



**SOUTH
HARZ
POTASH** LTD.

South Harz Potash Limited

ABN 64 153 414 852

Financial Report- 30 June 2022

For personal use only

Corporate directory

Directors

Ian Farmer - United Kingdom
Acting Executive Chairman

Dr Reinout Koopmans - United Kingdom
Non-Executive Director

Hansjoerg Plaggemars - Germany
Non-Executive Director

Len Jubber - Australia
Non-Executive Director

Rory Luff - Australia
Non-Executive Director

Company secretary

Graeme Smith

Registered office

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

Principal place of business

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

Auditor

BDO Audit Pty Ltd
Collins Square Tower 4,
Level 18, 727 Collins Street
Melbourne VIC 3008, Australia

Solicitors

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

Main Bankers

Barclays Bank

Stock exchange listing

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

Share registry

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

Website address

www.southharzpotash.com

Corporate Governance Statement

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

Chairman's letter

30 September 2022

Dear Shareholder

The 2021/2022 financial year has been one of considerable change on the macro front. As the world emerged from the Covid pandemic, crop prices rose and with that the demand for fertilizers. This was followed by the Russian invasion of Ukraine in March 2022 propelling food security and the criticality of secure sources of supply of strategic resources into the limelight. As a consequence of these factors and the punitive restrictions on Russia and Belarus c. 30% of global potash supply has been restricted and the European Muriate of Potash (MOP) FOB price rose from \$395/ tonne in 2021 (\$224 in 2020) to over \$900 /tonne earlier this year. These geopolitical changes will have a long lasting effect on the potash supply chain, positioning South Harz Potash very well to provide an alternative source of potash to the key European markets and Brazil.

Your company took the opportunity to consolidate its balance sheet via a small equity top up of A\$5.26 million in December 2021 and it also benefitted during the year from the receipt of A\$5.20 million of option conversion proceeds. The company finished the financial year with A\$6.6 million cash in hand.

In April we established the Süd Harz Kali office in Erfurt, Germany, to accommodate our growing in situ team. This is the first time the company has had a physical presence and it is an important visible local signal of our serious investment intent.

During the year we sank two confirmatory drill holes at the Ohmgebirge project at a total cost of A\$ 7.4m. The individual results of these new holes were slightly better than the older holes that they twinned, and the corroboration of this data permitted us to upgrade 89% of the sylvinitite at a grade of 13.5% from the JORC inferred to the indicated resource category in the Ohmgebirge area. This in turn allowed us to publish a comprehensive scoping study on the project on 8th August 2022. The scoping study demonstrated that based on grounded assumptions an attractive project exists on the Ohmgebirge property. It shows the technical and financial robustness of a vertical shaft access underground mining operation, with a conventional cold-water leach and hot crystallization process, producing approximately 1 Mtpa of premium MOP. For a capital investment of some US\$620m the Ohmgebirge Development will produce 1 million tons of potash per annum for an initial 21 years. It will be unit cost competitive at \$93 / t net of salt credits and based on the moderate MOP price assumption of US\$385/t it produces a solid NPV of around US\$1.3 billion, an IRR comfortably above 26%, and a 3.6-year payback following plant ramp up. These results reflect South Harz's premium location, proximity to European customers, the quality of the Ohmgebirge orebody, and the tried and tested mining and processing approach that has been selected.

We set out to establish the technical and financial robustness of a modern, low-impact mining development to produce premium MOP. We have had excellent support from a formidable team of premium global geological and mining industry consultants in undertaking this Study – some of whom have a long history with, and deep expertise in, the South Harz district as the cradle of potash mining globally. Our scoping study has been completed based on their advice and input, and it indicates that an attractive project exists on the Ohmgebirge property. This is the first hard modern data that has been published on the potential for mining in the south Harz region and it bodes well for the future potential of our other assets.

The Ohmgebirge scoping study concludes that our first project can be developed at an efficient capital cost of some US\$620 million. Given the project's scale, projected economics, and its strategic location, South Harz is well placed to explore the full range of potential funding pathways available. Funding opportunities will also be positively influenced by the growing global recognition of the importance of Potash, its strategic relevance in the escalating global food security conversation and our strong ESG credentials.

An alternative Ohmgebirge development approach will be prepared in parallel to the 1mtpa case based on an initial 500 ktpa development with a further 500 ktpa capacity being added in later years. This scenario has an overall higher capital expenditure requirement of US\$668 million, but a significantly lower peak finance requirement of US\$443 million.

The South Harz region and the Ohmgebirge development exhibits world class potential. Being in the heart of Europe we can rely on a sound legal jurisdiction. All types of infrastructure are readily available, and we are in close proximity to both northern European customers and ports. We already have a rich data base of geological information on all our properties with 303 borehole results altogether. The Ohmgebirge development at only 6% of our total 5.3 billion tonne Resource is only the first of four potential projects and with time, I believe we will demonstrate Tier 1 scale, with the broader South Harz region capable of delivering multiple development opportunities.

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

Looking ahead, we have designed our feasibility work to deliver the right information at the right time into the permitting process so that it dovetails the optimal route to approval. All being well, we anticipate mine construction can commence in mid calendar 2025. Key milestones will be the mine site selection expected by the end of this calendar year, and the completion of a Pre-Feasibility Study by the end of calendar 2023.

During the year we parted company with Dr Chris Gilchrist. We thank him for his contribution. We are at an advanced stage in the process of identifying his successor. In the interim, and at the board's request, I have assumed the temporary role of Executive Chairman. Dr Babette Winter joined the executive team in February 2022 in the role of Regional Director for Germany. Babette has a background in politics, government and environmental affairs and she takes the lead on social, environmental, and permitting matters.

In conclusion, I would like to thank our team for their tireless efforts in completing the scoping study and our shareholders for their continued support.



Ian Farmer,
Executive Chairman

Table of Contents

Review of activities	6
Directors' report	11
Auditor's independence declaration	25
Financial report	26
Statement of profit or loss and other comprehensive income for the year ended 30 June 2022	27
Statement of financial position as at 30 June 2022	28
Statement of changes in equity for the year ended 30 June 2022	29
Statement of cash flows for the year ended 30 June 2022	30
Notes to the financial statements 30 June 2022	31
Directors' declaration	59
Independent Auditor's Report	60
Tenements	64
Shareholder information	64

Review of activities

South Harz Potash Limited (ASX: SHP) has had an active and successful year advancing our portfolio of potash projects in the South Harz region of Germany. The South Harz portfolio hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 258 Mt at 13.5% K₂O of Indicated Resources and 5.0 Bt at 10.6% K₂O of Inferred Resources across four 100%-owned project areas located favourably within central Europe.¹

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

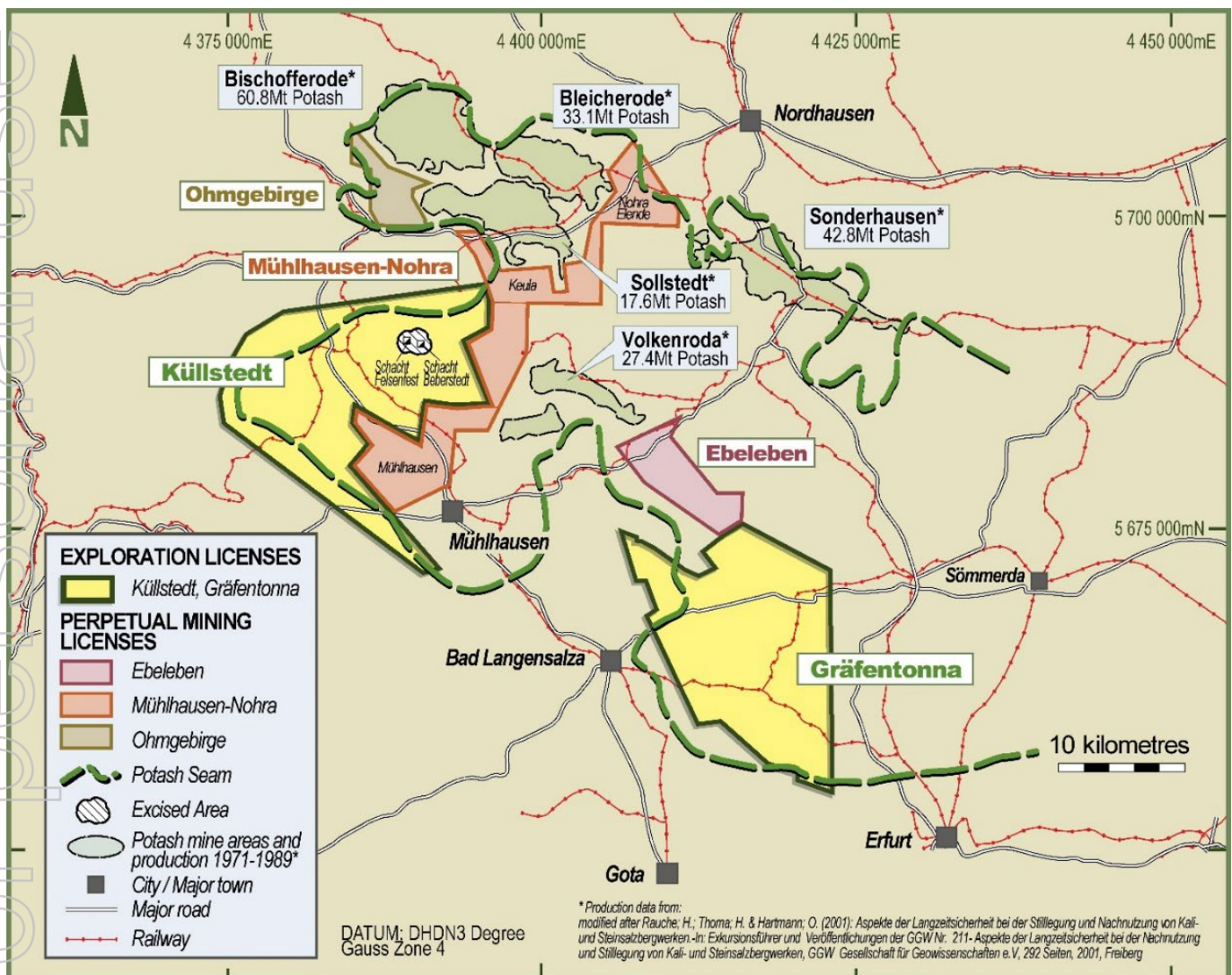


Figure 1 - Map depicting location of South Harz Potash's mining and exploration license areas in relation to historic mines of the South Harz Potash District.

During the period, SHP continued to evaluate its extensive suite of potential potash projects held under license in the central German state of Thuringia. The Company selected the Ohmgebirge Mining Licence as the Company's initial focus for development, owing to its relative shallowness (from 650m below surface), tonnage, grade (290Mt grading 13.47% K₂O)¹, the license area's proximity to infrastructure including abandoned mines for future tailings disposal and to derelict industrial land from adjacent former potash mines.

¹ ASX announcement 23rd December 2019, Appendix 1, JORC Table 1 "Further Work"

Ohmgebirge

Confirmatory drilling and assay program completed

Drilling and assay of two confirmatory drillholes within the Ohmgebirge Mining Licence area of the South Harz Potash Project was successfully completed in early June.

