

12 November 2018

**Emmerson Plc (“Emmerson” or the “Company”)  
Potential for Very Low Capital Cost Port Upgrade for Khemisset Potash  
Project and Scoping Study Progressing Ahead of Schedule**

Emmerson Plc, the Moroccan focused potash development company, is pleased to announce that it has completed the preliminary design and cost estimates for the port upgrade necessary to allow the export of potash product at the Port of Mohammedia from the Company’s 100% owned Khemisset Potash Project located in northern Morocco (“Khemisset” or “the Project”). This work has been completed by independent Moroccan engineering consultant, Sigma Plus (“Sigma”), a sub-consultant, as part of the forthcoming Scoping Study which is due to be released in the near-term. The completed estimates have confirmed the potential for further significant capital cost savings for the Project.

In an update to previous guidance, the Company now expects the Scoping Study to be published in Q4 2018, well ahead of schedule.

**Highlights**

- Total budgeted cost for construction of port upgrades is approximately US\$7.5 million including a 30% contingency
- Initial discussions with local authorities indicate that the Port of Mohammedia (150km from proposed mine site) has capacity for exports from Khemisset
- Port of Casablanca and proposed Port of Kenitra expected to present feasible alternative options
- Estimated capital cost saving of approximately 95% for capex cost for port upgrade, or over US\$190 million, relative to cost of a recently constructed potash handling port facility in Canada<sup>1</sup>
- Design and estimate completed according to AusIMM guidelines for capital cost estimates
- Further enhances Management’s strong belief in potential for Khemisset to be a low capital cost potash mine development, following the announcements of low capex mine access, low capex logistics solution, and low capex electrical and gas supply which combined have the potential to save Emmerson over US\$1.2 billion when compared to benchmark projects (refer RNS’s dated 18 September, 08 October, and 23 October 2018)
- Scoping Study to be delivered in Q4 2018, well ahead of previous schedule

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

“The Khemisset Project benefits from its proximity to a number of existing and planned port options when the Project commences production. Access to existing port facilities, with minimal upgrades required, result in significant capital cost savings for the Project. Morocco has invested heavily in all facets of infrastructure, including world-class ports, which are already resulting in significant benefits for Emmerson.

“Our initial discussions with authorities at the Port of Mohammedia have confirmed that there is expected to be capacity for the export of potash produced from Khemisset. Cost estimates include

---

<sup>1</sup> Based on Pacific Coast Terminals Co. Ltd. Project Environmental Review Document for K+S Canada Port Moody Potash Handling and Storage System, 3 February 2015 (<http://pct.ca/wp-content/uploads/2014/12/PCT-Potash-Project-Environmental-Review-Documents-FINAL.pdf>) excluding contingency.

construction of a storage warehouse and loading facility for the handling of at least 800,000 tonnes of potash product per annum.

“The already completed design and cost estimates for the access to mineralisation, connection to logistics, and connection to electricity and gas supply and port facilities have highlighted the significant cost savings available to the Khemisset Project, which are estimated to amount to over US\$1.2 billion compared to Canadian peers. This announcement further enhances our belief that the Scoping Study for Khemisset will present a low capital cost, high margin proposition which should result in compelling economic metrics.

“The Scoping Study is well ahead of schedule and we are excited to release the results to the market as soon as it is finalised, which we expect to be imminently.”

### Comparison to Peers

The Scoping Study port upgrade design and costing for the Khemisset Project, completed by independent engineers Sigma, indicates that the capital cost requirement to upgrade port facilities should be far lower than the equivalent port upgrade capex costs for other potash projects globally. A comparison to other potash projects is shown in **Figure 1** below

