

ASX ANNOUNCEMENT

29 October 2021

DRILLING PERMIT SECURED FOR OHMGEBIRGE PROJECT

- Permit received to drill first of two planned holes at Ohmgebirge Project
- Drilling contractor to proceed immediately with expected hole completion in early Q1 CY2022
- Permit for second hole expected to follow shortly
- Second hole expected to be completed in mid Q1 CY2022
- Scoping Study launched with completion expected at end Q1 CY2022

South Harz Potash Ltd (ASX:SHP) (**South Harz** or the **Company**), a potash exploration and development business with world-class projects in Germany, is pleased to announce that it has secured drilling approval from the relevant regulatory authority, *Thüringer Landesamt für Umwelt, Bergbau und Naturschutz (TLUBN)*, for the first of two planned confirmation drill holes at its flagship Ohmgebirge Project. The permit is conditional on the complete remediation of the drill site, grouting of the drill hole post-drilling and prevention of contamination of soils and water. All of these conditions have been allowed for in the drilling program and budget and further discussions are being held with the drillers to ensure exact compliance.

South Harz has instructed the drilling contractor, *H. Anger's Söhne – Bohr- und Brunnenbaugesellschaft (Angers)*, to commence drilling at drillhole OHM-02, located within the Ohmgebirge Mining Licence area with immediate effect. Drilling of the hole is expected to take approximately 8-10 weeks with completion currently scheduled for early Q1 CY2022 at a cost of €2.3million.

Drillhole OHM-02 is planned to a depth of 665m, which is expected to fully penetrate the known potash horizon in the area. The aim of the drilling is to recover potash core from depth to assist in verifying historical drilling carried out by the former GDR state mining company as recently as the 1980's. Drillhole OHM-02 is designed to twin the historical drillhole, *Kal Wr 6 Liese*, which recorded an historical potash intercept of 5.5m at 14.4% K₂O (from 651.7m) (as reported by South Harz in ASX announcement dated 23 December 2019).

An application for the second confirmatory drillhole at Ohmgebirge, OHM-01, was submitted to the TLUBN in early July 2021. The Company now awaits confirmation of this permit and anticipates work on this second drill hole to begin immediately after completion of drill hole OHM-02.

Results from the two confirmatory drillholes are expected to allow South Harz to upgrade the current 21.7 km² Ohmgebirge JORC (2012) Inferred Mineral Resource estimate to the Indicated category. Subject to concurrent and satisfactory advancement of all modifying factors, this is expected to allow the release of a Scoping Study (a preliminary technical and economic assessment) by the end of Q1 CY2022.

South Harz Managing Director, Dr Chris Gilchrist, commented: "*Securing the drilling permit is a major milestone for us. Drilling at OHM-02, and eventually OHM-01, provides us with a clear path forward, allowing South Harz to fully evaluate Ohmgebirge and secure the necessary information required to complete a*

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4.1M Performance Rights

preliminary technical and economic viability assessment. I would like to extend my congratulations to the executive team who brought us to this important juncture and look forward to providing updates on the progress made in the coming months.”

Ohmgebirge Project

Ohmgebirge is located at the north-western extent of the South Harz sedimentary basin approximately 30km west of Sondershausen and 65km northwest of state capital, Erfurt.

