

30 July 2020

## **Kore Potash Plc**

("Kore Potash" or the "Company")

### **Review of Operations for the Quarter ended 30 June 2020**

Kore Potash, the potash exploration and development company whose flagship asset is the 97%-owned Sintoukola Potash Project ("Sintoukola" or the "Project"), located within the Republic of Congo ("RoC"), provides the following quarterly update, for the period to 30 June 2020 (the "Quarter").

#### **Quarterly Highlights:**

- The Dougou Extension ("DX") Pre-feasibility Study ("PFS") results were published on 13 May 2020 with the following highlights:
  - Annual average EBITDA of US\$118 million
  - A Maiden Sylvinite Ore Reserves of 17.7 Mt at a grade of 41.7% KCl
  - Nameplate production target of 400,000 tpa MoP over an initial 18-year life based on Probable Ore Reserves.
  - Real ungeared post tax IRR of approximately 22.9% and NPV10 (real) of approximately US\$319 million on an attributable basis at life-of-mine average MoP price for granular product of US\$422/t MoP (Argus Media's price forecast for DX Project's target markets)
  - Initial pre-production capital cost of approximately US\$286 million (real 2019), including contingency
  - Free on Board ("FOB") Pointe Noire costs of US\$86.61/t MoP
  - Annual average EBITDA of US\$118 million.
- The Company continued to engage with the RoC Government on the implementation of specific commitments contained within the Mining Convention.

#### **Corporate Highlights**

- At 30 June 2020, the Company held USD 1.84 million cash at bank.
- The Company is engaging with its major shareholders as it finalises the work programme and financing plans for the DX DFS and anticipates finalising the planning and commencing activity in the quarter ahead
- The Company held its AGM on 26 June 2020.

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

*"The DX Pre-feasibility Study identified the strong cash generation potential of the DX project and confirmed its low capital cost and low technical risk.*

*We are excited to be progressing to a Definitive Feasibility Study ("DFS") for the DX project and anticipate the work programme for the DFS to be finalised to enable work to commence in the quarter ahead.*

#### **Operational activities**

#### **Dougou Extension Sylvinite Pre-feasibility Study**

During the Quarter, the Company released its PFS on the DX project. The Company reported the following highlights:

### **Strong Financial Outcomes**

- Nameplate production target of 400,000 tpa MoP over an initial 18-year life based on Probable Ore Reserves.
- Average annual EBITDA of US\$118 million.
- Average annual post construction, post-tax, free cash flow of approximately US\$95 million.
- Approximately 4.3 years post-tax payback period from first production.
- Real ungeared post tax IRR of approximately 22.9% and NPV10 (real) of approximately US\$319 million on an attributable basis at life-of-mine average MoP price for granular product of US\$422/t MoP (Argus Media's price forecast for DX Project's target markets).

### **Low capital cost and short construction period improve financing options**

- Initial pre-production capital cost of approximately US\$286 million (real 2019), including contingency.
- Short construction period of 21 months.

### **Competitive costs to supply MoP to target markets**

- Low average mine gate operating costs of US\$65.26/t MoP.
- Free on board (FOB Pointe Noire) costs of US\$86.61/t MoP
- Average cost of MoP delivered to target markets of approximately US\$114.61/t MoP.

### **High quality Ore Reserves and Mineral Resources**

- Sylvinite Ore Reserves of 17.7 Mt at a grade of 41.7% KCl.
- Grade of the Ore Reserves is in the top quartile of all operating potash mines and potash development projects globally.
- Total sylvinite Mineral Resources of 145 Mt at a grade of 39.7% KCl.

### **Further upside potential**

- Ore Reserves tonnage represent 22% of the Indicated Mineral Resources tonnage.
- Inferred Mineral Resources of 66 Mt at a grade of 40.4% KCl not included in the study.
- Additional exploration drilling and/ or seismic surveys in the future may support classification of portions of the additional Mineral Resources of 127.3 tonnes at 39.4% KCl as Ore Reserves.

