



**EMMERSON** PLC

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Corporate Presentation

November 2020

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



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# Introduction



- Demand for Potash will 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



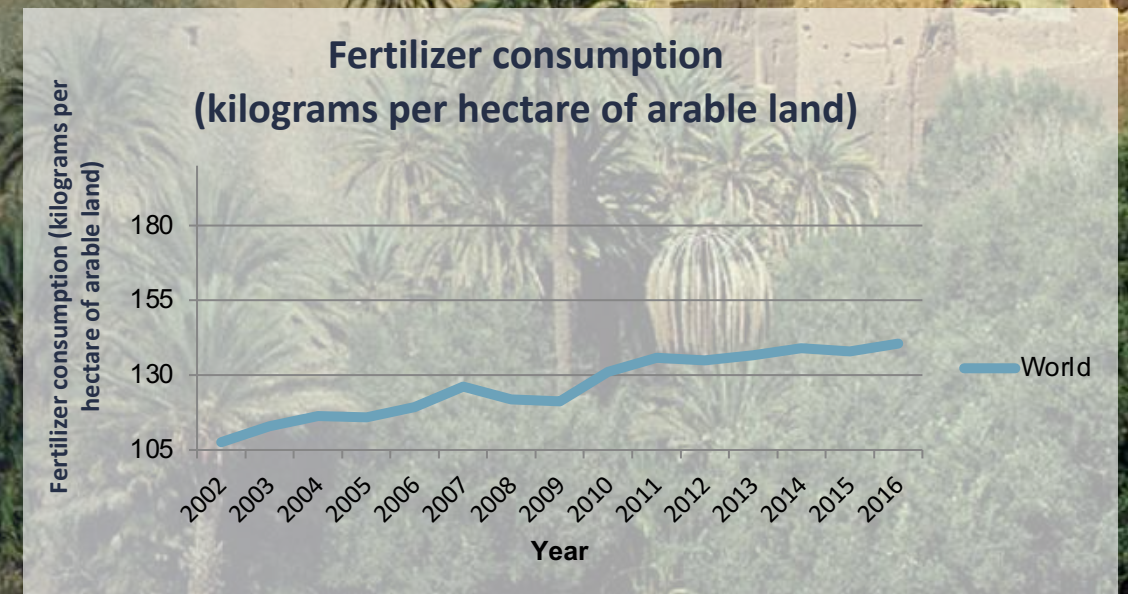
Total Productive arable land now reducing in absolute terms



