



**EMMERSON** PLC

Corporate Presentation

November 2020

# Developing a low capex, high margin potash project in Morocco





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# Introduction



- Demand for potash continuously rising
- Inevitable need for new well-located sources of supply
- Outstanding project economics
- Key development expertise in place
- Massive equity upside compared to sector producers



# Population Growth Requires Ever Higher Yields



Farmland per capita is shrinking  
as population rises

Arable land (hectares per person) reduced by 33% in  
the 40 years to 2016



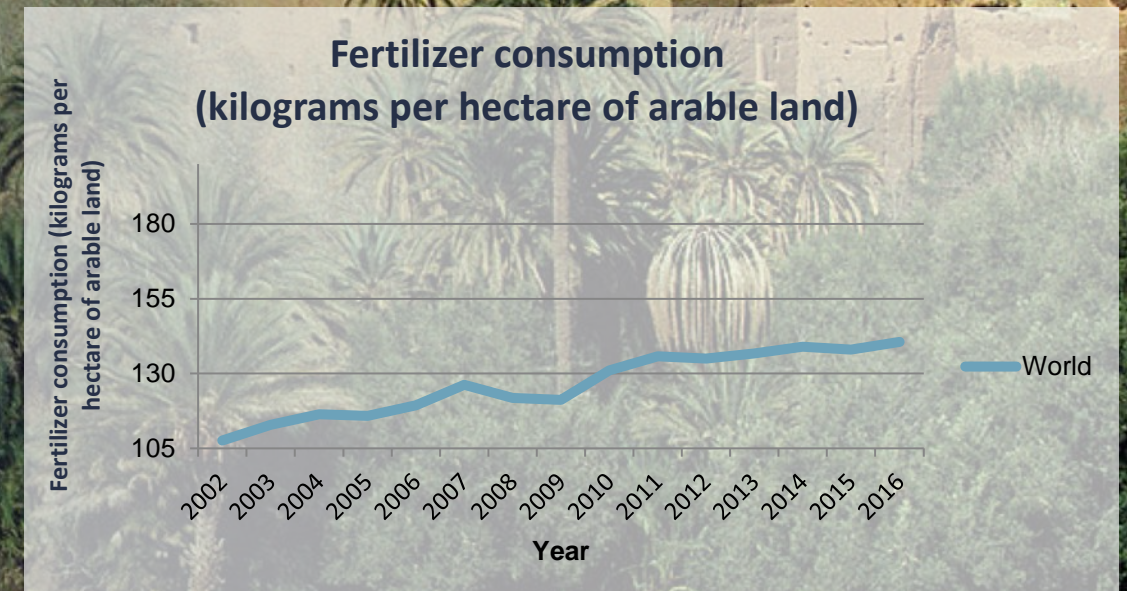
Total Productive arable land now  
reducing in absolute terms



