

JUNE 2024 QUARTERLY ACTIVITIES REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) reports on its activities for the quarter ended 30 June 2024 (the **Quarter**). The Quarter represented a transformational period for the Company underpinned by an agreement for the future landmark Sollstedt mine purchase, the delivery of the Ohmgebirge Potash Development (**Ohmgebirge**) Pre-Feasibility Study (**PFS**), declaration of a maiden Ore Reserve, and the key Stage 1 regulatory approval with the positive spatial planning assessment.

Sollstedt mine acquisition unlocks substantial value and sustainability benefits

- Non-binding key terms agreed for purchase of neighbouring Sollstedt property, including existing shafts, underground and surface infrastructure, and mineral rights, from Deusa International GmbH (**Deusa**). Landmark transaction extends well beyond the initial Memorandum of Understanding (**MoU**), with the outright purchase set to allow greater realisation of potential synergies and sustainability benefits.
- Multiple existing Sollstedt shafts facilitate underground access and ventilation for the mining of Ohmgebirge, significantly reducing pre-production capital expenditure relative to a greenfield alternative.
- Enables an approximately 50% reduction in surface footprint via the underground placement of crushers/dissolvers and tailings storage in existing mine voids, eliminating interim surface waste piles.
- Delivers an accelerated timeframe to first production and savings in forecast pre-production capital costs that are multiple times the agreed purchase consideration of €40M cash (to be paid upon positive FID and finalisation of project financing).
- Preliminary due diligence (**DD**) on Sollstedt acquisition completed and exclusivity period extended to 31 October 2024.

Ohmgebirge PFS delivery and declaration of maiden Ore Reserve

- Attractive economics flow from positioning as a brownfield project of scale in the heart of Western Europe. (refer Table 1 below)
- Maiden Ohmgebirge Ore Reserve of 83.1 million tonnes (**Mt**) at 12.6% K₂O, comprising 92% of the PFS mine and process schedule, delivering substantial de-risking.

Spatial planning assessment received

- Key Stage 1 regulatory approval received with the positive spatial planning assessment for Ohmgebirge.
- Confirmed the compatibility of Ohmgebirge PFS development planning requirements and validation of environmental and sustainability features.

Corporate

- Corporate cost reduction initiatives implemented.
- Highly experienced Non-Executive Chairman, Len Jubber, appointed to the role of Executive Chairman following departure of UK based CEO Luis da Silva, as part of the transition to a lean, efficient and long-term oriented potash development business.
- Entered a trading halt on 30 July 2024 in relation to a proposed capital raising.

Table 1: Key Ohmgebirge PFS highlights

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

¹ Refer to South Harz ASX release “Sollstedt Mine Purchase, Ohmgebirge PFS & Maiden Ore Reserve” dated 22 May 2024 for full PFS, Mineral Resource estimate and Ore Reserve 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 the release.

South Harz Executive Chairman Mr Len Jubber, commented:

“It has been a transformational quarter for South Harz Potash, with several landmark milestones achieved. We are incredibly pleased with the results of the Ohmgebirge PFS, which not only outline substantial benefits from the chosen brownfield development pathway but also demonstrate the ready scalability of operations across our other licence areas in the South Harz district.

“In line with this approach, we have also agreed key terms for the future acquisition of the neighbouring Sollstedt property, which will enable us to effectively capitalise on the regional mining and infrastructure context in which the project is located. This transaction offers superior sustainability metrics, capital cost savings, and value enhancement relative to a greenfield alternative, and provides additional long-term opportunities over the development of Ohmgebirge.

“The key receipt of a positive spatial planning assessment under Stage 1 of the regulatory approvals process provides a strong base for the future development of Ohmgebirge and speaks volumes to the general receptiveness of the entire Thuringia region towards new critical minerals development. It also serves to validate the robust, world-class environmental and sustainability features incorporated into our proposed Ohmgebirge operational plan.

“Our attention has shifted to undertaking comprehensive due diligence on the Sollstedt mine acquisition while advancing internal optimisation works focusing on the future development of Ohmgebirge.

“There is plenty to be excited about as we continue to advance Ohmgebirge and the broader South Harz project, a sentiment shared by both existing and new shareholders who took part in our recent capital raising. We thank all participants for their support and look forward to a bright future for South Harz Potash.”

