



KORE POTASH PLC

HALF-YEARLY REPORT

**FOR THE 6 MONTHS ENDED
30 JUNE 2020**

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CORPORATE DIRECTORY

COMPANY REGISTRATION NUMBER

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 Johannesburg Stock Exchange (JSE)
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GLOSSARY

Acronym / Term	Stands For / Meaning	Definition and/or Additional Information
\$/D	Denotes USD or United States dollars	The official currency of the United States of America and its territories, as well as being the functional and presentation currency of the Company and the Group.
2018 UK Code	2018 UK Corporate Governance Code	The UK corporate governance code that came into effect on 1 January 2018 and applies to accounting reference periods commencing on and after 1 January 2019.
AGM	Annual General Meeting	The mandatory yearly gathering of the Company's interested shareholders. The latest AGM was held on 26 June 2020.
AIM	Alternative Investment Market	AIM (formerly the Alternative Investment Market) is a market operated by the London Stock Exchange.
ASX	Australian Securities Exchange	The ASX is Australia's primary securities exchange.
AUD	Australian dollars	The official currency of the Commonwealth of Australia.
Board	The board of directors of Kore Potash plc	
Carnallite	A rock type comprised predominantly of the potash mineral carnallite (KMgCl ₃ ·6H ₂ O) and halite (NaCl).	Carnallite may be replaced by the word carnallite for simplicity.
CDIs	CHESS Depositary Interests	CDIs are instruments traded on the ASX that allow non-Australian companies to list their shares on the exchange and use the exchange's settlement systems. In the Company's case, one CDI is equivalent to one share traded on the AIM market or on the JSE.
CEO	Chief Executive Officer	
CFR	Cost and Freight	"Cost and Freight" means that the seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment.
Company	Kore Potash plc	Kore Potash plc is public company incorporated and registered in England and Wales (registered number 10933682).
CRU	Commodity Research Unit	
DFS	Definitive Feasibility Study	A DFS is an evaluation of a proposed mining project to determine whether the mineral resource can be mined economically.
Dougou	Denotes the Dougou Project	The Dougou Project (including the Dougou Extension Project) is part of the Sintoukola Potash Project.
DPM	Dougou Potash Mining S.A.	DPM is one of the subsidiaries of SPSA.
DUP	Déclaration d'Utilité Publique	A DUP, or translated as a "declaration of public utility", is a formal recognition in Congolese law that a proposed project has public benefits.
DX	Dougou Extension	The Dougou Extension sylvinite solution mining project.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization	

GLOSSARY (CONT)

Acronym / Term	Stands For / Meaning	Definition and/or Additional Information
EPC	Engineering, Procurement and Construction	A particular form of contracting arrangement used in some industries where the EPC contractor is made responsible for all the activities from design, procurement, construction, commissioning and handover of the project to the end-user or owner.
EPCM	Engineering, Procurement and Construction Management	As opposed to EPC where the Contractor is responsible for the construction directly, not only the management of it.
ESIA	Environmental and social impact assessment	A process for predicting and assessing the potential environmental and social impacts of a proposed project, evaluating alternatives and designing appropriate mitigation, management and monitoring measures.
FC	The French Consortium of Engineering Companies	The FC is a consortium of engineering companies who undertook the DFS on the Kola Project. The FC consists of TechnipFMC, VINCI Construction Grands Projets, Egis and Louis Dreyfus Armateur.
GBP	British pound sterling	The official currency of the United Kingdom.
Granular MoP	The selling description for compacted MoP.	
Group	Kore Potash plc and its controlled entities	A list of the controlled entities within the Group is on page 106 under Note 8 of the 2019 Annual Report.
Insoluble material	Here refers to clays, organic material and other insoluble components of the sylvinites.	Low insoluble content is considered advantageous.
JORC	Australasian Joint Ore Reserves Committee	JORC is sponsored by the Australian mining industry and its professional organisations.
JORC Code	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves	The JORC Code is one of the most accepted standards for the reporting of a company's Mineral Resources and Ore Reserves.
JSE	Johannesburg Stock Exchange	The securities exchange, licenced under the Financial Market Act (No 19 of 2012), as amended from time to time, operated by JSE Limited.
KCl	Potassium Chloride	
KMP	Key Management Personnel	Refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Kola	Denotes the Kola Project.	The Kola Project is part of the Sintoukola Potash Project.
Kore Potash	Kore Potash plc	See definition for "Company" above.
KPM	Kola Potash Mining S.A	KPM is one of the subsidiaries of SPSA.
LSE	London Stock Exchange	The LSE is the primary stock exchange in the United Kingdom.
LTIP	Long Term Incentive Plan	
Mt	Million tonnes	
Mining Convention	Denotes the mining convention signed by the Group and the government of RoC.	The mining convention governs the conditions of construction, operation and mine closure of the Kola and Dougou (including Dougou Extension) mining projects.

GLOSSARY (CONT)

Acronym / Term	Stands For / Meaning	Definition and/or Additional Information
MoP	Muriate of Potash	The saleable form of potassium chloride (KCl), comprising of a minimum 95% KCl.
NED	Non-Executive Director	Non-Executive Director of Kore Potash plc.
NPV	Net Present Value	NPV ₁₀ denotes the Net Present Value calculated at a 10% discount rate.
OIA	Oman Investment Authority (former SGRF)	OIA, is a sovereign wealth fund in Oman, and is one of the Company's substantial shareholders. Its investment in the Company is held in the name of Princess Aurora Company Pte
Potash	Refers to potassium compounds, especially those of potassium chloride (MoP) or sulfate (SoP)	Refer to MoP and SoP for the definitions on the two main types of potash.
RoC	Republic of Congo	The RoC is where the Group's exploration activities are located.
Rock-salt	In this case, a rock comprised predominantly of the mineral halite (NaCl)	
SBP	Share-Based Payment(s)	
Sintoukola Potash Project	Denotes the large potash project operated by the Group through SPSA located in the Kouilou Province of the Republic of Congo.	The Sintoukola Potash Project includes the Kola Project, the Dougou Project and the Dougou Extension Project (previously known as the Yangala Project).
SJCS	St James's Corporate Services Limited	SJCS, together with Henko Vos, is the Company's joint company secretary.
SoP	Sulfate of Potash	Also called potassium sulphate, arcanite, or archaically known as potash of sulfur. SoP is the inorganic compound with formula K ₂ SO ₄ . It is a white water-soluble solid. It is commonly used in fertilizers, providing both potassium and a source of sulfur.
SPSA	Sintoukola Potash S.A.	SPSA is the Company's 97%-owned subsidiary located in the RoC, owned through the Company.
SQM	Sociedad Quimica y Minera de Chile S.A.	SQM is a New York listed Chilean lithium & potash company and is one of the Company's substantial shareholders.
Standard MoP	The selling description for uncompacted MoP.	
STIP	Short Term Incentive Plan	
Sylvinite	A rock type comprised predominantly of the potash mineral sylvite (KCl) and halite (NaCl)	
USD	Denotes USD or United States dollars.	The USD is the functional and presentation currency of the Company and the Group.

DIRECTORS' REPORT

The Board of Directors of Kore Potash plc ("Kore Potash" or "Company") presents herewith the half-yearly report of Kore Potash plc and its subsidiaries ("the Group") for the 6 months ended 30 June 2020.

DIRECTORS

The names of the directors of the Company in office during the 6 months and as at the date of this report are:

David Hathorn	(Non-Executive Chairman)
Brad Sampson	(Chief Executive Officer)
Jonathan Trollip	(Non-Executive Director)
Timothy Keating	(Non-Executive Director)
David Netherway	(Non-Executive Director)
José Antonio Merino	(Non-Executive Director)

All directors were in office from the beginning of the half-year until the date of this report unless otherwise stated.

PRINCIPAL ACTIVITY

The principal activity of the Company during the period was mineral resources exploration and project development at the Company's Sintoukola Project Permit in the Republic of Congo (RoC).

OPERATING RESULTS

Net operating loss after tax for the 6 months ended 30 June 2020 was USD1,320,961 (H1 2019: USD1,176,783).

At 30 June 2020, the Group had USD159,552,021 in capitalised Exploration and Evaluation asset (31 Dec 2019: USD156,019,360). Cash and cash equivalents reduced by USD5,738,901 during the period to USD1,839,826 at 30 June 2020.

REVIEW OF OPERATIONS AND STRATEGIC REPORT

The Board is pleased to present its review of the potash exploration and development Group, whose flagship asset is the Sintoukola Potash Project, located within the RoC.

