purchase, construct or otherwise acquire a long-term asset, the related to assets shall be presented by deducting the grant received in arriving at the carrying amount of the asset. Government grants are recognised when there is reasonable assurance that:

a) The Group will comply with the conditions attaching to them; and
b) The grants will be received.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets (see Note 8) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

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

13. LEASES (GROUP AS LESSEE)

RIGHT-OF-USE ASSETS	2023 $	2022 $
Cost		
Beginning of the period	336,121	238,053
Additions	-	98,068
Transfer to Plant & Equipment	(98,068)	-
Balance at 30 June	**238,053**	**336,121**
Accumulated Depreciation		
Beginning of the period	227,978	127,798
Charge for the period	27,754	100,180
Transfer to Plant & Equipment	(17,679)	-
Balance at 30 June	**238,053**	**227,978**
Carrying Amount at 30 June	**-**	**108,143**

The Group's leases for office space and a motor vehicle expired during the year.

	2023 $	2022 $
Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	27,754	100,180
Interest expense on lease liabilities	596	11,694
Expense relating to short-term leases	14,356	-
Expense relating to leases of low value assets	19,331	20,165

At 30 June 2023, the Group is committed to $nil short-term leases (2022: $nil).

LEASE LIABILITIES	2023 $	2022 $
Maturity analysis:		
Year 1	-	44,712
	-	**44,712**

Less unearned interest	-	(596)
	-	**44,116**
Analysed as:		
Current	-	44,116
	-	**44,116**

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.

Accounting Policy:

The Group as lessee

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

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

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

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

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

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

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

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments' change is due to a change in a floating interest rate, in which case a revised discount rate is used); and

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

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

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

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

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

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

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

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

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

14. EXPLORATION AND EVALUATION

	2023 $	2022 $
Balance at beginning of period	35,763,106	20,822,722
Additions	2,948,286	14,940,384
Impairment	(37,761,392)	-
End of the period	**950,000**	**35,763,106**

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;
- results of future exploration; and
- recoupment of costs through successful development and exploitation of the areas of interest or, alternatively, by their sale.

At 30 June 2023, the Company determined that impairment indicators were present as the strategic process to secure funding for development of the Lake Wells Sulphate of Potash Project had been unsuccessful. Subsequently, the Group surrendered the Lake Wells mining lease tenure and resolved to sell assets associated with the exploration camp site. The Group has impaired the exploration and evaluation asset to the value of the sale of the camp assets, resulting in a $37,761,392 impairment recognised in the profit and loss in the current year (2022:nil).

Accounting Policy:

Exploration and evaluation expenditure

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

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

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

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

Exploration and evaluation assets include:

- acquisition of rights to explore;
- topographical, geological, geochemical and geophysical studies;
- exploratory drilling, trenching, and sampling; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a Mineral Resource.

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

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

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

Impairment testing of exploration and evaluation assets

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

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

- the term of exploration licence in the specific area of interest has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploitation for and evaluation of mineral resources in the specific area are not budgeted or planned;

- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the decision was made to discontinue such activities in the specified area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

15. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables	1,428,951	1,295,760
Other payables and accruals	589,048	631,294
	2,017,999	**1,927,054**

Accounting Policy:

Trade and other payables

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

16. PROVISIONS

	Notes	2023 $	2022 $
CURRENT			
Employee entitlements		224,513	472,488
Rehabilitation provision	(i)	70,400	-
Research and development incentive provision	(ii)	3,203,913	1,661,646
		3,498,826	**2,134,134**
NON-CURRENT			
Employee entitlements		6,156	99,535
Rehabilitation provision	(i)	-	414,815
		6,156	**514,350**

(i) Provision has been made for the anticipated costs for future rehabilitation of land disturbed or mined. The Company has revised the rehabilitation provision based on the receipt of quote for the anticipated works.. Refer to Note 25.

