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PARKWAY MINERALS NL

ABN 62 147 346 334

Half-Year Financial Report

31 December 2018

DIRECTORS' REPORT

Directors

Adrian Griffin
Patrick McManus
Natalia Streltsova

Company Secretary

Amanda Wilton-Heald

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Stock Exchange Listing

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

DIRECTORS' REPORT

Your Directors submit their report on Parkway Minerals NL (the "Company") and the entities it controls ("Consolidated Entity" or "Group") for the half-year ended 31 December 2018.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Adrian Griffin (Non-executive Chairman)

Patrick McManus (Managing Director)

Natalia Streltsova (Non-executive Director)

Chew Wai Chuen (Non-executive Director) Resigned 30 September 2018

RESULTS OF OPERATIONS

The net loss after tax of the group for the six months to 31 December 2018 is \$972,167 (2017: \$648,748).

REVIEW OF OPERATIONS

Lake Seabrook

Parkway Minerals NL ("**Parkway**", **PWN** or "**the Company**") has a large land holding covering Lake Seabrook, a salt lake close to Southern Cross, in Western Australia (Figures 1 and 2).

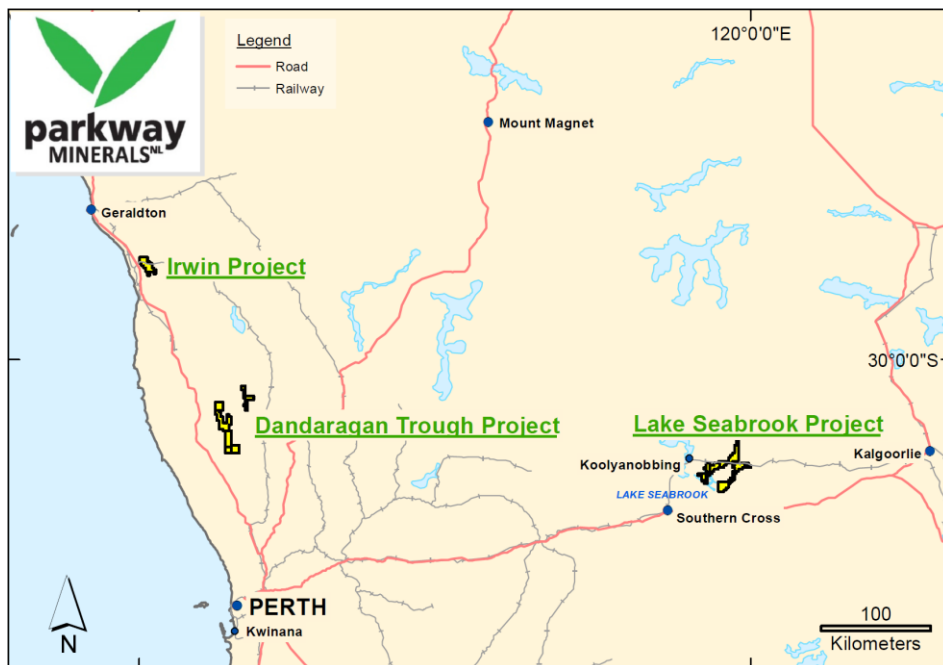


Figure 1 Parkway Projects

REVIEW OF OPERATIONS (continued)

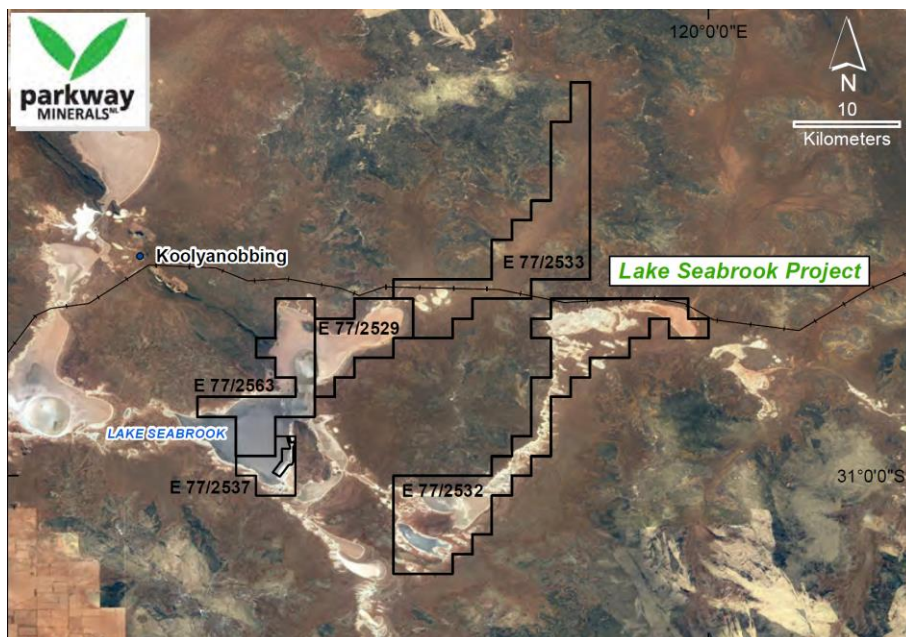


Figure 2 Lake Seabrook Tenements

Lake Seabrook has potential to host economic deposits of potash, as Sulphate of Potash, within the hypersaline brine below the lake surface.

