

NEW EQUITY OF UP TO A\$4 MILLION TO ADVANCE BROWNFIELD OHMGEBIRGE POTASH DEVELOPMENT

South Harz Potash Limited (ASX: SHP) (**South Harz** or the **Company**) is pleased to announce that it has received binding commitments for a placement of A\$1.03 million (before costs) through the issue of 103 million fully paid ordinary shares in the capital of the Company (**Placement Shares**) to new and existing institutional and sophisticated investors at an issue price of A\$0.01 per share (**Placement**).

Up to approximately A\$2.97 million in additional funds is proposed to be raised via a 1-for-3 pro-rata non-renounceable rights issue to eligible shareholders at an issue price of A\$0.01 per share (**Rights Issue**).

Together, the Placement and the Rights Issue total new equity of up to A\$4.0 million.

The Placement includes subscriptions by the South Harz Directors of A\$401,167 for 40,116,690 Placement Shares comprising of 14,367,718 Placement Shares to Len Jubber, 17,666,763 Placement Shares to Rory Luff and 8,082,209 Placement Shares to Reinout Koopmans (together, the **Director Placement Shares**). Within these Placement subscriptions the Company will offset A\$193,807 of creditor balances owing to the Directors (further details set out below). The issue of the Director Placement Shares is subject to receipt of shareholder approval at the Company's next general meeting.

The Company has engaged Martin Place Securities Pty Ltd (ACN 159 611 060) (AFSL 291787) (**MPS**) to act as lead manager and bookrunner to the Placement and Rights Issue.

Proceeds from the Placement and Rights Issue will be directed towards:

- detailed due diligence activities, ahead of the execution of binding agreements for the transformational Sollstedt Mine acquisition;
- internal value engineering and optimisation studies for the brownfield Ohmgebirge Potash Development;
- evaluation of strategic alternatives towards a definite feasibility study (DFS) for the Ohmgebirge Potash Development;
- general working capital for technical and business running costs; and
- costs associated with the capital raise.

South Harz Executive Chairman, Len Jubber, commented,

The South Harz Board and Management team thank our existing investors for their continued support, and warmly welcome new shareholders to our register.

This additional funding will assist us in completing detailed due diligence activities and executing targeted binding agreements for the transformational Sollstedt Mine acquisition, while undertaking internal value engineering and optimisation studies for the brownfield Ohmgebirge Potash Development.

Following the recent favourable Spatial Planning Assessment, we are well positioned to advance Ohmgebirge in a cost-effective manner, optimising its potential into a strengthening potash market.

Placement details

Under the terms of the Placement, South Harz has agreed to issue 103,000,000 Placement Shares at an issue price of A\$0.01 per share representing gross equity of A\$1.0 million (before costs), comprised as follows:

- 40,116,690 Director Placement Shares the issue of which are subject to receipt of shareholder approval; and
- 62,883,310 Placement Shares (excluding the Director Placement Shares) which will be issued under the Company's existing ASX Listing Rule 7.1A placement capacity. These Placement Shares are expected to be issued on 8 August 2024.

The Placement Shares issue price of A\$0.01 per share represents an 16.7% discount to the Company's last traded price of A\$0.012 per share (closing price on 29 July 2024) and a 14.4% discount to the Company's 15-day VWAP of A\$0.01168 per share.

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

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

Further details of the debts owed to Directors are set out in the Company's June 2024 Quarterly Activities Report dated 31 July 2024.

The Company intends to dispatch its Notice of Meeting for a general meeting as soon as possible.

Rights Issue details

Eligible shareholders will be offered the opportunity to acquire fully paid ordinary shares at an issue price of A\$0.01 per share (**Rights Issue Shares**) on the basis of one (1) new share for every three (3) shares held

by Eligible Shareholders (defined below) as at the Record Date (defined below) at an issue price of A\$0.01 per share to raise up to approximately A\$2.97 million.

