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# ASX Announcement

31 October 2019

ASX: PWN  
FSE: 4IP

## SEPTEMBER 2019 QUARTERLY REPORT

### Highlights

#### Acquisition of Consolidated Potash Corporation

- Acquired 98.83% interest in Consolidated Potash Corporation (CPC) following strong shareholder support at the EGM held on 13 September 2019.
- Concurrent capital-raising of \$450,000 successfully completed to fund integration.
- Transformative transaction for Parkway Minerals, providing the following:
  - 100% interest in the aMES™ brine-processing technology
  - 15% interest in Karinga Lakes Potash Project (KLPP-JV),
  - potential to expand the equity in Karinga Lakes, and
  - 70% interest in New Mexico Lithium Project (NMLP).

#### Davenport Resources (ASX: DAV)

- 34.3 million shares held by Parkway Minerals, representing ~21% of issued capital.
- The total Inferred Resource at South Harz project now 4.9 billion tonnes @ 10.6% K<sub>2</sub>O, including 1.6 billion tonnes of sylvinite @ 13.1% K<sub>2</sub>O.
- Technical and economic studies on several potential opportunities within the existing project portfolio substantially complete, and form the basis of strategic partner discussions.

#### Dandaragan Trough Project

- Investigating metallurgical process optimisation opportunities whilst embarking on prospective JV partner engagement.

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Parkway Minerals NL (ASX: **PWN**) (“**Parkway Minerals**” or the “**Company**”) is pleased to report its activities for the quarter ending 30 September 2019.

## Consolidated Potash Corporation

Parkway Minerals announced on 5 August 2019 its decision to acquire a 100% interest in unlisted Australian public company, Consolidated Potash Corporation Ltd (CPC). The acquisition of CPC was subsequently approved by Parkway Minerals shareholders at an EGM on 13 September 2019 with the transaction completing on 17 September 2019.

The acquisition of CPC represents a transformative transaction for Parkway Minerals, resulting in the Company acquiring a 100% interest in the aMES™ brine-processing technology. The aMES™ technology has been under development by CPC and in collaboration with its strategic partner Victoria University over several years, and represents a significant opportunity for Parkway Minerals. In recent years, CPC has established aMES™ pilot plant equipment located at Victoria University, Werribee Campus. This has enabled a broad range of processing capabilities to be developed.

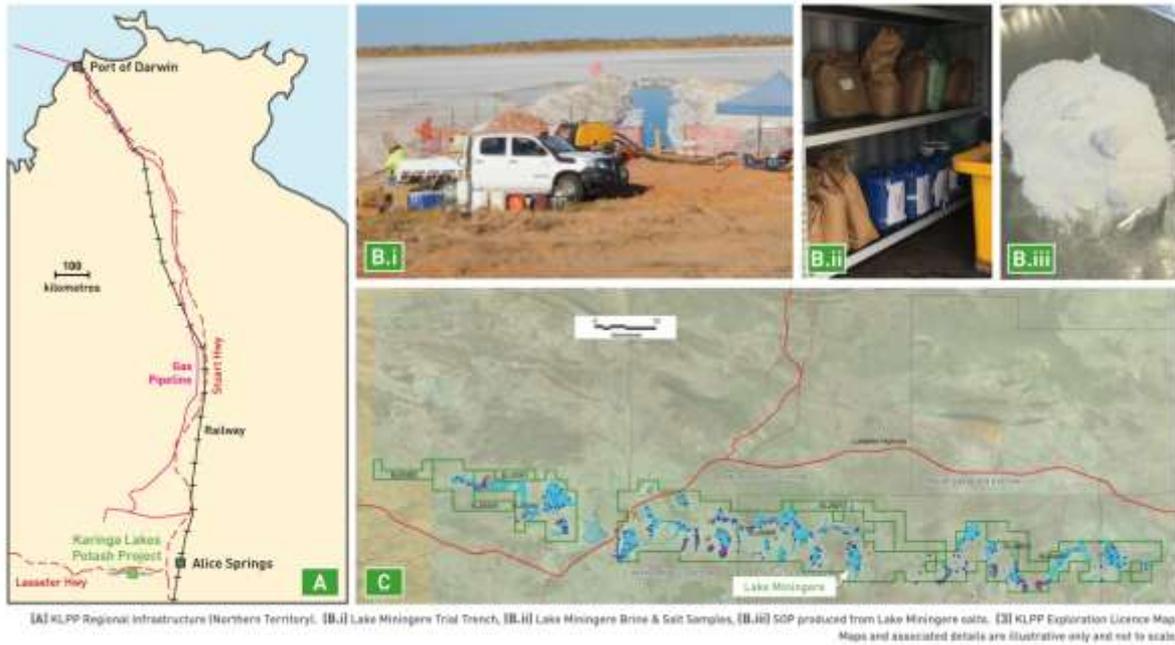
Through the technology development and pilot plant process, CPC has been testing and evaluating a range of potential applications of the aMES™ technology to determine the most attractive commercial opportunities. To date CPC has earned equity interests in two strategic brine projects:

- Karinga Lakes Potash Project (KLPP), acquired 15%, right to earn 40%, and
- New Mexico Lithium Project (NMLP), acquired 70%, right to earn 100%.

In addition, CPC is evaluating the potential suitability of the aMES™ technology to be applied to existing potash and lithium brine operations to improve product recovery and quality as well as reduce fresh-water consumption.

### **Karinga Lakes Potash Project (KLPP, 15% interest, earning 40%)**

The KLPP is a Joint Venture (**JV**) with Verdant Minerals Ltd in the Northern Territory (*Figure 1*). CPC has earned an initial 15% interest in the KLPP by completing a scoping study in February 2019. Parkway Minerals is working with the JV to determine a suitable scope to complete a Preliminary Feasibility Study (PFS) for the project based on the strategic application of the aMES™ technology.



**Figure 1: Karinga Lakes Potash Project (KLPP) Location**

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.

**New Mexico Lithium Project (NMLP, 70% interest, earning 100%)**

The NMLP is based on the large central portion of the Lordsburg Playa in SW New Mexico (Figure 2). Parkway Minerals has earned a 70% interest in the project by funding tenement renewals and early stage exploration and has the right to move to 100% ownership. The project is located in a region of high heat flow as evidenced by regional geothermal activity and is highly prospective for lithium and potentially potash in sub-surface brines interpreted to be present beneath the playa surface. Parkway Minerals is currently evaluating various opportunities to drill-test the project, including collaboration with third parties which may become involved with the project moving forward.

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**Figure 2: New Mexico Lithium Project (NMLP) Location**

**The aMES™ Technology Platform (100% interest)**

The activated Mineral Extraction System, or aMES™ is an innovative process that enables the treatment of concentrated brine solutions to recover valuable minerals and fresh water. The process utilises a proprietary multi-staged process incorporating membrane technology and is based on proprietary IP, incorporating patents, expertise and know-how.

The advantages of the technology include:

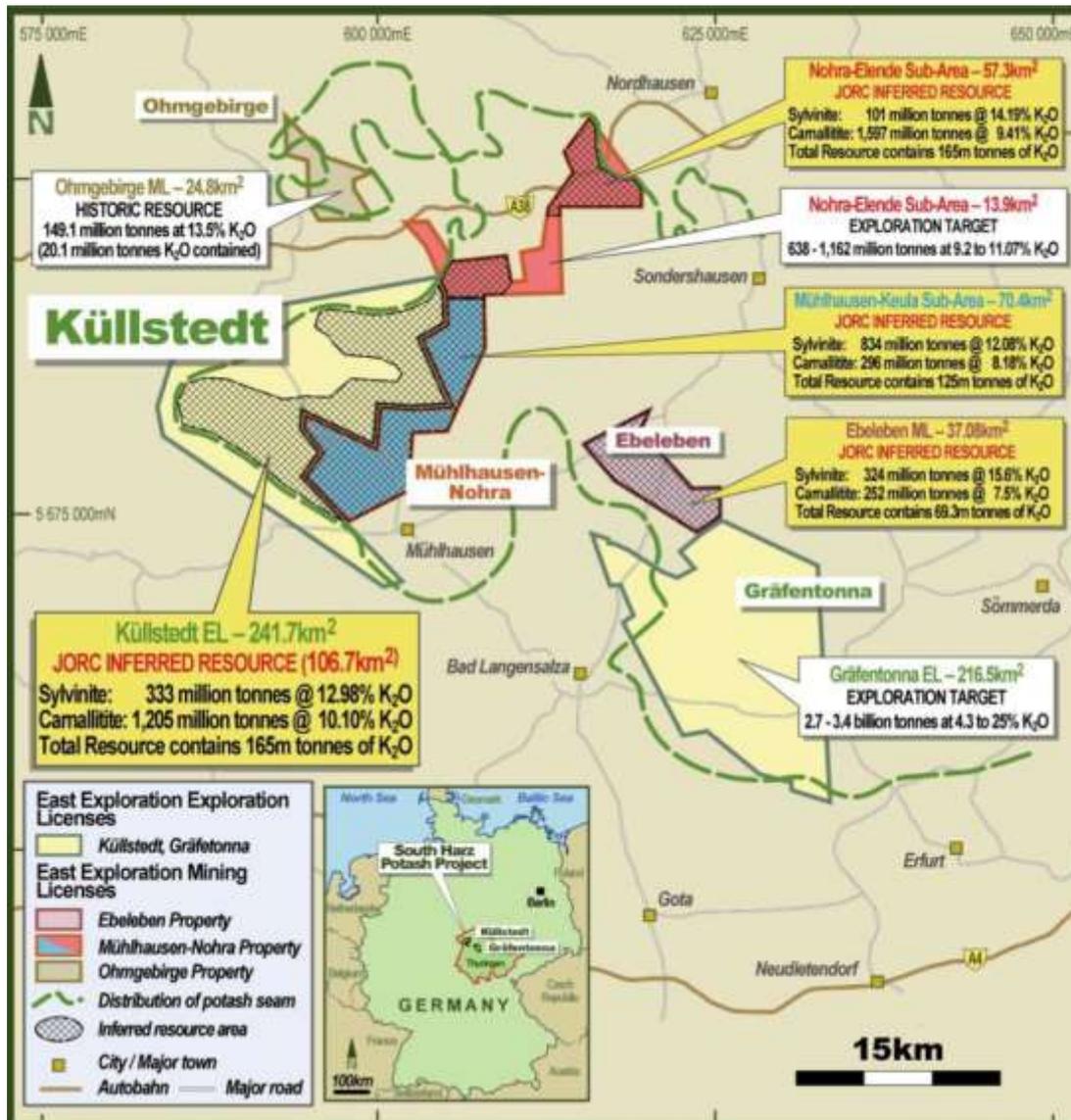
- improvements in mineral recovery and product quality,
- opportunity for substantial project capex & opex savings,
- highly efficient use of energy and produces pure water as a by-product, and
- improved project footprint and environmental sustainability.

Ongoing discussions with a number of brine project developers and operators has confirmed that there are many applications where aMES™ has the potential to deliver substantial value by applying the technology to enhance existing flowsheets, in order to improve overall project performance including enhanced product recoveries and reduced operating costs.

**Davenport Resources (DAV, 21% interest)**

DAV is focused on the appraisal and potential development of the South Harz potash field in Thuringia, Central Germany. DAV owns 2 exploration and 3 mining licences (*Figures 3*). The mining licences were purchased from the German Government in late 2017 and are perpetual, with no expenditure or royalty commitments. The mining licences were subject to detailed drilling in the 1960s and 80s, when the field was controlled by the state-owned Potash Mining Corporation of East Germany. Data from over 150 drill holes is available.

