KORE POTASH PLC

HALF-YEARLY REPORT

FOR THE 6 MONTHS ENDED 30 JUNE 2019

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CORPORATE DIRECTORY

COMPANY REGISTRATION NUMBER
United Kingdom 10933682

NON-EXECUTIVE CHAIRMAN
David Hathorn

CHIEF EXECUTIVE OFFICER
Brad Sampson

JOINT COMPANY SECRETARY
Henko Vos
St James's Corporate Services Limited

NON-EXECUTIVE DIRECTORS
Jonathan Trollip
Leonard Math (resigned on 28 June 2019)
Timothy Keating
David Netherway
José Antonio Merino

PRINCIPAL & REGISTERED OFFICE (UK)
25 Moorgate, London,
United Kingdom EC2R 6AY
Telephone: +44 (0)20 7131 4000

AUSTRALIAN OFFICE
Level 3, 88 William Street,
Perth WA 6000
Telephone: +61 (8) 9463 2463

SOUTH AFRICA OFFICE
33 Ballyclare Drive
Ballywoods Office Park
Cedarwood House
Bryanston Johannesburg
2021 South Africa
Telephone: +27 11 469 9140

SINTOUKOLA POTASH S.A
24 Avenue Charles de Gaulle
Immeuble Atlantic Palace
BP 662 Pointe Noire
République du Congo
Telephone: +242 222 9419

SHARE REGISTRY (UK)
Computershare Investor Services Plc
The Pavilions, Bridgwater Road
Bristol BS99 6ZZ
United Kingdom
Telephone: +44 (0) 370 707 1258

SHARE REGISTRY (AUSTRALIA)
Computershare Investor Services Pty Ltd
Level 11, 172 St George's Terrace
Perth WA 6000
Telephone: +61 8 9323 2000

SHARE REGISTRY (JOHANNESBURG)
Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank 2196
South Africa

NOMINATED ADVISER AND JOINT BROKER ON AIM
Canaccord Genuity Limited
88 Wood Street
London EC2V 7QR
United Kingdom

JSE SPONSOR
Rencap Securities (Pty) Limited
6th Floor, Tower Block 2
102 Rivonia Road, Sandton
South Africa

JOINT BROKER ON AIM
Shore Capital Limited
57 St James's St
London SW1A 1LD
United Kingdom

SECURITIES EXCHANGE LISTINGS
London Stock Exchange (AIM)
Australian Securities Exchange (ASX)
Johannesburg Stock Exchange (JSE)
AIM, ASX and JSE Codes: KP2
ISIN: GB00BYP2QJ94

AUDITORS
BDO LLP
55 Baker St
London W1U 7EU
United Kingdom
Ph: +44 (0) 20 7486 5888

WEBSITE
https://www.korepotash.com/

GLOSSARY

Acronym / Term	Stands For / Meaning	Definition and/or Additional Information
AIM	Alternative Investment Market	AIM (formerly the Alternative Investment Market) is a sub-market of the London Stock Exchange.
ASX	Australian Securities Exchange	The ASX is Australia's primary securities exchange.
AUD	Australian dollars	The official currency of the Commonwealth of Australia.
Carnallitite	A rock type comprised predominantly of the potash mineral carnallite ($KMgCl3 \cdot 6H2O$) and halite ($NaCl$).	Carnallitite may be replaced by the word carnallite for simplicity.
CFR	Cost and Freight	"Cost and Freight" means that the seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment.
Company	Kore Potash plc	Kore Potash plc is public company incorporated and registered in England and Wales (registered number 10933682).
CRU	Commodity Research Unit	
DFS	Definitive Feasibility Study	A DFS is an evaluation of a proposed mining project to determine whether the mineral resource can be mined economically.
Dougou	Denotes the Dougou Project	The Dougou Project (including the Dougou Extension Project) is part of the Sintoukola Potash Project.
Dougou Extension(DX)	Forms part of the Dougou Project	Dougou Extension, previously known as Yangala, forms part of the Dougou Project.
DPM	Dougou Potash Mining S.A.	DPM is one of the subsidiaries of SPSA.
DUP	Déclaration d'Utilité Publique	A DUP, or translated as a “declaration of public utility”, is a formal recognition in Congolese law that a proposed project has public benefits.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	
EPC	Engineering, Procurement and Construction	A particular form of contracting arrangement used in some industries where the EPC contractor is made responsible for all the activities from design, procurement, construction, commissioning and handover of the project to the end-user or owner.
EPCM	Engineering, Procurement and Construction Management	This type of contract is different to an EPC Contract in that the Consultant is not directly involved in the construction but is responsible for administering and managing the Construction Contracts.
ESIA	Environmental and social impact assessment	A process for predicting and assessing the potential environmental and social impacts of a proposed project, evaluating alternatives and designing appropriate mitigation, management and monitoring measures.
FC	The French Consortium of Engineering Companies	The FC is a consortium of engineering companies who undertook the DFS on the Kola Project. The FC consists of TechnipFMC, VINCI Construction Grands Projets, Egis and Louis Dreyfus Armateur.

GLOSSARY (CONT)

Acronym / Term	Stands For / Meaning	Definition and/or Additional Information
GBP	British pound sterlings	The official currency of the United Kingdom.
Granular MoP	The selling description for compacted MoP.	
JORC	Australasian Joint Ore Reserves Committee	JORC is sponsored by the Australian mining industry and its professional organisations.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves	The JORC Code is one of the most accepted standards for the reporting of a company's Mineral Resources and Ore Reserves.
JSE	Johannesburg Stock Exchange	The exchange operated by JSE Limited.
KMP	Key Management Personnel	Refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Kola	Denotes the Kola Project.	The Kola Project is part of the Sintoukola Potash Project.
Ktpa	Kilo-tonnes per annum	
Mt	Million tonnes	
Mtpa	Million tonnes per annum	
Mining Convention	Denotes the mining convention signed by the Group and the government of RoC.	The mining convention governs the conditions of construction, operation and mine closure of the Kola and Dougou (including Dougou Extension) mining projects.
MoP	Muriate of Potash	The saleable form of potassium chloride (KCl), comprising of a minimum 95% KCl.
NPV	Net Present Value	NPV_{10} denotes the Net Present Value calculated at a 10% discount rate.
PFS	Pre-feasibility Study	A PFS is an early stage analysis of a proposed mining project.
Potash	Refers to potassium compounds, especially those of potassium chloride (MoP) or sulfate (SoP)	Refer to MoP and SoP for the definitions on the two main types of potash.
RoC	Republic of Congo	The RoC is where the Group's exploration activities are located.
Sintoukola Potash Project or Sintoukola Project	Denotes the large potash project operated by the Group through SPSA located in the Kouilou Province of the Republic of Congo.	The Sintoukola Potash Project or Sintoukola Project includes the Kola Project, the Dougou Project and the Dougou Extension Project (previously known as the Yangala Project).
SoP	Sulfate of Potash	Also called potassium sulphate, arcanite, or archaically known as potash of sulfur. SoP is the inorganic compound with formula K2SO4. It is a white water-soluble solid. It is commonly used in fertilizers, providing both potassium and a source of sulfur.
SPSA	Sintoukola Potash S.A.	SPSA is the Company's 97%-owned subsidiary located in the RoC, owned through the Company's Australian subsidiary.
Sylvinite	A rock type comprised predominantly of the potash mineral sylvite (KCl) and halite (NaCl)	
Transshipment	Transshipment or transhipment is the shipment of goods or containers to an intermediate destination, then to another destination.	
USD	Denotes USD or United States dollars.	The USD is the functional and presentation currency of the Company and the Group.