A sampling programme is planned for 2019.

Dandaragan Trough Project

Parkway is developing the Dinner Hill project, which is part of the larger Dandaragan Trough exploration area.

The Dandaragan Trough project is focused on exploiting the large greensands deposits which commence less than 100km to the north of Perth, Western Australia. The objective is to produce potash and phosphate fertilisers and a range of valuable by-products from the glauconite and phosphate present within the greensands. The project has unique advantages of excellent connectivity to transport facilities, infrastructure and proximity to local and regional markets. The Dinner Hill resource is located less than 200km from two major bulk export ports - Kwinana and Geraldton, and is well situated in relation to major project infrastructure (Figure 3).

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REVIEW OF OPERATIONS (continued)

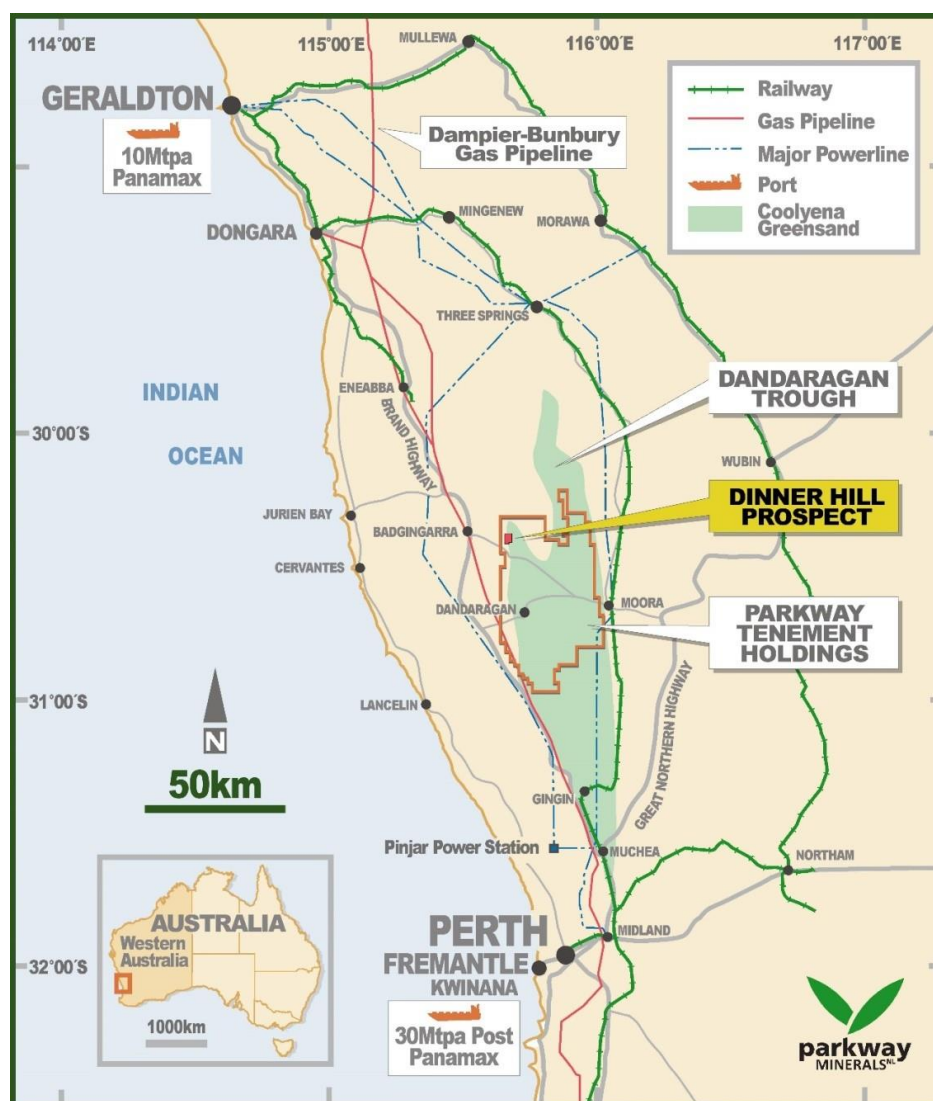


Figure 3 Dandaragan Trough tenement location

The current target is to develop the Dinner Hill deposit, which is the site of our first resources in the Trough. To achieve a rapid route to cashflow the project is being considered as two stages:

