

KALIUM LAKES LIMITED

ABN: 98 613 656 643

and Controlled Entities

CONSOLIDATED ANNUAL REPORT

For the Year Ended

30 June 2023

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CORPORATE DIRECTORY

DIRECTORS

Richard Brien, Director (appointed 9 July 2024)
Gregory Starr, Director (appointed 9 July 2024)
George Terpens, Director (appointed 17 July 2024)
Hon. Cheryl Edwards AM, Non- Executive Director – Chairperson (25 November 2022 to 3 August 2023)
Robert Adam, Non-Executive Director (12 October 2022 to 3 August 2023)
Simon Wandke, Non-Executive Director (12 October 2022 to 3 August 2023)
Brent Smoothy, Non-Executive Director (resigned 3 August 2023)
Salvatore Lancuba, Non-Executive Director (resigned 3 August 2023)

CHIEF EXECUTIVE OFFICERS

Jason Morin (Acting) (4 April 2023 to 3 October 2023)
Len Jubber (8 December 2021 to 4 April 2023)

CHIEF FINANCIAL OFFICER

Jason Shaw (5 July 2021 to 3 October 2023)

COMPANY SECRETARIES

Louisa Ho (appointed 17 July 2024)
Jason Shaw (1 October 2021 to 3 October 2023)
Loren King (30 November 2022 to 31 August 2023)
Sophie Raven (14 April 2022 to 30 November 2022)

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Level 2, 350 Kent Street
Sydney NSW 2000

POSTAL ADDRESS

Level 2, 350 Kent Street
Sydney NSW 2000

TELEPHONE

+61 2 9299 2289

AUDITORS

RSM Australia Partners
Level 32/2 The Esplanade,
Perth WA 6000

SHARE REGISTRY

Level 2, 350 Kent Street
Sydney NSW 2000

HOME EXCHANGE

Australian Securities
Exchange
Level 40, Central Park,
152-158 St Georges Terrace,
Perth WA 6000

ASX CODE

KLL

TENEMENT INTERESTS

BEYONDIE SUPHATE OF POTASH MINE (100% OWNED)

Tenement	Tenement Name	Holder	State	Status	Application /Grant Date	KLL Interest
Exploration Licences						
E52/3956	Access Rd FW A	KLP	WA	Pending	24-5-2021	100%
E52/3957	Access Rd FW B	KLP	WA	Pending	24-5-2021	100%
E52/4038	Access Rd FW C	KLP	WA	Pending	7-Jan-2022	100%
E69/4052	Kendenura Hill	KLP	WA	Pending	15-6-2022	100%
E69/4098	Ten Mile Lake	KLP	WA	Pending	5-9-2022	100%
E69/3306	Yanneri-Terminal	KLP	WA	Granted	17-3-2015	100%
E69/3309	10 Mile Beyondie-	KLP	WA	Granted	17-4-2015	100%
E69/3339	West Central	KLP	WA	Granted	22-6-2015	100%
E69/3340	White	KLP	WA	Granted	22-6-2015	100%
E69/3341	West Yanneri	KLP	WA	Granted	11-8-2015	100%
E69/3342	Aerodrome	KLP	WA	Granted	22-6-2015	100%
E69/3343	T Junction	KLP	WA	Granted	22-6-2015	100%
E69/3344	Northern	KLP	WA	Granted	22-6-2015	100%
E69/3345	Wilderness	KLP	WA	Granted	22-6-2015	100%
E69/3346	NE Beyondie	KLP	WA	Granted	11-8-2015	100%
E69/3347	10 Mile South	KLP	WA	Granted	11-8-2015	100%
E69/3348	North Yanneri-Terminal	KLP	WA	Granted	11-8-2015	100%
E69/3349	East Central	KLP	WA	Granted	22-6-2015	100%
E69/3351	Sunshine	KLP	WA	Granted	31-8-2015	100%
E69/3352	Beyondie Infrastructure	KLP	WA	Granted	31-8-2015	100%
E69/3594	10 Mile West	KLP	WA	Granted	26-07-2019	100%
Miscellaneous Licences						
L52/162	Access Road	KLI	WA	Granted	30-3-2016	100%
L52/186	G N Hwy Access Road	KLI	WA	Granted	30-5-2018	100%
L52/187	Comms Tower 2	KLI	WA	Granted	30-5-2018	100%
L52/193	Kumarina FW 2	KLP	WA	Granted	13-8-2018	100%
L69/28	Access Road Diversion	KLI	WA	Granted	7-8-2018	100%
L69/29	Access Road Village	KLI	WA	Granted	7-8-2018	100%
L69/30	Comms Tower 1	KLI	WA	Granted	30-5-2018	100%
L69/31	Sunshine Access Road	KLP	WA	Granted	7-8-2018	100%
L69/32	10MS FW A	KLP	WA	Granted	14-8-2018	100%
L69/34	10MS FW B	KLP	WA	Granted	14-8-2018	100%
L69/35	10MS FW C	KLP	WA	Granted	17-12-2018	100%
L69/36	10MS FW D	KLP	WA	Granted	17-12-2018	100%
L69/38	Access Road "S" Bend	KLI	WA	Granted	30-1-2019	100%
L69/40	10 Mile Airstrip	KLI	WA	Granted	8-2-2019	100%

TENEMENT INTERESTS

Tenement	Tenement Name	Holder	State	Status	Application /Grant Date	KLL Interest
L69/41	10 Mile Village	KLI	WA	Granted	8-2-2019	100%
L69/46	10MS FW E	KLP	WA	Granted	8-2-2021	100%
L69/47	10MS FW F	KLP	WA	Granted	27-7-2021	100%
L69/48	10MS FW G	KLP	WA	Granted	27-7-2021	100%
L69/52	Ten Mile Expansion 1	KLP	WA	Granted	31-3-22	100%
L69/53	Ten Mile Expansion 2	KLP	WA	Granted	31-3-22	100%
L69/54	Sunshine Expansion 1	KLP	WA	Granted	31-3-22	100%
L69/55	Sunshine Expansion 2	KLP	WA	Granted	31-3-22	100%
L69/59	Sunshine Access Rd A	KLP	WA	Granted	15-7-22	100%
L69/60	Sunshine Access Rd B	KLP	WA	Granted	15-7-22	100%
L69/61	Sunshine Access Rd C	KLP	WA	Granted	15-7-22	100%
Mining Leases						
M69/145	10 Mile	KLP	WA	Granted	6-6-2018	100%
M69/146	Sunshine	KLP	WA	Granted	6-6-2018	100%
M69/148	10 Mile West	KLP	WA	Granted	10-11-21	100%
Gas Pipeline						
PL117	Gas Pipeline	KLI	WA	Granted	7-11-2018	100%

DORA / BLANCHE (100% OWNED)

The Consolidated Entity has applied for exploration licences that could, if granted, introduce the Dora/ Blanche Prospect as a new prospective area for potassium exploration:

Tenement	Tenement Name	Holder ¹	State	Status	Application / Grant Date	KLL Interest
E45/4436	Dora	Rachlan	WA	Pending	13/08/2014	100%
E45/4437	Blanche	Rachlan	WA	Pending	13-08-2014	100%

¹ KLP entered into a declaration of trust with Rachlan Holdings Pty Ltd (“Rachlan”) whereby Rachlan will hold, for the benefit of KLP, certain exploration licence applications and deal with the applications as directed by KLP (including transferring title).

CARNEGIE POTASH PROJECT (JOINT VENTURE)

The Carnegie Joint Operation (“CJO”) is focussed on the exploration and development of the Carnegie Potash Project (“CPP”) in Western Australia, which is located approximately 220 kilometres east-north-east of Wiluna. The CJO comprises one granted exploration licence and five exploration licence applications, covering a total area of approximately 3,081 square kilometres.

TENEMENT INTERESTS

Under the terms of the agreement BC Potash Pty Ltd can earn up to a 50% interest in the CJO by predominantly sole-funding exploration and development expenditure across several stages. Carnegie Potash Pty Ltd is the manager of the CJO.

On 5 May 2023, the Western Australian Government announced that a new nature reserve had been created at Lake Carnegie. The location of the new nature reserve overlaps with a large part of the exploration licence applications held by the CJO and is expected to have a significantly detrimental impact on the potential development of the CPP. As a result, on 28 July 2023, the CJO partners agreed to surrender its one granted exploration licence, effective immediately, and take steps to eventually withdraw from the five pending tenements in application and wind up the CJO. As of the date of this report, all tenements by the CJO held or in application have been surrendered and the CJO has been terminated by the CJP partners.

Tenement	Tenement Name	Holder ^{1, 2}	State	Status	Application / Grant Date	KLL Interest
E38/2995	Carnegie East	Carnegie Potash	WA	Granted	31-7-2015	70%
E38/2973	Carnegie Central	Rachlan	WA	Pending	22-8-2014	70%
E38/2982	Carnegie West	Rachlan	WA	Pending	1-9-2014	70%
E38/3295	Carnegie South West	KLP	WA	Pending	10-1-2018	70%
E38/3296	Carnegie South East	KLP	WA	Pending	10-1-2018	70%
E38/3297	Carnegie North	KLP	WA	Pending	10-1-2018	70%

¹ CP is a wholly owned subsidiary of Kalium Lakes and is the entity which holds the Company's interest in the CJV.

² KLP entered into a declaration of trust with Rachlan Holdings Pty Ltd ("Rachlan") whereby Rachlan will hold, for the benefit of KLP, certain exploration licence applications and deal with the applications as directed by KLP (including transferring title).

GOVERNANCE, SAFETY AND SUSTAINABILITY

Governance

The Board of Directors is responsible for the corporate governance of Kalium Lakes Limited (the “Company”).

The Corporate Governance Plan is expected to be revised by the Company following the successful outcome of the recapitalisation of the Company, and will address the Company’s policies in relation to Governance, Safety and Sustainability, incorporating areas of focus including Native Title & Heritage, Environment and Community.

Safety

The safety, health and wellbeing of the Company’s employees and contractors is of paramount importance, where no task is so important that it cannot be done safely. Personal health and safety performance is considered integral to an efficient and successful company.

Sustainability

Native Title and Heritage

The Company recognises the importance of country, law and culture to the Traditional Owners of the land in which they operate. Stakeholder engagement is the basis for building strong, constructive, and responsive relationships that are essential for the successful management of our social and environmental impacts.

Environment

The Company is committed to responsible environmental management and environmental performance as an essential attribute of a sustainable, responsible, efficient, and successful company.

Community

The Company strives to maintain integrity while upholding positive and cooperative relationships with its stakeholders. In doing so, it will continually work to build trust and respect, as well as ensuring that key stakeholders are informed in a timely, open and transparent manner.

DIRECTORS' REPORT

The Directors' Report is presented by the Directors, together with the financial statements, on the Consolidated Entity (referred to hereafter as the "Consolidated Entity") consisting of Kalium Lakes Limited ("KLL" or the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, challenges arose with the operational ramp up of the Beyondie Sulphate of Potash ("SOP") Mine ("Beyondie") in Western Australia ("Beyondie"), which resulted in the Consolidated Entity not meeting its production targets and consequently resulted in funding issues. On 6 June 2023 KLL's shares were suspended from trading on the Australian Securities Exchange ("ASX") whilst it conducted a strategic process with the assistance of its advisers. On 3 August 2023, the Directors formed the view that due to the Consolidated Entity's senior lenders declining to provide financial funding to continue with the strategic process, Martin Jones, Matthew Woods and Clint Joseph were appointed Administrators of KLL and two of its wholly owned subsidiaries, Kalium Lakes Potash Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLP") and Kalium Lakes Infrastructure Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLI"). Immediately afterwards, on 3 August 2023, the senior lenders appointed Mr Robert Michael Kirman, Mr Jason Preston and Mr Robert Conry Brauer of McGrathNicol, as Receivers and Managers of KLL, KLP and KLI.

