

12 September 2019

Kropz Plc
("Kropz" or the "Company")

Elandsfontein Update

Kropz plc (AIM: KRPZ), an emerging African phosphate producer, provides the following update:

- At the time of the Company's AIM admission, the level of engineering design applicable to the Elandsfontein mine in South Africa ("Elandsfontein") (74% owned by Kropz SA (Pty) Ltd, a wholly owned subsidiary of Kropz plc) was at a scoping level, with significant work having since been carried out by the Elandsfontein operating team to advance the level of engineering and design.
- On 5 June 2019 the Company notified the market that as part of the preparation work for the commissioning of Elandsfontein it had mandated Mintek, South Africa, and Eriez, USA, to undertake confirmatory pilot scale and other processing test work ("Test Work") to confirm the final processing design and that DRA Mineral Projects ("DRA") was appointed to complete the engineering design.
- Indications at the time of this previous announcement were that the commissioning of the Elandsfontein plant was expected to be delayed at an anticipated additional cost of approximately US\$20m (inclusive of working capital costs, debt repayments and capital expenditure).
- The Test Work has since confirmed the Elandsfontein ore body to be complex with regards to particle size distribution and grade variability. The provisional conclusion from the Test Work is that a reverse flotation modification to the current circuit will produce saleable product, but at lower grade than originally targeted by the Company. Therefore, and as a direct consequence of the prevailing depressed phosphate rock prices, an alternate process modification is being considered to deliver the required process efficiencies at viable economic returns.
- The Company has determined that it will take additional time, to at least the end of the current calendar year, to conduct further Test Work, engineering design and associated financial modelling to define the alternative process. This will result in a consequential delay to the time required in order to bring Elandsfontein into production.
- While it is still too early to determine the exact impact on costs and commissioning dates, in order to account for the delays and the fact that further test work is still required, and given the lower phosphate rock prices currently being forecast, the Company believes that it would be prudent to recognise an impairment in the value of the assets in Elandsfontein. An impairment of approximately US\$49 million is expected to be accounted for in the interim results for the period 01 January 2019 to 30 June 2019. These accounts will be issued before the end of September 2019.
- The appeal against Elandsfontein's existing and valid integrated water use licence was set to be heard by the Water Tribunal on 11 September 2019, however the appellant has subsequently requested that this be postponed.
- Meanwhile, work is continuing on preliminary plans for the development of the Hinda phosphate deposit in the Republic of Congo. Further updates will be provided in due course.

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

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About Kropz Plc

Kropz is an emerging plant nutrient producer with an advanced stage phosphate mining project in South Africa, a phosphate project in the Republic of Congo ("RoC") and an exploration asset in Ghana. The vision of the Group is to become a leading independent phosphate rock producer and to develop into an integrated, mine-to-market plant nutrient company focusing on sub-Saharan Africa.

Kropz's Elandsfontein Phosphate Project is a near-term producing asset in South Africa's Western Cape Province, close to export infrastructure and primed to take advantage of a recovery in phosphate prices.

The Company's medium-term development asset is the Hinda Phosphate Project in the RoC.

The Company has also secured a prospecting right in Ghana, to undertake further exploration work on the Aflao Project, the potential extension of the well-known, high grade and historically exploited Hahotoe-Kpogame-Kpeme deposit in Togo.