



## KORE POTASH – REVIEW OF OPERATIONS FOR THE QUARTER ENDED 31 MARCH 2018

**Perth, Australia – 30 April 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 31 March 2018 (the "**Quarter**").

### **HIGHLIGHTS**

- Kore Potash completed its listing on the AIM market of the London Stock Exchange ("**AIM**") as well as the main board of the Johannesburg Stock Exchange ("**JSE**"), in addition to its Australian Securities Exchange ("**ASX**") listing.
- US\$13.14M raised through the placing and direct subscription of new ordinary shares in the Company, and a convertible loan note, at a 67% premium to the Company's last closing share price on the ASX.
- Kola Definitive Feasibility Study ("**DFS**") is progressing and focus has moved from design engineering to estimating final construction costs and execution schedule. The construction estimation phase will be key to finalisation of the overall estimate of the capex, opex and construction schedule. The first series of quantities for some areas of the Project have now been received for review. The final test results for the optimised float circuit have been received and they have shown positive results that support the inclusion of the optimisations in the DFS. The Company expects to publish the final results of the DFS in late Q2 or early Q3 2018.
- Kore Potash through its 97% subsidiary Sintoukola Potash S.A. was awarded the Sintoukola 2 Exploration Permit, dated 9<sup>th</sup> February 2018, by the government of the RoC<sup>1</sup>. This permit covers areas the Company believes are prospective for sylvinitic mineralization.

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<sup>1</sup> Announcement dated 20<sup>th</sup> February 2018: Kore Potash awarded new 294 km<sup>2</sup> exploration permit which has significant potential to add to the Dougou Extension Project

## **CORPORATE ACTIVITIES**

### **London and JSE listing successfully completed along with a well supported Fundraising**

- On 29 March 2018 the Company successfully completed its admission to AIM and a concurrent secondary listing of its ordinary shares on the main board of the JSE Limited as part of its strategy to better access capital markets where there is a strong understanding of large scale African mining projects and therefore attract a broader investor base.
- The Company also raised gross aggregate proceeds of US\$13.14m, comprising a total of US\$12.89m raised from existing and new investors (the "Placees") through the placing and direct subscription of 83,523,344 ordinary shares in the Company at a placing price of AUD0.20 per new Ordinary Share, which was at a 67% premium to the Company's last closing share price on the ASX prior to the raise. In addition, the Company raised US\$250,000 from the Chairman, Mr David Hathorn, through a convertible loan note that will convert into ordinary shares upon and subject to shareholder approval at the next general meeting of the Company. The Placees have been granted 12,894,659 equity warrants on the basis of one equity warrant for every US\$1.00 invested exercisable at AUD0.30 for one ordinary share with a 3 year subscription period.

## **OPERATIONAL ACTIVITIES**

### **Project management**

- The French Consortium ("FC") undertaking the DFS has now reached peak mobilisation and, as the engineering design moves towards completion, bills of quantities are being prepared for the capital estimate. The work is supervised and guided by Kore Potash's project team and has the support from senior engineers at Sociedad Quimica y Minera ("SQM") as well as independent specialist reviewers to assist in the process. Q1 2018 has been successfully utilized to start the process of optimizing, CAPEX and OPEX estimates, execution schedule and final optimised designs. The DFS schedule was slightly revised, due to some additional redesign work related to further optimisation of the flotation area of the process plant, with the DFS completion date being moved to end of Q2 / early Q3 2018. Third-party testing of the optimised designs have been completed with results supporting an improved recovery from the PFS. Kore Potash and the FC are looking at ways to minimise the impact on the EPC submission date which is currently due to be submitted three months after the finalisation of the DFS. The cost implications of this delay have been finalised and a change order agreed.

### **Process test work**

- After agreeing on several process modifications in early Q1 2018, the 2018 DFS metallurgical test work programme was completed at the Saskatchewan Research Council laboratory in Canada, incorporating the modifications. The results of the final process test work are positive and verify that the design modifications have yielded a robust potash flotation process. Test work results have now been incorporated into the process modelling, and the FC is now updating final DFS process flow diagrams, which are expected in Q2 2018.