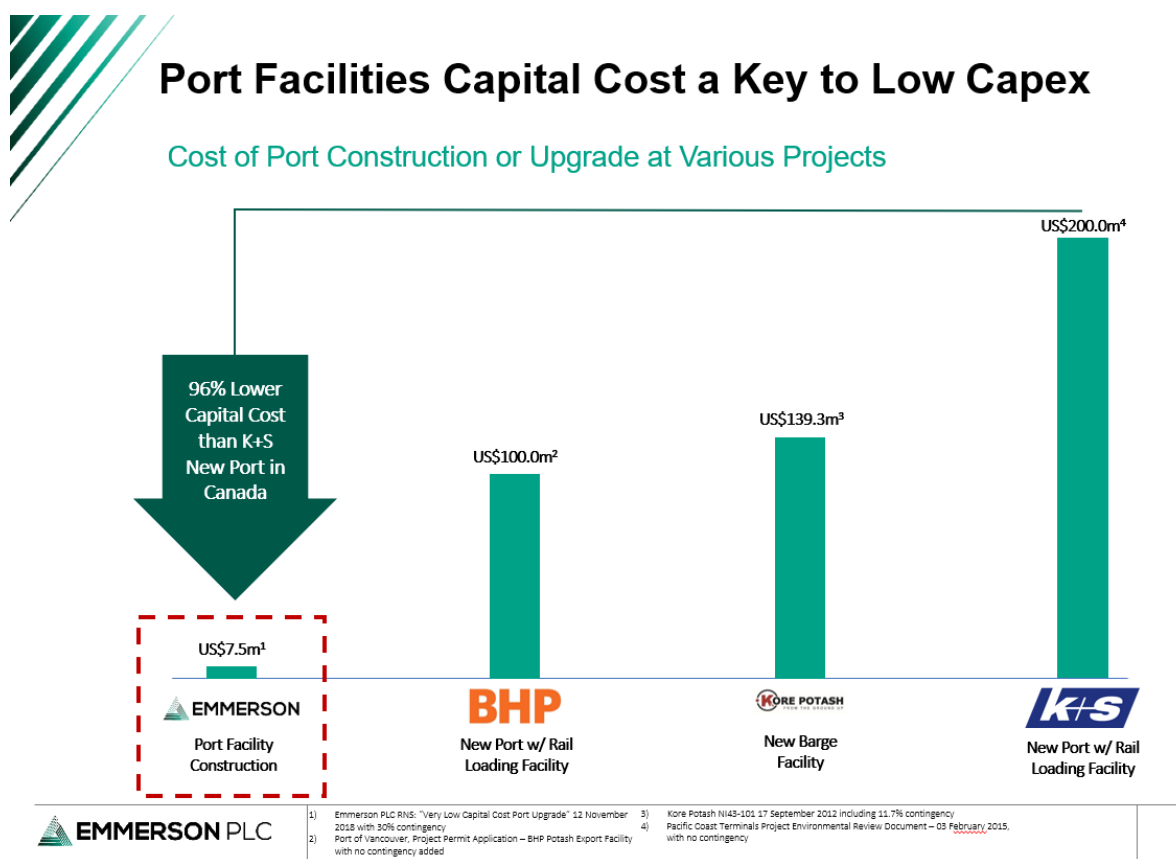


Figure 1. Capital costs for Port Build or Upgrade in selected potash projects

### Port Upgrade Overview

Sigma, which was appointed by the Company to design and cost an initial facility at port, has completed basic design and cost estimates for the port upgrade. Designs and estimates have been prepared in line with Scoping Study guidelines provided by the Australasian Institute of Mining and Metallurgy (“AusIMM”).

### Basis of Port Upgrade

The Company has instructed Sigma to design a facility at port which will include:

- Facilities to unload potash from trucks at 500t/h
- A warehouse with capacity of 25,000 tonnes
- Loading facilities from the warehouse onto ships at 1,000 t/h
- Able to receive, unload and reload at least 800,000 tonnes per annum depending on truck and ship frequency

Sigma has prepared preliminary design and costings based on these requirements.

Figures 2 and 3 below demonstrate the designed facilities.

