



Emmerson PLC / Ticker: EML / Index: AIM / Sector: Mining

26 September 2023

Emmerson PLC (“Emmerson” or the “Company”)

Interim Results for the six months ended 30 June 2023

Emmerson, which is developing the world class Khemisset Potash Project in Morocco (“Khemisset” or the “Project”), is pleased to announce its Interim Results for the six month period ended 30 June 2023 (the “Period”).

Highlights

- Update on environmental permit and financing set out in Q3 update announcement on [21 September 2023](#)
- Financial results for the six months to 30 June 2023 reflect expenditure on technical workstreams and administrative/corporate support costs
- Loss for the period of US\$1.6 million
- Cash balance at 30 June 2023 was US\$4.2 million, after total expenditure of US\$2.5 million in the period. Cash reserves of US\$3.5 million as at the time of this report.

Activities During the Period

The Company’s priority during the Period was advancing discussions with government officials towards obtaining environmental approval for the Khemisset Project in Morocco. Currently, Emmerson is awaiting a session of the Ministerial Committee to consider the matter, and although management remains confident of a favourable outcome based on discussions to date, the timing of the meeting is not certain, particularly following the devastating earthquake in Morocco, which has, understandably, been the main focus of government attention.

Financial Review

As the Company continues in its phase of exploration and development, the results are relatively straightforward, and reflect a loss for the period of US\$1.6 million (30 June 2022: US\$1.5 million), primarily as a result of administration and corporate costs.

Net cash of US\$2.5 million was spent in the period (30 June 2022: US\$5.3 million), consisting of the net impact of the administration costs and working capital movements of US\$2.2 million, capitalised development costs of US\$0.5 million, and US\$0.2 million net proceeds of employee share option exercises.

Financing and Cash Position

At the time of this report, the Company has cash reserves of US\$3.5 million, sufficient to cover the remaining Basic Engineering costs and working capital commitments for at least the next 12 months.

Outlook for 2023

For the balance of the year, the Company's focus will remain on obtaining the environmental approval for the Project, putting in place a new funding agreement with its Strategic Investors, and finalising optimisation work ahead of a Bankable Feasibility Study.

For further information, please visit www.emmersonplc.com, follow us on Twitter (@emmerson_plc), or contact:

Emmerson PLC +44 (0) 207 138 3204

Graham Clarke / Jim Wynn / Charles Vaughan

Liberum Capital Limited (Nominated Advisor and Joint Broker) +44 (0)20 3100 2000

Scott Mathieson / Matthew Hogg / Kane Collings

Shard Capital (Joint Broker) +44 (0)20 7186 9927

Damon Heath / Isabella Pierre

BlytheRay (Financial PR and IR) +44 (0) 207 138 3204

Tim Blythe / Megan Ray / Said Izagaren

Notes to Editors

Emmerson is focused on advancing the Khemisset project ("Khemisset" or the "Project") in Morocco into a low cost, high margin supplier of potash, and the first primary producer on the African continent. With an initial 19-year life of mine, the development of Khemisset is expected to deliver long-term investment and financial contributions to Morocco including the creation of permanent employment, taxation, and a plethora of ancillary benefits. As a UK-Moroccan partnership, the Company is committed to bringing in significant international investment over the life of the mine.

Morocco is widely recognised as one of the leading phosphate producers globally, ranking third in the world in terms of tonnes produced annually, and the development of this mine is set to consolidate its position as the most important fertiliser producer in Africa. The Project has a large JORC Resource Estimate (2012) of 537Mt @ 9.24% K₂O, with significant exploration potential, and is perfectly located to support the expected growth of African fertiliser consumption whilst also being located on the doorstep of European markets. The need to feed the world's rapidly increasing population is driving demand for potash and Khemisset is well placed to benefit from the opportunities this presents. The Feasibility Study released in June 2020 indicated the Project has the potential to be among the lowest capital cost development stage potash projects in the world and also, as a result of its location, one of the highest margin projects. This delivered outstanding economics, including a post-tax NPV₈ of approximately US\$1.4 billion using industry expert Argus' price forecasts.

Condensed Consolidated Statement of Comprehensive Income for the six months ended 30 June 2023

US\$'000		6 months to 30 Jun 2023	6 months to 30 Jun 2022	12 months to 31 Dec 2022
	Notes	(Unaudited)	(Unaudited)	(Audited)
Administrative expenses	3	(1,386)	(1,244)	(2,581)
Share-based payment expense		(199)	(53)	(256)
Net foreign exchange loss		(43)	(81)	(356)
Operating loss		(1,628)	(1,378)	(3,193)
Finance cost		(6)	-	-
Loss before tax		(1,634)	(1,378)	(3,193)
Income tax		(1)	-	(5)
Loss for the period attributable to equity owners		(1,635)	(1,378)	(3,198)
Other comprehensive income				
Exchange gain/(loss) on translating foreign operations		146	(84)	(45)
Total comprehensive loss attributable to equity owners		(1,489)	(1,462)	(3,243)
Loss per share (cents)	4	(0.16)	(0.15)	(0.34)

