Millennial Potash Corp.

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

Tight Potash Market and Strategic U.S. DFC Funding Boost Valuation

BUY

Current Price: C$1.71

Fair Value: C$2.61

Risk*: 5

Sector: Junior Resource

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Highlights

- MLP is up 755% YoY, making it **one of the best-performing junior resource stocks globally**. This rally was driven by robust potash intercepts from an infill and step-out drill program, and a US$3M funding commitment from the U.S. International Development Finance Corporation (DFC) toward a feasibility study on MLP's Banio potash project in Gabon.
- We believe the US$3M commitment is far more significant than the amount suggests. The DFC is exploring opportunities in Africa, prioritizing food security and supporting projects like Banio that aim to improve regional food stability. **DFC's involvement offers** MLP non-dilutive funding, signals political support from both the U.S. and Gabon, and potential for future construction-stage financing. The presence of Gabon's President at the signing underscores local backing.
- Additionally, phase one completion of a deep-port facility, and the ongoing construction of a power plant, is **expected to greatly reduce operational risks** for the project.
- **Potash prices are up 17% YoY**, to US$363/t due to escalating U.S. and Canada tariff tensions, persistent export disruptions from major suppliers Russia and Belarus caused by sanctions and logistical bottlenecks, as well as hurricane impacts that temporarily sidelined U.S. fertilizer infrastructure. **Supply constraints** were further exacerbated by BHP's (ASX: BHP) recent announcement that the first phase of its Jansen project in Saskatchewan will be delayed to mid-2027, with projected capital expenditures rising to US$7–7.4B (up from US$5.7B).
- **Africa imports** most of its potash consumption from Russia. In addition to Africa, a major target market for Banio's potash is Brazil, which imports 95% of its potash demand from Canada, Russia, and Belarus.
- The Banio project hosts a large-tonnage/low-grade potash resource. A recent drill program intersected very thick potash horizons, including 290 m in one hole, and 100 m in another, extending mineralization along strike and at depth. We believe these results should positively impact **an upcoming updated resource, expected in H2 2025.**
- With about $15M cash on hand, and the US$3M commitment from the DFC, MLP is **well-funded** to complete a feasibility study by 2026.
- A 2024 Preliminary Economic Assessment (PEA) reported robust economics, with an AT-NPV10% of US$1.1B, and a high AT-IRR of 33%, using a long-term average price of US$387/t granular Muriate of Potash (gMOP) vs the current spot price of US$363/t. MLP is **trading at just 13% of the AT-NPV10%.**
- Management and insiders own 33% of MLP's equity. Management has a **highly successful track record in M&A**. Their previous deals included – a) Millennial Lithium – sold to Lithium Americas (NYSE: LAC) for $490M in 2022, b) Allana Potash - sold to Israel Chemicals (NYSE: ICL) for $170M in 2015, and c) Potash One – sold to K&S (XTRA: SDF) for $430M in 2011.
- **Upcoming catalysts** include an updated resource estimate, feasibility study, and potential M&A activity.

Price and Volume

	YTD	12M
MLP	389%	755%
TSXV	28%	47%
S&P 500 Fertilizer & Ag Chemicals	19%	22%

Company Data

52 Week Range	$0.17 - $1.91
Shares O/S	107M
Market Cap.	$183M
Yield (forward)	N/A
P/E (forward)	N/A
P/B	6.5x

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.**

Banio Potash Project, Gabon

The advanced stage Banio potash project, covering 1,238 km^2, is located 450 km south of Libreville along the Atlantic coast of Gabon. MLP plans to transport the enriched brine extracted through solution mining via pipelines to a processing plant in Mayumba, located 50 km north of the Banio project. The processing plant will **transform brine into granular fertilizer** through evaporation, crystallization, drying, and compaction.

Located in the potash-rich Congo Evaporite basin in Gabon, which hosts several large potash deposits

Gabon hosts several majors such as Fortescue (ASX: FMG), Eramet (ENXTPA: ERA), Total (NYSE:TTE), and Shell (NYSE: SHEL)

The company plans to ship its products to target markets through the Mangali port

Gabon's proximity to Brazil gives MLP a transportation cost advantage over other global suppliers

Location Map

Source: Company

Banio hosts a large-tonnage/low-grade potash deposit

The resource envelope measures 5 km (length) x 3 km (width) x 0.2 km (thickness)

