



30 March 2016

## **Circum Minerals Ltd.**

***Circum optimizes Definitive Feasibility Study for its Danakil potash project and reduces Opex and Capex; Project will deliver lowest cost potash production in the world***

***Morgan Stanley appointed to conduct a Strategic Review for the Danakil Project***

Circum Minerals Ltd. ("Circum" or the "Company") today announced the results of the Optimized Definitive Feasibility Study ("Optimized DFS") for its potash project in the Danakil Basin in Ethiopia (the "Danakil Project"). The Optimized DFS improves a number of the project parameters set out in the original Definitive Feasibility Study completed in August 2015 (the "2015 DFS"). The Optimized DFS confirms that the Company's Danakil Project is expected to be a world-class project in terms of size and could potentially become the world's lowest cost potash producer and a major supplier to the Asia Pacific markets.

### **Project Highlights**

- Measured, Indicated and Inferred Resources of 4.9 billion tonnes at 18.1% KCl
- Seismic data suggests a potential total resource of 12 to 14 billion tonnes
- Proven and Probable Reserves of 107.8 million tonnes of KCl equivalent
- Expected annual production of 2 million tonnes of MOP and 750,000 tonnes of SOP for Phase I
- Reserves support 26 year mine life for Phase I, including a three year ramp-up period
- Development capital for Phase I of US\$2.3 billion (including contingency) with peak funding of US\$1.8 billion due to early revenue from initial production
- Low capital intensity per tonne of annual production at US\$838 per tonne
- Lowest quartile mine gate cash costs of US\$38 per tonne of MOP and US\$112 per tonne of SOP
- Total operating costs (FOB Djibouti) of US\$81 per tonne of MOP and US\$156 per tonne of SOP
- Substantial transportation advantages to India, Southeast Asia and China
- After-tax Net Present Value of US\$2.1 billion, at a 10% real discount rate
- After-tax nominal Internal Rate of Return of 25.8%

The Company, together with its independent consultants Senet (Pty) Ltd of South Africa and K-UTEC AG Salt Technologies, reviewed the costs in the 2015 DFS. Through their work on the Optimized DFS, development capital costs were reduced by US\$276 million and operating costs

were reduced by approximately US\$3 per tonne. These reductions have had a favorable impact on the project economics.

A summary of the Optimized DFS is presented below:

<b>Real unless o/w indicated</b>	<b>Optimized DFS</b>	<b>2015 DFS</b>
Annual Production	2 Mt MOP, 0.75 Mt SOP	2 Mt MOP, 0.75 Mt SOP
Operating costs (EXW)	US\$38/tonne MOP US\$112/tonne SOP	US\$39/tonne MOP US\$114/tonne SOP
Operating costs (FOB Djibouti)	US\$81/tonne MOP US\$156/tonne SOP	US\$84/tonne MOP US\$159/tonne SOP
Development Capital	US\$2.3 billion	US\$2.6 billion
Pre-tax NPV @ 10% (Real)	US\$2.8 billion	US\$2.5 billion
Pre-tax Nominal IRR	29%	26%
Post-tax NPV @ 10% (Real)	US\$2.1 billion	US\$2.1 billion
Post-tax Nominal IRR	26%	25%

*Note: Based on a flat, real MOP price of US\$350/t and a flat, real SOP price of US\$580/t, assuming 2% inflating factor.*

The Chairman and Co-founder of Circum, Stephen Dattels, is also pleased to announce that Morgan Stanley & Co. International PLC has been appointed as the financial adviser to conduct a strategic review of Circum's Danakil Project. The strategic review will focus on the potential introduction of third-party strategic investors and joint-venture parties at a corporate or project-level as well as corporate or project-level debt and/or equity investments. Circum has identified a number of strategic and financial parties interested in being involved in various aspects of the world-class Danakil Project's development, given its importance to the potash industry and the Asia Pacific markets.

#### **About Circum Minerals Ltd.**

Circum Minerals Ltd. is a private company focused on the development of a significant potash deposit in the Danakil Basin of Ethiopia. Through its wholly-owned subsidiary, Circum Minerals Potash Ltd., the Company holds a 100% interest in an exploration license covering 365 square kilometers. For more information visit its website at [www.circumminerals.com](http://www.circumminerals.com).

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*growth, results of operations, future capital and other expenditures, competitive advantages, exploration and development activity and the results of such activity, business prospects and opportunities. Such forward looking statements reflect management's current beliefs and assumptions and are based on information currently available to management. Forward looking statements involve significant known and unknown risks and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements, many of which are beyond the control of the Company. Accordingly, readers should not place undue reliance on forward-looking information. The Company undertakes no obligations to update publicly or otherwise revise any forward-looking information.*