SALT LAKE POTASH LIMITED

Interim Financial Report for the Half Year Ended 31 December 2018

ABN 98 117 085 748

CORPORATE DIRECTORY

DIRECTORS
Mr Ian Middlemas – Chairman
Mr Tony Swiericzuk – CEO & Managing Director
Mr Matthew Syme
Mr Bryn Jones
Mr Mark Pearce

COMPANY SECRETARY
Mr Clinton McGhie

REGISTERED OFFICE
Ground Floor, 239 Adelaide Terrace
Perth WA 6000
Australia

Telephone: +61 8 6559 5800
Facsimile: +61 8 6559 5820

WEBSITE
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

DIRECTORS' REPORT

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 2018 (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	Chief Executive Officer (CEO) appointed 5 November 2018
Mr Matthew Syme	Non-Executive Director
Mr Bryn Jones	Non-Executive Director
Mr Mark Pearce	Non-Executive Director

Unless otherwise stated, Directors held their office from 1 July 2018 until the date of this report.

OPERATING AND FINANCIAL REVIEW

The Company is focussed on rapidly progressing the development of its Lake Way Project, intended to be the first salt-lake brine Sulphate of Potash (**SOP**) production operation in Australia. Lake Way's location and logistical advantages make it the ideal location for the Company's first SOP operation.

The Company's long term plan is to develop an integrated SOP operation, producing from a number (or all) of its nine salt lakes. Salt Lake Potash will progressively explore each of the lakes with a view to estimating resources for each lake, and determining the development potential. Exploration of the lakes will be prioritised based on likely transport costs, scale, permitting pathway and brine chemistry.

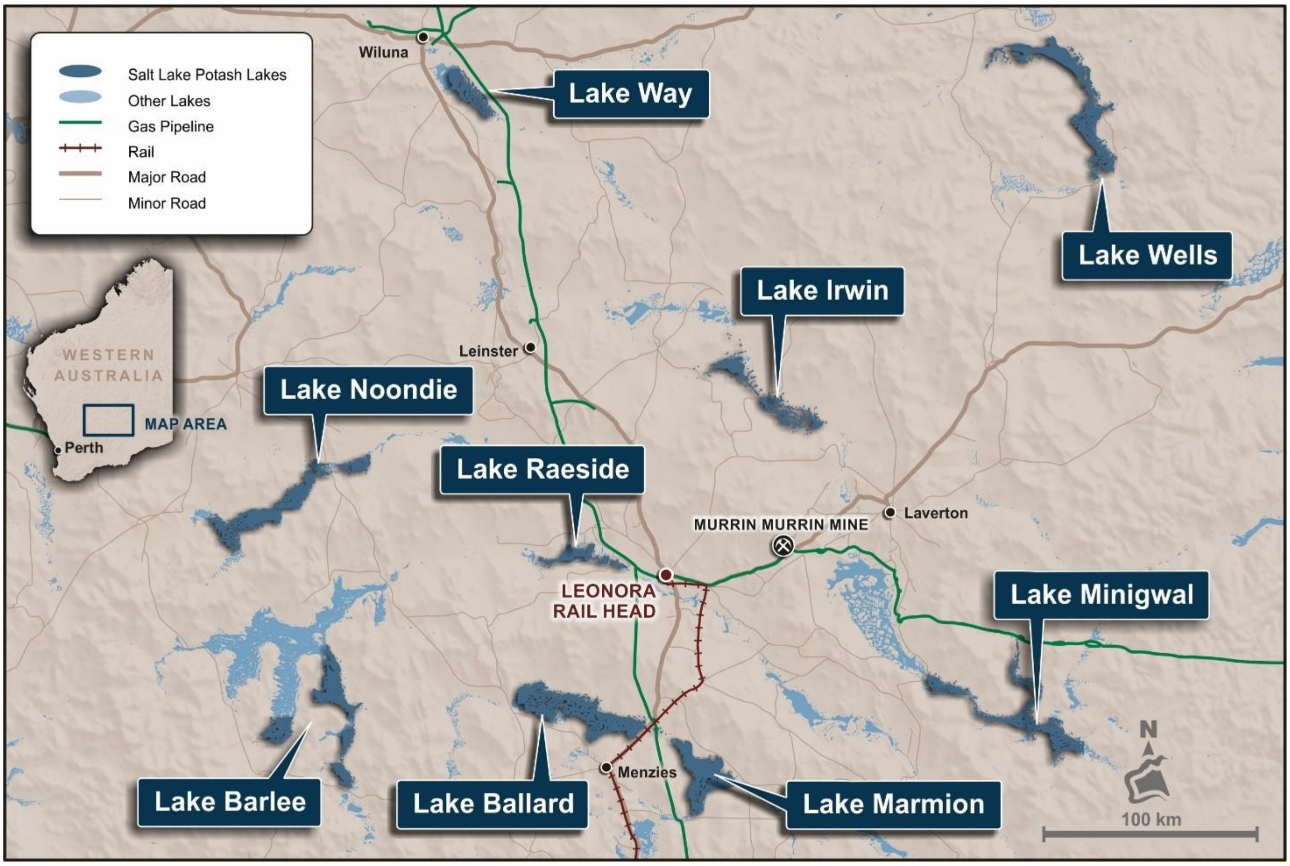

Figure 1: Location of Salt Lake Potash's Portfolio of Assets

OPERATING AND FINANCIAL REVIEW (Continued)

