



## **SALT LAKE POTASH LIMITED**

### **Interim Financial Report for the Half Year Ended 31 December 2016**

ABN 98 117 085 748

## CORPORATE DIRECTORY

### DIRECTORS

Mr Ian Middlemas – Chairman  
 Mr Matthew Syme  
 Mr Jason Baverstock  
 Mr Mark Hohnen  
 Mr Mark Pearce

### COMPANY SECRETARY

Mr Sam Cordin

### REGISTERED OFFICE

Level 9, BGC Centre  
 28 The Esplanade  
 Perth WA 6000  
 Australia

Telephone: +61 8 9322 6322  
 Facsimile: +61 8 9322 6558

### WEBSITE

[www.saltlakepotash.com.au](http://www.saltlakepotash.com.au)

### SECURITIES EXCHANGE LISTING

Australian Securities Exchange  
 ASX Code: SO4 – Ordinary Shares  
 London Stock Exchange (AIM)  
 AIM Code: SO4 – Ordinary Shares

### NOMINATED ADVISER

Grant Thornton UK LLP  
 30 Finsbury Square  
 London EC2P 2YU

### SHARE REGISTRY

#### Australia

Link Market Services Limited  
 Level 12, 680 George Street  
 Sydney NSW 2000

Telephone: +61 1300 554 474  
 Facsimile: +61 2 9287 0303

#### United Kingdom

Computershare Investor Services Plc  
 PO Box 82  
 The Pavillions  
 Bridgwater Road  
 Bristol BS99 7NH

Telephone: +44 870 889 3105

### AUDITOR

Ernst & Young  
 11 Mounts Bay Road  
 Perth, WA 6000  
 Australia

### BANKERS

Australia and New Zealand Banking Group Limited

## CONTENTS

	<b>Page</b>
Directors' Report	1
Directors' Declaration	6
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
Notes to the Financial Statements	11
Auditor's Independence Declaration	16
Independent Auditor's Review Report	17

The Board of Directors of Salt Lake Potash Limited present their report on Salt Lake Potash Limited (“**Company**” or “**Salt Lake Potash**”) and the entities it controlled during the half year ended 31 December 2016 (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 Matthew Syme	Chief Executive Officer ( <b>CEO</b> )
Mr Jason Baverstock	Executive Director
Mr Mark Hohnen	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Unless otherwise stated, Directors held their office from 1 July 2016 until the date of this report.

## OPERATING AND FINANCIAL REVIEW

### Operations

The Company's primary focus during the period continued to be the advancement of the Lake Wells' Project, located in the Northern Goldfields of Western Australia approximately 200km north of Laverton. The Project comprises 1,126 km<sup>2</sup> of Exploration Licences, substantially covering the Lake Wells Playa and the area immediately contiguous to the Lake. The Project has potential to host a large, high grade salt lake brine project to produce highly sought after Sulphate of Potash (**SOP**) for domestic and international fertiliser markets.

