

ASX ANNOUNCEMENT

2 November 2023

**MOU EXECUTED FOR EXISTING SHAFT
AND INFRASTRUCTURE UTILISATION**

- Non-binding MoU executed with Ohmgebirge neighbour, Deusa, for long-term utilisation of existing Bernterode shaft and associated infrastructure to deliver accelerated access to the Ohmgebirge deposit.
- Binding exclusivity granted to South Harz until 31 March 2024 to reach definitive commercial agreement.
- Delivers a brownfield development pathway that offers substantial time, capital cost and footprint advantages versus greenfield shaft construction, reducing timeline to first production.
- Bernterode's existing shafts are located only 1,500m from the Ohmgebirge tenement boundary, contiguous with the Ohmgebirge deposit.
- Ohmgebirge's Spatial Planning Application, incorporating utilisation of Bernterode infrastructure as the base case development pathway, is on track for submission during Q4 CY2023.
- Ohmgebirge Pre-Feasibility Study now targeted to be delivered in early Q2 CY2024, allowing optimised and fulsome inclusion of Bernterode brownfield development pathway.

South Harz Potash Limited (ASX: SHP) (**South Harz** or the **Company**) is pleased to advise of the execution of a non-binding Memorandum of Understanding (**MoU**) with NDH-E/DEUSA International GmbH (**Deusa**), the owner of the neighbouring property to South Harz's Ohmgebirge Potash Development (**Ohmgebirge**) in Thuringia, Germany.

The MoU contemplates ongoing collaboration between the parties that allows South Harz to utilize access to Deusa's Bernterode shaft infrastructure to advance the Ohmgebirge Pre-Feasibility Study (**PFS**) and Spatial Planning Application on a brownfield pathway basis. The MoU also grants binding exclusivity to South Harz until 31 March 2024 to advance discussions towards a definitive commercial agreement with Deusa on long-term shaft and infrastructure access and utilisation.

The MoU and targeted long-term access agreement with Deusa enables South Harz to progress a development layout for Ohmgebirge which is based on utilisation of the existing Bernterode #2 shaft through widening, followed by installation of a Pocketlift conveyor and personnel/material cage. Brownfield development delivers substantial time and capital cost advantages versus a greenfield construction option. In the past 18 months, the industry globally has been impacted by rising costs. The arrangement with Deusa is expected to result in substantial capital cost advantages to South Harz, offsetting potential inflationary capital cost escalation when compared to a greenfield project development.

Whilst work will continue unabated on the PFS, the Company is focussed on working with Deusa to achieve the optimal engineering, environmental and economic outcome for the project. To allow for optimised and fulsome inclusion of the targeted Bernterode brownfield development pathway in all planning and evaluation activities, the Ohmgebirge PFS is now scheduled for delivery in early Q2 CY2024. This timing also coincides with anticipated approval of the Spatial Planning permit.

Key benefits to the collaboration include:

1. Majority of land to be utilised is already designated industrial land, for streamlined permitting pathway;
2. Access to power, water and gas, for reduced utility capital;
3. Proximity to surface infrastructure such as rail and road, for ease of access and logistical optimisation;
4. Improved access to the underground orebody, significantly reduces potential development capital cost;
5. Meets ventilation requirements for underground operations, further improving shaft capital outlay;
6. Provides potential underground access to additional orebodies on existing South Harz permits for enhanced project scalability.

Figures 1-4, below, better illustrate the progress of the PFS and corresponding benefits.

Execution of the MoU also allows South Harz to finalise and submit the full Spatial Planning Application for Bernterode as the preferred site to the lead regulatory authority, Thüringer Landesverwaltungsamt (TLVwA). Submission of the application is anticipated in November. Under the regulatory framework, the decision on spatial permitting is required within six (6) months of submission of the Spatial Planning Application.

Further business development opportunities that may give rise to increased technical and commercial synergies between the two businesses will also be explored.

To allow for optimized and fulsome inclusion of the targeted Bernterode brownfield development pathway in all planning and evaluation activities, the Ohmgebirge PFS is now scheduled for delivery in early Q2 CY2024. This timing also coincides with anticipated approval of the Spatial Planning permit.

