

## ASX ANNOUNCEMENT

27 January 2022

# DECEMBER 2021 QUARTERLY ACTIVITY REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**), a potash exploration and development company with world-class projects in Germany, is pleased to report on its activities for the quarter ended 31 December 2021.

## Highlights

- All required approvals and permits secured for the two planned confirmatory drillholes within the inaugural Ohmgebirge Mining Licence Area
- Drilling programme underway and scheduled for completion during April 2022
- Scoping Study progressing well with expected completion in May 2022
- A\$5.3M new equity raised for acceleration of Ohmgebirge evaluation programme and building organizational capability
- Cash balance of A\$10.4M at 31 December 2021

## South Harz Managing Director, Dr Chris Gilchrist, commented:

*“The South Harz team is delighted with the consistent progress made during the quarter. Whilst there have been some challenges associated with materials supply shortages, I am very pleased to report that drilling activities are progressing well at our first and foundational project, Ohmgebirge. The emphatic support shown by both new and existing shareholders during our A5.3m raising in December sets us up to rapidly advance the technical and economic assessment phase of our project and an exciting 2022.”*

## SOUTH HARZ POTASH PROJECT: OHMGEBIRGE

### All required approvals and permits secured

As previously announced (see SHP ASX releases dated 29 October 2021 and 11 January 2022), drilling approvals were received from the German regulatory authority, *Thüringer Landesamt für Umwelt, Bergbau und Naturschutz (TLUBN)*, for two planned confirmation drill holes within the flagship Ohmgebirge Mining Licence (**Ohmgebirge**) area of the South Harz Potash Project.

The drilling contractor, *H. Anger's Söhne – Bohr- und Brunnenbaugesellschaft (Angers)*, has commenced operations (see SHP ASX release dated 24 November 2021), with drillhole OHM-02 now underway and OHM-01 scheduled to commence immediately following completion of OHM-02 (see SHP ASX release dated 18 January 2021). Drilling is expected to be completed during April.

#### CONTACT DETAILS

The confirmatory drillhole programme is targeted to allow South Harz to upgrade a substantial proportion of the current Ohmgebirge JORC (2012) Inferred Mineral Resource estimate (325 Mt at 13.1% K<sub>2</sub>O)<sup>1</sup> to the Indicated category. Subject to concurrent and satisfactory advancement of all modifying factors, this is expected to allow the release of a comprehensive Scoping Study (a preliminary technical and economic assessment) for Ohmgebirge in May 2022.