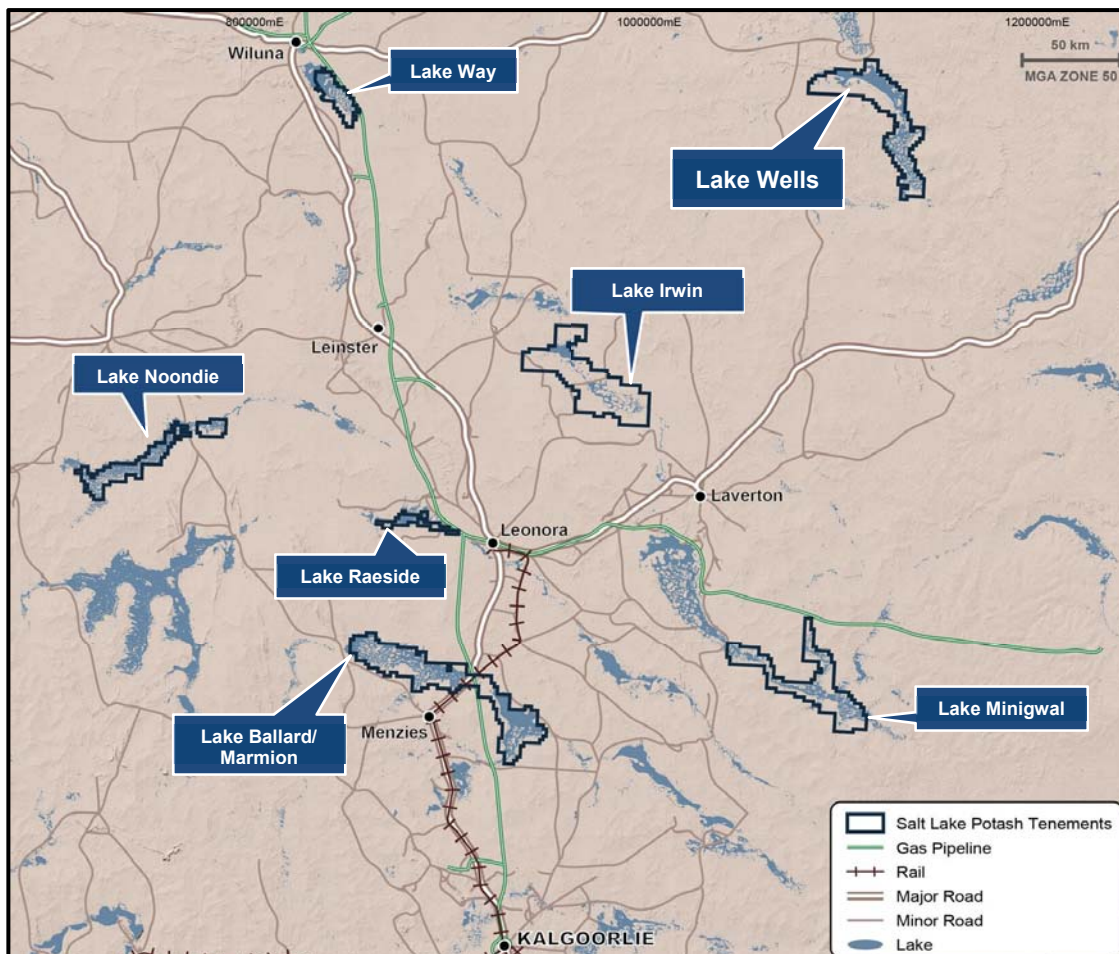


Figure 1: Location of Lake Wells

## **OPERATING AND FINANCIAL REVIEW (Continued)**

### **Operations (Continued)**

#### **Highlights**

Highlights during the half year include:

#### ➤ **Completion of a positive Scoping Study**

The Company confirmed the potential of the Lake Wells Project to produce low cost SOP by solar evaporation of lake brines for domestic and international fertiliser markets. The Scoping Study (accuracy  $\pm 30\%$ ) prepared by global engineering firm, Amec Foster Wheeler, and other international experts, demonstrates excellent project fundamentals based on well-established solar evaporation and salt processing techniques. Based on the positive results of the Scoping Study, the Company will now proceed to a Pre-Feasibility Study (PFS).

Lake Wells has the potential to be one of only five large scale salt lake SOP producers around the world and the Project's estimated cash production costs of A\$185 per tonne (Stage 2) would be amongst the lowest in the world.

The Scoping Study is based on a two stage development plan for Lake Wells:

- Stage 1 is based on shallow trenching and bore production with 100% of brine feed drawn from the near surface Measured Resource.
- Stage 2 also includes pumping additional brine from the deeper Inferred Resource, to increase production to 400,000 tpa of SOP.

All-in capital costs total A\$268 million for the 400,000 tpa production scenario, amongst the lowest capital intensity for any proposed potash project worldwide.

#### ➤ **Surface Aquifer Exploration Program**

An 8.5 tonne amphibious excavator completed 127 shallow test pits and 7 trial trenches in the shallow aquifer at the Lake Wells Project. Sustained pump tests were completed on two 4.5m deep trenches in the southern part of the Lake. Highlights include:

- Modelled annual flow rates of 1.1 – 1.3 Litres per second (L/s) based on a 1 year simulated model of the results recorded during the 50m trial trench pump test.
- Modelled annual flow rates of 0.23 – 0.28L/s based on a 1 year simulated model of the results recorded during the 25m trial trench pump test.

#### ➤ **Deeper Paleochannel Aquifer**

The off-lake aircore drilling program, targeting the Lake Wells paleochannel, continued to successfully intersect Basal Paleochannel Sediments along the entire length of the paleochannel unit, which will comprise the main productive aquifer in the deeper part of Lake Wells brine resource.

#### ➤ **Process Development Testwork**

The Company conducted a range of process development testwork to significantly enhance the Lake Wells process model. Substantial volumes of brine from Lake Wells were concentrated into harvest salts (Potassium and Sulphate mixed salts) in three separate trials under simulated and actual site conditions.

The conversion and crystallisation of harvest salts at Hazen Research in Colorado then produced the first Sulphate of Potash (SOP) samples from Lake Wells brine.

