

ASX ANNOUNCEMENT

30 April 2025

MARCH 2025 QUARTERLY ACTIVITIES REPORT

South Harz Potash Limited (ASX:SHP) (**South Harz** or the **Company**) reports on its activities for the quarter ended 31 March 2025.

Ohmgebirge Potash Development

- Specialist mining finance advisor, Cutfield Freeman & Co, engaged to assist with assessing project advancement and development funding pathways including potential strategic partnerships.
- Progressed detailed due diligence process for the Sollstedt mine property acquisition with negotiation of definitive documentation to follow. Exclusivity period extended to 31 July 2025.
- Key desktop optimisation workstreams continue to progress, focused on cost-effectively unlocking additional value from the targeted Ohmgebirge Potash Development.

Corporate

- Capital raising secured a further A\$500,000 in new equity commitments during the quarter.
- New proceeds allocated to support engagement with potential strategic investors, pursuing alternate funding sources, targeted Sollstedt mine acquisition and continued advancement of low-cost value engineering workstreams.

South Harz Executive Chairman Mr Len Jubber, commented:

“Once again, I wish to express my gratitude to all shareholders, new and existing, for their support during the March 2025 quarter. I also wish to thank our directors for their strong participation in this most recent capital raise – highlighting our belief in the long-term value that resides in our flagship Ohmgebirge Potash Development.”

Ohmgebirge Potash Development

In line with South Harz’s streamlined low-cost optimisation setting in current global potash market conditions, the focus of South Harz’s corporate and operational activities pertaining to the Ohmgebirge Potash Development (**Ohmgebirge**) during the quarter were:

- Qualification assessment for potential German R&D tax incentive rebates (supplementary working capital) and complementary funding opportunities such as freight rail access and clean energy utilisation / critical minerals grants;
- Progression of detailed due diligence and negotiation of binding definitive documentation for the purchase of the neighbouring Sollstedt mine property from Deusa International GmbH (**Deusa**);
- Investigating value engineering opportunities for Ohmgebirge; and
- Evaluation of a range of advancement and development funding pathways, including potential strategic partnership.

