



EMMERSON PLC

Developing a low capex, high
margin potash project in Morocco

Corporate Presentation

November 2019

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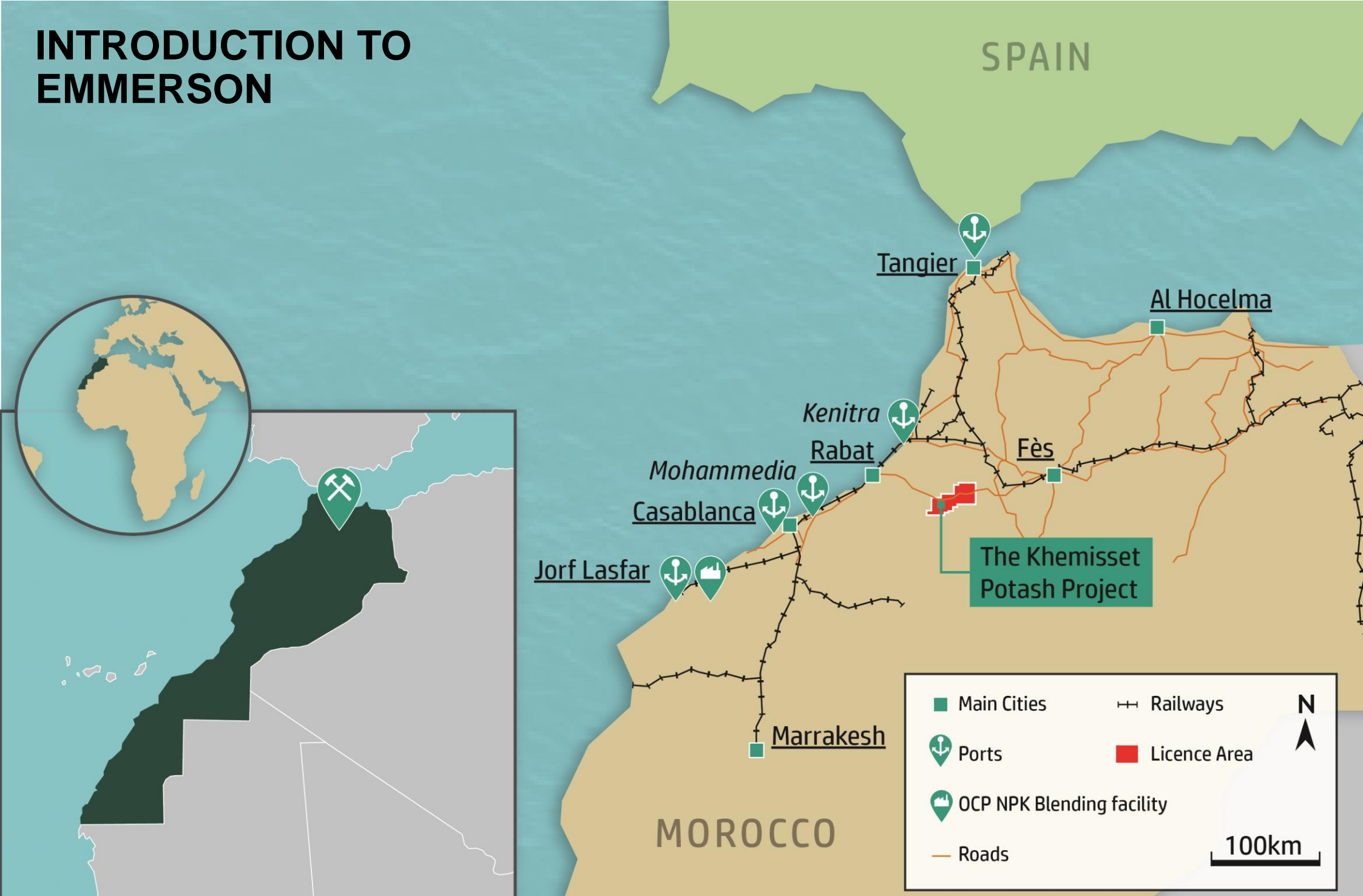
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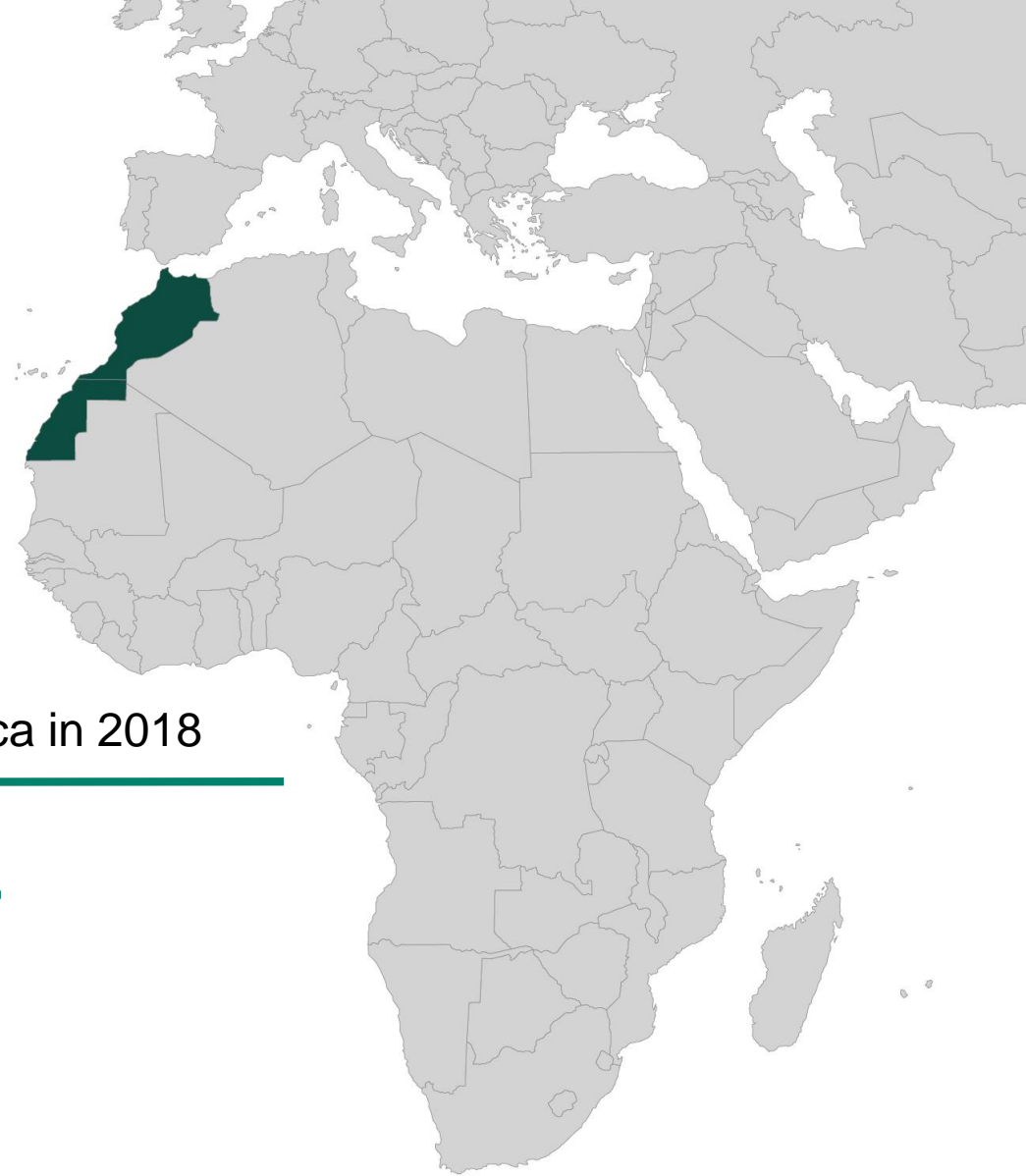
INTRODUCTION TO EMMERSON



MOROCCO IS AN ATTRACTIVE INVESTMENT JURISDICTION

“Our recent site visit confirmed the quality of infrastructure in Morocco and the key advantages afforded by the Project’s location...”

