



## KORE POTASH – REVIEW OF OPERATIONS FOR THE QUARTER ENDED 30 JUNE 2018

London, England – 31 July 2018 – Kore Potash plc (ASX: KP2, AIM: KP2, JSE: KP2) ("**Kore Potash**" or "**the Company**"), the potash exploration and development company whose flagship asset is the 97%-owned Sintoukola Potash Project ("**Kola**" or the "**Project**"), located within the Republic of Congo ("**RoC**"), is pleased to provide the following quarterly update, for the period to 30 June 2018 (the "**Quarter**").

### HIGHLIGHTS

- Kola Definitive Feasibility Study ("**DFS**") is at an advanced stage. Work continues to complete the overall estimate of the construction schedule, capital and operating costs and the DFS Report.
- The Company is engaging with the consortium of French engineering companies ("**the French Consortium**" or "**FC**") and using third-party consultants to further optimise the capital and operating costs outcomes of the DFS.
- The FC now anticipate completion of the current scope of work for the DFS before the end of September 2018 following which the Company will review the completed DFS.
- Amendments to the Kola environmental and social impact assessment (the "**ESIA**") have been made reflecting project design changes since the ESIA was approved. The amendments have been submitted to the Director General of the office of the Minister of Environment and Tourism on 7 July 2018 for their review.
- The Mining Convention for the Kola project, which has been approved by Cabinet, is now being reviewed by the RoC Parliament for approval, as required prior to becoming law.
- Appointment of Mr Brad Sampson as Chief Executive Officer and Executive Director, effective from 4 June 2018.
- Appointment of Mr Jose Antonio Merino as a Non-Executive Director on 23 May 2018. Jose Antonio is nominated by Sociedad Quimica y Minera de Chile S.A. ("**SQM**") and replaced Pablo Altimiras, whose resignation was announced on 26 April 2018.
- At the end of the Quarter the Company held US\$14.2 million in cash at bank.

**Brad Sampson, Chief Executive Officer of Kore Potash, commented:**

“The potential for Kola and the wider Sintoukola basin to be a globally important producer of potash is clear. As the DFS is concluded it is important to achieve the optimal project design and engineering and position Kola to realise its potential.”

“We are working closely with the French Consortium, the government of the Republic of Congo and our advisers to finalise the delivery of the DFS to generate long-term value for shareholders.”

“The project is at an exciting stage and I look forward to progressing Kola through the financing and construction phases.”

## **CORPORATE ACTIVITIES**

### **Appointment of CEO**

- Brad Sampson was appointed as CEO and Executive Director on 4 June 2018. Brad, a mining engineer, has more than 25 years' resources industry experience across numerous locations including West and Southern Africa. In addition to significant mine development and operating experience, Brad has held leadership positions at several publicly listed companies. Brad was most recently CEO of Australian Securities Exchange listed Tiger Resources. Prior to this Brad held senior positions at Newcrest Mining Ltd, was CEO at AIM/ASX listed Discovery Metals Ltd, and other notable positions include General Manager at Goldfields operations in South Africa and Australia.
- Appointment of Jose Antonio Merino as a Non-Executive Director nominated by SQM. Jose Antonio joined SQM in 2016 and is currently M&A Director, prior to which he worked at EPG partners as head of a mining private equity fund, at Asset Chile, a Chilean boutique investment bank and at Santander Investment. He is a qualified civil engineer having graduated from Pontificia Universidad Catolica de Chile.
- On 27 June 2018, the Company's AGM was held with all resolutions passed.

## **OPERATIONAL ACTIVITIES**

### **The Kola Definitive Feasibility Study**

- The Company's activities are focused on the development of the Sintoukola Potash project and the Company is currently working to complete a DFS on this project. The DFS is being undertaken with a consortium of French engineering companies comprised of Technip France, Vinci Construction Grands Projets, Egis International and Louis Dreyfus Armateurs SAS.
- The DFS is at an advanced stage with test work and engineering design complete and work to conclude capital and operating cost estimates continuing. The FC now anticipate completion of the current scope of work for the DFS before the end of September 2018 and to then present it to the Company for review.
- In parallel with the completion of the DFS the Company has commissioned third-party review of some aspects of the DFS with a view to optimising the DFS outcomes and subsequent Engineering, Procurement and Construction (EPC) pricing.

