

ASX ANNOUNCEMENT

30 October 2024

SEPTEMBER 2024 QUARTERLY ACTIVITIES REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) reports on its activities for the quarter ended 30 September 2024 (the **Quarter**).

Ohmgebirge Project Development

- Progressed detailed due diligence process for the Sollstedt mine property acquisition with the negotiation of definitive documentation set to follow. Exclusivity period extended to 28 February 2025.
- Advanced preparatory Stage 2 permitting activities.
- Various non-dilutive funding options under assessment, including potential tax rebates and grants.
- Key desktop optimisation workstreams progressed, focused on cost-effectively unlocking additional Ohmgebirge value.
- Evaluation of strategic development funding pathways for Definitive Feasibility Study.

Corporate

- Successful capital raising activities conducted, with more than A\$2.0 million in gross commitments received to date.
 - Proceeds to be allocated to support the continued advancement of low-cost Ohmgebirge workstreams and the targeted Sollstedt mine acquisition.
-

South Harz Executive Chairman Mr Len Jubber, commented:

"We have concluded the September Quarter as a streamlined and lower-cost organisation, bolstered by our recent capital raising activities which were well supported by new and existing shareholders. The substantial participation in the capital raising by South Harz directors reflects our strong collective belief in the Ohmgebirge Development and its latent potential as a world-class potash asset.

We continue to advance key Ohmgebirge workstreams and the targeted Sollstedt acquisition in a methodical and cost-effective manner, including select preparatory Stage 2 permitting activities and exploring alternative value-accretive pathways to long-term project advancement and financing."