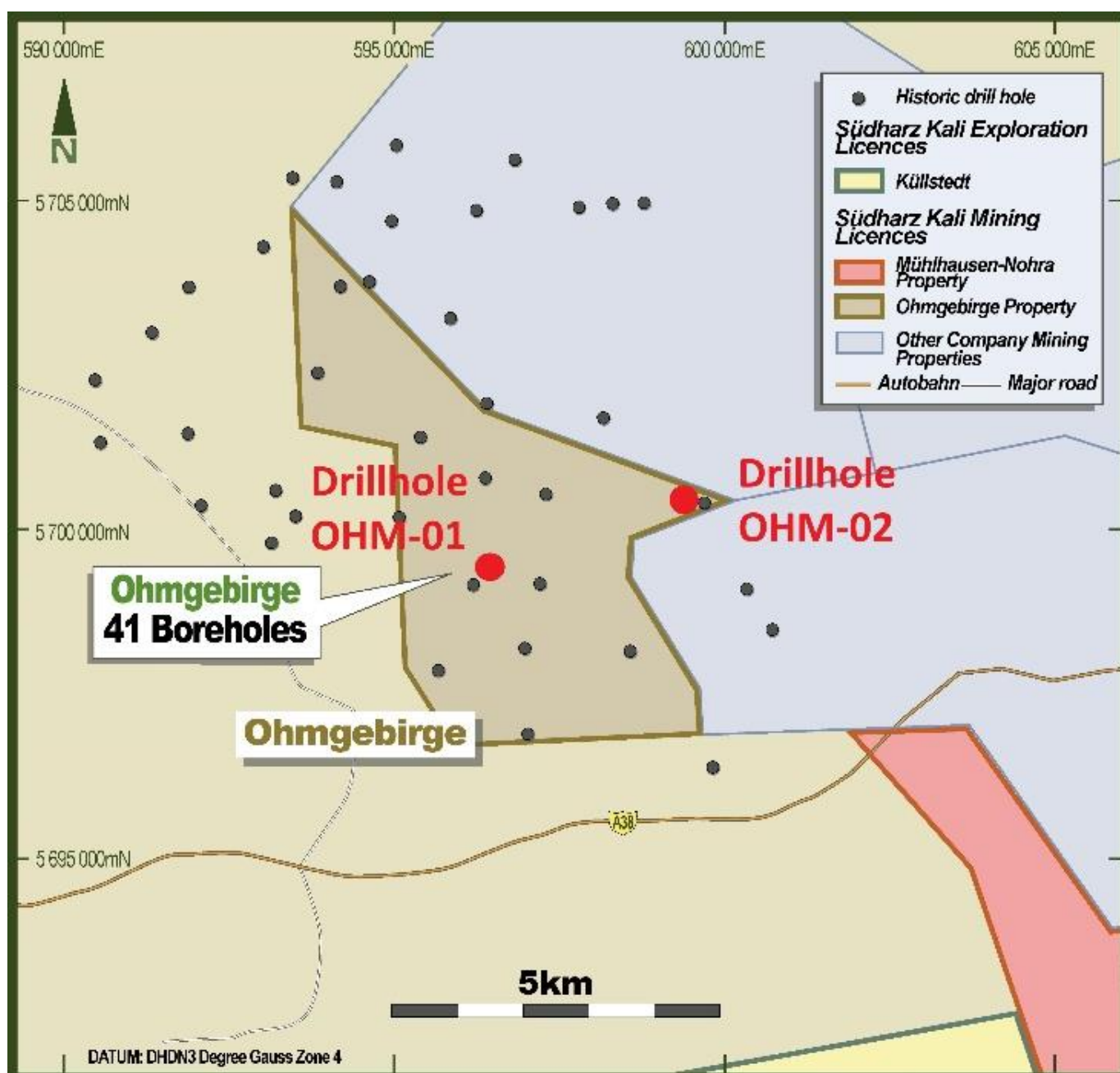
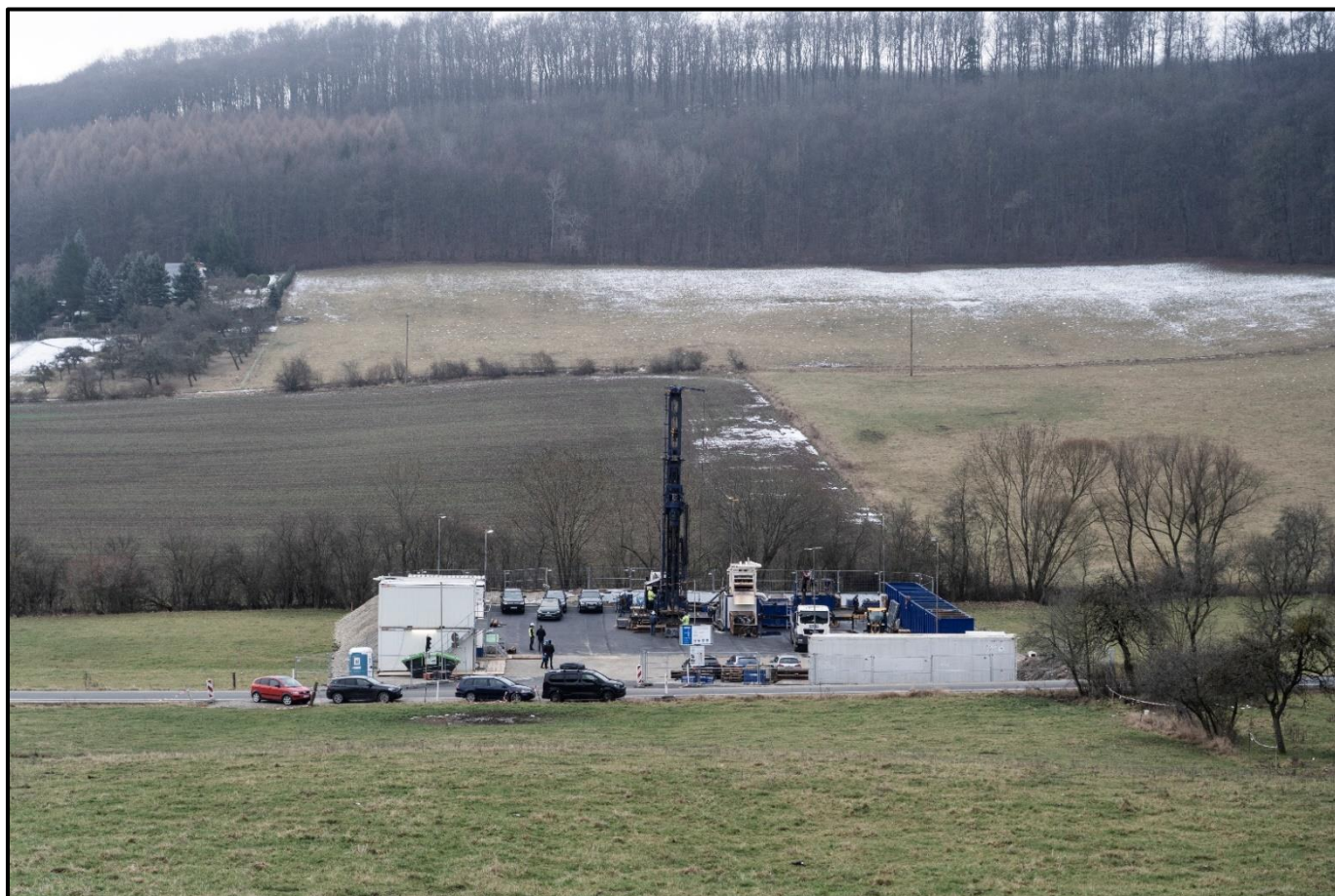


