

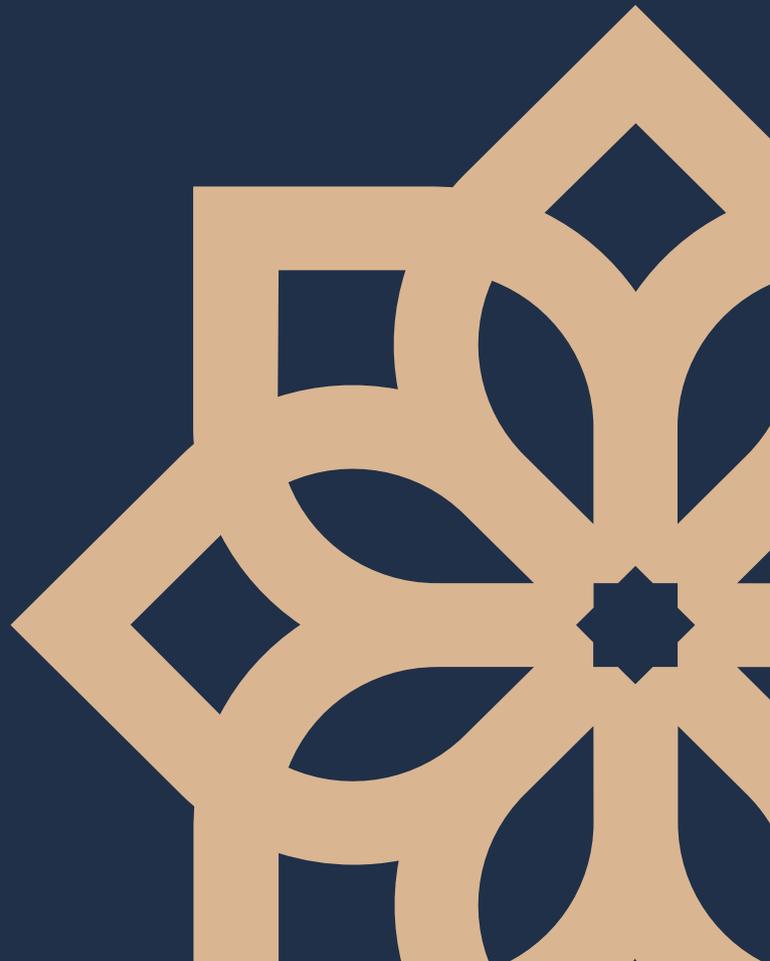


**EMMERSON PLC**

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**END OF YEAR  
NEWSLETTER**

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## Dear Shareholders,

2021 has been a successful year for Emmerson and major strides have been made towards achieving our target of first production at the Khemisset Potash Project ('Khemisset' or 'the Project') in Morocco. The icing on the cake came in the form of a strategic financing deal of up to \$46.75 million in November 2021 and accordingly, we look forward to 2022 with confidence as we fast-track the development of Khemisset into a low cost, high margin supplier of potash – the first primary producer on the African continent.

### — 2021 Key Milestones

- In February, we received the Mining Licence ('ML') for Khemisset from the Moroccan Ministry of Energy, Mines and the Environment, providing the exclusive right to develop and mine the potash deposit.
- In April, we were delighted to join AIM to provide access to a larger and more entrepreneurial market with an environment more suited to our size and strategy.
- In September, our Interim Results highlighted the strength of the global potash market, which clearly improve the Project's already outstanding economics: using current spot price assumptions, our post-tax NPV is pushed from a very respectable US\$1.4 billion to US\$3.9 billion and IRR of over 85.4%, while average life of mine post tax cashflow increases to US\$558 million per annum for an initial 19-year life of mine<sup>1</sup>.
- A major step to unlocking the full potential value of Khemisset was achieved in November, when we announced a Strategic Investment of up to US\$46.75 million - the upfront cash injection enables us to advance the next stage of the Project's development, the basic engineering and operational developments, while the remaining \$40m is available for drawdown as necessary, potentially as part of the project finance.
- Finally, in December, the Project moved into the pre-construction phase of development with the award of the primary Basic Engineering contract to Barr Engineering for the Mineral Processing Facility. We have also received bids for the balance of the Basic Engineering packages of the Project, comprising highways connection and site access; portal and declines; mine site infrastructure; tailings storage facility; electrical power; and water. tailings storage facility; electrical power; and water.