(ii) The Company has received notices from the Department of Industry, Science, Energy and Resources (**Department**) with respect to the Company's Research & Development (**R&D**) Tax Incentive Rebate application for the 2017/2018 and the 2018/2019 financial years which brought into question the ability of the Company to claim certain activities as being eligible. The Company requested, and received, an independent internal review by the Department on both financial year applications and for which the

Department concluded certain activities claimed were ineligible. The Company filed an application in the Administrative Appeals Tribunal to appeal the Department's decision with respect to the 2018/2019 activities but subsequently removed this application during the current financial year. The Company has provided for the repayment of these R&D incentives aligned to the amended notices of assessment received from the ATO subsequent to year end (during the period of voluntary administration) and which now forms part of the amounts transferred to the Creditors Trust post the effectuation of the DOCA. Refer to Note 25.

Accounting Policy:

Provisions

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

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

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

Rehabilitation Provision

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

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

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

Short-term and other long-term employee benefits

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

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

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

17. CONTRIBUTED EQUITY

	2023		2022	
	No. of Securities	$	No. of Securities	$
SHARE CAPITAL				
Ordinary shares fully paid	1,038,679,058	66,204,487	808,382,808	59,950,430
OTHER LISTED EQUITY SECURITIES				
Options	-	540,795	-	540,795
TOAL ISSUED CAPITAL	**1,038,679,058**	**66,745,282**	**808,382,808**	**60,491,225**

	2023		2022	
	No. of Securities	$	No. of Securities	$
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	-	-
Issued for cash at 1.8 cents per share	115,408,645	2,077,356	-	-
Issued on exercise of unlisted options at 6 cents per share	1,250	75	-	-
Share issue transaction costs	-	(189,060)	-	(897,854)
BALANCE AS AT 30 JUNE	**1,038,679,058**	**66,204,487**	**808,382,808**	**59,950,430**
MOVEMENTS IN OTHER LISTED 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)	-
BALANCE AS AT 30 JUNE	**-**	**540,795**	**-**	**540,795**

	2023	2022
MOVEMENTS IN OPTIONS ON ISSUE	**Number of options**	
Beginning of the financial year	1,500,000	55,787,785
Movements of options during the year		
Exercise of listed options at 12 cents per option	-	(14,234,655)
Issue of unlisted options exercisable at 6 cents	57,443,347	-
Exercise of unlisted options at 6 cents per option	(1,250)	-
Issue of unlisted options exercisable at 3.6 cents per option	115,408,645	-
Expired during the year	-	(40,053,130)
End of the financial year	**174,350,742**	**1,500,000**

	2023	2022
MOVEMENTS IN PERFORMANCE RIGHTS ON ISSUE	**Number of rights**	
Beginning of the financial year	7,657,910	7,327,025
Movements of performance rights during the year		
Unlisted performance rights issued, expiring 4 March 2024	-	1,805,672
Unlisted performance rights issued, expiring 7 September 2023	7,894,736	-
Unlisted performance rights vested during the year	-	-
Unlisted performance rights forfeited during the year	(11,165,571)	(1,474,787)
End of the financial year	**4,387,075**	**7,657,910**

Note: Performance rights do not have an exercise price.

(a) Ordinary shares

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

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

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

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

(b) Shares issued to suppliers

There were nil (2022: 2,500,000) shares issued to suppliers during 2023.

(c) Capital risk management

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

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

The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital positions of the Group at 30 June 2023 and 30 June 2022 are as follows.

	2023 $	2022 $
Cash and cash equivalents	1,291,658	878,791
Trade and other receivables	16,682	260,174
Prepayments	251,642	211,968
Inventory	167,130	227,206
Trade and other payables	(2,017,999)	(1,927,054)
Lease liabilities – current	-	(44,116)
Provisions – current	(3,498,826)	(2,134,134)
Working capital deficit	**(3,789,713)**	**(2,527,165)**

Accounting Policy:

Issued capital

Ordinary shares are classified as equity.

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

18. RESERVES

Share-based payment reserve	Notes	2023 $	2022 $
Beginning of the financial year		2,009,627	2,146,796
Movements in share-based payment reserve	28(e)	(239,739)	(137,169)
End of the financial year		**1,769,888**	**2,009,627**

19. DIVIDENDS

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

20. RELATED PARTY TRANSACTIONS

(a) Parent entity

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

(b) Subsidiaries

Interests in subsidiaries are set out in Note 21.

(c) Key management personnel compensation

	2023 $	2022 $
Short-term benefits	972,162	1,381,833
Post-employment benefits	90,886	108,764
Share-based payments	(152,501)	(108,512)
	910,547	**1,382,085**

Detailed remuneration disclosures are provided in the remuneration report on pages 23 to 30.

