



**SOUTH
HARZ
POTASH** LTD.

South Harz Potash Limited

ABN 64 153 414 852

Financial Report- 30 June 2023

Corporate directory

Directors

Ian Farmer - United Kingdom
Non- Executive Chairman

Luis da Silva
Managing Director and CEO

Dr Reinout Koopmans
Non-Executive Director

Seamus Cornelius
Non-Executive Director

Len Jubber
Non-Executive Director

Rory Luff
Non-Executive Director

Company secretary

Graeme Smith

Registered office

Unit 13, 6-10 Douro Place West Perth WA 6005 Australia.
+61 408 447 493

Principal place of business

Unit 13, 6-10 Douro Place West Perth WA 6005 Australia.
+61 408 447 493

Auditors

BDO Audit Pty Ltd
Level 7, 420 King William Street, Adelaide SA 5000
Australia.

Solicitors

Steinepreis Paganin
16 Milligan Street, Perth WA 6000,
Australia.

Main Bankers

Barclays Bank

Stock exchange listing

South Harz Potash Limited shares are listed on the
Australian Securities Exchange (ASX code: SHP)

Share registry

Automic Registry Services Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000
+61 8 9324 2099

Website address

www.southharzpotash.com

Corporate Governance Statement

The Company's Corporate Governance Statement is
available on the Company's website.

Chairman's letter

28 September 2023

Dear Shareholder

The 2022/2023 financial year has been one of considerable uncertainty on a number of fronts. As the world emerged from the Covid pandemic the backdrop to the global economy has been one of supply chain challenges, inflation, and a stuttering re-start in China. Crop prices remained largely firm, however, the demand for fertilizers moderated following the price spike experienced in mid 2022, falling to a near term low of US\$ 307/t Vancouver FOB in June 2023, and subsequently stabilising at around the US\$ 387/t level. The ongoing Russian conflict ensured that food security and the criticality of secure supply of strategic resources continued to influence MOP prices in Europe where they have traded at a premium to most of the rest of the world. Geopolitical factors are expected to have a long-lasting effect on the potash supply chain, strategically positioning South Harz Potash (SHP) to provide an alternative source of domestic potash to the key European market.

Your company took the opportunity to consolidate its balance sheet via an equity top up of A\$ 3.0 million in November 2022 and we finished the financial year with A\$ 2.3 million cash in hand. The cash position was further strengthened shortly thereafter with a collective further fund raising of A\$3.6 million in August 2023, ensuring the company is in a strong position to deliver its next strategic milestones.

On 8 August 2022 we published a comprehensive scoping study on our flagship Ohmgebirge project. The Scoping Study demonstrated that based on grounded assumptions, an attractive development exists on the property. The Scoping Study was based on a green field vertical shaft access underground mining operation, with a conventional cold-water leach and hot crystallization process, producing approximately 1 Mtpa of premium MOP. The compelling results from the Scoping Study reflect SHP's premium location, proximity to European customers, high quality of the Ohmgebirge deposit, and the regionally proven mining and processing approach selected.

Following the release of the Scoping Study our programme of work has focused on progressively elevating the depth of the study work on Ohmgebirge to Pre-Feasibility Study (PFS) status with a +/-20% estimate. Hatch were appointed to lead a technical advisory team which includes recognised industry leaders, ERCOSPLAN, K-UTEC and Micon. The PFS work remains on track and on budget with completion expected by the end of calendar year 2023.

We expect to formally lodge our Step 1 Spatial Planning permitting application with the Thüringian state regulatory body, the Thüringer Landesverwaltungsamt (TLVwA) during the last quarter of calendar year 2023. A response from the TLVwA is then regulatory mandated within six months.

Looking ahead, we have designed the Ohmgebirge Definitive Feasibility Study (DFS) workstreams to deliver the right information at the right time into the permitting process so that it dovetails the optimal route to approval. The DFS is scheduled for completion by the end of calendar 2024 and a Step 2 Operating Permit application is targeted to commence simultaneously.

Given the Ohmgebirge Project's scale, projected economics, ESG credentials and strategic location, SHP is well placed to explore the full range of potential funding pathways available, a process that will be undertaken in parallel with the DFS.

The Ohmgebirge Project represents only the first of SHP's four potential development projects. With time we believe we will demonstrate Tier 1 scale, with our broader South Harz landholding readily capable of delivering multiple potash developments. Our Scoping Study and PFS work on Ohmgebirge is the first hard modern data that has been published on the potential for mining in the South Harz region and it bodes well for the future potential of our other assets. In August 2022 and December 2022, the TLUBN renewed our exploration rights at the Küllstedt and Gräfentonna permits, respectively, for a further three years.

At SHP, we have a deep commitment to building a strong social license and to developing Ohmgebirge in a responsible and sustainable fashion. Our local community engagement is already strong and our focus on environmental stewardship is unwavering. Our mine design provides for underground operations that result in minimal surface disturbance and low carbon emissions. We have stated our commitment to low impact mining practises, including zero permanent waste piles on surface and zero industrial water discharges. Our proximity to European markets also delivers low freight-related carbon emissions versus competitors from Canada and eastern Europe.

In November 2022 we appointed Luis da Silva as our new Chief Executive Officer and in January 2023 Lawrence Berthelet as Chief Operating Officer. Both have strong fertilizer mining backgrounds, and their energy and experience have already brought focus and dynamism to our business.

Hansjoerg Plaggemars stepped down from the SHP Board in December 2022 after three years of service and we thank him for his valuable contribution. Seamus Cornelius joined the Board as a non-executive Director in August 2023. Seamus brings a wealth of potash exploration and development experience including that gained during his tenure as the Chairman of Danakali Ltd.

In conclusion, I would like to thank our team for their tireless efforts and our shareholders for their continued support.



Ian Farmer,
Chairman

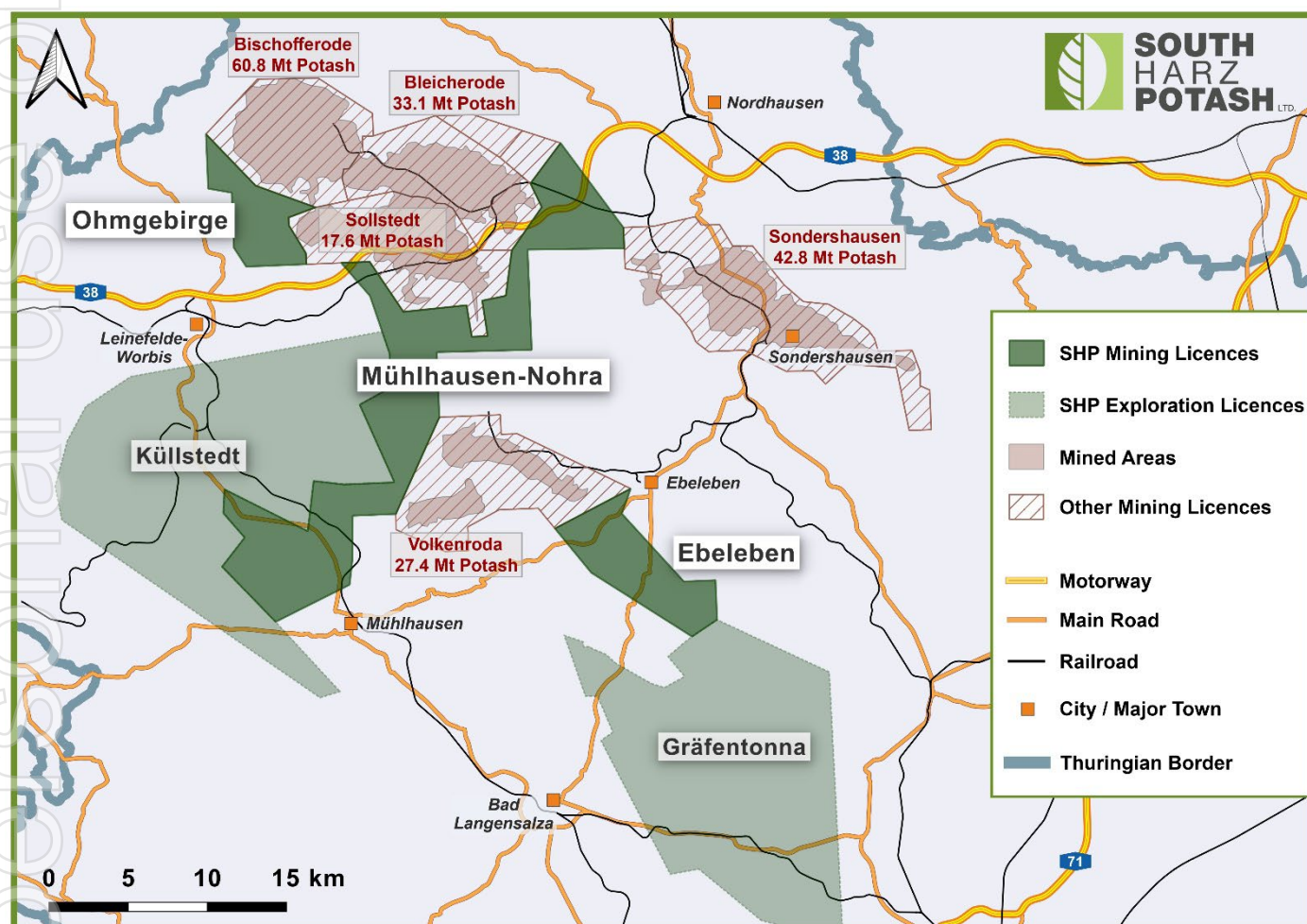
Date: 28 September 2023.

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Review of activities

South Harz Potash Limited (ASX: SHP) has had an active and successful year advancing its portfolio of potash projects in the South Harz region of Germany. The South Harz portfolio hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 258 Mt at 13.5% K₂O of Indicated Resources at Ohmgebirge and a further 5.0 Bt at 10.6% K₂O of Inferred Resources across four 100%-owned project areas, all in the South Harz basin, located favourably within central Europe.



This tenure is contained within a well-defined potash basin which has been mined locally for fertiliser salts for more than 100 years. SHP holds three perpetual mining licences, Ohmgebirge, Mühlhausen-Nohra and Ebeleben as well as two exploration licences Küllstedt and Gräfentonna (Figure 1) and has identified at least four potential standalone potash development projects within its portfolio.

Ohmgebirge Potash Development

South Harz's flagship Ohmgebirge Development is focused on the future mining, processing and sale of Muriate of Potash (MOP) from the Ohmgebirge Sylvinitic deposit (290 Mt Mineral Resource).

Key highlights of the Ohmgebirge Development are:

This is an outstanding, first world jurisdiction in a region rich with infrastructure and potash mining history.

Our license areas cover a thick potash deposit of simple and well understood mineralogy and adopted mining and processing mechanics are long established and extensively proven in this district.

This is a low-impact development based on a self-imposed commitment to zero permanent waste piles on surface and an equal commitment to zero water discharges, which have historically been a defining feature of the industry. We expect to utilise grid power, which in Germany is already approximately 50% from renewable sources.

The capital intensity of development is forecast to be comfortably below average for equivalent scale operations.

Our proximity to the European market offers huge cost and carbon footprint advantages versus other suppliers, and we believe our asset domicile will be increasingly valuable given heightened geopolitical tensions and supply challenges.

There is therefore a clear strategic opportunity for South Harz Potash Ltd to become a new potash supplier of choice into Europe.

Mineral Resource Estimate update

The confirmatory drillhole program undertaken at Ohmgebirge last year was targeted to allow South Harz Potash Ltd to upgrade a substantial proportion of the Ohmgebirge Mineral Resource estimate to the Indicated category.

