PARKWAY MINERALS NL

ABN 62 147 346 334

Half-Year Financial Report

31 December 2019

DIRECTORS' REPORT

Directors

Adrian Griffin
Bahay Ozcakmak
Patrick McManus
Patrick Power
Richard Beresford

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).

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 2019.

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)

Bahay Ozcakmak (Managing Director) Appointed 28 November 2019

Patrick McManus (Non-executive Director) Appointed 28 November 2019

Patrick Power (Non-executive Director) Appointed 13 September 2019

Richard Beresford (Non-executive Director) Appointed 12 March 2020

Natalia Streltsova (Non-executive Director) Resigned 30 September 2019

Names, qualifications, experience and special responsibilities

Adrian Griffin *Non-Executive Chairman*

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 was a founding director and executive of Washington Resources Limited and also a founding director of Empire Resources Limited and Ferrum Crescent Limited. Mr Griffin was also a founding director of ASX-listed Northern Minerals 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), Lithium Australia NL (Director February 2011 – Present) and Reedy Lagoon Corporation Limited (Director June 2014 – Present).

Bahay Ozcakmak *Managing Director*

Mr Bahay Ozcakmak is the founder of Activated Water Technologies Pty Ltd ("AWT") and the CEO of AWT's parent company, Consolidated Potash Corporation Ltd ("CPC"). 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 2019 – Present).

Patrick McManus *Non-Executive Director*

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, Madagascar, Indonesia and the United States. During that time, Patrick has worked in operational, technical and corporate roles for Rio Tinto, RGC Limited and Bemas Resources Limited. He was a founding director and, from January 2007 to March 2010, managing director of ASX-listed Corvette Resources Limited.

Other listed company directorships during the last 3 years:
Davenport Resources (Chairman January 2017 – Present).

Patrick Power *Non-Executive Director*

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).

Richard Beresford *Non-Executive Director*

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 – Present)

Company Secretary

Amanda Wilton-Heald

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.

RESULTS OF OPERATIONS

The net loss of the group for the six months to 31 December 2019 is $1,290,051 (2018: $972,167).

REVIEW OF OPERATIONS

In October 2019, Parkway Minerals NL (**"Parkway Minerals"** or the **"Company"**) completed a transformational transaction by acquiring an Australian unlisted public company, Consolidated Potash Corporation (CPC). The CPC transaction 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. Through CPC, Parkway Minerals also acquired a minority interest in the Karinga Lakes Potash Project in NT Australia, as well as a majority interest in the New Mexico Lithium Project, in the United States.

In light of the CPC acquisition, the Company reviewed the expanded technology and project portfolio, and determined that in addition to progressing the advanced stage Karinga Lakes Potash Project towards a pre-feasibility study, various opportunities relating to the recently acquired aMES™ technology, provide significant near-term potential. Given this potential, Parkway Minerals focused efforts on building and leveraging the aMES™ technology platform to improve the efficiency, sustainability and ultimately the profitability of various brine and wastewater streams, by enabling the development of more innovative project development concepts, particularly in the mining and energy sectors. Parkway Minerals is engaged with a number of prospective end-users of the aMES™ technology, on a range of strategic initiatives aimed at accelerating the commercialisation of the aMES™ technology. In addition to ongoing discussions with prospective end-users of the aMES™ technology, Parkway Minerals is pursuing potential partnerships with key project delivery partners that are capable of providing Parkway Minerals with an accelerated technology deployment capability, as well as a structured profit share framework.

Following the Parkway Minerals 2019 AGM, the existing managing director of the Company, Patrick McManus assumed a non-executive director position and as an existing executive director of the Company, I was appointed the new managing director of the Company. Immediately after my appointment, an enhanced corporate strategy was finalised (refer December 2019 Quarterly Report, 28 January 2020), to outline the key priorities for the Company in 2020. The 2020 business plan was outlined to prospective investors in an investor roadshow and was warmly received by both existing and new shareholders.

In December 2019, the Company raised gross proceeds of $1.11 million from existing shareholders of the Company, through an oversubscribed Share Purchase Plan (SPP). The Company also raised a further $1.67 million through a concurrent placement to sophisticated and professional investors. In total, the SPP and the accompanying placement raised gross proceeds of $2.78 million, providing the Company with a robust cash position, and a platform from which to execute the 2020 business plan, with a particular emphasis on accelerating the commercialisation of the aMES™ technology.