Condensed Consolidated Statement of Financial Position at 30 June 2023

US\$'000		30 June 2023	30 June 2022	31 Dec 2022
	Notes	(Unaudited)	(Unaudited)	(Audited)
Non-current assets				
Intangible assets	5	19,239	16,489	18,607
Property, plant and equipment		38	39	43
Total non-current assets		19,277	16,528	18,650
Current assets				
Trade and other receivables		1,304	1,126	1,181
Cash and cash equivalents		4,179	4,535	6,670
Total current assets		5,483	5,661	7,851
Total assets		24,760	22,189	26,501
Current liabilities				
Trade and other payables		(351)	(1,005)	(1,032)
Total current liabilities		(351)	(1,005)	(1,032)
Net assets		24,409	21,184	25,469
Shareholders equity attributable to equity owners				
Share capital		35,145	29,025	34,733
Share-based payment reserve		2,427	2,163	2,470
Reverse acquisition reserve		2,234	2,234	2,234
Retained earnings		(15,211)	(11,867)	(13,636)
Translation reserve		(186)	(371)	(332)
Total equity		24,409	21,184	25,469

Condensed Consolidated Statement of Changes in Equity for the six months ended 30 June 2023

US\$'000	Share Capital	Share-based payment reserve	Reverse acquisition reserve	Retained earnings	Translation reserve	Total equity
Balance at 1 January 2022	28,993	2,113	2,234	(10,489)	(287)	22,564
Loss for the period	-	-	-	(1,378)	-	(1,378)
Other comprehensive loss:						
FX on translating foreign operations	-	-	-	-	(84)	(84)
Total comprehensive loss	-	-	-	(1,378)	(84)	(1,462)
Fair value of share options	-	53	-	-	-	53
Share options and warrants exercised	3	(3)	-	-	-	-
Issue of shares for cash	29	-	-	-	-	29
Balance at 30 June 2022	29,025	2,163	2,234	(11,867)	(371)	21,184
Balance at 1 January 2022	28,993	2,113	2,234	(10,489)	(287)	22,564
Loss for the year	-	-	-	(3,198)	-	(3,198)
Other comprehensive loss:						
FX on translating foreign operations	-	-	-	-	(45)	(45)
Total comprehensive income	-	-	-	(3,198)	(45)	(3,243)
Fair value of share options	-	256	-	-	-	256
Share issued to settle obligations	25	-	-	-	-	25
Share issued for cash	6,106	-	-	-	-	6,106
Cost of issuing shares – cash	(267)	-	-	-	-	(267)
Cost of issuing shares – warrants	(283)	283	-	-	-	-
Options exercised for cash	28	-	-	-	-	28
Options exercised cashless	131	(131)	-	-	-	-
Transfer for options expired in 2021	-	(51)	-	51	-	-
Balance at 31 December 2022	34,733	2,470	2,234	(13,636)	(332)	25,469
Balance at 1 January 2023	34,733	2,470	2,234	(13,636)	(332)	25,469
Loss for the period	-	-	-	(1,635)	-	(1,635)
Other comprehensive gain:						
FX on translating foreign operations	-	-	-	-	146	146
Total comprehensive loss	-	-	-	(1,635)	146	(1,489)
Fair value of share options	-	206	-	-	-	206
Options exercised for cash	225	(62)	-	60	-	223
Options exercised cashless	187	(187)	-	-	-	-
Balance at 30 June 2023	35,145	2,427	2,234	(15,211)	(186)	24,409

Condensed Consolidated Statement of Cash Flows for the six month period ended 30 June 2023

	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 Dec 2022
	(Unaudited) US\$'000	(Unaudited) US\$'000	(Audited) US\$'000
Cash flows from operating activities			
Loss before tax	(1,634)	(1,378)	(3,193)
<i>Adjustments:</i>			
Foreign exchange	43	81	(205)
Taxation	(1)	-	(5)
Share-based payment	199	53	256
Directors' remuneration settled in shares	-	-	25
Depreciation	5	2	(2)
<i>Changes in working capital:</i>			
Increase in trade and other receivables	(123)	(355)	(410)
Decrease in trade and other payables	(681)	(821)	(803)
Net cash flows used in operating activities	(2,192)	(2,418)	(4,337)
 Cash flows from investing activities			
Exploration expenditure	(520)	(2,934)	(5,052)
Net cash flows used in investing activities	(520)	(2,934)	(5,052)
 Cash flows from financing activities			
Proceeds from issuing shares and warrants	-	-	6,106
Cost of issuing shares	-	-	(267)
Proceeds from exercise of share options & warrants	230	29	28
Net cash flows generated from financing activities	230	29	5,867
 Decrease in cash and cash equivalents	(2,482)	(5,323)	(3,522)
Cash and cash equivalents at beginning of period	6,670	10,032	10,032
Foreign exchange on cash and cash equivalents	(9)	(174)	160
Cash and cash equivalents at end of period	4,179	4,535	6,670

Notes to the Condensed Consolidated Financial Statements for the six months ended 30 June 2023

1. General information

Emmerson PLC (the “Company”) is a company incorporated and domiciled in the Isle of Man, whose shares were admitted to the Standard Listing segment of the Main market of the London Stock Exchange on 15 February 2017. On 27 April 2021, the Ordinary Shares of the Company were admitted to trading on AIM and the listing of the Company's ordinary shares on the Official List and their trading on the Main Market were cancelled.

