



Emmerson Plc / Ticker: EML / Index: LSE / Sector: Mining

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**Emmerson Plc (“Emmerson” or the “Company”)
Khemisset Potash Project Update**

Emmerson plc, the Moroccan focused potash development company, is pleased to provide an update on progress made at its world class Khemisset Potash Project (the ‘Project’) in Morocco during the first six months of 2021.

Overview

- Environmental approval process reaching completion.
 - All technical work completed, submissions made, and review meeting held with the Environmental Evaluation Committee (“EEC”) (referred to in Morocco as the “Commission Regionale Unifiée de l’Investissement”).
 - Public enquiry process completed successfully with full support from local stakeholders.
 - Continue to work in accordance with the process of the governmental entities that are members of EEC.
 - Awaiting final approval to be called for the evaluation meeting by the EEC, expected to be received imminently, subject to COVID restrictions in Morocco.
- Lodged applications for renewal for the remaining research permits that were not part of the Mining Licence area, with a positive outcome expected in Q3 2021.
- Completed geological work to further improve understanding of the general structures, update various geological plans and maps and, advance the Deep Well Injection plan.
- Completed a work programme and commenced a tender process for technical field works with the objective of addressing risks and recommendations identified in the FS as well as preparing the data set to be used in the engineering design workstreams.
- Completed work relating to the technical aspects of the design and engineering to take the Project towards construction readiness.
- Confirmed initially indicated power cost savings and secured preferred supply option following detailed discussions with several renewable energy providers in Morocco.
- Commenced FS for the Sulphate of Potash project with a view to diversifying product offering and enhancing margins.
- Project team continues to be strengthened in preparation for the engineering design and construction phase.
- Ongoing strategic partner discussions and debt funding due diligence.
- Altogether, the planned workstreams are on course to meet the target of commencing early construction work by year end.

Graham Clarke, CEO of Emmerson, commented:

“Excellent progress has been made on many fronts as we look to fast-track the Project to production and take advantage of the strong potash market fundamentals, particularly in Africa given we are ideally located to supply this market.

“I would like to take this opportunity to thank the team and our consultants for the exceptional work that has brought our ESIA application to the final step of approval, particularly when the impact of COVID on the ability to conduct face to face meetings is taken into account.

“Notably, we are also continuing positive discussions with strategic investors and due diligence for the wider project debt finance, as we focus on achieving our overall timeline to commence early construction works in Q4 2021.”

Permitting & Licensing

Having completed the baseline and all the workstreams required for Environmental and Social Impact Assessment ('ESIA') for the Project, the study was submitted in Q4 2020 for review by the Environmental Evaluation Committee. The ESIA package comprises a full Project baseline study built over two years, the ESIA report, and the Environmental and Social Monitoring Program (“ESMP”). The package covers the Project underground works and surface installation, external infrastructure such as powerlines, highway access, and raw water intake.

The review meeting with the EEC was held in December 2020 where valuable advice and guidance was given by the committee members to better prepare for the evaluation meeting. The EEC comprises the relevant Government stakeholders in the Project including the Ministry of Energy and Mines, Regional Department of the Environment, and the water agency (l'Agence du Bassin Hydraulique de Sebou).

Following the positive feedback of the review meeting, the month-long Public Consultation phase was launched covering the three local communes where the Project installations are planned. No concerns or objections were recorded by the local population. This is a reflection on the social license to operate that the Project team has been building amongst the local communities as they support the Project to become a catalyst for socio-economic development.

In parallel with this, the Company has been following up with the relevant Government entities to prepare for the evaluation meeting. Complementary technical work was carried out and shared with some of these entities. This comprised of the following:

- Water agency:
 - Improvement of the water intake scheme by changing the intake installation to the newly commissioned Ouljet Es-Soltane dam instead of the Oued Beht river. The Ouljet Es-Soltane dam is

upstream of the Project site by some 20km and presents a more reliable and sustainable water supply option.