Agricultural productivity per acre must keep improving to keep food security



60% more food needed by 2050



# Our Vision



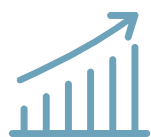
## LEADER

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

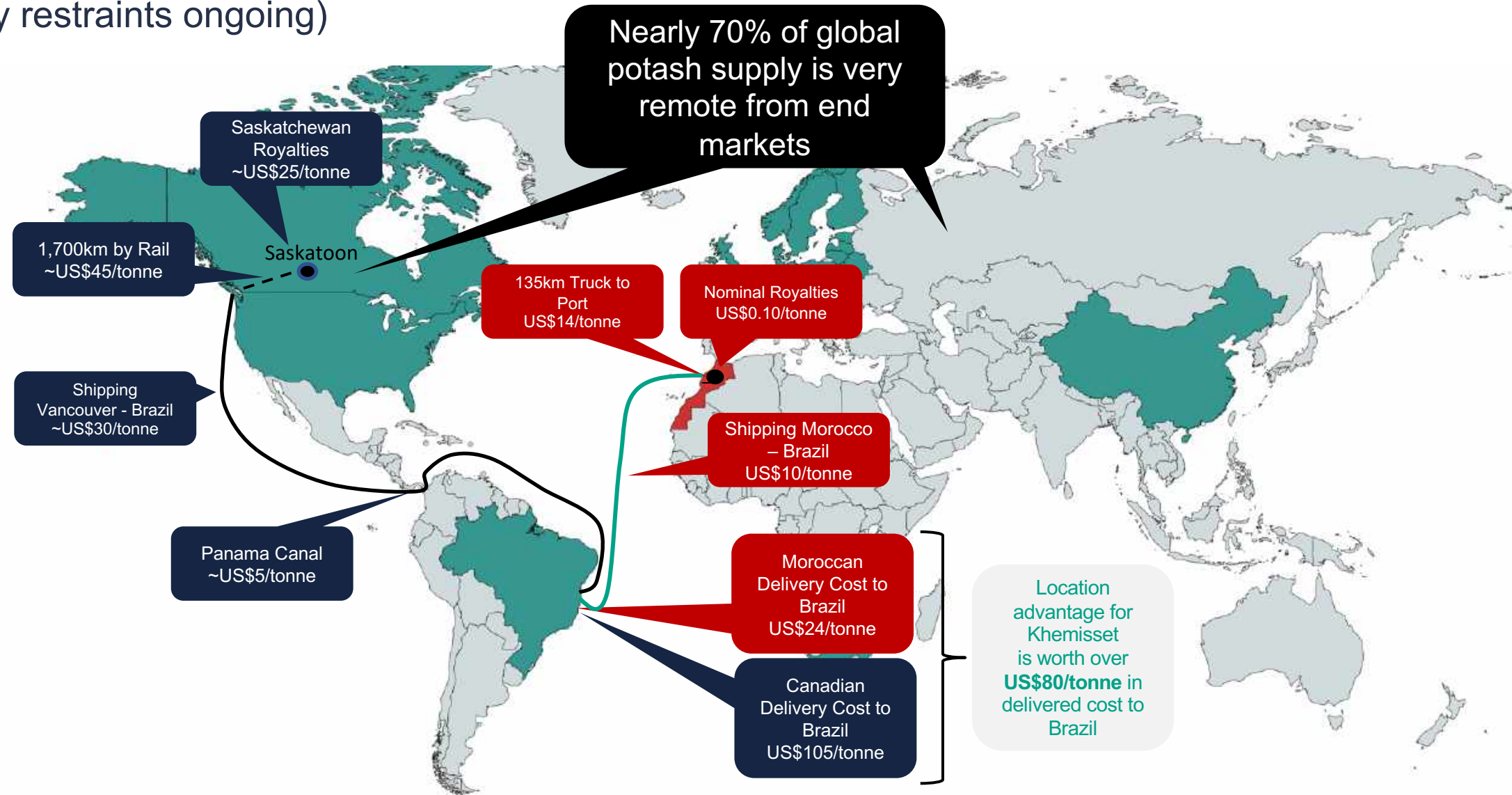
*Doing the right things and doing them in the right way*