Drillhole OHM-01

Drillhole OHM-01 was designed to twin and confirm the results of the historic drillhole, *Kal Ktf 5/83*, which was drilled in 1983. This historic drillhole recorded potash within the Staßfurt Potash Horizon from a depth of 785.20m to 788.20m (3.0m thickness) with a historic reported grade of 12.4% K₂O (ASX announcement dated 23 December 2019¹).

Drilling of OHM-01, located 100m west of the historic drillhole was completed to a final depth of 778m, in order to fully penetrate the known Staßfurt Potash Horizon. OHM-01 intercepted the top of the Staßfurt Potash Horizon at 775.05m and returned an intercept grade of 16.9% K₂O over a length of 3.75m from 775.05m (see ASX release dated 8 June 2022).

Drillhole OHM-02

Drillhole OHM-02 was completed to a depth of 721.32m and was designed to twin and validate the results of the historic drillhole *Kal Wr 6 Liese*, which was drilled in 1906. The historic drillhole recorded potash within the Staßfurt Potash Horizon from a depth of 651.70m to 657.20m (5.5m thick) with an historic reported grade of 15.72% K₂O. (ASX announcement 23rd December 2019¹).

Drilling of OHM-02, located 148m west of the historic drillhole, intercepted the top of the potash horizon from 651.53m down to a depth of 662.51m, a total apparent thickness of 10.98m and an interpreted true (vertical) thickness of 7.51m. The assay results from OHM-02 are outlined in Table 2 (ASX announcement 29 April 2022).

Table 1: Summary of assay results from OHM-02

Intercepted sections	From (m)	To (m)	Apparent thickness (m)	True thickness (m)	K ₂ O wt. avg %
Mineralised section	651.53	662.51	10.98	7.51 m	14.44
Kieseritic Hartsalz	651.53	654.43	2.90	2.05 m	12.62
Anhydritic Hartsalz	654.43	658.46	4.03	2.85 m	19.69
Carnallitic Sylvinitic	658.46	662.51	4.05	2.60 m	10.51

Mineral Resource Estimate update completed

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

An update to the Ohmgebirge Mineral Resource estimate was completed in July (ASX announcement 12 July 2022). The updated Mineral Resource is 338 Mt at 12.9% potassium oxide (K₂O) for approximately 44 Mt of contained K₂O (see Table 2). This estimate comprises 290 Mt of Sylvinitic (key focus seam for development) grading 13.5% K₂O (split approximately 89% Indicated and 11% Inferred categories) and 48 Mt of Carnallite at 9.8% K₂O (100% Inferred).

Table 2: Updated Ohmgebirge Mineral Resource estimate (July 2022)

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

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

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

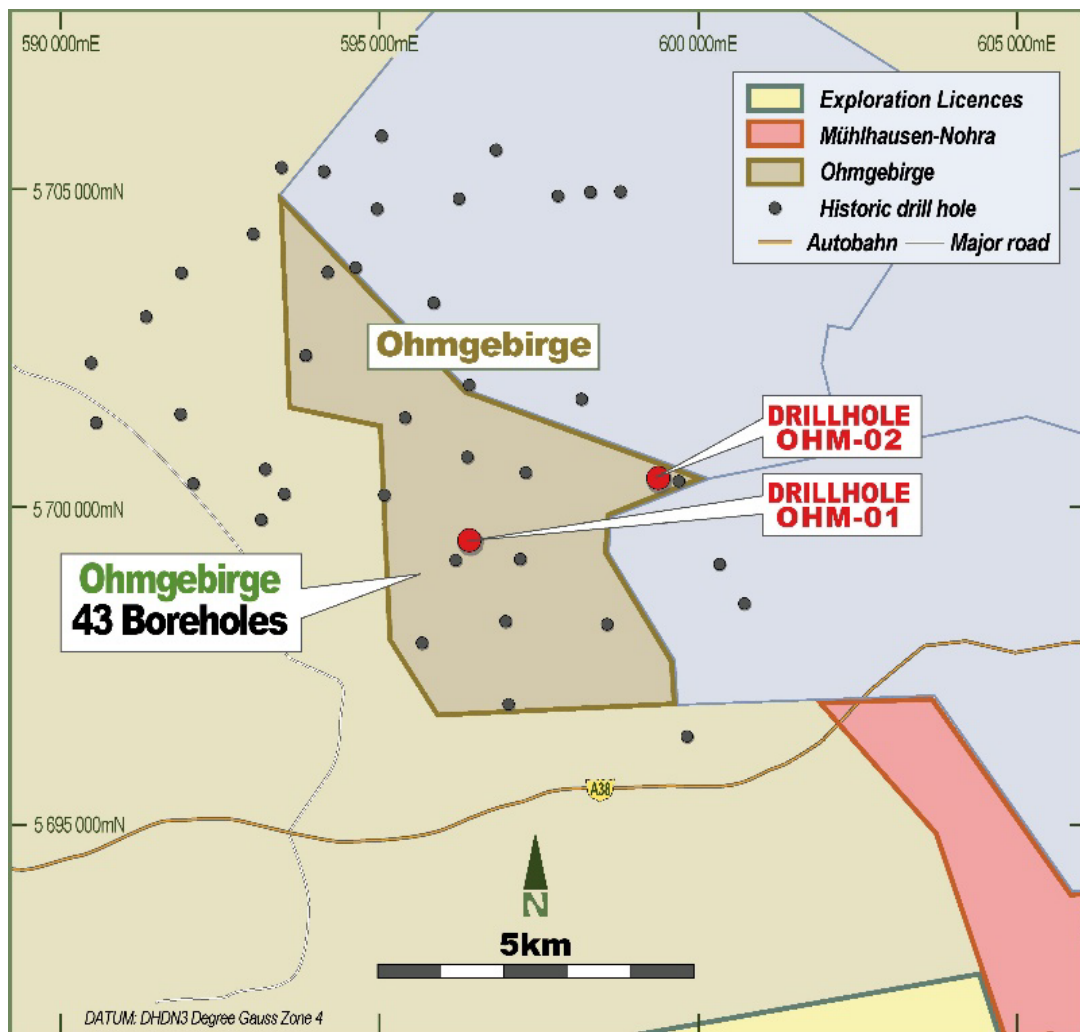


Figure 2: Ohmgebirge Mining Licence area showing the approximate location of historic drillholes and the twin confirmatory holes, OHM-01 and OHM-02.

Ohmgebirge Scoping Study completed

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

The Scoping Study utilises a weighted average FOB Hamburg equivalent MOP price of US\$385/t. This includes an assumed price of US\$370/t for Standard European MOP product which compares with an average price for this product of approx. US\$340/t (real basis, FOB NW Europe) over the past decade, and a spot price which reached over US\$900/t (FOB NW Europe). Conservative salt price and sales volumes assumptions have also been adopted for the Ohmgebirge Development. Clear potential upside to both inputs delivers the prospect of considerably greater revenue realisation from both MOP and salt sales at Ohmgebirge than currently incorporated.

The Ohmgebirge development focuses on the mining, processing and sale of MOP from solely the Ohmgebirge Sylvinitic deposit (290 Mt resource). Key highlights of the project are:

- Outstanding, first world jurisdiction in a region rich with infrastructure and potash mining history.
- Relatively shallow, thick potash deposit of simple and well understood mineralogy.
- Adopted mining and processing mechanics are long established and extensively proven in the district.
- Low-impact development based on self-imposed commitment to zero permanent waste piles on surface.
- Equal commitment to zero water discharges, which have historically been a defining feature of the industry.
- Expected utilisation of grid power, which in Germany is already approximately 50% from renewable sources.
- Delivered operating costs projected to be in the bottom half of the global unit cost curve.
- Capital intensity of development forecast to be comfortably below average for equivalent scale operations.
- Proximity to European market offers huge cost and carbon footprint advantages versus other suppliers.
- Asset domicile increasingly valuable given heightened geopolitical tensions and supply chain challenges.
- Clear strategic opportunity for South Harz Potash Ltd to become a new supplier of choice for potash in Europe.
- Tier 1 scale with broader South Harz Project resources delivering potential for multiple developments.
- Range of potential funding pathways available given scale, projected economics and strategic location.

Key Ohmgebirge Development Scoping Study outcomes (August 2022)

Key parameter	Unit	Point estimate	Range estimate
Ore throughput	Mtpa ROM	4.5	-
Initial life-of-mine	years	21	-
K ₂ O head grade	%	13.5%	-
MOP output and sales (+60% K₂O)	Mtpa MOP	1.0	-
Industrial salt sales (+99% NaCl)	Mtpa MOP	1.0	-
Pre-production capital expenditure	US\$M	620	589 - 651
Cash operating cost (AISC, delivered NW Europe) – pre salt credits	US\$/t MOP	172	163 - 181
Industrial salt price (delivered NW Europe)	US\$/t	79	-
Cash operating cost (AISC, delivered NW Europe) – post salt credits	US\$/t MOP	93	88 - 98
Weighted average FOB Hamburg equivalent potash price	US\$/t MOP	385	-
NPV_{8%} (post-tax, real basis, ungeared)	US\$M	1,279	1,215 - 1,343
IRR (post-tax, real basis, ungeared)	%	26.6%	25.3% - 27.9%
Annual free cash flow post ramp-up	US\$M pa	229	217 - 240
Payback following commissioning	years	3.6	3.4 - 3.8
Project net cashflow (post-tax)	US\$M	3,928	3,732 - 4,124

Future work

The South Harz Board has approved progression to a Pre-Feasibility Study (PFS) on the Ohmgebirge Development, which is scheduled for completion in Q4 2023. The PFS is set to focus on a 1 Mtpa MOP operation. A two-phase alternative (500 + 500 ktpa) with a lower peak financing requirement is also planned to be progressed alongside. Requisite environmental and social impact assessment and permitting requirements are well understood and set to parallel the next phases of technical feasibility work to progress the Ohmgebirge Development as expeditiously as possible.

We will also be drilling one confirmatory hole at Kuhlstedt which has an Inferred resource of 1.5 billion tonnes.

Jason Wilkinson
Chief Operating Officer

Corporate

Capital raising

On 20 December 2021, the Company issued 40,666,668 fully paid ordinary shares at an issue price of \$0.12 each raising \$4,880,000. On 21 December 2021, the Company issued a further 1,000,000 shares at an issue price of \$0.12 each raising a further \$120,000. On 20 December 2021, the Company also issued 438,417 fully paid ordinary shares to its brokers Morgans in lieu of fees for services.

During the financial year 63 million options were converted realizing proceeds of A\$5.2 million.

Board changes

On 20th May 2022 Dr Chris Gilchrist left as Managing Director and Ian Farmer was appointed on the same date as Acting Executive Chairman instead of his role as Non-Executive Chairman.

Director Share Options and Remuneration

Directors' fees

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

Cash at bank

As at 30 June 2022 cash held was A\$6.6 million. These funds will be spent on the Ohmgebirge PFS and DFS as well as for working capital.