The Group is developing its globally significant potash deposits in the RoC, which are ideally located to supply the important Brazilian agricultural market and high growth African markets. The potash deposits are high grade, shallow, and close to the coast with access to infrastructure. The Sintoukola Potash Project also has district scale development potential with over 6 billion tonnes of potash mineral resources located 35 kilometres from the coast.

Feeding the world's growing population as arable land per capita declines requires increasing application of fertiliser. Potassium (from potash) is a key nutrient, essential for high quality and high yield food production to meet this need. As a result, the increasing demand for potash, as well the potential for the Group to be one of the lowest cost suppliers of potash to Brazil and African markets, puts the Group in a good position to increase its business value over the long term.

PROJECT OVERVIEW

The Sintoukola Potash Project comprises the Kola sylvinite and carnallite deposits, the Dougou Extension sylvinite deposit and the Dougou carnallite deposit. These deposits are within the Kola and Dougou Mining Licenses. The Sintoukola Potash Project also includes the Sintoukola 2 Exploration License.

Sintoukola is located approximately 80 km to the north of the city of Pointe Noire which has a major port facility, and within 30 km of the Atlantic coast. Sintoukola has the potential to be among the world's lowest-cost potash producers and its location near the coast offers a transport cost advantage to global fertilizer markets.

DIRECTORS' REPORT (CONTINUED)

REVIEW OF OPERATIONS AND STRATEGIC REPORT (CONTINUED)

PROJECT OVERVIEW (CONTINUED)

The Kola sylvinite deposit has a Measured and Indicated sylvinite Mineral Resource estimate of 508 million tonnes grading 35.4% KCl (see Table 2) at an average depth of approximately 250 metres below surface. The results of the Definitive Feasibility Study ("DFS") were announced on 29 January 2019, which determined Proved and Probable Ore Reserves totalling at 152.4 Mt with an average grade of 32.5% KCl. The deposit is open laterally; an exploration target for the southward extension of sylvinite was announced on 21 November 2018. The EPC proposal was received on 23 March 2019 and conversations continue in order to reduce the capital cost and shorten the construction schedule.

The Dougou Extension sylvinite Deposit contains a total sylvinite Mineral Resource Estimate of 145 Mt grading 39.7% KCl, hosted by two seams. The results of a Pre-Feasibility Study ("PFS") were announced on 13 May 2020, which determined Ore Reserves of 17.7 Mt with an average grade of 41.7% KCl. Dougou Extension is located 15 km southwest of Kola. The deposit is open laterally; an Exploration Target for the northward extension of sylvinite was announced on the 21 November 2018.

The Kola and Dougou Extension sylvinite deposits are considered high grade relative to most potash deposits globally and have the advantage of having very low content of insoluble material, less than 0.3% which provides a further processing advantage.

The Dougou carnallite deposit has a Measured and Indicated Potash Mineral Resource estimate of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 metres) hosted by 35-40 metres of carnallite within 4 flat-lying seams. A scoping study was completed in February 2015.

SUMMARY OF KEY DEVELOPMENTS

HIGHLIGHTS

- The DX Pre-feasibility Study ("PFS") results were published on 13 May 2020 with the following highlights:
 - A Maiden Sylvinite Ore Reserves of 17.7 Mt at a grade of 41.7% KCl was declared.
 - Nameplate production target of 400,000 tpa MoP over an initial 18-year life based on Probable Ore Reserves.
 - Real ungeared post tax IRR of approximately 22.9% and NPV10 (real) of approximately USD319 million on an attributable basis at life-of-mine average MoP price for granular product of USD422/t MoP (Argus Media's price forecast for DX Project's target markets).
 - Initial pre-production capital cost of approximately USD286 million (real 2019), including contingency.
 - Free on Board ("FOB") Pointe Noire costs of USD86.61/t MoP.
 - Annual average EBITDA of USD118 million.
- The Minister of Environment of the ROC approved extensions of environmental approval period to 25 years for Kola and Dougou Mining licences were received on 31 March 2020.
- Cash and cash equivalents, at 30 June 2020 was USD1,839,826.
- On 26 August 2020, the Company announced the successful completion of the conditional Proposed Fundraise. A total of 946,106,375 new Ordinary Shares will be issued at the placing price of 0.65p for a total value of approximately USD8 million. The Company is also intending to enter into a Technical Services Agreement with its major shareholder, SQM, for SQM to provide certain services to the Company in connection with the first phase of the DFS for a total value of USD540,000 to be satisfied by the issue and allotment of 63,417,499 new ordinary shares at a price of 0.65p on completion of the relevant services. On 2 September 2020, the Company announces that it will be holding a general meeting of shareholders on 18 September 2020. A circular containing the formal notice of meeting has been dispatched to the Company's shareholders. The General Meeting is being held to seek shareholder approval of, amongst other matters, the issue of 946,106,375 new ordinary shares in the Company at an issue price of 0.65p per new Ordinary Share pursuant to the Proposed Fundraise.
- Exploration and evaluation asset at 30 June 2020 was USD159,552,021 an increase of USD3,532,661 from USD156,019,360 at 31 December 2019.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

SUMMARY OF KEY DEVELOPMENTS (CONTINUED)

HIGHLIGHTS (CONTINUED)

- On 27 June 2019, the Company announced a cost reduction strategy which saw some or all of the non-executive directors' fees be paid through the issue of fully paid ordinary shares in the Company in lieu of cash payments. On 21 January 2020, the Company issued 3,811,398 ordinary shares to certain non-executive directors in lieu of USD58,416 cash fees for the quarter ended 31 December 2019. For the quarter ended 31 March 2020, the Company issued 7,770,939 ordinary shares on 7 April 2020 in lieu of USD58,416 cash fees to certain non-executive directors.
- In line with the cost reduction strategy, directors' remuneration, salaries, employee benefits, consultancy expense, listing and other administration expenses have decreased from a total of USD1,641,390 for the period ended 30 June 2019 to USD1,334,614 for the period ended 30 June 2020.
- The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is currently envisaged that it will not have a material impact on the operations.

OPERATIONAL ACTIVITIES

Dougou Extension Sylvinite Preliminary Feasibility Study

During the half year, the Company released its PFS on the DX project. The Company reported the following highlights:

Strong Financial Outcomes

- Nameplate production target of 400,000 tpa MoP over an initial 18-year life based on Probable Ore Reserves.
- Average annual EBITDA of USD118 million.
- Average annual post construction, post-tax, free cash flow of approximately USD95 million.
- Approximately 4.3 years post-tax payback period from first production.
- Real ungeared post tax IRR of approximately 22.9% and NPV10 (real) of approximately USD319 million on an attributable basis at life-of-mine average MoP price for granular product of USD422/t MoP (Argus Media's price forecast for DX Project's target markets).

Low capital cost and short construction period improve financing options

- Initial pre-production capital cost of approximately USD286 million (real 2019), including contingency.
- Short construction period of 21 months.

Competitive costs to supply MoP to target markets

- Low average mine gate operating costs of USD65.26/t MoP.
- Free on board (FOB Pointe Noire) costs of USD86.61/t MoP
- Average cost of MoP delivered to target markets of approximately USD114.61/t MoP.

High quality Ore Reserves and Mineral Resources

- Sylvinite Ore Reserves of 17.7 Mt at a grade of 41.7% KCl.
- Grade of the Ore Reserves is in the top quartile of all operating potash mines and potash development projects globally.
- Total sylvinite Mineral Resources of 145 Mt at a grade of 39.7% KCl.

Further upside potential

- Ore Reserves tonnage represent 22% of the Indicated Mineral Resources tonnage.
- Inferred Mineral Resources of 66 Mt at a grade of 40.4% KCl not included in the study.
- Additional exploration drilling and/ or seismic surveys in the future may support classification of portions of the additional Mineral Resources of 127.3 tonnes at 39.4% KCl as Ore Reserves.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

OPERATIONAL ACTIVITIES (CONTINUED)

Next steps

Planning for the Definitive Feasibility Study ("DFS") is expected to be finalised to enable commencement of the work programme in the quarter ahead. There were no mining production or construction activities during Q2 of 2020.

Environmental and social impact assessment for Kola ("ESIA")

The Minister of Tourism and Environment of the RoC issued certificates on 31 March 2020 granting a 25-year approval period for the ESIAs for both the Dougou and the Kola Mining Licences. This approval aligned with the provisions of the Mining Convention in place between the Government and Kore and eliminated the previous requirement for annual re-approvals. The Company plans in the future to seek approval for amendments to the ESIA for the Dougou Mining Licence to include the planned mining and processing of the DX sylvinite Deposit which sits within the Dougou Mining Licence.