Ohmgebirge PFS delivery and declaration of maiden Ore Reserve

A world-class brownfield potash development

South Harz announced on 22 May 2024 the completion of the PFS and the declaration of a maiden Ore Reserve for the Ohmgebirge Project.

The PFS outlines the development of the world-class Ohmgebirge potash deposit via utilisation of multiple existing shafts and underground infrastructure on the neighbouring Sollstedt mine property, which includes the operating Bernterode shafts.

The Ohmgebirge PFS has demonstrated the technical and financial robustness of an existing shaft access and underground mining operation with a conventional cold-water leach and hot crystallization process producing approximately 0.93 Mtpa of premium Muriate of Potash (**MOP**) product for sale into European and global fertilizer markets.

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

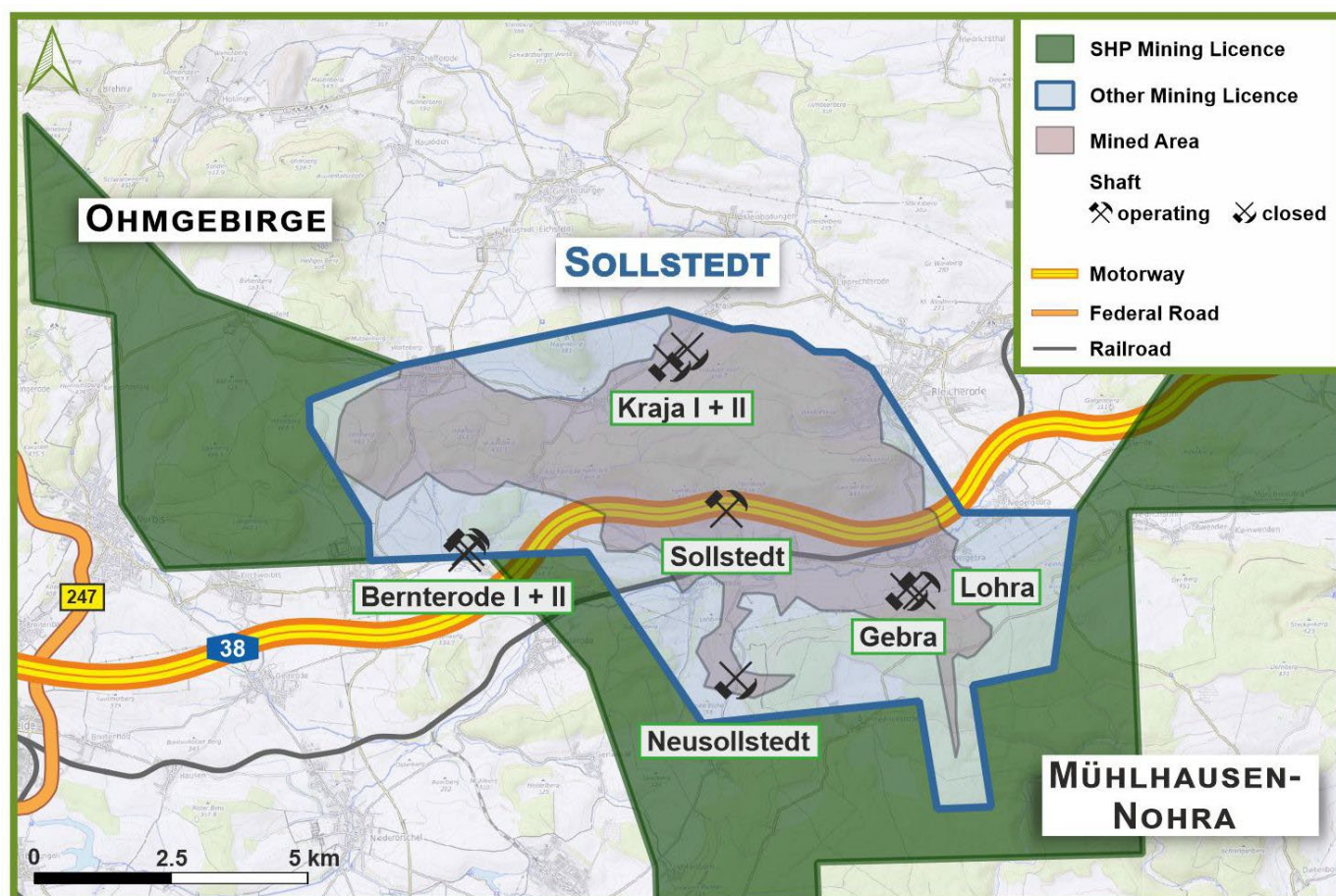


Figure 1: Plan view of South Harz's Ohmgebirge and Muhlhausen-Nohra licences plus the contiguous Sollstedt property inclusive of substantial existing shaft infrastructure and existing backfill areas.