- Stage 1: a project producing single superphosphate using well-established processing techniques and a low capital requirement, and
- Stage 2: a project using the proprietary K-Max process to produce potash, phosphates and other products from the glauconite present in the greensands.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

The greensands within the Dandaragan Trough are widespread. The Dinner Hill project area covers approximately 60 km² in the north-west of the Trough (Figure 1). Within the project area PWN has established an Exploration Target of 800 Mt to 1,600 Mt of fresh greensand at a grade of between 3.8% and 4.4% K₂O. This area partially overlaps a phosphate Exploration Target of 250-300 Mt of phosphate mineralisation at a grade of between 1.5% and 1.8% P₂O₅. (refer ASX announcement 26 September 2017).

Note, the potential quantity and grade of the target is conceptual in nature, as there has been insufficient exploration to estimate a Mineral Resource over its area and as it is uncertain if further exploration will result in the estimation of a Mineral Resource.

An area of approximately 52 km² within Dinner Hill has been drilled to establish Indicated and Inferred Mineral Resources for potash (recoverable by using the K-Max process) and phosphate. The higher grade portion of the K-Max resource occurs in the Molecap Greensand. Nodular phosphate mineralisation at Dinner Hill occurs within a chalk unit, the Gingin Chalk, and in upper and lower greensand units, the Poison Hill Greensand and the Molecap Greensand. Current resource figures are shown in Table 1:

Drilling at Dambadgee, south of Dandaragan intersected significant thicknesses of fresh greensand enhancing the prospectivity of that area (Refer ASX release 21 August 2018).

Resource	Category	Tonnes (Mt)	% P ₂ O ₅	% K ₂ O
Phosphate	Indicated	160	2.45	
	Inferred	470	1.70	
Total Phosphate Resources		630	1.85	
Potash Resources included within the phosphate resource area	Indicated	160		4.20
	Inferred	470		4.40
Phosphate Resources	Total	630		4.40
Potash resource outside the phosphate resource area	Indicated	50		2.65
	Inferred	230		2.60
	Total	280		2.60
Total Potash Resource	Indicated	210		3.80
	Inferred	700		3.80
Potash Resource	Total	910		3.80

Table 1 Dinner Hill Resource Statement¹

Note: Totals may differ from sum of individual items due to rounding

1- ASX (ASX release 26 September 2017).

REVIEW OF OPERATIONS (continued)

Dinner Hill Feasibility Study

Scoping Studies have been completed on Dinner Hill phosphate and potash projects (refer ASX releases 30 September 2015 and 13 January 2015). Commencing operations with a phosphate project is the preferred development plan as there is a shorter timeline to positive cashflow, lower technical risk and lower initial capital requirements.

Process testwork carried out by Kemworks indicate that improvements can be made to the flowsheet originally designed for phosphate extraction. Further work is planned as part of the feasibility studies planned for Dinner Hill. Parkway are seeking a Joint Venture partner to accelerate the completion of the feasibility study.

Other Projects

A drilling programme carried out on Lake Barlee during the period gave results that were below the potassium levels likely to support a Sulphate of Potash project. The tenements were dropped.

The Irwin project, close to Dangara in Western Australia, was investigated for silica sand. The target horizon in the licence area was beneath extensive overburden and the project was not pursued.

Technology

Parkway owns 7.3 M Lithium Australia shares. Lithium Australia is a developer of new technology in the lithium supply chain, with interests in process technology and battery manufacture.

PWN is the 100% owner of K-Max technology, which has been proved effective in producing sulphate of potash, the preferred potash fertiliser, from glauconite. Whilst developed on the glauconite from the Dandaragan Trough, it has proved effective on other deposits.

South Harz Exploration

Parkway owns 44.3 million shares in Davenport (ASX: DAV). Davenport listed on the ASX in January 2017.

The South Harz region has a long history of potash mining, dating back to the late 1890s. Extensive exploration work and R&D was carried out in the period from the 1960s to the 1980s. This confirmed that substantial potash deposits in the form of sylvinitite (KCl/NaCl) and carnallite (KCl/MgCl) still remain in this region.

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REVIEW OF OPERATIONS (continued)



Figure 4 South Harz project location

Davenport owns three mining licences and two exploration licences in the South Harz field. The three licences are believed to have been part of the mining plan for the previous mine owners, the East Germany State Potash mining group. Substantial drilling and data evaluation has been carried out in several programmes in the 1960s and 80s .