Mining Convention and Research Convention

- The Company continues to engage with the RoC Government on the implementation of commitments contained within the Mining Convention. This includes the intra-group transfer of the Dougou Mining License from Sintoukola Potash S.A. to the operating entity Dougou Potash Mining S.A. and the transfer of a 10% shareholding in Kola Potash Mining S.A. and Dougou Potash Mining S.A. to the State.
- The Company further progressed discussion with the Government on terms and conditions for a Mining Research Convention covering the Sintoukola 2 exploration license. This convention is required to be negotiated in advance of any exploration activity.

Impact of Coronavirus (COVID-19)

- In Congo, the State of Health Emergency remained in force throughout the month of July. An announcement on 24 July 2020 has implemented a 14 day quarantine for all visitors to the ROC;
- The in-country team has implemented social distancing, wearing of masks, temperature monitoring and hand sanitisation procedures at the camp;
- All in country workers that will be employed in the future will have to undergo a COVID-19 test before being employed;
- An isolation facility for any workers that contact COVID-19 is being assessed in the camp prior to commencing with any new activities;
- Kore maintained full business continuity in country in Pointe Noire and at Koutou through teleworking, company transportation for employees, and controlled access to facilities to ensure full attendance;
- Assistance to local schools in the project impact zone was provided (masks, hand washing equipment).

Exploration activity

- No field-work exploration activities were undertaken during the period.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

PRINCIPAL RISKS

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors have considered the principal risks facing the Group and concluded they have not changed since the publication of the annual report for the year ended 31 December 2019, which are summarised below:

- country risk in Republic of Congo;
- geological and technical risk posed to exploration and commercial exploitation success;
- change in potash commodity prices and market conditions;
- environmental and occupational health and safety risks;
- government policy changes;
- retention of key staff;
- capital requirement and lack of future funding; and
- Coronavirus (COVID-19) and the impact it may have on the Group's operations and fundraising activities.

GOING CONCERN

The 30 June 2020 half-yearly report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. In determining the appropriateness of the basis of preparation, the directors have considered the impact of the Coronavirus (COVID-19) pandemic on the position of the Group at 30 June 2020 and its operations in future periods.

For the period ended 30 June 2020 the Group recorded a net loss of USD1,320,961 (30 June 2019: USD1,176,783) and at 30 June 2020 had a net working capital of USD1,452,188 (31 December 2019: USD4,955,231). The Group also recorded a net cash used in operating activities for the period ended 30 June 2020 of USD1,367,781 (30 June 2019: USD1,528,378).

Based on the Group's cash flow forecast the Group will need to access additional working capital in the next 12 months to advance its exploration projects and to ensure the realisation of assets on an orderly basis and the extinguishment of liabilities as and when they fall due.

On 26 August 2020, the Company announced the successful completion of the conditional Proposed Fundraise. A total of 946,106,375 new Ordinary Shares will be issued at the placing price of 0.65p for a total value of approximately USD8 million. The Company is also intending to enter into a Technical Services Agreement with its major shareholder, SQM, for SQM to provide certain services to the Company in connection with the first phase of the DFS for a total value of USD540,000 to be satisfied by the issue and allotment of 63,417,499 new ordinary shares at a price of 0.65p on completion of the relevant services. On 2 September 2020, the Company announces that it will be holding a general meeting of shareholders on 18 September 2020. A circular containing the formal notice of meeting has been dispatched to the Company's shareholders. The General Meeting is being held to seek shareholder approval of, amongst other matters, the issue of 946,106,375 new ordinary shares in the Company at an issue price of 0.65p per new Ordinary Share pursuant to the Proposed Fundraise.

The directors note that the announced capital raise remains subject to shareholder vote and therefore is not completed at the date that these interim financial statements are approved. The directors are confident that the Group will be successful in raising additional funds through the issue of new equity, however if the fundraising does not successfully complete the directors would have to look at other means to raise the necessary funds whether that be a separate equity raise, debt or sale of assets.

Based on these facts, the directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Company be unsuccessful in completing the Proposed Fundraising through the issue of new equity, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Tenement Details and Ownership

The Company is incorporated and registered in England and Wales and wholly owns Kore Potash Limited of Australia. Kore Potash Limited has a 97% holding in SPSA in the RoC. SPSA is the 100% owner of Dougou Potash Mining S.A. which will hold the Dougou Mining Lease upon the transfer from SPSA to Dougou Potash Mining S.A. through the issue of a Presidential Decree. In addition, SPSA was recently awarded the Sintoukola 2 Exploration Permit. The Kola Deposit is located within the Kola Mining Lease. The Dougou Mining lease hosts the Dougou Deposit and the Dougou Extension Deposit.

Table 1: Schedule of mining tenements (Republic of Congo)

Project & Type	Tenement Issued	Company Interest	Title Registered to
Kola Mining	Decree 2013-412 of 9 August 2013	100% potassium rights only	Kola Potash Mining S.A.
Dougou Mining	Decree 2017-139 of 9 May 2017	100% potassium rights only	Sintoukola Potash S.A.
Sintoukola2 Exploration	Decree 2018-34 of 9 February 2018	100% potassium rights only	Sintoukola Potash S.A.

About Kore Potash's Projects

Kore Potash is an advanced stage mineral exploration and development company whose primary asset is 97%-owned interest in the Sintoukola project, a potash project located in the Republic of Congo. The Sintoukola project comprises the Dougou Extension sylvinite Deposit, the Kola sylvinite and carnallite Deposits, and the Dougou carnallite Deposit. These deposits are within the Dougou and Kola Mining Licenses. The Sintoukola project also includes the Sintoukola 2 Exploration License.

Sintoukola is located approximately 80 km to the north of the city of Pointe Noire which has a major port facility, and within 30 km of the Atlantic coast. Sintoukola has the potential to be among the world's lowest-cost potash producers and its location near the coast offers a transport cost advantage to global fertilizer markets.

The Dougou Extension sylvinite Deposit contains a total sylvinite Mineral Resource Estimate of 145 Mt grading 39.7% KCl, hosted by two seams. The results of a PFS were announced on 13 May 2020, which determined Ore Reserves of 17.7 Mt with an average grade of 41.7% KCl. Dougou Extension is located 15 km southwest of Kola. The deposit is open laterally; an Exploration Target for the northward extension of sylvinite was announced on the 21 November 2018.

The Kola sylvinite Deposit has a Measured and Indicated sylvinite Mineral Resource Estimate of 508 million tonnes grading 35.4% KCl. The results of a DFS were announced on 29 January 2019, which determined Ore Reserves of 152 Mt with an average grade of 32.5% KCl. The deposit is open laterally; an Exploration Target for the Southward extension of sylvinite was announced on the 21 November 2018.

The Dougou Extension and Kola sylvinite Deposits are considered high grade relative to most potash deposits globally and have the advantage of having very low content of insoluble material, less than 0.3% which provides a further processing advantage.

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

About Kore Potash's Projects (Continued)

The Dougou carnallite deposit has a Measured and Indicated Potash Mineral Resource of 1.1 billion tonnes grading 20.6% KCl (at a depth of between 400 and 600 meters) hosted by 35-40 meters of carnallite within 4 flat-lying seams. A Scoping Study was completed in February 2015. This Study indicated that a Life of Mine operating cost of USD68 per tonne MoP was achievable.

- Muriate of Potash (MoP) is the saleable form of potassium chloride (KCl), comprising of a minimum 95% KCl.
- Sylvinite is a rock type comprised predominantly of the potash mineral sylvite (KCl) and halite (NaCl).
- Carnallite is a rock type comprised predominantly of the potash mineral carnallite (KMgCl₃·6H₂O) and halite (NaCl).

Kore's Potash Mineral Resources

Table 2: Kore's Potash Mineral Resources and Ore Reserves, provided as Gross and Net Attributable (to Kore's 97% holding), prepared and reported according to the JORC Code, 2012 edition.