The Receivers and Managers operated the Consolidated Entity under normal business conditions from their appointment on 3 August 2023 until the end of September 2023, during which time they continued the strategic process initiated by the Board of Directors to sell or recapitalise the Consolidated Entity. The Beyondie mine operation was eventually placed into care and maintenance at the end of September 2023 in order to reduce costs, at which time approximately 90% of the employees of the consolidated entity were made redundant.

A proposal by Alt Finance Pty Ltd, for the restructure and recapitalisation of KLL via a Deed of Company Arrangement ("DOCA") and Creditors Trust, was submitted to the Voluntary Administrators ("Recapitalisation Proposal") in late January 2024 and accepted by creditors on 16 February 2024. The DOCA was signed on 11 March 2024. The Deed Administrators are Martin Jones, Matthew Woods and Clint Joseph. The Recapitalisation Proposal was subject to, various approvals being obtained from the shareholders, and accordingly, the Deed Administrators called a general meeting of the Company which was held on 6 June 2024, at which the shareholders voted to approve the resolutions put forward to approve the Recapitalisation Proposal and effectuate the DOCA.

The resolutions approved by the shareholders at the general meeting were:

- (1) the consolidation of the Company's existing ordinary shares and options on a "1 for 291" basis;
- (2) the allotment and issue of 90 million ordinary shares in the Company at \$0.0018 per Share to ST Holding 1 Pty Ltd to raise \$162,000 and allow ST Holding Pty Ltd to acquire a 90% interest in the Company;
- (3) the allotment and issue of 3 million ordinary shares in the Company at \$Nil per Share to the Kalium Lakes Creditors Trust; and
- (4) the appointment of Richard Campbell Brien, George Terpens and Gregory Barry Starr as Directors of the Company;

DIRECTORS' REPORT

the implementation of the above resolutions being the "Recapitalisation")

Following the approval by the shareholders of the resolutions put forward at the general meeting, the Deed Administrators gave notice on 29 June 2024 that the DOCA had been effectuated.

On 9 July 2024, the Company announced that it had appointed Richard Campbell Brien and Gregory Barry Starr as Directors of the Company. On 17 July 2024, the Company announced that the Receivers and Managers of the Company, Rob Brauer, Jason Preston and Rob Kirman from McGrathNicol had retired. On the same day the Company announced that it had appointed George Terpens as Director of the Company and Louisa Ho as the Company Secretary, and that it had changed its registered office and principal place of business to Level 2, 350 Kent Street, Sydney NSW 2000.

On 19 July 2024 the Company announced the issue of 93,000,000 ordinary shares which were issued as part of the Recapitalisation. On 22 July 2024 the Company made an application to the ASX for quotation of these shares, and advised that the revised number of securities in the Company was 99,977,536 ordinary shares, 108,294 performance rights and 17,182 options.

KLP and KLI, the main operating subsidiaries of KLL for the Beyondie operation, were the subject of their own deeds of company arrangement entered into on 22 December 2023 in relation to share sale agreements entered into between the Receivers and Managers and third party purchasers to purchase the shares of KLP and KLI from KLL. However, these share sale agreements failed to proceed due to the inability of the purchasers to raise the necessary purchase consideration funding. As a result, the deeds of company arrangements for KLP and KLI were terminated and KLP and KLI placed into liquidation on 18 March 2024, at which time Martin Jones, Matthew Woods and Clint Joseph of KPMG were appointed as Liquidators of KLP and KLI.

INCOMPLETE RECORDS

This financial report has been prepared using the financial records of the Consolidated Entity which were available and extracted from its accounting records for the financial year. However, there may be information that has not been able to be obtained, the impact of which may or may not be material on the financial statements. These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Consolidated Entity as this information is unascertainable due to its external administration, receivership and management,

Consequently, it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

DIRECTORS' REPORT

DIRECTORS

Immediately following the appointment of Administrators and Receivers to the Company on 3 August 2023, the Directors of the Company resigned. Following the effectuation of the Deed of Company Arrangement approved by the Company's shareholders at a general meeting of the Company held on 6 June 2024, the Company announced it had appointed new Directors, Richard Brien and Gregory Starr (on 9 July 2024) and George Terpens (on 17 July 2024).

The following persons were Directors of the Company who held office during or since the end of the financial year:

Richard Brien	Director (appointed 9 July 2024)
Gregory Starr	Director (appointed 9 July 2024)
George Terpens	Director (appointed 17 July 2024)
Hon. Cheryl Edwardes AM	Non-Executive Director & Chairperson (appointed on 25 November 2022, resigned 3 August 2023)
Robert Adam	Non-Executive Director (appointed on 12 October 2022, resigned 3 August 2023)
Simon Wandke	Non-Executive Director (appointed on 12 October 2022, resigned 3 August 2023)
Brent Smoothy	Non-Executive Director (resigned 3 August 2023)
Salvatore Lancuba	Non-Executive Director (resigned 3 August 2023)
Stephen Dennis	Non-Executive Director & former Chairman (retired on 25 November 2022)
Mark Sawyer	Non-Executive Director (resigned on 3 June 2023)

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below:

Name:	Richard Brien
Title:	Director
Experience and expertise:	Richard has over 40 years' experience in the insolvency area as an Official Liquidator and Registered Trustee dealing with a vast array of administrations both corporate and personal as well as providing advice and management assistance to small businesses.
Interest in shares as at the date of this report:	Nil
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

DIRECTORS' REPORT

Name:	Gregory Starr
Title:	Director
Experience and expertise:	Greg, a CPA, is an experience chairman, independent director, managing director, finance director and company secretary with over 30 years managing public companies. Mr. Starr's public company directorships in the past 3 years include: Diatreme Resources Limited (ASX:DRX), Candy Club Holdings Limited (ASX:CLB), Admiralty Resources NL (ASX:ADY), Smart Auto Australia Limited (NSX:SAL), Investor Centre Limited (ASX:ICU – resigned), AHP Group Limited (SSX:88A – resigned), and VGI Health Technology Limited (SSX:VTL – resigned).
Interest in shares as at the date of this report:	Nil
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

Name:	George Terpens
Title:	Director
Experience and expertise (1):	Mr. Terpens has more than forty years of experience in the insurance industry, and is an authorized representative of Steadfast IRS Limited. In the three years immediately before his appointment, Mr George Terpens has not held any ASX listed company directorships.
Interest in shares as at the date of this report:	Nil
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

Name:	Hon. Cheryl Edwardes AM
Title:	Non-Executive Director (Chairperson)
Experience and expertise (1):	Ms Edwardes is a highly credentialled and experienced company director and Chairperson. A solicitor by profession and a former Minister in the Court Government of Western Australia, she has extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage, and land access. During her political career, Ms Edwardes held positions that included WA Attorney General,

DIRECTORS' REPORT

	Minister for the Environment, and Minister for Labour Relations. She currently serves as the Non-Executive Chair of a number of Australian listed companies. She also works with HHG Legal Group on a part-time basis, focusing on pro bono work and the development of the firm's charitable arm, HHG Giving Back, in addition to consultancy work with FTI Consulting, assisting clients with a range of complex statutory approvals required for resources and infrastructure projects.
Interest in shares as at the date of this report:	Nil
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

Name:	Robert Adam
Title:	Non-Executive Director
Experience and expertise (2):	Bob is a senior executive with 40 years of experience in the resources industry. Bob has a proven record of achievement in project development, management and operational improvement. He has worked extensively in West Africa with a demonstrable record of success in multi-cultural and multi-lingual environments. Previous roles include 11 years leading an independent bauxite development company operating in Guinea, Managing Director of an international mining consultancy, and a senior management role with BHP Nickel West. Bob has been involved in project developments in Guinea, Ghana, Mali, Zambia, Tanzania, Mauritania and Zimbabwe, principally in gold but also copper and iron ore.
Interest in shares as at the date of this report:	600,000
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

DIRECTORS' REPORT

Name:	Simon Wanke
Title:	Non-Executive Director
Experience and expertise (2):	Simon has been leading multi-country strategy, commercial development and implementation for global mining and mineral assets for over 40 years. An accomplished C-suite leader and current Non-Executive Director (Australia) and Advisory Board member (USA), he has focused his expertise in the resource sector on maximizing value. He started his mining career in BHP in 1981. He was most recently CEO of ArcelorMittal Mining and has held senior executive roles at Ferrexpo plc, Destra consultancy, and BHP with experience leading international teams in Australia, Indonesia, Hong Kong, Switzerland, United Kingdom, Canada and the USA.
Interest in shares as at the date of this report:	499,546
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

Name:	Brent Smoothy
Title:	Non-Executive Director (appointed 1 May 2020)
Experience and expertise (2):	<p>Brent Smoothy is a successful business owner controlling multiple companies that undertake pastoral, aviation, logistics, aggregate production and construction activities in Australia.</p> <p>Brent is a co-founder of the Company, who retains pastoral leases in the Central and Eastern Pilbara regions of Western Australia, a broadacre cropping and cattle property in Central Queensland and a helicopter aviation business servicing the pastoral, mining and government sectors.</p>
Interest in shares as at the date of this report:	131,843,097
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

DIRECTORS' REPORT

Name:	Salvatore (Sam) Lancuba
Title:	Non-Executive Director (appointed 14 October 2020)
Experience and expertise (2):	<p>Sam Lancuba is a chemical engineer with more than 40 years' experience in the global fertiliser industry. During his career in the industry. Sam has worked in areas of research and development, process engineering, manufacturing and management. Following 27 years at Incitec Pivot Limited, an ASX top 50 company, he moved to providing expert consulting services for industry clients in Australia, New Zealand, USA, South America, Europe, India and China.</p> <p>Sam currently advises fertiliser industry clients in a range of areas including plant design and maintenance, project management, project evaluation and marketing strategies for fertiliser products.</p>
Interest in shares as at the date of this report:	Nil
Interest in performance rights as at the date of this report:	Nil
Interest in options as at the date of this report:	Nil

Notes

- (1) The information for former director Hon Cheryl Edwardes AM has been public information current as at the date of this report.
- (2) The information for the remainder of the former directors has been extracted from the annual financial report of the Consolidated Entity for the year ended 30 June 2022 announced to the ASX on 25 October 2022 and was current at that date.

MEETINGS OF DIRECTORS

Due to the external administration, receivership and management of the Company, the number of meetings for Kalium Lakes Limited held during the year and the number of meetings attended by each Director was unable to be ascertained for the purpose of this Directors Report.

SHARE OPTIONS

As at the date of this report the following unlisted options were on issue:

<u>Number under Option</u>	<u>Exercise Price</u>	<u>Expiry date</u>
17,182 ¹	\$145.50	30 June 2025

¹ The amount of options on issue as at the date of this report is after they were reduced on a "1 for 291" basis, and their exercise price increased by a factor of 291 as a result of the share consolidation which took place following the approval of the DOCA by the Company's shareholders on 29 June 2024.

DIRECTORS' REPORT

PERFORMANCE RIGHTS

As at the date of this report the following performance rights were on issue.