## Engineering development

- The procurement process is nearing completion, with most packages now finalized for the DFS. The issuance of the final material take offs has now began. Final Piping and Instrumentation Diagrams are in progress, and are expected in Q2 2018. Plot plans and 3D models are finalized for the DFS, and **Figure 1** shows the final layout of the process plant area model. Operating cost estimation has now begun, with a high level of input from Kore Potash. Final report writing is underway, with draft documents expected in Q2 2018.



Figure 1: Process plant area model

## Mine development

- The shaft design has been finalized. The Kola deposit will be accessed by 2 x 7m diameter shafts with depths of approximately 260m. The intake shaft includes a man & material cage, while the exhaust shaft will be equipped with a pocket belt ore hoisting system.
- The hydrogeological testing and modelling are complete.
- Detailed engineering design of underground facilities, including pump stations, workshops, the underground equipment fleet and conveyors is complete.
- Engagement with potential Mining Contractors is progressing.
- Capital and Operating costs for the mine are being finalized.
- A preliminary mineral reserve estimate and mine extraction sequence are under internal review.

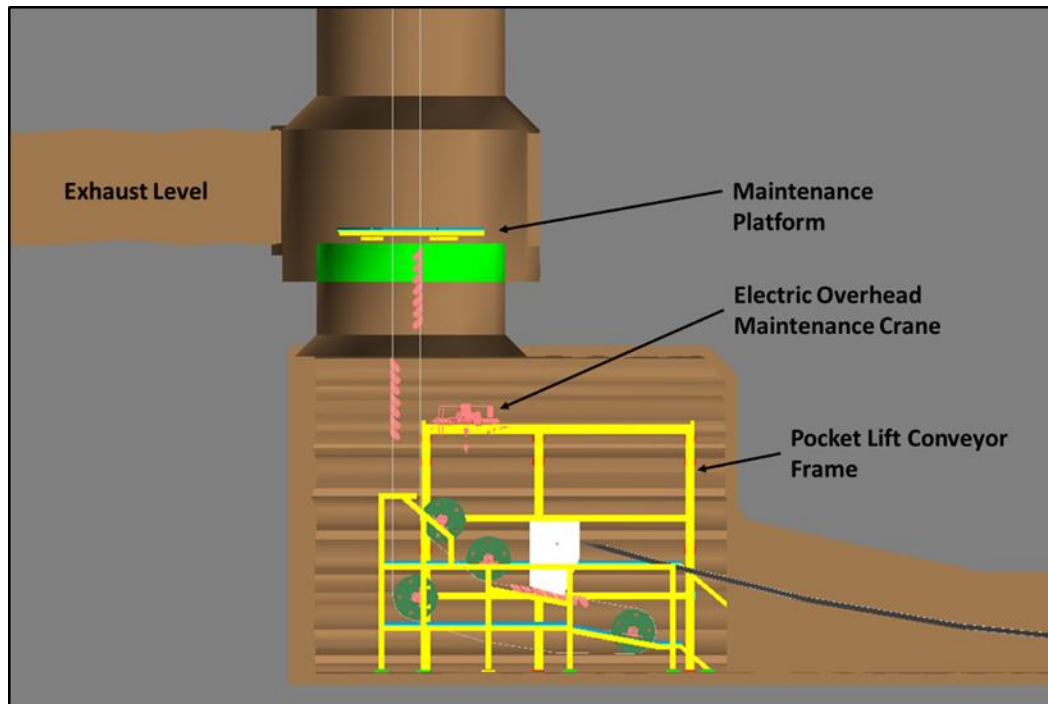


Figure 2: Exhaust Shaft Bottom : schematic layout of pocket belt conveyor installation

