

The information contained within this announcement is deemed to constitute inside information as stipulated under the retained EU law version of the Market Abuse Regulation (EU) No. 596/2014 (the “**UK MAR**”) which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. The information is disclosed in accordance with the Company's obligations under Article 17 of the UK MAR. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

14 November 2022

Kropz Plc
(“Kropz” or the “Company”)
New Convertible Facility Agreement
and
General Meeting Notice

Kropz Plc (AIM: KRPZ), an emerging African phosphate producer and developer, announces it has entered into a new conditional convertible equity facility of up to ZAR 550 million (“**New ZAR 550 Million Equity Facility**”) (approximately US\$ 31.6 million), with ARC Fund (“**ARC**”), the Company's major shareholder, in order to progress the ramp-up of operations at the Company's Elandsfontein phosphate project in South Africa. In addition, the funding would also provide working capital to the Company for general corporate purposes and further funding, of approximately US\$ 1 million for working capital and early site works, at the Hinda project in the Republic of the Congo.

As previously announced, Kropz Elandsfontein (Pty) Ltd (“**Kropz Elandsfontein**”) requires additional working capital due to delays in the ramp-up of operations at the Elandsfontein project and subsequent delays in first revenues.

The New ZAR 550 Million Equity Facility is in addition to the:

- ZAR 200 million conditional equity facility which ARC and the Company announced on 29 September 2021 (“**ZAR 200 Million Equity Facility**”). This facility is fully drawn and has not been converted to new ordinary shares in the Company; and
- ZAR 177 million conditional equity facility which ARC and the Company announced on 11 May 2022 (“**ZAR 177 Million Equity Facility**”). This facility is fully drawn and has not been converted to new ordinary shares in the Company (collectively the “**Existing Equity Facilities**”).

As announced on 9 August 2022, Kropz, Kropz Elandsfontein and ARC agreed to a ZAR 121.5 million (approximately US\$ 7.3 million) bridge loan facility (“**Loan 1**”) to meet immediate cash requirements at Elandsfontein. A draw down ZAR 60 million (approximately US\$ 3.6 million) of Loan 1 was made on 9 August 2022, ZAR 47 million (approximately US\$ 360,000) on 1 September 2022 and the third and final draw down of ZAR 14.5 million (approximately US\$ 800,000) was made on 29 September 2022. Loan 1 is fully drawn at the date of this announcement.

As announced on 30 September 2022, Kropz, Kropz Elandsfontein and ARC agreed to a further ZAR 126 million (approximately US\$ 7 million) bridge loan facility ("**Loan 2**") to meet further funding requirements at Elandsfontein due to further delays in the ramp-up of operations at Elandsfontein. A drawdown of ZAR 60.5 million (approximately US\$ 3.4 million) was made on Loan 2 on 6 October 2022. The second and final drawdown of ZAR 65.5 million (approximately US\$ 3.6 million) on Loan 2 was made on 28 October 2022. Loan 2 is fully drawn at the date of this announcement.

Loan 1 and Loan 2 are both unsecured, repayable on demand, and there are no fixed repayment terms. Both Loan 1 and Loan 2 are repayable by Elandsfontein on no less than two business days' notice. Interest is payable on both Loan 1 and Loan 2 at the South African prime overdraft interest rate plus 6 per cent., nominal per annum and compounded monthly.