Banio Resource Estimate

Mineralogy	Tonnage (Mt)	Grade % KCl	Tonnage (Mt KCl)
Indicated			
Sylvinite	20	21.6	4
Carnalllitite	637	15.8	100
Total (CT+SYL)	**657**	**15.9**	**105**
Inferred			
Sylvinite	44	21.2	9
Carnalllitite	1,115	15.8	176
Total (CT+SYL)	**1,159**	**16.0**	**185**

A 2024 PEA study returned an AT-NPV10% of US$1.1B, and an after-tax IRR of 33%, using US$387/t gMOP vs the current spot price of US$363/t

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

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

We believe there is resource expansion potential, as the deposit remains open in multiple directions, and the current resource represents only 1.5% of the project area

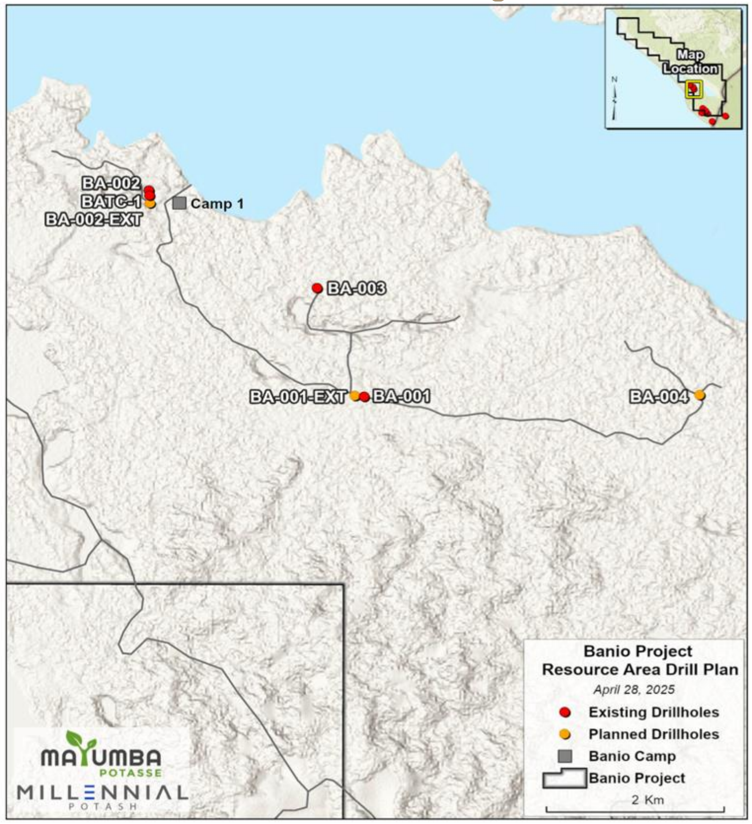
Earlier this year, MLP drilled two holes (981 m) as part of a phase two drill program to assess the presence of potash-rich horizons at depth, and lateral continuity of mineralization at the project's North target. **One hole intersected 297 m of interbedded potash and halite, while the other, 3.7 km east, returned over 100 m.**

Drilling intersected thick potash seams, extending mineralization both along strike and depth; assay results pending

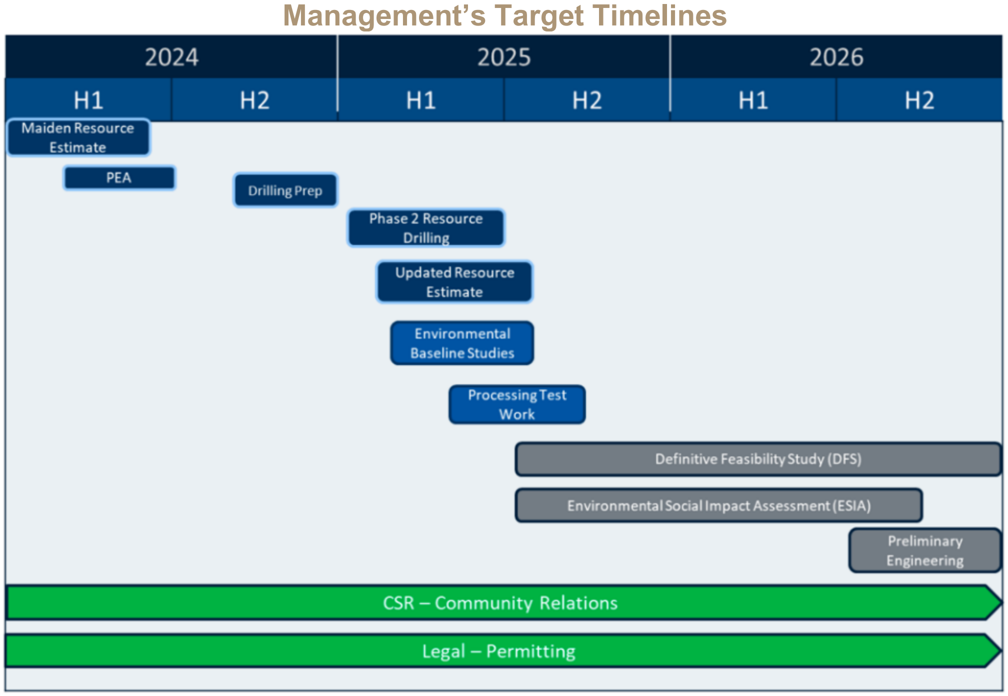
Mineralization has been identified at depths ranging between 230 m and 678 m below surface, and over 8 km along strike; we note that Banio's potash beds are shallow compared to projects in Saskatchewan (800-1,500 m deep)

