SALT LAKE POTASH LIMITED

Interim Financial Report for the Half Year Ended 31 December 2020

ABN 98 117 085 748

CORPORATE DIRECTORY

DIRECTORS
Mr Ian Middlemas – Chairman
Mr Tony Swiericzuk – CEO & Managing Director
Mr Matthew Bungey
Mr Bryn Jones
Mr Philip Montgomery
Mr Peter Thomas

COMPANY SECRETARY
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CONTENTS

	Page
Directors' Report	3
Directors' Declaration	7
Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Changes in Equity	10
Consolidated Statement of Cash Flows	11
Notes to the Financial Statements	12
Auditor's Independence Declaration	26
Auditor's Review Report	27

DIRECTORS' REPORT

The Board of Directors of Salt Lake Potash Limited present their report on Salt Lake Potash Limited (**Company** or **SO4**) and the entities it controlled during the half year ended 31 December 2020 (together the **Consolidated Entity** or the **Group**).

DIRECTORS

The names and details of the Company's directors in office at any time during the half year or since the end of the half year are:

Directors	
Mr Ian Middlemas	Chairman
Mr Tony Swiericzuk	CEO & Managing Director
Mr Matthew Bungey	Non-Executive Director
Mr Bryn Jones	Non-Executive Director
Mr Philip Montgomery	Non-Executive Director (appointed 19 October 2020)
Mr Peter Thomas	Non-Executive Director (appointed 19 October 2020)
Mr Mark Pearce	Non-Executive Director (resigned 19 October 2020)

Unless otherwise stated, Directors held their office from 1 July 2020 until the date of this report.

OPERATING AND FINANCIAL REVIEW

The Company's primary focus is the development of its Lake Way Project (the Project) near Wiluna, Western Australia.

On December 31 2020, the total project was 81% complete and the process plant 88% complete on an earned value basis with first SOP production expected in Q4 2021.

The Company's long-term plan is to develop an integrated SOP operation producing from several Western Australian salt lakes.

Achievements during the half year ended 31 December 2020 included:

Process Plant construction significantly advanced

At December 31st, 2020 the Process Plant was 88% complete on an earned value basis with site concrete work (including additional NPI and bagging infrastructure) 94% complete, structural steel 80% complete and tanks/vessels 81% complete.

Major items installed during the period included the SOP and schoenite crystallisers, attritioners, drag feeder, conveyors, lump breaker, various tanks and agitators, chillers, transformers, utilities switch room and various pumps, hoppers and launders. Associated piping, cabling and valves installation now comprise most of the remaining work on an earned value basis.

Work on of the 27km APA gas pipeline that connects with the Goldfields Gas Pipeline commenced in November 2020. At the end of December, the pipeline was 99% welded and 67% placed and backfilled.

Commencement of salt harvesting

Harvesting of potassium rich kainite and schoenite salts from Train 1 commenced with approximately 27kt of salts stockpiled ahead of plant commissioning.

Harvest trials in a section of the cells were successful using an efficient tractor and scraper methodology. Assays from the harvest salt stockpiles have returned grades in-line with the system curve and planning models.

Paleochannel drilling

During the six month period, paleochannel exploration drilling continued at Lake Way, with brine abstraction bores drilled into the Paleochannel Basal Sand at pads 12, 14 and 23 and undergoing test-pumping.

DIRECTORS' REPORT
(Continued)

OPERATING AND FINANCIAL REVIEW (Continued)

Logistics routes confirmed

A preferred logistics provider was also identified. Throughout 2020 the Company worked with short-listed providers to optimise its logistics and sales/marketing platform, exploring various routes to market and product packaging solutions. As part of this optimisation process the Company has put in place a solution to sell up to 82% of its SOP via Fremantle port in sea containers loaded with product in loose bulk, 1 to 1.5t bulk bags and 25kg bags.

Product exported from Fremantle will be transported to Leonora by road where it will be transferred to rail for the remaining journey to Fremantle. Shipping through Fremantle is expected to provide access to broader global markets at no additional net cost. Bagging and container premiums (verified by Argus) are expected to offset incremental domestic logistics costs. Additional benefits of using Fremantle are a reduction in inventory working capital and a significant reduction in the logistics carbon footprint.

Bulk shipment sales will remain out of Geraldton port.

Executed Syndicated Facility Agreement and Project Financial Close delivered

In August 2020, the Company executed the senior debt facility for US$138m principal with Taurus Mining Finance Fund No. 2 L.P (Taurus) and the Australian Government's Clean Energy Finance Corporation (CEFC) (Taurus US$91m, CEFC US$47m).

As part of the project financing package the Company completed a A$98.5m equity raise in August by way of a Placement and accelerated non-renewable entitlement offer (ANREO) at A$0.50 per share. Under the ANREO, eligible shareholders were invited to apply for 1 New Share for every 3.2 shares held as at the Record Date.

In July 2020, the Company raised A$15m through the placement of unsecured convertible notes. The notes were structured as deferred equity with zero coupon and mandatory conversion into equity at the lower of A$0.45 per share and a 5% discount to any future equity raising of at least A$10m. The Convertible Notes were exercised following completion of the institutional component of the Equity Raising and converted into equity at A$0.45 per share.

Financial Close for the Lake Way Project was achieved in December 2020 with the Company drawing the first US$105m tranche of the US$138m Taurus/CEFC debt facility and using US$45m to repay the Taurus Bridge Facility.

In conjunction with delivering Project Financial Close the Company conducted an equity offering in December which included an A$52m share placement and A$5m Share Purchase Plan (subsequently upsized to A$8m on strong demand), priced at A$0.40 per new share. The equity funds were raised partially to satisfy the remaining conditions precedent in the US$138m debt facility with Taurus and CEFC.

Subsequent to period end, the Company announced the successful syndication of the senior debt facility, with Sequoia Economic Infrastructure Fund (SEQI) and the Commonwealth Bank of Australia (CBA) joining the facility.

Board strengthened

In October Phil Montgomery and Peter Thomas were appointed to the board as Non-Executive Directors. Mark Pearce stepped down from his position as a Non-Executive Director.