The Rights Issue will be available to shareholders of the Company named on its register of members at 5:00pm (AWST) on 14 August 2024 (**Record Date**), whose registered address is in Australia, New Zealand, or any other shareholders in other jurisdictions South Harz decides to offer (together, the **Eligible Shareholders**). The Record Date may be subject to change should the timetable below change for any reason.

Eligible Shareholders may also apply (in excess of their entitlement) for Rights Issue Shares not applied for by other Eligible Shareholders on the same terms as the Rights Issue. The allocation policy for the issue of any shortfall under the Rights Issue will be detailed in the prospectus to be issued for the Right Issue.

Lead Manager Mandate

Pursuant to the lead manager mandate between the Company and MPS, MPS will receive a 6% fee on the gross proceeds of the Placement and Rights Issue (excluding funds from directors, subscriptions from existing creditors, or introduced by existing shareholders) as well as 4,500,000 options to acquire shares at an exercise price of A\$0.02 per share on or before 30 June 2027 (**Broker Options**) if the Placement (excluding the Director Placement Shares and subscriptions from existing creditors) and Rights Issue together raise a minimum of A\$2.5 million. The Broker Options will be issued out of the Company's existing ASX Listing Rule 7.1 placement capacity.

Capital Structure

The effect of the Placement and Rights Issue (assuming all Rights Issue Shares are issued) on the Company's capital structure is outlined in the table below:

Fully paid ordinary shares on issue	827,184,972
Placement Shares to be issued (excluding Director Placement Shares)	62,883,310
New fully paid ordinary shares offered under the Rights Issue (maximum)	296,689,427
Director Placement Shares to be issued (subject to shareholder approval)	40,116,690
Shares on issue (maximum)	1,226,874,399

Indicative timetable

Further details of the Rights Issue, including details on how to accept and key risks of the Rights Issue together with a summary of the key terms of the lead manager mandate will be set out in a prospectus which is expected to be released to the ASX on 8 August 2024 and dispatched to Eligible Shareholders on 19 August 2024. Outlined below is an indicative timetable of relevant events and dates relating to the Rights Issue.

Resumption of trading and lodgement of Appendix 3B in relation to Placement and Rights Issue	1 August 2024
Issue date for Placement Shares (excluding Director Placement Shares)	8 August 2024
Lodgement of Rights Issue Prospectus with ASIC and ASX	8 August 2024
Trading in Placement Shares (excluding Director Placement Shares) commences	9 August 2024
Ex date for Rights Issue	13 August 2024
Record Date for determining Eligible Shareholders for Rights Issue	14 August 2024
Rights Issue Prospectus sent out to Eligible Shareholders and opening date of the Rights Issue	19 August 2024
Last day to extend the Closing Date of the Rights Issue	30 August 2024
Closing Date of Rights Issue ¹	4 September 2024
Rights Issue Shares quoted on a deferred settlement basis from market open	5 September 2024
Announcement of Results of Rights Issue	11 September 2024
Issue date and lodgement of Appendix 2A with ASX applying for quotation of the Rights Issue Shares (before noon Sydney time)	11 September 2024
Trading commences for Rights Issue Shares	12 September 2024

1. Directors may extend the Closing Date by providing at least three Business Days' prior notice to the ASX. Consequently, the date on which Rights Issue Shares commence trading on ASX may vary.

