



South Harz Potash Limited

ABN 64 153 414 852

Half year Financial Report - 31 December 2022

For personal use only

Corporate directory

Directors

Ian Farmer - United Kingdom

Non-Executive Chairman

Luis Cabrita da Silva – United Kingdom

CEO & Managing Director

Dr Reinout Koopmans - United Kingdom

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.

Principal place of business

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

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.

Bankers

Barclays Bank

Stock exchange listing

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

Share registry

Automatic 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.

Table of Contents

Directors' report	4
Auditor's independence declaration	10
Condensed consolidated statement of profit or loss and other comprehensive income.....	12
Condensed consolidated statement of financial position	13
Condensed consolidated statement of changes in equity	14
Condensed consolidated statement of cash flows.....	15
Notes to the condensed consolidated financial statements	16
Directors' declaration	23
Independent auditor's review report	24

For personal use only

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 half year ended 31 December 2022.

Directors

The names of Directors who held office during the whole of the financial period and up to the date of this report.

Name	Title
Ian Farmer	Non-Executive Chairman
Luis Cabrita da Silva	Chief Executive & Managing Director (commenced 1 November 2022)
Dr. Reinout Koopmans	Independent Non-Executive Director
Rory Luff	Non-Independent Non-Executive Director
Len Jubber	Independent Non-Executive Director
Hansjoerg Plaggemars	Independent Non-Executive Director (resigned 31 December 2022)
Lawrence Berthelet	Independent Non- Executive Director (commenced 17 October 2022 and resigned 31 December 2022)

Principal Activities

During the financial period the principal continuing activities of the consolidated entity consisted of investment in and development of mineral exploration assets.

Review of Operations

The total comprehensive loss for the six months ended 31 December 2022 was A\$3,183,156 (half-year ended 31 December 2021: A\$3,484,268).

Highlights during the six-month period to 31 December 2022 included:

- Significant update of the Ohmgebirge Mineral Resource estimate to 338Mt at 12.9% K₂O, with an extensive categorisation upgrade achieved. The estimate comprises 290 Mt of Sylvinitite at 13.5% K₂O (split approximately 89% Indicated and 11% Inferred) and 48 Mt of Carnallite at 9.8% K₂O (100% Inferred).
- Delivery of the Ohmgebirge Scoping Study outcomes evidencing a world-class potash development. The study outlined the technical and financial robustness of a vertical shaft access, underground mining operation with a conventional cold- water leach and subsequent hot crystallization process producing approximately 1 Mtpa of agricultural grade MOP. The process route was subsequently confirmed by K Utec through pilot scale metallurgical tests.
- Project readiness activities completed ahead of commencement of the Ohmgebirge Pre-Feasibility Study (PFS).
- Metallurgical test work results performed by K-UTEC confirmed the suitability of Ohmgebirge processing route outlined in Scoping Study in order to achieve production of K60 MOP.

- K llstedt and Gr fentonna exploration licenses granted three-year extensions by the Thuringian mining authority Th ringer Landesamt f r Umwelt, Bergbau und Naturschutz (**TLUBN**).
- Completion of a A\$3.0 million Placement at an issue price of A\$0.045 per share, before costs, for the advancement of Ohmgebirge near-term value-adding initiatives and PFS workstreams. The placement included 13,888,888 shares issued to South Harz Directors (or their respective nominees) approved by shareholders at a General Meeting held on 23 February 2023.
- Appointment of Luis da Silva as Chief Executive Officer – effective 1 November 2022.
- Appointment of Lawrence Berthelet as Chief Operating Officer, effective 1 January 2023, coinciding with his resignation as Non-Executive Director on 31 December 2022.
- As part of an ongoing Board review, the Board’s size was reduced with the resignation of Non – Executive Director Hansjoerg Plaggemars, effective 31 December 2022.

South Harz Potash Limited is developing a portfolio of potash projects in the South Harz region of Germany, encompassing 659 square kilometres, with an inferred resource of 5.3 billion tonnes (grading 10.8% K₂O) within the JORC Inferred category. It is contained within a well-defined potash basin which has been mined for fertiliser salts for over 100 years and the Company has identified at least four standalone projects within its portfolio.