### **Next steps**

Planning for the DFS is expected to be finalised to enable commencement of the work programme in the Quarter ahead.

There were no mining production or construction activities during the Quarter.

### **Mining Convention and Research Convention**

The Company continues to engage with the RoC Government on the implementation of specific commitments contained within the Mining Convention. This includes the government's approval for 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 Government.

### **Quarterly cashflow report**

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 30 June 2020. Included in those cashflows is CEO salary of approximately USD124,000 settled in cash. The Company also settled outstanding directors' fees for the quarter ended March 2020 through the issue of 7,770,939 ordinary shares, as announced on 7 April 2020.

The Company invested USD2,026 million in exploration in the Quarter and ended the Quarter with USD 1.84 million of cash at bank.

This announcement has been approved for release by the Board.

**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 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 Dougou Extension sylvinite Deposit, the Kola sylvinite and carnallite Deposits, and the Dougou carnallite Deposit. These deposits are within the Dougou and Kola 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 Dougou Extension sylvinitic Deposit contains a total sylvinitic Mineral Resource Estimate of 145 Mt grading 39.7% KCl, hosted by two seams. The results of a Pre-Feasibility Study ("PFS") were announced on 13 May 2020, which determined Ore Reserves of 17.7 Mt with an average grade of 41.7% KCl. Dougou Extension is located 15 km southwest of Kola. The deposit is open laterally; an Exploration Target for the northward extension of sylvinitic was announced on the 21 November 2018.

The Kola sylvinitic Deposit has a Measured and Indicated sylvinitic Mineral Resource Estimate of 508 million tonnes grading 35.4% KCl. The results of a Definitive Feasibility Study ("DFS") were announced on 29 January 2019, which determined Ore Reserves of 152 Mt with an average grade of 32.5% KCl. The deposit is open laterally; an Exploration Target for the Southward extension of sylvinitic was announced on the 21 November 2018.

The Dougou Extension and Kola sylvinitic 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.

#### 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 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 Issued	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.
Sintoukola2 Exploration	Decree 2018-34 of 9 February 2018	100% potassium rights only	Sintoukola Potash S.A.

\* these remain unchanged from the quarter ended 31 March 2020.

#### Kore's Potash Mineral Resource and Ore Reserves - Gross and according to future 90% interest (10% by the RoC government)

KOLA SYLVINITE DEPOSIT		
	Gross	Net Attributable (90% interest)

Mineral	Resource Category	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes
	Measured	216	34.9	75.4	194	34.9	67.8
	Indicated	292	35.7	104.3	263	35.7	93.9
	<b>Sub-Total Measured + Indicated</b>	<b>508</b>	<b>35.4</b>	<b>179.7</b>	<b>457</b>	<b>35.4</b>	<b>161.7</b>
	Inferred	340	34.0	115.7	306	34.0	104.1
	<b>TOTAL</b>	<b>848</b>	<b>34.8</b>	<b>295.4</b>	<b>763</b>	<b>34.8</b>	<b>265.8</b>

Ore Reserve Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes
Proved	62	32.1	19.8	56	32.1	17.9
Probable	91	32.8	29.7	82	32.8	26.7
<b>TOTAL</b>	<b>152</b>	<b>32.5</b>	<b>49.5</b>	<b>137</b>	<b>32.5</b>	<b>44.6</b>

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

DOUGOU EXTENSION SYLVINITE DEPOSIT (HWSS and TSS)							
Mineral	Resource Category	Gross			Net Attributable (90% interest)		
		Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes
	Measured	-	-	-	-	-	-
	Indicated	79	39.1	30.8	71	39.1	27.7
	<b>Sub-Total Measured + Indicated</b>	<b>79</b>	<b>39.1</b>	<b>30.8</b>	<b>71</b>	<b>39.1</b>	<b>27.7</b>
	Inferred	66	40.4	26.7	59	40.4	24.0
	<b>TOTAL</b>	<b>145</b>	<b>39.7</b>	<b>57.5</b>	<b>130</b>	<b>39.7</b>	<b>51.8</b>