DIRECTORS' REPORT

The Board of Directors of Kore Potash plc ("Kore Potash" or "Company") presents herewith the half-yearly report of Kore Potash plc and its subsidiaries ("the Group") for the 6 months ended 30 June 2019.

DIRECTORS

The names of the Directors of the Company in office during the 6 months and as at the date of this report are:

David Hathorn	(Non-Executive Chairman)
Brad Sampson	(Chief Executive Officer)
Jonathan Trollip	(Non-Executive Director)
Leonard Math	(Non-Executive Director, resigned on 28 June 2019)
Timothy Keating	(Non-Executive Director)
David Netherway	(Non-Executive Director)
José Antonio Merino	(Non-Executive Director)

All directors were in office from the beginning of the half-year until the date of this report unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the Company during the period was mineral resources exploration and project development at the Company's Sintoukola Project Permit in the Republic of Congo (RoC).

OPERATING RESULTS

Net operating loss after tax for the 6 months ended 30 June 2019 was USD1,176,783 (H1 2018: USD4,570,790).

At 30 June 2019, the Group had USD153,374,657 in capitalised Exploration and Evaluation asset (31 Dec 2018: USD149,863,323). Cash and cash equivalents including restricted cash reduced by USD4,417,260 during the period to USD1,725,129 at 30 June 2019. As at 30 June 2019, the Company had pledged USD 400k and EUR 250k held with Investec Bank Limited to cover the Forward Exchange Contracts (FEC) entered into with them. The FECs expired on 19 July 2019 and restrictions have been lifted.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS

The Board is pleased to present its review of the potash exploration and development Group, whose flagship asset is the Sintoukola Potash Project, located within the RoC.

The Group is developing its globally significant potash deposits in the RoC, which are ideally located to supply the important Brazilian agricultural market and high growth African markets. The potash deposits are high grade, shallow, and close to the coast with access to infrastructure. The Sintoukola Potash Project also has district scale development potential with over 6 billion tonnes of potash mineral resources located 35 kilometres from the coast.

Feeding the world's growing population as arable land per capita declines requires increasing application of fertiliser. Potassium (from potash) is a key nutrient, essential for high quality and high yield food production to meet this need. As a result, the increasing demand for potash, as well the potential for the Group to be one of the lowest cost suppliers of potash to Brazil and African markets, puts the Group in a good position to increase its business value over the long term.

PROJECT OVERVIEW

The Sintoukola Potash Project comprises the Kola sylvinite and carnallite deposits, the Dougou Extension sylvinite deposit and the Dougou carnallite deposit. These deposits are within the Kola and Dougou Mining Licenses. The Sintoukola Potash Project also includes the Sintoukola 2 Exploration License.

Sintoukola is located approximately 80 km to the north of the city of Pointe Noire which has a major port facility, and within 35 km of the Atlantic coast. Sintoukola has the potential to be among the world's lowest-cost potash producers and its location near the coast offers a transport cost advantage to global fertilizer markets.

The Kola sylvinite deposit has a Measured and Indicated sylvinite Mineral Resource estimate of 508 million tonnes grading 35.4% KCl (see Table 2) at an average depth of approximately 250 metres below surface. The results of the Definitive Feasibility Study ("DFS") were announced on 29 January 2019, which determined Proved and Probable Ore Reserves totalling at 152.4 Mt with an average grade of 32.5% KCl. The deposit is open laterally; an exploration target for the southward extension of sylvinite was announced on 21 November 2018. The EPC proposal was received on 23 March 2019 and conversations continue in order to reduce the capital cost and shorten the construction schedule.

The Dougou Extension sylvinite deposit contains a total sylvinite Inferred and Indicated Mineral Resource estimate of 232 Mt grading 38.1% KCl, hosted by two seams. The Mineral Resource includes 67 Mt grading 60.1 % KCl. Dougou Extension is located 15 km southwest of Kola. The deposit is open laterally; an exploration target for the northward extension of sylvinite was announced on 21 November 2018. A scoping study was completed and announced on 29 April 2019 and the company has finalised planning for a PFS.

The Kola and Dougou Extension sylvinite deposits are considered high grade relative to most potash deposits globally and have the advantage of having very low content of insoluble material, less than 0.3% which provides a further processing advantage.

The Dougou carnallite deposit has a Measured and Indicated Potash Mineral Resource estimate of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 metres) hosted by 35-40 metres of carnallitite within 4 flat-lying seams. A scoping study was completed in February 2015.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

SUMMARY OF KEY DEVELOPMENTS

HIGHLIGHTS

- A Scoping Study for a low capital cost, high cash margin potash project at Dougou Extension ("DX") was completed and a summary of results released on 29 April 2019. These results indicated that following a 2-year construction period DX could potentially produce 400 ktpa MoP for 17 years at an operating cost of USD83/t FOB.

- The Company has now commenced a Pre-feasibility Study on the DX Project. More than 60km of seismic survey lines have been cleared in advance of the 2D Seismic survey commencing before mid-September and drill rigs are currently being assembled on site ahead of the commencement of the PFS drilling programme. Key technical studies have commenced, and dissolution test work being undertaken in Agapito Laboratory in Grand Junction, USA, has been completed.

- The Company completed its review of the Kola Definitive Feasibility Study ("DFS") and released a summary of results to Shareholders on 29 January 2019. This included the reporting of:
    - Proved and Probable Ore Reserves for the Kola Deposit totalling 152.4Mt with an average grade of 32.5%KCl.
    - Post-tax, NPV10 (real) of USD 1,452 million and a real ungeared Internal Rate of Return of 17% on an attributable basis at life-of-mine average MoP prices for granular of USD 360 per tonne CFR Brazil and standard of USD 350 per tonne CFR Brazil.

- The Company received an Engineering, Procurement and Construction ("EPC") proposal for its Kola Project from the FC on 23 March 2019.

- Post period end, in July 2019, the Company received a proposal from the FC that identifies opportunities to reduce the capital cost of the Kola project by USD415 million below that indicated in the Kola DFS and optimisation discussions are planned to continue.

- The Minister of Environment of the RoC reviewing the amended Kola environmental and social impact assessment (the "ESIA") requested the submission be reformatted into separate volumes and resubmitted. The re-submission, which doesn't require significant variations, is planned to occur during Q3 of 2019.

- Cash and cash equivalents, including restricted cash, at 30 June 2019 was USD1,725,129. Post period end, on 19 July 2019, an additional USD13,123,561 was raised through the placing and direct subscription of new ordinary shares in the Company.

- Loss for the period ended 30 June 2019 reduced by USD3,394,007 from USD4,570,790 for the period ended 30 June 2018 to USD1,176,783 driven primarily by lower administration expenses, lower equity compensation benefits and listing and re-domicile expenses incurred in H1 2018.

- Exploration and evaluation asset at 30 June 2019 was USD153,374,657 an increase of USD3,511,334 from USD149,863,323 at 31 December 2018.

OPERATIONAL ACTIVITIES

Dougou Extension Sylvinite Scoping Study

- A Scoping Study on the potential for a low capital cost, high cash margin potash project at the DX sylvinite deposit was completed.