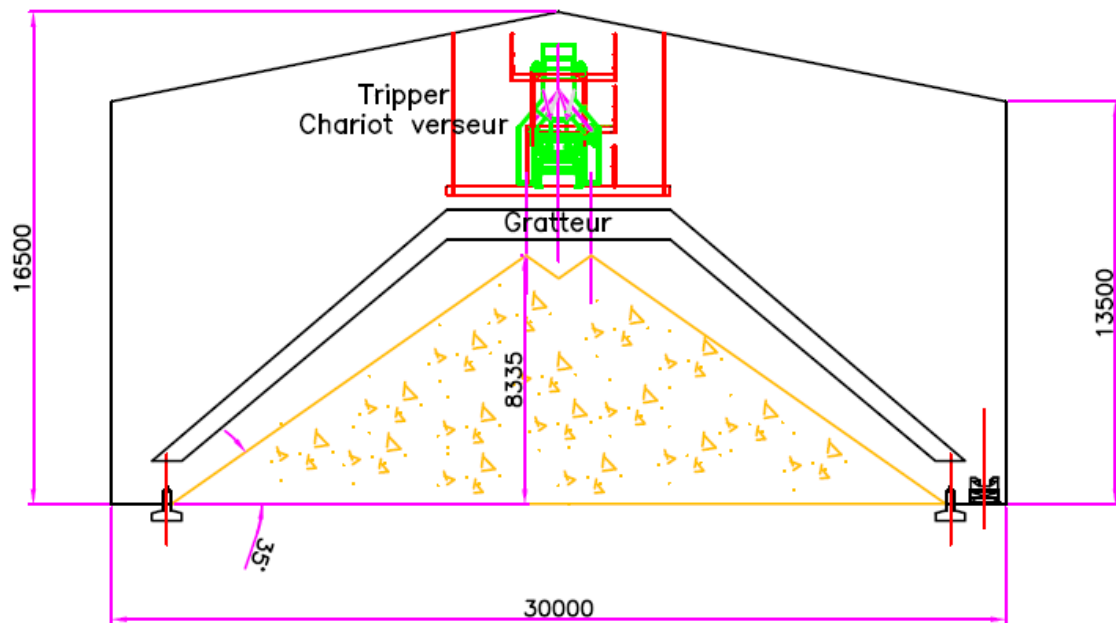


Figure 2. Cross section of designed warehouse with Roof Mounted Stacker

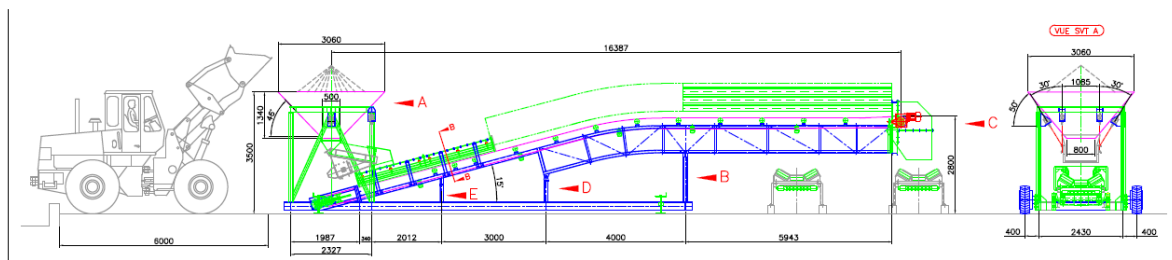


Figure 3. Cross section of reclaim and ship loading facilities

### Cost Estimation

The total budgeted capital cost required to upgrade the port facilities to allow export of product is US\$7.5 million including a 30% contingency. Cost estimation for the port upgrade has been conducted in line with Scoping Study levels of accuracy of approximately  $\pm 30\text{-}50\%$ .

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

Item	US\$ millions
Warehouse	\$2.2
Truck Unloading Equipment	\$1.5
Ship Loading Equipment	\$2.1
Contingency (30%)	\$1.7
<b>Total Direct Costs including Contingency</b>	<b>\$7.5</b>

**Table 1: Summary of Direct Costs for Port Upgrade Capex**

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

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

Hayden Locke                      **Emmerson Plc**    Tel: +44 (0) 207 236 1177  
Edward McDermott

James Biddle                      **Beaumont Cornish Limited**    Tel: +44 (0) 207 628 3396  
Roland Cornish                      *Financial Adviser*

Jeremy King                      **Optiva Securities Limited**    Tel: +44 (0) 3137 1904  
*Broker*

Lottie Wadham                      **St Brides Partners Ltd**    Tel: +44 (0) 20 7236 1177  
Gaby Jenner                      *Financial PR/IR*

### 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.*