

29 March 2016

**African Potash Limited ('African Potash' or 'the Company')**  
**Interim Results**

African Potash, the AIM listed exploration company focused on the vertical integration of fertiliser operations in Africa and Sub-Saharan potash assets, announces its results for the six months ended 31 December 2015.

**OVERVIEW**

- The Company continues to implement its strategy to deliver near term value through development of a vertical platform for the mining, production and distribution of fertiliser
- Maiden revenue generated from fertiliser trade in December 2015 of \$59,000 (2014: \$nil)
- Trading agreement with the Common Market for Eastern and Southern Africa to supply and deliver fertiliser to off-takers identified and introduced by COMESA
- Strengthened board with pre-eminent industrial, political and diplomatic figures with experience in African operations to support active growth strategy
- Loss before taxation for the period was \$716,000 (2014: \$660,000)
- Cash balances at 31 December 2015 were \$509,000 (2014: \$679,000)

African Potash Executive Chairman Chris Cleverly said, "The size and scope of the developing agricultural sector in Africa is an area of overwhelming potential – forecasts suggest that the population of Africa will double between now and 2050 to 2.4 billion people – with figures such as these, all governments and decision makers will ask themselves, "how do we effectively ramp up food production to feed this influx of people?". The answer comes down to fertiliser. Already responsible for 40-60% of global food supply, fertiliser can provide significantly higher yields per hectare and may be the crucial component in Africa's food supply chain to bridge the gap between current output and the required increase in production needed to feed the growing population.

"With the implementation of our new strategy to provide a vertical platform for the mining, production and distribution of fertiliser on a domestic basis, African Potash could become an important element in Africa's 'Green Revolution'. The Company has already secured a trading agreement with the Common Market for Eastern and Southern Africa ('COMESA'), which has led to the signing of several Memorandum of Understandings ('MOUs') and fertiliser trading agreements, whilst also retaining our interest in the Lac Dinga Potash Project in the Republic of Congo for which we look forward to a renewal of our licence. The combination of all of these links lays the foundation for our vertical integration, providing near-term revenue generation and long-term value from the ground up with the development of Lac Dinga, a sustainable source of potash for the domestic African markets."

**CHAIRMAN'S STATEMENT**

African Potash has spent the past 12 months transforming into a revenue generative business with a captive, domestic and growing market for its product. This strategy was implemented after taking heed of investors' attitudes towards the traditional and often time consuming model of resource companies; initial exploration followed by lengthy development phases, construction and eventually production – with numerous equity raisings and dilution underpinning these growth and development stages. To mitigate the downside risk associated with resource development, and to provide our shareholders with near-term value in the form of revenue, African Potash adopted a new approach to building a vertically integrated fertiliser business, focussing initially on trading and distribution.

As such, the period under review has seen significant changes for African Potash and seen the Company expand into the trading and distribution of fertiliser and fertiliser constituents, with a landmark trading agreement with the Common Market for Eastern and Southern Africa ("COMESA") to supply and deliver fertilisers to off-takers identified and introduced by COMESA. Further to this, the Company has agreed several MOUs and fertiliser supply contracts, all of which reinforce African Potash's new strategy and development of a vertical platform for the mining, production and distribution of fertiliser.

Supporting this ambitious strategy is our new, bolstered and highly experienced board which boasts new recruits Mr Elias Pungong and Mr Declan O'Brien, both with significant experience in the resource and trading sectors with extensive knowledge of conducting business across Africa. These industry appointments were complemented by the appointment of two further directors; the Right Honourable Mark Simmonds and the Right Honourable Peter Hain, both pre-eminent political figures with considerable diplomatic skills and an enduring and vested interest in increasing food production and reducing poverty in Africa. I believe that our board is of near unparalleled quality and strength when considering the size of African Potash – I believe this speaks volumes in terms of the potential of our business and its new strategy, and the importance of what we are setting out to achieve.