(d) Transactions and balances with other related parties

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

(e) Loans to related parties

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

21. SUBSIDIARIES

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

			2023 %	2022 %
Name	**Country of Incorporation**	**Class of Shares**	**Equity Holding[(i)]**	
Lake Wells Potash Pty Ltd	Australia	Ordinary	100	100
Lake Wells Potash Holdings Pty Ltd	Australia	Ordinary	100	100
Laverton Downs Project Pty Ltd	Australia	Ordinary	100	100
Lake Wells East Pty Ltd	Australia	Ordinary	100	100
Laverton TC Property Pty Ltd	Australia	Ordinary	100	100
Laverton Training Centre Pty Ltd	Australia	Ordinary	100	100

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

22. REMUNERATION OF AUDITORS

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

	2023 $	2022 $
Audit services		
KPMG – audit and review of financial reports	88,825	55,000
Hall Chadwick WA Audit Pty Ltd – audit and review of financial reports	-	18,333
Total remuneration for audit services	**88,825**	**73,333**

23. CONTINGENCIES

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

24. COMMITMENTS

	2023 $	2022 $
Exploration commitments		
The Group has certain commitments to meet minimum expenditure requirements on the mining exploration assets it has an interest in. Outstanding exploration commitments are as follows:		
Within one year(i)	1,033,000	4,110,068
Later than one year but not later than five years	-	13,571,255
Later than five years(ii)	-	37,983,984
	1,033,000	**55,665,307**

(i) Relates to exploration licenses at Lake Wells, Laverton Downs and the Nexus Project areas.

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

25. EVENTS OCCURING AFTER THE REPORTING DATE

Voluntary Administration

On 6 December 2023 the directors of APC resolved to appoint Voluntary Administrators Hayden White and Daniel Woodhouse of FTI Consulting (Administrators) to the Company with the view to undertake a restructuring of Australian Potash Limited that would enable it to continue as a going concern, avoid liquidation and allow all shareholders the ability to retain value in their investment and participate in future capital raises.

Creditors voted at a second meeting on 19 January 2024 to accept a Deed of Company Arrangement (DOCA) proposed by Managing Director Matt Shackleton, with all creditors of the Company existent up to the time of appointment, except for outstanding Directors fees and Managing Director employee benefits (in total $316,859), transferring to a Creditors' Trust and thus removing these liabilities from the Company's balance sheet from that date.

The proposed DOCA included the following key terms:

Key Elements	DOCA Proposal
Purpose	Ensure that creditors of the Company receive a better return than in liquidation. Facilitate a capital raising for the Company of not less than $2.75m, expected to comprise of convertible loans, a Priority Placement Offer to existing shareholders and a General Placement Offer. Minimise holding costs and reduce further administrators' fees that may be incurred.
Creditors Trust	The DOCA proposal accepted and subsequently effectuated includes the creation of a Creditors' Trust, to facilitate the

	payment of creditors' claims in accordance with the terms of the DOCA, and to expedite the re-instatement of the Company on the ASX following effectuation of the DOCA. The Creditors' Trust was created on 1 February 2024.
Contributions	The DOCA Contribution to funds available for distribution to creditors out of the Creditors Trust was $900,000, which was raised in the Company via a converting loan issue of $1,000,000.
Capital Raising	The Company has issued converting loans to the value of $1m, with a concomitant commitment obligation to sub-underwrite $2.75m in a Priority and General Placement the subject of the pending Prospectus. The terms of the loans are as follows: Each $1 of converting loan confers a binding sub-underwritten commitment of $2.75; 1 Sub-Underwriting Option will be issued for each 2 shares sub-underwritten exercisable at $0.0015 per option for a period of 3 years. The Company will seek to have the Sub-Underwriting Options listed on ASX; Converting loans can be converted into ordinary shares in the Company under the pending Prospectus at $0.001 per share; In the event the loans are converted into ordinary shares the lender will receive Commitment Options at 0.8 options per share exercisable at $0.0015 per option for a period of 3 years. The Company will seek to have the Commitment Options listed on ASX. The Company is preparing to lodge with ASIC a Prospectus in relation to an offer of shares to raise a maximum of $6m and minimum of $2.75m (Offer), with the broad terms being: • a Priority Placement offer to all existing shareholders on the register at the record date (to be determined); • a General Placement offer following the close of the Priority Placement offer; • an issue price of $0.001 per share; and • one (1) free attaching option for each two (2) shares subscribed for under both the Priority Placement and General Placement offers, exercisable at $0.0015 per option for a period of 3 years. The Company will seek to have these options listed on ASX. Canaccord Genuity (Australia) Limited and Cumulus Wealth have been appointed Lead Managers to the Offer. The capital raising will be underwritten to $2.75million.