An update to the Ohmgebirge Mineral Resource estimate was completed in July 2022 (*ASX announcement 12 July 2022*). The updated Mineral Resource is 338 Mt at 12.9% potassium oxide (K₂O) for approximately 44 Mt of contained K₂O. This estimate comprises 290 Mt of Sylvinitic (key focus seam for development) grading 13.5% K₂O (split approximately 89% Indicated and 11% Inferred categories) and 48 Mt of Carnallite at 9.8% K₂O (100% Inferred).

Updated Ohmgebirge Mineral Resource estimate (July 2022)

Mineralised Seam	Categorisation	Tonnage (Mt)	K ₂ O (%)	K ₂ O (Mt)
Sylvinitic	Indicated	258	13.54	35
	Inferred	32	12.85	4
	Sylvinitic total	290	13.47	39
Carnallite	Inferred	48	9.81	5
	Carnallite total	48	9.81	5
TOTAL RESOURCE	Indicated and Inferred	338	12.91	44

Minimum cut-off grade ≥5% K₂O; 15% geological loss applied to account for potential unknown geological losses.

The updated Mineral Resource was undertaken by leading geological consultancy, Micon International Co Limited based on available historic exploration data combined with the two confirmatory diamond holes drilled at Ohmgebirge by South Harz .

Ohmgebirge Scoping Study completed

The Scoping Study for the Ohmgebirge Development was completed in August 2022 (ASX announcement 8th August 2022). The Scoping Study demonstrated the technical and financial robustness of a vertical shaft access, underground mining operation at Ohmgebirge with a conventional cold-water leach and hot crystallization process producing approximately 1 Mtpa of premium MOP product for sale predominantly into proximate European fertilizer markets.

A 21 year mine life was estimated based on the 290 Mt of Sylvianite Mineral Resource discounted to an available for mining quantity of 134Mt with a mass balance ratio of 70%. A Preliminary Economic Assessment model indicated a post-tax NPV_{8%} for the Ohmgebirge Development of US\$1.3 billion and a post-tax IRR of 26.6%.

A Tier 1 Potash Project



Scoping Study evidences world-class development in every sense

OUTSTANDING LOCATION



- First world jurisdiction
- Established local infrastructure
- Rich potash mining history

LOW COST DELIVERY



- Operating costs expected in bottom half of global cost curve
- Below average capital intensity for equivalent scale project

EXCELLENT MINERALISATION



- Relatively shallow, thick deposit
- Simple, well-established mineralogy

HIGH SCALABILITY

5.3
billion tonnes

- Already Tier 1 scale
- Broader resources provide available inventory for multiple developments

SIMPLE EXTRACTION



- Long established process
- Extensively regionally proven mining and processing mechanics

LOW-IMPACT COMMITMENT



- Zero permanent waste piles on surface
- Zero industrial water discharges
- Low delivered carbon footprint

KEY OHMGEIRGE PARAMETERS (+/- 30%)¹

Ore throughput	Mtpa ROM	4.5
Initial life-of-mine	Years	21
K ₂ O head grade	%	13.5%
MOP output and sales (+60% K₂O)	Mtpa MOP	1.0
Industrial salt sale (+99% NaCl)	Mtpa NaCl	1.0
Pre-production capital expenditure	US\$M	620
Cash operating cost (AISC, delivered NW Europe) – pre salt credits	US\$/t MOP	172
Industrial salt price (delivered NW Europe)	US\$/t	79
Cash operating cost (AISC, delivered NW Europe) – post salt credits	US\$/t MOP	93
Weighted average FOB Hamburg equivalent potash price	US\$/t MOP	385
NPV_{8%} (post-tax, real basis, ungeared)	US\$M	1,279
IRR (post-tax, real basis, ungeared)	%	26.6%
Annual free cash flow post ramp-up	US\$M pa	229
Payback following commissioning	Years	3.6
Project net cashflow (post-tax)	US\$M	3,928

1. For full Ohmgebirge Development Scoping Study details, refer South Harz ASX release dated 8 August 2022, Ohmgebirge Scoping Study Evidences World-Class Potash Development at South Harz Project. South Harz confirms that it is not aware of any new information or data that materially affects the information included in that release. All material assumptions and technical parameters underpinning that release continue to apply and have not materially changed.

AUGUST 2022

INVESTOR PRESENTATION

4

Ohmgebirge Pre Feasibility Study (PFS) progressed

Key Ohmgebirge PFS workstreams were commenced during the first half of the year with the combined engineering team appointed including Hatch, K-UTEC, ERCOSPLAN and Micon.

All key workstreams were progressing strongly at year end with the overall program approximately 50% complete and on track for completion during December 2023. Key PFS milestones achieved by year end include:

- The completion of a 3D geological model, both for a resource and a mineralogical model to develop an accurate mine plan. A five-tonne bulk sample was collected from contiguous mineralisation to Ohmgebirge within the neighbouring Bernterode underground workings at 750m depth. This has allowed large-scale process design test-work, including grind size optimisation and back-fill material design/engineering. The plant design and layout is therefore in progress from process information and a preliminary process design has been completed including an equipment list.
- Site and shaft selection has been shortlisted including a neighbouring brownfield development option utilising existing operational shafts and industrial zoned land around Bernterode. The Bernterode shafts are located only 1,500m from the Ohmgebirge tenement boundary and proximal to some of the thickest sections of the Ohmgebirge deposit.

- The planning approval procedure has commenced with submission of a Scoping Paper to the key regulator.
- Baseline environmental studies are in progress (by ERM) with groundwater monitoring to follow next year.
- Potash and salt market studies and initial marketing strategy have been finalised.
- Key trade-off studies undertaken during the PFS have included:
 Power – multiple effect evaporator (steam) versus mechanical vapour recompression (electrical).
 Mining – drill and blast versus continuous mining.
 Energy – natural gas versus grid electrical power versus biogas versus hydrogen (or hybrid selection).
 Haulage - conventional hoist versus Pocketlift conveyor.

The PFS scope includes the analysis of options to limit peak capital requirements of the project, while retaining attractive overall economics. This includes not only brownfield options at Bernterode but also alternative approaches to capacity design, including a potential phased approach to the capacity build-up.

Permitting

After submission of its Spatial Planning Scoping Paper to the relevant Thuringian authority, TLVwA, in June 2023, South Harz expects to file the formal Spatial Planning Application for the Ohmgebirge Development during Q4 CY2023, following which the regulator has six months to provide its decision.

The Company is also undertaking its Environmental Impact Assessment studies for Ohmgebirge, which are scheduled to be completed in the first quarter of CY2024

Over the past 12 months, South Harz has made excellent progress in preparing for the necessary government approvals to obtain a license to operate. This includes building relationships with all relevant authorities. The permitting authorities are all on Thuringia state level, local authorities are consulted. A clear and ambitious schedule and overview over the steps to take was developed and published in the Scoping Study in August 2022.

The permitting roadmap includes a Spatial Planning procedure, a General Planning Approval Process and a process for approval of the Main Operation Plan and Special Operation plans. In Germany all Permitting of Industrial Sites is in the responsibility of the federal states and, partly, the municipalities. There is generally no jurisdiction on the Federal level here. The overall timeline after site selection as a starting point is estimated as minimum 30 months, before construction can start.

South Harz has contracted experienced ERM as lead consultant for both the EIA and the first permit step, Spatial Planning.

The 12-month environmental baseline studies started in March 2023. The regional planning procedure has been initiated in close contact with the relevant state authority “Thüringer Landesverwaltungsamt” TLVwA (Thuringia General State Administration). And the general operating permit procedure is being prepared in parallel with the PFS and later the DFS detailed planning. Leading authority here is the “Thüringer Landesamt für Umwelt, Bergbau und Naturschutz” TLUBN (Thuringian state administration for the Environment, Mining and Nature Conservation).

Environmental baseline studies and EIA

The environmental baseline studies commenced in March 2023. Three areas of investigation were chosen, for investigating the flora&fauna baseline state of play at the different potential sites for either a greenfield or a brownfield project. Preliminary data from the first six months will feed into the Environmental Statement in the spatial planning application and the PFS. The full EIA will be finalised for the application for the General Operating Permit. As for the pre-selection of potential sites South Harz already was conscious and sensitive for environmental impacts and left out any protected areas for nature and environment, up to now no restriction because of protected species were detected.

The baseline studies are on track, within budget and time.

Spatial Planning Application

A pre-application (so called scoping paper) for the spatial planning process was submitted to the leading authority TLVwA in June 2023. TLVwA distributed the paper to more than 35 institutions (local authorities, affected institutions like German Rail, Water supplier etc, NGO) for submission of comments and objections, followed by a hearing on September 14.

The aim of the scoping paper is to determine the project-specific scope of the assessment together with the authorities, in order to ensure that the land use planned by the developer is compatible with the objectives and principles of regional planning and to jointly determine the project-specific scope of the environmental impact assessment.

The Spatial Planning application is prepared and will take into account the incoming statements to the scoping paper.

General Operating Plan Application

The major piece of work in permitting is the General Operating Plan. The procedure will commence as well with the submission of a scoping paper to the leading authority TLUBN, followed a public hearing. Based on this, South Harz will streamline the application documents accordingly until end of the calendar year 2024.

The step 2 application for the General operations permit includes the full EIA which will be finalised in the second Quarter 2024. The South Harz team has already, together with its consultants ERCOSPLAN and ERM, put together a list of deliverable documents for the full application.

Ahead of the application procedure a concept for groundwater monitoring was developed, which is mandatory both for the baseline measurement before construction – and thus part of the application documents – and later during operations. This concept was sent to the leading authority TLUBN for consultation during Autumn.

Meanwhile, in November and January, SHK received the extension of their exploration licences Kuellstedt and Graefentonna for another three years. The extensions were granted by the TLUBN within a month after application, which can be seen as a supportive mindset at the authority and good relationship building.

Stakeholder Engagement

South Harz Potash Limited is at an early stage in the development of its potash resources in Thuringia state. Therefore, our focus in terms of environmental and social impact of our activities has been to engage with the local communities to give assurances on the potential impact of our operations. A consequent and continuous communication has been established in the region. Our engagement is consistent and regionally focused. We have identified the following target groups: politics (local, regional, federal), administration, citizens and landowners, local economy, institutions & NGOs. All relevant groups and contacts have been identified and contacted through our various communication channels.

Communication tools include participation in public events, active presentations at meetings, telephone calls and face-to-face meetings, media releases, emails and letters. An important point of contact is our "Eichsfeld Office", which we opened in Bischofferode in December 2022 and where our local employee is available full-time on all working days.

Our messages are distributed more widely via our social media channels LinkedIn, X (formerly Twitter) and Facebook. The Facebook account, set up in spring 2023, is in German only and specifically targeted at the local population, while the other channels are bilingual (ENG/DE) and targeted at both regional/national and international audiences.

The overall response to our project has been and is largely positive and supportive. This is due to the fact that this region has been a potash mining area for more than 90 years and existing knowledge that there are still large quantities of potash raw ore left. South Harz is increasingly invited to events in the region and asked to give presentations about the project. An important stakeholder group in the most recent time was and will be the landowners at our potential sites. Increasing effort was made to reach out to them.

The ability to react and communicate directly with a German speaking team in the region is of great benefit for the overall project of SHP.

Potash market developments

Long term global MOP demand is driven by underlying agricultural fundamentals; population growth, dietary improvements, climate change and required yield advancements from scarce arable land. It is also affected by changes in the geopolitical climate which could lead countries to look for more secure sources of supply, such as our future customer base within Europe.