<u>Number of Performance rights</u>	<u>Exercise Price</u>	<u>Expiry date</u>
47,547 ¹	Nil	31 October 2025
60,747 ^{1, 2}	Nil	24 July 2025

¹ The amount of performance rights on issue as at the date of this report is after they were reduced on a "1 for 291" basis as a result of the share consolidation which took place following the approval of the DOCA by the Company's shareholders on 29 June 2024.

² Performance rights issued to a contractor on 24 July 2023

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

There were no options or performance rights exercised into shares during the financial year or subsequent to the reporting date.

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

Introduction

The Remuneration Report for the Consolidated Entity for the year ended 30 June 2023 follows. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Consolidated Entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Consolidated Entity, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Entity.

Remuneration Policy

The remuneration policy was designed to align KMP objectives with Shareholders' interests and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Consolidated Entity's financial results, in order to attract and retain the best KMP to run and manage the Consolidated Entity, as well as create goal congruence between Directors, Executives and Shareholders.

Key Management Personnel

The Company's policy for determining the nature and amount of remuneration for KMP of the Consolidated Entity was in place for the financial year ended 30 June 2023.

The KMP remuneration and reward framework included the below components:

- base salary and other benefits; and
- other remuneration such as superannuation, annual leave, and long service leave.

The combination of these comprises the KMP's total remuneration.

Non-Executive Directors

The Company's policy was to remunerate Non-Executive Directors based on market practices, duties and accountability. Independent external advice is sought when required, with fees paid to Non-Executive Directors reviewed annually. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting ("AGM") or any other General Meeting of Shareholders. The maximum aggregate amount of fees payable is currently \$750,000.

Use of Remuneration Consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it may seek external remuneration advice. The Company did not seek external remuneration advice in 2023.

Remuneration Report Approval at the 2022 Annual General Meeting

Due to the external administration, receivership and management of the Company, its AGM was not held for 2023. The Company received 97.31% of votes cast for its Remuneration Report for the year ended 30 June 2022.

Share Trading by Directors and Executives

DIRECTORS' REPORT

In May 2021 the Board of Directors adopted a comprehensive Corporate Governance Plan and within this plan (at Schedule 7) the Securities Trading Policy sets out the Company's policy on dealing in the securities of the Company, as well as the securities of other entities, by its Directors, Officers, Employees and Contractors.

The Corporate Governance Plan is expected to be revised by the Company following the Recapitalisation.

A. Details of Remuneration

	Short-term benefits	Post- employment benefits	Share-based payments		
	Cash salary, bonuses, leave cash out and other benefits \$	Superannuation \$	Equity- settled shares \$	Equity- settled options \$	Total \$
30 June 2023					
Non-Executive Directors					
Stephen Dennis ¹	40,492	4,252	-	-	44,744
Brent Smoothy	67,000	7,035	-	-	74,035
Mark Sawyer ²	69,750	-	-	-	69,750
Salvatore Lancuba	67,000	7,035	-	-	74,035
Hon. Cheryl Edwardes AM ³	58,851	6,190	-	-	65,041
Robert Adam ⁴	57,400	-	-	-	57,400
Simon Wanke ⁵	57,400	-	-	-	57,400
Key Management Personnel					
Leonard Jubber ⁶	393,750	23,104	-	-	416,854
Jason Morin ⁷	416,143	23,309	-	-	439,452
Jason Shaw	356,154	25,292	-	-	381,446
Total	1,583,940	96,217	-	-	1,680,157

¹ Stephen Dennis retired as Non-Executive Director and Chairperson on 25 November 2022

² Mark Sawyer resigned as Non-Executive Director on 3 June 2023

³ Hon. Cheryl Edwardes AM appointed as Non-Executive Director and Chairperson on 25 November 2022

⁴ Robert Adam appointed as Non-Executive Director on 12 October 2022

⁵ Simon Wandke appointed as Non-Executive Director on 12 October 2022

⁶ Leonard Jubber resigned as Chief Executive Officer on 4 April 2023.

⁷ Jason Morin appointed as acting Chief Executive Officer on 4 April 2023.

	Short-term benefits	Post- employment benefits	Share-based payments		

DIRECTORS' REPORT

30 June 2022	Cash salary, bonuses, leave cash out and other benefits \$	Superannuation \$	Equity-settled shares \$	Equity-settled options \$	Total \$
Non-Executive Directors					
Stephen Dennis	98,699	9,870	-	-	108,569
Brent Smoothy	67,000	6,700	-	-	73,700
Mark Sawyer	67,000	-	-	-	67,000
Salvatore Lancuba	67,000	6,700	-	-	73,700
Key Management Personnel					
Leonard Jubber ¹	266,734	15,598	-	-	282,332
Jason Shaw ²	288,846	23,568	-	-	312,414
Rudolph Van Niekerk ³	378,306	23,568	-	-	401,874
Total	1,233,585	86,004	-	-	1,319,589

¹ Leonard Jubber appointed as Chief Executive Officer on 8 December 2021.

² Jason Shaw appointed as Chief Financial Officer on 5 July 2021 and appointed as Company Secretary on 1 October 2021.

³ Rudolph van Niekerk stood down as Chief Executive Officer and was appointed Project Director on 8 December 2021.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk – STI		At risk - LTI	
	2023	2022	2023	2022	2023	2022
Non-Executive Directors						
Stephen Dennis	100%	100%	-	-	-	-
Brent Smoothy	100%	100%	-	-	-	-
Mark Sawyer	100%	100%	-	-	-	-
Salvatore Lancuba	100%	100%	-	-	-	-
Hon. Cheryl Edwardes AM	100%	-	-	-	-	-
Robert Adam	100%	-	-	-	-	-
Simon Wanke	100%	-	-	-	-	-
Key Management Personnel						
Leonard Jubber	100%	100%	-	-	-	-
Jason Morin	91%	n/a	9%	n/a	-	n/a
Jason Shaw	93%	100%	7%	-	-	-
Rudolph van Niekerk	n/a	100%	n/a	-	-	n/a

DIRECTORS' REPORT

B. Service Agreements

The Company and Consolidated Entity have entered into executive service agreements with the Chief Executive Officer and Chief Financial Officer as detailed below:

The Board resolved to appoint Mr Morin as acting Chief Executive Officer on 4 April 2023. Due to the external administration, receivership and management of the Company, Mr Morin was given notice of redundancy and his employment terminated by the Receivers and Managers on a “without cause” basis on 3 October 2023.

In respect to his employment as the Chief Executive Officer of the Company, the principal terms are as follows:

- Total fixed annual salary of \$500,000 inclusive of superannuation.
- Mr Morin will be eligible to receive an annual short term incentive, payable in equity or cash at Mr Jubber's election, with payment up to a maximum amount equal to 75% base salary.
- Mr Morin will be eligible to receive an annual long term incentive, payable in equity up to a maximum amount equal to 100% of base salary, subject to achieving mutually agreed key performance indicators.
- Mr Jubber may terminate the agreement by giving no less than three months' notice in writing to the Company;
- The Company may terminate the agreement (without cause) by giving no less than three months' notice in writing to Mr Jubber (or make payment in lieu of notice, unless the Company is terminating as a result of a serious misconduct (or on other similar grounds by Mr Jubber, in which case no notice is required);
- Mr Jubber is subject to non-compete restrictions during his employment and for a maximum period of nine months following termination of his employment.

The Board resolved to appoint Mr Jubber as Chief Executive Officer on 8 December 2021. Mr Jubber resigned as Chief Executive Officer on 4 April 2024.

In respect to his employment as the Chief Executive Officer of the Company, the principal terms are as follows:

- Total fixed annual salary of \$500,000 inclusive of superannuation.
- Mr Jubber will be eligible to receive an annual short term incentive, payable in equity or cash at Mr Jubber's election, with payment up to a maximum amount equal to 75% base salary.
- Mr Jubber will be eligible to receive an annual long term incentive, payable in equity up to a maximum amount equal to 100% of base salary, subject to achieving mutually agreed key performance indicators.
- Mr Jubber may terminate the agreement by giving no less than six months' notice in writing to the Company;
- The Company may terminate the agreement (without cause) by giving no less than six months' notice in writing to Mr Jubber (or make payment in lieu of notice, unless the Company is terminating as a result of a serious misconduct (or on other similar grounds by Mr Jubber, in which case no notice is required);
- Mr Jubber is subject to non-compete restrictions during his employment and for a maximum period of nine months following termination of his employment.

Mr Jason Shaw commenced employment as Chief Financial Officer on 5 July 2021. Due to the external administration, receivership and management of the Company, Mr Shaw given notice of redundancy and his employment terminated by the Receivers and Managers on a “without cause” basis on 3 October 2023.

DIRECTORS' REPORT

In respect to his employment as the Chief Financial Officer of the Company, the principal terms are as follows:

- An annual salary of \$300,000 excluding superannuation at the commencement of his employment;
- Mr Shaw may terminate the agreement by giving no less than four months' notice in writing to the Company;
- The Company may terminate the agreement (without cause) by giving no less than four months' notice in writing to Mr Shaw (or make payment in lieu of notice, unless the Company is terminating as a result of a serious misconduct (or on other similar grounds by Mr Shaw, in which case no notice is required); and
- Mr Shaw is subject to non-compete restrictions during his employment and for a maximum period of nine months following termination of his employment.

C. Share Based Compensation

No shares or options were issued to Directors and other Key Management Personnel as part of compensation during the year ended 30 June 2023.

Additional Information

The earnings of the Consolidated Entity for the five financial years to 30 June 2023 are summarised below:

	2023	2022	2021	2020	2019
Revenue (\$)	6,492,814	41,058	7,525,648	638,559	1,705,960
EBITDA (\$)	(359,961,977)	(24,334,788)	298,745	(18,146,182)	(11,469,093)
EBIT (\$)	(362,187,353)	(27,027,299)	(623,273)	(18,892,617)	(11,885,909)
Loss after income tax	(372,085,902)	(36,547,723)	(623,273)	(18,892,617)	(11,762,018)

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

Share price at financial year end (\$)	\$0.025	0.061	0.245	0.145	0.59
Total dividends declared (cents per share)	-	-	-	-	-
Basic earnings / (loss) per share (cents per share)	(20.38)	(3.45)	(0.07)	(4.71)	(6.15)

Additional disclosures relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

DIRECTORS' REPORT

Name	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / other	Balance at the end of the year
Stephen Dennis ¹	2,611,112	-	-	(2,611,112)	-
Brent Smoothy	81,843,097	-	50,000,000	-	131,843,097
Mark Sawyer ²	-	-	-	-	-
Hon. Cheryl Edwardes AM ³	-	-	-	-	-
Robert Adam ⁴	-	-	600,000	-	600,000
Simon Wanke ⁵	-	-	499,546	-	499,546
Leonard Jubber ⁶	100,000	-	-	(100,000)	-
Jason Morin ⁷	-	-	-	-	-
Jason Shaw	100,000	-	379,579	-	479,579
Total	84,654,209	-	51,479,125	(2,711,112)	133,422,222

¹ Stephen Dennis retired as Non-Executive Director and Chairperson on 25 November 2022.

² Mark Sawyer resigned as Non-Executive Director on 3 June 2023.

³ Hon. Cheryl Edwardes AM appointed as Non-Executive Director and Chairperson on 25 November 2022.

⁴ Robert Adam appointed as Non-Executive Director on 12 October 2022.

⁵ Simon Wandke appointed as Non-Executive Director on 12 October 2022.

⁶ Leonard Jubber resigned as Chief Executive Officer on 4 April 2023.

⁷ Jason Morin appointed as acting Chief Executive Officer on 4 April 2023.

