

Kore Potash plc
(Incorporated in England and Wales)
Registration number 10933682
ASX share code: KP2
AIM share code: KP2
JSE share code: KP2
ISIN: GB00BYP2QJ94
("Kore Potash" or the "Company")

Review of Operations for the Quarter ended 30 June 2020

Kore Potash, the potash exploration and development company whose flagship asset is the 97%-owned Sintoukola Potash Project ("**Sintoukola**" or the "**Project**"), located within the Republic of Congo ("**RoC**"), provides the following quarterly update, for the period to 30 June 2020 (the "**Quarter**").

Quarterly Highlights:

- The Dougou Extension ("DX") Pre-feasibility Study ("PFS") results were published on 13 May 2020 with the following highlights:
 - Annual average EBITDA of US\$118 million
 - A Maiden Sylvinite Ore Reserves of 17.7 Mt at a grade of 41.7% KCl
 - Nameplate production target of 400,000 tpa MoP over an initial 18-year life based on Probable Ore Reserves.
 - Real ungeared post tax IRR of approximately 22.9% and NPV10 (real) of approximately US\$319 million on an attributable basis at life-of-mine average MoP price for granular product of US\$422/t MoP (Argus Media's price forecast for DX Project's target markets)
 - Initial pre-production capital cost of approximately US\$286 million (real 2019), including contingency
 - Free on Board ("FOB") Pointe Noire costs of US\$86.61/t MoP
 - Annual average EBITDA of US\$118 million.
- The Company continued to engage with the RoC Government on the implementation of specific commitments contained within the Mining Convention.

Corporate Highlights

- At 30 June 2020, the Company held USD 1.84 million cash at bank.
- The Company is engaging with its major shareholders as it finalises the work programme and financing plans for the DX DFS and anticipates finalising the planning and commencing activity in the quarter ahead
- The Company held its AGM on 26 June 2020.

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

"The DX Pre-feasibility Study identified the strong cash generation potential of the DX project and confirmed its low capital cost and low technical risk.

We are excited to be progressing to a Definitive Feasibility Study ("DFS") for the DX project and anticipate the work programme for the DFS to be finalised to enable work to commence in the quarter ahead.

Operational activities

Dougou Extension Sylvinite Pre-feasibility Study

During the Quarter, the Company released its PFS on the DX project. The Company reported the following highlights:

Strong Financial Outcomes

- Nameplate production target of 400,000 tpa MoP over an initial 18-year life based on Probable Ore Reserves.
- Average annual EBITDA of US\$118 million.
- Average annual post construction, post-tax, free cash flow of approximately US\$95 million.
- Approximately 4.3 years post-tax payback period from first production.
- Real ungeared post tax IRR of approximately 22.9% and NPV10 (real) of approximately US\$319 million on an attributable basis at life-of-mine average MoP price for granular product of US\$422/t MoP (Argus Media's price forecast for DX Project's target markets).

Low capital cost and short construction period improve financing options

- Initial pre-production capital cost of approximately US\$286 million (real 2019), including contingency.
- Short construction period of 21 months.

Competitive costs to supply MoP to target markets

- Low average mine gate operating costs of US\$65.26/t MoP.
- Free on board (FOB Pointe Noire) costs of US\$86.61/t MoP
- Average cost of MoP delivered to target markets of approximately US\$114.61/t MoP.

High quality Ore Reserves and Mineral Resources

- Sylvinite Ore Reserves of 17.7 Mt at a grade of 41.7% KCl.
- Grade of the Ore Reserves is in the top quartile of all operating potash mines and potash development projects globally.
- Total sylvinite Mineral Resources of 145 Mt at a grade of 39.7% KCl.

Further upside potential

- Ore Reserves tonnage represent 22% of the Indicated Mineral Resources tonnage.
- Inferred Mineral Resources of 66 Mt at a grade of 40.4% KCl not included in the study.
- Additional exploration drilling and/ or seismic surveys in the future may support classification of portions of the additional Mineral Resources of 127.3 tonnes at 39.4% KCl as Ore Reserves.

Next steps

Planning for the DFS is expected to be finalised to enable commencement of the work programme in the Quarter ahead.