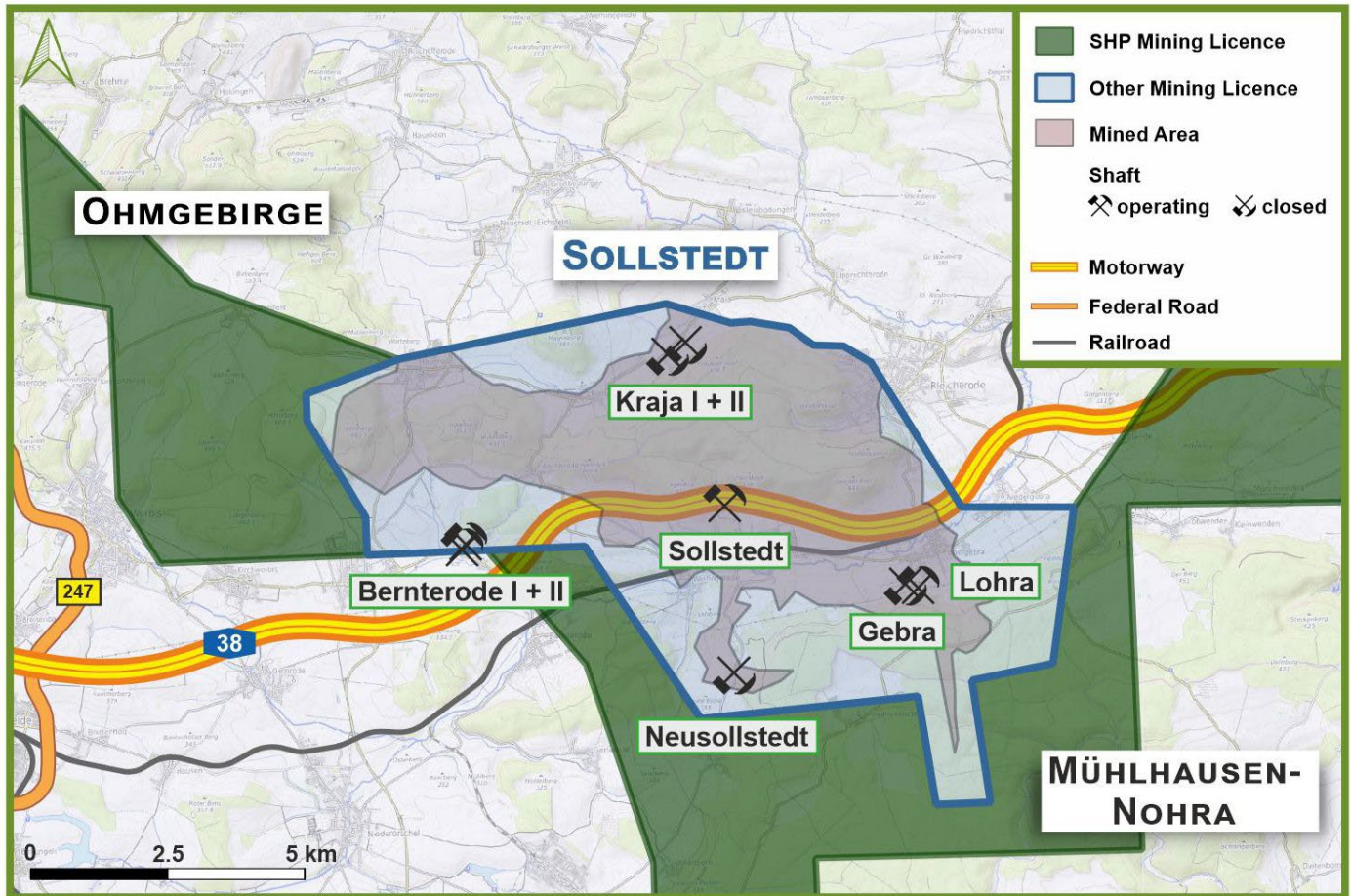


Figure 1: Plan view of South Harz’s Ohmgebirge and Muhlhausen-Nohra licences plus the contiguous Sollstedt property inclusive of substantial existing shaft infrastructure and existing backfill areas.

Sollstedt Acquisition

Activities for the purchase of the neighbouring Sollstedt mine property from Deusa are advancing. Due diligence is progressing and the parties are negotiating detailed terms (including arrangements for the asset between document execution and completion of the purchase) to be included in binding definitive transaction documentation, which is planned to follow. The exclusivity date agreed with Deusa for the conduct of these negotiations was extended to 31 July 2025 (refer ASX announcement dated 28 February 2025 *Initial Placement and Extension of Sollstedt Transaction Exclusivity*).

Project Optimisation

Consultancy firm, Valleyspring Pty Ltd (**Valleyspring**), was engaged 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 has progressed to include request for proposals from various parties for value engineering studies on the following key areas of interest:

- i. Staged development approach
- ii. Evaluating the impact of increasing the cold leaching temperature on the processing efficiency, in particular the downstream evaporation circuit, and hence the power consumption.

- iii. Mine planning and optimisation of the mining activities
- iv. Electricity consumption and procurement
- v. Sulphate of Potash (**SOP**) and other by-product production
- vi. Opex and capex reviews

German R&D Tax Incentive Rebates

Preparation of applications for German R&D tax incentive rebates (known in Germany as “research grants from the tax authority”) were advanced in the Quarter with the assistance of Thierhoff Consulting, an entity that has a successful track record in assisting companies navigate this process. The applications encompass select technical work conducted over the past four years and is restricted to actual expenditure in the European Union. The applications were lodged after quarter end on 17 April 2025 and are subject to a three-month review period prior to the initial outcome being determined by the German certifying body for the research grant. Thereafter the decision is conveyed to the local tax authority for further review of expenditures and if successful, refund during the annual tax return process, which is expected around the end of the September quarter.

The outcome of the applications remains uncertain.

European Raw Materials Alliance

During the Quarter, the Company applied to the European Raw Materials Alliance (ERMA) for a potential investment into Ohmgebirge of up to EUR 2.5 million. The ERMA funding is managed by the world’s largest knowledge and innovation community in the raw materials sector, the European Institute of Innovation and Technology (**EIT RawMaterials**), on behalf of the European Union.