Phil Swinfen, Analyst, Shard Capital



Voted number one overall jurisdiction for mining in Africa in 2018

Favourable fiscal regime and Government support

No Government ownership

Five year tax holiday

No royalties

OVERVIEW

Emmerson PLC (EML.L) has delivered its Scoping Study and is well funded with over £2.5m in the bank



72% increase in JORC resource to over 500 million tonnes and ongoing exploration potential



Outstanding project location



Scoping study confirms potential for low capex, high margin mine



Proven Board and Management

Scoping Study – Nov 2018

- Post tax **NPV of US\$1.14bn** and **IRR of over 30%¹**
- **Top quartile post tax cash margins of over 50%¹**
- **Top quartile EBITDA margins of nearly 70%¹**
- **Average post tax cash flow US\$184M¹ per annum** at assumed potash price of US\$360 per tonne
- Less than 3.25 year capital payback
- Total pre-production capital cost **US\$406M – less than half of global peer average**
- Initial **20 yr Life of Mine** with substantial upside potential
- Targeting **800,000 tonnes of K60 MOP per annum**

HIGHLY EXPERIENCED TEAM

BOARD



Mark Connelly – Non Executive Chairman

An internationally experienced financial and commercial executive with 30 years' experience in the financing and development of mining projects. He has worked with a number of multinational companies and across multiple jurisdictions. He served as MD and CEO of Papillon Resources Limited that was sold in 2014 for \$650 million.



Hayden Locke – Executive Director & CEO

~15 years' experience in mining, private equity and investment banking. Most recently Head of Corporate and Technical Services at ASX listed potash developer Highfield Resources. Prior to this, Hayden was Head of Corporate for ASX listed Papillon Resources which was sold in 2014 for \$650 million. Hayden studied engineering, commerce and geology.



Dr Robert Wrixon – Executive Director

Led Moroccan Salts Limited since its inception. 18 years' commercial experience in mining including 5 years with Xstrata, and as MD and CEO of ASX listed Manhattan Corporation Limited and Haranga Resources Limited. He is a Director and founding Partner of Starboard Global, a natural resource PE group and holds a PhD in mineral engineering from the University of California, Berkeley.



Edward McDermott – Non-Executive Director

15 years' experience in the management and financing of small companies. Currently a Non-Executive Director of AIM listed FastForward Innovations Ltd. Previously he served as a Director of AIM listed Stellar Resources Plc and Noricum Gold Ltd. He is Executive Director of Emmac Life Sciences.

MANAGEMENT

Phil Cleggett – Head of Corporate Development

A qualified accountant with ~10 years' experience in mining and investment banking. Most recently, he was Manager Corporate Strategy of ASX listed potash developer Highfield Resources.

Lahcen Alloubane – Operations Manager

A Moroccan national with a Masters of Business Administration and nearly 10 years' experience in the mining sector including with Moroccan based tin developer Kasbah Resources.

Mohamed Ouabid – Project Geologist

A geologist and Moroccan national with over 15 years' experience in a variety of commodities including potash. Previously worked for ASX listed Kasbah Resources as well as a number of Moroccan mining entities including Managem.

Enrique Sanz PhD – Consultant Geologist

A geologist with 20 years' experience in industrial minerals, primarily evaporite minerals. Formerly project geologist for worldwide exploration with Rio Tinto PLC. Extensive experience in Khemisset Basin and other Triassic – Liassic salt basins of Morocco.

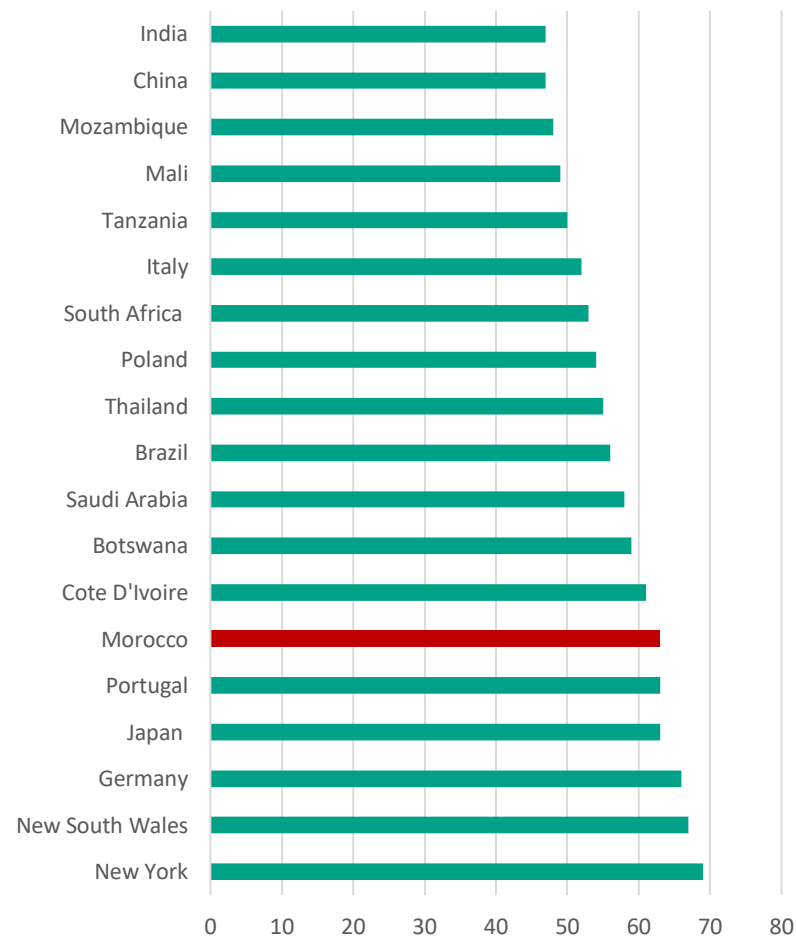
Said Hamdioui – Advisor

Mr Hamdioui, a Moroccan national, is a PhD electrical engineer and is Chair Professor at the Delft University of Technology in the Netherlands. He has been involved with the Khemisset Project since 2014 focussing on local stakeholder engagement and management.

MOROCCO: AN ATTRACTIVE INVESTMENT JURISDICTION

Morocco has been recognised for its supportive fiscal regime, stability and geological potential

Investment Risk Index (higher = better)



Source: Mining Journal World Risk Report 2018

Morocco voted number one overall jurisdiction for mining in Africa in 2018

- ✓ 1st – Lowest Investment Risk in Africa
- ✓ 1st – Highest Opportunity Index in Africa
- ✓ 1st – Best Infrastructure in Africa

Source: Mining Journal World Risk Report 2018

Favourable Fiscal Regime and Government Support

- ✓ Nominal royalties (less than 0.1%)
- ✓ 5 year tax holiday for new mining projects
- ✓ 50% reduction in income tax for exported products
- ✓ Government investment of 5% of total capex for external infrastructure
- ✓ Government investment of 20% of land acquisition cost
- ✓ Government contribute 20% to training costs

TWO KEY DRIVERS IN POTASH DEVELOPMENT

1

Capital Cost to Production

Can you make an economic return in a low or “normal” price environment?