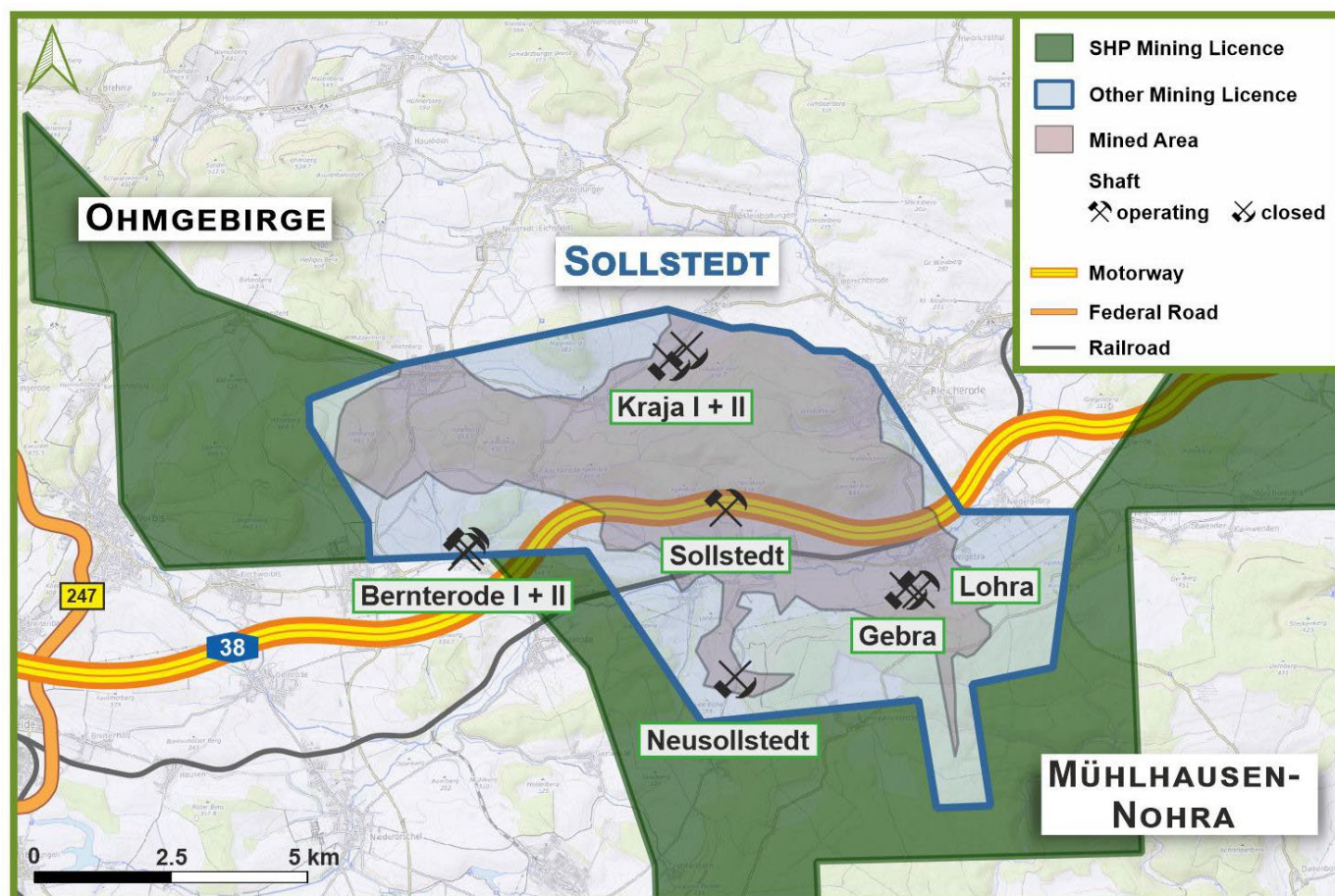


Figure 1: Plan view of South Harz's Ohmgebirge and Muhlhausen-Nohra Perpetual Mining Licences plus the contiguous Sollstedt property inclusive of substantial existing shaft infrastructure and existing backfill areas.

Ohmgebirge Development

In line with South Harz's streamlined low-cost optimisation approach, corporate and operational activities during the quarter were focused on:

- Progression of detailed due diligence and negotiation of definitive documentation for the purchase of the neighbouring Sollstedt mine property from Deusa International GmbH (**Deusa**) (refer ASX announcement dated 22 May 2024, *Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve*). South Harz is pleased to advise that the exclusivity period for completing this definitive documentation has been extended to 28 February 2025 by agreement with Deusa;
- Internal Preparation of Stage 2 permitting activities (Framework Operating Plan) for the Ohmgebirge Potash Development by way of substantial completion of the Environmental baseline studies for the Bernterode-site following grant of the Spatial Planning Assessment (refer ASX announcement dated 14 June 2024, *Spatial Planning Assessment Received – Flagship Ohmgebirge Potash Development Receives Stage 1 Permitting Greenlight*);
- Qualification assessment for potential German R&D tax incentive rebates (supplementary working capital), with a preferred local adviser selected by South Harz post the Quarter end to assist with these activities, and complementary funding opportunities such as freight rail access and clean energy utilisation / critical minerals grants; and
- Evaluation of Definitive Feasibility Study funding pathways, including potential strategic partnership.

Corporate

Successful capital raising activities

In August 2024, South Harz announced the completion of an equity placement through the issue of 103,000,000 new shares to new and existing institutional and sophisticated investors at an issue price of A\$0.01 per share (**Placement**). The Placement included subscriptions by the South Harz Directors of A\$401,167 for 40,116,690 Placement Shares (**Director Placement Shares**). Within the subscriptions for the Director Placement Shares, the Company will offset A\$193,807 of creditor balances owing to the Directors. The creditor balances owed to the Directors are comprised of Director Loans of A\$100,000 (see further details below) and accrued and unpaid Non-Executive Directors fees totalling A\$93,807.

In addition to the Placement, South Harz also offered eligible shareholders the right to participate in a 1-for-3 pro-rata non-renounceable entitlement issue (**Entitlement Offer**) to raise approximately A\$3.0 million (before costs).

On 23 September 2024, South Harz announced the results of this Entitlement Offer where, of the 296,689,424 shares offered under the Entitlement Offer, 54,109,646 shares (representing new equity of A\$541,096) were applied for by eligible shareholders, including those subscribing for shares in excess of their entitlements. The Entitlement Offer also included participation by the South Harz Directors of approximately A\$107,061.