ESG and risk

SHP aims to establish world-class ESG credentials and has published an ESG policy to this effect. Progress has subsequently been made in identifying an experienced consultancy to assist the Company in its initial construction of an ESG management system.

SHP is at an early stage in the development of its significant potash resources in Thuringen state. Therefore, at this stage our focus in terms of environmental and social impact of our operations has been to engage with the local communities to give assurances on the potential impact of our operations. A full independent assessment will be carried out as part of our Defined Feasibility study due to commence in the next calendar year. This will also address health and safety issues, labour standards and environmental legislation compliance considerations, as well as confirm our carbon footprint and climate change review. Management and Directors will be attending an ESG workshop at the end of this year in order to further strengthen our ESG policies and our ESG performance which the Board keeps in strong focus to drive improvements where necessary. The Board's focus will therefore be on our local communities, the safety of our staff, the protection of our environment, and good governance to protect our shareholders and our business going forward.

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

Directors' report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the "consolidated entity") consisting of South Harz Potash Limited (referred to hereafter as the "company" or "parent entity") and the entities it controlled for the year ended 30 June 2022.

DIRECTORS

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

Name	Title
Ian Farmer	Acting Executive Chairman (changed from Non-Executive Chairman on 20 May 2022)
Dr. Reinout Koopmans	Independent Non-Executive Director
Rory Luff	Non-Independent Non-Executive Director
Hansjoerg Plaggemars	Independent Non-Executive Director
Len Jubber	Independent Non-Executive Director
Chris Gilchrist	Managing Director (left 20 May 2022)

COMPANY SECRETARY

Graeme Smith (appointed 1 January 2022)

Amanda Wilton-Heald (appointed 1 January 2019, resigned 31 December 2021)

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 OPERATIONS

This is contained in the above activities report. The consolidated loss for the year amounted to A\$12.2 million (2021: A\$2.4 million).

FINANCE REPORT

With the drilling activities at Ohmgebirge our costs for exploration expenditure totaled A\$8.2m in the year.

Following the capital raise mentioned above in December the closing cash position at 30th June 2022 was A\$6.6 million. Options exercised in the 12-month period produced cash receipts of A\$5.2 million.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from the below mentioned capital raise, there were no other significant changes during the year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

TARGETED DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

The directors are aware of the strict environmental regulation in Germany. There have been no breaches.

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.

CORPORATE

Capital Raising Activities

On 20 December 2021, the Company issued 40,666,668 fully paid ordinary shares at an issue price of \$0.12 each raising \$4,880,000. On 21 December 2021, the Company issued a further 1,000,000 shares at an issue price of \$0.12 each raising a further \$120,000. On 20 December 2021, the Company also issued 438,417 fully paid ordinary shares to its brokers Morgans in lieu of fees for services.

Board Changes

On 20th May 2022, Dr Chris Gilchrist left as Managing Director and Ian Farmer was appointed Acting Executive Chairman from his previous role of Non-Executive Chairman.

DIRECTORS' QUALIFICATIONS AND EXPERIENCE

The Directors' qualifications and experience are set out below.

Current Directors

Director	Details
Ian Farmer	
Position	Acting Executive Chairman
Appointment Date	20 th May 2022 - previously Non-Executive Chairman appointed 7th September 2020
Resignation Date	N/A
Length of Service	2 years 4 months
Biography	Experience and expertise: Mr Farmer is UK based, highly experienced mining executive. He served as CEO of Lonmin, the third largest platinum miner globally, between 2008 and 2012,

	where he oversaw a period of significant transformation, both operationally and financially. During his 26 years at Lonmin and its parent company Lonrho, Mr Farmer held various other financial and strategic positions. Mr Farmer led the acquisition of various junior mining projects and integrated them into the group.
Committee Memberships	Member of Audit and Risk Committee Member of Remuneration Committee Member of Technical Committee Member of Nomination Committee
Current ASX Listed Directorships	N/A
Former ASX Listed Directorships	N/A
Dr.Reinout Koopmans	
Position	Independent Non-Executive Director
Appointment Date	8 January 2019
Resignation Date	N/A
Length of Service	3 years 6 months
Biography	Dr Koopmans spent 15 years in investment banking, based in London. He was responsible globally for public equity raising for natural resource companies at Deutsche Bank and he led the European equity capital markets team at Jefferies International. In the 1990's, Reinout was a management consultant with McKinsey & Co in Germany and South-East Asia. He has significant business experience in Germany. Reinout has a PhD and master's degree from the London School of Economics, and a degree from Erasmus University, Rotterdam.
Committee Memberships	Member of Nomination Committee Chair of Remuneration Committee
Current ASX Listed Directorships	N/A
Former ASX Listed Directorships	N/A
Rory Luff	
Position	Non-Independent Non-Executive Director
Appointment Date	3 June 2016
Resignation Date	N/A
Length of Service	6 years 1 month
Biography	Rory Luff is the founder of BW Equities, a specialist Melbourne equities advisory firm and has over 15 years' experience in the financial services industry. Rory has spent most of his career in the financial markets advising resources companies on capital raisings and financial markets strategy.
Committee Memberships	Member of Audit and Risk Committee Chair of Nomination Committee Member of Remuneration Committee
Current ASX Listed Directorships	N/A
Former ASX Listed Directorships	N/A
Hansjoerg Plaggemars	
Position	Non-Independent Non-Executive Director
Appointment Date	1 October 2019
Resignation Date	N/A
Length of Service	2 years 9 months

Biography	Mr Plaggemars is an experienced company director with a deep background in corporate finance, corporate strategy and governance. He has served on the Board of Directors of many listed and unlisted companies in a variety of industries including retail, mining, agriculture, shipping, construction and investments. This includes the Board of Deutsche Balaton AG and Delphi Unternehmensberatung AG, which has become a substantial shareholder in the Company.
Committee Memberships	Chair of Audit and Risk Committee Member of Nomination Committee
Current ASX Listed Directorships	Altech Chemicals Limited Azure Minerals Limited Kin Mining NL PNX Metals Limited Wiluna Mining Corporation Limited Gascoyne Resources Limited Geopacific Resources Limited
Former ASX Listed Directorships	N/A
Len Jubber	
Position	Independent Non-Executive Director
Appointment Date	1 March 2021
Resignation Date	N/A
Length of Service	1 year 4 months
Biography	Len Jubber, a Civil Engineer, is currently Chief Executive of Kalium Lakes and was Chief Executive of Bannerman Resources Ltd, a uranium development company for eight years. Prior roles include Chief Executive of Perilya Ltd, a zinc and lead producer, and Chief Operating Officer of Oceana Gold Ltd. In a mining career spanning more than 30 years, he brings a wealth of technical, commercial and corporate experience.
Committee Memberships	Member of Nomination Committee Chair of Technical Committee
Current ASX Listed Directorships	CEO Kalium Lakes Ltd
Former ASX Listed Directorships	N/A
Chris Gilchrist	
Position	Managing Director
Appointment Date	28 February 2017
Date of departure	20 May 2022

COMPANY SECRETARY

Graeme Smith	
Qualifications	BEC, MBA, MComLaw,FCPA,FCG (CS, CGP), FGIA
Position	Company Secretary
Appointment Date	1 January 2022
Resignation Date	N/A
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.

Amanda Wilton-Heald – Resigned 31 December 2021

MEETINGS OF DIRECTORS

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

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee	Technical Committee
Number of Meetings Held	9	2	1	3	1
Number of Meetings Attended:					
ian Farmer	9	2	1	3	1
Chris Gilchrist	9	-	-	-	1
Dr. Reinout Koopmans	9	-	1	3	-
Rory Luff	9	2	1	3	-
Hansjoerg Plaggemars	9	2	1	-	-
Len Jubber	9	-	1	-	1

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

SHARE OPTIONS

As at the date of this report:

No. Options	Exercise Price	Expiry Date	Listed / Unlisted	No. of Shares options convert to
46,175,789	\$0.20	31 Jul 2023	Listed	46,175,789
3,100,000	\$0.075	31 Jul 2023	Unlisted	3,100,000
3,500,000	\$0.08	02 Dec 2024	Unlisted	3,500,000
3,500,000	\$0.12	02 Dec 2024	Unlisted	3,500,000
7,500,000	\$0.20	11 Sept 2023	Unlisted	7,500,000
59,752,818	\$0.08	25 Jan 2023	Unlisted	59,752,818
3,958,667	\$0.0675	25 Jan 2024	Unlisted	3,958,667
3,958,666	\$0.09	25 Jan 2024	Unlisted	3,958,666
3,958,666	\$0.1125	25 Jan 2024	Unlisted	3,958,666
5,346,970	\$0.203	27 May 2026	Unlisted	5,346,970
1,000,000	-	27 May 2025	Unlisted	1,000,000
192,069	\$0.1511	05 Aug 2026	Unlisted	192,069
2,192,084	\$0.18	17 Dec 2024	Unlisted	2,192,084
2,192,084	\$0.24	17 Dec 2024	Unlisted	2,192,084
2,868,000	\$0.1606	30 Mar 2027	Unlisted	2,868,000
149,195,813				149,195,813

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 & PERFORMANCE RIGHTS

During the year and up to the date of this report 63,463,924 shares have been issued as a result of the exercise of options raising \$5.2 million of capital. Nil shares have been issued as a result of performance rights.

PERFORMANCE RIGHTS

As at the date of this report:

Class	No. Performance Rights	Expiry date
Series I	129,939	20 December 2022
Series J	389,811	20 December 2022
Series K	259,875	20 December 2022
Total	779,625	

The performance rights have no voting rights.

Remuneration of auditors

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

	Consolidated	
	2022	2021
	\$	\$
Audit & Review Fee – BDO	49,000	27,000
Non-Assurance fee – BDO Remuneration consulting	8,500	15,000
	57,500	42,000

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services disclosed above do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as an advocate for the company or jointly sharing economic risks and rewards.

REMUNERATION REPORT (Audited)

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

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

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

These compensation packages are reassessed annually, based on packages offered by comparable companies in Australia and around the world. While the compensation cycle historically follows the calendar year, the Board has now aligned this with the company's financial year.

The remuneration report is set out under the following main headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

A Principle 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.

Remuneration Committee Responsibilities

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

Incentive Plans

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

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

Authority and Resources

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

BDO has been engaged during the year to assess Director's remuneration. BDO provided benchmarking data which the remuneration committee used to make its decision on short-term incentive plan and long-term retention plan for senior and key executive team members and allocate long-term options to non-executive Board members. A fee of \$8,500 (2021: \$15,000) was paid to BDO for these services. All decisions by the Remuneration Committee are based on BDO benchmarking and no individual is present or party to discussion regarding their personal remuneration during their deliberations. Therefore, based on this the Board is satisfied that there can be no undue influence from Key Management Personnel whose remuneration is being determined.

Group Performance

Measure	FY 2022	FY 2021	FY 2020	FY 2019	FY 2018
Share price at end of year	\$0.100	\$0.081	\$0.035	\$0.051	\$0.065
5-day VWAP to 30 June	\$0.100	\$0.083	\$0.035	\$0.055	\$0.065
Loss before income tax expense	(11,859,581)	(2,346,822)	(2,262,613)	(2,207,760)	(3,870,528)
Earnings per share	(2.53)	(0.80)	(1.39)	(1.56)	(4.69)

Prior year loss before income tax expense and earnings per share have been adjusted to align with the new accounting policy.