2

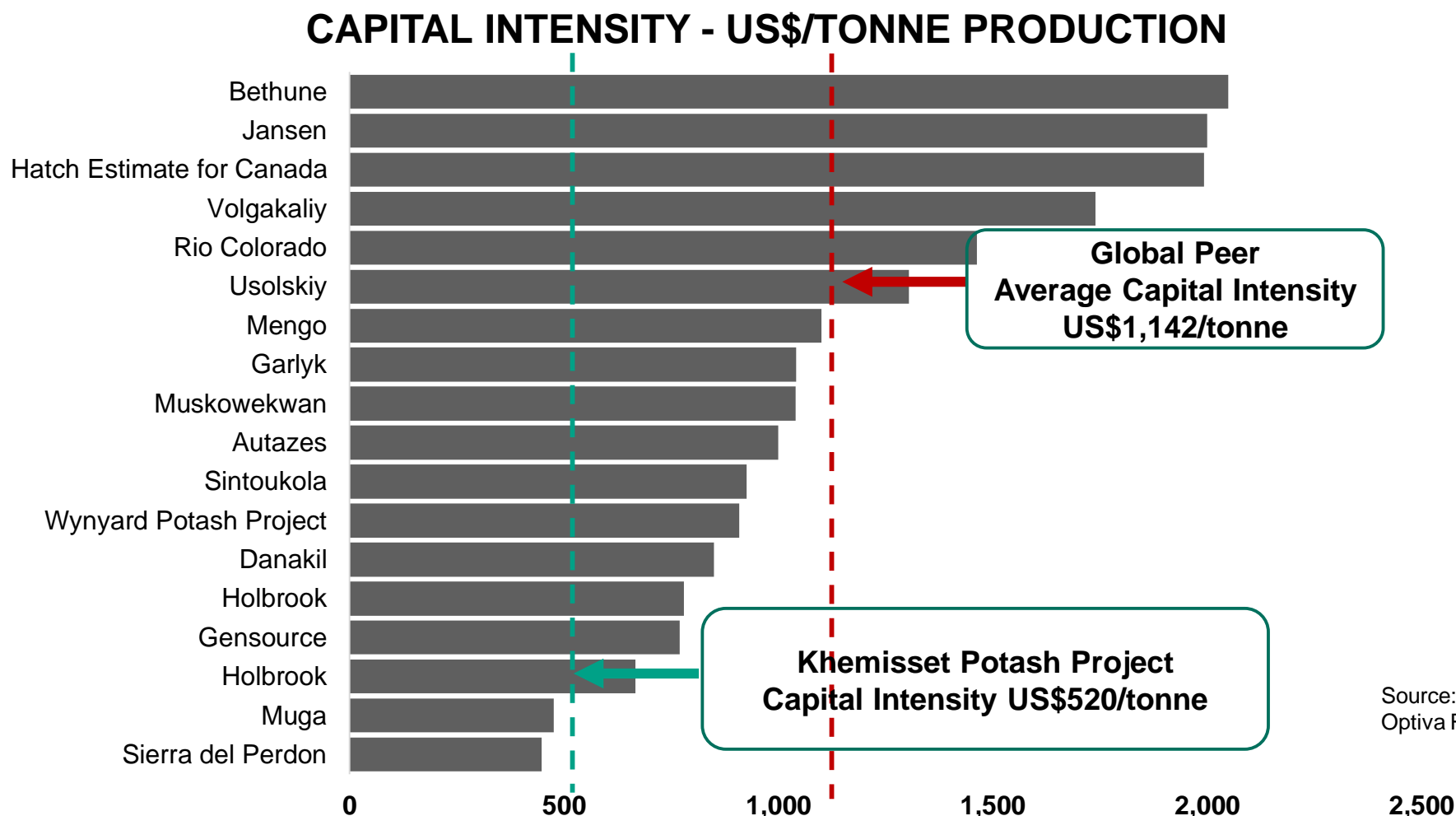
Location Relative to Customer and End Prices

Do you have a competitive advantage over your producing peers?



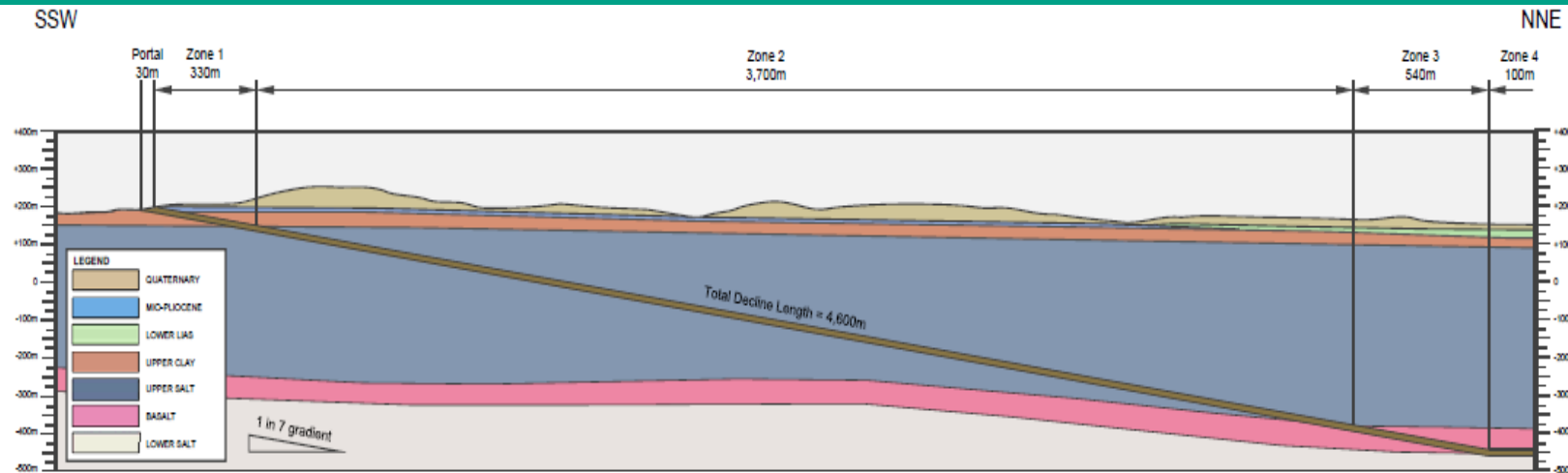
ONE OF THE LOWEST CAPITAL COST POTASH PROJECTS

“The Scoping Study confirmed that the Project has the potential to be one of the lowest capital cost (and capital intensity), and highest margin potash projects globally.” **Phil Swinfen, Analyst, Shard Capital**

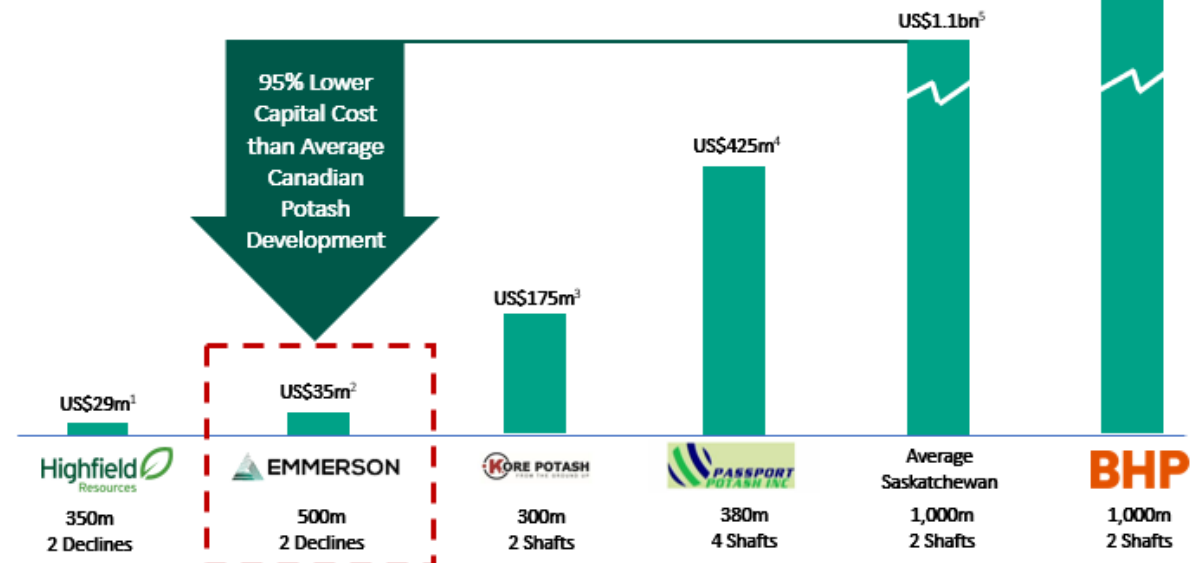


ACCESS TO MINERALISATION A KEY TO LOW CAPEX

Decline Long Section with Lithology



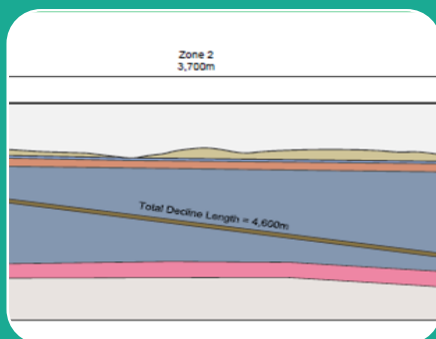
Comparison of Costs of Decline or Shaft Access at Various Projects



KHEMISSSET PROJECT COST SAVINGS

Identified pre-production capital cost savings of over US\$1.4 billion¹

Over 90% cost savings against peers on key mine access and infrastructure



Estimated decline costs of US\$35m (incl. contingency) vs. US\$1.1bn for a shaft in Canada