The recent Ukrainian-Russian conflict and resulting US and EU sanctions highlight the importance of Eastern European geopolitics on the MOP market. Restrictions have caused significant disruption to Russian and Belarussian export logistics and supply. After fertiliser affordability fell to historic lows in 2022, affordability has risen as MOP prices have fallen, allowing more normal fertiliser buying patterns to resume. Granular MOP Vancouver FOB prices have fallen from an average of US\$789/t in CY 2022 to an independently forecast stabilised average of US\$387/t in 2023.

Capital raising

On 24 November 2022, the Company issued 53,444,445 fully paid ordinary shares at an issue price of A\$0.045 each, raising A\$2,375,000. In addition, the Directors committed at the time to subscribe for a further A\$625,000. In February 2023 the Director subscriptions were approved at a General Meeting and settled promptly thereafter.

The cash position was further strengthened shortly after the financial year end with a further equity raise of A\$3.6 million in August 2023. The forward cashflow forecast over future periods reflects the Board's intention to raise additional capital to enable the Company to complete a DFS on the Ohmgebirge Development.

Board changes

On 1 November 2022 Luis da Silva was appointed CEO and Managing Director. On the same date Ian Farmer stepped down as acting Executive Chairman and resumed his role as Non-Executive Chairman.

On 17 October 2022 Lawrence Berthelet was appointed as a Non-Executive Director. He then resigned from this role on 31 December in order to take up the position of Chief Operating Officer with effect from 1 January 2023.

On 31 December 2022 Hansjoerg Plaggemars resigned as a Non-Executive Director.

On 21 August 2023 Seamus Cornelius was appointed as a Non-Executive Director.

Directors' fees

Non-Executive Directors' fees remained unchanged from the previous year at A\$40,000 each per annum.

Cash at bank

As at 30 June 2023 cash on hand was A\$2.3 million. These funds are being invested in the Ohmgebirge PFS workstreams and working capital. South Harz raised a further A\$3.6 million in new equity funds in August 2023.

ESG and Risk

In the autumn of 2022, South Harz adopted the roadmap developed with the assistance of WSP/Golder consultants. Based on this report and roadmap, South Harz updated its ESG policy in spring 2023. Responsibility for ESG was placed at Director level. Our next steps are a decision on the appropriate Standards and Measurement System (ESMS).

An action plan for the implementation of an ESMS was developed based on the legal reporting requirements for companies and their content for sustainability reporting. In line with the recommended timeline for SHP/SHK, the work in the ESG framework is divided into different milestones based on the applicable guidelines in the European Economic Area. The next most important milestone is the establishment of an ESG reporting system according to European guidelines, primarily the EU CSRD Directive including the brand-new European Sustainability Reporting Standards (ESRS), published on 31 July 2023. These regulations will apply for SHP later for operations -and of course the international standards GRI and CDPA full independent assessment will be carried out as part of our Defined Feasibility study due to commence in the next calendar year. This will also address health and safety issues, labour standards and environmental legislation compliance considerations, as well as confirm our carbon footprint and climate change review. The Board's emphasis is on our local communities, the safety of our staff, the protection of our environment, and good governance.

The Company has in place Corporate Governance procedures and policies in line with the latest ASX Corporate Governance Principles and Recommendations – 4th Edition. All members of the Board believe strongly in the importance of good corporate governance to assist in achieving objectives and in accountability to stakeholders. The Board meets every two months and has the following sub committees: Remuneration, Nominations, Audit and Technical. The Chair has developed a board skills matrix, which is reviewed by the Nominations Committee, to help assess its key competencies and any skills gaps that may exist. The Chair also undertakes annual assessments of individual Board members to evaluate overall Board performance. We have also developed a Risk Register which is reviewed regularly by the Audit Committee and is an interactive tool to recognise, mitigate and manage key risks.

Directors' report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of South Harz Potash Limited (referred to hereafter as the "company" or "parent entity") and the entities it controlled for the year ended 30 June 2023.

DIRECTORS

The names of Directors who held office during or since the end of the year:

Name	Title
Ian Farmer	Non-Executive Chairman
Luis Cabrita da Silva	CEO and Managing Director (appointed 1 Nov 2022)
Dr. Reinout Koopmans	Independent Non-Executive Director
Rory Luff	Non-Independent Non-Executive Director
Len Jubber	Independent Non-Executive Director
Seamus Cornelius	Independent Non-Executive Director (appointed 21 Aug 2023)
Lawrence Berthelet	Independent Non-Executive Director (appointed 17 Oct 2022 and resigned 31 Dec 2022)
Hansjoerg Plaggemars	Independent Non-Executive Director (resigned 31 December 2022)

COMPANY SECRETARY

Graeme Smith

PRINCIPAL ACTIVITIES

The development of mineral exploration assets.

DIVIDENDS

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

REVIEW OF ACTIVITIES

This is contained in the above activities report. The consolidated loss for the year amounted to A\$8.1 million (2022: A\$12.2 million).

FINANCE REPORT

Our costs for exploration and development expenditure totalled A\$4.2m in the year. This was a substantial reduction from the A\$8.2m reported in the previous year as that included the costs of our drilling at Ohmgebirge.

Corporate costs increase due to an increase in stakeholder engagement. Administration expenses also increased due to the establishment of a new office in Germany.

The closing cash position at 30 June 2023 was A\$2.3 million.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the appointment of Luis da Silva as Managing Director and Lawrence Berthelet as Chief Operating Officer, There were no significant changes during the year to June 2023.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 10 August 2023 the Company issued 80,493,996 new shares in a capital raise which raised A\$2,414,820 before broker fees. An additional 8,166,667 shares will be issued to Directors after approval at a General Meeting to be held on 26 October 2023 to raise an additional A\$245,000. On 2 August 2023 the Company announced a Share Purchase Plan for eligible shareholders to subscribe a maximum of \$30,000 at an issue price of A\$0.03 per share together with one free attaching unlisted option to acquire one share exercisable at \$0.08 and expiring 10 August 2026 for every four shares

subscribed for and issued. The Plan was closed on 25 August 2023 when final proceeds of \$990,000 were raised, representing an over subscription compared to the \$500,000 initially targeted.

TARGETED DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company is on track against plan with its pre-feasibility study (PFS), permit to mine application preparation work and ESIA studies.

ENVIRONMENTAL REGULATION

There have been no breaches of environmental regulations.

PROCEEDINGS ON BEHALF OF A COMPANY

The company has not made an application for leave under Section 237 and no court proceedings have been brought or intervened in or on behalf of the company with leave under Section 237.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

INDEMNITY AND INSURANCE OF OFFICERS AND AUDITOR

The company has indemnified the Directors and executives of the company for costs incurred in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to ensure the Directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below.

Current Directors

Director	Details
Ian Farmer	
Position	Non-Executive Chairman
Appointment Date	Appointed 7 September 2020
Resignation Date	N/A
Length of Service	2 years 8 months
Biography	Experience and expertise: Mr Farmer is a UK based highly experienced mining executive. He served as CEO of Lonmin PLC, the third largest primary platinum miner globally, between 2008 and 2012, where he oversaw a period of significant transformation, both operationally and financially. During his 26 years at Lonmin and its parent company Lonrho, Mr Farmer held various other financial and strategic positions. Mr Farmer led the acquisition of various junior mining projects and integrated them into the group.
Committee Memberships	Member of Audit and Risk Committee Member of Remuneration & Nomination Committee Member of Technical Committee
Luis Cabrita da Silva	
Position	CEO and Managing Director
Appointment Date	1 November 2022
Length of Service	8 months
Biography	Luis da Silva is a proven natural resources business leader and executive with close to 30 years' experience in the mining industry. Over the last fifteen years he has progressively held CEO roles at listed mining companies including significant involvement in the phosphate and fertilizer industries. Most recently, Luis was the President and CEO of Andean Precious Metals (TSXV:APM), a leading Latin-American silver producer from its San Bartolome Mine in Bolivia
Committee Memberships	Member of Technical Committee
Rory Luff	
Position	Non-Independent Non-Executive Director
Appointment Date	3 June 2016
Resignation Date	N/A
Length of Service	7 years 1 month
Biography	Rory Luff is the founder of BW Equities, a specialist Melbourne equities advisory firm and has over 15 years' experience in the financial services industry. Rory has spent most of his career in the financial markets advising resources companies on capital raisings and financial markets strategy.
Committee Memberships	Chair of Remuneration & Nomination Committee Member of Audit and Risk Committee

Dr.Reinout Koopmans	
Position	Independent Non-Executive Director
Appointment Date	8 January 2019
Resignation Date	N/A
Length of Service	4 years 6 months
Biography	Dr Koopmans spent 15 years in investment banking, based in London. He was responsible globally for public equity raising for natural resource companies at Deutsche Bank and he led the European equity capital markets team at Jefferies International. In the 1990's, Reinout was a management consultant with McKinsey & Co in Germany and South-East Asia. He has significant business experience in Germany. Reinout has a PhD and master's degree from the London School of Economics, and a degree from Erasmus University, Rotterdam.
Committee Memberships	Chair of Audit Committee Member of Remuneration & Nomination Committee
Len Jubber	
Position	Independent Non-Executive Director
Appointment Date	1 March 2021
Resignation Date	N/A
Length of Service	2 year 4 months
Biography	Len Jubber, a Civil Engineer, was recently the Chief Executive of Kalium Lakes and was Chief Executive of Bannerman Resources Ltd, a uranium development company for eight years. Prior roles include Chief Executive of Perilya Ltd, a zinc and lead producer, and Chief Operating Officer of Oceana Gold Ltd. In a mining career spanning more than 30 years, he brings a wealth of technical, commercial and corporate experience.
Committee Memberships	Chair of Technical Committee Member of Remuneration & Nomination Committees
Seamus Cornelius	
Position	Independent Non-Executive Director
Appointment Date	21 August 2023
Resignation Date	N/A
Length of Service	1 month
Biography	Mr. Cornelius brings to the board over 30 years of corporate experience in both commercial and legal negotiations. Mr. Cornelius lived and worked in China for 25 years while based in Shanghai and Beijing. From 2000 to 2010 he was an international partner with one of Australia's leading law firms and specialized in dealing in cross border investments, particularly in energy and resources. He advised foreign entities investing in China and major Chinese companies investing outside of China. Since 2010 he has served on numerous public company boards in Australia and London.
Committee Memberships	Member of Remuneration, Nomination and Technical Committees
Current ASX Listed Directorships	Danakali Limited, Buxton Resources Ltd, Duketon Mining Ltd, Element 25 Limited
Lawrence Berthelet	
Position	Independent Non-Executive Director
Appointment Date	17 October 2022
Resignation Date	31 December 2022
Length of Service	3 months

Hansjorg Plaggemars	
Position	Independent Non-Executive Director
Appointment Date	1 October 2019
Resignation Date	31 December 2022
Length of Service	3 years 3 months

COMPANY SECRETARY

Graeme Smith	
Position	Company Secretary
Appointment Date	1 January 2022
Biography	Graeme Smith is a corporate governance and finance professional with over 30 years' experience in accounting and company administration. He is a Fellow of the Australian Society of Certified Practising Accountants, the Chartered Governance Institute and the Governance Institute of Australia. He is the principal of Wembley Corporate which provides Company Secretarial, CFO, and Corporate Governance services to public and private companies.