REVIEW OF OPERATIONS (continued)

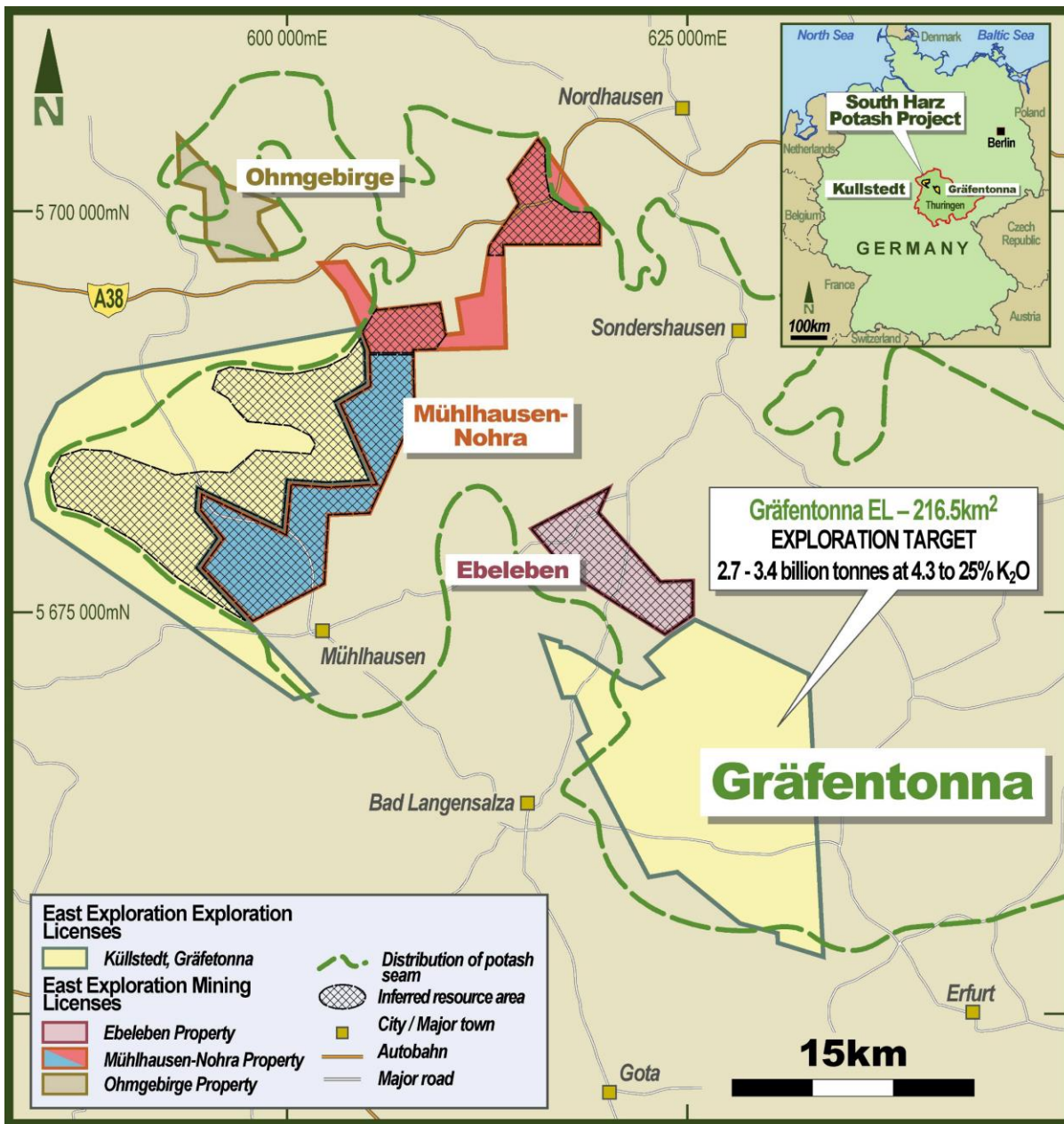


Figure 5 South Harz tenement location

Evaluation of the extensive drilling data purchased with the mining licences is still in progress. To date, a significant resource inventory has been reported. Whilst drilled to historic Soviet standards, the high quality of data stewardship has allowed the progressive upgrading to JORC 2012 compliance.

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DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

The JORC inferred resource is now

Mineral	Tonnage (MT)	K ₂ O%
Sylvinite	1,592	13.1
Carnallite	3,350	9.4
Total	4,942	10.6

Table 2 South Harz JORC Inferred Resource

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes have occurred in the state of affairs of the company.

Events subsequent to balance date

On 22 January 2019, the Company issued 13,512,266 shares mostly relating to the director, senior management fee and remuneration sacrifice share plan.

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 half-year report.

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 26.