- The Company completed a scoping level study and a specific baseline study covering the intake installation and the pipeline design prior to integrating this infrastructure into the ESIA package.
- Additional engineering detail on the Tailings Storage Facility (“TSF”) including scenario analysis for risk management and mitigation was completed by Golder Associates to the standard required by the Government agencies. This study presents design fundamentals which are based on the most stringent international standards that are applicable to such installations and shows accordingly the very low risk associated with its design contemplated and assesses possible mitigation strategies that could be implemented.
- Department of Environment:
 - Supplementary work on the Deep Well Injection (“DWI”) plan was completed by local engineering consultants Sigma Plus.
 - The results were shared with the Department of Environment to give more confidence in and demonstrate the sustainability advantage of the approach as compared with the traditional methods for brine management.

The Company has completed all significant items in the process previously outlined, all in compliance with best international relevant standards, and is now awaiting the confirmation for the evaluation meeting with the EEC, following which the ESIA approval will be granted.

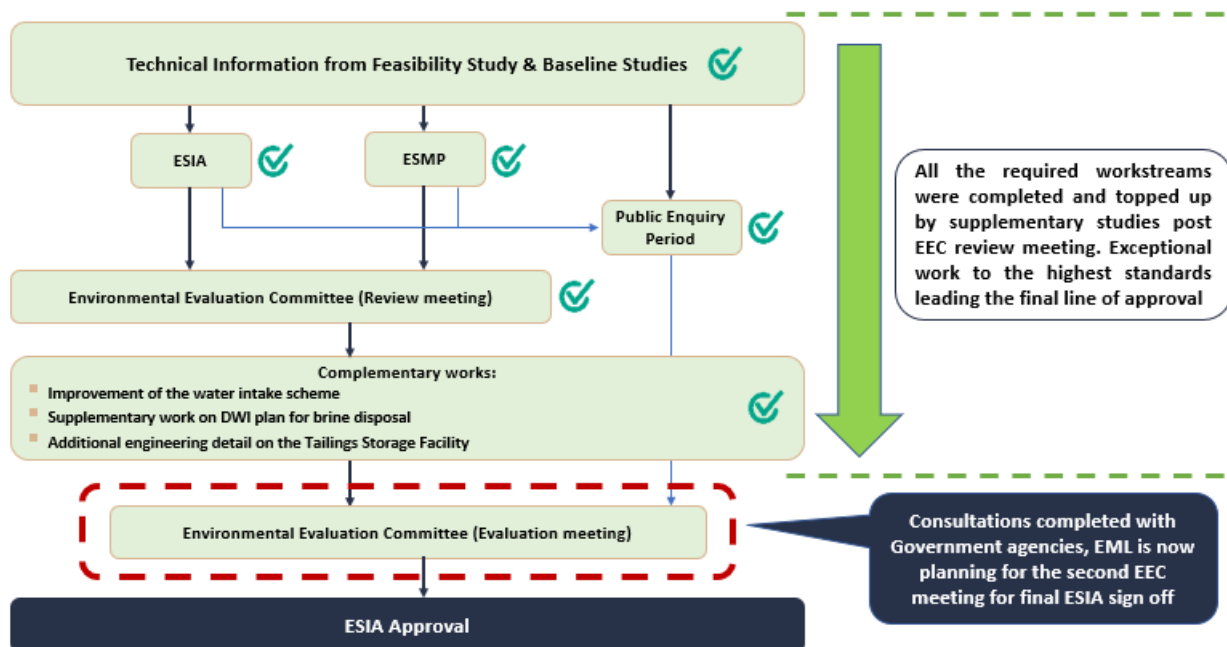


Figure 1: Updated ESIA approval roadmap for the Project

Emmerson is committed to developing the Project in accordance with the highest health, safety, and environmental standards, all the ESIA workstreams are therefore scoped and completed in compliance with

Moroccan legislation while being topped up to highest levels of rigour as required by International Finance Corporation ("IFC") Performance Standards and the Equator Principles.

Applications for renewal have been lodged for the remaining research permits that were not part of the Mining Licence area with a positive outcome expected in Q3 2021.