**~97%
saving**



Estimated road construction cost of US\$2.6m (incl. contingency) to connect plant site to main motorway vs. US\$133m in Canada

**~98%
saving**



Estimated cost of US\$5.7m (incl. contingency) to connect to electrical grid and gas infrastructure vs. US\$81m in Canada

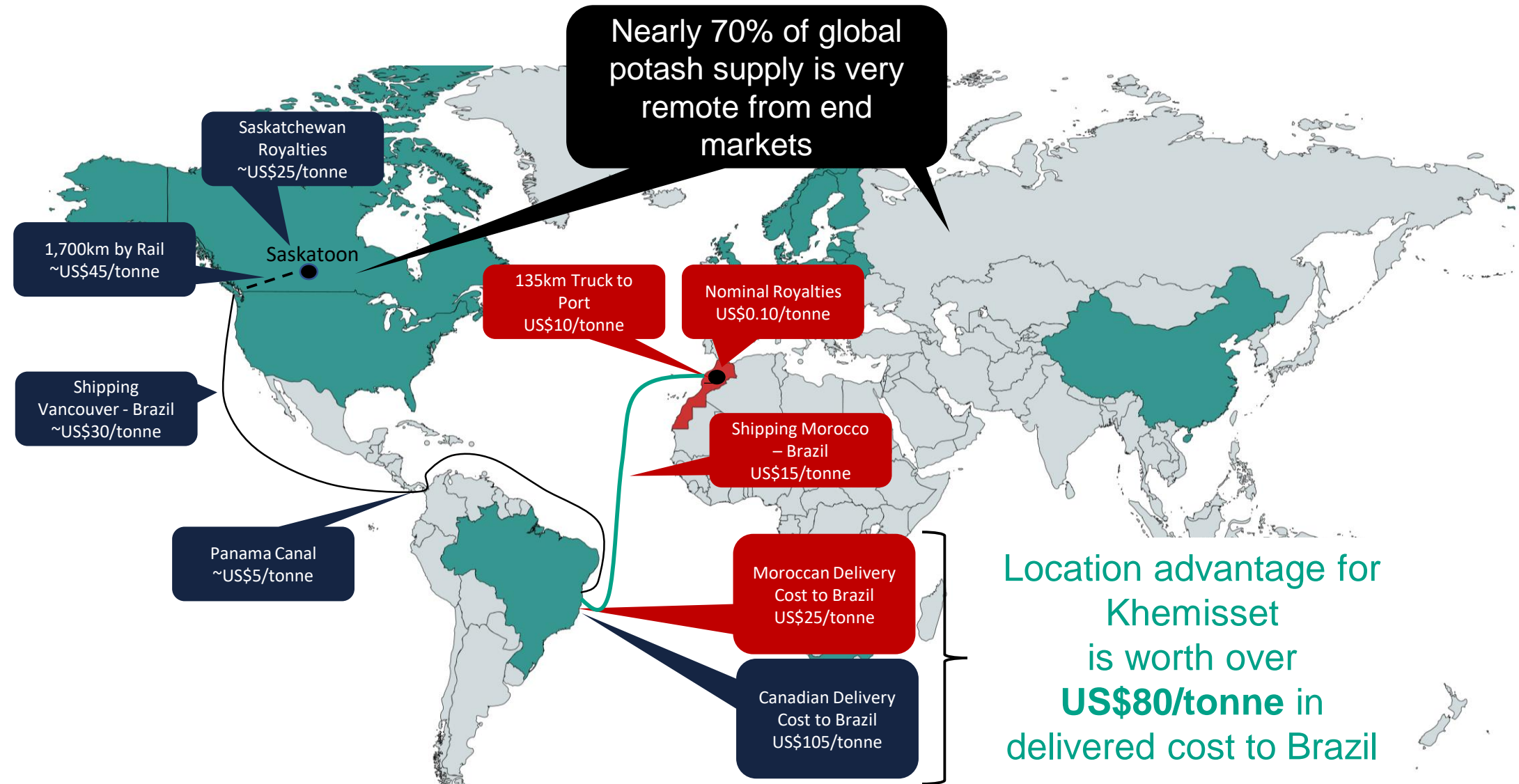
**~93%
saving**



No additional cost to upgrade port facilities vs. US\$150m on average in Canada

**~99%
saving**

WHY IS LOCATION SO IMPORTANT



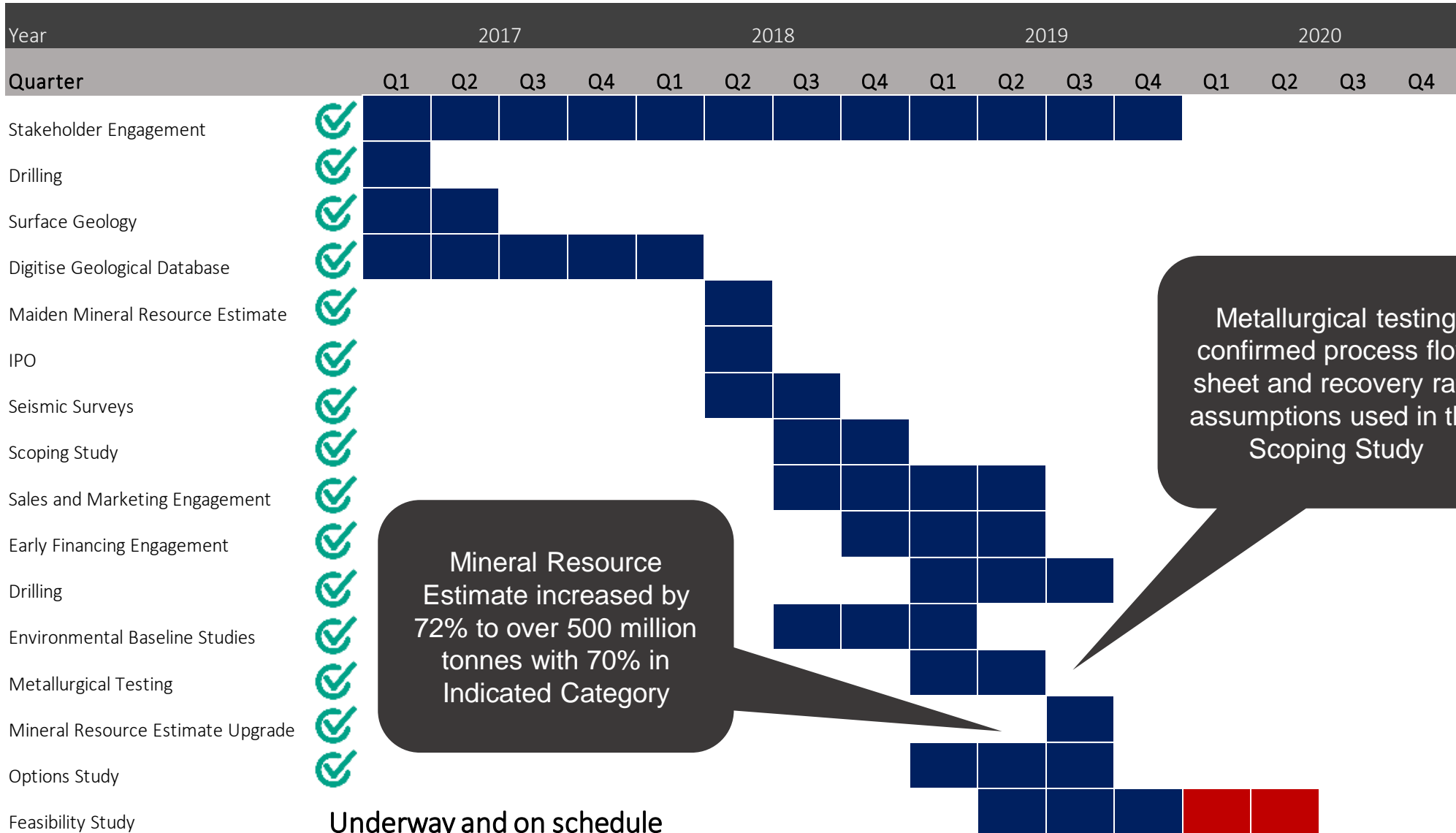
Source: Company Research, Nutrien Annual Report; Canada Pacific Railway Annual Report

