

28 June 2022

Kore Potash Plc

("Kore Potash", "Kore" or the "Company")

Kore signs Heads of Agreement for construction of Kola

Kore Potash, (AIM: KP2, ASX: KP2, JSE:KP2) 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 announce that it has signed a Heads of Agreement for the construction of the Kola Potash Project ("Kola").

Highlights

- Construction Heads of Agreement ("HoA") signed with SEPCO Electric Power Construction Corporation ("SEPCO") to construct Kola.
- Agreement signed in the presence of the Minister of State and Minister of Mining, Industry and Geology of the Republic of Congo, Mr Pierre Oba.
- The HoA recognises the recent Kola optimisation study outcomes and confirms:
 - Kola is designed with capability to produce 2.2 Mtpa of granular Muriate of Potash ("MoP") over an initial 31-year life;
 - the Kola construction period will be 40 months;
 - the capital cost to construct Kola will be US\$1.83 billion;
 - the capital cost of the underground works component of Kola may be reviewed following completion of additional investigations by SEPCO during the pre-construction engineering design phase;
 - the Engineering, Procurement and Construction ("EPC") contract will be based on the Fédération Internationale Des Ingénieurs-Conseils ("FIDIC") silver book 2017; and
 - SEPCO will continue negotiations with Kore with a view to finalising all EPC terms and presenting the completed EPC construction proposal to Kore in August 2022.
- The Summit Consortium ("Consortium") have reaffirmed their commitment to provide Kore with a financing proposal for the full construction cost of Kola, and that the financing proposal will be provided after Kore has received the EPC proposal and has agreed with SEPCO on the key EPC terms.

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

The Heads of Agreement with SEPCO reconfirms their commitment to advance from the completed Kola optimisation phase, to construction contract formation and then into construction of Kola. We look forward now to receiving the EPC contract proposal."

Heads of Agreement

Kore Potash signed a Heads of Agreement for the construction of Kola in the presence of the Minister of State and Minister of Mining, Industry and Geology of Congo, Mr Pierre Oba. Following the signing

of the HoA, the Minister of State commented that, the Kola project is of vital international interest and congratulated Kore Potash on the successful outcome of negotiations with SEPCO.

The HoA confirms the timeline for SEPCO to complete their discussions with Kore ahead of presenting the Company an EPC construction contract proposal for Kola. It also provides additional clarity on matters that SEPCO are required to finalise in advance of presenting Kore with the construction contract proposal.

The HoA provides for:

- Kola to be designed and constructed as a conventional underground potash mine and processing plant producing up to 2.2 million tonnes per annum of granular MoP over an initial 31 year life.
- The granular MoP produced by Kola will be at a minimum quality of 95.3 % KCl in line with international standards.
- The capital cost to construct Kola will be US\$1.83 billion as detailed in the announcement “Kola Optimisation Study” on 27 June 2022 and the construction period will be 40 months.
- A breakdown of the Kola Capital Cost is show in the table below:

Table 1: Estimated Capital Cost for Kola Project

<u>Description</u>	<u>Estimated Cost (USD million)</u>
Mine Area	361.7
Process Area	453.4
Tailings Disposal	0
Roads	51.6
Marine Facilities	166.9
General Infrastructures	236.7
<u>Sub-Total Direct Costs</u>	<u>1,270.3</u>
Construction Supervision	74.9
Pre-Comm. / Comm- /Start-up Supervision	28.5
Home Office Services	154.3
Miscellaneous	8
<u>Sub-Total Services & Misc.</u>	<u>265.7</u>
<u>Sub-Total Technical Cost</u>	<u>1,536.0</u>
Owner's Costs	118.8
Escalation, contingency and margin	172.6
<u>Total Capital Costs</u>	<u>1,827.4</u>

- During the preconstruction engineering design phase, the HoA provides SEPCO with an opportunity to adjust the costs related to the underground mine portion of the works. SEPCO's current capital cost is based in part upon information collected during the Definitive Feasibility Study phase, some of which SEPCO continue to review. Should the final agreed quantities of materials and labour or the underground construction period differ materially from the baseline, SEPCO will be able to adjust proportionately. The underground portion of the works (excluding equipment and infrastructure) is currently estimated as US\$164 million, which represents 9% of the total Kola capital cost
- SEPCO will also be able to adjust the capital cost if Chinese RMB or Congolese FCFA currency exchange rates to the US dollar vary materially prior to commencement of the works. In such circumstance only the cost of affected works or components may be adjusted.
- SEPCO will provide Kore with a binding construction contract proposal based on FIDIC Silver book 2017 terms in August 2022.

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

Kola Financing

Kore continues to work with the Consortium on the financing of Kola. SEPCO are the engineering and construction partner of the Consortium. Under the Memorandum of Understanding signed with the Summit Consortium and announced 6 April 2021 the Consortium have agreed to provide a royalty and debt financing proposal for the complete construction cost of Kola.

The next key milestone in the financing process is the delivery of the EPC construction contract proposal to Kore.

The Consortium have advised that they will provide the financing proposal to Kore after Kore's receipt of the EPC proposal and Kore's agreement with SEPCO on key terms of the proposal.

Market Abuse Regulation

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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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.

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In particular, statements in this 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 Mineral Resource estimates market prices of potash, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, 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. Shareholders are

cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. The forward-looking statements are based on information available to the Company as at the date of this release. Except as required by law or regulation (including the ASX Listing Rules), the Company is under no obligation to provide any additional or updated information whether as a result of new information, future events, or results or otherwise.

Summary information

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