

ASX ANNOUNCEMENT

31 January 2025

DECEMBER 2024 QUARTERLY ACTIVITIES REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) reports on its activities for the quarter ended 31 December 2024 (the **Quarter**).

Highlights

- Progressed due diligence and negotiation of detailed terms for the Sollstedt mine property acquisition. Negotiation of definitive documentation set to follow. Exclusivity period in place until 28 February 2025.
- Engaged mining consultancy Valleyspring to assist with desktop evaluation of opportunities to unlock additional Ohmgebirge value.
- Raised approximately A\$2.2 million in new equity from existing and new sophisticated shareholders over the course of the capital raising activities covering the period August to December 2024. This included participation by Directors following shareholder approval at the AGM in November 2024, resulting in the issue of 45,116,690 new Director Placement Shares.
- Post-Quarter end, engaged specialist mining finance advisor Cutfield Freeman & Co to assist with assessing project development funding pathways including strategic partnerships.

South Harz Executive Chairman Mr Len Jubber, commented:

“Our focus during the past quarter continued to be on creating a platform to progress the development of the Ohmgebirge project in a strengthening potash market environment. To that end we have made good progress on multiple fronts.

I would like to express my gratitude to all participating shareholders, new and existing, for their strong support during our capital raising activities over the past quarter.

Importantly, we have continued to reduce our overhead expenditure and deferred certain creditor payments to create a two-year window where new funding will be applied to enhancing the project economics, progressing the Sollstedt acquisition discussions with Deusa, and pursuing a strategic investor / project development partner.

In that respect we are delighted to have appointed highly regarded specialist mining finance advisors Cutfield Freeman & Co to assist us with assessing potential project development funding pathways including identifying potential strategic partners to help us progress the Ohmgebirge project to the definitive feasibility stage and beyond.

The foundation we have established over the past 9 months commencing with the release of the PFS, obtaining the first level of permitting and relocating our London corporate office to Perth favourably positions South Harz to progress the development of the brownfields Ohmgebirge project in the heart of Europe.

Our belief in the South Harz story continues to ramp up as the benefit of the regional and neighbouring mining infrastructure and logistics advantages associated with our location become more and more relevant in the challenging global geo-political environment.”