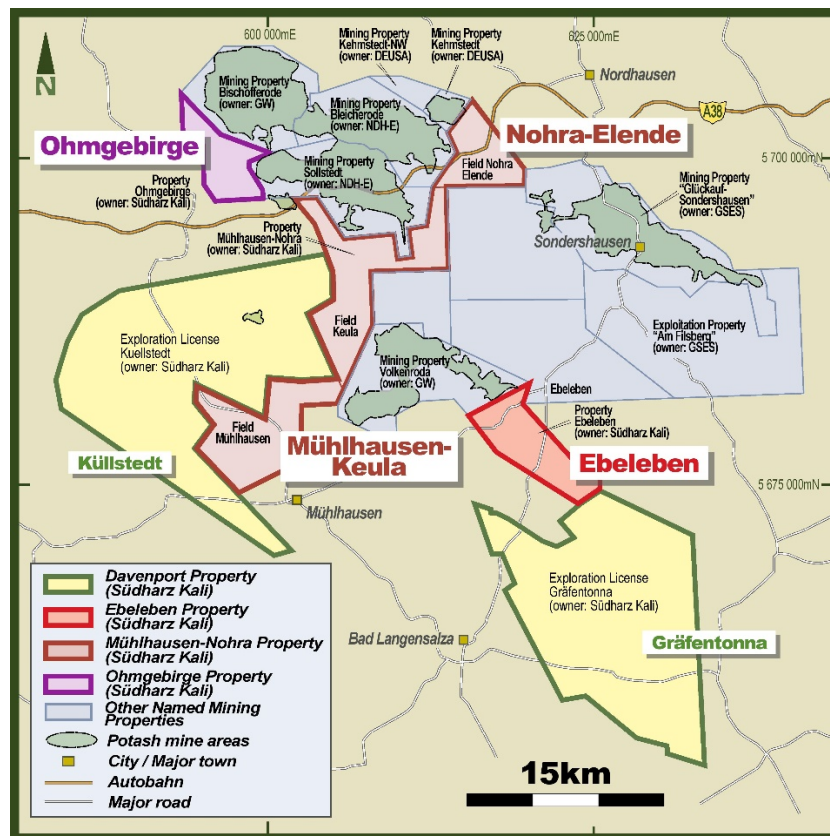


Figure 1: Location of the Ohmgebirge Mining Licence Area showing proximity to former potash mines and other South Harz Licence Areas

The existing potash resource covers almost the entire mining licence area. There is very little variation in mineralogy or grade across the licence area according to South Harz analysis, reported previously in ASX announcement dated 23 December 2019. Sylvinitic is dominant and attains an average thickness of 7.2m. A 15m thick Carnallite unit is seen underlying the Sylvinitic in the south-east of the licence area. The potash seams display gentle localised undulations with no obvious dip, making it highly attractive from a potential mining perspective.

Exploration for potash salts commenced at Ohmgebirge in 1894 including cored drill holes and downhole geophysics. The area around the mining licence is a well-known, potash-bearing area and is adjacent to the former Bischofferode Mine, and the open Bleicheröde/Söllstedt, mines. After initial exploration in the early 1900's, exploration recommenced in earnest at Ohmgebirge in the 1960's. All the later exploration drilling was conducted by the former GDR state mining company.

Four historical resource estimates (non-JORC compliant) have been reported by others on areas that cover Ohmgebirge (ASX announcement dated 23 December 2019). These historical resource estimates were all based on the results of exploration work carried out between 1956 and 1984.

JORC Resources

In December 2019, Micon International Limited (**Micon**) completed a JORC (2012) Mineral Resource estimate with the entire estimate being classified as Inferred.*

Horizon	Bulk Density (t/m ³)	Geol Loss (%)	Tonnage (Mt)	K ₂ O (%)	K ₂ O (Mt)	Insoluble (%)	KCl (%)	Mg (%)	Na (%)	SO ₄ (%)	Category
Sylvinitite	2.23	15	261	13.96	36	1.18	20.64	1.06	21.68	10.34	Inferred
Carnallitite	1.89	15	64	9.81	6	insufficient data				Inferred	
Total Ohmgebirge			325	13.14	43	1.18	20.64	1.06	21.68	10.34	Inferred

Notes*

Minimum cut-off grade $\geq 5\%$ K₂O.

15% geological loss applied to account for potential unknown geological losses for Inferred Mineral Resources.