The Khemisset Scoping Study



STRONG PROGRESS TO DATE

Emmerson has delivered multiple de-risking milestones since listing



OUTSTANDING ECONOMICS

Demonstrates a financially robust project that delivers strong NPVs & cashflows through a range of potash prices

US\$1.14bn

Post Tax NPV₁₀
(using Argus Media forecast
prices)

29.8%*
IRR

20 years
Initial
Life of Mine

Cash margins

50%*

in top quartile

Total pre-production capital
cost

US\$406M**

Less than half of global
peer average

Ave. steady state annual
production rate

~800,000

Metric tonnes

Ave. post tax cashflow of

US\$184M*
per annum

Less than 3.25yr capital
payback

EBITDA margins

~64%*

Based on JORC Resource of

311.4Mt
@ 10.2% K₂O

which has significant upside
(264-616Mt target)

*Assumes flat real price of
US\$360/tonne CFR Brazil
price, nominal cashflows
including 2% cost and
revenue escalation

**including 30% contingency

SCOPING STUDY: KEY ASSUMPTIONS AND RESULTS

Key Assumptions and Results

Parameter	Value
Initial Operating Life	20 years
Annual ROM Extraction Rate	6Mtpa
Average Life of Mine Grade to Mill	9.35% K ₂ O
Average Metallurgical Recovery (LOM)	83.6%
Average Annual Steady State Production Rate	800,000 metric tonnes
Flat Real MOP Price CFR Brazil	US\$360/tonne
Capital Cost (including US\$90m contingency)	US\$406 million
Total Cash Cost FOB Port of Mohammedia	US\$115.4/tonne
All-in-Sustaining Cash Cost FOB Port of Mohammedia	US\$147.6/tonne
Average Steady State Annual EBITDA (nominal)	US\$236 million
Average Steady State EBITDA Margin	63.5%
Average Steady State Annual Post-Tax Cash Flow (nominal)	US\$184 million
Average Steady State Cash Margin	50.0%
Post Tax NPV10 (nominal)	US\$795 million
Post Tax IRR (nominal)	29.8%
Post-tax Payback Period	3.25yrs

NPV (US\$m) Sensitivity to Potash Price and Discount Rate

Discount Rate	MOP CFR Brazil							
		US\$300	US\$320	US\$340	US\$360	US\$380	US\$400	US\$420
	5.0%	929	1,121	1,312	1,504	1,695	1,887	2,078
	7.5%	641	791	940	1,090	1,240	1,389	1,539
	10.0%	437	556	676	795	915	1,034	1,153
	12.5%	289	386	483	580	678	775	872
	15.0%	179	260	341	421	502	582	663

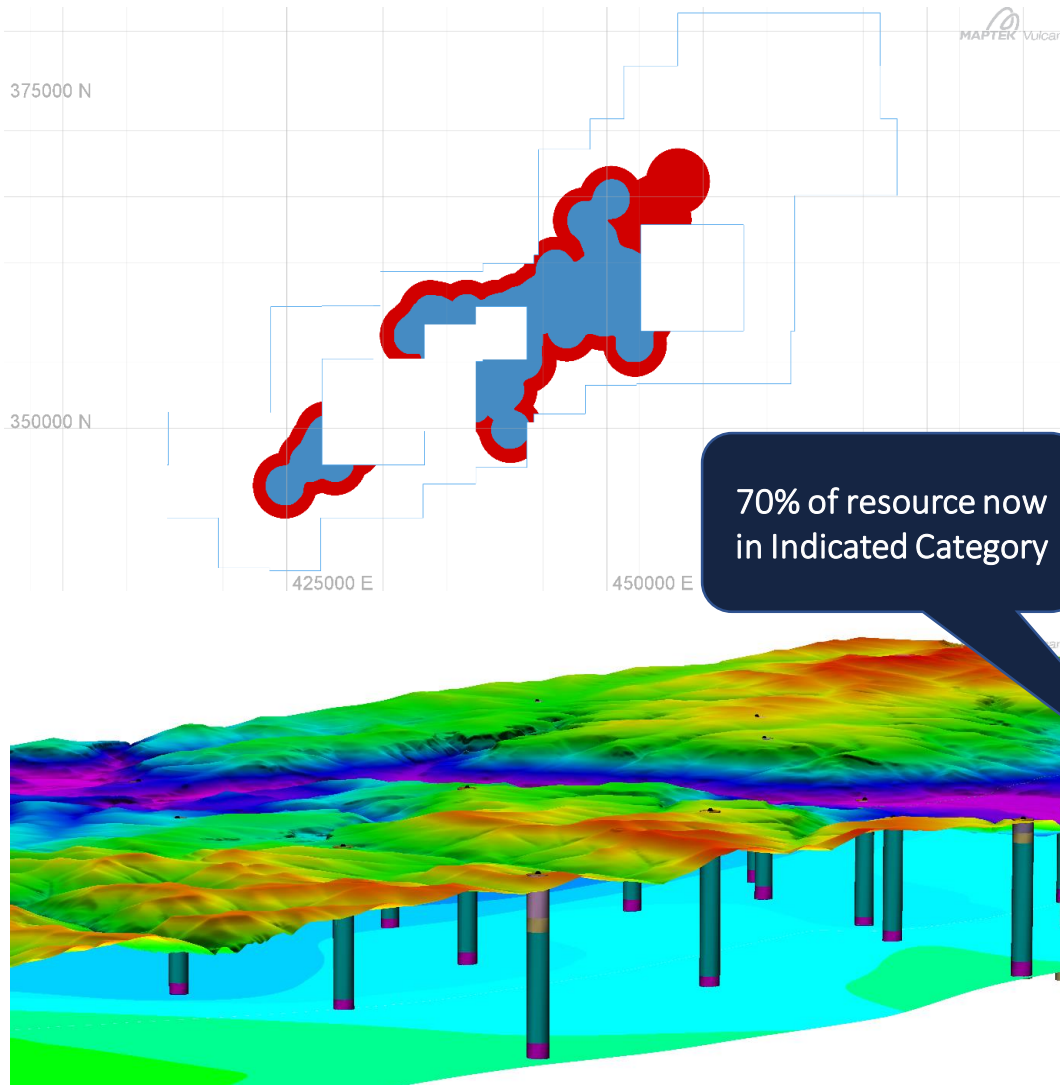
Cashflow & EBITDA Sensitivity to Potash Price

Ave. Life of Mine Steady State Post-Tax Cashflow at Various Potash Prices							
Flat MOP CFR Price (US\$/tonne)	300	320	340	360	380	400	420
Ave. Steady State Post-Tax Cashflow US\$m/year (Nominal)	130	148	166	184	202	221	239

Ave. Life of Mine Steady State EBITDA at Various Potash Prices							
Flat MOP CFR Brazil Price (US\$/tonne)	300	320	340	360	380	400	420
Ave. Steady State EBITDA US\$m/year (Nominal)	176	196	216	236	256	276	296

RESOURCE UPGRADE TO EXTEND MINE LIFE

72% increase in resource tonnes with approximately 70% in the Indicated category



Maiden Mineral Resource Estimate (May 2018)

	Million Tonnes (potash seam)	K ₂ O (%)
Indicated Category	0.0	n/a
Inferred Category	311.0	10.20
Total (Indicated & Inferred)	311.0	10.20



Updated Mineral Resource Estimate (October 2019)

	Million Tonnes (potash seam)	K ₂ O (%)
Indicated Category	375.2	9.36
Inferred Category	161.8	8.96
Total (Indicated & Inferred)	536.9	9.24

MINING

Conventional mining is lowest technical risk and most flexible extraction method

- ▶ Potash to be mined by Conventional Room and Pillar Mining
- ▶ Solution Mining and Longwall Mining were also evaluated, Room and Pillar selected because:

High production rate

Multiple working faces

Lower upfront capital cost

High level of flexibility

- ▶ Continuous miners selected for ore extraction and underground infrastructure development
- ▶ Both herringbone and long room will be employed in panels
- ▶ Potential to improve extraction ratios with pillar retreat extraction