Figure 1: Ohmgebirge Mining Licence area showing the approximate location of historic drillholes and the twin confirmatory holes, OHM-01 and OHM-02.



**Figure 2: Overview of the OHM-02 drill site within the Ohmgebirge Mining Licence**

### Scoping Study advancing

In parallel with drill programme works, the Ohmgebirge Scoping Study workstreams continued to progress well during the quarter. Micon International Ltd (“**Micon**”), our appointed Competent Person, has completed the resource model which now only requires insertion of the results from the two confirmatory drill holes to allow a final definition of the Indicated resource. K-Utec Salt Technologies (“**K-Utec**”) have made satisfactory progress on the consideration of mining and processing methods and are presently building the capital and operating cost estimates for three potential production scenarios. Environmental Resource Management Consultants (“**ERM**”) have been appointed to define an ESIA work programme for the follow-on feasibility study, while Fertilizer Sales Development Ltd (“**FSL**”) and Sidus Consulting (Pty) Ltd (“**Sidus**”) have been appointed to advise on the marketing and financial modelling aspects respectively.

#### CONTACT DETAILS

## CORPORATE

### Cash

During the quarter, South Harz obtained commitments for A\$5.26 million in new equity funding via a placement of 43,841,669 new fully paid ordinary shares at an issue price of A\$0.12 per share (see SHP ASX release dated 13 December 2021).

Approximately A\$5 million of these new equity funds were received and 41,666,669 new shares issued during the quarter. The issue of the residual 2,175,000 shares for A\$261,000 remains subject to receipt of shareholder approval at a General Meeting of South Harz shareholders scheduled on 11 February 2022 (see SHP ASX release dated 13 January 2022).

The new equity places the Company in its strongest financial position to date and ensures it is well funded to complete the two-hole drilling programme, the targeted Mineral Resource estimate upgrade and Scoping Study finalisation at Ohmgebirge. Furthermore, the additional funds allow the Company to rapidly transition into planned Feasibility Study workstreams, drive organisational capability and bolster general working capital, including recruitment of further specialists in Germany to support the planned development of Ohmgebirge and the broader suite of South Harz Potash Projects.

South Harz's cash balance at 31 December 2021 was A\$10.4 million (A\$7.6 million at 30 September 2021). The Company has no debt or convertible debt-like instruments (excluding typical trade creditor balances).

### Annual Report and AGM

The 2021 Annual Report was released to the ASX on 30 September 2021. The Company's 2021 Annual General Meeting was held on 10 December 2021 where all resolutions put to shareholders were duly carried by poll (see SHP ASX release dated 16 December 2021).

### 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 during the quarter was A\$1.1 million. This predominantly relates to the initial prepayment with respect to drill hole OHM -02 .
2. ASX Listing Rule 5.3.2: No mining production or development.
3. ASX Listing Rule 5.3.5: There were no payments to related parties of the Company and their associates during the quarter.

### Summary of tenement holdings as at 31 December 2021

Tenement Name/Number	Location	Licence	Beneficial Holding
Küllstedt	Thüringen, Germany	Exploration	100%
Gräfentonna	Thüringen, Germany	Exploration	100%

#### CONTACT DETAILS

Mühlhausen-Nohra	Thüringen, Germany	Mining	100%
Ebeleben	Thüringen, Germany	Mining	100%
Ohmgebirge	Thüringen, Germany	Mining	100%

**CONTACT DETAILS**

This ASX release has been approved by Managing Director, Dr Chris Gilchrist.

