

4 March 2019

Emmerson Plc  
("Emmerson" or the "Company")

Potential for Further Capex Savings at Port Enhances Outstanding Khemisset Potash Project

**Highlights**

- Potential capex saving of US\$7.5m compared to the Scoping Study by utilising existing storage and loading facilities in Port of Casablanca as opposed to the Port of Mohammedia as envisaged in the Scoping Study
- Indicative mine-to-port logistics cost quotes from Moroccan National Rail Company show no change in operating cost from the Scoping Study, despite a slight increase in transport distances given the potential use of rail rather than trucks for the majority of the journey
- Access to a significantly larger port with a greater draft capacity, allowing a wider range of vessel sizes to be loaded, potentially reducing overall bulk shipping costs to target markets, including Brazil
- Ongoing discussions with numerous Moroccan entities, including the Port Authorities, present opportunities for further improving Project economics ahead of upcoming Feasibility Studies

Emmerson Plc ("Emmerson" or "the Company"), the Moroccan focused potash development company, is pleased to announce that it is investigating the use of the Port of Casablanca for export of product produced at its world class Khemisset Potash Project ("Khemisset" or "the Project"). This could result in capex savings and a reduction in total transport and logistics costs, which make up a significant proportion of delivered costs to customer.

As part of ongoing studies to assess alternative logistics solutions to those presented in the Khemisset Scoping Study (refer to RNS dated 20 November 2018), the Company has been in discussions with the Moroccan Port Authorities regarding potential port options for the export of product produced at Khemisset. These discussions have demonstrated that a superior option for export of potash may be available. Importantly, based on current, indicative, mine-to-port transport and logistics costs from a Moroccan provider, there would be no net increase in overall in-country operating cost for the Project.

The Scoping Study for Khemisset confirmed that it has the potential to be among the lowest capital cost, highest margin potash projects in the world with outstanding economics, including forecasted EBITDA margins in excess of 60% and a post-tax NPV<sub>10</sub> of over US\$1.1bn based on industry expert price forecasts. The use of the Port of Casablanca has the potential to improve the economics further.

**Hayden Locke, CEO of Emmerson, commented:**

"We are using the period prior to the commencement of the Feasibility Study to assess various options for the Project. It is pleasing that we are seeing opportunities to improve what is already a potentially world class asset.

"The Port of Casablanca is one of the largest and most modern in Africa and, consequently, it has outstanding infrastructure already in place. Discussions with the Port Authority suggest that we may be able to benefit from this; potentially reducing our capital costs further and having a net positive impact on our overall transport and logistics costs delivered to our target markets, including Brazil.

“This is a positive development and it will form a key part of our analysis for the Feasibility Study. We are rapidly progressing Khemisset and look forward to keeping shareholders updated as we identify further areas of improvement for the Project during 2019.”



Figure 1 (clockwise from top left): Map of Logistics Route to Casablanca; Aerial view of Port of Casablanca; Loading Facilities Port of Casablanca

**\*\*ENDS\*\***

For further information, please visit [www.emmersonplc.com](http://www.emmersonplc.com), follow us on Twitter (@emmerson\_plc), or contact:

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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 311.4Mt @ 10.2% K<sub>2</sub>O 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.