In total, approximately 18.2% of all shares on offer were applied for, leaving a shortfall of 242,579,778 Shares (**Shortfall Shares**).

Following the completion of the Entitlement Offer, South Harz announced on 8 October 2024 that it had secured additional binding commitments from:

1. Investors applying for 40,000,000 Shortfall Shares at A\$0.01 to raise A\$400,000 under the shortfall offer of the prospectus dated 9 August 2024 (**Shortfall Offer**), and
2. Mr Len Jubber (Executive Chairman) to subscribe for 5,000,000 new shares at A\$0.01 (being A\$50,000) via a private placement on the same terms as the Shortfall Shares (**Director Shortfall Shares**)

The issue of the Director Placement Shares and the Director Shortfall Shares is subject to receipt of shareholder approval at the Company's 2024 Annual General Meeting, which is to be held during November.

Summarizing the above, as at the date of this report, the Company has in aggregate issued new shares or has received binding commitments for approximately \$2.0 million of new equity as a result of its capital raising activities since the beginning of the Quarter.

The Company engaged Martin Place Securities Pty Ltd (ACN 159 611 060) (AFSL 291787) to act as lead manager to the Placement, Entitlement Offer and Shortfall Offer. Subsequent to the end of the Quarter, the lead manager advised that following an internal reorganisation, the mandate had been assigned to Martin Place Group Pty Ltd (ACN 681 213 294) under the terms of the lead manager agreement.

Further activities targeting placement of residual shares under the Shortfall Offer (being 202,579,778 shares) remain ongoing.

Annual Report 2024

During the quarter South Harz released its 2024 annual report which comprised the audited financial statements for the year ended 30 June 2024.

Substantial shareholder notice

South Harz was pleased to release a notice of initial substantial holder received from The RAB Group, which advised of them becoming a substantial shareholder with a 5.3% interest in the Company with effect from 27 September 2024 (refer ASX announcement dated 2 October 2024, *Becoming a Substantial Holder*) .

Director Loan Facilities

In the previous quarter, 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 30 November 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. The drawn value of these loans will subject to and following shareholder approval at the Company's forthcoming AGM, be offset against the cost for Director Placement Shares subscribed for by Mr Jubber and Mr Luff (or their related party entities) as part of the Placement capital raise described above.

Cash

South Harz's cash balance at 30 September 2024 was A\$0.533 million. Further gross funds of A\$0.657 million are expected to be received following the settlement of the firm commitments received to date for shares under the Shortfall Offer, plus Director Placement Shares and the Director Shortfall Shares.

Annual General Meeting

The Company has given Notice that its 2024 Annual General Meeting (**AGM**) will be held as a physical meeting at: Boab Room, BDO, Mia Yellagonga Tower 2,5 Spring Street Perth, WA 6000 on Thursday 28 November 2024 at 3:00pm AWST (refer ASX announcement dated 23 October 2024, *Notice of Annual General Meeting/Proxy Form*)

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\$139k for Directors' fees, which include the payment of accrued salary to Mr Jubber for the period from the commencement of his appointment as Elective Chairman's on 22 May 2024 through to the end of the September 2024 Quarter. The details of Mr Jubber's remuneration as Executive Chairman were announced on 29 August 2024 (refer ASX announcement dated 29 August 2024, *Terms of Appointment of Executive Chairman*).

Summary of tenement holdings as at 30 September 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

Len Jubber

Executive Chairman

South Harz Potash Ltd

+61 421 838 449

ljubber@southharzpotash.com

Michael Vaughan

Fivemark Partners

+61 422 602 720

michael.vaughan@fivemark.com.au

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 1 August 2024, "A\$4.0 million to advance Ohmgebirge Potash Development".*
- *The report released 9 August 2024, "Rights Issue Prospectus".*
- *The report released 29 August 2024, "Terms of Appointment of Executive Chairman".*
- *The report released 23 September 2024, "Completion of Entitlement Offer".*
- *The report released 27 September 2024, "Annual Report to Shareholders".*
- *The report released 2 October 2024, "Becoming a Substantial Holder".*
- *The report released 8 October 2024, "New Equity Commitments of A\$450,000 Received".*
- *The report released 23 October 2024, "Notice of Annual General Meeting/Proxy Form".*

