

Kore Potash Plc

("Kore Potash" or the "Company")

Financial Report for the Half Year Ended 30 June 2021

Kore Potash plc (KP2:AIM, KP2:ASX, KP2:JSE), the potash development company with 97%-ownership of the Kola and DX Potash Projects in the Sintoukola Basin, located within the Republic of Congo ("RoC"), is pleased to provide its financial statements for the half year ended 30 June 2021 (the "Period"). The full report, with accompanying notes, is available for download on the Company's website:

<https://korepotash.com/investors/results-and-reports>.

HIGHLIGHTS

- On the 6 April 2021 the company signed a non-binding Memorandum of Understanding ("MoU") with Summit Africa Limited ("Summit"), on behalf of a consortium of investors and engineering firms, to arrange the total financing required for the construction of the Kola Potash Project ("Kola")
 - The MoU outlines a roadmap to optimise the capital design, fully finance and construct Kola via a mix of debt and royalty financing.
 - The MoU was signed in the Minister of Mines offices in Brazzaville with the Minister and his key staff present. Under the proposed financing arrangements, the RoC Government retain their 10% shareholding in the Kola project.
 - During the Period, Summit and their technical partner SEPCO Electric Power Construction Corporation ("SEPCO"), signed the Optimisation Agreement to undertake a study "Optimisation Study" to reduce Kola's capital cost with a target of less than US\$1.65 billion ("Target Capex"). A team of representatives from Kore, ENFI (a key subcontractor to SEPCO) and the RoC Minister of Mines completed a Kola site visit and data handover. The optimisation study work has commenced with regular updates provided to the Kore team.
 - Under the Consortium's proposed financing structure, the Company will not be required to contribute to the capital needed to build the Kola project and will retain a 90% equity interest in Kola.
- During the Period the Company successfully raised US\$14,024,596 through equity funding.
 - On 8 April 2021, the Company successfully completed an oversubscribed fundraising. A total of 823,475,618 New Ordinary Shares were issued at the Placing Price of 1.1 pence (2.0 Australian cents) for a total value of US\$12.6 million (the "Fundraise"), exceeding the initial US\$11.0 million target.
 - Subsequent to the fundraise, the Oman Investment Authority ("OIA"), Kore's largest shareholder, in line with its rights under their investment agreement with the Company, subscribed for 92,226,613 New Ordinary Shares in the Company at the Placing Price for a total cash consideration of \$1.4 million.
- The DX DFS Phase 1 results were published on 27 May 2021 with the following highlights:
 - The Phase 1 work program for the DFS was completed on budget including the drilling of seven diamond drill holes and geochemical testing.
 - Key technical studies and laboratory test work for Phase 1 of the DX DFS that were completed.
 - Work has commenced to develop an improved geological model for the DX deposit incorporating all recent drilling information and is expected to be completed before the end of 2021. The completion of this work may result in a re-estimation of the DX Mineral Resources.
- Cash and cash equivalents, at 30 June 2021 was US\$14,163,074.
- The exploration and evaluation asset at 30 June 2021 was US\$170,592,485 a decrease of US\$1,433,265 from US\$172,025,750 at 31 December 2020 due to the strengthening of the RoC currency. During the Period the Company capitalised US\$3,957,328 in exploration and evaluation expenditure.

- The Coronavirus (“COVID-19”) pandemic is ongoing and it did not have a material impact on the Company’s operations during the Period.
- During the Period the Company did not renew the Sintoukola 2 exploration permit. The Company had not done any exploration work on the Sintoukola 2 permit area and continues its focus on the development of the Kola and DX projects.

OPERATIONAL ACTIVITIES

Kola Potash Project

- The Company signed a non-binding MoU with Summit, on behalf of a consortium of investors and engineering firms, to potentially arrange the total financing required for the construction of Kola in the presence of the Minister of Mines and his key staff in Brazzaville.
- The Summit Consortium includes:
 - BRP Global, headquartered in Abu Dhabi, who would provide royalty financing in conjunction with product offtake;
 - SEPCO, an international engineering and construction group headquartered in Jinan, China and with offices in Dubai and a wholly owned subsidiary of Power Construction Corporation of China (POWER CHINA). SEPCO will be the Engineering Procurement and Construction (“EPC”) contractor for Kola within the Summit Consortium. SEPCO has significant construction experience globally across a range of industries, including power, oil and gas chemical, energy-reduction and environmental protection and infrastructure projects. SEPCO has completed major construction projects in 25 countries, including 44 EPC contracts in 11 countries with 7 of these in Africa. In addition to its construction capability, SEPCO will also assist in arranging the debt financing for Kola; and
 - China ENFI Engineering Corporation (“ENFI”), subcontracted by SEPCO and headquartered in Beijing, is a significant engineering group with specific mining, processing, and potash experience. ENFI is a mining technology leader in China and has provided technical services for the design and construction of more than 400 mining operations around the world. ENFI’s potash specific experience includes design and construction of an underground potash mine in southeast Asia.
- Representatives of the key engineering partner of the Summit Consortium, SEPCO and the Company met with the RoC Minister of Mines and his staff in Brazzaville. A site inspection at the Kola Project was conducted with representatives from ENFI a subcontractor to SEPCO, and delegates from the Ministry of Mines.
- The Company and the Summit Consortium signed the Optimisation Agreement for Kola on terms congruent with the MoU announced by the Company on 6 April 2021.
- SEPCO and its subcontractor ENFI commenced work on the Optimisation Study for Kola. Further Kola Project data was sent to SEPCO to facilitate the Optimisation Study. The study considers capital cost reduction initiatives in most project areas including mine design, underground access, material transportation system, processing plant design and location, key infrastructure design and marine facilities.
- The Company will contribute a maximum of US\$950,000 to the Optimisation Study costs. SEPCO will cover the remaining 50% of the estimated costs of the study.

