

Kore Potash PLC

Non-Energy Minerals – Potassium Chloride (KCl)

KP2 A\$0.018

Kore Potash PLC (KP2) is focused on bringing its world-class potash projects into production. KP2's Sintoukola district is a globally significant potash basin in the Republic of the Congo, with extremely high-grade deposits at shallow depth located in close proximity to the coast. This new potash basin is strategically located close to growing African and South American markets and will provide an important new source of potash fertiliser, helping to meet the food needs of a growing global population.

Company Data

Number of shares	3,400.2M
Market Capitalisation (\$m)	63.3
Free float (%)	N/A
12-month high/low	\$0.029/\$0.014
Average Daily Turnover (\$m)	0.002
% S&P/ASX200	0.003%
DDM Ranking	N/A
% All Ordinaries	0.003%
GICS Industry Group	Mining

Source: FactSet, BPC

Mineral Resource

Total Kola Sylvinitic Mineral Resources (inclusive of Ore Reserves)

847.7Mt @ 34.9% KCl, 0.08% Mg, 0.18% Insoluble

Total Kola Sylvinitic Ore Reserves

152.4Mt @ 32.5% KCl, 0.10% Mg, 0.15% Insoluble

Share Price Performance



Source: FactSet, Barclay Pearce Capital

Kola Project optimisation study outcomes

On 28th of June 2022, Kore Potash PLC (KP2) provided additional information on the outcomes of the optimisation study ("Study") for the Kola Potash Project ("Kola" or the "Project"), with the following highlights:

Highlights:

- Capital cost is reduced by US\$520 million to US\$1.83 billion on an engineering, procurement and construction ("EPC") basis compared to the Definitive Feasibility Study (DFS) capital cost of US\$2.35 billion on an equivalent EPC basis;
- Construction period reduced to 40 months from the DFS construction period of 46 months;
- Key financial metrics improved on DFS outcomes (at potash pricing averaging US\$360/tonne unchanged from the DFS):
 - Kola Net-Present Value (NPV) post tax improved to US\$1.623 billion; and
 - Internal rate of return (IRR) improved to 20% on ungeared post tax basis.
- At a potash price of US\$1000/t MoP CFR Brazil (less than current potash price of approximately US\$1100/t MOP CFR Brazil) the Kola financial metrics improve to:
 - Kola NPV post tax US\$9.354 billion; and
 - IRR of 49% on ungeared post tax basis.
- Kola designed with a nameplate capacity of 2.2 million tonnes per annum ("Mtpa") of Muriate of Potash ("MoP");
- MoP production from Kola scheduled over an initial 31-year project life;
- These results support moving to the next phase of the Kola development;
- The Consortium has advised that the EPC contract proposal for the construction of Kola will now be submitted to the Company during August 2022;
- The EPC proposal will be based on the capital cost and construction schedule from the optimisation study;
- The Consortium advises that it intends to provide the financing proposal for the construction cost of Kola after the Company's receipt of the EPC proposal and agreement on key EPC terms.

CEO comment:

KP2 CEO, Brad Sampson, commented: "The successful completion of the Kola optimisation study moves us closer to production and we eagerly await delivery of the construction contract and financing proposals."

BPC comment:

- The Kola post-tax NPV of US\$9.35 billion compares to KP2's market cap of A\$63m!

Appendix A.

Key Project Parameters and Assumptions comparison between DFS and Optimisation Study

Result	Unit	DFS Production Target (January 2019)	Optimisation Study Production Target
Total MOP production	Mt	71	66
Initial project life	Years	33	31
Average scheduled mining rate	Mtpa ore	7.12	6.8
KCl recovery in process plant	% KCl	91.9%	90.4%
Average MOP production per year	Mtpa	2.20 Mtpa	2.14 Mtpa
Capital cost EPCM basis ⁺	US\$ billion	2.1	-
Capital Cost EPC basis ⁺	US\$ billion	2.35	1.83
Deferred capital	US\$ million	76.4	62.4
Sustaining capital	US\$/t MOP	10.98	11.20
Construction schedule	months	46	40
Steady state operating cost (Mine gate)	US\$/t MOP	61.70	63.60
Operating cost (CFR Brazil)	US\$/t MOP	102.50	105.90
Forecast average MoP granular price (CFR Brazil)*	US\$/t MOP	360	360
Post tax, real un-gearred NPV _(10% real)	US\$ million	1,452	1,623
Post tax, real un-gearred IRR	%	17.2%	20%
Average EBITDA per annum real	US\$ million	583	545

Appendix B.

Kola Project financial performance sensitivity to potash pricing

MOP Price US\$/t	NPV ₁₀ US\$ million	IRR %	Average EBITDA per annum US\$ million
300	899	15.6	419
360	1,623	19.6	545
500	3,314	27.6	837
1,000	9,354	49.0	1,882

Appendix C.

Kola Sylvinite Mineral Resources (inclusive of Ore Reserves)

Classification	Million Tonnes (Mt)	KCl (% KCl)	Mg (% Mg)	Insoluble (% Insol.)
Total Measured	215.7	35.0	0.08	0.13
Total Indicated	292.0	35.7	0.06	0.14
Total Inferred	340.0	34.0	0.08	0.25
Total Mineral Resources	847.7	34.9	0.08	0.18

Appendix D.

Kola Sylvinite Ore Reserves

Classification	Ore Reserves (Mt)	KCl grade (% KCl)	Mg (% Mg)	Insolubles (% Insol.)
Proved	61.8	32.1	0.11	0.15
Probable	90.6	32.8	0.10	0.15
Total Ore Reserves	152.4	32.5	0.10	0.15

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Underperform – Describes stocks that we expect to provide a total return (price appreciation plus net yield) of less than minus 10% within a 12-month period.

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