About South Harz Potash: Responsible potash mine development in the heart of the European market

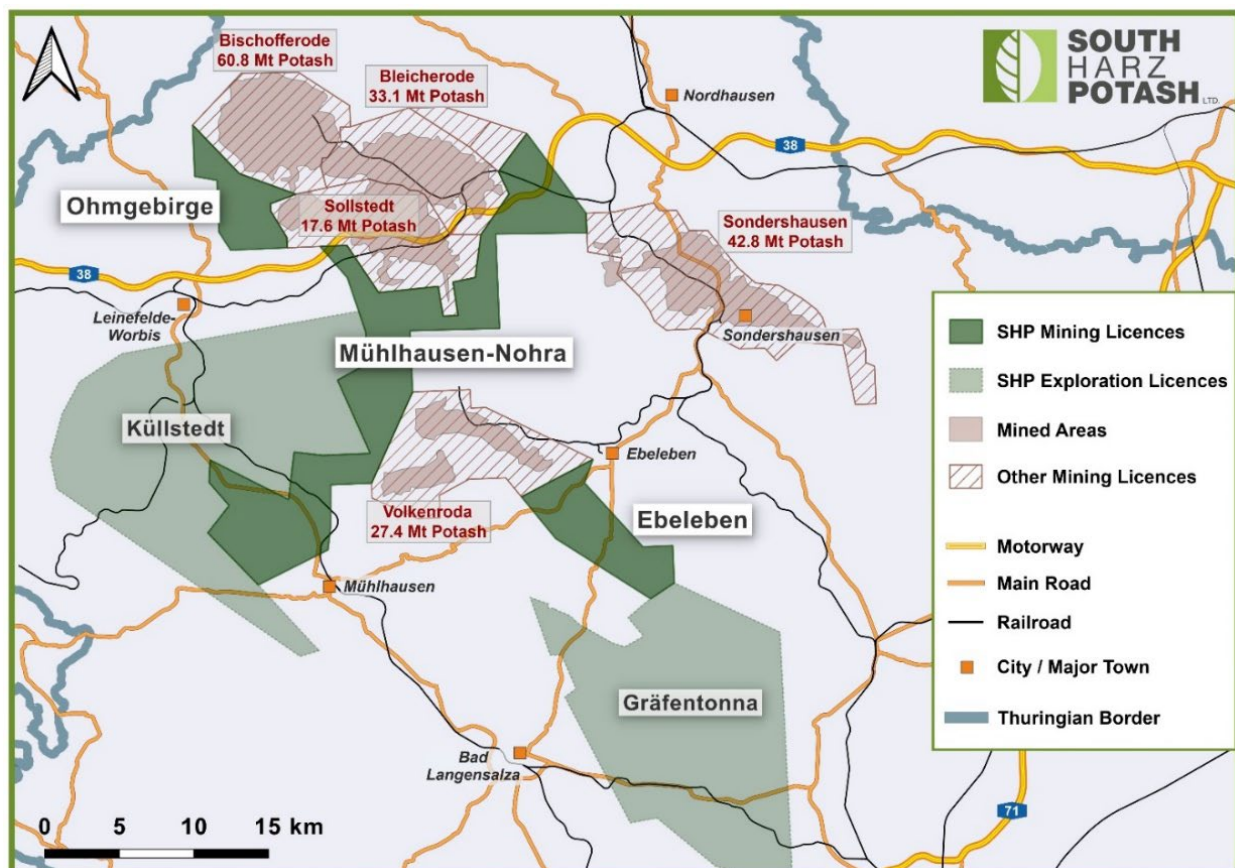
South Harz is a potash exploration and development company with its flagship project located in the historic South Harz Potash District region of Germany, midway between Frankfurt and Berlin.

