

Millennial Potash Corp.

(TSXV: MLP / OTCQB: MLPNF / FSE: X0D)

Transformational Resource Growth / Rising M&A Potential

BUY

Current Price: C\$3.01

Fair Value: C\$4.80

Risk*: 5

Sector: Junior Resource

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Highlights

- MLP is up 972% YoY, making it **one of the best-performing junior resource stocks globally**.
- An updated resource on MLP's Banio potash project in Gabon - **M&I resources +275%, inferred +210%**; measured now 11% of total resources (from nil), and M&I 41% (from 36%), reflecting stronger resource confidence.
- Despite the substantial tonnage increase, grades remained largely unchanged; a **promising outcome**, since resource growth often dilutes average grades with lower-quality material.
- We believe the updated resource could **support a higher production profile** than assumed in the 2024 Preliminary Economic Assessment (PEA), further enhancing project economics. The PEA reported an After Tax-NPV10% of US\$1.1B, based on a long-term gMOP price of US\$387/t (spot: US\$352/t). **MLP is trading at 25% of the AT-NPV.**
- The U.S. government has added potash to its Critical Minerals List to reduce reliance on imports from Russia and Belarus. Earlier this year, the U.S. International Development Finance Corporation (DFC) committed US\$3 M to the Banio project to support its development. We believe Banio is well-positioned to potentially become **the first African mine supplying potash to the U.S.** Another key market is Brazil, which imports 95% of its potash from Canada, Russia, and Belarus.
- Management plans a phase three drill program, followed by **a resource update ahead of a feasibility study (FS) next year.** With ~C\$15 M in cash, and the DFC commitment, MLP is well-funded to complete the FS.
- **Potash prices are up 25% YoY**, to US\$352/t. Supply pressures persist from Russia/Belarus disruptions, U.S.-Canada trade risks, and delayed new capacity; BHP's (ASX: BHP) Jansen project now targets a mid-2027 start with CAPEX of US\$7-7.4B (vs US\$5.7B previously). Although demand growth has softened due to slower GDP growth, supply pressures and tariff uncertainty continue to support pricing.
- We believe **the likelihood of an M&A has increased.** Management and insiders own 40% of MLP's equity. Management has a **highly successful track record in M&A.** Key exits: Millennial Lithium US\$490 M (2022), Allana Potash US\$170 M (2015), and Potash One US\$430 M (2011).
- **Upcoming catalysts** include drilling, resource update, FS, and potential M&A activity.

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Price and Volume



	YTD	12M
MLP	789%	972%
TSXV	38%	43%
S&P 500		
Fertilizer & Ag Chemicals	7%	-5%

Company Data

52 Week Range	\$0.26 - \$3.49
Shares O/S	109M
Market Cap.	\$329M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	8.6x

Key Financial Data

(C \$) - YE: August 31

	2024	2025 (9M)
Cash	\$1,574,029	\$7,500,754
Working Capital	\$1,712,461	\$7,157,873
Total Assets	\$12,265,967	\$21,848,705
Revenue	-	-
Net Income (Loss)	-\$3,291,227	-\$3,003,550
EPS	-\$0.06	-\$0.04

*Subsequent to Q3-FY2025, MLP raised \$9M through an equity financing.

*QP: Peter J. MacLean, Ph.D., P.Geo, Director of MLP

* **Millennial Potash has paid FRC a fee for research coverage and distribution of reports. See last page for other important disclosures, rating, and risk definitions.**

Resource Update - Banio Potash Project, Gabon

MLP has updated its resource estimate, based on results from four holes, including two drilled in 2024 and 2025.