- The Scoping Study considers the extraction of sylvinite from DX by a solution mining method over an initial life of 17 years that depletes 43% of the Indicated Mineral Resources at DX.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

OPERATIONAL ACTIVITIES (CONTINUED)

Dougou Extension Sylvinite Scoping Study (Continued)

- The full details of the Scoping Study were released on 29 April 2019 and highlights include:
  - Attractive life-of-mine cost of sales, free on board (FOB) of approximately USD82.74/t MoP.
  - Estimated base case initial capital cost of approximately USD327 million (real 2019) to produce approximately 400 ktpa white granular MoP.
  - Estimated two-year construction period provides the company with near term production options.
  - Base case real ungeared IRR of approximately 19.3% and base case post-tax ungeared NPV_{10} (real) of approximately USD221 million on an attributable basis at life-of-mine average MoP price for granular product of USD360/t.
  - Average base case annual post construction, post-tax, free cash flow of approximately USD74 million and approximately 4.25 years post-tax payback period from first production.
  - Infrastructure overlaps with the Kola sylvinite and Dougou carnallite projects will have a positive impact on the future development costs and construction timeframes of those two projects.

Dougou Extension Sylvinite Pre-Feasibility Study

- The Pre-feasibility work programme on the DX sylvinite deposit has commenced.
- The major components of the PFS include a 2D Seismic survey programme, a 4 hole diamond drill programme and a series of technical and trade off studies.
- Clearing of more than 60km of survey lines in advance of commencement of the 2D seismic survey has been completed.
- The drill rigs are being assembled and made ready for commencement of the drilling programme.
- Technical consultants have been appointed for each area of the PFS.
- Dissolution test work undertaken at Agapito Laboratory in Grand Junction, USA, has been completed.
- The pre-feasibility study is scheduled for completion in April 2020.

The Kola Potash Project

The Company completed its review of the Kola DFS and released a summary of results to Shareholders on 29 January 2019. The announcement made on 29 January 2019, which is available on the Company's website, included the following highlights from the Kola DFS:

Business case highlights potential of the Kola asset

- Post-tax, NPV_{10} (real) of USD1,452 million and a real ungeared Internal Rate of Return of 17% on an attributable basis at life-of-mine average MoP prices for granular of USD360 per tonne CFR Brazil and standard of USD350 per tonne CFR Brazil.
- Operating cash margin averaging 75%.
- Average annual EBITDA of approximately USD585 million.
- 24% annual free cash return on invested capital.
- Average annual free cash flow, post-tax, post commissioning of approximately USD500 million.
- 4.3-year post-tax payback period from first production.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

OPERATIONAL ACTIVITIES (CONTINUED)

The Kola Potash Project (Continued)

Industry leading operating costs and cost of sales

- Mine gate operating cost (pre-transhipment) averaging USD61.71 per tonne, which is in the lowest cost quartile globally based on equivalent CRU market data.
- Kola forecast to be the lowest cost potash supplier CFR Brazil based on CRU market data.
- Average cost of MoP delivered to Brazil of USD102.47 per tonne.

Long life and high quality asset

- Nameplate production target of 2.2 Mtpa MoP over a 33 year life, with a scheduled life of 23 years based primarily on Ore Reserves and including 6% Inferred Mineral Resource and a further 10 years based entirely on Inferred Mineral Resources (in each case, reported in accordance with the JORC Code).
- There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resource or that the production target itself will be realised.
- Kola Project Ore Reserves of 152.4 Mt with average KCl grade of 32.5%, reported in accordance with the JORC Code.

Capital program aligned with industry averages

- Pre-production capital cost of USD2.1 billion (on EPCM basis) which includes USD110 million contingency, USD106 million of escalation and USD89 million EPCM margin.
- Pre-production capital intensity of USD956 per tonne MoP annual capacity is in second quartile relative to MoP industry peers and suggests that further capital optimisation is possible.
- 46-month construction period, with a commencement date to be determined following advancement of construction contract negotiations and project financing.

Upside potential

- Review of the DFS by Kore and its third party independent consultants identified opportunities to further improve and optimise the project indicating that the work completed to date by the FC has not fully optimised the Kola Project.
- As previously reported, due to high operating margin and high free cash return on invested capital, financial advisors indicated that the project has a debt carrying potential of up to USD1.4 billion.
- As part of the DFS, Ore Reserves were estimated for the Kola sylvinite Deposit. The combined total Ore Reserves are 152 Mt of sylvinite grading 32.5% KCl (Table 2.), hosted within 3 layers ('seams'). Details of the Ore Reserve estimate are provided in the market announcement dated 29 January 2019.
- The Company received the EPC proposal from the FC on 23 March 2019.
- The Company continued discussions with the FC to explore options to reduce the capital cost and shorten the construction schedule for Kola.
- In July 2019, the Company received a proposal from the FC that identifies opportunity to reduce the capital cost of the Kola project by USD415M below that indicated in the Kola DFS.
- Kola project optimisation discussions are planned to continue with the FC.
- The Company has invited a number of international engineering and construction companies to provide pricing against the bills of quantities for the Kola project. It is anticipated that this pricing information will be received by the Company in Q3 2019. Receipt of this competitive pricing information forms part of the Company's plan for capital optimisation of the Kola project.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

OPERATIONAL ACTIVITIES (CONTINUED)

The Kola Potash Project (Continued)

Environmental and social impact assessment for Kola ("ESIA")

- The Minister of Environment of the Republic of the Congo previously requested the Company to reformat the amended Kola ESIA document. No further technical studies or report content are required. During the quarter, further discussions with the regulator took place to clarify their requirements and the amended Kola ESIA is now planned to be submitted for approval in Q3 2019.

Mining Convention and Research Convention

- The Company continues to engage with the RoC Government on the implementation of commitments contained within the Mining Convention. This includes the intra-group transfer of the Dougou Mining License from Sintoukola Potash S.A. to the operating entity Dougou Potash Mining S.A. and the transfer of a 10% shareholding in Kola Potash Mining S.A. and Dougou Potash Mining S.A. to the State.
- The Company further progressed discussion with the Government on terms and conditions for a Mining Research Convention covering the Sintoukola 2 exploration license. This convention is required to be negotiated in advance of any exploration activity.

Exploration activity

- No field-work exploration activities were undertaken during the period.

PRINCIPAL RISKS

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The Directors have considered the principal risks facing the Group and concluded they have not changed since the publication of the annual report for the year ended 31 December 2018, which are summarised below:

- country risk in Republic of Congo;
- geological and technical risk posed to exploration and commercial exploitation success;
- change in potash commodity prices and market conditions;
- environmental and occupational health and safety risks;
- government policy changes;
- retention of key staff; and
- capital requirement and lack of future funding.

GOING CONCERN

On 19 July 2019, an additional USD13,123,561 was raised through the placing and direct subscription of new ordinary shares in the Company. The Directors also actively manage the liquidity position of the Group and prepare cash flow forecasts on a regular basis. Based on the most up-to-date information the Group is forecast to have sufficient liquidity to meet its working capital requirements to the end of the going concern period, which is 12 months from signing of these interim results, and accordingly the Group's financial statements have been prepared on a going concern basis.

Please refer to note 4 on page 26 of this report for full details.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Tenement Details and Ownership

The Company is incorporated and registered in England and Wales and wholly owns Kore Potash Limited of Australia. Kore Potash Limited has a 97% holding in SPSA in the RoC. SPSA is the 100% owner of Dougou Potash Mining S.A. which will hold the Dougou Mining Lease (Table 1) upon the transfer from SPSA to Dougou Potash Mining S.A. through the issue of a Presidential Decree. In addition, SPSA were recently awarded the Sintoukola 2 Exploration Permit. The Kola Deposit is located within the Kola Mining Lease. The Dougou Mining lease hosts the Dougou Deposit and the Dougou Extension Deposit.

