

## ASX ANNOUNCEMENT

29 April 2022

# MARCH 2022 QUARTERLY ACTIVITIES REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) is pleased to report on its activities for the Quarter ended 31 March 2022.

## Highlights

- Completion of first confirmatory drillhole (OHM-02) at Ohmgebirge
- Core assays returned from OHM-02 (11m at 14.4% from 651.7 m) demonstrate strong consistency with historical drillhole
- Drilling of second confirmatory hole (OHM-01) 78% complete, targeted mid-May 2022
- Updated Ohmgebirge Mineral Resource estimate expected in June 2022
- Ohmgebirge Scoping Study completion scheduled for early Q3 2022
- Cash balance of A\$10.2 M at 31 March 2022

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

*"I am very pleased that we are approaching completion of the confirmatory drilling program at Ohmgebirge. The assay results from the first hole have already demonstrated the quality of this world-class potash deposit and the accuracy of historic drilling results. We are now looking forward to incorporating these results, along with those from the second hole, into an updated Mineral Resource estimate, and completion of a Scoping Study, on our inaugural Ohmgebirge asset."*

## SOUTH HARZ POTASH PROJECT: OHMGEBIRGE

### Confirmatory drilling and assay program well progressed

#### Drillhole OHM-02

Drilling of the first of two confirmatory drillholes within the Ohmgebirge Mining Licence (**Ohmgebirge**) area of the South Harz Potash Project was successfully completed in early March.

Drillhole OHM-02 was designed to twin and confirm the results of the historic drillhole, *Kal Wr 6 Liese*, which was drilled in 1906. This historic drillhole recorded potash within the Staßfurt Potash Horizon from a depth of 651.70m to 657.20m (5.5m thickness) with a historic reported grade of 14.4% K<sub>2</sub>O (refer SHP ASX announcement dated 23 December 2019<sup>1</sup>).

Drilling of OHM-02, located 115m west of the historic drillhole, was safely completed to a final depth of 718m, in order to fully penetrate the known Staßfurt Potash Horizon. Critically, OHM-02 intercepted the top of the Staßfurt Potash Horizon at 651.50m, which is effectively the same depth as recorded in the historic drillhole (651.30m). It also showed excellent stratigraphic correlation with the historic hole. The intercept returned in OHM-02 extended to a depth of 662.51m, representing a thickness of approximately 11m.

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**ABN:** 64 153 414 852

**ASX Code:** SHP

**ASX Code (Options):** SHPO

**Frankfurt Code:** A2DWXX

**531.6M** Ordinary Shares

**102.0M** Unlisted Options

**46.2M** Listed Options

**1.5M** Performance Rights

	From (m)	To (m)	Apparent thickness (m)	True thickness (m)	K <sub>2</sub> O wt. avg %
<b>Mineralised section</b>	<b>651.53</b>	<b>662.51</b>	<b>10.98</b>	<b>7.51 m</b>	<b>14.44</b>
Kieseritic Hartsalz	651.53	654.43	2.90	2.05 m	12.62
Anhydritic Hartsalz	654.43	658.46	4.03	2.85 m	19.69
Carnallitic sylvinite	658.46	662.51	4.05	2.60 m	10.51

**Table 1: Summary of assay results from OHM-02. As the potash horizon is dipping, the apparent thickness represents the vertical intercept whereas the true thickness represents the calculated horizon width perpendicular to the seam.**

#### *Drillhole OHM-01*

Drilling of the second confirmatory drillhole at Ohmgebirge (OHM-01) commenced in March. The hole is planned to a depth of 813m, targeted to fully penetrate the known potash horizon in the area and is designed to twin the historical drillhole, *Kal Ktf 5/83*, which recorded a potash intercept from 785.2m to 788.2m (3.0m) with a historic reported grade of 12.4% K<sub>2</sub>O (see South Harz ASX announcement dated 23 December 2019<sup>1</sup>).

Completion of OHM-01 drilling and core sample submission (for assay) is now expected in mid-May following a 14 day delay while drilling through the upper limestone zone when a structure or fissure was apparently intersected resulting in significant drilling mud losses. The drillhole was subsequently grouted and then re-drilled before deeper drilling could be resumed. This limestone zone is well above the potash sequence and has no bearing on the future mineability of the potash.