Next Steps

- The Optimisation Agreement requires the Summit Consortium to provide an interim report by the end of September 2021 and complete the Optimisation Study by 29 January 2022.

Dougou Extension (DX) Sylvinite Defined Feasibility Study Phase 1

During the half year, the Company released its update on the DX project. The Company reported the following highlights:

- The seven hole diamond drill program for Phase 1 of the DX DFS was completed, and assay results were received.

- Analysis of the drill hole logs and assay results from the drilling campaign has:
 - Confirmed the locations of the targeted Hanging wall and Top potash seams.
 - Improved confidence in the distribution of sylvinitic within the Top Seams (“TS”).
 - Demonstrated that the sylvinitic / carnallite boundary within the Hanging Wall Seam (“HWS”) is structurally controlled and the sylvinitic distribution is more complex than modelled in the Pre-Feasibility Study.
 - Identified areas containing carnallite that will be excluded and not considered for extraction in future mine planning for the DX project.
 - Indicated that further drill hole and seismic information may be required to have confidence in the distribution of sylvinitic in the HWS.
- Key technical studies and laboratory test work for Phase 1 of the DX DFS that were completed include:
 - Dissolution testwork to provide improved data for temperature brine-modelling.
 - Laboratory testing of rock mechanics properties to assist in the determination of cavern stability, the possible extent of reservoir mining and expected subsidence over the project life.
 - Production well design to provide specifications for future capital cost estimating.
 - Cavern blanket design parameters (to control cavern formation) to provide specifications for future capital cost estimating.
- Work completed in Phase 1 of the DX DFS has been completed within the planned budget.

Next Steps

- Before proceeding further with the DX DFS, the Company plans to:
 - Develop a new geological model for the DX deposit incorporating the results of the recent drilling campaign. This work has commenced with completion expected before the end of 2021.
 - Determine using the new modelling whether further drill hole and seismic information may be required to further improve confidence in the distribution of Sylvinitic and Carnallite within the DX Deposit.

Environmental and social impact assessment (“ESIA”)

- The Minister of Tourism and Environment of the RoC issued certificates on 31 March 2020 granting a 25-year approval period for the ESIA’s for both the Dougou and the Kola Mining Licences. This approval aligned with the provisions of the Mining Convention in place between the Government and Korea and eliminated the previous requirement for annual re-approvals. The Company plans in the future to seek approval for amendments to the ESIA for the Dougou Mining Licence to include the planned mining and processing of the DX sylvinitic Deposit which sits within the Dougou Mining Licence.

Mining Convention and Research Convention

- The Company continues to engage with the RoC Government to implement the 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.

Impact of COVID-19

- COVID-19 has not had a material adverse impact on the Company’s activities during the Period.
- Within the RoC, the State of Health Emergency concerning COVID-19 remains in force.
- The Group’s employees within the RoC have implemented social distancing, wearing of masks, temperature monitoring and hand sanitisation procedures to mitigate the risk of contracting COVID-19.
- All recruits working in-country are required to undergo a COVID-19 test before being employed and anyone visiting the operations from abroad is required to test negative for COVID-19 before travelling.
- Korea maintained full business continuity in country in Pointe Noire and at Koutou through teleworking, Company transportation for employees, and controlled access to facilities to ensure full attendance.

- Assistance to local schools in the project impact zone was provided (masks, hand washing equipment).

GOING CONCERN

The 30 June 2021 half-yearly report has been prepared on a going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. In determining the appropriateness of the basis of preparation, the directors have considered the impact of COVID-19 on the position of the Group at 30 June 2021 and its operations in future periods.