Table 1: Schedule of mining tenements (Republic of Congo)

Project & Type	Tenement	Company Interest	Title Registered to
Kola – Mining	Decree 2013-412 of 9 August 2013	100% potassium rights only	Kola Potash Mining S.A.
Dougou – Mining	Decree 2017-139 of 9 May 2017	100% potassium rights only	Sintoukola Potash S.A.
Sintoukola 2 – Exploration	Decree 2018-34 of 9 February 2018	100% potassium rights only	Sintoukola Potash S.A.

About Kore Potash's Projects

Kore Potash is an advanced stage mineral exploration and development company whose primary asset is 97%-owned interest in the Sintoukola Project, a potash project located in the Republic of Congo. The Sintoukola Project comprises the Kola sylvinite and carnallite Deposits, the Dougou Extension sylvinite Deposit and the Dougou carnallite Deposit (Table 2). These deposits are within the Kola and Dougou Mining Licenses. The Sintoukola Project also includes the Sintoukola 2 Exploration License.

Sintoukola is located approximately 80 km to the north of the city of Pointe Noire which has a major port facility, and within 30 km of the Atlantic coast. Sintoukola has the potential to be among the world's lowest-cost potash producers and its location near the coast offers a transport cost advantage to global fertilizer markets.

The Kola sylvinite Deposit has a Measured and Indicated sylvinite Mineral Resource Estimate of 508 million tonnes grading 35.4 % KCl. The results of a DFS were announced on 29 January 2019, which determined Ore Reserves of 152.4 Mt with an average grade of 32.5% KCl. The deposit is open laterally; an Exploration Target for the Southward extension of sylvinite was announced on the 21 November 2018.

The Dougou Extension sylvinite Deposit contains a total sylvinite Mineral Resource Estimate of 232 Mt grading 38.1% KCl, hosted by two seams. The Mineral Resource includes 67 Mt grading 60.1 % KCl. Dougou Extension is located 15 km southwest of Kola. The deposit is open laterally, an Exploration Target for the northward extension of sylvinite was announced on the 21 November 2018.

The Kola and Dougou Extension sylvinite Deposits are considered high grade relative to most potash deposits globally and have the advantage of having very low content of insoluble material, less than 0.3% which provides a further processing advantage.

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

About Kore Potash's Projects (Continued)

The Dougou carnallite deposit has a Measured and Indicated Potash Mineral Resource of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 meters) hosted by 35-40 meters of carnallitite within 4 flat-lying seams. A Scoping Study was completed in February 2015. This Study indicated that a Life of Mine operating cost of USD68 per tonne MoP was achievable.

- Muriate of Potash (MoP) is the saleable form of potassium chloride (KCl), comprising of a minimum 95% KCl.
- Sylvinite is a rock type comprised predominantly of the potash mineral sylvite (KCl) and halite (NaCl).
- Carnallitite is a rock type comprised predominantly of the potash mineral carnallite ($KMgCl_3 \cdot 6H_2O$) and halite (NaCl).

Kore's Potash Mineral Resources

Table 2: Kore's Potash Mineral Resources and Ore Reserves, provided as Gross and Net Attributable (to Kore's 97% holding), prepared and reported according to the JORC Code, 2012 edition.

SYLVINITE DEPOSITS

KOLA SYLVINITE DEPOSIT

	Gross			Net Attributable (97%)		
Mineral Resource Category	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**
Measured	216	34.9	75	209	34.9	73
Indicated	292	35.7	104	283	35.7	101
Sub-Total Measured + Indicated	508	35.4	180	492	35.4	174
Inferred	340	34.0	116	330	34.0	112
TOTAL	**848**	**34.8**	**295**	**822**	**34.8**	**286**

	Gross			Net Attributable (97%)		
Ore Reserve Category	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**
Proved	62	32.1	20	60	32.1	19
Probable	91	32.8	30	88	32.8	29
TOTAL	**152**	**32.5**	**50**	**148**	**32.5**	**48**

Ore Reserves are not in addition to Mineral Resources but are derived from them by the application of modifying factors

DIRECTORS' REPORT (CONTINUED)
REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Kore's Potash Mineral Resources (Continued)

DOUGOU EXTENSION SYLVINITE DEPOSIT

	Gross			Net Attributable (97%)		
Mineral Resource Category	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**
Measured	-	-	-	-	-	-
Indicated	111	37.2	41	108	37.2	40
Sub-Total Measured + Indicated	111	37.2	41	108	37.2	40
Inferred	121	38.9	47	117	38.9	46
TOTAL	**232**	**38.1**	**88**	**225**	**38.1**	86

DOUGOU CARNALLITE DEPOSIT

	Gross			Net Attributable		
Mineral Resource Category	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**
Measured	148	20.1	30	144	20.1	29
Indicated	920	20.7	190	892	20.7	185
Sub-Total Measured + Indicated	1,068	20.6	220	1,036	20.6	214
Inferred	1,988	20.8	414	1,928	20.8	401
TOTAL	**3,056**	**20.7**	**634**	**2,964**	**20.7**	**615**

KOLA CARNALLITE DEPOSIT

	Gross			Net Attributable		
Mineral Resource Category	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**	**Million Tonnes**	**Grade KCl %**	**Contained KCl million tonnes**
Measured	341	17.4	59	331	17.4	58
Indicated	441	18.7	83	428	18.7	80
Sub-Total Measured + Indicated	783	18.1	142	760	18.1	138
Inferred	1,266	18.7	236	1,228	18.7	229
TOTAL	**2,049**	**18.5**	**378**	**1,988**	**18.5**	**367**

Kore's Potash Mineral Resources (Continued)

Forward-Looking Statements

This report contains statements that are "forward-looking". Generally, the words "expect," "potential", "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature and whilst there is a reasonable basis for making such statements regarding the proposed placement described herein; forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, to differ materially from those expressed or implied in any of our forward-looking statements, which are not guarantees of future performance. Statements in this report regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as resource estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

Competent Person Statement

The information relating to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves in this report is based on, or extracted from previous reports referred to herein, and available to view on the Company's website www.korepotash.com The Kola Mineral Resource Estimate was reported 6 July 2017 in an announcement titled 'Updated Mineral Resource for the High Grade Kola Deposit'. It was prepared by Competent Person Mr. Garth Kirkham, P.Geo., of Met-Chem division of DRA Americas Inc., a subsidiary of the DRA Group, and a member of the Association of Professional Engineers and Geoscientists of British Columbia. The Ore Reserve Estimate for sylvinite at Kola was first reported 29 January 2019 in an announcement titled 'Kola Definitive Feasibility Study' and was prepared by Met-Chem; the Competent Person for the estimate is Mr. Molavi, member of good standing of Engineers and Geoscientists of British Columbia. The Dougou carnallite Mineral Resource Estimate was reported 9 February 2015 in an announcement titled 'Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit'. It was prepared by Competent Persons Dr. Sebastiaan van der Klauw and Ms. Jana Neubert, senior geologists and employees of ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH and members of good standing of the European Federation of Geologists. The Dougou Extension sylvinite Mineral Resource Estimate was reported 20 August 2018 in an announcement titled 'Maiden Sylvinite Mineral Resource at Dougou Extension'. It was prepared by Competent Person Mr. Andrew Pedley when he was a full-time employee of Kore Potash, a registered professional natural scientist with the South African Council for Natural Scientific Professions and member of the Geological Society of South Africa. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