Substantial capital and operating cost benefits are apparent (relative to the initial MoU-envisaged brownfield approach), along with a substantially minimised surface footprint. These outcomes were achieved by removing the need for any of the following:

- installation of a shaft headframe or Pocket Lift conveyor,

- an interim tailings pile and associated conveying/stacking infrastructure (which was required initially for several years under the Scoping Study design),
- a raw ore storage area plus associated conveyors,
- building infrastructure to house crushers and dissolvers, and
- potentially part of an overland pipeline to transport brine to the evaporators.

The effect of this has been to reduce the overall surface footprint of the planned development by approximately 50% (relative to the existing Ohmgebirge Spatial Planning Application).

Updated Mineral Resource Estimate

An updated Mineral Resource estimate was prepared for the Ohmgebirge deposit as part of the PFS process. The revised Mineral Resource estimate is outlined in Table 2.

Table 2: Ohmgebirge Mineral Resource estimate (March 2024) (5% K₂O cut-off)

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

Maiden Ore Reserve Estimate

Completion of the PFS also enabled declaration of an initial Ore Reserve estimate for Ohmgebirge of 83.1 Mt at 12.6% K₂O for 10.5 Mt K₂O (all sylvinit). The Ore Reserve comprises 92% of the PFS mine schedule, demonstrating the substantial derisking achieved via the PFS process.

Table 3: Maiden Ohmgebirge Ore Reserve estimate (March 2024)

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

Financial Metrics

Financial estimates for the Ohmgebirge PFS were developed using a discounted cash flow (DCF) model. Key assumptions incorporated into this DCF model include:

- Real cashflow basis, cashflow periods are expressed quarterly.
- Selected discount rate of 8% and €/US\$ exchange rate of 1.05.
- Ungeared cashflows, expressed pre- and post-tax.
- Costs quoted on a Q1 2024 basis.
- 24-month construction and development period to first production.
- Sales revenue is assumed to be realized in the quarter after production.
- No royalties payable.
- Combined German Municipal, State and Federal taxation rates applied (total 29.65%).
- Depreciation for tax purposes based on prescribed asset lives varying between 1 and 19 years.
- Quantities stated are metric (SI units).

A summary of key financial projections are detailed in Table 4 below:

Table 4: Key Ohmgebirge PFS financial projections

Financial Outcomes	Units	PFS
Inputs		
Discount rate	%	8.0
LOM weighted average potash price	US\$/t delivered	441
LOM average NaCl price	US\$/t delivered	79
€/US\$ exchange rate	US\$/€	1.05
Combined Municipal, State and Federal tax rates	%	29.65
Valuation Returns & Key Ratios		
NPV 8% (pre-tax, real basis, ungeared)	US\$M	1,029
IRR (pre-tax, real basis, ungeared)	%	17.8
NPV 8% (post-tax, real basis, ungeared)	US\$M	602
IRR (post-tax, real basis, ungeared)	%	14.4
Payback period (pre-tax, from first production)	Years	5.0
Capital intensity	US\$/t/a	1,242
LOM Cashflow Summary		
MOP sales revenue	US\$M	7,772
NaCl sales revenue	US\$M	1,393
Total sales revenue (delivered)	US\$M	9,164
Mining opex	US\$M	(1,037)
Processing opex	US\$M	(1,920)
Product transport and logistics	US\$M	(1,018)
Total royalties	US\$M	(0)
Project operating cash flow	US\$M	5,189
Operating margin	%	57%
Net MOP operating margin	%	67%
Pre-production capital expenditure	US\$M	(1,152)
Pre-production mining activities	US\$M	(29)
Deusa upfront payment	US\$M	(42)
Sustaining capital	US\$M	(323)
Project pre-tax cashflow	US\$M	3,643
Tax paid	US\$M	(1,069)
Project free cashflow	US\$M	2,574
LOM Unit Cash Operating Costs		
Mining	US\$/t MOP	59
Processing	US\$/t MOP	109
Product transport	US\$/t MOP	53
MOP royalties	US\$/t MOP	0
Total cash operating cost – gross delivered	US\$/t MOP	221
Total cash operating cost – gross FCA Bernterode	US\$/t MOP	168
NaCl sales credits (net of NaCl transport cost)	US\$/t MOP	(74)
Total cash operating cost – net delivered	US\$/t MOP	147
Total cash operating cost – net FCA Bernterode	US\$/t MOP	94
All-in-sustaining-cost (AISC) – net delivered	US\$/t MOP	165
All-in-sustaining-cost (AISC) – net FCA Bernterode	US\$/t MOP	112

