POTASH MINERALS LIMITED

FINANCIAL REPORT

for the year ended 30 June 2014

POTASH MINERALS LIMITED
ACN: 121 184 316

CONTENTS

This financial report covers the Potash Minerals Limited Group, consisting of Potash Minerals Limited ("Potash Minerals" or the "Company") and its subsidiaries. The financial report is presented in Australian dollars.

Potash Minerals is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Potash Minerals Limited
Ground Floor
16 Ord Street
West Perth WA 6005

The Company has the power to amend and reissue the financial report.

POTASH MINERALS LIMITED
ACN: 121 184 316

CORPORATE INFORMATION

Directors:
Mr Ananda Kathiravelu
Chairman

Mr G.A. Ben Binninger
Non-Executive Director

Mr Richard Monti
Non-Executive Director

Company Secretary:
Mr Phillip Wingate

Auditors:
Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
PERTH WA 6000

Bankers:
Westpac Banking Corporation
108 Stirling Highway
Nedlands WA 6009

Share Registry:
Security Transfers Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Telephone: + 618 9315 2333

Registered & Principal Office:
Ground Floor, 16 Ord Street
WEST PERTH WA 6005
Telephone: + 618 9482 0515
Facsimile: + 618 9482 0505

Postal Address:
P.O. Box 902
WEST PERTH WA 6872

Utah Office:
K2O Utah, LLC,
375 South Main St. #209, Moab,
Utah 84532, USA

Home Securities Exchange:
Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
PERTH WA 6000

ASX Code:
POK (Ordinary Shares)
POKO (Listed Options)

Website:
www.potashmin.com.au

DIRECTORS' REPORT

Your Directors have pleasure in submitting their report together with the financial statements of the Company and its subsidiaries it controlled during the period, for the year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and details of Directors in office at any time during the financial year are:

Mr Ananda Kathiravelu – Non-Executive Chairman (appointed 11 August 2006)

EXPERIENCE AND EXPERTISE

Ananda Kathiravelu has been in the financial services funds management and stock broking industries for over 20 years. He holds a Bachelor of Business and a Graduate Diploma of Applied Finance and Investment. Mr Kathiravelu is the Managing Director of Armada Capital Ltd, a corporate advisory company that has been involved in providing strategic corporate advice and services to listed and unlisted public companies including, Pryme Oil and Gas Ltd, CuDeco Ltd (formally known as Australian Mining Investments Ltd), Meridian Minerals Ltd (formally Bellevue Resources Ltd), Promesa Ltd, Mineq Ltd, Coronado Ltd and Intium Energy Ltd. His areas of expertise include corporate advice, capital raising, mergers and acquisitions. His focus is on the small cap resources and emerging business sectors.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Promesa Limited (Executive Director)
Radar Iron Ltd (Non-Executive Director)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Nil

Mr Ben Binninger – Non-Executive Director (appointed 14 October 2011)

EXPERIENCE AND EXPERTISE

Mr G.A "Ben" Binninger was the Chief Executive Officer of Potash Minerals Limited's potash investments subsidiary, Citadel Capital Holdings Inc ("Citadel"), and was appointed as Non-Executive Director of Potash Minerals Limited on 14 October 2011. Mr Binninger, who is resident in California, has a long and distinguished career that includes several senior executive leadership roles. His experience in resource companies includes Rio Tinto, ARCO, Hercules and EXXON. These roles include oversight of businesses in 24 countries ranging in size from a few million dollars to a billion dollars and provide a relevant base of experience to guide Potash Minerals Limited's potash assets through their development trajectory.

Mr Binninger brings an unusual combination of global management, strategic positioning and financial expertise with hands on operating experience in chemicals, energy, materials, environmental, mining and consulting. He has commercialised novel technologies and developed new products and businesses. His broad functional background includes sales, marketing, distribution, operations, technology, planning, financial and business development.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES

Kreido Biofuels Incorporated

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS

Nil

DIRECTORS' REPORT (CONTINUED)

Mr Richard Monti – Non-Executive Director (appointed 15 December 2006)

EXPERIENCE AND EXPERTISE
Richard Monti has qualifications in Geology (Bachelor of Science with Honours from the University of Western Australia) and Finance (Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia). He has gained broad experience over a twenty nine year career working in the technical, marketing and financial fields of the international exploration and mining industry.

Mr Monti has worked for a number of international and Australian companies including Anaconda Nickel, RTZ Exploration, the North Group and the Normandy Group. During a seven year term at Anaconda Nickel he held General Manager positions in technical, corporate/commercial and marketing fields. He has also held positions on the boards of a number of ASX listed and private mining companies. Mr Monti was a founding Director of corporate advisory firm Ventnor Capital Pty Ltd, which specialises in providing advisory services for small to mid-cap mining exploration companies. Mr Monti resigned from his position at Ventnor Capital in June 2010.

OTHER CURRENT DIRECTORSHIPS OF LISTED COMPANIES
Pacifico Minerals Limited (formerly Jaguar Minerals Limited) (Non-Executive Chairman)
Troy Resources Limited (Non-Executive Director)

OTHER DIRECTORSHIPS HELD IN LISTED COMPANIES IN THE LAST THREE YEARS
Azimuth Resources Limited
Poseidon Nickel Limited
Triton Gold Limited
Whitestar Resources Limited (formerly Whinnen Resources Limited)

Mr Brian Thomas - Non Executive Director (appointed 9 June 2010) (resigned 30 June 2014)

Mr Sean Murray – Non-Executive Director (appointed 19 April 2011) (resigned 30 June 2014)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr Phillip Wingate – appointed 29 March 2012.

Mr Wingate holds a Bachelor of Commerce Degree from Curtin University Australia, and is an Associate of the Institute of Chartered Accountants in Australia. After graduating from University, he started his career in commercial and management accounting with a large private construction group.

Since 2008 Mr Wingate has been involved in a number of company secretarial positions and ASX junior transactions. Mr Wingate has been closely involved with the mining sector in Western Australia and has a strong financial and management reporting background. Mr Wingate is also Company Secretary of ASX listed companies Orinoco Gold Limited and Bone Medical Limited.

PRINCIPAL ACTIVITIES

Potash Minerals' principal activity is the exploration of Potash in Utah, USA.

RESULTS

The net loss attributable to owners of the parent entity for the year ended 30 June 2014 amounted to $12,327,778 (2013: $6,406,920) after providing for income tax and eliminating non-controlling equity interests. The net loss relates to the accounting adjustment for the impairment of the Hatch Point Potash Project, exploration costs and administration costs relating to an ASX listed entity.

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

There were no dividends paid or declared during the year.

OPERATING AND FINANCIAL REVIEW

The board of Potash Minerals Limited ("Potash" or "the Company") is pleased to present its activities report for the year ending 30 June 2014.

Hatch Point Potash Project

During the year the Company and its technical advisors conducted a comprehensive in-house review of the 2010 Scoping Study of the Hatch Point Project. Due to the delays experienced with permitting, the study is being reassessed to reflect the changes in operating considerations and current potash market conditions which have resulted from the recent announcements by the dominant global players.

The review highlights the technical requirements to allow the Scoping Study to be taken to a Pre-Feasibility level. Due to regulatory guidance around the balance of Measured & Indicated Resource as a percentage of the total Resource, the results of the Scoping Study review will not be released to the market.

Board Directors Mr Ben Binninger and Mr Sean Murray accompanied by Moab based Manager of Business and Regulatory Affairs for the project, Don Hamilton, met with the San Juan County Commissioners as well as both the Utah State and local BLM officials to discuss drilling and project activities. During these visits, Mr Frank Hearne was introduced as the new manager of the Company's Joint Venture Partner. Mr Hearn was selected to take up this role previously held by Mr Keith Price.

Science and engineering analytical work has been completed during the year to develop a lower cost drilling program for the Federal Permit area. Discussions were initiated with drilling contractors and lower cost drilling options are currently being reviewed by the Board.

Enhanced communications were established with Fidelity Exploration and Development Corporation to facilitate geological data sharing between the two companies. Negotiations are well advanced to secure much of the water rights needed for the full project and a path forward was defined to secure any additional water rights that may be needed.

Technical planning and project funding continue as key priorities for the Company going forward. With a strengthening potash business outlook and additional knowledge of lower cost drilling techniques it is expected the Company will be in a better position to move the Hatch Point Potash Project forward.

About The Project

Potash Minerals Limited has earned 90% of the Hatch Point Potash Project which covers 405km^2 in the Paradox Basin in south eastern Utah.

The Hatch Point Potash Project is located close to key agricultural regions of the United States and as such is well situated to supply fertilizer manufacturers and agricultural cooperatives in the western United States. The Project also has substantial export potential given its excellent proximity to key US rail infrastructure leading to West Coast ports.

The Hatch Point Potash Project comprises potash (KCl) mineralisation in two beds of interest, Potash 13 and Potash 18, which occurs in two sub-beds. Potash 18 Upper is ubiquitous across the property, while Potash 18 Lower occurs locally to the southwest.

Independent consultant Agapito Associates, Inc. issued a Mineral Resource of **902.4 Mt at 20.3% KCl equivalent (12.8% K2O) average grade** at a 15.9% KCl equivalent (10% K2O) composite cut-off grade. The resource breakdown is summarized in Appendix 1. Detailed analysis of the Mineral Resource with geology, estimation methodology, and accompanying tables can be found in the 6 December 2013 ASX release titled "Resource Update for JORC 2012 on Hatch Point Potash Project".

