



South Harz Potash Limited

ABN 64 153 414 852

Annual Report - 30 June 2024

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## Corporate directory

### Directors

Leonard Jubber  
Executive Chairman

Dr Reinout Koopmans  
Non-Executive Director

Rory Luff  
Non-Executive Director

### Company secretary

Graeme Smith

### Registered office

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### Principal place of business

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### Auditors

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### Solicitors

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### Main Bankers

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### Corporate Governance Statement

<https://southharzpotash.com/about/corporate-governance/>

## Executive Chairman's letter

27 September 2024

Dear fellow shareholders,

It is my pleasure to present the 2024 Annual Report for South Harz Potash Limited (South Harz).

I was appointed to succeed Ian Farmer as Chairman of South Harz in February 2022, following his decision to step down from the Board for personal reasons. I would like to take this opportunity to thank Ian for his leadership, dedication and diligence to the business over his tenure.

It has been a significant few months for South Harz. In May 2024, we reported that we had agreed key non-binding commercial terms for the future acquisition of the neighbouring Sollstedt mine in Thuringia, Germany. This has delivered a transformational development pathway for our flagship Ohmgebirge Potash Development (Ohmgebirge), enabling us to strongly capitalise on the regional mining and infrastructure context in which the project is located. Multiple existing operating shafts on the Sollstedt tenure facilitate underground access and ventilation for mining of Ohmgebirge, significantly reducing pre-production capital expenditure relative to greenfield alternatives. Brownfield development of Ohmgebirge also delivers an approximate 50% reduction in surface footprint and, critically, eliminates the need for interim surface waste piles.

It is important to note that the Sollstedt acquisition is dependent upon a number of conditions being satisfied including the completion of satisfactory due diligence, the consents of relevant Government authorities, the execution of binding documents which are currently under negotiation with its current owner, Deusa International GmbH (Deusa), and South Harz achieving full project financing and making a final investment decision for the development of Ohmgebirge.

We were also delighted to complete and release the Ohmgebirge Pre-Feasibility Study (PFS) in May 2024. Importantly, it incorporates the core brownfield development and operational features facilitated by the targeted Sollstedt acquisition. The PFS demonstrates that it is possible to develop and operate a world-class potash mine in Germany, in the heart of Europe, profitably and responsibly in the modern era.

The PFS also confirms that there is material further upside potential from a range of additional synergy opportunities delivered by the Sollstedt transaction, but which have not yet been evaluated or incorporated into our development and operational planning. Included in these opportunities is the potential mining of substantial residual potash within the Sollstedt mine, proximate to existing underground infrastructure, which could deliver life of mine extension and/or increased output rates for Ohmgebirge in early years.

In June 2024, we achieved a key permitting milestone with the granting of the Spatial Planning Assessment for Ohmgebirge. The published decision of the regulator, TLVwA, confirms the compatibility of all submitted Ohmgebirge site options with regional planning requirements. The decision provides a strong base for the future development of Ohmgebirge and speaks volumes to the constructiveness of the entire Thuringia region to new critical minerals development. It also validates the world-class environmental and sustainability features that we have incorporated into our Ohmgebirge development and operational planning.

As first announced in March 2024, the business has now entered a lower cost, internal project optimisation phase. This follows completion of the Ohmgebirge PFS and is a fit-for-purpose approach to global potash

markets being at a cyclical low. In line with this approach, the closure of our UK corporate office resulted in the departure of our CFO, Andrew Robertson, and Managing Director, Luis da Silva (in April and May 2024 respectively). In addition, we farewelled our Chief Operating Officer, Lawrence Berthelet, following the completion and publication of the PFS. I would like to wholeheartedly thank all three for their valuable contributions to the business.

This cost-efficient phase allows for the systematic progression of development permitting and value engineering activities on Ohmgebirge, alongside evaluation of the broad suite of synergy/optimization opportunities from the targeted Sollstedt acquisition. It also enables the evaluation of various strategic alternatives towards long-term project advancement and financing. Most importantly, it is designed to maintain our strong positioning versus potash development competitors, in parallel with an expected restrengthening in global potash market conditions over the next 12-24 months.

I would like to thank the entire South Harz team for their hard work over the past year. I would also like to express my gratitude to you, our shareholders, for your ongoing support. Current market conditions mean our share price is not where we would like it to be and, we believe, also wholly unrepresentative of the underlying level of value in the business. As shareholders ourselves, the South Harz Board and senior management team understands the frustration with that and are committed to the rectification of it.

I believe the future for South Harz is bright and I look forward to keeping you updated over the journey ahead.



Len Jubber  
Executive Chairman  
South Harz Potash Limited  
27 September 2024.

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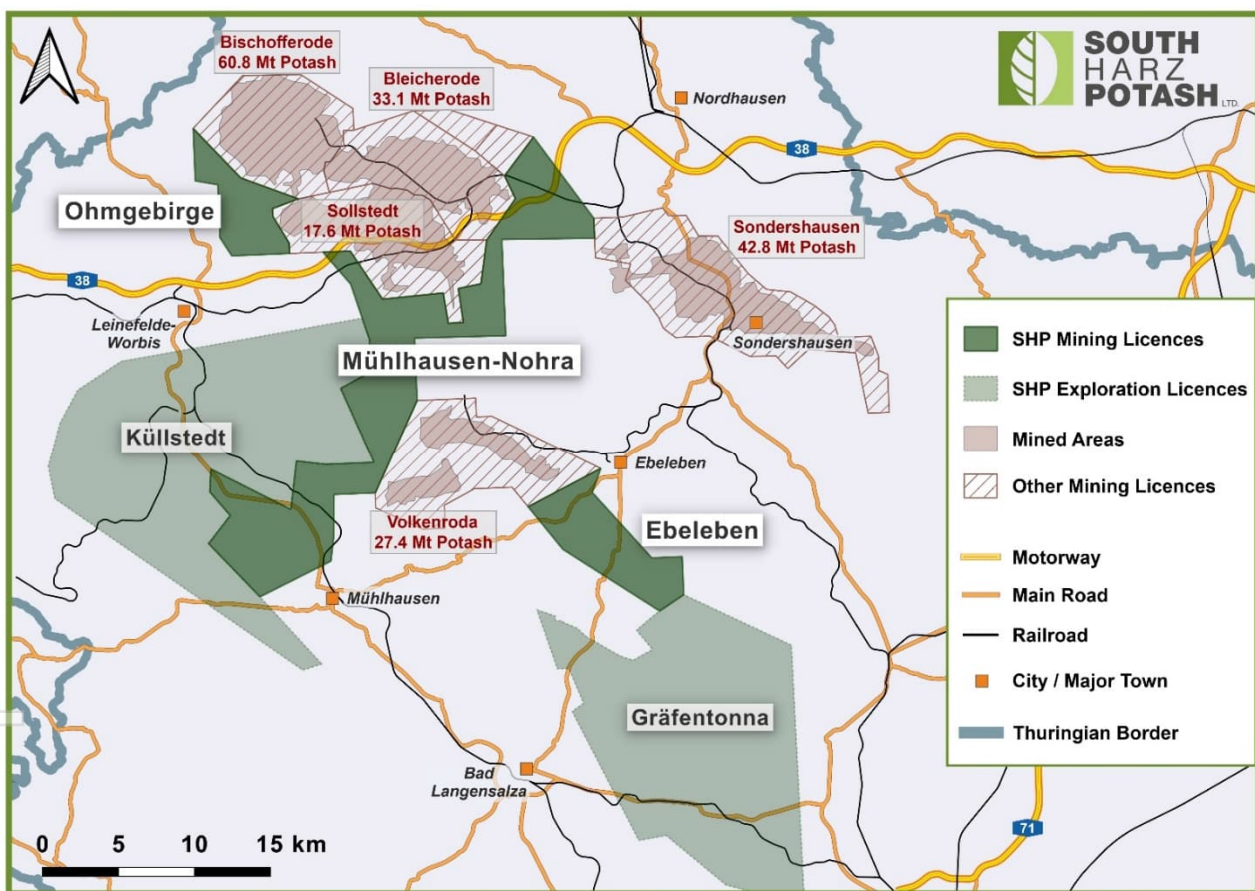
## Review of activities

### Introduction

South Harz Potash Limited (ASX: SHP) (South Harz or the Company) has been highly active during the year in advancing its world-class South Harz Potash Project, located in the historic South Harz potash mining region of Germany.

The South Harz Project hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 258 million tonnes at 13.2% K<sub>2</sub>O of Indicated Resources and 5.1 billion tonnes at 10.6% K<sub>2</sub>O of Inferred Resources across four wholly-owned project areas located favourably within central Europe. This comprises three perpetual potash mining licences, Ohmgebirge, Ebeleben and Mühlhausen-Nohra, and two potash exploration licences, Küllstedt and Gräfentonna (Figure 1). This tenure is contained within a well-defined potash basin which has been mined locally for fertiliser salts for more than 100 years.

Figure 1: Plan view of South Harz Potash Project tenure



### Ohmgebirge advanced strongly

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

Ohmgebirge was the subject of a positive Pre-Feasibility Study (PFS) and maiden Ore Reserve declaration completed in May 2024 for a 1.0 Mtpa MOP capacity brownfield development. The PFS was led by premier global engineering and project delivery firm, and recognized potash leader, Hatch, and informed by German potash mine and process subject discipline experts, ERCOSPLAN and K-UTEC.

As part of facilitating the brownfield PFS configuration, South Harz agreed non-binding key terms for the purchase of the neighbouring Sollstedt mine property, which includes extensive underground and surface infrastructure (including multiple operating shafts). The envisaged brownfield development of Ohmgebirge (as facilitated by the Sollstedt mine) delivers significantly lower pre-production capital expenditure and surface footprint (relative to the greenfield alternatives).

Table 1: Key Ohmgebirge PFS outcomes

Key parameter	Unit	Outcome
Initial life-of-mine	years	19
Average MOP output and sales (60% K <sub>2</sub> O)	Mtpa MOP	0.93
Cash operating cost (delivered avg) – post salt credits	US\$/t MOP	147
Average realised potash price (life-of-mine, real, delivered)	US\$/t MOP	441
Net MOP operating margin	%	67%
NPV <sub>8%</sub> (pre-tax, real basis, ungeared)	US\$M	1,029
IRR (pre-tax, real basis, ungeared)	%	17.8%
NPV <sub>8%</sub> (post-tax, real basis, ungeared)	US\$M	602
IRR (post-tax, real basis, ungeared)	%	14.4%
Pre-production capital expenditure	US\$M	1,152
Project net cashflow (pre-tax)	US\$M	3,643

South Harz also received the Spatial Planning Assessment for Ohmgebirge in June 2024, a key step in the permitting process. This assessment confirmed the compatibility of all submitted site options with regional planning requirements.

A low impact, low footprint, sustainable project configuration

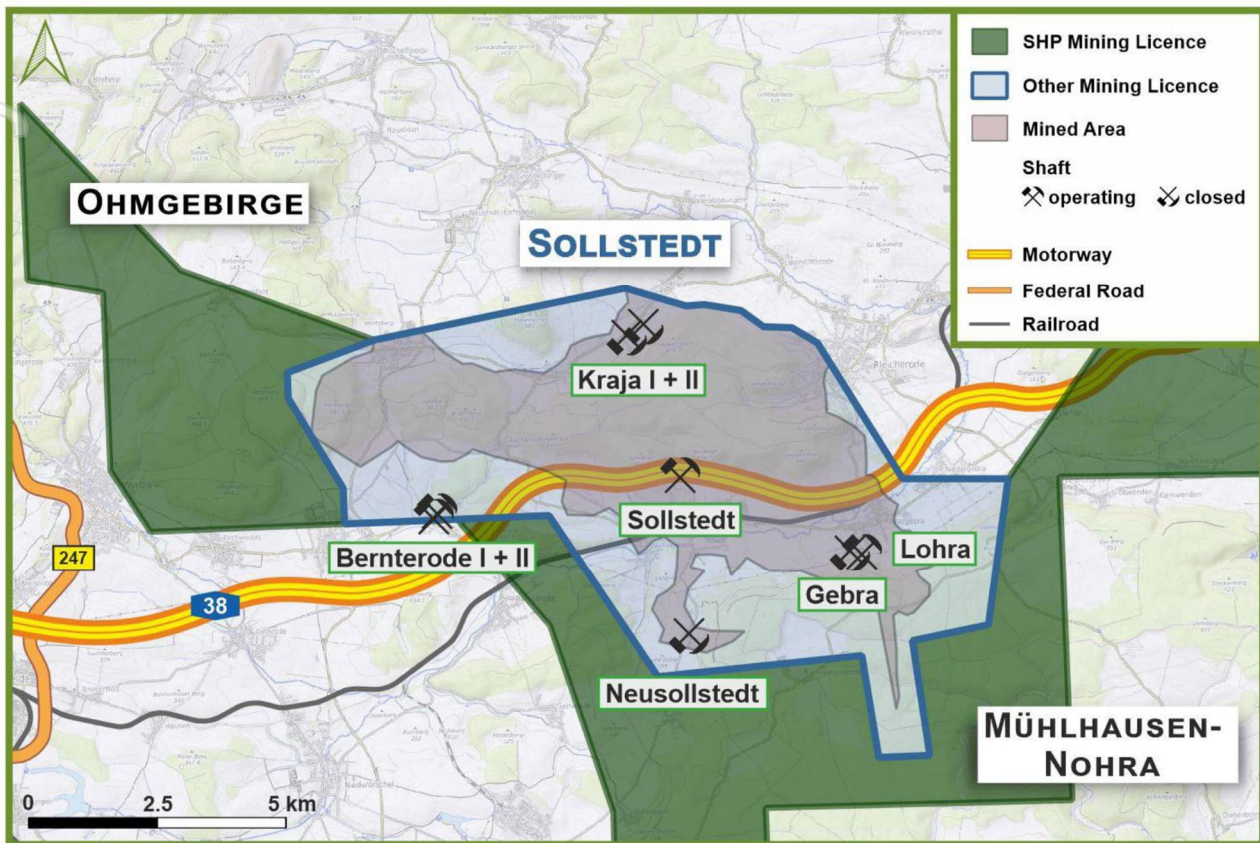
The Ohmgebirge PFS details development of the world-class Ohmgebirge potash deposit via utilization of multiple existing shafts and underground infrastructure on the neighbouring Sollstedt mine property, which includes the operating Bernterode shafts. This design has been facilitated by the agreement of key terms for the outright purchase of the Sollstedt property and associated infrastructure from Deusa.