Agricultural productivity per acre must keep  
improving to keep food security



60% more food needed by 2050





# OUR VISION



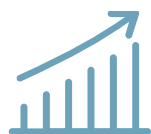
## LEADER

To be the first and leading potash producer in Africa



## SUSTAINABLE

Partnering with a global renewable energy company



## STAKEHOLDER

Creating lasting employment, paying meaningful returns to Morocco



## SAFE

No compromise on the safety of any of our workers

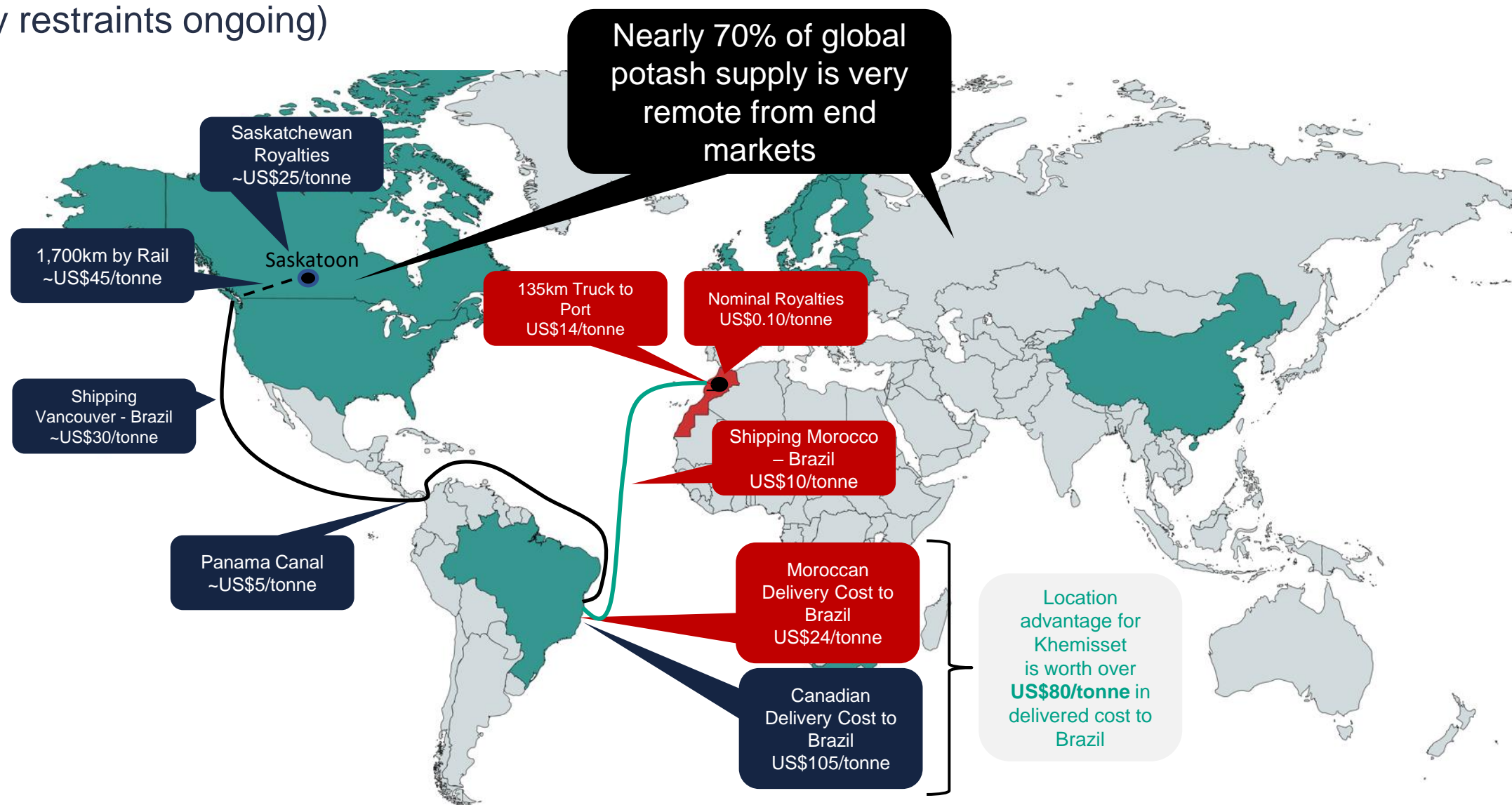
*Doing the right things and doing them in the right way*



# Bulk Commodities Depend On Logistics...



Canadian giants are swing producers  
(supply restraints ongoing)