Signed in accordance with a resolution of the Directors



Patrick McManus
Director
Perth, 15 March 2019

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year ended 31 December 2018 \$	Half-year ended 31 December 2017 \$
INCOME FROM CONTINUING ACTIVITIES			
Administration services		70,673	19,146
Interest		4,360	3,847
Stamp Duty Refund		-	88,453
Government grant		69,787	-
Reversal of impairment - investment in associate	5	-	315,791
TOTAL INCOME		144,820	427,237
EXPENSES FROM CONTINUING ACTIVITIES			
Administration		259,943	377,612
Depreciation		24,391	5,176
Share-based payments		90,113	100,862
Exploration		142,566	333,647
Legal		16,873	53,208
Occupancy		28,988	35,680
Share of net losses of associate	5	378,276	236,325
Remuneration (excluding share-based payments)		175,837	192,768
LOSS BEFORE INCOME TAX		(972,167)	(908,041)
Income tax benefit		-	259,293
LOSS FOR THE PERIOD		(972,167)	(648,748)
OTHER COMPREHENSIVE INCOME			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Available for sale financial assets			
- Current period gain		-	922,200
- Income tax on items that may be reclassified to profit or loss		-	(253,605)
Equity accounted investments – Share of other comprehensive income	5	69,151	16,784
TOTAL OTHER COMPREHENSIVE INCOME		69,151	685,379
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(903,016)	36,631
Basic and diluted loss per share (cents per share)	3	(0.14)	(0.13)

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

PARKWAY MINERALS NL
ABN 62 147 346 334

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	31 December 2018 \$	30 June 2018 \$
CURRENT ASSETS			
Cash and cash equivalents		407,517	1,145,018
Trade and other receivables		98,863	136,681
Other assets		25,273	35,918
Total Current Assets		531,653	1,317,617
NON-CURRENT ASSETS			
Trade and other receivables		-	500,000
Investment in associate	5	2,603,990	2,413,115
Available-for-sale financial assets		-	687,990
Financial assets at fair value through profit and loss		687,990	-
Plant and equipment		21,437	45,827
Total Non-Current Assets		3,313,417	3,646,932
TOTAL ASSETS		3,845,070	4,964,549
CURRENT LIABILITIES			
Trade and other payables	6	89,152	402,071
Provisions		121,325	114,982
Total Current Liabilities		210,477	517,053
TOTAL LIABILITIES		210,477	517,053
NET ASSETS		3,634,593	4,447,496
EQUITY			
Issued capital	7	23,053,101	22,974,071
Reserves		1,864,735	1,890,627
Accumulated losses		(21,283,243)	(20,417,202)
TOTAL EQUITY		3,634,593	4,447,496

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 HALF-YEAR ENDED 31 DECEMBER 2018

	Issued Capital	Accumulated Losses	Share and Option Based Payment Reserve	Financial Assets Reserve	Foreign currency Translation reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2017	20,981,821	(15,599,211)	688,643	-	-	6,071,253
Loss for the period	-	(648,748)	-	-	-	(648,748)
Other comprehensive income:						
Financial asset gains	-	-	-	668,595	-	668,595
Equity accounted investments – share of other comprehensive income	-	-	-	-	16,784	16,784
Total comprehensive income for the the period	-	(648,748)	-	668,595	16,784	36,631
Transactions with owners in their capacity as owners:						
Shares issued	1,377,000	-	-	-	-	1,377,000
Share issued transaction costs	(120,209)	-	23,000	-	-	(97,209)
Share-based payments	127,261	-	-	-	-	127,261
Balance as at 31 December 2017	22,365,873	(16,247,959)	711,643	668,595	16,784	7,514,936

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

PARKWAY MINERALS NL
ABN 62 147 346 334

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

	Issued Capital	Accumulated Losses	Share and Option Based Payment Reserve	Financial Assets Reserve	Foreign currency translation reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	22,974,071	(20,417,202)	711,643	1,142,872	36,112	4,447,496
Effect of adoption of AASB 9 (note 1(c))	-	106,126	-	(106,126)	-	-
Balance at 1 July 2018	22,974,071	(20,311,076)	711,643	1,036,746	36,112	4,447,496
Loss for the period	-	(972,167)	-	-	-	(972,167)
Other comprehensive income:						
Equity accounted investments – share of other comprehensive income	-	-	-	-	69,151	69,151
Total comprehensive loss for the period	-	(972,167)	-	-	69,151	(903,016)
Transactions with owners in their capacity as owners:						
Shares issued	-	-	-	-	-	-
Share issued transaction costs	(11,083)	-	-	-	-	(11,083)
Share-based payments	90,113	-	11,083	-	-	101,196
Balance as at 31 December 2018	23,053,101	(21,283,243)	722,726	1,036,746	105,263	3,634,593