The principal activity of the Company and its subsidiaries (together “the Group”) is the exploration, development and exploitation of a potash development project in Morocco.

2. Basis of preparation

2.1 General

The Condensed Consolidated Financial Statements have been prepared in accordance with the valuation and recognition principles of UK-adopted International Accounting Standards. The Condensed Consolidated Financial Statements for the six months ended 30 June 2023 are unaudited and have not been reviewed by the Group’s auditor, and do not include all of the information required for full annual financial statements.

They should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2022. The principal accounting policies applied in the preparation of the Condensed Consolidated Financial Statements are unchanged from those disclosed in those statements. These policies have been consistently applied to each of the periods presented.

The financial information of the Group is presented in US Dollars, which is also the functional currency of the parent Company and has been prepared under the historical cost convention. The individual financial statements of each of the Company’s wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

2.2 Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Company, Moroccan Salts Limited, Moroccan Salts Limited’s subsidiaries (the “MSL Group”) and Khemisset UK Ltd (“KUK”). KUK, a wholly-owned subsidiary of the Company, was incorporated in England and Wales under the Companies Act 2006 on 8 February 2023.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Group Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

All the Group's companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for like transactions.

2.3 Functional and presentational currency

The financial information of the Group is presented in US Dollars, which is also the functional currency of the parent Company, and has been prepared under the historical cost convention. The individual financial statements of each of the Company's wholly owned subsidiaries are prepared in the currency of the primary economic environment in which it operates (its functional currency).

2.4 Going concern

The Group's cash position at the date of this report is US\$3.5 million. This amount is sufficient to cover all committed expenditures for the twelve months. Additional expenditures related to the development of the Khemisset Project which are not committed and would not be covered by cash reserves would need to be financed by fundraising in the future, however these expenditures are discretionary, and the Directors are confident that any funds could be raised from existing and new shareholders for such activities, which would be value accretive to shareholders. Accordingly, the Directors have adopted the going concern basis in preparing the Interim Financial Statements.

2.5 Segment reporting and cyclicity

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are

subject to risks and returns that are different from those of segments operating in other economic environments.

The Directors consider the Group is engaged in a single segment of business being the exploration activity of potash in one geographical area, being the Khemisset Project in Morocco.

The interim results for the six months ended 30 June 2023 are not necessarily indicative of the results to be expected for the full year ending 31 December 2023. Due to the nature of the entity, the operations are not affected by seasonal variations at this stage.

3. Administrative fee and other expenses

US\$'000	6 months to 30 Jun 2023 (Unaudited)	6 months to 30 Jun 2022 (Unaudited)	12 months to 31 Dec 2022 (Audited)
Directors' fees	333	292	601
Travel and accommodation	35	61	99
Auditors' remuneration	32	34	48
Employment costs	404	298	627
Professional and consultancy fees	361	559	715
Other expenses	221	-	491
Total Administrative Expenses	1,386	1,244	2,581

4. Earnings per share

The calculation of the basic and diluted earnings per share is based on the following data:

US\$'000	6 months to 30 Jun 2023 (Unaudited)	6 months to 30 Jun 2022 (Unaudited)	12 months to 31 Dec 2022 (Audited)
Earnings			
Loss from continuing operations for the period attributable to the equity holders of the Company	(1,635)	(1,378)	(3,198)
Number of shares			
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	1,016,540,028	915,425,829	939,716,598
Basic and diluted loss per share	0.16 cents	0.15 cents	0.34 cents

5. Intangible assets

The intangible assets consist of capitalised exploration and evaluation expenditure, including the cost of acquiring the mining license and research permits held by the Company's subsidiaries.

30 Jun 2023 (Unaudited) US\$'000	30 Jun 2022 (Unaudited) US\$'000	31 Dec 2022 (Audited) US\$'000
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Cost:			
At the beginning of the period	18,607	13,555	13,555
Additions	520	2,934	5,052
Exchange differences	112	-	-
As at end of period	19,239	16,489	18,607

6. Related party transactions

Directors' consultancy fees

Robert Wrixon is a Director of the Company and provided consulting services to the Company. During the period, Robert Wrixon received fees of US\$12k (year to 31 December 2022: US\$71K). The amount outstanding as at period-end was US\$ nil (31 December 2022: US\$ nil).

Hayden Locke is a Director of the Company and is a director of Benson Capital Limited, which previously provided consulting services to the Company. During the period, Benson Capital Limited received total fees of US\$ nil (year to 31 December 2022: US\$95k). The amount outstanding as at period end was US\$ nil (31 December 2022: US\$9K).

7. Post-balance sheet events

Moroccan earthquake

On Friday 8 September 2023, a magnitude 6.8 earthquake struck Morocco. The epicentre was located in the High Atlas mountains, approximately 70km south of Marrakech. Emmerson's project and offices are located some distance away, and were not affected directly.