The Company holds three perpetual mining licences, Ohmgebirge, M hlhausen-Nohra and Ebeleben as well as two exploration licences - K llstedt and Gr fentonna (see Figure 1).

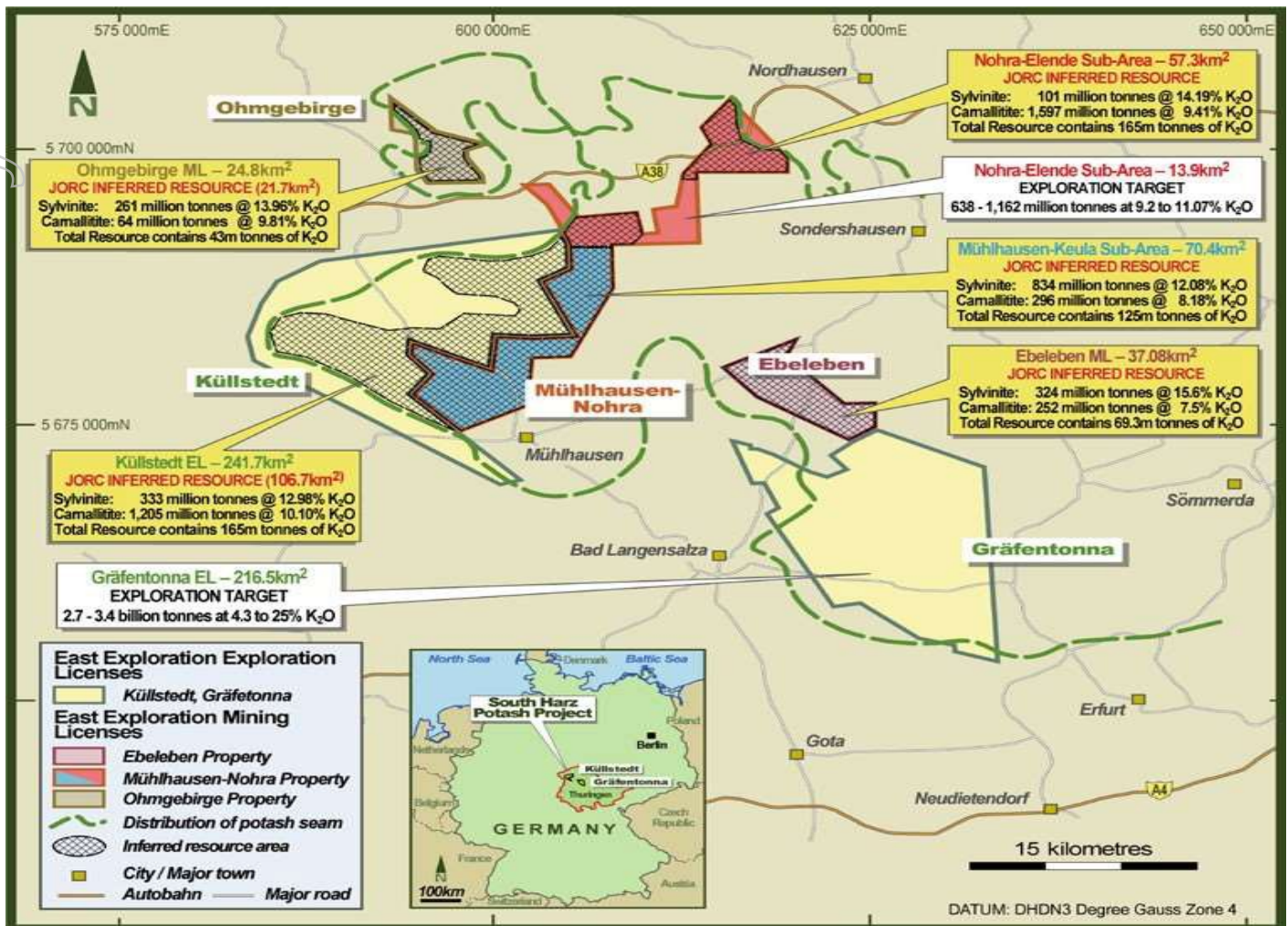


Figure 1: Map depicting location of South Harz Potash's mining and exploration licence areas.