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 director's remuneration pool") to be determined by shareholders at a general meeting. ASX requires the non-executive director's remuneration pool amount to be specified.

A maximum non-executive director's remuneration pool amount of \$500,000 per annum was adopted at the 2016 General Meeting. The non-executive director's 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 director's remuneration and allocations among non-executive directors within the pool limit are determined by the Committee, and the process of determining non-executive director's 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 director's remuneration pool will require a further shareholder approval.

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

Executive Remuneration

The company aims to reward its executives with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity, so as 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.

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

Employee Share Option Plan

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

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

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

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

DIRECTORS' AND KMP INTERESTS AND BENEFITS

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

DIRECTORS' REPORT

South Harz Potash Limited

Director and Key Management	No. Shares Held at 30 June 2021	Share Based Payments	Shares Issued per Placements during the year	No. of Shares Lapsed	No. Shares Held at 30 June 2022	No. Shares Held at Date of this Report
Directors						
Ian Farmer	444,444	-	166,667	-	611,111	611,111
Dr. Reinout Koopmans	3,416,431	-	416,667	-	3,833,098	3,833,098
Rory Luff	26,299,502	-	909,519	-	27,209,021	27,209,021
Hansjoerg Plaggemars	997,930	-	242,853	-	1,240,783	1,240,783
Len Jubber	100,000	-	416,667	-	516,667	516,667
Chris Gilchrist ²	3,804,256	-	175,000	(3,979,256)	-	-
Total Directors	35,062,563	-	2,327,373	(3,979,256)	33,410,680	33,410,680
Key Management						
Jason Wilkinson (COO)	2,642,216	-	208,333	-	2,850,549	2,850,549
Andrew Robertson (CFO)	-	-	375,000	-	375,000	375,000
Dr Babette Winter (Regional Director) ³	-	-	-	-	-	-
Total KMP	2,642,216	-	583,333	-	3,225,549	3,225,549
Total Directors and KMP	37,704,779	-	2,910,706	(3,979,256)	36,636,229	36,636,229

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:

Director and Key Management	No. Options Held at 30 June 2021	Share Based Payments	No. of Options Lapsed	No. Options Held at 30 June 2022	No. Options Held at Date of this Report	Vested & Exercisable at 30 June 2022	Vested & Un-Exercisable at 30 June 2022	Vested at 30 June 2022	Unvested at 30 June 2022
Directors									
Ian Farmer (Executive Chairman)	8,472,222	523,000	-	8,995,222	8,995,222	7,222,222	-	7,222,222	1,773,000
Len Jubber (Non-Executive Director)	1,750,000	311,000	-	2,061,000	2,061,000	-	-	-	2,061,000
Dr. Reinout Koopmans (Non-Executive Director)	750,000	311,000	-	1,061,000	1,061,000	-	-	-	1,061,000
Rory Luff (Non-Executive Director)	8,356,746	311,000	-	8,667,746	8,667,746	5,555,556	-	5,555,556	3,112,190
Hansjoerg Plaggemars (Non-Executive Director)	972,222	311,000	-	1,283,222	1,283,222	222,222	-	222,222	1,061,000
Chris Gilchrist (Left 20 May 2022)	2,176,352	934,000	(3,110,352)	-	-	-	-	-	-
Total Directors	22,477,542	2,701,000	(3,110,352)	22,068,190	22,068,190	13,000,000	-	13,000,000	9,068,190
Key Management									
Jason Wilkinson (Chief Operations Officer)	1,037,984	486,000	-	1,523,984	1,523,984	-	-	-	1,523,984
Andrew Robertson (Chief Finance Officer)	356,605	615,000	-	971,605	971,605	-	-	-	971,605
Dr Babette Winter (Regional Director) (Appointed 1 February 2022)	-	-	-	-	-	-	-	-	-
Total Key Management	1,394,589	1,101,000	-	2,495,589	2,495,589	-	-	-	2,495,589
Total Directors and KMP	23,872,131	3,802,000	(3,110,352)	24,563,779	24,563,779	13,000,000	-	13,000,000	11,563,779

² Resigned 20 May 2022

³ Appointed 1 February 2022

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

Director and Key Management	No. Performance Rights Held at 30 June 2021	Performance Rights Expiration / Cancellation / Lapsed	No. Performance Rights Held at 30 June 2022	No. Performance Rights Held at Date of this Report	Vested & Exercisable at 30 June 2022	Vested & Un-Exercisable at 30 June 2022	Vested at 30 June 2022	Unvested at 30 June 2022
Directors								
Ian Farmer	-	-	-	-	-	-	-	-
Dr. Reinout Koopmans	693,000	(433,125)	259,875	259,875	-	-	-	259,875
Rory Luff	693,000	(433,125)	259,875	259,875	-	-	-	259,875
Hansjoerg Plaggemars	693,000	(433,125)	259,875	259,875	-	-	-	259,875
Len Jubber	-	-	-	-	-	-	-	-
Chris Gilchrist	742,500	(742,500)	-	-	-	-	-	-
Total Directors	2,821,500	(2,041,875)	779,625	779,625	-	-	-	779,625
Key Management								
Jason Wilkinson	-	-	-	-	-	-	-	-
Andrew Robertson	-	-	-	-	-	-	-	-
Dr Babette Winter	-	-	-	-	-	-	-	-
Total Key Management	-	-	-	-	-	-	-	-
Total Directors and KMP	2,821,500	(2,041,875)	779,625	779,625	-	-	-	779,625

The Performance Rights have no voting rights.

Directors	Series I	Series J	Series K	No. Performance Rights Held at 30 June 2022
H Plaggemars	43,313	129,937	86,625	259,875
R Koopmans	43,313	129,937	86,625	259,875
R Luff	43,313	129,937	86,625	259,875
Total	129,939	389,811	259,875	779,625

B 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:

2022

Director and Key Management		Fixed	Share	Equity Settled Share Based Payments			Total	
		Salary, Fees, and Leave		Options	Options Lapsed/ Forfeited	Performance Rights Expense	Total Remuneration	Performance Based Remuneration % Total Salary
				\$	\$	\$	\$	\$
Ian Farmer	2022	140,272	-	132,460	-	-	272,732	49%
Dr. Reinout Koopmans	2022	40,000	-	25,610	-	1,241	66,851	40%
Rory Luff	2022	40,000	6,003	25,610	-	1,241	72,854	45%
Hansjoerg Plaggemars	2022	40,000	6,003	25,610	-	1,240	72,853	45%
Len Jubber	2022	40,000	-	86,775	-	-	126,775	68%
Total Non-Executive Directors	2022	300,272	12,006	296,065	-	3,722	612,065	51%
Chris Gilchrist (Left 20 May 2022)	2022	439,855	-	-	(20,277)	-	419,578	0%
Total Executive Directors	2022	439,855	-	-	(20,277)	-	419,578	0%
Key Management Personnel								
Jason Wilkinson	2022	208,214	-	27,484	-	-	235,698	12%
Andrew Robertson	2022	251,576	-	14,595	-	-	266,171	5%
Dr Babette Winter (Appointed 1 February 2022)	2022	99,795	-	-	-	-	99,795	0%
Total Key Management Personnel	2022	559,585	-	42,079	-	-	601,664	7%
Grand Total	2022	1,299,712	12,006	338,144	(20,277)	3,722	1,633,308	20%

Salary paid to Chris Gilchrist \$286,855 and termination benefit of \$153,000 that includes his 6 month's salary out of which 3 months was his notice period.

2021

Director and Key Management		Fixed	Equity Settled Share Based Payments				Total	
		Salary, Fees and Leave	Share	Options	No. of Options Granted	Performance Rights Expense	Total Remuneration	Performance Based Remuneration % Total Salary
		\$	\$	\$		\$	\$	
Ian Farmer	2021	61,250	-	109,889	8,250,000	-	171,139	64%
Dr. Reinout Koopmans	2021	45,000	5,250	2,179	750,000	5,252	57,681	22%
Rory Luff	2021	22,667	4,500	2,179	750,000	5,252	34,598	34%
Hansjoerg Plaggemars	2021	25,697	4,500	2,179	750,000	5,252	37,628	32%
Len Jubber	2021	13,333	-	6,474	1,750,000	-	19,807	33%
Patrick McManus (resigned 25/09/2020)	2021	4,313	2,250	-	-	(3,942)	2,621	(65)%
Robert van der Laan (resigned 01/03/2021)	2021	107,129	-	-	-	-	107,129	0%
Total Non-Executive Directors	2021	279,389	16,500	122,900	12,250,000	11,814	430,603	35%
Chris Gilchrist	2021	280,833	26,250	20,277	1,477,741	15,006	342,366	10%
Total Executive Directors	2021	280,833	26,250	20,277	1,477,741	15,006	342,366	18%
Key Management Personnel								
Jason Wilkinson	2021	99,497	38,503	2,151	740,365	-	140,151	29%
Andrew Robertson (Appointed 17 May 2021)	2021	19,478	-	1,037	356,605	-	20,515	5%
Total Key Management Personnel	2021	118,975	38,503	3,188	740,722	-	160,666	26%
Grand Total	2021	679,197	81,253	146,365	14,468,463	26,822	933,635	19%

C Service Agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. No superannuation is paid during the year. Details of these agreements are as follows:

Chief Operations Officer

Mr Jason Wilkinson was appointed as Chief Operations Officer, effective on 15th June 2020. His Employment Agreement (dated 27 December 2017) involves the remuneration of EURO 138,000, the ability to participate in the Employee Share Option Plan, Bonus scheme and reimbursement of expenses. The transaction is considered to be on normal commercial terms and conditions no more favorable than those available to the other parties. The notice period is at any time and there are no termination benefits. The term is an indefinite period of time.

Chief Financial Officer

Mr Andrew Roberson was appointed as Chief Financial Officer, effective on 17 May 2021. The Executive Services Contract involves the remuneration of GBP 150,000, the ability to participate in the Employee Share Option Plan, Bonus scheme and reimbursement of expenses. The transaction is considered to be on normal commercial terms and conditions no more favorable than those available to the other parties. The notice period is 3 months, and the termination benefits are 3 months' worth of salary. The term is until the agreement is validly terminated in accordance with its terms.

Regional Manager

Dr Babette Winter was appointed as Regional Manager on 1 February 2022. The Executive Services Contract involves the remuneration of Euro 150,000 pa, the ability to participate in the Employee Share Option Plan, Bonus scheme and reimbursement of expenses. The transaction is considered to be on normal commercial terms and conditions no more favourable than those available to the other parties. The notice period is 3 months, and the termination benefits are 3 months' worth of salary. The term is until the agreement is validly terminated in accordance with its terms.

The Company has entered into agreements with its Non-Executive Directors. The notice period is 3 months, and the termination benefits are 3 months' worth of salary. The term is the 3-year director re-election by shareholder's term.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

D Share-Based Compensation

Performance based compensation during the year ended 30 June 2022 have been detailed for the Directors within the Remuneration and Service Agreements sections of the Remuneration Report.