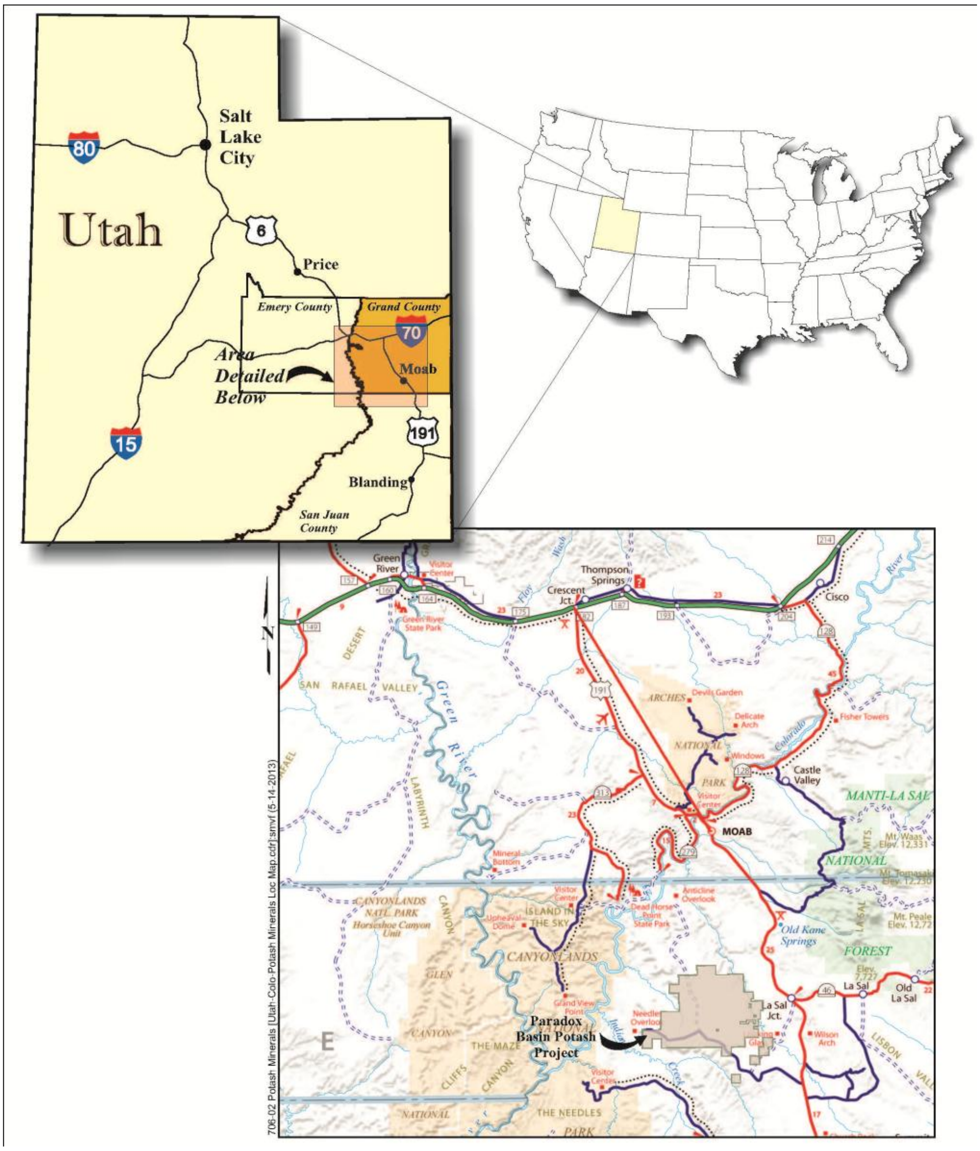
DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

The Mineral Resource includes both sylvinite and carnallite material with the sylvinite Mineral Resource estimated at **604Mt at 21.4% KCl** (13.5% K2O) average grade. At higher cut off grades the sylvinite resource stands at **303 Mt at 24.4% KCl** (15.4% K2O) average grade, and within this **104 Mt at 30% KCl** (18.9% K2O) average grade. The Mineral Resource estimate is defined on less than 20% of the 405 km^2 Project area. (Refer to Table 1 for full details of the Mineral Resource, including Resource category breakdown).

Additionally, only potash beds at least 2m thick and of greater than a 15.9% KCl-equivalent (10% K2O) composite grade were included in this resource estimate.

Location of The Project



DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Table 1: Hatch Point Potash Project Mineral Resource
(Based on a 15.9% KCl (10% K2O) composite grade cut-off and a 2.0-m bed thickness cut-off)

Bed	Mineralogy	Average Thickness (m)	Resource Area (km^2)	In-Place Tonnes (M)[1,2]	K_2O (wt %)	KCl (wt %)
Measured[3]						
P13 Upper	Sylvinite	-	-	-	-	-
P13 Lower	Sylvinite	3.2	0.87	5.0	12.9	20.4
P18 Upper	Sylvinite	-	-	-	-	-
	Carnallite	8.8	0.51	6.9	10.5	16.6
P18 Lower	Sylvinite	-	-	-	-	-
	Carnallite	2.7	0.51	1.9	15.2	24.1
Total Measured				**13.8**	**12.0**	**19.0**
Indicated[4]						
P13 Upper	Sylvinite	-	-	-	-	-
P13 Lower	Sylvinite	3.4	4.91	29.5	12.6	20.0
P18 Upper	Sylvinite	-	-	-	-	-
	Carnallite	8.4	4.85	63.0	10.5	16.7
P18 Lower	Sylvinite	-	-	-	-	-
	Carnallite	2.7	4.05	15.5	15.1	24.0
Total Indicated				**107.9**	**11.7**	**18.8**
Inferred[5]						
P13 Upper	Sylvinite	3.3	7.31	42.4	12.9	20.5
P13 Lower	Sylvinite	3.4	10.59	64.4	12.1	19.2
P18 Upper	Sylvinite	4.4	45.24	353.9	14.0	22.2
	Carnallite	7.9	14.09	170.9	10.7	17.0
P18 Lower	Sylvinite	4.9	12.53	108.1	13.0	20.7
	Carnallite	2.6	11.04	41.0	14.3	22.7
Total Inferred				**780.7**	**12.9**	**20.5**
Total Measured, Indicated & Inferred				**902.4**	**12.8**	**20.3**

"-" indicates no significant mineralisation identified
1. Average bulk density of sylvinite 2.08 t/m3. Carnallite bulk density varies by grade; potential range 1.61 to 2.17 t/m3.
2. Bed thickness cut-off 2.0 m and composite grade cut-off of 10.0% K2O.
3. Measured Resource located within 400-m radius from an exploration hole.
4. Indicated Resource located between 400-m and 1,200-m radius from an exploration hole.
5. Inferred Resource located between 1,200-m and 2,400-m radius from an exploration hole.

The reader is cautioned that a Mineral Resource is an estimate only and not a precise and completely accurate calculation, being dependent on the interpretation of limited information on the location, shape, and continuity of the occurrence and on the available sampling results. Actual mineralisation can be more or less than estimated depending upon actual geological conditions.

The Mineral Resource statement includes Inferred Mineral Resources. There is a low level of geological confidence associated with Inferred Mineral Resources and there can be no certainty that further exploration work will result in the determination of Indicated or Measured Mineral Resources. Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. No Mineral Reserves are being stated.

DIRECTORS' REPORT (CONTINUED)

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Previous Reported Results

There is information in this announcement relating to Mineral Resources at the Hatch Point Potash Project. Full details of the Mineral Resource were included in the following ASX Release and are available to view on the Company's website www.potashmin.com.au:

1. *6 Dec 2013 - Resource Update for JORC 2012 on Hatch Point Potash Project*

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the Mineral Resource Estimate in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Competent Persons Statement

The information in this report that relates to exploration results and Mineral Resources is based on information prepared by Ms. Vanessa Santos, the Chief Geologist and Mr. Leo J. Gilbride, Vice President, both with Agapito Associates, Inc. Ms. Santos and Mr. Gilbride are Registered Members of The Society of Mining, Metallurgy and Exploration (SME), a Recognised Overseas Professional Organisation and are employed by Agapito Associates Inc.. Ms. Santos and Mr. Gilbride each have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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". Ms. Santos and Mr. Gilbride consented to the to the inclusion in the ASX Release dated 6 December 2013 "Resource Update for JORC 2012 on Hatch Point Potash Project" of the matters based on their information in the form and context in which it appears.

A Mineral Resource is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

CORPORATE ACTIVITIES

During the year, the Company completed a Placement raising $1.7 million before costs in July 2013 and also completed a Share Purchase Plan in July. 200 shareholders participated in the Share Purchase Plan, subscribing for 4,083,371 shares raising an additional $490,000 to the $1.7 million placement.

The Company also issued Bonus Options to eligible shareholders during the year. The Bonus Issue offered shareholders who were registered at the record date of 14th November 2013, one new Option exercisable at $0.20 each and expiring on 30 November 2015 for every two existing ordinary shares held. The Bonus Issue was open to holders of fully paid ordinary shares in the Company with registered addresses in Australia, Hong Kong or New Zealand. A total of 48,227,925 new Bonus Issue Options were issued to eligible shareholders and subsequently quoted on ASX under the code POKO.

Mr Brian Thomas and Mr Sean Murray both resigned as Non-Executive Directors of the Company effective 30 June 2014 during the year.

The Company initiated a number of cost saving initiatives to reduce corporate overhead expenditure including reducing monthly Director fees to preserve the Company's cash balance. The Company's cash position at 30 June 2014 was $1,140,697.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group that occurred during the financial period not otherwise disclosed in this report or the financial statements.

DIRECTORS' REPORT (CONTINUED)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the period which significantly affected or may significantly affect the operations of the Company or Group, the results of those operations or the state of affairs of the Company or Group in subsequent financial years.

ENVIRONMENTAL REGULATION

The Directors believe that the Group has, in all material respects, complied with all particular and significant environmental regulations relevant to its operations.

The Group's operations are subject to various environmental regulations under the Federal and State Laws of Australia and the USA.