Phil Montgomery is a highly experienced mining industry executive who was most recently Vice President – Projects at BHP, responsible for the development of BHP's Potash business through its Jansen project in Saskatchewan, Canada. Mr Montgomery brings significant experience in project development and operations having held senior project development positions at BHP and Billiton for over 20 years working across several commodities and geographies, including leadership of BHP's Iron Ore growth program (2002-12). He holds a BSc (Mechanical Engineering) from Oxford Brookes University in the UK and completed the Executive Leadership Programme at INSEAD.

Peter Thomas is a senior executive with significant experience in project operations, construction, finance and strategy. Mr Thomas held senior executive positions at Fortescue between 2004-2014 including Project Director in charge of the A$4.7bn T155 port and rail infrastructure investment and Director of Corporate Services. He has previously worked for McKinsey and Lehman Brothers in the USA and more recently held the position of CEO of the Balla Balla Infrastructure Group (Todd Corporation). He is currently CFO of Decmil, the ASX listed construction and engineering group with c.A$500m in revenues. Mr Thomas holds an MBA from Harvard Business School, a BEc (Finance and Actuarial Studies) and a BSc (Mathematics) from Macquarie University and is a graduate of the Australian Institute of Company Directors.

OPERATING AND FINANCIAL REVIEW (Continued)

Community contribution recognised

SO4 received the Community Contribution Award at the 2020 Association of Mining and Exploration Company (AMEC) annual awards. The award recognised the Company's efforts to deliver sustainable and long-lasting social and economic benefits to the Wiluna region through strategic partnerships, community investment and opportunities in employment and training.

Approvals

The Company continued the advancement of the remaining permitting required to support full-scale operations.

A revised Environmental Review Document (ERD) was submitted during the quarter ended 31 December 2020, with the EPA confirming acceptance and completing their draft assessment report. SO4 presented the project to the EPA board and the board assessed the project in their December monthly meeting. The board agreed to adopt the draft assessment report and the EPA commenced the final assessment report, to be issued to the Minister.

The EPA has determined that the full project scope requires formal assessment with no public review. In addition to the EPA submission, the Company continues to seek other project approvals as required.

Results of Operations

Net loss after tax for the half year ended 31 December 2020 was $1,760,560 (Restated 31 December 2019: $13,391,500). This result is attributable to the following:

(i) Exploration and evaluation expenses totalling $1,806,608 (31 December 2019: $12,249,743) which is attributable to the Group's accounting policy of expensing exploration and development expenditure incurred by the Group subsequent to the acquisition of the rights to explore and up to the successful completion of bankable feasibility studies (BFS) for each separate area of interest. Majority of this spend relates to meeting exploration commitments on the Company's remaining lake portfolio as investigations on other lake developments progress and a minor amount of expenditure on innovation at Lake Way and community related programmes.

(ii) Corporate and administrative expenses of $2,547,438 (31 December 2019: $2,206,500) attributable to the administration of the Company and its operations, as well as corporate expenses including the Company's dual listing on ASX and AIM together with investor relations activities. The Group's administrative expenses have increased in 2020 to support the rapidly progressing development activities at Lake Way;

(iii) Non-cash share-based payment expenses of $2,276,774 (31 December 2019: $3,563,842) which are attributable to the Group's accounting policy of expensing the value (estimated using an option pricing model, and performance rights valued using the underlying share price) of Incentive Securities issued to key employees and consultants. The value is measured at grant date and recognised over the period during which the option/rights holders become unconditionally entitled to the options and/or rights;

(iv) Business development and commercial expenses of $3,246,326 (31 December 2019: $1,790,686) which are attributable to additional activities required to support the growth and development of the Lake Way Project including indirect project funding costs and offtake activities; and

(v) Unrealised/Realised FX gain of $8,000,923 (Restated 31 December 2019: $397,126) which is largely attributable to the increased AUD strength applied against the Company's USD loan exposure over the period.

Impact of COVID-19

The COVID-19 pandemic has had a significant impact on, individuals, communities, and businesses globally. Employees at all levels of the business were asked to change the way they work, and how they interacted professionally and socially. Together with the various Government health measures, the Company implemented significant controls and requirements at all its sites to protect the health and safety of its workforce, their families, local suppliers, and neighbouring communities while ensuring a safe environment for operations.

No adjustments have been made to the Company's result as at 31 December 2020 for the impacts of COVID-19. However, the scale and duration of possible future Government measures, vaccine rollout, and their impact on the Group's operations and financial situation, necessarily remains uncertain.

OPERATING AND FINANCIAL REVIEW (Continued)

Financial Position

At 31 December 2020, the Group had cash reserves of $96,966,372 (30 June 2020: $7,030,418) and net assets of $221,139,736 (Restated 30 June 2020: $60,126,961). In addition, the Syndicated Facility Agreement (SFA) had US$33 million available to draw down as at 31 December 2020. The Group is in a financial position to conduct its current and planned exploration and development activities.

SIGNIFICANT POST BALANCE DATE EVENTS

Other than as disclosed below, at the date of this report there were no significant events occurring after balance date requiring disclosure.

On 28 January 2021, the Company completed a Share Purchase Plan to raise A$8 million for the intended use as announced in the 11 December 2020 ASX announcement.

On 4 March 2021, the Company has announced the successful syndication of its US$138m Senior Debt Facility. Sequoia Economic Infrastructure Income Fund (SEQI) and the Commonwealth Bank of Australia (CBA) will invest US$39m and US$25m respectively into the facility, complimenting existing investments led and arranged by Taurus Mining Finance Fund No. 2 L.P (Taurus) and the Australian Government's Clean Energy Finance Corporation (CEFC). Following the syndication, the final facility holding will be Taurus US$35m (from US$91m), CEFC US$39m (from US$47m), SEQI US$39m and CBA US$25m.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Salt Lake Potash Limited with an Independence Declaration in relation to the review of the half year financial report. This Independence Declaration is attached to and forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.

