

March 2021 Quarterly Report

Salt Lake Potash Limited (SO4 or the Company) is pleased to present its quarterly report for the period ending 31 March 2021. The Company is focused on completing the development of the Lake Way SOP project in Wiluna, Western Australia.

Process Plant commissioning commenced

Process Plant commissioning commenced in March with the introduction of first harvest salts to the front end of the plant. At the end of the quarter the Process Plant was 97% complete on an earned value basis, including engineering 99% complete, procurement 99% complete and construction 90% complete. First product is expected during the June quarter.

Gas Power Plant commissioned

Following the period-end the five 2MW units in the power plant were successfully commissioned. All major non-process infrastructure items have now been completed and are ready to support full-scale operations.

Senior Debt Syndicated

Sequoia Economic Infrastructure Income Fund and the Commonwealth Bank of Australia invested US\$39m and US\$25m respectively into SO4's US\$138m senior debt facility, complimenting existing investments led and arranged by Taurus Mining Finance Fund No. 2 L.P and the Australian Government's Clean Energy Finance Corporation.

SOP product suite unveiled

In March the Company unveiled its suite of SOP products designed to spread exposure across the various SOP sub-markets and maximise premiums and revenue. SOP Precision will be sold into the premium priced fertigation market, SOP Prime will target the direct application and compound NPK markets and SOP Premium will be a granular product, targeting basal applications and bulk NPK blending (from FY'23).

Halite ponds harvested

During the quarter the company successfully proved halite harvesting methodology, harvesting 93k cubic meters of halite salts from cells in Train 1. Pond cells were maintained online throughout the harvesting.

Share Purchase Plan completed

A share purchase plan was conducted as part of the December equity capital raise and was upsized to A\$8m from A\$5m due to strong demand. The shares were issued at 40c.

CEO Statement

"Significant progress was made on Process Plant construction as well as financing and product positioning during the March quarter, setting the Company up for first SOP sales in the June quarter. Our focus is now on successful commissioning and ramp-up of the process plant as we look to move into positive cash flow from our first operating SOP asset."

Enquiries

Tony Swiericzuk and Richard Knights - Telephone +61 8 6559 5800

Authorisation

This announcement has been authorised for release by the Board of Directors.

Process Plant commissioning commenced

In March the Company commenced pre-load commissioning of the Process Plant with harvest salts successfully fed into the into the feed hopper, conveyed to the surge bin, run through the lump breaker, and fed into the attritioning feed tank at the front-end of the plant.

Figure 1: First feed salt into the feed hopper

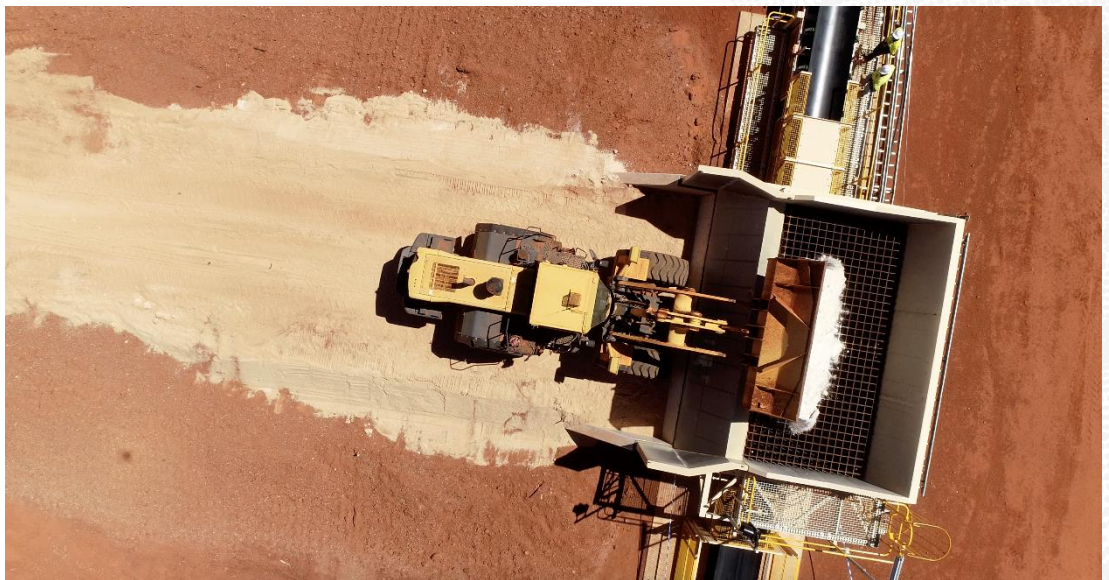


Figure 2: Conveyor CV01 operating with first feed salts



During the June quarter the utilities, flotation circuits, conversion circuit, crystallisers and dryer will all be completed and dry commissioned ahead of full load commissioning and SOP production. Consultants from the plant designer, Wood Group, as well as vendors Veolia and Broadbent (among others) will be assisting in the commissioning process.