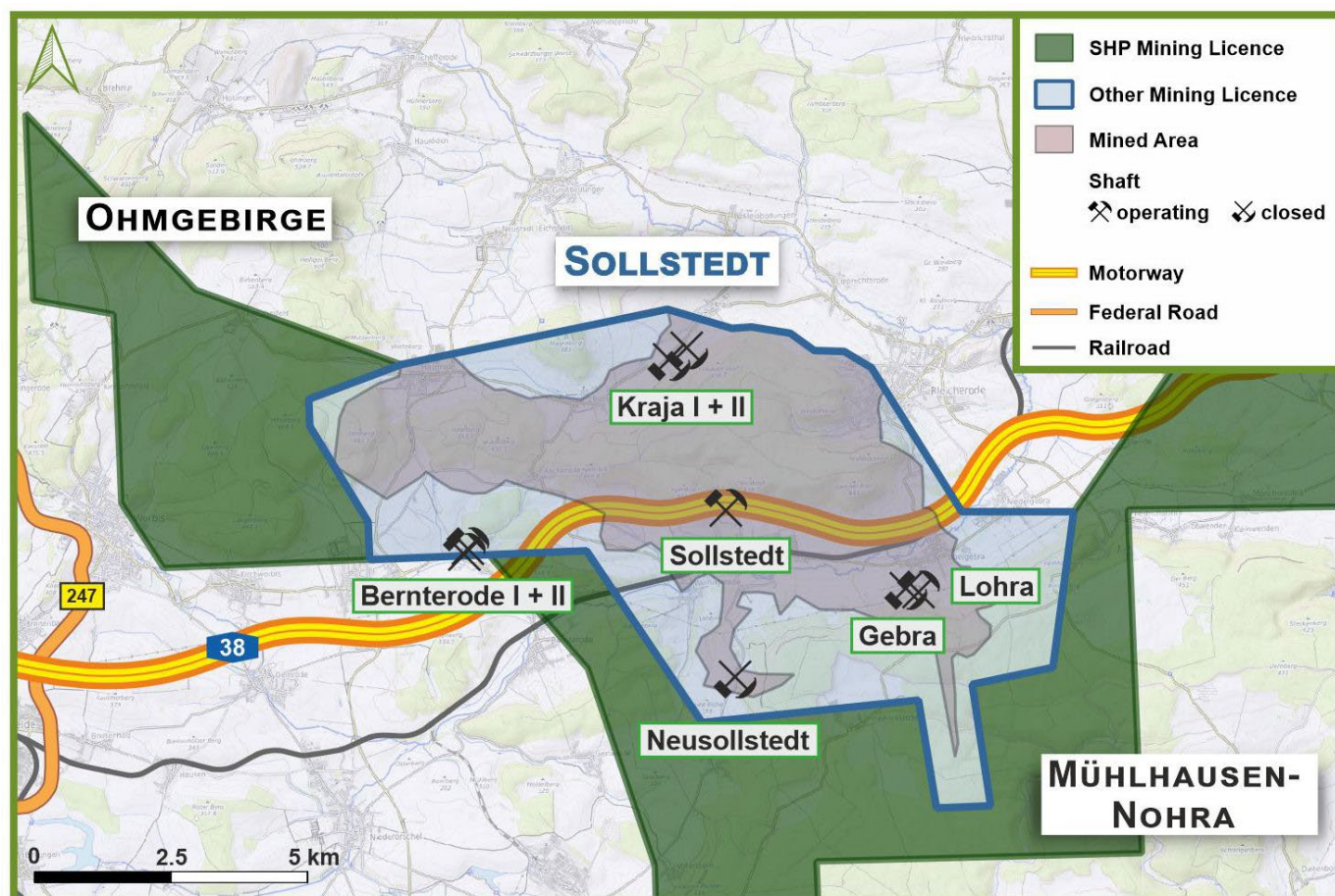


Figure 1: Plan view of South Harz's Ohmgebirge license and part of Muhlhausen-Nohra licence plus the contiguous Sollstedt property inclusive of substantial existing shaft infrastructure and existing backfill areas.

Ohmgebirge Development

Sollstedt Acquisition

Activities for the purchase of the neighbouring Sollstedt mine property from Deusa International GmbH (**Deusa**) are advancing, with due diligence progressing and the parties negotiating detailed terms (including arrangements for the asset between document execution and completion of the purchase) to be included in the binding definitive transaction documentation which is set to follow. The exclusivity date agreed with Deusa is 28 February 2025.

Project Optimisation

The Company engaged consultancy firm Valleyspring Pty Ltd (**Valleyspring**) to assist with a desktop review of value engineering opportunities to be pursued either leading up to or during the definitive feasibility stage. The review includes considering options to achieve a staged development model leveraging off the four existing Sollstedt shafts and underground workings. The review will be completed during the March 2025 quarter.

German R&D Tax Incentive Rebates

Preparation of German R&D tax incentive rebate applications progressed with the assistance of Thierhoff Consulting. The applications will encompass technical work conducted over the past four years and is restricted to actual expenditure in the European Union. The outcome of the yet to be lodged applications remains uncertain.

German Grant Funding Schemes

Assessment of potential funding opportunities such as freight rail access and clean energy utilisation / critical minerals grants continues.

Stage 2 Regulatory Approval

Advancement of preparatory Stage 2 permitting activities (Framework Operating Plan) for the Ohmgebirge Potash Development following grant of the Spatial Planning Assessment (*refer SHP ASX release dated 14 June 2024, Spatial Planning Assessment Received – Flagship Ohmgebirge Potash Development Receives Stage 1 Permitting Greenlight*) continues. The Environmental Baseline Studies, led by Environmental and Permitting specialist ERM, have been finalised and will feed into the final EIA for the stage 2 permitting.