### Marine development

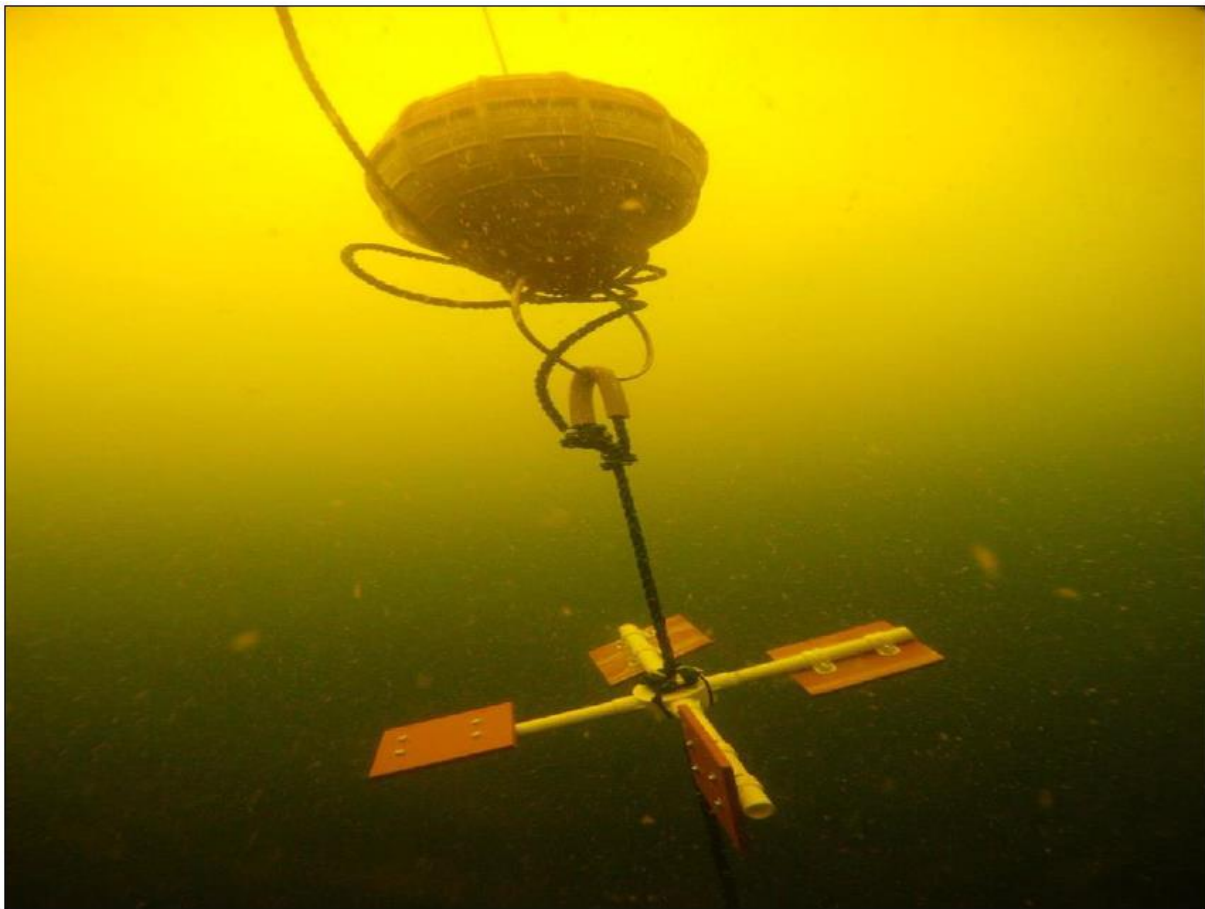
- A detailed model of the coastal erosion and sedimentation build-up was completed and this led to a change in the final jetty length. Driven by expensive aggregates, an alternative design comprising a 'Combi-wall' with sand-filled sheet-piled cells, versus the conventional rubble mound gravity wall, has been adopted for the breakwater with both CAPEX and schedule savings. The marine designs are complete, as are the specification of the transshipment and loading equipment (FAZEL and FCTU vessels), which are currently being costed.
- The Sea Water Intake (SWI), Sea Water Outfall (SWO) and the construction methodology has been finalized.

