

29 April 2019

Emmerson Progresses the Development of Khemisset Project with Memorandum of Understanding with Afriquia Gaz

Highlights

- Memorandum of Understanding (“MoU”) signed with Afriquia Gaz (“Afriquia”) to establish a sustainable partnership between the two parties including:
 - Agreement to work towards a long-term supply agreement for gas to Khemisset Potash Project (“Khemisset” or “the Project”)
 - Agreement to evaluate the best method for supply of gas to Khemisset, including pipeline or regular truck delivery
 - Agreement to assess the most appropriate source of gas, including the evaluation of existing infrastructure, producing and proposed gas fields in Morocco
- Afriquia is the leading distributor of gas in Morocco, and currently delivers significant quantities of Liquefied Petroleum Gas to numerous major industrial consumers across the country
- Emmerson believes that a number of attractive options are available for the economical supply of gas to Khemisset resulting in significant improvements to several assumptions in the Scoping Study
- Potential to improve on already outstanding economics for Khemisset including its post-tax NPV₁₀ of US\$1.14 billion using industry expert potash price forecasts
- MoU reinforces Emmerson’s commitment to identify the best partners for Khemisset as well as additional opportunities for cost savings as development progresses at the project

Emmerson Plc (“Emmerson” or “the Company”), focused on developing the low cost, high margin Khemisset Potash Project, is pleased to announce that it has signed an MoU with Morocco’s largest gas distributor.

The MoU outlines the framework under which the two parties will work towards a long-term gas supply agreement for the world class Khemisset Potash Project.

The MoU states that the groups will work together to assess various methods of gas delivery to the Project, with both a gas pipeline and truck delivery under consideration, as well as the most appropriate source of gas from existing and proposed Moroccan gas fields. Afriquia will work with the Company to review the technical specifications of the drying and steam generation facility to deliver an optimal solution in terms of gas characteristics and the required infrastructure at site.

The Khemisset Scoping Study (see announcement dated 20 November 2018) demonstrated that the Project will have sector leading capital cost to production, supported by onsite gas storage, provided by its gas supply partner at very low cost to Emmerson. The projected economics for Khemisset are outstanding with an initial 20-year life of mine, average EBITDA of approximately US\$240 million per annum, and a post-tax NPV₁₀ of US\$1.14 billion using industry expert potash price forecasts.

Under the current proposal, Afriquia would design, supply, install, and maintain onsite storage facility at its cost, while Emmerson would provide civil works, electricity and other support services required for the facility's operation.

While this option remains viable, the Company is committed to optimising the economics of the project wherever possible and is optimistic that other options may be available that significantly reduce operating cost with only limited capital cost increases.

In particular, Emmerson will examine the potential to act as a cornerstone customer to allow Afriquia to expand its growing pipeline distribution business, which could allow for a cheaper long-term gas price with an equally low-cost capital solution. This possibility will be explored in detail as part of the upcoming Feasibility Study.

Hayden Locke, CEO of Emmerson, commented:

“Energy is a major operating cost for the Project and, as a result, even slight improvements in this key area can result in significant improvements for the Project overall. Signing an MoU for gas supply with a counterparty of Afriquia’s capability is an important step for the Company as we commence engagement with utilities suppliers for the world class Khemisset Potash Project. Afriquia is a leading African energy company with significant distribution and delivery capabilities throughout Morocco, making it an ideal partner for Emmerson.”

“We believe that our energy needs will be supplied via low capital cost solutions at competitive long-term operational prices, further supporting Emmerson’s potential to become one of the World’s lowest cost and highest margin potash producer.”

“Strong in-country partners will be fundamental to underpinning the capital and operating costs of our upcoming Feasibility Study, and this MoU demonstrates the willingness of leading companies in Morocco to work with Emmerson. The comprehensive metallurgical test work programme is progressing well in addition to ongoing discussions with potential strategic partners. I look forward to continuing to update shareholders with details of our progress as we advance towards the publication of the Feasibility Study.”

About Afriquia Gaz

Afriquia is Morocco’s leading distributor of Liquefied Petroleum Gas (“LPG”), butane and propane with an annual distribution of nearly 1 million tonnes via pipeline and truck, representing a market share of more than 60%. Afriquia is also the largest importer of gas and has a storage capacity Morocco-wide of nearly 100,000 tonnes.

Afriquia offers high-performance energy solutions that cover both domestic and professional needs with five brands marketing products in Morocco: Afriquia Gaz, Tissir Gaz, Campingaz, Ultragaz and National Gaz.

Since its IPO in 1999, Afriquia Gaz has continued its development through both organic and acquisition led growth. In 2005, the company acquired Tissir Gaz. In 2008 and 2009, in response to growing demand, the company expanded its butane and propane storage centers and terminals in

Jorf Lasfar. Afriquia acquired National Gaz, representing 30% of the eastern market, as well as the brand Butafric, widely distributed in Tangier, covering the northern region of Morocco.