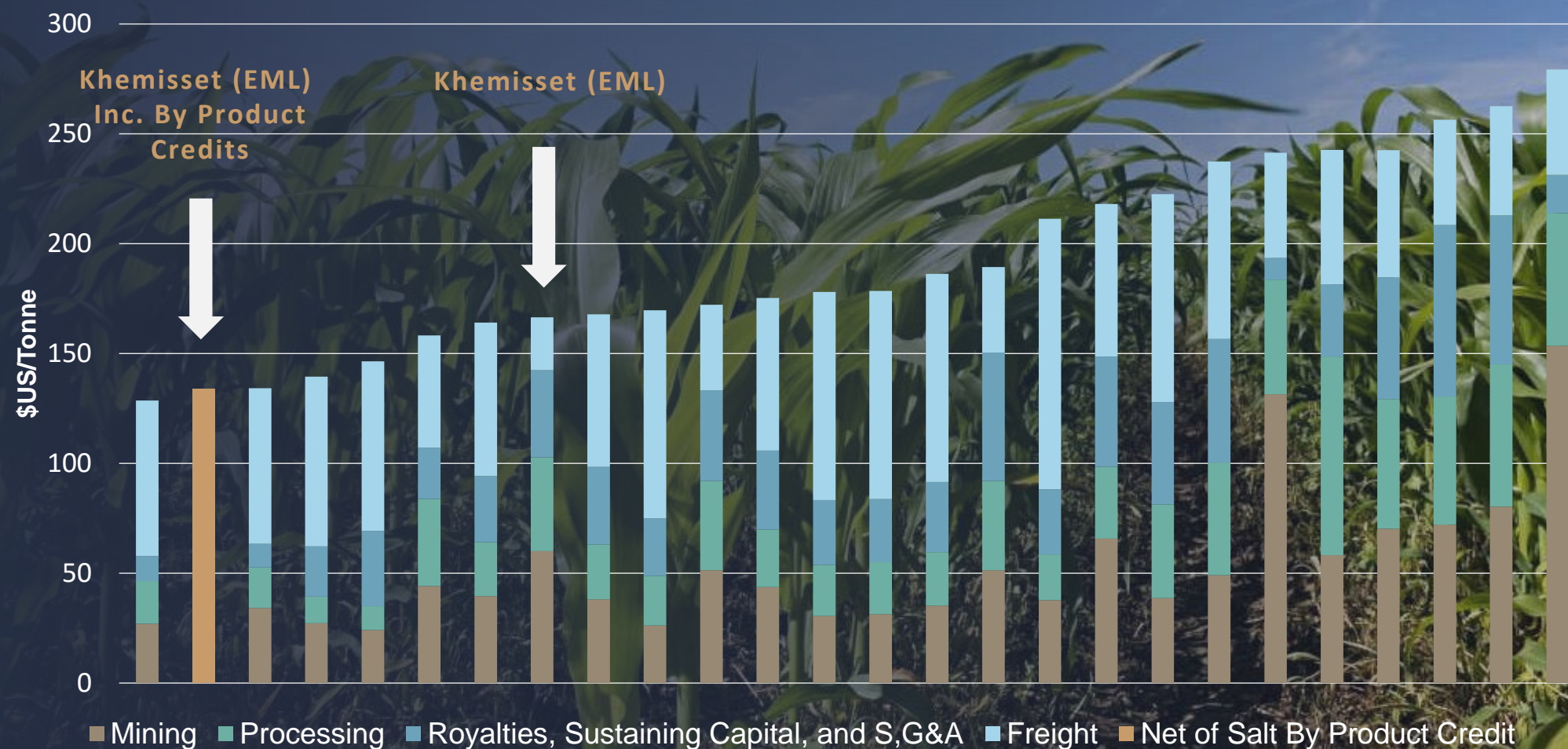




# ...To Keep All In Sustaining Costs Competitive



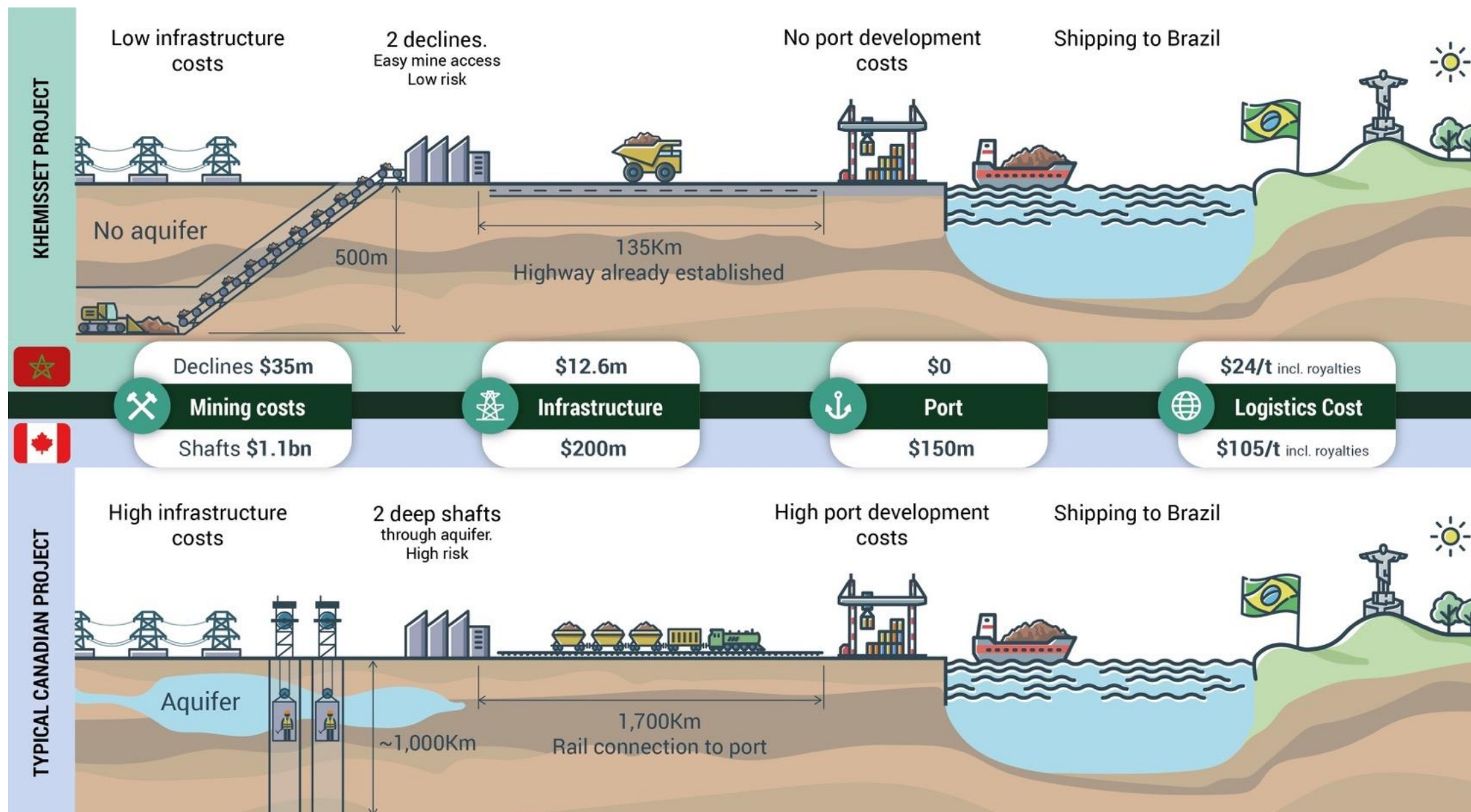
## AISC to CFR Brazil, by operation



Source: Argus, November 2018 - Notes: Emmerson AISC net of salt by-product credits