Option holding

No options over ordinary shares in the Company were held during the financial year by any Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties.

Performance rights holding

The number of performance shares in the Company held during the financial year by each Director and other members of Key Management Personnel of the Consolidated Entity, including their personally related parties, is set out below:

Name	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Leonard Jubber	-	7,267,442	-	(7,267,442)	-
Jason Morin	-	4,360,465	-	-	4,360,465
Jason Shaw	-	3,488,372	-	-	3,488,372
Total	-	15,116,279	-	(7,267,442)	7,848,837

Other transactions with Key Management Personnel and their related parties

DIRECTORS' REPORT

Due to the Company's external administration, receivership and management the amounts of the transactions with related parties were unable to be ascertained for the purpose of this Directors Report.

This concludes the remuneration report, which has been audited.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity is the exploration and mining of mineral resources. Refer the "Significant Changes in the State of Affairs" section above in relation to the Company's external administration, receivership and management, and subsequent Recapitalisation.

REVIEW OF RESULTS

The loss after tax for the year ended 30 June 2023 was \$372,085,902 (2022: \$36,547,723 loss).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Refer the "Significant Changes in the State of Affairs" section above in relation to the Company's external administration, receivership and management, and subsequent Recapitalisation.

ENVIRONMENTAL REGULATIONS

The Consolidated Entity was subject to and compliant with all aspects of environmental regulation of its exploration and mining activities during the financial year.

DIVIDENDS

No dividends were paid during the financial year and no recommendation has been made as to payment of dividends.

EVENTS SUBSEQUENT TO REPORTING DATE

Refer the "Significant Changes in the State of Affairs" section above in relation to the Company's external administration, receivership and management, and subsequent Recapitalisation.

INDEMNITY AND INSURANCE OF OFFICERS

During the financial year the Company indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith. The Company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

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

DIRECTORS' REPORT

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.


AUDITOR'S DECLARATION OF INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' report.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.



Gregory Starr
Non-Executive Chairman

28 August 2024

CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for the corporate governance of Kalium Lakes Limited (the Company). The Board of Directors has established a corporate governance framework which follows the recommendations as set out in the ASX Corporate Governance Council's Principles and Recommendations 3rd edition ("Principles and Recommendations").

The Corporate Governance Plan is expected to be revised by the Company following the Recapitalisation.

RSM Australia Partners

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2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Kalium Lakes Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

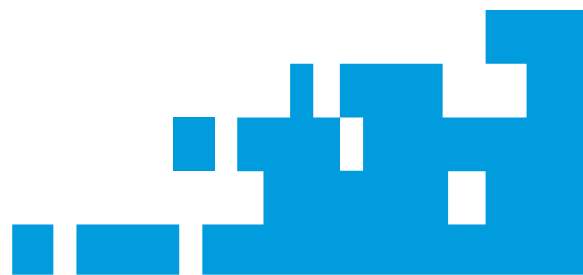

RSM AUSTRALIA


AIK KONG TING
Partner

Perth, WA
Dated: 28 August 2024

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RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023**

	Note	30 June 2023 \$	30 June 2022 \$
Revenue			
Sales Revenue	3	6,115,080	-
Other income	3	377,734	41,058
Expenditure			
Changes in Inventory		6,148,548	-
Accounting and audit fees	25	(145,000)	(140,500)
Depreciation and amortisation expense	4	(2,225,376)	(2,692,511)
Asset Impairment Charges	12,13,14,15	(316,475,487)	-
Directors and executive remuneration	32	(495,399)	(1,319,588)
Employee expenses		(2,944,452)	(1,424,088)
Finance costs		(14,050,812)	(9,520,424)
Foreign currency gain/(loss)		(4,989,796)	(8,755,607)
Legal fees		(721,951)	(603,706)
Operating expenses	5	(36,524,641)	(8,281,296)
Share based payment credit/(expense)	6	-	93,750
Other expenses	7	(6,154,350)	(3,944,811)
Loss before tax		(372,085,902)	(36,547,723)
Income tax expense	8	-	-
Net loss for the year from operations		(372,085,902)	(36,547,723)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		(372,085,902)	(36,547,723)
Loss attributable to:			
Owners of the parent		(372,085,902)	(36,547,723)
Total comprehensive loss attributable to:			
Owners of the parent		(372,085,902)	(36,547,723)
Basic and diluted loss per share (cents)	24	(20.38)	(3.45)

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 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9	3,235,375	21,512,780
Trade and other receivables	10	636,152	358,383
Other assets	11	13,707,622	2,112,287
Inventory and raw materials	12	898,174	4,524,848
Total Current Assets		18,477,323	28,508,298
Non-Current Assets			
Property, plant and equipment	13	56,461	3,372,790
Capital work in progress	14	15,138,567	168,065,199
Mine properties – in production	15	4,804,973	165,027,311
Collateral for bank guarantees	16	610,000	610,000
Right-of-use assets	17	17,000	50,435
Total Non-Current Assets		20,627,001	337,125,735
Total Assets		39,104,324	365,634,033
LIABILITIES			
Current Liabilities			
Trade and other payables	18	8,184,656	5,590,408
Borrowings	19	-	-
Provisions	20	532,733	606,288
Total Current Liabilities		8,717,389	6,196,696
Non-Current Liabilities			
Borrowings	19	204,241,624	179,080,406
Provisions	20	21,482,372	18,055,533
Total Non-Current Liabilities		225,723,996	197,135,939
Total Liabilities		234,441,385	203,332,635
NET (LIABILITIES) / ASSETS		(195,337,061)	162,301,398
EQUITY			
Contributed equity	21	276,842,569	243,613,489
Reserves	22	-	7,071,356
Accumulated losses	23	(472,179,630)	(88,383,447)
TOTAL (EQUITY DEFICIENCY) / EQUITY		(195,337,061)	162,301,398

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Contributed equity \$	Reserves \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	184,670,756	8,271,356	(53,035,724)	139,906,388
Loss for the year	-	-	(36,547,723)	(36,547,723)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(36,547,723)	(36,547,723)
Transactions with owners in their capacity as owners:				
Shares issued during the year	61,292,587	-	-	61,292,587
Security issue expenses	(2,349,854)	-	-	(2,349,854)
Lapse of performance rights	-	(1,200,000)	1,200,000	-
Share based payments	-	-	-	-
Balance at 30 June 2022	243,613,489	7,071,356	(88,383,447)	162,301,398
Balance at 1 July 2022	243,613,489	7,071,356	(88,383,447)	162,301,398
Loss for the year	-	-	(372,085,902)	(372,085,903)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	-	(372,085,902)	(372,085,903)
Transactions with owners in their capacity as owners:				
Shares issued during the year	34,000,000	-	-	34,000,000
Security issue expenses	(770,920)	-	-	(770,920)
Write off rehabilitation asset	-	-	(18,781,637)	(18,781,637)
Lapse of options	-	(7,071,356)	7,071,356	-
Share based payments	-	-	-	-
Balance at 30 June 2023	276,842,569	-	(472,179,630)	(195,337,062)

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 \$	30 June 2022 \$
OPERATING ACTIVITIES			
Receipts from customers/others		5,984,070	34,806
Interest received		386,557	10,592
Payments to suppliers and employees		(22,457,612)	(23,194,960)
Net cash used in operating activities	26	(16,086,985)	(23,149,562)
INVESTING ACTIVITIES			
Payments for mine development		(33,522,894)	(37,758,097)
Interest paid		(4,513,603)	(5,316,333)
Payment for site and exploration expenditure		(5,807,681)	(787,276)
Payments for property, plant and equipment		(2,412,338)	(1,914,134)
Net cash used in investing activities		(46,256,516)	(45,775,840)
FINANCING ACTIVITIES			
Proceeds from issue of shares		35,558,079	59,459,738
Share issue transaction costs		(2,329,000)	(2,349,854)
Proceeds from borrowings		15,000,000	4,526,484
Transaction costs related to borrowings		(4,101,849)	(5,220,513)
Repayment of lease liabilities		-	(50,000)
Net cash provided by financing activities		44,127,230	56,365,855
Net decrease in cash and cash equivalents		(18,216,271)	(12,559,547)
Cash and cash equivalents at beginning of the financial year		21,512,780	34,206,120
Effects of currency translation on cash and cash equivalent		(61,134)	(133,793)
Cash and cash equivalents at the end of the financial year	9	3,235,375	21,512,780

The above consolidated statement of changes in cash flow should be read in conjunction with the accompanying notes.

1. Corporate information

This annual report covers Kalium Lakes Limited (“KLL” or the “Company”), a Company incorporated in Australia, and the entities it controlled at the end of, or during, the year ended 30 June 2023 (the “Consolidated Entity”). The presentation currency of the Consolidated Entity is Australian Dollars (“\$”). A description of the Consolidated Entity’s operations is included in the review and results of operations in the Directors’ report. The Directors’ report is not part of the financial statements. The Company is a for-profit entity limited by shares and incorporated in Australia whose shares are traded under the ASX code “KLL”.

2. Significant accounting policies

Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2023. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Going Concern

As disclosed in this report, for the full year, the Group incurred a net loss of \$372 million and had net cash outflows from operating and investing activities of \$16.1 million and \$46.3 million respectively for the year ended 30 June 2023. The Group has unrestricted cash reserves of \$3.2 million, net current assets of \$9.7 million and net liabilities of \$195.3 million as at 30 June 2023.

During the financial year, challenges arose with the operational ramp up of the Beyondie Sulphate of Potash (“SOP”) Mine (“Beyondie”), which resulted in the Consolidated Entity not meeting its production targets and consequently resulted in funding issues. On 6 June 2023 KLL’s shares were suspended from trading on the ASX whilst it conducted a strategic process with the assistance of its advisers. On 3 August 2023, the Directors formed the view that due to the Consolidated Entity’s senior lenders declining to provide financial funding to continue with the strategic process, Martin Jones, Matthew Woods and Clint Joseph were appointed Administrators of KLL and two of its wholly owned subsidiaries, Kalium Lakes Potash Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) (“KLP”) and

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Kalium Lakes Infrastructure Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLI"). Immediately afterwards, on 3 August 2023, the senior lenders appointed Mr Robert Michael Kirman, Mr Jason Preston and Mr Robert Conry Brauer of McGrathNicol, as Receivers and Managers of KLL, KLP and KLI.

The Receivers and Managers operated the Consolidated Entity under normal business conditions from their appointment on 3 August 2023 until the end of September 2023, during which time they continued the strategic process initiated by the Board of Directors to sell or recapitalise the Consolidated Entity. The Beyondie mine operation was eventually placed into care and maintenance at the end of September 2023 in order to reduce costs, at which time approximately 90% of the employees of the consolidated entity were made redundant.

A proposal by Alt Finance Pty Ltd, for the restructure and recapitalisation of KLL via a Deed of Company Arrangement ("DOCA") and Creditors Trust, was submitted to the Voluntary Administrators ("Recapitalisation Proposal") in late January 2024 and accepted by creditors on 16 February 2024. The DOCA was signed on 11 March 2024. The Deed Administrators are Martin Jones, Matthew Woods and Clint Joseph.

The Recapitalisation Proposal was subject to, various approvals being obtained from the shareholders, and accordingly, the Deed Administrators called a general meeting of the Company which was held on 6 June 2024, at which the shareholders voted to approve the resolutions put forward to approve the Recapitalisation Proposal and effectuate the DOCA. The resolutions included a consolidation of existing shares and options on issue, the issuance of 90 million new ordinary shares to raise \$162,000, the issue of a further 3 million new ordinary shares to the Kalium Lakes Creditors Trust and the appointment of three new Directors to the Company (together the "Recapitalisation").