The Performance Rights were granted in the year ended 30 June 2020. All Performance Rights were granted over unissued fully paid ordinary shares in the Company. Performance Rights vest based on the following performance conditions:

- ① Series I:
 - The Company's share price reaches a 20-day VWAP of at least \$0.50 within 36 months of date of issue
- ① Series J:
 - The Company, within 36 months of date of issue, announces the completion of a preliminary feasibility study with an IRR of at least 25%
- ① Series K:
 - The Company, within 36 months of date of issue, announces the completion of a preliminary feasibility study with an IRR of at least 25%

The performance rights in each series above convert automatically upon achievement of the Hurdle applicable to that series without payment of any consideration.

The Performance Rights lapse upon the recipient ceasing to be an officer or executive, subject to the discretion of the Board.

In addition, the Performance Rights will convert automatically to shares upon the occurrence of:

- ① An offeror under a takeover offer in respect of the Company's shares announcing that it has achieved acceptances in respect of more than 50% of the Company's shares and that takeover bid becoming unconditional;
- ① A person (alone or in conjunction with their associates) acquiring voting power (within the meaning of section 610 of the Corporations Act) of more than 50% of the ordinary shares in the Company;
- ① The Company disposes of all or a substantial part of its assets or undertaking; or
- ① A Court granting orders approving a compromise or arrangement for the purposes of or in connection with a scheme or arrangement for the reconstruction of the Company or its amalgamation with any other company or companies.

There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such Rights.

The following table sets out the details of options granted as remuneration during the year ended 30 June 2022:

	Exercise Price	Expiry Date	Grant Date	Granted as Remuneration	Cancelled	Fair Value per Option	Exercise price per Option at Grant Date	Value of Options
Key Management Personnel								
Directors								
Ian Farmer	\$0.1606	30-Mar-27	30-Mar-22	523,000	-	\$0.1704	\$0.1606	89,119
Dr. Reinout Koopmans	\$0.1606	30-Mar-27	30-Mar-22	311,000	-	\$0.1704	\$0.1606	52,994
Rory Luff	\$0.1606	30-Mar-27	30-Mar-22	311,000	-	\$0.1704	\$0.1606	52,994
Hansjoerg Plaggemars	\$0.1606	30-Mar-27	30-Mar-22	311,000	-	\$0.1704	\$0.1606	52,994
Len Jubber	\$0.1606	30-Mar-27	30-Mar-22	311,000	-	\$0.1704	\$0.1606	52,994
Chris Gilchrist	\$0.1606	30-Mar-27	30-Mar-22	934,000	(934,000)	\$0.1704	\$0.1606	-
Total Non-Executive Directors				2,701,000	(934,000)			301,095
Other Key Management Personnel								
Jason Wilkinson	\$0.1606	30-Mar-27	30-Mar-22	486,000	-	\$0.1704	\$0.1606	82,814
Andrew Robertson	\$0.1606	30-Mar-27	30-Mar-22	615,000	-	\$0.1704	\$0.1606	104,796
Total Key Management Personnel				1,101,000	-			187,610
Total				3,802,000	(934,000)			488,705

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

The options allocated to Directors and KMP during the year ended 30 June 2022 were for the first 6 months of the calendar year 2022 only, as the Board's compensation cycle was adjusted from a calendar year to the company's financial year. Going forward, any allocations made in a particular year would typically cover the full financial year of the company.

Options granted

Options issued to KMP can be vested after 3 years from date of issuance that the company's Share price being \$0.1606 based on the volume weighted average price over 20 consecutive trading days prior (20-Day VWAP). No employment conditions are attached to the remaining options.

Directors related party transactions

	June 2022	June 2021
	\$	\$
Fees were paid to Horn Resources Pty Ltd; a company of which Robert Van der Laan is a director and shareholder. Fees included accounting staff and disbursements.	-	107,129
Fees were paid to Parkway Minerals NL; a company of which Patrick McManus is a director and shareholder. Fees included office accommodation and disbursements.	-	512
	-	107,641

End of the Audited Remuneration Report.

DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF SOUTH HARZ POTASH LIMITED

As lead auditor of South Harz Potash Limited for the year ended 30 June 2022, 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.



James Mooney
Director

BDO Audit Pty Ltd

Melbourne, 30 September 2022

For personal use only

Financial report

General information

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

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

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

Its registered office and principal place of business is:

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

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

Statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Note	Consolidated	
		2022	2021
		\$	\$
Revenue from continuing operations			Restated
Other income	4	168	580
Expenses			
Exploration and evaluation costs		(8,225,607)	(94,519)
Administration and corporate expenses		(1,078,530)	(523,555)
Insurance expense		(256,561)	(18,295)
Director fees and consultation		(1,311,718)	(633,843)
Depreciation and amortisation expense		(3,685)	(575)
Investor relations		-	(24,368)
Foreign exchange gain/(loss)		11,912	(72,348)
Consulting expenses		(524,434)	(472,600)
Occupancy costs		(1,000)	(9,200)
Employee benefits (excluding share-based payment)	4	(144,448)	(324,913)
Share-based payment	13	(325,678)	(173,186)
Loss before income tax expense		(11,859,581)	(2,346,822)
Income tax expense	5	-	-
Other comprehensive (loss) / income		(11,859,581)	(2,346,822)
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation reserve		(371,331)	(82,266)
Other comprehensive income for the year, net of tax		(371,331)	(82,266)
Total comprehensive loss for the year		(12,230,912)	(2,429,088)

	Note	Consolidated	
		2022	2021
		\$	\$
Earnings per share for loss attributable to the owners of South Harz Potash Limited			Restated
Basic earnings per share	24	(2.53)	(0.80)
Diluted earnings per share	24	(2.53)	(0.80)

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

Statement of financial position as at 30 June 2022

	Note	2022 \$	Consolidated 2021 \$ Restated	2020 \$ Restated
Assets				
Current assets				
Cash and cash equivalents	6	6,598,835	8,236,749	142,069
Trade and other receivables	7(a)	29,250	40,511	82,626
Monies held in trust		-	-	100,000
Prepayments	7(b)	667,643	32,831	22,090
Total current assets		7,295,728	8,310,091	346,785
Non-current assets				
Property, plant and equipment		30,213	6,433	-
Exploration and evaluation	9	1,866,823	1,965,943	2,026,973
Total non-current assets		1,897,036	1,972,376	2,026,973
Total assets		9,192,764	10,282,467	2,373,758
Liabilities				
Current liabilities				
Trade and other payables	8	940,444	345,575	269,919
Share application funds		-	-	100,000
Total current liabilities		940,444	345,575	369,919
Total liabilities		940,444	345,575	369,919
Net assets		8,252,320	9,936,892	2,003,839
Equity				
Issued capital	10	30,916,150	20,554,094	11,129,234
Reserves	11	949,398	1,136,445	281,430
Accumulated losses		(23,613,228)	(11,753,647)	(9,406,825)
Total equity		8,252,320	9,936,892	2,003,839

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

Statement of changes in equity for the year ended 30 June 2022

	Contributed Equity \$	Performance Rights Reserve \$	Option Based Payment Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as 1 July 2021	20,554,094	53,851	910,460	172,134	(11,753,647)	9,936,892
Loss after income tax expenses for the year	-	-	-	-	(11,859,581)	(11,859,581)
Other comprehensive income for the year, net of tax	-	-	-	(371,331)	-	(371,331)
Total comprehensive income/(loss) for the year	-	-	-	(371,331)	(11,859,581)	(12,230,912)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	10,362,056	-	(141,394)	-	-	10,220,662
Other Transactions						
Share-based payments (refer to note 13)	-	3,722	321,956	-	-	325,678
Balance at 30 June 2022	30,916,150	57,573	1,091,022	(199,197)	(23,613,228)	8,252,320
	Contributed Equity \$	Performance Rights Reserve \$	Option Based Payment Reserve \$	Currency Translation Reserve \$	Accumulated Losses \$	Total Equity \$
Balance as 1 July 2020	11,129,234	27,030	-	254,400	(8,251,738)	3,158,926
Change in accounting policy	-	-	-	-	(1,155,087)	(1,155,087)
Balance as 1 July 2020 (restated)	11,129,234	27,030	-	254,400	(9,406,825)	2,003,839
Loss after income tax expenses for the year (restated)	-	-	-	-	(2,346,822)	(2,346,822)
Other comprehensive income for the year, net of tax	-	-	-	(82,266)	-	(82,266)
Total comprehensive income/(loss) for the year	-	-	-	(82,266)	(2,346,822)	(2,429,088)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs	9,424,860	-	764,095	-	-	10,188,955
Share-based payments	-	26,821	146,365	-	-	173,186
Balance at 30 Jun 2021	20,554,094	53,851	910,460	172,134	(11,753,647)	9,936,892

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

Statement of cash flows for the year ended 30 June 2022

	Note	Consolidated	
		June 2022	June 2021
		\$	\$
Cash flows from operating activities			
Interest received		168	580
other receipts		11,261	131,373
Exploration cost		(8,225,607)	(94,519)
Payments to suppliers and employees		(3,214,667)	(2,031,118)
Net cash used from operating activities	23	(11,428,845)	(1,993,684)
Cash flows from investing activities			
Additions to Property, plant and Equipment		(27,466)	(7,006)
Net cash used in investing activities		(27,466)	(7,006)
Cash flows from financing activities			
Proceeds from issue of shares		5,261,521	10,888,372
Proceeds from options conversion		5,208,275	-
Payments for capital raising costs		(575,384)	(781,683)
Net cash from financing activities		9,894,412	10,106,689
Net increase/(decrease) in cash and cash equivalents		(1,561,899)	8,105,999
Cash and cash equivalents at beginning of year		8,236,749	142,069
Effects of foreign exchange cash movements		(76,015)	(11,319)
Cash and cash equivalents at end of the year	6	6,598,835	8,236,749

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies

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

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements were authorised for issue by the Directors, on 30th September 2022.

Change in accounting policy

The Group's policy has been to capitalise all the exploration and evaluation costs in line with the requirements of *AASB 6 Exploration for and Evaluation of Mineral Resources*. A decision has been taken to change this accounting policy and charge the exploration and evaluation expenses to the statement of profit or loss. Costs incurred in the acquisition of tenements rights will be continue to be capitalised. The Company is of the opinion that the above treatment results in more reliable and relevant information to users of the financial information since the historic costs previously capitalised related to the company's compilation of geological data covering all of its mining and exploration licenses and were not able to be properly assessed with reference to commercial and financial analysis specific to a viable project.

However, following the publication of a Scoping Study, the Company is planning to prepare a detailed feasibility study (DFS), following a Pre-feasibility study (PFS), on the future prospects and commercial development of its first exploration project at Ohmgebirge. It is the Company's intention to then capitalise exploration costs into its development projects as appropriate once a DFS has been completed which will enable it to perform an informed review of the commercial value of those costs going forward for the purpose of impairment testing.