MEETINGS OF DIRECTORS

The number of meetings held during the year and the number of meetings attended by each Director was as follows:

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee	Technical Committee
Number of Meetings Attended / Eligible to Attend:					
Ian Farmer	12 / 12	2 / 2	2 / 2	4 / 4	2 / 2
Luis da Silva	9 / 9			1 / 1	2 / 2
Dr. Reinout Koopmans	12 / 12	1 / 1	2 / 2	4 / 4	
Rory Luff	12 / 12	2 / 2	2 / 2	4 / 4	
Len Jubber	12 / 12		2 / 2	2 / 2	2 / 2
Hansjoerg Plaggemars	5 / 5	1 / 1	2 / 2	2 / 2	
Lawrence Berthelet	2 / 2				

All Directors were eligible to attend all Board Meetings held when they were in office.

SHARE OPTIONS

As at the date of this report:

No. Options	Exercise Price	Expiry Date	Listed / Unlisted
3,500,000	\$0.08	02 Dec 2024	Unlisted
3,500,000	\$0.12	02 Dec 2024	Unlisted
3,958,667	\$0.0675	25 Jan 2024	Unlisted
3,958,666	\$0.09	25 Jan 2024	Unlisted
3,958,666	\$0.1125	25 Jan 2024	Unlisted
4,606,605	\$0.203	27 May 2026	Unlisted
192,069	\$0.1511	05 Aug 2026	Unlisted
2,192,084	\$0.18	17 Dec 2024	Unlisted
2,192,084	\$0.24	17 Dec 2024	Unlisted
2,382,000	\$0.1606	30 Mar 2027	Unlisted
1,000,000	\$0.123	17 Oct 2026	Unlisted
2,000,000	\$0.055	31 Oct 2027	Unlisted
2,000,000	\$0.082	31 Oct 2027	Unlisted
2,000,000	\$0.109	31 Oct 2027	Unlisted
2,000,000	\$0.136	31 Oct 2027	Unlisted
2,818,000	\$0.12	30 Sept 2027	Unlisted
4,623,000	\$0.15	10 Nov 2027	Unlisted
3,366,667	\$0.09	23 Nov 2025	Unlisted
3,000,000	\$0.066	01 Jan 2028	Unlisted
3,000,000	\$0.088	01 Jan 2028	Unlisted
1,000,000	\$0.203	27 May 2025	Unlisted
25,602,270	\$0.08	10 Aug 2026	Unlisted
90,350,778			

The options have no voting rights. Each option converts to one fully paid ordinary share.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During the year, and up to the date of this report, 107,500 shares have been issued as a result of the exercise of options .

Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the BDO:

	Consolidated	
	2023	2022
	\$	\$
Audit & Review Fee – BDO Audit Pty Ltd	65,000	49,000
BDO Remuneration consulting	0	8,500
	65,000	57,500

REMUNERATION REPORT (Audited)

The remuneration report, which has been audited, outlines the Director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The Board aligns the compensation structure of the company closely to the strategy of the company, its shareholders' interests and existing market practice. It offers a structured short-term incentive plan and long-term retention plan for senior and key executive team members and allocate long-term options to non-executive Board members.

The short-term executive incentive plan consists of performance related bonus payments, based on the achievement of pre-agreed targets directly derived from the company's strategy, as communicated to the shareholders and the market in general. The long-term executive incentives plan consists of multiyear, high premium options with an initial vesting period.

These compensation packages are reassessed annually, based on packages offered by comparable companies in Australia and around the world. The compensation cycle follows the financial year.

Principles Used to Determine the Nature and Amount of Remuneration**Remuneration Philosophy**

The performance of the company depends upon the quality of its Directors and executive officers. To prosper, the company must attract, motivate and retain highly skilled Directors and executive officers. The Directors' remuneration is comparable to similar sized companies in the junior mining industry with international assets.

Remuneration Committee Responsibilities

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

Incentive Plans

Ultimately the shareholders approve any incentive plans, however the Remuneration committee's objective is to:

- (a) review and make recommendations concerning short-term and long-term incentive and retention compensation plans, including the use of share options and other equity-based plans. Except as otherwise delegated, the Committee will administer equity-based and employee benefit plans, and as such will discharge any responsibilities under those plans, including making and authorising issues of equity, in accordance with the terms of those plans;
- (b) ensure that incentive plans are designed around appropriate and realistic performance targets, either at an individual or company level, that measure relative performance and provide rewards when they are achieved; and
- (c) continually review and, if necessary, improve any existing benefit programs established for employees.

Authority and Resources

The Committee may seek input from individuals on remuneration policies, but no individual should be directly involved in deciding their own remuneration. The Committee may, when it considers it necessary or appropriate, obtain advice from external consultants or specialists in relation to remuneration related matters. In accordance with best practice corporate governance, the structure of non-executive Directors and executive remunerations are separate.

Group Performance

Measure	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
Closing price 30 June	\$0.032	\$0.100	\$0.083	\$0.035	\$0.055
Loss before income tax expense	(8,656,551)	(11,859,581)	(2,346,822)	(2,262,613)	(2,207,760)
Earnings per share	(1.52)	(2.53)	(0.80)	(1.39)	(1.56)

Non-Executive Directors' Remuneration

The constitution of the Company provides for a maximum aggregate amount that may be paid to non-executive Directors (referred to as a "non-executive Directors' remuneration pool") to be determined by shareholders at a general meeting. ASX requires the non-executive Directors' remuneration pool amount to be specified.

A maximum non-executive Directors' remuneration pool amount of \$500,000 per annum was adopted at the 2016 General Meeting. The non-executive Directors' remuneration pool is a maximum and does not mean that non-executive Directors will be paid a total of \$500,000 per annum. The amount of each non-executive Directors' remuneration and allocations among non-executive Directors within the pool limit are determined by the Committee, and the process of determining non-executive Directors' remuneration is subject to compliance with corporate governance policies. Payment to non-executive Directors for specific services beyond the ordinary role of a non-executive Director, such as consulting or professional services, are excluded from the total pool amount, as is reimbursement of expense. Any future change to the non-executive Directors' remuneration pool will require a further shareholder approval.

Non-executive Directors are eligible to participate in the Company's Employee Share Option Plan, upon obtaining shareholder approval. During the financial year, non-executive Directors were granted as detailed in the table following page.

Executive Remuneration

The Company aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity, to reward executives for meeting or exceeding targets set by reference to appropriate benchmarks; align the interests of executives with those of shareholders; and ensure remuneration is competitive by market standards. The Company retains the right to make annual bonus payments in cash or shares as deemed appropriate.

It is the Company's remuneration policy that employment contracts must be entered into by the Chief Executive Officer and senior executives. The level of fixed remuneration is set to provide a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually by the Committee as part of an assessment on that executive's performance. The Committee has access to external independent advice during the year.

Employee Share Option Plan

An employee incentive scheme ("the Employee Share Option Plan" or "the plan") was adopted at the 4 May 2021 General Meeting. The purpose of the Employee Share Option Plan is to enable eligible Directors', officers and employees (including executive and non-executive Directors' of the Company or its subsidiaries) to receive options to acquire shares in the Company.

The objective of the Employee Share Option Plan is to attract, motivate and retain key employees. The Company considers that the adoption of the Employee Share Option Plan and the future issue of Options under the Employee Share Option Plan will provide selected employees with the opportunity to participate in the future growth of the Company. The employee share options plan and performance rights plan are Equity settled share-based payments.

No Directors or their associates can or will participate in the Employee Share Option Plan or receive any options unless and until further shareholder approval of specific issues to them is obtained. All the options issued to Directors and others in a position of influence were approved by shareholders ASX Listing Rule 10.14.

The options granted under the Employee Share Option Plan are detailed below.

DIRECTORS' AND KMP INTERESTS AND BENEFITS

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally related entities is as follows:

Director and Key Management Shares	No. Shares Held at 30 June 2022	Share Based Payments	Shares Issued per Placements during the year	No. of Shares Lapsed	Other changes	No. Shares Held at 30 June 2023
Directors						
Ian Farmer	611,111	-	1,111,111	-	107,500	1,829,722
Len Jubber	516,667	-	1,111,111	-		1,627,778
Dr. Reinout Koopmans	3,833,098	-	1,111,111	-		4,944,209
Rory Luff	27,209,021	-	5,555,556	-		32,764,577
Lawrence Berthelet ¹	-	-	-	-	-	-
Hansjoerg Plaggemars ²	1,240,783	-	-	-	(1,240,783)	-
Total Non-Executive Directors	33,410,680	-	8,888,889	-	(1,133,283)	41,166,286
Luis da Silva ³	-	-	2,222,222	-		2,222,222
Total Executive Directors	-	-	2,222,222	-		2,222,222
Key Management						
Lawrence Berthelet (COO) ¹	-	-	2,444,444	-	-	2,444,444
Jason Wilkinson (COO) ²	2,850,549	201,253	-	-	(3,051,802)	-
Andrew Robertson (CFO)	375,000	128,414	-	-	-	503,414
Dr Babette Winter (Regional Director)	-	208,192	222,222	-	-	430,414
Total KMP	3,225,549	537,859	2,666,666	-	(3,051,802)	3,378,272
Total Directors and KMP	36,636,229	537,859	13,777,777	-	(4,185,085)	46,766,780

1. Appointed 17 October 2022 and resigned 31 December 2022 as Director. Appointed COO 1 January 2023.

2. Resigned 31 December 2022

3. Appointed 1 November 2022

The movement during the reporting period in the number of options over ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally related entities is as follows:

DIRECTORS' REPORT

South Harz Potash Limited

Director and Key Management Options	No. Options Held at 30 June 2022	Share Based Payments	Other Changes	No. Options Held at 30 June 2023	No. Options Held at Date of this Report	Vested at 30 June 2023	Unvested at 30 June 2023
Directors							
Ian Farmer	8,995,222	1,679,000	(222,222)	10,452,000	10,452,000	7,000,000	3,452,000
Len Jubber	2,061,000	736,000	-	2,797,000	2,797,000	-	2,797,000
Dr. Reinout Koopmans	1,061,000	736,000	-	1,797,000	1,797,000	-	1,797,000
Rory Luff	8,667,746	736,000	(5,555,556)	3,848,190	3,848,190	-	3,848,190
Lawrence Berthelet ¹	-	1,000,000	(1,000,000)	-	-	-	-
Hansjoerg Plaggemars ²	1,283,222	736,000	(2,019,222)	-	-	-	-
Total Non- Executive Directors	22,068,190	5,623,000	(8,797,000)	18,894,190	18,894,190	7,000,000	11,894,190
Luis da Silva ³	-	8,000,000	-	8,000,000	8,000,000	2,000,000	6,000,000
Total Executive Directors	-	8,000,000	-	8,000,000	8,000,000	2,000,000	6,000,000
Key Management							
Lawrence Berthelet (COO) ¹	-	6,000,000	1,000,000	7,000,000	7,000,000	-	7,000,000
Jason Wilkinson (COO) ²	1,523,984	1,272,000	(2,795,984)	-	-	-	-
Andrew Robertson (CFO)	971,605	1,430,000	-	2,401,605	2,401,605	-	2,401,605
Dr Babette Winter (Regional Director)	-	1,188,000	-	1,188,000	1,188,000	-	1,188,000
Total Key Management	2,495,589	9,890,000	(1,795,984)	10,589,605	10,589,605	-	10,589,605
Total Directors and KMP	24,563,779	23,513,000	(10,592,984)	37,483,795	37,483,795	9,000,000	28,483,795

1. Appointed 17 October 2022 and resigned 31 December 2022 as Director. Appointed COO 1 January 2023.
2. Resigned 31 December 2022
3. Appointed 1 November 2022

The movement during the reporting period in the number of Series B, C, D, E, F, G, H, I, J & K performance rights of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally related entities is as follows:

Director and Key Management	No. Performance Rights Held at 30 June 2022	Performance Rights Lapsed	No. Performance Rights Held at 30 June 2023	No. Performance Rights Held at Date of this Report
Directors				
Ian Farmer	-	-	-	-
Len Jubber	-	-	-	-
Dr. Reinout Koopmans	259,875	(259,875)	-	-
Rory Luff	259,875	(259,875)	-	-
Hansjoerg Plaggemars	259,875	(259,875)	-	-
Total Non-Executive Directors	779,625	(779,625)	-	-
Luis da Silva	-	-	-	-
Total Executive Directors	-	-	-	-
Key Management				
Lawrence Berthelet	-	-	-	-
Jason Wilkinson	-	-	-	-
Andrew Robertson	-	-	-	-
Dr Babette Winter	-	-	-	-
Total Key Management	-	-	-	-
Total Directors and KMP	779,625	(779,625)	-	-

Details of Remuneration

Details of remuneration of the Directors and KMP of the Group (as defined by AASB 124 Related Party Disclosures) and specified executives are set out below:

2023

Director and Key Management		Fixed	Equity Settled Share Based Payments			Total	
		Salary, Fees, and Leave	Options	Options Lapsed/ Forfeited	Shares	Total Remuneration	Performance Based Remuneration % Total Salary
		\$	\$	\$		\$	
Ian Farmer	2023	158,281	34,394	-	-	192,675	18%
Len Jubber	2023	40,000	33,298	-	-	73,298	45%
Dr. Reinout Koopmans	2023	40,000	21,210	-	-	61,210	35%
Rory Luff	2023	40,000	21,210	-	-	61,210	35%
Lawence Berthelet ²	2023	6,667	3,965	-	-	10,632	37%
Hansjoerg Plaggemars ³	2023	20,000	14,751	-	-	34,751	42%
Total Non-Executive Directors	2023	304,948	128,828	-	-	433,776	30%
Luis da Silva ⁴	2023	274,896	157,051	-	-	431,947	36%
Total Executive Directors	2023	274,896	157,051	-	-	431,947	36%
Key Management Personnel							
Lawrence Berthelet ²	2023	164,283	50,206	-	-	214,489	23%
Jason Wilkinson ³	2023	154,789	-	(28,713)	13,484	139,560	-
Andrew Robertson	2023	306,166	30,807	-	8,604	345,577	11%
Dr Babette Winter	2023	260,732	7,297	-	13,950	281,979	8%
Total Key Management Personnel	2023	885,970	88,310	(28,713)	36,038	981,605	6%
Grand Total	2023	1,465,814	374,189	(28,713)	36,038	1,847,328	16%

1. Appointed Acting Executive Chairman prior to appointment of L da Silva as MD in November 2022.
2. Appointed 17 October 2022 and resigned 31 December 2022 as Director. Appointed COO 1 January 2023.
3. Resigned 31 December 2022
4. Appointed 1 November 2022

2022

		Fixed	Share	Equity Settled Share Based Payments			Total	
Director and Key Management		Salary, Fees, and Leave		Options	Options Lapsed/ Forfeited	Performance Rights Expense	Total Remuneration	Performance Based Remuneration % Total Salary
		\$	\$	\$	\$	\$	\$	
Ian Farmer	2022	140,272	-	132,460	-	-	272,732	49%
Dr. Reinout Koopmans	2022	40,000	-	25,610	-	1,241	66,851	40%
Rory Luff	2022	40,000	6,003	25,610	-	1,241	72,854	45%
Hansjoerg Plaggemars	2022	40,000	6,003	25,610	-	1,240	72,853	45%
Len Jubber	2022	40,000	-	86,775	-	-	126,775	68%
Total Non-Executive Directors	2022	300,272	12,006	296,065	-	3,722	612,065	51%
Chris Gilchrist (Left 20 May 2022)	2022	439,855	-	-	(20,277)	-	419,578	0%
Total Executive Directors	2022	439,855	-	-	(20,277)	-	419,578	0%
Key Management Personnel								
Jason Wilkinson	2022	208,214	-	27,484	-	-	235,698	12%
Andrew Robertson	2022	251,576	-	14,595	-	-	266,171	5%
Dr Babette Winter (Appointed 1 February 2022)	2022	99,795	-	-	-	-	99,795	0%
Total Key Management Personnel	2022	559,585	-	42,079	-	-	601,664	7%
Grand Total	2022	1,299,712	12,006	338,144	(20,277)	3,722	1,633,307	20%

The following table sets out the details of options granted as remuneration during the year ended 30 June 2023:

	Exercise Price	Expiry Date	Grant Date	Granted as Remuneration	Cancelled	Fair Value per Option	Value of Options
Key Management Personnel							
Directors							
Ian Farmer	\$0.15	7 Nov 2027	1 Nov 2022	1,679,000	-	\$0.0286	\$47,952
Luis da Silva	\$0.055	31 Oct 2027	2 Nov 2022	2,000,000		\$0.0379	\$ 75,800
Luis da Silva	\$0.082	31 Oct 2027	2 Nov 2022	2,000,000		\$0.0349	\$ 69,800
Luis da Silva	\$0.109	31 Oct 2027	2 Nov 2022	2,000,000		\$0.0326	\$ 65,200
Luis da Silva	\$0.136	31 Oct 2027	2 Nov 2022	2,000,000		\$0.0307	\$ 61,400
Dr. Reinout Koopmans	\$0.15	7 Nov 2027	1 Nov 2022	736,000	-	\$0.0286	\$21,020
Rory Luff	\$0.15	7 Nov 2027	1 Nov 2022	736,000	-	\$0.0286	\$21,020
Len Jubber	\$0.15	7 Nov 2027	1 Nov 2022	736,000	-	\$0.0286	\$21,020
Len Jubber	\$0.203	27 May 2025	23 Feb 2023	1,000,000		\$0.0038	\$3,750
Len Jubber	-	27 May 2025	4 May 2021	-	(1,000,000)	-	--
Total Non-Executive Directors				12,887,000	(1,000,000)		386,962
Other Key Management Personnel							
Lawrence Berthelet	\$0.123	17 Oct 2026		1,000,000		\$0.0290	\$ 28,970
Lawrence Berthelet	\$0.066	1 Jan 2028		3,000,000		\$0.0235	\$ 70,440
Lawrence Berthelet	\$0.088	1 Jan 2028		3,000,000		\$0.0211	\$ 63,300
Andrew Robertson	\$0.12	30 Sept 2027	30 Sept 2022	1,430,000		\$0.0329	\$47,018
Babette Winter	\$0.12	30 Sept 2027	30 Sept 2022	1,188,000		\$0.0329	\$39,061
Total Key Management Personnel				9,618,000			248,789
Total				22,505,000	(1,000,000)		635,751

None of the above options were vested or exercised during the year. There were no other Director and KMP transactions.

End of the Audited Remuneration Report.

DECLARATION OF INDEPENDENCE
BY PAUL GOSNOLD
TO THE DIRECTORS OF SOUTH HARZ POTASH LIMITED

As lead auditor of South Harz Potash Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of South Harz Potash Limited and the entities it controlled during the period.

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Director

BDO Audit Pty Ltd

Adelaide, 28 September 2023

Financial report

General information

The financial report covers South Harz Potash Limited as a consolidated entity consisting of South Harz Potash Limited and the entities it controlled. The financial report is presented in Australian dollars, which is South Harz Potash Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the Directors' declaration.

South Harz Potash Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Unit 13
6-10 Douro Place West Perth
WA 6005 Australia

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' report, which is not part of the financial report.

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

		Consolidated	
	Note	2023	2022
		\$	\$
Revenue from continuing operations			Restated
Interest income	4	658	168
Expenses			
Exploration and development costs		(4,184,034)	(8,225,607)
Administration expenses		(1,012,247)	(677,366)
Corporate expenses		(1,081,687)	(803,173)
Director fees and consultation		(1,466,945)	(1,311,718)
Depreciation expense		(33,155)	(3,685)
Foreign exchange (loss)/gain		(17,269)	11,912
Consulting expenses		(485,613)	(524,434)
Share-based payment		(376,259)	(325,678)
Loss before income tax expense		(8,656,551)	(11,859,581)
Income tax expense	5	-	-
Other comprehensive income		(8,656,551)	(11,859,581)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation reserve		522,736	(371,331)
Other comprehensive income for the year, net of tax		522,736	(371,331)
Total comprehensive income for the year		(8,133,815)	(12,230,912)

		Consolidated	
	Note	2023	2022
		\$ cents	\$ cents
Earnings per share for loss attributable to the owners of South Harz Potash Limited			
Basic earnings per share	24	(1.52)	(2.53)
Diluted earnings per share	24	(1.52)	(2.53)

The financial statements should be read in conjunction with the accompanying notes.

Statement of financial position as at 30 June 2023

	Note	Consolidated	
		2023	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	6	2,267,185	6,598,835
VAT and other receivables	7	304,167	696,893
Total current assets		2,571,352	7,295,728
Non-current assets			
Property, plant and equipment		118,642	30,213
Exploration and evaluation	9	2,042,924	1,866,823
Total non-current assets		2,161,566	1,897,036
Total assets		4,732,918	9,192,764
Liabilities			
Current liabilities			
Other payables	8	1,343,606	940,444
Total current liabilities		1,343,606	940,444
Total liabilities		1,343,606	940,444
Net assets		3,389,312	8,252,320
Equity			
Issued capital	10	33,729,999	30,916,150
Reserves	11	1,866,987	949,398
Accumulated losses		(32,207,674)	(23,613,228)
Total equity		3,389,312	8,252,320

The financial statements should be read in conjunction with the accompanying notes

Statement of changes in equity for the year ended 30 June 2023

	Contributed Equity \$	Performance Rights Reserve \$	Option Based Payment Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as 1 July 2022	30,916,150	57,573	1,091,022	(199,197)	(23,613,228)	8,252,320
Loss after income tax expenses for the year	-	-	-	-	(8,656,551)	(8,656,551)
Other comprehensive income for the year, net of tax	-	-	-	522,736	-	522,736
Total comprehensive income/(loss) for the year	-	-	-	522,736	(8,656,551)	(8,133,815)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	2,811,054	-	83,494	-	-	2,894,548
Performance rights reserves- reversal	-	(62,105)	-	-	62,105	-
Share-based payments (refer to note 13)	2,795	4,532	368,932	-	-	376,259
Balance at 30 June 2023	33,729,999	-	1,543,448	323,539	(32,207,674)	3,389,312

	Contributed Equity \$	Performance Rights Reserve \$	Option Based Payment Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as 1 July 2021	20,554,094	53,851	910,460	172,134	(11,753,647)	9,936,892
Loss after income tax expenses for the year (restated)	-	-	-	-	(11,859,581)	(11,859,581)
Other comprehensive income for the year, net of tax	-	-	-	(371,331)	-	(371,331)
Total comprehensive income/(loss) for the year	-	-	-	(371,331)	(11,859,581)	(12,230,912)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	10,362,056	-	(141,394)	-	-	10,220,662
Share-based payments	-	3,722	321,956	-	-	325,678
Balance at 30 Jun 2022	30,916,150	57,573	1,091,022	(199,197)	(23,613,228)	8,252,320

The financial statements should be read in conjunction with the accompanying notes.

