The information contained within this announcement is deemed to constitute inside information as **stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this** announcement, this inside information is now considered to be in the public domain.

14 February 2020

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

Corporate and Operational Update

Kropz Plc (AIM: KRPZ), an emerging African phosphate explorer and developer, announces a corporate and operations update for its Elandsfontein, Hinda and Aflao projects.

Elandsfontein update

Following the announcements of 5 June 2019 and 12 September 2019, the Company has confirmed that the latest metallurgical test work on the Elandsfontein phosphate mine (the "Project") completed by Eriez, Pennsylvania and JESA, Florida (the "Test Work"), has identified and confirmed a robust processing alternative to the previous flotation circuit.

The Test Work has consistently demonstrated that the Elandsfontein phosphate mine processing plant (the "Plant") will produce a final saleable concentrate to expected specification of 68% BPL (approximately 31% P_2O_5) using a flotation configuration of direct followed by reverse, flotation circuit. This type of circuit has been successfully employed throughout the industry for decades.

Supplementary design work has been completed to advance the front-end engineering, and has identified that additional equipment, infrastructure and modifications to the original plant are needed to cater for the requisite process modifications. The capital costs have been estimated to AACE Class 3 level, by external consultants, and negotiations on an engineering, procurement and construction contract are well advanced.

The further time required for the Test Work together with newly identified long-lead items and associated structural works will impact timing and capital costs to first production. Accordingly, the target date for commercial production at Elandsfontein is now Q4 2021, with a total estimated funding requirement of US$40 million, excluding the US$14 million already held by Kropz Elandsfontein (Pty) Ltd ("Kropz Elandsfontein") and including working capital, debt repayments and capital expenditure.

Further detail on the definitive technical solution for Elandsfontein is included in the appendix to this announcement.

Corporate update

The Company's subsidiary Kropz Elandsfontein has a project finance facility with BNP Paribas S.A. ("BNPP") for US$30 million which is currently fully drawn. Kropz Elandsfontein had agreed with BNPP that, in light of the delays in the commissioning of the Project, Kropz Elandsfontein would provide BNPP with positive Test Work results, a schedule and budget to completion for the Project, together with a comprehensive funding proposal to Project completion. Kropz Elandsfontein was able to satisfy

all of BNPP's information requests by the agreed date, other than the funding proposal to Project completion. Consequently, the Company advises that Kropz Elandsfontein is in technical default of the BNPP facility, though the Company and Kropz Elandsfontein remain in ongoing constructive dialogue with BNPP to remedy the breach.

Kropz Elandsfontein's capital repayment obligations under the BNPP facility are due to commence on 31 March 2020 and this, together with the BNPP security over US$14 million currently held on account in South Africa, will require re-negotiation as part of these discussions due to the delay in the Project timetable. BNPP has reserved its right to accelerate the loan, but to date has not done so, and continues to work constructively with the Company to find a solution that is satisfactory to all parties.

Kropz Elandsfontein is currently in advanced discussions on a comprehensive funding solution to bring Kropz Elandsfontein into full production. The Company's major shareholder, ARC Fund, has received preliminary Investment Committee approval to support the Group's further funding requirements, subject to reaching agreement with BNPP. The Company will provide a further update to the market in due course.

Hinda and Aflao projects

Kropz has recently completed a competitive tender for an updated feasibility study for its currently 100% owned Hinda project in the Republic of Congo (which is expected to be diluted to 90 % through the participation of the Republic of Congo), aligned with the capacity of the existing road and port facilities. The tender award and associated work programme for Hinda are subject to securing additional funding. The Company will provide a further update to the market in due course.

Having completed the MMI and radiometric surveys at its Aflao project in Ghana, and with a view to focusing all of its efforts on the key Elandsfontein and Hinda assets, the Board has decided to divest its interests in Aflao and is currently in consultation with the project's other shareholders.

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About Kropz Plc

Kropz is an emerging African phosphate explorer and developer, with an advanced stage phosphate mining project in South Africa, a phosphate project in the Republic of Congo 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 phosphate deposit in Togo.