PROCESSING

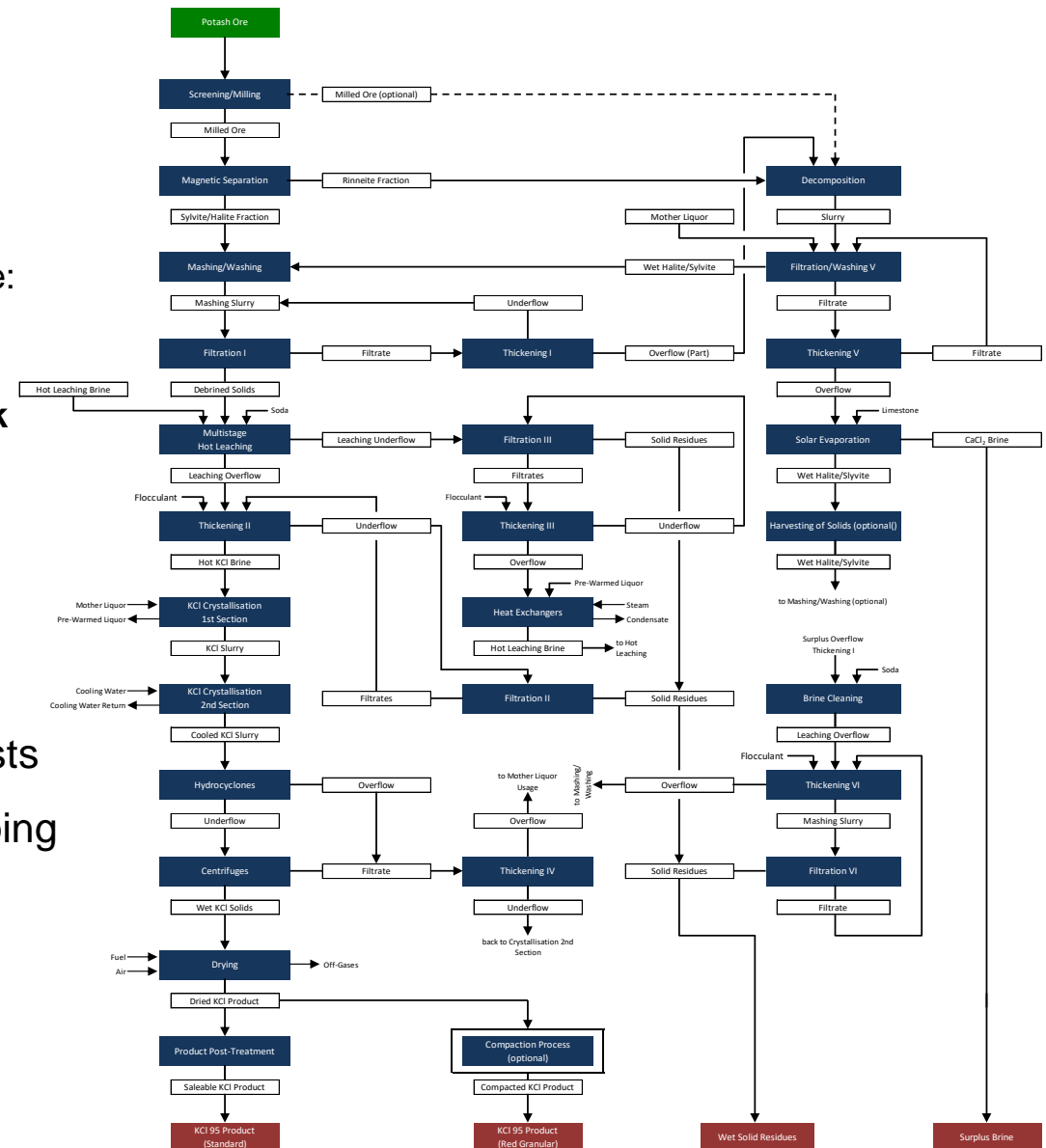
Simple processing

- ▶ Processing via Hot Leaching and KCl Crystallisation
- ▶ Flotation also evaluated, Crystallisation selected because:

✓ Lower technical, metallurgical and operational risk

✓ Well understood from a capital and operating cost perspective

- ▶ Mass and energy balances, detailed equipment lists and process flow diagrams all completed for Scoping Study
- ▶ Dynamic recovery rates calculated, with **83.6% recoveries** expected for LOM average grade of 9.4% K₂O

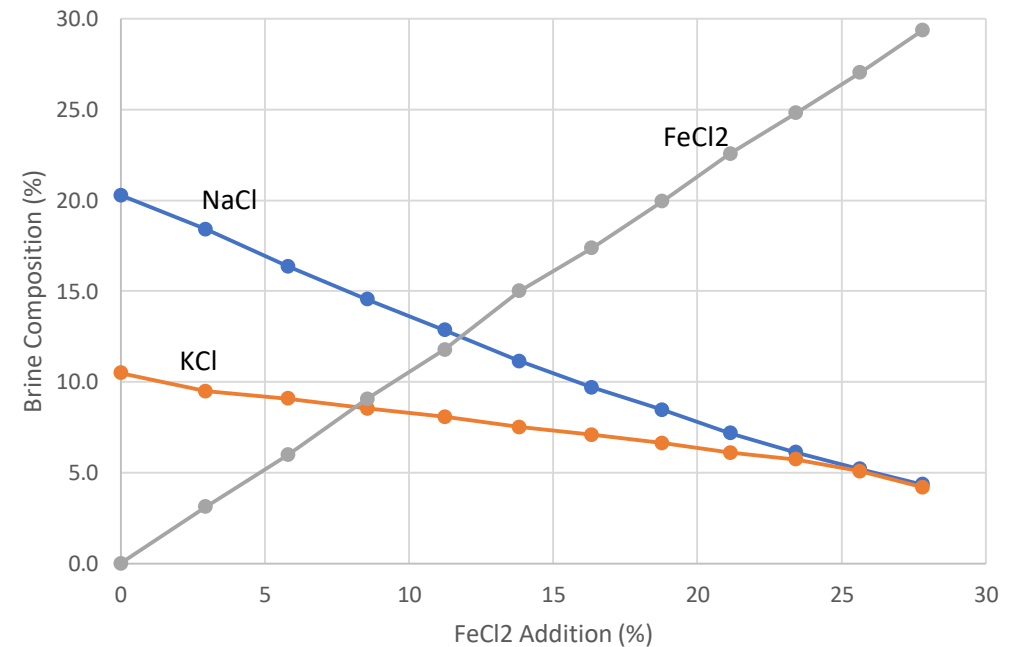


Khemisset Process Flow Diagram

METALLURGICAL TESTING CONFIRMS PROCESS

- ▶ Comprehensive Metallurgical Testing program commenced in April 2019
- ▶ First Phase testing completed in June 2019
- ✔ Result confirm the scoping study flowsheet can produce saleable K60 MOP from Khemisset ores
- ✔ Confirms the recovery ranges assumed in the Scoping Study
- ▶ Testing Program includes all potash bearing minerals found at Khemisset and covered:
 - ✔ Decomposition of Potash Minerals
 - ✔ Brine phase chemistry
 - ✔ Magnetic separation of Fe containing minerals
 - ✔ Orebody variability
 - ✔ Overall recovery rates of KCl