Process Plant 97% complete

At the end of the quarter the Process Plant was 97% complete on a value earned basis, including engineering 99% complete, procurement 99% complete and construction 90% complete, excluding product handling infrastructure.

Figure 3: Process Plant aerial view



All major plant components have now been installed. Among the last items to be fitted were the thickeners, conversion brine tanks, cyclone clusters and the SOP product dryer.

The majority of outstanding work to be completed ahead of full plant load commissioning is electrical, instrumentation and piping. At the end of the March quarter electrical cable installation was at 88% complete with 46,898 metres installed of a total 53,596 meters. Piping was at 63% complete with 6,290 meters installed of a total 10,022 metres.

Figure 4: Installing thermal insulation to chilled water pipework



Figure 5: Various tanks/piping completed during the quarter as commissioning activities ramped up



Non-Process Infrastructure completed and commissioned

Following the period-end all five 2MW units in the gas power station were commissioned. The Company has now commissioned all major components on non-process infrastructure which are ready to support full scale operations, including the high pressure gas pipeline, power station, , RO water plant, wastewater treatment plant, communications and accommodation.

Figure 6: Five 2MW Cummins gas engines during commissioning



Halite ponds successfully harvested

During the quarter the Company successfully proved halite harvesting methodology, harvesting 93k cubic meters of halite salts from cells in Train 1. Pond cells were maintained online throughout the harvesting.

Figure 7: Pond trains 2 & 3

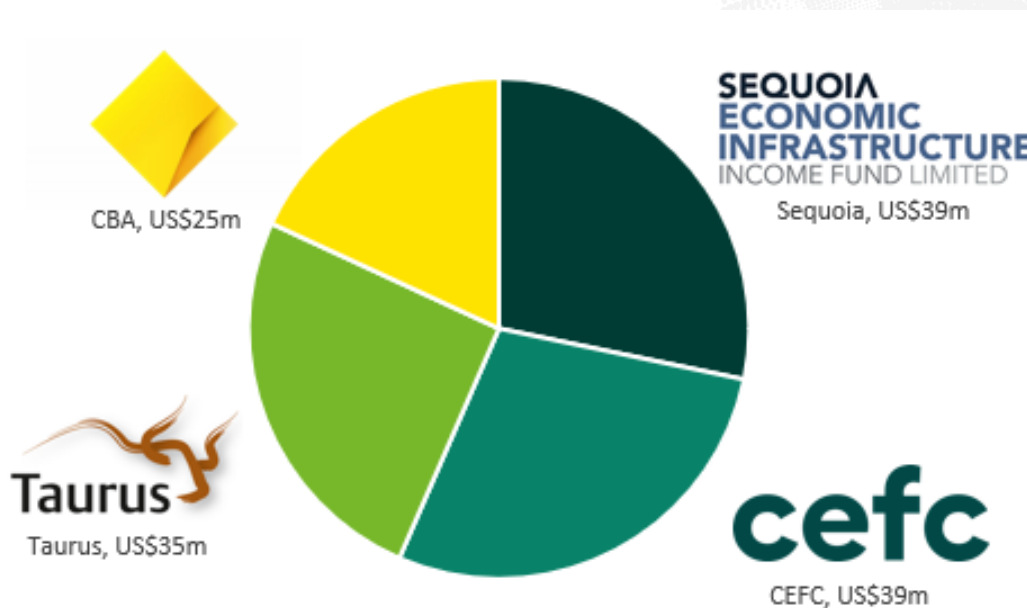


Senior debt facility syndicated

In March the Company successfully syndicated its US\$138m Senior Debt Facility with Sequoia Economic Infrastructure Income Fund (SEQI) and the Commonwealth Bank of Australia (CBA), who joined the facility alongside Taurus Mining Finance Fund No. 2 L.P (Taurus) and the Australian Government’s Clean Energy Finance Corporation (CEFC).