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**Figure 3: South Harz Project Location**

The quality of the drilling information is high and has allowed reporting of significant historic (Soviet era) resources. Davenport is working on a process to update the resources to JORC (2012) compliance. The current JORC compliant Inferred Resources (reported to ASX 19 February 2019) now total close to 5B tonnes as shown in *Table 1*.

LICENCE	TONNES, Millions	%K <sub>2</sub> O
EBELEBEN	Sylvinite	324
	Carnallite	253
MUHLHAUSEN/K�LLSTEDT	Sylvinite	1,268
	Carnallite	3,098
<b>TOTAL</b>	<b>4,943</b>	<b>10.6</b>

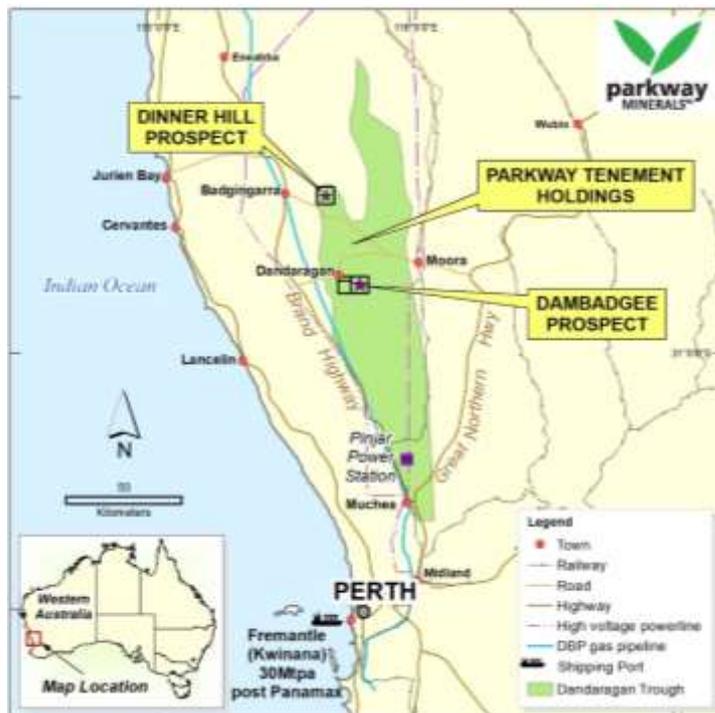
**Table 1: South Harz JORC Inferred Resources**

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### Dandaragan Trough Project (DTP, 100% interest)

Parkway Minerals holds 100% of the Dinner Hill potash and phosphate deposit, located 200km north of Perth in Western Australia, (*Figure 4*). Dinner Hill forms part of the larger Dandaragan Trough Project (DTP), where Parkway Minerals holds approximately 130km<sup>2</sup> of exploration tenure. Sedimentary sequences within the trough contain glauconite, a potash rich mica, and phosphate nodules. Parkway Minerals has been evaluating the feasibility of producing phosphate and sulphate of potash (SOP) fertilisers and a range of valuable by-products from the phosphate and glauconite present within the sediments of the DTP. The Dinner Hill Project covers approximately 40km<sup>2</sup> within the DTP. During the quarter retention status was granted to the Dinner Hill Project allowing the Company to continue its development plans with minimal holding costs. Initial metallurgical test work on the greensands at the Dambadgee Prospect is planned to test the suitability of the K-Max<sup>®</sup> process to this prospect.

The DTP is well-located with excellent connectivity to transport facilities, infrastructure and proximity to local and regional markets. The DTP and is less than 200km from two major bulk export ports, Kwinana and Geraldton.



**Figure 5:** Location plan, Dandaragan Trough Project

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## Corporate Activities

### ACQUISITION OF CPC

- Parkway Minerals acquired a 98.83% interest in Consolidated Potash Corporation (CPC) on 17 September 2019, following strong shareholder support at the EGM held on 13 September 2019.