<table>
<tr>
<td>Classification of creditors</td>
<td>
The DOCA classifies creditors as follows:
Priority creditors: creditors owed wages and other employee entitlements.
Pool A creditors: unsecured creditors owed less than $60,000.
Pool B creditors: unsecured creditors owed more than $60,000.
Excluded creditors: non-executive directors' accrued fees and on-going employee' entitlements including annual and long service leave due to Managing Director Matt Shackleton.
</td>
</tr>
<tr>
<td>Position of Creditors</td>
<td>
The estimates shown below are based on the information presently available, the Company's estimated realisable value of assets, and estimated claims of creditors. Whilst the DOCA contemplates the pooling of unsecured creditors into two groups, all unsecured creditors would be treated as a single group in a liquidation:
<table>
<tr><td>Categories</td><td>Liquidation</td><td>DOCA</td></tr>
<tr><td>Priority creditors</td><td>0 to 100 c/$</td><td>100 c/$</td></tr>
<tr><td>Unsecured creditors – Pool A</td><td>0 to 13.9 c/$</td><td>100 c/$</td></tr>
<tr><td>Unsecured creditors – Pool B</td><td>0 to 13.9 c/$</td><td>7.3 to 17.0 c/$</td></tr>
</table>
</td>
</tr>
<tr>
<td>Conditions precedent to

completion/effectuation</td>
<td>
The completion of the DOCA was conditional on (unless waived):

funds greater or equal to the DOCA Contribution ($900,000) being available to the Company through the proposed converting loans;
the ASX providing no objection to the Company relisting on terms acceptable to the Proponent (acting reasonably);
the Company holding good title to all of its assets;
no material changes or proposed changes to the Company's assets or operations; and

</td>
</tr>
</table>

	• the Proponent nominating new directors to the board.
Completion	Upon completion, the following key events occurred contemporaneously: • the DOCA contribution was received by the Deed Administrators/Trustees; • the Creditors' Trust was established, and the Deed Administrators became the Trustees of the Creditors' Trust; • the Administrators made changes to the board of directors, as proposed by the Proponent; and • control of the Company was returned to the Directors nominated by the Proponent.

On 1 February 2024, it was confirmed that the conditions precedent to effectuation of the DOCA had been met.

On 2 February 2024 it was announced that the Company had exited Voluntary Administration and returned to the control of the Directors.

Relinquishment of Lake Wells SOP Project Mining Leases

On 15 August 2023 the Company announced that it had concluded a strategic process which aimed to secure funding for the development of the Lake Wells Sulphate of Potash Project. The process did not result in a funding proposition for consideration therefore the decision was made to surrender the mining lease tenure at the Project and sell the camp assets.

Rehabilitation and Mine Closure Report

Following the relinquishment of the mining lease tenure, the Company prepared a Mine Closure Report for the Department of Energy, Mines, Industry Regulation and Industry (DEMIRS) and contracted an earth-moving contractor to effect the rehabilitation of the disturbed areas at Lake Wells.

Over the period to early November 2023, rehabilitation of some on-playa and off-playa ground disturbance was carried out. This entailed the ripping of approximately 17 drill pad areas with many of these being on the lake surface. At the conclusion of the rehabilitation program, a Closure Completion Report (CCP) was completed . Several parts of the development infrastructure were retained by the pastoral lease holder for future use and once recognised by the Pastoral Lands Board is expected to sit outside of the Group's rehabilitation obligation for the site.