There were no mining production or construction activities during the Quarter.

Mining Convention and Research Convention

The Company continues to engage with the RoC Government on the implementation of specific commitments contained within the Mining Convention. This includes the government's approval for 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 Government.

Quarterly cashflow report

In accordance with the ASX Listing Rules, the Company will also today lodge its cashflow report for the quarter ended 30 June 2020. Included in those cashflows is CEO salary of approximately USD124,000 settled in cash. The Company also settled outstanding directors' fees for the quarter ended March 2020 through the issue of 7,770,939 ordinary shares, as announced on 7 April 2020.

The Company invested USD2,026 million in exploration in the Quarter and ended the Quarter with USD 1.84 million of cash at bank.

This announcement has been approved for release by the Board.

ENDS

30 July 2020

JSE Sponsor: Rencap Securities (Pty) Limited

The full announcement is available on the JSE's website at

<https://senspdf.jse.co.za/documents/2020/jse/isse/kp2e/qupdjune20.pdf>

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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 Dougou Extension sylvinite Deposit, the Kola sylvinite and carnallite Deposits, and the Dougou carnallite Deposit. These deposits are within the Dougou and Kola 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 Dougou Extension sylvinite Deposit contains a total sylvinite Mineral Resource Estimate of 145 Mt grading 39.7% KCl, hosted by two seams. The results of a Pre- Feasibility Study ("PFS") were announced on 13 May 2020, which determined Ore Reserves of 17.7 Mt with an average grade of 41.7% KCl. Dougou Extension is located 15 km southwest of Kola. The deposit is open laterally; an Exploration Target for the northward extension of sylvinite was announced on the 21 November 2018.

The Kola sylvinite Deposit has a Measured and Indicated sylvinite 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 Mt with an average grade of 32.5% KCl. The deposit is open laterally; an Exploration Target for the Southward extension of sylvinite was announced on the 21 November 2018.

The Dougou Extension and Kola sylvinite 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.

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 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 Issued	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.
Sintoukola2 Exploration	Decree 2018-34 of 9 February 2018	100% potassium rights only	Sintoukola Potash S.A.

* these remain unchanged from the quarter ended 31 March 2020.

Kore's Potash Mineral Resource and Ore Reserves - Gross and according to future 90% interest (10% by the RoC government)

KOLA SYLVINITE DEPOSIT						
Mineral Resource Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Measured	216	34.9	75.4	194	34.9	67.8
Indicated	292	35.7	104.3	263	35.7	93.9
Sub-Total Measured + Indicated	508	35.4	179.7	457	35.4	161.7
Inferred	340	34.0	115.7	306	34.0	104.1
TOTAL	848	34.8	295.4	763	34.8	265.8

Ore Reserve Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Proved	62	32.1	19.8	56	32.1	17.9
Probable	91	32.8	29.7	82	32.8	26.7
TOTAL	152	32.5	49.5	137	32.5	44.6

Ore Reserves are not in addition to Mineral Resources but are derived from them by the application of modifying factors

DOUGOU EXTENSION SYLVINITE DEPOSIT (HWSS and TSS)						
Mineral Resource Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Measured	-	-	-	-	-	-
Indicated	79	39.1	30.8	71	39.1	27.7
Sub-Total Measured + Indicated	79	39.1	30.8	71	39.1	27.7
Inferred	66	40.4	26.7	59	40.4	24.0
TOTAL	145	39.7	57.5	130	39.7	51.8

Ore Reserve Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Proved	-	-	-	-	-	-
Probable	17.7	41.7	7.4	16	41.7	6.6
TOTAL	17.7	41.7	7.4	16	41.7	6.6

Ore Reserves are not in addition to Mineral Resources but are derived from them by the application of modifying factors

DOUGOU CARNALLITE DEPOSIT							
Mineral	Resource Category	Gross			Net Attributable (90% interest)		
		Million Tonnes carnallite	Average Grade KCI %	Contained KCI million tonnes	Million Tonnes carnallite	Average Grade KCI %	Contained KCI million tonnes
Measured		148	20.1	29.7	133	20.1	26.8
Indicated		920	20.7	190.4	828	20.7	171.4
Sub-Total Measured + Indicated		1,068	20.6	220.2	961	20.6	198.2
Inferred		1,988	20.8	413.5	1789	20.8	372.2
TOTAL		3,056	20.7	633.7	2750	20.7	570.3

