



**PARKWAY MINERALS NL**

A.C.N. 147 346 334

**Annual Report**

For the year ended  
30 June 2020

2020

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# Parkway Minerals NL

A.C.N. 147 346 334

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# Parkway Minerals NL

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## Corporate directory

### Directors:

Adrian Griffin  
Patrick McManus (resigned 30 April 2020)  
Natalia Streltsova (resigned 17 September 2019)  
Patrick Power (appointed 17 September 2019)  
Bahay Ozcakmak (appointed 17 September 2019)  
Richard Beresford (appointed 12 March 2020)

### Company Secretary:

Amanda Wilton-Heald

### Auditor:

Ernst & Young  
Ernst & Young Building  
11 Mounts Bay Road  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 9429 2222  
Facsimile (+61 8) 9429 2436

### Share Registry:

Advanced Share Registry  
160 Stirling Highway  
Nedlands WA 6009 AUSTRALIA  
Telephone (+61 8) 9389 8033  
Facsimile (+61 8) 9262 3723

### Registered and Principal Office

Level 1  
675 Murray Street  
West Perth WA 6005  
Telephone (+61 8) 9479 5386  
Website [www.parkwayminerals.com.au](http://www.parkwayminerals.com.au)  
Email [info@parkwayminerals.com.au](mailto:info@parkwayminerals.com.au)

### Stock Exchange Listing

Parkway Minerals NL shares are listed on the Australian Securities Exchange (ASX code: PWN) and OTC Pink (OTC Pink code: PWNNY).

### Solicitors

HWL EBSWORTH Lawyers  
Level 20, 240 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone (+61 8) 6559 6500

### Bankers

National Australia Bank  
Ground Floor  
100 St Georges Terrace  
Perth WA 6000 AUSTRALIA  
Telephone: (+61 8) 9441 9313

# Parkway Minerals NL

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## CHAIRMAN'S LETTER

Dear Shareholder

So far, 2020 is shaping-up to be a volatile and challenging period for the global economy. Whilst the ongoing COVID-19 pandemic continues to present many challenges and disruptions, these impacts are occurring during a period of continued technological innovation and accelerating adoption of both new and existing technologies. Underlying some of these broad trends, particularly those associated with decarbonisation of power generation and electrification of transport, is the increasing awareness of environmental, social and corporate governance (ESG) related themes. As societal expectations evolve and the investment community increasingly adopts more sustainable investing approaches, ESG principles are creating challenges for legacy industries, whilst at the same time, creating opportunities in new industries, and for more innovative business models.

Against this backdrop of accelerating change, the last year for Parkway Minerals has also been a period of significant transformation and rejuvenation. Since listing in 2011, Parkway Minerals was primarily focused on the Dandaragan Trough Project (DTP), where a significant greensand deposit, abundant in phosphate and potassium resources, was successfully delineated over several years. Despite developing the proprietary K-Max® process to extract potassium from the greensands at the DTP, in more recent times, the board identified that the investment community was unlikely to be supportive of the next stages of evaluation at this project.

Recognising the limited growth opportunities at the DTP, in October 2019, Parkway Minerals completed a transformational transaction through the acquisition of Consolidated Potash Corporation (CPC). By acquiring CPC, Parkway Minerals acquired a minority interest in the Karinga Lakes Potash Project (KLPP) in the Northern Territory, in Australia. The CPC transaction, also resulted in Parkway Minerals acquiring the innovative aMES™ technology, which has been developed to process a range of challenging brine streams from the mining industry, in order to recover valuable minerals, reagents as well as produce fresh water. During the year, significant progress has been made in relation to commercialising the aMES™ technology, by building an in-house process engineering team and collaborating with leading strategic partners and prospective clients to deliver, BPaaS – Brine Processing as a Solution™.

Through the acquisition of CPC, the management of Parkway Minerals has also been transformed, with the appointment of Patrick Power, a Vancouver based mining executive, with significant experience in equity capital markets as well as in the development of a significant Canadian potash company. As part of the CPC acquisition, Bahay Ozcakmak was appointed executive director of Parkway Minerals, and following the 2019 AGM, Bahay assumed the role of managing director. Bahay has extensive experience commercialising innovative technologies targeting the production and processing of various brine streams for a range of industrial applications including the production of energy, water and minerals.

More recently, Richard Beresford joined the board in the capacity of a non-executive director. Richard has broad technology commercialisation experience, and significantly strengthens the board's corporate governance and ESG related capabilities, which align strongly with the future direction of Parkway Minerals.

Parkway Minerals continues to hold a strategic investment in Davenport Resources (ASX: DAV), which has successfully delineated a globally significant potash resource in Germany and has recently completed scoping studies which have delivered excellent technical and economic results and provide Davenport Resources with an attractive opportunity to create and unlock substantial value.

As we position Parkway Minerals for future success, I would like to thank all our stakeholders, including our shareholders, collaborators and staff for your continued support and look forward to providing further updates on our ongoing progress in commercialising our world-class technology portfolio to provide long-term sustainable solutions for processing complex brines, in the energy, mining and wastewater industries.

Yours Sincerely,

**Adrian Griffin**  
Chairman

# Parkway Minerals NL

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## Directors' Report

The Directors present their report on Parkway Minerals NL and its controlled entities ("Parkway", "the Company" or "PWN") for the year ended 30 June 2020.

### Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below, directors were in office for the entire year unless otherwise stated.

Adrian Griffin (Non-executive Chairman)

Patrick McManus (Managing Director): resigned 30 November 2019 and continued as Non-executive Director;  
(Non-executive Director): resigned 30 April 2020

Natalia Streltsova (Non-executive Director): resigned 17 September 2019

Patrick Power (Non-executive Director): appointed 17 September 2019

Bahay Ozcakmak (Executive Director): appointed 17 September 2019, resigned 28 November 2019  
(Managing Director): appointed 28 November 2019

Richard Beresford (appointed 12 March 2020)

### Names, qualifications, experience and special responsibilities

Adrian Griffin *Non-Executive Chairman* (appointed 12 November 2010)

#### Qualifications

Bsc(Honours), GSA, MAusIMM

Adrian Griffin, an Australian-trained mining professional, has had exposure to metal mining and processing worldwide during a career spanning more than three decades. A pioneer of the lateritic nickel processing industry, he has helped develop extraction technologies for a range of minerals over the years. Today, Adrian specialises in mine management and production. He is a former Chief Executive Officer of Dwyka Diamonds Limited, an AIM- and ASX-listed diamond producer, was a founding director and executive of Washington Resources Limited and also a founding director of Empire Resources Limited, Ferrum Crescent Limited and Reedy Lagoon Corporation Limited. Moreover, Mr Griffin was a founding director of ASX-listed Northern Minerals, of which company he is currently a non-executive director. He is also managing director of ASX-listed Lithium Australia NL.

#### *Other listed company directorships during the last 3 years:*

Northern Minerals Ltd (Director June 2006 – present), Reedy Lagoon Corporation Ltd (Director June 2014 – present) and Lithium Australia NL (Director February 2011 – present).

Adrian Griffin is also a member of the Audit & Risk Committee, Remuneration Committee (Chairman) and the Nomination Committee.

Patrick McManus *Managing Director* (resigned 30 November 2019)  
*Non-Executive Director* (resigned 30 April 2020)

#### Qualifications

Bsc(Honours), MBA

Patrick McManus has a degree in mineral processing from Leeds University and an MBA from Curtin University. A mining professional for more than 30 years, his work has taken him to many sites within Australia and overseas, including Eneabba and the Murray Basin in Australia, and Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for RioTinto, RGC Limited and Bemax Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited.

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## Directors' Report (continued)

*Other listed company directorships during the last 3 years:*  
Davenport Resources NL (Director January 2017 – present).

Natalia Streltsova *Non-Executive Director* (resigned 17 September 2019)

### Qualifications

MSc, PhD (Chem Eng), GAICD, MSME, MCIM

Dr Natalia Streltsova is a senior executive with over 27 years' experience in the minerals industry of which 15 years, prior to forming her own consulting business in 2014, was spent in various leadership and technical roles with major mining houses including Vale SA (formerly CVRD), BHP Billiton and WMC Resources Limited. In all of these roles, there was considerable interaction with operations to provide support as well as to identify and implement innovative projects leading to increased production and cost reduction.

Dr Streltsova has a strong background in mineral processing and metallurgy with broad international experience in project, technical and business development capacities. Dr Streltsova has previously been a director on a number of Vale subsidiary boards as well as on several collaborative industry boards. She is also a Non-Executive Director on ASX listed Neometals Limited.

*Other listed company directorships during the last 3 years:*  
Neometals Limited (Director April 2016 – present)

Patrick Power *Non-executive Director* (appointed 17 September 2019)

Mr Patrick Power is the founder of Western Potash, and was instrumental in securing substantial investment for the company and advancing the Milestone (under construction) project in Saskatchewan, Canada. Mr Power brings over 25 years' experience in mining finance, management and venture capital. Mr Power is currently a director of Western Potash and President and CEO of Arctic Star Exploration, a diamond exploration company. He has served as a director of other mineral exploration companies including Amarillo Gold Corp., First Narrows Resources Corp., and Goldtex Resources Ltd.

*Other listed Company directorships during the last 3 years:*  
Western Potash Corp. (Director April 2007 – April 2017), Arctic Star Exploration Corp. (Director June 2003 – Present).

Bahay Ozcakmak *Executive Director* (appointed 17 September 2019, resigned 28 November 2019)  
*Managing Director* (appointed 28 November 2019)

### Qualifications

BSc, MABus, DipFin(Inv.), MAICD

Mr Bahay Ozcakmak is the founder of Activated Water Technologies Pty Ltd ("AWT") and was the CEO of AWT's parent company, Consolidated Potash Corporation Ltd ("CPC"), up until its acquisition by Parkway. In addition to two decades of successful technology commercialisation experience, Mr Ozcakmak has extensive corporate development expertise, including M&A in the energy and mining sectors, where he has led the successful acquisition of several flagship projects and major corporate transactions, particularly with listed companies.

Mr Ozcakmak has broad corporate experience ranging from business and corporate strategy development through to CEO and director level roles in the energy and mining sectors. Recent experience with resources companies have focused on gold, copper, nickel, cobalt, lithium, potash and uranium projects. Mr Ozcakmak is currently a director of several private and public companies including TSX-Venture listed Fidelity Minerals Corp.

*Other listed company directorships during the last 3 years:*  
TSX Venture exchange listed: Lions Bay Capital Inc. (Director May 2018- October 2019), Fidelity Minerals Corp. (Director June 2018 – Present).

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## Directors' Report (continued)

Richard Beresford *Non-executive Director* (appointed 12 March 2020)

### Qualifications

BSc (Mechanical Engineering), MSc (Technology and Development), and is a member of FAIE and FAICD

Mr. Beresford has over 30 years' experience in the international energy natural gas and renewable energy industries. Mr. Beresford served as a director of Eden Energy Limited. Mr. Beresford held the position of Executive Chairman of Green Rock Energy Limited (ASX: BKT), a Perth based energy explorer and developer from 2012 to 2015. Prior to his appointment as Executive Chairman he was the Managing Director and a non-executive director from 2008 to 2012. Mr. Beresford was Head of Gas Strategy and Development of CLP Power Hong Kong Limited from 2005 to 2007. Mr. Beresford spent five years with Woodside Petroleum Limited and 12 years with British Gas Plc.

### Other listed company directorships during the last 3 years:

Eden Energy Limited (Director May 2007 – May 2018), Liquefied Natural Gas Limited (Feb 2004 – 30 April 2020).

### Company secretary

Amanda Wilton-Heald (appointed 7 March 2018)

Amanda is a Chartered Accountant with over 20 years of accounting, auditing (of both listed and non-listed companies) and company secretarial experience within Australia and the UK. Amanda has been involved in the listing of junior explorer companies on the ASX and has experience in corporate advisory and company secretarial services.

### Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors (including related parties) in the shares and options of the company were:

	Number of ordinary shares	Number of options over ordinary shares	Partly paid contributing shares
Adrian Griffin	20,046,552	8,833,333	4,950,217
Bahay Ozcakmak	214,595,618	24,833,333	52,424,060
Patrick Power	685,399	5,000,000	-
Richard Beresford	-	5,000,000	-

### Dividends

No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

## OPERATING AND FINANCIAL REVIEW

### Principal activities

The principal activity of the entity during the financial year was the exploration for minerals and commercialisation of proprietary brine processing technologies, with applications in the energy and mining sectors.

### Operating results for the year

The loss after income tax expense for the year ended 30 June 2020 was \$2,421,674 (2019: \$2,009,060).

# Parkway Minerals NL

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## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

#### Financial Performance

	2020	2019	% Increase/ (Decrease)
	\$	\$	
Total income	102,023	335,231	-69.57%
Loss before tax	(2,421,674)	(2,009,060)	20.54%
Loss after income tax expense	(2,421,674)	(2,009,060)	20.54%
Loss per share (cents)	(0.15)	(0.28)	-46.43%

The financial position of the Group is presented in the attached Consolidated Statement of Financial Position.