SYLVINITE DEPOSITS

KOLA SYLVINITE DEPOSIT						
Mineral Resource Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Measured	216	34.9	75.4	194	34.9	67.8
Indicated	292	35.7	104.3	263	35.7	93.9
Sub-Total Measured + Indicated	508	35.4	179.7	457	35.4	161.7
Inferred	340	34.0	115.7	306	34.0	104.1
TOTAL	848	34.8	295.4	763	34.8	265.8

Ore Reserve Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Proved	62	32.1	19.8	56	32.1	17.9
Probable	91	32.8	29.7	82	32.8	26.7
TOTAL	152	32.5	49.5	137	32.5	44.6

Ore Reserves are not in addition to Mineral Resources but are derived from them by the application of modifying factors

DOUGOU EXTENSION SYLVINITE DEPOSIT (HWSS and TSS)						
Mineral Resource Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Measured	-	-	-	-	-	-
Indicated	79	39.1	30.8	71	39.1	27.7
Sub-Total Measured + Indicated	79	39.1	30.8	71	39.1	27.7
Inferred	66	40.4	26.7	59	40.4	24.0
TOTAL	145	39.7	57.5	130	39.7	51.8

Ore Reserve Category	Gross			Net Attributable (90% interest)		
	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes	Sylvinite Million Tonnes	Average Grade KCl %	Contained KCl million tonnes
Proved	-	-	-	-	-	-
Probable	17.7	41.7	7.4	16	41.7	6.6
TOTAL	17.7	41.7	7.4	16	41.7	6.6

Ore Reserves are not in addition to Mineral Resources but are derived from them by the application of modifying factors

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Kore's Potash Mineral Resources (Continued)

DOUGOU CARNALLITE DEPOSIT						
	Gross			Net Attributable (90% interest)		
Mineral Resource Category	Million Tonnes carnallite	Average Grade KCl %	Contained KCl million tonnes	Million Tonnes carnallite	Average Grade KCl %	Contained KCl million tonnes
Measured	148	20.1	29.7	133	20.1	26.8
Indicated	920	20.7	190.4	828	20.7	171.4
Sub-Total Measured + Indicated	1,068	20.6	220.2	961	20.6	198.2
Inferred	1,988	20.8	413.5	1789	20.8	372.2
TOTAL	3,056	20.7	633.7	2750	20.7	570.3

KOLA CARNALLITE DEPOSIT						
	Gross			Net Attributable (90% interest)		
Mineral Resource Category	Million Tonnes carnallite	Average Grade KCl %	Contained KCl million tonnes	Million Tonnes carnallite	Average Grade KCl %	Contained KCl million tonnes
Measured	341	17.4	59.4	307	17.4	53.5
Indicated	441	18.7	82.6	397	18.7	74.4
Sub-Total Measured + Indicated	783	18.1	142.0	705	18.1	127.8
Inferred	1,266	18.7	236.4	1140	18.7	212.8
TOTAL	2,049	18.5	378.5	1844	18.5	340.6

DIRECTORS' REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Kore's Potash Mineral Resources (Continued)

Forward-Looking Statements

This report contains statements that are "forward-looking". Generally, the words "expect," "potential", "intend," "estimate," "will" and similar expressions identify forward-looking statements. By their very nature and whilst there is a reasonable basis for making such statements regarding the proposed placement described herein; forward-looking statements are subject to known and unknown risks and uncertainties that may cause our actual results, performance or achievements, to differ materially from those expressed or implied in any of our forward-looking statements, which are not guarantees of future performance. Statements in this report regarding the Company's business or proposed business, which are not historical facts, are "forward looking" statements that involve risks and uncertainties, such as resource estimates and statements that describe the Company's future plans, objectives or goals, including words to the effect that the Company or management expects a stated condition or result to occur. Since forward-looking statements address future events and conditions, by their very nature, they involve inherent risks and uncertainties. Actual results in each case could differ materially from those currently anticipated in such statements.

Investors are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date they are made.

Competent Person Statement

All Mineral Resource and Ore Reserves are reported in accordance with the JORC Code (2012 edition). Numbers are rounded to the appropriate decimal place. Rounding 'errors' may be reflected in the "totals". The Kola Mineral Resource Estimate was reported 6 July 2017 in an announcement titled 'Updated Mineral Resource for the High -Grade Kola Deposit'. It was prepared by Competent Person Mr. Garth Kirkham, P.Geo., of Met-Chem division of DRA Americas Inc., a subsidiary of the DRA Group, and a member of the Association of Professional Engineers and Geoscientists of British Columbia. The Dougou carnallite Mineral Resource estimate was reported on 9 February 2015 in an announcement titled 'Elemental Minerals Announces Large Mineral Resource Expansion and Upgrade for the Dougou Potash Deposit'. It was prepared by Competent Persons Dr. Sebastiaan van der Klauw and Ms. Jana Neubert, senior geologists and employees of ERCOSPLAN Ingenieurgesellschaft Geotechnik und Bergbau mbH and members of good standing of the European Federation of Geologists. The Dougou Extension sylvinite Mineral Resource Estimate is reported herein. Ms. Vanessa Santos, P.Geo. of Agapito Associates Inc., for the Exploration Results and Mineral Resources. Ms. Santos is a licensed professional geologist in South Carolina (Member 2403) and Georgia (Member 1664), USA, and is a registered member (RM) of the Society of Mining, Metallurgy and Exploration, Inc. (SME, Member 04058318). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.



David Hathorn
 Chairman
 07 September 2020



Brad Sampson
 Chief Executive Officer
 07 September 2020

INDEPENDENT REVIEW REPORT TO KORE POTASH PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020, which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and related notes.

We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements. As disclosed in note one, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34, 'Interim Financial Reporting', as adopted by the European Union.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of and has been approved by the directors. The directors are responsible for preparing the interim report in accordance with the rules of the London Stock Exchange for companies trading securities on AIM and the rules of the Australian Stock Exchange, which require that the half-yearly report be presented and prepared in a form consistent with that which will be adopted in the Company's annual accounts having regard to the accounting standards applicable to such annual accounts.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Financial Reporting Council for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT REVIEW REPORT TO KORE POTASH PLC

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2020 is not prepared, in all material respects, in accordance with the rules of the London Stock Exchange for companies trading securities on AIM, the rules of the Australian Stock Exchange, and International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union.

Material uncertainty related to going concern

We draw your attention to note 3 in the financial statements, which indicates that at the date of this report the Group will need access to additional working capital and is in the process of raising additional funds to meet its budgeted exploration programme and forecast general administrative costs, but at the date of this report these transactions have not completed.

As stated in note 3, these events or conditions, along with the other matters as set forth in note 3 to the financial statements, indicates that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Use of our report

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the rules of the London Stock Exchange for companies trading securities on AIM and the rules of the Australian Stock Exchange, and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability



BDO LLP
Chartered Accountants
London, UK
07 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE 6 MONTHS ENDED 30 JUNE 2020

		6 months ended 30 June 2020 USD Unaudited	6 months ended 30 June 2019 USD Unaudited	Year ended 31 Dec 2019 USD Audited
	Notes			
Directors remuneration		(279,640)	(422,388)	(828,445)
Equity compensation benefits	5	71,556	(144,956)	(907,102)
Salaries, employee benefits and consultancy expense		(522,926)	(447,084)	(1,687,419)
London listing and re-domicile expenses		(30,065)	(10,490)	(49,675)
Administration expenses	6	(573,539)	(616,472)	(1,245,041)
Fair value change of a derivative financial liability		1,027	482,274	502,345
Interest income		27,468	18,992	52,936
Interest and finance expenses		(9,760)	(6,732)	(15,393)
Net realised and unrealised foreign exchange loss		(6,056)	(10,959)	(682)
Loss before income tax expense		(1,321,935)	(1,157,815)	(4,178,476)
Income tax income/(expense)	7	974	(18,968)	(24,276)
Loss for the period		(1,320,961)	(1,176,783)	(4,202,752)
Other comprehensive income/(loss)				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Exchange differences gain/(loss) on translating operations		1,161,844	(655,659)	(3,104,632)
Other comprehensive loss for the period		1,161,844	(655,659)	(3,104,632)
Total comprehensive loss for the period		(159,117)	(1,832,442)	(7,307,384)
Loss attributable to:				
Owners of the Company		(1,344,225)	(1,175,521)	(4,204,007)
Non-controlling interest		23,264	(1,262)	1,255
		(1,320,961)	(1,176,783)	(4,202,752)
Total comprehensive loss attributable to:				
Owners of the Company		(182,381)	(1,805,272)	(7,308,639)
Non-controlling interest		23,264	(27,170)	1,255
		(159,117)	(1,832,442)	(7,307,384)
Loss per share				
Basic and diluted loss per share (cents per share)	13	(0.09)	(0.14)	(0.36)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		30 June 2020 USD Unaudited	30 June 2019 USD Unaudited	31 Dec 2019 USD Audited
Notes				
ASSETS				
Current Assets				
		1,839,826	1,040,969	7,578,727
		-	684,160	-
		284,306	568,059	358,954
		-	-	42,278
		<u>2,124,132</u>	<u>2,293,188</u>	<u>7,979,959</u>
Total Current Assets				
Non-Current Assets				
		178,846	129,357	198,432
		-	129,055	-
		520,071	271,723	560,711
	8	159,552,021	153,374,657	156,019,360
		<u>160,250,938</u>	<u>153,904,792</u>	<u>156,788,503</u>
		Total Non-Current Assets		
		<u>162,375,070</u>	<u>156,197,980</u>	<u>164,758,462</u>
TOTAL ASSETS				
LIABILITIES				
Current Liabilities				
	9	671,918	3,231,495	2,968,093
		-	-	55,582
		26	21,124	1,053
		<u>671,944</u>	<u>3,252,619</u>	<u>3,024,728</u>
		Total Current Liabilities		
Non-Current Liabilities				
		-	132,994	-
		<u>671,944</u>	<u>3,385,613</u>	<u>3,024,728</u>
		TOTAL LIABILITIES		
NET ASSETS				
		<u>161,703,126</u>	<u>152,812,367</u>	<u>161,733,734</u>
EQUITY				
	10	1,556,531	862,739	1,541,253
		221,629,143	213,044,827	221,336,423
		(60,946,359)	(60,507,321)	(60,584,489)
		<u>Equity attributable to the shareholders of</u>		
		<u>Kore Potash plc</u>		
		162,239,315	153,400,245	162,293,187
		(536,189)	(587,878)	(559,453)
		<u>161,703,126</u>	<u>152,812,367</u>	<u>161,773,734</u>
		TOTAL EQUITY		