Ohmgebirge

The Company selected Ohmgebirge as the subject of its 2022 Scoping Study owing to its relative shallowness (from 450m below surface), tonnage, grade (338 Mt grading 12.9% K₂O)¹, the licence area's proximity to infrastructure including abandoned mines for future tailings disposal and to derelict industrial land from adjacent former potash mines.

Following the successful publication of a Scoping Study on this project, the Company is now embarking on a Pre Feasibility study and Environmental Impact Assessment. As part of this process it is also evaluating potential site options for the mine and processing plant.

¹ In accordance with ASX listing rule 5.23, the Company is not aware of any new information or data that materially affects the information included in the previous market announcement (ASX announcements 23 December 2019) and that all material assumptions and technical parameters underpinning the estimate in the previous market announcement continue to apply and have not materially changed.

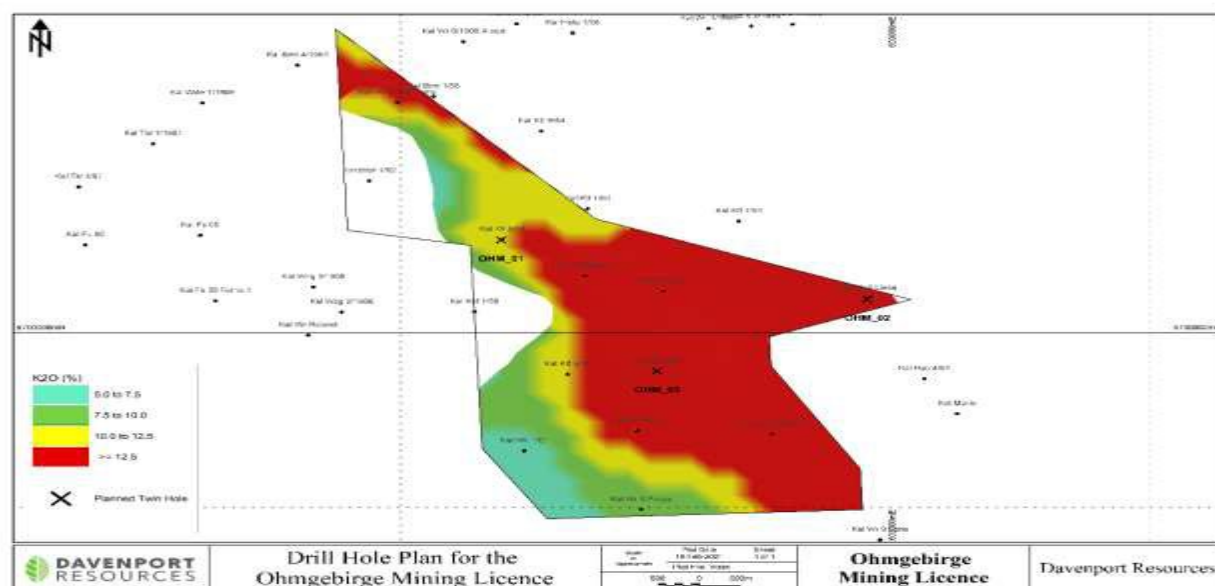


Figure 2: Ohmgebirge mining licence area showing K2O grade distribution and location of drill holes.

Investor Activities

The Company has continued its Investor Relations programme in both Europe and Australia with the assistance of Alma PR, based in London and Fivemark Partners of Perth, Australia. Numerous investor presentations, webinars and video interviews were conducted during the reporting period including a road show to investors in Australia by Ian Farmer and Luis da Silva. Executives also presented to interested parties at the “London 121” and “Mines and Money” events.

Market Update

The potash market performed strongly during the period, with post-COVID food security fears, an increase in fertilizer applications, the global response to conflict in the Ukraine, and the consequent restrictions to Belarus and Russian supply. All of these factors ensured a tight marketplace resulting in significant price increases for MOP at over US\$900 per tonne. Prices receded towards the end of the period, but remain well above consensus long term price assumptions.

