

## South Harz Potash (SHP)

### Strong results from second confirmatory drillhole at Ohmgebirge

South Harz has released initial assay results from confirmatory drill hole (OHM-01), confirming a mineralised potash intersection with similar thickness, and grade to the nearby historical drillhole *Kal Ktf 5/83*. The results from the completed confirmatory drilling program will be used toward updating the Ohmgebirge Mineral Resource estimate. 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 covering 659 km<sup>2</sup>.

Initial results from the mineralised section in OHM-01 are summarised in the table below:

Intercepted sections	From (m)	To (m)	Apparent thickness (m)	K <sub>2</sub> O wt. avg %
Upper Mineralised section	775.05	778.80	3.75	16.19
Lower Mineralised section	787.67	795.19	7.52	pending

#### OHM-01 summary of drilling results:

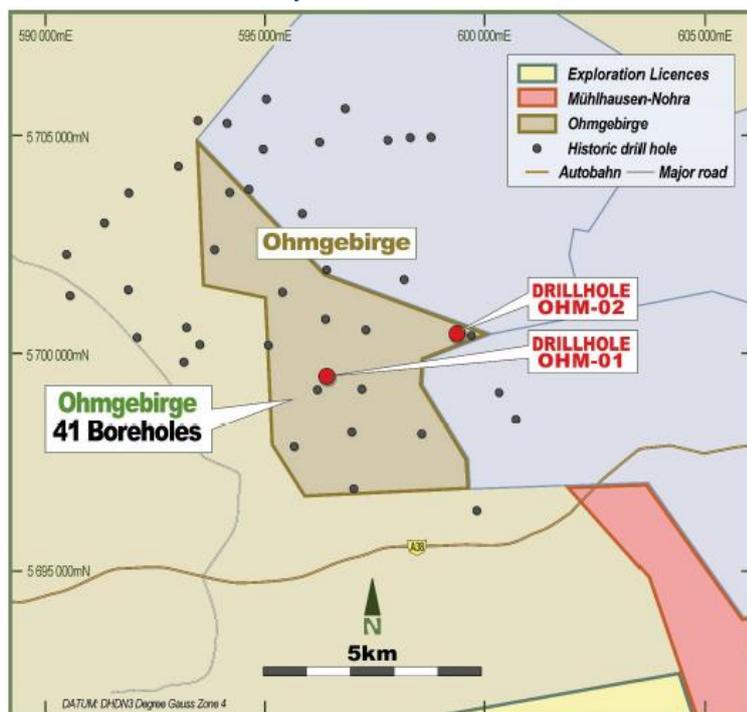
- Drilled 100m north of historic drillhole *Kal Ktf 5/83* to penetrate the Staßfurt Potash Horizon (z2KSt).
- Intersected the top of the high-grade potash horizon between 775.05m - 778.80m, **a total apparent thickness of 3.75m returning an average grade of 16.19% K<sub>2</sub>O.**
- Intersected a second lower grade potash zone from 787.67m to 795.19m downhole, with assay results pending.
- The primary objective of the confirmatory drilling program was to twin two historic drillholes to upgrade a significant proportion of the current Ohmgebirge JORC (2012) Inferred Mineral Resource (325Mt at 13.1% K<sub>2</sub>O) to the Indicated category.

#### Our View

The results from the second confirmatory hole at Ohmgebirge show excellent correlation in terms both horizon thickness and potash (K<sub>2</sub>O) grade. Drillhole OHM-01 defined a thick, high-grade potash horizon which substantiates our view that Ohmgebirge potentially hosts a world class potash deposit. With both confirmatory drill holes (OHM-01 & OHM-02) successfully correlating against the historic drilling, we become increasingly confident in data accuracy of the 41 historic drillholes at the Ohmgebirge licence area.

Following the release of assay results from OHM-01 and OHM-02, the company has now commenced work on updating the Ohmebirge Mineral Resource estimate which will lead into the release of a Scoping Study for Ohmgebirge in early Q3 2022.

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



Source: SHP ASX release 8/6/2022

Figure 2: MOP Projects - Peer comparison table

		<b>BHP</b>	<b>Highfield Resources</b>	<b>SOUTH HARZ POTASH</b>	<b>EMMERSON PLC</b>
Project	unit	Jansen	Muga	Ohmgebirge	Khmisset
Country		Canada	Spain	Germany	Morocco
Ownership	%	100	100	100	100
Development Stage		Construction Started	Feasibility complete	Scoping due 2022	Feasibility complete
Potash type	MOP/SOP	MOP	MOP	MOP	MOP
Geology		Sylvinite	Sylvinite	Sylvinite + Carnallite	Sylvinite + Carnallite
Mining Depths	metres	900-1000	350 to +1000	650-860	500
Total Mineral Reserves	Mt	1070	104.3	-	109.2
Grade	%K <sub>2</sub> O	24.9	10.2	-	8.6
Total Mineral Resources	Mt	6510	135	325 Global Resource: 5268 Mt	537
Grade	%K <sub>2</sub> O	24.8	11	13.1	9.2
KCI Recovery	%	92.5	91	-	85.2
Number of drill holes		50	40	300	142
MOP Production Rate	Mtpa	4.35	1.0	-	0.74
Capital Cost (\$M)	\$USD Million	5700	638 (phase 1+2)	-	411
Study LOM MOP average potash prices	\$USD/tonne	-	466	-	412
Mine life	Years	94	30	-	19
Mine type	Method	Underground	Underground	Underground	Underground
NPV 8 (post tax)	\$USD Billion	-	2	-	1.4
IRR (post tax)	%	12-14	25	-	40.6
EBITDA per annum	\$USD Million	-	424	-	294
AISC FOB	\$USD/tonne	-	-	-	158

Source: Morgans estimates

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#### Disclosures

Morgans Corporate Limited was Lead Manager to the Placement of shares in South Harz Potash in December 2021 and received fees in this regard