Following the syndication, the Taurus investment was reduced to US\$35m (from US\$91m) and CEFC to US\$39m (from US\$47m).

Figure 8: Senior Debt Facility contribution split



SOP product suite unveiled

In March the Company unveiled its suite of SOP products designed to spread exposure across the various SOP sub-markets and maximise premiums and revenue.

- **SOP Precision** is designed for the fertigation market and will have class-leading dissolution characteristics. Fertigation is the fastest growing and highest price sub-segment of the SOP market. Key product characteristics include 53% K₂O, <0.1% chloride, <0.1% insoluble material and with 95% dissolved in 60 seconds, enabling growers to employ the latest precision agriculture techniques for maximum nutrient efficiency and crop yield and quality.
- **SOP Prime** is a high potassium content SOP suitable for direct application and compound (complex) NPK production. The product will be primarily sold in bulk containers and vessels. Key product characteristics include 53% K₂O, <1% chloride, 18% Sulphate. The product characteristics give NPK producers the tools to produce best in class products with negligible chloride content and high potassium content.
- **SOP Premium** is a granular SOP for basal applications and bulk blending. Shipments are targeted to commence in FY'23. Key product characteristics include 52% K₂O, <0.1% chloride, granule particle size between 2-4mm with class leading crush strength. The combination of high potassium and ultra-low chloride facilitates the blenders to formulate custom blends with greater flexibility and increased value to blender and grower.

Figure 9: SO4 product suite



Approvals

The Company continued the advancement of the remaining permitting required to support ongoing full-scale operations. During the quarter the EPA issued its Report and Recommendations for the Lake Way Project to the Minister's office. These were made publicly available, with no appeals received. In addition to the EPA submission, the Company continues to seek other project approvals as required.

Share purchase plan completed

In January the company successfully completed the Share Purchase Plan (SPP) announced on 11 December 2020.

The SPP, originally intended to raise A\$5 million, was heavily oversubscribed with applications received for A\$10 million at the issue price of A\$0.40 per share. Given the strong support from existing shareholders, the Board exercised its discretion under the terms of the SPP to increase the size of the offer to A\$8.0 million in recognition of the ongoing support of its retail investors.

APPENDIX A – COMPETENT PERSON STATEMENT AND DISCLAIMER

Competent Person Statement

The information in this announcement that relates to Process Testwork Results is extracted from the announcement entitled 'Premium Grade Water Soluble Sulphate of Potash Produced from Lake Way Salts' dated 18 September 2019. This announcement is available to view on www.so4.com.au. The information in the original ASX Announcement that related to Process Testwork Results was based on, and fairly represents, information compiled by Mr Bryn Jones, BAppSc (Chem), MEng (Mining) who is a Fellow of the AusIMM. Mr Jones is a Director of Salt Lake Potash Limited. Mr Jones has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Salt Lake Potash Limited confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement. Salt Lake Potash Limited confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward Looking Statements

This announcement includes forward-looking statements. These forward-looking statements are based on the Company's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company, which could cause actual results to differ materially from such statements. Although the Company believes that its forward-looking statements have reasonable grounds, can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the Company's business (including those described in pages 25 to 29 (inclusive) of the Presentation released to ASX on 11 December 2020), which cause actual results to differ materially from those expressed herein. The Company makes no undertaking to subsequently update or revise the forward-looking statements made in this announcement, to reflect the circumstances or events after the date of this announcement.