David Hathorn **Chairman** **5 September 2019**	**Brad Sampson** **Chief Executive Officer** **5 September 2019**

INDEPENDENT REVIEW REPORT TO KORE POTASH PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019, which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ''Review of Interim Financial Information Performed by the Independent Auditor of the Entity'', issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT TO KORE POTASH PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability

BDO LLP

BDO LLP
Chartered Accountants
London
5 September 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Notes	6 months ended 30 June 2019 USD Unaudited	6 months ended 30 June 2018 USD Unaudited	Year ended 31 Dec 2018 USD Audited
Continuing operations				
Interest income		18,992	20,454	72,873
Expenses				
Directors remuneration		(422,388)	(420,210)	(812,575)
Equity compensation benefits	6	(144,956)	(676,255)	(695,345)
Salaries, employee benefits and consultancy expense		(447,084)	(712,539)	(1,325,505)
London listing and re-domicile expenses		(10,490)	(1,087,911)	(1,200,192)
Other administration expenses	7	(616,472)	(1,994,967)	(2,323,176)
Fair value change of a derivative financial liability	16	482,274	213,313	110,114
Interest and finance expenses		(6,732)	(1,543)	(81,407)
Net realised and unrealised foreign exchange (loss)/gains		(10,959)	99,749	2,886
Loss before income tax expense		(1,157,815)	(4,559,909)	(6,252,327)
Income tax expense	8	(18,968)	(10,881)	(17,039)
Loss for the period from continuing operations		(1,176,783)	(4,570,790)	(6,269,366)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		(655,659)	(3,786,338)	(7,104,236)
Other comprehensive loss for the period		(655,659)	(3,786,338)	(7,104,236)
Total comprehensive loss for the period		(1,832,442)	(8,357,128)	(13,373,602)
Loss attributable to:				
Owners of the Company		(1,175,521)	(4,538,341)	(6,249,696)
Non-controlling interest		(1,262)	(32,449)	(19,670)
		(1,176,783)	(4,570,790)	(6,269,366)
Total comprehensive loss attributable to:				
Owners of the Company		(1,805,272)	(7,892,158)	(12,832,564)
Non-controlling interest		(27,170)	(464,970)	(541,038)
		(1,832,442)	(8,357,128)	(13,373,602)
Loss per Share from Continuing Operations				
Basic and diluted loss per share (cents per share)	15	(0.14)	(0.56)	(0.75)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Notes	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
ASSETS				
Current Assets				
Cash and cash equivalents		1,040,969	14,219,356	6,187,113
Restricted cash		684,160	-	-
Trade and other receivables		568,059	312,251	345,155
Total Current Assets		2,293,188	14,531,607	6,532,268
Non-Current Assets				
Trade and other receivables		129,357	134,938	120,922
Right-of-use asset		129,055	-	-
Property, plant and equipment		271,723	357,081	302,255
Exploration and evaluation expenditure	9	153,374,657	145,043,137	149,863,323
Total Non-Current Assets		153,904,792	145,535,156	150,286,500
TOTAL ASSETS		156,197,980	160,066,763	156,818,768
LIABILITIES				
Current Liabilities				
Trade and other payables	10	3,231,495	846,131	1,702,392
Derivative financial liability	16	21,124	400,200	503,398
Total Current Liabilities		3,252,619	1,246,331	2,205,790
Non-Current Liabilities				
Lease liability		132,994	-	-
TOTAL LIABILITIES		3,385,613	1,246,331	2,205,790
NET ASSETS		152,812,367	158,820,432	154,612,978
EQUITY				
Issued share capital – Ordinary Shares	11	862,739	859,234	860,852
Reserves		213,044,827	216,046,613	213,644,634
Accumulated losses		(60,507,321)	(57,620,445)	(59,331,800)
Equity attributable to the shareholders of Kore Potash plc		153,400,245	159,285,402	155,173,686
Non-controlling interests		(587,878)	(464,970)	(560,708)
TOTAL EQUITY		152,812,367	158,820,432	154,612,978

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non-Controlling Interest USD	Total Equity USD
Balance at 1 Jan 2019	**860,852**	**13,054,936**	**203,738,800**	**(59,331,800)**	**12,161,843**	**(15,310,945)**	**155,173,686**	**(560,708)**	**154,612,978**
Loss for the period	-	-	-	(1,175,521)	-	-	(1,175,521)	(1,262)	(1,176,783)
Other comprehensive loss	-	-	-	-	-	(629,751)	(629,751)	(25,908)	(655,659)
Total comprehensive loss	-	-	-	(1,175,521)	-	(629,751)	(1,805,272)	(27,170)	(1,832,442)
Transactions with owners:									
Issue of shares (net of costs)	1,887	-	-	-	-	-	1,887	-	1,887
Share based payments	-	-	-	-	29,944	-	29,944	-	29,944
Balance at 30 June 2019	**862,739**	**13,054,936**	**203,738,800**	**(60,507,321)**	**12,191,787**	**(15,940,696)**	**153,400,245**	**(587,878)**	**152,812,367**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Redeemable Preference Share USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non-Controlling Interest USD	Total Equity USD
Balance at 1 Jan 2018	**771,396**	**-**	**203,738,800**	**65,631**	**(53,356,794)**	**11,814,770**	**(8,747,747)**	**154,286,056**	**-**	**154,286,056**
Loss for the period	-	-	-	-	(4,538,341)	-	-	(4,538,341)	(32,449)	(4,570,790)
Other comprehensive income	-	-	-	-	-	-	(3,353,817)	(3,353,817)	(432,521)	(3,786,338)
Total comprehensive income	-	-	-	-	(4,538,341)	-	(3,353,817)	(7,892,158)	(464,970)	(8,357,128)
Transfer of previously lapsed options					888,202	(888,202)	-	-	-	-
Transactions with owners:										
Issue of shares (net of costs)	87,838	12,806,554	-	-	-	-	-	12,894,392	-	12,894,392
Share based payments	-	-	-	-	-	676,255	-	676,255	-	676,255
Shares cancelled	-	-	-	(65,631)	-	-	-	(65,631)	-	(65,631)
Free-attaching warrants	-	-	-	-	(613,512)	-	-	(613,512)	-	(613,512)
Balance at 30 June 2018	**859,234**	**12,806,554**	**203,738,800**	**-**	**(57,620,445)**	**11,602,823**	**(12,101,564)**	**159,285,402**	**(464,970)**	**158,820,432**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