Global Investor Engagement and Key Stakeholder Relations

Investor site visit

In early November 2024, South Harz hosted an investor site visit to Ohmgebirge and other South Harz exploration and mining licence areas. The visit also included an underground tour at the neighbouring Sollstedt mine and driving underground to the potential access areas towards Ohmgebirge and visiting potential / targeted areas for processing and logistics.

Feedback received from the visit included an enhanced appreciation of the scale of the opportunity and the extent of the existing infrastructure, and accompanying brownfield development benefits, offered by the targeted acquisition of the Sollstedt mine.



Figure 2: Executive Chairman Len Jubber (far right) with representatives of Deusa and a key SHP investor at the shaft entrance prior to their visit to the Sollstedt mine.



Figure 3: Potash ore seams at the Sollstedt mine

BDI Raw Materials Congress

In November, South Harz Regional Director Dr Babette Winter attended the Raw Materials Congress of the German Industry Association BDI in Berlin. The Congress brought together over 400 representatives from business, government, science, and civil society to discuss a secure, comprehensive and sustainable supply of raw materials for Germany, including increasing mining activities in Germany. Quoting BDI: “To advance domestic raw material extraction, the industry is calling on the German government to facilitate mining through strategic land use planning and by speeding up approval processes.”

Stakeholder engagement

The elections held in Thuringia in May (local) and September (State) 2024 resulted in a change of State Government with the Left-Socialdemocratic-Green coalition being replaced by a three-party coalition comprising the conservative CDU, Socialdemocrats and newly founded Left-National BSW. The local South Harz team in Germany continue to maintain an active government and community relations program and briefings with the newly elected politicians and officials is underway.

Briefings with the newly elected District Administrator of the Eichsfeld have been very constructive and highlights growing local support for the Ohmgebirge project. Building and maintaining strong relationships with our German stakeholders remains a key priority.

Corporate

Project Development Funding

Following the end of the Quarter, the Company engaged specialist mining finance advisor Cutfield Freeman & Co to with assessing potential project development funding pathways including identifying potential strategic partners to help progress the Ohmgebirge project to the definitive feasibility stage and beyond.

Capital Raising

South Harz's capital raising activities over the period from August to December 2024 included an equity placement (**Placement**) and 1-for-3 pro-rata entitlement offer (**Entitlement Offer**) to eligible shareholders which together targeted the raise of up to A\$4.0 million in new proceeds. The completion of the Placement and the Entitlement Offer, left a shortfall of 242,579,778 Shares (**Shortfall Shares**), following which the Company undertook to place these Shortfall Shares (**Shortfall Offer**).

The Shortfall Offer closed on 13 December 2024. In aggregate across the Placement, Entitlement Offer and Shortfall Offer, new equity issued totalled approximately A\$2.228 million (before costs), supported by the following activities completed over the quarter:

- On 19 November 2024, South Harz announced the completion of an initial placement of Shortfall Shares raising A\$425,500 through the issue of 42,550,000 Shortfall Shares.
- The Company completed a second, subsequent placement of 14,000,000 Shortfall Shares raising A\$140,000 on 13 December 2024.

The issue of all Placement shares subscribed for by Directors (**Director Placement Shares**) was subject to the receipt of shareholder approval at the Company's AGM, which was held on 28 November 2024. All resolutions put to shareholders were approved, resulting in the issue of 45,116,690 new shares to the Directors, or their related entities on 16 December 2024 representing new equity of A\$451,167, with the allocation of shares summarised as follows:

- (i) 19,367,718 Director Placement Shares to Len Jubber's related entity,
- (ii) 17,666,763 Director Placement Shares to Rory Luff's related entities, and
- (iii) 8,082,209 Director Placement Shares to Reinout Koopmans

As consideration for the Director Placement Shares the Company received cash proceeds of A\$257,359 and offset A\$193,808 of creditor balances owing to the Directors.