HIGHLIGHTS

Highlights during and subsequent to the half-year ended 31 December 2018 included:

Key Appointments Enhance Senior Project Development Team

- *Highly regarded mining executive Tony Swiericzuk commenced as Managing Director and Chief Executive Officer of Salt Lake Potash effective 5 November 2018*
- *Three proven mining executives join Salt Lake Potash as leaders in the project development team:*
  - *Peter Cardillo as Project Director – Processing and NPI*
  - *Lloyd Edmunds as Project Director – Civil*
  - *Stephen Cathcart as Project Director – Technical*
- *These appointments, along with other recent additions to the project execution team, bring diversified technical/studies, approvals, construction, operations and process infrastructure experience to the Company as it moves into rapid project development phase*

Key Approval Obtained and Construction of Lake Way Ponds Commences

- *Mining Proposal and Project Management Plans for the First Phase of the Lake Way Evaporation Ponds (**Lake Way Ponds**) approved by the Department of Mines, Industry Regulation and Safety (DMIRS)*
- *Approval received from Department of Water and Environmental Regulation (DWER) for construction and operation of the Lake Way Ponds and de-watering of the Williamson Pit*
- *Site support infrastructure is in place and construction of the Lake Way Ponds has now commenced*

Native Title Land Access and Exploration Agreement Executed for Lake Way

- *Salt Lake Potash and Tarlka Matuwa Piarku (Aboriginal Corporation) RNTBC (**TMPAC**) have entered into a Native Title Land Access and Exploration Agreement for Lake Way*
- *TMPAC consent was received for the on-lake construction of the pond system for the dewatering of the Williamson Pit at Lake Way (Lake Way Ponds)*

'Whole of Lake' Resource Program for Lake Way Advancing

- *Work well advanced to enable the Company to report a Mineral Resource Estimate for the lake bed brine and the paleochannel aquifer for the 100% owned Salt Lake tenements*
- *'Whole of Lake' Mineral Resource Estimate will enable the Company to examine larger production scenarios*

Field Trials at Lake Way Confirm Salt Production Process

- *Comprehensive field evaporation trials at Lake Way are successfully producing substantial volumes of potassium Harvest Salts validating the modelled salt production process*
- *Field evaporation trials have produced over 2 tonnes of high grade Harvest Salts at Lake Way*
- *Over 100,000l of brine from both high grade Lake Way playa brine and the super high-grade Williamson Pit brine have been extracted for the field trial and evaporated separately. Both brines have rapidly produced quality harvest salts amenable for conversion to Sulphate of Potash (SOP)*
- *Potassium Harvest Salts produced from the field trial will be processed at Saskatchewan Research Council (SRC), where a pilot plant will duplicate and refine the Lake Way process flow sheet, as well as producing further product samples for offtake partners*

OPERATING AND FINANCIAL REVIEW (Continued)

LAKE WAY PROJECT

Lake Way is located in the Northern Goldfields Region of Western Australia, less than 15km south of Wiluna. The surface area of the Lake is over 270km^2.

Salt Lake Potash holds five Exploration Licences (two granted and three under application) covering most of Lake Way and select areas off-lake, including the paleochannel defined by previous exploration. The northern end of the Lake is largely covered by a number of Mining Leases, held by Blackham Resources Limited (Blackham), the owner of the Wiluna Gold Mine.

The Company's Memorandum of Understanding with Blackham (see ASX Announcement dated 12 March 2018) allows for an expedited path to development at Lake Way.

Lake Way has a number of compelling advantages which make it an ideal site for Salt Lake Potash's initial SOP operation, including:

- Utilisation of Blackham's existing infrastructure (including camps, power and maintenance) to accelerate development.
- The site has excellent freight solutions, being adjacent to the Goldfields Highway, which is permitted for heavy haulage, quad trailer road trains to the railhead at Leonora and then direct rail access to both Esperance and Fremantle Ports, or via other heavy haulage roads to Geraldton Port.
- The Goldfields Gas Pipeline is adjacent to Salt Lake Potash's tenements, running past the eastern side of the Lake.
- Access to Blackham's existing Mining Leases provides advanced permitting pathway for early development activity, including the construction of the Williamson Ponds.
- Salt Lake Potash will construct the Williamson Ponds and dewater the existing Williamson Pit on Lake Way. The pit contains an estimated 1.2GL of brine at the exceptional grade of **25kg/m^3 of SOP**. This brine is the ideal starter feed for evaporation ponds, having already evaporated from the normal Lake Way brine grade, which averages over 14kg/m^3.
- The high grade brines at Lake Way will result in lower capital and operating costs due to lower extraction and evaporation requirements.
- The presence of clays in the upper levels of the lake which are amenable to low cost, on-lake evaporation pond construction.

