



KORE POTASH LIMITED

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DIRECTORS

Chairman: David Hathorn
CEO: Sean Bennett
Non-exec Director: Jonathan Trollip
Non-exec Director: Leonard Math
Non-exec Director: Timothy Keating
Non-exec Director: Pablo Altimiras

ISSUED CAPITAL

(As at – 28 February 2017)
733.8m Ordinary Shares
ASX Code: K2P

WORLD-CLASS ENGINEERING AND CONSTRUCTION CONSORTIUM TO DELIVER KOLA DEFINITIVE FEASIBILITY STUDY

Highlights:

- **Contracts signed with a consortium of world-class French engineering and construction companies - TechnipFMC, VINCI Constructions Grands Projets, Egis and Louis Dreyfus Armateurs**
- **The Consortium and Kore have agreed contractual terms for the provision of:**
 - **A 14-month Definitive Feasibility Study on the Kola project, including significant Front End Engineering Design work**
 - **The provision of a fixed price binding Engineering Procurement and Construction proposal within three months of the DFS completion**
- **Highly experienced owners project team to manage DFS with an average of 25 years mining experience per person**
- **Agreement with fertiliser group SQM to provide additional technical support in managing the DFS**

Perth, Australia 28 February 2017 – Kore Potash Limited (ASX K2P) ('Kore' or the 'Company') is pleased to announce that it has signed a contract with TechnipFMC, VINCI Construction Grands Projets, Egis and Louis Dreyfus Armateur ("**French Consortium**"), for the implementation of the Kola 2 Mtpa Definitive Feasibility Study (the "**DFS**"). The DFS contract is scheduled to be completed within 14 months including significant Front End Engineering Design ("**FEED**") work. In addition, the DFS contract provides a commitment that the French Consortium will provide a Fixed Price Binding EPC proposal, for Kola, within three months of the completion of the DFS.

The signing of the DFS Contract is a key step in Kore's development plans for the Kola Potash Project in the Republic of Congo ("**ROC**") following the \$45m fund raise and the introduction of two new major investors, and future offtake partners, in NYSE global agricultural minerals group SQM and SGRF, the Sovereign Wealth Fund of Oman.

Merits of the DFS Contract Structure

- **Fixed price construction** The French Consortium is made up of engineering and construction companies who will work together on the DFS allowing them to put a binding fixed price Engineering, Procurement and Construction ("EPC") proposal to the Company within three months of completion of the DFS. This EPC proposal will effectively ensure that the construction costs for Kore are fixed and if the EPC proposal is accepted, will provide significant comfort to future potential financiers of the project.



- **World class partners** The entire consortium is made of leading companies in their relevant fields. For instance, TechnipFMC employs over 44,000 people, operating in 48 countries around the world and is listed on the Paris Euronext and NYSE. VINCI is one of the largest engineering companies in the world, by revenue, employing over 185,000 people, revenues of over Euro38bn, and has operated in the ROC since 1963.
- **Contractual risk mitigation** Acting jointly and severally during the DFS and the EPC phases, the French Consortium will endorse the DFS engineering studies for the purpose of the EPC phase which, assuming the EPC proposal is accepted, will bring certainty on contractual liability between two critical phases of the mining project development.
- **Optimized contractual relationship management** The EPC contract terms and conditions will be negotiated during the DFS timeline with the aim of closing contractual discussion no later than 2 months following the EPC proposal submission.
- **Reduction in timeframes** As the construction company is involved in the DFS preparation the French Consortium are able to use this process to prepare the Fixed Price EPC in parallel and submit a binding proposal within three months of completion of the DFS. It is not uncommon for Fixed price EPC proposals to only be submitted 12-24 months after the DFS.
- **ROC experience** The French Consortium has years of experience of designing and constructing projects in the ROC. TechnipFMC has been the lead construction company for the \$10 billion Moho Nord oil project developed by Total in the ROC. This experience is critical to the preparation of the DFS and ensuring that country specific issues are taken into account.

Large scale construction projects present a variety of material risks which companies have to mitigate. For example:

- Providing comfort to financiers as to the overall construction costs
- Protecting stakeholders against cost overruns especially in relation to changes in the mine design and substantial time overruns during construction
- Fully assessing the construction risks in emerging markets at the DFS stage
- Optimising the timetable from DFS through to receiving a fixed price EPC proposal

Recognising these risks, Kore decided to work with world class partners in the French Consortium so as to provide as much certainty as possible on the quantum of overall costs, limit the risk of cost overruns, access the best construction and design expertise all within an accelerated timetable.