Finance Report

Total costs for the half year remained unchanged compared to the previous half year at A\$3.4m. Within that figure the cost dynamics changed to reflect the stage the company is currently at – namely:

- Completion of drilling at Ohmgebirge where costs were down on the previous half year therefore by A\$0.4m
- Temporarily higher Director costs
- Higher consulting fees due to the finalization of the Ohmgebirge scoping study,
- Higher Administrative and Corporate costs as the Company builds its operational team in Erfurt.
- Director and key management costs equated to c. 20% of total costs which is average for the industry but will reduce going forward given the reduced Board size.

On 24 November 2022, the Company issued 53,444,445 fully paid ordinary shares (incl. shares issued to brokers of 666,666) at an issue price of \$0.045 each raising \$2,375,000. In addition, the Directors committed at the time to subscribe for a further A\$625,000. In February this year their subscriptions were approved at a General Meeting. The forward cashflow forecast over the ensuing 12-month period reflects the Board's intention to raise additional capital to enable the Company to complete its pre-feasibility study.

Cash at the end of December 2022 was A\$5,826,496.

Matters Subsequent to The End of The Financial Period

With effect from 1 January 2023 Lawrence Berthelet assumed the duties of Chief Operating Officer. On 31 December 2022 he had resigned from his Board appointment with the Company in order to take on this role.

On 25 January 2023, 59,645,318 options expired without exercise.

On 6 February 2023 the Company announced the appointment of ERM consultants to conduct the Environmental Impact Assessment and Spatial Planning Permitting process.

The Company further announced on February 13 2023 the appointments of the key consultants to conduct its Preliminary Feasibility Study - Hatch to lead the technical team comprising Ercosplan, K-Utec and Micon, - as well as ERM for the environmental impact assessment.

On 23 February 2023 a General Meeting of shareholders was held in which a majority approved the A\$625,000 capital subscription by Directors.

Going Concern

The financial report has been prepared on a 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 ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cash flow in line with available funds.

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 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.

ESG and Risk

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

South Harz Potash Limited is at an early stage in the development of its potash resources in Thuringia state. Therefore, our focus in terms of environmental and social impact of our activities has been to engage with the local communities to give assurances on the potential impact of our operations. A full independent assessment will be carried out as part of our Defined Feasibility study due to commence in the next calendar year. This will also address health and safety issues, labour standards and environmental legislation compliance considerations, as well as confirm our carbon footprint and climate change review. The Board's emphasis is on our local communities, the safety of our staff, the protection of our environment, and good governance.

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

Rounding Of Amounts

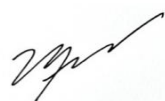
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Audit Independence Declaration

A copy of the auditor's independence declaration in relation to the review for the half-year ended 31 December 2022 is provided with this report.

This report is made in accordance with a resolution of the directors, pursuant to section 307(c) of the Corporations Act 2001.

On behalf of the directors:



Ian Farmer - Chairman
15 March 2023

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

As lead auditor for the review of South Harz Potash Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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, 15 March 2023

Financial report

General information

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

The financial report consists of 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.

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022

	Note	Consolidated	
		Dec 2022 A\$	Dec 2021 A\$
Revenue from continuing operations			
Other income	4	213	126
Expenses			
Exploration and evaluation costs		(1,298,864)	(1,744,122)
Administration and corporate expenses		(739,584)	(531,896)
Insurance expense		(80,390)	(120,125)
Director fees and key management costs		(706,129)	(585,972)
Depreciation and amortisation expense		(9,356)	(1,059)
Foreign exchange (loss)/gain		(5,651)	18,457
Consulting expenses		(344,008)	(206,906)
Employee benefit expense		(108,171)	(64,395)
Share-Based Payments		(163,415)	(194,512)
Loss before income tax expense		(3,455,355)	(3,430,404)
Income tax expense		-	-
Loss after income tax expense		(3,455,355)	(3,430,404)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation reserve		272,199	(53,864)
Other comprehensive gain /(loss) for the year net of tax		272,199	(53,864)
Total comprehensive loss for the year		(3,183,156)	(3,484,268)
		Consolidated	
		Dec 2022 A\$	Dec 2021 A\$
Earnings per share for loss attributable to the owners of South Harz Potash Limited			
Basic loss per share		(0.47)	(1.59)
Diluted loss per share		(0.47)	(1.59)