The Company is concurrently progressing the construction of the First Phase of the Lake Way Evaporation Ponds (Lake Way Ponds), whilst also rapidly advancing a 'whole of lake' scenario, including mineral resource estimates, permitting and approvals, pilot plant process testwork and assessment of infrastructure and logistical options.

Discussions are also ongoing with a number of offtake partners and the pilot plant process testwork currently underway will provide high-grade SOP product samples for testing by these partners.

Having completed a placement to raise $13.0 million during the period and built a team with the capability and track record of successfully developing and constructing numerous resource projects, the Company is well placed to take advantage of the benefits of the Lake Way Project and its broader portfolio of nine salt lakes.

Approvals Advancing

The Company's Mining Proposal and Project Management Plans for the first phase of the Lake Way Ponds were approved by Department of Mines, Industry Regulation and Safety (DMIRS) during the period, and subsequent to the period end, the Company also received approval from Department of Water and Environmental Regulation (DWER) for the Part V works approval for construction and operation of the Lake Way Ponds and de-watering of the Williamson Pit. These works include the construction of operational scale evaporation ponds and associated infrastructure including pond trenching to provide brine conditioning to manage the brine extracted from the Williamson Pit.

Salt Lake Potash has previously received environmental approval from the DMIRS to construct ponds totalling up to 133Ha (the Williamson Ponds), as well as ancillary infrastructure.

The Lake Way Ponds will be the first operational scale SOP evaporation ponds built on a salt lake in Australia – an important part of the staged de-risking and development at Lake Way and across the Company's portfolio of salt lakes in the Northern Goldfields Region.

A series of studies commenced during the period in support of the ongoing environmental approvals. These include flora and fauna surveys, climatology and hydrologic assessment, flood modelling and geotechnical investigations.

OPERATING AND FINANCIAL REVIEW (Continued)

Native Title Land Access and Exploration Agreement

In December 2018, the Company signed a Native Title Land Access and Brine Minerals Exploration Agreement (the **Agreement**) with Tarlka Matuwa Piarku (Aboriginal Corporation) RNTBC (**TMPAC**) covering the Lake Way Project area.

TMPAC entered into the Agreement with Salt Lake Potash on behalf of the Wiluna People who are the recognised Native Title Holders of the land covering the Lake Way Project area. TMPAC also provided consent for the total area required for the construction and operation of the Williamson Ponds.

The signing of the Agreement with TMPAC and receipt of TMPAC's consent for the Williamson Ponds is a major milestone in the development of the Lake Way Project and positions Salt Lake Potash to accelerate the works program for the Williamson Ponds.

Mineral Resource Program

The Company reported a maiden Mineral Resource Estimate for Lake Way (Blackham tenements only) in July 2018.

Total Mineral Resource Estimate (Blackham tenements only)

Sediment Hosted Brine – Indicated (94%)

Playa Area	Lakebed Sediment Volume	Brine Concentration			Mineral Tonnage Calculated from Total Porosity			Mineral Tonnage Calculated from Drainable Porosity		
		K	Mg	SO_4	Total Porosity	Brine Volume	SOP Tonnage	Drainable Porosity	Brine Volume	SOP Tonnage
(km^2)	(Mm^3)	(kg/m^3)	(kg/m^3)	(Kg/m^3)		(Mm^3)	(kt)		(Mm^3)	(kt)
55.4	290	6.9	7.6	28.3	0.43	125	**1,900**	0.11	31.9	**490**

Williamson Pit Brine – Measured (6%)

Brine Volume (Mm^3)	Potassium Conc. (kg/m^3)	Magnesium Conc. (kg/m^3)	Sulphate Conc. (kg/m^3)	SOP Tonnage (kt)
1.26	11.4	14.47	48	**32**

Work progressed during the period to enable the Company to estimate a 'whole of lake' Mineral Resource Estimate, including the remaining playa surface covered by Salt Lake Potash's tenements and the paleochannel aquifer, which were not considered as part of the initial Mineral Resource estimate and provide significant short term upside to increase resources at Lake Way.

Estimation of a 'whole of lake' resources will enable the Company to consider larger production scenarios for Lake Way.

Civil Construction – On-Lake Infrastructure

During the period, the Company progressed on-lake development with completion of the detailed design for the first phase of Lake Way Evaporation Ponds (Lake Way Ponds) that will enable the dewatering of the high grade Lake Way Williamson Pit brine. This early works program will allow the fast-tracking of harvest salts in readiness for process plant commissioning.

Detailed engineering works during the period for the Lake Way Ponds included further analysis of strength and permeability characteristics of lakebed sediments, and geotechnical parameters for final pond analysis and design. Other geotechnical design work undertaken included Cone Penetration Test (CPT) data analysis, trafficability assessment, access road analysis, seepage models, borrow pit assessments and development of the pond construction methodology.

Surveying contractor, AAM Group set out the Williamson Pond design in readiness for construction commencement and also completed the Light Detection and Ranging (LiDAR) topographical survey flyover for the larger 'whole of lake' scenario.