Statement of cash flows for the year ended 30 June 2023

		Consolidated	
	Note	June 2023	June 2022
		\$	\$
Cash flows from operating activities			
Interest received		658	168
Exploration and development costs		(4,184,034)	(8,225,607)
Payments to suppliers and employees		(3,626,863)	(3,203,406)
Net cash used from operating activities	23	(7,810,239)	(11,428,845)
Cash flows from investing activities			
Additions to Property, Plant and Equipment		(121,584)	(27,466)
Net cash used in investing activities		(121,584)	(27,466)
Cash flows from financing activities			
Proceeds from issue of shares		3,066,005	5,261,521
Proceeds from options conversion		11,395	5,208,275
Payments for capital raising costs		(263,551)	(575,384)
Net cash from financing activities		2,813,849	9,894,412
Net decrease in cash and cash equivalents		(5,117,974)	(1,561,899)
Cash and cash equivalents at beginning of year		6,598,835	8,236,749
Effects of foreign exchange cash movements		786,324	(76,015)
Cash and cash equivalents at end of the year	6	2,267,185	6,598,835

The financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies

The financial report covers South Harz Potash Limited as a consolidated entity consisting of South Harz Potash Limited and the entities it controlled. The financial report is presented in Australian dollars, which is South Harz Potash Limited's functional and presentation currency.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements were authorised for issue by the Directors, on 28th September 2023

Exploration and evaluation assets

It is the Company's policy to capitalise the cost of acquiring rights to explore areas of interest. All other exploration and evaluation expenditure is charged against earnings as incurred and included as part of cash flows from operating activities.

The costs of acquisition are carried forward as an asset provided one of the following conditions is met:

- a. Such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively, by its sale; or
- b. Exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing. When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development. Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest' to determine whether expenditure is expensed as incurred or capitalised as an asset. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Pre-production costs are deferred as development costs until such time as the asset is capable of being operated in a manner intended by management. Capitalised expenses then become an active asset and are depreciated. Post-production costs are recognised as a cost of production.

Any development expenditure incurred once a mine property is in production is immediately expensed to the Statement of Profit or Loss and Other Comprehensive Income except where it is probable that future economic benefits will flow to the entity, in which case it is capitalized as property, plant and equipment.

Information used in the review process is rigorously tested to externally available information as appropriate.

Impairment

The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment at the cash

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

generating unit level whenever facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount.

An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Any impairment losses are recognised in the statement of profit or loss and other comprehensive income.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Material uncertainty related to going concern

The financial 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 ordinary course of business.

The Company incurred an operating loss of \$8,656,551 (FY2022: loss \$11,859,581) and incurred negative cash flows from operations of \$7,433,980 (FY2022: \$11,428,845).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

Based on the cash-flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate, given the following:

- The Company has the ability to defer discretionary costs as and when required.
- The Directors are exploring a variety of options to raise funds. Given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 19.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of South Harz Potash Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Foreign currency translation

The financial statements are presented in Australian dollars, which is South Harz Potash Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition

The Company recognises income as follows:

Interest

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

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

South Harz Potash Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

Receivables are recognised initially at the amount of consideration that is unconditional. The Company holds trade receivables with the objective to collect contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Any impairment or expected loss allowance is recorded in a separate account and any write off is offset against this account in the future.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

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

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

Plant and equipment	3-5 years
---------------------	-----------

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

Impairment of non-financial assets

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

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

Other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leaves not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss.

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

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

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

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

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

Notes to the financial statements 30 June 2023

Note 1. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the loss attributable to the owners of South Harz Potash Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

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

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these not yet mandatory new or amended Accounting Standards and Interpretations. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 13 for further details.

Exploration and development costs

Exploration and development costs will only be capitalised after a defined feasibility study has been completed on a project and the key permits have been obtained at which point the commercial viability of the project can be assessed. The costs will then be amortised based on the life of mine estimate. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Operating segments*Identification of reportable operating segments*

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

Geographical information

	Sales to external customers		Non-current assets	
	2023	2022	2023	2022
	\$	\$	\$	\$
Australia	-	-	3,666	5,142
Germany	-	-	2,157,900	1,891,894
	-	-	2,161,566	1,897,036

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Notes to the financial statements 30 June 2023

Note 4. Income & Expenses

	Consolidated	
	2023	2022
	\$	\$
Interest income	658	168

Note 5. Income tax expense

	Consolidated	
	2023	2022
	\$	\$
Prima facie tax benefit at the Australian tax rate of 30%	2,595,965	3,557,874
Tax effect amounts which are not deductible/(taxable) in calculating taxable income;		
Share based payments	(112,878)	(97,703)
Tax losses not brought into account	(2,484,088)	(3,460,171)
Income tax expense	-	-
Current tax expense	(2,484,088)	(3,460,171)
Deferred tax expense	2,484,088	3,460,171
Income tax expense	-	-
Tax assets not recognised at 30%		
Unused tax losses for which no deferred tax asset has been recognized	3,033,499	2,295,596
Temporary differences	29,575	41,514
Potential tax benefit	3,063,074	2,337,110

The above potential tax benefit for tax losses and temporary differences has not been recognised in the statement of financial position. Tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the similar business test is passed. The above potential tax benefit not recognised relates to activities from the Australian operations only

Note 6. Current assets - cash and cash equivalents

	Consolidated	
	2023	2022
	\$	\$
Cash at bank	2,267,185	6,598,835
	2,267,185	6,598,835

Notes to the financial statements 30 June 2023

Note 7. VAT and other receivables

Consolidated

	Jun 2023	Jun 2022
	\$	\$
Deposits	37,969	31,898
Other receivables	85,546	29,250
VAT refunds	180,652	635,745
	304,167	696,893

Note 8. Other payables

Consolidated

	2023	2022
	\$	\$
Other payables	1,343,606	940,444
	1,343,606	940,444

Note 9. Non-current assets - exploration and evaluation

Consolidated

	2023	2022
	\$	\$
Exploration and evaluation - at cost	2,042,924	1,866,823
	2,042,924	1,866,823

Reconciliations at the beginning and end of the current and previous financial year are set out below:

	Exploration
Consolidated	\$
Balance at 1 July 2022	1,866,823
Additions	-
Exchange difference on opening balance	176,101
Balance at 30 June 2023	2,042,924
Balance at 1 July 2021	1,965,943
Additions	-
Exchange difference on opening balance	(99,120)
Balance at 30 June 2022	1,866,823

Notes to the financial statements 30 June 2023

Note 10. Equity – Issued Capital

	Consolidated		Consolidated	
	2023	2022	2023	2022
			\$	\$
Ordinary shares - fully paid	600,012,429	532,033,737	33,729,999	30,916,150
Ordinary share capital				
Details	Date	No of shares	Issue Price	\$
Balance	01-Jul-22	532,033,737	-	30,916,150
Exercise of Options	24-Aug-22	107,500	\$0.08	11,395
Staff Bonus	07-Sep-22	537,859	\$0.067	36,005
Placement	24-Nov-22	53,444,445	\$0.045	2,405,000
Director Placement	23-Mar-23	13,888,888	\$0.045	625,000
Capital Raising Costs				(263,551)
Balance	30-Jun-23	600,012,429		33,729,999
	Consolidated		Consolidated	
	2022	2021	2022	2021
			\$	\$
Ordinary shares - fully paid	532,033,737	424,098,241	30,916,150	20,554,094
Ordinary share capital				
Details	Date	No of shares	Issue Price	\$
Balance	01-Jul-21	424,098,241	-	20,554,094
Exercise of Options	02-Nov-21	4,768,152	0.080	381,452
Exercise of Options	10-Nov-21	1,057,556	0.080	84,605
Exercise of Options	18-Nov-21	699,786	0.080	55,983
Exercise of Options	13-Dec-21	738,889	0.080	59,111
Issue of share placement	20-Dec-21	40,666,668	0.120	4,880,000
In Lieu of Services	20-Dec-21	438,417	0.120	52,610
Issue of share placement	21-Dec-21	1,000,000	0.120	120,000
Directors' salary sacrifice plan	29-Dec-21	152,372	0.079	12,007
Employee salary sacrifice plan	29-Dec-21	39,114	0.049	1,909
Exercise of Options	29-Dec-21	150,000	0.080	12,000
Exercise of Options	21-Jan-22	2,318,339	0.080	185,467
Exercise of Options	21-Jan-22	3,916,667	0.068	266,333
Exercise of Options	02-Feb-22	941,667	0.080	75,333
Exercise of Options	25-Feb-22	8,501,304	0.080	680,104
Exercise of Options	25-Feb-22	600,000	0.075	45,000
Exercise of Options	04-Mar-22	677,777	0.080	54,222
Exercise of Options	14-Mar-22	1,259,379	0.080	100,750
Exercise of Options	14-Mar-22	3,916,667	0.090	352,500
Exercise of Options	18-Mar-22	10,422,225	0.080	833,778
Exercise of Options	28-Mar-22	9,931,949	0.080	794,556
Exercise of Options	28-Mar-22	458,000	0.067	30,915
Exercise of Options	28-Mar-22	458,000	0.090	41,220
Exercise of Options	28-Mar-22	458,000	0.113	51,525
Director Placement	31-Mar-22	2,175,001	0.120	261,521
Exercise of Options	31-Mar-22	6,188,895	0.080	495,112
Exercise of Options	31-Mar-22	3,916,667	0.113	441,588
Exercise of Options	08-Apr-22	1,678,889	0.080	134,311
Exercise of Options	12-May-22	405,116	0.080	32,409
Exercise of Options				401,119
Cost of capital raising				(575,384)
Balance	30-Jun-22	532,033,737		30,916,150

Shareholders are entitled to participate in dividends and proceeds to the company winding up.

Notes to the financial statements 30 June 2023

Note 11. Equity - reserves

	Consolidated	
	2023	2022
	\$	\$
Foreign currency translation reserve	323,539	(199,197)
Performance rights reserve	-	57,573
Option right reserves	1,543,448	1,091,022
	1,866,987	949,398

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Option right reserve

The reserve is used to recognise the fair value of options issued to Directors, employees and brokers.

Notes to the financial statements 30 June 2023

Note 12. Equity - Options

Set out below are details of options on issue:

2023

Grant date	Expiry date	Exercise price	Fair Value	Balance at the start of the year	Issued in year	Expired in the year	Exercised in the year	Balance at the end of year	Exercisable at year end	Note
09-Nov-18	31-Jul-23	\$0.200	-	33,221,680	-	-	-	33,221,680	33,221,680	[1]
09-Nov-18	11-Sep-23	\$0.200	-	7,500,000	-	-	-	7,500,000	7,500,000	
20-Dec-18	31-Jul-23	\$0.200	-	1,142,857	-	-	-	1,142,857	1,142,857	[1]
10-Sep-19	31-Jul-23	\$ 0.200	-	10,926,133	-	-	-	10,926,133	10,926,133	[1]
12-Dec-19	31-Jul-23	\$ 0.200	-	885,119	-	-	-	885,119	885,119	[1]
24-Apr-20	31-Jul-23	\$0.075	-	2,275,000	-	-	-	2,275,000	2,275,000	[1]
31-Jul-20	31-Jul-23	\$ 0.075	-	825,000	-	-	-	825,000	825,000	[1]
02-Dec-20	02-Dec-24	\$ 0.080	\$ 0.030	3,500,000	-	-	-	3,500,000	3,500,000	[3][C]
02-Dec-20	02-Dec-24	\$0.120	\$ 0.026	3,500,000	-	-	-	3,500,000	3,500,000	[3][C]
25-Jan-21	25-Jan-23	\$0.080	-	59,752,818	-	(59,645,318)	(107,500)	-	-	[1]
25-Jan-21	25-Jan-24	\$0.068	\$ 0.034	3,958,667	-	-	-	3,958,667	3,958,667	[2]
25-Jan-21	25-Jan-24	\$0.089	\$ 0.030	3,958,666	-	-	-	3,958,666	3,958,666	[2]
25-Jan-21	25-Jan-24	\$ 0.113	\$ 0.028	3,958,666	-	-	-	3,958,666	3,958,666	[2]
27-May-21	27-May-26	\$0.203	\$ 0.047	5,346,970	-	(740,365)	-	4,606,605	4,606,605	[3][A]
27-May-21	27-May-25	-	\$ 0.092	1,000,000	-	(1,000,000)	-	-	-	[3][C]
05-Aug-21	05-Aug-26	\$0.151	\$ 0.021	192,069	-	-	-	192,069	192,069	[4]
20-Dec-21	17-Dec-24	\$0.180	\$ 0.063	2,192,084	-	-	-	2,192,084	2,192,084	[2]
20-Dec-21	17-Dec-24	\$0.240	\$ 0.055	2,192,084	-	-	-	2,192,084	2,192,084	[2]
30-Mar-22	30-Mar-27	\$ 0.161	\$ 0.170	2,868,000	-	(486,000)	-	2,382,000	2,382,000	[3][4][D]
30-Sep-22	30-Sep-27	\$0.120	\$ 0.0329		4,090,000	(1,272,000)		2,818,000	-	
17-Oct-22	17-Oct-26	\$0.123			1,000,000			1,000,000	-	
02-Nov-22	31-Oct-27	\$0.0550			2,000,000			2,000,000	2,000,000	
02-Nov-22	31-Oct-27	\$0.0820			2,000,000			2,000,000	-	
02-Nov-22	31-Oct-27	\$0.109			2,000,000			2,000,000	-	
02-Nov-22	31-Oct-27	\$0.1360			2,000,000			2,000,000	-	
02-Nov-22	07-Nov-27	\$0.15			4,623,000			4,623,000	-	
02-Nov-22	23-Nov-25	\$0.09			3,366,667			3,366,667	-	
01-Mar-23	01-Jan-28	\$ 0.066			3,000,000			3,000,000	-	
01-Mar-23	01-Jan-28	\$0.088			3,000,000			3,000,000	-	
01-Mar-23	27-May-25	\$0.203			1,000,000			1,000,000	-	
				149,195,813	28,079,667	(63,143,683)	(107,500)	114,024,297	89,216,630	

[1] Free attaching options since they were issued with issue of share on placement approved by shareholders. No value was attached on initial recognition.

[2] Options issued to broker for broking fees

[3] Director options

[4] Options issued to employees and KMPs

[A] Vest when share price equals \$0.203

[B] Vest on issue

[C] Vest 18 months from date employed

[D] Vest when share price equals \$0.1606

Notes to the financial statements 30 June 2023

2022

Grant date	Expiry date	Exercise price	Fair Value	Balance at the start of the year	Issued in year	Expired in the year	Exercised in the year	Balance at the end of year	Exercisable at year end	Note
09-Nov-18	31-Jul-23	\$ 0.200	-	33,221,680	-	-	-	33,221,680	-	[1]
09-Nov-18	11-Sep-23	\$ 0.200	-	7,500,000	-	-	-	7,500,000	-	
10-Jan-18	05-Sep-21	\$ 0.081	-	3,000,000	-	(3,000,000)	-	-	-	[2]
20-Dec-18	31-Jul-23	\$ 0.200	-	1,142,857	-	-	-	1,142,857	-	[1]
10-Sep-19	31-Jul-23	\$ 0.200	-	10,926,133	-	-	-	10,926,133	-	[1]
12-Dec-19	31-Jul-23	\$ 0.200	-	885,119	-	-	-	885,119	-	[1]
24-Apr-20	31-Jul-23	\$ 0.075	-	2,875,000	-	-	(600,000)	2,275,000	-	[1]
31-Jul-20	31-Jul-23	\$ 0.075	-	825,000	-	-	-	825,000	-	[1]
02-Dec-20	02-Dec-24	\$ 0.080	\$ 0.030	3,500,000	-	-	-	3,500,000	3,500,000	[3][C]
02-Dec-20	02-Dec-24	\$ 0.120	\$ 0.026	3,500,000	-	-	-	3,500,000	3,500,000	[3][C]
02-Dec-20	02-Dec-22	\$ 0.080	-	8,333,334	-	-	(8,333,334)	-	-	[1]
25-Jan-21	25-Jan-23	\$ 0.080	-	101,159,407	-	-	(41,406,589)	59,752,818	-	[1]
25-Jan-21	25-Jan-24	\$ 0.068	\$ 0.034	8,333,334	-	-	(4,374,667)	3,958,667	-	[2]
25-Jan-21	25-Jan-24	\$ 0.089	\$ 0.030	8,333,333	-	-	(4,374,667)	3,958,666	-	[2]
25-Jan-21	25-Jan-24	\$ 0.113	\$ 0.028	8,333,333	-	-	(4,374,667)	3,958,666	-	[2]
27-May-21	27-May-26	\$ 0.203	\$ 0.047	6,824,711	-	(1,477,741)	-	5,346,970	-	[3][A]
27-May-21	27-May-25	-	\$ 0.092	1,000,000	-	-	-	1,000,000	-	[3][C]
05-Aug-21	05-Aug-26	\$ 0.151	\$ 0.021	-	192,069	-	-	192,069	-	[4]
20-Dec-21	17-Dec-24	\$ 0.180	\$ 0.063	-	2,192,084	-	-	2,192,084	-	[2]
20-Dec-21	17-Dec-24	\$ 0.240	\$ 0.055	-	2,192,084	-	-	2,192,084	-	[2]
30-Mar-22	30-Mar-27	\$ 0.161	\$ 0.170	-	3,802,000	(934,000)	-	2,868,000	-	[3][4] [D]
				209,693,241	8,378,237	(5,411,741)	(63,463,924)	149,195,813	7,000,000	

[1] Free attaching options since they were issued with issue of share on placement approved by shareholders. No value was attached on initial recognition.

[2] Options issued to lead manager (unlisted)

[3] Options issued to broker for broking fees

[4] Director options

[A] Vest when share price equals \$0.203

[B] Vest on issue

[C] Vest 18 months from date employed vest on 7 March 2022

These options were approved by shareholders at the annual general meeting held on 14 November 2018.

Notes to the financial statements 30 June 2023

Note 13. Share-based payments

a) Performance Rights

An Employee Security Ownership Plan was established by the Company and approved by shareholders at a general meeting held in September 2016, whereby the Company may grant rights over ordinary shares in the Company to Directors and Officers of the consolidated entity.

Set out below are summaries of Performance Rights granted, reversed and expired under the plan:

2023

Type	Expiry date	Balance 30 Jun 22	Cancelled / Expired	Balance 30 June 23	Fair Value	Fair Value \$	Probability of Vesting	Expensed \$
Series I	20-Dec-22	129,939	(129,939)	-			-	-
Series J	20-Dec-22	389,811	(389,811)	-			-	-
Series K	20-Dec-22	259,875	(259,875)	-			-	-
		779,625	(779,625)	-				-

2022

Type	Expiry date	Balance 30 Jun 21	Cancelled / Expired	Balance 30 Jun 22	Fair Value	Fair Value \$	Probability of Vesting	Expensed \$
Series C	20-Dec-21	659,589	(659,589)	-	0.05	14,826	40%	-
Series D	20-Dec-21	355,161	(355,161)	-	0.05	3,992	20%	-
Series E	20-Dec-21	507,375	(507,375)	-	0.05	5,702	20%	-
Series F	20-Dec-21	507,375	(507,375)	-	0.05	2,851	10%	-
Series G	20-Dec-20	-	-	-	0.024	28,512	-	-
Series H	20-Dec-21	507,375	(507,375)	-	0.019	11,405	-	2,699
Series I	20-Dec-22	253,689	(123,750)	129,939	0.01	2,851	-	1,023
Series J	20-Dec-22	761,061	(371,250)	389,811	0.05	4,277	10%	-
Series K	20-Dec-22	507,375	(247,500)	259,875	0.05	2,851	10%	-
		4,059,000	(3,279,375)	779,625		77,267		3,722

b) Options:

2023

Tranche	Grant Date	Exercise Price	Expiry Date	Granted as Remuneration	Expired / Exercised	Fair Value per Option	Expense for the Year	
Tranche 1	27-Nov-20	\$0.12	02-Dec-24	3,500,000	-	0.03	-	[C]
Tranche 2	27-Nov-20	\$0.08	02-Dec-24	3,500,000	-	0.02	(2,795)	[C]
Tranche 3	04-May-21	\$0.20	27-May-26	6,824,711	(1,477,741)	0.04	146,441	[A]
Tranche 4	04-May-21	Nil	27-May-25	1,000,000	(1,000,000)	0.09	10,557	[C]
Tranche 5	05-Aug-21	\$0.15	05-Aug-26	192,069	-	0.02	-	
Tranche 6	30-Mar-22	\$0.16	30-Mar-27	3,802,000	(1,420,000)	0.17	64,122	[D]
Tranche 7	30-Sept-22	0.12	30-Sept-27	3,890,000	(1,272,000)	0.03	16,080	
Tranche 8	17-Oct-22	0.123	17-Oct-27	1,000,000		0.03	28,967	
Tranche 9	02-Nov-22	\$0.05	31-Oct-27	2,000,000		0.04	75,800	
Tranche 10	02-Nov-22	\$0.08	31-Oct-27	2,000,000		0.03	46,213	
Tranche 11	02-Nov-22	\$0.11	31-Oct-27	2,000,000		0.03	21,525	
Tranche 12	02-Nov-22	\$0.14	31-Oct-27	2,000,000		0.03	13,513	
Tranche 13	10-Nov-22	\$0.15	01-Nov-27	4,623,000		0.03	17,423	
Tranche 14	23-Feb-23	0.066	01-Jan-28	3,000,000		0.02	28,764	
Tranche 15	23-Feb-23	0.088	01-Jan-28	3,000,000		0.02	11,874	
Tranche 16	23-Feb-23	0.088	27-May-25	1,000,000		0.004	1,531	
Tranche 17	10-Feb-23	0.12	30-Sep-27	200,000		0.02	1,015	
				43,531,780	(5,169,741)		481,030	

*3.82 million options issued to KMP and Directors on 30-Mar-2022. And 0.19 million options issued to Employee on 05-Aug-2021.