### ***Trading Operations for Near-Term Revenue Generation***

However, as is not untypical with any rapid expansion in a business' strategy or business model, there are often unforeseen teething problems or delays – and African Potash is no exception to this rule. Whilst the period under review has delivered the first revenues for the Company (from the Windmill trade announced in December 2015), the delivery and payment schedule originally envisaged under the Zambian COMESA agreement, announced on 6 January 2016, has been protracted and I am aware of the frustration and, for some, concern, which this has brought. I would like to comfort investors and state that I have confidence that African Potash will deliver and that we will receive the full amount originally reported. The Company is continuing to build a pipeline of opportunities on the auspices of the COMESA agreement; further news will be provided to shareholders in due course via the normal regulatory channels when appropriate.

### ***Exploration and Development at Lac Dinga – Long-Term Value Uplift from Production***

African Potash retains its interest in the exploration side of the fertiliser industry through its 70% interest in La Société des Potasses et des Mines S.A. ('SPM'), which holds the exclusive right to conduct

exploration activities for potash salts over the 702.5 sq km Lac Dinga Project Area ('Lac Dinga' or the 'Project') in highly prospective Kouilou region in the Republic of Congo.

The initial three year licence period expired on 3 December 2015 and is in the process of being renewed. The renewal application was filed in August 2015 and a draft of the renewal decree was forwarded by the Minister of Mines to the Secrétaire Général du Gouvernement on 18 September 2015. Although not yet confirmed, formal approval is expected in the coming months now that elections have been held.

Whilst the Project is still at an early stage of exploration, work conducted to date has returned encouraging results regarding the potential of the project area hosting significant potash deposits with mineralisation characteristic of similar commercial deposits in the Congolese coastal basin.

### **Financial Results**

The Company is pleased to report its maiden trading revenues in the period. Although small in line with off-take of consignment stock under the Windmill contract, this represents a significant milestone.

Revenue was \$59,000 (2014: \$nil). The loss before taxation for the period was \$716,000 (2014: \$660,000). Cash balances at 31 December 2015 were \$509,000 (2014: \$679,000)

On 12 January 2016, the Company raised, by way of a placing, \$1,180,000 before expenses, to fund the further development of its fertiliser trading operations.

### **Outlook**

The role of fertilisers in meeting the sizeable challenge of feeding the world's expanding population is undeniable. Farmers in Africa harvest about one tonne of maize per hectare, whereas their American counterparts reap up to 12 tonnes – and a primary driver behind this is the utilisation of effective fertilisers. When considering the enormity of Africa's underutilised arable land – estimated to account for approximately 60% of the global undeveloped agricultural land – the potential for Africa to become the world's breadbasket is clearly evident.

Being cognisant of this, and acknowledging the huge worldwide variances in fertiliser pricing – for example, the average Ugandan farmer pays twice as much for fertiliser compared to his European or American counterpart – African Potash has laid the foundations to become a trader, distributor and ultimately miner of fertiliser and fertiliser constituents in order to rebalance this and offer a cost-effective domestic alternative.

Our current trading agreements continue to dominate our immediate thoughts, and we are working hard to deliver on the items previously announced and secure the balance of the outstanding funds owed to us. It is with this in mind that I would like to thank our shareholders for their continued patience and look forward to providing further news in the coming weeks and months.

Chris Cleverly

Executive Chairman

29 March 2016

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## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015**

### **Unaudited Consolidated Income Statement For the half year to 31 December 2015**

	<b>Unaudited 6 months to 31 December 2015 \$'000</b>	<b>Unaudited 6 months to 31 December 2014 \$'000</b>	<b>Unaudited Year ended 30 June 2015 \$'000</b>
Revenue	59	-	-
Cost of sales	(46)	-	-
Gross margin	13	-	-
Operating expenses	(622)	(545)	(1,238)
Impairment of exploration and evaluation costs	-	-	(7,464)
Operating loss	(609)	(545)	(8,702)
Net finance (expense) / income	4 (107)	(115)	(134)
Loss before taxation	(716)	(660)	(8,836)
Income tax expense	-	-	-
Loss for the period	(716)	(660)	(8,836)

Attributable to :

Owners of the parent company	(716)	(660)	(7,219)
Non-controlling interests	-	-	(1,617)
	<u>(716)</u>	<u>(660)</u>	<u>(8,836)</u>

Loss per share: basic and diluted

Attributable to : 5

Owners of the parent company	(0.09 cents)	(0.22 cents)	(1.97 cents)
Non-controlling interests	-	-	(0.44 cents)