The Company mobilised initial construction equipment to Lake Way in December 2018, with site support infrastructure at Lake Way installed enabling an immediate start on the construction works.

OPERATING AND FINANCIAL REVIEW (Continued)

Salt Lake Potash is undertaking a wet hire and self-perform model for the construction of the Lake Way Ponds. This construction model allows a fast track mobilisation and execution of the works, whilst providing the Company with critical hands on experience allowing testing and validating of all design criteria to de-risk the future on-lake construction.

The construction of the initial Lake Way ponds is planned to be completed by the end of Q2 2019. The de-watering of the 1.2GL of Williamson Pit brine is expected to commence towards the end of Q2 2019.

The Company has also sort Expressions of Interest (EOI) from key civil contractors to participate in an Early Contractor Involvement (ECI) process for the larger 'whole of lake' development. To date, the Company has received positive feedback and acceptance from a number of major civil contractors.

Process Testwork

Comprehensive field evaporation trials at Lake Way continued to successfully produce substantial volumes of potassium Harvest Salts validating the modelled salt production process.

The Lake Way Site Evaporation Trial (SET) was established in May/June 2018 and initial brine feed was gradually introduced from both the Williamson Pit and the Lake Way playa.

The Lake Way SET has already produced over 2 tonnes of Potassium Harvest Salts (1.8 tonnes Lake Way Playa and 0.4 tonnes of Williamson Pit) and a further 5 tonnes are forecast to be harvested during ongoing evaporation trials.

From the test work to date, the Williamson Pit and the Lake Way Playa brines have produced excellent high grade Harvest Potassium Salts with an exceptional K grade of up to 10% and an overall high average K grade of 6.8%. This aligns very well with the grades that were observed during the Lake Wells SET's.

This provides the Company with confidence that the Lake Way production model, process flowsheet and Harvest Salt product will produce a final high grade SOP product in line with the world leading SOP product of 53% K_2O produced at Lake Wells.

The Company has engaged the world's leading potash processing laboratory, Saskatchewan Research Council (SRC), to establish a pilot plant based on the process flow sheet for the Lake Way Project. The initial batch of harvest salts from Lake Way has been delivered to SRC and testwork is underway.

The pilot plant will validate and refine the Lake Way process flowsheet and also produce high-grade SOP product samples for offtake partners.

CORPORATE

During the period, the Company completed a placement to existing and new institutional and sophisticated investors in Australia and overseas for 31.0 million new ordinary shares of the Company, to raise gross proceeds of $13,000,000 (**Placement**).

The cornerstone investor for the Placement was a significant international investment fund. Directors and senior management subscribed for a total of 2.4 million shares in the Placement, including 950,000 shares by the CEO, Mr Tony Swiericzuk, and 750,000 shares by the Company's Chairman, Mr Ian Middlemas, which were issued in January 2019 following shareholder approval.

Proceeds from the Placement are being used to fund construction of the Lake Way Ponds and dewatering of the Williamson Pit, as well as ongoing development of on-lake infrastructure, exploration and feasibility studies, and general working capital.

Having successfully raised the funds for project development at Lake Way, the Company significantly accelerated its activity and expenditure.

OPERATING AND FINANCIAL REVIEW (Continued)

Results of Operations

Net loss after tax for the half year ended 31 December 2018 was $5,809,606 (31 December 2017: $5,354,804).

(i) Exploration and evaluation expenses were $4,696,515 (31 December 2017: $4,549,568), 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 $481,343 (31 December 2017: $374,784) which is attributable to additional business development and investor relations activities required to support the growth and development of the Lake Way Project and the Company's broader portfolio of Lakes.

Financial Position

At 31 December 2018, the Company had cash reserves of $12.0 million (30 June 2018: $5.7 million) and net assets of $13.5 million (30 June 2018: $7.0 million). 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.

On 9 January 2019, the Company successfully completed the final tranche of its $13,000,000 capital raising. The final tranche has resulted in 750,000 shares being issued to Chairman Mr Ian Middlemas and 950,000 shares being issued to CEO Mr Tony Swiericzuk at $0.42 following shareholder approval on 20 December 2018. These funds will contribute to the construction of the Williamson Ponds and dewatering of the Williamson Pit, as well as ongoing development of on-lake infrastructure, exploration and feasibilities studies, and general working capital.

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
CEO & Managing Director

14 March 2019

Competent Persons Statement

The information in this announcement that relates to Process Testwork Results is extracted from the report entitled 'Field Trials at Lake Way Confirm Salt Production Process' dated 29 January 2019. This announcement is available to view on www.saltlakepotash.com.au. The information in the original ASX Announcement that related to Process Testwork Results was based on, and fairly represents, information compiled by Mr Bryn Jones, BAppSc (Chem), MEng (Mining) who is a Fellow of the AusIMM. Mr Jones is a Director of Salt Lake Potash Limited. Mr Jones 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'. Salt Lake Potash Limited confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. Salt Lake Potash Limited 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 Announcement that relates to Mineral Resources is extracted from the report entitled 'Scoping Study for Low Capex, High Margin Demonstration Plant at Lake Way' dated 31 July 2018. This announcement is available to view on www.saltlakepotash.com.au. The information in the original ASX Announcement that related to Mineral Resources was based on, and fairly represents, information compiled by Mr Ben Jeuken, who is a member Australian Institute of Mining and Metallurgy and a member of the International Association of Hydrogeologists. 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'. Salt Lake Potash Limited confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Salt Lake Potash Limited 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.