The CCP was lodged with DEMIRS on 8 January 2024, and a response from DEMIRS was received on 30 January 2024, requesting additional information prior to accepting the works performed by APC and the satisfaction of obligations regarding rehabilitation of disturbed areas. At the time of this report, there remains a risk that additional rehabilitation work will be required, however it is expected to be immaterial.

Lapse of performance rights

On 22 September 2023 the Company lodged an Appendix 3H with the ASX advising the lapsing of all performance rights on issue.

Annual General Meeting

The Company will issue a notice of Annual General Meeting (AGM) at which the normal business of an AGM will be conducted, as well as presenting to shareholders the resolutions to give effect to the Capital Raising detailed above.

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

26. CASHFLOW INFORMATION

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

	2023 $	2022 $
Net loss for the year	(41,606,037)	(5,579,288)
Non-cash Items		
Depreciation and amortisation of non current assets	106,806	170,072
Lease liability finance charges	596	11,694
Share-based payments expense	(239,739)	(137,169)
Impairment expense	37,761,392	-
Loss on disposal of property, plant and equipment	563	254
Other	(316)	(15,170)
Change in operating assets and liabilities		
Decrease in trade and other receivables	243,492	459,567
Decrease / (increase) in inventory	60,076	(174,446)
Decrease / (increase) in prepayments	(39,674)	-
Increase / (decrease) in trade and other payables	(528,301)	(530,289)
(Decrease) / increase in provisions	1,135,465	1,904,925
Net cash outflow from operating activities	**(3,105,677)**	**(3,889,850)**

(b) Non-cash investing and financing activities

There were nil non-cash investing and financing activities during the year (2022: $210,000).

27. LOSS PER SHARE

	2023 $	2022 $
Basic loss per share (cents)	**(4.44)**	**(0.75)**
(a) Reconciliation of earnings used in calculating loss per share		
Loss attributable to the owners of the Company used in calculating basic and diluted loss per share	(41,606,037)	(5,579,288)

(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	936,945,577	741,702,009

Effects of dilution from:		
Share options	-	-
Weighted average number of ordinary shares adjusted for the effects of dilution	**936,945,577**	**741,702,009**

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

(c) Information on the classification of options

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

Accounting Policy:

Basic earnings per share

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

Diluted earnings per share

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

28. SHARE-BASED PAYMENTS

(a) Director options

The Group has provided benefits to directors of the Company in the form of options constituting share-based payment transactions. No options were granted during the year ended 30 June 2023 or in the prior year ended 30 June 2022.

(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.

No performance rights were issued under this plan in the current year. During the comparative period ending 30 June 2022, 1,805,672 performance rights were granted. A total of 3,270,835 performance rights were forfeited during the period (2022: 1,474,787) 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. During the current period, 7,894,736 performance rights were granted (2022: nil) with a nil exercise price, expiry of 0.4 years and average fair value of 7.2 cents. The same performance rights were forfeited during the year due to cessation of employment.

(d) Summary of share-based payments

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

	2023		2022	
	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 30 JUNE	**1,500,000**	**17.5**	**1,500,000**	**17.5**
EXERCISABLE AS AT 30 JUNE	**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 0.1 years (2022: 1.1 years), and the exercise price is 17.5 cents (2022: 17.5 cents).

Set out below is a summary of the share-based payment performance rights granted per (b):

	Number of Rights	
	2023	2022
OUTSTANDING AT 1 JULY	**7,657,910**	**7,327,025**
Granted	7,894,736	1,805,672
Forfeited	(11,165,571)	(1,474,787)
OUTSTANDING AS AT 30 JUNE	**4,387,075**	**7,657,910**
EXERCISABLE AS AT 30 JUNE	**-**	**-**

The weighted average remaining contractual life of performance rights outstanding at the end of the period was 0.7 years (2022: 1.7 years). Performance rights have a $nil exercise price.

The vesting conditions of the performance rights outstanding at the end of the period relate to development of the Lake Wells Sulphate of Potash Project. The surrender of the Project mining tenure results in the vesting conditions being unable to be satisfied prior to the expiry date and accordingly, previous expenses have been reversed in the reporting period.

(e) Expenses arising from share-based payment transactions

	2023	2022
	$	$
Shares and options included in share-based payments expense	(239,739)	19,072

Accounting Policy:

Share-based payments

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

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

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

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

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

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

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

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

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

29. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Australian Potash Limited, at 30 June 2023. The information presented here has been prepared using accounting policies consistent with those presented throughout the financial statements.