As at 30 June 2020, the group had a net asset balance of \$6,147,779 an increase of \$3,480,918 from 30 June 2019. The cash balance increased from \$120,981 to \$2,001,380 as at 30 June 2020. For further details, refer to the consolidated statement of financial position.

#### Introduction

During fiscal 2019-20 Parkway Minerals NL ("**Parkway Minerals**" or "**the Company**") has undergone significant transformation and rejuvenation. In October 2019, the Company completed a transformational transaction through the acquisition of Consolidated Potash Corporation (CPC). By acquiring CPC, Parkway Minerals acquired a minority interest in the Karinga Lakes Potash Project (KLPP) in the Northern Territory in Australia. The CPC transaction, also resulted in Parkway Minerals acquiring the innovative aMES™ technology.

Following the acquisition of CPC, significant progress continued to be made in relation to commercialising the aMES™ technology, by building an in-house process engineering team and collaborating with leading strategic partners and prospective clients to deliver, BPaaS – Brine Processing as a Solution™. Recognising the advantages of building a brine processing technology portfolio, in May 2020, the Company acquired the iBC™ technology.

Given Parkway Minerals has the opportunity to share in project development related benefits through the strategic application of the aMES™ technology, potentially through licensing, without necessarily needing to contribute to project development related costs, participation in the earlier resource exploration phase is a substantial risk the board has deemed to be unnecessary, for the creation of substantial value. In this regard, whilst the Company has retained its interest in the KLPP, interests in all other exploration related projects, including Lake Seabrook Project (LSP) and the Dandaragan Trough Project (DTP) were relinquished during the period, with the New Mexico Lithium Project (NMLP) relinquished in late August 2020.

#### SUMMARY OF PROJECT PORTOLIO

##### Karinga Lakes Potash Project (KLPP)

The KLPP is a Joint Venture (JV) with Verdant Minerals Ltd in the Northern Territory (*Figure 1*). Prior to its acquisition by Parkway Minerals, CPC earned an initial 15% interest in the KLPP by completing a scoping study in February 2019. Parkway Minerals also has the right to acquire up to 40% through staged investment of a further \$2 million, a large proportion of these funds have already been expended. Parkway Minerals also holds a conditional option to acquire an additional 10.1% in the project, under certain circumstances.

##### Resource Appraisal

- The KLPP has undergone comprehensive resource appraisal and represents a highly prospective sulphate of potash (SOP) brine project.
- Verdant Minerals have been exploring the KLPP area since May 2010 and on 20 February 2014 reported a historical in-situ potash resource for the project. The 2014 resource is based on the total porosity and is in the process of being updated.



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## Directors' Report (continued)

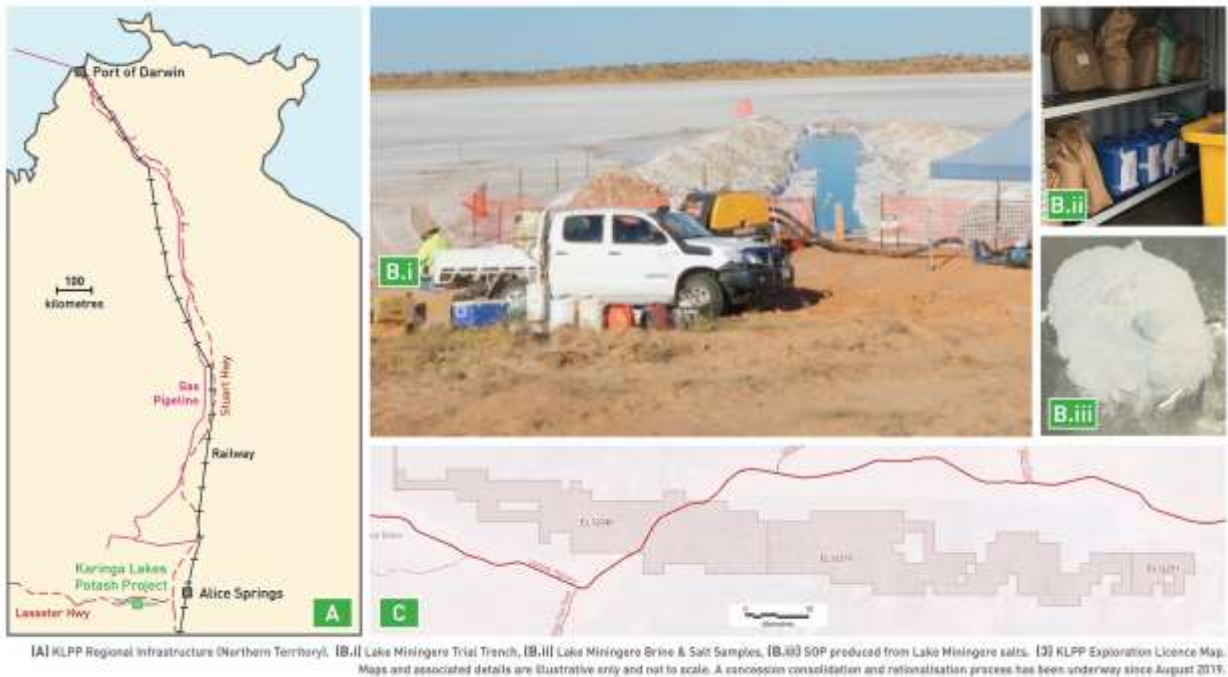
### OPERATING AND FINANCIAL REVIEW (continued)

- Most of the process development studies performed to date, have been based on brine and salt feedstocks from Lake Mingere, where the reported brine composition was deemed to be particularly well suited for the production of sulphate of potash (SOP).

#### Resource Appraisal Activities

The potash brine investigations including those utilised for the purposes of resource appraisal and reporting were based on data acquired over several years, including:

- 93 brine samples from hand dug pits
- 4 small backhoe trenches which were pump tested
- 8 vibracore drill holes, 73 sonic drill holes & 200 aircore drill holes
- 42 installed 50mm piezometers around drill holes & 48 piezometers around trenches
- 47 installed 100mm wells
- 10 pumping tests from 100mm wells
- 4 long term pump tests from 3 trenches and a well
- 142 porosity samples.



**Figure 1:** Karinga Lakes Potash Project (KLPP), NT, Australia.

In May 2020, Parkway Minerals commenced a Preliminary Feasibility Study (PFS) for the project based on the strategic application of the aMES™ technology. As the Company's aMES™ commercialisation partner (see *Summary of Technology Portfolio*, section below), the study manager for the PFS is Worley, with the study incorporating a re-evaluation of the historical in-situ sulphate of potash (SOP) resource, with the objective of reporting an updated recoverable potash resource as part of the study.

Verdant Minerals Ltd is currently undertaking a tenement rationalisation process focused on holding essentially a very similar project area, but consolidating the Exploration Licences from 7 to 3 contiguous licences, therefore simplify dealings with relevant stakeholders.

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## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

#### New Mexico Lithium Project (NMLP)

The NMLP covers the central portion of the Lordsburg Playa in southwest New Mexico, in the United States. During the period, Parkway Minerals earned a 70% interest in the project by funding tenement renewals and early stage exploration and had the right to move to 100% ownership. The NMLP represents an attractive exploration opportunity for the discovery of mineral rich brines. Due to the anticipated temperature and composition of the interpreted in-situ brines, the project was considered to be potentially suitable for development with the aMES™ technology, upon discovery of a suitable brine hosted mineral resource.

Despite the prospectivity of the project, in late August 2020, the Company made the strategic decision to relinquish its interest in the NMLP (see note *Significant events after the balance date*, for further details).

#### Dandaragan Trough Project (DTP)

The DTP, located 175km north of Perth in Western Australia, consisted of sedimentary deposits of greensands which contained glauconite, a potash rich mica, and phosphate nodules. The project objective was to produce potash and phosphate fertilisers and a range of by-products. Despite delineating a significant mineral resource over several years, the Company determined that advancing the project to a more advanced stage of evaluation, would require significant additional funding, which was unlikely to be secured in the near-term, given the significant capital intensity of the project. In order to advance the project, the company has undergone several initiatives in recent years to attract a potential joint venture partner, which ultimately proved unsuccessful. In light of these challenges, during the period, the Company progressively relinquished all of its interests in the DTP.

#### Lake Seabrook Project (LSP)

The LSP covered a salt lake close to the Koolyanobbing iron ore mining area, straddling the Perth to Kalgoorlie rail-line, in Western Australia. Following encouraging initial brine sampling results, following the acquisition of CPC, and the subsequent focus on advancing the KLPP, all interests in the LSP were relinquished during the period.

### SUMMARY OF TECHNOLOGY PORTFOLIO

During the reporting period, following the acquisition of CPC, the Company established the Parkway Minerals – Engineering & Technical Office at Victoria University, in Melbourne, Australia. The Company has also established a process engineering team, to assist in the commercialisation of the brine processing technology portfolio, which includes the iBC™ brine pre-treatment and aMES™ brine processing technologies. The Company has performed a range of evaluations regarding the potential application of the Company's brine processing technologies, for a number of companies operating predominantly in the energy and mining sectors. In order to accelerate the commercialisation of the aMES™ technology, in May 2020, Parkway Minerals entered into a Global Strategic Cooperation Agreement with major global engineering services company, Worley.

#### aMES™ Technology

The *activated Mineral Extraction System*, or aMES™ is an innovative process technology that enables the treatment of concentrated brine solutions to recover a range of valuable compounds, reagents and fresh water. The technology utilises a proprietary multi- staged process incorporating novel membrane technology and is based on proprietary IP, incorporating patents, expertise and know-how acquired over more than a decade of intense process development.

Advantages of the aMES™ technology include:

- improvements in mineral recovery and product quality,
- opportunity for substantial project capex & opex savings,
- efficient use of energy and produces pure water as a by-product, and
- improved project footprint and environmental sustainability.

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## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

Ongoing collaboration with a number of brine project developers and operators has confirmed there are many applications where the aMES™ technology has the potential to deliver substantial value by enhancing existing flowsheets, in order to improve overall project performance.

#### iBC™ Technology

The *integrated Brine Causticization*, or iBC™ is a patented process technology that simultaneously removes common impurities from waste brine streams and converts sodium carbonates and bicarbonates commonly found in coal seam gas (CSG) brines, into more soluble sodium hydroxide. As a result of the causticization step, the iBC™ technology produces a purified brine suitable for downstream processing, including with the aMES™ technology, for the production of various salt products and industrial-grade sodium hydroxide.

#### K-MAX® Technology

The K-Max® process uses hot sulphuric acid to leach glauconite at atmospheric pressure, extracting potassium and other elements to make a range of products, including sulphate of potash (SOP), high magnesium SOP, (KMS), phosphoric acid, aluminium sulphate (alum) and iron oxide. The process is also applicable to other mica-like minerals, such as phlogopite.

#### Strategic Investments

##### Davenport Resources (ASX:DAV)

Parkway Minerals holds a strategic investment (34.3 million shares) in Davenport Resources (ASX: DAV), which has successfully delineated a globally significant in-situ potash resource (in excess of 550 million tonnes of contained potash) across 4 projects, at its South Harz project in Germany. Recently completed scoping studies have delivered excellent technical and economic results and provide Parkway Minerals with encouragement that this investment will generate significant returns as well as provide Parkway Minerals with the opportunity to investigate a range of value-accretive initiatives.

#### Significant changes in the state of affairs

Other than the above, there have been no significant changes in the state of affairs for the year.

#### Significant events after the balance date

During the financial year, the Group established an Engineering & Technical Office co-located at Victoria University's Werribee Campus, the site where the majority of the laboratories and piloting facilities associated with the Group's various technology program are located.

On 2 August 2020, Melbourne (where the Werribee Campus is located) moved to Stage 4 Restrictions associated with the COVID-19 outbreak. During the Stage 4 Restrictions, access to the Werribee Campus has been reduced significantly and has been limited to essential activities. Key personnel supporting the Group's activities have been granted certain exemptions, allowing key activities to proceed with the adoption of relevant safety protocols, albeit on reduced schedules to minimise risks. The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Governments such as maintaining social distancing requirements, quarantine, travel restrictions and economic stimulus that may be provided.

On 25 August 2020, despite the prospectivity of the NMLP, given i) recently identified project access related challenges, ii) COVID-19 related operational difficulties in the United States, iii) the continued collapse in lithium prices throughout 2020, and iv) the relatively high holding costs, the Company decided to relinquish its interest in the NMLP.

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## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

#### Likely Developments and expected results

The Company remains focused on:

- Completion of the KLPP pre-feasibility study, as this will showcase the advantages of the aMES™ technology and provide valuable technoeconomic data to support ongoing business development initiatives.
- Successful installation, commissioning and operation of the new state-of-the-art aMES™ pilot plant at Victoria University, will provide valuable engineering data, and will also support ongoing business development.
- Successful commercialisation of the world-class technology portfolio to provide long-term sustainable solutions for processing complex brines, in the energy, mining and wastewater industries.