The South Harz Project hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 258 million tonnes at 13.2% K₂O of Indicated Resources and 5.1 billion tonnes at 10.6% K₂O of Inferred Resources across four wholly-owned project areas located favourably within central Europe. This comprises three perpetual potash mining licences, Ohmgebirge, Ebeleben and Mühlhausen-Nohra, and two potash exploration licences, Küllstedt and Gräfen-tonna.

The flagship Ohmgebirge Development (1.0 Mtpa potash capacity) was the subject of a positive Pre-Feasibility Study (PFS) and maiden Ore Reserve declaration in May 2024. As part of that process, South Harz also agreed non-binding key terms for the purchase of the neighbouring Sollstedt mine property, which includes extensive underground and surface infrastructure (including multiple operating shafts). The envisaged brownfield development of Ohmgebirge (as facilitated by the Sollstedt mine) delivers significantly lower pre-production capital expenditure and surface footprint (relative to the greenfield alternatives).

South Harz also received the Spatial Planning Assessment for Ohmgebirge in June 2024, a key step in the permitting process which confirmed the compatibility of all submitted site options with regional planning requirements.

www.southharzpotash.com



For full Mineral Resource, Ore Reserve, Ohmgebirge PFS and Sollstedt acquisition key terms refer to ASX announcement *Landmark Sollstedt Mine Purchase, Ohmgebirge Pre-Feasibility Study and Maiden Ore Reserve* dated 22 May 2024, and ASX announcement *Landmark Resource Upgrade at Ohmgebirge* dated 12 July 2022. South Harz is not aware of any new information or data that materially affects the information included in these releases and confirms that all material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.

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 September 2024

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation		
	(b) PFS & permitting	(151)	(151)
	(c) production		
	(d) site admin & site staff costs	(188)	(188)
	(e) corporate costs	(460)	(460)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(799)	(799)
2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation		
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(3 months) \$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	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,114	1,114
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	(136)	(136)
3.5	Proceeds from borrowings	100	100
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	1,078	1,078

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	254	254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(799)	(799)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,078	1,078

Consolidated statement of cash flows		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	533	533

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	533	254
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)	533	254

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	139
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.</i>			
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>			
7.1	Loan facilities	200	100
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	200	100
7.5	Unused financing facilities available at quarter end		100
7.6	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.		
	In the previous quarter, two unsecured loan facilities were provided by related party entities of South Harz Directors, Len 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 30 November 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. The drawn value of these loans will, subject to and following shareholder approval at the Company's forthcoming AGM, be offset against the cost of shares subscribed for by Mr Jubber and Mr Luff (or their related party entities) as part of the Placement announced to the ASX on 1 August 2024.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(799)
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)	(799)
8.4 Cash and cash equivalents at quarter end (item 4.6)	533
8.5 Unused finance facilities available at quarter end (item 7.5)	100
8.6 Total available funding (item 8.4 + item 8.5)	633
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.79
<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?

Answer: No. Expenditures on operating activities have decreased significantly compared to previous quarters 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, and working capital requirements for the coming quarters is intended to be funded via continued progression of the capital raising activities announced during the Quarter. In addition, the Company is continuing with its efforts to evaluate strategic alternatives towards funding a definite feasibility study (DFS) for the Ohmgebirge Potash Development.

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. See 8.8.1 above in relation to fund-raising activities currently in progress. In particular the fund-raising activities include commitments by:

- i. the South Harz Directors for 40,116,690 placement shares, subject to shareholder approval at the forthcoming AGM (refer ASX announcement dated 1 August 2024, *A\$4.0 million to advance Ohmgebirge Potash Development*);
- ii. the Executive Chairman, Mr Len Jubber for 5,000,000 shortfall shares, subject to shareholder approval at the forthcoming AGM (refer ASX announcement dated 8 October 2024, *New Equity Commitments of A\$450,000 Received*); and
- iii. investors for 40,000,000 shortfall shares (refer ASX announcement dated 8 October 2024, *New Equity Commitments of A\$450,000 Received*).

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 fund-raising processes underway.

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: 30 October 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

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

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.