KORE POTASH
FROM THE GROUND UP

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Redeemable Preference Share USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non-controlling Interest USD	Total Equity USD
Balance at 1 Jan 2018	**771,396**	**-**	**203,738,800**	**65,631**	**(53,356,794)**	**11,814,770**	**(8,747,747)**	**154,286,056**	**-**	**154,286,056**
Loss for the period	-	-	-	-	(6,249,696)	-	-	(6,249,696)	(19,670)	**(6,269,366)**
Other comprehensive income	-	-	-	-	-	-	(6,563,198)	(6,563,198)	(541,038)	**(7,104,236)**
Total comprehensive income	-	-	-	-	(6,249,696)	-	(6,563,198)	(12,812,894)	(560,708)	**(13,373,602)**
Transfer of previously lapsed options	-	-	-	-	888,202	(888,202)	-	-	-	**-**
Redeemable Preference Shares	-	-	-	(65,631)	-	-	-	(65,631)	-	**(65,631)**
Share issue (net of costs)	89,456	13,054,936	-	-	-	-	-	13,144,392	-	**13,144,392**
Free-attaching warrants	-	-	-	-	(613,512)	-	-	(613,512)	-	**(613,512)**
Share based payments	-	-	-	-	-	1,235,275	-	1,235,275	-	**1,235,275**
Scheme of Arrangement	-	-	-	-	-	-	-	-	-	**-**
Balance at 31 Dec 2018	**860,852**	**13,054,936**	**203,738,800**	**-**	**(59,331,800)**	**12,161,843**	**(15,310,945)**	**155,173,686**	**(560,708)**	**154,612,978**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 6 MONTHS ENDED 30 JUNE 2019

	Notes	6 months ended 30 June 2019 USD Unaudited	6 months ended 30 June 2018 USD Unaudited	Year ended 31 Dec 2018 USD Audited
Cash Flows from Operating Activities				
Cash used in operation		(1,507,652)	(4,604,070)	(6,054,050)
Income tax paid		(20,726)	-	(37,030)
Net Cash Flows Used in Operating Activities	17	(1,528,378)	(4,604,070)	(6,054,050)
Cash Flows from Investing Activities				
Payments for plant and equipment		(17,371)	(4,547)	(8,452)
Payments for exploration and evaluation		(2,840,929)	(11,043,648)	(17,104,196)
Interest received		23,282	10,675	68,528
Net Cash Flows Used in Investing Activities		(2,835,018)	(11,037,520)	(17,044,120)
Cash Flows from Financing Activities				
Deposit on application of shares		36,843	-	-
Proceeds from issue of shares		1,887	12,894,392	12,894,392
Proceed from convertible note		-	250,000	250,000
Repayment of lease liabilities related to offices		(87,593)	-	-
Interest paid on lease liabilities		(5,001)	-	-
Net Cash Flows (Used in)/Generated from Financing Activities		(53,864)	13,144,392	13,144,392
Net decrease in cash and cash equivalents		(4,417,260)	(2,497,198)	(9,953,778)
Cash and cash equivalents at beginning of period		6,187,113	16,455,490	16,455,490
Foreign currency differences		(44,724)	261,064	(314,599)
Cash and Cash Equivalents at Period End	17	**1,725,129**	**14,219,356**	**6,187,113**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEARLY REPORT
FOR THE 6 MONTHS ENDED 30 JUNE 2019

1. REPORTING ENTITY

The half-yearly report of the Group for the six months ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 5 September 2019.

The Company is a public company incorporated and registered in England and Wales with primary dual listing on the AIM market and on the ASX, and a secondary listing on the JSE. The registered office of Kore Potash plc's head office in the United Kingdom is 25 Moorgate, London, United Kingdom EC2R 6AY.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The half-yearly report for the six month period ended 30 June 2019 has been prepared in accordance with IAS 34 *Interim Financial Reporting* (as adopted by the EU).

The half-yearly report do not include all the information and disclosures required in the annual report, and should be read in conjunction with the Group's annual report for the year ended 31 December 2018. The Group's annual report is available on the Group's website (www.korepotash.com) and was prepared in accordance with IFRS's as adopted by the EU.

(b) Statutory Accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the *Companies Act 2006*. The statutory accounts for the year ended 31 December 2018 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified with an emphasis of matter on going concern and did not contain a statement under sections 498(2) or 498(3) of the *Companies Act 2006*.

The financial information for the six months ended 30 June 2019 and 30 June 2018 is unaudited.

(c) New Standards, Interpretations and Amendments Adopted by the Group

The accounting policies adopted in the preparation of the half-yearly report are consistent with those followed in the preparation of the Group's annual report for the year ended 31 December 2018, except for the adoption of new standards effective as of 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 16 *Leases*. As required by IAS 34, the nature and effect of these changes are disclosed in Note 3.

(d) Critical Accounting Judgements and Estimates

There have been no material revisions to the nature and amount of changes in judgements and estimates of amounts reported in the annual report for the year ended 31 December 2018.

3. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 16 *Leases* on the Group's financial statements and discloses the new accounting policies that have been applied from 1 January 2019 in Note 3(b) below.

The Group has elected to apply IFRS 16 utilising the modified retrospective approach from 1 January 2019, and therefore has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

(a) Adjustments Recognised on Adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.47%.

For leases previously classified as operating leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date. The re-measurements to the lease liabilities were recognised as adjustments to the related right-of-use assets immediately after the date of initial application.

	USD Unaudited
Operating lease commitments disclosed as at 31 December 2018	216,702
Discounted using the lessee's incremental borrowing rate of at the date of initial application	211,389
Less: short-term leases recognised on a straight-line basis as expense	(3,377)
Add/(less): adjustments relating to changes in the index or rate affecting variable payments	14,528
Lease liability recognised as at 1 January 2019	**222,540**
Of which are:	
Current lease liabilities	222,540
Non-current lease liabilities	-
	222,540

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 Jun 2019 USD Unaudited	**1 Jan 2019 USD Unaudited**
Properties	129,055	222,540
Total right-of-use assets	**129,055**	**222,540**

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2019 (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(a) Adjustments Recognised on Adoption of IFRS 16 (Continued)

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- right-of-use assets – increase by USD222,540; and
- lease liabilities – increase by USD222,540.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 *Determining whether an Arrangement contains a Lease*.

(b) The Group's Leasing Activities and How These are Accounted For

The Group leases two offices, one in RoC and the other in South Africa. Rental contracts are typically made for fixed periods of 2 to 3 years. The contract for the lease in RoC had an extension option, which has been exercised by the Group, for the lease to extend by another 2 years to 14 April 2020. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised (as indicated above), or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Lease terms are negotiated on an individual basis and may contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2019 (CONTINUED)

3. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(b) The Group's Leasing Activities and How These are Accounted For (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subject to impairment.

Payments associated with short-term leases are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

4. GOING CONCERN

During the half-year ended 30 June 2019, the Group incurred a loss of USD1,176,783 (half-year ended 30 June 2018: USD4,570,790) and experienced net cash outflows from operating and investing activities of USD4,363,396 (half-year ended 30 June 2018: USD15,641,590). Cash and cash equivalents totaled USD1,040,969 as at 30 June 2019 (at 31 December 2018: USD6,187,113). Restricted cash at 30 June 2019 of USD684,160 related to the hedging of the proceeds of the fundraise concluded on 19 July 2019. The restriction lifted following the settlement of the forward exchange contracts. The Group has no current source of operating revenue and is therefore dependent on both existing cash resources and future fund raisings to meet overheads and future exploration requirements as they fall due.

Post period end, on 19 July 2019, an additional USD13,123,561 was raised through the placing and direct subscription of new ordinary shares in the Company.

The above mentioned fundraise has significantly improved the Group's liquidity position and the Directors have prepared a cash flow forecast for the period ending 30 September 2020, which indicates that the Group will have sufficient liquidity to meet its working capital requirements to the end of the going concern period, primarily being corporate costs and costs related to the Dougou Extension Project and the Kola Project. A significant portion of this cost base currently remains uncommitted, and further steps can therefore be taken to reduce forecast overheads if required.