South Harz Managing Director and CEO, Luis da Silva, commented:

“The execution of this partnership MoU with Deusa continues to demonstrate the strong capacity of the world-class Ohmgebirge project to leverage existing regional infrastructure and a genuine brownfield development pathway. The Bernterode infrastructure is located close to the Ohmgebirge tenement boundary and proximal to some of the thickest sections of the Ohmgebirge deposit. Its utilization in the development of Ohmgebirge offers substantial physical, cost and time benefits to South Harz and its shareholders.

“I would like to take this opportunity to thank Deusa for their cooperation and approach over the journey to date. The signing of this MoU is a landmark milestone for both parties. We look forward to building on this collaboration with Deusa and its people in advancing towards definitive commercial arrangements and delivering superior environmental, social and financial outcomes for both parties.

“I also look forward to providing further updates as key Ohmgebirge milestones are progressively delivered in coming months, including submission of the Spatial Planning Application and completion of the PFS.”

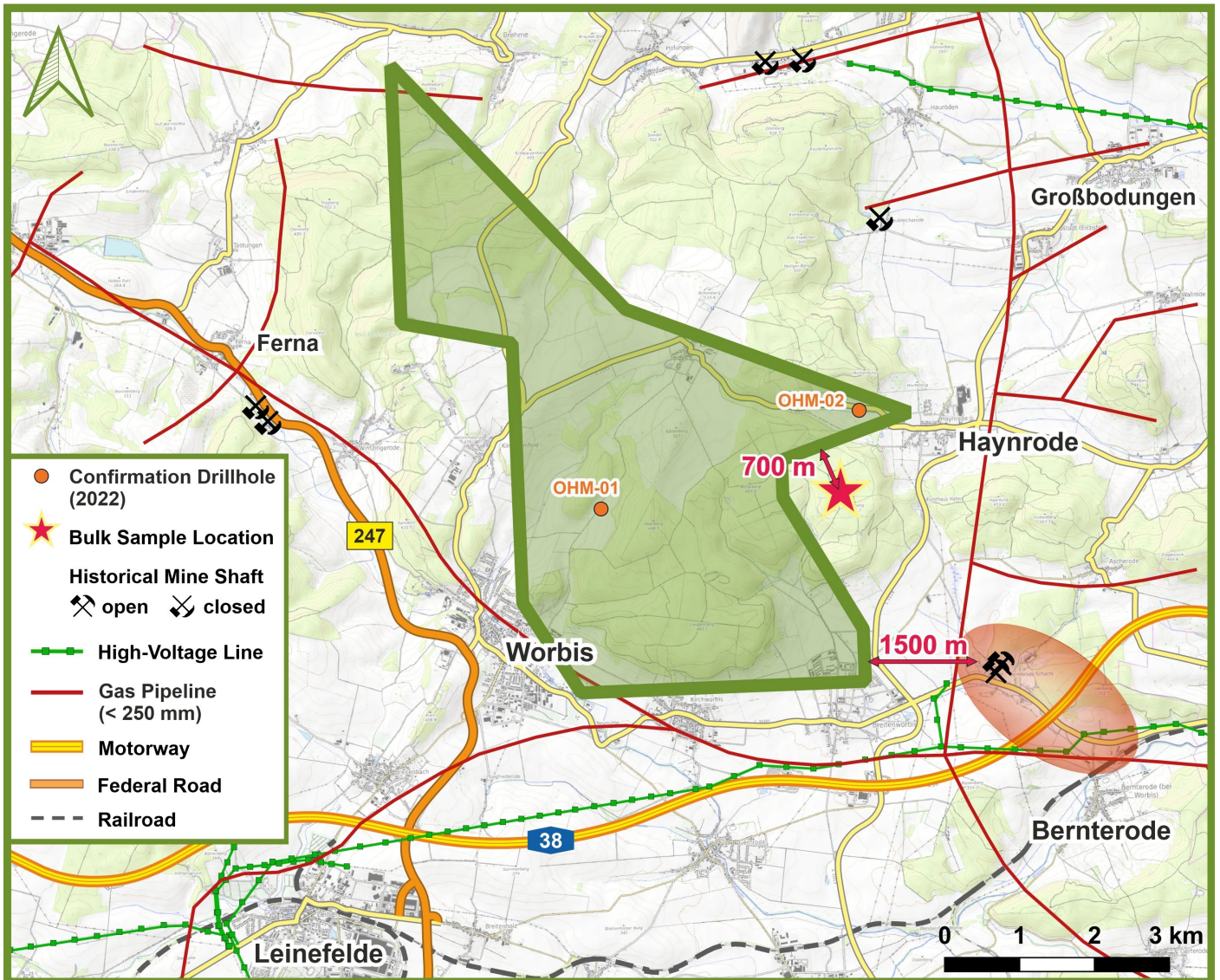


Figure 1: Signing of MoU confirms Bernterode as preferred brownfield site

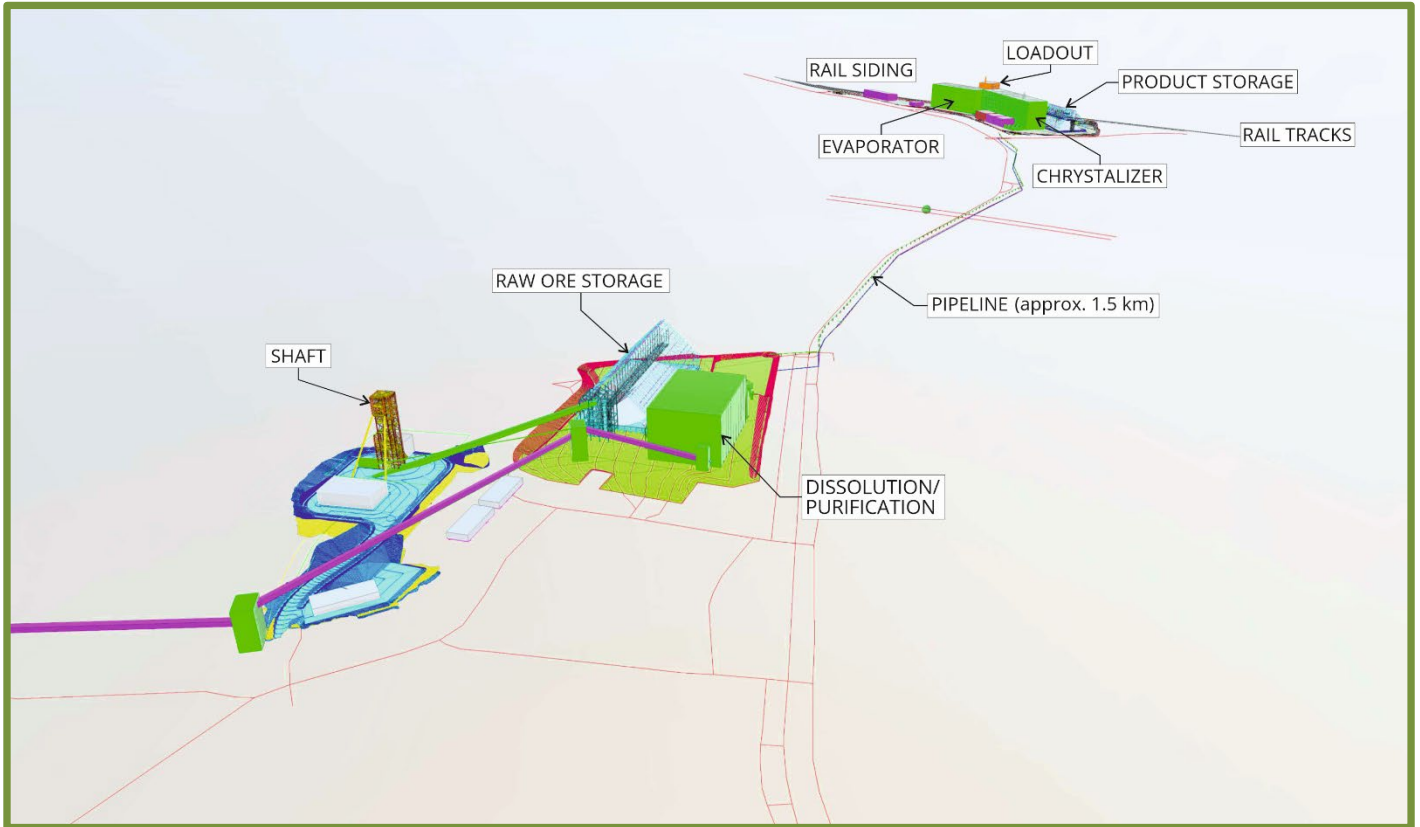


Figure 2: Preliminary layout and view from shaft area through to processing facility showing proximity to rail infrastructure

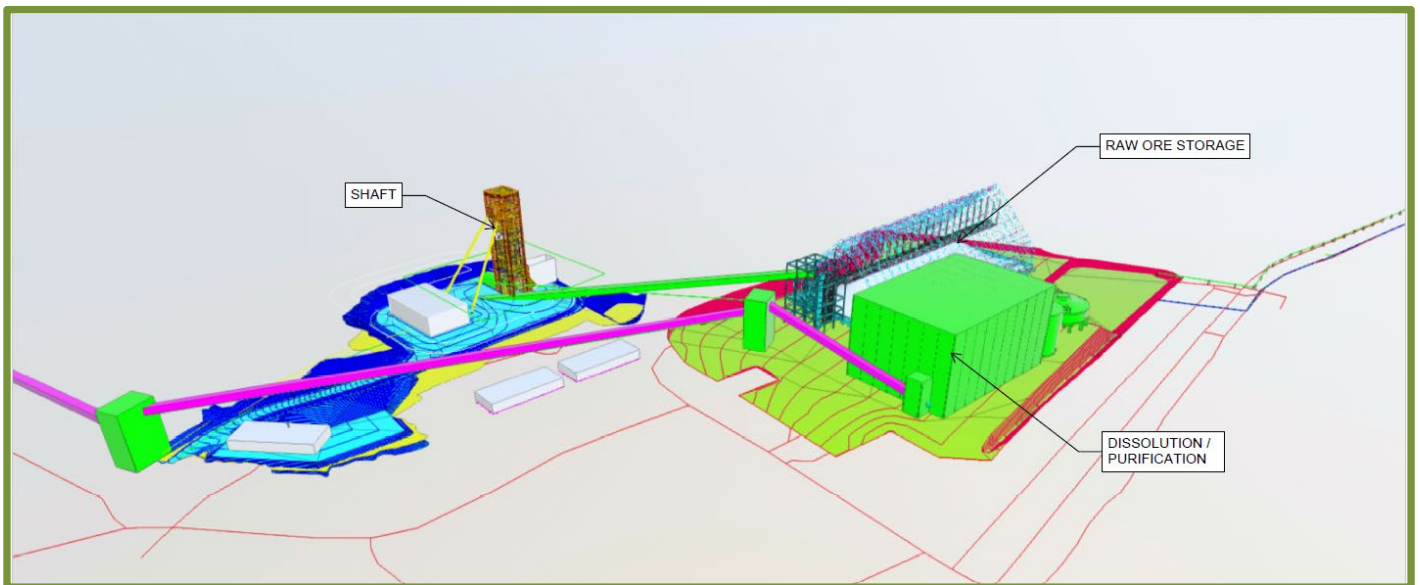


Figure 3: Close up of preliminary layout of the cold leaching facility at the shaft area

