

**Kalium Lakes Potash Pty Ltd**  
ABN 92 601 436 060

**Annual Report –30 June 2016**

**Kalium Lakes Potash Pty Ltd**  
**Directors' report**  
**30 June 2016**

The directors present their report, together with the financial statements on the company, for the year ended 30 June 2016. The company was incorporated on 1 October 2014. As such, the comparative information presented in the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the accompanying notes is for a period of 9 months.

**Directors**

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Brett William Hazelden  
Mr Brent Ronald Smoothy  
Mr Philippus Rudolph Van Niekerk  
Mr Malcolm Roger Joseph Randall (appointed 11 March 2016)  
Mr Brendan Wayne O'Hara (appointed 11 March 2016)

**Principal activities**

During the financial year the principal continuing activities of the company consisted of exploration and prefeasibility study into the Beyondie Potash Project.

**Dividends**

There were no dividends paid, recommended or declared during the current financial year.

**Review of operations**

The loss for the company for the year ending 30 June 2016 amounted to \$3,647,069 (9 months to 30 June 2015: \$1,464,114).

**Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the company during the financial year.

**Matters subsequent to the end of the financial year**

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial periods.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

**Environmental regulation**

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

**Shares under option**

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

**Shares issued on the exercise of options**

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2016 and up to the date of this report.

**Indemnity and insurance of officers**

The company has 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.

**Kalium Lakes Potash Pty Ltd**  
**Directors' report**  
**30 June 2016**

During the financial year, 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.

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

On behalf of the directors



---

Brett Hazelden  
Director

2 September 2016  
Perth



**RSM Australia Partners**

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619111

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

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Kalium Lakes Potash Pty Ltd., for the year ended 30 June 2016, 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.

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'D J Wall' in black ink.

D J WALL  
Partner

Perth, WA  
Dated: 2 September 2016

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

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.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

**Kalium Lakes Potash Pty Ltd**  
**Contents**  
**30 June 2016**

**Contents**

Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9
Directors' declaration	17
Independent auditor's report to the members of Kalium Lakes Potash Pty Ltd	18

**General information**

The financial statements cover Kalium Lakes Potash Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Kalium Lakes Potash Pty Ltd' functional and presentation currency.

Kalium Lakes Potash Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

**Registered office**

Ground Floor  
RSM Australia  
8 St George's Terrace  
Perth, WA 6000

A description of the nature of the company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 2 September 2016. The directors have the power to amend and reissue the financial statements.

**Kalium Lakes Potash Pty Ltd**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2016**

	Note	2016 \$	(9 months) 2015 \$
<b>Revenue</b>			
Other income	3	849,748	849,765
<b>Expenses</b>			
Consultants		(1,840,623)	(450,680)
Drilling		(597,717)	(547,160)
Environment		(167,325)	(214,265)
Freight and Cartage		(9,809)	(525)
Native Title		(454,903)	(179,295)
Site General		(477,020)	(594,170)
Tenements		(452,237)	(208,429)
Travelling Expenses		(71,869)	(16,030)
Salaries and Wages		(44,142)	-
Other Expenses		(381,172)	(103,325)
		<hr/>	<hr/>
<b>Loss before income tax expense</b>		(3,647,069)	(1,464,114)
Income tax expense		<hr/>	<hr/>
		-	-
<b>Loss after income tax expense for the year attributable to the owners of Kalium Lakes Potash Pty Ltd</b>		(3,647,069)	(1,464,114)
Other comprehensive income for the year, net of tax		<hr/>	<hr/>
		-	-
<b>Total comprehensive loss for the year attributable to the owners of Kalium Lakes Potash Pty Ltd</b>		<u>(3,647,069)</u>	<u>(1,464,114)</u>

*The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**Kalium Lakes Potash Pty Ltd**  
**Statement of financial position**  
**As at 30 June 2016**

	Note	2016 \$	2015 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	621,707	599,556
Trade and other receivables	5	879,162	1,883,874
<b>Total current assets</b>		<u>1,500,869</u>	<u>2,483,430</u>
<b>Non-current assets</b>			
Property, plant & equipment	6	11,101	-
<b>Total non-current assets</b>		<u>11,101</u>	<u>-</u>
<b>Total assets</b>		<u>1,511,970</u>	<u>2,483,430</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	7	269,732	612,023
Borrowings	8	-	479,320
<b>Total current liabilities</b>		<u>269,732</u>	<u>1,091,343</u>
<b>Total liabilities</b>		<u>269,732</u>	<u>1,091,343</u>
<b>Net assets</b>		<u>1,242,238</u>	<u>1,392,087</u>
<b>Equity</b>			
Issued capital	9	6,353,421	2,856,201
Accumulated losses		<u>(5,111,183)</u>	<u>(1,464,114)</u>
<b>Total equity</b>		<u>1,242,238</u>	<u>1,392,087</u>