TONY SWIERICZUK
Chief Executive Officer & Managing Director

16 March 2021

Forward Looking Statements
This report includes forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. Although the Company believes that its forward-looking statements have reasonable grounds, the Company can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the Company's business (including those described in pages 11 to 21 (inclusive) of the Prospectus released to ASX on 11 February 2021), which cause actual results to differ materially from those expressed herein. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

DIRECTORS' DECLARATION

In the opinion of the Directors of Salt Lake Potash Limited:

1. the interim consolidated financial statements comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and notes set out on pages 8 to 25 are in accordance with the Corporations Act 2001 including:

   i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance and cash flows for the six months ended on that date; and

   ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and

2. Subject to matters stated in Note 1(b) of the interim financial report, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors:

TONY SWIERICZUK
Chief Executive Officer & Managing Director

16 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Notes	31 December 2020 $	Restated 31 December 2019 $
Finance income		47,784	98,377
Government grant income		80,000	-
Research and development rebate		-	912,766
Exploration and evaluation expenses		(1,806,608)	(12,249,743)
Pre-development expenses		-	(12,850,219)
Corporate and administrative expenses		(2,547,438)	(2,206,500)
Business development and commercial expenses		(3,246,326)	(1,790,686)
Share based payments expenses		(2,276,774)	(3,563,842)
Loss on disposal of asset		-	(11,036)
Unrealised/Realised foreign exchange gains		8,000,923	397,126
Finance costs		(5,235)	(921,646)
Loss before tax		(1,753,674)	(32,185,403)
Income tax (expense)/benefit	3	(6,886)	18,793,903
Loss for the period		**(1,760,560)**	**(13,391,500)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the period		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive loss for the period		**(1,760,560)**	**(13,391,500)**
Basic and diluted loss per share attributable to the ordinary equity holders of the company (cents per share)		(0.33)	(5.20)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Notes	31 December 2020 $	Restated 30 June 2020 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	96,966,372	7,030,418
Security deposits	5	28,386,913	-
Trade and other receivables		1,927,551	4,032,181
Prepaid transaction costs		4,772,160	1,565,139
Inventory	6	5,352,179	1,534,657
Total Current Assets		**137,405,175**	**14,162,395**
Non-Current Assets			
Security deposits	5	76,119	76,121
Property, plant and equipment	7	4,343,596	3,401,527
Right of use assets	8	5,382,942	5,617,305
Exploration and evaluation expenditure	9	2,276,736	2,276,736
Mine development	10	231,983,806	124,773,150
Deferred tax assets		23,466,194	21,056,646
Total Non-Current Assets		**267,529,393**	**157,201,485**
TOTAL ASSETS		**404,934,568**	**171,363,880**
LIABILITIES			
Current Liabilities			
Trade and other payables		26,041,692	28,170,764
Interest bearing liabilities	11	-	56,073,546
Other payables		7,202	7,202
Lease liabilities	12	1,359,501	1,332,297
Royalty liabilities	13	1,393,088	138,712
Provisions	14	1,093,930	670,989
Total Current Liabilities		**29,895,413**	**86,393,510**
Non-Current Liabilities			
Lease liabilities	12	3,724,999	4,420,748
Other payables		1,200	4,801
Interest bearing liabilities	11	116,021,858	-
Royalty liabilities	13	29,956,047	16,580,799
Provisions	14	4,195,315	3,837,061
Total Non-Current Liabilities		**153,899,419**	**24,843,409**
TOTAL LIABILITIES		**183,794,832**	**111,236,919**
NET ASSETS		**221,139,736**	**60,126,961**
EQUITY			
Contributed equity	15	368,870,678	209,611,743
Reserves	16	14,422,072	11,281,672
Accumulated losses		(162,153,014)	(160,766,454)
TOTAL EQUITY		**221,139,736**	**60,126,961**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

CONSOLIDATED	Contributed Equity $	Share- Based Payment Reserve $	Accumulated Losses $	Total Equity $
Balance at 1 July 2020 – as previously stated	**209,611,743**	**10,605,822**	**(160,695,216)**	**59,522,349**
Prior period adjustment – Refer Note 1(d)	-	675,850	(71,238)	604,612
Restated balance at 1 July 2020	**209,611,743**	**11,281,672**	**(160,766,454)**	**60,126,961**
Net loss for the period	**-**	**-**	(1,760,560)	(1,760,560)
Total comprehensive loss for the period	**-**	**-**	**(1,760,560)**	**(1,760,560)**
Shares issued from placement	149,164,155	-	-	149,164,155
Shares issued in lieu of fees	185,000	(185,000)	-	-
Shares issued in connection to conversion of convertible note	15,000,000	-	-	15,000,000
Performance rights	-	(115,000)	-	(115,000)
Shares issued in connection to conversion of performance rights	548,126	(548,126)	-	-
Performance rights expiry	-	(374,000)	374,000	-
Share based payment expense	-	4,362,526	-	4,362,526
Share issue costs	(8,054,780)	-	-	(8,054,780)
Deferred tax asset recognised in equity	2,416,434	-	-	2,416,434
Balance at 31 December 2020	**368,870,678**	**14,422,072**	**(162,153,014)**	**221,139,736**
Balance at 1 July 2019 – as previously stated	**155,917,578**	**4,273,967**	**(145,483,171)**	**14,708,374**
Prior period adjustment – Refer Note 1(d)	-	1,477,895	-	1,477,895
Restated balance at 1 July 2019	**155,917,578**	**5,751,862**	**(145,483,171)**	**16,186,269**
Net loss for the period as previously stated	**-**	**-**	(13,325,505)	(13,325,505)
Prior period adjustment – Refer Note 1(d)	**-**	**-**	(65,995)	(65,995)
Restated total comprehensive loss for the period	**-**	**-**	**(13,391,500)**	**(13,391,500)**
Shares issued from placement	30,415,501	-	-	30,415,501
Deferred tax asset recognised in equity	729,860	-	-	729,860
Shares issued in lieu of fees	12,000	-	-	12,000
Shares issued in connection to conversion of performance rights	658,641	(227,814)	244,958	675,785
Share based payment expense	-	6,287,058	-	6,287,058
Share issue costs	(900,840)	-	-	(900,840)
Prior period adjustment – Refer Note 1(d)	-	(1,481,891)	-	(1,481,891)
Restated balance at 31 December 2019	**186,832,740**	**10,329,215**	**(158,629,713)**	**38,532,242**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	31 December 2020 $	31 December 2019 $
Cash flows from operating activities		
Payments to suppliers and employees	(8,088,227)	(34,842,969)
R & D tax incentive received	3,546,754	-
Interest received	48,909	78,223
Interest paid and on leases	(7,206)	(980,225)
Payments for security deposits	-	(126,121)
Government grants received	80,000	-
Net cash outflow from operating activities	**(4,419,770)**	**(35,871,092)**
Cash flows from investing activities		
Payments for property, plant and equipment and mine development	(98,867,392)	(19,679,459)
Payments for mine properties	(714,915)	-
Proceeds from the sale of property, plant and equipment	-	35,455
Payments for security deposits	(18,000,000)	-
Net cash outflow from investing activities	**(117,582,307)**	**(19,644,004)**
Cash flows from financing activities		
Proceeds from borrowings	138,254,889	44,043,406
Payment of borrowings	(59,257,908)	-
Transaction costs relating to loans and borrowings	(7,890,806)	(974,939)
Interest payment	(3,321,438)	(529,606)
Proceeds from the issue of shares	163,537,263	30,415,500
Transaction costs from the issue of shares	(7,998,472)	(859,172)
Cash allocation to debt service reserve	(10,386,913)	-
Payment of lease contracts	(685,088)	(131,992)
Net cash inflow from financing activities	**212,251,527**	**71,963,197**
Net increase in cash and cash equivalents held	90,249,450	16,448,101
Cash and cash equivalents at the beginning of the half year	7,030,418	19,304,075
Effect of exchange rate fluctuations on cash held	(313,496)	483,068
Cash and cash equivalents at the end of the half year	**96,966,372**	**36,235,244**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim condensed consolidated financial statements of the Group for the half year ended 31 December 2020 were authorised for issue in accordance with the resolution of the directors on 15 March 2021.