#### Key Points

- Parkway Minerals:
  - Issued 479,616,940 shares and 123,300,321 partly paid shares to the vendors of CPC, and
  - transferred 10,000,000 DAV shares to Lions Bay Capital, as part payment for CPC.
- As a result, Parkway Minerals has two new substantial shareholders:
  - Lions Bay Capital (TSX-V: LBI), owns 223,094,414 shares (18.36%)
  - Activated Logic Pty Ltd (controlled by new director Bahay Ozcakmak) owns 203,920,534 shares (16.78%)
- Full details of the acquisition of CPC transaction are outlined in the Notice of Meeting (ASX release 14 August 2019).

### BOARD CHANGES

Coinciding with the acquisition of CPC:

- Bahay Ozcakmak, managing director and major shareholder of CPC, joined the Parkway Minerals board as an executive director.
- Patrick Power joined the board of Parkway Minerals as non-executive director.
- Dr. Natalia Streltsova resigned from the board of Parkway Minerals.

### CAPITAL RAISING

As part of the acquisition of CPC, in August Parkway Minerals raised \$450,000 to fund the transaction and working capital, by issuing 90,000,000 shares at \$0.005.

### BUSINESS DEVELOPMENT

Parkway Minerals is exploring a range of strategic initiatives focused on the aMES™ technology.

### SHAREHOLDINGS

Parkway owns shares in the following ASX listed companies:

- Lithium Australia (ASX: LIT) 5.6 M
- Davenport Resources (ASX: DAV) 34.3 M

### CASH ON HAND

At 30 September 2019, \$0.33 million cash and \$0.25 million of liquid assets was available.

## Tenement Interests

As at 30 September 2019 Parkway held the following tenements

Tenement ID	Name	Location	State	Interest
E70/3987	Dinner Hill	Dandaragan	WA	100%
E70/4137	Dandaragan	Dandaragan	WA	100%
E70/4609	Dandaragan	Dandaragan	WA	100%
E70/5102	Dandaragan	Dandaragan	WA	100%
E77/2529	Lake Seabrook	Lake Seabrook	WA	0%
E77/2532	Lake Seabrook South	Lake Seabrook	WA	0%
E77/2533	Lake Seabrook North	Lake Seabrook	WA	0%
E77/2537	Lake Seabrook	Lake Seabrook	WA	0%
E77/2563	Lake Seabrook	Lake Seabrook	WA	0%
ELRA/32206	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELRA/32207	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELRA/32208	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELRA/32209	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELRA/32210	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELRA/32211	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELRA/32212	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELA/32249	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELA/32250	Karinga Lakes	Karinga Lakes	NT	15% (1)
ELA/32251	Karinga Lakes	Karinga Lakes	NT	15% (1)

(1) 15% of Karinga Lakes project acquired as part of CPC transaction. See note above under heading "Karinga Lakes Potash Project" with respect to tenement rationalisation

## International Projects – New Mexico Lithium (USA)

Tenement ID	Number of Claims	Location	State	Interest
LBP 1-2, 16-29, 43-56, 70-83, 95-110	60	Lordsburg Playa	New Mexico	70% (2)
LBP 3-15, 30-42, 57-69, 84-94, 111-115, 129-133	60	Lordsburg Playa	New Mexico	70% (2)
LBP 111- 261	151	Lordsburg Playa	New Mexico	70% (2)
LBP 262-338	76	Lordsburg Playa	New Mexico	70% (2)
RD 1-16, 25-40, 49-64, 73-80, 89-112	80	Lordsburg Playa	New Mexico	70% (2)
WP 21-32, 48-59, 70-90, 103-130	73	Lordsburg Playa	New Mexico	70% (2)

(2) 70% of Lordsburg Playa Project acquired as part of CPC transaction, total area 40km<sup>2</sup>



## Activities Subsequent to 30 September 2019

Minority shareholders, representing the 1.17% of CPC not already owned by Parkway Minerals, have signed agreements allowing for the acquisition of 100% of CPC.

