

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")
(The "Group" refers to Kore Potash Plc and its subsidiaries)

13 September 2022

Financial Results for Half Year Ended 30 June 2022

Kore Potash, 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"), today reports its unaudited financial results and operational highlights for the half year ended 30 June 2022 ("the Period").

The full financial report is available online at the Company's website at <https://korepotash.com/wp-content/uploads/2022/09/Kore-Half-Year-Interim-Report-2022.pdf>. The financial statements contained within this announcement should be read in conjunction with the notes contained within the full financial report.

Highlights

- The process to potentially finance the construction of Kola progressed in line with the Memorandum of Understanding ("MoU") signed with the Summit Consortium in April 2021.
- Receipt of the Optimisation Study on the Kola Project was announced to shareholders on 1 April 2022.
- Kore Potash completed its detailed review of the Optimisation Study and announced the outcomes of the Study to shareholders on 27 June 2022.
- On 28 June 2022, the Company announced it had signed a Heads of Agreement ("HoA") for the construction of Kola.
- Cash and cash equivalents, at 30 June 2022 was USD 7,628,417.
- The exploration and evaluation asset at 30 June 2022 was USD 157,518,638, a decrease of USD 9,095,267 from USD 166,613,902 at 31 December 2021. During the Period the Company capitalised USD 2,921,600 in exploration and evaluation expenditure and the expenditure decreased by USD 12,016,864 as a result of the strengthening of the USD against the currency of the RoC.
- Despite the on-going Russian/Ukraine conflict, the Covid-19 pandemic and increasing fuel prices, the Group's operations have not been materially impacted by these during the Period.

Brad Sampson, Chief Executive of Kore Potash, commented:

"We have made good progress during the first half of 2022, having taken receipt of the Kola Optimisation Study and shared the outcomes with the market, including the US\$520 million reduction in the capital cost of Kola and a reduction in the expected construction timeline to 40 months. We are also proud to have signed a Heads of Agreement for Kola's construction, advancing the Kola project at pace despite the difficult circumstances facing the global economy."

"Recent geopolitical and extreme weather events, which have led to food security concerns and a dramatic increase in the potash price, only reinforce the need for the development of new low-cost potash production from high quality potash deposits located close to customers, such as our projects in the Sintoukola basin. The progress towards financing our Kola Project is exciting and we look forward to receiving the financing proposal."

Kola Potash Project

- The Company signed a non-binding MoU with Summit Africa Limited, on behalf of a consortium of investors and engineering firms, to arrange the total financing required for the construction of Kola in the presence of the Minister of Mines of the RoC and his key staff in Brazzaville.
- As detailed in the MoU, the Summit Consortium includes:
 - BRP Global, headquartered in Abu Dhabi, which will provide royalty financing;
 - SEPCO Electric Power Construction Corporation ("**SEPCO**"), an international engineering and construction group headquartered in Jinan, China and with offices in Dubai which is 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 44 EPC contracts in 11 countries, with 7 of these in Africa. In addition to its construction capability, SEPCO will also 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 worldwide. ENFI's potash specific experience includes designing and constructing an underground potash mine in southeast Asia.
- During the period the Summit Consortium completed the Optimisation Study with the successful outcomes:
 - Capital cost reduced by US\$520 million to US\$1.83 billion on an 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**") NPV10 post tax improved to US\$1.623 billion
 - Internal Rate of Return ("**IRR**") improved to 20% on ungeared post tax basis
 - **At a potash price of US\$1000/t Muriate of Potash ("MoP") CFR Brazil (less than current potash price of approximately US\$1100/t MoP CFR Brazil) the Kola financial metrics improve to:**
 - **NPV10 post tax US\$9.354 billion**
 - **IRR of 49% on ungeared post tax basis**
 - Designed with a nameplate production capacity of 2.2 Million tonnes per annum ("**Mtpa**") of MoP.
 - MoP production scheduled over an initial 31 year project life.
 - Designed as a conventional mechanised underground potash mine with shallow shaft access. Ore from underground is transported to the process plant via an overland conveyor approximately 25 kilometres ("**km**") long. After processing, the MoP product is conveyor transported 11 km to the marine export facility. MoP is conveyed from the storage area onto barges via the dedicated barge loading jetty and then trans-shipped into ocean going vessels for export.
- Kore Potash signed a HoA for the construction in the presence of the Minister of State and Minister of Mining Industry and Geology of the RoC, Mr Pierre Oba.