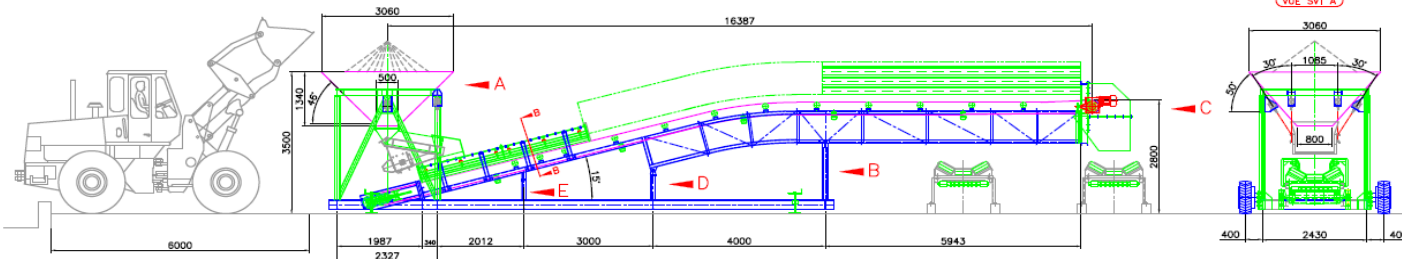
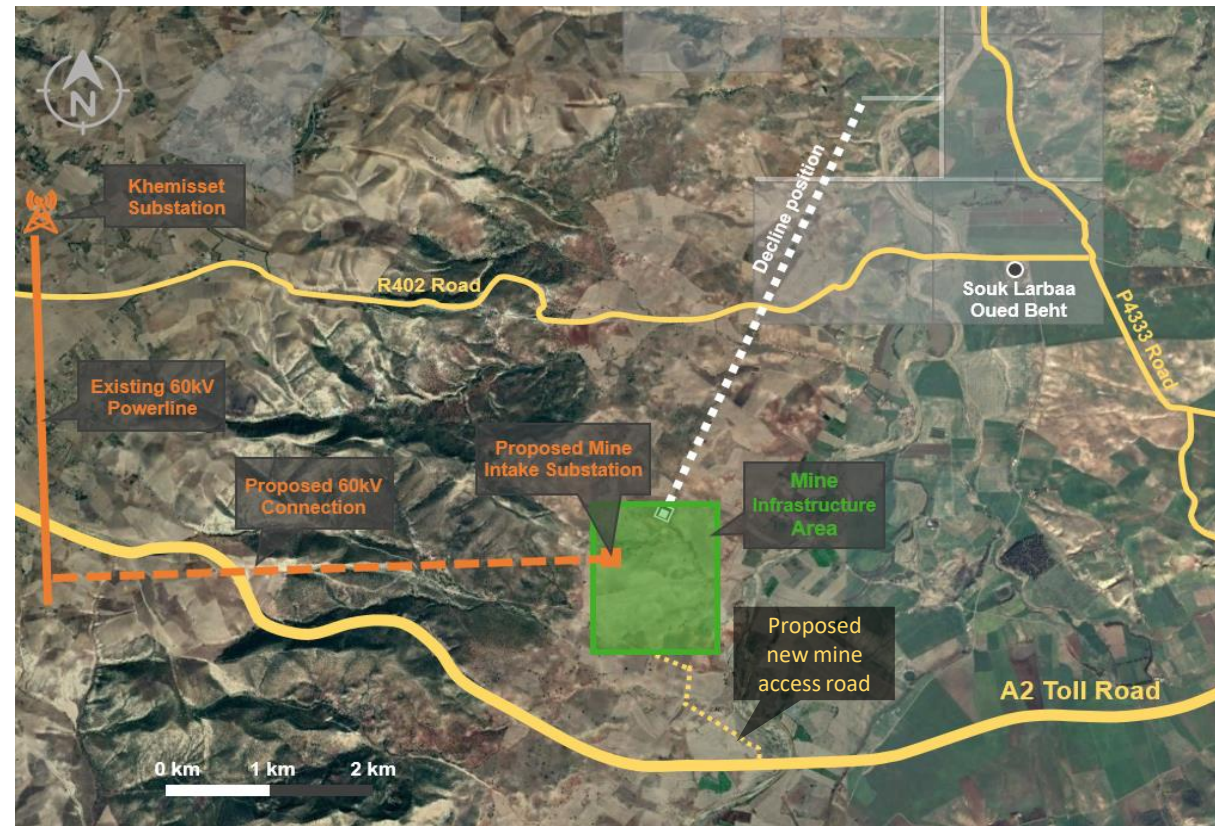
Brine Equilibria Showing Strong FeCl₂ Decomposition



UTILITIES AND INFRASTRUCTURE

- ▶ Short connections to existing roads (1.2km) and electrical infrastructure (5.5km)
- ▶ Port with existing capacity 150km from site requires only minor upgrades

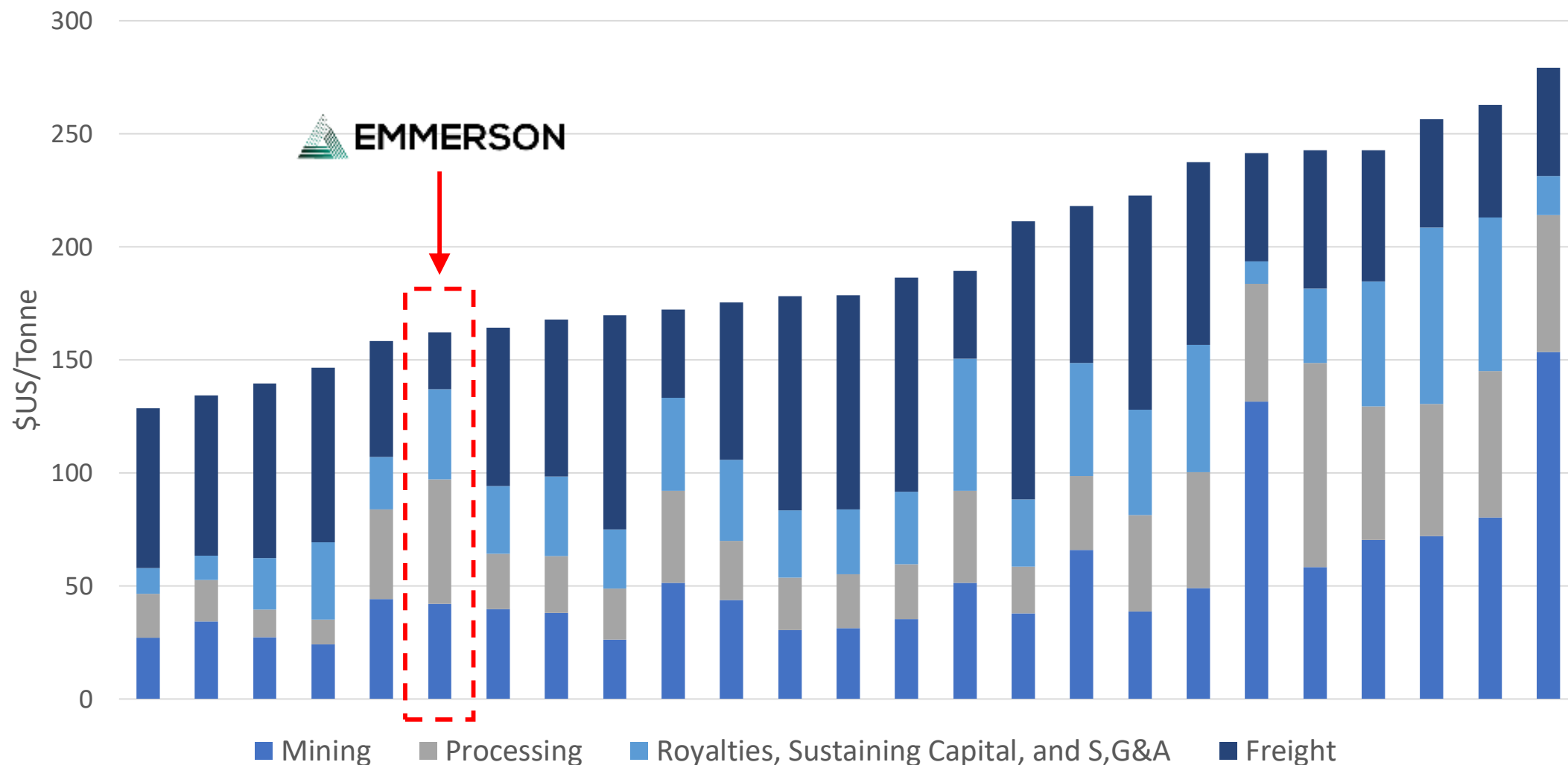
Approximate location of connection points in relation to mine infrastructure area



Cross section of reclaim and ship loading facilities

BOTTOM QUARTILE ALL-IN-SUSTAINING COST TO BRAZIL

Transport and logistics typically accounts for more than 50% of delivered cost to customer