Ore Reserve Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes	Sylvinite Million Tonnes	Average Grade KCI %	Contained KCI million tonnes
Proved	-	-	-	-	-	-
Probable	17.7	41.7	7.4	16	41.7	6.6
<b>TOTAL</b>	<b>17.7</b>	<b>41.7</b>	<b>7.4</b>	<b>16</b>	<b>41.7</b>	<b>6.6</b>

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

DOUGOU CARNALLITE DEPOSIT							
Mineral	Resource Category	Gross			Net Attributable (90% interest)		
		Million Tonnes carnallite	Average Grade KCI %	Contained KCI million tonnes	Million Tonnes carnallite	Average Grade KCI %	Contained KCI million tonnes
	Measured	148	20.1	29.7	133	20.1	26.8
	Indicated	920	20.7	190.4	828	20.7	171.4

<b>Sub-Total Measured + Indicated</b>	<b>1,068</b>	<b>20.6</b>	<b>220.2</b>	<b>961</b>	<b>20.6</b>	<b>198.2</b>
Inferred	1,988	20.8	413.5	1789	20.8	372.2
<b>TOTAL</b>	<b>3,056</b>	<b>20.7</b>	<b>633.7</b>	<b>2750</b>	<b>20.7</b>	<b>570.3</b>

<b>KOLA CARNALLITE DEPOSIT</b>							
		<b>Gross</b>			<b>Net Attributable (90% interest)</b>		
<b>Mineral</b>	<b>Resource Category</b>	<b>Million Tonnes carnallite</b>	<b>Average Grade KCl %</b>	<b>Contained KCl million tonnes</b>	<b>Million Tonnes carnallite</b>	<b>Average Grade KCl %</b>	<b>Contained KCl million tonnes</b>
Measured		341	17.4	59.4	307	17.4	53.5
Indicated		441	18.7	82.6	397	18.7	74.4
<b>Sub-Total Measured + Indicated</b>		<b>783</b>	<b>18.1</b>	<b>142.0</b>	<b>705</b>	<b>18.1</b>	<b>127.8</b>
Inferred		1,266	18.7	236.4	1140	18.7	212.8
<b>TOTAL</b>		<b>2,049</b>	<b>18.5</b>	<b>378.5</b>	<b>1844</b>	<b>18.5</b>	<b>340.6</b>

### Competent Persons Statements

All Mineral Resource and Ore Reserves are reported in accordance with the JORC Code (2012 edition). Numbers are rounded to the appropriate decimal place. Rounding 'errors' may be reflected in the "totals". 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 Dougou carnallite Mineral Resource estimate was reported on 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 is reported herein. Ms. Vanessa Santos, P.Geo. of Agapito Associates Inc., for the Exploration Results and Mineral Resources. Ms. Santos is a licensed professional geologist in South Carolina (Member 2403) and Georgia (Member 1664), USA, and is a registered member (RM) of the Society of Mining, Metallurgy and Exploration, Inc. (SME, Member 04058318). 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.

### Forward-Looking Statements

This release contains certain statements that are "forward-looking" with respect to the financial condition, results of operations, projects and business of the Company and certain plans and objectives of the management of the Company. Forward-looking statements include those containing words such as: "anticipate", "believe", "expect", "forecast", "potential", "intends", "estimate", "will", "plan", "could", "may", "project", "target", "likely" and similar expressions identify forward-looking statements. By their very nature forward-looking statements are subject to known and unknown risks and uncertainties and other factors which are subject to change without notice and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct, which may cause the Company's 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. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur. Except as required by law, and only to the extent so required, none of the Company, its subsidiaries or its or their directors, officers, employees, advisors or agents or any other person shall in any way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatever nature arising in any way out of, or in connection with, the information contained in this document.