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

PARKWAY MINERALS NL
ABN 62 147 346 334

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-year ended 31 December 2018	Half-year ended 31 December 2017
	\$	\$
OPERATING ACTIVITIES		
Other Receipts	25,373	6,010
Payments to suppliers and employees	(884,029)	(1,032,262)
Stamp duty received	-	88,453
Government grant	69,787	-
Interest received	4,359	2,703
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(784,510)	(935,096)
INVESTING ACTIVITIES		
Payment for term deposit	-	(600,000)
Payments for exploration expenditure	-	(85,000)
Payments for plant and equipment	-	(13,214)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	-	(698,214)
FINANCING ACTIVITIES		
Proceeds from issue of shares	68,905	1,377,000
Share issue costs	(21,896)	(70,809)
NET CASH FLOWS FROM FINANCING ACTIVITIES	47,009	1,306,191
NET DECREASE IN CASH AND CASH EQUIVALENTS	(737,501)	(327,119)
Cash and cash equivalents at the beginning of the period	1,145,018	1,881,039
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	407,517	1,553,920

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1: Basis of preparation of the half-yearly financial report

This interim condensed financial report for the half-year ended 31 December 2018 was authorised for issue in accordance with a resolution of the directors on 14 March 2019. The financial report has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

It is recommended that the half-year financial statements be read in conjunction with the annual financial report for the year ended 30 June 2018 and considered with any public announcements made by Parkway Minerals NL during the half-year ended 31 December 2018 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

The half-year financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full and understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report which is available at www.parkwayminerals.com.au.

The half-year financial statements have been prepared on the basis of accrual accounting and historical costs and the same accounting policies and methods of computation were followed as in the most recent annual financial statements

(a) Going concern basis

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 for the period ended 31 December 2018 of \$972,167 (31 December 2017: \$648,748) and incurred net cash outflows from operating activities of \$784,510 (31 December 2017: \$935,096).

The Directors have reviewed the consolidated entity's financial position and are of the opinion that while the Group will be able to meet its ongoing operation commitments, additional funds may be required for future exploration programs. The Directors believes the consolidated entity will be successful in securing additional funds through future share and right issues and on the sale of Financial Assets.

Should the consolidated entity not be able to raise funds from equity raisings, placements or other sources, 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 nor 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.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1: Basis of preparation of the half-yearly financial report (continued)

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except as set out below:

(c) New or revised standards and interpretations that are first effective in the current reporting period

The Group has adopted all of the 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 half-year as below:

AASB 15 Revenue from Contracts with Customers

The Group adopted AASB 15 with the date of initial recognition being 1 July 2018.

AASB 15 supersedes AASB 118 Revenue, AASB 111 Construction Contracts and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in scope with other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

At 1 July 2018 it was determined that the adoption of AASB 15 had no impact on the Group as there are no material revenue streams that are under the scope of the new standard.

AASB 9 Financial Instruments

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement ("AASB 139"), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. The Group adopted AASB 9 retrospectively, with the initial application date of 1 July 2018. The group has not restated comparative information, which continues to be reported under AASB 139. Differences arising from the adoption of AASB 9 have been recognised directly in retained earnings and other components of equity.

Under AASB 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

The SPPI test is applied to the entire financial asset, even if it contains an embedded derivative. Consequently a derivative embedded in a debt instrument is not accounted for separately.

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018**

Note 1: Basis of preparation of the half-yearly financial report (continued)

At the date of initial application, existing financial assets and liabilities of the Group were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Group has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139 (i.e. prior to 1 July 2018)	New measurement category under AASB 9 (i.e. from 1 July 2018)	Carrying value at 1 July under AASB 139 \$	Carrying value at 1 July under AASB 9 \$
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost	1,145,018	1,145,018
Trade and other receivables	Loans and receivables	Financial assets at amortised cost	136,681	136,681
Financial assets	Available-for-sale financial assets	Financial Assets at Fair value through profit and loss (FVTPL)	687,990	687,990
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost	402,071	402,071

The change in classification for cash and cash equivalents, trade and other receivables, and trade and other payables has not resulted in any re-measurement adjustments at 1 July 2018. The impact of the change on financial assets is discussed further below:

Financial assets at FVTPL

Financial assets at fair value through profit or loss include financial assets held for trading, e.g., derivative instruments, financial assets designated upon initial recognition at fair value through profit or loss, e.g., debt or equity instruments, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that do not pass the SPPI test are required to be classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 recognised in profit or loss.

With the implementation of AASB 9, the Group has classified the investment in Lithium Australia NL previously classified as available for sale financial assets as a financial asset at fair value through profit and loss. This is on the basis that this investment is not expected to be held on a long-term basis. Accordingly, the prior period fair value gain of \$106,126 recorded in the financial asset reserve has been transferred to accumulated losses to align the impact of AASB 9 at 1 July 2018. There have been no other changes as a result of the adoption of AASB 9.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1: Basis of preparation of the half-yearly financial report (continued)

Impairment of financial assets

In respect of financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Group to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to the portion of the lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL's are based on the difference between contractual cashflows due in accordance with the contract and all the Group expects to receive. The shortfall is then discounted at an approximation to the assets original effective interest rate.