# Bulk Commodities Depend On Logistics...



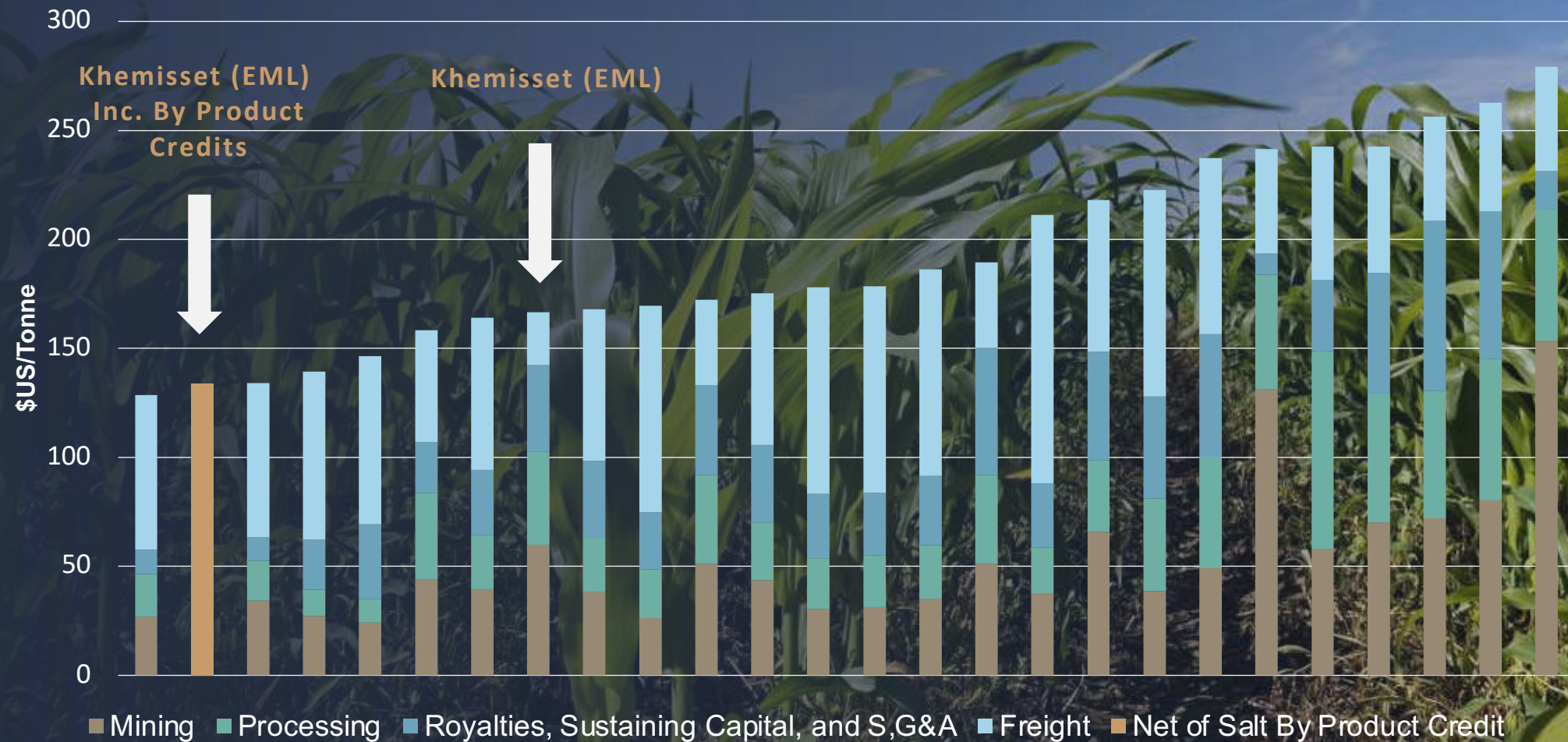
Canadian giants are swing producers  
(supply restraints ongoing)