Total resources increased 230%

M&I resources now account for 41% of resources (previously 36%)

The average grade remained relatively unchanged

We believe there is resource expansion potential, as the deposit remains open in multiple directions, and the current resource represents only 5% of the project area

With higher tonnage and relatively flat grades, we expect an increased production profile and stronger project economics in the FS

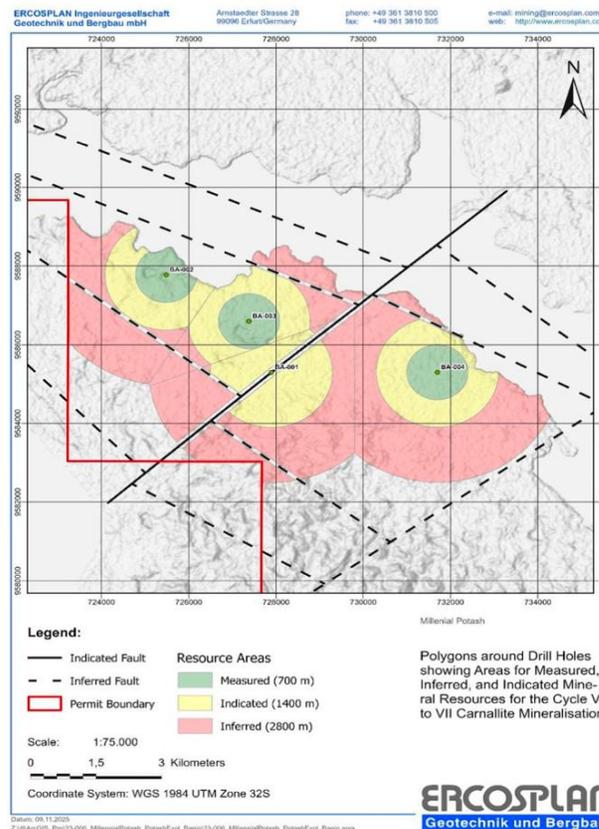
Banio Resource Estimate

Category	Tonnage (Mt)	Grade % KCl	Tonnage (Mt KCl)	% Change	% of Total
2025 Resource Estimate					
Measured	648.2	15.7	101.9		11%
Indicated	1,804.5	15.6	280.8	175%	30%
M&I	2,452.7	15.6	382.7	275%	41%
Inferred	3,559.5	15.6	555.4	210%	59%
Total	6,012.2	15.6	938.2	230%	100%
2024 Resource Estimate					
Measured	-	-	-		
Indicated	657.0	15.9	105.0		36%
M&I	657.0	15.9	105.0		36%
Inferred	1,159.0	16.0	185.0		64%
Total	1,816.0	16.0	290.0		100%

(QP: Sebastiaan van der Klauw, EurGeol. Of ERCOSPLAN and Peter J. MacLean, Ph.D., P.Geo, Director of MLP)

Source: Company/FRC

Resource Envelope



Source: Company

The 2024 PEA returned an AT-NPV10% of US\$1.1B, and an after-tax IRR of 33%, using US\$387/t gMOP (spot: US\$352/t)

OPEX/CAPEX are relatively low as the deposit is amenable to solution mining

We note IRRs above 25% are attractive for mining projects

The company aims to initiate a phase three drill program, complete another resource update next year, and advance to a FS

Ongoing construction of a deep port and a power plant, funded by a Gabonese government-led group, is expected to significantly reduce the project's operational risks

2024 PEA Highlights	
AT-NPV10%	US\$1.07B
AT- IRR	32.6%
Payback Period	1.4 years
Life of Mine (LOM)	25 years
Average Annual Production of gMOP	800,000 tonnes
Initial CAPEX	US\$480M
gMOP Price	US\$387/t
NaCL price (99% purity)	US\$100/t
Shipping Cost - Brazil	US\$22/t
OPEX	US\$61/t

(QP: Peter J. MacLean, Ph.D., P.Geo, Director of MLP)
Source: Company/FRC

Management's Target Timelines



Source: Company

Financials

Strong balance sheet

Subsequent to Q3-FY2025, MLP raised \$9M through an equity financing

In-the-money options and warrants can bring in \$22M

(C \$) - YE: August 31	2024	2025 (9M)
Cash	\$1,574,029	\$7,500,754
Working Capital	\$1,712,461	\$7,157,873
Current Ratio	3.88	9.58
Monthly Burn Rate (G&A)	-\$159,156	-\$178,339
Cash from Financing Activities	\$3,859,883	\$10,520,107
Cash Spent on Properties/Others	-\$2,435,122	-\$3,489,872

Options	#	Exercise Price	Amount
Total	9,234,000	\$0.69	\$6,350,500
In-the-Money	9,234,000	\$0.69	\$6,350,500