In return for the construction companies early stage commitment to the DFS process (including FEED) and to enable them to submit their EPC on such an accelerated timeframe (which requires the French Consortium to prepare the EPC proposal in parallel with the DFS process) Kore has agreed to the French Consortium having exclusivity over the EPC proposal. The exclusivity period will last for 5 years or until the EPC contract is executed (if earlier). The exclusivity is only breached by Kore signing an EPC with another party. In this event Kore would be liable to pay a break fee of US\$25 million if the breach occurred before the consortium submits a compliant EPC proposal and a fee of US\$50 million if the breach is after a



compliant EPC proposal is submitted. However, the exclusivity only remains in force if both the DFS and EPC proposals are compliant with certain criteria including:

- being bankable and competitive,
- the DFS being developed in line with sound industry practices and service standards,
- assisting the Company in achieving its objectives (including achieving the lowest realistic capex and opex),
- the EPC proposal being consistent with the DFS,
- the DFS and EPC being submitted on time,
- and the EPC proposal being in compliance with pre-agreed EPC key terms.

In addition, the DFS and EPC proposal will be prepared on a fully open book basis giving Kore complete comfort that the proposals are competitive and of the highest standard.

The DFS will be developed to a cost accuracy of +/-10% as required for the French Consortium's binding EPC proposal submission as well as to facilitate the financing of construction.

As part of the DFS process the French Consortium is also contracted to assist Kore in relation to sourcing of financing. This specifically relates to the sourcing of equipment so as to maximise the amount of potential export credit agency opportunities, which is an important part of the expected overall financing package.

Project management

In order to manage Kore's interests and project objectives during the DFS, Kore has recruited an experienced project owners team, consisting of permanent employees and dedicated contractors, with an average of 25 years global mining experience per person.

Kore's major shareholder and off-take partner, SQM, has also agreed to dedicate up to 200 senior management man hours per month, over the next 14 months, to inject their technical expertise into the project to ensure that the DFS produces the most optimal solution for the Company. SQM, as a distributor of a variety of industrial and agricultural chemicals around the globe, will also apply its expertise of distributing Potash into 110 countries to assist Kore on its product marketing strategy.

Sean Bennett, Chief Executive Officer of Kore, commented

"It is a great privilege for Kore to be able to partner with some of the world's leading engineering and construction companies, that make up the French Consortium, which will deliver the Kola DFS as well as a fixed price binding EPC proposal. The structure of this agreement de-risks so many aspects of the Kola Potash Project for our stakeholders. The French Consortium's expertise in designing and constructing complex, large scale projects around the world, particularly in the Republic of Congo (Congo Brazzaville), means that I am certain we couldn't be partnering with a better team. The benefits of having a supportive major shareholder in SQM assisting us across various areas of the project means that our highly experienced project management team have the very best opportunity to deliver one of the lowest opex potash projects in the world at the lowest realistic capex."



- ENDS -

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About VINCI - www.vinci.com

VINCI is a global player in concessions and construction, employing more than 185,000 people in some 100 countries. They design, finance, build and operate infrastructure and facilities that help improve daily life and mobility for all. Because they believe in all-round performance, above and beyond economic and financial results, they are committed to operating in an environmentally and socially responsible manner. And because their projects are in the public interest, they consider that reaching out to all their stakeholders and engaging in dialogue with them is essential in the conduct of our business activities.

Total annual revenues stood at €38.1 billion in 2016

About TECHNIP S.A. - www.technip.com/en

TechnipFMC is a global leader in subsea, onshore/offshore, and surface projects. With their proprietary technologies and production systems, integrated expertise, and comprehensive solutions, they are transforming their clients' project economics. They are uniquely positioned to deliver greater efficiency across project lifecycles from concept to project delivery and beyond. Through innovative technologies and improved efficiencies, their offering unlocks new possibilities for their clients in developing their resources. Each of their 44,000 employees is driven by a steady commitment to clients and a culture of purposeful innovation, challenging industry conventions, and rethinking how the best results are achieved.

About EGIS GROUP - www.egis-group.com

Egis is 75% owned by the French "Caisse des Dépôts" and 25% owned by Iosis Partenaires, (a "partner" executive and employee shareholding). Egis is an international group offering engineering, project structuring and operations services. In engineering and consulting its sectors of activity include transport, urban development, building, industry, water, environment and energy. In roads and airports its offer is enlarged to encompass project structuring, equity investment, turnkey systems delivery, operation and mobility services. Employing 13,000 people, including 8,300 in engineering, the group generated a managed turnover of €937 million in 2015.



About LOUIS DREYFUS ARMATEURS - www.lida.fr

Louis Dreyfus Armateurs Group (LDA), founded more than 160 years ago, is a French family-owned Group active in maritime transportation and services. LDA is a fully integrated shipowner, offering all services from ship design to maritime operations managed by its own crews. Offering a worldwide presence with over 1,600 staff and 60 vessels, LDA Group is organized around two core divisions:

Bulk Division: dry bulk transportation with LD BULK; offshore transshipment and port logistics for bulk with LD PORTS & LOGISTICS, SLM (mainly in Indonesia) and ALBA (India).

Marine Industrial Division: Fiber optic Cable laying and maintenance (partnership with ALCATEL SUBMARINE NETWORKS), power and communication cable installation/protection in shallow waters particularly for marine renewable energies with LOUIS DREYFUS TRAVOCEAN, transportation of heavy and specialised cargoes with LD SEAPLANE for AIRBUS; seismic research.

Louis Dreyfus Armateurs is a non-listed company.