# The Geology And Location Are Unique Advantages





# Low Upfront Capex - Mine Gets Built



	Conservative Case	Consensus Case
Mine life	19 years	19 years
Extraction rate (Mt/annum)	5.7	5.7
MOP price per tonne (USD)	280	360
Average Annual MOP production (tonnes/annum)	700,000	700,000
Average Salt Production (tonnes/annum)	1,000,000	1,000,000
AISC FOB Casablanca (\$/tonne)	171.7	171.7
Upfront CAPEX	\$411m	\$411m
Payback	4.4 years	2.9 years
Average annual EBITDA LOM (USD)	\$ 166m	\$ 244m
EBITDA Margin	46%	56%
Post Tax Steady State Cash Flow	\$2.2b	\$3.5b
After-tax NPV 8%	\$0.5b	\$1.1b

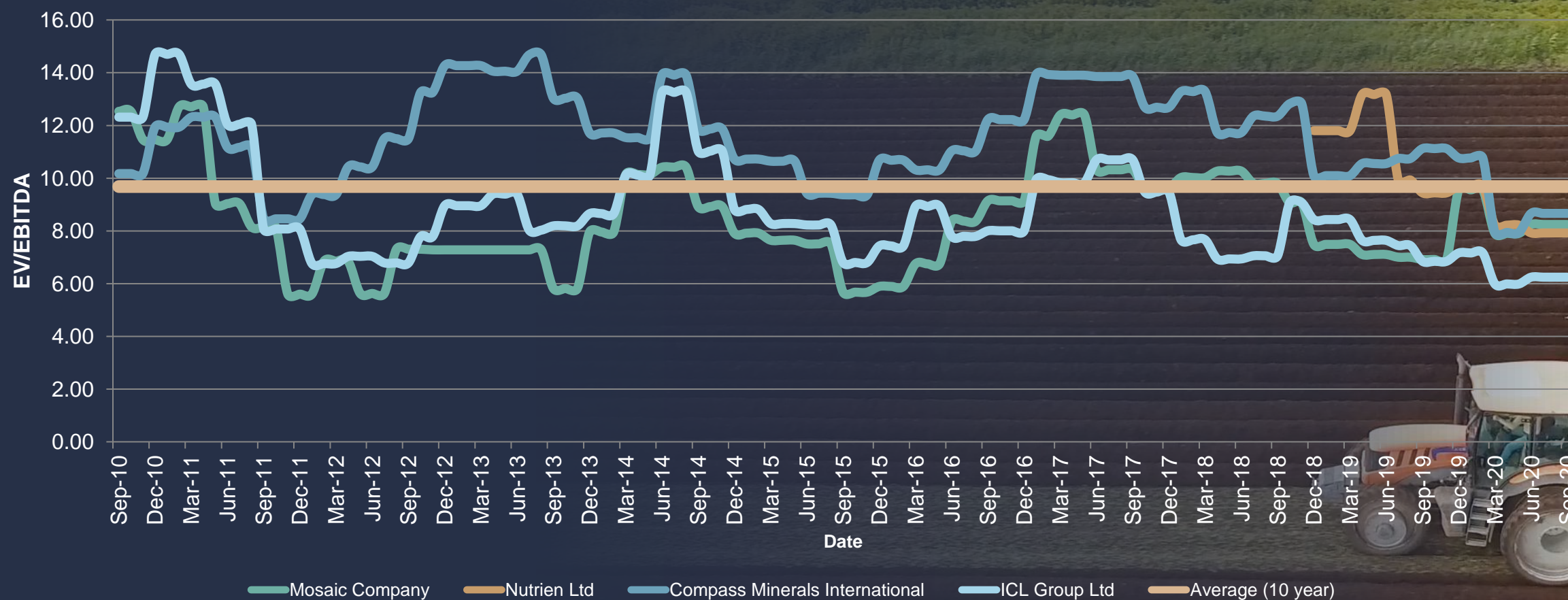
MOP consensus pricing source: Argus Media forecast  
Source: Emmerson Feasibility study (Argus, June 2020)



# Potash Is A Steady Market



- Current supply restraint signals the potash price has bottomed, will rise from here
- The major potash producers trade at decent multiples – around 10x EV/EBITDA
- Oligopoly market dampens the boom and bust of other commodities





# Significant Equity Upside From Net Asset Value



Junior resources companies can be expected to trade around 20-25% of NAV if

- The project economics are top quality
- The capex is much lower than the NAV
- The management team is credible
- Strong shareholders join the register