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 JUNE 2020

	Notes	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non- controlling Interest USD	Total Equity USD
Balance at 1 Jan 2020		1,541,253	25,573,592	203,738,800	(60,584,489)	10,439,608	(18,415,577)	162,293,187	(559,453)	161,733,734
Loss for the period		-	-	-	(1,344,225)	-	-	(1,344,225)	23,264	(1,320,961)
Other comprehensive gain		-	-	-	-	-	1,161,844	1,161,844	-	1,161,844
Total comprehensive (loss)/gain		-	-	-	(1,344,225)	-	1,161,844	(182,381)	23,264	(159,117)
Transactions with owners:										
Issue of shares		-	-	-	-	-	-	-	-	-
Share issue expense		-	(6,330)	-	-	-	-	(6,330)	-	(6,330)
Transfer of lapsed options		-	-	-	127,825	(127,825)	-	-	-	-
Conversion of performance rights	10, 14(b)	3,508	(3,008)	-	212,111	(212,111)	-	500	-	500
Cancellation of performance rights		-	-	-	642,419	(642,419)	-	-	-	-
Share based payments	10, 14(c)	11,770	81,288	-	-	41,281	-	134,339	-	134,339
Balance at 30 June 2020		1,556,531	25,645,542	203,738,800	(60,946,359)	9,498,534	(17,253,733)	162,239,315	(536,189)	161,703,126

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) **FOR THE 6 MONTHS ENDED 30 JUNE 2020**

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non- Controlling Interest USD	Total Equity USD
Balance at 1 Jan 2019	860,852	13,054,936	203,738,800	(59,331,800)	12,161,843	(15,310,945)	155,173,686	(560,708)	154,612,978
Loss for the period	-	-	-	(1,175,521)	-	-	(1,175,521)	(1,262)	(1,176,783)
Other comprehensive loss	-	-	-	-	-	(629,751)	(629,751)	(25,908)	(655,659)
Total comprehensive loss	-	-	-	(1,175,521)	-	(629,751)	(1,805,272)	(27,170)	(1,832,442)
Transactions with owners:									
Issue of shares (net of costs)	1,887	-	-	-	-	-	1,887	-	1,887
Share based payments	-	-	-	-	29,944	-	29,944	-	29,944
Balance at 30 June 2019	862,739	13,054,936	203,738,800	(60,507,321)	12,191,787	(15,940,696)	153,400,245	(587,878)	152,812,367

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) **FOR THE 6 MONTHS ENDED 30 JUNE 2020**

	Ordinary Shares USD	Share Premium Reserve USD	Merger Reserve USD	Redeemable Preference Share USD	Accumulated Losses USD	Option Reserve USD	Foreign Currency Translation Reserve USD	Owners of the Parent USD	Non- controlling Interest USD	Total Equity USD
Balance at 1 Jan 2019	860,852	13,054,936	203,738,800	-	(59,331,800)	12,161,843	(15,310,945)	155,173,686	(560,708)	154,612,978
Loss for the year	-	-	-	-	(4,204,007)	-	-	(4,204,007)	1,255	(4,202,752)
Other comprehensive loss	-	-	-	-	-	-	(3,104,632)	(3,104,632)	-	(3,104,632)
Total comprehensive loss	-	-	-	-	(4,204,007)	-	(3,104,632)	(7,308,639)	1,255	(7,307,384)
Transfer of previously lapsed options	-	-	-	-	2,951,318	(2,951,318)	-	-	-	-
Share issue	680,401	12,923,250	-	-	-	-	-	13,603,651	-	13,603,651
Share issue costs	-	(404,594)	-	-	-	-	-	(404,594)	-	(404,594)
Share based payments	-	-	-	-	-	1,229,083	-	1,229,083	-	1,229,083
Balance at 31 Dec 2019	1,541,253	25,573,592	203,738,800	-	(60,584,489)	10,439,608	(18,415,577)	162,293,187	(559,453)	161,773,734

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 6 MONTHS ENDED 30 JUNE 2020

		6 months ended 30 June 2020 USD Unaudited	6 months ended 30 June 2019 USD Unaudited	Year ended 31 Dec 2019 USD Audited
Notes				
Cash Flows from Operating Activities				
		(1,368,755)	(1,507,652)	(4,878,999)
		974	(20,726)	(45,130)
Net cash flows used in operating activities	15	<u>(1,367,781)</u>	<u>(1,528,378)</u>	<u>(4,924,129)</u>
Cash Flows from Investing Activities				
		(1,015)	(17,371)	(18,465)
		(4,350,371)	(2,840,929)	(6,371,268)
		27,468	23,282	56,215
Net cash flows used in investing activities		<u>(4,323,918)</u>	<u>(2,835,018)</u>	<u>(6,333,518)</u>
Cash Flows from Financing Activities				
		-	36,843	(13,127)
		500	1,887	12,761,449
		(12,052)	(87,593)	(178,216)
		(191)	(5,001)	(7,322)
Net cash flows (used in)/generated from financing activities		<u>(11,743)</u>	<u>(53,864)</u>	<u>12,562,784</u>
Net (decrease)/increase in cash and cash equivalents		(5,703,442)	(4,417,260)	1,305,137
Cash and cash equivalents at beginning of period		7,578,727	6,187,113	6,187,113
Foreign currency differences		(35,459)	(44,724)	86,477
Cash and Cash Equivalents at Period End		<u>1,839,826</u>	<u>1,725,129</u>	<u>7,578,727</u>

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020

1. REPORTING ENTITY

The half-yearly report of the Group for the six months ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 07 September 2020.

The Company is a public company incorporated and registered in England and Wales with primary dual listing on AIM and on the ASX, and a secondary listing on the JSE. The registered office of the Company is 25 Moorgate, London, United Kingdom EC2R 6AY.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The half-yearly report for the six month period ended 30 June 2020 has been prepared in accordance with IAS 34 *Interim Financial Reporting* (as adopted by the EU).

The half-yearly report does not include all the information and disclosures required in the annual report, and should be read in conjunction with the annual report for the year ended 31 December 2019. The annual report was prepared in accordance with IFRS's as adopted by the EU and is available on the website (www.korepotash.com).

(b) Statutory Accounts

Financial information contained in this document does not constitute statutory accounts within the meaning of section 434 of the *Companies Act 2006*. The statutory accounts for the year ended 31 December 2019 have been filed with the Registrar of Companies. The report of the auditors on those statutory accounts was unqualified with an emphasis of matter on going concern and did not contain a statement under sections 498(2) or 498(3) of the *Companies Act 2006*.

The financial information for the six months ended 30 June 2020 and 30 June 2019 is unaudited.

(c) New Standards, Interpretations and Amendments Adopted by the Group

The accounting policies adopted in the preparation of the half-yearly report are consistent with those followed in the preparation of the Group's annual report for the year ended 31 December 2019. Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(d) Standards and Interpretations in issue not yet adopted

The directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2019. As a result of this review the directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

(e) Critical Accounting Judgements and Estimates

There have been no material revisions to the nature and amount of changes in judgements and estimates of amounts reported in the annual report for the year ended 31 December 2019.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

3. GOING CONCERN

The 30 June 2020 half-yearly report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business. In determining the appropriateness of the basis of preparation, the directors have considered the impact of the Coronavirus (COVID-19) pandemic on the position of the Group at 30 June 2020 and its operations in future periods.