Martin Place Group Pty Ltd (ACN 681 213 294) (AFSL 291787) acted as lead manager to the Placement, Entitlement Offer and Shortfall Offer.

The Company also issued shares out of its ASX listing rule 7.1 placement capacity to three service providers in exchange for the provision of services:

- On 20 November 2024, 4,147,500 shares were issued to a service provider at A\$0.01 per share in exchange for the provision of services to the value of A\$41,475.
- On 31 December 2024, a total of 2,736,600 shares were issued to two service providers at A\$0.01 per share in exchange for the provision of services to the value of A\$27,366.

For full details pertaining to the Company's capital raising activities refer ASX announcement dated 1 August 2024, *New Equity of up to A\$4 Million to Advance Brownfield Ohmgebirge Potash Development*, ASX announcement dated 23 September 2024, *Completion of Entitlement Offer*, ASX announcement dated 8 October

2024, *New Equity Commitments of A\$450,000 Received*, ASX announcement dated 18 December 2024, *Corporate Update* and as set out above.

Capital Structure

The capital structure as at 28 January 2025 reflects the growing support out of Europe for the project as reflected in the shareholding that now totals approximately 31% of the total shares on issue whilst the total ownership by management and directors now equates to approximately 10% of the Company.

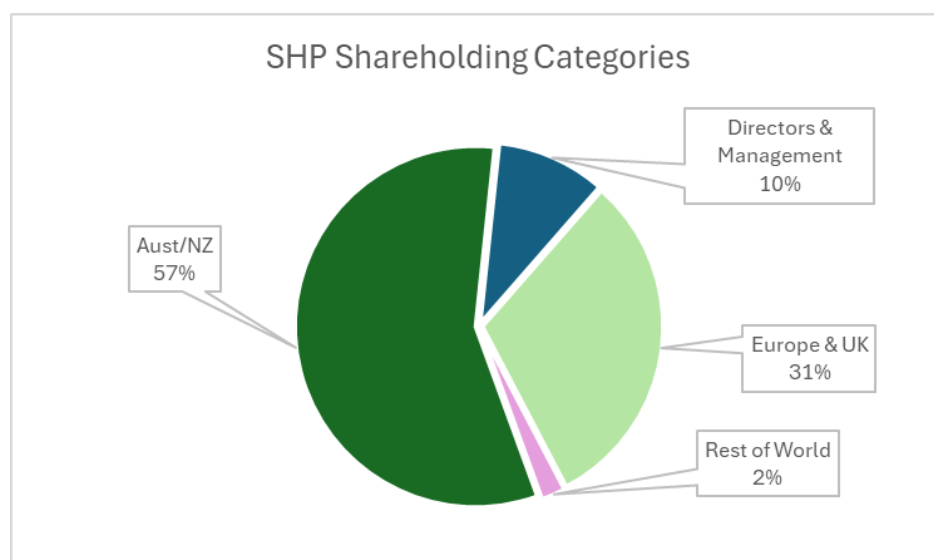


Figure 4: South Harz Shareholding Categories

Cash

South Harz's cash balance at 31 December 2024 was approximately A\$621,000.

Annual General Meeting and New Constitution

The Company's AGM was held on 28 November 2024 in the Perth offices of its auditors, BDO. All resolutions put to shareholders were passed on a poll, by the requisite majorities. This included a special resolution to adopt a new Constitution. A copy of this new Constitution was released to the ASX on 2 December 2024. Full details pertaining to the AGM results were released in the ASX announcement dated 28 November 2024, *Results of Meeting*.

