

Salt Lake Potash Ltd

16:05 28 Sep 2020

Salt Lake Potash surges towards first SOP production from Lake Way within six months

Salt Lake Potash Ltd (ASX:SO4) (LON:SO4) (OTCMKTS:WHELP) is set for a transformational year as it heads towards first sulphate of potash production from the Lake Way project in the first quarter of 2021.

While the company remains focused on delivering the Lake Way project in the Goldfields district of Western Australia, it has a small team running internal trade-off studies to determine its next project.

Shortly after commencing production at Lake Way, with first production still firmly on track for the March quarter of 2021, it expects to be in positive cash flow.

This will enable the company to rapidly deleverage and invest in the development of other SOP within its portfolio.

Number of potential development projects

Price: 25.5

Market Cap: £149.26 m

1 Year Share Price Graph



December 2019 June 2020 November 20

Share Information

Code: SO4

Listing: AIM

52 week High Low
39.0052 14.356

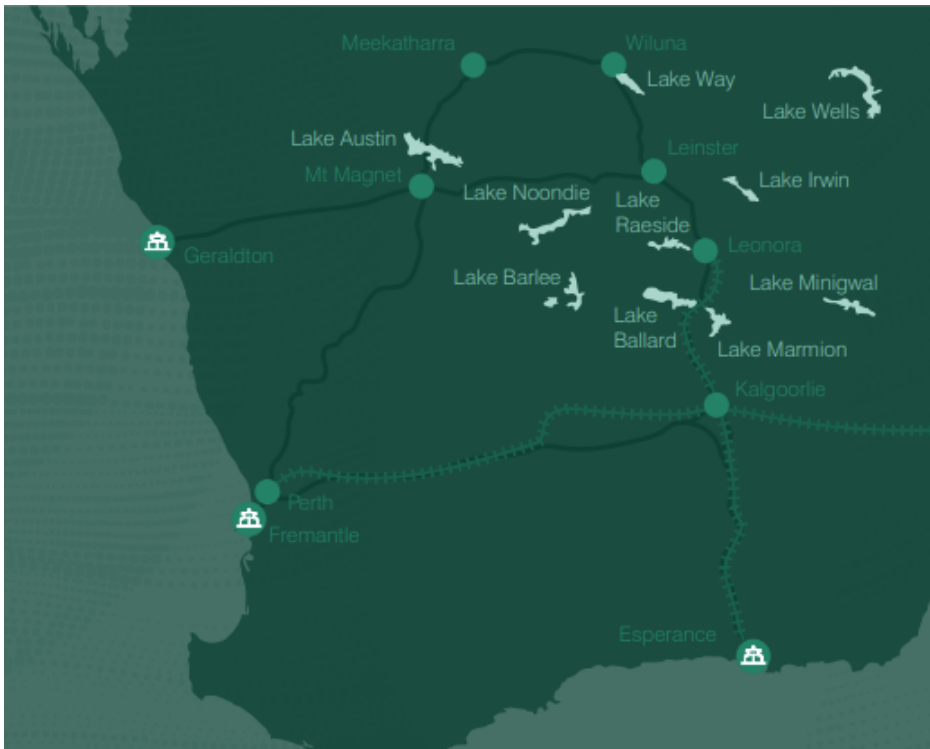
Sector: General mining & base metals

Website: www.saltlakepotash.com.au

Company Synopsis:

Salt Lake Potash Ltd is advancing the development of its flagship sulphate of potash (SOP) project, Lake Way, in the Western Australian Goldfields. The Perth-based company is aiming to develop a 245,000 tonnes per year SOP operation. EBITDA is likely to be A\$111 million per year and Lake Way would have one of the lowest operating costs for global SOP producers.

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Salt Lake Potash has a number of potential development projects within its portfolio, including Lake Wells, Lake Marmion, Lake Ballard and Lake Irwin.

Chief executive officer Tony Swierczuk said: "These projects all potentially possess characteristics that would make for an attractive development - principally the ability to fast-track production at a low level of capital intensity.

"I look forward to sharing in the further future success of the company."

SOP market resilient

Swierczuk noted that the market for SOP had remained extremely resilient over the course of 2020 despite the economic uncertainty caused by COVID-19.

Benchmark prices in northwest Europe have remained stable and premiums for higher quality and water-soluble product remain strong.