For the period ended 30 June 2020 the Group recorded a net loss of USD1,320,961 (30 June 2019: USD1,176,783) and at 30 June 2020 had a net working capital of USD1,452,188 (31 December 2019: USD4,955,231). The Group also recorded a net cash used in operating activities for the period ended 30 June 2020 of USD1,367,781 (30 June 2019: USD1,528,378).

Based on the Group's cash flow forecast the Group will need to access additional working capital in the next 12 months to advance its exploration projects and to ensure the realisation of assets on an orderly basis and the extinguishment of liabilities as and when they fall due.

On 26 August 2020, the Company announced the successful completion of the conditional Proposed Fundraise. A total of 946,106,375 new Ordinary Shares will be issued at the placing price of 0.65p for a total value of approximately USD8 million. The Company is also intending to enter into a Technical Services Agreement with its major shareholder, SQM, for SQM to provide certain services to the Company in connection with the first phase of the DFS for a total value of USD540,000 to be satisfied by the issue and allotment of 63,417,499 new ordinary shares at a price of 0.65p on completion of the relevant services. On 2 September 2020, the Company announces that it will be holding a general meeting of shareholders on 18 September 2020. A circular containing the formal notice of meeting has been dispatched to the Company's shareholders. The General Meeting is being held to seek shareholder approval of, amongst other matters, the issue of 946,106,375 new ordinary shares in the Company at an issue price of 0.65p per new Ordinary Share pursuant to the Proposed Fundraise.

The directors note that the announced capital raise remains subject to shareholder vote and therefore is not completed at the date that these interim financial statements are approved. The directors are confident that the Group will be successful in raising additional funds through the issue of new equity, however if the fundraising does not successfully complete the directors would have to look at other means to raise the necessary funds whether that be a separate equity raise, debt or sale of assets.

Based on these facts, the directors consider the going concern basis of preparation to be appropriate for this financial report. Should the Company be unsuccessful in completing the Proposed Fundraising through the issue of new equity, there is a material uncertainty which may cast significant doubt whether the Group will be able to continue as a going concern and therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial statements do not include any adjustments relative to the recoverability and classification of recorded asset amounts or, to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

4. SEGMENT REPORTING

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors, which is responsible for allocating resources and assessing performance of the operating segments. Management has determined that the Company and the Group has one reporting segment being mineral exploration in Central Africa.

As the Group is focused on mineral exploration in Central Africa, management makes resource allocation decisions by reviewing the working capital balance, comparing cash balances to committed exploration expenditure and reviewing the current results of exploration work performed. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date and capital available to the Company.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

5. EQUITY COMPENSATION BENEFITS

The expense recognised for directors, employee and consultant services during the 6 months is shown in the table below:

	6 months ended 30 June 2020 USD Unaudited	6 months ended 30 June 2019 USD Unaudited	Year ended 31 Dec 2019 USD Audited
Equity-based payments – directors, key management personnel and other employees	(71,556)	144,956	907,102

The credit equity-based payments is due to the cancellation of performance rights which did not meet the performance and service vesting conditions.

The equity-based payments capitalised as Exploration and Evaluation Expenditure for the 6 months ended 30 June 2020 was USD112,836 (H1 2019: USD115,012).

The full details of equity-based payments issued for the period ended 30 June 2020 are disclosed in Note 14.

6. ADMINISTRATION EXPENSES

	6 months ended 30 June 2020 USD Unaudited	6 months ended 30 June 2019 USD Unaudited	Year ended 31 Dec 2019 USD Audited
Accounting, company secretary and audit fees	135,554	190,832	524,378
Insurance expenses	87,037	26,123	84,784
Compliance, registration and other tax fees	33,409	35,542	240,253
Legal fees	8,327	18,145	75,865
Marketing and investor relations	100,117	49,167	110,002
Travel and accommodations	54,778	127,943	240,205
Professional fees	68,803	64,356	100,171
Recruitment fee	1,210	-	41,928
Reversal of litigation provision	(48,883)	-	-
Depreciation	13,555	43,004	-
SPSA depreciation reversal (i)	-	-	(732,978)
Other expenses	119,632	61,360	560,433
Total	573,539	616,472	1,245,041

(i) Kola and DX projects are in Exploration & Evaluation (E&E) phase. No amortisation and depreciation for E&E assets. Any Property Plant & Equipment (PP&E) used in E&E phase are depreciated and depreciation charge is capitalised in E&E assets accordingly. Some depreciation charges were expensed in prior years but reversed in 2019.

7. INCOME TAX EXPENSE

Tax for the six month period is charged at 0% (six months ended 30 June 2019: 0%, year ended 31 December 2019: 0%), representing the best estimate of the average annual effective tax rate for the full year applied to the pre-tax income for the six month period and considering the Group's assets are in the exploration phase. The USD974 income tax income for H1 2020 relates to income tax refunded and the income tax charge for H1 2019 of USD18,968 arose on the pre-tax income generated in South Africa for intercompany management services.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

8. RECONCILIATION OF CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	30 June 2020 USD Unaudited	30 June 2019 USD Unaudited	31 Dec 2019 USD Audited
Opening balance	156,019,360	149,863,323	149,863,323
Exploration and evaluation expenditure capitalised during the period	4,348,617	4,361,831	8,908,236
Foreign exchange differences	(815,956)	(850,497)	(2,752,199)
Closing balance	159,552,021	153,374,657	156,019,360
Exploration and evaluation expenditure relating to:			
Kola mining project	135,092,707	131,068,855	132,153,210
Dongou mining project	24,459,314	22,305,802	23,866,150
Closing balance	159,552,021	153,374,657	156,019,360

9. TRADE AND OTHER PAYABLES

	30 June 2020 USD Unaudited	30 June 2019 USD Unaudited	31 Dec 2019 USD Audited
Trade and other creditors	222,607	407,304	537,471
Accruals	246,497	2,768,268	2,119,563
Employee benefits and related payables	175,265	-	172,744
Income tax payable	-	19,080	-
Deposit on application of shares	-	36,843	-
Other payables	27,549	-	138,315
	671,918	3,231,495	2,968,093

10. ISSUED SHARE CAPITAL

	30 June 2020 USD Unaudited	30 June 2019 USD Unaudited	31 Dec 2019 USD Audited
1,556,531,836 fully paid ordinary shares at par value of USD0.001 each (30 June 2019: 862,739,689 fully paid ordinary shares at par value of USD0.001, 31 December 2019: 1,541,253,564 fully paid ordinary shares at par value of USD0.001)			
Fully paid ordinary shares	1,556,531	862,739	1,541,253

Movement in Share Capital of Consolidated Entity

Date	Details	No. of Shares	USD
31 Dec 2018	Balance at 31 December 2018	860,851,693	860,852
13 Feb 2019	Conversion of Class C Performance Rights into fully paid ordinary shares (i)	1,886,996	1,887
30 June 2019	Balance at 30 June 2019	862,738,689	862,739
17 Jul 2019	Capital raising at GBP0.016 each (ii)	646,915,254	646,915
18 Oct 2019	Issue of equity and performance rights (iii)	5,787,223	5,788
5 Dec 2019	Drill rig share issue (iv)	22,000,000	22,000
31 Dec 2019	Equity issued to directors in lieu of payment (v)	3,811,398	3,811
31 Dec 2019	Balance at 31 December 2019	1,541,252,564	1,541,253

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

10. ISSUED SHARE CAPITAL (CONTINUED)

Movement in Share Capital of Consolidated Entity

Date	Details	No. of Shares	USD
31 Dec 2019	Balance at 31 December 2019	1,541,252,564	1,541,253
31 Mar 2020	Equity issued to directors in lieu of payment (vi)	7,770,939	7,770
7 April 2020	Conversion of performance rights (vi)	1,250,000	1,250
25 June 2020	Conversion of performance rights (vii)	2,258,333	2,258
25 June 2020	Equity research services share issue (viii)	4,000,000	4,000
30 June 2020	Balance at 30 June 2020	1,556,531,836	1,556,531