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

Condensed consolidated statement of financial position as at 31 December 2022

	Note	Consolidated	
		Dec 2022 A\$	Jun 2022 A\$
Assets			
Current assets			
Cash and cash equivalents	5	5,826,496	6,598,835
Trade and other receivables	6	54,183	29,250
Other assets		256,694	667,643
Total current assets		6,137,373	7,295,728
Non-current assets			
Property, plant and equipment		72,965	30,213
Exploration and evaluation	8	1,947,907	1,866,823
Total non-current assets		2,020,872	1,897,036
Total assets		8,158,245	9,192,764
Liabilities			
Current liabilities			
Trade and other payables	7	624,868	940,444
Total current liabilities		624,868	940,444
Total liabilities		624,868	940,444
Net assets		7,533,377	8,252,320
Equity			
Issued capital	9	33,136,249	30,916,150
Reserves	10	1,403,606	949,398
Accumulated losses		(27,006,478)	(23,613,228)
Total equity		7,533,377	8,252,320

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

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2022

	Contributed Equity	Performance Rights Reserve	Option Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	A\$	A\$	A\$	A\$	A\$	A\$
Balance as 1 July 2022	30,916,150	57,573	1,091,022	(199,197)	(23,613,228)	8,252,320
Loss after income tax expenses for the year	-	-	-	-	(3,455,355)	(3,455,355)
Other comprehensive income for the year, net of tax	-	-	-	272,199	-	272,199
Total comprehensive income/(loss) for the year	-	-	-	272,199	(3,455,355)	(3,183,156)
Transactions with owners in their capacity as owners:	2,217,304	-	83,494	-	-	2,300,798
Contributions of equity, net of transaction costs	-	(62,105)	-	-	62,105	-
Performance rights reserves-reversal	-	-	-	-	-	-
Share-based payments	2,795	4,532	156,088	-	-	163,415
Balance at 31 December 2022	33,136,249	-	1,330,604	73,002	(27,006,478)	7,533,377

	Contributed Equity	Performance Rights Reserve	Option Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	A\$	A\$	A\$	A\$	A\$	A\$
Balance as 1 July 2021	20,554,094	53,851	910,460	172,134	(10,443,011)	11,247,528
Impact of change in accounting policy	-	-	-	-	(1,310,635)	(1,310,635)
Balance as 1 July 2021 (restated)	20,554,094	53,851	910,460	172,134	(11,753,646)	9,936,893
Loss after income tax expenses for the year	-	-	-	-	(3,430,404)	(3,430,404)
Other comprehensive income for the year, net of tax	-	-	-	(53,864)	-	(53,864)
Total comprehensive income/(loss) for the year	-	-	-	(53,864)	(3,430,404)	(3,484,268)
Transactions with owners in their capacity as owners:	5,084,293	-	259,723	-	-	5,344,016
Contributions of equity, net of transaction costs	-	(11,480)	205,991	-	-	194,511
Share-based payments	-	-	-	-	-	-
Balance at 31 December 2021	25,638,387	42,371	1,376,174	118,270	(15,184,050)	11,991,152

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

Condensed consolidated statement of cash flows for the half-year ended 31 December 2022

	Note	Dec 2022 A\$	Dec 2021 A\$
Cash flows from operating activities			
Interest received		213	128
Exploration costs		(1,298,864)	-
Payments to suppliers and employees		(2,071,257)	(3,017,773)
		(3,369,908)	(3,017,645)
Cash flows from investing activities			
Payments for property, plant and equipment		(52,108)	-
Net cash used in investing activities		(52,108)	-
Cash flows from financing activities			
Proceeds from issue of shares		2,449,605	5,659,694
Proceeds from options conversion		2,795	-
Payments for capital raising costs		(232,301)	(315,660)
Net cash from financing activities		2,220,099	5,344,034
(Decrease)/ increase in cash and cash equivalents		(1,201,917)	2,326,389
Cash and cash equivalents at beginning of year		6,598,835	8,236,749
Effects of foreign exchange cash movements		429,578	(25,922)
Cash and cash equivalents at end of the year	5	5,826,496	10,537,216

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

Notes to the condensed consolidated financial statements 31 December 2022

Note 1. Significant accounting policies

Basis of preparation and accounting policies

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general-purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the change in accounting policy relating to the exploration and evaluation assets as explained below.

