

14 January 2020

**Emmerson Plc (“Emmerson” or the “Company”)
Selection of Site and Low Capex Road Connection at Khemisset**

Emmerson Plc, the Moroccan focused potash development company, is pleased to announce that it has finalised the Feasibility Study components for the connection to road networks, including design and cost components, for its world class Khemisset Potash Project in Northern Morocco (“Khemisset” or “the Project”). The Project is advantaged by industry leading capital costs and bottom quartile all-in delivered cost to customer, yielding outstanding economic metrics including average annual life of mine EBITDA of US\$236 million and a post-tax NPV₁₀ of US\$1.14 billion¹.

Highlights

- Selection of preferred Project Site completed following comprehensive Options Study.
- Road connection design and costing completed - total budgeted cost for construction of access roads via the A2 toll road is approximately US\$2.0 million including a 15% contingency.
- Following confirmation of zero capital cost required at Port (See RNS dated 04 November 2019), the road connection will be the only pre-production capex required for entire logistics solution for Khemisset.
- Selected site location requires only approximately 3.2km of paved roads to be constructed to connect the Project to existing high-quality highway, with an additional approximately 9.6km of gravel internal roads included in the design estimate.
- No requirement to construct expensive rail connections.
- Design and budget completed by independent engineering group, Golder Associates (“Golder”), according to AusIMM guidelines for capital cost estimates.
- Full Feasibility Study on track for delivery in H1 2020, in line with forecasts.

Hayden Locke, CEO of Emmerson, commented:

“We identified the location of the Khemisset project as one of its major strengths from the outset; the proximity to world class existing infrastructure is a key tangible benefit. To be able to select a site which connects to a highway so readily and with such low capital cost allows us to save significant amounts of pre-production spend compared to the majority of potash development projects globally.

“Once connected to the A2 toll road, trucks transporting potash can drive directly to the Port of Casablanca for shipping to our customers throughout the Atlantic corridor. Importantly, the existing roads all the way to Port are in fantastic condition, requiring no additional investment, and have significant capacity for the trucks that Khemisset will require. The ability to have such a simple and cost-effective end-to-end logistics solution will benefit the Project not only through financing and construction, but throughout its lifecycle.

“This is the second completed workstream item from the ongoing Feasibility Study, which continues to progress well and is on schedule. We look forward to continuing to keep the market updated with various parts of the study as we progress towards its final release during the first half of 2020.”

¹ Based on industry expert Argus FMB price forecasts

Site Selection & Road Connection

Emmerson completed a detailed options study alongside Golder Associates to determine the optimal site location for the Project installations, and associated connections to existing highways. Options Studies are a crucial part of the Feasibility Study to assess all potential solutions available for the various components of the Project and selected a “go-forward” case to take into the more detailed engineering phase.

The Company completed a comprehensive assessment of the various options for site selection based on a broad range of criteria including:

- Access to orebody
- Proximity to existing infrastructure
- Existing surface land use
- Topography
- Social and environmental factors

Based on this exhaustive process, the following site was chosen for Project surface installations.



Figure 1: Selected Site Location

Proximity to existing infrastructure was considered as a factor in site selection, and this has allowed a suitable connection to the world-class A2 highway to be designed. Approximately 3.2km of the main connection to the highway will be paved, along with the slip lanes to be constructed at the connection point. The design of these paved road is as follows:

- 40mm AE-2 asphalt surface wearing course
- 150mm G1 base course layer works
- 150mm cement stabilised sub-base layer works
- 150mm G6 upper selected layer works
- 150mm G9 lower selected layer works

A diagram showing the design of the connection to the A2 highway is below.



Figure 2: A2 Highway Connection Design

The proposed design of the unpaved roads will allow significant heavy vehicle traffic, and is as follows:

- 150mm G1 natural gravel wearing course layer works
- 150mm cement stabilised sub-base layer works
- 150mm G9 upper selected layer works
- 150mm G9 lower selected layer works

A2 Highway

The A2, which is a very high quality four lane toll road, crosses the Project area and passes within a short distance of the selected site location. Once on this highway, transport of finished product will be of similar roads all the way to the export port, the Port of Casablanca.



Figure 3: A2 highway road crossing the project area

Cost Estimation

The total budgeted capital cost required to connect the Khemisset site to existing highway infrastructure is approximately US\$2.0 million including a 15% contingency. This is a slight increase on the US\$1.3 million for comparable items in the Scoping Study, with the additional cost owing to the decision to construct a full highway connection for local community use.

A summary of the cost breakdown is presented in **Table 1** below:

PAVED PART OF ROAD				
Description	Quantity	Unit	Rate in Dollar	Cost in Dollar
Preliminary and General (P&G's – Establishment cost)	1	Lump Sum	\$ 10 228.27	\$ 10 228.27
Clearing, Grubbing & Site Preparation	38 806	m ²	\$ 3.00	\$ 116 418.00
Earthworks and Levelling of construction area	38 806	m ²	\$ 5.00	\$ 194 030.00
Road 40 mm AE-2 Asphalt Surface wearing course	22 637	m ²	\$ 11.00	\$ 249 007.00
Road 150 mm G1 Base course Layer works	5 821	m ³	\$ 34.00	\$ 197 914.00
Road 150 mm cement stabilized Sub-base Layer works	5 821	m ³	\$ 30.00	\$ 174 630.00
Road 150 mm G6 Upper Selected Layer works	5 821	m ³	\$ 13.00	\$ 75 673.00
Road 150 mm G9 Lower Selected Layer works	5 821	m ³	\$ 8.00	\$ 46 568.00
Fill material in 150 mm layers as and where required	466	m ³	\$ 5.00	\$ 2 330.00
Existing services protection and relocation	1	Lump Sum	\$ 4 082.66	\$ 4 082.66
All miscellaneous road works and finishing	1	Lump Sum	\$ 2 551.67	\$ 2 551.67
Sub-Total				\$ 1 073 432.60
Contingency at 15%				\$ 161 014.89
TOTAL EXCLUDING VAT				\$ 1 234 447.49
UNPAVED PART OF ROAD				
Description	Quantity	Unit	Rate in Dollar	Cost in Dollar
Preliminary and General (P&G's – Establishment cost)	1	Lump Sum	\$ 8 454.50	\$ 8 454.50
Clearing, Grubbing & Site Preparation	32076	m ²	\$ 3.00	\$ 96 228.00
Earthworks and Levelling of construction area	32076	m ²	\$ 5.00	\$ 160 380.00
Road 150 mm G1 Base course Layer works	4811	m ³	\$ 34.00	\$ 163 587.60
Road 150 mm cement stabilized Sub-base Layer works	4811	m ³	\$ 30.00	\$ 144 342.00
Road 150 mm G6 Upper Selected Layer works	4811	m ³	\$ 13.00	\$ 62 548.20
Road 150 mm G9 Lower Selected Layer works	4811	m ³	\$ 8.00	\$ 38 491.20
Fill material in 150 mm layers as and where required	385	m ³	\$ 5.00	\$ 1 925.00
Existing services protection and relocation	1	Lump Sum	\$ 12 072.00	\$ 12 072.00
All miscellaneous road works and finishing	1	Lump Sum	\$ 7 545.00	\$ 7 545.00
Sub-Total				\$ 695 573.50
Contingency at 15%				\$ 104 336.03
TOTAL EXCLUDING VAT				\$ 799 909.53
Subtotal				\$ 1 769 006.10
Contingency				\$ 265 350.92
Total				\$ 2 034 357.02

Table 1: Summary of Direct Costs for Road Transport Connection

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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 537Mt @ 9.24% 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.