Notes to the financial statements 30 June 2023

[A] Vest when share price equals \$0.203

[B] Vest on issue

[C] Vest 18 months from date employed

[D] Vest when share price equals \$0.1606

Valuation of Share Based Payments

A summary of the key assumptions used in applying the Option Valuation Models to the share-based payments recognised is as follows:

Variable	Binomial option valuation		Black-Scholes option valuation	
	Employee Input for 3.89 million options (Tranche 7)	Directors and KMPs Input for 1.0 million options (Tranche 8)	Directors and KMP Input for 2.0 million options (Tranche 9)	Directors and KMP Input for 2.0 million options (Tranche 10)
Spot price	\$0.0560	\$0.0550	\$0.0520	\$0.0520
Exercise price	\$0.12	\$0.123	\$0.055	\$0.082
Life	5.0	4.0	5.0	5.0
Volatility	93%	98%	95%	95%
Dividend yield	Nil	Nil	Nil	Nil
Risk free rate	3.44%	3.45%	3.55%	3.55%
Call option value	\$0.0341	\$0.029	\$0.0379	\$0.0349

Variable	Binomial option valuation		Black-Scholes option valuation	
	Directors and KMP Input for 2.0 million options (Tranche 11)	Employee Input for 2.0 million options (Tranche 12)	Directors and KMPs Input for 4.6 million options (Tranche 13)	Directors and KMPs Input for 3.0 million options (Tranche 14)
Spot price	\$0.0520	\$0.0520	\$0.05	\$0.035
Exercise price	\$0.109	\$0.136	\$0.15	\$0.066
Life	5.0	5.0	5.0	4.9
Volatility	95%	95%	92%	103%
Dividend yield	Nil	Nil	Nil	Nil
Risk free rate	3.55%	3.55%	3.42%	3.17%
Call option value	\$0.0326	\$0.0307	\$0.0286	\$0.0235

Variable	Binomial option valuation		
	Directors and KMPs Input for 3.0 million options (Tranche 15)	Directors and KMPs Input for 1.0 million options (Tranche 16)	Employees Input for 0.2 million options (Tranche 17)
Spot price	\$0.035	\$0.035	\$0.044
Exercise price	\$0.088	\$0.203	\$0.12
Life	4.9	2.3	4.6
Volatility	104%	90%	103%
Dividend yield	Nil	Nil	Nil
Risk free rate	3.22%	3.16%	3.16%
Call option value	\$0.0211	\$0.0038	\$0.0245

Notes to the financial statements 30 June 2023

2022

	Binomial option valuation		Black-Scholes option valuation	
	Employee	Directors and KMPs	Brokers	Brokers
Variable	Input for 0.19 million options (Tranche 5)	Input for 3.8 million options (Tranche 6)	Input for 2.1 million options (Tranche 7)	Input for 2.1 million options (Tranche 8)
Spot price	\$0.0800	\$0.2200	\$0.1300	\$0.1300
Exercise price	\$0.1500	\$0.1606	\$0.1800	\$0.2400
Life	1.0	5.0	3.0	3.0
Volatility	119%	94%	89%	89%
Dividend yield	Nil	Nil	Nil	Nil
Risk free rate	0.040%	2.186%	0.300%	0.300%
Call option value	\$0.0213	\$0.1704	\$0.0635	\$0.0550

Expected volatility is based on historic volatility of the Company's shares over recent trading periods, aligned to the expected life of the options.

2022

Tranche	Grant Date	Exercise Price	Expiry Date	Granted as Remuneration	Expired / Exercised	Fair Value per Option	Expense for the Year	
Tranche 1	27-Nov-20	\$0.12	02-Dec-24	3,500,000	-	0.03	48,077	[C]
Tranche 2	27-Nov-20	\$0.08	02-Dec-24	3,500,000	-	0.02	41,667	[C]
Tranche 3	04-May-21	\$0.20	27-May-26	6,824,711	(1,477,741)	0.04	146,441	[A]
Tranche 4	04-May-21	Nil	27-May-25	1,000,000	-	0.09	61,166	[C]
Tranche 5	05-Aug-21	\$0.15	05-Aug-26	192,069				
Tranche 6	30-Mar-22	\$0.16	30-Mar-27	3,802,000	(934,000)			
				18,818,780	(2,411,741)		297,351	

[A] Vest when share price equals \$0.203

[B] Vest on issue

[C] Vest 18 months from date employed vest on 7 March 2022

Valuation of Share Based Payments

Expected volatility is based on historic volatility of the Company's shares over recent trading periods, aligned to the expected life of the options.

Notes to the financial statements 30 June 2023

Note 14. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: foreign currency risk (including price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. Derivatives are not used as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks, ageing analysis for credit risk.

Risk management is carried out under policies approved by the Board of Directors ('Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature.

Foreign currency risk

Exposure to foreign currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the consolidated entity holds financial instruments which are other than the AUD functional currency of the Group. The consolidated entity is not subject to foreign currency risk as they have foreign currency account. We do not expect significant impact to the consolidated entity.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves, or from funds raised in the market, or by debt and by continuously monitoring forecast and actual cash flows. The liquidity profile of the Group's financial liabilities are disclosed in the relevant notes below.

Consolidated group	2023		2022	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	2,267,185	2,267,185	6,598,835	6,598,835
Other receivables:	85,546	85,546	29,250	29,250
Total financial assets	2,352,731	2,352,731	6,628,085	6,628,085
Financial liabilities at amortised cost:				
Other payables	1,343,606	1,343,606	940,444	940,444
Total financial liabilities	1,343,606	1,343,606	940,444	940,444

Notes to the financial statements 30 June 2023

Note 15. Key management personnel disclosures

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2023	2022
	\$	\$
Short-term employee benefits	1,466,945	1,311,718
Share-based payments	376,259	321,590
	1,843,204	1,633,308

Note 16. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the company:

	Consolidated	
	2023	2022
	\$	\$
Audit & Review Fee – BDO	65,000	49,000
BDO Remuneration consulting	0	8,500
	65,000	57,500

Note 17. Contingent liabilities

There are no contingent liabilities as at 30 June 2023 and 30 June 2022.

Note 18. Commitments

There are no commitments as at 30 June 2023 and 30 June 2022.

Notes to the financial statements 30 June 2023

Note 19. Legal parent entity information

Set out below is the supplementary information about the parent entity:

Statement of profit or loss and other comprehensive income

	Parent	
	2023	2022
	\$	\$
Loss after income tax	2,837,074	2,658,804
Total comprehensive loss	2,837,074	2,658,804

Statement of financial position

	Parent	
	2023	2022
	\$	\$
Total current assets	590,474	718,195
Total assets	21,340,310	21,095,851
Total current liabilities	137,983	133,687
Total liabilities	137,983	133,687
Net Assets	21,202,327	20,962,164
Equity		
Issued capital	31,943,452	29,129,602
Reserves	1,469,702	1,179,442
Accumulated losses	(12,210,827)	(9,346,880)
Total equity	21,202,327	20,962,164

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost

Note 20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding	
		2023	2022
		%	%
South Harz Potash (Australia) Pty Ltd	Australia	100.00	100.00
Südharz Kali GmbH	Germany	100.00	100.00

Note 21. Events after the reporting period

The Company has released on 8 August 2022 a Scoping Study with respect to its Ohmgebirge project and is now moving ahead with its pre-feasibility study (PFS) and mine permit application preparation work.

Note 22. Related party transactions

There were no related party transactions apart from fees to existing Directors disclosed separately.

Notes to the financial statements 30 June 2023

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	June 2023	June 2022
	\$	\$
Cash flows from operating activities		
Loss for the financial year	(8,656,551)	(11,859,581)
Share based payment	376,259	325,678
FX loss on currency translation	17,269	(11,912)
Amortisation/ depreciation	33,155	3,685
Decrease / (Increase) in VAT and other receivables	392,726	(623,551)
Increase in payables	26,903	736,836
Net cash used in operating activities	(7,810,239)	(11,428,845)

Note 24. Earnings per share

	Consolidated	
	2023	2022
	\$	\$
Loss after income tax attributable to the owners	(8,656,511)	(11,859,581)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	568,434,830	468,712,284
Basic earnings per share	(1.52)	(2.53)
Diluted earnings per share	(1.52)	(2.53)

As the company records a loss after tax, no options are considered to calculate the diluted EPS.

Directors' declaration

1. In accordance with a resolution of the Directors of South Harz Potash Limited, the Directors of the Company declare that:
 - a) the consolidated financial statements and notes, as set out on pages 29 to 56 and the Remuneration report is on pages 19 to 26 in the Directors' report, are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Consolidated Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. the Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Financial Officer.
3. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

On behalf of the directors



Ian Farmer
28 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH HARZ POTASH LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of South Harz Potash Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for Share Based Payments

KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN OUR AUDIT
<p>As disclosed in Note 13, the Group issued share options to directors and key management personnel which have been accounted for as share-based payments for the year ended 30 June 2023.</p> <p>Share-based payments are a complex accounting area which include assumptions in determining the fair value calculations and judgements of those options issued during the year. There is a risk in the financial statements the amounts are incorrectly recognised and/or inappropriately disclosed.</p> <p>We have identified the accounting for Share Based Payments as a key audit matter given the significant accounting estimates involved and audit attention required.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• Obtaining an understanding of the relevant agreements.• Making inquiries of the directors and management to understand the share-based payment arrangements in the current year.• Considering whether the Group used an appropriate model in valuing the options issued during the year.• Recalculating the estimated fair value of the options using a relevant option valuation methodology and assessing the valuation inputs using BDO internal specialists where appropriate.• Verifying the disclosures in the financial statements and remuneration report complies with Australian Accounting Standard and the Corporations Act 2001.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the Financial Report

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



In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 19 to 26 of the Directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of South Harz Potash Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A stylized blue ink signature of the BDO firm, consisting of the letters 'BDO' in a cursive, handwritten style.

BDO Audit Pty Ltd

A blue ink handwritten signature of Paul Gosnold, written in a cursive style.

Paul Gosnold
Director

Adelaide, 28 September 2023

Additional ASX Information

Tenements

Tenement	Location	Beneficial Holding
Ebeleben	South Harz, Thüringen, Germany	100%
Mühlhausen-Nohra	South Harz, Thüringen, Germany	100%
Ohmgebirge	South Harz, Thüringen, Germany	100%
Küllstedt	South Harz, Thüringen, Germany	100%
Gräfentonna	South Harz, Thüringen, Germany	100%

Shareholder information

The following additional information was applicable as at 23 September 2023.

Holder	Securities	% of Ordinary Shares Issued
BNP PARIBAS NOMINEES PTY LTD	50,895,609	7.13%

Distribution of Shareholders

Range	Holders	Securities	% of Ordinary Shares Issued
1 - 1,000	237	37,681	0.01%
1,001 - 5,000	296	979,569	0.14%
5,001 - 10,000	313	2,554,315	0.36%
10,001 - 100,000	996	43,385,637	6.08%
Over 100,000	695	666,549,160	93.42%
Total	2,537	713,506,362	100.00%

The number of holders with an unmarketable holding: 1,000, with total 5,613,115, amounting to 0.79% of Issued Capital

Additional ASX Information

20 Largest Fully Paid Ordinary Shareholders

	Holder	Securities	% of Ordinary Shares Issued
1	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	50,895,609	7.13%
2	CITICORP NOMINEES PTY LIMITED	30,438,518	4.27%
3	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	25,708,289	3.60%
4	BNP PARIBAS NOMS PTY LTD	21,198,150	2.97%
5	THE TRUST COMPANY (AUSTRALIA) LIMITED	19,091,796	2.68%
6	ITA NOMINEES PTY LTD	18,280,980	2.56%
7	ADHUMIC NOMINEES PTY LTD	15,350,000	2.15%
8	LUGGAN NOMINEES PTY LTD	14,579,967	2.04%
9	EQUITY TRUSTEES LIMITED	13,057,783	1.83%
10	PAYZONE PTY LTD	13,000,000	1.82%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,875,412	1.80%
12	ST BARNABAS INVESTMENTS PTY LTD	10,000,000	1.40%
13	RL HOLDINGS PTY LTD	9,622,169	1.35%
14	DIXTRU PTY LIMITED	7,375,000	1.03%
15	MR NICHOLAS JAMES BALL	7,000,000	0.98%
16	MR OWEN BARRY MERRETT & MRS JOANNE ROSS MERRETT	6,420,000	0.90%
17	DUNCRAIG HOLDINGS PTY LTD	6,300,000	0.88%
18	BNP PARIBAS NOMINEES PTY LTD	6,025,003	0.84%
19	MR DAVID IAN RAYMOND HALL & MRS DENISE ALLISON HALL	5,866,666	0.82%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,337,000	0.75%
20 Largest Holders		298,422,342	41.82%

Voting Rights

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