Exploration and evaluation assets

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:

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

Exploration for and evaluation of mineral resources is defined as 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.

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.

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.

Going concern

For the half-year ended 31 December 2022, the Company incurred a total comprehensive loss of \$3,183,156 (half-year ended 31 December 2021: loss of \$3,484,268) and incurred cash outflows from operations of \$3,369,908 (half-year ended 31 December 2021: outflow of \$3,017,645). As at 31 December 2022, the consolidated entity had accumulated losses of \$27,006,478 (half-year ended 30 June 2022: (\$23,613,228)).

On 24 November 2022, the Company issued 53,444,445 fully paid ordinary shares (incl. shares issued to brokers of 666,666) at an issue price of \$0.045 each raising \$2,375,000.

Directors are aware that additional capital would be required to meet operational costs and to advance the exploration projects. Having carefully assessed the uncertainties relating to the likelihood of securing additional funding and the consolidated entity's ability to effectively manage its operations and working capital requirements, the Directors believe that the consolidated entity will continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis which assumes the realisation of assets and the extinguishment of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is principally dependent upon its ability to secure funds by raising capital from equity markets and managing cash flow in line with available funds.

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

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

- The Company has the ability to defer discretionary costs as and when required.
- In particular, given the Company's history of raising capital to date, the Directors are confident of the Company's ability to raise additional funds as and when they are required.

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

Note 2. Controlled Entities

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	
		Dec-2022 %	Jun-2022 %
South Harz Potash (Australia) Pty Ltd	Australia	100.00	100.00
Südharz Kali GmbH	Germany	100.00	100.00

Note 3. Segment reporting

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	
	Dec 2022	Dec 2021	Dec 2022	Jun 2022
	\$	\$	\$	\$
Australia	-	-	5,176	5,142
Germany	-	-	2,015,696	1,891,894
	-	-	2,020,872	1,897,036

Note 4. Revenue

	Consolidated	
	Dec 2022	Dec 2021
Other income	A\$	A\$
Interest	213	126
Revenue from continuing operations	213	126

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	Dec 2022	Jun 2022
	A\$	A\$
Cash at bank	5,826,496	6,598,835
	5,826,496	6,598,835

Note 6. Trade and other receivables

	Consolidated	
	Dec 2022	Jun 2022
	A\$	A\$
Other receivables	54,183	29,250
	54,183	29,250

Note 7. Trade and other payables

	Consolidated	
	Dec 2022	Jun 2022
	A\$	A\$
Trade and other payables	624,868	940,444
	624,868	940,444

Note 8. Non-current assets - exploration and evaluation

	Consolidated	
	Dec 2022	Jun 2022
	A\$	A\$
Exploration and evaluation - at cost	1,947,907	1,866,823
	1,947,907	1,866,823

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

	Exploration
Consolidated	A\$
Balance at 1 July 2022	1,866,823
Additions	-
Foreign exchange translation difference	81,084
Balance at 31 Dec 2022	1,947,907
Balance at 1 July 2021	1,965,943
Additions	-
Foreign exchange translation difference	(99,120)
Balance at 30 June 2022	1,866,823

Note 9. Equity - issued capital

	Consolidated		Consolidated	
	Dec 2022	June 2022	Dec 2022	June 2022
			A\$	A\$
Ordinary share capital	586,123,541	532,033,737	33,136,249	30,916,150
Details	Date	No of shares	Issue Price	\$
Balance	01-Jul-22	532,033,737	-	30,916,150
Exercise of Options - cash	24-Aug-22	107,500	0.080	8,600
Exercise of Options - options reserves	24-Aug-22			2,795
In Lieu of Services	07-Sep-22	537,859	0.067	36,005
Issue of share placement	24-Nov-22	52,777,779	0.045	2,375,000
Issued to Broker	24-Nov-22	666,666	0.045	30,000
Cost of capital raising				(232,301)
	31-Dec-22	586,123,541		33,136,249