# ...To Keep All In Sustaining Costs Competitive

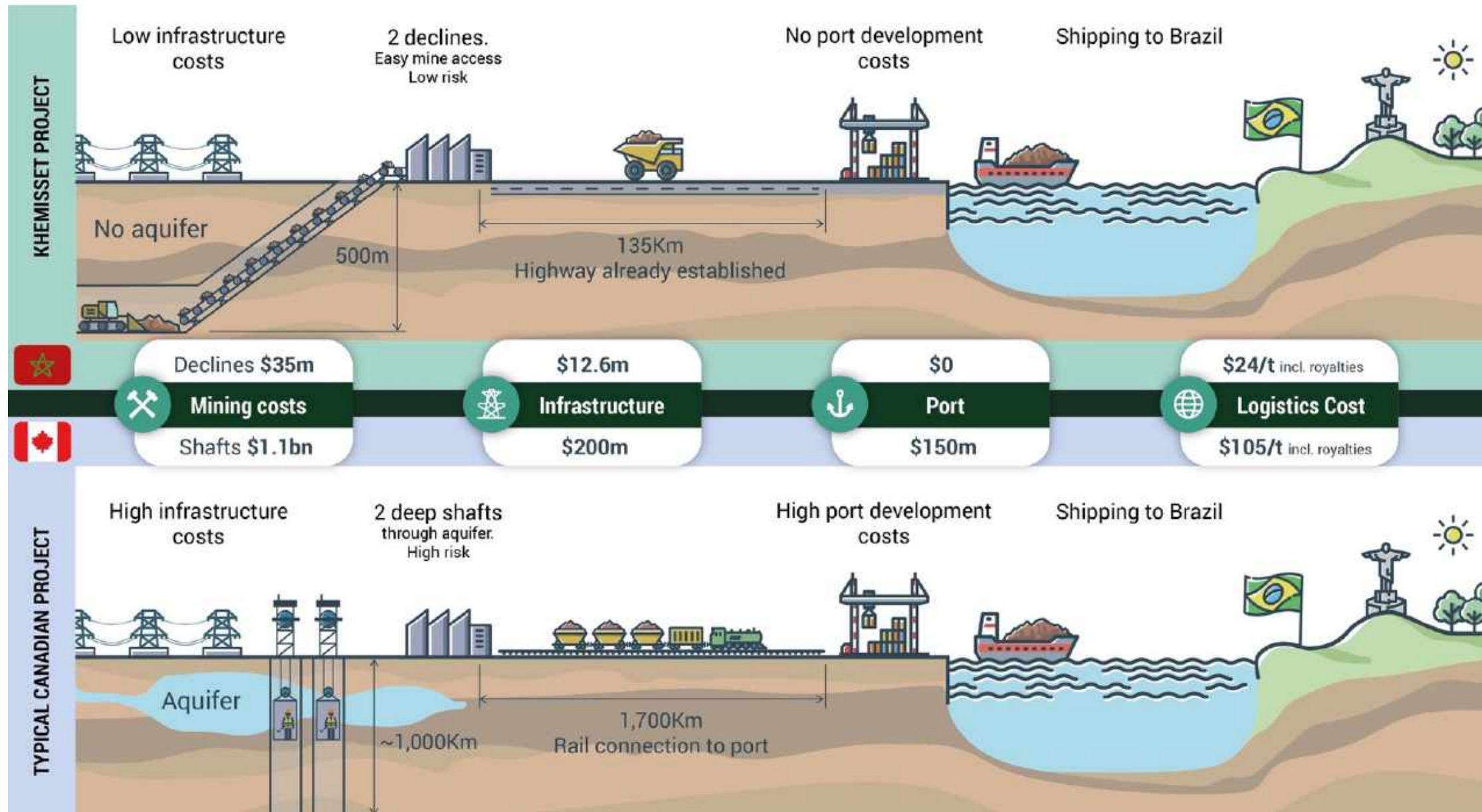


## AISC to CFR Brazil, by operation



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



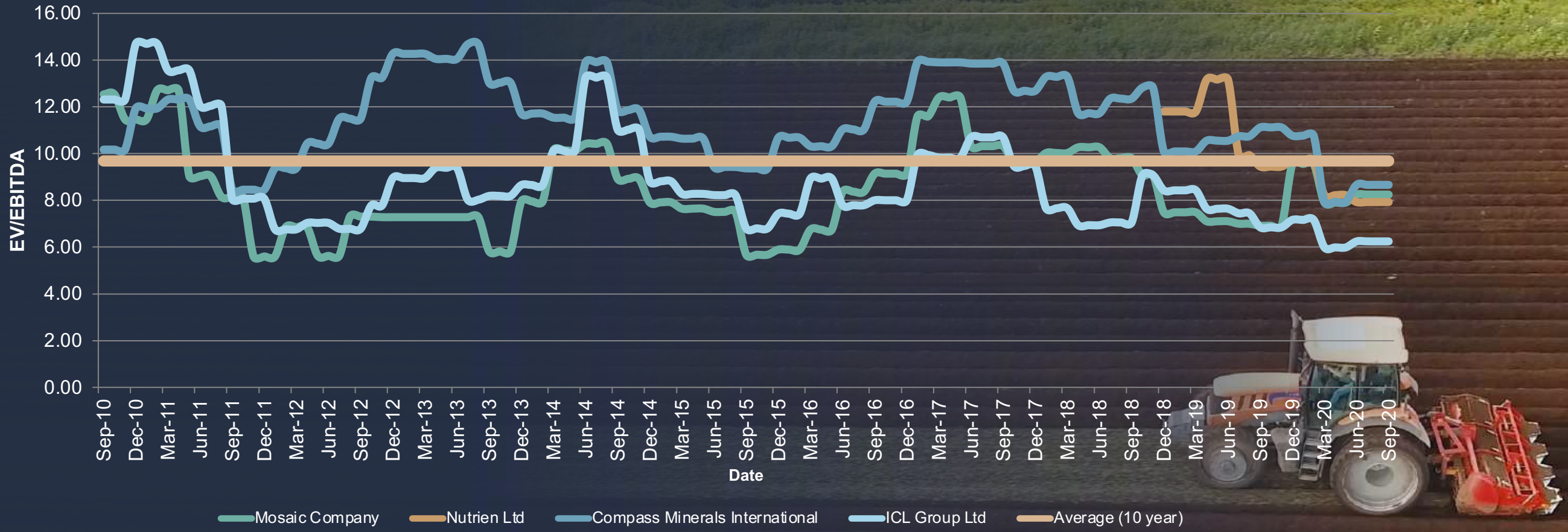
	Conservative Case	Consensus Case
Mine life	19 years	19 years
Extraction rate (Mt/annum)	5.7	5.7
MOP price per tonne (USD)	280	360
Average Annual MOP production (tonnes/annum)	700,000	700,000
Average Salt Production (tonnes/annum)	1,000,000	1,000,000
AISC FOB Casablanca (\$/tonne)	171.7	171.7
Upfront 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