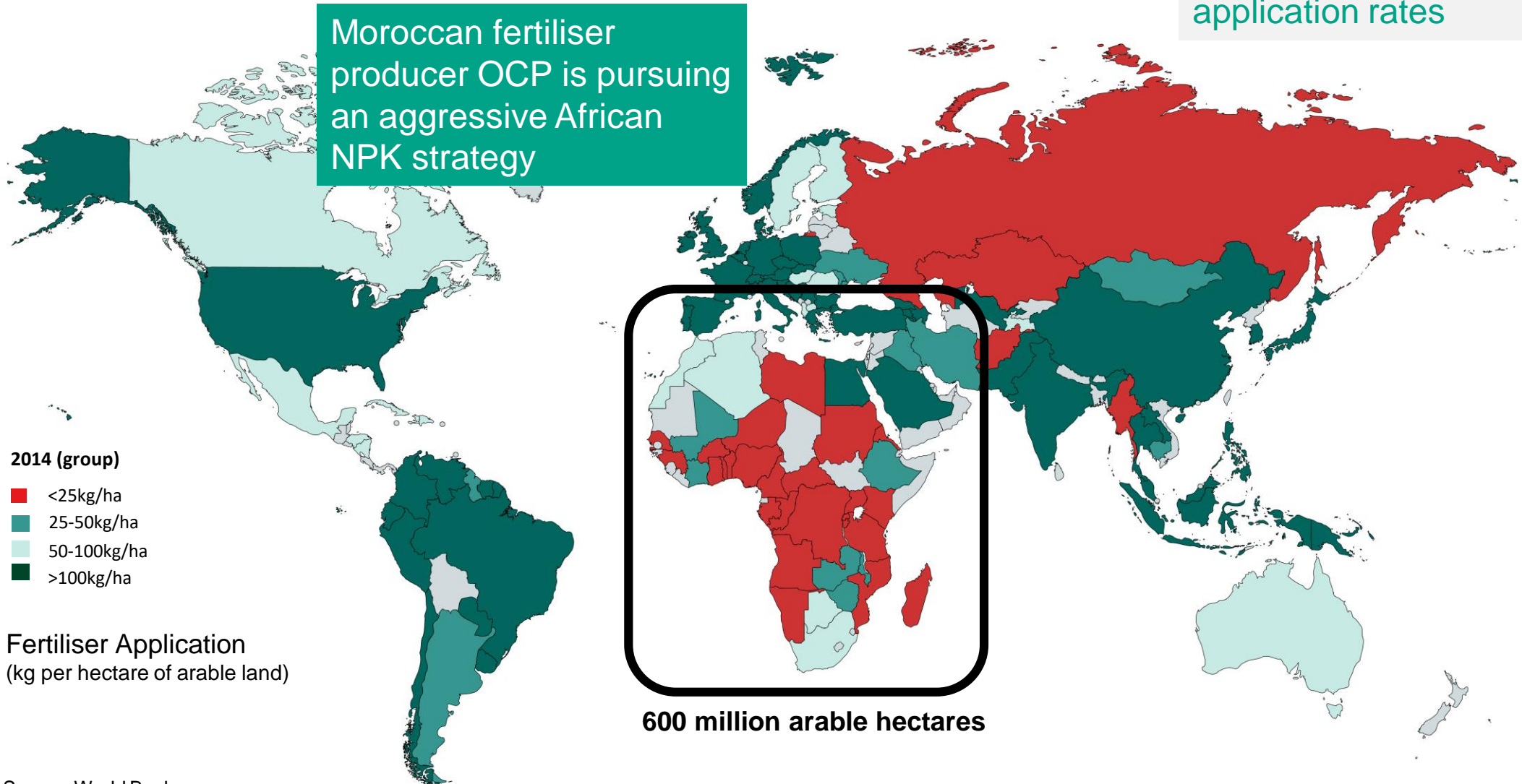
Source: Argus, November 2018

AFRICA: UNREALISED POTENTIAL

Africa has 60% of the world's uncultivated arable land and among the world's lowest fertiliser application rates

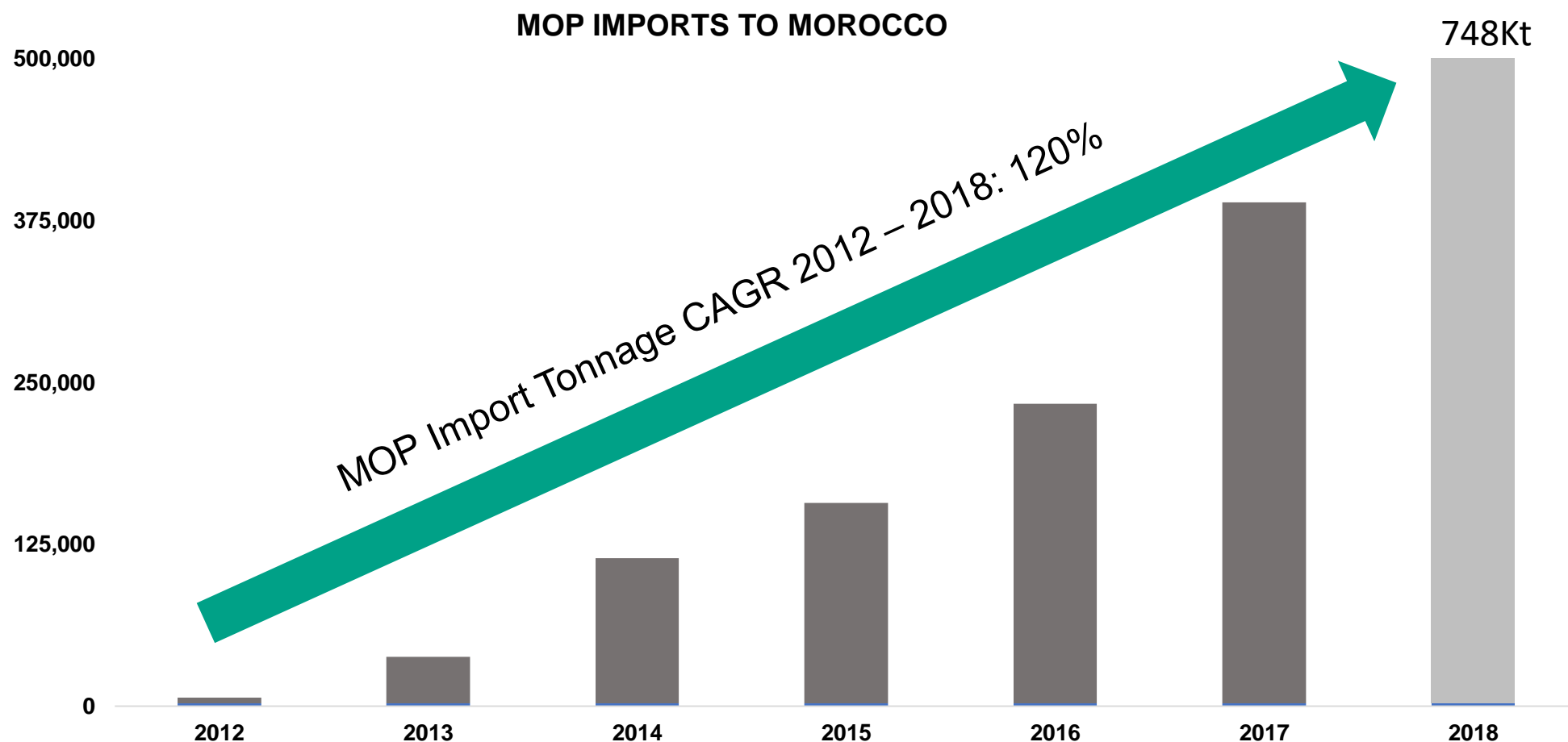
A key driver for food security and fertiliser demand

Moroccan fertiliser producer OCP is pursuing an aggressive African NPK strategy



Source: World Bank

AFRICA IS THE FUTURE FOR FERTILISER



Average Global Potash Demand Growth – **2-3% per annum**

Source: www.oc.gov.ma/DataBase/CommerceExterieur/requete.htm, Company Estimates

SUMMARY

Well funded with a cash balance of over £2.5 million to execute strategy quickly



Potential for low capital cost, high margin development confirmed by Scoping Study



Experienced Board and Management



Number 1 African investment jurisdiction in 2018



Strong potash demand against tightening supply



Large JORC compliant resource with significant upside from exploration target



Defined development path with longer term investment thesis of creating a mid-tier multi nutrient fertiliser company

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CORPORATE STRUCTURE

KEY DATA

Ticker	EML.L
Shares in Issue	686,132,385 Ordinary Shares
Market Cap (undiluted)	£24.0 million*
Share Price	3.55p*
Ave Volume (6 mths)	1.80 million shares
Ave Volume (3 mths)	2.11 million shares

*As at 22.11.19

KEY SHAREHOLDERS

Management and Associates	19.11%
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