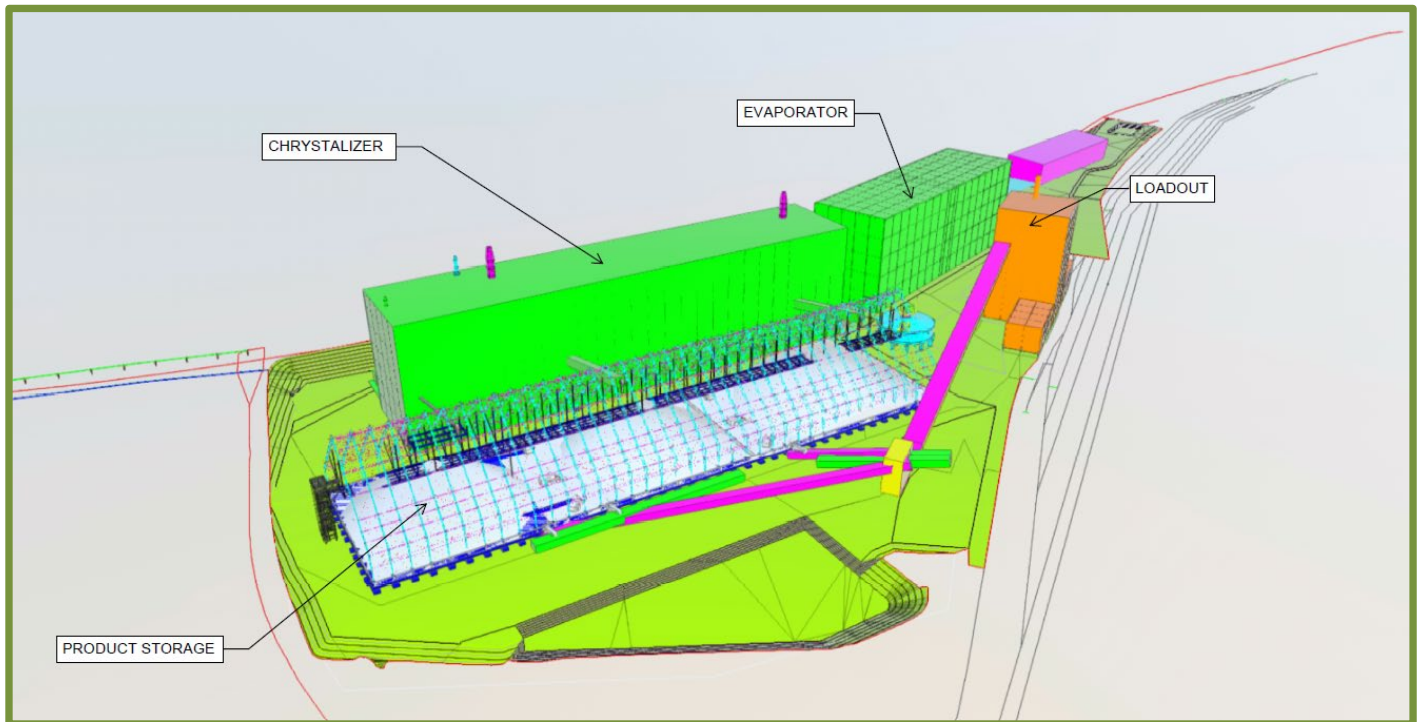


Figure 4: Preliminary layout of the processing facility and rail loadout

This ASX release has been approved by CEO & Managing Director, Luis da Silva.

Investor and media enquiries

Luis da Silva
CEO & Managing Director
South Harz Potash Ltd
info@southharzpotash.com

Michael Vaughan
Fivemark Partners
+61 422 602 720
michael.vaughan@fivemark.com.au