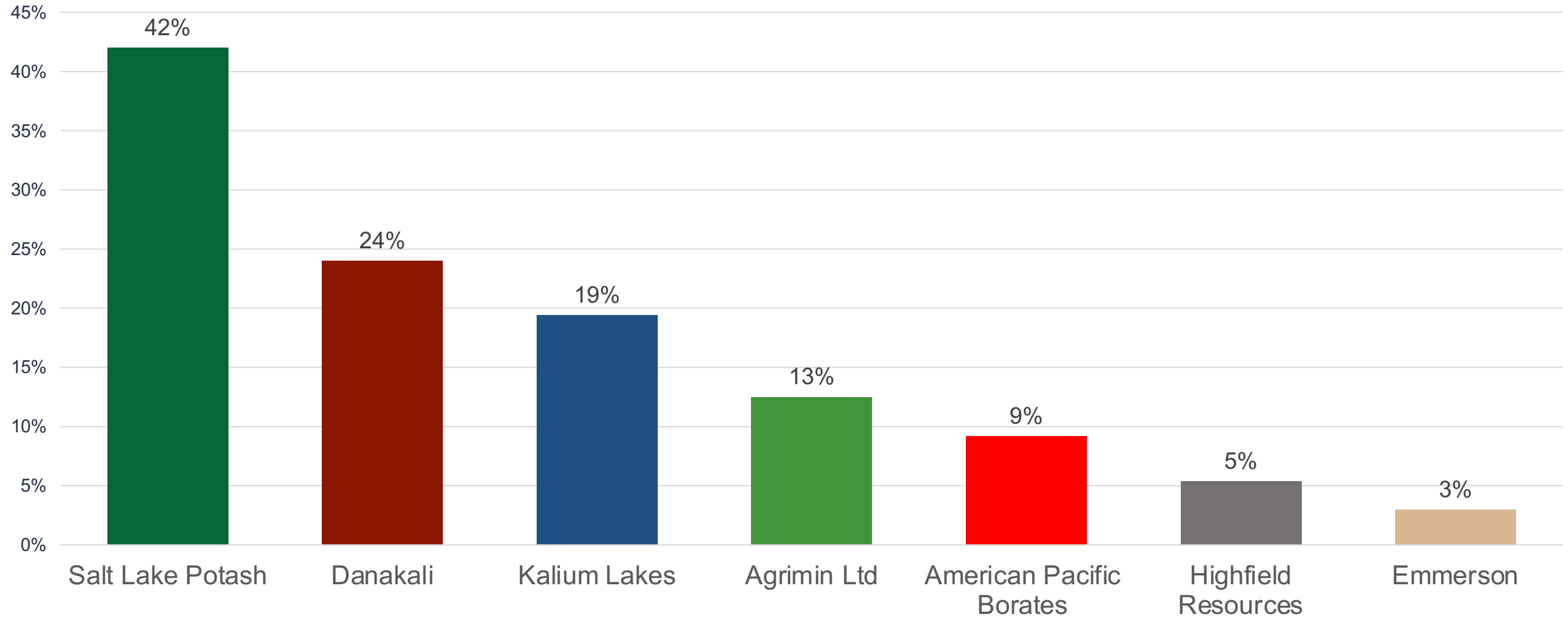
- The project economics are top quality
- The capex is much lower than the NAV
- The management team is credible
- Strong shareholders join the register