Mine developers’, with advanced, innovative extraction and processing projects’ who at a minimum have reached the PFS level, are invited to apply for funding and collaborate with EIT RawMaterials to reach key milestones in their project’s development¹. The South Harz application focusses on progressing the value engineering programme at Ohmgebirge.

The outcome of the application remains uncertain.

Stakeholder Relations

Continued stakeholder communication on the local and regional level in Thuringia including presentations to citizens, a meeting with a group of local mayors, a number of bilateral talks, and building relationships with the new Thuringian State government.

Corporate

Project Advancement and Development Funding Pathways

South Harz continues to work with specialist mining finance advisor, Cutfield Freeman & Co, to assess potential project development funding pathways, including identification of and interaction with potential strategic partners.

Equity Raising

During the quarter, South Harz launched an equity placement and received binding commitments to raise new proceeds of A\$500,000 through the issue of 50,000,000 fully paid ordinary shares in the Company to sophisticated investors at an issue price of A\$0.01 per share (refer ASX Announcements dated 19 February 2025

¹ Criteria as per ERMA guidelines set out at: <https://erma.eu/scale-up-your-startup-scale-up-or-critical-supply-project-to-support-european-competitiveness/>

\$500,000 of New Equity Raised to Advance Ohmgebirge Potash Development, and dated 28 February 2025, Initial Placement Completion and Extension of Sollstedt Transaction Exclusivity).

The initial issuance was completed on 28 February 2025 via placement of 29,850,000 new shares at A\$0.01 per share for gross proceeds received of A\$298,500. A further 5,000,000 new shares are expected to be allotted in the coming days for gross proceeds received of A\$50,000. These two tranches of shares are issued under the Company's existing ASX Listing Rule 7.1A placement capacity. The remaining shares issued in the placement comprised 15,150,000 new shares to South Harz directors (or their related parties), being 6,600,000 new shares to Len Jubber (or his related entity), 7,550,000 new shares to Rory Luff (or his related entities) and 1,000,000 new shares to Reinout Koopmans (together, the **Director Placement Shares**).

The issue of the Director Placement Shares to South Harz directors was approved by shareholders at the Company's general meeting held on 23 April 2025 and are also expected to be allotted in the coming days.

Director Loans

During the quarter, two unsecured, interest free loan facilities were provided by related party entities of South Harz Directors, Len Jubber and Rory Luff. The notional amount for each facility is A\$66,000, for a total of A\$132,000. To the extent any drawdowns are made under the loan facilities, these will be offset against the Director Placement Shares subscription monies that are due to the Company by Mr Jubber and Mr Luff (or their related party entities) following approval of the issue of the Director Placement Shares by shareholders at the Company's General Meeting on 23 April 2025. As at 31 March 2025 and the date of this report, these loan facilities were undrawn, and following the expected issue of the Director Placement Shares these loan facilities will terminate.

Creditor Balances

Following the end of the December 2024 quarter, the Company agreed with two creditors of its wholly-owned German subsidiary, Sud Harz Kali GmbH (**SHK**) to defer invoice payments totalling €784,772 (\$1,313,141) as at 31 December 2024. The outstanding invoices relate to engineering services provided to SHK for the Ohmgebirge PFS by K-Utec and Ercosplan 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 reflected as current liabilities in the Company's Statement of Financial Position as at 31 December 2024.

Subsequent to the December 2024 quarter, the Company has:

- i. Agreed binding terms with K-Utec to defer the payment of invoices owing, totalling €309,861 (\$518,483), 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 €474,911 (\$794,658), 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 as the security documentation is being progressed. 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.

Cash and Expenditure

South Harz's cash balance as at 31 March 2025 was A\$0.124 million with zero debt (excluding trade creditors). This cash balance excludes subscriptions totalling A\$201,500 due in early May with respect to the placement of 20,150,000 new shares (including the Director Placement Shares) as referred to above.

As previously advised, the Company has moved to a lower cost structure focussed on internal project optimisation and continues to undertake initiatives to further reduce its corporate, general and administrative costs.

In the first nine months of the financial year, project related cash outflows have included payments for PFS costs, permitting expenses and legal and due diligence costs in relation to the Sollstedt acquisition. Looking forward over the next nine months to the end of the 2025 calendar year, project related payments will reduce substantially during the Company's lower cost structure, with discretionary project spend dependent upon receipt of funding received from the various funding initiatives being undertaken.