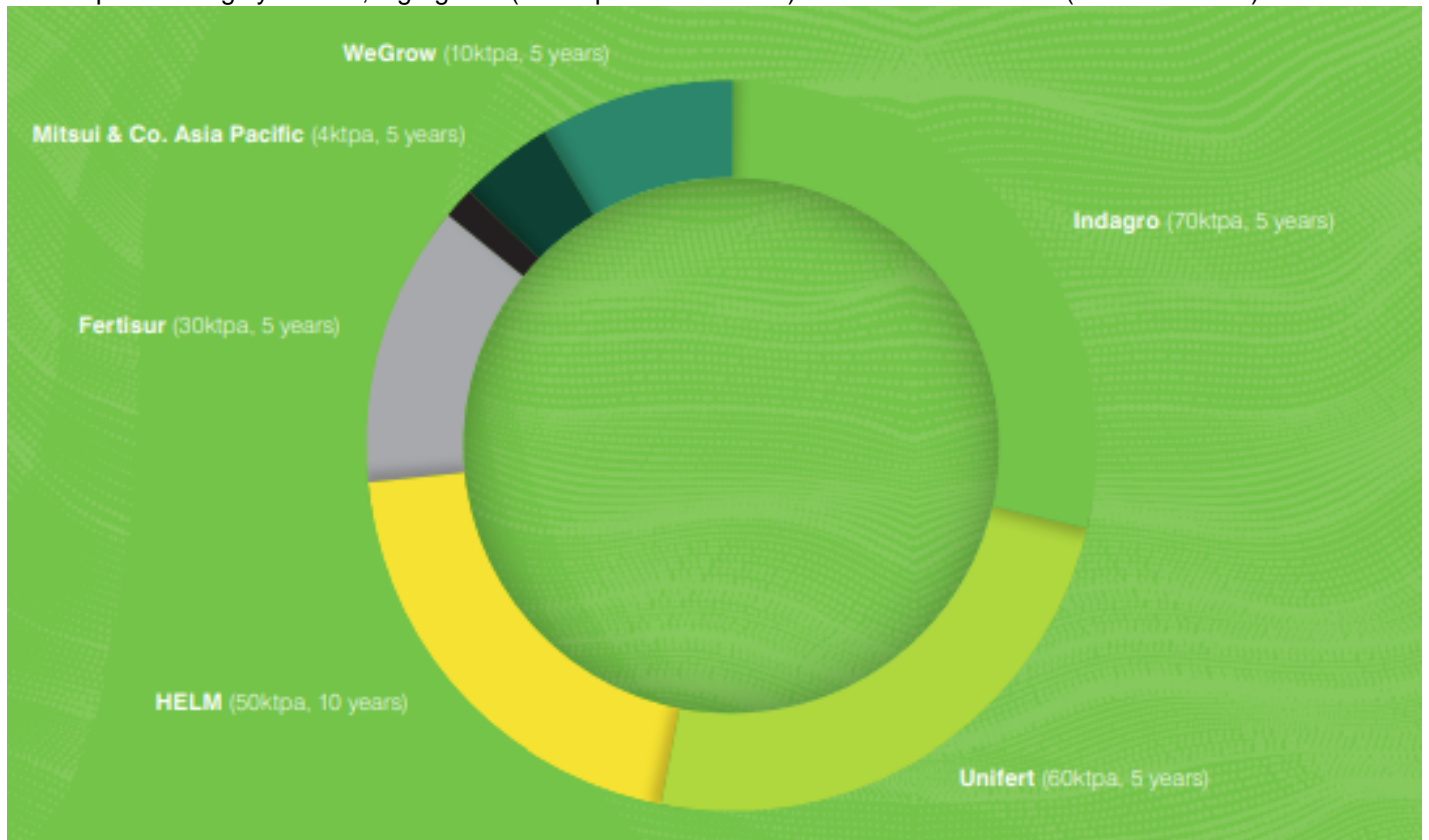
"We expect premiums for our highly soluble, high potassium and ultra-low chloride product to reflect this strength," he added.

Transformative period

Financial year 2020 was a transformative period for SO4, with the company hitting some of its major milestones.

They included:

- Construction and completion of Stage 2 on-lake civil work consisting of 275 hectares of evaporation ponds, taking the total pond area to 400 hectares. The Stage 1 and 2 evaporation ponds are precipitating harvest salts with first bulk sample reporting average potassium grades of 7.5%, comfortably above the average plant feed of 6.8% assumed in the bankable feasibility study (BFS);
- Commencement of the paleochannel bore field development with the drilling and test-pumping of brine extraction bores and results confirming the BFS model for both aquifer parameters and brine grades;
- The award of EPC and EPCM contracts for the construction of the Lake Way processing plant and non-process infrastructure to GR Engineering Services;
- Significant progress at the process plant and non-process infrastructure site with the completion of the 260-room Lake Way village, bulk civil earthworks and procurement of approximately 90% of major vendor packages; and
- Signed 224,000 tonnes per annum in offtake contracts to six major global distributors including Indagro, Unifert, Helm, Fertisur, Keytrade AG subsidiary, WeGrow and Mitsui & Co. Product test-work confirmed Lake Way will produce highly soluble, high grade (>53% potassium oxide) and ultra-low chloride (<0.1% chloride) SOP.



Subsequent to year-end, the company delivered full funding for Lake Way, signing the US\$138 million syndicated facility agreement with Taurus and the Clean Energy Finance Corporation alongside an equity raising of A\$98.5 million.

Green label certification

SO4 was granted 'Green label' certification for debt issued to develop its Lake Way Project, providing assurance to all stakeholders of the positive environmental contribution of solar brine fertiliser production.

SO4 is committed to ensure that its business has a sustainable future for all its stakeholders.

The company has developed a sustainability framework which is intended for release in the December 2020 quarter.

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