Refer to ASX announcement dated 22 May 2024 “*Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve*” for full details.

Sollstedt mine acquisition unlocks substantial value and sustainability benefits

In conjunction with the PFS, South Harz and its 100%-owned subsidiary, Sued Harz Kali GmbH, agreed key terms (on a currently non-binding basis) for the purchase of neighbouring Sollstedt mine property, including underground and surface infrastructure and all mineral rights. This is a landmark transaction that extends well beyond the initial MoU-envisaged grant of limited long-term shaft access and usage rights to South Harz.

During November 2023, South Harz entered into an initial non-binding MoU with adjoining project and infrastructure owner, Deusa International GmbH (**Duesa**). The initial MoU contemplated a collaboration between the parties to allow South Harz to utilise Deusa’s Bernterode No. 2 shaft infrastructure to advance the Ohmgebirge PFS and spatial planning application on a brownfield pathway (refer South Harz ASX release dated 2 November 2023, “*MoU Executed for Existing Shaft and Infrastructure Utilization*”).

The MoU also granted exclusivity to South Harz until 31 March 2024 to advance discussions towards a definitive commercial agreement with Deusa for long-term shaft and infrastructure access and utilisation. Following execution of the MoU, South Harz and Deusa progressively advanced discussions with respect to such long-term access, which included subsequent inclusion of the potential for an outright acquisition of the Sollstedt property.

Both parties concluded that the outright sale and purchase of Sollstedt offered the greatest aggregate opportunity from the evaluated transactional permutations. This culminated in a non-binding agreement of key terms between the parties for South Harz’s acquisition of Sollstedt (with binding agreement conditional on various items including satisfactory due diligence and negotiation of definitive documentation).

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

The Sollstedt property, and associated infrastructure and mineral rights, comprises:

- Four Operating Shafts
 - Bernterode No. 1 (haulage and ventilation);
 - Bernterode No. 2 (ventilation);
 - Sollstedt (haulage and ventilation); and
 - Lohra (ventilation).
- Existing mine voids available for backfilling of approximately 2.2 million m³ of waste salt.
- Linked operations and licences from actual permitting status of Bleicherode and Sollstedt mines.
- Restrictions and obligations arising from the 2007 contract of purchase for Sollstedt by Deusa.
- Linked surface land and buildings connected to shaft operations, both open and sealed.
- Existing buildings, hoisting equipment, wells, electrical and natural gas infrastructure, et al.
- Significant existing Sylvinitic and Carnallite potash deposits.

The purchase of Sollstedt enables South Harz to advance a very low surface footprint development of Ohmgebirge via utilisation of solely existing shafts as well as underground placement of crushers, dissolvers and brine transfer infrastructure. Relative to the brownfield pathway envisaged under the initial MoU, this results in

the removal of any requirement for a shaft headframe, shaft widening, installation of a Pocket Lift conveyor, or surface stockpiles.

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

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

Key acquisition terms

To acquire the Sollstedt property, South Harz agreed to pay Deusa a cash consideration of €40 million upon future completion of the acquisition and transfer of title in the assets. Execution of a binding sale and purchase agreement remains subject to:

- Satisfactory DD activities on the Sollstedt acquisition by South Harz;
- Previous owner, LMBV (Lausitzer und Mitteldeutsche Bergbau-Verwaltungsgesellschaft mbH, a Federal Government Trust that manages historic mining areas), waiving its right of first refusal over select Sollstedt assets and granting approval for the transaction; and
- Negotiation of definitive documentation. South Harz and Deusa have agreed binding exclusivity arrangements with respect to documentation and execution of a binding Sollstedt sale agreement. South Harz is pleased to advise that the exclusivity period for completing this definitive documentation has been extended to 31 October 2024 by agreement with Deusa.