Since this is a change in accounting policy, retrospective adjustment to the opening retained earnings as at 1 July 2020 and December 2020 comparative statement of profit or loss has been done. A summary of the impact on the financial statements is given below:

Impact of change in accounting policy

Extract of consolidated Statement of Financial Position as at June 2020

	Jul-20	Impact of Restatement	Restated Balance Jun 20
Non-current assets			
Exploration and evaluation	3,182,060	(1,155,087)	2,026,973
Accumulated losses	(8,251,738)	(1,155,087)	(9,406,825)

Extract of consolidated Statement of Financial Position as at June 2021

	Jul-21	Impact of Restatement	Restated Balance Jun 21
Non-current assets			
Exploration and evaluation	3,276,579	(1,310,636)	1,965,943
Accumulated losses	(10,443,011)	(1,310,636)	(11,753,647)

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

Extract of consolidated Statement of profit or loss and other comprehensive income for the year end June 2021

	June 2021	Impact of Restatement	Restated Jun 2021
Other income	580	-	580
Exploration and evaluation costs	-	(94,519)	(94,519)
Administration and corporate expenses		-	-
Foreign exchange loss	(11,318)	(61,030)	(72,348)
Other expenses	(2,180,535)	-	(2,180,535)
Loss before income tax expense	(2,191,273)	(155,549)	(2,346,822)

Exploration and evaluation assets-revised

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

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

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

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

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

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

Capitalisation of development expenditure ceases once the mining property is capable of commercial production, at which point it is transferred into a separate mining asset.

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

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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 consolidated entity has adopted all of 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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

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.

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

Material uncertainty related to going concern

The financial report has been prepared on the going-concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Consolidated Entity incurred an operating loss of \$11,859,581 (FY2021: loss \$2,346,822) and incurred negative cash flows from operations of \$11,428,845 (FY2021: 1,993,684).

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

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of South Harz Potash Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. South Harz Potash Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

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

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

Income recognition

The consolidated entity recognises income as follows:

Interest

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

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in foreseeable future.

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

Current and non-current classification

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

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

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

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

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

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Investments and other financial assets

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

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

Financial assets at fair value through profit or loss

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

Financial assets at fair value through other comprehensive income

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

Impairment of financial assets

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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

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

Property, plant and equipment

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

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

Leasehold improvements	10 years
Plant and equipment	3-5 years

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

Mining assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Impairment of non-financial assets

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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

Trade and 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.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

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

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

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

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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

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

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

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

Notes to the financial statements 30 June 2022

Note 1. Significant accounting policies (continued)

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

Issued capital

Ordinary shares are classified as equity.

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

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

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

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

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. 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.

Notes to the financial statements 30 June 2022

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. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The consolidated entity 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 Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 13 for further details.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Notes to the financial statements 30 June 2022

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs

Exploration and evaluation 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	
	2022	2021	2022	2021
	\$	\$	\$	\$
Australia	-	-	5,142	3,435
Germany	-	-	1,891,894	1,968,941
	-	-	1,897,036	1,972,376

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

Notes to the financial statements 30 June 2022

Note 4. Income & Expenses

	Consolidated	
	2022	2021
	\$	\$
Other income	168	580
Employee benefits	144,448	324,914

Note 5. Income tax expense

	Consolidated	
	2022	2021
	\$	\$
		Restated
Prima facie tax benefit at the Australian tax rate of 30%	3,557,874	704,047
Tax effect amounts which are not deductible/(taxable) in calculating taxable income;		
Non-deductible expenses	-	-
Share based payments	(97,703)	(51,956)
Tax losses not brought into account	(3,460,171)	(652,091)
Income tax expense	-	-
Tax assets not recognised at 30%		
Unused tax losses for which no deferred tax asset has been recognised	2,295,596	1,602,795
Temporary differences	41,514	41,045
Potential tax benefit	2,337,110	1,643,840

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	
	2022	2021
	\$	\$
Cash at bank	6,598,835	8,236,749
	6,598,835	8,236,749

Note 7(a). Trade and other receivables

	Consolidated	
	2022	2021
	\$	\$
Other receivables	29,250	40,511
	29,250	40,511

Notes to the financial statements 30 June 2022

Note 7(b). Trade and other receivables

	Consolidated	
	Jun 2022	Jun 2021
	\$	\$
Deposits	31,898	32,831
VAT refunds	635,745	-
	667,643	32,831

Note 8. Trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Trade and other payables	940,444	345,575
	940,444	345,575

Note 9. Non-current assets - exploration and evaluation

	Consolidated	
	2022	2021
	\$	\$
Exploration and evaluation - at cost	1,866,823	1,965,943
	1,866,823	1,965,943

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

	Exploration
Consolidated	\$
Balance at 1 July 2021	1,965,943
Additions	-
Expenditure written off	(99,120)
Balance at 30 June 2022	1,866,823
Balance at 1 July 2020	2,026,973
Additions	-
Expenditure written off	(61,030)
Balance at 30 June 2021	1,965,943

Notes to the financial statements 30 June 2022

Note 10. Equity - issued capital

	Consolidated		Consolidated	
	2022	2021	2022	2021
			\$	\$
Ordinary shares - fully paid	532,033,737	424,098,241	30,916,150	20,554,094
Ordinary share capital				
Details	Date	No of shares	Issue Price	\$
Balance	01-Jul-21	424,098,241	-	20,554,094
Exercise of Options (i)	02-Nov-21	4,768,152	0.080	381,452
Exercise of Options (i)	10-Nov-21	1,057,556	0.080	84,604
Exercise of Options (i)	18-Nov-21	699,786	0.080	55,983
Exercise of Options (i)	13-Dec-21	738,889	0.080	59,111
Issue of share placement	20-Dec-21	40,666,668	0.120	4,880,000
In Lieu of Services	20-Dec-21	438,417	0.120	52,610
Issue of share placement	21-Dec-21	1,000,000	0.120	120,000
Director's salary sacrifice plan	29-Dec-21	152,372	0.079	12,007
Employee salary sacrifice plan	29-Dec-21	39,114	0.049	1,909
Exercise of Options (i)	29-Dec-21	150,000	0.080	12,000
Exercise of Options (i)	21-Jan-22	2,318,339	0.080	185,467
Exercise of Options (i)	21-Jan-22	3,916,667	0.068	266,333
Exercise of Options (i)	02-Feb-22	941,667	0.080	75,333
Exercise of Options (i)	25-Feb-22	8,501,304	0.080	680,104
Exercise of Options (i)	25-Feb-22	600,000	0.075	45,000
Exercise of Options (i)	04-Mar-22	677,777	0.080	54,222
Exercise of Options (i)	14-Mar-22	1,259,379	0.080	100,750
Exercise of Options (i)	14-Mar-22	3,916,667	0.090	352,500
Exercise of Options (i)	18-Mar-22	10,422,225	0.080	833,778
Exercise of Options (i)	28-Mar-22	9,931,949	0.080	794,556
Exercise of Options (i)	28-Mar-22	458,000	0.067	30,915
Exercise of Options (i)	28-Mar-22	458,000	0.090	41,220
Exercise of Options (i)	28-Mar-22	458,000	0.113	51,525
Director Placement	31-Mar-22	2,175,001	0.120	261,520
Exercise of Options (i)	31-Mar-22	6,188,895	0.080	495,112
Exercise of Options (i)	31-Mar-22	3,916,667	0.113	441,588
Exercise of Options (i)	08-Apr-22	1,678,889	0.080	134,311
Exercise of Options (i)	12-May-22	405,116	0.080	32,409
Exercise of Options (ii)				401,119
Cost of capital raising				(575,384)
Balance	30-Jun-22	532,033,737		30,916,150

(i) During the year and up to the date of this report 63,463,924 shares have been issued as a result of the exercise of options raising \$5,208,275 of capital.

(ii) The \$401,119 is against the brokers exercise of options issued in prior periods.

Notes to the financial statements 30 June 2022

2021

	Date	No of shares	Issue Price	\$
Balance		172,509,917	-	11,129,234
Issue of share placement	03-Jul-20	13,675,000	0.040	547,000
Director's salary sacrifice plan	30-Jul-20	4,892,363	0.041	200,661
Issue of share placement	30-Jul-20	1,650,000	0.050	82,500
issue of share placement	30-Jul-20	3,250,000	0.040	130,000
Issue of share placement	30-Jul-20	1,075,269	0.470	505,000
Issue of share placement	02-Dec-20	875,000	0.040	35,000
Issue of share placement	02-Dec-20	16,666,668	0.045	750,000
Director's salary sacrifice plan	25-Jan-21	1,718,985	0.050	85,949
Issue of share placement	25-Jan-21	1,500,000	0.040	60,000
issue of share placement	27-Jan-21	184,888,884	0.045	8,320,000
Issue of share placement	19-Feb-21	20,444,450	0.045	920,000
Exercise of Options	25-Mar-21	62,500	0.080	5,000
Exercise of Options	13-Apr-21	289,744	0.080	23,180
Exercise of Options	27-May-21	599,461	0.080	47,957
Cost of capital raising				(2,287,387)
Balance	30-Jun-21	424,098,241		20,554,094

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

Note 11. Equity - reserves

	Consolidated	
	2022	2021
	\$	\$
Foreign currency translation reserve	(199,197)	172,134
Performance rights reserve	57,573	53,851
Option right reserves	1,091,022	910,460
	949,398	1,136,445

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.

Performance rights reserve

The reserve is used to recognise fair value of shares issued to the directors and employees.

Option right reserve

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

Notes to the financial statements 30 June 2022

Note 12. Equity - Options

Set out below are details of options on issue:

2022

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

As at 30 June 2022

Weighted average exercise price	\$ 0.134
Weighted average remaining contractual life of options (years)	1.223
Weighted average share price at date of exercise of options during the year	\$ 0.191

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

[2] Options issued to broker for broking fees

[3] Director options

[4] Options issued to employees and KMPs

[A] Vest when share price equals \$0.203

[B] Vest on issue

[C] Vest 18 months from date employed

[D] Vest when share price equals \$0.1606

Notes to the financial statements 30 June 2022

2021

Grant date	Expiry date	Exercise price	Fair Value	Balance at the start of the year	Issued on IPO costs	Expired the year	Balance at the end of year	Exercisable at year end	Note
09-Nov-18	31-Jul-23	\$ 0.2000	-	33,221,680	-	-	33,221,680	-	[1]
09-Nov-18	09-Nov-23	\$ 0.2000	-	7,500,000	-	-	7,500,000	-	[2]
10-Jan-18	05-Sep-21	\$ 0.0810	-	3,000,000	-	-	3,000,000	-	[3]
20-Dec-18	31-Jul-23	\$ 0.2000	-	1,142,857	-	-	1,142,857	-	[1]
10-Sep-19	31-Jul-23	\$ 0.2000	-	10,926,133	-	-	10,926,133	-	[1]
12-Dec-19	31-Jul-23	\$ 0.2000	-	885,119	-	-	885,119	-	[1]
24-Apr-20	31-Jul-23	\$ 0.0750	-	2,875,000	-	-	2,875,000	-	[1]
31-Jul-20	31-Jul-23	\$ 0.0750	-	-	825,000	-	825,000	-	[1]
02-Dec-20	02-Dec-24	\$ 0.0800	\$ 0.030	-	3,500,000	-	3,500,000	-	[4]
02-Dec-20	02-Dec-24	\$ 0.1200	\$ 0.026	-	3,500,000	-	3,500,000	-	[4]
02-Dec-20	02-Dec-22	\$ 0.0800	-	-	8,333,334	-	8,333,334	-	[1]
25-Jan-21	25-Jan-23	\$ 0.0800	-	-	102,111,112	(951,705)	101,159,407	-	[1]
25-Jan-21	25-Jan-24	\$ 0.0675	\$ 0.034	-	8,333,334	-	8,333,334	-	[3]
25-Jan-21	25-Jan-24	\$ 0.0890	\$ 0.030	-	8,333,333	-	8,333,333	-	[3]
25-Jan-21	25-Jan-24	\$ 0.1125	\$ 0.028	-	8,333,333	-	8,333,333	-	[3]
27-May-21	27-May-26	\$ 0.2030	\$ 0.047	-	6,824,711	-	6,824,711	-	[4]
27-May-21	27-May-25	-	\$ 0.092	-	1,000,000	-	1,000,000	-	[4]
				59,550,789	151,094,157	(951,705)	209,693,241	-	