The interim condensed consolidated financial statements for the half year reporting period ended 31 December 2020 have been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report of Salt Lake Potash Limited for the year ended 30 June 2020 and any public announcements made by Salt Lake Potash Limited and its controlled entities during the half year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(b) Basis of Preparation of Half Year Financial Report

The financial statements have been prepared on an accruals basis and are based on historical cost. All amounts are presented in Australian dollars.

The interim condensed consolidated financial statements for the half year have been prepared on a going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the half year ended 31 December 2020, the Consolidated Entity incurred a net loss of $1,760,560 (Restated 31 December 2019: $13,391,500) and experienced net cash outflows from operating and investing activities of $122,002,077 (31 December 2019: $55,515,096). As at 31 December 2020, the Group had cash and cash equivalents of $96,966,372 (30 June 2020: $7,030,418) primarily from the injection of $163,537,263 in capital from shareholder participants and $138,254,889 from debt funding.

The Company continues to construct the Lake Way Project in line with the capex budget of A$264m and expects to have sufficient funds to meet its committed expenditure up to the date of its completion. The Company will shortly commission the Lake Way Project to enable first production of SOP. Due to the uncertain timing of revenue receipts, and in order for the Company to begin investigating bringing additional lakes online, the Company may require additional funds to continue as a going concern. The Company has demonstrated that it can secure funds from multiple sources. In addition, the Directors have been involved in a number of recent successful capital raisings for the Company and for other listed resource companies and are satisfied that they will be able to raise additional capital if and when required to enable the Consolidated Entity to meet its obligations as and when they fall due. Accordingly, the Directors consider that it is appropriate to prepare the financial statements on the going concern basis.

In the event that the Consolidated Entity is unable to achieve the matters referred to above, uncertainty would exist that may cast doubt on the ability of the Consolidated Entity to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Consolidated Entity be unable to continue as a going concern.

(c) New Standards, Interpretations and amendments adopted by the Group

In the current period, the Group has adopted all of the new and revised standards, interpretations and amendments that are relevant to its operations and effective for annual reporting periods effective from 1 July 2020. The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half-year period.

AASB 3 Business Combinations

The amendment to IFRS 3 clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. Furthermore, it clarified that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group enter into any business combinations.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Standards, Interpretations and amendments adopted by the Group (Continued)

AASB 101 Presentation of Financial Statements and AASB 108 Accounting Polices, Changes in Accounting Estimate and Errors

The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

Conceptual Framework for Financial Reporting

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. These amendments had no impact on the consolidated financial statements of the Group.

(d) Prior Period Adjustments

Following a review of the mandate letter with Taurus Funds Management ("Taurus") and the terms of the Bridge Facility Agreement ("Bridge Facility") and the Syndicated Facility Agreement ("SFA") relating to the interest bearing loans (see note 11), the Group has adjusted the accounting for royalty rights (see note 13) and options granted as consideration for services rendered by Taurus in establishing each loan facility which had been incorrectly accounted for in prior periods.

The royalty rights, representing a contractual obligation to make future cash payments, are financial liabilities which should have been recognised on the signing of each facility agreement. In this regard, the royalty rights relating to the Bridge Facility (signed on 5 August 2019) were not recognised by the Group in the prior year. The royalty rights have now been recognised and are measured at fair value on initial recognition and are subsequently carried at amortised cost ($16,378,248 at 31 December 2019 and $16,719,511 at 30 June 2020). The Group has used the forecast cash flows from its latest corporate model as the basis for measuring the royalty obligation.

The options granted to Taurus under these arrangements are an equity settled, share-based payment transaction. The value of the services received should have been recognised as the services were rendered over the mandate period. In prior periods, the options were incorrectly recognised on signing the related facility agreement. The Group has now recognised and measured the services as they are received with reference to the fair value of the equity instruments granted. In this regard, the fair value of the options granted has been recalculated using a Binomial option pricing. The recalculation resulted in a cumulative adjustment to share-based payments of $1,477,895 for the year ended 30 June 2019 and $675,850 for the year ended 30 June 2020.