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

- Approval of the acquisition by the Thuringian Mining Authority;
- Transfer of the existing environmental bond (pledged to the Thuringian Mining Authority to cover Sollstedt closure liabilities) and South Harz assuming closure liabilities accordingly;
- Deusa ceasing all operations at Sollstedt on an agreed timeline and undertaking select agreed rectification obligations; and
- South Harz achieving full project financing, and taking a positive FID, for development of Ohmgebirge.

Preliminary DD activities on the Sollstedt acquisition have been completed. Comprehensive DD activities are underway, and execution of binding transaction documentation is targeted in the next three months.

Favourable Spatial Planning Assessment

On 8 December 2023, South Harz announced that its wholly owned subsidiary, Südharz Kali GmbH, had submitted the comprehensive Spatial Planning Application (**Application**) for its flagship Ohmgebirge Potash Development to the responsible regulatory authority, TLVwA.

The Application documentation was prepared in conjunction with international environmental and permitting consultancy, ERM, and included an explanatory report, an environmental impact study, a preliminary species protection assessment and a spatial impact assessment document. This application incorporated multiple potential brownfield site options for the planned development of the Ohmgebirge potash deposit. A public consultation process was then undertaken by the authority.

A Spatial Planning Assessment is intended to determine at an early stage whether a spatially significant project can be implemented in a spatially and environmentally compatible manner at the intended location. The aim is to avoid development misalignment and to accelerate subsequent planning and permitting. The spatial compatibility is assessed based on the spatially significant effects from a supra-regional perspective, assessment of alternative locations and environmental impacts in relation to the state planning principles and objectives of a planning area. This documentation included an Environmental Impact Study.

South Harz announced on 14 June 2024 that the Spatial Planning Assessment had been received.

The published decision of the TLVwA confirms the compatibility of all submitted site options with regional planning requirements, while also expressing a preference for one (use of Bernterode-shaft area and the designated industrial area at Leinefelde). The authority did not explicitly exclude the South Harz preferred Bernterode-station site from further project development.

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

It is also noteworthy that the Spatial Planning Assessment covers a potential Ohmgebirge layout that is almost twice the size of the actual design contained in the recent Ohmgebirge PFS. As a result of the targeted future acquisition of the neighbouring Sollstedt mine, the planned surface footprint of Ohmgebirge has been reduced by approximately 50% compared to the submitted site options under the Spatial Planning Assessment.

The full Spatial Planning Assessment decision is published on the link below:

<https://landesverwaltungsamt.thueringen.de/bauen/raumordnung/raumordnung/abgeschlossene-raumvertraeglichkeitspruefungen/standard-titel>

Corporate

Organisational changes

As foreshadowed in the release dated 11 March 2024, South Harz has entered into a lower cost, internal project optimisation phase to facilitate a streamlined development of Ohmgebirge. This decision was taken as a function of current global potash market conditions, including cyclically depressed price levels, impacting on available opportunities for more rapid project advancement and financing.

The Company plans to systematically progress permitting on Ohmgebirge during this phase, allowing the project to steadily advance in this critical path area, and remain well positioned relative to other potash development competitors, alongside the expected re-strengthening in global potash market conditions over the next 12 to 24 months.

Part of this optimisation process involved an extensive review of the requirements for its corporate function. South Harz subsequently advised that UK-based Mr Andrew Robertson ceased employment as Chief Financial Officer on 30 April 2024.

Following the release of the PFS, South Harz's CEO, Luis da Silva, and COO, Lawrence Berthelet, transitioned out of the business. Mr da Silva resigned as a Director on 31 May 2024, with existing Non-Executive Chairman, Len Jubber assuming the role of Executive Chairman on 22 May 2024. Following the departure of the UK based CFO and CEO, South Harz has now closed its UK-based corporate operations.

Cash

South Harz's cash balance at 30 June 2024 was A\$0.254 million with zero debt (excluding trade creditors and deferred Non-Executive Director's fees).

Subsequent to the Quarter end, two unsecured loan facilities were provided by related party entities of South Harz Directors, Leonard Jubber and Rory Luff. The notional amount for each facility is A\$100,000, for a total of A\$200,000. The facilities are repayable on 31 August 2024 and attract an interest rate of 10% per annum on funds drawn. During July 2024, A\$50,000 was drawn on each facility for a total of A\$100,000.