The HoA confirms the timeline for SEPCO to complete their discussions with Kore Potash ahead of presenting the Company an EPC contract proposal for Kola. It also provides additional clarity on matters that SEPCO are required to finalise in advance of presenting Kore with the construction contract proposal.

The HoA provides for:

- Kola to be designed and constructed as a conventional underground potash mine and processing plant producing up to 2.2 Mtpa of granular MoP over an initial 31 year life.
- The granular MoP produced will be at a minimum quality of 95.3% Potassium Chloride ("**KCl**") in line with international standards.

- The capital cost to construct will be US\$1.83 billion and the construction period will be 40 months.
- During the preconstruction engineering design phase, the HoA provides SEPCO with an opportunity to adjust the costs related to the underground mine portion of the works. SEPCO's current capital cost is based in part upon information collected during the DFS Study phase, some of which SEPCO continues to review. Should the final agreed quantities of materials and labour or the underground construction period differ materially from the baseline, SEPCO will be able to adjust proportionately. The underground portion of the works (excluding equipment and infrastructure) is currently estimated as US\$164 million, which represents 9% of the total capital cost.
- SEPCO will also be able to adjust the capital cost if the Chinese RMB or Congolese FCFA currency exchange rates to the US dollar vary materially prior to commencement of the works. In such circumstance only the cost of affected works or components may be adjusted.

Next Steps

- The results of the Study support moving to the next phase of the Kola development. Therefore, the Summit Consortium has advised that SEPCO will continue negotiations with Kore Potash with a view to finalising all EPC terms based on FIDIC Silver book 2017 and present the complete EPC contract proposal for the construction of Kola. The EPC contract proposal will be based on the capital cost and construction schedule from the Study.
- The Summit Consortium has advised that the strongly positive outcomes of the Study continue to support their financing of Kola and 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.

DX DFS

- Following the completion of the drilling at the DX Potash Project by the Company earlier in 2021, the Company's geological consultants developed an updated geological model for the DX deposit.

The new geological model, completed in 2021, incorporated all information from the drilling programme completed in 2021. It improves confidence in the geological modelling of the DX deposit and improves the Company's understanding of the Sylvinite / Carnallite boundaries in the Top Seams and Hanging wall seams.

There has been no update of the DX Mineral Resources or Ore Reserves.

Next Steps

- The Company is assessing the most appropriate next steps for developing the DX deposit and intends to update shareholders further once these steps have been confirmed

The financial statements below should be read in conjunction with the notes contained within the full financial report which is available online at the Company's website at <https://korepotash.com/wp-content/uploads/2022/09/Kore-Half-Year-Interim-Report-2022.pdf>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2022

6 months ended	6 months ended	Year ended
30 June 2022	30 June 2021	31 Dec 2021

	USD Unaudited	USD Unaudited	USD Audited
Directors' remuneration	(198,521)	(347,603)	(440,853)
Equity compensation benefits	(8,523)	(47,010)	(34,596)
Salaries, employee benefits and consultancy expense	(207,766)	(505,250)	(687,623)
Administration expenses	(222,798)	(419,190)	(675,174)
Interest income	17,029	9,803	14,709
Interest and finance expenses	(2,182)	(2,455)	(4,708)
Net realised and unrealised foreign exchange loss	(280,449)	21,265	(112,951)
Loss before income tax expense	(903,210)	(1,290,440)	(1,941,196)
Income tax income/(expense)	-	-	-
Loss for the period	(903,210)	(1,290,440)	(1,941,196)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences gain/(loss) on translating operations	(11,887,165)	(5,477,438)	(11,529,680)
Other comprehensive profit/(loss) for the period	(11,887,165)	(5,477,438)	(11,529,680)
Total comprehensive profit/(loss) for the period	(12,790,375)	(6,767,878)	(13,470,876)
Loss attributable to:			
Owners of the Company	(903,210)	(1,289,516)	(1,941,196)
Non-controlling interest	-	(924)	-
	(903,210)	(1,290,440)	(1,941,196)
Total comprehensive profit/(loss) attributable to:			
Owners of the Company	(12,790,375)	(6,766,954)	(13,470,876)
Non-controlling interest	-	(924)	-
	(12,790,375)	(6,767,878)	(13,470,876)
Loss per share			
Basic and diluted loss per share (cents per share)	(0.03)	(0.05)	(0.06)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	30 June 2022 USD Unaudited	30 June 2021 USD Unaudited	31 Dec 2021 USD Audited
ASSETS			
Current Assets			
Cash and cash equivalents	7,628,417	14,163,074	11,092,509