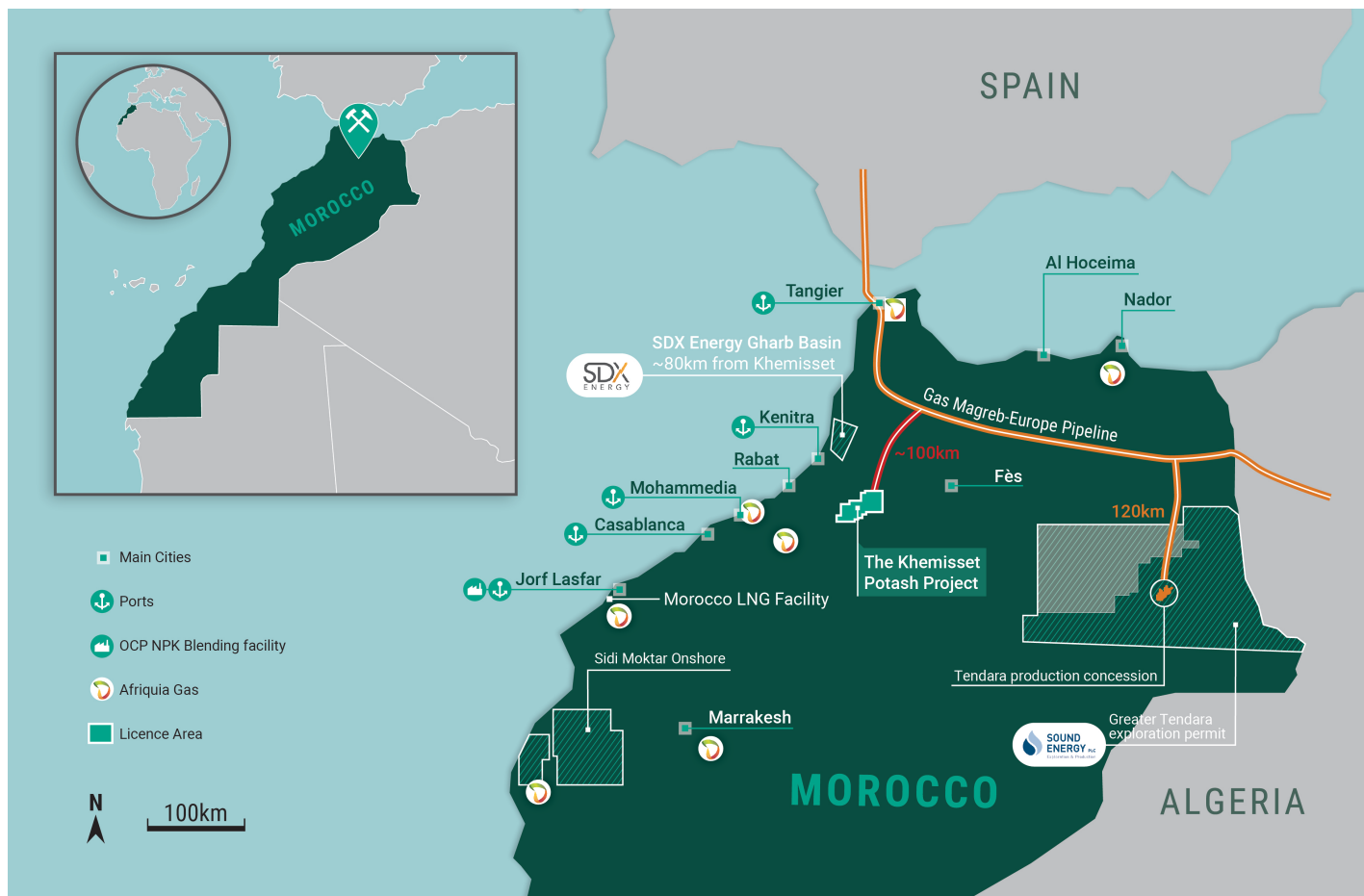


Figure 1: Afriquia’s Moroccan Facilities and Moroccan Gas Infrastructure Relative to the Khemisset Potash Project

****ENDS****

For further information, please visit www.emmersonplc.com, follow us on Twitter (@emmerson_plc), or contact:

Hayden Locke
Edward McDermott

Emmerson Plc

Tel: +44 (0) 207 236 1177

James Biddle
Roland Cornish

Beaumont Cornish Limited
Financial Adviser

Tel: +44 (0) 207 628 3396

Jeremy King

Optiva Securities Limited
Broker

Tel: +44 (0) 3137 1904

Gaby Jenner
Melissa Hancock

St Brides Partners Ltd
Financial PR/IR

Tel: +44 (0) 20 7236 1177

Notes to Editors

Emmerson's primary focus is on developing the Khemisset Potash Project located in Northern Morocco. The project has a large JORC Resource Estimate (2012) of 311.4Mt @ 10.2% K₂O and significant exploration potential with an accelerated development pathway targeting a low capex, high margin mine. Khemisset is perfectly located to capitalise on the expected growth of African fertiliser consumption whilst also being located on the doorstep of European markets. This unique positioning means the project will receive a premium netback price compared to existing potash producers. The need to feed the world's rapidly increasing population is driving demand for potash and Emmerson is well placed to benefit from the opportunities this presents.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.