Personnel and equipment access to the Ohmgebirge deposit will be achieved via the currently operating Bernterode No. 1 shaft. Requisite operating ventilation is achieved through utilization of the Bernterode No.1 and Sollstedt shafts (rather than large-scale expansion and haulage refit of the Bernterode No. 2 shaft, as envisaged by the initial MoU with Deusa).

Given the historic Haynrode mine field voids on the Sollstedt property offer immediate available underground space/backfill, the crushing and dissolving process infrastructure in the Ohmgebirge PFS is placed underground. Rather than transporting ore to surface for crushing and dissolution, these activities are undertaken underground with brine then pumped to surface where the evaporation process infrastructure will be located (proximate to the rail loadout area).

This delivers substantial capital and operating cost benefits (relative to the initial MoU-envisaged brownfield approach), and surface footprint minimization, by removing the need for any of the following: installation of a shaft headframe or Pocket Lift conveyor, an interim tailings pile and associated conveying/stacking infrastructure (which was required initially for several years under the Scoping Study design), a raw ore storage area plus associated conveyors, building infrastructure to house crushers and dissolvers, and potentially part of an overland pipeline to transport brine to the evaporators. The effect of this has been to reduce the overall surface footprint of the planned development by approximately 50% (relative to the existing Ohmgebirge Spatial Planning Application).

Figure 2: Plan view of Ohmgebirge and neighbouring Sollstedt mine property



The Ohmgebirge PFS therefore details a considerably lower footprint operation than envisaged under either the Scoping Study or the initial long-term access MoU signed with Deusa. It presents a highly efficient, advanced brownfield development of Ohmgebirge that also offers a considerable range of further synergy opportunities with the Sollstedt property that have yet to be evaluated.

#### Sollstedt acquisition context and details

During November 2023, South Harz entered into a non-binding MoU with adjoining project and infrastructure owner, Deusa International GmbH (Deusa), with respect to collaboration between the parties to allow South Harz to utilize Deusa's Bernterode No. 2 shaft infrastructure to advance the Ohmgebirge PFS and Spatial Planning Application on a brownfield pathway. The MoU also granted exclusivity to South Harz until 31 March 2024 to advance discussions towards a definitive commercial agreement with Deusa on long-term shaft and infrastructure access and utilization.

Following execution of the MoU, South Harz and Deusa progressively advanced discussions with respect to such long-term access, which included subsequent inclusion of the potential for an outright acquisition of the Sollstedt property. Both parties eventually concluded that the outright sale and purchase of Sollstedt offered the greatest aggregate opportunity from the evaluated transactional permutations.

This culminated in a non-binding agreement of key terms between the parties for South Harz's acquisition of Sollstedt (with binding agreement conditional on various items including satisfactory due diligence and negotiation of definitive documentation).



Figure 3: Aerial image of select Sollstedt property buildings and facilities surrounding Bernterode No. 1 shaft



#### Key acquisition terms

To acquire the Sollstedt property, South Harz has agreed to pay Deusa cash consideration of €40 million upon future completion of the acquisition and transfer of title in the assets.

Execution of a binding sale and purchase agreement remains subject to:

- Satisfactory DD activities on the Sollstedt acquisition by South Harz;
- Previous owner, LMBV (Lausitzer und Mitteldeutsche Bergbau-Verwaltungsgesellschaft mbH, a Federal Government Trust that manages historic mining areas), waiving its right of first refusal over select Sollstedt assets and granting approval for the transaction; and
- Negotiation of definitive documentation.

South Harz and Deusa have agreed binding exclusivity arrangements until 31 October 2024 with respect to documentation and execution of a binding Sollstedt sale agreement.

Key conditions precedent to completion expected to be part of definitive documentation include:

- Approval of the acquisition by the Thuringian Mining Authority;
- Transfer of the existing environmental bond (pledged to the Thuringian Mining Authority to cover Sollstedt closure liabilities) and South Harz assuming closure liabilities accordingly;
- Deusa ceasing all operations at Sollstedt on an agreed timeline and undertaking select agreed rectification obligations; and

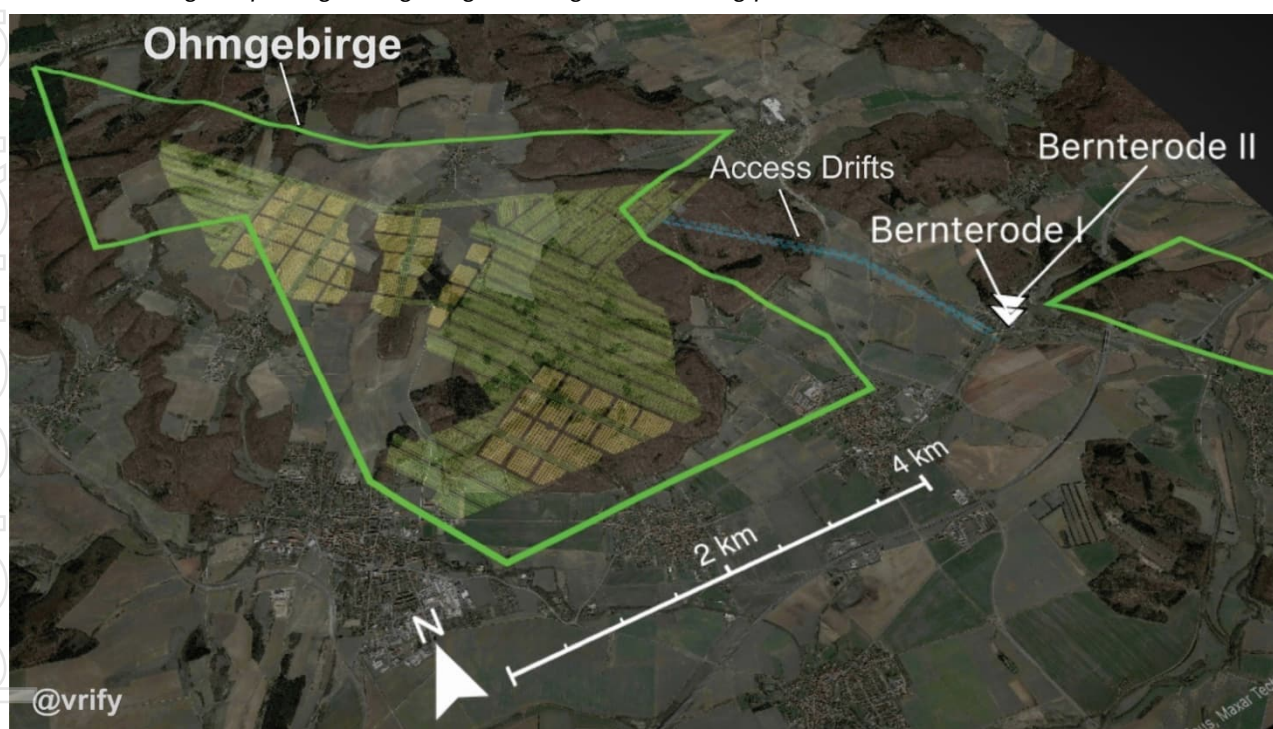
- South Harz achieving full project financing, and taking a positive Final Investment Decision (FID), for development of Ohmgebirge.

Preliminary due diligence activities on the Sollstedt acquisition have been completed. Comprehensive due diligence activities are underway and execution of binding transaction documentation is targeted in the next three-to-six months.

*Extensive immediate benefits and further opportunity*

As noted earlier, purchase of Sollstedt enables South Harz to advance a very low surface footprint development of Ohmgebirge via utilization of solely existing shafts as well as underground placement of crushers, dissolvers and brine transfer infrastructure. Relative to the brownfield pathway envisaged under the initial MoU, this results in the removal of any requirement for a shaft headframe, shaft widening, installation of a Pocket Lift conveyor, or surface stockpiles. In isolation, this delivers forecast pre-production capital cost savings multiple times that of the agreed purchase consideration for Sollstedt.

Figure 4: Aerial image depicting Ohmgebirge underground mining panels and location of Bernterode shafts



Furthermore, outright purchase of the Sollstedt property also delivers South Harz substantial further potential synergies that will be evaluated during the next study phase, including but not limited to:

- Mining of significant in-situ potash proximate to Sollstedt underground infrastructure, delivering life extension and/or increased output rates in early years.
- Lower cost access to and/or accelerated mining of other existing Mineral Resources within the South Harz Project area – large-scale life extension and/or capital-lite modular expansion.
- Ability for future definitive-stage geological and geotechnical study work to be undertaken from underground at significantly lower cost versus alternative surface-based activities.

### Permitting and social license to operate

To obtain an operating license under German mining law, South Harz must undertake a four-stage approval process. The two most important steps are the Regional Planning Assessment (Step 1) under the Spatial Planning Act (ROG) and the general Framework Operating Plan License (Step 2) under German mining law (BBergG). The latter is followed by two Operating Plan Licenses (Steps 3 and 4), which are usually issued fairly shortly after the general Framework Operating License has been granted. All permitting steps fall under the responsibility of authorities at State level in Thuringia. The German Federal level is not involved, and while the regional and local level is consulted, they have no veto right and take no part in the decision.

The Spatial Planning application for Ohmgebirge was formally submitted to the relevant regulator at Thuringian State Administration, Thüringer Landesverwaltungsamt (TLVwA), in December 2023. The application incorporated multiple potential brownfield site options for the planned development of the Ohmgebirge potash deposit and an Environmental Impact study for all site options.

The published decision of the TLVwA in June 2024 confirmed the compatibility of all submitted site options with regional planning requirements including the South Harz preferred option 0- use of Bernterode shaft and station area. The Spatial Planning Authority expressed a preference for another site area option (use of the Bernterode-shaft area in combination with a designated industrial area at Leinefelde) without rejecting South Harz's preferred option.

The Spatial Planning Assessment has been issued with a set of conditions relevant to the next stage of development approval for Ohmgebirge, the Framework Operating Plan License. All these conditions are considered customary and/or readily acceptable by South Harz.

It is also noteworthy that the Spatial Planning Assessment covers a potential Ohmgebirge layout that is almost twice the size of the actual design contained in the recent Ohmgebirge Pre-Feasibility Study (refer South Harz ASX announcement dated 22 May 2024, *Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve*). As a result of the targeted future acquisition of the neighbouring Sollstedt mine, the planned surface footprint of Ohmgebirge has been reduced by approximately 50% compared to the submitted site options under the Spatial Planning Assessment. This all supports the strong commitment of South Harz to develop a potash mine with low ecological footprint.

Development of Ohmgebirge sees the long-term re-establishment of potash mining in a region that has been characterized by it throughout the past century. There is a generally open and supportive attitude towards potash mining in the region, which is also expressed in the articulation of support for potash mining in the current regional plan of the State of Thuringia. There is also a well-founded knowledge of the specific activities involved.

South Harz recognizes that early and continuous communication with stakeholders is critical to the success of any mining project. The Company has established and undertaken regular, locally driven stakeholder communications over several years now. This highly effective program has been run by South Harz's Regional Director in Thuringia, Babette Winter, and through the opening of a local office in Eichsfeld. Consultation and ongoing dialogue is in place with local, regional, and state officials and politicians, government, landowners, environmental NGOs, media, and the general public. The active involvement and ongoing communications by South Harz's local offices in Erfurt and Eichsfeld, in promoting a better understanding of the development, has also assisted in addressing and countering the claims of a number of local community members who are in opposition to the development.

### Environmental baseline studies and Environmental Impact Assessment (EIA)

The environmental baseline studies in relation to the Ohmgebirge project commenced in March 2023 and run for more than one year, to cover the 12-month vegetation period. 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 was fed into the Environmental Impact Study (EIS) (delivered by highly experienced environmental consultant ERM) in the spatial planning application (permitting Step 1) and the PFS. The full EIA will be finalised for the application for the general Framework Operating Permit (permitting Step 2). The EIA will then inform the appropriate measures that the Company will need to address to ensure compliance with the § 44 BNatSchG (Federal Nature Protection Act), which is designed to ensure that all species are not adversely affected during construction and operation.

The baseline studies were completed in the northern summer of 2024 on track, within budget and time.

#### General Framework Operating Plan Application

The major piece of work in permitting is the general Framework Operating Plan which is Step 2 in the four-stage approval process. The procedure will commence with the submission of a scoping paper to the leading authority TLUBN, followed by a public hearing. South Harz plans to start the scoping procedure after the final decision on the process plant site is made, targeted for 2025.

This application for the general Framework Operating Plan permit includes the full EIA which will be based on the environmental baseline studies finalised in July 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 in the September 2023 quarter. TLUBN advised that the decision on the shape of the groundwater monitoring will be made during the step 2 general Framework Operating Plan approval process, as it depends on the final plant layouts and operating plans. South Harz is in regular contact with the upper water authority on all water-related matters.

#### Stakeholder Engagement

The Company is still at an early stage in the development of its potash resources in Thuringia state. Therefore, its focus in terms of the environmental and social impact of its planned operating activities has been to engage with the local communities to give assurances around the potential impact of its operations. The Company engages consistently with a regional focus, and has identified and addressed target groups in politics (local, regional, federal), administration, citizens and landowners, local economy, institutions & NGOs. This was borne out during the Spatial Planning Application process during which there was a need for continuous communication to address any controversial points raised. The Company remains in contact with relevant parties through its 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 the Company's Eichsfeld Office, which was opened in Bischofferode in December 2022, with a local employee who is available full-time on all working days.

Messaging is distributed widely via customary social media channels (LinkedIn, X (formerly Twitter) and Facebook). The Company's Facebook account is in German and specifically targets the local population, whilst the other channels are bilingual (ENG/DE) and targeted at both regional/national and international audiences.

The overall response to the Ohmgebirge project has been and is largely positive and supportive, despite a level of local opposition to the project. The region has been a potash mining area for more than 90 years and the community is aware that there are still potentially large deposits of raw potash ore in the region. South Harz is increasingly

included in local and regional events, formal conferences and informal discussions within the community and regularly takes part in initiatives to engage and support the community.

