

24th September 2019

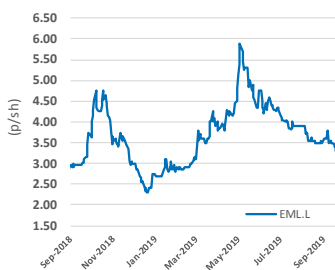
Sector: Mining

Commodities:

Potash (MOP) in Morocco

Market data

Ticker	EML
Price (p/sh)	3.6
12m High (p/sh)	6.2
12m Low (p/sh)	3.3
Shares (m)	626.1
Mkt Cap (£m)	22.8
Markets	LSE



Source: LSE

Description

Emmerson plc is a resource development company focused on the development of the Khemisset potash project in Morocco. After completing a scoping study in November 2018, the project is now going through feasibility. www.emmersonplc.com

Board & key management

Non-Exec Chairman	Mark Connelly
Exec Director/CEO	Hayden Locke
Exec Director	Robert Wrixon
NED	Ed McDermott

Emmerson plc

Permit consolidation paves the way...

EML has received approval to fuse 21 of its core exploration permits into a single permit at its 100%-owned Khemisset potash project in Morocco. This is significant as it means that EML's wholly-owned subsidiary MSL, is one of the first companies (if not the first) to achieve a consolidation of permits under the new mining code. This will considerably reduce the burden and cost of routine reporting by consolidating the permits. It also demonstrates the support of the Ministry and provides a positive validation of the permitting mechanism in the country.

- ▶ **Fusion achieved!** Emmerson has received approval from Ministry of Energy, Mines and Sustainable Development to fuse or amalgamate 21 of the core contiguous exploration permits at Khemisset into a single permit covering the same area. This makes Emmerson's wholly owned subsidiary "MSL Minerals SARL" one of the first companies in Morocco to achieve a fusion of permits under the new mining code.
- ▶ **Time and cost saving.** Consolidating the 21 permits into a single permit will drastically reduce the ongoing administrative burden in terms of time and cost by reducing the number of reports that are required to be submitted. Previously, over 50 reports had to be submitted annually for the 21 permits. The exploration permit expiry date also reverts to the longest dated (most recently granted) permit within the collection.
- ▶ **A first under the new code.** The consolidation represents a first under the new Moroccan Mining Code which was implemented in 2015 to replace the old legislation dating back to the 1950s. The new code stemmed from the Government's national strategy to develop the mining sector and triple the sector's turnover by 2025. Naturally, this involves increasing the volume of investment into the exploration and mining industry. Thus, EML's fusion of permits represents a solid test of the permitting process within the new framework. It also reinforces the support of the Government and Ministry for the ongoing development of Khemisset.
- ▶ **Paves the way for the Mining Permit.** The successful consolidation provides a robust foundation and simplifies in-country technical reporting, preparing the company for its eventual application for a mining permit. We view permitting and the development of a social licence to operate as critical make or break milestones in any mining project development. Consequently, we are encouraged to see further unabated progress by EML in what is becoming one of the most exciting mining jurisdictions globally.

EML remains on track to complete the Khemisset feasibility study in H1 next year. So far, everything appears to be running like clockwork for the company. Khemisset in our view, remains an eminently achievable project and every month the fundamental building blocks for development become stronger. Clearly, mining projects are seldom developed without having to overcome obstacles, but we continue to remain impressed by EML's agility and forward-thinking strategy. This, we believe, will help to minimise potential snags on the way to production. We increasingly see Morocco as coming of age as a first-class jurisdiction, with a supportive government and legislation adding to excellent infrastructure and a wealth of logistical options. Khemisset is shaping up to be a low capital intensity, high-margin project, producing a MOP product suitable for, and not disruptive to, the world's largest fertiliser market. The vision is exceptionally clear and EML must remain focused to unlock this singular opportunity.

Analyst

phil.swinfen@shardcapital.com
020 7186 9008
Phil Swinfen

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