The majority of the Group's activities involve low level disturbance associated with exploration drilling programs. Approvals, licences and hearings and other regulatory requirements are performed as required by the management of Potash Minerals for each permit or lease in which the Group has an interest.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company has paid a premium of $12,880 excluding GST (2013: $16,800) to insure the Directors and Secretary of the Company.

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.

DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY

As at the date of this report, the interests of the Directors in ordinary shares, listed and unlisted options of the Company were:

	Shares		Unlisted Options	
Director	**Held Directly**	**Held Indirectly**	**Held Directly**	**Held Indirectly**
Mr A. Kathiravelu	63,333	69,999	31,667	35,001
Mr G. Binninger	15,000	-	1,000,000	-
Mr R. Monti	-	2,774,166	-	1,387,083
TOTAL	**78,333**	**2,844,165**	**1,031,667**	**1,422,084**

DIRECTORS' REPORT (CONTINUED)

MEETINGS OF DIRECTORS

During the financial year, 5 meetings of Directors were held with the following attendances:

Directors	Meetings Attended	Meetings Eligible to Attend
Mr A. Kathiravelu	5	5
Mr G. Binninger	5	5
Mr R. Monti	5	5
Mr B. Thomas(1)	5	5
Mr S. Murray(1)	5	5

(1) Mr Thomas and Mr Murray both resigned as Non-Executive Directors effective 30 June 2014.

In addition the directors also completed 13 circular resolutions during the year.

Two meetings of the Audit Committee and Remuneration Committee were also held during the year.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Company for the year ended 30 June 2014. The information contained in this report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The information provided includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the financial report.

This remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes those executives in the Parent and the Group receiving the highest remuneration.

Key Management Personnel

Directors:
Mr Ananda Kathiravelu (Non-Executive Chairman)
Mr G.A. "Ben" Binninger (Non-Executive Director)
Mr G.A. "Ben" Binninger (CEO of Citadel Capital Holdings Inc.) – Resigned 30 October 2013
Mr Richard Monti (Non-Executive Director)
Mr Brian Thomas (Non-Executive Director) – Resigned 30 June 2014
Mr Sean Murray (Non-Executive Director) – Resigned 30 June 2014

Remuneration Policy

The Company's performance relies heavily on the quality of its Key Management Personnel. The Company has therefore designed a remuneration policy to align director and executive reward with business objectives and shareholder value.

Executive reward is linked to shareholder value by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain high calibre management personnel and directors to run and manage the Group.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration Committee

The Remuneration Committee is responsible for determining and reviewing compensation arrangements for the directors, the CEO and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board policy is to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required.

The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at the Annual General Meeting (currently $500,000).

Fees for non-executive Directors 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 employee option plans that may exist from time to time.

Executive Remuneration

Executive Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Fixed Remuneration

All KMP's are remunerated on a consultancy basis based on services provided by each person. The Board reviews KMP 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 fixed remuneration of the Company's KMP is detailed in the table below.

Variable Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and key management personnel. Currently, this is facilitated through the issue of options to key management personnel to encourage the alignment of personal and shareholder interests. The Company believes this policy will be effective in increasing shareholder wealth.

Principles used to determine the nature and amount of variable remuneration: relationship between remuneration and company performance

The overall level of executive reward takes into account the performance of the Group over a number of years, with greater emphasis given to the current and prior year. The main performance criteria used in determining the executive reward remuneration is increasing shareholder value through aligning the Company with high quality exploration assets. Due to the nature of the Group's principal activities the Directors assess the performance of the Group with regard to the price of the Company's ordinary shares listed on the ASX, and the market capitalisation of the Group.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Directors and executives are issued options to encourage the alignment of personal and shareholder interests. Options issued to Directors may be subject to market based price hurdles and vesting conditions and the exercise price of options is set at a level that encourages the Directors to focus on share price appreciation. The Company believes this policy will be effective in increasing shareholder wealth. Key Management Personnel are also entitled to participate in the employee share and option arrangements.

On the resignation of Directors any vested options issued as remuneration are retained by the relevant party.

The Board may exercise discretion in relation to approving incentives such as options. The policy is designed to reward key management personnel for performance that results in long-term growth in shareholder value.

The Company does not currently have a policy pertaining to Directors hedging their exposure to risks associated to the Company's securities they receive as compensation.

During the year the Board completed a self-performance evaluation at a Director and Board level.

<u>Service Contracts</u>

Upon appointment to the Board, all non-executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the policies and terms, including compensation, relevant to the office of Director.

<u>Service Contracts (Continued)</u>

Non-Executive Directors

The key terms of the Non-Executive Director service agreements are as follows:

- Term of agreement – ongoing subject to annual review.
- Directors' Fees of $24,000 per annum plus statutory superannuation.
- There is no notice period stipulated to terminate the contract by either party.

Apart from their duties as Directors, some Non-Executive Directors may undertake work for the Company over and above the specific duties of a Non-Executive Director.

Requests for services may only be initiated by the Chairman and in his absence, the Chief Executive Officer, and must also be signed off by an independent Non-Executive Director. Non-Executive Directors are to receive a daily rate for additional work performed of $1,000 per day ($125/hr).

Executives

Remuneration and other terms of employment for the Executive Director and Chief Executive Officer are formalised in service agreements. Each agreement provides for the participation, when eligible in the Potash Minerals Limited's Employee Share Option Plan. Other major provisions of the agreement relating to remuneration are set out below:

Mr G. Binninger, Non-Executive Director (appointed 14 October 2011 to Present) and Chief Executive Officer – Citadel Potash Holdings Inc. (appointed 9 May 2011 and resigned on 30 October 2013).

Mr G. Binninger Chief Executive Officer Contract terms:

- Term of agreement – 24 month agreement with extension by mutual consent.
- Mr Binninger is engaged to provide at least 11 days per month of Chief Executive Officer Services to Citadel Capital Holdings Inc.
- Consulting fees of US$20,833.33 per month.
- Grant of Options in the Company on the following terms and conditions:

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

The Company issued to Mr Binninger three million (3,000,000) options of Potash Minerals Limited ("Potash") ordinary shares on the following terms and conditions:

- One million (1,000,000) Options exercisable at $A0.50 cents each. Options may only be exercised if the Company's share price is more than AUD $1.00 on a five (5) day weighted average basis. The right to purchase these options shall expire two (2) years after vesting. Options vested after Mr. Binninger provided Services to the Company for six (6) months continuously. These options expired on 30 November 2013.

- One million (1,000,000) Options exercisable at $A0.75 cents each. Options may only be exercised if the Company's share price is more than AUD $1.25 on a five (5) day weighted average basis. The right to purchase these options shall expire two (2) years after vesting. Options vest after Mr Binninger has been providing Services to the Company for twelve (12) months continuously. These options expired on 31 May 2014.

- One million (1,000,000) Options exercisable at $A1.00 each. Options may only be exercised if the Option share price is more than AUD $1.50 on a five (5) day weighted average basis. The right to purchase these options shall expire two (2) years after vesting. Options vest after the Mr Binninger has been providing Services to the Company for eighteen (18) months continuously. These options expire on 30 November 2014.

<u>Remuneration of Directors and Executives</u>

Details of the remuneration of the Directors and the key management personnel (as defined in AASB 124 *Related Party Disclosures)* of Potash Minerals Limited are set out in the following table:

Key Management Personnel of Potash Minerals Limited

2014	**Short Term Benefits**		**Post-Employment Benefits**	**Share Based Payments**		
Key Management Personnel	**Salary and Fees $**	**Non-Monetary $**	**Super-annuation $**	**Options $**	**Total $**	**% Performance Related**
Directors						
Mr A. Kathiravelu	66,000	-	6,105	46,138 (1)	118,243	39%
Mr G. Binninger	51,000	-	-	-	51,000	-
Mr R. Monti	48,000	-	4,440	7,213 (1)	59,653	12%
Mr B. Thomas(2)	48,000	-	4,440	7,213 (1)	59,653	12%
Mr S. Murray(2)	51,000	-	-	7,213 (1)	58,213	12%
Total	**264,000**	**-**	**14,985**	**67,777**	**346,762**	**20%**

(1) Unlisted options issued in prior periods with expense recognised over period of vesting.

(2) Mr Thomas and Mr Murray both resigned as Non-Executive Directors effective 30 June 2014.

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of Directors and Executives (Continued)

2013	Short Term Benefits		Post-Employment Benefits	Share Based Payments		
Key Management Personnel	**Salary and Fees $**	**Non-Monetary $**	**Super-annuation $**	**Options $**	**Total $**	**% Performance Related**
Directors						
Mr A. Kathiravelu	66,000	-	5,940	173,300[2]	245,240	71%
Mr G. Binninger[1]	246,294	-	-	80,568[2]	326,862	25%
Mr R. Monti	48,000	-	4,320	106,598[2]	158,918	67%
Mr B. Thomas	48,000	-	4,320	106,598[2]	158,918	67%
Mr S. Murray	48,000	-	-	106,598[2]	154,598	69%
Total	**456,294**	**-**	**14,580**	**573,662**	**1,044,537**	**55%**

[1] Mr Binninger received salary and fees in relation to his role as CEO – Citadel as well as for his services to Citadel as a Non-Executive Director for which he was appointed on 14 October 2011 (refer above for terms of his service contract).

[2] Unlisted options issued in prior periods with expense recognised over period of vesting.

Shareholdings of Key Management Personnel

The number of ordinary shares of Potash Minerals Limited held, directly, indirectly or beneficially, by each Director, including their personally-related entities for the year ended 30 June 2014 is as follows:

Directors	Held at 1 July 2013	Movement During Year	Options Exercised	Held at 30 June 2014
A. Kathiravelu	133,332	-	-	133,332
G. Binninger	15,000	-	-	15,000
R. Monti	2,524,166	250,000	-	2,774,166
B. Thomas [1]	110,000	-	-	110,000
S. Murray [1]	20,000	-	-	20,000
Total	**2,802,498**	**250,000**	**-**	**3,052,498**

[1] Mr Thomas and Mr Murray both resigned as Non-Executive Directors effective 30 June 2014. Final shareholdings are at this date.