- (i) On 13 February 2019, 1,886,996 Class C Performance Rights were converted into fully paid ordinary shares. The par value of the 1,886,996 ordinary shares was USD1,887.
- (ii) On 17 July 2019, a total of USD13,457,784 was raised from existing and new investors through the placing and direct subscription of 646,914,254 ordinary shares in the Company at a placing price of GBP0.0016 per new ordinary share. The par value of the 646,914,254 ordinary shares was USD646,915.
- (iii) On 17 July 2019, the issue of shares to certain Non-Executive Directors in lieu of remuneration or part remuneration in respect of four quarterly periods ending 30 June 2020 was approved by shareholders at the General Meeting of the Company. Subsequently, on 18 October 2019, 4,224,723 ordinary shares of USD0.001 each were awarded in-lieu-of cash to David Hathorn, David Netherway and Jonathan Trollip. In the same announcement it was announced that, further to the unconditional vesting of the Performance Rights issued to certain Non-Executive Directors and Mr Leonard Math, a former Non-Executive Director, on 29 March 2019, being the first anniversary of admission to trading on AIM and as announced on 15 April 2019 and 21 June 2019, 1,562,500 ordinary shares of USD0.001 each were issued to satisfy the Performance Rights. Accordingly, a total of 5,787,223 shares were issued at a par value of USD5,788.
- (iv) On 5 December 2019, the Group acquired two drill rigs with ancillary equipment; in exchange for the drill rigs, the Group issued 22,000,000 ordinary shares of USD0.001 each at a deemed price of £0.01225 to Equity Drilling Limited. The par value of 22,000,000 shares was USD22,000.
- (v) On 21 January 2020, 3,811,398 ordinary shares of USD0.001 each were issued in lieu of cash remuneration or part remuneration for the quarter ended 31 December 2019 to David Hathorn, David Netherway and Jonathan Trollip in line with the cost reduction strategy announced on 29 June 2019. The par value of this issue was USD3,811.
- (vi) On 7 April 2020, 7,770,939 ordinary shares of USD0.001 each were issued to David Hathorn, David Netherway and Jonathan Trollip in lieu of cash remuneration or part remuneration for the quarter ended 31 March 2020 in line with the cost reduction strategy announced on 27 June 2019. In addition, 1,250,000 ordinary shares of USD0.001 each were issued under the Company's performance rights plans as previously announced on 15 April 2019.
- (vii) On 25 June 2020, a total of 2,258,333 ordinary shares of USD0.001 each were issued to certain current and former employees of the Company to satisfy the conversion of vested Performance Rights in ordinary shares. Of these, 1,410,000, were issued to Gavin Chamberlain, the Company's Chief Operating Officer.
- (viii) On 25 June 2020, Align Research Limited, an unrelated party to the Company, has initiated coverage on the Company and will provide on-going equity research services to the Company. As consideration for these services, 4,000,000 ordinary shares of USD0.001 each in the Company were issued to Align Research Limited at an agreed price of 0.75p per share, being the prevailing price at the date of signing the agreement.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

11. COMMITMENTS FOR EXPENDITURE

Exploration and Evaluation Expenditure Commitments

In order to maintain current rights of tenure to exploration permits, the Group is required to meet minimum expenditure and minimum activity requirements by performing exploration and development work. As at year end, the minimum expenditure requirement has not yet been determined with respect to the Group's Sintoukola 2 exploration permit. However, when the minimum expenditure requirement is confirmed this will need to be satisfied over a period of 3 years.

There are no minimum expenditure requirements with respect to the Group's mining licences. One of the key investment promotion provisions for the Mining Convention includes that the RoC is to be granted a 10% carried equity interest in the project companies, which are currently wholly-owned by the Group's subsidiary, SPISA.

If the Group decides to relinquish certain licences and/or does not meet the obligations of the new mining convention, assets recognised in the statement of financial position may require review to determine the appropriateness of the carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

Kola Definitive Feasibility Study Commitment

On 28 February 2017 the Company signed a contract with TechnipFMC, VINCI Construction Grands Projets, Egis and Louis Dreyfus Armateur (the "French Consortium"), for the implementation of the Kola Definitive Feasibility Study (the "DFS").

At the date of this report, the Group had the following DFS commitment:

	30 June 2020 USD Unaudited	30 June 2019 USD Unaudited	31 Dec 2019 USD Audited
Not later than 1 year	-	-	1,659,703
Later than 1 year and not later than 5 years	-	-	-
	-	-	1,659,703

12. RELATED PARTY TRANSACTIONS

Arrangements with related parties continue to be in place in line with those disclosed in the 2019 Annual Report.

On 21 January 2020, the Company issued 3,811,398 ordinary shares of USD 0.001 each in the Company to certain Non-Executive Directors of the Company in lieu of cash fees for the quarter ended 31 December 2019. This is in line with the cost reduction strategy announced on 27 June 2019 and approved at the 2019 General Meeting of the Company held on 17 July 2019. The number of ordinary shares issued to each Non-Executive Director in lieu of remuneration for the quarter ended 31 December 2019 was calculated as follows:

	Annual fee	Quarterly fee	Percentage of Remuneration	GBP/USD	7 day VWAP	Number of shares
David Hathorn	USD156,000.00	USD39,000.00	100%	1.3263	1.1556	2,544,575
David Netherway	USD80,500.00	USD20,125.00	55%	1.3263	1.1556	722,186
Jonathan Trollip	USD63,000.00	USD15,750.00	53%	1.3263	1.1556	544,637
Total						3,811,398

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

12. RELATED PARTY TRANSACTIONS (CONTINUED)

On 7 April 2020, a total of 7,770,939 ordinary shares of USD0.001 each in the Company were issued to certain Non-Executive Directors of the Company in lieu of cash fees for the quarter ended 31 March 2020.

The number of ordinary shares issued to each Non-Executive Director in lieu of remuneration for the quarter ended 31 March 2020 was calculated as follows:

	Annual fee	Quarterly fee	Percentage of Remuneration	GBP/USD	7 day VWAP	Number of shares
David Hathorn	USD156,000.00	USD39,000.00	100%	1.2368	0.6078	5,188,053
David Netherway	USD80,500.00	USD20,125.00	55%	1.2368	0.6078	1,472,443
Jonathan Trollip	USD63,000.00	USD15,750.00	53%	1.2368	0.6078	1,110,443
Total						7,770,939

On 7 April 2020, 1,250,000 Performance Rights Series 16 – 20 for Non-Executive Directors were converted into ordinary shares following the satisfaction of the vesting conditions of the Performance Rights, being the second anniversary of admission to trading on AIM. Refer Note 14(b) for the breakdown per Director.

13. LOSS PER SHARE

	6 months ended 30 June 2020 USD Unaudited	6 months ended 30 June 2019 USD Unaudited	Year ended 31 Dec 2019 USD Audited
Earnings reconciliation			
Loss attributable to ordinary shareholders	(1,344,225)	(1,176,783)	(4,204,007)
	Number	Number	Number
Weighted average number of shares used as the denominator	1,545,888,889	862,280,972	1,163,030,183
Basic and diluted loss per share (cents per share)	(0.09)	(0.14)	(0.36)

Options, equity warrants and performance rights are considered to be potential ordinary shares. However, as the Group is in a loss position they are anti-dilutive in nature, as their exercise will not result in a diluted earnings per share that shows an inferior view of earnings performance of the Group than is shown by basic loss per share. The options, warrants and performance rights have not been included in the determination of basic loss per share.

Headline loss per share

It is a JSE listing requirement to disclose headline earnings/loss per share, a non-IFRS measure. It is considered to be a useful metric as it presents the earnings/loss per share after removing the effect of re-measurements to assets and liabilities (for example impairment of property, plant and equipment) otherwise recognised in the profit/loss for the half-year. During the current and prior periods there was no difference between earnings/loss per share and headline earnings/loss per share and therefore no reconciliation between the two measures has been presented.

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

14. SHARED BASED PAYMENTS

(b) Options

Movement in unlisted options as share based payment arrangements during the period:

Exercise Period	Exercise Price	Balance 1 Jan 2020 Number	Options Issued Number	Options Lapsed Number	Balance 30 June 2020 Number
On or before 1 Jan 2024	GBP0.022	-	33,000,000	-	33,000,000
On or before 27 June 2020	GBP0.11	4,000,000	-	(4,000,000)	-
On or before 19 July 2024	GBP0.022	26,900,000	-	-	26,900,000
		30,900,000	33,000,000	(4,000,000)	59,900,000

Options issued during the year:

Options Series 33, 34 and 35

The Board approved the grant of 33,000,000 unlisted options to certain employees on 5 September 2019 under the Company's Long Term Incentive Plan. The options were issued on 25 June 2020 in accordance with the Company's Long Term Incentive Plan. The options vest over 3 years on a one third basis per annum. These include the award of 12,000,000 options to each of Gavin Chamberlain (Chief Operating Officer) and Andrey Maruta (Chief Financial Controller).