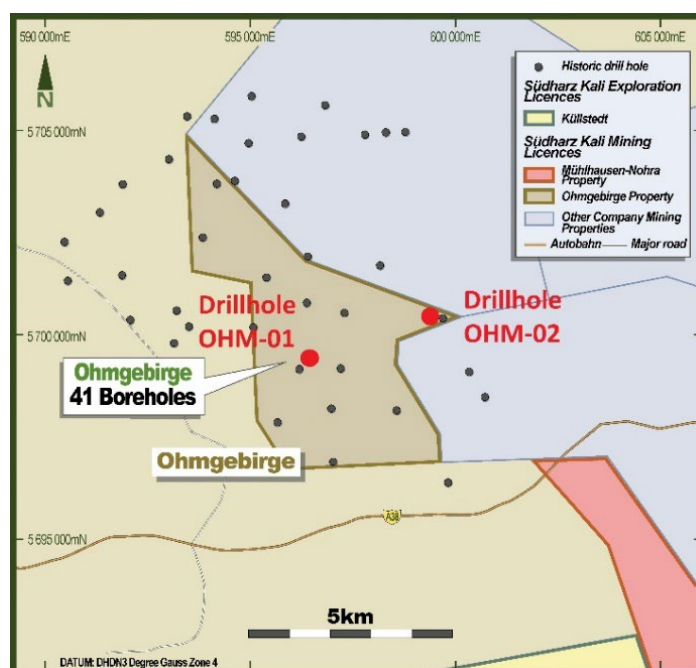
Given the described delay in the OHM-01 drilling, the target date for the mineral resource estimate upgrade ("MRE") has been extended to June. Drilling progress is currently very good and at time of writing, has reached 633m which represents more than 78% of the target depth. As the expected potash horizon of OHM-01 is thinner than OHM-02, the number of assay samples will be far less than for OHM-02, hence it is expected the Company will be in a position to announce the results more quickly.

#### **Mineral Resource estimate update and Scoping Study advancing**

The confirmatory drillhole program 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.

Preparation of the updated Mineral Resource estimate for Ohmgebirge is targeted for completion in June.

In parallel with the drill program works, the Ohmgebirge Scoping Study workstreams continued to progress well during the quarter. Completion of the Scoping Study is now scheduled for early Q3 2022 following the delay at OHM-01 as described above.



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

## CORPORATE

### Cash

South Harz's cash balance at 31 March 2022 was A\$10.2 million (A\$10.4 million at 31 December 2021). The Company has no debt or convertible debt-like instruments.

Options exercised during the quarter produced cash proceeds of A\$3.3m.

### Appointment of Regional Manager

During the quarter, South Harz announced the appointment of Dr Babette Winter as Regional Manager – Thuringia, Germany.

Dr Winter is a German national with a background in both technical and socio-political affairs. She holds a PhD in Chemistry from Westfaelische Wilhelms-University Münster and has held key positions in public relations followed by a career in administration and politics, notably as Head of Environmental Policy Department within the Ministry for Agriculture, Forestry, the Environment and Nature Conservation in Thuringia. More recently, she served as Member of the European Parliament (MEP), was appointed to the Economic and Monetary Affairs Committee and was the Deputy Member in the Environment and Climate Change Committee. For more than five years, she served as State Secretary for European Affairs in the government of Thuringia.

Dr Winter's leadership will encompass all in-country Environmental, Social and Governance (ESG) initiatives. This includes ongoing interaction with key stakeholders and consultants at Regional and Federal levels to advance South Harz's ESG strategy and its implementation framework. Dr Winter's responsibilities also include the establishment and leadership of the South Harz German office team in Erfurt, Thuringia. This team is set to deliver direct administrative and services support to the Company's accelerating South Harz Project activities, particularly within the inaugural Ohmgebirge Mining Licence area.

Dr Winter's appointment is consistent with South Harz's commitment to the sustainable development of the world-class South Harz Potash project. This commitment offers the clear potential to deliver critical potash supply into the European market across minimal transport distances with a low delivered carbon emission footprint.