As at 1 July 2018, management reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information. In accordance with AASB 9, where the directors concluded that it would require undue cost and effort to determine the credit risk of a financial asset on initial recognition, the Group recognises lifetime ECL. No material impact was noted as a result of the assessment.

Hedge Accounting

The Group has not applied Hedge Accounting.

AASB 16 Leases

AASB 16 requires lessees to account for all leases under a single on- balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise 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 will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under AASB 117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases.

The Group does not expect any material impact from this standard since there are no current operating lease commitments in place.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 1: Basis of preparation of the half-yearly financial report (continued)

New Accounting Policies

Trade and other receivables (new policy applied from 1 July 2018 due to adoption of AASB 9- see AASB 9 above for further details)

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 Group always recognises expected credit loss for trade receivables carried at amortised cost. 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.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 2: Segment reporting

The consolidated entity 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 Consolidated entity currently does not have production and is only involved in exploration. 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 manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria, the consolidated entity only has one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in note 1 for the computation of the consolidated entity's results presented in this set of financial statements.

Note 3: Loss per share

	2018	2017
	\$	\$
Basic loss per share (cents per share)	(0.14)	(0.13)
Diluted loss per share (cents per share)	(0.14)	(0.13)
Loss used in calculating basic and diluted Loss per share	(972,167)	(648,748)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	718,114,975	516,917,487

During the period there were no listed or key management personnel options exercised.

The options on issue are not considered dilutive for the purpose of the calculation of diluted loss per share as the options are not in-the-money as at 31 December 2018. Consequently, diluted loss per share is the same as basic loss per share.

There have been no transactions involving ordinary shares or potential shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

Note 4: Contingent liabilities and contingent assets

The consolidated entity does not have any contingent assets or liabilities outstanding at 31 December 2018 (30 June 2018: Nil).

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 5: Investment in associate

	31-Dec-18	31-Dec-17
	\$	\$
Investment in associate	2,603,990	1,732,493
	<u>2,603,990</u>	<u>1,732,493</u>
Reconciliation of movement for the period:		
Opening Balance	2,413,115	1,636,243
Receipt of milestone shares	-	-
Receipt of subscription shares	500,000	-
Share of net losses for the period	(378,276)	(236,325)
Share of other comprehensive income for the period	69,151	16,784
Reversal of impairment	-	315,791
	<u>2,603,990</u>	<u>1,732,493</u>

The Group's interest in Davenport Resources Limited ("Davenport") is accounted for using the equity method in the consolidated financial statements on the basis it was concluded that Parkway has significant influence due to the 31% interest in the entity as at 31 December 2018, and the fact that a Director of Parkway is the non-executive chairman of Davenport.

As at 31 December 2018, the Group undertook an assessment on the carrying value of the investment in accordance with AASB 136 *Impairment of Assets*. Taking into the Davenport's announcement of its resources upgrade on 16 October 2018 and its subsequent improvement in share price, it was concluded that there was no impairment indicator that required a full impairment assessment at 31 December 2018. Management has also determined that the short-term improvement in the share price does not provide sufficient evidence for an impairment reversal at 31 December 2018. As a result, no impairment reversal was recognised for the half-year ended 31 December 2018.

During the half-year ended 31 December 2018 Parkway also subscribed to additional shares in Davenport for consideration of \$500,000.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 6: Trade and Other Payables

	31-Dec-18	30-Jun-18
Trade creditors	63,258	133,355
Accrued expenses	15,000	83,764
Option fee liability	-	180,000
Other payables	10,894	4,952
	89,152	402,071

Note 7: Issued capital

	Six months to 31 Dec 2018 Number	Year to 30 June 2018 Number	Six months to 31 Dec 2018 \$	Year to 30 June 2018 \$
Ordinary Shares				
At beginning of the period	594,814,654	359,237,974	23,309,096	21,316,846
Issue of nil shares (2018: 135,126,000) via share placements	-	135,126,000	-	1,351,260
Issue of nil shares (2018: 52,700,000) via share purchase plan	-	52,700,000	-	527,000
Issue of nil shares (2018: 23,750,680) as share-based payments	-	23,750,680	-	260,824
Issue of nil treasury shares (2018: 24,000,000) pursuant to the Controlled Placement Facility	-	24,000,000	-	-
Shares to be issued*	13,512,266	-	90,113	-
Equity Raising Costs	-	-	(11,083)	(146,834)
	608,326,920	594,814,654	23,388,126	23,309,096
Reserve shares	(3,150,000)	(3,150,000)	(335,025)	(335,025)
At end of the period	605,176,920	591,664,654	23,053,101	22,974,071

* Shares have not yet been issued as of 31 December 2018. These shares have been issued on 22 January 2019. These shares have been recognised and expensed as part of share-based payments during the period to 31 December 2018.