### — Strategic Investment

The strategic investment by Singaporean fund Global Sustainable Minerals ("GSM") and Gold Quay Capital (the "Investors") is of great value to the Company because of the significant financial and strategic support it confers. GSM is funded by entities controlled by Mr. Indra Widjaja and he, and his family, are among the wealthiest people in South-East Asia, with significant investments across many industries including, most importantly for Emmerson, agriculture and mining. The Widjaja Family are best known as the owners of the Sinar Mas Group ("Sinar Mas"), which is a very well-known South-East Asian conglomerate and one of the largest companies in Indonesia. Sinar Mas operates large, geographically diverse, businesses across numerous verticals including real estate and construction, financial services, telecoms and technology, food and agribusiness and mining, with estimated group annual revenues of more than US\$30 billion in 2018.

<sup>1</sup> Using the Dec 2021 spot price for granular MOP in Brazil, with all other inputs the same as the 2020 Feasibility Study.

The investment has been structured by way of an initial equity investment and a second investment via a mandatory convertible note. The mandatory convertible note can be drawn upon satisfaction of certain conditions, most notably the completion of the project financing for the Project. The mandatory convertible nature of the investment means once the instrument is drawn it will always convert to equity. Therefore, investors should consider this as a form of deferred equity, at a significant premium to the current share price, to support the development of Khemisset.

Having the backing of such a powerful investor group puts the Company in a strong position as we move to the development of Khemisset, in particular with the ongoing project finance negotiations with a syndicate of banks. We welcome the Investors to the register and look forward to continuing to strengthen our partnership with them as we move to become the first MOP producer in Africa.

## — Ongoing Work

The Environmental and Social Impact Assessment ('ESIA') submission is awaiting the final approval and the Company has completed various submissions to government agencies including the water authority, l'Agence du Bassin Hydraulique de Sebou, Regional Department of Environment, Regional Department of Forestry, and Regional Centre of Investment, as well as the public enquiry process with no objections and full support from local stakeholders.

Work relating to the technical aspects of the design and engineering to take the Project towards construction readiness such as additional geophysical surveys and shallow drilling to further characterise the near surface geology, decline alignment drilling and further deep drilling for detailed mine design are underway. Progress is also being made with developing the Project's execution plan with constructive engagement with potential engineering and EPCM partners. A contract has now been signed for the basic engineering of the process plant with Barr Engineering, a multi-award-winning engineering firm based in Minneapolis, USA. Negotiations for the contracts covering the engineering of all other work packages for the project are now at an advanced stage and should be awarded shortly.

The land acquisition programme is advancing with relevant owners and stakeholders identified in addition to engagement with the relevant authorities in relation to the water and power supply routes to site and the highways connection.



## — Project Finance Update

During 2021 in the various webinars and investor updates it has been explained that we have been able to advance the project finance in parallel with the other workstreams. As mentioned above, the whole debt process has benefitted substantially from the strategic equity investment. I am pleased to report that we have not only engaged with a number of international and Moroccan banks, but also that the initial due diligence has now been completed. This means that we move to the next stage where we confirm the Managing Lead Arrangers (“MLAs”) – we expect to be in position to update the market on this in the first quarter of 2022.

## — Team Appointments

As the Project moves into the construction phase, we have strengthened the team at every level to support this transition. We have hired a Project Controller, Josh Mitchell, who has hit the ground running with the identification, budgeting and now negotiation of the basic engineering contracts who is being supported by our new Project Engineering Manager Haitam Ennadif who is based in Morocco.

At board level, James Kelly replaced Mark Connelly, who retired in April 2021. James has over 20 years of experience in the mining sector, particularly in the areas of corporate finance and financing strategy. Additionally, Rupert Joy, who has high level international experience including seven years as a diplomat in Morocco, joined as a Non-Executive Director.