Option Holdings of Key Management Personnel

The number of options over ordinary shares in Potash Minerals Limited held, directly, indirectly or beneficially, by each specified Director and specified executive, including their personally-related entities for the year ended 30 June 2014 is as follows:

Directors	Held at 1 July 2013	Bonus Issue of Options [1]	Expiry of Options	Exercised	Held at 30 June 2014	Vested and exercisable at 30 June 2014
A. Kathiravelu	1,500,000	66,668		-	1,566,668	1,566,668
G. Binninger	3,000,000	-	(2,000,000)	-	1,000,000	1,000,000
R. Monti	1,000,000	1,387,083	-	-	2,387,083	2,387,083
B. Thomas[2]	1,000,000	55,000	-	-	1,055,000	1,055,000
S. Murray[2]	1,000,000	-	-	-	1,000,000	1,000,000
Total	**7,500,000**	**1,508,751[1]**	**(2,000,000)**	**-**	**7,008,751**	**7,008,751**

DIRECTORS' REPORT (CONTINUED)

REMUNERATION REPORT (AUDITED) (CONTINUED)

(1) The Bonus Issue of Options was made available to all shareholders of the Company as at 14 November 2013 whose registered address was in Australia, Hong Kong or New Zealand. As Mr Binninger and Mr Murray had registered addresses outside these jurisdictions they were not eligible to participate in the offer.

(2) Mr Thomas and Mr Murray both resigned as Non-Executive Directors effective 30 June 2014. Final option holdings are at this date.

Share-based Compensation

There was no share-based compensation for the Directors in the current year.

Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

Armada Capital Limited, a company of which Mr Ananda Kathiravelu is Managing Director, was paid brokerage fees in relation to the capital raisings of Potash Minerals on normal commercial terms and also provided investor relations and marketing support to the Company on normal commercial terms during the year.

A summary of the total fees paid and payable to Armada Capital Limited for the year ended 30 June 2014 were as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Brokerage on capital raising	15,428	16,500
Investor relations and marketing support	36,000	-
Total	**51,428**	**16,500**

***********END OF AUDITED REMUNERATION REPORT***********

LIKELY DEVELOPMENTS

Likely developments in the operations of the Group have been disclosed in the Operating and Financial Review section of the Directors' Report.

AUDITORS INDEPENDENCE DECLARATION

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 for the year ended 30 June 2014 has been received and can be found on page 20.

AUDITOR

Nexia Perth Audit Services Pty Ltd continues in office in accordance with Section 327 of the Corporation Act 2001.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court to bring proceedings on behalf of the Company or 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.

The Company was not a party to any such proceedings during the year.

DIRECTORS' REPORT (CONTINUED)

SHARE OPTIONS

Shares under Option
At the date of this report there are 51,183,448 unissued shares under option outstanding.

Date Granted	Expiry Date	Exercise Price	Number Shares Under Option
10 August 2011*	30 November 2014	$1.00	1,000,000
22 September 2011*	30 November 2014	$1.25	200,000
6 September 2012*	30 November 2014	$0.50	1,562,500
29 November 2012*	30 November 2014	$0.60	200,000
18 November 2013	30 November 2015	$0.20	48,220,948
			51,183,448

* Unlisted options

These options do not entitle the holders to participate in any share issue of the Company or any other body corporate.

During the year and up to the report date, a total of 6,977 ordinary shares were issued as a result of the exercise of an option.

AUDIT SERVICES

During the year the following fees were paid or payable for services provided by the auditor.

	Consolidated 2014 $	Consolidated 2013 $
Audit Services		
Amounts payable to auditor of parent entity	38,366	30,142
	38,366	**30,142**

There were no non-audit services performed by the auditor during the year (2013: Nil).

Signed in accordance with a resolution of the Directors.

A. Kathiravelu
Non-Executive Chairman

Perth
Date: 30 September 2014

CORPORATE GOVERNANCE STATEMENT

Potash Minerals and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company has adopted systems of control and accountability as the basis for the administration of corporate governance. The Company and its Controlled Entities together are referred to as the Group in this statement.

The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. The Corporate Governance Statement has been structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd edition with 2010 Amendments to the extent that they are applicable to the Company.

Information about the Company's corporate governance practices at 30 June 2014 are set out below. All of these practices were put in place subsequent to the listing of the Company in December 2006.

THE BOARD OF DIRECTORS

The Company's Constitution provides that the number of Directors shall not be less than three. There is no requirement for any shareholding qualification.

If the Company's activities increase in size, nature and scope, the size of the Board will be reviewed periodically and the optimum number of Directors required to adequately supervise the Company's activities will be determined within the limitations imposed by the Constitution and as circumstances demand.

The membership of the Board, its activities and composition are subject to periodic review. The criteria for determining the identification and application of a suitable candidate for the Board shall include quality of the individual, background of experience and achievement, compatibility with other Board members, credibility within the Company's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

Directors are initially appointed by the full Board, subject to election by shareholders at the next Annual General Meeting. Under the Company's Constitution the tenure of a Director (other than Managing Director, and only one Managing Director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a Director. A Managing Director may be appointed for the period and on any terms the Directors think fit and, subject to the terms of any agreement entered into, the appointment may be revoked on notice.

THE COMMITTEES OF THE BOARD

The Board had a separate Audit Committee during the year which consisted of only Non-Executive Directors, being Mr Brian Thomas and Mr Sean Murray. Mr Brian Thomas acted as Chairman of the Audit Committee. The role of the Audit Committee is to:

(a) Monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgements;

(b) Review the Company's internal financial control systems and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;

(c) Monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and

(d) Perform such other functions as assigned by law, the Company's constitution, or the Board.

The Board has established a framework for the management of the Group including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The Board also had a Remuneration Committee during the year. The members of this Committee were Mr Brian Thomas and Mr Sean Murray. The Remuneration Committee may obtain independent advice on the appropriateness of remuneration packages.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

The separate Audit and Remuneration Committees were dissolved on 30 June 2014 following the resignations of both Mr Brian Thomas and Mr Sean Murray. The Board as a whole now considers the matters previously dealt with by these committees under their charters.

APPOINTMENTS TO OTHER BOARDS

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

INDEPENDENT PROFESSIONAL ADVICE

The Board has determined that individual Directors have the right in connection with their duties and responsibilities as Directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to Directors' rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

GENDER DIVERSITY

The Company has not adopted an express policy specifically addressing achieving gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. Furthermore, the Company has not set any objectives for achieving gender diversity. Should a gender diversity policy be considered appropriate for the Company in the future due to increases in size of the organisation, the policy will specifically deal with the objectives for achieving diversity.

The Company's corporate code of conduct provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.

The Company currently has no women board members, senior executives or employees.

CONTINUOUS REVIEW OF CORPORATE GOVERNANCE

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as Directors of the Company. Such information must be sufficient to enable the Directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The Directors recognise potash exploration is a business with inherent risks and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

CODE OF CONDUCT

The Company has adopted a Code of Conduct for company executives that promote the highest standards of ethics and integrity in carrying out their duties to the Company.

The Code of Conduct can be found on the Company's website at www.potashmin.com.au.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

RISK MANAGEMENT SYSTEMS

The identification and management of risk, including calculated risk-taking activity is viewed by management as an essential component in creating shareholder value.

The Board delegates to management the responsible for developing, maintaining and improving the Company’s risk management and internal control system. Management provides the board with periodic reports identifying areas of potential risks and the safeguards in place to efficiently manage material business risks. These risk management and internal control systems are in place to protect the financial statements of the entity from potential misstatement, and the Board is responsible for satisfying itself annually, or more frequently as required, that management has developed a sound system of risk management and internal control.

Strategic and operational risks are reviewed at least annually as part of the forecasting and budgeting process. The Company has identified and actively monitors risks inherent in the industry in which the Company operates.

The Board also receives a written assurance from the Non-Executive Chairman and Company Secretary that to the best of their knowledge and belief, the declaration provided to the Board in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control, and that the system is operating effectively in relation to financial reporting risks. The Board notes that due to its nature, internal control assurance from the Non-Executive Chairman and Company Secretary can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in internal control procedures.

ASX PRINCIPLES OF GOOD CORPORATE GOVERNANCE

The Board has reviewed its current practices in light of the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations with 2010 Amendments 2nd edition with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the ASX Corporate Governance Guidelines with which the Company does not comply:

ASX Principle		Reference/comment
Principle 2: Structure the Board to add value		
2.1	A majority of the Board should be independent Directors	Given the Company’s present size and scope, it is currently not company policy to have a majority of independent Directors. Persons have been selected as Directors to bring specific skills and industry experience to the Company.
2.2	The chairperson should be an independent Director	The Chairman, Ananda Kathiravelu, is not independent under definition in the ASX Corporate Governance Guidelines. The Board believes the alignment of the interests of Directors with those of shareholders as being the most efficient way to ensure shareholders’ interests are protected. The Board believes that this is both appropriate and acceptable at this stage of the Company’s development.
2.4	The Board should establish a nomination committee	Given the size of the Board there is no formal nomination committee. Acting in its ordinary capacity from time to time as required, the Board carries out the process of determining the need for, screening and appointing new Directors. In view of the size and resources available to the Company, it is not considered that a separate nomination committee would add any substance to this process.