- The Company is also engaging with the FC to optimise the capital costs of the project prior to finalisation of capital and operating cost estimates.

### **Process Design**

- The DFS metallurgical test work campaign has been completed at the Saskatchewan Research Council laboratory in Canada. The process design, process flow diagrams (PFD) and piping and instrumentation drawings (P&ID), and heat and material balance have been completed. The process design has been independently audited by Hatch in Canada.

### **Engineering**

- Engineering for the mine, process plant, marine and off-site (HV line and gas pipeline) is complete and is supported by plot plans and general arrangement drawings that form the basis for final material take-offs. The DFS procurement process for major equipment is also complete.

### **Mine Design**

- The DFS geological and hydrogeological testing and modelling of the mine is complete. The DFS mine design including shaft access is complete.

### **Marine Engineering**

- The marine infrastructure design including jetty and breakwater is complete. The specification and cost estimate for the trans-shipment and loading equipment is complete.
- The Sea Water Intake and Sea Water Outfall designs and the marine construction methodology has been finalised.

### **Earthworks and Civil Design.**

- The overall Plot Plans have been completed for the Process Plant, Mine Site, Marine and Accommodation areas and reflect a compact layout aiming to minimise bulk civil and earthworks quantities. Stormwater runoff design has been completed.

### **Road Design**

- The design of all planned roads is complete.

### **Constructability review**

- The Construction Execution Plan, which integrates a constructability review and construction schedule, is being finalised.

### **Environmental and social impact assessment (“ESIA”)**

- The Kola ESIA received a Certificate of Conformity from the Government of the Republic of the Congo on 10 October 2013.
- The DFS design has incorporated a number of value adding design changes to Kola since the approval of the ESIA and the Company undertook to amend the ESIA accordingly.

- The work to amend the Kola ESIA is complete. The amended ESIA was submitted to the Director General of the office of the Minister of Environment and Tourism on 7 July 2018 and is currently awaiting the Minister's approval.
- In addition to the ESIA, the Company is completing an analysis to identify and close any gaps between the ESIA approved by the Government of the RoC and established international industry practice and the Equator Principles. This process will generate an environmental and social action plan (ESAP) that the Company believes will meet debt financiers' requirements.
- Public consultations with Interested and Affected Parties on the amendments to the ESIA took place between 7 -15 July 2018.

#### **Work streams initiated with RoC stakeholders and authorities**

- The Company is progressing discussions toward a Memorandum of Understanding for power supply with an existing independent power producer (IPP), Centrale Electrique du Congo.
- Discussions with ENI Congo are continuing for the supply of gas (for drying and/ or for self-generating power).
- The Company is awaiting final approval from the Minister of Merchant Marine for the use of the preferred trans-shipment zone.
- A Resettlement Action Plan ("RAP") for the project land and a second framework RAP for the services corridor (for gas and power conveyance) have been prepared.
- A new Declaration d'Utilité Publique ("DUP") process covering the entire project land area (mine, over land conveyor, process plant and services corridor) is expected to be launched shortly by the Ministry of Land Affairs and Public Domain. The DUP will define any compensation arrangements required as a result of Kore's activity on the land area.

#### **RoC regulatory requirements**

- The Mining Convention (approved by the cabinet on 8 June 2017) is currently being reviewed by commissions of the two chambers of the RoC Parliament. Parliamentary ratification of the mining convention required for the Mining Convention to become law.
- The Company has submitted a proposed Mining Research Convention to the Government in relation to the Sintoukola 2 exploration licence that was granted to the Company on 9 February 2018. The approval of a Mining Research Convention is a required step prior to commencement of exploration activity (including drilling).
- The intra-group transfer of the Dougou Mining License from Sintoukola Potash S.A., to the operating entity incorporated in the RoC, Dougou Potash Mining S.A, is expected to be approved by the Ministry of Mines and Geology shortly and implemented through Governmental Decree.

## Exploration activity

- No field-work exploration activities were undertaken during the quarter, and no exploration results were received or are expected in the near term.

## Cash Balances

- At 30 June 2018, the company had USD 14.2m cash at bank.

For further information, please visit [www.korepotash.com](http://www.korepotash.com) or contact:

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## About Kore Potash's Projects

Kore Potash (ASX: KP2) 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 deposit) and Dougou (Carnallite deposit including the Dougou extension prospect) mining licences.