## — Morocco

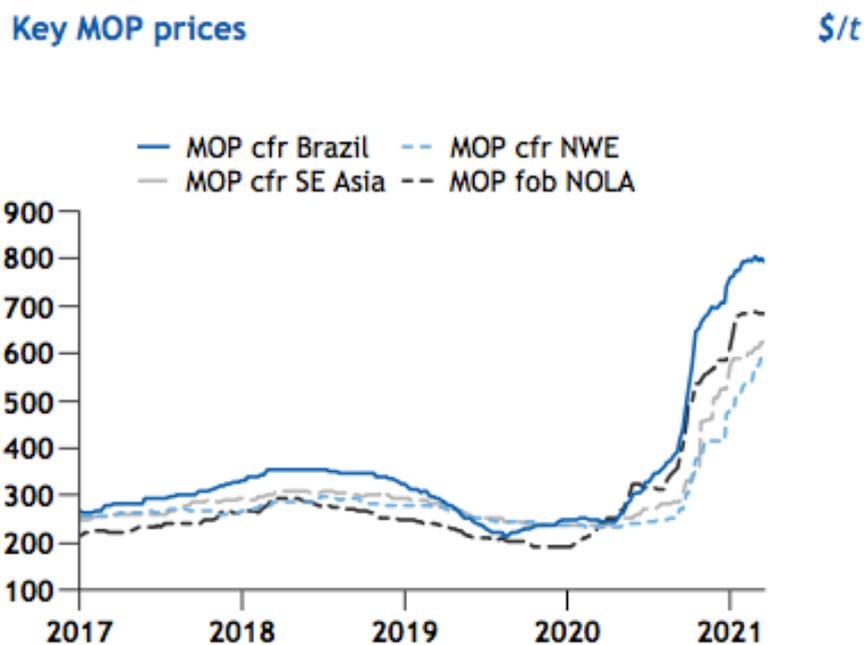
The Company has worked hard during 2021 to build the foundations of a long-term partnership with Morocco, one of the region’s most dynamic economies and a welcoming environment for foreign direct investment. The Kingdom’s expertise in fertiliser production and emerging position as an African leader in agriculture, water management and renewables make it an ideal partner for Emerson. The Project is anticipated to bring substantial social and economic benefits to the region of Khemisset, as identified in the socio-economic



## — Potash Industry

As shareholders will be aware, potash is a widely used fertiliser and plays a central role in feeding the world’s growing population. Potash has many benefits including increased crop quality and yield, improved uptake of nitrogen and more efficient use of water.

Potash (MOP) accounts for 95% of global demand for the vitally important potassium fertilisers. There is no substitute for potash, with MOP continuing to be the cheapest and most utilised source of potassium for agricultural processes globally.



key global MOP prices 2017-2021, sourced from Argus

Annually, global potash (MOP) consumption in 2017 was 64m tonnes, growing to 71.6m tonnes in 2020, with this figure forecast to further increase over the next decade to 84m tonnes in 2029. This is an average increase of 2.6% per annum for the consumption of MOP globally. Improving yields to feed the growing population are just a few of the drivers in this growth in demand for potash, and these drivers are only going to grow in decades to come. These factors have seen prices of fertilisers grow significantly over the past 12 months, with potash doubling or tripling in price depending on buyer. Tightened supply alongside robust demand and increasing crop prices will see prices for MOP to remain at strong levels over the next decade.

As the first commercial potash mine in Africa, Emmerison is expected to benefit from the high growth forecasted for fertilisers across the African continent.

## — Looking Ahead

We have some major targets to hit in 2022, not least the successful receipt of our ESIA permit, and the project finance facility to be finalised. However, with a mining licence secured, strong balance sheet, very robust market fundamentals, supportive shareholders and stakeholders, and an exceptional team, we expect 2022 to be a transformational year for Emmerson.

I would like to take this opportunity to thank our shareholders for their ongoing support and wish you all a very happy and healthy New Year.

**Graham Clarke**  
CEO