An extensive Site Evaporation Trial (SET) was established at Lake Wells. The SET has to date processed approximately 125 tonnes of brine and producing harvest salts on a continuous basis. The SET will continue to operate for up to 12 months generating site specific evaporation data and producing sufficient harvest salts for bulk production of SOP samples for distribution to potential partners and customers.

#### ➤ **Regional Lakes**

Geophysical surveys were performed at Lake Irwin and Lake Ballard to resolve the geometry of the paleovalley, and to define the position and depth of the paleochannel at each Lake.

Initial evaporation testwork on Lake Irwin brine confirmed the suitability of harvest salts for SOP production.

## OPERATING AND FINANCIAL REVIEW (Continued)

### Operations (Continued)

#### Next Steps

##### ➤ Continued activities on the Pre-Feasibility Study (PFS)

Based on the positive results of the Scoping Study, the Company commenced a PFS. The Company is continuing to undertake more detailed hydrological testwork and modelling, brine extraction optimisation and further infrastructure assessment aimed at identifying opportunities to enhance the Project economics through capital and operating cost reductions.

##### ➤ Continued Exploration activities

The Company will continue exploration activities including drilling, test pumping and other testwork are already underway, to upgrade the resource classification and increase the overall resource base. The targeted outcomes include an improved hydrogeological understanding of the performance of basal sand (deep bores) bores including draw down rates, productivity rates and bore and trench positions, as well as improved understanding of the potential productivity of the fractured siltstone aquifer.

##### ➤ Regional Lakes and Opportunities

The Company will also continue to investigate potential other Projects and other opportunities for enhancement.

### Scoping Study

The Scoping Study (accuracy  $\pm 30\%$ ) prepared by global engineering firm, Amec Foster Wheeler, and other international experts, demonstrates excellent project fundamentals based on well-established solar evaporation and salt processing techniques. Based on the positive results of the Scoping Study, the Company will now proceed to a Pre-Feasibility Study (PFS).

Lake Wells has the potential to be one of only five large scale salt lake SOP producers around the world and the Project's estimated cash production costs of A\$185 per tonne (Stage 2) would be amongst the lowest in the world.

The Project will produce SOP from hypersaline brine extracted from Lake Wells via trenches and a combination of shallow and deep production bores. The extracted brine will be transported to a series of solar evaporation ponds built on the Lake where selective evapo-concentration will precipitate potassium double salts in the final evaporation stage. These potassium-rich salts will be mechanically harvested and processed into SOP in a crystallisation plant. The final product will then be transported for sale to the domestic and international markets.

The Scoping Study is based on a two stage development plan for Lake Wells:

- Stage 1 is based on shallow trenching and bore production with 100% of brine feed drawn from the near surface Measured Resource.
- Stage 2 also includes pumping additional brine from the deeper Inferred Resource, to increase production to 400,000 tpa of SOP.

Key Scoping Study results for Stage 1 and Stage 2:

	Stage 1	Stage 2
Annual Production (tpa) – steady state	200,000	400,000
Capital Cost *	A\$191m	A\$39m
Operating Costs **	A\$241/t	A\$185/t

\* Direct Capital Costs based on an accuracy of -10%/+30% before contingencies and growth allowance but including EPCM.

\*\* Operating Costs based on an accuracy of  $\pm 30\%$  including transportation & handling (FOB Esperance) but before royalties and depreciation.

## DIRECTORS' REPORT

(Continued)



The Scoping Study is based on the Project's Mineral Resource Estimate of 80-85 Mt of SOP in 9,691 GL of brine at an average of 8.7 kg/m<sup>3</sup> of K<sub>2</sub>SO<sub>4</sub>. The Mineral Resource Estimate includes Measured and Indicated Resources of 26 Mt of SOP in the shallowest 20m of the Lake.

The Study has established the indicative costs of a two stage production operation, initially producing 200,000 tonnes per annum (tpa) and then 400,000 tpa of dried organic SOP. Stage 1 produces 200,000 tpa but includes most of the capital works required for a 400,000 tpa operation. Stage 2 will commence after initial capex is repaid by cashflow generated from the shallow Measured and Indicated Resource.