	2023 $	2022 $
Current assets	1,641,867	1,567,802
Non current assets	862,322	35,845,897
Total assets	**2,504,189**	**37,413,699**
Current liabilities	(5,469,663)	(4,103,139)
Non current liabilities	(6,156)	(514,350)
Total liabilities	**(5,475,819)**	**(4,617,489)**
Issued capital	66,745,282	60,491,225
Reserves	1,769,888	2,009,627
Accumulated losses	(71,486,799)	(29,704,642)
Total (deficiency) / equity	**(2,971,629)**	**32,796,210**
Loss for the year	(41,782,157)	(5,814,098)
Total comprehensive loss for the year	**(41,782,157)**	**(5,814,098)**

Directors' Declaration

In the directors' opinion:

(a) the financial statements comprising the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows and accompanying notes set out on pages 34 to 69 are in accordance with the *Corporations Act 2001* (Cth), including:

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

  (ii) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial period ended on that date;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

(c) a statement that the attached financial statements are in compliance with International Financial Reporting Standards has been included in the *Notes to the Consolidated Financial Statements*.

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

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

Matt Shackleton
Managing Director & Chief Executive Officer
Perth, 23 February 2024

Independent Auditor's Report

To the shareholders of Australian Potash Limited

Report on the audit of the Financial Report

Opinion

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

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

- giving a true and fair view of the ***Group***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

Consolidated statement of financial position as at 30 June 2023;

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

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 2.2, "Going concern basis" in the Financial Report. The conditions disclosed in Note 2.2 indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

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

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

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

Key Audit Matters

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

- Exploration and evaluation expenditure capitalised

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.

Impairment of exploration and evaluation expenditure capitalised

Refer to Note 14 to the Financial Report

The key audit matter

Exploration and evaluation expenditure capitalised (E&E) relating to the Lake Wells Sulphate of Potash (SOP) project was impaired by $37,761,392 to a recoverable amount of $950,000 and is a key audit matter due to:

- the significance of the balance (being 24% of total assets) and the significance of the associated impairment expense (being 90% of loss for the period); and
- greater level of audit effort to evaluate the Group's application of the requirements of the industry specific accounting standard AASB 6 Exploration for and Evaluation of Mineral Resources, in particular the assessment of impairment for the Lake Wells SOP area of interest. The presence of impairment indicators necessitated a detailed analysis by the Group of the recoverable value of the E&E expenditure under the requirements of AASB 136 Impairment of Assets. Given the significance of this to the Financial Report, we involved senior team members to assess and challenge the Group's determination of both the impairment expense and the remaining E&E captialised on the balance sheet at balance date.

How the matter was addressed in our audit

Our procedures included:

- evaluating the Group's accounting policy in relation to the impairment assessment of E&E expenditure using the criteria in the accounting standard;
- evaluating Group documents, such as minutes of Board meetings and ASX announcements for consistency with the Group's stated intentions in relation to the Lake Wells SOP project at balance date and in relation to the timing of decisions to sell assets related to E&E. We corroborated this through interviews with key management personnel;
- evaluating the underlying documentation associated with the sale of assets related to E&E which has provided evidence for the determination of the recoverable amount of E&E and therefore enabling the quantification of the associated impairment expense; and assessing the Group's disclosures in relation to the impairment expense as well as subsequent events supporting the determination of the E&E recoverable amount.

KPMG

In assessing the recognition of impairment expense, we paid particular attention to:

- the Group's determination that impairment indicators set out in AASB 6 existed in relation to Lake Wells SOP project at balance date and therefore resulted in the recognition of impairment expense within the 2023 financial year; and
- the underlying documentation supporting the remaining recoverable amount of E&E relating to the Lake Wells SOP project.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

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

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

KPMG

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

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

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Potash Limited for the year ended 30 June 2023 complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

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

Our responsibilities

We have audited the Remuneration Report included in pages 23 to 30 of the Directors' report for the year ended 30 June 2023.

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

KPMG

KPMG

Glenn Brooks
Partner
Perth
23 February 2024

AUSTRALIAN POTASH

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 18 February 2024.