REVIEW OF OPERATIONS (continued)

Parkway Minerals also holds a strategic investment 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 5 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.

During the period, following a review of exploration results, the Company relinquished the tenement package constituting the Lake Seabrook project, in order to focus on more prospective projects, including those acquired through the acquisition of CPC. The Company intends to continue to rationalise the project portfolio, to ensure holding costs for non-core projects are minimised whilst efforts are concentrated on commercialisation of the aMES™ technology.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During this reporting period, 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 two brine projects - Karinga Lakes Potash Project in Northern Territory, Australia and New Mexico Lithium Potash Project in the United States.

Other than the above, no significant changes have occurred in the state of affairs of the company.

Events subsequent to balance date

The Company announced to issue free-attaching unlisted options, exercise price at 2 cents on or before 16 December 2022, to the shareholders who participated in share purchase plan and s708 placement as well as share purchase plan free-attaching options to the directors.

On the same date, the Company also announced to issue total number of 49,999,999 broker options for their capital raising services provided, this has been recognised as part of the equity based payment in this period.

Those above mentioned options were approved by shareholders on 5 March 2020 General Meeting.

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 page22.

Signed in accordance with a resolution of the Directors

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Bahay Ozcakmak
Director
Perth, 13 March 2020

PARKWAY MINERALS NL
ABN 62 147 346 334

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Half-year ended 31 December 2019 $	Half-year ended 31 December 2018 $
INCOME FROM CONTINUING ACTIVITIES			
Other income		17,288	70,673
Interest		706	4,360
Government Grant		-	69,787
TOTAL INCOME		**17,994**	**144,820**
EXPENSES FROM CONTINUING ACTIVITIES			
Loss from the disposal of financial assets		134,508	-
Administration		443,726	259,943
Depreciation		2,905	24,391
Equity based payments		118,968	90,113
Exploration		38,013	142,566
Legal		44,798	16,873
Occupancy		17,527	28,988
Share of net losses of associate	5	288,681	378,276
Remuneration (excluding equity based payments)		218,919	175,837
LOSS BEFORE INCOME TAX		**(1,290,051)**	**(972,167)**
Income tax expense		**-**	-
NET LOSS FOR THE PERIOD		**(1,290,051)**	**(972,167)**
OTHER COMPREHENSIVE INCOME			
Items that may be subsequently reclassified to profit or loss:			
- Income tax on items that may be reclassified to profit or loss			
Equity accounted investments – Share of other comprehensive income	5	**(12,663)**	69,151
TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)		**(12,663)**	**69,151**
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(1,302,714)**	**(903,016)**
Basic and diluted loss per share (cents per share)	3	(0.13)	(0.14)