<b>Key Assumptions and Inputs</b>		
Maximum Study Accuracy Variation	+/- 30%	+/- 30%
Stage	Stage 1	Stage 2
Life of Mine (LOM)	20 years	
Annual Production (steady state) tonnes	200,000	400,000
Portion of Production Target – Measured & Indicated	100%	70%
Portion of Production Target – Inferred	0%	30%
<b>Mining Method (Extraction)</b>		
Trenches (km)	107	157
Shallow Bores (number)	4	4
Deep Bores (number)	-	34
<b>Mining Method (Extraction (volume))</b>		
Trenches (m <sup>3</sup> /h)	3,074	4,521
Shallow Bores (m <sup>3</sup> /h)	576	576
Deep Bores (m <sup>3</sup> /h)	-	2,203
<b>Total Volume</b>	<b>3,650</b>	<b>7,300</b>
<b>Evaporation Ponds</b>		
Area (ha)	2,990	3,170
Recovery of Potassium from feed brine	70%	70%
Recovery of Sulphate from feed brine	18%	18%
<b>Plant</b>		
Operating time (h/a)	7,600	7,600
<b>Operating Costs * (±30%)</b>		
Minegate (A\$/t)	\$165.74	\$110.00
Transport (A\$/t)	\$75.10	\$75.10
<b>Total (A\$/t)</b>	<b>\$240.84</b>	<b>\$185.10</b>
<b>Capital Costs (-10%/+30%)</b>		
Direct	A\$160.7m	A\$32.0m
Indirect	A\$30.5m	A\$6.8m
Growth Allowance	A\$32.5m	A\$5.1m
<b>Total Capital</b>	<b>A\$223.7m</b>	<b>A\$43.9m</b>

\* Before Royalties and Depreciation

The Scoping Study results highlight the benefits of Lake Wells' location in the Northern Goldfields, with excellent access to gas and transportation infrastructure. Total Capex of A\$268 million for 400,000 tpa of SOP is amongst the lowest capital intensity of any proposed potash project worldwide.

## DIRECTORS' REPORT

(Continued)



### OPERATING AND FINANCIAL REVIEW (Continued)

#### Operations (Continued)

Opportunities have been identified to further optimise capital and operating costs through equipment lease financing, further operational refinements and partnerships. The Company will also continue to investigate potential additional revenue streams for the project.

#### Results of Operations

Net loss after tax for the half year ended 31 December 2016 was \$4,969,027 (31 December 2015: \$2,243,717).

- (i) Exploration and evaluation expenses were \$4,282,810 (31 December 2015: \$1,440,733), which is attributable to the Group's accounting policy of expensing exploration and evaluation expenditure incurred by the Group subsequent to the acquisition of the rights to explore and up to the final investment decision to commence construction for each separate area of interest; and
- (ii) Business development expenses increased to \$328,307 (31 December 2015: \$76,648) which is attributable to additional business development and investor relations activities required to support the growth and development of the Lake Wells Project.

#### Financial Position

At 31 December 2016, the Company had cash reserves of \$3,469,513 (30 June 2016: \$7,498,285) and net assets of \$4,701,433 (30 June 2016: \$9,397,552). The Company 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.

- (i) On 1 March 2017, the Company issued 3,000,000 performance rights to the Chief Executive Officer and other key employees of the Company pursuant to the Company's Performance Rights Plan following shareholder approval obtained at the Annual General Meeting of shareholders held on 30 November 2016.

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

#### 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.

A handwritten signature in black ink, appearing to read "M. Syme", written over a horizontal line.

**MATTHEW SYME**  
CEO

10 March 2017

## 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 7 to 15 are in accordance with the Corporations Act 2001 including:
  1. giving a true and fair view of the financial position of the consolidated entity as at 31 December 2016 and of its performance and cash flows for the six months ended on that date; and
  2. complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001; and
2. subject to the matters disclosed in note 1(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.

Signed in accordance with a resolution of Directors:

A handwritten signature in black ink, appearing to read "M. Syme", written over a horizontal line.

**MATTHEW SYME**  
CEO

10 March 2017



**CONSOLIDATED STATEMENT OF PROFIT  
OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**



	31 December 2016	31 December 2015
Notes	\$	\$
Finance income	71,955	25,367
Exploration and evaluation expenses	(4,282,810)	(1,440,733)
Corporate and administrative expenses	(429,865)	(456,029)
Business development expenses	(328,307)	(76,648)
Impairment of exploration and evaluation	-	(295,674)
Loss before tax	(4,969,027)	(2,243,717)
Income tax expense	-	-
<b>Loss for the period</b>	<b>(4,969,027)</b>	<b>(2,243,717)</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising during the period	(120)	18,584
<b>Other comprehensive (loss)/ income for the period, net of tax</b>	<b>(120)</b>	<b>18,584</b>
<b>Total comprehensive loss for the period</b>	<b>(4,969,147)</b>	<b>(2,225,133)</b>
Basic and diluted loss per share attributable to the ordinary equity holders of the company (cents per share)	(3.71)	(2.12)