Following the approval by the shareholders, the Deed Administrators gave notice on 29 June 2024 that the DOCA had been effectuated.

On 9 July 2024, the Company announced that it had appointed Richard Campbell Brien and Gregory Barry Starr as Directors of the Company. On 17 July 2024, the Company announced that the Receivers and Managers of the Company, Rob Brauer, Jason Preston and Rob Kirman from McGrathNicol had retired. On the same day the Company announced that it had appointed George Terpens as Director of the Company and Louisa Ho as the Company Secretary.

On 19 July 2024 the Company announced the issue of 93,000,000 ordinary shares which were issued as part of the Recapitalisation. On 22 July 2024 the Company made an application to the ASX for quotation of these shares, and advised that the revised number of securities in the Company was 99,977,536 ordinary shares, 108,294 performance rights and 17,182 options.

KLP and KLI, the main operating subsidiaries of KLL for the Beyondie operation, were the subject of their own deeds of company arrangement entered into on 22 December 2023 in relation to share sale agreements entered into between the Receivers and Managers and third party purchasers to purchase the shares of KLP and KLI from KLL. However, these share sale agreements failed to proceed due to the inability of the purchasers to raise the necessary purchase consideration funding. As a result, the deeds of company arrangements for KLP and KLI were terminated

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

and KLP and KLI placed into liquidation on 18 March 2024, at which time Martin Jones, Matthew Woods and Clint Joseph of KPMG were appointed as Liquidators of KLP and KLI.

Due to the above events, the consolidated entity has impaired its assets at 30 June 2023 to write-down their carrying values to their highest expected realisable value that will be recovered from the receivership and administration of the entities in the consolidated group (and subsequent liquidation in the case of KLP and KLI).

However, as a result of the Company's DOCA and Recapitalisation which took place after the financial year end, the Directors believe that it is reasonably foreseeable that the going concern basis of preparation of the financial report remains appropriate as the Recapitalisation has provided the Company with sufficient funding to enable it to carry out its business plan over the next 12 months.

Basis of preparation

To the extent possible, these general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. To the extent possible these financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Kalium Lakes Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Kalium Lakes Limited and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions and balances between entities in the Consolidated Entity are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Current and non-current classification

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Consolidated Entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Exploration, evaluation and development expenditure

Exploration and evaluation are written off as incurred. The Consolidated Entity's policy is that such costs will only be carried forward when development of the area indicates that recoupment will occur or where activities in the area have reached an advanced stage which permits reasonable assessment of the existence of economically recoverable reserves.

Exploration, evaluation and development costs comprise acquisition costs, direct exploration and evaluation costs and an appropriate portion of related overhead expenditure but do not include general overhead expenditure which has no direct connection with a particular area of interest.

Revenue received from the sale or disposal of product, materials or services during the exploration and evaluation phase of operation is offset against expenditure in respect of the area of interest concerned.

When an area of interest is abandoned or the Directors decide that it is not commercially viable, any accumulated costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Restoration costs arising from exploration activities are provided for at the time of the activities which give rise to the need for restoration.

3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year at the respective notes.

4. Operating segments

The Consolidated Entity has considered the requirements of AASB 8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Entity operates as a single segment being the exploration for and development of minerals in Australia.

The Consolidated Entity is domiciled in Australia. All revenue from external parties is generated from Australia only and all assets are located in Australia only.

Accounting policy:

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

3. Revenue

	30 June 2023 \$	30 June 2022 \$
<i>Revenue from contracts with customers</i>		
Sale of goods	6,115,080	-
<i>Other income</i>		
Foreign exchange gain	-	16,455
Other income	125,094	14,011
Interest income	252,640	10,592
Revenue	6,492,814	41,058
<i>Disaggregation of revenue</i>		
The disaggregation of revenue from contracts with customers is as follows:		
<i>Geographical regions</i>		
Australia and Asia	6,492,814	41,058
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	-	-

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

4. Depreciation and amortisation expense

	30 June 2023 \$	30 June 2022 \$
Depreciation – Property, plant and equipment	1,436,700	1,183,959
Depreciation – Mine properties	686,241	1,407,702
Amortisation – Right of use	102,435	100,850
Depreciation and amortisation expense	2,225,376	2,692,511

The increase in depreciation was a result of increased production increasing the units of production rate applied to Mine Properties.

Key Estimate and Assumption: Unit-of-production method of depreciation/amortisation

The Company uses the unit-of-production basis when depreciating/amortising life of mine specific assets which results in a depreciation/amortisation change proportionate to the depletion of the anticipated remaining life of mine production. Each asset's economic life, which is assessed annually, has due regard to both its physical life limitations and to present assessments of the economically recoverable mine plan. These calculations require the use of estimates and assumptions.

5. Operating expenses

	30 June 2023 \$	30 June 2022 \$
Total operating expenses incurred	51,933,122	21,012,078
Capitalised operating costs	(9,259,933)	(9,414,877)
Inventory movement	(6,148,548)	(3,315,905)
Operating expenses	36,524,641	8,281,296

6. Share based payment

	30 June 2023 \$	30 June 2022 \$
Issue of performance rights to management	60,465	-
Performance rights cancelled ¹	(60,465)	(93,750)
Share based payment expense / (credit)	-	(93,750)

¹ The performance rights were cancelled on 4 April 2023 when the member of management resigned.

Accounting policy:

Share based payments

The Consolidated Entity provides benefits to employees (including Directors and Consultants) of the Consolidated Entity and other service providers or strategic equity partners in the form of share-based payment transactions,

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

whereby employees or other parties render services or provide goods in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using an option pricing method. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Company ("market conditions"). The cost of equity-settled transactions is recognised in the statement of profit or loss and other comprehensive income, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

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

- The extent to which the vesting period has expired; and
- The number of awards that, in the opinion of the Directors of the Consolidated Entity, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. Where shares are issued at a discount to fair value either by reference to the current market price or by virtue of the Consolidated Entity providing financing for the share purchase on favourable terms, the value of the discount is considered a share-based payment. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

7. Other expenses

	30 June 2023 \$	30 June 2022 \$
Bank charges	16,820	11,118
Compliance fees	792,431	226,551
Travel expenses	165,267	-
Insurance	2,453,030	1,410,185
Subscriptions and licenses	14,347	10,606
Site and exploration expenditure	159,703	-
Other consultants	1,016,783	1,276,373
Head office and administration	1,535,969	1,009,978
Other expenses	6,154,350	3,944,811

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

8. Income tax expense

A reconciliation between the income tax expense and the product of accounting profit before income tax multiplied by the Consolidated Entity's applicable income tax rate is as follows:

	30 June 2023 \$	30 June 2022 \$
Loss before Income tax	(372,085,902)	(36,547,723)
Prima facie benefit on operating loss at 25% (2022: 25%)	93,021,476	9,136,931
Non allowable expenditure	(3,166)	(20,076)
Unrecognised deferred tax assets attributable to tax losses	(93,018,310)	(9,116,855)
Income tax expense	-	-
Tax losses available	92,054,835	67,003,257

A potential deferred tax asset, attributable to tax losses carried forward, amounts to approximately \$23,013,709 (2022: \$16,750,814) and has not been brought to account at reporting date because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss incurred;
- the Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit from the deductions for the loss incurred.

Accounting policy:

Income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are recognised for all taxable temporary differences:

- Except for deferred income tax liabilities arising from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.
- The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred income tax to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Kalium Lakes Limited (the 'head-entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head-entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the "separate taxpayer within group" approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the currently tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Goods and services and sales tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST) except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of the asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

9. Cash and cash equivalents

	30 June 2023	30 June 2022
	\$	\$
Cash at bank	3,235,375	18,823,926
Restricted funds ¹	-	2,688,854
Cash and cash equivalents	3,235,375	21,512,780

- ¹ Restricted funds relate to cash set aside for future debt service repayments to the senior lenders to the Beyondie SOP Mine.

Accounting policy:

Cash and cash equivalents include cash on hand and in the bank, and other short-term deposits. Bank overdrafts are shown separately in current liabilities on the Statement of Financial Position. For the purposes of the Statement of Cash Flows, cash and cash equivalents as defined above are net of outstanding bank overdrafts.

10. Trade and other receivables

	30 June 2023	30 June 2022
	\$	\$
Trade Receivables	63,757	-
GST refundable	572,395	358,383
Trade and other receivables	636,152	358,383

Accounting policy:

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Allowance for expected credit losses

The Consolidated Entity has not recognised any loss (2022: \$Nil) in respect of expected credit losses for the year ended 30 June 2023

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

11. Other assets

	30 June 2023 \$	30 June 2022 \$
Prepayments	904,094	2,112,287
Research and Development tax incentive credit	12,803,528	-
Other assets	13,707,622	2,112,287

The Company has applied for tax incentive credit from the Australian Taxation Office ("ATO") in relation to its qualifying research & development activities undertaken in the financial years ended 30 June 2022 and 30 June 2023. As at the date of issue of this financial report, the application in relation to the financial year ended 30 June 2022 had been approved by the ATO and the funds of \$12.8 million had been credited to the Company's account with the ATO. The ATO however, has not released these funds whilst it continues its review of the application in relation to the financial year ended 30 June 2023, and confirms that no other tax payable amounts should be offset against it (such as unpaid corporation tax). The Company has recognised the tax credit of \$12.8 million as a current asset as it expects to receive this from the ATO without any such offsets.

12. Inventory and raw materials

	30 June 2023 \$	30 June 2022 \$
KTMS	9,364,570	2,474,590
KTMS: Impairment	(9,364,570)	-
Finished goods	898,174	1,224,356
Consumables	2,521,249	825,902
Consumables: Impairment	(2,521,249)	-
Inventory and raw materials	898,174	4,524,848

Accounting policy:

Kainite Type Mixed Salt (KTMS)

KTMS is potassium based feed salt harvested from evaporation ponds and used to feed the purification plant. Stockpiles are physically measured or estimated and stated at the lower of weighted average cost and net realisable value. Costs include direct material, direct labour and overhead expenditure which is directly related to the production of KTMS.

Finished goods

Finished Goods includes the stockpile of Sulphate of Potash, measured or estimated and stated at the lower of weighted average and net realisable value. Costs include direct material, direct labour and overhead expenditure which is directly related to the production of Sulphate of Potash as well as the input of the costs from the KTMS feed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Consumables

Warehouse stores and consumables are stated at the lowest of weighted average cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Key Estimate and Assumption: Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Costs incurred in or benefits of the productive process are accumulated as stockpiles and product inventory. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing SOP prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the potassium grade of the stockpile based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys.

Although the quantity of recoverable potassium is reconciled by comparing the grades of the stockpile to the quantities of SOP actually produced (metallurgical balancing), the nature of the process inherently limits the ability to precisely monitor recoverability levels. As a result the metallurgical balancing process is constantly monitored and the engineering estimates are refined based on actual results over time.

Due to the Company's external administration, receivership and management, the Company has written the value of its KTPM stockpile and its Consumables held as at 30 June 2023 to Nil.

