SOUTHHARZ POTASH

ASX ANNOUNCEMENT

2 August 2023

CAPITAL RAISING TO ADVANCE OHMGEBIRGE POTASH PROJECT

- Firm commitments received to raise approximately A$2.6 million via an equity placement undertaken at A$0.03 per share (with a 1-for-4 attaching option at a strike price of A$0.08 and 3-year expiry).
- Well supported by existing shareholders and other investors (including new institutional participants), and inclusive of an approximate A$0.2 million total commitment from South Harz Board members.
- Share Purchase Plan offer to all eligible shareholders to raise up to an additional A$0.5 million on the same terms as the placement; expected to open next week.
- Funds raised to drive the delivery of the Ohmgebirge Pre-Feasibility Study (**PFS**) (led by South Harz COO, Lawrence Berthelet, in conjunction with HATCH), permitting and environmental baseline study work, as well as early commencement of select Definitive Feasibility Study (**DFS**) workstreams and general working capital.
- Expected short-term milestones in the current half include submission of the full Ohmgebirge Spatial Planning Application (with a single development pathway election) and finalisation of the PFS.

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) is pleased to advise that it has received binding commitments for a placement to raise approximately A$2.6 million at an issue price of A$0.03 per share with an attaching 1-for-4 unlisted option at a strike price of A$0.08 per share and a 3-year expiry (**Placement**).

The Placement was met with strong demand from both new and existing institutional and sophisticated investors. This included subscription commitments totaling A$215,000 from South Harz Board members and their related parties (the issuance of which is subject to shareholder approval).

In addition to the Placement, South Harz will offer all existing eligible shareholders the opportunity to subscribe for up to a maximum of A$30,000 worth of new shares on the same terms as the Placement under a Share Purchase Plan (**SPP**) to raise up to an additional A$0.5 million.

South Harz CEO, Luis da Silva, commented on the successful capital raising:

"I would like to thank existing shareholders who participated in the placement, as well as welcome a number of new, high quality institutional and sophisticated investors to the South Harz register, including new European-based participation. I also look forward to offering all eligible shareholders the opportunity to participate in this capital raising via the imminent launch of a Share Purchase Plan on the same terms as the Placement."

"The funds raised via the Placement and SPP are expected to facilitate the ongoing advancement of our Ohmgebirge Potash Development, including completion of the PFS currently in progress. Our work to date continues to affirm the world-class nature of Ohmgebirge and its strong potential to leverage existing regional infrastructure and a genuine brownfield development pathway. We look forward to providing further updates as key outcomes are progressively concluded and the PFS advances towards targeted completion later this year."

Use of proceeds

Proceeds from the Placement and SPP are planned to be directed towards:

- Progression and completion of the PFS on South Harz's flagship Ohmgebirge Potash Development;
- Environmental baseline study work and permitting process advancement;
- Early commencement of select Ohmgebirge DFS workstreams; and
- General working capital.

Placement details

Under the terms of the Placement, South Harz has agreed to issue 86,666,667 new fully paid ordinary South Harz shares (**Placement Shares**) at an issue price of A$0.03 per share, and 21,666,667 new unlisted options over South Harz shares with a strike price of A$0.08 per share and a 3-year expiry (**Placement Options**), to raise A$2,600,000 (before costs).

79,500,000 of the Placement Shares and 19,875,000 Placement Options are to be issued under South Harz's existing ASX Listing Rule 7.1 and 7.1A placement capacity (19,500,000 Placement Shares and 19,875,000 Placement Options under LR7.1, and 60,000,000 Placement Shares under LR7.1A).

7,166,667 Placement Shares and 1,791,667 Placement Options are subject to shareholder approval (being the aggregate subscription of South Harz Directors and their related parties), which is planned to be sought at a General Meeting expected to be held during September 2023.

The Placement is expected to settle on 9 August 2023, with the Placement Shares to be issued and commence trading on the ASX on a normal settlement basis on 10 August 2023.

The Placement Shares issue price of A$0.03 per share represents a 16.7% discount to the Company's last traded price of A$0.036 (closing price on 28 July 2023) and a 18.4% discount to the Company's 10-day VWAP of A$0.0366.

Share Purchase Plan (SPP) details

In addition to the Placement, the Company will offer eligible existing shareholders with a registered address in Australia or New Zealand who were holders of South Harz shares at 5:00pm (AWST) on 1 August 2023 (the **Record Date**) the opportunity to apply for new South Harz shares on the same terms as the Placement via a SPP (and without incurring brokerage fees). The Company intends to raise up to A$0.5 million via the issue of new shares and options under the SPP. Each share applied for under the SPP will also include, subject to shareholder approval, a 1-for-4 attaching option at a strike price of A$0.08 and 3-year expiry.

Eligible existing shareholders will have the opportunity to apply for up to A$30,000 worth of new shares in South Harz. The shares issued under the SPP will rank equally with existing ordinary shares of the Company. The Company retains the right to accept oversubscriptions or to scale back applications (in whole or in part) at its absolute discretion (subject to the limit prescribed in the ASX Listing Rules), which may result in the SPP raising more or less than A$0.5 million.

Further information in relation to the SPP, including the terms and conditions, is expected to be made available to eligible existing shareholders on or around 7 August 2023. Eligible existing shareholders should review the SPP terms and conditions in full before deciding whether to participate in the SPP. Participation in the SPP by eligible existing shareholders is entirely optional.

South Harz reserves the right to close the SPP early from any point after applications totaling at least A$0.5 million have been received.