All results relate to continuing activities

**Unaudited Consolidated Comprehensive Income Statement**  
**For the half year to 31 December 2015**

	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>
	<b>6 months to</b>	<b>6 months to</b>	<b>Year ended</b>
	<b>31 December</b>	<b>31 December</b>	<b>30 June</b>
	<b>2015</b>	<b>2014</b>	<b>2015</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Loss for the period	(716)	(660)	(8,836)
<b>Other comprehensive income</b>			
Exchange translation differences on foreign operations	61	213	(574)
Total comprehensive income for the period	<u>(655)</u>	<u>(447)</u>	<u>(9,410)</u>
Attributable to :			
Owners of the parent company	(655)	(447)	(7,793)
Non-controlling interests	-	-	(1,617)
	<u>(655)</u>	<u>(447)</u>	<u>(9,410)</u>

## Unaudited Consolidated Statement of Financial Position

As at 31 December 2015

		Unaudited 31 December 2015 \$'000	Unaudited 31 December 2014 \$'000	Unaudited 30 June 2015 \$'000
	Note			
<b>Non-current assets</b>				
Intangible assets: exploration activities		10,424	17,684	10,000
Property plant and equipment		134	153	131
Total non-current assets		10,558	17,837	10,131
<b>Current assets</b>				
Trade and other receivables		406	353	99
Cash and cash equivalents		509	679	571
Total current assets		915	1,032	670
<b>Total assets</b>		11,473	18,869	10,801
<b>Current liabilities</b>				
Trade and other payables		(615)	(659)	(530)
Deferred consideration		(800)	(800)	(800)
Loan note		(1,150)	-	-
<b>Net assets</b>		8,908	17,410	9,471
<b>Equity</b>				
Issued capital	6	15,956	14,571	15,864
Shares to be issued		2,800	2,800	2,800
Convertible securities		-	1,030	-
Share based payment reserve		1,141	380	1,141
Foreign exchange translation reserve		(535)	191	(596)
Retained earnings		(11,984)	(4,709)	(11,268)
Total equity attributable to equity holders		7,378	14,263	7,941
Non controlling interests		1,530	3,147	1,530
<b>Total equity</b>		8,908	17,410	9,471

## Unaudited Statement of Changes in Equity

	Ordinary share capital \$'000	Shares to be issued \$'000	Convertible securities \$'000	Share based payment reserve \$'000	Foreign exchange translation reserve \$'000	Retained earnings \$'000	Total \$'000	Non- controlling interest \$'000	Total \$'000
<b>Balance at 1 July 2014</b>	<b>13,897</b>	<b>2,800</b>	-	<b>356</b>	<b>(22)</b>	<b>(4,049)</b>	<b>12,982</b>	<b>3,147</b>	<b>16,129</b>
Loss for the period	-	-	-	-	-	(660)	(660)	-	(660)
<b>Other comprehensive income</b>									
Exchange translation differences on foreign operations	-	-	-	-	213	-	213	-	213
Total comprehensive income for the period	-	-	-	-	213	(660)	(447)	-	(447)
<b>Transactions with owners</b>									
Issue of shares	674	-	-	-	-	-	674	-	674
Share based payment charge	-	-	-	24	-	-	24	-	24
Issue of convertible loan note	-	-	1,030	-	-	-	1,030	-	1,030
Total transactions with owners	674	-	1,030	24	-	-	1,728	-	1,728
<b>Balance at 31 December 2014</b>	<b>14,571</b>	<b>2,800</b>	<b>1,030</b>	<b>380</b>	<b>191</b>	<b>(4,709)</b>	<b>14,263</b>	<b>3,147</b>	<b>17,410</b>
Loss for the period	-	-	-	-	-	(6,559)	(6,559)	(1,617)	(8,176)
<b>Other comprehensive income</b>									
Exchange translation differences on foreign operations	-	-	-	-	(787)	-	(787)	-	(787)
Total comprehensive income for the period	-	-	-	-	(787)	(6,559)	(7,346)	(1,617)	(8,963)
<b>Transactions with owners</b>									
Issue of shares	1,293	-	(490)	-	-	-	803	-	803
Redemption of convertible loan note	-	-	(540)	-	-	-	(540)	-	(540)
Share based payment charge	-	-	-	761	-	-	761	-	761