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 13 to 21 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 2018 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. 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
CEO & Managing Director

14 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2018

	Notes	31 December 2018 $	31 December 2017 $
Finance income		**38,800**	145,705
Research and development rebate		**-**	456,709
Exploration and evaluation expenses		**(4,696,515)**	(4,549,568)
Corporate and administrative expenses		**(626,786)**	(448,894)
Business development expenses		**(481,343)**	(374,784)
Share based payments expenses		**(43,762)**	(583,972)
Loss before tax		**(5,809,606)**	(5,354,804)
Income tax expense		**-**	-
Loss for the period		**(5,809,606)**	(5,354,804)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising during the period		**-**	-
Other comprehensive (loss)/ income for the period, net of tax		**-**	-
Total comprehensive loss for the period		**(5,809,606)**	(5,354,804)
Basic and diluted loss per share attributable to the ordinary equity holders of the company (cents per share)		**(3.18)**	(3.10)

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 2018

	Notes	31 December 2018 $	30 June 2018 $
ASSETS			
Current Assets			
Cash and cash equivalents		**12,028,224**	5,709,446
Trade and other receivables		**211,633**	227,273
Total Current Assets		**12,239,857**	5,936,719
Non-Current Assets			
Security deposits		**65,583**	-
Property, plant and equipment		**601,155**	535,344
Exploration and evaluation expenditure	3	**2,276,736**	2,276,736
Total Non-Current Assets		**2,943,474**	2,812,080
TOTAL ASSETS		**15,183,331**	8,748,799
LIABILITIES			
Current Liabilities			
Trade and other payables		**1,470,984**	1,620,527
Finance lease		**11,829**	11,829
Provisions	4	**103,827**	57,462
Total Current Liabilities		**1,586,640**	1,689,818
Non-Current Liabilities			
Finance lease		**33,077**	38,992
Provisions	4	**24,327**	-
Total Non-Current Liabilities		**57,404**	38,992
TOTAL LIABILITIES		**1,644,044**	1,728,810
NET ASSETS		**13,539,287**	7,019,989
EQUITY			
Contributed equity	5	**135,205,595**	123,501,153
Shares to be issued	6	**715,000**	-
Reserves	7	**2,015,348**	2,105,886
Accumulated losses		**(124,396,656)**	(118,587,050)
TOTAL EQUITY		**13,539,287**	7,019,989

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 2018

CONSOLIDATED	Contributed Equity $	Share-Based Payment Reserve $	Shares to be Issued $	Accumulated Losses $	Total Equity $
Balance at 1 July 2018	**123,501,153**	**2,105,886**	**-**	**(118,587,050)**	**7,019,989**
Net loss for the period	-	-	-	(5,809,606)	(5,809,606)
Total comprehensive loss for the period	**-**	**-**	**-**	**(5,809,606)**	**(5,809,606)**
Transactions with owners, recorded directly in equity					
Shares issued from placement	12,285,000	-	715,000	-	13,000,000
Shares issued in lieu of fees	134,300	-	-	-	134,300
Share based payment expense	-	(90,538)	-	-	(90,538)
Share issue costs	(714,858)	-	-	-	(714,858)
Balance at 31 December 2018	**135,205,595**	**2,015,348**	**715,000**	**(124,396,656)**	**13,539,287**
Balance at 1 July 2017	**123,484,561**	**821,824**	-	**(107,259,942)**	**17,046,443**
Net loss for the period	-	-	-	(5,354,804)	(5,354,804)
Total comprehensive loss for the period	**-**	**-**	**-**	**(5,354,804)**	**(5,354,804)**
Transactions with owners, recorded directly in equity					
Shares issued in lieu of fees	18,476	-	-	-	18,476
Share based payment expense	-	583,972	-	-	583,972
Share issue costs	(1,884)	-	-	-	(1,884)
Balance at 31 December 2017	**123,501,153**	**1,405,796**	**-**	**(112,614,746)**	**12,292,203**

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 2018

	31 December 2018 $	31 December 2017 $
Cash flows from operating activities		
Payments to suppliers and employees	**(5,768,638)**	(5,594,353)
Research and development rebate received	**-**	456,709
Exploration investment scheme received	**-**	30,000
Interest received	**52,851**	133,705
Net cash outflow from operating activities	**(5,715,787)**	(4,973,939)
Cash flows from investing activities		
Payments for property, plant and equipment	**(244,662)**	(83,030)
Net cash outflow from investing activities	**(244,662)**	(83,030)
Cash flows from financing activities		
Finance lease payments	**(5,914)**	-
Proceeds from the issue of shares	**13,000,000**	-
Transaction costs from the issue of shares	**(714,858)**	(40,222)
Net cash inflow/(outflow) from financing activities	**12,279,228**	(40,222)
Net increase/(decrease) in cash and cash equivalents held	**6,318,778**	(5,097,191)
Cash and cash equivalents at the beginning of the half year	**5,709,446**	15,596,759
Cash and cash equivalents at the end of the half year	**12,028,224**	10,499,568

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 2018 were authorised for issue in accordance with the resolution of the directors on 7 March 2019.