As at 30 June 2021

Weighted average exercise price	\$ 0.116
Weighted average remaining contractual life of options (years)	3.0
Weighted average share price at date of exercise of options during the year	-

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

[2] Options issued to lead manager (unlisted)

[3] Options issued to broker for broking fees

[4] Director options

[A] Vest when share price equals \$0.203

[B] Vest on issue

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

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

Notes to the financial statements 30 June 2022

Note 13. Share-based payments

a) Performance Rights

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

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

2022

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

As at 30 June 2022

Weighted average remaining contractual life of options (years)	0.47
--	------

2021

Type	Expiry date	Balance 30 Jun 20	Cancelled / Expired	Balance 30 Jun 21	Fair Value	Fair Value \$	Probability of Vesting	Expensed \$
Series C	20/12/2021	772,202	(112,613)	659,589	0.05	14,826	40%	5,651
Series D	20/12/2021	415,798	(60,637)	355,161	0.05	3,992	20%	1,657
Series E	20/12/2021	594,000	(86,625)	507,375	0.05	5,702	20%	2,368
Series F	20/12/2021	594,000	(86,625)	507,375	0.05	2,851	10%	1,183
Series G	20/12/2020	1,188,000	(1,188,000)	-	0.024	28,512	-	11,284
Series H	20/12/2021	594,000	(86,625)	507,375	0.019	11,405	-	5,695
Series I	20/12/2022	297,002	(43,313)	253,689	0.01	2,851	-	950
Series J	20/12/2022	890,998	(129,937)	761,061	0.05	4,277	10%	1,184
Series K	20/12/2022	594,000	(86,625)	507,375	0.05	2,851	10%	790
Less: impact of employee left								(3,941)
		5,940,000	(1,881,000)	4,059,000		77,267		26,821

As at 30 June 2021

Weighted average remaining contractual life of options (years)	0.85
--	------

All Rights were granted over unissued fully paid ordinary shares in the company. Rights vest based on the following performance conditions:

Series C (expired)

- The Company, within 24 months of date of issue, announces a JORC compliant measured/indicated resource of minimum 100Mt of at least 12% K₂O.

Series D (expired)

- The Company, within 24 months of date of issue, announces a second JORC compliant measured/indicated resource of minimum 100Mt of at least 12% K₂O.

Notes to the financial statements 30 June 2022

Series E (expired)

- The Company, within 24 months of date of issue, announces a positive scoping study with an IRR of at least 25%.

Series F (expired)

- The Company, within 24 months of date of issue, announces a second positive scoping study with an IRR of at least 25%.

Series G (expired)

- The Company's share price reaches a 20-day VWAP of at least \$0.10 within 12 months of date of issue.

Series H (expired)

- The Company's share price reaches a 20-day VWAP of at least \$0.25 within 24 months of date of issue.

Series I:

- The Company's share price reaches a 20-day VWAP of at least \$0.50 within 36 months of date of issue.

Series J:

- The Company, within 36 months of date of issue, announces the completion of a preliminary feasibility study with an IRR of at least 25%.

Series K:

- The Company, within 36 months of date of issue, announces the completion of a preliminary feasibility study with an IRR of at least 25%.

The performance rights in each series above convert automatically upon achievement of the Hurdle applicable to that series without payment of any consideration.

The Performance Rights lapse upon the recipient ceasing to be an officer or executive, subject to the discretion of the Board.

In addition, the Performance Rights will convert automatically to shares upon the occurrence of prescribed events. For the Performance Rights granted during the current financial year, the fair value at the grant date per Right was based on the volume weighted average share price (VWAP) for the 5 business days prior to the grant date.

Notes to the financial statements 30 June 2022

b) Options:

2022

Tranche	Grant Date	Exercise Price	Expiry Date	Granted as Remuneration	Expired / Exercised	Fair Value per Option	Expense for the Year	
Tranche 1	27-Nov-20	\$0.12	02-Dec-24	3,500,000	-	0.03	48,077	[C]
Tranche 2	27-Nov-20	\$0.08	02-Dec-24	3,500,000	-	0.02	41,667	[C]
Tranche 3	04-May-21	\$0.20	27-May-26	6,824,711	(1,477,741)	0.04	146,441	[A]
Tranche 4	04-May-21	Nil	27-May-25	1,000,000	-	0.09	61,166	[C]
Tranche 5	05-Aug-21	\$0.15	05-Aug-26	192,069	-	0.02	4,090	
Tranche 6	30-Mar-22	\$0.16	30-Mar-27	3,802,000	(934,000)	0.17	20,515	[D]
				18,818,780	(2,411,741)		321,956	

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

[A] Vest when share price equals \$0.203

[B] Vest on issue

[C] Vest 18 months from date employed

[D] Vest when share price equals \$0.1606

Valuation of Share Based Payments

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

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

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

Notes to the financial statements 30 June 2022

2021

Tranche	Grant Date	Exercise Price	Expiry Date	Granted as Remuneration	Expired / Exercised	Fair Value per Option	Expense for the Year	
Tranche 1	27-Nov-20	\$0.12	02-Dec-24	3,500,000	-	0.03	56,923	[C]
Tranche 2	27-Nov-20	\$0.08	02-Dec-24	3,500,000	-	0.02	49,333	[C]
Tranche 3	04-May-21	\$0.20	27-May-26	6,824,711	-	0.04	35,815	[A]
Tranche 4	04-May-21	Nil	27-May-25	1,000,000	-	0.09	4,294	[C]
				14,824,711	-		146,365	

[A] Vest when share price equals \$0.203

[B] Vest on issue

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

Valuation of Share Based Payments

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

Variable	Black-Scholes option valuation			
	Directors Input for 3.5 million options (Tranche 1)	Directors Input for 3.5 million options (Tranche 2)	Directors Input for 6.8 million options (Tranche 3)	Directors Input for 1.0 million options (Tranche 4)
Spot price	\$0.090	\$0.090	\$0.090	\$0.099
Exercise price	\$0.120	\$0.080	\$0.203	Nil
Life	1.5	1.5	5	1.5
Volatility	119%	119%	106%	107%
Dividend yield	Nil	Nil	Nil	Nil
Risk free rate	0.3%	0.3%	0.3%	0.3%
Call option value	\$0.0300	\$0.0260	\$0.0469	\$0.0920

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

Notes to the financial statements 30 June 2022

Note 14. Financial instruments

Financial risk management objectives

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

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

Credit risk

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

Fair value of financial instruments

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

Foreign currency risk

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

Liquidity risk

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

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

Consolidated group	2022		2021	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Financial assets				
Financial assets at amortised cost:				
Cash and cash equivalents	6,598,835	6,598,835	8,236,749	8,236,749
Trade and other receivables:	29,250	29,250	40,511	40,511
Total financial assets	6,628,085	6,628,085	8,277,260	8,277,260
Financial liabilities at amortised cost:				
Trade and other payables	940,444	940,444	345,575	345,575
Total financial liabilities	940,444	940,444	345,575	345,575

Notes to the financial statements 30 June 2022

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	
	2022	2021
	\$	\$
Short-term employee benefits	1,311,718	760,448
Share-based payments	321,590	173,187
	1,633,308	933,635

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	
	2022	2021
	\$	\$
Audit & Review Fee – BDO	49,000	27,000
Non-Assurance fee – BDO Remuneration consulting	8,500	15,000
Audit or review of the financial statements (Walker Wayland)	-	27,600
	57,500	69,600

Note 17. Contingent liabilities

There are no contingent liabilities as at 30 June 2022.

Note 18. Commitments

There are no commitments as at 30 June 2022.

Notes to the financial statements 30 June 2022

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	
	2022	2021
	\$	\$
Loss after income tax	15,368,648	4,755,630
Total comprehensive loss	15,368,648	4,755,630

Statement of financial position

	Parent	
	2022	2021
	\$	\$
Total current assets	718,195	7,673,569
Total assets	6,372,300	10,215,546
Total current liabilities	133,687	278,654
Total liabilities	(1,880,020)	278,654
Net Assets	8,252,320	9,936,892
Equity		
Issued capital	29,129,602	18,771,076
Reserves	949,398	1,136,445
Accumulated losses	(21,826,680)	(9,970,629)
Total equity	8,252,320	9,936,892

Parent entity's numbers includes an impact of impairment as net assets of parent were exceeding the consolidated results.

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, less any impairment

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	
		2022	2021
		%	%
South Harz Potash (Australia) Pty Ltd	Australia	100.00	100.00
Südharz Kali GmbH	Germany	100.00	100.00

Effective 9 January 2017, the Company acquired 100% of the issued capital of South Harz Potash (Australia) Pty Ltd, completed a capital raising of \$5.11 million (before costs) at 20 cents per share and listed on the Australian Stock Exchange ("ASX") on 20 January 2017. South Harz Potash (Australia) Pty Ltd holds two exploration licenses in Germany, together with three mining licenses, in the region referred to as the South Harz Project through a wholly owned and controlled German subsidiary.

On 28 May 2020, East Exploration GmbH changed its name to Südharz Kali GmbH.

On 04 May 2021, East Exploration Pty Ltd changed its name to South Harz Potash (Australia) Pty Ltd.