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

**Kalium Lakes Potash Pty Ltd**  
**Statement of changes in equity**  
**For the year ended 30 June 2016**

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 1 October 2014</b>	-	-	-
Shares issued during the period	2,856,201	-	2,856,201
Loss after income tax expense for the period	-	(1,464,114)	(1,464,114)
Other comprehensive income for the period, net of tax	-	-	-
Transaction costs	-	-	-
Total comprehensive loss for the period	-	(1,464,114)	(1,464,114)
<b>Balance at 30 June 2015</b>	<u>2,856,201</u>	<u>(1,464,114)</u>	<u>1,392,087</u>

	<b>Issued capital \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
<b>Balance at 1 July 2015</b>	2,856,201	(1,464,114)	1,392,087
Shares issued during the year	3,576,875	-	3,576,875
Loss after income tax expense for the year	-	(3,647,069)	(3,647,069)
Other comprehensive income for the year, net of tax	-	-	-
Transaction costs	(79,655)	-	(79,655)
Total comprehensive loss for the year	-	(3,647,069)	(3,647,069)
<b>Balance at 30 June 2016</b>	<u>6,353,421</u>	<u>(5,111,183)</u>	<u>1,242,238</u>

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



**Kalium Lakes Potash Pty Ltd**  
**Statement of cash flows**  
**For the year ended 30 June 2016**

	<b>Note</b>	<b>2016</b>	<b>(9 months)</b>
		<b>\$</b>	<b>2015</b>
			<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from operations		849,766	-
Payments to suppliers and employees		<u>(3,612,212)</u>	<u>(1,005,237)</u>
Net cash (used in) operating activities	14	<u>(2,762,446)</u>	<u>(1,005,237)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(12,485)	-
Interest received		<u>13,843</u>	<u>-</u>
Net cash provided by investing activities		<u>1,358</u>	<u>-</u>
<b>Cash flows from financing activities</b>			
Proceeds from related party loans		-	293,593
Proceeds from issue of shares		2,862,894	1,311,200
Transaction costs - IPO		<u>(79,655)</u>	<u>-</u>
Net cash provided by financing activities		<u>2,783,239</u>	<u>1,604,793</u>
Net increase in cash and cash equivalents		22,151	599,556
Cash and cash equivalents at the beginning of the financial year		<u>599,556</u>	<u>-</u>
Cash and cash equivalents at the end of the financial year	4	<u><u>621,707</u></u>	<u><u>599,556</u></u>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Kalium Lakes Potash Pty Ltd**  
**Notes to the financial statements**  
**30 June 2016**

**Note 1. 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 periods presented, unless otherwise stated.

**New, revised or amending Accounting Standards and Interpretations adopted**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting year.

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

**Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Kalium Lakes Potash Pty Ltd. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Kalium Lakes Potash Pty Ltd.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation of Standards' and AASB 1054 'Australian Additional Disclosures', as appropriate for for-profit oriented entities.

*Comparatives*

The financial statements provide comparative information in respect of the previous period. The company was incorporated on 1 October 2014. As such, the comparative information presented in the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the accompanying notes is for a period of 9 months.

*Historical cost convention*

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

*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 company'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 2.

**Note 1. Significant accounting policies (continued)**

**Going Concern**

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company incurred losses of \$3,647,069 and had net cash outflows from operating activities of \$2,762,446 for the year ended 30 June 2016.

The Directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The company is completing a prospectus for listing on the Australian Securities Exchange on or around October 2016. In the event that the listing is delayed, the company has the ability to issue additional shares to raise further working capital. The company has been successful in doing this previously as disclosed in the statement of cash flows, with net proceeds from issue of shares of \$2,783,239 for the current financial year and \$1,311,200 for the previous financial year; and
- The company has the ability to scale down its operations in order to save costs, in the event insufficient cash is available to meet future expenditure commitments.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Current and non-current classification**

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 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 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.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**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 provision for impairment. Trade receivables are generally due for settlement within 30 days.

**Note 1. Significant accounting policies (continued)**

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Impairment of non-financial assets**

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

**Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	5 years
Office Equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

**Exploration, evaluation and development expenditure**

Exploration and evaluation are written off as incurred. The group'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.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences. When production commences, carried forward exploration, evaluation and development costs are amortised on a units of production basis over the life of the economically recoverable reserves.

**Note 1. Significant accounting policies (continued)**

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial period 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.

**Fair value measurement**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Kalium Lakes Pty Ltd.'s functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is directly recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

**Issued capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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 tax authority is included in other receivables or other payables in the statement of financial position.

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.

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

**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 company for the annual reporting year ended 30 June 2016. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. 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 are discussed below.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The company 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 company 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.

*Research & Development tax rebate*

The receivable and corresponding revenue recognised at the reporting date is based on estimates made by R&D tax specialists from the utilisation of historical cost data.

