



## KORE POTASH – REVIEW OF OPERATIONS FOR THE QUARTER ENDED 31 MARCH 2019

London, England – 29 April 2019 – 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"), provides the following quarterly update, for the period to 31 March 2019 (the "Quarter").

### HIGHLIGHTS

- The Company completed its review of the Kola Definitive Feasibility Study ("DFS") and released a summary of results to Shareholders on 29 January 2019.
- The Company received an Engineering, Procurement and Construction ("EPC") proposal for its Kola Project from the French Consortium ("FC") of Engineering Companies on 23 March 2019.
- A Scoping Study for a low capital cost, high cash margin potash project at Dougou Extension ("DX") was completed and indicates that following a 2-year construction period DX can produce 400 ktpa MoP for 17 years at an operating cost of US\$ 83/t FOB.
- The Regulator reviewing the amended Kola environmental and social impact assessment (the "ESIA") requested the submission be reformatted into separate volumes. The re-submission is planned to occur during Quarter 2 of 2019.
- At the end of the Quarter the Company held USD 4.0 million cash at bank.

### OPERATIONAL ACTIVITIES

#### **The Kola Potash Project**

- The Company completed its review of the Kola DFS and released a summary of results to Shareholders on 29 January 2019.
- As part of the DFS, Ore Reserves were estimated for the Kola sylvinitic Deposit. The combined total Ore Reserves are 152 Mt of sylvinitic grading 32.5% KCl (Table 1.), hosted within 3 layers ('seams'). Details of the Ore Reserve estimate are provided in the market announcement dated 29 January 2019.
- The Company received the EPC proposal from the FC on 23 March 2019 and the Company immediately commenced discussions with the FC towards formation of an EPC contract.
- The Company commenced discussions with the FC to explore options to optimise the capital cost and construction schedule for Kola.

## **Dougou Extension Sylvinite Scoping Study**

- A Scoping Study on the potential for a low capital cost, high cash margin potash project at the DX sylvinite deposit was completed.
- The Scoping Study considers the extraction of sylvinite from DX by a solution mining method over an initial life of 17 years that depletes 43% of the Indicated Mineral Resources at DX.
- The full details of the Scoping Study were released on 26 April 2019 and highlights include:
  - Attractive life-of-mine cost of sales, free on board (FOB) of approximately US\$82.74/t MoP
  - Estimated base case initial capital cost of approximately US\$327 million (real 2019) to produce approximately 400 ktpa white granular MoP
  - Estimated two-year construction period provides the company with near term production options.
  - Base case real ungeared IRR of approximately 19.3% and base case post-tax ungeared NPV10 (real) of approximately US\$221 million on an attributable basis at life-of-mine average MoP price for granular product of US\$360/t
  - Average base case annual post construction, post-tax, free cash flow of approximately US\$74 million and approximately 4.25 years post-tax payback period from first production
  - Infrastructure overlaps with the Kola sylvinite and Dougou carnallite projects will have a positive impact on the future development costs and construction timeframes of those two projects
- The Company has commenced planning for a 2D seismic survey and a 4 hole diamond drill hole programme and a series of technical studies that collectively are expected to satisfy the requirements for a pre-feasibility study.

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

- In December 2018, the amended Kola ESIA was submitted to the regulator for their review, prior to the Minister of Environment’s final approval.
- The regulator has indicated that the ESIA is acceptable technically and has requested the Company to resubmit the document as separate volumes. The Company plans to re-submit the for final approval in Q2 2019.

## **Mining Convention and Research Convention**

- The Company continues to engage with the RoC Government on the implementation of 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.
- The Company further progressed discussion with the Government on terms and conditions for a mining research convention covering the Sintoukola 2 exploration license. This convention is required to be negotiated in advance of any exploration activity.

## **Exploration activity**

- No field-work exploration activities were undertaken during the period.

## Cash Balances

- At 31 March 2019, the company held USD 4.002 million cash at bank.

For further information, please visit [www.korepotash.com](http://www.korepotash.com) or contact:

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-ENDS-

### 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 (Figure 2) 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	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.
Sintoukola 2 – Exploration	Decree 2018-34 of 9 February 2018	100% potassium rights only	Sintoukola Potash S.A.

### 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 Kola sylvinitic and carnallite Deposits, the Dougou Extension sylvinitic Deposit and the Dougou carnallite Deposit (Table 2). These deposits are within the Kola and Dougou 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 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 152.4 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 sylvinitic Deposit contains a total sylvinitic Mineral Resource Estimate of 232 Mt grading 38.1% KCl, hosted by two seams. The Mineral Resource includes 67 Mt grading 60.1 % 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 and Dougou Extension 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.

The Dougou carnallite Deposit has 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 carnallite within 4 flat-lying seams. A Scoping Study was completed in February 2015. This Study indicated that a Life of Mine operating cost of US\$68 per tonne MoP was achievable.