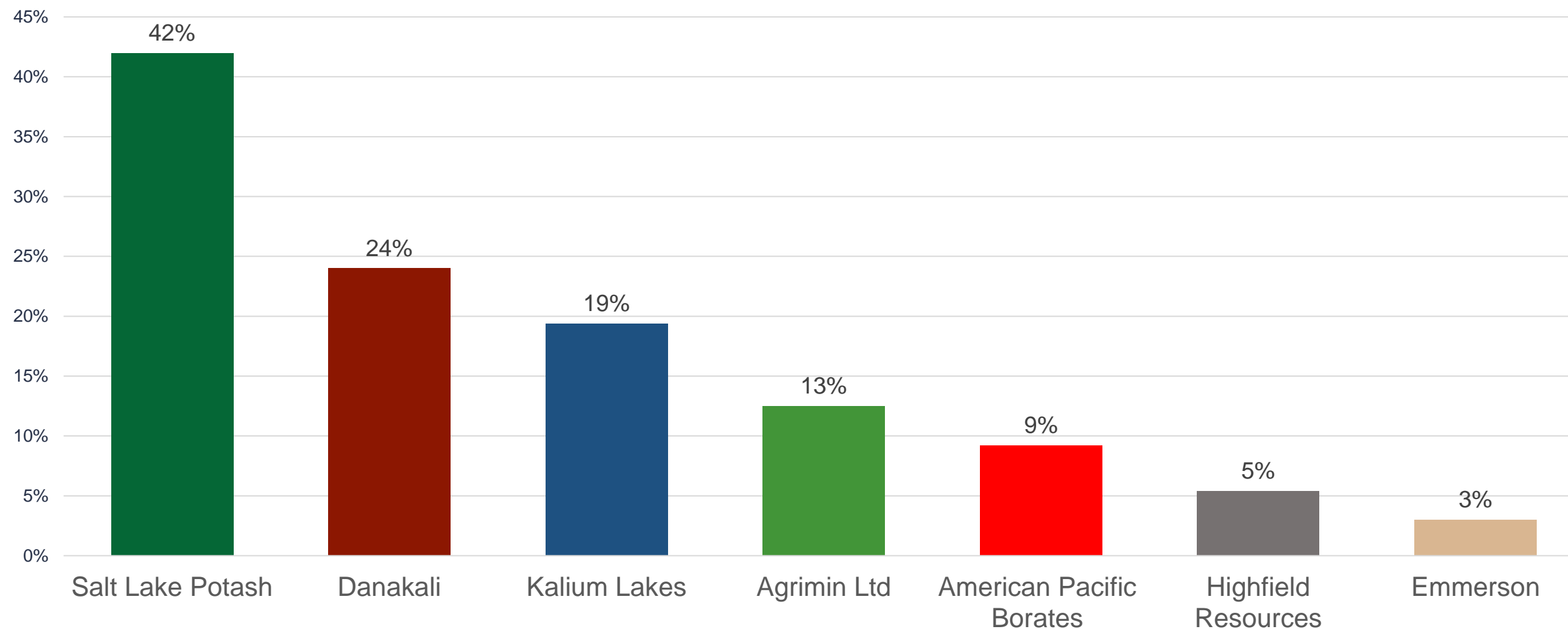
	Market Cap USD	Project Name	Commodity	Country	NPV8 USD	Valuation
Adriatic Metals	499,000,000	Vares	Polymetallic	Bosnia	917,000,000	54%
Arizona Mining**	1,007,000,000	Taylor	Zinc	USA	2,000,000,000	50%
Salt Lake Potash	147,000,000	Lake Way	Potash	Australia	348,000,000	42%
MOD Resources*	85,000,000	T3	Copper	Botswana	225,000,000	38%
Marimaca Copper	153,000,000	Marimaca	Copper	Chile	524,000,000	29%
Danakali	107,000,000	Danakali***	Potash	Eritrea,Ethiopia	439,000,000	24%
Horizonte Minerals	140,000,000	Araguaia, Vermelho	Nickel	Brazil	2,900,000,000	5%
Emmerson	40,000,000	Khemisset	Potash	Morocco	1,400,000,000	3%