Appendix – Summary of Definitive Technical Solution for the Elandsfontein Project

Metallurgical test work results

A direct reverse ("DR") test campaign on approximately 1.35 tonnes of material, prepared at Mintek, South Africa, was sent to Eriez in Q4 2019. The bulk composite samples were recovered from within the current mining excavation and consisted of a ratio of 40:60 F1:F2 ore, representative of the early mining schedule. Test work has been conducted on bench scale and pilot scale, on both the coarse and fine flotation fractions.

Another bulk sample, prepared in a ratio of 50:50 F1:F2 ore (and therefore lower in grade), is being tested at the JESA laboratory in Florida, USA, on the DR configuration. The JESA laboratory is supported by individuals with extensive Florida phosphate experience, where the DR circuit is used for the recovery of phosphate. JESA has prepared an additional 2.5 tonne sample, which is being tested at Eriez, USA, on a continuous pilot scale.

JESA has also run a series of 'locked cycle tests' to confirm the impact of water recycle and ensure optimisation of the water circuit. Variability samples, representing later years of mining, have also been tested in South Africa.

In summary, results show that:

a. The slimes losses remain unchanged, at up to 10% by mass;
b. The flotation circuit is robust at a range of feed grades;
c. Target concentrate grade can be achieved even at low feed grades (c.5% P_2O_5); and
d. The average stage-wise recovery expected is shown below:

Fine Flotation	Stage Recovery %P_2O_5	Concentrate Grade %P_2O_5
Direct	90.6	20.1
Reverse	80.3	31.2
Coarse Flotation	**Stage Recovery % P_2O_5**	**Concentrate Grade %P_2O_5**
Direct	93.9	20.9
Reverse	87.6	31.8

Design

The milling and classification circuit has remained unchanged since the design of the reverse-reverse circuit. The milling efficiency will be improved by replacing existing cyclones with fine aperture screens; slimes will be removed from the circuit using existing desliming cyclones; and the flotation feed to the coarse and fine circuits will be achieved using existing cross flow separators, following the new attritioning stage.

Fine flotation will target the 212x20um fraction. All fine flotation will be done in existing column flotation cells, with two stages of direct flotation, followed by two stages of reverse flotation.

Coarse flotation will target the 425x212um fraction. Direct coarse flotation will be achieved using the Hydrofloat technology, and reverse coarse flotation will be realised using conventional mechanical flotation cells. The coarse flotation section is new. The use of Hydrofloat, followed by mechanical cells is commonly used in Florida.

Both coarse and fine flotation feed will be conditioned in a new set of conditioners. Direct flotation concentrate will be de-oiled and conditioned ahead of the reverse amine flotation.

The water circuits have received particular attention, and the new circuit will effectively contain four dedicated water circuits to service each section of the plant. A number of internal water treatment facilities have also been included to ensure the integrity of the water circuit throughout the life of mine.

The design of the circuit modifications, including equipment selection, conditioning residence times and water circuits have all been interrogated by a number of phosphate consultants with extensive Florida and DR flotation experience engaged by Kropz Elandsfontein.

Capital costing and schedule

The capital cost has been estimated to an AACE Class 3 level of accuracy, with a total contingency of 16%. The process design has been used to model the required modifications for the process optimisation and to generate general arrangement drawings for material quantity take offs. The civil and structural scope of works have been issued to the market and are based on market rates. The electrical and instrumentation scope has been escalated from previous project rates, using relevant indices. All major mechanical equipment is based on prices tendered in 2019. The base date for the current capital cost estimate is January 2020.

The capital cost has been interrogated by external quantity surveyors.

The schedule is aligned to the delivery times of long lead items. The overall period between commencing workstreams and first production is largely unchanged from the schedule as previously defined.

Key milestone dates for the project, subject to funding arrangements, are:

- Scope freeze: End February 2020*
- Site establishment: July 2020
- Commissioning commencement: August 2021
- First ore through plant: September 2021
- Production ramp up: over a period of six months from first ore date

  ** Drives the subsequent timetable.*

The cost to completion caters for Plant capital cost, working capital and senior lender interest payments.

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