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

# ...In Comparison To Peers

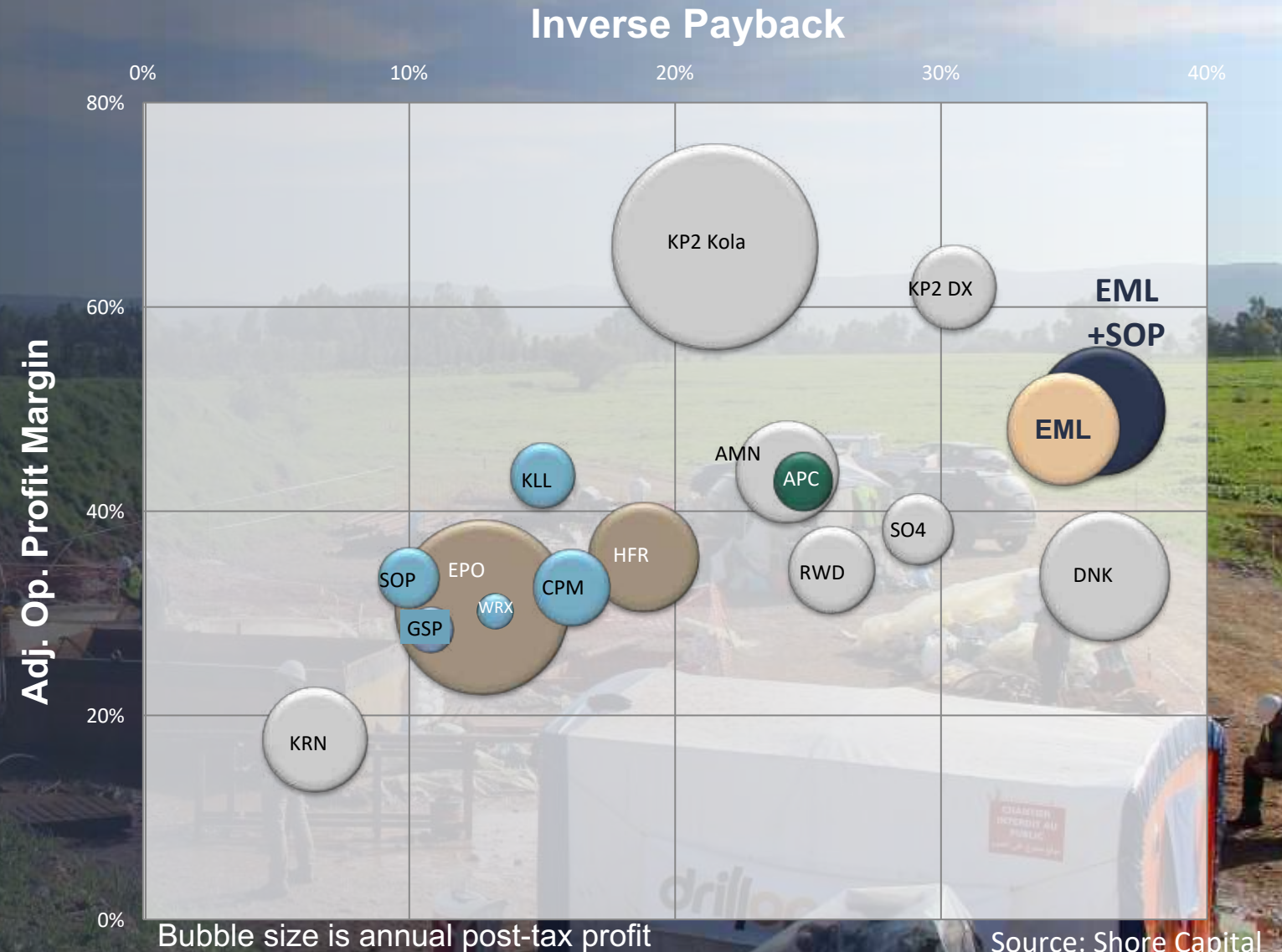


## Market Cap as Percentage of NPV8 for other Potash Developers



# The Value Of Independence

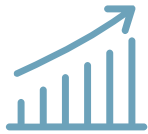
- High margin standalone business
- Ability to finance as a new independent
- Maximise profit selling into best markets