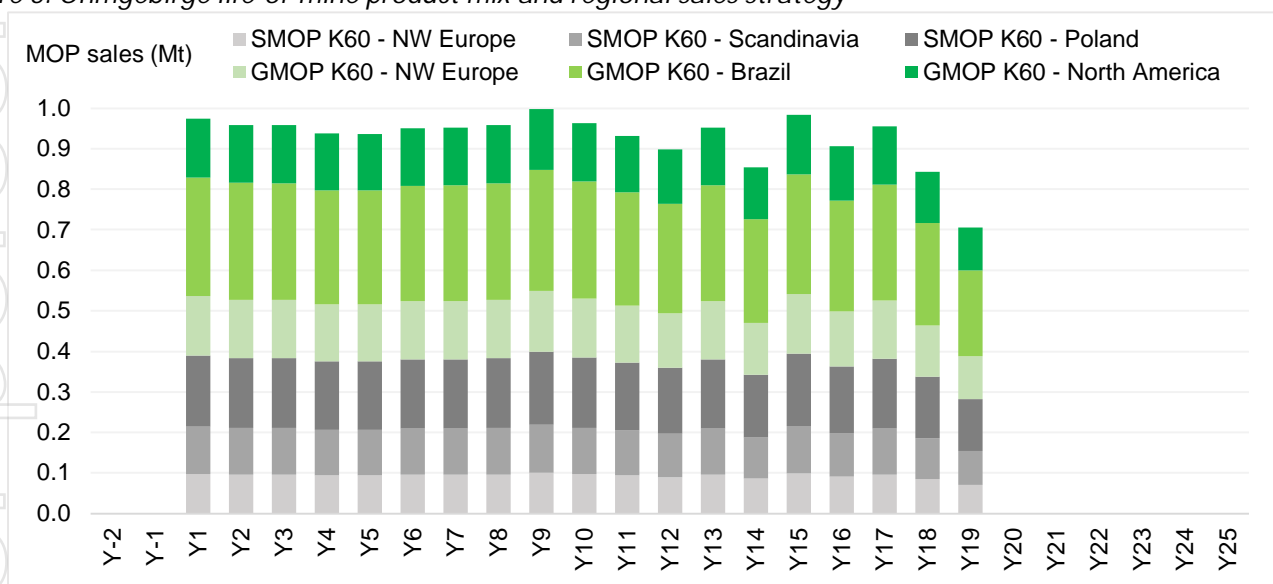
Important stakeholder groups engaged during the year include the various institutions and companies from industries relevant to the Ohmgebirge project. These include the water supplier (Wasser- und Abwasserzweckverband), German Rail (Deutsche Bahn Netz), rail and road logistics, the owner of the power grid (TEN) and energy suppliers, all of which are supportive of the project. The team in Germany has established and developed strong links with these organisations, with information from these exchanges being incorporated into the PFS and the Spatial Planning Application process where applicable.

Potash market strategy and price inputs

South Harz’s marketing strategy and selected regional price inputs are based on a detailed global potash market evaluation undertaken by leading potash market consultant, Luigs Consulting. This product and destination strategy includes account of seasonal demand patterns and typical intra-year relative price movements.

The Ohmgebirge PFS incorporates an overall product split of 40% standard MOP (60%+ K) and 60% granular MOP (60%+ K). This product mix and sales destination grade split has been designed to mitigate seasonal selling risks, deliver storage capital investment efficiency, and maximize annual selling price. By selling into the Brazilian market during the European off-season, South Harz can diversify its customer base as well as typically achieve a premium for granular MOP. South Harz also has logistical advantages in exporting to Brazil compared to other European markets, due to its ease of access to North Sea ports.

Figure 5: Ohmgebirge life-of-mine product mix and regional sales strategy



Forecast MOP sale prices (real basis) utilised in the Ohmgebirge PFS are based on a combination of the Luigs Consulting price deck, the South Harz house view, and a review of consensus forecast estimates. The PFS adopts a ‘benchmark’ Brazil CFR granular MOP price (real, life-of-mine average) of US\$465/t.

After accounting for regional delivered price differentials and planned Ohmgebirge product mix, this delivers a forecast life-of-mine realized average price (delivered) of US\$441/t (real basis). South Harz’s proximity to European markets, and ready access to port infrastructure, results in an attractive average netback price (FCA Bernterode (site)) of US\$388/t.

### Development timeline and execution

Project construction at Ohmgebirge is expected to take approximately 24 months from FID, post detailed design works, to first MOP production. Development of Ohmgebirge is expected (and costed) to be undertaken under an EPCM arrangement with a leading global engineering services partner.

### Key opportunities

Extensive further upside potential and/or Sollstedt synergy opportunities not considered or incorporated within the PFS, and to be interrogated in the next stage of evaluation for Ohmgebirge, include:

- The broader South Harz Project is a potential multi-generational asset. The Ohmgebirge Development focuses on the mining, processing and sale of MOP from solely the Ohmgebirge sylvinitic deposit (286 Mt Mineral Resource). The broader South Harz Potash Project comprises multiple deposits with total potash Inferred Mineral Resources exceeding 5 billion tonnes. Targeted mining of these large-scale existing Mineral Resources beyond Ohmgebirge delivers potential multiples of life extension and/or capital-lite modular expansion. The acquisition of Sollstedt also delivers a range of potential early/low-cost access synergies to the development of other deposits within the broader South Harz Potash Project.
- Substantial in-situ potash sits proximate to the Sollstedt mine and existing underground infrastructure. Mining of this material could deliver significant life extension and/or increased output rates in early years for the Ohmgebirge Development.
- Greater power efficiency and/or alternative power delivery (including proposed local developments in a priority area for wind energy near Bernterode delivering potential for direct sourcing arrangements).
- Evaluations are already underway with respect to a higher temperature leach process offering the opportunity to lower overall unit costs and capital requirements.
- The agreement to acquire Sollstedt will deliver the ready potential for future definitive-stage geological and geotechnical study work to be undertaken from underground, at significantly lower cost versus alternative surface-based activities.

### Euroports

On 23 February 2024 the Company announced it had signed a non-binding memorandum of understanding (Euroports MoU) with Euroports Germany GmbH & Co. KG and Euroports Belgium NV (collectively, Euroports) to advance commercial discussions towards a potential long-term agreement for the storage, handling and export of potash product from South Harz's flagship Ohmgebirge Potash Development (Ohmgebirge), located in central Germany, through one of Euroports' operated facilities in Rostock (Germany) and/or Antwerp (Belgium).

Euroports is a leading port-centric platform with a global network of circa 50 port terminals across Europe and China; complemented by integrated end-to-end supply chain services including freight forwarding services, through its subsidiary, Manuport Logistics (the "Euroports Group"). Euroports handles more than 70 million tons of paper, pulp, fertilisers, agribulk, sugar, metals and minerals while capturing many fast-growing products, such as wind turbines, lithium, biofuel and recycling waste. Focusing on achieving zero harm, Euroports places safety and compliance as its highest priority. Euroports is headquartered in Belgium and has over 2,700 employees

### Lean, efficient and long-term focused potash development business

South Harz has now entered a lower cost, internal project optimisation phase on Ohmgebirge. This decision was taken as a function of current global potash market conditions, including cyclically depressed price levels, impacting on available opportunities for more rapid project advancement and financing.

The Company plans to systematically progress permitting on Ohmgebirge during this interim phase, allowing the project to steadily advance in this critical path area, and remain well positioned versus potash development competitors, alongside the expected re-strengthening in global potash market conditions over the next 12-24 months. Ohmgebirge is a highly attractive new potash mine proposition across long-term global development and operating environments. As such, this next phase is also expected to provide the opportunity for ongoing value engineering

processes to be undertaken, as well as evaluation of the very broad suite of available synergy and optimization opportunities delivered from the Sollstedt acquisition.

As part of adjustment to this corporate setting, South Harz's former Chief Executive Officer, Luis da Silva, and former Chief Operating Officer, Lawrence Berthelet, transitioned out of the business in May 2024. Len Jubber, who became Non-Executive Chairman in February 2024, assumed the role of Executive Chairman on 22 May 2024.

This streamlined corporate structure and focus will better enable the Company to operate as a lean, efficient and long-term oriented potash development business.

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## Company summary

### Board changes

The following changes to the composition of the Board of Directors of the Company took place during the financial year:

- On 21 August 2023, Seamus Cornelius was appointed as a Non-Executive Director
- On 26 January 2024, Ian Farmer resigned as a Non-Executive Chairman
- On 1 February 2024, Len Jubber was appointed Non-Executive Chairman
- On 10 March 2024, Seamus Cornelius resigned as a Non-Executive Director
- On 22 May 2024, Len Jubber was appointed Executive Chairman
- On 31 May 2024, Luis da Silva resigned as a Managing Director

### Directors' fees

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

For details of the remuneration packages of the former Managing Director, Luis da Silva and the Executive Chairman, Mr Len Jubber, please refer to the Remuneration Report .

### Capital raising activities

On 2 August 2023, South Harz advised that it had received binding commitments for a placement to raise approximately A\$2.66 million at an issue price of A\$0.03 per share, with an attaching 1-for-4 unlisted option at an exercise price of A\$0.08 per share and a 3-year expiry (Aug-23 Placement).

The Aug-23 Placement was met with strong demand from both new and existing institutional and sophisticated investors and included subscriptions commitments from Directors and their related parties (the issuance of which was subject to shareholder approval, which was subsequently received at the Annual General Meeting on 26 October 2023). In addition to the Aug-23 Placement, the Company offered all existing eligible shareholders the opportunity to subscribe for new shares on the same terms as the Placement under a Share Purchase Plan (SPP).

The Aug-23 Placement (excluding the subscriptions of Directors and their related parties) was successfully completed on 10 August 2023 with 80,493,996 fully paid ordinary shares issued together with 1 free attaching unlisted option to acquire 1 share exercisable at A\$0.08 and expiring 10 August 2026 for every 4 shares subscribed for and issued (being 20,123,480 options). Total proceeds raised before costs were A\$2,414,820. Subscriptions by Directors (and their related entities) under the Placement totalled \$165,000 and resulted in the issue of an additional 5,500,000 fully paid ordinary shares.

The SPP successfully closed on 30 August 2023, with over 120 valid applications received totalling A\$989,998. This was well in excess of the initial A\$500,000 the Company had sought to raise. In response to this oversubscription, the Directors exercised their discretion under the terms of the SPP to increase its size in order to accept all applications in full. The Directors took this decision in recognition of the long-term support of its retail shareholders. Completion of the SPP saw 32,999,937 new fully paid ordinary shares issued on 31 August 2023. The additional free attaching options under the SPP were approved by shareholders at the Annual General Meeting held on 26 October 2023 and were issued under a prospectus announced on the ASX on 8 December 2023.

On 15 December 2023, the Company advised that it had received binding commitments for a placement to sophisticated and professional investors at an issue price of A\$0.023 per share (Dec-23 Placement). As a result, on 22 December 2023, the Company issued 55,221,736 new fully paid ordinary shares at an issue price of A\$0.023 per share to raise A\$1,270,100 (before costs).



On 9 January 2024 the Company issued a prospectus to enable eligible shareholders to participate in a rights issue of one share for every 15 shares held by eligible shareholders on 15 January 2024, at an issue price of \$0.023 per share. The entitlement offer closed on 26 February 2024, with the Company raising a total of \$586,059 (before costs) in new funds. An amount of \$489,500 was raised from eligible shareholders (totalling 21,282,628 new ordinary shares) and \$96,559 was partially underwritten through director participation from Len Jubber, Luis da Silva, Seamus Cornelius (totalling 4,198,206 new ordinary shares). The Company subsequently raised a further \$496,915 through the placement of the majority of the entitlement offer shortfall (comprising 21,605,000 ordinary shares and issued on 28 March 2024 and 3 April 2024 at A\$0.023 per share).

On 25 January 2024, 11,875,999 options expired without exercise.

#### Cash at bank

As at 30 June 2024 cash on hand was \$253,632 (2023: \$2,267,185). To increase its cash reserves, the Company conducted a share placement in August 2024 (Placement) and an entitlement offer which opened on 20 August 2024 and closed on 16 September 2024 (Entitlement Offer), with summary outcomes as follows:

- The Placement resulted in the issue of 62,883,310 fully paid ordinary shares on 9 August 2024, which, at \$0.01 per share raised cash funds of \$587,333 plus the offset of \$41,500 of accounts payable balances owing to service providers subscribing for shares in the Placement.
- In addition, Directors (or their related entities) have subscribed for a total of 40,116,690 shares in the Placement, which are subject to shareholder approval at the Company's forthcoming AGM. The Placement will allow the offset of liabilities of the Company to the Directors (or their related entities) being unsecured loan amounts and accrued Non-executive Director fees totalling \$193,808 against subscription amounts owing for the Placement shares, with the balance of the subscription monies payable of \$207,359 to be received in cash from the Directors following shareholder approval at the AGM.
- The Entitlement Offer was pro-rata non-renounceable entitlement issue of one share for every three shares held by eligible shareholders at an issue price of \$0.01 per share to raise up to \$2,966,894. It also included a shortfall offer whereby eligible shareholders could apply to take up amounts in excess of their own entitlement which were not taken up by other eligible shareholders. The Entitlement Offer closed with subscriptions totalling \$541,096 with 54,109,646 new fully paid ordinary shares issued on 23 September 2024.
- Following the closure of the Entitlement Offer, the Company is currently progressing through a three-month period to target the placement of the shortfall amount of approximately \$2.4 million not taken up by shareholders under the Entitlement Offer.

Further details on these capital rising initiatives are set out in the Directors' report under the section "Matters subsequent to the end of the financial year".

#### ESG

In 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 2023.

An action plan for the implementation of an appropriate Standards and Measurement System (ESMS) was developed based on the legal reporting requirements for companies and milestones based on the applicable guidelines in the European Economic Area. An important milestone is the establishment of an ESG reporting system according to European guidelines, primarily the EU CSRD Directive including the European Sustainability Reporting Standards (ESRS), published on 31 July 2023. These regulations are expected to apply to the Company's projects during their operational phases. Independent assessments against international standards GRI and CDPA will be undertaken following the eventual commencement of the Definitive Feasibility Study for the Ohmgebirge project. and will also address health and safety issues, labour standards and environmental legislation compliance considerations, including carbon

footprint and climate change impacts. The Board's emphasis is on good governance, the safety of the Company's staff, local communities and the protection of the environment.

#### Key risks

There are a range of potential economic, funding, engineering, development, operational, environmental, regulatory, social and other risks to the Company and its projects and opportunities. The future performance of the Company and the value of its securities may be influenced by a range of factors, many of which are largely beyond the control of the Company and the Directors.

The key risks associated with the Company's business, the industry in which it operates and general risks applicable to all investments in listed securities and financial markets generally are set out in the Company's recent ASX announcement dated 9 August 2024, *Rights Issue Prospectus* (Prospectus).

The risks factors set out in the Prospectus, or other risk factors not specifically referred to, may have a materially adverse impact on the performance of the Company and the value of its securities, and is not intended to provide an exhaustive list of the risk factors to which the Company is exposed.