The fair value of the options at grant date of GBP0.0092 was estimated using the Black-Scholes Option Pricing Model. The input used in the measurement of the fair value at grant date of the options were as follows:

Input into the model	Series 34, 35, 36
Grant date share price	GBP0.0145
Exercise price	GBP0.022
Expected volatility	99.7%
Annual risk-free rate	-0.04%
Expiry date	4.3 years
Grant date fair value	GBP0.0092

There were no options which were cancelled or exercised during the period.

(c) Performance Rights

Movement in Performance Rights as share based payment arrangements during the period:

Rights series	Grant Date	Expiry Date	Balance 1 Jan 2020 Number	Rights Issued Number	Rights Converted Number	Rights Cancelled Number	Balance 30 June 2020 Number
7-8	20/11/2015	06/12/2020	2,255,000	-	-	(1,001,250)	1,253,750
10	06/07/2016	01/03/2021	5,881,250	-	-	(850,000)	5,031,250
12	29/05/2017	31/05/2021	1,405,000	-	(100,000)	(700,000)	605,000
13	31/05/2017	31/05/2022	660,000	-	-	-	660,000
14, 22	29/05/2017, 27/06/2018	31/05/2022, 22/05/2022	3,747,005	-	(2,158,333)	(52,004)	1,536,668
15, 21	29/05/2017, 27/06/2018	31/05/2022, 22/05/2022	11,734,853	-	-	(8,975,853)	2,759,000
16 - 20	27/06/2018	22/05/2022	2,500,000	-	(1,250,000)	-	1,250,000
25	17/03/2020	17/03/2025	-	2,250,000	-	-	2,250,000
			28,183,108	2,250,000	(3,508,333)	(11,579,107)	15,345,668

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

14. SHARED BASED PAYMENTS (CONTINUED)

(b) Performance Rights (continued)

Performance Rights issued during the period:

During the period, the Company issued 2,250,000 Performance Rights to employees under its Short Term Incentive Plan with the same performance criteria as the performance rights currently in issue with vesting conditions based on required service periods. These Performance Shares vests a third on award, a third after 1 year of continuous service and a third after 2 years continuous service.

Employee	Series 25
Gavin Chamberlain (COO)	850,000
Andrey Maruta (CFO)	200,000
Other employees	1,200,000
Total	2,250,000

The fair value of the Performance Rights is estimated at GBP0.0615 per Performance Right, calculated based on the share price at grant date using the Cox, Ross and Rubinstein Binomial Option Pricing Model. The input used in the measurement of the fair value at grant date were as follows:

Input into the model	Series 14
Grant date spot price	GBP0.0615
Expected volatility	99.7%
Life of performance right	5 years
Grant date fair value	GBP0.0615

Performance Rights converted into ordinary shares during the period:

On 7 April 2020, 1,250,000 Performance Rights Series 16 – 20 for Non-Executive Directors were converted into ordinary shares following the satisfaction of the vesting conditions of the Performance Rights, being the second anniversary of admission to trading on AIM. The following is the breakdown of the ordinary shares issued under the Performance Rights:

	Number of Shares
David Hathorn	500,000
David Netherway	250,000
Jonathan Trollip	250,000
Timothy Keating	250,000
Total	1,250,000

On 25 June 2020, 2,258,333 Performance Rights (100,000 for Series 12 and 2,158,333 for Series 14) for employees were converted into ordinary shares following the satisfaction of service conditions of the employees. Of these, 1,410,000 ordinary shares of USD0.001 each have been issued to Gavin Chamberlain, the Company's Chief Operating Officer.

Performance Rights cancelled during the period:

Following the determination by the Board that the applicable vesting conditions within each category would not be achieved, 11,579,107 Performance Rights previously issued have been cancelled as follows:

Performance Rights expiring 6 December 2020 (Employees) - Series 7-8	1,001,250
Performance Rights expiring 1 March 2021 (ex-Director) - Series 10	850,000
Performance Shares vesting on 31 May 2019 - Series 12	700,000
Performance Shares under Short Term Incentive Scheme Plan - Series 14	52,004
Performance Shares under Long Term Incentive Plan – Series 15	8,975,853
Total	11,579,107

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

14. SHARED BASED PAYMENTS (CONTINUED)

(c) Issue of share capital as share-based payment

Align Research Limited ("Align Research"), an unrelated party to the Company, has initiated coverage on the Company and will provide on-going equity research services to the Company. As consideration for these services, 4,000,000 new ordinary shares of USD0.001 each in the Company were issued to Align Research at an agreed price of 0.75p per share, being the prevailing price at the date of signing the agreement.

15. CASH FLOW INFORMATION

	30 June 2020 USD Unaudited	30 June 2019 USD Unaudited	31 Dec 2019 USD Audited
Cash and cash equivalents	1,839,826	1,040,969	7,578,727
Restricted cash	-	684,160	-
Cash and cash equivalents presented at Condensed Consolidated Statement of Cash Flows	1,839,826	1,725,129	7,578,727

Reconciliation of cash flows from operating activities with loss after tax is as follows:

	6 months ended 30 June 2020 USD Unaudited	6 months ended 30 June 2019 USD Unaudited	Year ended 31 Dec 2019 USD Audited
Reconciliation of cash flows from operating activities:			
Loss for the year	(1,320,961)	(1,176,783)	(4,202,752)
Adjustments for:			
Depreciation expensed	13,555	43,004	88,267
Loss on asset disposals	164	-	28,270
Equity compensation benefits	(71,556)	144,956	997,915
Net realised and unrealised foreign exchange gains	6,055	10,959	682
Impairment of right-of-use asset	-	-	69,594
Fair value change in derivative financial liability	(1,027)	(482,273)	(502,345)
Interest paid on lease liabilities	(7,374)	5,001	7,322
Interest received not classified as operating activities cash inflow	(27,468)	(23,282)	(56,215)
Operating loss before changes in working capital			
Decrease/(increase) in receivables	160,952	83,923	(19,657)
Decrease in tax payable	-	(1,758)	(20,855)
Decrease in payables	(120,121)	(132,125)	(1,314,355)
Net cash used in operating activities	(1,367,781)	(1,528,378)	(4,924,129)

NOTES TO THE HALF-YEARLY REPORT FOR THE 6 MONTHS ENDED 30 JUNE 2020 (CONTINUED)

16. SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

On 26 August 2020, the Company announced the successful completion of the conditional Proposed Fundraise. A total of 946,106,375 new Ordinary Shares will be issued at the placing price of 0.65p for a total value of approximately USD8 million. The Company is also intending to enter into a Technical Services Agreement with its major shareholder, SQM, for SQM to provide certain services to the Company in connection with the first phase of the DFS for a total value of USD540,000 to be satisfied by the issue and allotment of 63,417,499 new ordinary shares at a price of 0.65p on completion of the relevant services. On 2 September 2020, the Company announces that it will be holding a general meeting of shareholders on 18 September 2020. A circular containing the formal notice of meeting has been dispatched to the Company's shareholders. The General Meeting is being held to seek shareholder approval of, amongst other matters, the issue of 946,106,375 new ordinary shares in the Company at an issue price of 0.65p per new Ordinary Share pursuant to the Proposed Fundraise.

There are no other significant events that have occurred since reporting date requiring separate disclosure.

17. CONTINGENT LIABILITIES

As at the date of this report, the Company's subsidiary, SPSA, has been in litigation before the Administrative Chamber of the Supreme Court of the Republic of Congo and before the Labour Tribunal. These two proceedings result from an action taken by a former employee, as well as a group of 30 claimants following the retrenchment of these 31 employees on 20 November 2014.

On 14 June 2018 the Supreme Court confirmed that the retrenchments had followed due process and cancelled the previous decision of the Minister of Labour against SPSA. The former employees appealed the findings and following various interlocutory steps a further hearing was due to be held on 23 March 2020. At that hearing the judge was expected to render a decision. However, due to the COVID-19 crisis the judge postponed the hearing and a new hearing date has not yet been communicated to the Company.

On 28 August 2018, 25 former employees working on the exploration site from 2009 to 2013 instituted further action before the Labour Tribunal, claiming compensation for unpaid overtime and damages. The Company presented its position and responded to the Supreme Court on 27 September 2019. The legal proceedings are ongoing but due to COVID-19 crisis, the Judge has decided to limit the number of cases to be heard and the new hearing date has not yet been communicated to the Company.

On 31 October 2019 the former Finance and Administration Manager (Serge Koffi) of SPSA, claimed unfair and abusive dismissal from Kore Potash Ltd and from SPSA. The parties are discussing a possible amicable settlement agreement to avoid court proceedings.

The directors have concluded that any possible exposure and cash outflow from the Group as a result of the three legal proceedings would be immaterial.