In advance of the drawdowns under each facility agreement, costs recognised in relation to the associated royalty rights and options granted should have been deferred as a prepayment on the balance sheet. On drawdown of each facility, an appropriate portion of the prepaid transaction costs should have been reclassified such that the loan was recognised net of transaction costs. This has resulted in a cumulative adjustment to recognise prepayments of $1,477,895 at 30 June 2019, $9,870,807 at 31 December 2019 and $1,565,139 at 30 June 2020; and a cumulative adjustment to reduced interest bearing liabilities by $5,784,336 at 31 December 2019 and $7,766,571 at 30 June 2020.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Prior Year Adjustment (Continued)

As a result of the restatement of loan balances in the prior period and the recognition of the royalty rights in respect of the Bridge Facility, the Group has retranslated the balances of these financial liabilities at each reporting date using the closing exchange rate.

Due to additional transaction costs being recognised on the drawdowns under the Bridge Facility, the effective interest rate on the loan was recalculated. Additional borrowing costs have been capitalised to mine development costs in accordance with the Group's stated accounting policy. This has resulted in a cumulative adjustment to mine properties of $653,114 at 31 December 2019 and $7,992,413 at 30 June 2020.

The restatements noted above, had no significant current income tax or net deferred tax consequences for each of the periods ended 30 June 2019, 31 December 2019 and 30 June 2020.

The adjustments have been made by restating prior periods. The impact of the adjustments on the financial statements is as follows:

Cumulative impact on the Statements of Financial Position

	30 June 2020 $	31 December 2019 $	30 June 2019 $
Current Assets			
Increase in prepaid transaction costs	1,565,139	9,870,807	1,477,895
Non-Current Assets			
Increase in mine development	7,992,413	653,114	-
Current Liabilities			
Increase in current royalty liabilities	(138,712)	-	-
Non-Current Liabilities			
Increase in non-current royalty liabilities	(16,580,799)	(16,378,248)	-
Decrease in interest bearing liabilities	7,766,571	5,784,336	-
Net assets	604,612	(69,991)	1,477,895
Increase/(Decrease) in share-based payment reserve	675,850	(3,996)	1,477,895
Net increase in accumulated loss	(71,238)	(65,995)	-
Total Equity	604,612	(69,991)	1,477,895

Impact on Statements of Profit or Loss and Other Comprehensive Income

	30 June 2020 $	31 December 2019 $	30 June 2019 $
Decrease in finance costs	53,254	53,254	-
Decrease in unrealised/realised foreign exchange gain	(124,492)	(119,249)	-
Net increase in loss	(71,238)	(65,995)	-

Impact of basic and diluted earnings per share (cents per share)

	30 June 2020 $	31 December 2019 $	30 June 2019 $
Increase in loss per share	(0.02)	(0.02)	-

The changes did not have any impact on the Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
(Continued)

2. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being Sulphate of Potash exploration and mine development in the Northern Goldfields Region of Western Australia. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

3. INCOME TAX EXPENSE

	31 December 2020 $	Restated 31 December 2019 $
(a) Recognised in the statement of comprehensive income		
Current income tax		
Current income tax expense/(benefit) in respect of the current year	-	-
Deferred income tax		
Deferred income tax	6,886	(18,793,903)
Income tax expense/(benefit) reported in the statement of Profit or Loss and other Comprehensive income	6,886	(18,793,903)
(b) Recognised in the equity		
Deferred income tax related to items charged or credited to equity		
Deferred tax assets not previously brought to account	-	(459,608)
Deferred tax assets recognised in equity	(2,416,434)	(270,252)
Income tax benefit reporting in equity	(2,416,434)	(729,860)
Total deferred tax asset recognised	**(2,409,548)**	**(19,523,763)**
(c) Reconciliation between tax expense and accounting loss before income tax		
Accounting loss before income tax	(1,753,674)	(32,185,403)
At the domestic income tax rate of 30.0% (31 December 2019: 30.0%)	(526,102)	(9,655,621)
Expenditure not allowable for income tax purposes	806,111	1,945,582
Income not assessable for income tax purposes	(15,000)	(273,830)
Capital allowances	-	-
Adjustment to deferred tax assets of prior periods	-	-
Change in tax rate	-	-
Adjustment in respect of current income tax of prior periods	-	-
Deferred tax assets brought to account [1]	-	(10,829,833)
Deferred tax assets not brought to account	-	-
Other movements	(258,123)	19,799
Income tax expense/(benefit) reported in the statement of Profit or Loss and other Comprehensive income	**6,886**	**(18,793,903)**

Notes:

[1] Following completion of a Bankable Feasibility Study in October 2019 that demonstrated the economic returns of the Lake Way Project, the Group has determined that it is now considered probable that sufficient taxable income will be generated in future periods and therefore deferred tax assets were recognised for the first time during half-year ended 31 December 2019 for temporary differences and unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
(Continued)

4. CASH AND CASH EQUIVALENTS

	31 December 2020 $	30 June 2020 $
Cash on hand and at bank	96,916,372	6,980,418
Deposit on call	50,000	50,000
	96,966,372	**7,030,418**

The Group has assessed the credit risk on cash and cash equivalents using the life time expected credit losses method and concluded that the probability of default is insignificant.

5. SECURITY DEPOSITS

	31 December 2020 $	30 June 2020 $
Current security deposits		
Security deposits [1]	18,000,000	-
Restricted cash [2]	10,386,913	-
Total current security deposits	**28,386,913**	-
Non-Current security deposits		
Security deposits	76,119	76,121
Total non-current security deposits	**76,119**	**76,121**

Notes:

[1] Relates to a one month rolling cash backed bank guarantee for the APA gas pipeline at Lake Way.

[2] Relates to the Debt Service Reserve Account for the financing facility with Taurus/CEFC.