The interim condensed consolidated financial statements for the half year reporting period ended 31 December 2018 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 2018 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 2018, the Consolidated Entity incurred a net loss of $5,809,606 (31 December 2017: $5,354,804) and experienced net cash outflows from operating and investing activities of $5,960,449 (2017: $5,056,969). As at 31 December 2018, the Group had cash and cash equivalents of $12,028,224 (30 June 2018: $5,709,446) and net current assets of $10,653,217 (2017: $4,246,901).

The Company is rapidly progressing the development of the Lake Way Project and plans to raise additional funding, which may include debt and/or equity, within the next 12 months to fund these activities. The Company has sufficient funds to meet currently committed expenditure but in order to progress development and construction, it requires additional funds.

The Directors are confident that they will be able to raise additional funding as and when required to enable the Consolidated Entity to meet its obligations as and when they fall due, and have been involved in a number of recent successful capital raisings to fund development activities for the Company and other listed resource companies. Accordingly, they consider that it is appropriate to prepare the financial statements on the going concern basis.

Should the Consolidated Entity be unable to raise additional funding as and when required, 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 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 2018. The adoption of new and revised standards and amendments has not affected the amounts reported for the current or prior half-year periods, however the Company has set out below the main changes due to the adoption of AASB 9.

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 July 2018 which have resulted in changes to accounting policies and the analysis for possible adjustments to amounts recognised in the Interim Financial Reports. In accordance with the transitional provisions in AASB 9, the reclassifications and adjustments are not reflected in the balance sheet as at 30 June 2018 but recognised in the opening balance sheet as at 1 July 2018. As per the new impairment model introduced by AASB 9, the Company has not recognised a loss allowance on trade and other receivables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) New Accounting Standards (Continued)

i) Classification and Measurement

On 1 July 2018, the Company has assessed which business models apply to the financial instruments held by the Company and have classified them into the appropriate AASB 9 categories. The main effects resulting from this reclassification are shown in the table below.

On adoption of AASB 9, the Company classified financial assets and liabilities as subsequently measured at either amortised cost or fair value, depending on the business model for those assets and on the asset's contractual cash flow characteristics. There were no changes in the measurement of the Company's financial instruments.

There was no impact on the statement of comprehensive income or the statement of changes in equity on adoption of AASB 9 in relation to classification and measurement of financial assets and liabilities.

The following table summarises the impact on the classification and measurement of the Group's financial instruments at 1 July 2018:

Presented in statement of financial position	Financial Asset	AASB 139	AASB 9	Reported $	Restated $
Cash and cash equivalents	Bank deposits	Loans and receivables	Amortised Cost	No change	No change
Trade and other receivables/payables	Loans and receivables	Loans and receivables	Amortised Cost	No change	No change

ii) Impairment

AASB 9 introduces a new expected credit loss ("ECL") impairment model that requires the Company to adopt an ECL position across the Company's financial assets at 1 July 2018. The Company's receivables balance consists of GST refunds from the Australian Tax Office and interest receivables from recognised Australian banking institutions. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, an impairment loss would be considered immaterial.

The loss allowances for financial assets are based on the assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Given the Company's receivables are from the Australian Tax Office and recognised Australian banking institutions, the Company has assessed that the risk of default is minimal and as such, no impairment loss has been recognised against these receivables as at 31 December 2018.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(d) Issued Standards and Interpretations not early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Company for the reporting period ended 31 December 2018. Those which may be relevant to the Company are set out below, and are not expected to have any significant impact on the Company's financial statements.

AASB 16 Leases

AASB 16 Leases will replace existing accounting requirements for leases under AASB 117 Leases. Under current requirements, leases are classified based on their nature as either finance leases which are recognised on the Statement of Financial Position, or operating leases, which are not recognised on the Statement of Financial Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Issued Standards and Interpretations not early adopted (Continued)

Under AASB 16 Leases, the Company's accounting for operating leases as a lessee will result in the recognition of a right-of-use (ROU) asset and an associated lease liability on the Statement of Financial Position. The lease liability represents the present value of future lease payments, with the exception of short-term and low value leases. An interest expense will be recognised on the lease liabilities and a depreciation charge will be recognised for the ROU assets. There will also be additional disclosure requirements under the new standard.

The Company will initially apply AASB 16 on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under AASB 117, the Company can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Company is assessing the potential impact of using these practical expedients.

The Company is yet to complete its assessment of the impact of AASB 16, however given the limited number of leases it has at 31 December 2018, the impact is not expected to be significant. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend however on future economic conditions, including the Company's borrowing rate, the composition of the Company's lease portfolio, the extent to which the Company elects to use practical expedients and recognition exemptions, and the new accounting policies, which are subject to change until the Company presents its first financial statements that include the date of initial application.