13. Property, plant and equipment

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Exploration & mining equipment	Office equipment	Motor vehicles	Rehabilitation asset	Computer software	Total
	\$	\$	\$	\$	\$	\$
Balance at 30 June 2021	1,709,295	61,903	404,240	13,681,710	99,724	15,956,872
Additions	1,893,627	100,584	182,644	-	104,732	2,281,587
Transfer to mine properties	-	-	-	(13,681,710)	-	(13,681,710)
Depreciation expense	(940,124)	(48,384)	(149,651)	-	(45,800)	(1,183,959)
Balance at 30 June 2022	2,662,798	114,103	437,233	-	158,656	3,372,790
Additions	2,280,061	8,155	197,362	-	-	2,485,578
Disposals	-	-	(48,701)	-	-	(48,701)
Depreciation expense	(1,177,168)	(55,788)	(150,890)	-	(52,854)	(1,436,700)
Impairment	(3,765,691)	(60,290)	(394,560)	-	(95,965)	(4,316,506)
Balance at 30 June 2023	-	6,180	40,444	-	9,837	56,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Accounting policy:

Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation and any impairment. The carrying value of assets are reviewed for impairment at the reporting date. An asset is immediately written down to its recoverable amount if the carrying value of the asset exceeds its estimated recoverable amount. The depreciation rates per annum for each class of fixed asset are as follows:

Exploration and mining equipment	20%
Office equipment	33%
Motor vehicles	20%
Computer software	20%

Subsequent expenditure relating to an item of property, plant and equipment, that has already been recognised, is added to the carrying amount of the asset if the recognition criteria are met. All assets are depreciated over their anticipated useful lives, up to their residual values using a straight-line depreciation basis. These useful lives are determined on the day of capitalisation and are re-assessed annually by Management.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Impairment

The carrying values of plant and equipment and capital work in progress are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable or at least on an annual basis. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets or cash generating units are written down to their recoverable amount.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

14. Capital work in progress

	30 June 2023	30 June 2022
	\$	\$
120 ktpa expansion target	9,442,669	6,093,980
Purification plant	175,630,813	161,971,219
Reduction due to accrued R&D tax incentive claim	(12,803,528)	-
Impairment	(157,131,387)	-
Capital work in progress	15,138,567	168,065,199

The purification plant remained in commissioning as at 30 June 2023 as the Consolidated Entity continued its efforts to ramp up production ramp up. As a result, \$160.8 million of purification plant are reported as capital work in progress. During the year the works connected to expanding Beyondie to the 120ktpa production target remained a work in progress and as such a total of \$7,246,844 has been reported as capital work in progress.

The carrying amount in relation to the purification plant as at 30 June 2023 has been reduced by the amount of the claimed credited to the Company by the ATO (refer note 11).

Key estimate and assumption: Production start date

The Group assesses the stage of each mine under construction to determine when a mine moves into the production stage. The criteria used to assess the start date are determined based on the unique nature of each mine construction project, such as the complexity of a plant and its location. The Group considers various relevant criteria to assess when the mine and the processing plant is substantially complete, ready for its intended use. At this time, any costs capitalised to 'mine properties - in development' or 'capital work in progress' are reclassified to 'mine properties – in production' and 'property, plant and equipment'. Some of the criteria will include, but are not limited, to the following:

- Availability of the plant;
- Completion of a reasonable period of testing of the mine plant and equipment;
- Ability to produce SOP in saleable form (within specifications); and
- Ability to sustain ongoing production of SOP at commercial rates of production.

When a mine construction project moves into the production stage, the capitalisation of certain mine construction costs ceases and costs are either regarded as inventory or expensed, except for costs that qualify for capitalisation relating to mine properties asset additions or improvements, mine development or mineable reserve development. It is also at this point that depreciation/amortisation commences.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

Accounting policy:

Capital work in progress and Mine properties in development

When proven mineral reserves are determined and development is sanctioned, capitalised exploration and evaluation expenditure is reclassified as capital work in progress. All subsequent development expenditure is capitalised and classified as capital work in progress, provided commercial viability conditions continue to be satisfied.

The Consolidated Entity may use funds sourced from external parties to finance the acquisition and development of assets and operations. Finance costs are expensed as incurred, except where they relate to the financing of construction or development of qualifying assets. Borrowing costs directly attributable to acquiring or constructing a qualifying asset are capitalised during the development phase. On completion of development, all assets included in capital work in progress are reclassified as either property, plant and equipment or mine properties – in production and depreciation commences.

Key Estimate and Assumption: Mine properties - in development and Capital work in progress

These costs are capitalised to the extent they are expected to be recouped through the successful exploitation of the related mining leases. Once production commences, these costs are transferred to property, plant and equipment and mine properties – in production, as appropriate.

15. Mine properties - in production

	Brine supply & ponds \$	Rehabilit- ation assets \$	Access Road \$	AirstriWp \$	Camp Facilities \$	Gas pipeline & power station \$	Total \$
Balance at 1 July 2022	89,302,251	15,833,918	6,278,469	981,282	11,087,266	41,544,125	165,027,311
Additions	109,309	3,050,103	-	-	-	-	3,159,412
Refund ¹	-	-	-	-	-	(772,097)	(772,097)
Depreciation	(380,038)	(102,384)	(22,336)	(3,491)	(39,444)	(138,548)	(686,241)
Write off	-	(18,781,637)	-	-	-	-	(18,781,637)
Impairment	(89,031,522)	-	(6,256,133)	(977,791)	(10,020,671)	(36,855,658)	(143,141,775)
Balance at 30 June 2023	-	-	-	-	1,027,151	3,777,822	4,804,973

¹ Refund relates to refund from Goldfields Gas Transmission relating to unused cash call funds

Accounting policy:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Mine properties – in production represents expenditure in respect of exploration, evaluation, feasibility and pre-production operating costs incurred by the Consolidated Entity previously accumulated and carried forward in capital work in progress and mine properties under development in relation to areas of interest in which mining has now commenced. Mine properties – in production are stated at cost, less accumulated amortisation and accumulated impairment losses. These assets were depreciated by the unit-of-production method from 1 October 2021.

Rehabilitation asset and the corresponding provision is discounted to its net present value and amortisation is charged using the units-of-production method. Amortisation and corresponding finance charges incurred in the unwinding of the provision will be recognised in the profit or loss.

Key Estimate and Assumption: Impairment of non-financial assets

The Consolidated Entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

The carrying values of non-current assets are reviewed for impairment when indicators of impairment exist or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit ('CGU') to which the asset belongs and where the carrying values exceed the estimated recoverable amount, the assets or CGU are written down to their recoverable amount.

The recoverable amount of an asset is the greater of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Determination of mineral resources and ore reserves

The determination of reserves impacts the accounting for asset carrying values, depreciation and amortisation rates and provisions for decommissioning and restoration. The information in this report as it relates to ore reserves, mineral resources or mineralisation is reported in accordance with the AusIMM "Australian Code for reporting of Identified Mineral Resources and Ore Reserves". The information has been prepared by or under supervision of competent persons as identified by the Code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation which may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs, ore grades and/or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being restated.

The relevant CGU for Consolidated Entity is the Beyondie SOP mine.

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Impairment of mine properties – in production, capital work in progress and property, plant and equipment

Due to the Company's external administration, receivership and management, the Consolidated Entity has written down the value of its non-financial assets by way of impairment as at 30 June 2023. The basis for the impairment is the recoverable amount expected from the sale of its non-current assets as part of the liquidation of subsidiaries KLP and KLI of \$20 million. This amount has been applied by the Company proportionately across the written down value of its mine properties – in production, capital work in progress and property, plant and equipment assets (except for those assets to which the Company does not believe any value should be attributed) as at 30 June 2023. The resultant impairment charges to these assets was \$143.4 million to mine properties – in production, \$152.6 million to capital work in progress and \$4.3 million to property, plant and equipment.

16. Collateral for bank guarantees

	30 June 2023 \$	30 June 2022 \$
Collateral for bank guarantees ¹	610,000	610,000
Collateral for bank guarantees	610,000	610,000

- ¹ Collateral for bank guarantees is cash set aside to cover bank guarantees issued by the Consolidated Entity's bankers in relation to energy access service contracts.

17. Right-of-use assets

	30 June 2023 \$	30 June 2022 \$
Head office space - right-of-use	200,541	200,541
Less: Accumulated depreciation	(183,541)	(150,106)
Right-of use-assets	17,000	50,435

Accounting policy:

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever the shorter. Where the Company expects to obtain ownership of the leased asset at

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the end of the lease term, the depreciation is over the estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

18. Trade and other payables

	30 June 2023 \$	30 June 2022 \$
Accounts payable	4,203,434	4,096,147
Other payables	1,152,995	1,045,334
Accrued expenses	2,828,227	448,927
Trade and other payables	8,184,656	5,590,408

Accounting policy:

Trade and other payable amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

19. Borrowings

Current Borrowings	30 June 2023 \$	30 June 2022 \$
Loan from KfW	-	-
Loan from KfW/Euler Hermes	-	-
Loan from NAIF	-	-
Current Borrowings	-	-

Non-current Borrowings	30 June 2023 \$	30 June 2022 \$
Loan from KfW	52,240,918	51,604,012
Loan from KfW/Euler Hermes	53,619,915	50,276,859
Loan from NAIF	74,000,000	72,513,621
Liquidity Facilities	15,032,771	-
	194,893,604	174,394,492
Interest on loan from KfW	3,024,601	1,390,228
Interest on loan from KfW/Euler Hermes	3,889,034	1,094,735
Interest on loan from NAIF	1,382,661	1,486,379
Commitment fees on loan from KfW/Euler Hermes	742,487	714,572

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Interest on Liquidity Facilities	309,237	-
	9,348,020	4,685,914
Non-current Borrowings	204,241,624	179,080,406

Accounting policy:

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

The total debt facilities are as follows (all secured and pledged against the assets of the Consolidated Entity):

Lender	Borrower	Facility Limit (Ccy '000)	Undrawn (Ccy '000)	Undrawn (AUD '000)	Maturity Date ⁴
KfW / Euler Hermes	Kalium Lakes Potash Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLP") (Facility A) ^{1, 4}	EUR €33,741	EUR€1,563	AUD \$2,563	31 March 2040
KfW	KLP (Facility B) ^{2, 4}	USD \$38,600	-	-	31 March 2040
NAIF	KLP (Facility C) ⁴	AUD \$26,623	-	-	31 March 2040
NAIF	Kalium Lakes Infrastructure Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLI") ⁴	AUD \$48,765	-	-	31 March 2040
KfW	KLP (Liquidity Facility A) ⁴	USD \$8,135	USD \$1,650	AUD \$2,500	1 January 2026
NAIF	KLP (Liquidity Facility B) ⁴	AUD \$10,169	AUD \$2,500	AUD \$2,500	1 January 2026
				AUD \$7,563	

¹ Facility A has an EUR denominated facility limit. When a loan is drawn down it is immediately converted into USD at the EUR:USD spot rate in existence at the time of the drawdown, with interest accruing in USD. The USD drawn loan balance is the aggregate amount of all EUR drawdowns converted into USD at the respective EUR:USD spot rates at the date of drawing. The USD drawn loan balance has been converted

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into AUD using the AUD:USD 30 June 2023 spot rate of 0.66. The EUR unused facility has been converted into AUD using the AUD:EUR 30 June 2023 spot rate of 0.61.