#### Environmental regulation and performance

The Company's activities are subject to Australian legislation relating to the protection of the environment. The Company is subject to significant environmental legal regulations in respect to its exploration and evaluation activities. There have been no known breaches of these regulations and principles.

#### Indemnification and Insurance of directors and officers

The Company has entered into deeds of access and indemnity with the officers of the Company, indemnifying them against liability incurred, including costs and expenses in successfully defending legal proceedings. The indemnity applies to a liability for costs and expenses incurred by the director or officer acting in their capacity as a director or officer.

Except in the case of a liability for legal costs and expenses, it does not extend to a liability that is:

- (a) owed to the Company or a related body corporate of the Company;
- (b) for a pecuniary penalty order under section 1317G or a compensation order under section 1317H or section 1317HA of the *Corporations Act 2001*; or

Similarly, the indemnity does not extend to liability for legal costs and expense:

- (c) owed to someone other than the Company or a related body corporate of the Company where the liability did not arise out of conduct in good faith. Similarly, the indemnity does not extend to liability for legal costs and expenses;
- (d) in defending proceedings in which the officer is found to have a liability described in paragraph (a), (b) or (c);
- (e) in proceedings successfully brought by the Australian Securities and Investments Commission or a liquidator; or
- (f) in connection with proceedings for relief under the *Corporations Act 2001* in which the court denies the relief.

During or since the financial year, the Company has paid premiums in respect of a contract insuring all the Directors and Officers. The terms of the contract prohibit the disclosure of the details of the insurance contract and premiums paid.

#### Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

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## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

#### Share Options

As at the date of this report there were 358,292,664 unissued ordinary shares under options.

During the financial year ended 30 June 2020, the Company issued 194,666,665 free attaching unlisted options exercisable at \$0.02 expiring 16 December 2022.

The Company also issued the total of 108,499,999 unlisted options exercisable at \$0.02 expiring 16 December 2022 to the employees and consultants as part of the option based payments.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the company or any related body corporate.

#### Non-audit services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company are important. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for audits by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provide means that auditor independence was not compromised.

Details of the amounts paid or payable to the auditor, Ernst & Young, for non-audit services provided during the year are set out below.

	2020	2019
	\$	\$
Remuneration of Ernst & Young for:		
- research & development tax concession	9,878	17,861
- tax compliance	24,630	11,072
	<b>34,508</b>	<b>28,933</b>

#### Directors' meetings

Meetings of directors held and their attendance during the financial year were as follows:

Name of director:	Directors' meeting held whilst in office	Directors' meetings attended	Audit and Risk Committee meetings held	Audit and Risk Committee meetings attended	Remuneration Committee meetings held	Remuneration Committee meetings attended	Nomination committee meetings held	Nomination committee meetings attended
Adrian Griffin	8	8	2	2	1	1	1	1
Patrick McManus	7	7	-	-	-	-	-	-
Natalia Streltsova	3	1	-	-	-	-	-	-
Patrick Power	6	5	2	1	1	-	1	-
Bahay Ozcakmak	6	6	-	-	-	-	-	-
Richard Beresford	2	2	-	-	1	1	1	1

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## Directors' Report (continued)

### OPERATING AND FINANCIAL REVIEW (continued)

#### Remuneration Report (audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, and includes executives of the Company. The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

The remuneration report for 2019 was adopted at the 2019 Annual General meeting. 495,473,680 votes were in favour of the report and 1,409,925 were against. No questions or comments were raised relating to the report.

No remuneration consultants were used during the year.

#### Details of Key Management Personnel

##### (i) Directors:

Adrian Griffin	Non-Executive Chairman
Patrick McManus	Non-Executive Director (resigned 30 April 2020)
Natalia Streltsova	Non-Executive Director (resigned 17 September 2019)
Patrick Power	Non-Executive Director (appointed 17 September 2019)
Bahay Ozcakmak	Managing Director (appointed 17 September 2019)
Richard Beresford	Non-Executive Director (appointed 12 March 2020)

##### (ii) Executives:

James Guy	Exploration Manager
Robert Van Der Laan	Chief Financial Officer

#### Remuneration Philosophy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives.

To this end, the Company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value.

Shares and options issued under the incentive plans provide an incentive to stay with the Company. At this time, shares and options issued do not have performance criteria attached. This policy is considered to be appropriate for the Company, having regard to the current state of its development.

The Company does not have a policy which precludes directors and executives from entering into contracts to hedge their exposure to options or shares granted to them as remuneration.

The Company also recognises that, at this stage in its development, it is most economical to have only a few employees and to draw, as appropriate, upon a pool of consultants selected by the directors on the basis of their known management, geoscientific, and engineering and other professional and technical expertise and experience. The Company will nevertheless seek to apply the principles described above to its directors and executives, whether they are employees of/or consultants to the Company.

# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Remuneration Committee Responsibilities

The Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

#### Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive and executive director remuneration is separate and distinct.

#### Non-executive director remuneration

##### *Objective*

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

##### *Structure*

The Company's constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors must be determined from time to time by shareholders of the Company in a general meeting. An amount not exceeding the amount determined is then divided between the non-executive directors. As at the date of the report, the aggregate directors' fees for non-executive Directors has been set at an amount not exceeding \$200,000 per annum (2019: \$200,000 per annum).

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive directors is reviewed annually. The Board may consider advice from external consultants (none were used during the current year), as well as the fees paid to non-executive directors of comparable companies, when undertaking the annual review process. The remuneration report has been approved by shareholders at the annual general meeting.

#### Agreements with non-executive directors

The director's fees of \$90,000 per annum inclusive of superannuation requirements were paid, or due and payable to Mr Adrian Griffin. In the event of termination, there is no notice period required.

The director's fees of \$48,000 per annum inclusive of superannuation requirements were paid, or due and payable to Mr Patrick Power and Mr Richard Beresford. In the event of termination, there is no notice period required.

Each non-executive director receives a fee for being a director of the Company. No additional fee is paid for participating in the Audit, Remuneration and Nomination Committees.

Non-executive directors are encouraged by the Board to hold shares in the Company (purchased on-market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The non-executive directors of the Company may also participate in the share and option plans as described in this report.

# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

As an incentive to employees, Directors, executive officers and consultants, the Company has adopted a scheme called the Parkway Minerals Employee Incentive Scheme ('the Scheme'). The purpose of the Scheme is to give employees, Directors, executive officers and consultants of the Company an opportunity to subscribe for shares and/or options in the Company. The Directors consider that the Scheme will enable the Company to retain and attract skilled and experienced employees, Board members and executive officers and provide them with the motivation to participate in the future growth of the Company and, upon becoming shareholders in the Company, to participate in the Company's profits and development.

Under the director fee and senior management fee sacrifice share plan, those participated directors and management sacrifice 30% of their fee toward shares each month. The share price is determined by market using 5 days VWAP calculation from the service date. These shares are issued every 6 months.

#### Executive director and senior management remuneration

##### *Objective*

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- reward executives for Company, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

##### *Structure*

- At this time, the cash component of remuneration paid to the Executive directors, and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Company, under which they receive a contract rate based upon the number of hours of service supplied to the Company. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Company, having regard to the current state of its development.
- Executive directors are encouraged by the Board to hold shares in the Company (purchased on-market and in accordance with the Company's approved policies to ensure there is no insider trading). It is considered good governance for directors of a company to have a stake in that company. The Executive directors of the Company may also participate in the share and option plans as described in this report.

##### *Performance table*

The following table details the loss of the Company from continuing operations after income tax, together with the basic loss per share for last 5 financial years:

	2020 \$	2019 \$	2018 \$	2017 \$	2016 \$
Net loss from continuing operations after income tax	(2,421,674)	(2,009,060)	(4,817,991)	(1,784,884)	(184,648)
Basic loss per share in cents	(0.15)	(0.28)	(0.81)	(0.43)	(0.07)
Share Price in Cents	0.72	0.4	1.0	1.0	3.2

No dividends were paid in any of these years.



# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Executive director and senior management remuneration

Long-Term Incentive ("LTI") awards to executives are made under the Employee Share Plan ("ESP") and are delivered in the form of shares. The Company issued employee incentive options as part of LTI during this financial year.

#### *Agreement with Managing Director*

On the 28 November 2019, the Company announced the appointment of Mr Bahay Ozcakmak as the new managing director. Mr Bahay Ozcakmak's annual remuneration is \$275,000 per annum inclusive of superannuation requirement and share based payment.

The agreement can be terminated by the Company by giving six months' notice.

#### *Agreement with Chief Financial Officer*

Mr Robert Van Der Laan was appointed as Chief Financial Officer, effective on 13 May 2011. On 5 August 2011 the company entered into an agreement containing the terms and conditions under which the services of Chief Financial Officer are provided. In the event of termination, there is no notice period required.

The agreement involves the payment to the Company associated with Robert Van der Laan of an hourly fee of \$120 and reimbursement of expenses. The hourly rate was revised up to \$130 effective from 1 July 2013. Transaction is considered to be on normal commercial terms and conditions no more favourable than those available to other parties.

#### *Agreement with Exploration Manager – James Guy*

On 22 September 2016, the Company and a company associated with Mr James Guy entered into an agreement containing the terms and conditions under which the services of the Exploration Manager are provided to the Company. In the event of termination, there is no notice period required.

The agreement involves the payment to a company associated with Mr Guy of monthly fee of \$4,000 and he will sacrifice 30% of additional consulting fees at a rate of \$112 per hour in shares. Transaction is considered to be on normal commercial terms and conditions no more favourable than those available to other parties.

#### Directors' Remuneration 2020

Director	Short-term		Post-employment benefits		Share and Option Based Payments		Total
	Directors' Fees	Salary and Consulting Fees	Superannuation Contribution	Termination Benefits	Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
A Griffin	63,699	-	7,808	-	18,493	4,388	94,388
B Ozcakmak	-	156,977	17,229	-	39,795	13,164	227,165
P McManus*	-	74,923	11,676	60,000	47,984	2,743	197,326
N Streltsova**	7,484	-	928	-	2,283	-	10,695
P Power	30,480	-	-	-	7,920	2,743	41,143
R Beresford	12,400	-	-	-	3,600	2,743	18,743
<b>Total</b>	<b>114,063</b>	<b>231,900</b>	<b>37,641</b>	<b>60,000</b>	<b>120,075</b>	<b>25,781</b>	<b>589,460</b>

\* Resigned 30 April 2020

\*\* Resigned 17 September 2019

# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Executives' Remuneration 2020

Executive	Short-term		Post-employment benefits		Share and Option		Total
	Salary	Consulting Fees	Superannuation Contribution	Termination Benefits	Based Payments Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
J Guy	-	24,043	-	-	1,109	-	25,152
R Van der Laan	-	99,710	-	-	61,993	1,371	163,074
<b>Total</b>	-	<b>123,753</b>	-	-	<b>63,102</b>	<b>1,371</b>	<b>188,226</b>
<b>Total Directors' and Executives' Remuneration</b>	<b>114,063</b>	<b>355,653</b>	<b>37,641</b>	<b>60,000</b>	<b>183,177</b>	<b>27,152</b>	<b>777,686</b>

#### Directors' Remuneration 2019

Director	Short-term		Post-employment benefits		Share and Option		Total
	Directors' Fees	Salary and Consulting Fees	Superannuation Contribution	Termination Benefits	Based Payments Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
A Griffin	57,534	-	7,808	-	24,658	-	90,000
P McManus	-	175,799	23,858	-	75,343	-	275,000
C Chuen*	5,833	-	-	-	2,500	-	8,333
N Streltsova	31,963	-	4,338	-	13,699	-	50,000
<b>Total</b>	<b>95,330</b>	<b>175,799</b>	<b>36,004</b>	-	<b>116,200</b>	-	<b>423,333</b>

\* Resigned 30 September 2018

#### Executives' Remuneration 2019

Executive	Short-term		Post-employment benefits		Share and Option		Total
	Salary	Consulting Fees	Superannuation Contribution	Termination Benefits	Based Payments Shares	Options	
	\$	\$	\$	\$	\$	\$	\$
J Guy	-	60,978	-	-	8,193	-	69,171
R Van der Laan	-	45,303	-	-	51,352	-	96,655
<b>Total</b>	-	<b>106,281</b>	-	-	<b>59,545</b>	-	<b>165,826</b>
<b>Total Directors' and Executives' Remuneration</b>	<b>95,330</b>	<b>282,080</b>	<b>36,004</b>	-	<b>175,745</b>	-	<b>589,159</b>

# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### Incentive shares and options: Granted and vested during the year

##### Shares

There were no shares issued to key management personnel as part of the incentive plan during the year ended 30 June 2020 (2019: nil). The shares issued to key management personnel as disclosed in the table above were in lieu of Directors' fees and consulting fees.

##### Options

The Company has issued 58,500,000 employee incentive options during this financial year. (2019:nil).