## Resources and interests

### Mineral Resource update and maiden Ore Reserve<sup>1</sup>

As part of the Pre-Feasibility Study process, an updated Mineral Resource estimate was prepared for the Ohmgebirge deposit.

#### Ohmgebirge Mineral Resource estimate (March 2024) (5% K<sub>2</sub>O cut-off)

Seam	Category	Bulk Density (t/m <sup>3</sup> )	Geol Loss (%)	Tonnage (Mt)	K <sub>2</sub> O (%)	K <sub>2</sub> O (Mt)	KCl (%)	Mg (%)	Na (%)	SO <sub>4</sub> (%)
Sylvinites	Inferred	2.22	15	28	12.52	3	19.64	0.44	25.23	10.17
	Indicated	2.21	15	258	13.18	34	20.57	0.80	24.18	11.03
Sylvinites	Ind + Inf	2.21	15	286		37				
Carnallite	Inferred	1.89	15	91	9.60	9	15.07	-	-	-

Completion of the PFS has also enabled declaration of an initial Ore Reserve estimate for Ohmgebirge of 83.1 Mt at 12.6% K<sub>2</sub>O for 10.5 Mt K<sub>2</sub>O (all sylvinites). The Ore Reserve comprises 92% of the PFS mine schedule, demonstrating the substantial derisking achieved via the PFS process.

#### Maiden Ohmgebirge Ore Reserve estimate (March 2024)

Seam	Category	Bulk Density (t/m <sup>3</sup> )	Tonnage (Mt)	K <sub>2</sub> O (%)	K <sub>2</sub> O (Mt)	KCl (%)	Mg (%)	Na (%)	SO <sub>4</sub> (%)
Sylvinites	Probable	2.21	83.1	12.62	10.5	19.65	0.87	23.22	11.07

### Summary of tenement holdings as at 30 June 2024

Tenement Name/Number	Location	Licence	Beneficial Holding
Küllstedt	Thüringen, Germany	Exploration	100%
Gräfentonna	Thüringen, Germany	Exploration	100%
Mühlhausen-Nohra	Thüringen, Germany	Mining	100%
Ebeleben	Thüringen, Germany	Mining	100%
Ohmgebirge	Thüringen, Germany	Mining	100%

<sup>1</sup> For full Mineral Resource, Ore Reserve, Ohmgebirge PFS and Sollstedt acquisition key terms refer to South Harz ASX release *Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve* dated 22 May 2024, and *Landmark Resource Upgrade at Ohmgebirge* dated 12 July 2022. South Harz is not aware of any new information or data that materially affects the information included in these releases and confirms that all material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.

## Corporate governance statement

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 which meet as necessary: Nomination & Remuneration, Audit & Risk and Technical. The Company has developed a board skills matrix, which is reviewed by the Board at an appropriate frequency, 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. The Company also maintains a Risk Register which is reviewed regularly by the Audit Committee and is an interactive tool to recognise, mitigate and manage key risks.

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## 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 2024.

### DIRECTORS

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

Name	Title
Leonard Jubber	Executive Chairman
Rory Luff	Non-Independent Non-Executive Director
Dr. Reinout Koopmans	Independent Non-Executive Director
Ian Farmer	Non-Executive Chairman (resigned 26 January 2024)
Luis Cabrita da Silva	CEO and Managing Director (appointed 1 November 2022 and resigned 31 May 2024)
Seamus Cornelius	Independent Non-Executive Director (appointed 21 August 2023 and resigned 10 March 2024)

### 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 \$9,278,231 (2023: \$8,133,815).

### FINANCE REPORT

Costs for exploration and development expenditure totalled \$4,508,859 in the year (2023: \$4,184,034).

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 2024 was \$253,632 (2023: \$2,267,185).

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the closure of the UK corporate office in the second half of the financial year there were no significant changes during the year to June 2024.

### MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 1 August 2024, the Company announced that it had received binding commitments for a placement of \$1,030,000 (before costs) through the issue of 103,000,000 fully paid ordinary shares in the capital of the Company to new and existing institutional and sophisticated investors at an issue price of \$0.01 per share (Aug-24 Placement).

The Aug-24 Placement included subscriptions by the Company's Directors of \$401,167 for 40,116,690 fully paid ordinary shares comprising of 14,367,718 shares to Len Jubber, 17,666,763 shares to Rory Luff and 8,082,209 shares

to Reinout Koopmans (together, the Director Placement Shares). Within these subscriptions by the Directors, the Company will offset \$193,807 of creditor balances owing to the Directors. The issue of the Director Placement Shares is subject to receipt of shareholder approval at the Company's forthcoming AGM.

Within the Aug-24 Placement subscriptions, particular creditor balances owed by the Company (totalling \$235,307) will be extinguished with the following entities:

- a) Len Jubber comprising of \$36,318 in outstanding non-executive director fees and \$50,000 in relation to an unsecured loan arrangement with Mr Leonard Stanley Jubber & Mrs Alexandra Maidment Jubber as trustees for the Jubber Super Fund (Mr Jubber is the trustee and beneficiary of the Jubber Super Fund). The total amount owing will be applied towards Mr Jubber's subscription under the Aug-24 Placement of up to 14,367,718 Director Placement Shares to the value of \$143,677;
- b) Rory Luff comprising of \$26,667 in outstanding non-executive director fees and \$50,000 in relation to an unsecured loan arrangement with RL Holdings Pty Ltd (an entity controlled by Mr Luff). The total amount owing will be applied towards Mr Luff's subscription under the Aug-24 Placement of up to 17,666,763 Director Placement Shares to the value of \$176,667;
- c) Reinout Koopmans comprising of \$30,822 in outstanding non-executive director fees. The total amount owing will be applied towards Mr Koopmans' subscription under the Aug-24 Placement of up to 8,082,209 Director Placement Shares to the value of \$80,822; and
- d) Service provider(s) to the Company agreeing to subscribe for shares under the Aug-24 Placement whose accounts payable balance totals \$41,500.

On 9 August 2024, the Company released a Prospectus for a pro-rata non-renounceable entitlement issue of one ordinary share for every three ordinary shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per share to raise up to \$2,966,894 (Aug-24 Entitlement Offer). Eligible shareholders under the offer were those with a registered address in Australia, New Zealand, the European Union (excluding Austria), United Kingdom, Switzerland and Singapore. The offer also included a shortfall offer whereby eligible shareholders could also apply (in addition to and in excess of their entitlement) for entitlement offer shares not applied for by other eligible shareholders (Shortfall Offer).

The closing date was initially 5 September 2024, however was subsequently extended to 16 September 2024, to allow eligible shareholders more time to consider the opportunity to take up their entitlements, including the Company's growing shareholder base in the European Union and UK, which represent approximately 26% of the shareholding in the Company (based on analysis performed in June 2024).

The Entitlement Offer closed with subscriptions totalling \$541,096 with 54,109,646 new fully paid ordinary shares issued on 23 September 2024. Following the closure of the Entitlement Offer, the Company is currently progressing through a three-month period to target the placement of the shortfall amount of shares not taken up by shareholders under the Entitlement Offer.

The Company engaged Martin Place Securities Pty Ltd (ACN 159 611 060) (AFSL 291787) (MPS) to act as lead manager and bookrunner to the Aug-24 Placement and Aug-24 Entitlement Offer.

#### TARGETED DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Company announced during and subsequent to the financial year that following the completion and release of its Pre-Feasibility Study on 22 May 2024, and its receipt of a positive spatial planning assessment under Stage 1 of the regulatory approvals process in Thuringia, Germany on 14 June 2024, that its attention had now turned to undertaking comprehensive due diligence and progressing the negotiation and execution of the binding documents for the acquisition of the Sollstedt mine, progressing permitting and undertaking internal optimisation works focusing on the future development of Ohmgebirge and evaluating synergy opportunities afforded via the Sollstedt purchase. In addition the Company intended to seek a project partner with a view to helping fund equity required to progress to a definitive feasibility study, achieve a final investment decision and commence development of the Ohmgebirge project.

## 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
Leonard (Len) Jubber	
Position	Executive Chairman
Appointment Date	1 March 2021
Biography	Len Jubber was Chief Executive Officer for Kalium Lakes Limited (ASX: KLL) for 16 months, prior to which he was the Managing Director & Chief Executive Officer of Bannerman Resources Ltd (ASX: BMN) for eight years. Previous executive leadership roles include Managing Director/Chief Executive of zinc and lead producer Perilya Ltd (ASX listed at the time), and Chief Operating Officer of Oceana Gold Ltd. He started his career with Rio Tinto in Namibia. In a mining career spanning more than 35 years, he brings a wealth of technical, commercial and corporate experience.
Committee Memberships	Chair of Technical Committee Member of Nomination and Remuneration Committee Member of Audit and Risk Committee
Rory Luff	
Position	Non-Independent Non-Executive Director
Appointment Date	3 June 2016
Biography	Rory Luff is a co-Founder of South Harz Potash Limited. He 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 Nomination and Remuneration Committee Member of Audit and Risk Committee
<b>Dr Reinout Koopmans</b>	
Position	Independent Non-Executive Director
Appointment Date	8 January 2019
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 Masters degree from the London School of Economics, and a degree from Erasmus University, Rotterdam.
Committee Memberships	Chair of Audit and Risk Committee Member of Nomination and Remuneration Committee
<b>Luis Cabrita da Silva</b>	
Former Position	CEO and Managing Director
Appointment Date	1 November 2022
Resignation Date	31 May 2024
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
<b>Ian Farmer</b>	
Former Position	Non-Executive Chairman
Appointment Date	7 September 2020
Resignation Date	26 January 2024
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.
<b>Seamus Cornelius</b>	
Position	Independent Non-Executive Director
Appointment Date	21 August 2023
Resignation Date	10 March 2024
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.



<b>Graeme Smith</b>	
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
<b>Number of Meetings Attended / Eligible to Attend:</b>					
Len Jubber	18/18		1 / 1	3 / 3	4 / 4
Dr. Reinout Koopmans	18/18	2 / 2	1 / 1	3 / 3	
Rory Luff	18/18	2 / 2	1 / 1	3 / 3	
Ian Farmer	11 / 11	1 / 1	1 / 1	3 / 3	4 / 4
Luis da Silva	18/18		1 / 1		2 / 2
Seamus Cornelius	10 / 11				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 the following share options were on issue:

Listed / Unlisted	Expiry date	Exercise price per share	No. of Options
Unlisted	02-Dec-24	\$0.0800	3,500,000
Unlisted	02-Dec-24	\$0.1200	3,500,000
Unlisted	27-May-26	\$0.2030	4,606,605
Unlisted	05-Aug-26	\$0.1511	192,069
Unlisted	17-Dec-24	\$0.1800	2,192,084
Unlisted	17-Dec-24	\$0.2400	2,192,084
Unlisted	30-Mar-27	\$0.1606	2,382,000
Unlisted	30-Sep-27	\$0.1200	2,618,000
Unlisted	17-Oct-26	\$0.1230	1,000,000
Unlisted	31-Oct-27	\$0.0550	2,000,000
Unlisted	31-Oct-27	\$0.0820	2,000,000
Unlisted	31-Oct-27	\$0.1090	2,000,000
Unlisted	31-Oct-27	\$0.1360	2,000,000
Unlisted	10-Nov-27	\$0.1500	4,623,000
Unlisted	23-Nov-25	\$0.0900	3,366,667
Unlisted	30-Sep-27	\$0.1200	200,000
Unlisted	01-Jan-28	\$0.0660	3,000,000
Unlisted	01-Jan-28	\$0.0880	3,000,000
Unlisted	27-May-25	\$0.2030	1,000,000
Unlisted	10-Aug-26	\$0.0800	20,123,480

Listed / Unlisted	Expiry date	Exercise price per share	No. of Options
Unlisted	10-Aug-26	\$0.0800	5,478,790
Unlisted	21-Aug-27	\$0.0640	1,000,000
Unlisted	31-Oct-28	\$0.0560	9,134,000
Unlisted	31-Oct-28	\$0.0560	19,181,000
Unlisted	24-Nov-26	\$0.0800	1,375,000
Unlisted	19-Dec-26	\$0.0800	8,249,937
Unlisted	21-Dec-26	\$0.0800	3,500,000
Total			113,414,716

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, Nil shares have been issued as a result of the exercise of options.

#### AUDITOR OF THE COMPANY

The auditor of the Company for the financial year was BDO Audit Pty Ltd. There were no non-audit services provided by the external auditors of the Parent or its related entities during the year ended 30 June 2024.

## 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 allocates long-term incentive securities (options and performance rights) 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 or performance rights with vesting conditions and vesting periods.

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

The 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, performance rights, or 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.

Ultimately the shareholders must approve any incentive plans proposed by the Company.

##### 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 2024	FY 2023	FY 2022	FY 2021	FY 2020
Closing price per share 30 June	\$0.012	\$0.032	\$0.100	\$0.083	\$0.035
Loss before income tax expense	(\$9,151,019)	(\$8,656,551)	(\$11,859,581)	(\$2,346,822)	(\$2,262,613)
Earnings per share	(\$1.22)	(\$1.52)	(\$2.53)	(\$0.80)	(\$1.39)

## 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 further shareholder approval.

Non-executive Directors are eligible to participate in the Company's employee incentive plans, upon obtaining shareholder approval. During the financial year, non-executive Directors were granted securities as detailed in the table following pages.

## 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 (or equivalent position) 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.

*Len Jubber – Executive Chairman*

On 22 May 2024, Len Jubber was appointed Executive Chairman. The details of his remuneration package were announced following finalisation and agreement on 29 August 2024. The summary terms of Mr Jubber's remuneration package is set out below:

*Base Salary*

A base salary of \$350,000 per annum, inclusive of statutory superannuation (Base Salary).