At a special meeting held on 26 November 2018, the class shareholders have approved the variation of partly paid shares. The revised terms of the partly paid shares reduced the unpaid amount per Partly Paid Share from \$0.049 to \$0.019 and reduced the maximum call amount in any 6-month period from \$0.02 to \$0.01.

As at 31 December 2018 and 30 June 2018, there were 123,300,321 partly-paid shares issued.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 8: Share-based payments

Reconciliation of total options on issue

	Options issued as share-based payments	Other options issued	Reserved shares issued	Total
As at 1 July 2017	8,546,691	14,250,000	3,150,000	25,946,691
Issued during the period (a)	10,000,000	-	-	10,000,000
Expired during the period	(1,992,188)	-	-	(1,992,188)
As at 30 June 2018	16,554,503	14,250,000	3,150,000	33,954,503
Issued during the period (b)	5,000,000	50,126,000	-	55,126,000
Expired during the period	(3,500,000)	(14,250,000)	-	(17,750,000)
As at 31 December 2018	18,054,503	50,126,000	3,150,000	71,330,503

Note a

At the Company's AGM on 30 November 2017, in total 5,000,000 class A broker options and 5,000,000 class B broker options were approved to be issued to consultants for equity raising services, which was recognised as part of issued capital as a share issue cost. These options were issued subsequent to 31 December 2017.

The fair value of options granted under this plan was determined using a Black-Scholes option pricing methodology. Details of the valuation assumptions used are set out below.

Dividend yield (%)	Nil
Expected volatility*(%)	75
Risk-free interest rate (%)	1.5
Expected life (years)	2
Share price (\$)	\$0.01
Exercise price (\$) – Class A	\$0.02
Exercise price (\$) – Class B	\$0.04
Value per option (\$) – Class A	\$0.0032
Value per option (\$) – Class B	\$0.0014

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

Note b

On 21 August 2018, the Company issued 5,000,000 options to the consultants for equity raising services, which was recognised as part of issued capital as a share issue cost. These options were approved by shareholders at the general meeting held on 15 August 2018. At a general meeting held on 15 August 2018, the shareholders also approved issue of 50,126,000 free- attaching options to the placement issued on 29 June 2018.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Note 9: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the period, the following transactions were undertaken between the Company, executive officers and director-related entities.

	31-Dec-18	31-Dec-17
	\$	\$
Reimbursements of travel expenses were made to Precious Capital Pte Ltd, a company of which Chew Wai Chuen is a director and shareholder.	1,276	6,710
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 staff (excluding fees directly related to Robert Van der Laan), and administrative staff.	40,258	61,992

Note 10: Commitments

The consolidated entity has certain obligations with respect to tenements and minimum expenditure requirements on areas, as follow:

	31-Dec-18	30-Jun-18
Within 1 year	608,375	1,038,667
1 to 2 years	608,375	1,038,667
	1,216,750	2,077,334

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 reports as at 31 December 2018. The figures are adjusted on the anniversary date of each tenement and therefore the total can change on a monthly basis.

Note 11: Events subsequent to balance date

On 22 January 2019, the Company issued 13,512,266 shares mostly relating to the director, senior management fee and remuneration sacrifice share plan.

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 half-year report.

Note 12: Financial instruments

There carrying value of all financial assets and financial liabilities is considered to equal their fair value due to their short-term nature.

Note 13: Dividends

No dividend has been paid or declared during the half-year and the directors do not recommend the payment of a dividend in respect of the financial period.

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DIRECTORS' DECLARATION

The Directors of Parkway Minerals NL declare that:

- (a) the financial statements and notes set out on page 10 to 24 are in accordance with the Corporations Act 2001:
- give a true and fair view of the financial position of the Company as at 31 December 2018 and of its performance for the half-year ended 31 December 2018 of the Company; and
 - comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;
- (b) subject to the matters discussed in Note 1(a), in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The declaration is made in accordance with a resolution of the Board of Directors.



Patrick McManus
Director
Perth

15 March 2019

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Auditor's Independence Declaration to the Directors of Parkway Minerals NL

As lead auditor for the review of the half-year financial report of Parkway Minerals NL for the half-year ended 31 December 2018, I declare to the best of my knowledge and belief, there have been:

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

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



Ernst & Young



V L Hoang
Partner
15 March 2019

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Independent Auditor's Review Report to the Members of Parkway Minerals NL

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Parkway Minerals NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2018 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 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 conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2018 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young



V L Hoang
Partner
Perth
15 March 2019