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\$107k for Directors' fees.

Summary of tenement holdings as at 31 March 2025

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

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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 21 March 2025, "Notice of General Meeting/Proxy Form"*
- *The report released 28 February 2025, "Initial Placement Completion and Extension of Sollstedt Transaction Exclusivity"*
- *The report released 19 February 2025, "A\$500,000 of New Equity Raised to Advance Ohmgebirge Potash Development"*

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 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation		
(b) project, PFS & permitting	(213)	(476)
(c) production		
(d) site admin & site staff costs	(163)	(545)
(e) corporate costs	(334)	(1,211)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	2
1.5 Interest and other costs of finance paid	(16)	(70)
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	(725)	(2,300)

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		

Consolidated statement of cash flows	Current quarter	Year to date
	\$A'000	(9 months) \$A'000
(e) investments		
(f) other non-current assets		
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)	298	2,235
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	(17)	(167)
3.5 Proceeds from borrowings		100
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)		
3.10 Net cash from / (used in) financing activities	281	2,168

Consolidated statement of cash flows		Current quarter	Year to date
		\$A'000	(9 months) \$A'000
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	567	254
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(725)	(2,300)
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)	281	2,168
4.5	Effect of movement in exchange rates on cash held	1	2
4.6	Cash and cash equivalents at end of period	124	124

5.	Reconciliation of cash and cash equivalents	Current quarter \$A'000	Previous quarter \$A'000
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		
5.1	Bank balances	124	567
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)	124	567

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	107
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<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>		
7.1	Loan facilities	132	0
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	132	0
7.5	Unused financing facilities available at quarter end		132
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			
<p>During the quarter, two unsecured, interest free loan facilities were provided by related party entities of South Harz Directors, Len Jubber and Rory Luff. The notional amount for each facility is A\$66,000, for a total of A\$132,000. The facilities are repayable on 30 June 2025 or in the event of funds are received from a capital raise (in addition to other customary repayment terms). To the extent any drawdowns are made under the loan facilities, these will be offset against the Director Placement subscription monies that are due to the Company by Mr Jubber and Mr Luff (or their related party entities) following approval of the Director Placement by shareholders at the Company's General Meeting on 23 April 2025. As at 31 March 2025 and the date of this report, these loan facilities were undrawn, and following the expected issue of the Director Placement Shares these loan facilities will terminate.</p>			

Creditor Balances

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During the quarter, the Company has:

- i. Agreed binding terms with K-Utec to defer the payment of invoices owing, totalling EUR €309,861 (\$518,483), 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.
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8. Estimated cash available for future operating activities	\$A’000
8.1 Net cash from / (used in) operating activities (item 1.9)	(725)
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)	(725)
8.4 Cash and cash equivalents at quarter end (item 4.6)	124
8.5 Unused finance facilities available at quarter end (item 7.5)	132
8.6 Total available funding (item 8.4 + item 8.5)	256
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.35

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.

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.

In the first nine months of the financial year, project related cash outflows have included payments for PFS costs, permitting expenses and legal and due diligence costs in relation to the Sollstedt acquisition. Looking forward over the next nine months to the end of the 2025 calendar year, project related payments will reduce substantially during the Company's lower cost structure, with discretionary project spend dependent upon receipt of funding received from the various funding initiatives being undertaken.

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. In April 2025 the Company raised additional cash funding of \$201,500 from its previously announced placement, which included a placement of \$151,500 to the Directors approved by shareholders at the General Meeting held on 23 April 2025.

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.

In addition, as set out in its Quarterly Activities Report, the Company has submitted applications for (i) German R&D tax rebates, which if successful could see refunds received around the end of the September 2025 quarter and (ii) potential investment into Ohmgebirge by the European Raw Materials Alliance (ERMA) of up to EUR 2.5 million to facilitate progressing the value engineering programme at Ohmgebirge. The outcome of each of these applications remain uncertain.

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.

In addition, the receipt of funds as a result of the Company's recent applications for German R&D tax rebates and to ERMA would provide additional funding upside for progressing the Ohmgebirge project.

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.

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: 30 April 2025

Authorised by: The Board of Directors

(Name of body or officer authorising release)