### Brine outflow optimisation

- The field work component of the ecotoxicological test work required to incorporate marine brine disposal into the Environmental and Social Impact Assessment ("ESIA") has been completed. Test work has commenced at the University of Cape Town with results expected by the end of Q2 2018, for inclusion in the relevant Environmental Management Plans (EMP's).



*Figure 3: Water sample collection at Tchiboula and near the transshipment zone*



*Figure 4 Installation of Invasive Species Monitoring Plates*

#### **Earthworks and Civil design development.**

- The final overall site Plot Plans have been completed for the Process Plant, Mine Site and Accommodation areas and reflect a compact layout to optimize bulk civil and earthworks quantities. Stormwater runoff design has been finalized with controlled discharge into the green zone (sea) effected at the Process Plant using existing or engineered channels..
- The structural steel and foundation design is complete with the optimization of light steel frames for buildings.

## **Accommodation Camps**

- The bids for the construction and operation of the construction accommodation camps have been received and are under adjudication. Considerable effort is being implemented to optimize the camps strategy based on estimates of manpower mobilization from preliminary CAPEX estimates and will be a key focus over the next couple of months.

## **Road infrastructure**

- The geometrical and pavement design of all roads is complete. The stormwater and drainage ditches have been optimized by reducing batters thus allowing for green erosion control. Optimisation of drainage and layer work design is ongoing.

## **Constructability review**

- The second constructability review was completed in December 2017. This exercise identified several areas for further optimisation and the Kore Potash project and FC teams are addressing these areas together.
- The Construction Execution Plan, which integrates the constructability review and the schedule, has been completed and final review comments are being addressed.

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

- The baseline studies for the Kola ESIA amendment were completed during the quarter. The National ESIA amendment will be submitted to the local regulators by Q2 2018.
- Feedback consultations are planned for Q2 2018, which will form part of the International ESIA, to be completed in Q3 2018
- A delegation from the Ministry of Environment was hosted at the project site for the Dougou ESIA, which is expected to be approved by end of Q2 2018.

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

- Initial terms sheets have been submitted to and exchanged with both power and gas (for drying and for self-generating power) supply companies and finalisation of these have been shifted to Q2 2018 while the DFS final loads and consumptions are being completed.
- The Company has received preliminary authorisation for the use of the revised proposed transshipment zone and is expecting the definitive authorization from the Minister shortly. All construction and operation permits required for the implementation of the project are being managed through a joint committee of the Marine Merchant’s representatives.
- Kore Potash is in the process of finalizing the Resettlement Action Plan (“RAP”) in support of the Declaration d’Utilité Publique (“DUP”) process on the project land take area and received the Ministry of Land affairs and Public Domain’s approval to apply for a new DUP covering the whole project land take (mine, OLC, process plant and services corridor) in order to implement the compensation on expropriation at the construction start up only.
- The Company has started preliminary discussions with the Customs with regard to setting up a dedicated dry port for the Kola project clearing process at plant site (Tchiboula).

## **RoC regulatory requirements**

- As previously announced, the Dougou Mining License was granted to Sintoukola Potash S.A. through Presidential Decree n°2017-139 on 9 May 2017 and was published in the Official Gazette on 18 May 2017. On 24 October 2017, the Company submitted the Minister of Mines and Geology's prior approval request of the Dougou Mining License transfer to the operator, the newly incorporated Dougou Potash Mining S.A. in the RoC. This transfer is expected to be approved and implemented through Decree by Q2 2018.
- The mining convention was signed by the RoC Government on 8 June 2017 and became enforceable at that date but is still in the process of being ratified into law by the RoC Parliament.