*Project Performance Rights*

Subject to shareholder approval, the issue of 19,250,000 Project Performance Rights (PPRs), being an amount equal to 55% of Mr Jubber's Base Salary divided by \$0.01, which shall only vest upon the following milestones being achieved:

1. *Tranche 1 (5,250,000 PPRs): On or before 1 July 2025, the Company must have decided to proceed with and have secured committed funding for a Definitive Feasibility Study for the Ohmgebirge Project;*

2. *Tranche 2 (5,250,000 PPRs): On or before 1 January 2027, the Company must have:*
  - a. *completed and released a Definitive Feasibility Study for the Ohmgebirge Project on the ASX; and*
  - b. *released a commitment on the ASX to pursue the financing and development of the Ohmgebirge Project.*
3. *Tranche 3 (8,750,000 PPRs): On or before 1 January 2028, the Company must have:*
  - a. *made a final investment decision to develop the Ohmgebirge Project; and*
  - b. *secured committed funding to proceed with the development of the Ohmgebirge Project.*

#### *Long Term Incentive Performance Rights*

Subject to shareholder approval, the issue of 12,250,000 Long Term Incentive Performance Rights (LTIPRs), being an amount equal to 35% of Mr Jubber's Base Salary divided by \$0.01, which shall only vest upon the following criteria being met (and in the manner stated):

*If on 1 July 2027, Total Shareholder Revenue is:*

1. *equal to or greater than 150%, all the LTIPRs will vest;*
2. *between 110% and 150%, the LTIPRs will vest in a straight-line scale pro-rata; or*
3. *less than 110%, none of the LTIPRs will vest.*

*"Total Shareholder Revenue" means the positive percentage change in the volume weighted average price of the Company's shares on the ASX for twenty consecutive trading days (VWAP) over the three-year period commencing on 1 July 2024 and ending on 1 July 2027 divided by the percentage change in the S&P/ASX 300 Metal and Mining Index over the same period. For the avoidance of doubt, where the percentage change in the VWAP is negative, none of the LTIPRs will vest.*

#### *General Terms and Conditions*

In addition to customary termination rights for cause, the contract may be terminated by either Mr Jubber or the Company by giving of three months' written notice. The agreement otherwise contains standard terms and conditions for a contract of its nature. Mr Jubber is also entitled to participate in any and all other employee benefit plans which are made available to the senior executives of SHP from time to time.

#### *Luis da Silva – Managing Director & Chief Executive Officer*

Mr da Silva was appointed as Managing Director & Chief Executive Officer on 1 November 2022

#### *Fixed Remuneration*

£225,000 per annum (~A\$406,000) comprising base salary and superannuation

#### *Short Term Incentives*

Short Term Incentives of up to 20% of base salary subject to achieving performance targets to be defined by the Board.

#### *Long Term Incentives*

Mr da Silva will be eligible to participate in the Company's Long Term Incentive Plan of up to 50% of base salary, subject to the achievement of performance targets as determined by the Board

#### *Incentive Options*

Mr da Silva, on appointment, received the following Incentive Options which were issued without shareholder approval pursuant to Exception 12 of Listing Rule 10.12

- a) 2,000,000 Options exercisable at \$0.055, vesting on 31 January 2023;
- b) 2,000,000 Options exercisable at \$0.082, vesting on 31 October 2023;
- c) 2,000,000 Options exercisable at \$0.109, vesting on 31 October 2024; and
- d) 2,000,000 Options exercisable at \$0.136, vesting on 31 October 2025.

All options expire on 31 October 2027

*Termination and Notice*

Mr da Silva's departure from the Company on 31 May 2024 occurred with a contractual three-month notice period, during which Mr da Silva was paid his fixed remuneration and accrued annual leave up until 31 August 2024. Mr da Silva was designated as a "good leaver" by the Board, as a result of which the vesting conditions relating to minimum service periods no longer apply to the options he holds in the Company

**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. Securities issued under the Employee Share Options 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 securities 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 in accordance with ASX Listing Rule 10.14.

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

**DIRECTORS' AND KMP INTERESTS AND BENEFITS**

**Ordinary shares**

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:

Directors and Key Management Personnel Shares	No. Shares held at 30 June 2023	Share based payments	Shares issued from capital raises during the year	Other additions <sup>8</sup>	Other reductions <sup>9</sup>	No. Shares held at 30 June 2024
<b>Directors</b>						
Rory Luff	32,764,577	-	617,746	-	-	33,382,323
Dr. Reinout Koopmans	4,944,209	-	2,034,728	-	-	6,978,937
Ian Farmer <sup>1</sup>	1,829,722	-	933,345	-	(2,763,067)	-
Seamus Cornelius <sup>2</sup>	-	-	1,111,525	1,150,000	(2,261,525)	-
<b>Total Non-Executive Directors</b>	<b>39,538,508</b>	<b>-</b>	<b>4,697,344</b>	<b>1,150,000</b>	<b>(5,024,592)</b>	<b>40,361,260</b>
Len Jubber <sup>3</sup>	1,627,778	-	2,607,681	-	-	4,235,459
Luis da Silva <sup>4</sup>	2,222,222	2,048,495	4,673,902	-	(8,944,619)	-
<b>Total Executive Directors</b>	<b>3,850,000</b>	<b>2,048,495</b>	<b>7,281,583</b>	<b>-</b>	<b>(8,944,619)</b>	<b>4,235,459</b>
<b>Key Management Personnel</b>						
Lawrence Berthelet (COO) <sup>5</sup>	2,444,444	1,055,072	-	-	(3,499,516)	-
Andrew Robertson (CFO) <sup>6</sup>	503,414	257,358	50,718	-	(811,490)	-
Dr Babette Winter <sup>7</sup> (Regional Director)	430,414	1,252,078	112,166	-	-	1,794,658
<b>Total KMP</b>	<b>3,378,272</b>	<b>2,564,508</b>	<b>162,884</b>	<b>-</b>	<b>(4,311,006)</b>	<b>1,794,658</b>
<b>Total Directors and KMP</b>	<b>46,766,780</b>	<b>4,613,003</b>	<b>12,141,811</b>	<b>1,150,000</b>	<b>(18,280,217)</b>	<b>46,391,377</b>

1. Ian Farmer resigned 26 January 2024.
2. Seamus cornelius was appointed 21 August 2023, resigned 10 March 2024.
3. Len Jubber was appointed Non-Executive Chairman 1 February 2024, then appointed Executive Chairman 22 May 2024
4. Luis da Silva was appointed as Managing Director 1 November 2022, resigned 31 May 2024. Share based payments relate to bonus shares issued for Nil consideration on 27 November 2023 following shareholder approval at the 2023 AGM as a means to reward and incentivize recipient executives.
5. Lawrence Berthelet was appointed Chief Operating Officer 1 January 2023, resigned 31 May 2024. Share based payments relate to bonus shares issued for Nil consideration on 27 November 2023 following shareholder approval at the 2023 AGM as a means to reward and incentivize recipient executives.
6. Andrew Robertson ceased employment as Chief Financial Officer on 30 April 2024. Share based payments relate to bonus shares issued for Nil consideration on 27 November 2023 following shareholder approval at the 2023 AGM as a means to reward and incentivize recipient executives.
7. Babette Winter – share based payments relate to bonus shares issued for Nil consideration on 27 November 2023 following shareholder approval at the 2023 AGM as a means to reward and incentivize recipient executives.
8. "Other additions" column: for Seamus Cornelius who became a Director after the start of the financial year, these securities were held by him immediately prior to becoming a Director.
9. For individuals who resigned or ceased employment before the financial year end, the "Other reductions" column has reduced the reporting of their shares held to Nil as at 30 June 2024.

### Share options

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 and Key Management Personnel Options	No. Options held at 30 June 2023	Share based payments	Other additions <sup>7</sup>	Other reductions <sup>8</sup>	No. Options held at 30 June 2024	No. Options held at date of this report	Vested at 30 June 2024	Unvested at 30 June 2024
<b>Directors</b>								
Rory Luff	3,848,190	1,591,000	-	(2,051,190)	3,388,000	3,388,000	750,000	2,638,000
Dr. Reinout Koopmans	1,797,000	1,591,000	333,333	-	3,721,333	3,721,333	750,000	2,971,333
Ian Farmer <sup>1</sup>	10,452,000	2,983,000	166,667	(13,601,667)	-	-	-	-
Seamus Cornelius <sup>2</sup>	-	2,591,000	250,000	(2,841,000)	-	-	-	-
<b>Total Non- Executive Directors</b>	<b>16,097,190</b>	<b>8,756,000</b>	<b>750,000</b>	<b>(18,493,857)</b>	<b>7,109,333</b>	<b>7,109,333</b>	<b>1,500,000</b>	<b>5,609,333</b>
Len Jubber <sup>3</sup>	2,797,000	1,591,000	250,000	-	4,638,000	4,638,000	750,000	3,888,000
Luis da Silva <sup>4</sup>	8,000,000	9,834,000	625,000	(18,459,000)	-	-	-	-
<b>Total Executive Directors</b>	<b>10,797,000</b>	<b>11,425,000</b>	<b>875,000</b>	<b>(18,459,000)</b>	<b>4,638,000</b>	<b>4,638,000</b>	<b>750,000</b>	<b>3,888,000</b>
<b>Key Management Personnel</b>								
Lawrence Berthelet (COO) <sup>5</sup>	7,000,000	5,091,000	-	(12,091,000)	-	-	-	-
Andrew Robertson (CFO) <sup>6</sup>	2,401,605	-	-	(2,401,605)	-	-	-	-
Dr Babette Winter (Regional Director)	1,188,000	4,043,000	-	-	5,231,000	5,231,000	-	5,231,000
<b>Total KMP</b>	<b>10,589,605</b>	<b>9,134,000</b>	<b>-</b>	<b>(14,492,605)</b>	<b>5,231,000</b>	<b>5,231,000</b>	<b>-</b>	<b>5,231,000</b>
<b>Total Directors and KMP</b>	<b>37,483,795</b>	<b>29,315,000</b>	<b>1,625,000</b>	<b>(51,445,462)</b>	<b>16,978,333</b>	<b>16,978,333</b>	<b>2,250,000</b>	<b>14,728,333</b>

1. Ian Farmer resigned 26 January 2024.
2. Seamus cornelius was appointed 21 August 2023, resigned 10 March 2024.
3. Len Jubber was appointed Non-Executive Chairman 1 February 2024, then appointed Executive Chairman 22 May 2024.
4. Luis da Silva was appointed as Managing Director 1 November 2022, resigned 31 May 2024.
5. Lawrence Berthelet was appointed Chief Operating Officer 1 January 2023, resigned 31 May 2024.
6. Andrew Robertson ceased employment as Chief Financial Officer on 30 April 2024.

7. "Other additions" column: for Seamus Cornelius who became a Director after the start of the financial year, these securities were held by him immediately prior to becoming a Director. For the other Directors listed, these securities were issued as a free-attaching option as part of a Placement of shares.
8. For individuals who have resigned or ceased employment, the "Other reductions" column has reduced the reporting of their options held to Nil as at 30 June 2024. For Rory Luff, the reduction represents options expiring during the financial year.

**Performance rights**

No performance rights were held by Directors or Key Management Personnel, including their personally related entities during the financial year.

**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:

2024

Directors and Key Management Personnel Remuneration	Fixed Salary, Fees, and Leave \$	Equity Settled Share Based Payments		Total		
		Options \$	Options Lapsed/ Forfeited \$	Shares \$	Total Remuneration \$	Performance Based Remuneration % Total Salary
<b>Directors</b>						
Rory Luff <sup>1</sup>	40,000	26,860	-	-	66,860	40%
Dr. Reinout Koopmans <sup>2</sup>	40,000	26,860	-	-	66,860	40%
Ian Farmer <sup>3</sup>	43,928	90,171	-	-	134,099	67%
Seamus Cornelius <sup>4</sup>	21,304	21,514	-	-	42,818	50%
<b>Total Non-Executive Directors</b>	<b>145,232</b>	<b>165,405</b>	<b>-</b>	<b>-</b>	<b>310,637</b>	<b>53%</b>
Len Jubber <sup>5</sup>	84,892	29,079	-	-	113,971	26%
Luis da Silva <sup>6</sup>	547,284	138,914	-	55,309	741,507	26%
<b>Total Executive Directors</b>	<b>632,176</b>	<b>167,993</b>	<b>-</b>	<b>55,309</b>	<b>855,478</b>	<b>26%</b>
<b>Key Management Personnel</b>						
Lawrence Berthelet <sup>7</sup>	277,762	123,160	-	28,487	429,409	35%
Andrew Robertson <sup>8</sup>	250,454	101,597	-	6,949	359,000	30%
Dr Babette Winter	234,228	21,394	-	33,806	289,428	19%
<b>Total KMP</b>	<b>762,444</b>	<b>246,151</b>	<b>-</b>	<b>69,242</b>	<b>1,077,837</b>	<b>29%</b>
<b>Total Directors and KMP</b>	<b>1,539,852</b>	<b>579,549</b>	<b>-</b>	<b>124,551</b>	<b>2,243,952</b>	<b>31%</b>

1. Rory Luff – fixed remuneration includes non-executive director fees payable of \$9,999 which were offset against the subscription price for 303,318 fully paid ordinary shares in the Company approved by shareholders at the 2023 AGM. The fixed remuneration includes amount also includes \$23,334 unpaid non-executive director fees which will be offset against Mr Luff's subscription monies owing as part of his (or his related entities') participation in the Aug-24 Placement to directors, which is subject to the approval of shareholders at the forthcoming 2024 AGM.
2. Dr Reinout Koopmans – fixed remuneration includes non-executive director fees payable of \$8,743 which were offset against the subscription price for 265,212 fully paid ordinary shares in the Company approved by shareholders at the 2023 AGM. The fixed remuneration includes amount also includes \$27,489 unpaid non-executive director fees which will be offset against Dr Koopman's subscription monies owing as part of his (or his related entities') participation in the Aug-24 Placement to directors, which is subject to the approval of shareholders at the forthcoming 2024 AGM.
3. Ian Farmer resigned 26 January 2024. Fixed remuneration includes non-executive director fees payable of \$8,791 which were offset against the subscription price for 266,678 fully paid ordinary shares in the Company approved by shareholders at the 2023 AGM.
4. Seamus Cornelius was appointed 21 August 2023, resigned 10 March 2024. Fixed remuneration includes non-executive director fees payable of \$4,231 which were offset against the subscription price for 119,591 fully paid ordinary shares in the Company approved by shareholders at the 2023 AGM.



5. Len Jubber was appointed Non-Executive Chairman 1 February 2024, then appointed Executive Chairman 22 May 2024. Fixed remuneration of \$84,892 comprises \$46,317 fixed Non-Executive Director salary for the period from 1 July 2023 to 21 May 2024, and Executive Chairman fixed salary of \$38,575 from 22 May 2024 until 30 June 2024. Fixed remuneration includes non-executive director fees payable of \$9,999 which were offset against the subscription price for 303,318 fully paid ordinary shares in the Company approved by shareholders at the 2023 AGM. The fixed remuneration includes amount also includes \$36,318 unpaid non-executive director fees which will be offset against Mr Jubber's subscription monies owing as part of his (or his related entities') participation in the Aug-24 Placement to directors, which is subject to the approval of shareholders at the forthcoming 2024 AGM.
6. Luis da Silva was appointed as Managing Director 1 November 2022, resigned 31 May 2024. His fixed remuneration includes termination payments totalling \$151,223 in lieu of three-months' notice.
7. Lawrence Berthelet was Appointed Chief Operating Officer 1 January 2023, resigned 31 May 2024.
8. Andrew Robertson ceased employment as Chief Financial Officer on 30 April 2024.