ASX Principle		Reference/comment
Principle 4: Safeguard integrity in financial reporting		
4.1 – 4.2	The Board should establish an audit committee	The Company currently does not have an audit committee. The Board believes that, with only 3 Directors on the Board, the Board itself is the appropriate forum to deal with this function going forward.
Principle 3: Promote ethical and responsible decision-making		
3.2 – 3.3	Companies should establish a policy concerning diversity	The Company does not have an express policy specifically addressing achieving gender diversity. Due to the current limited size of the Board, the Board does not consider it necessary to have a gender diversity policy, but will consider adopting a policy in the future. The Company's Corporate Governance Plan includes a corporate code of conduct, which provides a framework for undertaking ethical conduct in employment. Under the corporate code of conduct, the Company will not tolerate any form of discrimination or harassment in the workplace.
Principle 8: Remunerate fairly and responsibly		
8.1	The Board should establish a remuneration committee.	Given the current size of the Board, the Company does not have a remuneration committee. The Board as a whole reviews remuneration levels on an individual basis, the size of the Company making individual assessment more appropriate than formal remuneration policies. In doing so, the Board seeks to retain professional services as it requires, at reasonable market rates, and seeks external advice and market comparisons where necessary.
8.3	Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive Directors and senior executives.	The Board acknowledges the grant of options to Directors is contrary to Recommendation 8.3 of the ASX Corporate Governance Principles and Recommendations. However, the Board considers the grant of Director Options to be reasonable in the circumstances, given the necessity to attract and retain the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves.

the next solution

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

To the directors of Potash Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor's 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.

Nexia Perth Audit Services Pty Ltd

PTC Klopper
Director

30 September 2014
Perth

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POTASH MINERALS LIMITED
ACN: 121 184 316

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Finance income	4	34,686	22,157
Financial administration, insurance and compliance costs		(481,416)	(419,709)
Consulting and contracting expenses		-	(1,488,309)
Depreciation	11	(688)	(97)
Impairment of investment in associate	16	-	(3,450,009)
Impairment of exploration and evaluation expenditure	10	(12,436,735)	-
Employee expenses	5	(318,342)	(934,771)
Share of net loss of associates and jointly controlled entities	16	(375,346)	(284,854)
Loss before income tax expense		(13,577,841)	(6,555,592)
Income tax / (expense) benefit	7	-	-
Loss for the year		**(13,577,841)**	**(6,555,592)**
Other Comprehensive Income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		67,313	1,621,367
Other comprehensive income for the period, net of tax		67,313	1,621,367
Total Comprehensive Loss for the year		**(13,510,528)**	**(4,934,225)**
Loss attributable to:			
Owners of the parent entity		(12,327,778)	(6,406,920)
Non-controlling interest		(1,250,063)	(148,672)
Total Comprehensive Loss attributable to:			
Owners of the parent entity		(12,260,465)	(4,785,553)
Non-controlling interest		(1,250,063)	(148,672)
Basic Loss per share – cents per share	6	(12.94)	(8.25)
Diluted Loss per share – cents per share	6	(12.94)	(8.25)

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

POTASH MINERALS LIMITED
ACN: 121 184 316

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Note	Consolidated 2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	8	1,140,697	154,946
Other receivables	9	21,582	9,998
Total current assets		**1,162,279**	**164,944**
Non-current assets			
Other receivables	9	256,907	260,924
Investments accounted for using the equity method	16	259,991	635,337
Exploration and evaluation expenditure	10	2,788,000	14,918,486
Plant and equipment	11	-	688
Total non-current assets		**3,304,898**	**15,815,435**
TOTAL ASSETS		**4,467,177**	**15,980,379**
LIABILITIES			
Current liabilities			
Trade and other payables	12	90,702	229,947
Total current liabilities		**90,702**	**229,947**
TOTAL LIABILITIES		**90,702**	**229,947**
NET ASSETS		**4,376,475**	**15,750,432**
EQUITY			
Share capital	13	29,989,494	27,943,247
Reserves		5,951,571	5,793,935
Retained losses		(29,545,004)	(17,217,226)
Parent interest		6,396,061	16,519,956
Non-controlling interest		(2,019,586)	(769,524)
TOTAL EQUITY		**4,376,475**	**15,750,432**

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 2014

Consolidated 2014	Note	Shared Capital $	Option Reserve $	Foreign Currency Translation Reserve $	Retained Losses $	Minority Equity Interests $	Total Equity $
Balance at 1 July 2013		27,943,247	4,037,117	1,756,818	(17,217,226)	(769,524)	15,750,432
Total Comprehensive Profit/ (Loss) for the year							
Profit/(Loss) for the year		-	-	-	(12,327,778)	(1,250,063)	(13,577,841)
Total other comprehensive income		-	-	67,313	-	-	67,313
Total comprehensive profit/(loss) for the year		-	-	67,313	(12,327,778)	(1,250,063)	(13,510,528)
Transactions with Equity Holders:							
Shares issued during the year:							
Contributions of capital	13	2,044,852	-	-	-	-	2,044,852
Exercise of options	13	1,395	-	-	-	-	1,395
Share based payments	18	-	90,323	-	-	-	90,323
Total equity at 30 June 2014		**29,989,494**	**4,127,440**	**1,824,131**	**(29,545,004)**	**(2,019,586)**	**4,376,475**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
For the year ended 30 June 2014

Consolidated 2013	**Note**	**Shared Capital $**	**Option Reserve $**	**Foreign Currency Translation Reserve $**	**Retained Losses $**	**Minority Equity Interests $**	**Total Equity $**
Balance at 1 July 2012		26,985,688	3,005,836	768,681	(10,842,091)	(622,786)	19,295,328
Impact of change in accounting policy		-	-	(633,230)	31,785	1,934	(599,511)
Restated total equity balance 1 July 2012		26,985,688	3,005,836	135,451	(10,810,306)	(620,852)	18,695,817
Total Comprehensive Profit / (Loss) for the year							
Profit/(Loss) for the year		-	-	-	(6,406,920)	(148,672)	(6,555,592)
Total other comprehensive income		-	-	1,621,367	-	-	1,621,367
Total comprehensive profit/(loss) for the year		-	-	1,621,367	(6,406,920)	(148,672)	(4,934,225)
Transactions with Equity Holders:							
Shares issued during the year:							
Contributions of capital	13	694,699	-	-	-	-	694,699
Exercise of options	13	250,000	-	-	-	-	250,000
Share based payments	18	12,860	1,031,281	-	-	-	1,044,141
Total equity at 30 June 2013		**27,943,247**	**4,037,117**	**1,756,818**	**(17,217,226)**	**(769,524)**	**15,750,432**

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 2014

	Note	Consolidated 2014 $	2013 $
Cash Flows From Operating Activities			
Interest received		28,603	22,157
Payments to suppliers and employees		(793,080)	(614,088)
Exploration expenditure		(76,787)	(1,243,568)
Net Cash Used in Operating Activities	14	(841,264)	(1,835,499)
Cash Flows From Investing Activities			
Refund / (payments) for bonds in favour of the company		-	114,848
Payments for capitalised exploration expenditure		(219,232)	(224,172)
Net Cash Used in Investing Activities		(219,232)	(109,324)
Cash Flows From Financing Activities			
Proceeds from issues of shares and options		2,198,941	1,250,000
Capital raising costs		(152,694)	(61,395)
Net Cash Flows Provided by Financing Activities		2,046,247	1,188,605
Net increase / (decrease) in cash and cash equivalents		985,751	(756,218)
Cash and cash equivalents at the beginning of the year		154,946	911,164
Cash and Cash Equivalents at the end of the year	8	**1,140,697**	**154,946**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2014

NOTE 1: REPORTING ENTITY

Potash Minerals Limited (the "Company") is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprises the Company and its subsidiaries (collectively referred to as the "Group").

A description of the nature of the Group's operations and its principal activities is included in the review of operations and activities in the Directors' Report, which does not form part of this financial report.

NOTE 2: BASIS OF PREPARATION

This General Purpose Financial Report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board (including Australian Interpretations) and the *Corporations Act 2001*.

The Consolidated Financial Statements and Notes of the Group comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board.

Potash Minerals Limited was incorporated in Australia on 11 August 2006 as Transit Holdings Limited and is a company limited by shares. The Company changed its name to Potash Minerals Limited on 24 November 2011. The financial report is presented in the Australian currency, which is also the Group's functional currency, except for K20 Utah LLC and Citadel Capital Holdings Inc whose functional currency is US dollars.

This Consolidated Financial Report was approved by the Board of Directors on 30 September 2014.

<u>Financial Position</u>

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

The Group has generated a comprehensive loss after tax for the year ended 30 June 2014 of $13,510,528 (2013: $4,934,225), had a net working capital surplus of $1,071,577 (2013: deficit of $65,003) at 30 June 2014 and experienced net cash outflows from operating activities for the year of $841,264 (2013: $1,835,499).

Accordingly, the Directors believe that there are sufficient funds to meet the Group's working capital requirements.

The federal drilling exploration authorisation held by K2O Utah LLC expires on June 1, 2015. The Group is required to demonstrate that exploration activities have commenced by that date. If exploration activities have not commenced by that date, the Group is required to formally request in writing an extension for approval by February 28, 2015 which is 90 days prior to the expiration date.

If drilling has not started by June 1, 2015, to comply with US Federal regulations the Group must file for an extension, pay a processing fee and show that conditions of regulation have been met. The Group is required to describe previous diligent prospecting activities on the site and show how much additional time will be needed to complete prospecting work.

In order to continue the Company's planned exploration program or if one of the projects proceeds to the development phase, the Company will require further funding. Should the Company be unable to raise sufficient funds, the planned exploration program may have to be amended and the development of the project may have to be deferred.

NOTE 2: BASIS OF PREPARATION (CONTINUED)

The Directors consider the going concern basis of preparation to be appropriate based on forecast cash flows and have confidence in the Company's ability to raise additional funds if required.

Historical Cost Convention

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group entities.