Notes to the financial statements 30 June 2022

Note 21. Events after the reporting period

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

Note 22. Related party transactions

	June 2022	June 2021
	\$	\$
Fees were paid to Horn Resources Pty Ltd; a company of which Robert Van der Laan is a director and shareholder. Fees included accounting staff and disbursements.	-	107,129
Fees were paid to Parkway Minerals NL; a company of which Patrick McManus is a director and shareholder. Fees included office accommodation and disbursements.	-	512
	<u>-</u>	<u>107,641</u>

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

	Consolidated	
	June 2022	June 2021
	\$	\$ Restated
Cash flows from operating activities		
(Loss) for the financial year	(11,859,581)	(2,346,822)
Capitalised expenditure written off	-	-
Share based payment – other	325,678	173,185
FX loss on currency translation	(11,912)	72,348
Amortisation/ depreciation	3,685	575
Adjustments for:		
Decrease in trade and other receivables	11,261	142,116
Decrease / (Increase) in prepayments	(634,812)	(10,741)
Increase / (Decrease) in trade and other payables	736,836	(24,345)
Net cash used from operating activities	<u>(11,428,845)</u>	<u>(1,993,684)</u>

Notes to the financial statements 30 June 2022

Note 24. Earnings per share

	Consolidated 2022	2021 \$ Restated
Loss after income tax attributable to the owners	(11,859,581)	(2,346,822)
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	468,712,284	293,884,639
Basic earnings per share	(2.53)	(0.80)
Diluted earnings per share	(2.53)	(0.80)

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

Note 25. Other matters


There have been no major other matters subsequent to the reporting date.

Directors' declaration

1. In accordance with a resolution of the directors of South Harz Potash Limited, the directors of the Company declare that:
 - a) the consolidated financial statements and notes, as set out on pages 31 to 58 and the Remuneration report is on pages 16 to 24 in the Directors' report, are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Consolidated Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
 - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. the directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Chief Financial Officer.
3. The directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

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

On behalf of the directors



Ian Farmer
Executive Chairman
30 September 2022

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 statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

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

Key audit matters

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

For personal use only

Accounting for exploration and evaluation expenditure

Key audit matter	How the matter was addressed in our audit
<p>The Group has incurred significant exploration and evaluation expenditure which has been capitalised. During the reporting period a change of accounting policy was adopted to expense exploration and evaluation expenditure incurred to profit or loss, other than costs associated with acquiring tenement rights.</p> <p>We considered this a key audit matter as the change in accounting policy resulted in a significant impact on the results of the Group in the current reporting period and required restatement of prior period balances.</p> <p><i>AASB 6 Exploration for and Evaluation of Mineral Resources</i> details the requirements for the recognition of exploration expenditure. <i>AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors</i> outlines the requirements to retrospectively restate prior period balances.</p> <p><i>Note 1 'Change in accounting policy' and Note 9 'Non-current assets - exploration and evaluation' contain the disclosures relevant to this key audit matter.</i></p>	<p>Our procedures, amongst others, included:</p> <ul style="list-style-type: none">• Assessing the directors' analysis of previously capitalised exploration expenditure to agree costs not associated with acquiring tenements have been correctly identified and restated.• Reviewing the disclosure of the restatement for accuracy and compliance with the Accounting Standards.• Obtaining evidence for capitalised expenditure that continues to be recognised in the statement of financial position to agree the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation asset.• Confirming whether the rights to tenure of the areas of interest remained current at the reporting date as well as confirming that rights to tenure are expected to be renewed.• Reviewing budgets and challenging assumptions made by the Group to agree that substantive expenditure on further exploration for, and evaluation of, the mineral resources in the areas of interest are planned.• Reviewing ASX announcements and minutes of directors' meetings to agree that the Group had not decided to discontinue activities in any of its areas of interest.

Other information

The directors are responsible for the other information. The other information comprises the information contained in directors' report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at:

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

This description forms part of our auditor's report.

For personal use only



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 24 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of South Harz Potash Limited, for the year ended 30 June 2022, 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

A handwritten signature in black ink, appearing to read 'James Mooney', is written over a faint, stylized BDO logo.

James Mooney
Director

Melbourne, 30 September 2022

For personal use only

Tenements

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

Shareholder information

The following additional information was applicable as at 15 September 2022.

Holder	Securities	% of Ordinary Shares Issued
The Trust Company (Australia) Limited	28,000,004	5.26%
Rory Luff (Grouped)	27,209,021	5.11%

Distribution of Shareholders

Range	Holders	Securities	% of Ordinary Shares Issued
1 - 1,000	236	39,017	0.01%
1,001 - 5,000	334	1,126,036	0.21%
5,001 - 10,000	367	2,973,608	0.56%
10,001 - 100,000	1,224	53,697,795	10.08%
Over 100,000	605	474,842,640	89.14%
Total	2,766	532,679,096	100.00%

20 Largest Fully Paid Ordinary Share holders

Holder	Securities	% of Ordinary Shares Issued
1 THE TRUST COMPANY (AUSTRALIA) LIMITED	28,000,004	5.26%
2 R LUFF (Grouped)	27,209,021	5.11%
3 DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	25,708,289	4.83%
4 OCEANIC CAPITAL PTY LTD	15,350,000	2.88%
5 LUFGAN NOMINEES PTY LTD	14,579,967	2.74%
6 BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	11,152,740	2.09%
7 PAYZONE PTY LTD	11,000,000	2.07%
8 EQUITY TRUSTEES LIMITED	9,724,450	1.83%
9 ST BARNABAS INVESTMENTS PTY LTD	9,700,000	1.82%
10 REDLAND PLAINS PTY LTD	7,342,122	1.38%
11 DIXTRU PTY LIMITED	6,375,000	1.20%
12 CITICORP NOMINEES PTY LIMITED	5,979,044	1.12%
13 MR JASON DAWKINS	5,900,000	1.11%
14 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,833,896	1.10%
15 BNP PARIBAS NOMINEES PTY LTD	5,285,376	0.99%
16 MR OWEN BARRY MERRETT & MRS JOANNE ROSS MERRETT	4,920,000	0.92%
17 MR MANFRED ZIMMER & MRS BEATRICE ZIMMER	4,897,000	0.92%
18 BNP PARIBAS NOMS PTY LTD	4,670,108	0.88%
19 WHITE BISON PTY LTD	4,650,000	0.87%
20 NATIONAL NOMINEES LIMITED	4,500,000	0.84%
20 Largest Holders	212,777,017	39.94%

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.

B. OPTIONS (ASX: SHPO) – exercisable at \$0.20 each, expiring 31st July 2023

Distribution of Option holders

Range	Holders	Securities	% of Options Issued
1 - 1,000	-	-	-
1,001 - 5,000	1	1,172	0.00%
5,001 - 10,000	6	45,191	0.10%
10,001 - 100,000	63	3,280,658	7.10%
Over 100,000	64	42,848,768	92.79%
Total	134	46,175,789	100.00%

Shareholder information (continued)

20 Largest Quoted Option Holders

	Holder	Securities	% of Ordinary Shares Issued
1	DELPHI UNTERNEHMENSBERATUNG AKTIENGESELLSCHAFT	5,842,619	12.65%
2	PAYZONE PTY LTD	4,250,425	9.20%
3	ST BARNABAS INVESTMENTS PTY LTD	4,050,425	8.77%
4	MR JOHN CAMPBELL SMYTH & DR ANN NOVELLO HOGARTH	3,000,000	6.50%
5	MINGENEW HOLDINGS PTY LTD	2,501,378	5.42%
6	R LUFF (Grouped)	1,726,190	3.74%
7	REDLAND PLAINS PTY LTD	1,428,600	3.09%
7	DIXTRU PTY LIMITED	1,000,000	2.17%
8	OCEANIC CAPITAL PTY LTD	875,000	1.89%
9	KINGS PARK INVESTMENTS (WA) PTY LTD	750,000	1.62%
10	MELBOURNE CAPITAL PTY LTD	700,000	1.52%
11	MR SAMUEL PHILIP HEWITT BOTTEN & MS ALICE ELIZABETH DUNSTONE	695,111	1.51%
12	MR DAVID IAN RAYMOND HALL & MRS DENISE ALLISON HALL	675,000	1.46%
13	POOKY CORPORATION PTY LTD	647,500	1.40%
14	MUNDAY SLINGSHOT SUPER PTY LTD	610,198	1.32%
15	CLARIDEN CAPITAL PTY LTD	600,000	1.30%
16	EVERMIND PTY LTD	600,000	1.30%
16	GILCHRIST MINING LIMITED	587,500	1.27%
16	ARBOR SUPER PTY LTD	550,000	1.19%
16	MRS ADEL ALBERTA MICHAEL	500,000	1.08%
16	BUCKLAND CAPITAL PTY LTD	500,000	1.08%
17	GOLD VAULT INTERNATIONAL PTY LTD	500,000	1.08%
18	CAVES ROAD INVESTMENTS PTY LTD	500,000	1.08%
19	MR DANNY MURPHY & MRS SUSAN MURPHY	437,500	0.95%
	Total	33,527,446	72.84%

The options have no voting rights.

Shareholder information (continued)

UNQUOTED SECURITIES

A. Options expiring 11th September 2023

- i. There are 7,500,000 options on issue, exercisable at 20 cents per share and expiring on 11th September 2023. The options have no voting rights.
- ii. Zenix Nominees Pty Ltd holds all the options in this class.

B. Options expiring 31st July 2023

- i. There are 3,100,000 options on issue, exercisable at 7.5 cents per share and expiring on 31st July 2023. The options have no voting rights.
- ii. Free-attaching options to the placement.

C. Options expiring 2nd December 2024

- i. There are 3,500,000 options on issue, exercisable at 8 cents per share and 3,500,000 options on issue, exercisable at 12 cents per share and expiring on 2nd December 2024. The options have no voting rights

D. Options expiring 25th January 2023

- i. There are 59,645,318 options on issue, exercisable at 8 cents per share and expiring on 25th January 2023. The options have no voting rights.
- ii. Free-attaching options to the placement.

E. Options expiring 25th January 2024

- i. There are 3,958,667 options on issue, exercisable at 6.75 cents per share, 3,958,666 options on issue, exercisable at 9 cents per share and 3,958,666 options on issue, exercisable at 11.25 cents per share and expiring on 25th January 2024. The options have no voting rights

F. Options expiring 27th May 2026

- i. There are 5,346,970 options on issue, exercisable at 20.3 cents per share and expiring on 27th May 2026. The options have no voting rights.

G. Options expiring 27th May 2025

- i. There are 1,000,000 options on issue, exercisable at 0 cents per share and expiring on 27th May 2025. The options have no voting rights.

H. Options expiring 5th August 2026

- i. There are 192,069 options on issue, exercisable at 15.11 cents per share and expiring on 5th August 2026. The options have no voting rights

I. Options expiring 17th December 2024

- i. There are 2,192,084 options on issue, exercisable at 18 cents per share and expiring on 17th December 2024. The options have no voting rights

J. Options expiring 17th December 2024

- i. There are 2,192,084 options on issue, exercisable at 24 cents per share and expiring on 17th December 2024. The options have no voting rights

K. Options expiring 30th March 2027

- i. There are 2,868,000 options on issue, exercisable at 16.06 cents per share and expiring on 30th March 2027. The options have no voting rights

Notes to the financial statements 30 June 2022

L. Performance Rights

1) Series I-K Performance Rights issued on 20th December 2019.

- i. There are total of 779,625 Series I-K Performance Rights on issue. The Performance Rights have no voting rights.
- ii. The Performance Rights were granted under the Company's Employee Security Ownership Plan.

2) Distribution of Performance Rights holders

Range	Holders	Securities	% of I-K Performance Rights Issued
Over 100,000	3	779,625	100.00%
Total	3	779,625	100.00%