About South Harz

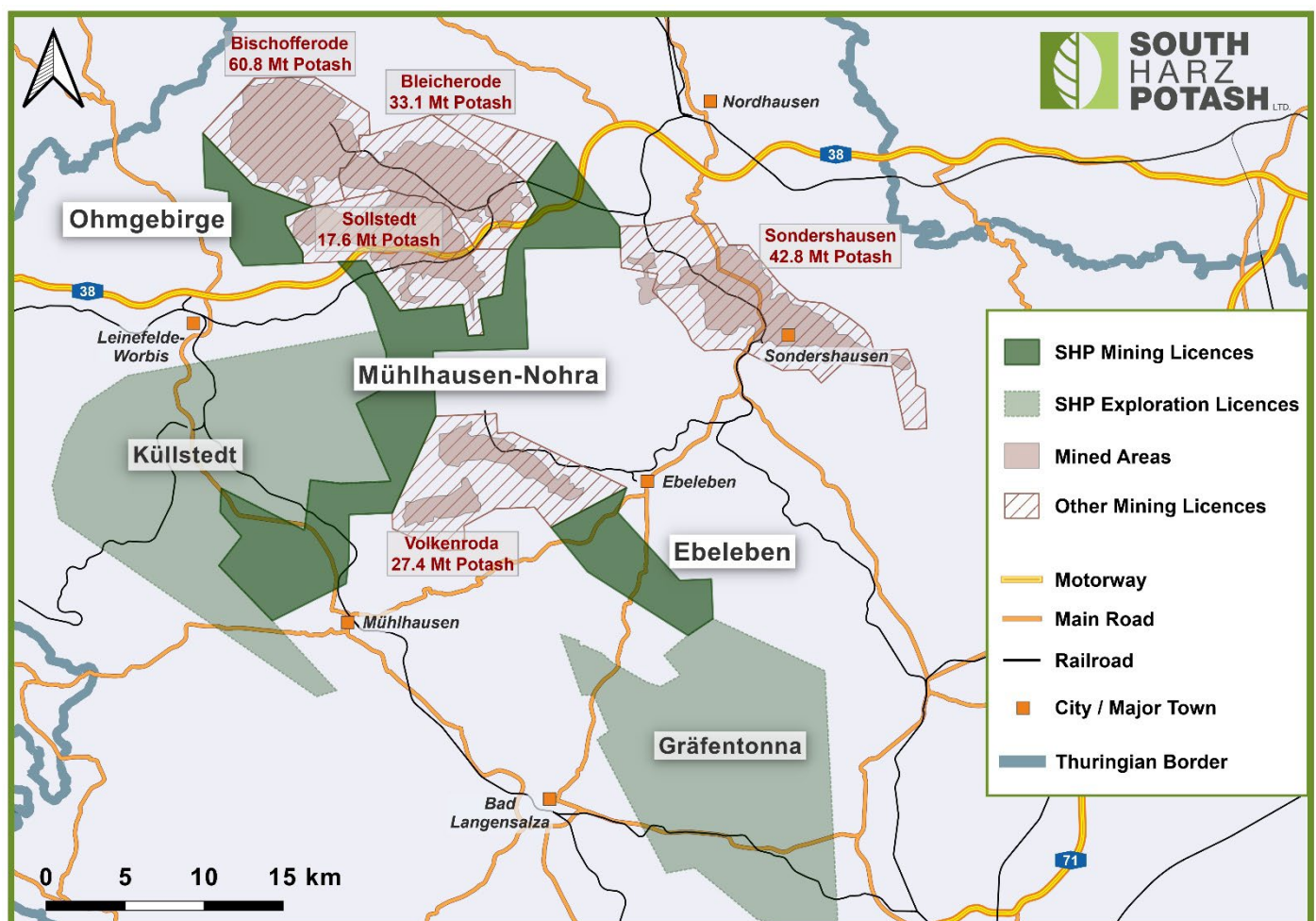
South Harz Potash (ASX: SHP) (**South Harz**) is a potash exploration and development company with its flagship project located in the South Harz Potash District of Germany, midway between Frankfurt and Berlin.

The South Harz Project hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 5 billion tonnes at 10.6% K₂O of Inferred resources and 258 million tonnes at 13.5% K₂O of Indicated Resources across four wholly-owned project areas located favourably within central Europe.¹ This comprises three perpetual potash mining licences, Ohmgebirge, Ebeleben and Mühlhausen-Nohra, and two potash exploration licences, Küllstedt and Gräfentonna, covering a total area of approximately 659km.

With strong established infrastructure proximate to the key European market, the South Harz Project is well positioned to enable rapid economic development across multiple deposits.

South Harz Potash: Growing a responsible potash business in the heart of Germany

www.southharzpotash.com



1. Refer to South Harz ASX release dated 12 July 2022 for full Mineral Resource estimate details. 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 this release, and the Company confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.