A. Principles of Consolidation

Subsidiaries

The consolidated financial statements comprise the assets and liabilities of Potash Minerals Limited and its subsidiaries at 30 June 2014 and the results of all subsidiaries for the year then ended. A subsidiary is any entity controlled by Potash Minerals Limited.

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

The financial statements of subsidiaries are prepared from the same reporting period as the Parent Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-entity transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Investments in subsidiaries are accounted for at cost in the individual financial statements of Potash Minerals Limited.

Subsidiaries are consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period which Potash Minerals has control.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 3(H)).

A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including any goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss.

B. Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), 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. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in the nature of the minerals targeted.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

C. Income Tax

The income tax expense or benefit for the year is the tax payable on the current year’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly-owned Australian resident subsidiary have not formed a tax-consolidated Group as at balance sheet date.

D. Goods and Services Tax and Similar Taxes

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except; where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable and receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Cash flows are included the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

E. Trade and Other Receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivables. They are included in current assets, except for those with maturities greater than 12 months after the balance date which were classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method, less any impairment losses.

F. Exploration, Evaluation and Development Expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward to the extent that right of tenure is current and those costs are expected to be recouped through the successful development of the area (or, alternatively by its sale) or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and above operations in relation to the area are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the items. Repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate asset costs over their estimated useful lives, as follows:

- Computer Equipment 3 years
- Software 3 years
- Plant & Equipment 5 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

H. Business Combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, securities issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, but only after a reassessment of the identification and measurement of the net assets acquired.

I. Investment in Associated Entities

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements, after initially being recognised at cost.

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method, the investment in the associate is carried in the Consolidated Statement of Financial Position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately, rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income reflects the Group's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The balance dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

J. Impairment of Non-Financial Assets

Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset or cash generating unit exceeds its recoverable amount the asset or cash generating unit is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit (group of assets) to which the asset belongs.

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.

K. Share-Based Payments

The Group has provided payment to related parties in the form of share-based compensation whereby related parties render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted.

The fair value is determined using either a Binomial or Black & Scholes methodology depending on the nature of the option terms.

The Binomial option pricing model uses an iterative procedure, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date. It assumes that underlying security prices can only either increase or decrease with time until the option expires.

The Binomial model reduces possibilities of price changes, removes the possibility for arbitrage, assumes a perfectly efficient market, and shortens the duration of the option. Under these simplifications, it is able to provide a mathematical valuation of the option at each point in time specified. The Binomial model takes a risk-neutral approach to valuation.

The Black & Scholes option pricing model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions. Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the entity revises its estimates of the number of options that are expected to become exercisable.

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 parties become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, 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.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

L. Cash and Cash Equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

M. Finance Income and Expense

Finance income comprises interest income on funds invested, gains on disposal of financial assets and changes in fair value of financial assets held at fair value through profit or loss. Finance expenses comprise changes in the fair value of financial assets held at fair value through profit or loss and impairment losses on financial assets.

Interest income is recognised as it accrues in profit or loss, using the effective interest rate method.

N. Issued Capital

Ordinary shares are classified as equity. Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

O. Earnings per Share

i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders 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.

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

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. 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 and are usually paid within 30 days of recognition.

Trade and other payables are stated at amortised cost, using the effective interest method.

Q. Foreign Currency Translation

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

As at the balance date the assets and liabilities of this subsidiary is translated into the presentation currency of Potash Minerals Limited at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the weighted average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

R. Significant Accounting Estimates and Assumptions

Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards 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 Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

i) Impairment of Capitalised Exploration and Evaluation Expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent it is determined in the future that this capitalised expenditure should be written off, profits and net assets will be reduced in the period in which this determination is made.

ii) Recoverability of Potential Deferred Tax Assets

The Group recognises deferred income tax assets in respect of tax losses to the extent that it is probable that the future utilisation of these losses is considered probable. Assessing the future utilisation of these losses requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, this could result in significant changes to the deferred income tax assets recognised, which would in turn impact the financial results.

iii) Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with management and other parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by the Board of Directors using either the Binomial or the Black-Scholes valuation methods, taking into account the terms and conditions upon which the equity instruments were granted. The assumptions in relation to the valuation of the equity instruments are detailed in Note 18: Share Based Payments. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

S. Comparative Information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

T. Application of New and Revised Accounting Standards

<u>Standards Adopted in the Current Year</u>

The group has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies in the financial statements.

(i) AASB 10 Consolidated Financial Statements, AASB 12 Disclosures of Interests in Other Entities (2011)

AASB 10 Consolidated Financial Statements was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements.

The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests. The adoption of these standards has not had a significant impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and the guidance contained in a related interpretation, Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Previously, AASB 131 Interests in Joint Ventures contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

During the period, the Company did not hold investments in joint arrangements and consequently, the new standard did not have any impact in the financial report.

(iii) AASB 13 Fair Value Measurement (2011)

AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. As a result of this change, the fair value of derivative liabilities changed on transition to AASB 13, due to incorporating own credit risk into the valuation.

As required under AASB 13, the change to fair value measurements on adoption of the standard is applied prospectively, in the same way as a change in an accounting estimate. Comparative amounts have not been restated.

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iv) AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

<u>Standards in Issue Not Yet Adopted</u>

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities.

The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted. The standard is not expected to have a material impact on the group financial instruments.

(ii) AASB 1031 Materiality (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The revised AASB 1031 is effective from 1 January 2014 and early adoption is not permitted.

AASB 1031 (2013) is effective for annual periods beginning on or after 1 January 2014 and not available for early adoption.

(iii) AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

The AASB approved amending Standard AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments on 20 December 2013. AASB 2013-9 incorporates the IASB's Standard IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2014

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(iii) AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (Continued)

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1 *Amendments to the Australian Conceptual Framework*. Part B mainly makes amendments to particular Australian Accounting Standards to delete references to AASB 1031.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments. The main amendments regarding financial instruments are as follows:

- to add Hedge Accounting and make consequential amendments to AASB 9 and numerous other Standards;
- to permit requirements relating to the 'own credit risk' of financial liabilities measured at fair value to be applied without applying any other requirements of AASB 9 at the same time; and
- to amend the mandatory application date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2017 instead of 1 January 2015.

AASB 2013-9 is effective for annual periods beginning on or after 1 January 2014.

NOTE 4: INCOME

	Consolidated	
	2014	**2013**
	$	**$**
Finance Income		
Interest Income	34,686	22,157
Total Income	**34,686**	**22,157**

NOTE 5: EMPLOYEE EXPENSES

	Consolidated	
	2014	**2013**
	$	**$**
Loss before income tax has been determined after:		
Employee benefit expense:		
Director Fees and superannuation[(1)]	228,019	224,580
Equity settled share based payments - refer to Note 18	90,323	710,191
Total	**318,342**	**934,771**

[(1)] Excludes consulting fees paid to Directors

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 6: LOSS PER SHARE

	Consolidated 2014 $	Consolidated 2013 $
Basic and diluted profit & (loss) per share - cents	(12.94)	(8.25)
Profit/(Loss) used in the calculation of basic and diluted loss per share	(12,327,778)	(6,406,920)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	95,232,486	77,634,376
Weighted average number of ordinary shares outstanding during the year used in calculation of diluted loss per share	95,232,486	77,634,376

Options are considered anti-dilutive in the current year due to loss position of the Company and are not included in the calculation of diluted earnings per share.

NOTE 7: INCOME TAX

	Consolidated 2014 $	Consolidated 2013 $
(a) Income tax expense		
The major components of income tax expense are:		
Current income tax		
Current income tax charge	-	-
Deferred income tax		
Relating to movements in temporary differences	-	-
Income tax expense / (benefit) reported in the Consolidated Statement of Profit or Loss and Other Comprehensive Income	**-**	**-**

(b) Amounts charged directly to equity
There were no amounts charged directly to equity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 7: INCOME TAX (CONTINUED)

	Consolidated	
	2014	**2013**
	$	**$**
(c) Numerical reconciliation between aggregate tax expense recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting loss before income tax	(13,577,841)	(6,555,592)
Income tax benefit at the statutory income tax rate of 30%	(4,073,352)	(1,966,678)
Expenditure not allowable for tax purposes		
Share based payments	27,097	213,057
Legal fees	2,990	8,341
Share of net loss of associates	112,604	85,456
Temporary differences		
Accruals	7,545	(5,473)
Impairment of capitalised exploration expenditure	3,731,020	-
Impairment of investment in associate	-	1,035,003
Unrealised loss on foreign exchange	1,570	1,172
Exploration Expenditure capitalised but deductible for tax purposes	(65,770)	(67,252)
Capital raising costs deductible	(52,661)	(43,527)
Unrecognised tax losses	308,957	739,901
Movements in deferred tax balances	-	-
Income tax expense/(benefit)	**-**	**-**

Potash Minerals has unrecognised tax losses arising in Australia which are available indefinitely to offset against future profits of the Company providing the tests for deductibility against future profits are met.

Unutilised Australian tax losses	4,933,780	2,907,468
Unutilised US tax losses	6,520,229	6,490,235
Unrecognised deferred tax assets in relation to:		
Australian tax losses	1,480,134	872,240
Temporary differences	364,929	261,409

NOTE 8: CASH AND CASH EQUIVALENTS

	Consolidated	
	2014	**2013**
	$	**$**
Reconciliation to Statement of Financial Position		
Cash at bank	1,140,697	154,946
Total Cash and Cash Equivalents	**1,140,697**	**154,946**

(1) Cash at bank is subject to floating interest rates at an effective interest rate of 3.61% (2013: 2.75%)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 9: TRADE AND OTHER RECEIVABLES

	Consolidated	
	2014	**2013**
	$	**$**
Current		
Interest Receivable	6,083	-
Other Receivables [(1)]	8,230	9,998
Prepayments	7,269	-
Total Current Trade and Other Receivables	**21,582**	**9,998**
Non-Current		
Bureau of Land Management Government Bonds	256,907	260,924
Total Non-Current Trade and Other Receivables	**256,907**	**260,924**

[(1)] Other receivables are non-trade receivables, are non-interest bearing and have an average term of 3 months and generally receivable from the ATO for GST.