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 2019

	Note	31 December 2019	30 June 2019
		$	$
CURRENT ASSETS			
Cash and cash equivalents		2,880,456	120,981
Trade and other receivables		19,921	111,645
Other assets		7,922	18,484
Total Current Assets		**2,908,299**	**251,110**
NON CURRENT ASSETS			
Trade and other receivables		20,000	20,000
Exploration and evaluation		125,692	-
Investment in associate	5	1,446,309	2,257,653
Intangible assets	6	3,174,267	-
Financial assets	7	-	399,374
Plant and equipment		19,007	21,912
Total Non-Current Assets		**4,785,275**	**2,698,939**
TOTAL ASSETS		**7,693,574**	**2,950,049**
CURRENT LIABILITIES			
Trade and other payables	8	361,162	145,769
Provisions		144,117	137,419
		505,279	**283,188**
TOTAL LIABILITIES		**505,279**	**283,188**
NET ASSETS		**7,188,295**	**2,666,861**
EQUITY			
Issued capital	9	28,753,233	23,159,732
Reserves		2,045,249	1,827265
Accumulated losses		(23,610,187)	(22,320,136)
TOTAL EQUITY		**7,188,295**	**2,666,861**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital	Accumulated Losses	Share and Option Based Payment Reserve	AFS 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	**-**	**106,126**	**-**	**(106,126)**	**-**	**-**
Balance at 1 July 2018(restated)	**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 income 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.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Issued Capital $	Accumulated Losses $	Share and Option Based Payment Reserve $	AFS Reserve $	Foreign currency translation Reserve $	Partly Paid Shares Reserve $	Total $
Balance at 1 July 2019	**23,159,732**	**(22,320,136)**	**722,726**	**1,036,746**	**67,793**	**-**	**2,666,861**
Loss for the period	-	(1,290,051)	-	-	-	-	(1,290,051)
Other comprehensive income:							
Equity accounted investments – share of other comprehensive income	-	-	-	-	(12,663)	-	(12,663)
Total comprehensive loss for the period	**-**	**(1,290,051)**	**-**	**-**	**(12,663)**	**-**	**(1,302,714)**
Transactions with owners in their capacity as owners:							
Shares issued	5,715,912	-	-	-	-	-	5,715,912
Share issued transaction costs	(241,379)	-	-	-	-	-	(241,379)
Share-based payments	118,968	-	107,348	-	-	-	226,316
Partly Paid Shares issued (Refer to Note 6)	-	-	-	-	-	123,299	123,299
Balance as at 31 December 2019	**28,753,233**	**(23,610,187)**	**830,074**	**1,036,746**	**55,130**	**123,299**	**7,188,295**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	Half-year ended 31 December 2019	Half-year ended 31 December 2018
	$	$
OPERATING ACTIVITIES		
Other Receipts	19,025	25,373
Payments to suppliers and employees	(733,132)	(884,029)
Government grant	99,041	69,787
Interest received	706	4,359
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**(614,360)**	**(784,510)**
INVESTING ACTIVITIES		
Proceeds from sale of financial assets	274,866	-
NET CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES	**274,866**	**-**
FINANCING ACTIVITIES		
Proceeds from issue of shares	3,233,000	68,905
Share issue costs	(134,031)	(21,896)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**3,098,969**	**47,009**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,759,475	(737,501)
Cash and cash equivalents at the beginning of the period	120,981	1,145,018
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,880,456**	**407,517**

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

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

This interim condensed financial report for the half-year ended 31 December 2019 was authorised for issue in accordance with a resolution of the directors on 13 March 2020. 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 2019 and considered with any public announcements made by Parkway Minerals NL during the half-year ended 31 December 2019 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 2019 of $1,290,051 (31 December 2018: $972,167) and incurred net cash outflows from operating activities of $614,360 (31 December 2018: $784,510).

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.

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.

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

(b) **New Accounting Standards and Interpretations**

The Group applied all new and amended Accounting Standards and Interpretations that were effective as at 1 July 2019, including:

AASB 16 Leases

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 exemption for the lease contracts. 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.

(c) Adoption of new policies

The accounting policies adopted are consistent with those applied by the Group in the preparation of the annual consolidated financial statements for the year ended 30 June 2019, other than the adoption of additional accounting policies set out below:

I. Leases

(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.

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

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 (i. e. below $5,000). 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.

II. 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 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.

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

III. 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 half-year. There are no new and revised standards that have any material impact of the Group's Financial Statements.

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 involved in exploration and developing exploration related technology. As a result of this development of exploration related technology, the Company is involved in the exploration of brines which can be processed by the Company's developing 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 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: Earnings per share

	2019 **$**	**2018** **$**
Basic loss per share (cents per share)	(0.13)	(0.14)
Diluted loss per share (cents per share)	(0.13)	(0.14)
Loss used in calculating basic and diluted loss per share	(1,290,051)	(972,167)
	Number	**Number**
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	967,290,923	718,114,975

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

Note 3: Earnings per share (continued)

The options on issue are not considered dilutive for the purpose of the calculation of diluted loss per share as their conversion to ordinary shares would not decrease the profit from continuing operations per share. 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 2019 (30 June 2018: Nil).

Note 5: Investment in associate

	31-Dec-19	30-Jun-19
	$	$
Investment in associate	1,446,309	2,257,653
	1,446,309	2,257,653
Reconciliation of movement for the period:		
Opening Balance	2,257,653	2,413,115
Shares disposed	(510,000)	-
Receipt of subscription shares	-	500,000
Share of net losses for the period	(288,681)	(682,788)
Share of other comprehensive income for the period	(12,663)	31,681
Impairment	-	(4,355)
	1,446,309	2,257,653

On 5 July 2018, the Group was issued 7.1 million shares in Davenport Resources Limited, following the subscription paid in June 2018. The result of this issue of shares, the group holds a 33% interest in Davenport Resources Limited.

As announced on the market, the consolidated entity has acquired CPC during this half-year, as part of the transaction, the consolidated entity transferred 10,000,000 Davenport Resources Limited shares to Lions Bay Inc. for the debt settlement of CPC. Please refer to note 6 for more detail.