*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 2016



	Notes	31 December 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		3,469,513	7,498,285
Trade and other receivables		273,596	126,583
<b>Total Current Assets</b>		<b>3,743,109</b>	<b>7,624,868</b>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	3	2,276,736	2,276,736
Property, plant and equipment		170,182	115,275
<b>Total Non-Current Assets</b>		<b>2,446,918</b>	<b>2,392,011</b>
<b>TOTAL ASSETS</b>		<b>6,190,027</b>	<b>10,016,879</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		1,476,049	607,615
Provisions		12,545	11,712
<b>Total Current Liabilities</b>		<b>1,488,594</b>	<b>619,327</b>
<b>TOTAL LIABILITIES</b>		<b>1,488,594</b>	<b>619,327</b>
<b>NET ASSETS</b>		<b>4,701,433</b>	<b>9,397,552</b>
<b>EQUITY</b>			
Contributed equity	4(a)	106,846,275	106,761,669
Reserves	5	883,618	695,316
Accumulated losses		(103,028,460)	(98,059,433)
<b>TOTAL EQUITY</b>		<b>4,701,433</b>	<b>9,397,552</b>

*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 2016**

CONSOLIDATED	Contributed Equity \$	Share- Based Payment Reserve \$	Foreign Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 July 2016</b>	<b>106,761,669</b>	<b>240,848</b>	<b>454,468</b>	<b>(98,059,433)</b>	<b>9,397,552</b>
Net loss for the period	-	-	-	<b>(4,969,027)</b>	<b>(4,969,027)</b>
Exchange differences on translation of foreign operations	-	-	<b>(120)</b>	-	<b>(120)</b>
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>(120)</b>	<b>(4,969,027)</b>	<b>(4,969,147)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Shares issued in lieu of fees	<b>86,400</b>	-	-	-	<b>86,400</b>
Share based payment expense	-	<b>188,422</b>	-	-	<b>188,422</b>
Share issue costs	<b>(1,794)</b>	-	-	-	<b>(1,794)</b>
<b>Balance at 31 December 2016</b>	<b>106,846,275</b>	<b>429,270</b>	<b>454,348</b>	<b>(103,028,460)</b>	<b>4,701,433</b>
<b>Balance at 1 July 2015 originally stated</b>	98,440,152	77,400	439,595	(92,942,359)	6,014,788
Change in accounting policy opening balance adjustment	-	-	-	(472,046)	(472,046)
<b>At 1 July 2015 restated</b>	98,440,152	77,400	439,595	(93,414,405)	5,542,742
Net loss for the period	-	-	-	(2,243,717)	(2,243,717)
Exchange differences on translation of foreign operations	-	-	18,584	-	18,584
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>-</b>	<b>18,584</b>	<b>(2,243,717)</b>	<b>(2,225,133)</b>
<b>Transactions with owners, recorded directly in equity</b>					
Shares issued in lieu of fees	35,124	-	-	-	35,124
<b>Balance at 31 December 2015</b>	<b>98,475,276</b>	<b>77,400</b>	<b>458,179</b>	<b>(95,658,122)</b>	<b>3,352,733</b>

*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 2016



	31 December 2016 \$	31 December 2015 \$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(4,028,053)	(1,944,019)
Interest received	70,930	29,324
<b>Net cash outflow from operating activities</b>	<b>(3,957,123)</b>	<b>(1,914,695)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(71,664)	(9,658)
<b>Net cash outflow from investing activities</b>	<b>(71,664)</b>	<b>(9,658)</b>
<b>Cash flows from financing activities</b>		
<b>Net cash inflow from financing activities</b>	-	-
Net decrease in cash and cash equivalents held	(4,028,787)	(1,924,353)
Net foreign exchange differences	15	189
Cash and cash equivalents at the beginning of the half year	7,498,285	3,172,363
<b>Cash and cash equivalents at the end of the half year</b>	<b>3,469,513</b>	<b>1,248,199</b>

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

# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2016



## 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 2016 were authorised for issue in accordance with the resolution of the directors on 9 March 2017.

The interim condensed consolidated financial statements for the half year reporting period ended 31 December 2016 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 2016 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 financial statements for the half-year have been prepared on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

For the half year ended 31 December 2016, the Group incurred a net loss of \$4,969,027 (31 December 2015: \$2,243,717) and had net cash outflows from operating and investing activities of \$4,028,787 (31 December 2015: \$1,924,353). As at 31 December 2016, the Group had cash and cash equivalents of \$3,469,513 (30 June 2016: \$7,498,285) and net current assets of \$2,254,515 (30 June 2016: \$7,005,541).

