

Salt Lake Potash Ltd

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Salt Lake Potash begins BFS after Lake Way Potash scoping study shows commercial viability

Salt Lake Potash Ltd (ASX:SO4) (LON:SO4) has demonstrated the economic potential of its Lake Way Project through a scoping study for the commercial-scale development of its Western Australian sulphate of potash (SOP) project.

The study was based on the mineral resource estimate for Lake Way reported in March, amounting to 8.2 million tonnes of SOP calculated using drainable porosity and 73 million tonnes using total porosity.

Results of the study indicate Lake Way would generate strong economic returns due to its low capital intensity bottom quartile operating costs and sustainable mining life.

In London trading, shares in Salt Lake potash were 3.6% higher at 37.0p.

READ: Salt Lake Potash secures \$20.2 million to fund potash project construction

A bankable feasibility study is now underway after the scoping study's positive outcome, with its advanced nature allowing the company to fast-track the BFS and aim for completion within this quarter.

Advanced discussions for development funding with a debt provider are continuing and the company is moving into front end engineering design, utilising experience gained from the construction of the initial evaporation ponds.

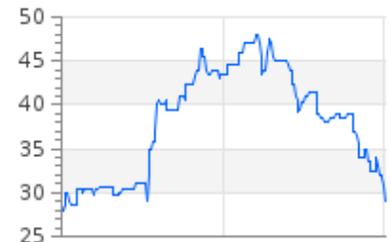
SO4 has started constructing the first phase of evaporation ponds which will support the dewatering of the Williamson Pit's super saturated brine, which has an SOP grade of 25 kilograms per cubic metre.

Salts from the Williamson Pit brine will be utilised for plant commissioning expected in quarter four 2020.

Price: 29

Market Cap: £84.18 m

1 Year Share Price Graph



March 2019 August 2019 February 2020

Share Information

Code: SO4

Listing: AIM

52 week High Low
52 22

Sector: General mining & base metals

Website: www.saltlakepotash.com.au

Company Synopsis:

Salt Lake Potash is developing the Goldfields Salt Lakes Project, which we plan to be the most sustainable, most rewarding fertiliser project in the world. An initial 50,000tpa Demonstration Plant will provide the template for a very large scale, very long life and very economic project across a number of salt lakes, delivering premium, organic nutrients to the world's farmers.

action@proactiveinvestors.com.au



8.2 MILLION TONNE
Mineral Resource Estimate



200KT PA @ >52% K2O
Sulphate of Potash



20YR
20 YEAR
Project Life



A\$381M
Post-Tax NPV



27%
Post-Tax IRR



3.2 YEAR
Payback

READ: Salt Lake Potash signs access agreement with Blackham Resources for Lake Way Project

The commercial-scale development envisioned in Lake Way's scoping study involves an annual production rate of 200,000 tonnes a year of premium-grade sulphate of potash and a high-grade resource underpinning a mine life of 20 years.

Free-on-board operating cost is estimated at \$264 a tonne, the lowest operating cost for global producers.

The project will also have low development capital requirements of \$237 million including a growth allowance of about 13%, supported by close infrastructure.

Estimated project post-tax net present value is \$381 million, or \$580 million pre-tax, with a post-tax internal rate of return of 27%, or 33% pre-tax.

The low capital cost combined with strong cashflow result in a payback period of 3.2 years.

READ: Salt Lake Potash retains speculative buy recommendation from Taylor Collison

SO4 appointed GR Engineering Services Limited (ASX:GNG) as lead engineer, which will work a number of industry experts including Wood Saskatoon.

The BFS will include:

Further drilling and trenching programs to increase resource definition and confidence levels for the Lake Way resource including lake playa and paleochannel;

Additional test work at Saskatchewan Research Council (SRC) on the process flow sheet including completion of two pilot plant test runs;

A review KCI opportunity and determine the options for the possible inclusion of a KCI reaction within the SOP plant process;

Refining a logistics solution and identification of preferred constructors;

Updating trench hydraulic analysis and optimisation of trench design in partnership with Cardno;

Incorporating findings from the first phase of evaporation pond construction into the design and construction methodology for the commercial-scale project;