(a) Distribution of equity securities

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

			Ordinary Shares			
			# holders	# shares		% capital
1	-	1,000	76	6,382		0.00
1,001	-	5,000	136	536,822		0.05
5,001	-	10,000	383	3,107,875		0.30
10,001	-	100,000	1,631	70,544,259		6.79
100,001		and over	1,148	964,494,152		92.86
			3,374	**1,038,689,490**		**100.00**

There are 679 holders of unmarketable parcels of fully paid ordinary shares (ASX: APC), based on the closing market price of $0.04 on 29 September 2023, representing 4,587,742 shares and amounting to 0.44% of issued capital.

(b) On-market buy-back

There is no current on-market buy-back.

(c) Restricted securities

There are Nil restricted securities on issue.

(d) Voting rights

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

(e) Substantial shareholders

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

	# shares	% shares
Yandal Investments Pty Ltd	102,242,056	9.84

(f) Top 20 shareholders

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

		Fully Paid Ordinary Shares	
		# shares	% shares
1	YANDAL INVESTMENTS PTY LTD	102,242,056	9.84%
2	KASSETT PTY LTD <JR ZITO DISCRETIONARY NO 2>	27,099,923	2.61%
3	NAVIGATOR AUSTRALIA LTD <MLC INVESTMENT SETT A/C>	21,701,389	2.09%
4	BLUEDALE PTY LTD <COMB SUPER FUND A/C>	19,375,000	1.87%
5	ACUITY CAPITAL INVESTMENT MANAGEMENT PTY LTD <ACUITY CAPITAL HOLDINGS A/C>	18,500,000	1.78%
6	KASSETT PTY LTD <THE JOSEPH ZITO SUPER A/C>	16,967,434	1.63%
7	MR EMANUEL RICHARD BRIAN DILLON <THE COMPLETE A/C>	13,611,111	1.31%
8	CUZINC 2 PTY LTD <THE COX INVESTMENT A/C>	13,362,628	1.29%
9	JEMAYA PTY LTD <THE FEATHERBY FAMILY A/C>	12,000,000	1.16%
10	MATTHEW WILLIAM SHACKLETON <THE HARRYSHACK FAMILY A/C> & <THE HARRYSHACK SUPER A/C>	10,742,060	1.03%
11	MR WALTER PASQUALI	10,000,000	0.96%
12	MR GEOFFREY DONALD COULTAS <THE COULTAS FAMILY A/C>	10,000,000	0.96%
13	MR MICHAEL OWEN MEREDITH	8,825,577	0.85%
14	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	7,726,668	0.74%
15	ARGENTO FODERA PTY LTD	7,000,000	0.67%
16	TANGEE PTY LTD <AFFLECK A/C>	6,650,000	0.64%
17	MRS ALICIA LOUISE ANN HALL & MR MICHAEL JOHN HALL	6,500,000	0.63%
18	MR MICHAEL OWEN MEREDITH & MRS TRACY LEE MEREDITH <TERRA NOVA SUPER FUND A/C>	6,284,122	0.61%
19	MR SEAN LENNON	6,213,136	0.60%
20	MR KARL REINHOLD FRANZ STRASSMEIR	6,000,000	0.58%
		248,149,883	**26.88**

(g) Unquoted securities

			Holders of 20% or more of the class	
Class	**# securities**	**# holders**	**Holder name/s**	**# securities**
Unlisted $0.06 options expiring 21/03/2025	115,408,645	7	YANDAL INVESTMENTS PTY LTD	51,519,756

(h) Tenement Schedule

APC's tenement holdings as at 5 January 2024:

Area	Tenement	Interest
Lake Wells	E38/1903	100%
	E38/2113	100%
	E38/2505	100%
	E38/2901	100%
	E38/2988	100%
	E38/3018	100%
	E38/3021	100%
	E38/3028	100%
	E38/3224	100%
	E38/3225	100%
	E38/3226	100%
	E38/3270	100%
	E38/3423	100%
Laverton Downs[1]	E38/2724	100%
	E38/3014	100%
	E38/3132	100%
	E38/3402	100%
	E38/3403	100%
	E38/3404	100%
Nexus	ELA80/5917	-

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