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that there are reasonable grounds to believe that the operational and financial plans in place are achievable and accordingly the Group will be able to continue as a going concern and meets its obligations as and when they fall due. The Directors will continue to pursue further capital raising initiatives in order to have sufficient funds to fund additional exploration and evaluation activities.

5. SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors, which is responsible for allocating resources and assessing performance of the operating segments.

Management has determined that the Company and the Group has one reporting segment being mineral exploration in Central Africa.

As the Group is focused on mineral exploration in Central Africa, management make resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and reviewing the current results of exploration work performed. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Company.

6. EQUITY COMPENSATION BENEFITS

The expense recognised for directors, employee and consultant services during the 6 months is shown in the table below:

	6 months ended 30 June 2019 USD Unaudited	6 months ended 30 June 2018 USD Unaudited	Year ended 31 Dec 2018 USD Audited
Equity-based payments – directors, KMP and other employees	144,956	676,255	695,345

The equity-based payments capitalised as Exploration and Evaluation Expenditure for the 6 months ended 30 June 2019 was USD115,012 (H1 2018: nil).

There were no new options or performance rights issued as equity-based payments in the 6 months ended 30 June 2019. The full details of equity-based payments issued for the year ended 31 December 2018 are disclosed in the 2018 Annual Report.

Refer Note 14 for the cancellation of options and performance rights in the 6 months ended 30 June 2019.

7. ADMINISTRATION EXPENSES

	6 months ended 30 June 2019 USD Unaudited	6 months ended 30 June 2018 USD Unaudited	Year ended 31 Dec 2018 USD Audited
Accounting, company secretary and audit fees	190,832	109,750	399,274
Compliance, registration, listing and licence fee	99,898	21,763	584,808
Legal fees	18,145	80,560	64,944
Marketing and investor relations	49,167	106,253	169,591
Travel and accommodations	127,943	601,645*	417,350
Premises and office related costs	2,555	271,154*	87,002
Recruitment fee	-	179,017	179,017
Depreciation	43,004	5,382	7,078
Others	84,928	619,443*	414,112
Total	**616,472**	**1,994,967**	**2,323,176**

*Amounts recognised at 30 June 2018 in accordance with IFRS 6 were based on estimates and were subsequently revised at 31 December 2018.

NOTES TO THE HALF-YEARLY REPORT
FOR THE 6 MONTHS ENDED 30 JUNE 2019 (CONTINUED)

8. INCOME TAX EXPENSE

Tax for the six month period is charged at 0% (six months ended 30 June 2018: 0%, year ended 31 December 2018: 0%), representing the best estimate of the average annual effective tax rate for the full year applied to the pre-tax income for the six month period and considering the Group's assets are in the exploration phase. The USD18,968 charge for H1 2019 (H1 2018: USD10,881) arose on the pre-tax income generated in South Africa for intercompany management services.

9. RECONCILIATION OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
Opening balance	149,863,323	140,254,520	140,254,520
Exploration and evaluation expenditure capitalised during the period	4,361,831	8,388,661	16,107,446
Foreign exchange differences	(850,497)	(3,600,044)	(6,498,643)
Closing balance	**153,374,657**	**145,043,137**	**149,863,323**
Exploration and evaluation expenditure relating to:			
Kola mining project	131,068,855	122,114,047	128,878,868
Dongou mining project	22,305,802	22,929,090	20,984,455
Closing balance	**153,374,657**	**145,043,137**	**149,863,323**

10. TRADE AND OTHER PAYABLES

	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
Trade and other creditors	407,304	48,890	388,350
Accruals	2,768,268	496,302	1,293,613
Income tax payable	19,080	50,939	20,429
Deposit on application of shares	36,843	-	-
Convertible Note*	-	250,000	-
	3,231,495	**846,131**	**1,702,392**

*On 26 March 2018, the Company entered into a convertible loan agreement ("Convertible Note") with the Chairman, David Hathorn to lend USD250,000 to the Company. The loan did not attract interest and was unsecured. At the Company's Annual General Meeting on 27 June 2018, the shareholders approved the conversion of the Convertible Note into 1,618,250 shares at AUD0.20 per share and 250,000 free-attaching warrants. The shares and warrants were issued on 27 July 2018.

11. ISSUED SHARE CAPITAL

	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
862,739,689 fully paid ordinary shares at par value of USD0.001 each (30 June 2018: 859,234,443 fully paid ordinary shares at par value of USD0.001, 31 December 2018: 860,852,693 fully paid ordinary shares at par value of USD0.001)			
Fully paid ordinary shares	**862,739**	**859,234**	**860,852**

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2019 (CONTINUED)

11. ISSUED SHARE CAPITAL (CONTINUED)

Movement in Share Capital of Consolidated Entity

Date	Details	No. of Shares	USD
31 Dec 2017	**Balance at 31 Dec 2017**	**771,395,766**	**771,396**
29 Mar 2018	Capital raising at AUD 0.20 each *(i)*	83,523,344	83,523
29 Mar 2018	Share-based capital raising costs at AUD 0.12 each *(ii)*	4,315,333	4,315
30 June 2018	**Balance at 30 June 2018**	**859,234,443**	**859,234**
27 Jul 2018	Conversion of USD250,000 convertible loan note calculated by reference to the price of shares being at AUD 0.20 per share *(iii)*	1,618,250	1,618
31 Dec 2018	**Balance at 31 Dec 2018**	**860,852,693**	**860,852**
13 Feb 2019	Conversion of Class C Performance Rights into fully paid ordinary shares (iv)	1,886,996	1,887
30 June 2019	**Balance at 30 June 2019**	**862,739,689**	**862,739**

(i) On 29 March 2018, a total of USD12,894,659 was raised from existing and new investors through the placing and direct subscription of 83,523,344 ordinary shares in the Company at a placing price of AUD 0.20 per new ordinary share. The par value of the 83,523,344 ordinary shares was USD83,523.

(ii) On 29 March 2018, 4,315,333 ordinary shares were issued to Canaccord Genuity Ltd and Rencap Securities (Pty) Limited as part of their placing fee at a deemed issued price of AUD 0.12 per ordinary share. The par value of the 4,315,333 ordinary share was USD4,315.

(iii) On 26 March 2018, the Company entered into a convertible loan note with the Chairman, David Hathorn, to lend USD250,000 to the Company. The convertible loan note did not attract interest and was unsecured. At the Company's AGM on 27 June 2018, the shareholders approved the conversion of the convertible loan note into 1,618,250 shares at AUD0.20 per share and 250,000 free-attaching warrants. The shares and warrants were issued on 27 July 2018.

(iv) On 13 February 2019, 1,886,996 Class C Performance Rights were converted into fully paid ordinary shares. The par value of the 1,886,996 ordinary shares was USD1,887.

12. LEASE ARRANGEMENTS

Leasing Arrangements

The Group's leasing arrangements relate to leases of offices and other property with lease terms of up to 5 years. The Group does not have an option to purchase the leased property at the expiry of the lease periods.

Non-Cancellable Lease Commitments

	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
Not later than 1 year	135,434	185,334	176,097
Later than 1 year and not later than 5 years	-	130,823	40,604
	135,434	**316,157**	**216,702**

The Group's leasing arrangements have been recognised in accordance with Note 3 to this report.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2019 (CONTINUED)

13. COMMITMENTS FOR EXPENDITURE

Exploration and Evaluation Expenditure Commitments

In order to maintain current rights of tenure to exploration permits, the Group is required to meet minimum expenditure and minimum activity requirements by performing exploration and development work. As at year end, the minimum expenditure requirement has not yet been determined with respect to the Group's Sintoukola 2 exploration permit. However, when the minimum expenditure requirement is confirmed this will need to be satisfied over a period of 3 years.

