

# Salt Lake Potash Ltd

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## Salt Lake Potash debt facility and equity raising sees Lake Way SOP Project fully funded

Salt Lake Potash Ltd (ASX:SO4) (LON:SO4) (OTCMKTS:WHELKF) has executed an A\$203 million debt financing package and A\$98.5 million fully underwritten equity raising which results in the Lake Way Sulphate of Potash (SOP) Project being fully funded.

These funds will enable the company to complete the funding and deliver the project on schedule, with first SOP production expected in the March quarter of 2021.

At full annual production of 245,000 tonnes of SOP, the project in Western Australia is expected to generate EBITDA of A\$111 million and average annual after-tax free cash flow of A\$78 million.

### Financing package

The financing package includes two components:

- US\$138 million (A\$203 million) syndicated facility agreement (SFA) with Taurus Mining Finance Fund No2 LP (Taurus) and the Clean Energy Finance Corporation (CEFC), and;
- A fully underwritten A\$98.5 million placement and accelerated non-renounceable entitlement offer (ANREO) at 50 cents per share, representing an 18% discount to the last closing price, and a 16% discount to the 5-day VWAP.

### "Major milestone"

Salt Lake chief executive officer Tony Swiericzuk said: "Completion of this financing package is a major milestone in SO4's evolution.

"It enables the company to deliver the Lake Way Project on schedule and sets up the business for growth into the future as we pursue our vision of a multiple lake SOP province in Western Australia."

### Funding first stage

Taurus chief investment officer Mike Davies said: "Taurus has been working with SO4 for more than a year and has been delighted with the progress that has been made in the time that we have advanced US\$45 million in funding for the first stage of the project development.

"Our technical team has worked closely with the SO4 team and have every confidence in the team and the project to deliver production in the first half of 2021.

"SO4 is at the forefront of developing an exciting, low-cost and sustainable fertiliser industry for Australia and we are excited to be a partner in bringing this to fruition.

**Price:** 31.25

**Market Cap:** £182.91 m

### 1 Year Share Price Graph



October 2019 May 2020 October 2020

### Share Information

**Code:** SO4

**Listing:** AIM

**52 week High Low**  
43.7379 14.356

**Sector:** General mining & base metals

**Website:** [www.saltlakepotash.com.au](http://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.*

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"The inclusion of CEFC into the lenders syndicate is further endorsement of the quality of the project."

The SFA incorporates no refinancing restrictions after 18 months, giving SO4 the flexibility to utilise non-dilutive financing options for early works at its next lake development.

A trade-off study is underway with a decision on the next lake development expected in the first half of 2021.

### **Reducing carbon emissions**

The incorporation of the CEFC into the Taurus SFA provides a strong endorsement of the company's contribution towards reducing carbon emissions from the global fertiliser and agriculture industries and follows the recent grant of 'Green' label certification for debt issued to develop the project.

CEFC chief executive officer Ian Learmonth said: "SO4 will sustainably produce SOP, helping to decarbonise agriculture while meeting the growing demand for food."

"At the same time, the CEFC is supporting the development of a new export industry for WA, providing another great example of the economic benefits of transitioning to lower emissions."

Working with the CEFC, SO4 aims to set new sustainable benchmarks for Australian industry and demonstrate how resources projects can be decarbonised economically.

### **Equity raising**

To conclude financing for the project, the company is conducting a fully underwritten A\$98.5 million equity raise by way of a placement and ANREO.

The equity raising will consist of the issue of 197,074,523 new ordinary shares, which represents around 56% of existing ordinary shares on issue, to be issued at a fixed offer price of A\$0.50 per share.

This represents:

- An 18% discount to the closing price on August 4, 2020;
- A 16% discount to the 5-day VWAP ending on August 4, 2020; and
- A 12% discount to the theoretical ex-rights price (TERP) of A\$0.57.

Euroz Securities Limited and Canaccord Genuity (Australia) Limited have been appointed as joint lead managers and joint underwriters and bookrunners to the equity raising.

### **Trading halt**

Salt Lake is now in a trading halt of up to four trading days, pending an announcement about the outcome of the institutional component of the accelerated entitlement offer.

This halt will remain in place until an announcement is made to the market or the start of trading on Tuesday, August 11, 2020.

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