Total transactions with owners	1,293	-	(1,030)	761	-	-	1,024		1,024
<b>Balance at 1 July 2015</b>	<b>15,864</b>	<b>2,800</b>	-	<b>1,141</b>	<b>(596)</b>	<b>(11,268)</b>	<b>7,941</b>	<b>1,530</b>	<b>9,471</b>
Loss for the period	-	-	-	-	-	(716)	(716)	-	(716)
<b>Other comprehensive income</b>									
Exchange translation differences on foreign operations	-	-	-	-	61	-	61	-	61
Total comprehensive income for the period	-	-	-	-	61	(716)	(655)	-	(655)
<b>Transactions with owners</b>									
Issue of shares	92	-	-	-	-	-	92	-	92
Total transactions with owners	92	-	-	-	-	-	92	-	92
<b>Balance at 31 December 2015</b>	<b>15,956</b>	<b>2,800</b>	-	<b>1,141</b>	<b>(535)</b>	<b>(11,984)</b>	<b>7,378</b>	<b>1,530</b>	<b>8,908</b>

## Unaudited Consolidated Statement of Cash Flows

For the half year to 31 December 2015	Unaudited 6 months to 31 December 2015 \$'000	Unaudited 6 months to 31 December 2014 \$'000	Unaudited year ended 30 June 2015 \$'000
<b>Operating activities</b>			
Loss before tax	(716)	(660)	(8,836)
Adjustments for:			
Impairment of evaluation and exploration assets	-	-	7,464
Share based payment change	-	-	391
Movements in exchange	-	(1)	(192)
Net interest expense	107	115	134
<b>Operating cash flow before movements in working capital</b>	(609)	(546)	(1,039)
Working capital adjustments:			
- Decrease / (increase) in receivables	(307)	14	(9)
- Increase / (decrease) in payables	87	127	155
<b>Cash used in operations</b>	(829)	(405)	(893)
Net interest paid	(107)	-	(134)
<b>Net cash outflow from operating activities</b>	(936)	(405)	(1,027)
<b>Investing activities</b>			
Purchase of intangible assets	(363)	(2,196)	(2,689)
Purchase of property, plant and equipment	-	(122)	(121)
Net cash flow from investing activities	(363)	(2,318)	(2,810)
<b>Financing activities</b>			
Issue of shares	90	-	1,758
Issue of convertible securities	-	1,237	1,250
Repayment of convertible securities	-	-	(760)
Draw down of loan note	1,150	-	-
Net cash flow from financing activities	1,240	1,237	2,248
<b>Net decrease in cash and cash equivalents</b>	(59)	(1,486)	(1,589)
Cash and cash equivalents at start of the period	571	2,170	2,170
Effect of foreign exchange rates	(3)	(5)	(10)
<b>Cash and cash equivalents at end of the period</b>	509	679	571

## **Notes to the Unaudited Interim Financial Statements**

### **1. General information**

African Potash Limited ('African Potash' or the 'Company') has an investing policy to acquire potash (and associated minerals) assets in Africa. African Potash is a public limited company incorporated and domiciled in the Guernsey. The address of its registered office is Richmond House, St Julians Avenue, St Peter Port, Guernsey GY1 1GZ.

The Company is listed on the AIM Market of London Stock Exchange plc.

The unaudited interim financial statements for the 6 months ended 31 December 2015 were approved for issue by the board on 23 March 2016.

The interim financial statements for the 6 months ended 31 December 2015 and the 6 months ended 31 December 2014 are unaudited and do not constitute full accounts. The comparative figures for the year ended 30 June 2015 are extracts from the annual report and do not constitute statutory accounts.

The unaudited interim financial statements have been prepared in US Dollars as this is the currency of the primary economic environment in which the Group operates.