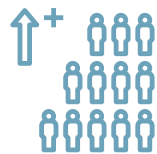
# A Strategic Asset



Green Morocco successfully developing better farmland

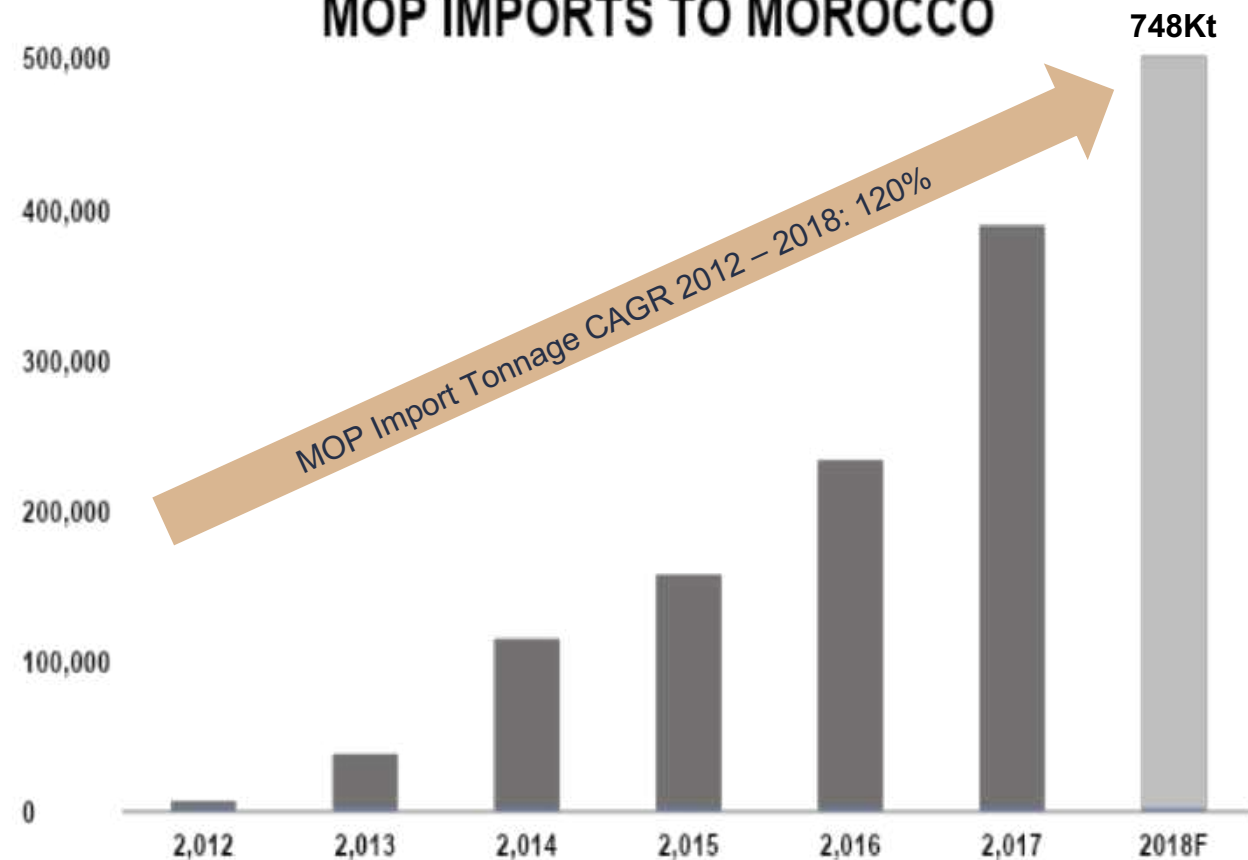


Africa is expected to experience faster population growth



African farmland could see the strongest demand growth for fertilizer

## MOP IMPORTS TO MOROCCO

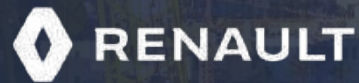


Average Global Potash Demand Growth – 2-3% per annum