### 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 inaugural 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) Inferred Mineral Resource estimate of 5.3 billion tonnes at 10.8% K<sub>2</sub>O across four wholly-owned project areas<sup>1</sup> located favourably within central Europe. This comprises three perpetual potash mining licences, Ohmgebirge, Ebeleben and Mühlhausen-Nohra, and two potash exploration licences, Küllstedt and Gräfentonna, covering a combined area of approximately 659km<sup>2</sup>.

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](http://www.southharzpotash.com)

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**ASX Code:** SHP

**ASX Code (Options):** SHPO

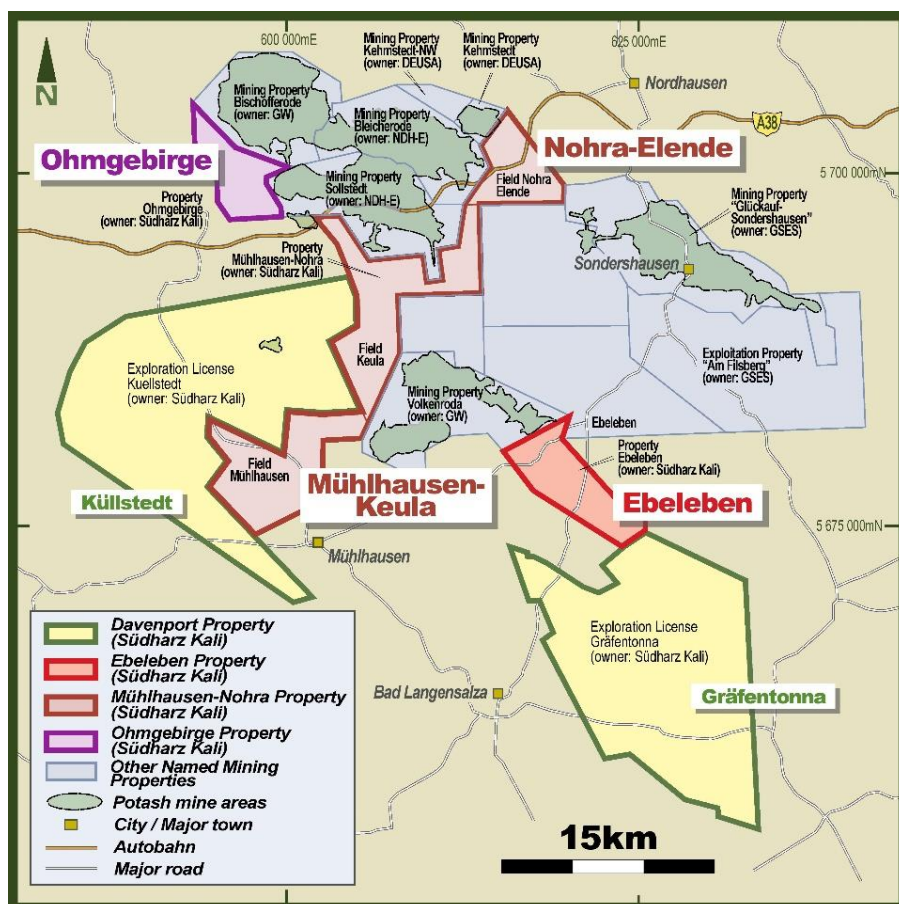
**Frankfurt Code:** A2DWXX

**480.0M** Ordinary Shares

**151.4M** Unlisted Options

**46.2M** Listed Options

**1.5M** Performance Rights



1. Refer to South Harz ASX announcement dated 23 December 2019 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 announcement.

## 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 23 December 2019 "Davenport Ohmgebirge JORC Inferred Resource 325Mt at 13.1% K<sub>2</sub>O"*
- *The report released 29 October 2021 "SHP drilling permit secured for Ohmgebirge project"*
- *The report released 24 November 2021 "Ohmgebirge drill pad construction commences"*
- *The report released 13 December 2021 "A\$5.3M equity raising to accelerate Ohmgebirge"*
- *The report released 16 December 2021 "Results of Meeting"*
- *The report released 11 January 2022 "Second drill permit secured and drilling commencing"*
- *The report released 18 January 2022, "Drilling commences at Ohmgebirge"*

### CONTACT DETAILS