Issue of Performance Rights

On 17 December 2024, the Company issued 39,500,000 performance rights to Directors (as approved by shareholders at the AGM, refer full details at ASX announcement dated 23 October 2024, Notice of Annual General Meeting/Proxy Form). Also, pursuant to the new Employee Incentive Securities Plan approved by shareholders at the AGM, 9,000,000 performance rights were issued to key management personnel as part of the company's long term incentive plan.

Director Loans

During the Quarter, the two unsecured director loans totalling A\$100,000 which had been provided by related party entities of South Harz Directors, Len Jubber and Rory Luff (as previously advised in ASX announcement dated 1 August 2024, *New Equity of up to A\$4 Million to Advance Brownfield Ohmgebirge Potash Development*), were repaid by way of Director Share Placements referred to in the Capital Raising section above. The Director Share Placements were approved by shareholders at the Company's recent AGM. Interest totalling A\$3,896, calculated at 10% per annum on the drawn funds, was paid to related parties of Mr Jubber and Mr Luff during the quarter.

Creditor Balances

Post Quarter-end, the Company has agreed with two creditors (binding terms with K-Utec and non-binding terms with Ercosplan) of its wholly-owned German subsidiary, Sud Harz Kali GmbH (**SHK**) to defer invoice payments totalling approximately €785,000 (A\$1.314 million) as at 31 December 2024. The outstanding invoices relate to engineering services provided to SHK for the Ohmgebirge Pre-Feasibility Study which was announced on the ASX on 22 May 2024 (refer ASX announcement dated 22 May 2024, *Sollstedt Mine Purchase, Ohmgebirge PFS & Maiden Ore Reserve*). The balances payable were also reflected in the Company's trade payables balance in its consolidated financial statements as at 30 June 2024 and in its pro-forma balance sheet included in its Entitlement Offer prospectus (refer ASX announcement dated 9 August 2024, *Rights Issue Prospectus*). As of the date of this report, the Company has:

- i. Agreed binding terms with K-Utec to defer the payment of invoices owing, totalling approximately EUR €310,000 (A\$519,000), until 31 December 2026. The Company is paying interest monthly at a rate of 5% per annum on this amount owed and will continue to do so until the debt has been repaid.
- ii. Agreed non-binding terms with Ercosplan to defer the payment of invoices owing, totalling approximately EUR €475,000 (A\$795,000), until 31 December 2026. As part of the terms, the Company has agreed to grant a first ranking mortgage over its interest in the Ebeleben mining lease in Thuringia, Germany, as security for the amount owed. Binding documentation in this regard is being prepared and the parties have agreed a "standstill" in relation to these invoices until 28 February 2025 on the basis that the security documentation is to be finalised before that date. The Company is paying interest monthly at a rate of 5% per annum on this amount owed and will continue to do so until the debt has been repaid.

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\$107,500 for Directors' fees, and A\$3,896 of interest payments to director related entities of Len Jubber and Rory Luff in relation to the unsecured director loans provided by these entities to the Company (as previously disclosed).

Summary of tenement holdings as at 31 December 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

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 is extracted from, or was set out in, the following ASX announcements:

- The report released 22 May 2024, "Sollstedt Mine Purchase, Ohmgebirge PFS & Maiden Ore Reserve"
- The report released 1 August 2024, "New Equity of up to A\$4 Million to Advance Brownfield Ohmgebirge Potash Development"
- The report released 23 September 2024, "Completion of Entitlement Offer"
- 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"
- The report released 20 November 2024, "Update on Ohmgebirge and Corporate Activities".
- The report released 28 November 2024, "Results of Meeting"
- The report released 2 December 2024, "New Constitution Approved at 2024 Annual General Meeting"
- The report released 18 December 2024, "Corporate Update"

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”)

31 December 2024

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation		
	(b) PFS & permitting	(43)	(194)
	(c) production		
	(d) site admin & site staff costs	(226)	(414)
	(e) corporate costs	(386)	(846)
1.3	Dividends received (see note 3)		
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	(54)	(54)
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	(708)	(1,507)

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		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 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)	923	2,037
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	(28)	(164)
3.5	Proceeds from borrowings		100
3.6	Repayment of borrowings	(100)	(100)
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	795	1,873

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	533	254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(708)	(1,507)
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)	795	1,873

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	1	1
4.6	Cash and cash equivalents at end of period	621	621

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	621	533
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)	621	533

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	111
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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

7. Financing facilities <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	0	0
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	0	0
7.5 Unused financing facilities available at quarter end		0
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.		