There are no minimum expenditure requirements with respect to the Group's mining licences. One of the key investment promotion provisions for the Mining Convention includes that the RoC is to be granted a 10% carried equity interest in the project companies, which are currently wholly-owned by the Group's subsidiary, SPSA.

If the Group decides to relinquish certain licences and/or does not meet the obligations of the new mining convention, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Kola Definitive Feasibility Study Commitment

On 28 February 2017 the Company signed a contract with TechnipFMC, VINCI Construction Grands Projets, Egis and Louis Dreyfus Armateur (the "French Consortium"), for the implementation of the Kola Definitive Feasibility Study (the "DFS").

At the date of this report, the Group had the following DFS commitment:

	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
Not later than 1 year	-	5,314,469	935,563
Later than 1 year and not later than 5 years	-	3,241,782	1,575,750
	-	**8,556,251**	**2,511,313**

14. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place in line with those disclosed in the 2018 Annual Report.

On 28 June 2019, 437,500 existing unvested performance rights were waived on resignation of Leonard Math as a non-executive director.

On 28 June 2019, the Company cancelled Brad Sampson's previously issued 17,200,000 unlisted options on the basis that they were no longer considered to be an appropriate incentive for Mr Sampson in light of the factors considered by the remuneration consultant. The Company subsequently issued 26,900,000 new options to Mr Sampson on 19 July 2019. Details of the new options are disclosed in Note 18 to this report.

15. LOSS PER SHARE

	6 months ended 30 June 2019 USD Unaudited	6 months ended 30 June 2018 USD Unaudited	Year ended 31 Dec 2018 USD Audited
Earnings reconciliation			
Loss attributable to ordinary shareholders	(1,176,783)	(4,570,790)	(6,249,696)
	Number	Number	Number
Weighted average number of shares used as the denominator	862,280,972	816,528,346	838,752,968
Basic and diluted loss per share (cents per share)	(0.14)	(0.56)	(0.75)

Options, equity warrants and performance rights are considered to be potential ordinary shares. However, as the Group are in a loss position they are anti-dilutive in nature, as their exercise will not result in a diluted earnings per share that shows an inferior view of earnings performance of the Group than is shown by basic loss per share. The options, warrants and performance rights have not been included in the determination of basic loss per share.

Headline loss per share
It is a JSE listing requirement to disclose headline earnings/loss per share, a non-IFRS measure. It is considered to be a useful metric as it presents the earnings/loss per share after removing the effect of re-measurements to assets and liabilities (for example impairment of property, plant and equipment) otherwise recognised in the profit/loss for the half-year. During the current and prior period there was no difference between earnings/loss per share and headline earnings/loss per share and therefore no reconciliation between the two measures has been presented.

16. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2019		30 June 2018		31 Dec 2018	
	Assets USD	Liabilities USD	Assets USD	Liabilities USD	Assets USD	Liabilities USD
Equity warrants exercisable at AUD 0.30 each expiring on 29 March 2021	-	21,124	-	400,200	-	503,398

The above amounts relate to the following:
The value of the free-attaching warrants provided to shareholders who participated in the share issue completed on 29 March 2018 (83,523,344 shares issued at AUD0.20 each). A total of 12,894,659 equity warrants exercisable at AUD0.30 expiring 29 March 2021 were issued with a Black & Scholes valuation method of USD0.0476 per warrant.

The derivative financial liability was revalued at 30 June 2019 using the Black Scholes valuation method with the net decrease in fair value of the derivative financial liability of USD482,274 taken to the statement of profit or loss and other comprehensive income. The inputs used in the measurement of these warrants were as follows:

Input into the model	At grant date	At 30 June 2019
Spot price	AUD 0.145	GBP 0.016
Expected volatility	91.67%	106.36%
Life of warrants	3 years	1.75 years
Grant date fair value	USD0.0476	USD0.0016

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FOR THE 6 MONTHS ENDED 30 JUNE 2019 (CONTINUED)

17. CASH FLOW INFORMATION

	30 June 2019 USD Unaudited	30 June 2018 USD Unaudited	31 Dec 2018 USD Audited
Cash and cash equivalents	1,040,969	14,219,356	6,187,113
Restricted cash	684,160	-	-
Cash and cash equivalents presented at Condensed Consolidated Statement of Cash Flows	**1,725,129**	**14,219,356**	**6,187,113**

Reconciliation of cash flows from operating activities with loss after tax is as follows:

	6 months ended 30 June 2019 USD Unaudited	6 months ended 30 June 2018 USD Unaudited	Year ended 31 Dec 2018 USD Audited
Reconciliation of cash flows from operating activities:			
Loss for the year	(1,176,783)	(4,570,790)	(6,269,366)
Adjustments for:			
Depreciation expensed	43,004	5,382	7,078
Loss on asset disposals	-	-	5,974
Equity compensation benefits	144,956	676,255	695,345
Net realised and unrealised foreign exchange gains	10,959	(97,905)	3,793
Fair value change in derivative financial liability	(482,273)	(213,312)	(110,114)
Interest paid on lease liabilities	5,001	-	-
Interest received not classified as operating activities cash inflow	(23,282)	(10,675)	(72,873)
Operating loss before changes in working capital			
Decrease/(increase) in receivables	83,923	(42,544)	(150,283)
(Decrease)/increase in tax payable	(1,758)	40,583	(19,990)
Decrease in payables	(132,125)	(391,064)	(143,613)
Net cash used in operating activities	**(1,528,378)**	**(4,604,070)**	**(6,054,050)**

18. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

On 19 July 2019, USD13,123,561 was raised through the placing and direct subscription of 646,914,254 new ordinary shares in the Company at a price of £0.016 per new ordinary share.

On 19 July 2019, the Company issued 26,900,000 unlisted options as approved by shareholders at the General Meeting held on 17 July 2019 (refer Resolution 8). The unlisted options are exercisable at £0.022 each with an expiry date of 19 July 2024.

There are no other significant events that have occurred since reporting date requiring separate disclosure.

19. CONTINGENT LIABILITIES AND ASSETS

As at the date of this report, the Company's subsidiary, SPSA, has been in litigation before the Administrative Chamber of the Supreme Court of the Republic of Congo and before the Labour Tribunal. These two proceedings result from an action taken by a former employee, as well as a group of 30 claimants following the retrenchment of these 31 employees on 20 November 2014.

On 14 June 2018 the Supreme Court confirmed that the retrenchments had followed due process and cancelled the previous decision of the Minister of Labour against SPSA. The former employees have appealed the findings and the Company has until 27 September 2019 to respond. The Labour Tribunal action is anticipated to be favourably concluded following the Supreme Court findings with the next hearing on 9 October 2019.

On 28 August 2018, 25 former employees working on the exploration site from 2009 to 2013 instituted further action before the Labour Tribunal, claiming compensation for unpaid overtime and damages. The legal proceedings are ongoing, with the next scheduled court date being on 14 October 2019.

The Directors have concluded that any possible exposure and cash flow out from the Group as a result of the two legal proceedings would be remote.

There are no other significant contingent liabilities or assets.