Geology & Exploration

A significant amount of geological work has been completed including the re-processing and interpretation of two seismic lines, undertaken by consultants, to provide better quality data for the wider understanding of the general structures in the vicinity of the declines and early mining area. The local team has also undertaken additional core logging and mapping to provide further data for refining various geological plans and maps. In addition to this, supplementary work has been completed on the DWI plan, resulting in a report that is being used for ongoing discussions with the authorities regarding this key area of the Project.

To mitigate risks identified in the FS, a new geological investigation campaign has been scoped and commenced. This work is split into two sections. Firstly, surface geological investigations will focus on geotechnical and geophysical data gathering to feed into the detail design for the surface infrastructure and the tailing storage facility ("TSF"). Secondly, a series of deeper holes are to be drilled along the line of the decline, one of which is to be extended to provide data for the DWI, and two holes with offsets are to be drilled into the orebody in the early mining blocks. These will serve as data points for mine access engineering design and mine design while giving more confidence on suitability of the targeted formations for DWI.

Engineering & Design

Work relating to the technical aspects of the Project design and engineering has been completed to address risks from the FS, provide detail to support wider project development and commence more comprehensive work to take the Project towards construction readiness.

Additional ventilation modelling has also been undertaken; this was a vital piece of work and the modelling confirmed that the air quantities required for effective ventilation need to increase, with the provision of vent raises necessary to achieve this. Additionally, the modelling confirmed that air cooling will be necessary from the early years of operation. The detailed design can now take these modifications into account.

The Company has engaged with numerous engineering companies to assess potential partners for the basic and detailed engineering for the Project. A request for proposal has been issued with regards to the MOP process facility basic engineering, and a preferred partner selected. Final negotiations are taking place with a view to commencing engineering soon. Further to this, discussions continue with a Moroccan engineering company to support the development of a contracting strategy and project execution.

Other notable advances include completing cuttability tests on core samples of salt and basalt to inform the detail design and planning of the decline construction. The Company is also holding discussions with several

renewable energy providers resulting in a supply option in addition to the current memorandum of understanding (“MOU”).

The FS for the Sulphate of Potash project (“SOP Project”) commenced during the period as the Company looks to diversify its product offering and enhance margins. SOP is a low-chloride fertiliser that is used in arid regions, such as the Middle East, where chlorine can build up on the soil due to low levels of rainfall. It is also increasingly used for higher value crops such as soft fruits, vegetables, turf, and tobacco, which typically have lower tolerance for chlorine. Emerson anticipates that this FS will be completed during August 2021.

Building the right skillset in the Project team

A Project Control Manager has been recruited and the Company is in the process of recruiting a Project Engineering Manager. This is to build the appropriate skillset and capacity to take the Project through the engineering studies in preparation for construction. The Project Control Manager will be instrumental in enabling controlled project delivery with a focus on ensuring readiness for Project execution.

The Project Engineering Manager will be responsible for the engineering and technical disciplines needed to progress project development. The individual will be responsible for the successful integration and delivery of various design packages with a focus on ensuring suitably constructable design packages and readiness for operations.

Strategic Investor & Project Debt Process

The Company continues to pursue a strategy of securing a holistic financing package and is progressing discussions with potential strategic equity investors, debt financiers and providers of alternative finance (such as royalties and streams).

Negotiations have continued towards securing the strategic equity investor that is desired and on terms that will benefit shareholders. This is one of the most important steps that the Board needs to take in advancing the Project into construction, and as such is being managed with all due care and the necessary diligence and consideration. The Company can confirm that there are several interested groups, any one of which could have a transformational effect on the overall financing of the Project. The Board is hopeful of being in a position to provide a more substantial update on this, as well as the Project debt and broader financing process in H2 2021.

****ENDS****

For further information, please visit 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 project ("Khemisset" or the "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 Feasibility Study released in June 2020 indicated Khemisset has the potential to be among the lowest capital cost development stage potash projects in the world and also, as a result of its location, one of the highest margin projects. This delivered outstanding economics including a post-tax NPV10 of approximately US\$1.4 billion using industry expert, Argus', price forecasts.