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel, which including the directors and executives.

#### (a) Share holdings of Key Management Personnel

<u>2020</u>	Balance at 1 July 2019 Ordinary	Granted as remuneration Ordinary*	On Exercise of Options Ordinary	Net change other Ordinary	Balance at 30 June 2020 Ordinary
<b>Directors</b>					
A Griffin	13,390,310	4,989,575	-	1,666,667	20,046,552
B Ozcakmak	-	3,308,417	-	211,287,201	214,595,618
P McManus*	24,811,200	8,963,091	-	(33,774,291)**	-
P Power	-	685,399	-	-	685,399
N Streltsova*	3,932,503	1,629,648	-	(5,562,151)**	-
R Beresford	-	-	-	-	-
<b>Total</b>	<b>42,134,013</b>	<b>19,576,130</b>	-	<b>173,617,426</b>	<b>235,327,569</b>
<b>Executives</b>					
J Guy	1,691,572	1,346,113	-	-	3,037,685
R Van der Laan	41,901,969	19,878,867	-	(66,974)	61,713,862
<b>Total</b>	<b>43,593,541</b>	<b>21,224,980</b>	-	<b>(66,974)</b>	<b>64,751,547</b>
<b>Total Directors' and Executives' Share holdings</b>	<b>85,727,554</b>	<b>40,801,110</b>	-	<b>173,550,452</b>	<b>300,079,116</b>

# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

\*Shares granted as remuneration were as follows:

Adrian Griffin	- 2,933,383 shares at \$0.0042 each issued on 23 July 2019.
	- 2,056,192 shares at \$0.0060 each issued on 15 May 2020.
Bahay Ozcakmak	- 3,308,417 shares at \$0.0063 each issued on 15 May 2020.
Patrick McManus	- 8,963,091 shares at \$0.0042 each issued on 23 July 2019.
	- 5,566,864 shares at \$0.0058 each issued on 15 May 2020.
	- 3,000,000 shares at \$0.0048 each issued on 15 May 2020 as part of termination payment.

\*\* shareholding at the date of resignation.

Patrick Power	- 685,399 shares at \$0.0063 each issued on 15 May 2020.
Natalie Streltsova	- 1,629,648 shares at \$0.0042 each issued on 23 July 2019.
	- 404,010 shares at \$0.0057 each issued on 15 May 2020.
James Guy	- 1,152,607 shares at \$0.0043 each issued on 23 July 2019.
	- 193,506 shares at \$0.0057 each issued on 15 May 2020.
Robert Van der Laan	- 10,926,891 shares at \$0.0041 each issued on 23 July 2019.
	- 8,951,976 shares at \$0.006 each issued on 15 May 2020.

### (b) Partly Paid Contributing Shares of Key Management Personnel

<u>2020</u>	Balance at 1 July 2019	Granted as remuneration	On Exercise of Options	Bonus issue received	Net change other	Balance at 30 June 2020
	Partly Paid	Partly Paid	Partly Paid	Partly Paid	Partly Paid	Partly Paid
<b>Directors</b>						
A Griffin	4,950,217	-	-	-	-	4,950,217
B Ozcakmak	-	-	-	-	52,424,060	52,424,060
P McManus	3,445,273	-	-	-	(3,445,273)*	-
P Power	-	-	-	-	-	-
N Streltsova	139,973	-	-	-	(139,973)*	-
R Beresford	-	-	-	-	-	-
<b>Total</b>	<b>8,535,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,838,814</b>	<b>57,374,277</b>
<b>Executives</b>						
J Guy	-	-	-	-	-	-
R Van der Laan	3,178,610	-	-	-	-	3,178,610
<b>Total</b>	<b>3,178,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,178,610</b>
<b>Total Directors' and Executives' Share holdings</b>	<b>12,040,469</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>48,838,814</b>	<b>60,552,887</b>

\* shareholding at the date of resignation.

# Parkway Minerals NL

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## Directors' Report (continued)

### Remuneration Report (audited) (continued)

The partly paid contributing share are issued with outstanding calls of 1.9 cents each. The partly paid contributing share carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid contributing shares carry the right to vote in proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The company must then offer the shares forfeited for public auction within six weeks of the call becoming payable.

### (c) Options holdings of Key Management Personnel

<u>2020</u>	Balance at 1 July 2019 Options	Granted as remuneration Options(**)	On Exercise of Options Options	Bonus issue received Options	Net change other Options	Balance at 30 June 2020 Options
<b>Directors</b>						
A Griffin	-	8,000,000	-	-	833,333	8,833,333
B Ozcakmak	-	24,000,000	-	-	833,333	24,833,333
P McManus	-	5,000,000	-	-	(5,000,000)*	-
P Power	-	5,000,000	-	-	-	5,000,000
N Streltsova	-	-	-	-	-	-
R Beresford	-	5,000,000	-	-	-	5,000,000
<b>Total</b>	-	<b>47,000,000</b>	-	-	<b>(3,333,334)</b>	<b>43,666,666</b>
<b>Executives</b>						
J Guy	-	-	-	-	-	-
R Van der Laan	-	2,500,000	-	-	22,750,000	25,250,000
<b>Total</b>	-	<b>2,500,000</b>	-	-	<b>22,750,000</b>	<b>25,250,000</b>
<b>Total Directors' and Executives' Share holdings</b>	-	<b>49,500,000</b>	-	-	<b>(19,416,666)</b>	<b>68,916,666</b>

\* Option holding at the date of resignation.

\*\* 49,500,000 employee incentive options with exercise price of \$0.02 on or before 16 December 2022, the value of the options were calculated by using black-scholes model to be \$27,151 (refer to note 20). These options have no vesting condition and were vested on issue.

**2019:** There were no Options granted to Key management personnel as part of the incentive plan during the year ended 30 June 2019.

# Parkway Minerals NL

A.C.N. 147 346 334

## Directors' Report (continued)

### Remuneration Report (audited) (continued)

#### (d) Other Transactions with Key Management Personnel

Other transactions with key management personnel are set out below:

	30-Jun-20 \$	30-Jun-19 \$
Corporate advisory were paid to Precious Capital Pte Ltd, a company of which Chew Wai Chuen is a director and shareholder	-	1,276
Fees were paid to Horn Resources Pty Ltd, a company of which Robert Van der Laan is a director and shareholder. Fees included investor relations, corporate advisory, accounting staff (excluding fees directly related to Robert Van der Laan) and exploration staff. Service fees paid are considered to be on normal commercial terms and conditions.	70,713	70,189
	<u>70,713</u>	<u>71,465</u>

Trade and other payables to related party as at 30 June 2020 amounted to \$8,068 (30 June 2019: \$12,219).

All related party transactions are considered to be on an arms' length basis.

#### End of Remuneration Report (audited).

#### 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 page 23 and forms part of this report.

This report is made in accordance with a resolution of directors.



Bahay Ozcakmak  
Managing Director  
Perth  
Dated: 30 September 2020



Building a better  
working world

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## Auditor's independence declaration to the Directors of Parkway Minerals NL

As lead auditor for the audit of the financial report of Parkway Minerals NL for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Parkway Minerals NL and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

V L Hoang  
Partner  
30 September 2020

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# Parkway Minerals NL

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## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	For the year ended 30 June 2020 \$	For the year ended 30 June 2019 \$
<b>INCOME FROM CONTINUING ACTIVITIES</b>			
Other income		29,454	109,361
Gain from disposal of financial assets	12	-	147
Interest		1,569	5,195
Government Grant	14	71,000	168,828
<b>TOTAL INCOME</b>		<b>102,023</b>	<b>335,231</b>
<b>EXPENSES</b>			
Fair value movement of financial assets	12	171,338	236,917
Impairment of investment in associate	11		4,355
Loss on sale of financial assets	12	134,508	-
General & Administration expenses		608,789	433,531
Depreciation		12,747	27,380
Equity based payments	20	215,204	196,746
Exploration		559,473	307,192
Legal		30,175	17,388
Occupancy		26,946	43,714
Remuneration (excluding share based payments)		455,364	354,580
Share of net losses of associate	11	309,153	682,788
<b>LOSS BEFORE INCOME TAX</b>		<b>(2,421,674)</b>	<b>(2,009,060)</b>
Income Tax Benefit		-	-
<b>NET LOSS FOR THE YEAR</b>		<b>(2,421,674)</b>	<b>(2,009,060)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Available for sale financial assets			
- Current year gain/(losses)		-	-
Equity accounted investments - share of comprehensive income		(67,793)	31,681
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(67,793)</b>	<b>31,681</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(2,489,467)</b>	<b>(1,977,379)</b>
<b>LOSS FOR THE YEAR ATTRIBUTABLE TO:</b>			
Basic and diluted loss per share (cents per share)	7	(0.15)	(0.28)

*The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*



# Parkway Minerals NL

A.C.N. 147 346 334

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		As at 30 June 2020	As at 30 June 2019
	Note	\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	2,001,380	120,981
Trade and other receivables	9	16,649	111,645
Other assets	10	18,617	18,484
<b>Total Current Assets</b>		<b>2,036,646</b>	<b>251,110</b>
<b>NON CURRENT ASSETS</b>			
Trade and other receivables	9	5,000	20,000
Investment in associate	11	-	2,257,653
Financial assets	12	1,199,370	399,374
Plant and equipment	13	26,481	21,912
Intangible assets	15	3,283,299	-
<b>Total Non Current Assets</b>		<b>4,514,150</b>	<b>2,698,939</b>
<b>TOTAL ASSETS</b>		<b>6,550,796</b>	<b>2,950,049</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	382,056	145,769
Provisions	17	20,961	137,418
<b>Total Current Liabilities</b>		<b>403,017</b>	<b>283,187</b>
<b>TOTAL LIABILITIES</b>		<b>403,017</b>	<b>283,187</b>
<b>NET ASSETS</b>		<b>6,147,779</b>	<b>2,666,861</b>
<b>EQUITY</b>			
Contributed Equity	18	28,867,382	23,159,732
Reserves	19	2,022,207	1,827,265
Accumulated losses		(24,741,810)	(22,320,136)
<b>TOTAL EQUITY</b>		<b>6,147,779</b>	<b>2,666,861</b>

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

# Parkway Minerals NL

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity	Accumulated Losses	Share and Option Based Payment Reserve	Financial Asset Reserve	Foreign Currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2018</b>	<b>22,974,071</b>	<b>(20,311,076)</b>	<b>711,643</b>	<b>1,036,746</b>	<b>36,112</b>	<b>4,447,496</b>
Loss for the year	-	(2,009,060)	-	-	-	(2,009,060)
<b>Other comprehensive income (net of tax)</b>						
Equity accounted investments - share of other comprehensive income	-	-	-	-	31,681	31,681
<b>Total comprehensive loss for the year</b>	-	<b>(2,009,060)</b>	-	-	<b>31,681</b>	<b>(1,977,379)</b>
<b>Transactions with owners in their capacity as owners:</b>						
Share issue transaction costs	(11,083)	-	11,083	-	-	-
Share and option based payments	196,744	-	-	-	-	196,744
<b>Balance at 30 June 2019</b>	<b>23,159,732</b>	<b>(22,320,136)</b>	<b>722,726</b>	<b>1,036,746</b>	<b>67,793</b>	<b>2,666,861</b>

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

# Parkway Minerals NL

A.C.N. 147 346 334



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Contributed equity	Accumulated Losses	Share and Option Based Payment Reserve	Financial Asset Reserve	Foreign Currency translation Reserve	Partly Paid Shares Reserve	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2019</b>	<b>23,159,732</b>	<b>(22,320,136)</b>	<b>722,726</b>	<b>1,036,746</b>	<b>67,793</b>	-	<b>2,666,861</b>
Loss for the year	-	(2,421,674)	-	-	-	-	(2,421,674)
<b>Other comprehensive income (net of tax)</b>							
Equity accounted investments - share of other comprehensive income	-	-	-	-	(67,793)		(67,793)
<b>Total comprehensive loss for the year</b>	-	<b>(2,421,674)</b>	-	-	<b>(67,793)</b>		<b>(2,489,467)</b>
<b>Transactions with owners in their capacity as owners:</b>							
Shares issued	5,765,912	-	-	-	-	-	5,765,912
Share issue transaction costs	(241,379)	-	107,348	-	-	-	(134,031)
Share and option based payments	183,117	-	32,087	-	-	-	215,204
Partly paid shares issued	-	-	-	-	-	123,300	123,300
<b>Balance at 30 June 2020</b>	<b>28,867,382</b>	<b>(24,741,810)</b>	<b>862,161</b>	<b>1,036,746</b>	-	<b>123,300</b>	<b>6,147,779</b>

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

# Parkway Minerals NL

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## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	For the year ended 30 June 2020 \$	For the year ended 30 June 2019 \$
<b>OPERATING ACTIVITIES</b>			
Other Receipts		117,230	146,550
Payments to suppliers and employees		(1,705,912)	(1,340,962)
Stamp duty refunded		-	-
R&D tax rebate		99,041	69,787
Interest received		1,535	5,195
<b>NET CASH FLOWS USED IN OPERATING ACTIVITIES</b>	<b>24</b>	<b>(1,488,106)</b>	<b>(1,119,430)</b>
<b>INVESTING ACTIVITIES</b>			
Deposit paid		-	-
Payment for shares in associate not yet issued		-	-
Purchase of plant and equipment		(17,766)	(3,463)
Payment for exploration expenditure		-	-
Proceeds from sale of investment		274,866	51,847
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>257,100</b>	<b>48,384</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		3,233,000	68,905
Share issue costs		(121,595)	(21,896)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>3,111,405</b>	<b>47,009</b>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		1,880,399	(1,024,037)
Cash and cash equivalents at the beginning of the year		120,981	1,145,018
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>8</b>	<b>2,001,380</b>	<b>120,981</b>

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

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# Parkway Minerals NL

A.C.N. 147 346 334

## Notes to Financial Statements

### Note 1: Corporate information

The financial report of Parkway Minerals NL (the "Company" or "Parkway") and its controlled entity (the "consolidated entity" or the "Group") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of directors on 22 September 2020.