Warrants	#	Exercise Price	Amount
Total	19,051,282	\$0.80	\$15,163,969
In-the-Money	19,051,282	\$0.80	\$15,163,969

Source: FRC / Company

FRC Projections and Valuation

Following the resource update, we are raising our annual production estimate from 0.8 Mt to 1 Mt per year, while increasing initial CAPEX by 25% to US\$600M

Given the increased likelihood of supplying potash to the U.S., we are reducing our discount rate assumption from 13.1% to 11.6%, in line with the average rate we apply to mining projects

DCF Valuation	800,000 tpa
Operating Life (years)	25
Weighted Avg. Product Price (US\$/t)- 15-year average	\$323
Royalties/Free-Carried Interest to the Gabonese Govt.	7.5%/10%
Exchange Rate (C\$:US\$)	1.41
Avg. Operating Cost in US\$/t	\$90
Initial CAPEX (US\$M)	\$600
Discount Rate	11.6%
After-Tax Net Asset Value (C\$), net of remaining payments to acquire a 100% interest	\$630,253,805
Working Capital	\$14,732,842
No. of Shares (treasury stock method)	134,427,674
Fair Value per Share (C\$)	\$4.80

Source: FRC

As a result, our DCF valuation increased from \$2.61 to \$4.80/share

	Exchange Rate (C\$:US\$)	Avg. Product Price (US\$/t)				
		\$275	\$300	\$323	\$375	\$425
1.00		\$2.08	\$2.78	\$3.43	\$4.89	\$6.29
1.20		\$2.48	\$3.32	\$4.10	\$5.85	\$7.53
1.41		\$2.90	\$3.89	\$4.80	\$6.85	\$8.83
1.45		\$2.98	\$4.00	\$4.93	\$7.05	\$9.08
1.55		\$3.18	\$4.27	\$5.27	\$7.53	\$9.70

Our valuation is highly sensitive to key inputs

	Operating Cost (US\$/t)	Avg. Product Price (US\$/t)				
		\$275	\$300	\$323	\$375	\$425
\$70.00		\$3.76	\$4.75	\$5.66	\$7.72	\$9.70
\$80.00		\$3.33	\$4.32	\$5.23	\$7.29	\$9.26
\$90.00		\$2.90	\$3.89	\$4.80	\$6.85	\$8.83
\$110.00		\$2.04	\$3.03	\$3.93	\$5.99	\$7.97
\$130.00		\$1.17	\$2.16	\$3.07	\$5.13	\$7.11

	Discount Rate	Avg. Product Price (US\$/t)				
		\$275	\$300	\$323	\$375	\$425
7.5%		\$6.02	\$7.56	\$8.97	\$12.16	\$15.22
10.0%		\$3.88	\$5.05	\$6.12	\$8.54	\$10.87
11.6%		\$2.90	\$3.89	\$4.80	\$6.85	\$8.83
17.5%		\$0.89	\$1.48	\$2.02	\$3.25	\$4.44
20.0%		\$0.45	\$0.94	\$1.39	\$2.40	\$3.38

Source: FRC

We are reiterating our BUY rating, and adjusting our fair value estimate from \$2.61 to \$4.80/share. We believe the exceptional 972% YoY stock gain and materially upgraded Banio resource have **drawn significant attention to MLP.** The project is well-positioned to benefit from U.S. government support and strategic markets like Brazil, while being fully funded to advance through a feasibility study. With management's **proven M&A track record** and key upcoming catalysts, we remain positive on the company's outlook.



Risks

We believe the company is subject to the following risks:

- The value of the company is dependent on potash prices
- Exploration and development
- Potential for **delays** in permitting, construction, and/or other development milestones
- FOREX and geopolitical
- **Access to capital and potential for share dilution**

*We are maintaining
our risk rating of 5
(Highly Speculative)*

Fundamental Research Corp. Equity Rating Scale (ratings are not a recommendation to acquire, dispose of, or take no action regarding a security; the definitions of our ratings are explained below):

Buy – Fair value is 12% above the current market price; or risk and reward is favorable

Hold – Fair value is between 5% to 12% above the current market price

Sell – Fair value is 5% above, or less, than the current market value; or risk and reward is unfavorable

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

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1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

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3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues and may rely on external funding. These stocks are considered highly speculative.

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