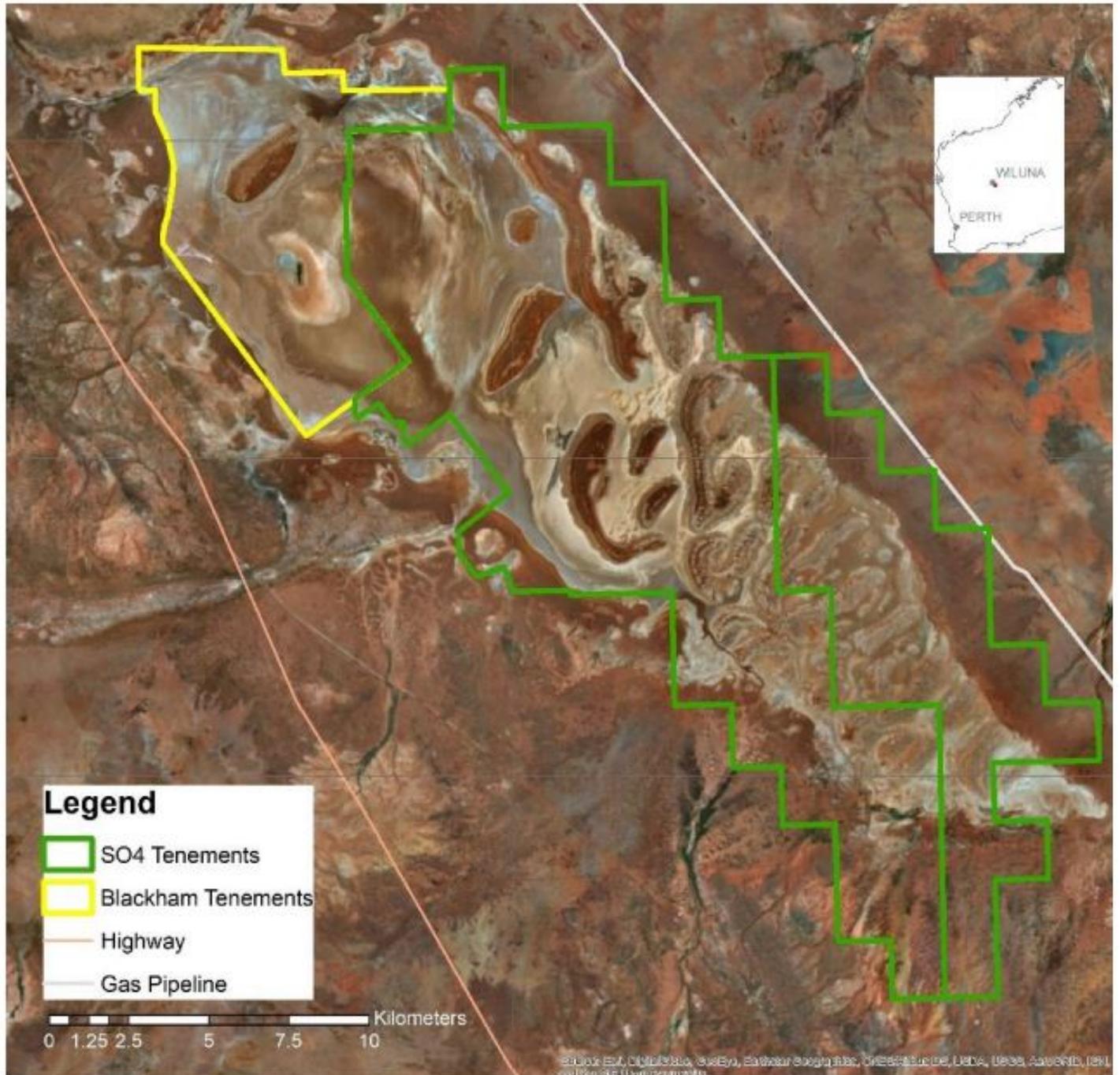
Ongoing design and refinement of the process plant, including partnering with vendors for major equipment including crystallisers to conduct test work relevant to their equipment.

READ: Salt Lake Potash grows Lake Way SOP resource to 73 million tonnes

Lake Way is in the northern Goldfields region of WA, less than 15 kilometres south of Wiluna.

SO4 holds five exploration licences, two of which are granted and three under application, covering most of Lake Way, select areas off-lake and the paleochannel defined by previous exploration.

The Lake's northern end is covered by several mining leases held by Wiluna Gold Mine owner Blackham Resources Limited (ASX:BLK).



-- Adds London share price --

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