Parkway Minerals NL is a company limited by shares incorporated in Australia whose share are publicly traded on the Australian Securities Exchange (ASX) and OTC Pink.

The nature of operations and principal activities of the Consolidated Entity are described in the directors' report.

### Note 2: Statement of significant accounting policies

#### (a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and complies with other requirements of the law. Parkway Minerals NL is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies detailed below have been consistently applied throughout the year presented unless otherwise stated.

The financial report has also been prepared on a historical cost basis with the exception of equity instrument at fair value through profit and loss. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The company is a listed public company, incorporated in Australia and operating in Australia. The entity's principal activity is mineral exploration and developing brine processing technology.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

#### (b) Adoption of new revised or amending accounting standards and interpretations

The Group applied all new and amended Australian Accounting Standards and Interpretations which were relevant to the Group, which are effective for annual periods beginning on 1 July 2019 including:

##### *AASB 16 Leases*

The Group adopted AASB 16 with the date of initial recognition being 1 July 2019.

The application date of AASB 16 for the Group was 1 July 2019. AASB 16 was issued in January 2016 and it replaces AASB 117 Leases ("AASB 117"), AASB Interpretation 4 Determining whether an Arrangement contains a Lease ("AASB Interpretation 4"), AASB Interpretation-1 15 Operating Leases-Incentives ("AASB Interpretation 1 15") and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease ("AASB Interpretation 127"). AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets and short-term leases (i.e., leases with a lease term of 12 months or less). The Group has elected to use these recognition exemptions for the lease contracts that meet the criteria.

# Parkway Minerals NL

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## Notes to Financial Statements

### Note 2: Statement of significant accounting policies (continued)

At the commencement date of a lease, a lessee recognises a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees is required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019. At the transition date, the Group assessed all contracts which had assets embedded in it for leases under AASB 16. The Group elected to use the practical expedient for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases").

Adoption of AASB 16 did not have an impact as the Group does not have any lease commitments in place.

### New accounting standards not yet adopted

The following standards that have been issued but not yet effective which may impact the consolidated entity in the period of initial application have not been early adopted in preparing this financial report. Management is currently in the process of estimating the impact of these standards. The adoption of these Accounting Standards and Interpretations is not expected to have a material impact on the financial performance or position of the consolidated entity.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 101 and AASB 108	Amendments to Australian Accounting Standards: <i>Definition of Material</i>	Amendments are issued to AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'  The amendments to the definition of material is not expected to have a significant impact on the Group's consolidated financial statements.	1 January 2020	1 July 2020
AASB 16	Amendments to Australian Accounting Standards: <i>COVID-19-Related Rent Concessions</i>	AASB 16 <i>Leases</i> has been amended to provide relief to lessees from applying the AASB 16 guidance on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. The amendment does not apply to lessors.  As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under AASB 16, if the change were not a lease modification.  The amendment is not expected to have a significant impact on the Group's consolidated financial statements.	1 June 2020	1 July 2020

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## Notes to Financial Statements

### Note 2: Statement of significant accounting policies (continued)

#### New accounting standards not yet adopted (continued)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 101	Amendments to Australian Accounting Standards – <i>Classification of Liabilities as Current or Non-current</i>	<p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.</p> <p>The amendment is not expected to have a significant impact on the Group's consolidated financial statements.</p>	1 January 2022	1 July 2022

#### (c) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

#### (d) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year or in the year of the revision and future years if the revision affects both current and future years.

#### *Share-based payment transactions*

The Company measures the share-based payment transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 20.

# Parkway Minerals NL

A.C.N. 147 346 334

## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (d) Critical accounting estimates and judgements (continued)

##### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences only when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

##### *Investment in an associate*

The Group's investment in an associate is accounted for using the equity method. Significant judgement is also used to determine if there is considered to be significant influence exerted over the investment. Impairment is reviewed by considering the higher of the value in use or fair value less cost of disposal of the investment. For the prior year it was determined that the fair value less cost of disposal (determined by the share price of the investment at 30 June 2019) was below the carrying value of the investment at 30 June 2019. Accordingly, an impairment charge of \$4,355 was recorded.

#### (e) Share-based payment transactions

Employees (including senior executives) of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. 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 Company's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in equity based payments expense (Note 20).

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions for which vesting are conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

When an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. 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 awards are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 7).



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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (f) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business. The Consolidated entity has incurred a net loss after tax for the year ended 30 June 2020 of \$2,421,674 (2019: \$2,009,060) and experienced net cash outflows from operating activities of \$1,488,106 (2019: \$1,119,430). As at 30 June 2020 the consolidated entity had cash and cash equivalents of \$2,001,380 (2019: \$120,981). The Directors recognise the need to raise additional funds via equity raising or sale of financial assets to fund future planned exploration activities.

The Directors have reviewed the Consolidated entity's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate as they believe the Consolidated entity will be successful in securing additional funds through equity issues.

Should the Consolidated entity not achieve the matters set out above, there is significant uncertainty whether the Consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Consolidated entity not be able to continue as a going concern.

#### (g) Exploration and evaluation expenditure

Exploration and evaluation costs are expensed in the year they are incurred apart from acquisition costs which are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition 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. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

#### (h) Plant & equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment in value. Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset as follows:

Plant and equipment – over 2 to 15 years

##### *Impairment*

The carrying values of plant and equipment are reviewed for impairment when impairment indicators exist under the accounting standards.

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 indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (h) Plant & equipment (continued)

The recoverable amount of plant and equipment is the greater of 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### *Derecognition*

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of comprehensive income in the period the item is derecognised.

#### (i) Income tax

Current tax assets and liabilities for the current year and prior periods are measured at amounts expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance date.

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

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill 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.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises 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.

The carrying amount of deferred income tax assets is reviewed at each balance 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 balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset 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 balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

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.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (i) Income tax (continued)

##### Tax Consolidation

Parkway Minerals NL and its 100% owned subsidiaries have entered into tax consolidated group which takes effect from 1 July 2016. Parkway Minerals NL is the head entity of the tax consolidated group.

#### (j) GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

#### (k) Provisions and employee benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

##### *Employee leave benefits*

#### i. Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (k) Provisions and employee benefits (continued)

##### ii. Long service leave

The liability for long service leave is recognised and measured as 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 the 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.

#### (l) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (m) Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognised lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If on the other hand the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

#### (n) Prepayments

Prepayment for goods and services which are to be provided in future years are recognised as prepayments. Prepayments are recorded in the other assets in the statement of financial position.

#### (o) Revenue recognition

##### **Revenue**

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (o) Revenue recognition (continued)

##### **Other revenue**

##### *Interest Income*

Income is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

##### *Government grants*

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

When the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grants.

#### (p) Contributed equity

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.

Own equity instruments (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### (q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

#### (r) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the Company 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 earnings per share is calculated as net profit attributable to members of the Company adjusted for:

- costs of servicing equity (other than 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 revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (s) Investments and other financial assets

Initial recognition and measurement:

Other financial assets are classified, at initial recognition, at amortised cost, financial assets at fair value through profit or loss, fair value through other comprehensive income as appropriate. Other financial assets, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The Group has not recognised any financial assets at fair value through other comprehensive income.

Subsequent measurement:

The subsequent measurement of other financial assets depends on their classification as described below:

##### a) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented in the statement of comprehensive income.

##### b) Amortised cost

In order for a financial asset to qualify for measurement as amortised cost, it has to pass both the contractual cash flow characteristics test as well as the business model test. Under the contractual cash flow characteristics test, an entity has to assess, whether the cash flows resulting from the financial asset are solely payments for principal and interest on the outstanding principal amount. Under the business model test the objective is to hold the financial assets in order to collect contractual cash flows.

Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principle and interest are classified and subsequently measured at amortised cost using the effective interest rate method. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

#### (t) Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired, excluding financial assets at fair value through profit or loss (FVTPL).

The Group assesses on a forward looking basis the expected credit loss associated with other financial assets. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For other financial assets, the expected credit loss is based on the 12-month expected credit loss. The 12-month expected credit loss is the portion of lifetime expected credit losses that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (t) Impairment of financial assets (continued)

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

#### (u) Leases (new policy applies from 1 July 2019 due to adoption of AASB 16)

##### Policy up to 30 June 2019

Operating Lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the reduction of the liability.

##### Policy from 1 July 2019

###### (i) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term (where the entity does not have a purchase option at the end of the lease term). Right-of-use assets are subject to impairment.

###### (ii) *Lease Liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

###### (iii) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (v) Investment in associate

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date.

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the statement of profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in consolidated statement of comprehensive income.

#### (w) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### (x) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.



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## Notes to Financial Statements (continued)

### Note 2: Statement of significant accounting policies (continued)

#### (x) Current versus non-current classification (continued)

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

#### (y) Treasury shares

Own equity instruments that are issued (treasury shares) are recognised nil value on the date of issue and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### (z) Intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance.

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the company. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

#### (w) Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current financial year.

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## Notes to Financial Statements (continued)

### Note 3: Segment information

The Group has based its operating segment on the internal reports that are reviewed and used by the executive management team ("Chief Operating Decision Makers") in assessing performance and in determining the allocation of resources.

The Group currently does not have production and is involved in exploration and developing exploration related technology (brine processing technology). As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis. At 30 June 2020, all revenues and material assets are considered to be derived and held in one geographical area being Australia.

Based on these criteria the Group has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in Note 2 for the computation of the Group's results presented in this set of financial statements.

### Note 4: Income tax

	2020	2019
	\$	\$
<b>(a) Income tax (benefit)/expense</b>		
Current tax	-	-
Deferred tax	-	-
Total tax (benefit)/expense	-	-
<b>(b) Income tax recognised in equity</b>		
Deferred tax liability recognised	-	-
Total income tax recognised in equity	-	-

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 4: Income tax (continued)

#### (c) Numerical reconciliation of income tax expense to prima facie tax payable

Loss from continuing operations before income tax expense	(2,421,674)	(2,009,060)
Prima facie tax benefit at the Australian tax rate of 27.5%	(665,960)	(552,492)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payment	59,181	54,105
Non-deductible expenses	7,119	1,486
Non-assessable income	(14,979)	-
Gain on sale of shares	-	14,258
Deferred tax assets not brought to account	614,639	482,643
Income tax (benefit)/expense	-	-

#### (c) Deferred tax assets

	2020	2019
	\$	\$
Capitalised Expenditure	-	84,478
Accrued expenses	6,875	9,857
Business related deduction	106,328	112,505
Employee entitlement provisions	5,764	37,790
Capital losses	36,990	14,217
Revenue losses	1,625,283	989,853
	1,781,240	1,248,700
Deferred tax asset not recognised	(1,451,413)	(518,018)
	329,827	730,682
Offset against deferred tax liabilities	(329,827)	(730,682)
Total deferred tax assets	-	-

#### (d) Deferred tax liabilities

Investment in associate	-	620,854
Exploration tenement	-	-
Financial Assets	329,827	109,828
	329,827	730,682
Offset against deferred tax assets	(329,827)	(730,682)
Net deferred tax liabilities	-	-

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The taxation benefits of certain tax losses and temporary differences have not been brought to account since it is not probable whether future assessable income would be derived of a nature and of an amount sufficient to enable the benefits from the deductions to be realised.

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## Notes to Financial Statements (continued)

### Note 5: Key management personnel remuneration

	2020	2019
	\$	\$
Short-term employee benefits	469,716	377,410
Post-employment benefits	37,641	36,004
Termination benefits	60,000	-
Share-based payments	210,329	175,745
<b>Total compensation</b>	<b>777,686</b>	<b>589,159</b>

Refer to Note 23 for other related parties transactions.