Note 6: Intangible assets

During this reporting period, 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:

	$
Assets	
Cash	6,543
Intangible assets (3)	3,174,267
Other Receivable	3,255
Liabilities	
Loans with Lions Bay Inc. (1)	(556,882)
Other creditors	(75,798)
Other payables	
Total identifiable net assets at fair value	**2,551,385**
Total consideration (2)	**2,551,385**

(1) At acquisition, the CPC loan due to Lions Bay Capital 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 of $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.

Note 7: Financial assets

As at the beginning of the reporting period, the company had 550,000 Lithium Australia NL shares, total market value of $399,374. This financial asset has been disposed during this period for $274,866, resulting in a loss on disposal of $124,508 recognised in the statement of comprehensive income.

Note 8: Trade and other payables

	31-Dec-19 $	30-Jun-19 $
Current		
Unsecured liabilities		
Trade payables	361,162	145,769
	361,162	**145,769**

Note 9: Issued capital

Ordinary Shares	Six months to 31 Dec 2019 Number	Year to 30 June 2019 Number	Six months to 31 Dec 2019 $	Year to 30 June 2019 $
At beginning of the period	**633,932,540**	**594,814,654**	**23,494,757**	**23,309,096**
Issue of 553,833,333 shares via share placements and share purchase plan	553,833,333	-	3,233,000	-
Issue of nil shares as share-based payments	-	13,512,266	-	90,113
Issue of 496,582,539 shares to acquire CPC	496,582,539	-	2,482,913	-
Shares to be issued*	20,047,226	25,605,620	118,968	106,631
Equity Raising Costs	-	-	(241,379)	(11,083)
At end of the period	**1,704,395,638**	**633,932,540**	**29,088,259**	**23,494,757**
Reserve shares	**(3,150,000)**	**(3,150,000)**	**(335,026)**	**(335,025)**
At end of the period	**1,701,245,638**	**630,782,540**	**28,753,233**	**23,159,732**

** Shares have not yet been issued, with the number of shares to be determined at issue date, dependent on the market share price.*

Note 10: Share based payments

As part of its capital raisings in December 2019, the Group agreed to issue 33,333,333 broker options to GTT Ventures Pty Ltd and 16,66,666 broker options to LTL Capital Pty Ltd.

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 ($)	1.5
Expected life (years)	3
Share price ($)	$0.008
Exercise price ($)	$0.02
Value per option ($)	$0.0021

The issue of options was approved by shareholders at the annual general meeting. The fair value of the options granted of $107,348 was recognised as Share issued transaction costs for the period.

Note 11: 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-19 $	31-Dec-18 $
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
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.	28,719	40,258

Note 12: Commitments

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

	31-Dec-19	30-Jun-19
Within 1 year	388,427	560,386
1 to 2 years	388,427	560,386
	776,584	**1,120,772**

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 2019. The figures are adjusted on the anniversary date of each tenement and therefore the total can change on a monthly basis.

Note 13. Financial Instruments

The carrying value of the Group's financial instruments is considered to approximate fair value at 31 December 2019 due to their short term nature.

Note 14: Events subsequent to balance date

The Company announced to issue free-attaching unlisted options, exercise price at 2 cents on or before 16 December 2022, to the shareholders who participated in share purchase plan and s708 placement as well as share purchase plan free-attaching options to the directors.

On the same date, the Company also announced to issue total number of 49,999,999 broker options for their capital raising services provided, this has been recognised as part of the equity based payment in this period.

Those above mentioned options were approved by shareholders on 5 March 2020 General Meeting.

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 result 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 15: 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.

DIRECTORS' DECLARATION

The Directors of Parkway Minerals NL declare that:

(a) the financial statements and notes set out on page 7 to 20 are in accordance with the Corporations Act 2001:
   - give a true and fair view of the financial position of the Group as at 31 December 2019 and of its performance for the half-year ended 31 December 2019; and
   - comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001;

(b) subject to the matters discussed in Note 1, 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.

____

Bahay Ozcakmak
Director
Perth

13 March 2020

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Building a better working world

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

As lead auditor for the review of the interim financial report of Parkway Minerals NL for the half-year ended 31 December 2019, 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

Ernst & Young

V L Hoang
Partner
13 March 2020

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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 2019, 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 2019 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 2 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 2019 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
13 March 2020