2. OPERATING SEGMENTS

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 2018 $	30 June 2018 $
(a) Areas of Interest		
SOP Project	**2,276,736**	2,276,736
Carrying amount at end of period [1]	**2,276,736**	2,276,736
(b) Reconciliation		
Carrying amount at start of period	**2,276,736**	2,276,736
Impairment losses	**-**	-
Carrying amount at end of period [1]	**2,276,736**	2,276,736

Note:

[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.

SOP Project

Salt Lake holds a number of large salt lake brine projects (Projects) in Western Australia and the Northern Territory, each having potential to produce highly sought after Sulphate of Potash (SOP) for domestic and international fertiliser markets.

4. PROVISIONS

	31 December 2018 $	30 June 2018 $
(a) Current Liabilities - Provisions		
Onerous lease	**67,607**	-
Annual leave	**36,220**	57,462
Total Current Liabilities	**103,827**	57,462
(b) Non-Current Liabilities		
Onerous lease	**24,327**	-
Total Non-Current Liabilities	**24,327**	**-**

Onerous lease

During the period, the Company relocated its head office to accommodate a larger work force as the Company rapidly pursues development of the Lake Way Project. Due to this, a pre-existing lease is currently vacant as the Company considers options to sublet the leasehold area. The Company has recognised a Provision for Onerous Lease over the remaining term of the lease contract as identified above, less the amount the Company expects to receive through sub-letting.

5. CONTRIBUTED EQUITY

	31 December 2018 $	30 June 2018 $
(a) Share Capital		
204,568,200 (30 June 2018:175,049,596) Ordinary Shares	**135,205,595**	123,501,153
	135,205,595	123,501,153

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

		Number of Ordinary Shares	Issue Price $	$
1 Jul 18	**Opening Balance**	**175,049,596**		**123,501,153**
16 Nov 18	Placement	29,035,714	0.42	12,195,000
20 Nov 18	Placement	214,286	0.42	90,000
31 Dec 18	Share issue[1]	268,604	0.50	134,300
Nov 18 to Dec 18	Placement costs	-	-	(714,858)
31 Dec 18	**Closing balance**	**204,568,200**	**-**	**135,205,595**

Note:
1. Issued to employees and consultants of the Company in lieu of fees.

6. SHARES TO BE ISSUED

	31 December 2018 $	30 June 2018 $
Shares to be issued	**715,000**	-
	715,000	-

The Company completed the second tranche of a placement on 9 January 2019 with the issue of shares to Directors of the Company following shareholder approval. Shares to be issued represents the subscriptions funds received in respect of the placement before the balance date.

7. RESERVES

	Notes	31 December 2018 $	30 June 2018 $
Share-based payment reserve	**7(a)**	**2,015,348**	2,105,886
		2,015,348	2,105,886

(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 18	**Opening Balance**	**5,400,000**	**22,500,000**	**4,400,000**	**2,105,886**
2 Nov 18	Issue of Performance Rights	7,266,258	-	-	-
2 Nov 18	Issue of Incentive Options	-	-	5,000,000	-
31 Dec 18	Issue of Performance Rights	10,781,258	-	-	-
31 Dec 18	Issue of Incentive Options	-	-	2,450,000	-
31 Dec 18	Cancellation/Expiry of Performance Rights	(2,352,500)	-	-	(984,383)
31 Dec 18	Expiry of Performance Shares	-	(5,000,000)	-	-
Jul – Dec 18	Share Based Payments Expense	-	-	-	893,845
31 Dec 2018	**Closing Balance**	**21,095,016**	**17,500,000**	**11,850,000**	**2,015,348**

8. SHARE-BASED PAYMENTS

For the six months end 31 December 2018, the Group recognised $43,762 in share-based payments expenses in the statement of profit or loss (31 December 2017: $583,972) following the issue of shares to employees and consultants in lieu of payment of remuneration and fees totalling $134,300, and expensing the fair value of equity instruments (options and performance rights) over the vesting period totalling $893,845. This expense was partially offset by the expiry/cancellation of unvested performance rights and performance shares totalling ($984,383).

(a) Options

During the current period 7,450,000 incentive options were granted consisting of 5,000,000 granted on 2 November 2018 (Series 1 – Series 3) and 2,450,000 granted on 31 December 2018 (Series 4 – Series 6). The fair value of the equity-settled incentive options 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.

Inputs	Series 1	Series 2	Series 3
Exercise price	$0.60	$1.00	$1.20
Grant date share price	$0.470	$0.470	$0.470
Dividend yield [1]	-	-	-
Volatility [2]	70%	70%	70%
Risk-free interest rate	2.32%	2.32%	2.32%
Grant date	2-Nov-18	2-Nov-18	2-Nov-18
Expiry date	1-Nov-23	1-Nov-23	1-Nov-23
Expected life of option [3]	5.00 years	5.00 years	5.00 years
Fair value at grant date	$0.253	$0.200	$0.181

8. SHARE-BASED PAYMENTS (Continued)

(a) Options (Continued)

Inputs	Series 4	Series 5	Series 6
Exercise price	$0.60	$1.00	$1.20
Grant date share price	$0.460	$0.460	$0.460
Dividend yield [1]	-	-	-
Volatility [2]	70%	70%	70%
Risk-free interest rate	2.10%	2.10%	2.10%
Grant date	31-Dec-18	31-Dec-18	31-Dec-18
Expiry date	1-Nov-23	1-Nov-23	1-Nov-23
Expected life of option [3]	4.84 years	4.84 years	4.84 years
Fair value at grant date	$0.240	$0.187	$0.169

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.