### **2. Basis of preparation**

The condensed consolidated financial statements of the Group for the six months ended 31 December 2015, which are unaudited and have not been reviewed by the Company's auditor, have been prepared in accordance with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union, accounting policies adopted by the Group and set out in the annual report for the year ended 30 June 2015 (available at [www.africanpotash.com](http://www.africanpotash.com)). During the period, the Group commenced trading and accordingly has adopted IFRS 15 'Revenue from Contracts with Customers'. The Group does not anticipate any additional significant change in these accounting policies for the year ended 30 June 2015. References to 'IFRS' hereafter should be construed as references to IFRSs as adopted by the EU.

This interim report has been prepared to comply with the requirements of the AIM rules of the London Stock Exchange (the 'AIM Rules'). In preparing this report, the Group has adopted the guidance in the AIM Rules for interim accounts which do not require that the interim condensed consolidated financial statements are prepared in accordance with IAS 34, 'Interim financial reporting'. While the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in this report also does not constitute statutory accounts under the Companies (Guernsey) Law 2008, as amended. The financial information for the year ended 30 June is based on the statutory accounts for the year then ended. The auditors reported on those accounts. Their report was unqualified and did not include any statements of emphasis of matter.

### 3. Significant accounting policies

#### Basis of accounting

The unaudited interim financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value. The principal accounting policies adopted are consistent with those of the financial statements for the year ended 30 June 2015 with the additional inclusion of a Revenue recognition policy following the early adoption of IFRS 15 'Revenue from Contracts with Customers'.

#### 4. Finance costs

	<b>Unaudited 6 months to 31 December 2015 \$'000</b>	<b>Unaudited 6 months to 31 December 2014 \$'000</b>	<b>Unaudited Year ended 30 June 2015 \$'000</b>
<b>Net finance (expense) / income</b>	<b>(107)</b>	<b>(115)</b>	<b>(134)</b>

The finance costs arising in the period ending 31 December 2015 include the facility fees incurred in arranging the bridge loan facility.

The finance costs arising in the period ending 31 December 2014 are the facility fees incurred in arranging the Bergen convertible loan note facility.

#### 5. Earnings per share

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

	<b>Unaudited 6 months to 31 December 2015 \$'000</b>	<b>Unaudited 6 months to 31 December 2014 \$'000</b>	<b>Unaudited year ended 30 June 2015 \$'000</b>
Loss for the purpose of basic loss per share:			
-attributable to equity holders	(716)	(660)	(7,219)
- attributable to non-controlling interests	-	-	(1,617)
<b>Number of shares</b>			

Weighted average number of ordinary shares for the purposes of calculating basic and diluted loss per share	763,776,007	294,849,389	366,026,873
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Basic and diluted loss per share (cents)			
-attributable to equity holders	(0.09c)	(0.22c)	(1.96c)
- attributable to non-controlling interests	-	-	(0.44c)

## 6. Share Capital

	<b>Ordinary shares of no par value</b>	
	<b>Allotted and fully paid</b>	
	<b>Number</b>	<b>\$'000</b>
	<hr/>	
<b>At 1 July 2014</b>	284,993,582	13,897
Issue of shares	16,347,351	674
<b>At 31 December 2014</b>	301,340,933	14,571
Issue of shares	442,501,710	1,293
<b>At 1 July 2015</b>	743,842,643	15,864
Issue of shares	32,891,303	92
<b>At 31 December 2015</b>	776,733,946	15,956

On 8 August 2014, the company issued 6.3m at 3.5p shares in connection with the Bergen convertible securities facility (see note 8) and 1.4m shares at 3.5p in lieu of payment to an advisor.

The following shares were issued upon the conversion of Bergen Convertible Securities during the year:

Date	Number of Shares	Issue price
12 September 2014	4,889,914	2.5p
20 November 2014	3,709,138	1.7p
20 January 2015	8,099,512	0.8p
12 March 2015	9,402,198	0.6p

On 21 April 2015 and 22 May 2015 425,000,000 shares were issued for cash at 0.3p to redeem the outstanding loan notes under the Bergen facility and to fund the working capital requirements of the group

On 11 August 2015 11,641,303 shares were issued to non executive directors in lieu of arrears of fees at 0.552p

On 4 September 10,000,000 warrants were exercised at 0.3p and 1,250,000 shares were issued to settle advisory fees at 3.0p per share.

On 30 September 2015 a further 10,000,000 warrants at 3.0p were exercised.