New ZAR 550 Million Equity Facility Highlights

- The New ZAR 550 Million Equity Facility comprises a total commitment of up to ZAR 550 million provided by ARC, which can be drawn down at the discretion of Kropz, as follows:
 - Loan 1 and Loan 2 will be settled by way of a first advance under the New ZAR 550 Million Equity Facility, once approved and unconditional, leaving ZAR 302.5 million available for drawdown over the term; and
 - ZAR 302.5 million from the date that all the conditions to the New ZAR 550 Million Equity Facility have been met (the "**Effective Date**") and up to 15 December 2023, if approved by ARC in its sole discretion;
- At any time during the term of the New ZAR 550 Million Equity Facility, repayment of the New ZAR 550 Million Equity Facility capital amount will, at the election of ARC, either be:
 - In the form of the conversion into ordinary shares of 0.1 pence each ("**Ordinary Shares**") in the Company and issued to ARC, at a conversion price of 4.579 pence per Ordinary Share each, representing the 30-day Volume Weighted Average Price ("**VWAP**") on 21 October 2022, and at fixed exchange rate of ZAR 1 = GBP 0.048824 ("**Conversion**"); or
 - Payable in cash by the Company;
- The first drawdown is expected on 1 December 2022;
- Following a Conversion, the Company will apply for the newly issued Ordinary Shares in the capital of the Company to be admitted to trading on AIM, a market operated by London Stock Exchange plc ("**AIM**");
- The New ZAR 550 Million Equity Facility will bear interest at the South African prime overdraft interest rate plus 6 per cent., nominal per annum and compounded monthly ("**Interest**"). Interest will be payable in cash to ARC by the Company;
- The term of the New ZAR 550 Million Equity Facility will be from the Effective Date, to the earlier of:
 - 5 years from the Effective Date; or
 - 2 years after the term loan facility provided by BNP Paribas to Elandsfontein (in the amount not exceeding US\$ 30 million), has been repaid in full, or such later date as ARC may agree in writing;

- The New ZAR 550 Million Equity Facility will be available for drawdown until 15 December 2023;
- The New ZAR 550 Million Equity Facility will be secured by the shares which Kropz holds in Cominco Resources Ltd ("**Share Charge**"). The New ZAR 550 Million Equity Facility is conditional on entering into the Share Charge, by way of a deed of confirmation and amendment to the existing share charge granted by the Company in favour of ARC, which will be entered into before the General Meeting; and
- The New ZAR 550 Million Equity Facility will be conditional on:
 - approval from the South African Reserve Bank ("**SARB**"). The SARB application was lodged on or about 3 November 2022 and the approval, once received, will be announced via the Regulatory News Service ("**RNS**"); and
 - Kropz shareholder approval.

Notice of General Meeting and Irrevocable Undertakings

The New ZAR 550 Million Equity Facility is above the share authorisation limits given at the last Annual General Meeting on 30 June 2022 and is conditional on shareholder approval which is being sought from the Company's shareholders at a General Meeting to be held in London at 12:00 p.m. on 30 November 2022 at the offices of Memery Crystal, 165 Fleet Street, London, EC4A 2DY ("**General Meeting**").

The Company is proposing at the General Meeting, resolutions to give the Company's directors authority to allot and issue, on a non-pre-emptive basis, Ordinary Shares in the Company to meet the full demand under the New ZAR 550 Million Equity Facility (this authority is in addition to the authorities granted at the previous Annual General Meeting).

Shareholders may attend the General Meeting to vote, or they may appoint a proxy or vote online by following the instructions set out in the Notice of General Meeting attached to this announcement. Proxy votes must be received no later than 12:00 p.m. on 28 November 2022.

A copy of the Notice of General Meeting and this announcement is being posted to shareholders today and will shortly be available for the purposes of AIM Rule 26 on the Company's website at www.kropz.com/investors/general-meetings.

The Company has received irrevocable undertakings from a director in respect of his holding of 0.3 per cent. of the Company's issued share capital and from shareholders holding 83.65 per cent. of the Company's issued share capital to vote in favour of the resolutions proposed.

Related Party Transaction

The New ZAR 550 Million Equity Facility is a related party transaction ("**Transaction**") pursuant to Rule 13 of the AIM Rules. Gerrit Duminy is a director of the Company and the representative of ARC. Further, as noted below, ARC and Kropz International are treated as acting in concert for the purposes of the City Code on Takeovers and Mergers (the "**Code**") and have individual and aggregate interests in the Ordinary Shares as set out above. Mike Nunn, a director of the Company, is the beneficial owner of Kropz International. Accordingly, Mr Duminy and Mr Nunn have not been involved in the approval of the Transaction by the Company's board.