### 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 A\$3.2m. Full details of exploration activity during the December 2021 quarter are set out in this report.
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\$132,000

### Summary of tenement holdings as at 31 March 2022

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 Managing Director, Dr Chris Gilchrist.**

### Investor and media enquiries

**Dr Chris Gilchrist**

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## About South Harz

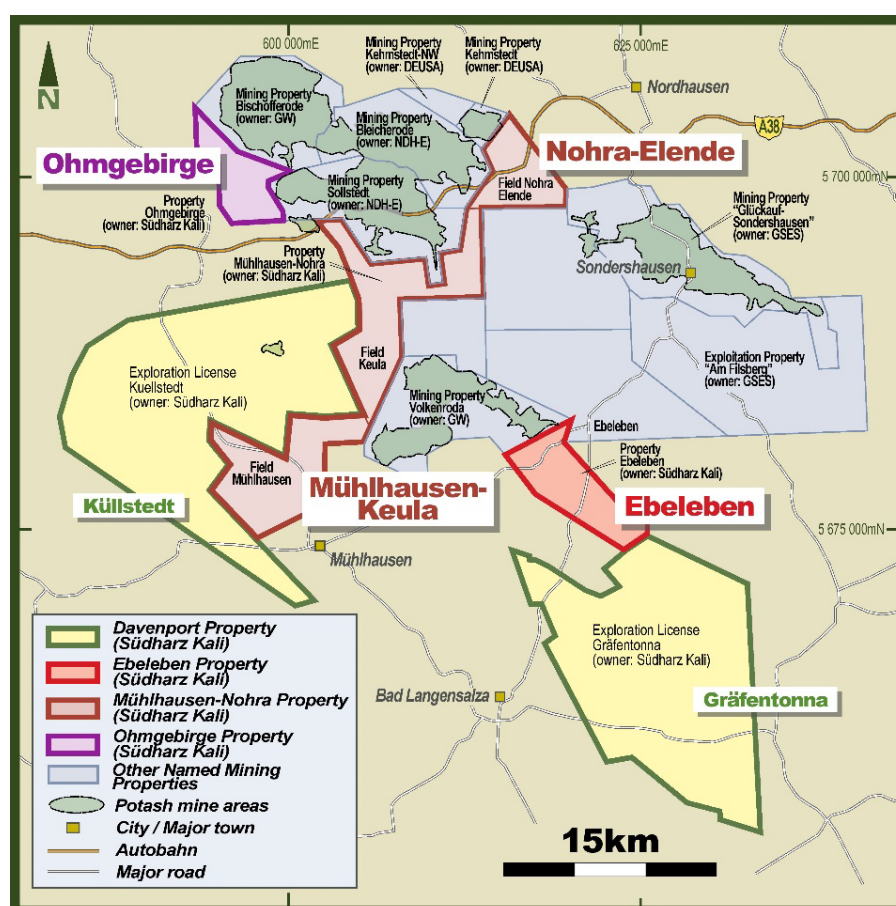
South Harz Potash (ASX: SHP) (**South Harz**) is a potash exploration and development company with its inaugural project located in the South Harz Potash District region of Germany, midway between Frankfurt and Berlin.

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 total 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)



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 11 January 2022, "Second drill permit secured and drilling commencing"*
- *The report released 18 January 2022, "Drilling commences at Ohmgebirge"*
- *The report released 1 March 2022, "First drillhole at Ohmgebirge completed"*
- *The report released 16 March 2022, "Half Yearly Report and Accounts"*
- *The report released 16 March 2022, "Second Hole Drilling Commences"*
- *The report released 29 April 2022, "Confirmatory results from Ohmgebirge"*

## Appendix 5B

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

Name of entity

South Harz Potash Limited

ABN

64153414852

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (..9....months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(3,173)	(4,352)
	(b) development		
	(c) production		
	(d) staff costs	(456)	(1,226)
	(e) administration and corporate costs	(569)	(1,372)
1.3	Dividends received (see note 3)		
1.4	Interest received		3
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)		
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(4,198)</b>	<b>(6,947)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
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		



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (..9....months) \$A'000</b>
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)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>		

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	140	5,140
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	3,269	3,827
3.4	Transaction costs related to issues of equity securities or convertible debt securities		(315)
3.5	Proceeds from borrowings		
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)	231	
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>3,640</b>	<b>8,652</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	10,421	8,264
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(4,198)	(6,947)
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)	3,640	8,652



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (..9....months) \$A'000</b>
4.5	Effect of movement in exchange rates on cash held	292	186
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>10,155</b>	<b>10,155</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	10,155	10,421
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,155</b>	<b>10,421</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	132
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

<b>7. Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(4,198)
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)	(4,198)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,155
8.5 Unused finance facilities available at quarter end (item 7.5)	
8.6 Total available funding (item 8.4 + item 8.5)	10,155
8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.4
<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:	
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:	
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, subject to permits and raising additional funding when required.	
<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: 29 April 2022  
.....

Authorised by: The Board of South Harz Potash Limited  
.....  
(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 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.