# ...In Comparison To Peers



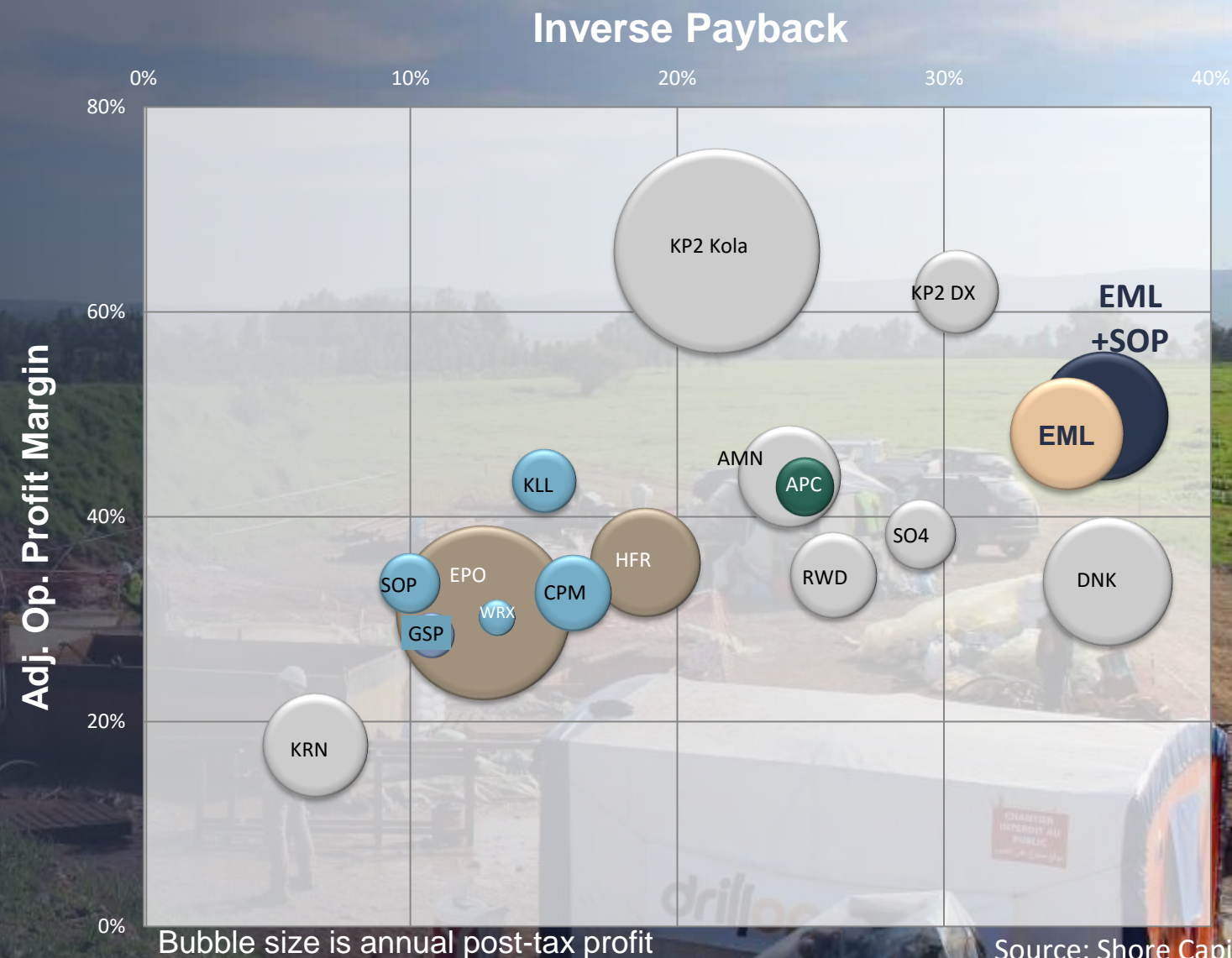
**Market Cap as Percentage of NPV8 for other Potash Developers**





# The Value Of Independence

- High margin standalone business
- Ability to finance as a new independent
- Maximise profit selling into best markets