Management aims to complete a resource update this year, followed by engineering studies for a feasibility study

Phase Two Drilling



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 $15M

(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	9,059,000	$0.69	$6,266,750
In-the-Money	9,059,000	$0.69	$6,266,750

Warrants	#	Exercise Price	Amount
Total	19,051,282	$0.80	$15,163,969
In-the-Money	16,087,127	$0.54	$8,642,828

Source: FRC / Company

FRC Projections and Valuation

Following the DFC funding commitment and improved financing outlook, we are lowering our discount rate assumption from 14.6% to 13.1%

We are using a higher 15-year average potash price of US$323/t (previously US$302/t), and a shorter production timeline of four years (previously six)

As a result, our DCF valuation has increased from ***$1.38 to $2.61/share***

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$)	1.38
Avg. Operating Cost in US$/t	$90
Initial CAPEX (US$M)	$480
Discount Rate	13.1%
After-Tax Net Asset Value (C$), net of remaining payments to acquire a 100% interest	**$316,552,552**
Working Capital	$15,357,027
No. of Shares (treasury stock method)	127,368,632
Fair Value per Share (C$)	**$2.61**

Source: FRC

		Avg. Product Price (US$/t)				
		$275	$300	$323	$375	$425
Exchange Rate (C$:US$)	1.00	$1.04	$1.50	$1.91	$2.86	$3.77
	1.20	$1.23	$1.78	$2.28	$3.41	$4.51
	1.38	$1.40	$2.03	$2.61	$3.91	$5.17
	1.45	$1.47	$2.13	$2.73	$4.11	$5.43
	1.55	$1.56	$2.27	$2.92	$4.38	$5.79

Our valuation is highly sensitive to key inputs

		Avg. Product Price (US$/t)				
		$275	$300	$323	$375	$425
Operating Cost (US$/t)	$70.00	$1.95	$2.58	$3.15	$4.46	$5.72
	$80.00	$1.67	$2.30	$2.88	$4.19	$5.44
	$90.00	$1.40	$2.03	$2.61	$3.91	$5.17
	$110.00	$0.85	$1.48	$2.06	$3.36	$4.62
	$130.00	$0.30	$0.93	$1.51	$2.82	$4.07

		Avg. Product Price (US$/t)				
		$275	$300	$323	$375	$425
Discount Rate	7.5%	$4.21	$5.33	$6.37	$8.70	$10.95
	10.0%	$2.63	$3.48	$4.27	$6.04	$7.75
	13.1%	$1.40	$2.03	$2.61	$3.91	$5.17
	17.5%	$0.45	$0.89	$1.29	$2.19	$3.05
	20.0%	$0.14	$0.50	$0.83	$1.57	$2.29

Source: FRC

We are reiterating our BUY rating, and adjusting our fair value estimate from $1.38 to $2.61/share. We believe MLP's exceptional share performance reflects growing confidence in the Banio project, supported by strong drill results, infrastructure progress, and backing from the U.S. DFC. With robust potash fundamentals, improving project economics, and a well-capitalized position, MLP is advancing toward a feasibility study in 2026.

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

Risks

We believe the company is subject to the following risks:

- The value of the company is dependent on potash prices
- Exploration and development

- There is a **risk of delays** in permitting, construction, or other development milestones
- FOREX and geopolitical
- **Access to capital and potential for share dilution**

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