Subject to results of ongoing exploration programs at the Company's SOP projects, the Consolidated Entity plans to raise additional capital within the next 12 months to fund its planned operations. The Directors are satisfied that they will be able to raise additional capital when required to enable the Consolidated Entity to meet their obligations as and when they fall due, and accordingly, consider that it is appropriate to prepare the financial statements on a going concern basis.

Should the Company and Consolidated Entity be unable to achieve the matters referred to above, there is material uncertainty whether the Consolidated Entity could continue as a going concern and therefore, whether it would be able to realise its assets and extinguish its liabilities in the normal course of business.

These interim 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
(Continued)



**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) New Accounting Standards**

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 beginning on or after 1 July 2016. New and revised standards and amendments thereof and interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations;
- AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138);
- AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements;
- AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle, including AASB 5 Non-current Assets Held for Sale and Discontinued Operations, AASB 7 Financial Instruments: Disclosures, AASB 119 Employee Benefits, and AASB 134 Interim Financial Reporting; and
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101.

The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half year periods. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**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 mineral exploration. 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. EXPLORATION AND EVALUATION**

	31 December 2016	30 June 2016
Note	\$	\$
<b>(a) Areas of Interest</b>		
SOP Project	2,276,736	2,276,736
Golden Eagle Uranium Project	-	-
<b>Carrying amount at end of period, net of impairment<sup>1</sup></b>	<b>2,276,736</b>	<b>2,276,736</b>
<b>(b) Reconciliation</b>		
Carrying amount at start of year	2,276,736	2,555,915
Impairment losses <sup>2</sup>	-	(293,462)
Exchange differences on translation of foreign operations	-	14,283
<b>Carrying amount at end of period net of impairment <sup>1</sup></b>	<b>2,276,736</b>	<b>2,276,736</b>

**Notes:**

1. 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.
2. Impairment of the carrying value of Golden Eagle Uranium. The Company has completed its initial review of the project. Based on the available information, current economic conditions and the price of uranium it is not viable for the Company to undertake any further exploration activities at this time and accordingly, the project has been impaired to nil.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
(Continued)



**3. EXPLORATION AND EVALUATION (Continued)**

**SOP Project**

The Company's Sulphate of Potash Project (**SOP Project**) has secured eleven granted and nine pending exploration licences covering a substantial area of multiple salt lake basins in Western Australia, South Australia and the Northern Territory. The carrying value is made up of the initial acquisition costs of the Australian SOP Potash Project.

**Golden Eagle Uranium Project**

The Golden Eagle Uranium and Vanadium Project holds nine U.S. Department of Energy (DOE) Uranium/Vanadium Mining Leases, covering 22.7 km<sup>2</sup> located in the Uravan Mineral Belt, Colorado USA

**4. CONTRIBUTED EQUITY**

	31 December 2016 \$	30 June 2016 \$
<b>(a) Share Capital</b>		
134,007,596 (30 June 2016:133,827,596) Ordinary Shares	<b>106,846,275</b>	106,761,669

**(b) Movement in Share Capital during the past six months**

		Number of Ordinary Shares	Issue Price \$	\$
<b>01-Jul-16</b>	<b>Opening Balance</b>	133,827,596	-	106,761,669
09-Sep-16	Share issue <sup>1</sup>	180,000	\$0.48	86,400
31-Dec-16	Share issue costs	-	-	(1,794)
<b>31-Dec-16</b>	<b>Closing balance</b>	<b>134,007,596</b>		<b>106,846,275</b>

**Notes:**

1. Issued to a key consultant of the Company in lieu of fees.

**5. RESERVES**

	Notes	31 December 2016 \$	30 June 2016 \$
Share-based payment reserve	<b>5(a)</b>	<b>429,270</b>	240,848
Foreign currency translation reserve		<b>454,348</b>	454,468
		<b>883,618</b>	695,316

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
(Continued)



**5. RESERVES (Continued)**

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

Date	Details	Number of Options	\$
1 Jul 2016	Opening Balance	2,705,443	240,848
22 Nov 2016	Lapse of unlisted options	(205,443)	-
Jul - Dec 2016	Share based payments expense	-	188,422
<b>31 Dec 2016</b>	<b>Closing Balance</b>	<b>2,500,000</b>	<b>429,270</b>

**6. SHARE-BASED PAYMENTS**

In November 2016, at the Company's Annual General Meeting shareholders approved the Company's Performance Rights Plan and the granting of 2,800,000 performance rights to Directors. The Performance rights which are subject to various performance conditions (including 700,000 each for Pre-Feasibility Study, Definitive Feasibility Study, Construction and Production Milestones) to be satisfied prior to the relevant expiry dates between 30 June 2018 and 30 June 2021.