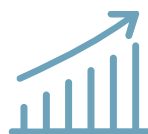




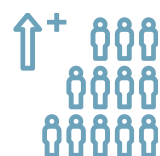
# A Strategic Asset



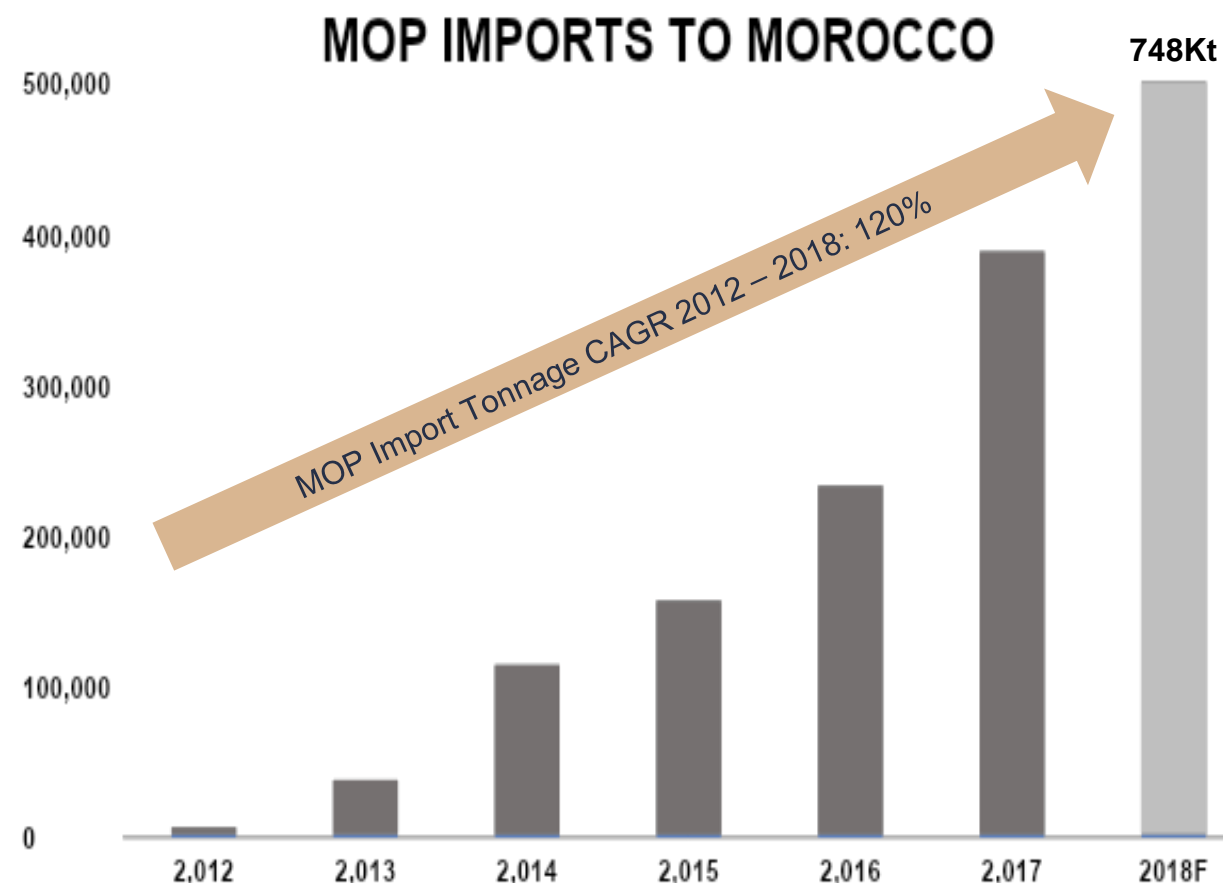
Green Morocco successfully developing better farmland



Africa is expected to experience faster population growth



African farmland could see the strongest demand growth for fertilizer



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



# Morocco Is Open For Business



- Morocco ranks highly on the global investment index
- Welcomes FDI in the industrial sector



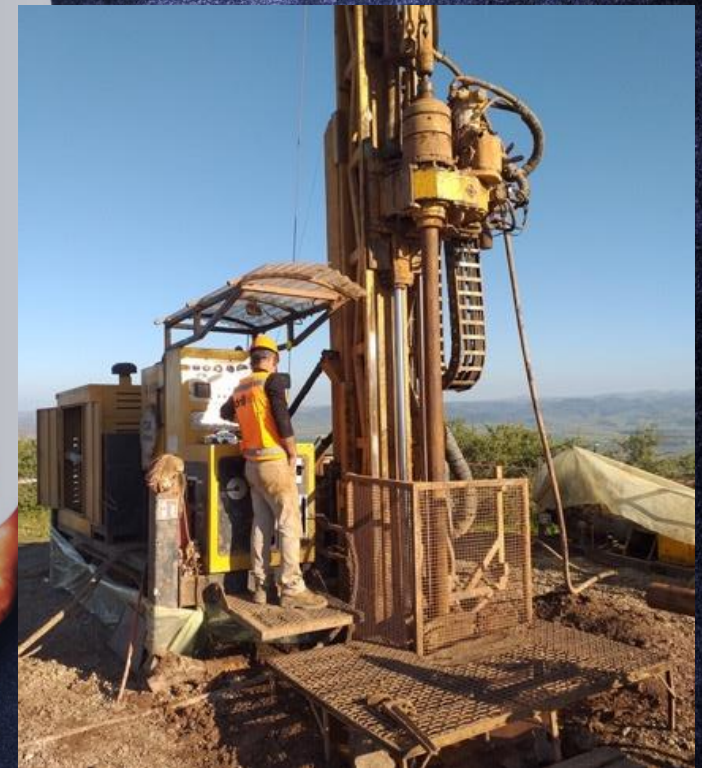
PSA  
GROUPE

- Competitive royalties and fiscal regime to develop mining sector
- Khemisset will be a meaningful contributor to employment and GDP



# Socio Economic Study

- 2,385 direct and indirect jobs to be created during construction
- Once operational a total of 1,212 jobs will be created with 760 being direct employee
- Targeting to fill 90% of roles at the mine with employees living within Khemisset region
- Total investment over the life of the Project is estimated to be US\$2.5bn
- Economic impact of the Project will increase local GDP per capita by ~40%