The directors of the Company who are considered independent for the purposes of the Transaction (being the directors excluding Mr Duminy and Mr Nunn), having consulted with the Company's Nominated Adviser, consider the terms of the Transaction to be fair and reasonable insofar as the Company's shareholders are concerned.

Draw Down

As noted above, the Company is expected to make the first draw down request under the New ZAR 550 Million Equity Facility on or around 1 December 2022.

Further details of these drawdowns and conversions will be made in separate announcements in due course.

Concert Parties and Impact on Shareholdings

As noted in the Company's AIM admission document, ARC and Kropz International are treated as acting in concert for the purposes of the Code and have individual and aggregate interests in the Ordinary Shares as set out in the table below. It is noted that ARC and Kropz International hold and will continue to hold more than 50 per cent. of the Ordinary Shares and voting rights in the Company. On a standalone basis ARC, through its option with Kropz International, currently has a fully diluted interest of 85.97 per cent. of the Company (see footnote 3 below).

Maximum Interests in Ordinary Shares ⁽¹⁾

	Existing Ordinary Shares		Maximum no. of further shares to be issued pursuant to Existing Equity Facilities and New ZAR 550 Million Equity Facility ⁽¹⁾	Maximum shareholdings following Existing Equity Facilities and New ZAR 550 Million Equity Facility ⁽¹⁾	
	No.	%	No.	No.	%
ARC ⁽²⁾	768,339,330	83.2	902,093,959	1,670,433,289	91.5
Kropz International S.a.r.l ⁽²⁾⁽³⁾⁽⁴⁾	54,933,474	5.9	-	54,933,474	3.0
Concert Party	823,272,804	89.1	902,093,959	1,725,366,763	94.5

(1) Assumes for illustrative purposes that the Existing Equity Facilities and New ZAR 550 Million Equity Facility is fully drawn and that all capital under the Existing Equity Facilities and New ZAR 550 Million Equity Facility is converted into equity.

- ZAR 200 Million Equity Facility – 219,272,938 ordinary shares ⁽⁵⁾
- ZAR 177 Million Equity Facility – 96,378,566 ordinary shares ⁽⁵⁾
- New ZAR 550 Million Equity Facility – 586,442,455 ordinary shares ⁽⁵⁾

(2) ARC and Kropz International are deemed to be acting in concert as defined in the Code.

(3) Kropz International and ARC have entered into an arrangement pursuant to which Kropz International has granted to ARC a call option over 25,793,909 of its Ordinary Shares. The call option over Kropz International's

Ordinary Shares can be exercised by ARC if the value of ARC's shareholding on the third anniversary of Admission is 20 per cent. lower than its value on IPO on 30 November 2018. The call option has an alternative settlement of cash or assets, if the transfer of the Ordinary Shares would require the transferee to make a Rule 9 offer for the Company pursuant to the City Code.

(4) Mike Nunn, a director of Kropz, holds his beneficial interest in Kropz through Kropz International.

(5) Exchange rates used are fixed at:

- ZAR 200 Million Equity Facility – GBP 1 = ZAR 20.24
- ZAR 177 Million Equity Facility – GBP 1 = ZAR 19.84
- New ZAR 550 Million Equity Facility – GBP 1 = ZAR 20.48

For further information visit www.kropz.com or contact:

Kropz Plc

Mark Summers (CEO)

Via Tavistock

+44 (0) 207 920 3150

Grant Thornton UK LLP

Samantha Harrison

Harrison Clarke

George Grainger

Ciara Donnelly

Nominated Adviser

+44 (0) 20 7383 5100

Hannam & Partners

Andrew Chubb

Ernest Bell

Broker

+44 (0) 20 7907 8500

Tavistock

Nick Elwes

Jos Simson

Emily Moss

**Financial PR & IR
(UK)**

+44 (0) 207 920 3150

kropz@tavistock.co.uk

**R&A Strategic
Communications**

Charmane Russell

PR (South Africa)

+27 (0) 11 880 3924

charmane@rasc.co.za

About Kropz Plc

Kropz is an emerging African producer and developer of plant nutrient feed minerals with phosphate projects in South Africa and in the Republic of Congo. 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.

-ENDS-