These projects are 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. The Projects have the potential to be among the world's lowest-cost potash producers and their location near the coast offers a transport cost advantage to global fertilizer markets.

The Kola Deposit has a Measured and Indicated Sylvinite Mineral Resource of 508 Mt grading 35.4 % KCl<sup>1</sup>. A Definitive Feasibility Study ("DFS") which is underway, being conducted by a consortium of world class engineering and construction companies consisting of Technip France, Vinci Construction Grands Projets, Egis International and Louis Dreyfus Armateurs SAS (the "French Consortium" or the "FC"). The DFS contract was signed on 28 February 2017 and the study will be presented to Kore for review in September 2018

The Dougou Deposit is 15 km southwest of Kola and is a very large Carnallite deposit with a Measured and Indicated Potash Mineral Resource of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 metres) hosted by 35-40 metres of Carnallite within 4 flat-lying seams<sup>2</sup>. A Scoping Study was completed by ERCOSPLAN of Germany in February 2015<sup>3</sup>. This Study indicated that a low capital cost, low operating cost (Life of Mine operating cost of US\$68 per tonne MoP), and quick to production carnallite solution mine could be established at Dougou, taking advantage of the deposit quality and availability of low cost energy in the RoC.

The Dougou Extension Prospect (previously referred to as Yangala) lies immediately west of Dougou. In 2012 and 2014 the Company drilled 2 holes, both intersecting a flat-lying layer of 4 to 4.5 metres thickness with a grade of between 57 and 60% KCl<sup>4</sup>. Drilling of 4 additional holes in 2017 intersected sylvinite of between 27 and 63% KCl over a range of thicknesses<sup>5</sup>.

### Footnotes

1. Announcement dated 6 July 2017: Updated Mineral Resource for the High-Grade Kola Deposit
2. Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit.
3. Announcement dated 17 February 2015: Results for the Dougou Potash Project Scoping Study
4. Announcement dated 20 October 2014: Elemental Minerals Announces Exceptional Results from Dougou-Yangala Drilling
5. Announcement dated 11 September 2017: Dougou Extension Prospect Sylvinite intersections up to 8.8 m thick within a zone of 8 by 5 km, open laterally

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<sup>2</sup> Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit.

<sup>3</sup> Announcement dated 17 February 2015: Results for the Dougou Potash Project Scoping Study

<sup>4</sup> Announcement dated 20 October 2014: Elemental Minerals Announces Exceptional Results from Dougou-Yangala Drilling

<sup>5</sup> Announcement dated 11 September 2017: Dougou Extension Prospect Sylvinite intersections up to 8.8 m thick within a zone of 8 by 5 km, open laterally

## Kore Potash's Mineral Resources

### KOLA SYLVINITE DEPOSIT

Mineral Resource Category	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Measured	216	34.9	75
Indicated	292	35.7	104
<b>Sub-Total Measured + Indicated</b>	<b>508</b>	<b>35.4</b>	<b>180</b>
Inferred	340	34.0	116
<b>TOTAL</b>	<b>848</b>	<b>34.8</b>	<b>295</b>

\*The Mineral Resource Estimate for Carnallite at Kola are not shown, refer to the Company's website

### DOUGOU CARNALLITE DEPOSIT

Mineral Resource Category	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Measured	148	20.1	30
Indicated	920	20.7	190
<b>Sub-Total Measured + Indicated</b>	<b>1,068</b>	<b>20.6</b>	<b>220</b>
Inferred	1,988	20.8	414
<b>TOTAL</b>	<b>3,056</b>	<b>20.7</b>	<b>634</b>

**Notes:** The Mineral Resource estimates are reported in accordance with the JORC code 2012 edition. The Kola Mineral Resources were reported on the 6 July 2017, and was prepared by Met-Chem division of DRA Americas Inc., a subsidiary of the DRA Group. Resources are reported at a cut-off grade of 10% KCl. The Dougou Mineral Resource was prepared by ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH ("ERCOSPLAN") and reported in the ASX announcement dated 9 February 2015. The form and context of the Competent Person's findings as presented in this document have not materially changed since the resource was first reported. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, marketing, or other relevant issues. The Mineral resources are considered to have reasonable expectation for eventual economic extraction using underground mining methods.

### Forward-Looking Statements

This news release 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 news release 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, and the results of economic studies, is extracted from previous reports, as referred to in footnotes herein, and available to view on the Company's website. 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.