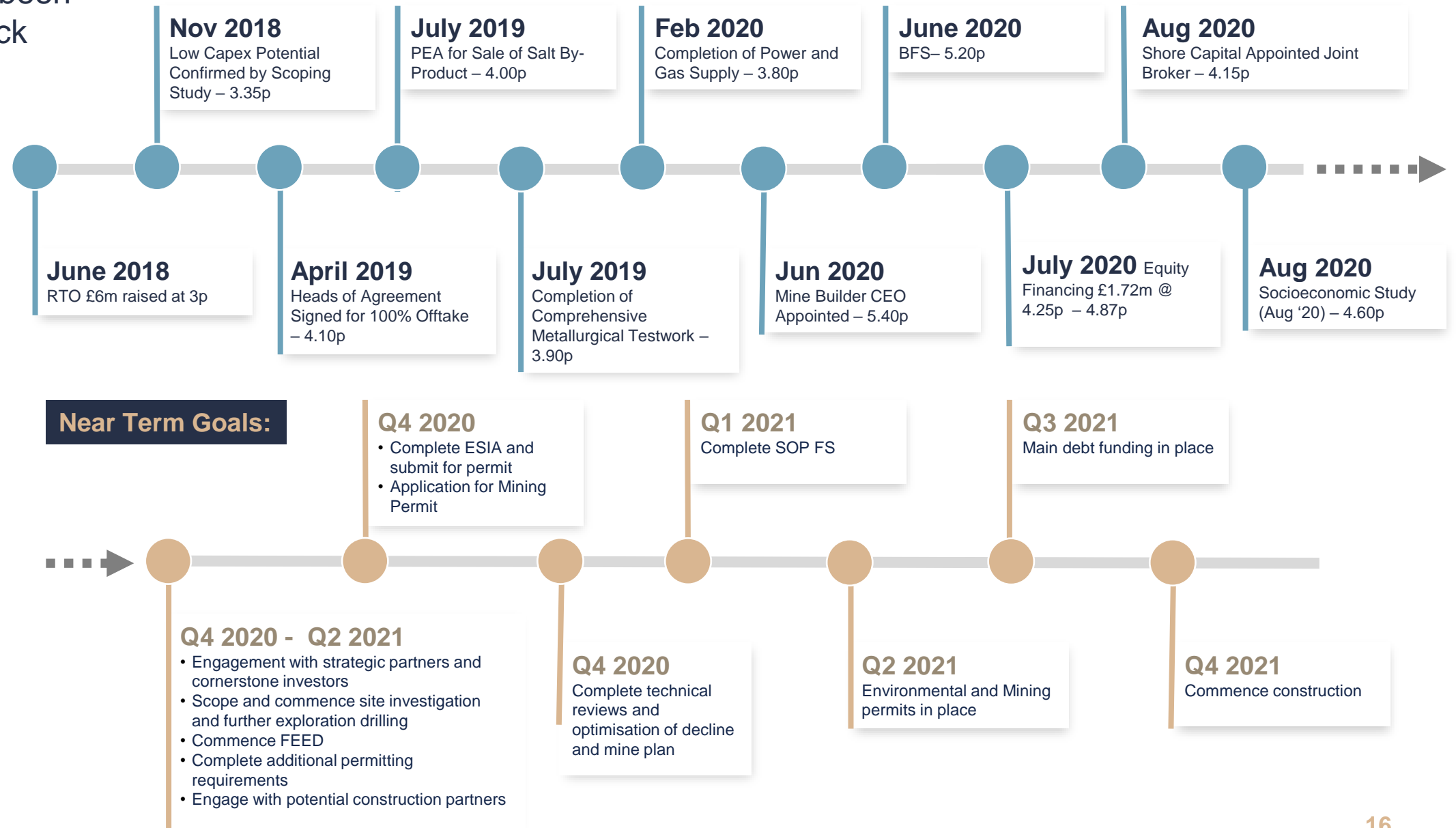




# ON THE FAST TRACK TO PRODUCTION



Progress to date has been cost effective and quick





# Financing Options



- In talks with strategic equity investors
- Preliminary discussions with lending banks and specialist funds
- Unencumbered off-take is a trump card
- Financial investors can take construction risk for producer multiple revaluation
- Phased developments



# Upside Potential



## SOP production facility

- Low capex, high NPV addition – PFS ongoing

## Increase salt sales to the USA

- Capacity to grow from 1Mtpa to 4.5Mtpa

## Potash Price Recovery

- Argus consensus Long Term MOP price \$412/t in the FS

## Increase Mine Life

- Central & SW deposits accessible – potential JV with OCP for 50+ yrs



# INVESTMENT CASE

Well funded with a cash balance of £1.6m to execute strategy quickly



Low capital cost, high margin development confirmed by Feasibility Study



Experienced Board and Management



Number 1 African investment jurisdiction in 2018



Strong long-term fundamentals for potash



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





**We will strive to “Always do the right thing and always do it in the right way”**

**R RESPECT**  
We respect our environment, our stakeholders and each other.

**I INTEGRITY**  
We act with integrity and lead by example.

**G GOALS**  
We set challenging goals and embrace innovation and change to achieve them.

**H HEALTH & SAFETY**  
The health, safety and well being of our team and all those engaged on the project is non-negotiable.

**T TEAM**  
We work together as a team to achieve the best results possible.

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