6. INVENTORY

	31 December 2020 $	30 June 2020 $
Raw materials and consumables at cost [1]	232,667	-
Harvestable salt at cost [2]	5,119,512	1,534,657
Total	**5,352,179**	**1,534,657**

Notes:

[1] Spares, consumables and other supplies yet to be utilised in the production process or in the rendering of services.

[2] The Company has determined the tonnes of Sulphate of Potash equivalent at 31 December 2020 by estimating the tonnes of harvestable salts that could be used for processing at Lake Way.

7. PROPERTY, PLANT AND EQUIPMENT

	31 December 2020 $	30 June 2020 $
(a) Plant and Equipment		
Gross carrying amount - at cost	5,140,692	4,012,800
Accumulated depreciation	(797,096)	(611,273)
Carrying amount at end of period, net of accumulated depreciation	**4,343,596**	**3,401,527**
(b) Reconciliation		
Carrying amount at beginning of period, net of accumulated depreciation	3,401,527	715,714
Additions	1,140,832	3,021,925
Depreciation charge (capitalised and expensed)	(198,763)	(336,112)
Carrying amount at end of period, net of accumulated depreciation	**4,343,596**	**3,401,527**

8. RIGHT OF USE ASSETS

	Office and Property Dec 2020 $	Lake Way Village Dec 2020 $	Lake Way Comms' Dec 2020 $	Total Dec 2020 $	Total Jun 2020 $
(a) Right of Use Assets					
Gross carrying amount - at cost	978,565	4,193,450	982,435	6,154,450	6,155,651
Accumulated amortisation	(278,319)	(310,611)	(182,578)	(771,508)	(538,346)
Carrying amount at end of year, net of accumulated amortisation	**700,246**	**3,882,839**	**799,857**	**5,382,942**	**5,617,305**
(b) Reconciliation					
Opening balance at 1 July 2020	758,931	3,996,435	861,939	5,617,305	940,767
Additions	28,710	-	75,535	104,245	5,262,237
Terminations	-	-	-	-	(47,353)
Amortisation charge	(87,395)	(113,596)	(32,171)	(233,162)	(538,346)
Reassessment	-	-	(105,446)	(105,446)	-
Carrying amount at end of year, net of accumulated amortisation	**700,246**	**3,882,839**	**799,857**	**5,382,942**	**5,617,305**

9. EXPLORATION AND EVALUATION ASSETS

	31 December 2020 $	30 June 2020 $
(a) Areas of Interest		
SOP Projects	2,276,736	2,276,736
Carrying amount at end of period, net of impairment [1]	**2,276,736**	**2,276,736**
(b) Reconciliation		
Carrying amount at start of period	2,276,736	2,276,736
Additions		
- Lake Way Project [2]	-	10,714,915
Transferred to Mine development assets		
- Lake Way Project [2]	-	(10,714,915)
Impairment losses	-	-
Carrying amount at end of period, net of impairment [1]	**2,276,736**	**2,276,736**

Notes:

[1] The SOP Projects, including Lake Wells and Lake Ballard, were acquired in 2015. The ultimate recoupment of costs carried forward for exploration and evaluation is dependent on the successful development and commercial exploitation or sale of the respective areas of interest. In accordance with the Group's accounting policy for exploration and evaluation expenditure, the acquisition costs of these tenements remain as an exploration and evaluation asset.

[2] The Company completed the acquisition of tenements from Wiluna Mining Corporation (formerly Blackham Resources Limited) on 8 October 2019. The cost of acquisition was initially recognised as an 'Exploration and Evaluation Asset' before being transferred to Mine Development assets following completion of a bankable feasibility study for the Lake Way Project with effect from 1 November 2019.

10. MINE DEVELOPMENT

	31 December 2020 $	Restated 30 June 2020 $
Mine Development		
Mine properties	10,714,915	10,714,915
Capitalised borrowing costs	29,358,402	14,873,167
Capitalised assets under construction	134,910,802	59,662,737
Mine development	56,999,687	39,522,331
Carrying amount at end of period	**231,983,806**	**124,773,150**

Borrowing costs that are directly attributable to the acquisition, construction or production of Mine Development Assets, have been capitalised. Capitalisation of borrowing costs ceases once productions starts and assets included in 'Mine Development' are transferred to 'Producing Mines' or are otherwise ready for their intended use or sale.

Following completion of the bankable feasibility study on the Lake Way Project in October 2019, the Group determined that it was appropriate to transfer the Lake Way Project from 'Exploration and Evaluation Assets' to 'Mine Development' with effect from 1 November 2019 and for all subsequent expenditure on the construction, installation or completion of infrastructure facilities to be capitalised in 'Mine Development'. This date marks the first month-end post completion of the BFS and the commencement of the second stage of on-lake construction at Lake Way.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
(Continued)

11. INTEREST BEARING LIABILITIES

	31 December 2020 $	Restated 30 June 2020 $
Interest Bearing Liabilities		
Face value drawn down	136,328,226	65,568,993
Transaction costs and establishment fees net of interest amortisation	(20,306,368)	(9,495,447)
Carrying Amount of Interest Bearing Liabilities	**116,021,858**	**56,073,546**

On 22 December 2020, the Company announced that it drew down the first tranche of the US$138m Syndicated Facility Agreement (SFA) from Taurus Funds Management (Taurus) and the Clean Energy Finance Corporation (CEFC) having achieved project financial close on the Lake Way Project.

The first tranche of US$105m was used to repay the Taurus Bridge Facility (Stage 1 Facility) totalling US$45m. The remaining US$33m of the Syndicated Facility Agreement is expected to be drawn in Q2 2021, subject to market conditions. The interest rate on the SFA is 9% per annum, with outstanding debt and principal components repayable from 31 March 2022 to 30 September 2024.

Transaction costs include establishment fees, options issued and royalties granted under the Stage 1 Facility and the SFA.

Taurus and CEFC have security over the Lake Way assets.

