



Kore Potash plc
25 Moorgate, London EC2R 6AY
United Kingdom

06 April 2021

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

Non-binding Memorandum of Understanding to arrange the full financing required for the construction of the Kola Potash Project

Kore Potash plc ("the Company"), 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 the Company and Summit Africa Limited ("Summit"), on behalf of a consortium of investors and engineering firms, have signed a non-binding Memorandum of Understanding ("MoU") to arrange the total financing required for the construction of the Kola Potash Project ("Kola").

Highlights:

- The Company has signed a non-binding MoU with Summit which outlines a roadmap to optimise, fully finance and construct Kola via a mix of debt and royalty financing.
- Summit and their technical partners SEPCO Electric Power Construction Corporation ("SEPCO") and China ENFI Engineering Corporation ("ENFI"), who has been subcontracted by SEPCO, will work with Kore to undertake an optimisation study to reduce Kola's capital cost with a target of less than US\$1.65 billion ("Target Capex").
- Summit will work with potential financing partner BRP Global Limited (together with the above technical parties, the "Summit Consortium") to, subject to completion of their due diligence and achieving the Target Capex through the optimisation study, present a financing proposal on behalf of the Summit Consortium based on debt and royalty funding for 100% of the Kola construction capital costs.
- Under the proposed financing structure, the Company would not be required to contribute to the capital needed to build the project and would retain a 90% equity interest in Kola.
- 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 would retain their 10% shareholding in the Kola project.
- The Company will contribute approximately US\$900,000 to the optimisation study costs. SEPCO will cover the remaining 50% of the estimated costs of the study.
- Kola remains one of the most attractive potash projects in the world, with market low-operating costs.

Summit Consortium

Summit is an African strategic advisory, corporate finance and alternative investment group headquartered in Mauritius who in 2016 led and arranged the US\$50 million financing of the Definitive



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Feasibility Study (“DFS”) for Kola. As part of that financing, both the Oman Investment Authority (then called the State General Reserve Fund (“SGRF”)) and Sociedad Química y Minera de Chile (“SQM”) each invested US\$20 million.

Summit’s role in the MoU is to again be the lead arranger and to advise the Company concerning the most optimal financing solution that would see the delivery of the Kola Project.

As described in the MoU, 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 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 completion of 44 EPC contracts in 11 countries and have completed 7 projects in Africa, and who in addition to its construction capability, will 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 south east Asia.

Summit and its technical partners SEPCO and ENFI commenced discussions with the Company towards financing the construction of Kola in the second half of 2019. The Company has met with the partners and recognises their design and construction capability. SEPCO and ENFI have reviewed the Kola DFS and are well informed on the project.

RoC Government support

The RoC Government, represented by the Minister of Mines and Geology has in recent discussions with the Company highlighted their strong desire for the development of Kola to be the Company’s primary focus. On 1st April 2021, the Minister of Mines received a delegation with representatives of the Company’s board and management and the Summit Consortium. Following a presentation from the Company and Summit, the MoU was signed in the Minister’s office. The Company, through its subsidiary company Sintoukola Potash SA, and the Government signed a mining convention that was passed into law in 2018, and the Ministry continues to provide the ongoing support to the Company as provided for in the Mining Convention.



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The Government will become a 10% shareholder in Kola through the conditions of the Mining Convention and this arrangement is preserved in the MoU.

Key terms of the MoU

The MoU provides the Summit Consortium with a 9 month period to present a financing proposal to fully finance the construction of Kola via a combination of debt and royalty financing. This means that the Company would not be required to raise equity to fund the capital cost of construction as the equity portion will be covered by the royalty funding with the Company retaining its 90% interest in the project. The Company retains the right not to accept the finance proposal to be presented by Summit.

The results of the definitive feasibility study (“DFS”) for Kola were announced to shareholders in January 2019. During its review of the DFS the Company and its independent consultants identified several opportunities to achieve a material reduction in the capital cost of Kola. The realisation of these opportunities requires further capital optimisation studies.

Having already completed a preliminary review of the DFS and the potential optimisation opportunities identified, the technical partners in the Summit Consortium (SEPCO and ENFI) have confirmed a target capital cost for the optimisation study of US\$1.65 billion (the “Optimisation Study”). Reducing the capital cost of Kola will reduce the size of the financing required for construction and improve returns for the Company’s shareholders. The Summit Consortium has set out in the MoU, that achieving the Target Capex in the optimisation study is a condition for Kore to receive the financing proposal.

The specific scope of works of the Optimisation Study will be agreed via an Optimisation Agreement to be signed within 4 weeks of signing the MoU and is expected to have a cost of US\$1.7–US\$1.9m. The Company has committed to paying for 50% of the cost (being c.US\$900,000) of the Optimisation Study with the balancing 50% to be met by SEPCO.

The MoU provides for the Summit Consortium to present an EPC proposal to construct Kola in conjunction with the financing proposal but there is no guarantee that legally binding agreements will be forthcoming.

Kola remains one of the world’s standout potash projects

Kola is a high grade, high quality, shallow sylvinitic potash deposit situated on an existing mining licence, approximately 35 km from the coast, and only 65 km north of the harbour city of Pointe Noire. The permitting and agreements required for construction are in place including the environmental permit, trans-shipment permit and the Mining Convention with the Government.

Once in production Kola is anticipated to be one of the lowest cost potash producers globally, ideally located to supply nearby African and South American markets.



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Mr Brad Sampson the CEO of Kore Potash said, *"We are excited to have this agreement in place with a consortium with such significant technical and financing capability and long term focus. We welcome the consortium's innovative proposal to potentially fully finance the construction of Kola through debt and royalty financing. The DFS for Kola demonstrated that it will have large operating margins and a long project life which is ideally suited to royalty financing. This approach by the Summit Consortium to the financing of Kola would eliminate the requirement for further equity contributions by the Company's shareholders to the capital cost of the construction of the Project. Kola and our other potash projects at Sintoukola have the potential to help feed the world's population for many generations to come."*

"We are pleased that the financing for Kola is moving forward at a time when we see increasing potash prices and demand for potash remains strong despite challenging times in the global economy, underpinning our belief in continued potash demand growth"

"We also appreciate the continued support from and partnership with the Government of the RoC. The construction of Kola will make an important contribution to the people of the RoC by providing employment, and contributing cash to the country via taxation, royalties and dividends. The continued support of the Ministry of Mines and Geology is an important foundation for this MoU."

The DX Project

In August 2020, the Company commenced the first phase of a Definitive Feasibility Study ("DFS") on the DX project, which is separate from the Kola project and situated in the Dougou Mining Licence.

The signing of this MoU with Summit and the request from the Minister to focus on the Kola project, necessitates a reshaping of the Company's priorities to increase the focus on the optimisation and financing of Kola over the next 12 months. The Company is currently reviewing its allocation of resources to Kola and DX and intends to update shareholders on DX in coming weeks.

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

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

END

For further information, please visit www.korepotash.com or contact:



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