Capital raising activities

South Harz entered a trading halt on 30 July 2024 in relation to a proposed capital raising.

ASX additional information

South Harz provides the following information pursuant to ASX Listing Rule requirements:

1. ASX Listing Rule 5.3.1: Exploration and Evaluation Expenditure spend during the Quarter was Nil.
2. ASX Listing Rule 5.3.2: No mining production or development.
3. ASX Listing Rule 5.3.5: Payments to related parties during the Quarter totalled A\$71k for Directors' fees. To assist the Company in conserving its cash in the short term, Len Jubber, Reinout Koopmans and Rory Luff, have agreed to defer the payment of their Non-Executive Directors' Fees during the Quarter. The Company may elect to seek shareholder approval at its next general meeting to convert these deferred fees, in part or in full, to ordinary fully paid South Harz shares.

Summary of tenement holdings as at 30 June 2024

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

This ASX release has been approved by the Board of Directors.

Investor and media enquiries

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END NOTES

The information contained in this Quarterly Activities Report, including detail related to the Company's past exploration results is extracted from, or was set out in, the following ASX announcements:

- *The report released 16 May 2024, "Chief Financial Officer Change"*
- *The report released 22 May 2024, "Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve"*
- *The report released 22 May 2024, "Appointment of Executive Chairman and CEO Transition"*
- *The report released 14 June 2024, "Spatial Planning Assessment Received"*

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

South Harz Potash Limited ("SHP")

ABN

64 153 414 852

Quarter ended ("current quarter")

30 June 2024

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	(2)
	(b) PFS & permitting	(238)	(4,509)
	(c) production		
	(d) site admin & site staff costs	(284)	(896)
	(e) corporate costs	(519)	(1,965)
1.3	Dividends received (see note 3)		
1.4	Interest received	2	2
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8a	VAT	338	(137)
1.9	Net cash from / (used in) operating activities	(701)	(7,507)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(1)	(3)
	(d) exploration & evaluation		
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter	Year to date (12 months)
		\$A'000	\$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(1)	(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,922
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(5)	(335)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(5)	5,587

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,009	2,267
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(701)	(7,507)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1)	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(5)	5,587

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(12 months)
			\$A'000
4.5	Effect of movement in exchange rates on cash held	(48)	(90)
4.6	Cash and cash equivalents at end of period	254	254

5.	Reconciliation of cash and cash equivalents	Current quarter	Previous quarter
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	\$A'000	\$A'000
5.1	Bank balances	254	1,009
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	254	1,009

6.	Payments to related parties of the entity and their associates	Current quarter
		\$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	71
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	200	-
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	200	-
7.5	Unused financing facilities available at quarter end		200
7.6	<p>Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.</p> <p>Subsequent to the Quarter end, two unsecured loan facilities were provided by related party entities of South Harz Directors, Leonard Jubber and Rory Luff. The notional amount for each facility is A\$100,000, for a total of A\$200,000. The facilities are repayable on 31 August 2024 and attract an interest rate of 10% per annum on the drawn funds. During July 2024, A\$50,000 was drawn down on each facility for a total of A\$100,000. It is expected that the drawn value of these loans, and any interest expense incurred, will be offset against the cost of shares subscribed for by Mr Jubber and Mr Luff (or their related party entities) as part of the announced capital raising activities.</p>		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(701)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(701)
8.4	Cash and cash equivalents at quarter end (item 4.6)	254
8.5	Unused finance facilities available at quarter end (item 7.5)	200
8.6	Total available funding (item 8.4 + item 8.5)	454
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.65
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	<p>Answer: No. Expenditures on operating activities have decreased significantly in the June 2024 quarter following the conclusion of the Pre-Feasibility Study and the movement by SHP to a lower cost structure focussed on internal project optimisation (as previously announced). Corporate and project related expenditure in the coming quarters is intended to be funded via a proposed capital raise (announced 30 July 2024).</p>	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes. SHP entered a trading halt on 30 July 2024 for the purpose of undertaking a capital raising. The Company expects that this capital raising will be successful.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes. SHP expects to be able to successfully raise the necessary funds via the current capital raising process.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 July 2024

Authorised by: The Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.