### Note 6: Auditor's remuneration

The auditor of the Company is Ernst & Young Australia

	2020	2019
	\$	\$
Remuneration of the auditor of the Company for:		
- Auditing the statutory financial report of the Parent company of the Group and auditing the statutory financial reports of any controlled entity	45,189	39,255
- Non-audit services:		
- research & development tax concession	9,878	17,861
- tax compliance	24,630	11,072
	<b>79,697</b>	<b>68,188</b>

### Note 7: Loss per share

	2020	2019
	\$	\$
Basic loss per share (cents per share)	0.15	0.28
Diluted loss per share (cents per share)	0.15	0.28
Net loss	(2,421,674)	(2,009,060)
Loss used in calculating basic and diluted loss per share	(2,421,674)	(2,009,060)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	1,562,706,333	724,922,750

During the year there were options exercised.

The options on issuance are not considered dilutive for the purpose of the calculation of diluted earnings/loss per share as their conversion to ordinary shares would not decrease the net profit from continuing operations per share. Consequently, diluted loss per share is the same as basic loss per share. As of 30 June 2020, a total of 604,893,287 potential ordinary shares had been issued, including 358,292,644 (2019: 65,126,000) options and 246,600,643 (2019: 123,300,321) partly paid shares respectively.

### Note 8: Cash and cash equivalents

	2020	2019
	\$	\$
Cash at bank and on hand	2,001,380	120,981
	<b>2,001,380</b>	<b>120,981</b>

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 9: Trade and other receivables

	2020	2019
	\$	\$
<b>Current</b>		
Trade debtors	184	5,223
GST Receivables	15,263	7,981
Other Receivables	1,202	99,041
	<u>16,649</u>	<u>111,645</u>
<b>Non-Current</b>		
Other receivables	5,000	20,000
	<u>5,000</u>	<u>20,000</u>

Trade debtors are non-interest bearing and are generally on 30-90 days terms. No significant expected credit loss provision was recognised on any of these assets.

Other receivables – Non-Current relates to security bonds held with a reputable Australian bank.

### Note 10: Other assets

	2020	2019
	\$	\$
Prepayments	18,617	18,484
	<u>18,617</u>	<u>18,484</u>

### Note 11: Investment in associate

The Group's interest in Davenport Resources Limited ("Davenport"), a potash exploration group incorporated in Australia and listed on ASX, was accounted for using the equity method in the 2019 financial year of consolidated financial statements. This was on the basis that Parkway had significant influence due to the 31% interest in Davenport as of 30 June 2019, and due to a Director of Parkway being the non-executive chairman of Davenport. During the current financial year, the Group's interest in Davenport has decreased to below 20% and the non-executive chairman of Davenport has resigned from Parkway. Therefore, effective 30 April 2020, the Group does not have significant influence over Davenport and the investment was accounted as Financial asset at fair value through profit or loss (FVTPL).

The following table sets out the summarised financial information of the Group's investment in Davenport:

	2020	2019
	\$	\$
Balance at the beginning of the financial year	2,257,653	2,413,115
Receipt of subscription shares	-	500,000
Shares disposed	(510,000)	-
Share of other comprehensive income for the period	(67,793)	31,681
Share of losses for the period	(309,153)	(682,788)
Impairment	-	(4,355)
Reclassified – financial assets (refer to Note 12)	(1,370,707)	-
<b>Balance at the end of the financial year</b>	<u>-</u>	<u>2,257,653</u>

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 11: Investment in associate (continued)

As at 30 June 2019 the consolidated entity undertook an assessment for impairment as the fair value of the investment was below its carrying value, an impairment charge of \$4,355 was recorded to bring the carrying value to its fair value of asset. The fair value was determined using the quoted price of Davenport shares at 30 April 2020 of \$0.040.

The following is summarised financial information for the share of assets and liabilities in Davenport at 30 June 2019 based on its consolidated financial statements modified for differences in the Group's accounting policies:

	2019
	\$
Current assets	740,102
Non-current assets	1,962,007
Current liabilities	(170,631)
Non-current liabilities	-
	<u>2,531,478</u>
	2019
	\$
Other income	8,354
	<u>8,354</u>
<b>Loss from continuing operations</b>	<b>(682,788)</b>
Other comprehensive income	31,681
<b>Total comprehensive loss for the period</b>	<b>(651,107)</b>

### Note 12: Financial assets

	2020	2019
	\$	\$
Investment – fair value through P&L	<u>1,199,370</u>	<u>399,374</u>
<b>Reconciliation of movement for the period:</b>		
Opening Balance	399,374	687,990
Sale	(399,374)	(51,700)
Investment in associate reclassified as financial assets (refer to note 11)	1,370,707	-
Decrease in fair value	(171,337)	(236,916)
	<u>1,199,370</u>	<u>399,374</u>

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## Notes to Financial Statements (continued)

### Note 12: Financial assets (continued)

For the year ended 30 June 2019, the Consolidated entity disposed 550,000 shares in Lithium Australia and has recognised a gain on sale of \$147. The Consolidated entity also has recognised a loss of \$236,917 resulting from the decrease in the fair value of the financial assets. During the current financial year, the Consolidated entity disposed remaining 6,769,044 shares in Lithium Australia and has recognised a loss on sale of \$134,508.

During this financial year, the Consolidated entity reclassified \$1,370,708 of investment in Davenport as financial assets at fair value through profit or loss (FVTPL) and further fair value decrease of \$171,337 was recorded for the period of 1 May 2020 to 30 June 2020.

Fair value of the financial assets at 30 June 2020 and 30 June 2019 has been determined by reference to quoted bid prices in active markets at the reporting date and are categorised within Level 1 of the fair value hierarchy.

### Note 13: Plant and equipment

	2020 \$	2019 \$
Office equipment at cost	44,326	31,510
Less accumulated depreciation	(24,054)	(16,580)
	<b>20,272</b>	<b>14,930</b>
Plant and equipment at cost	74,775	70,275
Less accumulated depreciation	(68,566)	(68,065)
	<b>6,209</b>	<b>2,210</b>
Computer software at cost	40,340	40,340
Less accumulated depreciation	(40,340)	(40,340)
	-	-
Furniture fixtures at cost	8,644	8,644
Less accumulated depreciation	(8,644)	(3,872)
	-	<b>4,772</b>
Total plant and equipment	<b>26,481</b>	<b>21,912</b>

	Office Equipment \$	Plant & Equipment \$	Computer Software \$	Furniture Fixtures \$	Total \$
<b>Year ended 30 June 2019</b>					
Opening net carrying value	16,281	16,845	6,345	6,356	45,827
Additions	3,465	-	-	-	3,465
Depreciation charge for the year	(4,816)	(14,635)	(6,345)	(1,584)	(27,380)
<b>Closing net carrying value</b>	<b>14,930</b>	<b>2,210</b>	-	<b>4,772</b>	<b>21,912</b>
<b>Year ended 30 June 2020</b>					
Opening net carrying value	14,930	2,210	-	4,772	21,912
Additions	12,366	4,950	-	-	17,316
Depreciation charge for the year	(7,024)	(951)	-	(4,772)	(12,747)
<b>Closing net carrying value</b>	<b>20,272</b>	<b>6,209</b>	-	-	<b>26,481</b>

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 14: Government Grant

During this financial year, the Group received government grant as per below table due to Covid-19:

	2020	2019
	\$	\$
Cash flow boost payment	50,000	-
JobKeeper Payment	21,000	-
R&D incentives	-	168,828
<b>Total</b>	<b>71,000</b>	<b>167,828</b>

### Note 15: Intangible assets

	2020	2019
	\$	\$
Acquisition cost of aMES™ technology	3,174,267	-
Acquisition cost of iBC technology	109,032	-
<b>Total intangible assets</b>	<b>3,283,299</b>	<b>-</b>

### Acquisition of Consolidated Potash Corporation

During this financial year, the Group acquired 100% of the voting shares of Consolidated Potash Corporation Limited (CPC), an unlisted Australian public company. The acquisition of CPC provides the Group with direct ownership of the aMES technology, suitable for brine processing and the production of potash and lithium, complementary to existing K-Max technology. In addition, the Group's strategic acquisition of CPC also provides it with an expanded platform of attractive growth opportunities, most immediately through the two brine projects – Karinga Lakes Potash Project in Northern Territory, Australia and New Mexico Lithium Potash Project in the United States.

The acquisition has been accounted for using the asset acquisition method. The fair value of the net assets acquired and the fair values of the consideration transferred as at the date of acquisition were:

	\$
<b>Assets</b>	
Cash	6,543
Intangible assets (3)	3,174,267
Other Receivable	3,255
<b>Liabilities</b>	
Loans with Lions Bay Inc. (1)	(556,882)
Other Creditors	(75,798)
<b>Total identifiable net assets at fair value</b>	<b>2,551,385</b>
<b>Total Consideration (2)</b>	<b>2,551,385</b>

(1) At acquisition, the CPC loan due to Lions Bay Inc of \$556,882 was assumed by the Group and concurrently paid off through the issuance of 10,965,600 fully paid PWN ordinary shares and transferred 10,000,000 fully paid DAV shares.

(2) On the acquisition date, the Company issued 479,616,940 fully paid PWN ordinary shares to acquire 100% CPC. The Company also issued 123,300,322 partly paid shares as part of this transaction. The partly paid shares has a deemed paid up to \$0.001 per share and an initial unpaid amount \$0.019 per share.

In addition, the Company also issued, 6,000,000 shares to Victoria University in lieu of VU exercising its right to acquire a 10% interest in Activated Water Technologies Pty Ltd.

There was no cash consideration. The total fair value of shares at the transaction completion date on 17 September 2019 was \$2,551,385.

(3) The intangible asset reflects the aMES™ technology acquired as part of the acquisition.



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## Notes to Financial Statements (continued)

### Note 15: Intangible assets (continued)

#### Acquisition of iBC technology

As announced on the market on 15 May 2020, the Company acquired the integrated Brine Causticization (iBC™) technology. The Company issued 8,000,000 fully paid ordinary shares, deemed share price at \$0.006 and purchased agreed equipment. The additional consideration is to issue \$50,000 of PWN shares at the 12-month anniversary of acquisition. The additional consideration also accounted as part of the acquisition cost of iBC technology.

### Note 16: Trade and other payables

	2020 \$	2019 \$
<b>Current</b>		
<i>Unsecured liabilities</i>		
Trade payables	322,056	145,769
Shares payable (a)	50,000	-
	<b>382,056</b>	<b>145,769</b>

Due to short term nature of these payables, their carrying value is assumed to approximate their fair value.

(a) Tranche 2 shares payable as part of iBC technology acquisition transaction.

### Note 17: Provisions

	2020 \$	2019 \$
Employee benefits – current liability	20,961	137,418
	<b>20,961</b>	<b>137,418</b>

### Note 18: Contributed equity

		2020		2019	
	NOTE	No.	\$	No.	\$
Ordinary shares - fully paid	18B	1,726,850,652	28,867,382	633,932,540	23,159,732
Treasury shares	18A	(24,000,000)	-	(24,000,000)	-
		1,702,850,652	28,867,382	609,932,540	23,159,732

When managing capital (which is defined as the Company's total equity amounting to \$6,147,779 (2019: \$2,666,861), the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available for future exploration and development activity. The Company is not subject to any externally imposed capital requirements.

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## Notes to Financial Statements (continued)

### Note 18: Contributed equity (continued)

#### 18A: Movements in treasury shares are as follows:

	2020 Number	2020 \$	2019 Number	2019 \$
At the beginning of reporting year	(24,000,000)	-	(24,000,000)	-
Issued during the year	-	-	-	-
At the end of the year	(24,000,000)	-	(24,000,000)	-

In January 2018, the Company entered into a Controlled Placement Agreement (“CPA”) with Acuity Capital Investment Management Pty Ltd as trustee for the Acuity Capital Holdings Trust (“Acuity”). The CPA grants an option to Acuity to issue Parkway shares at the discretion of Parkway, and which Acuity has the discretion to either accept or decline. The exercise price of each option is the greater of a 90% volume weighted average price of Parkway shares traded during the relevant valuation period and a floor price that is set by Parkway. The maximum option size is \$3,000,000 and the option expires on 21 January 2021. As part of the CPA, the Company have issued a total of 24,000,000 Parkway ordinary shares to Acuity which Acuity holds in the favour of Parkway. These shares are therefore deemed to be treasury shares. The shares are held by Acuity as collateral over the CPA arrangement and at the expiry date the shares may either be bought back by Parkway for nil consideration, issued to Acuity for a price that is to be agreed or transferred to a third party nominated by Parkway with no consideration being due or payable by Acuity. The shares had a value of \$312,000 at the time of issue. In July 2020, 19.6m shares sold under the plan and the total amount of \$158,000 were received subsequently.