Trade and other receivables	145,458	120,960	197,996
Total Current Assets	7,773,875	14,284,034	11,290,505

Non-Current Assets

Trade and other receivables	99,562	96,005	107,577
Property, plant and equipment	433,385	516,026	482,530
Exploration and evaluation expenditure	157,518,638	170,592,485	166,613,902
Total Non-Current Assets	158,051,585	171,204,516	167,204,009
TOTAL ASSETS	165,825,460	185,488,550	178,494,514

LIABILITIES

Current Liabilities

Trade and other payables	803,064	1,373,099	1,074,602
Derivative financial liability	26	26	26
Total Current Liabilities	803,090	1,373,125	1,074,628

Non-Current Liabilities

Total Non-Current Liabilities	-	-	-
TOTAL LIABILITIES	803,090	1,373,125	1,074,628

NET ASSETS	165,022,370	184,115,425	177,419,886
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EQUITY

Issued share capital – Ordinary Shares	3,420,177	3,375,494	3,375,494
Reserves	218,347,816	236,078,936	230,029,754
Accumulated losses	(56,183,040)	(54,775,497)	(55,422,779)
Equity attributable to the shareholders of Kore Potash plc	165,584,953	184,678,933	177,982,469
Non-controlling interests	(562,583)	(563,508)	(562,583)
TOTAL EQUITY	165,022,370	184,115,425	177,419,886

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2022

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non-controlling Interest USD	Total Equity USD
<i>Balance as at 1 Jan 2022</i>	3,375,494	44,205,971	203,738,800	(55,422,779)	708,486	(18,623,503)	177,982,470	(562,583)	177,419,887
<i>Loss for the period</i>	-	-	-	(903,210)	-	-	(903,210)	-	(903,210)
<i>Other Comprehensive (loss)/gain</i>	-	-	-	-	-	(11,887,165)	(11,887,165)	-	(11,887,165)
<i>Total Comprehensive (loss)/gain</i>	-	-	-	(903,210)	-	(11,887,165)	(12,790,375)	-	(12,790,375)
<i>Kore Potash Ltd South Africa wound down</i>	-	-	-	138,500	-	(139,989)	(1,489)	-	(1,489)
<i>Transactions with owners:</i>									
<i>Issue of Shares</i>	44,683	331,338	-	-	-	-	376,021	-	376,021

Cancellation of performance rights	-	-	-	4,449	(4,449)	-	-	-	-
Share Based payments	-	-	-	-	18,327	-	18,327	-	18,327
Balance at 30 June 2022	3,420,177	44,537,309	203,738,800	(56,183,040)	722,364	(30,650,657)	165,584,953	(562,583)	165,022,370