12. LEASE LIABILITIES

	31 December 2020 $	30 June 2020 $
Opening balance	5,753,045	931,906
Additions	112,931	5,262,327
Terminations	-	(34,705)
Interest expense	24,663	5,056
Payments [1]	(685,088)	(411,539)
Accrued Payments	(15,605)	-
Reassessment	(105,446)	-
As at 31 December	**5,084,500**	**5,753,045**
Current Lease Liabilities	1,359,501	1,332,297
Non Current Lease Liabilities	3,724,999	4,420,748
	5,084,500	**5,753,045**

Notes:

[1] The Company had total cash outflows for lease liabilities related to right of use assets of $685,088 (30 June 2020: $411,539).

13. ROYALTY LIABILITIES

	31 December 2020 $	Restated 30 June 2020 $
Current liabilities		
Royalty liabilities	1,393,088	138,712
Non-Current liabilities		
Royalty liabilities	29,956,047	16,580,799

As part of the terms of the Stage 1 Facility and the SFA agreements, the Company granted a 2% royalty right based on the net revenue of the Lake Way project on a life of mine basis. The royalty liability has been measured at fair value on initial recognition and is subsequently carried at amortised cost. The fair value on initial recognition was determined based on forecast cash flows discounted at 9%. Royalty payments will commence following the first sale of SOP, which is expected in Q4 2021.

14. PROVISIONS

	31 December 2020 $	30 June 2020 $
Current Provisions		
Annual Leave	1,093,930	670,989
Non-Current Provisions		
Mine Rehabilitation[1]	4,195,315	3,837,061

Notes:

[1] SO4 has recognised the need to provide for the costs of rehabilitating the land at Lake Way associated with development up to and including 31 December 2020.

	31 December 2020 $	30 June 2020 $
Movement in mine rehabilitation		
At 1 July	3,837,061	711,885
Change in cost estimate [1]	-	(410,528)
Arising during the year	276,523	3,489,843
Unwinding of discount	81,731	45,861
At 31 December	**4,195,315**	**3,837,061**

Notes:

[1] During the year ended 30 June 2020, there was a reassessment of the disturbed area and cost estimate which resulted in an impact of $410,528 to the statement of profit and loss and other comprehensive income.

15. CONTRIBUTED EQUITY

	31 December 2020 $	30 June 2020 $
(a) Share Capital		
711,002,885 (30 June 2020: 353,285,840) Ordinary Shares	368,870,678	209,611,743
	368,870,678	**209,611,743**

(a) Movement in Share Capital during the past six months

		Number of Ordinary Shares	Issue Price $	$
1 Jul 20	**Opening Balance**	**353,285,840**		**209,611,743**
17 Aug 20	Placement	142,083,323	0.50	71,041,663
17 Aug 20	Conversion of Convertible Notes	11,111,113	0.45	5,000,000
1 Sep 20	Placement	54,991,200	0.50	27,495,600
29 Sep 20	Conversion of Convertible Notes	22,222,223	0.45	10,000,000
29 Sep 20	Shares issued in lieu of consultant fees	370,000	0.50	185,000
16 Oct 20	Shares issued in lieu of transaction costs	1,248,788	0.50	626,891
17 Dec 20	Placement	125,000,000	0.40	50,000,000
18 Dec 20	Conversion of Performance Rights	690,398	0.79	548,126
Jul 20 to Dec 20	Placement costs	-	-	(8,054,779)
31 Dec 20	Deferred tax asset recognised in equity	-	-	2,416,434
31 Dec 20	**Closing balance**	**711,002,885**	**-**	**368,870,678**

16. RESERVES

	31 December 2020 $	Restated 30 June 2020 $
Share-based payment reserve	14,422,072	11,281,672
	14,422,072	**11,281,672**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020
(Continued)

16. RESERVES (Continued)

(a) Movement in share-based payment reserve during the past six months

Date	Details	Number of Performance Rights	Number of Performance Shares	Number of Unlisted Options	$
1 Jul 20	**Opening Balance – as previously stated**	**18,560,398**	**-**	**24,500,000**	**10,605,822**
	Prior year adjustment – Refer Note 1(d)	-	-	7,500,000	672,850
1 Jul 20	**Restated opening balance**	**18,560,398**	**-**	**32,000,000**	**11,281,672**
1 Jul 20	Grant of performance rights	569,067	-	-	-
23 Jul 20	Grant of incentive options	-	-	7,500,000	-
29 Sep 20	Grant of shares in lieu of fees	-	-	-	(185,000)
19 Dec 20	Grant of incentive options	-	-	1,000,000	-
19 Dec 20	Grant of performance rights	379,377	-	-	-
19 Dec 20	Performance rights converted to shares	(690,398)	-	-	(548,126)
31 Dec 20	Expiry of performance rights	(500,000)	-	-	(374,000)
31 Dec 20	Cancellation of performance rights	(250,000)	-	-	(115,000)
Jul 20 to Dec 20	Share based payments expense	-	-	-	4,362,526
31 Dec 20	**Closing Balance**	**18,068,444**	**-**	**40,500,000**	**14,422,072**

17. SHARE-BASED PAYMENTS

For the six months ended 31 December 2020, the Group recognised $2,276,774 in share-based payments expenses in the statement of profit or loss (31 December 2019: $3,563,842) and $1,970,752 as part of the debt facility.

Included within the share-based payments expenses in the statement of profit or loss are:

- Expensing of the fair value of equity instruments (options and performance rights) over the vesting period and $185,000 of shares issued to consultants, totalling $2,391,774.
- Reversal of share-based payments expense as a result of unvested performance rights totalling ($115,000).

(a) Options

During the current period 8,500,000 unlisted options were granted consisting of 7,500,000 granted on 23 July 2020 (Series 73) and 1,000,000 granted on 20 November 2020 (Series 74 to Series 77). The options granted to Taurus (Series 73) are an equity settled, share-based payment transaction. The value of the options should have been based on the value of the services received. However, as this cannot be valued, the Company has reverted to valuing the options. The Company has recognised and measured the services as they are received with reference to the fair value of the equity instruments granted. In this regard, the fair value of the options granted has been recalculated using a Binomial option pricing.

The fair value of the equity-settled incentive options (Series 74 to Series 77) granted is estimated as at the date of grant using the Binomial option valuation model taking into account the terms and conditions upon which the options were granted.