## **Exploration activity**

No exploration activities were undertaken during the quarter, and no exploration results have been received or are expected.

A new exploration permit 'Sintoukola 2' was granted by decree 2018-34 dated 9 February 2018 and is expected to be gazetted shortly. This permit covers an area of 294 km<sup>2</sup> adjoining the Dougou Mining Lease. The Company is of the view that it is prospective for sylvinite mineralisation, possibly hosted by extensions to the Dougou Extension Sylvinite Prospect. The Company is in the process of finalising the mining research convention terms and conditions.

## **ENDS**

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 Sintoukola Potash S.A. ("SPSA") in the RoC. SPSA has 100% ownership of the Kola Mining Lease within which the Company's lead project, the Kola Sylvinitic deposit is located. SPSA also has 100% ownership of the Dougou Mining Lease within which the Dougou Carnallitic Deposit and the Dougou Extension Prospect are situated.

These projects are easily accessed, being located approximately 80 km to the north of the city of Pointe Noire and 15 to 30 km from 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 Sylvinitic Mineral Resource of 508 Mt grading 35.4 % KCl<sup>2</sup>. A Definitive Feasibility Study ("DFS") which is underway, being conducted by a consortium of world class engineering and construction companies consisting of Technip FMC, Vinci Construction Grands Projets, Egis International and Louis Dreyfus Armateurs (the "French Consortium" or the "FC"). The DFS contract was signed on 28 February 2017 and the study is scheduled to be completed towards the end of Q2 2018, or early Q3 2018.

The Dougou Deposit is 15 km southwest of Kola and is a very large Carnallitic 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 Carnallitic within 4 flat-lying seams<sup>3</sup>. A Scoping Study was completed by ERCOSPLAN of Germany in February 2015<sup>4</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 carnallitic 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>5</sup>. Drilling of 4 additional holes in 2017 intersected sylvinitic of between 27 and 63% KCl over a range of thicknesses<sup>6</sup>.

## Kore Potash's Mineral Resources

	Resource Category	Million Tonnes	Grade KCl %
<b>Kola Sylvinitic Deposit</b>	Measured	216	34.9
	Indicated	292	35.7
	<b>Measured + Indicated</b>	<b>508</b>	<b>35.4</b>
	Inferred	340	34.0
	<b>TOTAL</b>	<b>848</b>	<b>34.8</b>
<b>Kola Carnallitic Deposit</b>	Measured	341	17.4
	Indicated	442	18.7
	<b>Measured + Indicated</b>	<b>783</b>	<b>18.1</b>
	Inferred	1,266	18.7
	<b>TOTAL</b>	<b>2,049</b>	<b>18.5</b>

<sup>2</sup> Announcement dated 6 July 2017: Updated Mineral Resource for the High-Grade Kola Deposit

<sup>3</sup> Announcement dated 9 February 2015: Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit.

<sup>4</sup> Announcement dated 17 February 2015: Results for the Dougou Potash Project Scoping Study

<sup>5</sup> Announcement dated 20 October 2014: Elemental Minerals Announces Exceptional Results from Dougou-Yangala Drilling

<sup>6</sup> Announcement dated 11 September 2017: Dougou Extension Prospect Sylvinitic intersections up to 8.8 m thick within a zone of 8 by 5 km, open laterally



<b>Dougou Carnallitite Deposit</b>	Measured	148	20.1
	Indicated	920	20.7
	<b>Measured + Indicated</b>	1,068	20.6
	Inferred	1,988	20.8
	<b>TOTAL</b>	<b>3,056</b>	<b>20.7</b>
<b>TOTAL MINERAL RESOURCES</b>	Measured	705	23.3
	Indicated	1,653	22.8
	<b>Measured + Indicated</b>	2,358	23.0
	Inferred	3,594	21.3
	<b>TOTAL</b>	<b>5,953</b>	<b>22.0</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 Ingenieuresellschaft 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.