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2014	**2013**
	$	**$**
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation		
Exploration and evaluation expenditure, at cost	2,788,000	14,918,486

Reconciliation:
A reconciliation of the carrying amounts of exploration and evaluation expenditure is set out below:

Carrying amount at beginning of the year	14,918,486	13,373,707
Additions	219,232	224,172
Movement due to the change in foreign currency value	87,017	1,320,607
Impairment [(1)]	(12,436,735)	-
Carrying amount at the end of the year	**2,788,000**	**14,918,486**

[(1)] In accordance with accounting standards, the Company has recognised an accounting impairment adjustment of $12,436,735 at the Hatch Point Potash Project. This adjustment to the Hatch Point Potash Project balance is an accounting entry.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)

Exploration Commitments

There are no obligations on the Group to perform minimum exploration work and expend minimum amounts of money in order to maintain rights of tenure to exploration permits. As such, there is no minimum expenditure required by the Group on exploration permits during the year ended 30 June 2014. Commitments beyond this time frame cannot be estimated reliably as minimum expenditure requirements are reassessed annually. Commitments beyond this time frame have not been provided for in the financial report.

The federal drilling exploration authorisation held by K2O Utah LLC expires on June 1, 2015. The Group is required to demonstrate that exploration activities have commenced by that date. If exploration activities have not commenced by that date, the Group is required to formally request in writing an extension for approval by February 28, 2015 which is 90 days prior to the expiration date.

If drilling has not started by June 1, 2015, to comply with US Federal regulations the Group must file for an extension, pay a processing fee and show that conditions of regulation have been met. The Group is required to describe previous diligent prospecting activities on the site and show how much additional time will be needed to complete prospecting work.

In order to continue the Group's planned exploration program or if one of the projects proceeds to the development phase, the Group will require further funding. Should the Group be unable to raise sufficient funds, the planned exploration program may have to be amended and the development of the project may have to be deferred.

NOTE 11: PLANT AND EQUIPMENT

Consolidated	**Plant & Equipment $**	**Total $**
Opening balance 1 July 2012	**785**	**785**
Depreciation for the year	(97)	(97)
Balance at 30 June 2013	**688**	**688**
Depreciation for the year	(688)	(688)
Balance at 30 June 2014	**-**	**-**
At 30 June 2014		
Cost	2,206	2,206
Accumulated depreciation	(2,206)	(2,206)
Net book value	**-**	**-**
At 30 June 2013		
Cost	2,206	2,206
Accumulated depreciation	(1,518)	(1,518)
Net book value	**688**	**688**

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated	
	2014 $	**2013 $**
Trade payables (1)	60,773	166,239
Accruals	25,149	55,431
Other payables (2)	4,780	8,277
Total Trade and Other Payables	**90,702**	**229,947**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 June 2014

NOTE 12: TRADE AND OTHER PAYABLES (CONTINUED)

(1) Trade payables are non-interest bearing and are normally settled on 30-day terms.
(2) Other payables are non-trade payables, are non-interest bearing and have an average term of 3 months.

NOTE 13: SHARE CAPITAL & RESERVES

	Number of Shares		$
	Ordinary	Converting	
CONSOLIDATED			
(a) Issued and Paid Up Capital			
Fully paid ordinary shares	97,115,915	-	29,889,494
	97,115,915	**-**	**29,889,494**
(b) Movements in Fully Paid Shares on Issue			
Balance as at 1 July 2012	75,135,904	3,000	26,985,688
Conversion of converting shares	3,000	(3,000)	-
Issue of shares in consideration for services	32,150	-	12,860
Exercise of options	500,000	-	250,000
Issue of shares in relation to capital raising	3,125,000	-	1,000,000
Capital raising costs	-	-	(305,301)
Balance as at 30 June 2013	**78,796,054**	**-**	**27,943,247**
Exercise of options	6,977		1,395
Issue of shares in relation to capital raisings	18,312,884	-	2,197,546
Capital raising costs	-	-	(152,694)
Balance as at 30 June 2014	**97,115,915**	**-**	**29,989,494**

(c) Share Options	**Number of Options**	**$**
Balance as at 1 July 2012	12,300,000	3,005,836
Options issued under ESOP	200,000	23,880
Options issued to Consultants	3,062,500	333,952
Exercise of Options	(500,000)	-
Expiry of Options	(3,600,000)	-
Options issued to CEO(1)	-	80,568
Options issued to Directors(1)	-	493,096
Options issued under ESOP(1)	-	99,785
Balance as at 30 June 2013	**11,462,500**	**4,037,117**
Bonus Issue of Options	48,227,925	-
Exercise of Options	(6,977)	-
Expiry of Options	(3,500,000)	-
Options issued to Directors(1)	-	67,777
Options issued under ESOP(1)	-	22,546
Balance as at 30 June 2014	**56,183,448**	**4,127,440**

(1) Unlisted options issued in prior periods with expense recognised over period of vesting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 13: ISSUED CAPITAL & RESERVES (CONTINUED)

Nature and Purpose of Reserves

1) Options Reserve

The options reserve is used to recognise the fair value of all options on issue but not yet exercised. This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

2) Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

NOTE 14: OPERATING CASH FLOW INFORMATION

	Consolidated	
	2014	**2013**
	$	**$**
Reconciliation of cash flow from operations with profit/loss after income tax:		
Loss for the year	(13,577,841)	(6,555,592)
Less - Noncash items:		
Share based payments	90,323	800,237
Impairment of exploration expenditure	12,436,735	-
Depreciation	688	97
Share of loss of equity accounted investees	375,346	284,854
Impairment of investment in associate	-	3,450,009
Changes in assets and liabilities		
Movement in trade creditors and accruals	(139,245)	(111,560)
Movement in other debtors and receivables	(11,584)	(4,303)
Movement in FX exchange	(15,686)	300,759
Cash flows used in operations	**(841,264)**	**(1,835,499)**

NOTE 15: INTERESTS IN CONTROLLED ENTITIES

The Company has the following subsidiaries:

			Percentage held	
Name of Subsidiary	**Country of Incorporation**	**Class of Shares**	**2014**	**2013**
Citadel Potash Pty Ltd	Australia	Ordinary	100%	100%
Citadel Capital Holdings Inc	USA	Ordinary	100%	100%
K2O Utah LLC	USA	Membership interests	90%	90%

During the year Potash Minerals' membership interest in K2O Utah LLC was 90% in accordance with the terms of the operating agreement. Potash Minerals initially acquired a 75% interest in the joint venture through the expenditure of USD$708,500 previously. Potash Minerals' contributions over and above this amount have increased its interest, in accordance with a specified formula, to a maximum interest of 90%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 16: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name of entity	Principal Activity	Country of Incorporation	Ownership Interest 2014 %	2013 %	Published Fair Value 2014 $	2013 $
Associated entities						
Radar Iron Ltd	Iron-ore exploration	Australia	23.0%	27.9%	1,021,078	635,337

*The investment in Radar Iron is carried at fair value on the date the loss of control transaction occurred. In accordance with AASB 128 the fair value of the investment in Radar Iron as at 30 June 2014 was made up of the following financial instruments. The fair value is disclosed for accounting information only, as at the date of this report the Company has not realised any profit on its investment in Radar.

	Consolidated 2014 $	2013 $
22,690,612 Ordinary Shares (RAD.ASX closing price on 30 June 2014: $0.045 30 June 2013:$0.028)	1,021,078	635,337
	1,021,078	635,337

Carrying Value of Investments accounted for using the equity method	Consolidated 2014 $	2013 $
Investments in associated entities	259,991	635,337
	259,991	635,337

In accordance with accounting standards, Potash Minerals' retained interest in Radar Iron has been revalued to fair value as at the date control was lost.

Current Year
During the current financial year Potash Minerals' ownership interest in Radar Iron has diluted from 27.90% to 23.03%.

No gain or loss on revaluation of the Group's interest in Radar Iron Ltd has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 16: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	Consolidated	
	2014	**2013**
	$	**$**
Reconciliation of movements in investments accounted for using the equity method:		
Balance at 1 July	635,337	4,370,200
Share of loss for the year	(375,346)	(284,854)
Impairment of investment in associate	-	(3,450,009)
Balance at 30 June	259,991	635,337

	2014 $	2013 $
Summarised financial information of associates:		
Financial Position		
Total assets	13,841,791	11,185,987
Total liabilities	(3,606,100)	(185,996)
Net assets	10,235,691	10,999,991
Group's share of Associates' net assets	2,357,280	3,068,997
Financial Performance		
Total revenue	154,286	332,528
Total loss for the year	(1,629,815)	(1,020,982)
Group's share of associate's profit/(loss)	(375,346)	(284,854)

	2014 $	2013 $
Capital commitments and contingent liabilities of associate:		
Share of capital commitments incurred jointly with other investors	-	-
Share of contingent liabilities incurred jointly with other investors	-	-

NOTE 17: RELATED PARTY TRANSACTIONS

a) Parent and Ultimate Controlling Party

The parent entity and ultimate controlling party is Potash Minerals Limited.

b) Related Party Compensation

Information on remuneration of Directors and Key Management Personnel is contained in the Remuneration Report within the Directors' Report.

c) Loans To and From Related Parties

Terms and Conditions of Loans

Loans between entities in the wholly owned Group are not interest bearing, unsecured and are payable upon reasonable notice having regard to the financial stability of the Company.

d) Other Related Party Transactions

Transactions with other related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 17: RELATED PARTY TRANSACTIONS (CONTINUED)

Armada Capital Limited, a company of which Mr Ananda Kathiravelu is Managing Director, was paid brokerage fees in relation to the capital raisings of Potash Minerals on normal commercial terms and also provided investor relations and marketing support to the Company on normal commercial terms during the year.