- ² Facility B is a USD denominated loan facility. The USD drawn loan balance has been converted to AUD at the 30 June 2023 AUD:USD spot rate of 0.66.
- ³ The liquidity facility is divided into Liquidity Facility A provided by KfW for USD \$8 million, and Liquidity Facility B provided by NAIF for A\$10 million. The KfW Liquidity Facility A, whilst a USD denominated facility, is subject to being drawn for the same AUD equivalent as the NAIF Liquidity Facility B. The USD drawn loan balance has been converted into AUD using the AUD:USD 30 June 2023 spot rate of 0.66. Its USD unused facility is the USD equivalent of the AUD maximum unused amount of A\$2.5 million as at 30 June 2023 shown in the table above.
- ⁴ On 18 August 2022, the Company announced that it had entered into formal binding documentation with its senior lenders to restructure of its existing debt arrangements including (but not limited to) a deferral of the commencement of all senior principal repayments under the project finance term facilities from March 2024 to March 2025, an extension to the final maturity date for the project finance term facilities to 31 March 2040 and an extension to the maturity date for the existing \$20 million liquidity facility to 1 January 2026.

On 28 February 2023, the Company announced that it had agreed further facility amendments with its senior lenders, in which the interest payments in CY2023 for all of the facilities are to be deferred and capitalised into the drawn loan balance each quarter. The amount of the capitalised interest for the March 2023 and June 2023 quarters has been reflected in the drawn loan balance and the total facility amount in the table above as at 30 June 2023.

The weighted average interest rate on drawn amounts across all facilities as at the financial year end is 6.45% per annum.

20. Provisions

Current Provisions – Employee benefits	30 June 2023 \$	30 June 2022 \$
Employee entitlements	532,733	606,288
Current Provisions	532,733	606,288

Accounting policy:

Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Non-current Provisions – Provision for rehabilitation	30 June 2023	30 June 2022
	\$	\$
Opening balance	18,055,533	13,681,710
Additional provision required	3,426,839	4,373,823
Non-current Provisions	21,482,372	18,055,533

Accounting policy:

Provisions

A provision has been made for the anticipated costs for future rehabilitation of land explored or mined. Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Key Estimate and Assumption: Rehabilitation provision

A provision has been made for the anticipated costs for future rehabilitation of land explored or mined. The Consolidated Entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Consolidated Entity recognised management's best estimate for asset retirement obligations and site rehabilitations in the period in which they are incurred based on technical advice provided by an external expert in the half-year reporting period ended 31 December 2022. Due to the external administration, receivership and management of the Company, the estimate as at 30 June 2023 was unable to be reliably measured as the Company did not have access to the requisite internal or external expertise, and as a result the carrying amount of this provision remains as reported in the half-year reporting period ended 31 December 2022. Actual costs incurred in the future periods could differ materially from the estimates and carrying amount. Additionally, future changes to environmental laws and regulations could affect the carrying amount of this provision.

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21. Contributed equity

	30 June 2023 Shares	30 June 2022 Shares	30 June 2023 \$	30 June 2022 \$
Ordinary shares – fully paid	2,031,712,214	1,181,712,214	276,842,568	243,613,489

Movements in ordinary share capital	Date	Shares	Issue price	\$
Balance	30 June 2021	839,161,349		184,670,756
Issue of shares under capital raising	19 Oct 2021	174,341,902	0.180	31,381,542
Issue of shares under capital raising	2 Nov 2021	35,448,435	0.180	6,380,718
Issue of shares under share purchase plan	18 Nov 2021	42,148,389	0.180	7,586,710
Issue of shares under capital raising	3 Dec 2021	78,393,152	0.180	14,110,767
Issue of shares to contractors ¹	7 Feb 2022	12,218,987	0.150	1,832,848
Share issue costs				(2,349,852)
Balance	30 June 2022	1,181,712,214		243,613,489
Issue of shares under capital raising	24 Aug 2022	142,522,883	0.04	5,700,915
Issue of shares under capital raising	7 Sept 2022	34,733,949	0.04	1,389,358
Issue of shares under capital raising	4 Oct 2022	300,000,000	0.04	12,000,000
Issue of shares under capital raising	7 Oct 2022	372,743,168	0.04	14,909,727
Share issue costs				(770,920)
Balance	30 June 2023	2,031,712,214		276,842,569

- ¹ Shares issued to contractors for work performed on the Beyondie SOP Project have been capitalised on the Consolidated Statement of Financial Position as non-current assets

Accounting policy:

Share capital

Ordinary shares are classified as equity. Share capital represents the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. Accumulated losses include all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date. All transactions with owners of the parent are recorded separately within equity.

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22. Reserves

	30 June 2023	30 June 2022
	\$	\$
Performance rights reserve	-	-
Options reserve	-	7,071,356
Reserves	-	7,071,356

Movements in options reserve	Number	\$
Balance at 30 June 2021	38,160,001	7,071,356
Cancellation of options	(3,263,521)	-
Exercise of options by contractors on 7 February 2022	(12,218,987)	-
Balance at 30 June 2022	22,677,493	7,071,356
Expiry of options	(17,677,493)	(7,071,356)
Balance at 30 June 2023	5,000,000	-

As at 30 June 2023, the following unlisted options were on issue:

Number under Option	Exercise Price	Expiry date
5,000,000	\$0.50	30 June 2025

Movement in performance rights reserve	Number	\$
Balance at 30 June 2021	12,250,000	1,200,000
Cancellation of performance rights	(12,250,000)	(1,200,000)
Balance at 30 June 2022	-	-
Issue of performance rights	42,433,947	60,465
Cancellation of performance rights	(28,596,511)	(60,465)
Balance at 30 June 2023	13,837,436	-

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23. Accumulated losses

	30 June 2023 \$	30 June 2022 \$
Accumulated losses at the beginning of the financial year	(88,383,447)	(53,035,724)
Transfer from performance rights reserve (refer note 22)	-	1,200,000
Transfer from option reserve (refer note 22)	7,071,356	-
Written off rehabilitation asset (refer note 15)	(18,781,637)	-
Loss after income tax expense for the year	(372,085,902)	(36,547,723)
Accumulated losses at the end of the financial year	(472,179,630)	(88,383,447)

24. Loss per share

	30 June 2023 \$	30 June 2022 \$
Loss after income tax	(372,085,902)	(36,547,723)
Loss after income tax attributable to the owners of the Company used in calculating diluted earnings per share	(372,085,902)	(36,547,723)
Basic loss per share	(20.38)	(3.45)
Diluted loss per share	(20.38)	(3.45)
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	1,825,994,475	1,060,272,969

Accounting policy:

Earnings per share

Basic earnings per share ("EPS") is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted EPS is calculated as net profit or loss attributable to members of the parent divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element. The diluted EPS was not calculated as the consolidated entity has incurred a net loss for the current and prior year. The weighted average number of shares was based on the consolidated weighted average number of shares in the reporting period. The net profit or loss attributable to members of the parent is adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends;
- The after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares.

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25. Auditor's remuneration

	30 June 2023 \$	30 June 2022 \$
Audit or review of the financial report	169,643	113,000
Tax advisory services	129,050	-
Auditor's remuneration	298,693	113,000

26. Reconciliation of cashflows from operating activities

	30 June 2023 \$	30 June 2022 \$
Loss after income tax expense for the year	(372,085,902)	(36,547,723)
Adjustments for:		
Depreciation	2,225,376	2,692,511
Impairment	316,475,487	-
Share based payment (credit)	-	(93,750)
Finance costs	14,050,812	9,520,424
Realised current translation losses/(gains)	870	(16,455)
Unrealised currency translation losses	4,989,797	8,755,607
Change in operating assets and liabilities:		
Trade & other receivables	1,158,242	675,515
Trade & other payables	1,894,899	(2,864,895)
Inventories and raw materials	14,407,692	(5,556,860)
Employee benefits expense	795,742	286,064
Net cash used in operating activities	(16,086,985)	(23,149,562)

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27. Parent entity information

Set out below is the supplementary information about the parent entity.

	30 June 2023 \$	30 June 2022 \$
Statement of profit or loss and other comprehensive income		
Loss after income tax ¹	(266,290,216)	(74,313,229)
Total comprehensive loss	(266,290,216)	(74,313,229)
Statement of financial position		
Total current assets	12,998,347	6,552,386
Total assets	13,015,347	162,638,417
Total current liabilities	(542,970)	(337,019)
Total liabilities	(542,970)	(337,019)
Net assets	12,472,377	162,301,398

- ¹ Loss for parent entity largely due to impairment of \$266.3 million to align the parent entity net assets to the Consolidated Entity net assets.

Guarantees

Kalium Lakes Limited is a guarantor under the KLP Facility Agreement, KLI Facility Agreement, Security Trust Deed, Intercreditor Deed, Liquidity Facility Agreement, and the Offtake Agreement.

Other commitments and contingencies

Kalium Lakes Limited has no other commitments and contingencies.

Plant and equipment commitments

Kalium Lakes Limited has no commitments to acquire property, plant and equipment.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in joint ventures are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

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28. Key Management Personnel disclosure

The aggregate compensation made to Key Management Personnel of the Consolidated Entity is set out below:

	30 June 2023 \$	30 June 2022 \$
Short-term employee benefits	1,228,229	1,233,584
Post-employment benefits	92,554	86,004
Total compensation	1,320,783	1,319,588

29. Related party transactions

Parent entity

Kalium Lakes Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 31.

Key Management Personnel

Due to the Company's external administration, receivership and management the amounts of the transactions with related parties were unable to be ascertained for the purpose of this Directors Report.

30. Financial instruments

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as forward foreign exchange contracts and options to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Consolidated Entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk. The risks to which the Consolidated Entity is exposed are described below.

Credit risk

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents and trade and other receivables. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contractual obligations that could lead to a financial loss to the Consolidated Entity. The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are

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considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Liquidity Risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Consolidated Entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	30 June 2023 \$	30 June 2022 \$
Unused at the reporting date		
Senior lender debt facilities	7,563,000	22,372,104

Remaining contractual maturities

Due to the external administration, receivership and management of the Company the information detailing the Consolidated Entity's remaining contractual maturity for its financial instrument liabilities was unable to be accessed and reliably measured and as such have not been provided in this financial report.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to the external administration, receivership and management of the Company the information detailing the Consolidated Entity's interest rate risk for its financial instrument assets and liabilities was unable to be accessed and reliably measured and as such have not been provided in this financial report.

Foreign currency risk

The Consolidated Entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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The Consolidated Entity has no forward foreign exchange contracts and options at the reporting date.

Accounting policy

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

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

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

31. Interest in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly owned subsidiaries in accordance with the accounting policy described in the notes to the financial statements.

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	Incorporation	% of Equity Interest	
		30 June 2023 %	30 June 2022 %
Kalium Lakes Potash Pty Ltd (Liquidators Appointed)(Receivers and Managers Appointed)	Australia	100	100
Kalium Lakes Infrastructure Pty Ltd (Liquidators Appointed)(Receivers and Managers Appointed)	Australia	100	100
Carnegie Potash Pty Ltd	Australia	100	100
Magnesium Lakes Pty Ltd ¹	Australia	100	100

¹ Magnesium Lakes Pty Ltd was dormant at the reporting date.

32. Contingent liabilities and assets

The Consolidated Entity has no contingent liabilities and assets as at 30 June 2023 (2022: Nil).

33. Commitments

Due to the external administration, receivership and management of the Company the information detailing the Consolidated Entity's commitments at the reporting date was unable to be accessed and reliably measured and as such have not been provided in this financial report.

34. Interests in joint operations

On 1 March 2017, the Consolidated Entity and BC Potash Pty Ltd announced that the companies had entered into a joint operation over Kalium's 100% owned Carnegie Project.

The Carnegie Joint Operation ("CJO") is focussed on the exploration and development of the Carnegie Potash Project ("CPP") in Western Australia, which is located approximately 220 kilometres east-north-east of Wiluna. The CJO comprises one granted exploration licence and five exploration licence applications, covering a total area of approximately 3,081 square kilometres.