The fair value of performance rights granted is estimated as at the date of grant based on the underlying share price (being the seven day volume weighted average share price prior to granting). The table below lists the inputs to the valuation model used for the performance rights granted by the Group:

Inputs	Series 1	Series 2	Series 3	Series 4
Milestones	Pre-Feasibility Study	Definitive Feasibility Study	Construction	Production
Exercise price	-	-	-	-
Grant date share price	\$0.51	\$0.51	\$0.51	\$0.51
Grant date	30-Nov-16	30-Nov-16	30-Nov-16	30-Nov-16
Expiry date	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21
Expected life	1.6 years	2.6 years	3.6 years	4.6 years
Fair value at grant date	\$0.506	\$0.506	\$0.506	\$0.506

For the six months end 31 December 2016, the Group has recognised \$188,422 of share-based payments expenses in the statement of profit or loss (31 December 2015: Nil).

**7. COMMITMENTS AND CONTINGENCIES**

Management have identified the following material commitments for the consolidated group as at 31 December 2016 and 30 June 2016:

	31 December 2016	30 June 2016
	\$	\$
<b>Exploration commitments</b>		
Within one year	818,734	890,000
Later than one year but not later than five years	-	-
	<b>818,734</b>	<b>890,000</b>

**8. DIVIDENDS PAID OR PROVIDED FOR**

No dividend has been paid or provided for during the half year (31 December 2015: nil).



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2016**  
(Continued)



**9. FINANCIAL INSTRUMENTS**

**(a) Fair Value Measurement**

At 31 December 2016, the Group had no material financial assets and liabilities that are measured at fair value on a recurring basis and at 31 December 2016, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

**10. 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.

- (i) On 1 March 2017, the Company issued 3,000,000 performance rights to the Chief Executive Officer and other key employees of the Company pursuant to the Company's Performance Rights Plan following shareholder approval obtained at the Annual General Meeting of shareholders held on 30 November 2016.

## AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

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

As lead auditor for the review of Salt Lake Potash Limited for the half-year ended 31 December 2016, 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.

A handwritten signature in black ink, appearing to read "Ernst &amp; Young", written over a faint, larger version of the EY logo.

Ernst & Young

A handwritten signature in black ink, appearing to read "G H Meyerowitz", written over a faint, larger version of the EY logo.

G H Meyerowitz  
Partner  
10 March 2017



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

## Review report to the members of Salt Lake Potash Limited

### Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Salt Lake Potash Limited, which comprises the consolidated statement of financial position as at 31 December 2016, 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 summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### 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 controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### 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, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Salt Lake Potash Limited and the entities it controlled during the half-year, 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*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.



Ernst & Young  
11 Mounts Bay Road  
Perth WA 6000 Australia  
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222  
Fax: +61 8 9429 2436  
ey.com/au

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

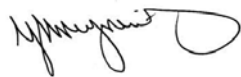
As lead auditor for the review of Salt Lake Potash Limited for the half-year ended 31 December 2016, I declare to the best of my knowledge and belief, there have been:

- 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



G H Meyerowitz  
Partner  
10 March 2017

## Cautionary Statement and Important Information

The information in the Report that relates to the Scoping Study is extracted from the report entitled 'Scoping Study Confirms Potential Confirms Lake Wells Potential' dated 29 August 2016 (**Scoping Study Announcement**). The announcement is available to view on [www.saltlakepotash.com.au](http://www.saltlakepotash.com.au). The Scoping Study has been prepared and reported in accordance with the requirements of the JORC Code (2012) and relevant ASX Listing Rules.

The primary purpose of the Scoping Study is to establish whether or not to proceed to a Pre-Feasibility Study ("PFS") and has been prepared to an accuracy level of  $\pm 30\%$ , the Scoping Study results should not be considered a profit forecast or production forecast. As defined by the JORC Code, a "Scoping Study is an order of magnitude technical and economic study of the potential viability of Mineral Resources. It includes appropriate assessments of realistic assumed Modifying Factors together with any other relevant operational factors that are necessary to demonstrate at the time of reporting that progress to a Pre-Feasibility Study can be justified." (Emphasis added)

The Modifying Factors included in the JORC Code have been assessed as part of the Scoping Study, including mining (brine extraction), processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and government factors. The Company has received advice from appropriate experts when assessing each Modifying Factor.

Following an assessment of the results of the Scoping Study, the Company has formed the view that a PFS is justified for the Lake Wells project, which it will now commence. The PFS will provide the Company with a more comprehensive assessment of a range of options for the technical and economic viability of the Lake Wells project.