This ASX release has been approved by the Board of Directors

Investor and media enquiries

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About South Harz

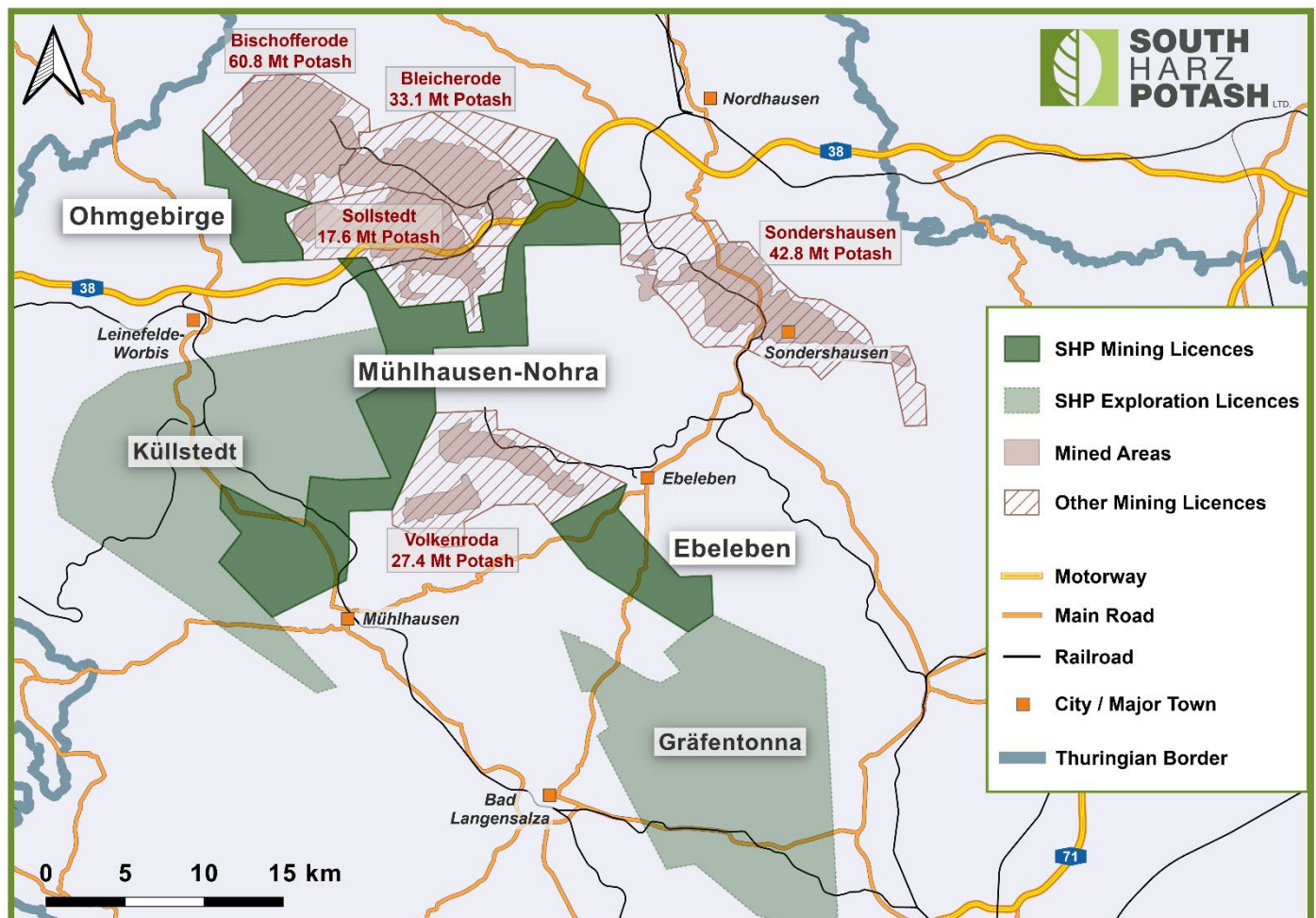
South Harz is a potash exploration and development company with its flagship project located in the South Harz Potash District region of Germany, midway between Frankfurt and Berlin.

The South Harz Project hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 5.1 billion tonnes at 10.6% K₂O of Inferred Resources and 258 million tonnes at 13.2% 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: Responsible potash mine development in the centre of the European market.

www.southharzpotash.com



1. For full Mineral Resource and Ore Reserve estimate details refer to South Harz ASX release *Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve* dated 22 May 2024, and *Landmark Resource Upgrade at Ohmgebirge* dated 12 July 2022. 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.