2023

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


1. Len Jubber was appointed Acting Executive Chairman prior to appointment of Luis da Silva as Managing Director in November 2022.
2. Lawrence Berthelet was appointed 17 October 2022 and resigned 31 December 2022 as Director. Appointed Chief Operating Officer 1 January 2023.
3. Jason Wilkinson resigned 31 December 2022.
4. Luis da Silva was appointed 1 November 2022.

The following table sets out the details of options granted as remuneration during the year ended 30 June 2024:

Directors and Key Management Personnel Options Granted as Remuneration	Grant Date	Exercise Price	Expiry Date	Granted as Remuneration	Cancelled	Fair Value per Option	Value of Options
<b>Directors</b>							
Rory Luff	26-Oct-23	\$0.0560	31-Oct-28	1,591,000	-	\$0.01785	\$28,404
Dr. Reinout Koopmans	26-Oct-23	\$0.0560	31-Oct-28	1,591,000	-	\$0.01785	\$28,404
Ian Farmer	26-Oct-23	\$0.0560	31-Oct-28	2,983,000	-	\$0.01785	\$53,256
Seamus Cornelius	21-Aug-23	\$0.0640	21-Aug-27	1,000,000	-	\$0.01767	\$17,669
Seamus Cornelius	26-Oct-23	\$0.0560	31-Oct-28	1,591,000	-	\$0.01785	\$28,404
<b>Total Non-Executive Directors</b>				<b>8,756,000</b>	<b>-</b>		<b>\$156,137</b>
Len Jubber	26-Oct-23	\$0.0560	31-Oct-28	1,591,000	-	\$0.01785	\$28,404
Luis da Silva	26-Oct-23	\$0.0560	31-Oct-28	9,834,000	-	\$0.01785	\$175,567
<b>Total Executive Directors</b>				<b>11,425,000</b>	<b>-</b>		<b>\$203,971</b>
<b>Total Directors</b>				<b>20,181,000</b>	<b>-</b>		<b>\$360,108</b>
<b>Key Management Personnel</b>							
Lawrence Berthelet	26-Sep-23	\$0.0560	31-Oct-28	5,091,000	-	\$0.02122	\$108,012
Dr Babette Winter	26-Sep-23	\$0.0560	31-Oct-28	4,043,000	-	\$0.02122	\$85,777
<b>Total KMP</b>				<b>9,134,000</b>	<b>-</b>		<b>\$193,789</b>
<b>Total Directors + KMP</b>				<b>29,315,000</b>	<b>-</b>		<b>\$553,897</b>

Options granted carry no dividend or voting rights. All options were granted over unissued fully paid shares in the Company. None of the above options were fully vested or exercised during the year. There were no other Director and KMP transactions.

End of the Audited Remuneration Report.



Len Jubber  
 Executive Chairman  
 South Harz Potash Limited  
 27 September 2024.

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 2024, 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.



Paul Gosnold  
Director

BDO Audit Pty Ltd

Adelaide, 27 September 2024

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## 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 loss for the year ended 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
Revenue from continuing operations			
Interest income	4	1,682	658
Expenses			
Exploration and development costs		(4,508,859)	(4,184,034)
Administration expenses		(925,587)	(1,012,247)
Corporate expenses		(1,055,853)	(1,081,687)
Director fees and consultation		(1,539,852)	(1,466,945)
Depreciation expense		(40,256)	(33,155)
Foreign exchange (loss)/gain		(32,373)	(17,269)
Consulting expenses		(296,997)	(485,613)
Share-based payment		(752,924)	(376,259)
Loss before income tax expense		(9,151,019)	(8,656,551)
Income tax expense	5	-	-
Other comprehensive loss		(9,151,019)	(8,656,551)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation reserve		(127,212)	522,736
Other comprehensive loss for the year, net of tax		(127,212)	522,736
Total comprehensive loss for the year		(9,278,231)	(8,133,815)
		Consolidated	
	Note	2024	2023
		\$	\$
Earnings per share for loss attributable to the owners of South Harz Potash Limited			
Basic earnings per share	24	(1.22)	(1.52)
Diluted earnings per share	24	(1.22)	(1.52)

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

## Statement of financial position as at 30 June 2024

	Note	Consolidated 2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	253,632	2,267,185
VAT and other receivables	7	255,187	304,167
<b>Total current assets</b>		<b>508,819</b>	<b>2,571,352</b>
<b>Non-current assets</b>			
Property, plant and equipment		75,445	118,642
Exploration and evaluation	9	1,996,525	2,042,924
<b>Total non-current assets</b>		<b>2,071,970</b>	<b>2,161,566</b>
<b>Total assets</b>		<b>2,580,789</b>	<b>4,732,918</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	2,094,973	1,343,606
<b>Total current liabilities</b>		<b>2,094,973</b>	<b>1,343,606</b>
<b>Total liabilities</b>		<b>2,094,973</b>	<b>1,343,606</b>
<b>Net assets</b>		<b>485,816</b>	<b>3,389,312</b>
<b>Equity</b>			
Issued capital	10	39,385,937	33,729,999
Reserves	11	2,458,572	1,866,987
Accumulated losses		(41,358,693)	(32,207,674)
<b>Total equity</b>		<b>485,816</b>	<b>3,389,312</b>

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

## Statement of changes in equity for the year ended 30 June 2024

2024	Contributed Equity	Performance Rights Reserve	Option Based Payment Reserve	Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$	\$
Balance as 1 July 2023	33,729,999	-	1,543,448	323,539	(32,207,674)	3,389,312
Loss after income tax expenses for the year	-	-	-	-	(9,151,019)	(9,151,019)
Other comprehensive income for the year, net of tax	-	-	-	(127,212)	-	(127,212)
Total comprehensive income/(loss) for the year	-	-	-	(127,212)	(9,151,019)	(9,278,231)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	5,531,387	-	90,424	-	-	5,621,811
Share-based payments (refer to note 13)	124,551	-	628,373	-	-	752,924
Balance at 30 June 2024	39,385,937	-	2,262,245	196,327	(41,358,693)	485,816
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

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

## Statement of cash flows for the year ended 30 June 2024

		Consolidated	
	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Interest received		1,682	658
Exploration and development costs		(4,508,859)	(4,184,034)
Payments to suppliers and employees		(3,699,831)	(3,626,863)
Net cash used from operating activities	23	(8,207,008)	(7,810,239)
Cash flows from investing activities			
Additions to Property, Plant and Equipment		-	(121,584)
Net cash used in investing activities		-	(121,584)
Cash flows from financing activities			
Proceeds from issue of shares		5,922,892	3,066,005
Proceeds from options conversion		-	11,395
Payments for capital raising costs		(335,048)	(263,551)
Net cash from financing activities		5,587,844	2,813,849
Net decrease in cash and cash equivalents		(2,619,164)	(5,117,974)
Cash and cash equivalents at beginning of year		2,267,185	6,598,835
Effects of foreign exchange cash movements		605,611	786,324
Cash and cash equivalents at end of the year	6	253,632	2,267,185

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



## Notes to the financial statements 30 June 2024

### Note 1. Material Accounting Policy 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 accounting policies that are material to the consolidated entity 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 27 September 2024

#### 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 expensed 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.

#### Impairment

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

#### 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 \$9,151,019 (2023: loss \$8,656,551) and incurred negative cash flows from operations of \$8,207,008 (2023: \$7,810,239).

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.

### Foreign currency translation

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

### 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

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.

### 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.

#### *Impairment of financial assets*

Receivables are recognised initially at the amount of consideration that is unconditional. The consolidated entity 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.

### 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

#### 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.

#### Employee benefits

##### *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.

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

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 2024. 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 or a binomial valuation 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	
	2024	2023	2024	2023
	\$	\$	\$	\$
Australia	-	-	-	3,666
Germany	-	-	2,071,970	2,157,900
	-	-	2,071,970	2,161,566

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.

## Note 4. Income

	Consolidated	
	2024	2023
	\$	\$
Interest income	1,682	658

## Note 5. Income tax expense

	Consolidated	
	2024	2023
	\$	\$
Prima facie tax benefit at the Australian tax rate of 30%	2,745,306	2,595,965
Tax effect amounts which are not deductible/(taxable) in calculating taxable income;		
Share based payments	(225,877)	(112,878)
Tax losses not brought into account	(2,519,429)	(2,484,088)
Income tax expense	-	-
Current tax expense	(2,519,429)	(2,484,088)
Deferred tax expense	2,519,429	2,484,088
Income tax expense	-	-
Tax assets not recognised at 30%		
Unused tax losses for which no deferred tax asset has been recognized	3,261,623	3,033,499
Temporary differences	65,066	29,575
Potential tax benefit	3,326,689	3,063,074

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	
	2024	2023
	\$	\$
Cash at bank	253,632	2,267,185
	<u>253,632</u>	<u>2,267,185</u>

## Note 7. VAT and other receivables

	Consolidated	
	2024	2023
	\$	\$
Deposits & other receivables	63,019	123,515
VAT & GST refunds	192,168	180,652
	<u>255,187</u>	<u>304,167</u>

## Note 8. Trade and other payables

	Consolidated	
	2024	2023
	\$	\$
Trade payables	1,785,742	744,032
Other payables	309,231	599,574
	<u>2,094,973</u>	<u>1,343,606</u>

## Note 9. Non-current assets - exploration and evaluation

	Consolidated	
	2024	2023
	\$	\$
Exploration and evaluation - at cost	1,996,525	2,042,924
	<u>1,996,525</u>	<u>2,042,924</u>

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

	Exploration
Consolidated	\$
Balance at 1 July 2023	2,042,924
Additions	-
Exchange difference on opening balance	(46,399)
Balance at 30 June 2024	<u>1,996,525</u>
Balance at 1 July 2022	1,866,823
Additions	-
Exchange difference on opening balance	176,101
Balance at 30 June 2023	<u>2,042,924</u>

Note 10. Equity – Issued Capital	Consolidated		Consolidated	
	2024	2023	2024	2023
	No.	No.	\$	\$
Ordinary shares - fully paid	827,184,972	600,012,429	39,385,937	33,729,999
Ordinary share capital				
Details	Date	No of shares	Issue Price	\$
Balance	30-Jun-23	600,012,429		33,729,999
Placement	10-Aug-23	80,493,996	\$0.030	2,414,820
Share purchase plan	31-Aug-23	32,999,937	\$0.030	989,998
Staff bonus	27-Nov-23	4,613,003	\$0.027	124,551
Shares to Directors in lieu of services	27-Nov-23	1,258,037	\$0.027	33,967
Placement to Directors	27-Nov-23	5,500,000	\$0.030	165,000
Placement	22-Dec-23	55,221,736	\$0.023	1,270,100
Rights Issue	04-Mar-24	25,480,834	\$0.023	586,059
Placement of entitlement issue shortfall	28-Mar-24	16,605,000	\$0.023	381,915
Placement of entitlement issue shortfall	03-Apr-24	5,000,000	\$0.023	115,000
Capital raising costs		-		(425,472)
Balance	30-Jun-24	827,184,972		39,385,937
	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	\$0.080	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
Placement to directors	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

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

#### Note 11. Equity - reserves

	Consolidated	
	2024	2023
	\$	\$
Foreign currency translation reserve	196,327	323,539
Option right reserves	2,262,245	1,543,448
	<u>2,458,572</u>	<u>1,866,987</u>

#### 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.

## Note 12. Equity - Options

Set out below are details of options on issue:

2024

Grant date	Expiry date	Exercise price	Fair Value	Balance at the start of the year	Issued in year	Exercised in the year	Expired in the year	Balance at the end of year	Exercisable at year end	Note
09-Nov-18	31-Jul-23	\$0.2000	Nil	33,221,680	-	-	(33,221,680)	-	-	[1]
09-Nov-18	09-Nov-23	\$0.2000	Nil	7,500,000	-	-	(7,500,000)	-	-	
20-Dec-18	31-Jul-23	\$0.2000	Nil	1,142,857	-	-	(1,142,857)	-	-	[1]
10-Sep-19	31-Jul-23	\$0.2000	Nil	10,926,133	-	-	(10,926,133)	-	-	[1]
12-Dec-19	31-Jul-23	\$0.2000	Nil	885,119	-	-	(885,119)	-	-	[1]
24-Apr-20	31-Jul-23	\$0.0750	Nil	2,275,000	-	-	(2,275,000)	-	-	[1]
31-Jul-20	31-Jul-23	\$0.0750	Nil	825,000	-	-	(825,000)	-	-	[1]
02-Dec-20	02-Dec-24	\$0.0800	\$0.03000	3,500,000	-	-		3,500,000	3,500,000	[3]
02-Dec-20	02-Dec-24	\$0.1200	\$0.02600	3,500,000	-	-		3,500,000	3,500,000	[3]
25-Jan-21	25-Jan-24	\$0.0675	\$0.03350	3,958,667	-	-	(3,958,667)	-	-	[2]
25-Jan-21	25-Jan-24	\$0.0890	\$0.03037	3,958,666	-	-	(3,958,666)	-	-	[2]
25-Jan-21	25-Jan-24	\$0.1125	\$0.02782	3,958,666	-	-	(3,958,666)	-	-	[2]
27-May-21	27-May-26	\$0.2030	\$0.04690	4,606,605	-	-		4,606,605	4,606,605	[3]
05-Aug-21	05-Aug-26	\$0.1511	\$0.02129	192,069	-	-		192,069	192,069	[4]
20-Dec-21	17-Dec-24	\$0.1800	\$0.06346	2,192,084	-	-		2,192,084	2,192,084	[2]
20-Dec-21	17-Dec-24	\$0.2400	\$0.05503	2,192,084	-	-		2,192,084	2,192,084	[2]
30-Mar-22	30-Mar-27	\$0.1606	\$0.17044	2,382,000	-	-		2,382,000	1,449,000	[3][4] [S]
30-Sep-22	30-Sep-27	\$0.1200	\$0.03288	2,618,000	-	-		2,618,000	-	[4] [M][S]
17-Oct-22	17-Oct-26	\$0.1230	\$0.02897	1,000,000	-	-		1,000,000	-	[3] [M]
02-Nov-22	31-Oct-27	\$0.0550	\$0.03790	2,000,000	-	-		2,000,000	2,000,000	[3]
02-Nov-22	31-Oct-27	\$0.0820	\$0.03490	2,000,000	-	-		2,000,000	2,000,000	[3]
02-Nov-22	31-Oct-27	\$0.1090	\$0.03260	2,000,000	-	-		2,000,000	2,000,000	[3]
02-Nov-22	31-Oct-27	\$0.1360	\$0.03070	2,000,000	-	-		2,000,000	2,000,000	[3]
10-Nov-22	10-Nov-27	\$0.1500	\$0.02856	4,623,000	-	-		4,623,000	-	[3] [M][S]
24-Nov-22	23-Nov-25	\$0.0900	\$0.02480	3,366,667	-	-		3,366,667	3,366,667	[2]
10-Feb-23	30-Sep-27	\$0.1200	\$0.02446	200,000	-	-		200,000	-	[4] [M][S]
23-Feb-23	01-Jan-28	\$0.0660	\$0.02348	3,000,000	-	-		3,000,000	3,000,000	[4]
23-Feb-23	01-Jan-28	\$0.0880	\$0.02110	3,000,000	-	-		3,000,000	3,000,000	[4]
23-Feb-23	27-May-25	\$0.2030	\$0.00375	1,000,000	-	-		1,000,000	-	[3] [M]
10-Aug-23	10-Aug-26	\$0.0800	Nil	-	20,123,480	-		20,123,480	20,123,480	[1]
10-Aug-23	10-Aug-26	\$0.0800	\$0.01194	-	5,478,790	-		5,478,790	5,478,790	[2]
21-Aug-23	21-Aug-27	\$0.0640	\$0.01767	-	1,000,000	-		1,000,000	1,000,000	[3]
26-Sep-23	31-Oct-28	\$0.0560	\$0.02122	-	9,134,000	-		9,134,000	-	[4] [M][S]
26-Oct-23	31-Oct-28	\$0.0560	\$0.01785	-	19,181,000	-		19,181,000	-	[3] [M][S]
24-Nov-23	24-Nov-26	\$0.0800	Nil	-	1,375,000	-		1,375,000	1,375,000	[3]
19-Dec-23	19-Dec-26	\$0.0800	Nil	-	8,249,937	-		8,249,937	8,249,937	[1]
21-Dec-23	21-Dec-26	\$0.0800	\$0.00715	-	3,500,000	-		3,500,000	3,500,000	[2]
				114,024,297	68,042,207	-	(68,651,788)	113,414,716	74,725,716	