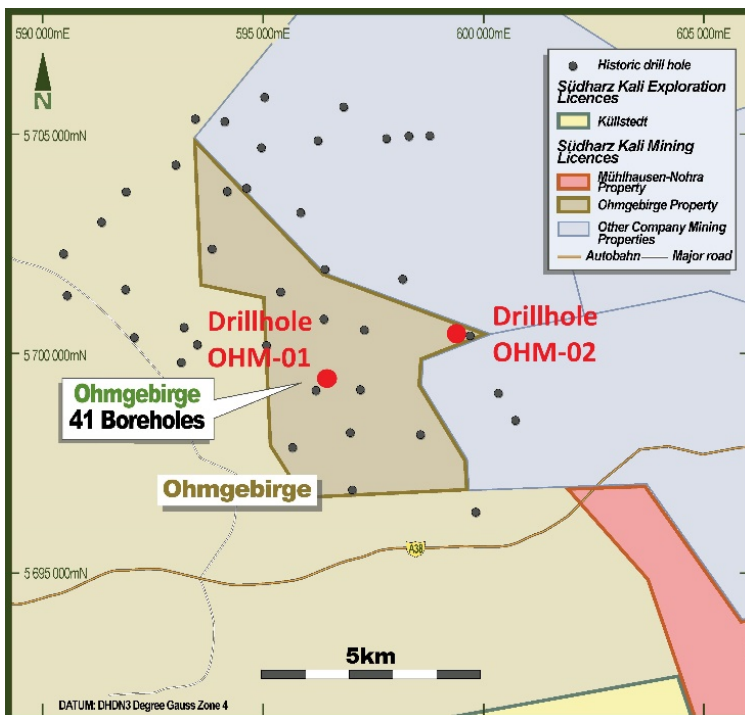
Data source: historical state records (BVVG) checked and verified.

Inferred Resources rounded down to nearest 100,000 t.

Errors may exist due to rounding.

Refer to South Harz ASX announcement dated 23 December 2019 for full Ohmgebirge 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.

A total of 14 historical exploration drillholes (including one deviation) have been drilled within the Ohmgebirge mining licence. Additional drillholes located around the licence area were used for the creation of the geological database, bringing the total number of drillholes used for the resource modelling to 41.



Of the 41 drill holes used in the model, four did not intersect the z2KSt potash horizon. Chemical data exists from 27 diamond core drill holes ('potash drill holes') that produced core samples, and mineralogy is available for 35 drill holes. Holes drilled between 1956 and 1984 were geophysically logged including gamma, gamma-gamma and natural gamma downhole logging. Historical drill hole logs from the 1960's and 1980's drilling programs include graphical logs showing the adjustment to the geology according to the geophysical logging depths.

The drill hole spacing ranges between 970m to 2,400m with an average spacing of approximately 1,000m. The drill holes are evenly distributed across the property.

Figure 2: Ohmgebirge mining licence area showing the approximate location of historic drillholes and the planned twin, confirmatory holes, OHM-01 and OHM-02.

Scoping Study

Arrangements have been made with both primary and secondary analytical laboratories in Germany to undertake chemical and mineralogical analyses on the drill cores extracted from OHM-01 and OHM-02. Both laboratories have potash experience and are internationally accredited.

Contributing entities for the compilation of the Scoping Study have been appointed and instructed to commence their respective scopes of work.

Micon is tasked with re-modelling the Mineral Resource Estimate (**MRE**) based on the results of the confirmatory drilling, advise on their correlation with historic results and, if appropriate, provide an Indicated Mineral Resource estimate.

The mining and processing methodologies are to be assessed by internationally recognised potash consultants, K-Utec, and their recommendations will be reported, together with initial capital and operating cost estimates for developing the project.

Potash marketing, ESG and financial modelling specialists, all with previous potash experience, have also been appointed to contribute to the Scoping Study.

Completion of the Ohmgebirge Scoping Study is expected in late Q1 CY2022.

This announcement has been authorised by the Directors of South Harz Potash Limited.

On behalf of South Harz Potash Limited,

Dr Chris Gilchrist, Managing Director

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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 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% K₂O across four wholly-owned project areas¹ 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 total area of approximately 659km².

With strong established infrastructure and close proximity to the key European market, the South Harz Project should be well positioned to enable rapid development across multiple deposits at relatively low cost, subject to further studies.

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

www.southharzpotash.com

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.

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