#### 18B: Movements in fully paid ordinary shares on issue of the legal parent are:

	2020 Number	2019 Number	2020 \$	2019 \$
At the beginning of reporting year	633,932,540	594,814,654	23,494,757	23,309,096
Issue of 367,833,333 shares (2019: nil shares) via share placements *	367,833,333	-	2,117,000	-
Issue of 186,000,000 shares (2019: nil shares) via share purchase plan *	186,000,000	-	1,116,000	-
Issue of 32,166,364 shares (2019: 13,512,266 shares) as share-based payments	32,166,364	13,512,266	191,469	90,113
Issue of 496,582,539 shares (2019: nil shares) as part of CPC acquisition	496,582,539	-	2,482,913	-
Shares to be issued	10,335,876	25,605,620	41,648	106,631
Equity Raising Costs	-	-	(241,380)	(11,083)
	1,726,850,652	633,932,540	29,202,407	23,494,757
Reserved shares	(3,150,000)	(3,150,000)	(335,025)	(335,025)
At the end of the reporting year	1,723,700,652	630,782,540	28,867,382	23,159,732

\* Free attaching 194,666,665 options were issued to the shareholders who participated share placement and share purchase plan.

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## Notes to Financial Statements (continued)

### Note 19: Reserves

	Note	2020 \$	2019 \$
Equity based payment reserve	19A	862,161	722,726
Financial Asset reserve	19B	1,036,746	1,036,746
Foreign currency translation reserve	19C	-	67,793
Partly Paid Shares reserve	19D	123,300	-
		<b>2,022,207</b>	<b>1,827,265</b>

### Reconciliation of total options on issue:

	Options issued as share-based payments	Other options issued	Reserved shares issued	Total options on issue
<b>As at 30 June 2018</b>	<b>16,554,503</b>	<b>14,250,000</b>	<b>3,150,000</b>	<b>33,954,503</b>
Issued during the year	5,000,000 *	50,126,000	-	55,126,000
Expired during the year	(6,554,503)	(14,250,000)	-	(20,804,503)
<b>As at 30 June 2019</b>	<b>15,000,000</b>	<b>50,126,000</b>	<b>3,150,000</b>	<b>68,276,000</b>
Issued during the year	108,499,999**	194,666,665	-	303,166,664
Expired during the year	(10,000,000)	-	-	(10,000,000)
<b>As at 30 June 2020</b>	<b>113,499,999</b>	<b>244,792,665</b>	<b>3,150,000</b>	<b>361,442,664</b>

Note 19A: Options	2020	2020	2019	2019
	Number	WAEP	Number	WAEP
Outstanding at 1 July	65,126,000	\$0.0215	30,804,503	\$0.0538
Granted during the year	303,166,664	\$0.0200	55,126,000	\$0.0200
Expired during the year	(10,000,000)	\$0.0300	(20,804,503)	\$0.0650
Outstanding at 30 June	<u>358,292,664</u>	\$0.0200	<u>65,126,000</u>	\$0.0215
Exercisable at 30 June	<u>358,292,664</u>	\$0.0200	<u>65,126,000</u>	\$0.0215

\* These options are issued to consultants as part of capital raising services provided. Refer to Note 19.4 for options issued

\*\* Total of 108,499,999 options were issued to consultants 49,999,999 options and employees 58,500,000 options respectively, exercisable at \$0.02 expiring 16 December 2022 were issued. The total fair value of \$139,453 were recorded as part of option based payment in this financial statement.

The weighted average remaining contractual life of share options outstanding as at 30 June 2020 was 2.05 years (2019: 0.68 years).

The average exercise price of options granted during the year was \$0.02 (2019: \$0.02).

The range of exercise prices for options outstanding at the end of the year was \$0.02 (2019: \$0.02 to \$0.04).

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 19: Reserves (continued)

#### Reconciliation of value of equity-based payment reserve

	Note	2020 \$	2019 \$
At the beginning of reporting year		722,726	711,643
Amount expensed as capital raising costs for options issued to consultants.	19.1	107,348	-
49,999,999 options with exercise price of \$0.02			
Amount expensed for options issued to employees as part of employee incentive plan 58,500,000 options with exercise price of \$0.02.	19.2	32,087	-
Amount expensed for options issued to consultant.			
5,000,000 options with exercise price of \$0.02	19.3	-	11,083
At the end of the reporting year		862,161	722,726

- 19.1 The issue of 49,999,999 \$0.02 options exercisable on or before 22 December 2022 to consultants. Please refer to Note 20 for further explanation.
- 19.2 The issue of 58,500,000 \$0.02 options exercisable on or before 22 December 2022 to the directors, executives and employees. Please refer to Note 20 for further explanation.
- 19.3 The issue of 5,000,000 \$0.02 options exercisable on or before 17 August 2020 to consultant. Please refer to Note 20 for further explanation.

#### Note 19B: Financial Asset reserve

The Financial Asset reserve represents the gains and losses of financial assets at fair value through other comprehensive income (FVOCI).

#### Note 19C: Foreign currency translation reserve

The foreign currency translation reserve comprises the share of foreign currency translation differences arising from the Group's equity accounted investment.

#### Note 19D: Partly paid shares reserve

At 30 June 2019, the Group had 123,300,321 partly paid shares. During the financial year, the Consolidated entity has issued 123,300,322 partly paid contributing shares as part of CPC acquisition bringing the total partly shares to 246,600,643. Outstanding amount per partly paid contributing share at 30 June 2020 is \$0.019 (2019: \$0.019).

The partly paid contributing share are issued with outstanding calls of 1.9 cents each. The partly paid contributing share carry a right to a dividend on the same basis as holders of Ordinary Shares. Partly paid contributing shares carry the right to vote in proportion which the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited). The company has the power to forfeit any shares where the call remains unpaid 14 days after the call was payable. The company must then offer the shares forfeited for public auction within six weeks of the call becoming payable.

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 20: Equity based payments

#### Expenses arising from share-based payment and option-based payment transactions

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	Note	2020 \$	2019 \$
Shares issued under the director and senior management fee and remuneration sacrifice share plan.	20.1	183,117	116,200
Shares issued in consideration of services.	20.2	-	80,546
Options issued to the directors, executives and employees recognised as. Refer note 19.2.	20.4	32,087	-
<b>Total equity based payments expense</b>		<b>215,204</b>	<b>196,746</b>
Options issued to consultants recognised for capital raising services as share issue costs in equity.	20.3	107,348	11,083
<b>Total equity based payments recorded in equity</b>		<b>107,348</b>	<b>11,083</b>

- 20.1 During the year shares were issued to directors and senior management under the management fee and remuneration sacrifice share plan. The fair value of the services was considered to be equal to the fair value of the shares issued.
- 20.2 During the previous financial year, shares were issued to consultants for the consideration of services provided.
- 20.3 On 23 December 2019, the Company issued 49,999,999 options to consultants for Capital raising services provided. This issue was approved by shareholders at a general meeting on 5 March 2020.
- 20.4 During the 2020 financial year, the Company issued 58,500,000 options to the directors, executives and employees as part of the employee incentive plan and vested immediately. This issue was approved by shareholders at a general meeting on 5 March 2020.

The fair value of the options granted for the year ended 30 June 2020 and 30 June 2019 were estimated on the date of grant using the following assumptions and valuing using a black scholes model, the fair value of the services provided was consider to equal the fair value determined using the black scholes model:

	2020	2020	2019
Number of options issued	58,500,000	49,499,999	5,000,000
Dividend yield (%)	Nil	Nil	Nil
Expected volatility* (%)	75	75	75
Risk-free interest rate (%)	1.5	1.5	1.5
Expected life (years)	3	3	2
Share price	\$0.004	\$0.007	\$0.004
Exercise price (\$)	\$0.02	\$0.02	\$0.02
Value per option	\$0.0005	\$0.002	\$0.0022
Grant date	05 March 2020	16 December 2020	20 September 2017

\* Volatility was determined using considered judgement as to the volatility of the share price over the vesting period.

All shares issued as equity-based payments were issued for nil cash consideration and were valued at market fair value which was considered to approximate the fair value of the services provided.

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# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 21: Commitments

- (i) The Company has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follows:

	2020	2019
	\$	\$
Within 1 year	644,535	560,386
1 to 2 years	644,535	560,386
Total	<u>1,289,070</u>	<u>1,120,772</u>

The commitments may vary depending upon additions or relinquishments of the tenements, as well as farm-out agreements. The above figures are based on the mines department Emits reports as at 30 June 2020. These figures are adjusted at the anniversary date of each tenement and therefore the total can change on a monthly basis.

### Note 22: Contingent liabilities

There are no contingent liabilities as at 30 June 2020 (2019: Nil).

### Note 23: Related party transactions

	2020	2019
	\$	\$
Corporate advisory were paid to Precious Capital Pte Ltd, a company of which Chew Wai Chuen is a director and shareholder	-	1,276
Fees were paid to Horn Resources Pty Ltd, a company of which Robert Van der Laan is a director and shareholder. Fees included investor relations, corporate advisory, office accommodation, accounting staffs, administrative staffs and exploration staff.	70,713	70,189
	<u>70,713</u>	<u>71,465</u>

Trade and other payables to related party as at 30 June 2020 amounted to \$8,068 (30 June 2019: \$12,219).

All related party transactions are considered to be on an arms' length basis.

### Note 24: Cash flow information

Reconciliation of cash flow from operations with loss from ordinary activities after income tax

	2020	2019
	\$	\$
Loss from ordinary activities after income tax	(2,421,674)	(2,009,060)
Share of net losses of associate	309,153	682,788
Depreciation and amortisation	12,747	27,380
Expenses settled via equity issues	215,204	196,746
Fair value movement of financial assets	171,338	236,917
Fair value movement of investment in associate	-	4,355

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## Notes to Financial Statements (continued)

### Note 24: Cash flow information (continued)

	2020	2019
	\$	\$
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in receivables	94,996	(18,209)
(Increase)/decrease in other assets	39,300	(6,481)
Increase/(decrease) in payables	207,287	(256,302)
Increase/(decrease) in provisions	(116,457)	22,436
<b>Cash flows used in operating activities</b>	<b>(1,488,106)</b>	<b>(1,119,430)</b>

### Note 25: Financial risk management objectives and policies

The Company's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to finance the Company's operations. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and equity price risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

#### (a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table. Also included is the effect on profit and equity after tax if interest rates at that date had been 10% higher or lower with all other variables held constant as a sensitivity analysis.

The Group has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$	Profit \$	Interest Rate Risk Sensitivity		10% Equity \$
							-10% Equity \$	Profit \$	
<b>2020</b>									
<b>Financial Assets</b>									
Cash	1.25	1,911,321	-	90,059	2,001,380	-2,101	-2,101	2,101	2,101
Other assets		-	-	18,617	18,617				
Receivables		-	5,000	16,649	21,649				
<b>Total Financial Assets</b>		<b>1,911,321</b>	<b>5,000</b>	<b>125,325</b>	<b>2,041,646</b>				
<b>Financial Liabilities</b>									
Trade creditors		-	-	382,056	382,056				
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>382,056</b>	<b>382,056</b>				

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## Notes to Financial Statements (continued)

### Note 25: Financial risk management objectives and policies (continued)

	Weighted Average Effective Interest Rate %	Floating Interest Rate \$	Fixed Interest Rate \$	Non Interest Bearing \$	Total \$	Interest Rate Risk Sensitivity			
						-10% Profit \$	Equity %	10% Profit \$	Equity \$
<b>2019</b>									
<b>Financial Assets</b>									
Cash	1.25	94,477	-	26,504	120,981	-127	-127	127	127
Other assets		-	-	18,484	18,484				
Receivables		-	20,000	111,645	131,645				
<b>Total Financial Assets</b>		<b>94,477</b>	<b>20,000</b>	<b>156,633</b>	<b>271,109</b>				
<b>Financial Liabilities</b>									
Trade creditors		-	-	145,769	145,769				
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>145,769</b>	<b>145,769</b>				

A sensitivity of 10% (2019: 10%) has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. A -10% sensitivity would move short term interest rates at 30 June 2020 from around 1.25% to 1.13% (2019: 1.25% to 1.13%) representing a 12.0 basis points (2019: 12.0 basis points), which is 8.5 basis points (2019: 8.5 basis points) net of tax.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

#### (a) Liquidity Risk

The Company manages liquidity risk by maintaining sufficient cash reserves and marketable securities required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows.

All payables are due within 30 days, which is consistent with the prior year.

#### (b) Fair Values

For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form except for financial assets fair value through profit or loss which are valued at market value as traded on the ASX and are considered to be level 1 in the fair value hierarchy.

#### (c) Credit Risk

Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Consolidated entity is exposed to credit risk from its operating activities, financing activities including deposits with banks. The credit risk control procedures adopted by the Consolidated entity is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

The maximum exposure to credit risk on financial assets of the Consolidated entity which have been recognised on the statement of financial position is generally limited to the carrying amount. The Group's other receivables relate to a R&D claim from the ATO, which was subsequently collected in full and therefore carries insignificant expected credit loss.

Cash is maintained with National Australia Bank, an AA S&P rated bank and therefore carries insignificant expected credit loss.