For further information contact:

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Executive Director

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Or visit the Parkway Minerals website at:

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

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## About Parkway Minerals

Parkway Minerals (ASX: PWN) has assembled a portfolio of high-quality resource projects focused on the sustainable production of fertiliser minerals as well as lithium salts, which can be found in certain naturally occurring brines.

Through our strategic investment in Davenport Resources (ASX: DAV), we own a material interest in a globally significant potash resource in Germany, and also own a direct 100% interest in the Dandaragan Trough Project (DTP), where we have invested in excess of \$10 million over 8 years, to delineate a very significant glauconite/greensands deposits.

In addition to the K-Max<sup>®</sup> technology developed specifically for processing glauconite feedstock from the DTP, we recently acquired the innovative aMES<sup>™</sup> technology, which has been developed to process a range of challenging brine streams, in order to recover valuable minerals and produce fresh water.

Whilst the aMES<sup>™</sup> technology is applicable to the processing of a broad range of brines, Parkway Minerals is currently focused on leveraging this state-of-the-art technology to improve the efficiency, sustainability and ultimately the profitability of global potash production, by enabling the development of more innovative project development concepts. A recent scoping study highlighted the advantages of incorporating the aMES<sup>™</sup> technology into the development concept for the Karinga Lakes Potash Project (KLPP). In addition to the KLPP, our ongoing piloting and evaluation studies of several third-party potash projects continue to provide further encouragement of the transformative potential of the aMES<sup>™</sup> technology.

As we move forward with our plans to improve global potash production, at Parkway Minerals, our vision is even more ambitious. We plan to, "transform global brine processing methods, through innovative technology, to improve sustainability, and create value."

### Capital Structure

At 31 October 2019

1,220,515,079 fully paid shares

246,600,643 Partly paid ordinary shares  
(paid to \$0.001, unpaid \$0.019)

55,126,000 \$0.02 unlisted options, expiring  
17 August 2020

### Board of Directors

Adrian Griffin (Non-Executive Chairman)

Patrick McManus (Managing Director)

Bahay Ozcakmak (Executive Director)

Patrick Power (Non-executive Director)

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix & Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

Parkway Minerals NL

**ABN**

62 147 346 334

**Quarter ended ("current quarter")**

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (03 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	14	14
1.2 Payments for		
(a) exploration & evaluation	(224)	(224)
(b) development		
(c) production		
(d) staff costs	(65)	(65)
(e) administration and corporate costs	(144)	(144)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds	99	99
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(320)</b>	<b>(320)</b>

**2. Cash flows from investing activities**

- 2.1 Payments to acquire:
- (a) property, plant and equipment
  - (b) tenements (see item 10)
  - (c) investments
  - (d) other non-current assets

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (03 months) \$A'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments	56	56
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>56</b>	<b>56</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	450	450
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Equity Raising Costs)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>450</b>	<b>450</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	141	141
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(320)	(320)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	56	56
4.4	Net cash from / (used in) financing activities (item 3.10 above)	450	450
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>327</b>	<b>327</b>

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5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	307	121
5.2 Call deposits	20	20
5.3 Bank overdrafts		
5.4 Other (provide details)		
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>327</b>	<b>141</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	65
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

Item 1.23 relates to Directors Remuneration, Directors Fees and Superannuation Contributions.

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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## Mining exploration entity and oil and gas exploration entity quarterly report

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities		
8.2 Credit standby arrangements		
8.3 Other (sale of liquid investments)	250	
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	50
9.2 Development	
9.3 Production	
9.4 Staff costs	75
9.5 Administration and corporate costs	90
9.6 Other (provide details if material)	
<b>9.7 Total estimated cash outflows</b>	<b>215</b>

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### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

  
(Director/~~Company secretary~~)

Date: 31 October 2019

Print name: Patrick McManus

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.