**Note 3. Revenue**

	<b>2016</b>	<b>(9 months)</b>
	<b>\$</b>	<b>2015</b>
		<b>\$</b>
<i>Other income</i>		
Foreign exchange gain	446	-
Interest	13,843	-
Research & Development Tax Offset	835,459	849,765
	<u>849,748</u>	<u>849,765</u>
Revenue	<u>849,748</u>	<u>849,765</u>

**Note 4. Current assets - cash and cash equivalents**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	<u>621,707</u>	<u>599,556</u>
	<u>621,707</u>	<u>599,556</u>

**Kalium Lakes Potash Pty Ltd**  
**Notes to the financial statements**  
**30 June 2016**

**Note 5. Current assets - trade and other receivables**

	<b>2016</b>	<b>(9 months)</b>
	<b>\$</b>	<b>2015</b>
		<b>\$</b>
GST Refundable	43,705	184,705
Research & Development Tax Offset Receivable	835,457	849,765
Other receivables	-	849,404
	<u>879,162</u>	<u>1,883,874</u>

**Note 6. Non-current assets - property, plant and equipment**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment - at cost	11,350	-
Less: Accumulated depreciation	(1,351)	-
Office Equipment – at cost	1,135	-
Less: Accumulated depreciation	(33)	-
	<u>11,101</u>	<u>-</u>
	<u>11,101</u>	<u>-</u>

**Note 7. Current liabilities - trade and other payables**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Accounts Payable	257,484	432,266
Other payables	6,134	179,757
Credit card	6,114	-
	<u>269,732</u>	<u>612,023</u>

**Note 8. Current liabilities - borrowings**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Related party borrowings	-	479,320
	<u>-</u>	<u>479,320</u>

**Kalium Lakes Potash Pty Ltd**  
**Notes to the financial statements**  
**30 June 2016**

**Note 9. Equity - issued capital**

	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>126,631,507</u>	<u>112,324,004</u>	<u>6,353,421</u>	<u>2,856,001</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

**Note 10. Remuneration of auditors**

During the financial period the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	<b>2016</b>	<b>(9 months)</b>
	<b>\$</b>	<b>2015</b>
		<b>\$</b>
<i>Audit services - RSM Australia Partners</i>		
Audit of the financial statements	<u>18,000</u>	<u>5,000</u>
<i>Other services - RSM Australia Pty Ltd</i>		
RSM Tax Services – Research & Development Tax	<u>51,131</u>	<u>-</u>
RSM Business Advisory – other financial services	<u>46,972</u>	<u>2,376</u>
	<u>106,103</u>	<u>7,376</u>

**Note 11. Contingent liabilities**

The company has no contingent liabilities as at 30 June 2016.

**Note 12. Commitments**

The company had \$184,647 worth of rental and rates expenditure commitments as at 30 June 2016 relating to its tenements.

**Note 13. Events after the reporting period**

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.



**Kalium Lakes Potash Pty Ltd**  
**Notes to the financial statements**  
**30 June 2016**

**Note 14. Reconciliation of profit after income tax to net cash from operating activities**

	2016	(9 months) 2015
	\$	\$
Loss after income tax expense for the year	(3,647,069)	(1,464,114)
Adjustments for:		
Depreciation and amortisation	1,384	-
Interest income	(13,843)	-
Invoices paid via related party loan	-	185,727
Invoices paid via issue of equities	904,309	632,360
Change in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	155,307	(971,233)
(Decrease)/increase in trade and other payables	(162,534)	612,023
Net cash (used in)/provided by operating activities	<u>(2,762,446)</u>	<u>1,005,237</u>

**Kalium Lakes Potash Pty Ltd**  
**Directors' Declaration**  
**30 June 2016**

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the purposes of complying with the Corporations Act 2001 requirements to prepare and distribute financial statements to the owners of Kalium Lakes Potash Pty Ltd;
- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards as described in note 1 to the financial statements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



---

Mr Brett William Hazelden  
Director  
2 September 2016  
Perth



**RSM Australia Partners**

8 St Georges Terrace Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61(0) 8 92619100

F +61(0) 8 92619111

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
KALIUM LAKES POTASH PTY LTD**

We have audited the accompanying financial report, being a special purpose financial report, of Kalium Lakes Potash Pty Ltd ("the company"), which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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

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

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

**THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING**

RSM Australia Pty Ltd 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.

RSM Australia Pty Ltd ACN 009 321 377 atf Birdanco Practice Trust ABN 65 319 382 479 trading as RSM

Liability limited by a scheme approved under Professional Standards Legislation

*Independence*

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

*Auditor's Opinion*

In our opinion the financial report of Kalium Lakes Potash Pty Ltd is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

*Basis of Accounting*

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

*RSM*

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads 'David Wall'.

D J WALL  
Partner

Perth, WA  
Dated: 2 September 2016