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## Notes to Financial Statements (continued)

### Note 25: Financial risk management objectives and policies (continued)

#### (d) Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through the Group's Board of Directors reviewing and approving all equity investment decisions. At the reporting date, the exposure to listed equity securities recognised as financial assets fair value through profit or loss was \$1,199,370.

An increase/(decrease) of 10% on the share price could have a positive/(negative) impact of approximately \$119,937 on the income of the Group.

### Note 26: Controlled entities

Parkway Minerals NL is the ultimate parent entity of the consolidated group.

The following are controlled entities at the reporting date and have been included in the consolidated financial statements. All shares held are ordinary shares.

Name	Country of Incorporation	Percentage Interest Held %		Principal activities
		2020	2019	
Dandaragan Trough Holdings Pty Ltd	Australia	100%	100%	Dormant
Parkway Process Technologies Pty Ltd (Formerly known as K-Max Pty Ltd)	Australia	100%	100%	Dormant
East Exploration Holdings Pty Ltd	Australia	100%	100%	Dormant
Consolidated Potash Corporation Ltd	Australia	100%	-	Dormant
Activated Water Technology Pty Ltd	Australia	100%	-	Dormant

As at 30 June 2020, there are no commitment or contingent liabilities in respect of the controlled entities.

### Note 27: Parent entity disclosure

	Parent 2020	Parent 2019
<b>Assets</b>		
Current assets	2,036,646	251,110
Non current assets	3,805,696	941,285
<b>Total Assets</b>	<b>5,842,342</b>	<b>1,192,395</b>
<b>Liabilities</b>		
Current liabilities	396,720	283,187
Non current liabilities	-	-
<b>Total Liabilities</b>	<b>396,720</b>	<b>283,187</b>
<b>Net Assets</b>	<b>5,445,622</b>	<b>909,208</b>

# Parkway Minerals NL

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## Notes to Financial Statements (continued)

### Note 27: Parent entity disclosure (continued)

#### Equity

Contributed equity	28,867,382	23,159,732
Reserves	985,462	722,726
Accumulated losses	(24,407,222)	(22,973,250)
<b>Total Equity</b>	<b>5,445,622</b>	<b>909,208</b>

	<b>Parent 2020</b>	<b>Parent 2019</b>
Loss for the year	(1,433,972)	(1,321,917)
Other comprehensive income	-	-
<b>Total comprehensive loss for the financial year</b>	<b>(1,433,972)</b>	<b>(1,321,917)</b>

The commitments and contingencies and commitments of the parent entity are the same as those for the consolidated entity.

### Note 28: Subsequent events

During the financial year, the Group established an Engineering & Technical Office co-located at Victoria University's Werribee Campus, the site where the majority of the laboratories and piloting facilities associated with the Group's various technology program are located.

On 2 August 2020, Melbourne (where the Werribee Campus is located) moved to Stage 4 Restrictions associated with the COVID-19 outbreak. During the Stage 4 Restrictions, access to the Werribee Campus has been reduced significantly and has been limited to essential activities. Key personnel supporting the Group's activities have been granted certain exemptions, allowing key activities to proceed with the adoption of relevant safety protocols, albeit on reduced schedules to minimise risks. The impact of the COVID-19 pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Governments such as maintaining social distancing requirements, quarantine, travel restrictions and economic stimulus that may be provided.

On 25 August 2020, despite the prospectivity of the NMLP, given i) recently identified project access related challenges, ii) COVID-19 related operational difficulties in the United States, iii) the continued collapse in lithium prices throughout 2020, and iv) the relatively high holding costs, the Company decided to relinquish its interest in the NMLP.

Other than the above, there have not been any other matters that have arisen after balance date that have significantly affected, or may significantly affect, the operations and activities of the Company, the results of those operations or the state of affairs of the Company in future financial years other than disclosed elsewhere in this financial report.

# Parkway Minerals NL

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## Directors' Declaration

In the opinion of the directors of Parkway Minerals NL:

- (a) the financial statements and notes set out on pages 24 to 58 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(c); and
- (c) subject to the matters discussed in Note 2(f), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2020.

This declaration is made in accordance with a resolution of the directors.



Bahay Ozcakmak  
Managing Director  
Perth  
Dated: 30 September 2020

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## Independent auditor's report to the members of Parkway Minerals NL

### Report on the audit of the financial report

#### Opinion

We have audited the financial report of Parkway Minerals NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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.

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

#### Material uncertainty related to going concern

We draw attention to Note 2(f) of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters.

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In addition to the matter described in the *Material uncertainty related to going concern* section of our report, we have determined the matter described below to be the key audit matter to be communicated in our report. Our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying financial report.

### Acquisition of Consolidated Potash Corporation (“CPC”)

Why significant	How our audit addressed the key audit matter
<p>As disclosed in Note 15 to the financial report, in September 2019, the Group acquired 100% of the equity interest of Consolidated Potash Corporation Limited (“CPC”). The Group determined that the nature of the transaction was an asset acquisition, rather than a business combination. As a result, the fair value of the consideration transferred of \$2.551 million was allocated across the identifiable assets and liabilities acquired, resulting in the recognition of the aMES™ technology intangible asset of \$3.174 million.</p> <p>At 30 June 2020, the Group assessed the recognised intangible asset for indicators of impairment in accordance with AASB 136 <i>Impairment of Assets</i> and determined that there were no indicators of impairment.</p> <p>The acquisition was significant to the Group by virtue of its size. In addition, judgment was required in determining the adopted accounting treatment and assessing whether any impairment indicators existed.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▶ Read the CPC acquisition agreement to gain an understanding of the key terms</li> <li>▶ Assessed the appropriateness of the Group’s accounting treatment in relation to the CPC acquisition under the applicable accounting standards</li> <li>▶ Evaluated the Group’s determination of the fair value of the consideration transferred with reference to the CPC acquisition agreement</li> <li>▶ Assessed the reasonableness of the allocation of the fair value of the consideration transferred to identifiable assets and liabilities acquired</li> <li>▶ Assessed the appropriateness of the Group’s identification of indicators of impairment, including the consideration of the Group’s future strategy in relation to the aMES™ technology and its market capitalisation at 30 June 2020</li> <li>▶ Assessed the adequacy of the disclosure in Note 15 to the financial report.</li> </ul>

### Information other than the financial report and auditor’s report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company’s 2020 Annual Report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on the audit of the Remuneration Report**

### **Opinion on the Remuneration Report**

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Parkway Minerals NL for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

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### 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.

Ernst & Young

Ernst & Young

A handwritten signature in black ink, appearing to read 'V L Hoang', written over a faint, stylized graphic element that resembles a signature or a stylized 'EY' logo.

V L Hoang  
Partner  
Perth  
30 September 2020

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# Parkway Minerals NL

A.C.N. 147 346 334

## Shareholder Information

Distribution schedules of shareholders and statements of voting rights are set out in Table 1, whilst the Company's top twenty shareholders and option holders are shown in Tables 2, 3 and 4. Substantial shareholder notices that have been received by the Company are set out in Table 5.

**Table 1**  
**Shareholder spread as at 15 September 2020**

Ordinary shares, with right to attend meetings and vote personally or by proxy, through show of hands and, if required, by ballot (one vote for each share)

<u>Spread of Holdings</u>	<u>No. Holders</u> <u>PWN</u>	<u>No. Holders</u> <u>PWNCA</u>
1-1,000	110	211
1,001-5,000	174	418
5,001-10,000	124	210
10,001-100,000	644	554
100,001 - and over	758	176
Total number of holders of securities	1,810	1,569
Total number of securities	1,716,514,776	246,600,643

**Table 2**  
**Top twenty shareholders as at 15 September 2020**

<u>Shareholder</u>	<u>No. Shares</u>	<u>Percentage</u>
1 LIONS BAY CAPITAL INC	223,094,414	12.99
2 ACTIVATED LOGIC PTY LTD	203,920,534	11.88
3 CITICORP NOMINEES PTY LIMITED	61,013,384	3.55
4 MR MARK ANDREW TKOCZ	60,860,000	3.55
5 HORN RESOURCES PTY LTD	41,951,976	2.44
6 MR GUY LEON BANDUCCI	40,000,000	2.33
7 MR PATRICK BERNARD DAVID MCMANUS + MRS VIVIENNE EDWINA MCMANUS <MCMANUS SUPER FUND A/C>	33,572,486	1.96
8 BNP PARIBAS NOMINEES PTY LTD <LGT BANK AG DRP>	30,523,377	1.78
9 KEO PROJECTS PTY LTD <SUPERANNUATION FUND A/C>	29,200,000	1.70
10 MR XUAN KHOA PHAM	29,000,000	1.69
11 HENADOME PTY LTD <THE ALBOW A/C>	27,500,000	1.60
12 MR PHILIP ANTHONY FEITELSON	26,915,000	1.57
13 MR GUY BANDUCCI + MRS LISA MAREE BANDUCCI <KALI SUPER FUND A/C>	22,000,000	1.28
14 WAH LEN ENTERPRISE SDN BHD	16,666,666	0.97
15 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	15,185,796	0.89
16 JP MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,174,096	0.88
17 SURFIT CAPITAL PTY LTD	15,000,000	0.87
18 QUERION PTY LTD	13,000,000	0.76
19 HORN NOMINEES PTY LTD <HORN SUPER FUND A/C>	12,250,000	0.71
20 YAP THAL CHOY	12,000,000	0.70
	<b>928,827,729</b>	<b>54.11</b>

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**Shareholder Information (continued)**

**Table 3**  
**Top twenty partly paid shareholders as at 15 September 2020**

<u>Shareholder</u>	<u>No. Shares</u>	<u>Percentage</u>
1 LIONS BAY CAPITAL INC	54,534,253	22.11
2 ACTIVATED LOGIC PTY LTD	52,424,060	21.26
3 CITICORP NOMINEES PTY LIMITED	9,581,196	3.89
4 RHODES MINING LIMITED	8,697,960	3.53
5 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,172,814	2.10
6 WAH LEN ENTERPRISE SDN BHD	4,166,667	1.69
7 MR DANIAN JOSEPH PEKIN	3,797,525	1.54
8 DR NADER KHODRAGHA	3,583,333	1.45
9 QUERION PTY LTD	3,125,000	1.27
10 MR PHILIP ANTHONY FEITELSON	3,000,000	1.22
11 MR MOHAN SINGH NANDHA	3,000,000	1.22
12 YAP THAI CHOY	3,000,000	1.22
13 MR ADRIAN CHRISTOPHER GRIFFIN	2,719,635	1.10
14 MR JOHN STEPHEN BLADON MILLWARD	2,665,861	1.08
15 MR BRENT ARTHUR COTSWORTH	2,601,408	1.06
16 M&K KORKIDAS PTY LTD	2,584,365	1.05
17 MR STEVEN VARGA	2,500,000	1.01
18 MR BRUCE MCGOWAN HORWOOD	2,070,066	0.84
19 MR ROBERT PETER VAN DER LAAN	1,800,045	0.73
20 MR ADRIAN CHRISTOPHER GRIFFIN	1,767,998	0.72
	<b>172,792,186</b>	<b>70.07</b>

**Table 4**  
**Substantial shareholders as at 15 September 2020**

<u>Shareholder</u>	<u>No. of shares</u>	<u>Percentage</u>
Lions Bay Capital Inc	223,094,414	12.99%
Activated Logic Pty Limited	214,595,618	12.50%

**Voting Rights**

The voting rights attached to each class of equity securities are set out below.

**(a) Ordinary shares**

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.

**Unlisted options as at 15 September 2020**

Details of unlisted option holders are as follow:

<u>Class of unlisted options</u>	<u>No. Options</u>
Options exercisable at \$0.02 on or before 16 December 2022	303,166,664
Holders of more than 20% of this class	0

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## Tenement Register

Tenements (Australia) as at 20 September 2020

Tenements Name	Project	Holder	Interest
ELRA/32206	Karinga Lakes	Verdant Minerals Limited	15%*
ELRA/32207	Karinga Lakes	Verdant Minerals Limited	15%*
ELRA/32208	Karinga Lakes	Verdant Minerals Limited	15%*
ELRA/32209	Karinga Lakes	Verdant Minerals Limited	15%*
ELRA/32210	Karinga Lakes	Verdant Minerals Limited	15%*
ELRA/32211	Karinga Lakes	Verdant Minerals Limited	15%*
ELRA/32212	Karinga Lakes	Verdant Minerals Limited	15%*
ELA/32249	Karinga Lakes	Verdant Minerals Limited	15%*
ELA/32250	Karinga Lakes	Verdant Minerals Limited	15%*
ELA/32251	Karinga Lakes	Verdant Minerals Limited	15%*

\* 15% of Karinga Lakes Potash Project acquired as part of CPC transaction. See the operating review in the financial page 8, under heading Karinga Lakes Potash Project with respect to ongoing tenement rationalisation process.

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Parkway Minerals is commercialising  
**a world-class technology portfolio**  
to provide long-term sustainable solutions  
for processing complex brines, in the  
energy, mining and wastewater industries.