Director Loans

During the Quarter, the two unsecured director loans totalling A\$100,000 which had been provided by related party entities of South Harz Directors, Len Jubber and Rory Luff (as previously advised in ASX announcement dated 1 August 2024, *New Equity of up to A\$4 Million to Advance Brownfield Ohmgebirge Potash Development*), were repaid by way of the placement of shares to these director-related entities which were approved by shareholders at the Company's recent AGM. Interest totalling A\$3,896, calculated at 10% per annum on the drawn funds, was paid to these director-related entities during the quarter.

Creditor Balances

Post Quarter-end, the Company has agreed with two creditors (binding terms with K-Utec and non-binding terms with Ercosplan) of its wholly-owned German subsidiary, Sud Harz Kali GmbH ("SHK") to defer invoice payments totalling approximately €785,000 (A\$1.314 million) as at 31 December 2024. The outstanding invoices relate to engineering services provided to SHK for the Ohmgebirge Pre-Feasibility Study which was announced on the ASX on 22 May 2024 (refer ASX announcement dated 22 May 2024, *Sollstedt Mine Purchase, Ohmgebirge PFS & Maiden Ore Reserve*). The balances payable were also reflected in the Company's trade payables balance in its consolidated financial statements as at 30 June 2024 and in its pro-forma balance sheet included in its Entitlement Offer prospectus (refer ASX announcement dated 9 August 2024, *Rights Issue Prospectus*). As of the date of this report, the Company has:

- iii. Agreed binding terms with K-Utec to defer the payment of invoices owing, totalling approximately EUR €310,000 (A\$519,000), until 31 December 2026. The Company is paying interest monthly at a rate of 5% per annum on this amount owed and will continue to do so until the debt has been repaid.
- iv. Agreed non-binding terms with Ercosplan to defer the payment of invoices owing, totalling approximately EUR €475,000 (A\$795,000), until 31 December 2026. As part of the terms, the Company has agreed to grant a first ranking mortgage over its interest in the Ebeleben mining lease in Thuringia, Germany, as security for the amount owed. Binding documentation in this regard is being prepared and the parties have agreed a "standstill" in relation to these invoices until 28 February 2025 on the basis that the security documentation is to be finalised before that date. The Company is paying interest monthly at a rate of 5% per annum on this amount owed and will continue to do so until the debt has been repaid.

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

8. Estimated cash available for future operating activities		\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(708)
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)	(708)
8.4	Cash and cash equivalents at quarter end (item 4.6)	621
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	621
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.88
<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. The Company has moved to a lower cost structure focussed on internal project optimisation (as previously announced) and continues to undertake initiatives to further reduce its corporate, general and administrative costs. In addition, the Company has engaged specialist mining finance advisor Cutfield Freeman & Co to assist with assessing potential project development funding pathways including identifying potential strategic partners to help progress the Ohmgebirge project to the definitive feasibility stage and beyond.		
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. The Company is currently reviewing opportunities for obtaining capital and believes, as shown by its recent capital raising activities, it will have the ability to raise funds needed to meet its business objectives.		
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. The Company believes, as shown by its recent capital raising activities, that it will have the ability to raise funds needed to meet its business objectives.		
<i>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.</i>		

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 January 2025

Authorised by: The Board of Directors

(Name of body or officer authorising release – see note 4)