KOLA CARNALLITE DEPOSIT							
Mineral	Resource Category	Gross			Net Attributable (90% interest)		
		Million Tonnes carnallite	Average Grade KCI %	Contained KCI million tonnes	Million Tonnes carnallite	Average Grade KCI %	Contained KCI million tonnes
Measured		341	17.4	59.4	307	17.4	53.5
Indicated		441	18.7	82.6	397	18.7	74.4
Sub-Total Measured + Indicated		783	18.1	142.0	705	18.1	127.8
Inferred		1,266	18.7	236.4	1140	18.7	212.8
TOTAL		2,049	18.5	378.5	1844	18.5	340.6

Competent Persons Statements

All Mineral Resource and Ore Reserves are reported in accordance with the JORC Code (2012 edition). Numbers are rounded to the appropriate decimal place. Rounding 'errors' may be reflected in the "totals". 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 Dougou carnallite Mineral Resource estimate was reported on 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 Ingenieurgesellschaft Geotechnik und Bergbau mbH and members of good standing of the European Federation of Geologists. The Dougou Extension sylvinite Mineral Resource Estimate is reported herein. Ms. Vanessa Santos, P.Geo. of Agapito Associates Inc., for the Exploration Results and Mineral Resources. Ms. Santos is a licensed professional geologist in South Carolina (Member 2403) and Georgia (Member 1664), USA, and is a registered member (RM) of the Society of Mining, Metallurgy and Exploration, Inc. (SME, Member 04058318). 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.

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. Neither the Company, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur. Except as required by law, and only to the extent so required, none of the Company, its subsidiaries or its or their directors, officers, employees, advisors or agents or any other person shall in any way be liable to any person or body for any loss, claim, demand, damages, costs or expenses of whatever nature arising in any way out of, or in connection with, the information contained in this document.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Kore Potash Plc

ABN

621 843 614

Quarter ended ("current quarter")

30 June 2020

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(431)	(1,303)
	(e) administration and corporate costs	(361)	(1,030)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	3	27
1.5	Interest and other costs of finance paid	1	1
1.6	Income taxes refunded	-	1
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(788)	(2,304)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	(1)
	(d) exploration & evaluation (if capitalised)	(2,026)	(3,373)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (6 months) \$US'000
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(2,026)	(3,374)

3.	Cash flows from financing activities		
3.1	Proceeds from performance shares (excluding convertible debt securities)	-	1
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	1

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	4,680	7,584
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(788)	(2,304)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,026)	(3,374)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1
4.5	Effect of movement in exchange rates on cash held	(25)	(66)
4.6	Cash and cash equivalents at end of period	1,841	1,841

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,841	4,680
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,841	4,680

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

**Current quarter
\$US'000**

124

-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

- 7.1 Loan facilities
- 7.2 Credit standby arrangements
- 7.3 Other (please specify)
- 7.4 **Total financing facilities**

**Total facility
amount at quarter
end
\$US'000**

**Amount drawn at
quarter end
\$US'000**

7.5 **Unused financing facilities available at quarter end**

-

- 7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

8.	Estimated cash available for future operating activities	\$US'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	788
8.2	Capitalised exploration & evaluation (Item 2.1(d))	2,026
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	2,814
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,841
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	1,841
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	0.65

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

Anticipated level of operating cash outflows is lower due to completion of DX PFS study in the second quarter of 2020. The entity then expects it has more than 2 quarters of funding available.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

Yes, the entity is planning to raise additional capital in H3 2020 to enable to continue to fund its exploration and development programme and fulfil its working capital requirements. The directors have identified a number of funding options available. The directors note the entity has a history of successfully raising capital on the AIM and JSE, and in the past on the ASX. However, factors beyond the entity's control, including pandemic diseases such as COVID-19 (coronavirus), which affect the stock markets, may in turn have a negative impact on any fund raising.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. The entity expects to continue its operations and to meet its business objectives in the coming quarters. Please see Answer 2 above for more details.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 July 2020.....

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.