(b) Performance Rights

During the current period 18,047,516 performance rights were granted consisting of 7,266,258 granted on 2 November 2018 (Series 1 – Series 5) and 10,781,258 granted on 31 December 2018 (Series 6 – Series 15). 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 1	Series 2	Series 3	Series 4	Series 5
Milestones	Short Term Incentive	Trench/Pond Construction	Plant Construction	Plant Commissioning	Nameplate Capacity
Exercise price	-	-	-	-	-
Grant date share price	$0.470	$0.470	$0.470	$0.470	$0.470
Grant date	2-Nov-18	2-Nov-18	2-Nov-18	2-Nov-18	2-Nov-18
Expiry date	31-Jul-19	1-Nov-20	1-Nov-21	1-Nov-22	1-Nov-23
Expected life [1]	0.74 years	2.00 years	3.00 years	4.00 years	5.00 years
Fair value at grant date [2]	$0.470	$0.470	$0.470	$0.470	$0.470

Inputs	Series 6	Series 7	Series 8	Series 9	Series 10
Milestones	Short Term Incentive	Trench/Pond Construction	Plant Construction	Plant Commissioning	Nameplate Capacity
Exercise price	-	-	-	-	-
Grant date share price	$0.460	$0.460	$0.460	$0.460	$0.460
Grant date	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18
Expiry date	31-Jul-19	1-Nov-20	1-Nov-21	1-Nov-22	1-Nov-23
Expected life [1]	0.58 years	1.84 years	2.84 years	3.84 years	4.84 years
Fair value at grant date [2]	$0.460	$0.460	$0.460	$0.460	$0.460

8. SHARE-BASED PAYMENTS (Continued)

(b) Performance Rights (Continued)

Inputs	Series 11	Series 12	Series 13	Series 14	Series 15
Milestones	Advanced Schedule	Reduced Capex	Lake Way Application	Lake Wells Application	Financing Milestone
Exercise price	-	-	-	-	-
Grant date share price	$0.460	$0.460	$0.460	$0.460	$0.460
Grant date	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18	31-Dec-18
Expiry date	31-Dec-21	31-Dec-21	31-Dec-19	31-Dec-20	30-Jun-20
Expected life [1]	3.00 years	3.00 years	1.00 years	2.00 years	1.50 years
Fair value at grant date [2]	$0.460	$0.460	$0.460	$0.460	$0.460

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 underlying share price (being the closing share price at the date of issuance).

9. COMMITMENTS AND CONTINGENCIES

Management have identified the following material commitments for the consolidated group as at 31 December 2018:

	31 December 2018 $	30 June 2018 $
Finance lease commitments		
Within one year	11,829	11,829
Later than one year but not later than five years	33,077	38,992
	44,906	50,821
Operating lease commitments		
Within one year	408,184	200,018
Later than one year but not later than five years	374,011	113,419
	782,195	313,437
Exploration commitments		
Within one year	3,817,500	1,896,500
Later than one year but not later than five years	-	-
	3,817,500	1,896,500

10. DIVIDENDS PAID OR PROVIDED FOR

No dividend has been paid or provided for during the half year ended 31 December 2018 (31 December 2017: nil).

11. FINANCIAL INSTRUMENTS

Fair Value Measurement

At 31 December 2018, the Group had no material financial assets and liabilities that are measured at fair value on a recurring basis and at 31 December 2018, the carrying amount of financial assets and financial liabilities for the Group is considered to approximate their fair values.

12. 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 9 January 2019, the Company successfully completed the final tranche of its $13,000,000 capital raising. The final tranche has resulted in 750,000 shares being issued to Chairman Mr Ian Middlemas and 950,000 shares being issued to CEO Mr Tony Swiericzuk at $0.42 following shareholder approval on 20 December 2018. These funds will contribute to the construction of the Williamson Ponds and dewatering of the Williamson Pit, as well as ongoing development of on-lake infrastructure, exploration and feasibilities studies, and general working capital.

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 the half-year financial report of Salt Lake Potash Limited for the half-year ended 31 December 2018, 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

T S Hammond
Partner
Perth
14 March 2019

TH:CT:SLP:013

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

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 2018, 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.

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 2018 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*.

Material uncertainty related to going concern

We draw attention to Note 1(b) in the interim financial report, which indicates that in order for the Group to continue to progress the development of the Lake Way Project, it will require additional funding. 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.

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 2018 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

T S Hammond
Partner
Perth
14 March 2019

TH:CT:SLP:012