# Morocco Is Open For Business



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



RENAULT



PSA  
GROUPE

Jacobs

- 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%

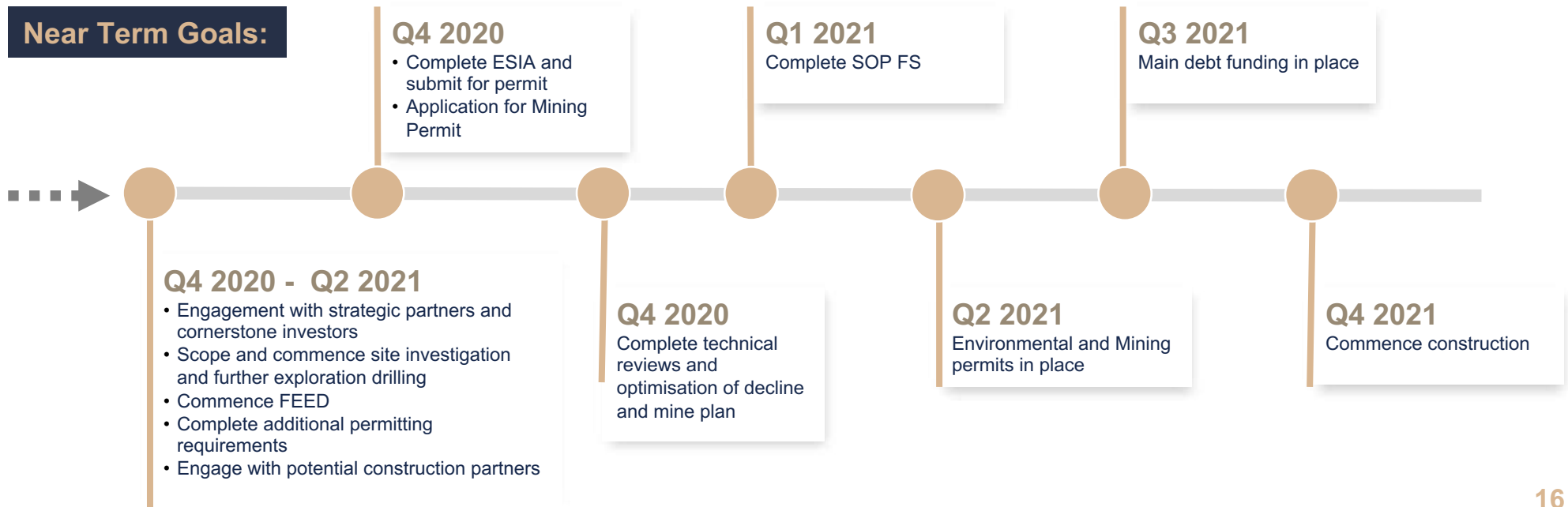
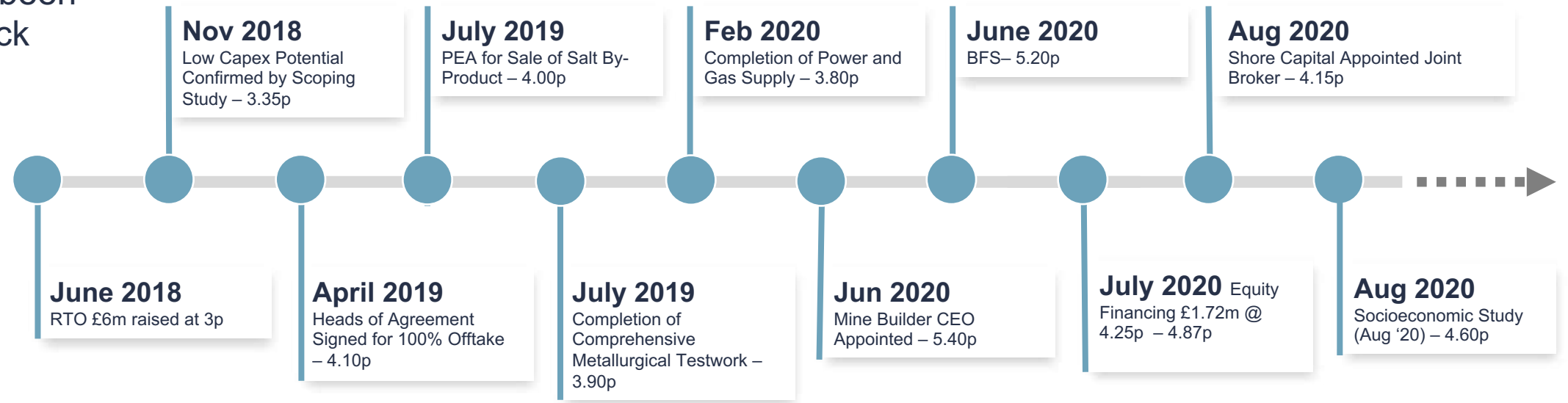




# On The Fast Track To Production



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 £X 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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