A summary of the total fees paid and payable to Armada Capital Limited for the year ended 30 June 2014 were as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Brokerage on capital raising	15,428	16,500
Investor relations and marketing support	36,000	-
Total	**51,428**	**16,500**

NOTE 18: SHARE BASED PAYMENTS

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

	Consolidated	
	2014	**2013**
	$	**$**
Share-based payments:		
Expensed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Employee Expenses		
3,000,000 Unlisted Options issued to Director & CEO (Ben Binninger)	-	80,568
4,500,000 Unlisted Options issued to Directors(1)	67,777	493,096
32,150 Ordinary Shares issued to employees	-	12,860
200,000 Unlisted Options issued to employees	-	23,880
700,000 Unlisted Options issued to employees(1)	22,546	99,787
Total	**90,323**	**710,191**
Consulting and Contracting Expenses		
1,500,000 Unlisted Options issued to consultants	-	90,046
Recognised directly in Equity		
1,562,500 Unlisted Options issued to consultants (lead manager)	-	243,904
	90,323	**1,044,141**

(1) Unlisted options issued in prior periods with expense recognised over period of vesting.

No options were issued under share based payment arrangements during the year ended 30 June 2014.

During the year 6,977 options were exercised to take up ordinary shares. As at the year end the Company had a total of 56,183,448 (2013: 11,462,500) unissued ordinary shares on which options are outstanding with a weighted average exercise price of 29 cents (2013: 81 cents).

The weighted average remaining contractual life of all share options outstanding at the end of the year is 1.25 years (2013: 0.97 years).

NOTE 19: AUDITORS' REMUNERATION

	Consolidated	
	2014	**2013**
	$	**$**
Audit Services		
Amounts payable to auditor of parent entity	38,366	30,142
	38,366	**30,142**

NOTE 20: FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by Management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as mitigating foreign exchange and interest rate and credit risks.

a) Market Risk

Foreign Currency Risk

As a result of significant operations in the United States, the Group's statement of financial position can be affected significantly by movements in the USD$/AUD$ exchange rates. As at the end of the reporting period the Group's exposure to foreign currency risk is considered immaterial by the Company and therefore no sensitivity analysis has been disclosed.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

Price Risk

The Company is not directly exposed to any price risk.

Interest Rate Risk

The Group is exposed to interest rate risk on cash balances held in interest bearing accounts. The Board constantly monitors its interest rate exposure and attempts to maximise interest income by using a mixture of fixed and variable interest rates, whilst ensuring sufficient funds are available for the Group's operating activities. The Group's net exposure to interest rate risk at 30 June 2014 approximates the value of cash and cash equivalents.

b) Credit Risk

The Group has no significant concentrations of credit risk.

c) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained for the coming months. Upcoming capital needs and the timing of raisings are assessed by the Board at each Meeting of Directors.

The maturity of the Group's payables is disclosed in Note 12.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

d) Cash Flow and Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result in changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities is disclosed in Note 8, only cash is affected by interest rate risk as cash is the Groups only financial asset exposed to fluctuating interest rates.

In accordance with AASB 7 the following sensitivity analysis has been performed for The Company's Interest Rate risk:

		Effect On:		Effect On:	
		Profit	**Profit**	**Equity**	**Equity**
Consolidated		**2014**	**2013**	**2014**	**2013**
Risk Variable	**Sensitivity***	**$**	**$**	**$**	**$**
Interest Rate	+ 1.00%	6,478	7,996	6,478	7,996
	- 1.00%	(6,478)	(7,996)	(6,478)	(7,996)

* It is considered that 100 basis points a 'reasonably possible' estimate of the sensitivity in the interest rate.

The fair values of all financial assets and liabilities of the Group approximate their carrying values.

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group's capital includes ordinary share capital supported by financial assets.

There were no changes in the Group's approach to capital management during the year. Neither the Company nor the Group are subject to externally imposed capital requirements.

NOTE 21: SEGMENT REPORTING

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the mineral being targeted and the country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Reportable segments requiring disclosure are operating segments that meet any of the following thresholds:

- Segment loss greater than 10% of combined loss of loss making operating segments; and
- Segment assets greater than 10% of combined assets of all operating segments.

In accordance with AASB 8, the reportable segments are based on aggregated operating segments determined by the similarity of the minerals targeted, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Once reportable segments have been identified, all remaining segments that do not satisfy the thresholds are to be aggregated together to form an all other segments reporting segment. In accordance with AASB 8 Segment Reporting corporate and administration activities are to be included in the all other segments reporting segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 21: SEGMENT REPORTING (CONTINUED)

Description of Operating Segments

Potash Exploration

Potash Minerals' subsidiary Citadel Capital Holding Inc has a 90% interest in K2O Utah LLC, a company with a 100% interest in permits for the exploration for Potash in Utah, USA. The Potash exploration project has been determined as both an operating segment and reportable segment.

Investments

The investment in Radar Iron accounts for greater than 10% of the combined assets of all operating segments and is therefore determined as both an operating segment and reportable segment. The Company's interest in Radar Iron is 23.03% at 30 June 2014.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally is the same as those contained in Note 3 to the accounts and in the prior period.

Information about Reportable Segments

2014	**Potash Exploration $**	**Investments in Associates $**	**Other Segments $**	**Consolidated $**
Segment Income				
Finance income	-	-	34,686	34,686
Total income	-	-	34,686	34,686
Segment Expenses				
Impairment of exploration expenditure	(12,436,735)	-	-	(12,436,735)
Net other costs	(479,543)	(375,346)	(320,215)	(1,175,104)
Segment loss before depreciation	(12,916,278)	(375,346)	(285,529)	(13,577,153)
Depreciation	-	-	(688)	(688)
Loss before income tax	(12,916,278)	(375,346)	(286,217)	(13,577,841)
Segment Assets and Liabilities				
Reportable segment assets	3,044,907	259,991	1,162,279	4,467,177
Reportable segment liabilities	(16,982)	-	(73,720)	(90,702)
Net assets	3,027,925	259,991	1,088,559	4,376,475

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 21: SEGMENT REPORTING (CONTINUED)

2013	Potash Exploration $	Investments in Associates $	Other Segments $	Consolidated $
Segment Income				
Finance income	-	-	22,157	22,157
Total income	-	-	22,157	22,157
Segment Expenses				
Impairment of exploration expenditure	-	-	-	-
Net other costs	(1,332,226)	(284,584)	(4,960,842)	(6,577,652)
Segment loss before depreciation	(1,332,226)	(284,584)	(4,938,685)	(6,555,495)
Depreciation	-	-	(97)	(97)
Loss before income tax	(1,332,226)	(284,584)	(4,938,782)	(6,555,592)
Segment Assets and Liabilities				
Reportable segment assets	15,179,411	635,337	165,631	15,980,379
Reportable segment liabilities	(166,239)	-	(63,708)	(229,947)
Net assets	15,013,172	635,337	101,923	15,750,432

Geographical Segments
The Potash Exploration Segment operates out of the United States of America. All other segments operate in Australia.

NOTE 22: PARENT ENTITY DISCLOSURES

As at and throughout the financial year ending 30 June 2014 the parent company of the Group was Potash Minerals Limited.

Results of the Parent Entity	2014 $	2013 $
Loss for the year	(1,013,820)	(9,304,334)
Other comprehensive income	-	-
Total Comprehensive Loss for the year	(1,013,820)	(9,304,334)
Financial Position of the Parent Entity at Year End		
Current Assets	1,157,809	109,308
Non-Current Assets	3,291,801	15,479,847
Total Assets	4,449,610	15,589,155
Current Liabilities	73,719	141,806
Total Liabilities	73,719	141,806
Total Equity of the Parent Entity comprising of:		
Share Capital	29,989,494	27,943,247
Reserves	4,127,440	4,037,117
Retained Losses	(29,741,043)	(16,533,015)
Total Equity	4,375,891	15,447,349

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 30 June 2014

NOTE 22: PARENT ENTITY DISCLOSURES (CONTINUED)

Parent Entity Contingencies
The Directors are not aware of any contingent liabilities that may arise from the Company's operations as at 30 June 2014.

NOTE 23: SUBSEQUENT EVENTS

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

NOTE 24: CONTINGENT LIABILITIES

The Directors are not aware of any contingent liabilities that may arise from the Group's operations as at 30 June 2014.

DIRECTORS' DECLARATION

In the Directors' opinion:

a) the financial statements and notes set out on pages 21 to 51 and the Remuneration Report in the Directors' Report are in accordance with the *Corporations Act 2001,* including:

i. giving a true and fair view of the Company's and Group's financial position as at 30 June 2014 and of its performance, as represented by the results of their operations, changes in equity and their cash flows, for the period ended on that date; and

ii. complying with Australian Accounting Standards, Corporations Regulations 2001 and other mandatory professional reporting requirements.

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.

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration is made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the year ended 30 June 2014.

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

On behalf of the Board

A. Kathiravelu
Non-Executive Chairman

Perth
30 September 2014

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Independent auditor's report to the members of Potash Minerals Limited

Report on the financial report

We have audited the accompanying financial report of Potash Minerals Limited which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with *International Financial Reporting Standards* as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the C*orporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Potash Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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Opinion

In our opinion:

(a) the financial report of Potash Minerals Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2014. 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 responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Potash Minerals Limited for the year ended 30 June 2014 complies with Section 300A of the *Corporations Act 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

30 September 2014
Perth