[1] Free attaching options since they were issued with issue of shares. No value was attached on initial recognition.

[2] Options issued to broker as consideration for broking services

[3] Director options

[4] Options issued to employees and KMPs

[M] Market based vesting conditions (share price levels) apply to these options

[S] Service-based vesting conditions apply to some or all of the director/employee holders of these options

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	\$0.2000	Nil	33,221,680	-	-	-	33,221,680	33,221,680	[1]
09-Nov-18	11-Sep-23	\$0.2000	Nil	7,500,000	-	-	-	7,500,000	7,500,000	
20-Dec-18	31-Jul-23	\$0.2000	Nil	1,142,857	-	-	-	1,142,857	1,142,857	[1]
10-Sep-19	31-Jul-23	\$0.2000	Nil	10,926,133	-	-	-	10,926,133	10,926,133	[1]
12-Dec-19	31-Jul-23	\$0.2000	Nil	885,119	-	-	-	885,119	885,119	[1]
24-Apr-20	31-Jul-23	\$0.0750	Nil	2,275,000	-	-	-	2,275,000	2,275,000	[1]
31-Jul-20	31-Jul-23	\$0.0750	Nil	825,000	-	-	-	825,000	825,000	[1]
02-Dec-20	02-Dec-24	\$0.0800	\$0.03000	3,500,000	-	-	-	3,500,000	3,500,000	[3][C]
02-Dec-20	02-Dec-24	\$0.1200	\$0.02600	3,500,000	-	-	-	3,500,000	3,500,000	[3][C]
25-Jan-21	25-Jan-23	\$0.0800	Nil	59,752,818	-	(59,645,318)	(107,500)	-	-	[1]
25-Jan-21	25-Jan-24	\$0.0675	\$0.03350	3,958,667	-	-	-	3,958,667	3,958,667	[2]
25-Jan-21	25-Jan-24	\$0.0890	\$0.03037	3,958,666	-	-	-	3,958,666	3,958,666	[2]
25-Jan-21	25-Jan-24	\$0.1125	\$0.02782	3,958,666	-	-	-	3,958,666	3,958,666	[2]
27-May-21	27-May-26	\$0.2030	\$0.04690	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	\$0.1511	\$0.02129	192,069	-	-	-	192,069	192,069	[4]
20-Dec-21	17-Dec-24	\$0.1800	\$0.06346	2,192,084	-	-	-	2,192,084	2,192,084	[2]
20-Dec-21	17-Dec-24	\$0.2400	\$0.05503	2,192,084	-	-	-	2,192,084	2,192,084	[2]
30-Mar-22	30-Mar-27	\$0.1606	\$0.17044	2,868,000	-	(486,000)	-	2,382,000	2,382,000	[3][4] [D]
30-Sep-22	30-Sep-27	\$0.1200	\$0.03288		3,890,000	(1,272,000)		2,618,000	-	
17-Oct-22	17-Oct-26	\$0.1230	\$0.02897		1,000,000			1,000,000	-	
02-Nov-22	31-Oct-27	\$0.0550	\$0.03790		2,000,000			2,000,000	2,000,000	
02-Nov-22	31-Oct-27	\$0.0820	\$0.03490		2,000,000			2,000,000	-	
02-Nov-22	31-Oct-27	\$0.1090	\$0.03260		2,000,000			2,000,000	-	
02-Nov-22	31-Oct-27	\$0.1360	\$0.03070		2,000,000			2,000,000	-	
02-Nov-22	10-Nov-27	\$0.1500	\$0.02856		4,623,000			4,623,000	-	
02-Nov-22	23-Nov-25	\$0.0900	\$0.02480		3,366,667			3,366,667	-	
10-Feb-23	30-Sep-27	\$0.1200	\$0.02446		200,000			200,000		
23-Feb-23	01-Jan-28	\$0.0660	\$0.02348		3,000,000			3,000,000	-	
23-Feb-23	01-Jan-28	\$0.0880	\$0.02110		3,000,000			3,000,000	-	
23-Feb-23	27-May-25	\$0.2030	\$0.00375		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. 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

## Note 13. Share-based payments

## a) Ordinary Shares

On 27 November 2023 the Managing Director and Key Management Personnel were issued with a total of 4,613,003 fully paid ordinary shares in the Company for Nil consideration. These were bonus shares issued pursuant to shareholder approval at the 2023 Annual General Meeting as a means to reward and incentivize these staff members.

2024

Directors and Key Management Personnel Recipient of Bonus Shares	Issue Date	No. of Shares received	Share Based Payment Expense \$
Luis da Silva	27-Nov-23	2,048,495	55,309
Total Executive Directors		2,048,495	55,309
Lawrence Berthelet	27-Nov-23	1,055,072	28,487
Andrew Robertson	27-Nov-23	257,358	6,949
Dr Babette Winter	27-Nov-23	1,252,078	33,806
Total KMP		2,564,508	69,242
Total Directors and KMP		4,613,003	124,551

## b) Options:

2024

Tranche	Grant Date	Expiry Date	Exercise Price	Fair Value per Option	Granted as Remuneration	Expired / Exercised	Expense for the Year	Note
Tranche 1	27-Nov-20	02-Dec-24	\$0.1200	\$0.03000	3,500,000	-	-	[V]
Tranche 2	27-Nov-20	02-Dec-24	\$0.0800	\$0.02600	3,500,000	-	2,795	[V]
Tranche 3	04-May-21	27-May-26	\$0.2030	\$0.04690	6,824,711	(2,218,106)	-	[V]
Tranche 4	04-May-21	27-May-25	Nil	\$0.09200	1,000,000	(1,000,000)	-	[E]
Tranche 5	05-Aug-21	05-Aug-26	\$0.1511	\$0.02129	192,069	-	-	[V]
Tranche 6	30-Mar-22	30-Mar-27	\$0.1606	\$0.17044	3,802,000	(1,420,000)	251,886	[VS]
Tranche 7	30-Sep-22	30-Sep-27	\$0.120	\$0.03288	3,890,000	(1,272,000)	28,413	[F]
Tranche 8	17-Oct-22	17-Oct-27	\$0.123	\$0.02897	1,000,000		15,437	[G]
Tranche 9	02-Nov-22	31-Oct-27	\$0.055	\$0.03790	2,000,000		-	[V]
Tranche 10	02-Nov-22	31-Oct-27	\$0.082	\$0.03490	2,000,000		23,586	[V]
Tranche 11	02-Nov-22	31-Oct-27	\$0.109	\$0.03260	2,000,000		43,675	[V]
Tranche 12	02-Nov-22	31-Oct-27	\$0.136	\$0.03070	2,000,000		47,887	[V]
Tranche 13	10-Nov-22	10-Nov-27	\$0.150	\$0.02856	4,623,000		26,463	[G]
Tranche 14	23-Feb-23	01-Jan-28	\$0.066	\$0.02348	3,000,000		41,676	[V]
Tranche 15	23-Feb-23	01-Jan-28	\$0.088	\$0.02110	3,000,000		51,426	[V]
Tranche 16	23-Feb-23	27-May-25	\$0.203	\$0.00375	1,000,000		2,219	[G]
Tranche 17	10-Feb-23	30-Sep-27	\$0.120	\$0.02446	200,000		2,654	[F]
Tranche 18	21-Aug-23	21-Aug-27	\$0.064	\$0.01767	1,000,000		17,669	[V]
Tranche 19	26-Sep-23	31-Oct-28	\$0.056	\$0.02122	9,134,000		26,232	[G]
Tranche 20	26-Oct-23	31-Oct-28	\$0.056	\$0.01785	19,181,000		46,355	[G]
					72,846,780	(5,910,106)	628,373	

[E] Issued in error and subsequently cancelled

[F] Vest when 20-day volume weighted average share price reaches \$0.12

[G] Vest when 20-day volume weighted average share price reaches 100% above the share prior at grant date

[V] Vested

[VS] A subset of options in this tranche have Vested

2023

Tranche	Grant Date	Expiry Date	Exercise Price	Fair Value per Option	Granted as Remuneration	Expired / Exercised	Expense for the Year	Note
Tranche 1	27-Nov-20	02-Dec-24	\$0.1200	\$0.03000	3,500,000	-	-	[C]
Tranche 2	27-Nov-20	02-Dec-24	\$0.0800	\$0.02600	3,500,000	-	(2,795)	[C]
Tranche 3	04-May-21	27-May-26	\$0.2030	\$0.04690	6,824,711	(2,218,106)	146,441	[V]
Tranche 4	04-May-21	27-May-25	Nil	\$0.09200	1,000,000	(1,000,000)	10,557	[E]
Tranche 5	05-Aug-21	05-Aug-26	\$0.1511	\$0.02129	192,069	-	-	[V]
Tranche 6	30-Mar-22	30-Mar-27	\$0.1606	\$0.17044	3,802,000	(1,420,000)	64,122	[VS]
Tranche 7	30-Sep-22	30-Sep-27	\$0.120	\$0.03288	3,890,000	(1,272,000)	16,080	[F]
Tranche 8	17-Oct-22	17-Oct-27	\$0.123	\$0.02897	1,000,000		28,967	[G]
Tranche 9	02-Nov-22	31-Oct-27	\$0.055	\$0.03790	2,000,000		75,800	[V]
Tranche 10	02-Nov-22	31-Oct-27	\$0.082	\$0.03490	2,000,000		46,213	[H]
Tranche 11	02-Nov-22	31-Oct-27	\$0.109	\$0.03260	2,000,000		21,525	[I]
Tranche 12	02-Nov-22	31-Oct-27	\$0.136	\$0.03070	2,000,000		13,513	[J]
Tranche 13	10-Nov-22	10-Nov-27	\$0.150	\$0.02856	4,623,000		17,423	[G]
Tranche 14	23-Feb-23	01-Jan-28	\$0.066	\$0.02348	3,000,000		28,764	[K]
Tranche 15	23-Feb-23	01-Jan-28	\$0.088	\$0.02110	3,000,000		11,874	[L]
Tranche 16	23-Feb-23	27-May-25	\$0.2030	\$0.00375	1,000,000		1,531	[G]
Tranche 17	10-Feb-23	30-Sep-27	\$0.120	\$0.02446	200,000		1,015	[F]
					43,531,780	(5,910,106)	481,030	

[C] Vest 18 months from date employed

[E] Issued in error and subsequently cancelled

[F] Vest when 20-day volume weighted average share price reaches \$0.12

[G] Vest when 20-day volume weighted average share price reaches 100% above the share prior at grant date

[H] Vest if still employed on 31/10/23

[I] Vest if still employed on 31/10/24

[J] Vest if still employed on 31/10/25

[K] Vest if still employed on 31/12/23

[L] Vest if still employed on 31/12/24

[V] Vested

[VS] A subset of options in this tranche have Vested

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:

2024

Variable	Black-Scholes option valuation		
	Director Input for 1.0 million options (Tranche 18)	KMPs Input for 9.1 million options (Tranche 19)	Directors Input for 19.2 million options (Tranche 20)
Spot price	\$0.031	\$0.031	\$0.027
Exercise price	\$0.0640	\$0.0560	\$0.0560
Life	4.0	5.0	5.0
Volatility	97%	101%	100%
Dividend yield	Nil	Nil	Nil
Risk free rate	3.85%	3.94%	3.94%
Call option value	\$0.01767	\$0.02122	\$0.01785

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

c) 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:

2024

No performance rights were on issue throughout the financial year.

2023

Type	Expiry date	Balance 30 June 2022	Cancelled / Expired	Balance 30 June 2023	Fair Value \$ per share	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)					

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) 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.

*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's foreign currency risk is mitigated through the use of foreign currency bank accounts.

*Liquidity risk*

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The consolidated entity'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 consolidated entity's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The consolidated entity 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 consolidated entity's financial liabilities are disclosed in the relevant notes below.

Consolidated group	2024		2023	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	253,632	253,632	2,267,185	2,267,185
Other receivables:	63,019	63,019	85,546	85,546
Total financial assets	316,651	316,651	2,352,731	2,352,731
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	2,094,973	2,094,973	1,343,606	1,343,606
Total financial liabilities	2,094,973	2,094,973	1,343,606	1,343,606

#### 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	
	2024	2023
	\$	\$
Short-term employee benefits	1,388,629	1,466,945
Termination payments	151,223	-
Share-based payments	704,100	376,259
	2,243,952	1,843,204

#### 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	
	2024	2023
	\$	\$
Audit & Review Fee – BDO	65,000	65,000
	65,000	65,000

#### Note 17. Contingent liabilities

There are no contingent liabilities as at 30 June 2024 and 30 June 2023.