2022	Consolidated		Consolidated	
	Jun 2022	Jun 2021	Jun 2022	Jun 2021
			A\$	A\$
Ordinary shares - fully paid	532,033,737	424,098,241	33,136,249	20,554,094

Note 10. Equity - reserves

	Consolidated	
	Dec 2022	Jun 2022
	A\$	A\$
Foreign currency translation reserve	73,002	(199,197)
Performance rights reserve	-	57,573
Option right reserves	1,330,604	1,091,022
	1,403,606	949,398

Foreign currency reserve

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

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.

Note 11. Equity-Options

Grant date	Expiry date	Exercise price	Fair value	Balance at start of the year	Issued in year	Exercised in the year	Expired in the year	Balance at the end of year	Exercisable at year end
Opening 01-Jul-22				149,195,813		-107,500		149,088,313	
30-Sep-22	30-Sep-27	\$ 0.120	\$ 0.033	-	3,890,000	-		3,890,000	-
17-Oct-22	17-Oct-26	\$ 0.123	\$ 0.029	-	1,000,000	-	-	1,000,000	-
02-Nov-22	31-Oct-27	\$ 0.055	\$ 0.038	-	2,000,000	-	-	2,000,000	-
02-Nov-22	31-Oct-27	\$ 0.082	\$ 0.035	-	2,000,000	-	-	2,000,000	-
02-Nov-22	31-Oct-27	\$ 0.011	\$ 0.033	-	2,000,000	-	-	2,000,000	-
02-Nov-22	31-Oct-27	\$ 0.136	\$ 0.031	-	2,000,000	-	-	2,000,000	-
10-Nov-22	07-Nov-27	\$ 0.150	\$ 0.029	-	4,623,000	-	-	4,623,000	-
24-Nov-22	23-Nov-25	\$ 0.090	\$ 0.025	-	3,366,667	-	-	3,366,667	-
Closing 31-12-22				149,195,813	20,879,667	(107,500)		169,967,980	

Note 12. Share-based payments

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:

December 2022

Type	Expiry date	Balance 30 Jun 22	Cancelled / Expired	Balance 31 Dec 22	Fair Value	Fair Value A\$	Probability of Vesting	Expensed A\$
Series I	20-Dec-22	129,939	(129,939)	-	0.01	2,851	-	450
Series J	20-Dec-22	389,811	(389,811)	-	0.05	4,277	-	2,449
Series K	20-Dec-22	259,875	(259,875)	-	0.05	2,851	-	1,633
		779,625	(779,625)	-	-	77,267		4,532

All the performance rights have expired as at 31 December 2022.

Note 13. Subsequent events

With effect from 1 January 2023 Lawrence Berthelet assumed the duties of Chief Operating Officer. On the same date he resigned from his Board appointment with the Company in order to take on this role.

On 25 January 2023, 59,645,318 options expired without exercise.

On 6 February 2023 the Company announced the appointment of ERM consultants to conduct the Environmental Impact Assessment and Spatial Planning Permitting process.

The Company further announced on 13 February 2023 the appointments of the key consultants to conduct its Preliminary Feasibility Study - Hatch to lead the technical team comprising Ercosplan, K-Utec and Micon, - as well as ERM for the environmental impact assessment.

On 23 February 2023 a General Meeting of shareholders was held in which a majority approved the A\$625,000 capital subscription by Directors as mentioned in the above Finance Report and the Directors' Report.

Note 14. Contingent liabilities

There were no contingent liabilities as at the reporting date.

For personal use only

Directors' declaration

1. In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements.
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Ian Farmer - Chairman
15 March 2023
Perth

Independent auditor's review report

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of South Harz Potash Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of South Harz Potash Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

Material uncertainty relating 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 conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

For personal use only

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd



James Mooney
Director

Melbourne, 15 March 2023

For personal use only