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non- controlling Interest USD	Total Equity USD
Balance at 1 Jan 2021	2,451,768	32,004,080	203,738,800	(62,743,176)	9,866,536	(7,093,823)	178,224,185	(562,583)	177,661,602
Loss for the period:									
Other comprehensive (loss)/gain	-	-	-	(1,289,516)	-	-	(1,289,516)	(924)	(1,290,440)
Total comprehensive (loss)/gain	-	-	-	-	-	(5,477,438)	(5,477,438)	-	(5,477,438)
	-	-	-	(1,289,516)	-	(5,477,438)	(6,766,954)	(924)	(6,767,878)
Transactions with owners:									
Issue of Shares	917,702	13,106,895	-	-	-	-	14,024,597	-	14,024,596
Share Issue expenses	-	(931,462)	-	-	-	-	(931,462)	-	(931,462)
Cancellation of Options	-	-	-	6,011,014	(6,011,014)	-	-	-	-
Conversion of performance rights	6,024	53,738	-	446,583	(446,583)	-	59,762	-	59,762
Cancellation of performance rights	-	-	-	2,799,598	(2,799,598)	-	-	-	-
Share based payments	-	-	-	-	68,805	-	68,805	-	68,805
Balance at 30 June 2021	3,375,494	44,233,251	203,738,800	(54,775,497)	678,146	(12,571,261)	184,678,933	(563,507)	184,115,425

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non- controlling Interest USD	Total Equity USD
Balance at 1 Jan 2021	2,451,768	32,004,080	203,738,800	(62,743,176)	9,866,536	(7,093,823)	178,224,185	(562,583)	177,661,602
Loss for the period:									
Other comprehensive (loss)/gain	-	-	-	(1,941,196)	-	-	(1,941,196)	-	(1,941,196)
Total comprehensive (loss)/gain	-	-	-	-	-	(11,529,680)	(11,529,680)	-	(11,529,680)
	-	-	-	(1,941,196)	-	(11,529,680)	(13,470,876)	-	(13,470,876)
Transactions with owners:									
Issue of Shares	917,702	13,108,861	-	-	-	-	14,026,563	-	14,026,563
Share Issue expense	-	(958,742)	-	-	-	-	(958,742)	-	(958,742)
Cancellation of Options	-	-	-	6,015,412	(6,015,412)	-	-	-	-
Conversion of performance rights	6,024	51,772	-	446,583	(446,583)	-	57,796	-	57,796
Cancellation of performance rights	-	-	-	2,799,598	(2,799,598)	-	-	-	-
Share based payments	-	-	-	-	103,543	-	103,543	-	103,543
Balance at 31 Dec 2021	3,375,494	44,205,971	203,738,800	(55,422,779)	708,486	(18,623,503)	177,982,469	(562,583)	177,419,886

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2022

	6 months ended 30 June 2022 USD Unaudited	6 months ended 30 June 2021 USD Unaudited	Year ended 31 Dec 2021 USD Audited
Cash Flows from Operating Activities			
Payments to suppliers and employees	(697,416)	(1,036,777)	(1,701,079)
Net cash flows used in operating activities	(697,416)	(1,036,777)	(1,701,079)
Cash Flows from Investing Activities			
Payments for plant and equipment	(658)	(22)	(2,216)

Payments for exploration and evaluation	(2,497,533)	(3,491,856)	(5,811,225)
Interest received	17,029	9,803	14,709
Net cash flows used in investing activities	(2,481,162)	(3,482,075)	(5,798,732)

Cash Flows from Financing Activities

Payment for share issue costs	-	(931,462)	(958,742)
Proceeds from issue of shares	550	14,024,596	14,026,563
Net cash flows generated from financing activities	550	13,093,134	13,067,821

Net (decrease)/increase in cash and cash

Equivalents	(3,178,028)	8,574,282	5,568,010
Cash and cash equivalents at beginning of period	11,092,509	5,555,000	5,555,000
Foreign currency differences	(286,064)	33,792	(30,501)
Cash and Cash Equivalents at Period End	7,628,417	14,163,074	11,092,509

Market Abuse Regulation

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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

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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.

In particular, statements in this release regarding the Company's business or proposed business, which are not historical facts, are "forward-looking" statements that involve risks and uncertainties, such as Mineral Resource estimates market prices of potash, capital and operating costs, changes in project parameters as plans continue to be evaluated, continued availability of capital and financing and general economic, market or business conditions, 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. Shareholders are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made. The forward-looking statements are based on information available to the Company as at the date of this release. Except as required by law or regulation (including the ASX Listing Rules), the Company is under no obligation to provide any additional or updated information whether as a result of new information, future events, or results or otherwise.