Under the terms of the agreement BC Potash Pty Ltd can earn up to a 50% interest in the CJO by predominantly sole-funding exploration and development expenditure across several stages. Carnegie Potash Pty Ltd is the manager of the CJO.

On 5 May 2023, the Western Australian Government announced that a new nature reserve had been created at Lake Carnegie. The location of the new nature reserve overlaps with a large part of the exploration licence applications held by the CJO and is expected to have a significantly detrimental impact on the potential development of the CPP. As a result, on 28 July 2023, the CJO partners agreed to surrender its one granted exploration licence, effective immediately, and take steps to eventually withdraw from the five pending tenements in application and wind up the CJO. As of the date of this report, all tenements by the CJO held or in application have been surrendered, the CJO

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has been terminated by the CJP partners and Carnegie Potash Pty Ltd has been placed into members' (solvent) voluntary liquidation.

The Consolidated Entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

The Consolidated Entity's ownership interest is set out below:

	Incorporation	% of Equity Interest	
		30 June 2023 %	30 June 2022 %
Carnegie Joint Operation	Australia	70%	70%

35. Events after reporting date

During the financial year, challenges arose with the operational ramp up of the Beyondie Sulphate of Potash ("SOP") Mine ("Beyondie") in Western Australia ("Beyondie"), which resulted in the Consolidated Entity not meeting its production targets and consequently resulted in funding issues. On 6 June 2023 KLL's shares were suspended from trading on the Australian Securities Exchange ("ASX") whilst it conducted a strategic process with the assistance of its advisers. On 3 August 2023, the Directors formed the view that due to the Consolidated Entity's senior lenders declining to provide financial funding to continue with the strategic process, Martin Jones, Matthew Woods and Clint Joseph were appointed Administrators of KLL and two of its wholly owned subsidiaries, Kalium Lakes Potash Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLP") and Kalium Lakes Infrastructure Pty Ltd (Liquidators Appointed) (Receivers and Managers Appointed) ("KLI"). Immediately afterwards, on 3 August 2023, the senior lenders appointed Mr Robert Michael Kirman, Mr Jason Preston and Mr Robert Conry Brauer of McGrathNicol, as Receivers and Managers of KLL, KLP and KLI.

The Receivers and Managers operated the Consolidated Entity under normal business conditions from their appointment on 3 August 2023 until the end of September 2023, during which time they continued the strategic process initiated by the Board of Directors to sell or recapitalise the Consolidated Entity. The Beyondie mine operation was eventually placed into care and maintenance at the end of September 2023 in order to reduce costs, at which time approximately 90% of the employees of the consolidated entity were made redundant.

A proposal by Alt Finance Pty Ltd, for the restructure and recapitalisation of KLL via a Deed of Company Arrangement ("DOCA") and Creditors Trust, was submitted to the Voluntary Administrators ("Recapitalisation Proposal") in late January 2024 and accepted by creditors on 16 February 2024. The DOCA was signed on 11 March 2024. The Deed Administrators are Martin Jones, Matthew Woods and Clint Joseph. The Recapitalisation Proposal was subject to, various approvals being obtained from the shareholders, and accordingly, the Deed Administrators called a general

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023**

meeting of the Company which was held on 6 June 2024, at which the shareholders voted to approve the resolutions put forward to approve the Recapitalisation Proposal and effectuate the DOCA.

The resolutions approved by the shareholders at the general meeting were:

- (1) the consolidation of the Company's existing ordinary shares and options on a "1 for 291" basis;
- (2) the allotment and issue of 90 million ordinary shares in the Company at \$0.0018 per Share to ST Holding 1 Pty Ltd to raise \$162,000 and allow ST Holding Pty Ltd to acquire a 90% interest in the Company;
- (3) the allotment and issue of 3 million ordinary shares in the Company at \$Nil per Share to the Kalium Lakes Creditors Trust; and
- (4) the appointment of Richard Campbell Brien, George Terpens and Gregory Barry Starr as Directors of the Company;

the implementation of the above resolutions being the "Recapitalisation")

Following the approval by the shareholders of the resolutions put forward at the general meeting, the Deed Administrators gave notice on 29 June 2024 that the DOCA had been effectuated.

On 9 July 2024, the Company announced that it had appointed Richard Campbell Brien and Gregory Barry Starr as Directors of the Company. On 17 July 2024, the Company announced that the Receivers and Managers of the Company, Rob Brauer, Jason Preston and Rob Kirman from McGrathNicol had retired. On the same day the Company announced that it had appointed George Terpens as Director of the Company and Louisa Ho as the Company Secretary, and that it had changed its registered office and principal place of business to Level 2, 350 Kent Street, Sydney NSW 2000.

On 19 July 2024 the Company announced the issue of 93,000,000 ordinary shares which were issued as part of the Recapitalisation. On 22 July 2024 the Company made an application to the ASX for quotation of these shares, and advised that the revised number of securities in the Company was 99,977,536 ordinary shares, 108,294 performance rights and 17,182 options.

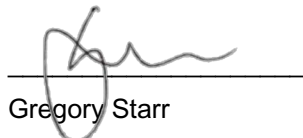
KLP and KLI, the main operating subsidiaries of KLL for the Beyondie operation, were the subject of their own deeds of company arrangement entered into on 22 December 2023 in relation to share sale agreements entered into between the Receivers and Managers and third party purchasers to purchase the shares of KLP and KLI from KLL. However, these share sale agreements failed to proceed due to the inability of the purchasers to raise the necessary purchase consideration funding. As a result, the deeds of company arrangements for KLP and KLI were terminated and KLP and KLI placed into liquidation on 18 March 2024, at which time Martin Jones, Matthew Woods and Clint Joseph of KPMG were appointed as Liquidators of KLP and KLI.

DIRECTORS' DECLARATION

In the opinion of the Directors:

1. due to the external administration, receivership and management of the Company, although the financial statements and the notes thereto have been prepared to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that the financial statements, or notes thereto, are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company and the Consolidated Entity; and
 - b. complying with Australian Accounting Standards, and International Financial Reporting Standards issued by the International Accounting Standards Board;
2. as a result of the effectuation of the Deed of Company Arrangement which took place on 29 June 2024 and its related recapitalisation, the Company will be able to pay its debts as and when they become due and payable.

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



Gregory Starr

Non-Executive Chairman

28 August 2024



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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KALIUM LAKES LIMITED

Disclaimer of Opinion

We were engaged to audit the financial report of Kalium Lakes Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

Basis for Disclaimer of Opinion

On 3 August 2023, the directors of the Company resolved to put the Group into voluntary administration. Since the appointment of the voluntary administrators, all the board of directors resigned and members of management were ultimately made redundant, and its day-to-day operations were managed by the voluntary administrators. Subsequent to the appointment of voluntary administrators, the Group's major operations were put under care and maintenance by end of September 2023. On 11 March 2024, the Company executed a deed of company arrangement and effectuated on 29 June 2024.

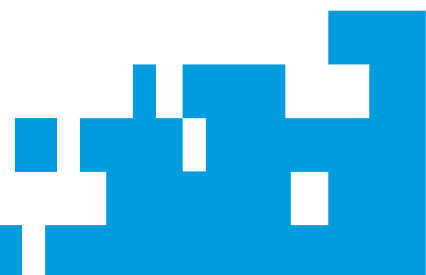
The Group's accounting and statutory records were not adequate to permit the application of necessary audit procedures, and we were unable to obtain all the information and explanations we required in order to form an opinion on the financial report. Hence, we were unable to determine whether the whole financial report complies with Australian Accounting Standards.

Accordingly, we were unable to determine whether any adjustments were necessary in respect of the Group's consolidated statement of financial position as at 30 June 2023, its consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial report.

We draw attention to Notes to the consolidated financial statements which indicate that the Group incurred a loss after income tax of \$372 million, a net liabilities position of \$195 million and had net cash outflows from operating and investing activities of \$16 million and \$46 million respectively for the year ended 30 June 2023. These events or conditions, along with other matters as set forth in Notes to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

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Responsibilities of the directors for the financial report

The Directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Deed Administrators either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors are responsible for overseeing the financial reporting process of the Group.

Auditor's responsibilities for the audit of the financial report

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

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

Report on the Remuneration Report

Disclaimer of Opinion on the Remuneration Report

We were engaged to audit the Remuneration Report included within the Directors' report for the year ended 30 June 2023.

We do not express an opinion on the Remuneration Report. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Remuneration Report.



RSM AUSTRALIA



AIK KONG TING
Partner

Perth, WA
Dated: 28 August 2024



ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

Issued Securities as at 30 June 2023

	Quoted on ASX	Unlisted	Total
Fully Paid Ordinary Shares	2,031,712,214	-	2,031,712,214
\$0.50 unlisted options expiring 30/6/25	-	5,000,000	5,000,000
Total	2,031,712,214	5,000,000	2,036,712,214

Distribution of Listed Ordinary Fully Paid Shares as at 30 June 2023

Spread	of	Holdings	Number of Holders	Number of Units	% Issued Capital
1	-	1,000	244	82,027	0.01%
1,001	-	5,000	1,458	4,573,486	0.23%
5,001	-	10,000	1,078	8,536,057	0.42%
10,001	-	100,000	3,793	1,54,073,547	7.58%
100,001	-	and over	2,165	1,864,447,097	91.77%
Total			8,738	2,031,712,214	100%

Top 20 Listed Ordinary Fully Paid Shareholders as at 30 June 2023

Rank	Shareholder	Shares Held	% Issued Capital
1.	GREENSTONE RESOURCES II (AUSTRALIA) HOLDINGS L P	352,886,533	17.37%
2.	GREENSTONE MANAGEMENT (DELAWARE) II LLC	78,673,124	3.87%
3.	KUMARINA HOLDINGS PTY LTD <SMOOTHY INVESTMENT A/C>	70,598,155	3.47%
4.	HISHENK PTY LTD	41,000,000	2.02%
5.	KUMARINA HOLDINGS PTY LTD <VINCE SMOOTHLY FAMILY A/C>	39,839,800	1.96%
6.	COOLA STATION PTY LTD <T C ELLIS FAMILY A/C>	33,783,179	1.66%
7.	PS SUPER NOMINEE PTY LIMITED <SHADBOLT FUTURE FUND A/C>	32,245,278	1.59%
8.	BIGA NOMINEES PTY LTD <EXECUTIVE SUPER FUND A/C>	22,009,226	1.08%
9.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,432,052	0.76%
10.	CITICORP NOMINEES PTY LIMITED	14,358,808	0.71%
11.	WILLOUGHBY CAPITAL PTY LTD <WILLOUGHBY CAPITAL A/C>	13,500,000	0.66%
12.	VALDARNO PTY LTD <VALDARNO A/C>	12,306,040	0.61%
13.	DRA PACIFIC PTY LTD	12,218,987	0.60%
14.	MNA FAMILY HOLDINGS PTY LTD <HISHENK PTY LTD SUPER A/C>	9,000,000	0.44%
15.	KUMARINA HOLDINGS PTY LTD <SMOOTHY INVESTMENT A/C>	8,450,142	0.42%
16.	MR BIN LIN	8,260,505	0.41%
17.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	7,910,631	0.39%
18.	HILLTEN PTY LIMITED <POWLES S/F A/C>	7,733,369	0.38%
19.	MRS KOMANG SARI JONES	7,000,000	0.34%
20.	MR COREY JAMES JOHNSON	6,466,831	0.32%
Total		793,672,660	39.06%