## Note 18. Commitments

There are no commitments as at 30 June 2024 and 30 June 2023 which have not been disclosed in the statement of financial position.

## 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	
	2024	2023
	\$	\$
Loss after income tax	2,127,870	2,229,582
Total comprehensive loss	<u>2,127,870</u>	<u>2,229,582</u>

## Statement of financial position

	Parent	
	2024	2023
	\$	\$
Total current assets	90,682	590,474
Total assets	918,232	3,527,295
Total current liabilities	432,416	137,983
Total liabilities	432,416	137,983
Net Assets	<u>485,816</u>	<u>3,389,312</u>
Equity		
Issued capital	39,385,937	33,729,999
Reserves	2,280,425	1,469,702
Accumulated losses	(41,180,546)	(31,810,389)
Total equity	<u>485,516</u>	<u>3,389,312</u>

## 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	
		2024	2023
		%	%
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

On 1 August 2024, the Company announced that it had received binding commitments for a placement of \$1,030,000 (before costs) through the issue of 103,000,000 fully paid ordinary shares in the capital of the Company to new and existing institutional and sophisticated investors at an issue price of \$0.01 per share (Aug-24 Placement).

The Aug-24 Placement included subscriptions by the Company's Directors of \$401,167 for 40,116,690 fully paid ordinary shares comprising of 14,367,718 shares to Len Jubber, 17,666,763 shares to Rory Luff and 8,082,209 shares to Reinout Koopmans (together, the Director Placement Shares). Within these subscriptions by the Directors, the Company will offset \$193,807 of creditor balances owing to the Directors. The issue of the Director Placement Shares is subject to receipt of shareholder approval at the Company's forthcoming AGM.

Within the Aug-24 Placement subscriptions, particular creditor balances owed by the Company (totalling \$235,307) will be extinguished with the following entities:

- a) Len Jubber comprising of \$36,318 in outstanding non-executive director fees and \$50,000 in relation to an unsecured loan arrangement with Mr Leonard Stanley Jubber & Mrs Alexandra Maidment Jubber as trustees for the Jubber Super Fund (Mr Jubber is the trustee and beneficiary of the Jubber Super Fund). The total amount owing will be applied towards Mr Jubber's subscription under the Aug-24 Placement of up to 14,367,718 Director Placement Shares to the value of \$143,677;
- b) Rory Luff comprising of \$26,667 in outstanding non-executive director fees and \$50,000 in relation to an unsecured loan arrangement with RL Holdings Pty Ltd (an entity controlled by Mr Luff). The total amount owing will be applied towards Mr Luff's subscription under the Aug-24 Placement of up to 17,666,763 Director Placement Shares to the value of \$176,667;
- c) Reinout Koopmans comprising of \$30,822 in outstanding non-executive director fees. The total amount owing will be applied towards Mr Koopmans' subscription under the Aug-24 Placement of up to 8,082,209 Director Placement Shares to the value of \$80,822; and
- d) Service provider(s) to the Company agreeing to subscribe for shares under the Aug-24 Placement whose accounts payable balance totals \$41,500.

On 9 August 2024, the Company released a Prospectus for a pro-rata non-renounceable entitlement issue of one ordinary share for every three ordinary shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per share to raise up to \$2,966,894 (Aug-24 Entitlement Offer). Eligible shareholders under the offer were those with a registered address in Australia, New Zealand, the European Union (excluding Austria), United Kingdom, Switzerland and Singapore. The offer also included a shortfall offer whereby eligible shareholders could also apply (in addition to and in excess of their entitlement) for entitlement offer shares not applied for by other eligible shareholders (Shortfall Offer).

The closing date was initially 5 September 2024, however was subsequently extended to 16 September 2024, to allow eligible shareholders more time to consider the opportunity to take up their entitlements, including the Company's growing shareholder base in the European Union and UK, which represent approximately 26% of the shareholding in the Company (based on analysis performed in June 2024).

The Entitlement Offer closed with subscriptions totalling \$541,096, with 54,109,646 new fully paid ordinary shares issued on 23 September 2024. Following the closure of the Entitlement Offer, the Company is currently progressing through a three-month period to target the placement of the shortfall amount of approximately \$2.4 million not taken up by shareholders under the Entitlement Offer.

The Company engaged Martin Place Securities Pty Ltd (ACN 159 611 060) (AFSL 291787) (MPS) to act as lead manager and bookrunner to the Aug-24 Placement and Aug-24 Entitlement Offer.



## Note 22. Related party transactions

*Remuneration and share base payments*

Directors' remuneration including fees and share base payments in the financial year have been disclosed in the remuneration report and separately in the notes to these financial statements.

*Accrued Non-executive Director Fees*

As set out in the remuneration report, the fixed remuneration of the Directors includes accrued Non-executive Director fees which were unpaid at the financial year end. It is intended that these amounts owed by the Company to the Directors will be offset against subscriptions by the Directors (or their related entities) for ordinary shares in the capital raising Placement announced to the ASX on 1 August 2024, subject to shareholder approval at the Company's AGM.

*Directors' interests in Company securities*

Directors' interests in securities in the Company in the financial year have been disclosed separately in the remuneration report.

*Loans from Director-related entities to the Company*

During the financial year, the Company (as borrower) executed unsecured loan facility agreements with the following

## Director-related entities (as lenders)

- Mr Leonard Stanley Jubber & Mrs Alexandra Maidment Jubber as Trustees for the Jubber Super Fund, a director-related entity of Len Jubber (Mr Jubber is the trustee and a beneficiary of the Jubber Super Fund). The loan facility agreement was executed on 16 April 2024 and allows the Company to drawdown funds of up to \$100,000 in aggregate, on which interest of 10% per annum will accrue. The repayment date of the facility was initially 30 June 2024, which was extended to 31 August 2024 before the end of the financial year, and then subsequently extended again to 30 November 2024 after the financial year end. The Company issued a drawdown request of \$50,000 on 28 June 2024, which was subsequently funded by the lender in July 2024. No further drawdowns have been made by the Company as of the date of this report. It is intended that the loan of \$50,000 owed by the Company to the lender will be offset against subscriptions by Mr Jubber (or his related entities) for ordinary shares in the capital raising Placement announced to the ASX on 1 August 2024, subject to shareholder approval at the Company's AGM.
- RL Holdings Pty Ltd, a director-related entity of Rory Luff (Mr Luff controls the entity). The loan facility agreement was executed on 17 April 2024 and allows the Company to drawdown funds of up to \$100,000 in aggregate, on which interest of 10% per annum will accrue. The repayment date of the facility was initially 30 June 2024, which was extended to 31 August 2024 before the end of the financial year, and then subsequently extended again to 30 November 2024 after the financial year end. The Company issued a drawdown request of \$50,000 on 28 June 2024, which was subsequently funded by the lender in July 2024. No further drawdowns have been made by the Company as of the date of this report. It is intended that the loan of \$50,000 owed by the Company to the lender will be offset against subscriptions by Mr Luff (or his related entities) for ordinary shares in the capital raising Placement announced to the ASX on 1 August 2024, subject to shareholder approval at the Company's AGM.

There were no other related party transactions.

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

	June 2024	Consolidated June 2023
	\$	\$
Cash flows from operating activities		
Loss for the financial year	(9,151,019)	(8,656,551)
Share based payment	752,924	376,259
FX loss on currency translation	32,373	17,269
Amortisation / depreciation	40,256	33,155
Loss on disposal of assets	2,941	-
Decrease / (Increase) in VAT and other receivables	48,980	392,726
Increase in payables	66,537	26,903
Net cash used in operating activities	<u>(8,207,008)</u>	<u>(7,810,239)</u>

Note 24. Earnings per share

	Consolidated 2024	2023
	\$	\$
Loss after income tax attributable to the owners	(9,151,019)	(8,656,511)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	748,730,480	568,434,830
Basic earnings per share	(1.22)	(1.52)
Diluted earnings per share	(1.22)	(1.52)

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

## Consolidated Entity Disclosure Statement as at 30 June 2024

South Harz Potash Limited is required by Australian Accounting Standards to prepare consolidated financial statements in relation to the Company and its controlled entities (the consolidated entity).

In accordance with subsection 295(3A) of the Corporations Act 2001, this consolidated entity disclosure statement provides information about each entity that was part of the consolidated entity at the end of the financial year.

Name of entity	Type of entity	Place formed or incorporated	Percentage of share capital held (if applicable)	Australian tax resident or foreign tax resident	Foreign tax jurisdiction (if applicable)
South Harz Potash Limited	Body corporate	Australia	n/a	Australian	n/a
South Harz Potash (Australia) Pty Ltd	Body corporate	Australia	100%	Australian	n/a
Südharz Kali GmbH	Body corporate	Germany	100%	Foreign	Germany


## Directors' declaration

In accordance with a resolution of the Directors of South Harz Potash Limited, the Directors of the Company declare that:

1. the consolidated financial statements and notes, as set out on pages 36 to 58 and the Remuneration report as set out on pages 27 to 34 in the Directors' report, are in accordance with the Corporations Act 2001 including:
  - a. giving a true and fair view of the Consolidated Group's financial position as at 30 June 2024 and of its performance for the year ended on that date; and
  - b. complying with Australian Accounting Standards and the Corporations Regulations 2001;
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
3. in the directors' opinion, the consolidated entity disclosure statement required by subsection 295(3A) of the Corporations Act 2001 as set out on page 59 is true and correct;
4. the Directors have been given the declarations required by s295A of the Corporations Act 2001 from the Executive Chairman; and
5. 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



Len Jubber  
Executive Chairman  
South Harz Potash Limited  
27 September 2024.

## 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 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

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## 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>During the financial year ended 30 June 2024, the Group granted options to key management personnel and other employees.</p> <p>Refer to Note 13 of the financial report for the significant estimates and judgements applied to these arrangements and for disclosure of the arrangements.</p> <p>Share-based payments are a complex accounting area due to the complex and judgemental estimates used in determining the fair value of the share-based payments in accordance with AASB 2 Share-Based payment, we consider the Group's calculation of the share-based payments expense to be a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Reviewing market announcements and board meeting minutes to ensure all share-based payments have been recognised;</li> <li>• Reviewing the relevant supporting documentation to obtain an understanding of the contractual nature, terms and conditions of the share-based payments arrangements;</li> <li>• Evaluating management's method for calculating the fair value of the share-based payments, including assessing valuation inputs, scrutinising judgements related to the likelihood of non-market performance vesting conditions being satisfied, and using internal specialists where appropriate;</li> <li>• Assessing the adequacy of the related disclosures in the financial report.</li> </ul>

### Carrying value of capitalised exploration & evaluation expenditure

Key audit matter	How the matter was addressed in our audit
<p>The carrying value of capitalised exploration and evaluation assets as at 30 June 2024 is disclosed in Note 9 of the financial report.</p> <p>The Group has adopted the accounting policy to capitalise acquisition costs relating to the acquisition of original exploration and evaluation expenditure and expense any ongoing exploration activities.</p> <p>As the carrying value of exploration and evaluation assets represents a significant asset of the Group,</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at reporting date;</li> <li>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management,</li> </ul>

Key audit matter	How the matter was addressed in our audit
<p>we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset should be subject to impairment testing.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 Exploration for and Evaluation of Mineral Resources. As a result, this is considered a key audit matter.</p>	<p>and reviewing the Group’s exploration budgets, ASX announcements and board meeting minutes;</p> <ul style="list-style-type: none"> <li>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;</li> <li>• Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; and</li> <li>• Assessing the adequacy of the related disclosures in the financial report.</li> </ul>

#### 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 2024, 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:

- a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of 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](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 27 to 34 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of South Harz Potash Limited, for the year ended 30 June 2024, 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.



BDO Audit Pty Ltd



Paul Gosnold  
Director

Adelaide, 27 September 2024



## Shareholder information

The following additional information was applicable as at 25 September 2024:

Holders of at least 5% of Ordinary Shares Issued	Ordinary Shares Held	% of Ordinary Shares Issued
BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	154,701,108	16.39%
CITICORP NOMINEES PTY LIMITED	60,369,067	6.39%

Distribution of Shareholders:

Range (shares held)	Holders	Ordinary Shares Held	% of Ordinary Shares Issued
1 - 1,000	229	38,642	0.00%
1,001 - 5,000	270	886,738	0.09%
5,001 - 10,000	272	2,199,021	0.23%
10,001 - 100,000	840	36,385,737	3.85%
Over 100,000	654	904,667,780	95.82%
<b>Total</b>	<b>2,265</b>	<b>944,177,918</b>	<b>100.00%</b>

The number of holders with an unmarketable holding: 1,375, totaling 20,288,723 shares, amounting to 2.15% of Issued Capital

20 Largest Fully Paid Ordinary Shareholders

Holder	Securities	% of Ordinary Shares Issued
1 BNP PARIBAS NOMINEES PTY LTD	154,707,108	16.39%
2 CITICORP NOMINEES PTY LIMITED	60,369,067	6.39%
3 DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	25,708,289	2.72%
4 ITA NOMINEES PTY LTD	24,374,580	2.58%
5 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	21,834,785	2.31%
6 STEFAN KEHR	17,061,261	1.81%
7 LUFGAN NOMINEES PTY LTD	15,551,964	1.65%
8 ADHUMIC NOMINEES PTY LTD	15,350,000	1.63%
9 BNP PARIBAS NOMS PTY LTD	15,335,635	1.62%
10 PAYZONE PTY LTD	13,500,000	1.43%
11 RL HOLDINGS PTY LTD	13,233,982	1.40%
12 DIXTRU PTY LIMITED	13,155,554	1.39%
13 THE TRUST COMPANY (AUSTRALIA) LIMITED	12,400,004	1.31%
14 ST GEORGE CUSTODIANS PTY LTD	11,320,000	1.20%
15 MR ASHIQUR RASHID	11,083,391	1.17%
16 ST BARNABAS INVESTMENTS PTY LTD	10,500,000	1.11%
17 JB GROUP PTY LTD	8,991,173	0.95%
18 MR DAVID IAN RAYMOND HALL & MRS DENISE ALLISON HALL	8,866,666	0.94%
19 SLS NOMINEES PTY LTD	8,036,779	0.85%
20 MR NICHOLAS JAMES BALL	7,600,000	0.80%
<b>Top 20 Shareholders</b>	<b>468,980,238</b>	<b>49.65%</b>

### 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.