Indicative timetable

Event	Date
SPP Record Date	5:00pm WST Tuesday, 1 August 2023
Placement and SPP announcement and lodgement of Appendix 3B	Wednesday, 2 August 2023
Despatch of SPP Offer Booklet to Eligible Shareholders and release of Booklet on the ASX	Monday, 7 August 2023
SPP Offer opens	Tuesday, 8 August 2023
SPP Offer closes	Monday, 21 August 2023
Announcement of Result of SPP	Friday, 25 August 2023
Issue of New Shares under the SPP, Lodgement of Appendix 2A	Monday, 28 August 2023
Official quotation and commence trading of SPP Shares	Tuesday, 29 August 2023

The above timetable is indicative only and subject to change. The Company reserves the right to amend any or all of these dates at their absolute discretion, subject to the Corporations Act 2001 (Cth), the ASX Listing Rules and any other applicable laws. The quotation of the New Shares is subject to approval from the ASX.

Additional Information

Morgans Corporate Limited acted as Sole Lead Manager and Book Runner to the Placement.

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

Investor and media enquiries

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About South Harz

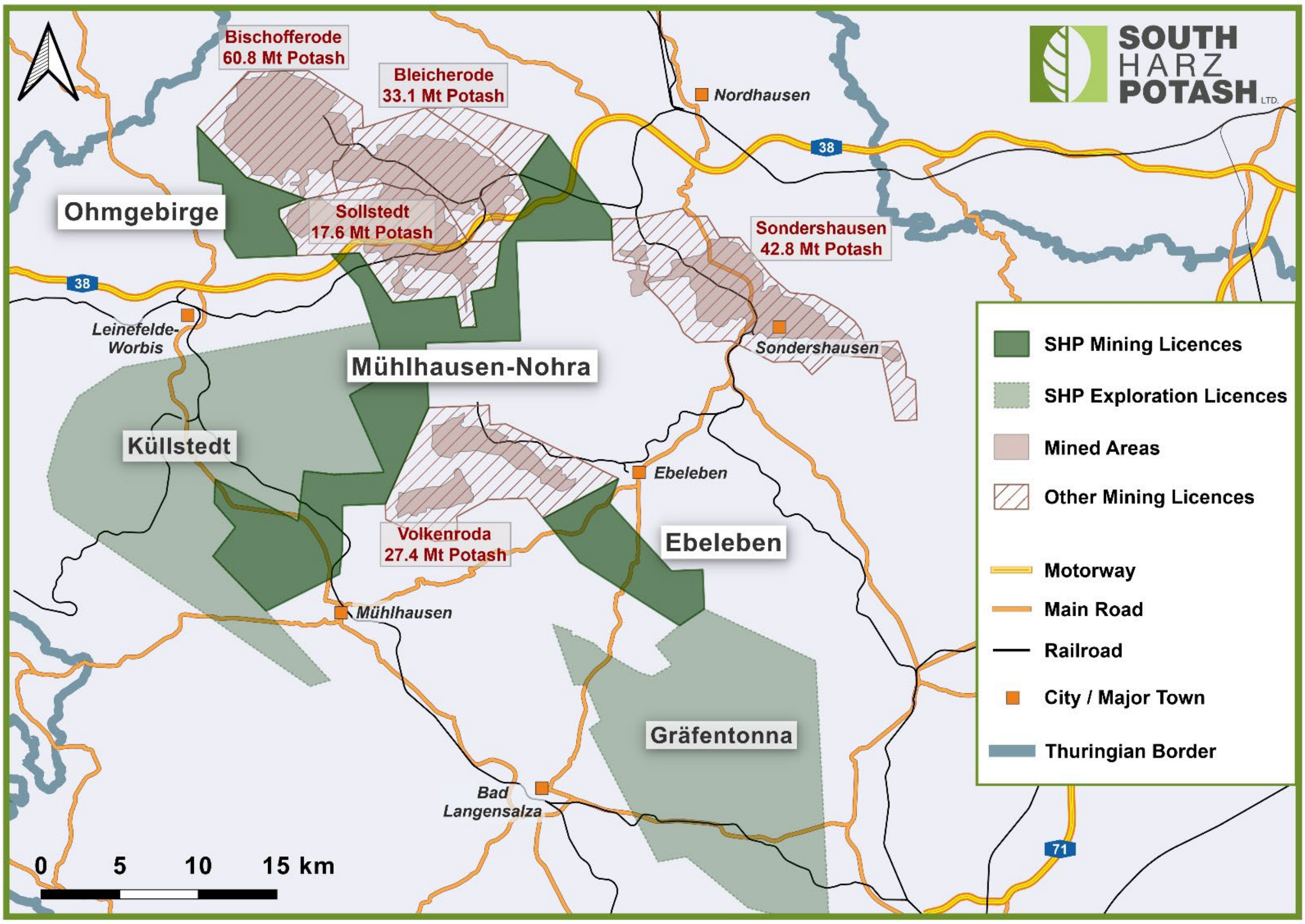
South Harz Potash (ASX: SHP) (**South Harz**) is a potash exploration and development company with its flagship project located in the South Harz Potash District of Germany, midway between Frankfurt and Berlin.

The South Harz Project hosts a globally large-scale potash JORC (2012) Mineral Resource estimate of 5 billion tonnes at 10.6% K_2O of Inferred resources and 258 million tonnes at 13.5% K_2O of Indicated Resources across four wholly-owned project areas located favourably within central Europe.[1] This comprises three perpetual potash mining licences, Ohmgebirge, Ebeleben and Mühlhausen-Nohra, and two potash exploration licences, Küllstedt and Gräfentonna, covering a total area of approximately 659km.

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

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

www.southharzpotash.com



1. Refer to South Harz ASX release dated 12 July 2022 for full Mineral Resource estimate details. In accordance with ASX Listing Rule 5.23, the Company is not aware of any new information or data that materially affects the information included in this release, and the Company confirms that, to the best of its knowledge, all material assumptions and technical parameters underpinning the estimates in these releases continue to apply and have not materially changed.