The Company has concluded it has a reasonable basis for providing any of the forward looking statements included in this announcement and believes that it has a reasonable basis to expect that the Company will be able to fund its stated objective of completing a PFS for the Lake Wells project. All material assumptions on which the forecast financial information is based are set out in the Scoping Study Announcement.

In accordance with the ASX listing rules, the Company advises the Scoping Study referred to in the Scoping Study Announcement is based on lower-level technical and preliminary economic assessments, and is insufficient to support estimation of Ore Reserves or to provide assurance of an economic development case at this stage, or to provide certainty that the conclusions of the Scoping Study will be realised.

## Production Target

The Production Target stated in this Report is based on the Company's Scoping Study for the Lake Wells Project as released to the ASX on 29 August 2016. The information in relation to the Production Target that the Company is required to include in a public report in accordance with ASX Listing Rule 5.16 was included in the Company's ASX Announcement released on 29 August 2016. The Company confirms that the material assumptions underpinning the Production Target referenced in the 29 August 2016 release continue to apply and have not materially changed.

The Production Target referred to in this Report and the Scoping Study Announcement is based on 100% Measured Mineral Resources for Stage 1 and 70% Measured Mineral Resources and 30% Inferred Mineral Resources for Stage 2. There is a low level of geological confidence associated with Inferred Mineral Resources and there is no certainty that further exploration work will result in the determination of Measured or Indicated Mineral Resources or that the production target or preliminary economic assessment will be realised.

## Forward Looking Statements

This presentation contains 'forward-looking information' that is based on the Company's expectations, estimates and projections as of the date on which the statements were made. This forward-looking information includes, among other things, statements with respect to pre-feasibility and definitive feasibility studies, the Company's business strategy, plans, development, objectives, performance, outlook, growth, cash flow, projections, targets and expectations, mineral reserves and resources, results of exploration and related expenses. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as 'outlook', 'anticipate', 'project', 'target', 'potential', 'likely', 'believe', 'estimate', 'expect', 'intend', 'may', 'would', 'could', 'should', 'scheduled', 'will', 'plan', 'forecast', 'evolve' and similar expressions. Persons reading this news release are cautioned that such statements are only predictions, and that the Company's actual future results or performance may be materially different. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information. Forward-looking information is developed based on assumptions about such risks, uncertainties and other factors set out herein, including but not limited to the risk factors set out in Schedule 2 of the Company's Notice of General Meeting and Explanatory Memorandum dated 8 May 2015.

## Competent Persons Statement

*The information in the Report that relates to the Scoping Study is extracted from the report entitled 'Scoping Study Confirms Potential Confirms Lake Wells Potential' dated 29 August 2016. The announcement is available to view on [www.saltlakepotash.com.au](http://www.saltlakepotash.com.au). The information in the original announcement that relates to processing, infrastructure and cost estimation are based on and fairly represents information compiled or reviewed by Mr Zeyad El-Ansary, who is a Competent Person as a member of the Australasian Institute of Mining and Metallurgy. Mr Zeyad El-Ansary has 9 years' experience relevant to the activities undertaken for preparation of these report sections and is employed by Amec Foster Wheeler. Mr Zeyad El-Ansary consents to the inclusion in the report/press release of the matters based on their information in the form and context in which it appears. 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. 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.*

*The information in this Report that relates to Mineral Resources for Lake Wells, is extracted from the reports entitled 'Lake Wells Resource Increased By 193 Percent to 85Mt of SOP' dated 22 February 2016 and 'Significant Maiden SOP Resource of 29Mt at Lake Wells' dated 11 November 2015 and is available to view on the Company's website [www.saltlakepotash.com.au](http://www.saltlakepotash.com.au). The information in the original ASX Announcement that related to Exploration Results for Lake Wells based on information compiled by Mr Ben Jeuken, who is a member Australian Institute of Mining and Metallurgy. Mr Jeuken is employed by Groundwater Science Pty Ltd, an independent consulting company. Mr Jeuken has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jeuken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. 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. 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.*

*The information in this Report that relates to Exploration Results, for Lake Wells is extracted from the reports entitled 'December 2016 Quarterly Reports' dated 31 January 2017 and 'Trenching at Lake Wells Confirms Brine Production Potential' dated 25 January 2017 and are available to view on the Company's website [www.saltlakepotash.com.au](http://www.saltlakepotash.com.au). The information in the original ASX Announcement that related to Exploration Results, not including geophysical and test pumping results for Lake Wells based on information compiled by Mr Ben Jeuken, who is a member Australian Institute of Mining and Metallurgy. Mr Jeuken is employed by Groundwater Science Pty Ltd, an independent consulting company. Mr Jeuken has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Jeuken consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. 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. 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.*