Cash and cash equivalents, at 30 June 2021 were US\$14,163,074 (30 June 2020: US\$1,839,826) the increase was driven by the successful fundraise of US\$14,024,596 announced on 8 April 2021. For the Period ended 30 June 2021 the Group recorded a net loss of US\$1,290,440 (30 June 2020: US\$1,320,961) and at 30 June 2021 had a net working capital of US\$12,910,909 (31 December 2020: US\$4,993,998). The Group also recorded a net cash used in operating activities for the Period ended 30 June 2021 of US\$1,036,777 (30 June 2020: US\$1,367,781).

The Group's financial projections and cash flow forecasts covering a period of more than twelve months from the date of approval of these financial statements show that, as a result of the successful fundraising in the review Period, the Group will have sufficient available funds in order to meet its contracted and committed expenditure.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR
THE 6 MONTHS ENDED 30 JUNE 2021**

	6 months ended 30 June 2021 USD Unaudited	6 months ended 30 June 2020 USD Unaudited	Year ended 31 Dec 2020 USD Unaudited
Directors' remuneration	(347,603)	(279,640)	(834,760)
Equity compensation benefits	(47,010)	71,556	(176,388)
Salaries, employee benefits and consultancy expense	(505,250)	(522,926)	(1,150,649)
London listing expenses	(33,609)	(30,065)	(68,374)
Administration expenses	(385,581)	(573,539)	(985,438)
Fair value change of a derivative financial liability	-	1,027	1,027
Interest income	9,803	27,468	30,116
Interest and finance expenses	(2,455)	(9,760)	(10,204)
Net realised and unrealised foreign exchange loss	21,265	(6,056)	42,800
Loss before income tax expense	(1,290,440)	(1,321,935)	(3,151,870)
Income tax income/(expense)	-	974	7,698
Loss for the period	(1,290,440)	(1,320,961)	(3,144,172)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences gain/(loss) on translating operations	(5,477,438)	1,161,844	11,321,754
Other comprehensive loss for the period	(5,477,438)	1,161,844	11,321,754
Total comprehensive loss for the period	(6,767,878)	(159,117)	8,177,582
Loss attributable to:			
Owners of the Company	(1,289,516)	(1,344,225)	(3,141,042)
Non-controlling interest	(924)	23,264	(3,130)
	(1,290,440)	(1,320,961)	(3,144,172)
Total comprehensive loss attributable to:			
Owners of the Company	(6,766,954)	(182,381)	8,180,712
Non-controlling interest	(924)	23,264	(3,130)
	(6,767,878)	(159,117)	8,177,582
Loss per share			
Basic and diluted loss per share (cents per share)	(0.05)	(0.09)	(0.17)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30
JUNE 2021**

	30 June 2021	30 June 2020	31 Dec 2020
	USD	USD	USD
	Unaudited	Unaudited	Unaudited
ASSETS			
Current Assets			
Cash and cash equivalents	14,163,074	1,839,826	5,555,000
Trade and other receivables	120,960	284,306	225,044
Total Current Assets	14,284,034	2,124,132	5,780,044
Non-Current Assets			
Trade and other receivables	96,005	178,846	99,436
Property, plant and equipment	516,026	520,071	542,418
Exploration and evaluation expenditure	170,592,485	159,552,021	172,025,750
Total Non-Current Assets	171,204,516	160,250,938	172,667,604
TOTAL ASSETS	185,488,550	162,375,070	178,447,648
LIABILITIES			
Current Liabilities			
Trade and other payables	1,373,099	671,918	786,020
Derivative financial liability	26	26	26
Total Current Liabilities	1,373,125	671,944	786,046
Non-Current Liabilities			
Total Non-Current Liabilities	-	-	-
TOTAL LIABILITIES	1,373,125	671,944	786,046
NET ASSETS	184,115,425	161,703,126	177,661,602
EQUITY			
Issued share capital – Ordinary Shares	3,375,494	1,556,531	2,451,768
Reserves	236,078,936	221,629,143	238,515,593
Accumulated losses	(54,775,497)	(60,946,359)	(62,743,176)
Equity attributable to the shareholders of Kore Potash plc	184,678,933	162,239,315	178,224,185
Non-controlling interests	(563,508)	(536,189)	(562,583)
TOTAL EQUITY	184,115,425	161,703,126	177,661,602

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2021

	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 2020	2,451,768	32,004,080	203,738,800	(62,743,176)	9,866,536	(7,093,823)	178,224,185	(562,583)	177,661,602
Loss for the period	-	-	-	(1,289,516)	-	-	(1,289,516)	(924)	(1,290,440)
Other comprehensive (loss)/gain	-	-	-	-	-	(5,477,438)	(5,477,438)	-	(5,477,438)
Total comprehensive (loss)/gain	-	-	-	(1,289,516)	-	(5,477,438)	(6,766,954)	(924)	(6,767,878)
Transactions with owners:									
Issue of shares									
Share Issue expense	917,702	13,106,894	-				14,024,596	-	(14,024,596)
Transfer of lapsed options		(931,462)		9,257,195)	(9,257,195)		(931,462)		931,462)
Conversion of performance rights	6,024	53,738					59,762		59,762
Share based payments			-		68,805		68,805	-	68,805
Balance at 30 June 2020	3,375,494	44,233,251	203,738,800	(54,775,497)	678,146	(12,571,261)	184,678,933	(563,507)	184,115,425