17. SHARE-BASED PAYMENTS (Continued)

(a) Options (Continued)

Series	Issuing Entity	Security Type	Number	Grant Date	Expiry Date	Exercise Price $	Grant Date Fair Value $
2020							
Series 73	Salt Lake Potash Limited	Options	7,500,000	23-Jul-20 – 4-Aug-20[1]	23-Jul-24	0.52	0.245
Series 74	Salt Lake Potash Limited	Options	200,000	20-Nov-20	1-Nov-23	0.60	0.169
Series 75	Salt Lake Potash Limited	Options	200,000	20-Nov-20	1-Nov-23	0.60	0.169
Series 76	Salt Lake Potash Limited	Options	300,000	20-Nov-20	1-Nov-23	1.00	0.097
Series 77	Salt Lake Potash Limited	Options	300,000	20-Nov-20	1-Nov-23	1.00	0.097
Series 78	Salt Lake Potash Limited	Rights	569,067	1-Jul-20	31-Dec-21	-	0.536
Series 79	Salt Lake Potash Limited	Rights	379,077	20-Nov-20	31-Dec-21	-	0.525

Notes:

[1] This is considered to be the service period for arranging the SFA financing facility.

Inputs	Series 73	Series 74	Series 75
Exercise price	$0.52	$0.60	$0.60
Grant date share price	$0.55	$0.52	$0.52
Dividend yield [1]	-	-	-
Volatility [2]	57%	56%	56%
Risk-free interest rate	0.29%	0.11%	0.11%
Grant date	23-Jul-20 – 4-Aug-20[4]	20-Nov-20	20-Nov-20
Expiry date	23-Jul-24	1-Nov-23	1-Nov-23
Expected life of option [3]	4.02 years	2.95 years	2.95 years
Fair value at grant date	$0.245	$0.169	$0.169

Inputs	Series 76	Series 77
Exercise price	$1.00	$1.00
Grant date share price	$0.52	$0.52
Dividend yield [1]	-	-
Volatility [2]	56%	56%
Risk-free interest rate	0.11%	0.11%
Grant date	20-Nov-20	20-Nov-20
Expiry date	1-Nov-23	1-Nov-23
Expected life of option [3]	2.95 years	2.95 years
Fair value at grant date	$0.097	$0.097

Notes:

[1] The dividend yield reflects the assumption that the current dividend payout will remain unchanged.

[2] The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

[3] The expected life of the options is based on the expiry date of the options as there is limited track record of the early exercise of options.

[4] This is considered to be the service period for arranging the SFA financing facility.

17. SHARE-BASED PAYMENTS (Continued)

(b) Performance Rights

During the current period 948,444 performance rights were granted subject to short term performance milestones. The fair value of performance rights granted is estimated as at the date of grant based on the underlying share price. The table below lists the inputs to the valuation model used for the performance rights granted by the Group:

Inputs	Series 78	Series 79
Milestones	Short Term	Short Term
Exercise price	-	-
Grant date share price	$0.535	$0.52
Grant date	1-Jul-20	20-Nov-20
Expiry date	31-Dec-21	31-Dec-21
Expected life [1]	1.50 years	1.11 years
Fair value at grant date [2]	$0.536	$0.525

Notes:

[1] The expected life of the Performance Rights is based on the expiry date of the performance rights as there is limited track record of the early conversion of performance rights.

[2] The fair value of Performance Rights granted is estimated as at the date of grant based on the 5 day volume weighted average share price prior to the date of issuance.

18. COMMITMENTS AND CONTINGENCIES

Management have identified the following material commitments for the consolidated group as at 31 December 2020:

	31 December 2020 $	30 June 2020 $
Exploration commitments		
Within one year	9,805,906	12,447,619
Later than one year but not later than five years	25,574,923	8,929,299
	35,380,829	**21,376,918**

There are no material contingent liabilities or contingent assets as at 31 December 2020.

19. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year ended 31 December 2020 (31 December 2019: nil).

20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value Measurement

Royalty rights have now been recognised and are measured at fair value on initial recognition and subsequently carried at amortised cost. The Group has used forecast cash flows from its latest corporate model as the basis for measuring the royalty obligation using a discount rate of 9% with first sale of SOP expected in Q4 2021. Please refer Note 13 for further information.

21. RELATED PARTIES

Balances and transaction between the Company and its subsidiaries, which are related parties to the Company, have been eliminated on consolidation. There have been no other transactions with related parties during the half-year ended 31 December 2020, other than remuneration with Key Management Personnel.

22. SUBSEQUENT EVENTS AFTER BALANCE DATE

Other than as disclosed below, at the date of this report there were no significant events occurring after balance date requiring disclosure.

On 28 January 2021, the Company completed a Share Purchase Plan to raise A$8 million for the intended use as announced in the 11 December 2020 ASX announcement.

On 4 March 2021, the Company has announced the successful syndication of its US$138m Senior Debt Facility. Sequoia Economic Infrastructure Income Fund (SEQI) and the Commonwealth Bank of Australia (CBA) will invest US$39m and US$25m respectively into the facility, complimenting existing investments led and arranged by Taurus Mining Finance Fund No. 2 L.P (Taurus) and the Australian Government's Clean Energy Finance Corporation (CEFC). Following the syndication, the final facility holding will be Taurus US$35m (from US$91m), CEFC US$39m (from US$47m), SEQI US$39m and CBA US$25m.

AUDITOR'S INDEPENDENCE DECLARATION

Building a better working world

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Auditor's independence declaration to the directors of Salt Lake Potash Limited

As lead auditor for the review of the interim financial report of Salt Lake Potash Limited for the half-year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b. no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Salt Lake Potash Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
16 March 2021

TH:AJ:SLP:031

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Independent auditor's review report to the members of Salt Lake Potash Limited

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Salt Lake Potash Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

a. giving a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance for the half-year ended on that date; and

b. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1(b) in the interim financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

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

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Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2020 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

D S Lewsen
Partner
Perth
16 March 2021