- Muriate of Potash (MoP) is the saleable form of potassium chloride (KCl), comprising of a minimum 95% KCl.

- Sylvinite is a rock type comprised predominantly of the potash mineral sylvite (KCl) and halite (NaCl).
- Carnallite is a rock type comprised predominantly of the potash mineral carnallite (KMgCl<sub>3</sub>·6H<sub>2</sub>O) and halite (NaCl).

**Table 2: Kore's Potash Mineral Resources and Ore Reserves, provided as Gross and Net Attributable (to Kore's 97% holding), prepared and reported according to the JORC Code, 2012 edition.**

### **SYLVINITE DEPOSITS**

#### **KOLA SYLVINITE DEPOSIT**

Mineral Resource Category	Gross			Net Attributable (97%)		
	Million Tonnes	Grade KCl %	Contained KCl million tonnes	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Measured	216	34.9	75	209	34.9	73
Indicated	292	35.7	104	283	35.7	101
<b>Sub-Total Measured + Indicated</b>	<b>508</b>	<b>35.4</b>	<b>180</b>	<b>492</b>	<b>35.4</b>	<b>174</b>
Inferred	340	34.0	116	330	34.0	112
<b>TOTAL</b>	<b>848</b>	<b>34.8</b>	<b>295</b>	<b>822</b>	<b>34.8</b>	<b>286</b>

Ore Reserve Category	Gross			Net Attributable (97%)		
	Million Tonnes	Grade KCl %	Contained KCl million tonnes	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Proved	62	32.1	20	60	32.1	19
Probable	91	32.8	30	88	32.8	29
<b>TOTAL</b>	<b>152</b>	<b>32.5</b>	<b>50</b>	<b>148</b>	<b>32.5</b>	<b>48</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**

Mineral Resource Category	Gross			Net Attributable (97%)		
	Million Tonnes	Grade KCl %	Contained KCl million tonnes	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Measured	-	-	-	-	-	-
Indicated	111	37.2	41	108	37.2	40
<b>Sub-Total Measured + Indicated</b>	<b>111</b>	<b>37.2</b>	<b>41</b>	<b>108</b>	<b>37.2</b>	<b>40</b>
Inferred	121	38.9	47	117	38.9	46
<b>TOTAL</b>	<b>232</b>	<b>38.1</b>	<b>88</b>	<b>225</b>	<b>38.1</b>	<b>86</b>

#### **DOUGOU CARNALLITE DEPOSIT**

Mineral Resource Category	Gross			Net Attributable		
	Million Tonnes	Grade KCl %	Contained KCl million tonnes	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Measured	148	20.1	30	144	20.1	29
Indicated	920	20.7	190	892	20.7	185
<b>Sub-Total Measured + Indicated</b>	<b>1,068</b>	<b>20.6</b>	<b>220</b>	<b>1,036</b>	<b>20.6</b>	<b>214</b>
Inferred	1,988	20.8	414	1,928	20.8	401
<b>TOTAL</b>	<b>3,056</b>	<b>20.7</b>	<b>634</b>	<b>2,964</b>	<b>20.7</b>	<b>615</b>

#### **KOLA CARNALLITE DEPOSIT**

Mineral Resource Category	Gross			Net Attributable		
	Million Tonnes	Grade KCl %	Contained KCl million tonnes	Million Tonnes	Grade KCl %	Contained KCl million tonnes
Measured	341	17.4	59	331	17.4	58
Indicated	441	18.7	83	428	18.7	80
<b>Sub-Total Measured + Indicated</b>	<b>783</b>	<b>18.1</b>	<b>142</b>	<b>760</b>	<b>18.1</b>	<b>138</b>
Inferred	1,266	18.7	236	1,228	18.7	229
<b>TOTAL</b>	<b>2,049</b>	<b>18.5</b>	<b>378</b>	<b>1,988</b>	<b>18.5</b>	<b>367</b>

*Note: Table entries are rounded to the appropriate significant figure.*

## **Forward-Looking Statements**

This report 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 report 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 in this report is based on, or extracted from previous reports referred to herein, and available to view on the Company's website [www.korepotash.com](http://www.korepotash.com). 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 Ore Reserve Estimate for sylvinite at Kola was first reported 29 January 2019 in an announcement titled 'Kola Definitive Feasibility Study' and was prepared by Met-Chem; the Competent Person for the estimate is Mr. Molavi, member of good standing of Engineers and Geoscientists of British Columbia. The Dougou carnallite Mineral Resource Estimate was reported 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 Ingenieuresellschaft Geotechnik und Bergbau mbH and members of good standing of the European Federation of Geologists. The Dougou Extension sylvinite Mineral Resource Estimate was reported 20 August 2018 in an announcement titled 'Maiden Sylvinite Mineral Resource at Dougou Extension'. It was prepared by Competent Person Mr. Andrew Pedley a full-time employee of Kore Potash, a registered professional natural scientist with the South African Council for Natural Scientific Professions and member of the Geological Society of South Africa. 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.