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2021

	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 2020	1,541,253	25,573,592	203,738,800	(60,584,489)	10,439,608	(18,415,577)	162,293,187	(559,453)	161,733,734
Loss for the period	-	-	-	(1,344,225)	-	-	(1,344,225)	23,264	(1,320,961)
Other comprehensive (loss)/gain	-	-	-	-	-	1,161,844	1,161,844	-	1,161,844
Total comprehensive (loss)/gain	-	-	-	(1,344,225)	-	1,161,844	(182,381)	23,264	(159,117)
Transactions with owners:									
Issue of shares (net of costs)	-	(6,330)	-	-	-	-	(6,330)	-	(6,330)
Transfer of lapsed options	-	-	-	127,825	(127,825)	-	-	-	-
Conversion of performance rights	3,508	(3,008)	-	212,111	(212,111)	-	500	-	500
Cancellation of performance rights	-	-	-	642,419	(642,419)	-	-	-	-
Share based payments	11,770	81,288	-	-	41,281	-	134,339	-	134,339
Balance at 30 June 2020	1,556,531	25,645,542	203,738,800	(60,946,359)	9,498,534	(17,253,733)	162,239,315	(536,189)	161,703,126

CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2021

	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 2020	1,541,253	25,573,592	203,738,800	-	(60,584,489)	10,439,608	(18,415,577)	162,293,187	(559,453)	161,733,734
Loss for the year	-	-	-	-	(3,141,042)	-	-	(3,141,042)	(3,130)	(3,144,172)
Other comprehensive (loss)/gain	-	-	-	-	-	-	11,321,754	11,321,754	-	11,321,754
Total comprehensive (loss)/gain	-	-	-	-	(3,141,042)	-	11,321,754	8,180,712	(3,130)	8,177,582
Transactions with owners:										
Transfer of previously lapsed options	-	-	-	-	127,825	(127,825)	-	-	-	-
Conversion of performance rights	3,508	-	-	-	212,111	(212,111)	-	3,508	-	3,508
Cancellation of performance rights	-	-	-	-	642,419	(642,419)	-	-	-	-
Share issue	886,217	6,633,407	-	-	-	-	-	7,519,624	-	7,519,624
Share issue costs	-	(281,199)	-	-	-	-	-	(281,199)	-	(281,199)
Share based payments	20,790	78,280	-	-	-	409,283	-	508,353	-	508,353
Balance at 31 Dec 2020	2,451,768	32,004,080	203,738,800	-	(62,743,176)	9,866,536	(7,093,823)	178,224,185	(562,583)	177,661,602

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2021

	6 months ended 30 June 2021 USD Unaudited	6 months ended 30 June 2020 USD Unaudited	Year ended 31 Dec 2020 USD Audited
Cash Flows from Operating Activities			
Payments to suppliers and employees	(1,036,777)	(1,368,755)	(4,030,579)
Income tax received/(paid)	-	974	7,691
Net cash flows used in operating activities	(1,036,777)	(1,367,781)	(4,022,888)
Cash Flows from Investing Activities			
Payments for plant and equipment	(22)	(1,015)	(15,664)
Payments for exploration and evaluation	(3,491,856)	(4,350,371)	(5,262,603)
Interest received	9,803	27,468	30,116
Net cash flows used in investing activities	(3,482,075)	(4,323,918)	(5,248,151)
Cash Flows from Financing Activities			
Payment for share issue costs	(931,462)	-	(281,199)
Proceeds from issue of shares	14,024,596	500	7,519,624
Repayment of lease liabilities related to offices	-	(12,052)	(12,171)
Interest paid on lease liabilities	-	(191)	(192)
Net cash flows (used in)/generated from financing activities	13,093,134	(11,743)	7,226,062
Net (decrease)/increase in cash and cash equivalents			
Equivalents	8,574,282	(5,703,442)	(2,044,977)
Cash and cash equivalents at beginning of period	5,555,000	7,578,727	7,578,727
Foreign currency differences	33,792	(35,459)	21,250
Cash and Cash Equivalents at Period End	14,163,074	1,839,826	5,555,000

The above tables should be read in conjunction with the full half yearly report, which is available for download on the Company's website: <https://korepotash.com/investors/results-and-reports/>.

****END****

This announcement has been approved for release by the Board of Kore Potash plc.

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