APPENDIX B – DISCLOSURES IN ACCORDANCE WITH ASX LISTING RULE 5.3

Summary of Mining Tenements

Project	Status	Type of Change	License Number	Interest (%)	
				31-Dec-20	31-Mar-21
Western Australia					
Lake Way					
Central	Granted	-	E53/1878	100%	100%
East	Granted	-	E53/2057	100%	100%
South	Granted	-	E53/1897	100%	100%
South	Granted	-	E53/2059	100%	100%
South	Granted	-	E53/2060	100%	100%
West	Application	-	L53/208	100%	100%
Central	Application	-	M53/1102	100%	100%
Central	Application	-	M53/1103	100%	100%
Central	Application	-	M53/1104	100%	100%
Central	Application	-	M53/1105	100%	100%
Central	Application	-	M53/1106	100%	100%
Central	Application	-	M53/1107	100%	100%
East	Application	-	M53/1109	100%	100%
Central	Granted	-	E53/1862	100%	100%
West	Granted	-	E53/1863	100%	100%
North	Application	-	E53/1905	100%	100%
North	Application	-	E53/1952	100%	100%
West	Application	-	E53/1966	100%	100%
North	Application	-	E53/2049	100%	100%
North	Granted	-	P53/1642	100%	100%
West	Granted	-	P53/1643	100%	100%
West	Granted	-	P53/1644	100%	100%
West	Granted	-	P53/1645	100%	100%
Central	Granted	-	P53/1666	100%	100%
Central	Granted	-	P53/1667	100%	100%
Central	Granted	-	P53/1668	100%	100%
North	Granted	-	M53/121	100%	100%
West	Granted	-	M53/122	100%	100%
West	Granted	-	M53/123	100%	100%
West	Granted	-	M53/147	100%	100%
Central	Granted	-	M53/253	100%	100%
Central	Granted	-	M53/796	100%	100%
Central	Granted	-	M53/797	100%	100%
Central	Granted	-	M53/798	100%	100%
Central	Granted	-	M53/910	100%	100%
West	Granted	-	L53/51	100%	100%
West	Granted	-	L53/207	100%	100%
West	Granted	-	L53/211	100%	100%
North	Granted	-	L53/212	100%	100%
West	Granted	-	L53/214	100%	100%
West	Granted	-	L53/215	100%	100%

Project	Status	Type of Change	License Number	Interest (%)	
				31-Dec-20	31-Mar-21
North	Granted	-	L53/216	100%	100%
West	Application	-	L53/217	100%	100%
West	Granted	-	L53/218	100%	100%
West	Application	-	L53/210	100%	100%
West	Application	-	L53/219	100%	100%
South	Granted	Application to Granted	L53/225	100%	100%
West	Granted	Application to Granted	L53/226	100%	100%
West	Application	-	L53/228	100%	100%
West	Application	-	L53/229	100%	100%
West	Application	Application	L53/238	0%	100%
West	Granted	-	G53/24	100%	100%
West	Granted	-	G53/25	100%	100%
Lake Wells					
Central	Granted	-	E38/2710	100%	100%
South	Granted	-	E38/2821	100%	100%
North	Granted	-	E38/2824	100%	100%
Outer East	Granted	-	E38/3055	100%	100%
Single Block	Granted	-	E38/3056	100%	100%
Outer West	Granted	-	E38/3057	100%	100%
North West	Granted	-	E38/3124	100%	100%
West	Granted	-	L38/262	100%	100%
East	Granted	-	L38/263	100%	100%
South West	Granted	-	L38/264	100%	100%
South	Granted	-	L38/287	100%	100%
South Western	Granted	-	E38/3247	100%	100%
South	Granted	-	M38/1278	100%	100%
Central	Application	-	E38/3380	100%	100%
North	Application	-	E38/3469	100%	100%
Central	Application	-	E38/3470	100%	100%
Lake Ballard					
West	Granted	-	E29/912	100%	100%
East	Granted	-	E29/913	100%	100%
North	Granted	-	E29/948	100%	100%
South	Granted	-	E29/958	100%	100%
South East	Granted	-	E29/1011	100%	100%
South East	Granted	-	E29/1020	100%	100%
South East	Granted	-	E29/1021	100%	100%
South East	Granted	-	E29/1022	100%	100%
South	Granted	-	E29/1067	100%	100%
South	Granted	-	E29/1068	100%	100%
East	Granted	-	E29/1069	100%	100%
North	Granted	-	E29/1070	100%	100%
Lake Irwin					
West	Granted	-	E37/1233	100%	100%
Central	Granted	-	E39/1892	100%	100%
East	Granted	-	E38/3087	100%	100%
North	Granted	-	E37/1261	100%	100%
Central East	Granted	-	E38/3113	100%	100%
South	Granted	-	E39/1955	100%	100%

Project	Status	Type of Change	License Number	Interest (%)	
				31-Dec-20	31-Mar-21
North West	Granted	-	E37/1260	100%	100%
South West	Granted	-	E39/1956	100%	100%
Lake Minigwal					
West	Granted	-	E39/1893	100%	100%
East	Granted	-	E39/1894	100%	100%
Central	Granted	-	E39/1962	100%	100%
Central East	Granted	-	E39/1963	100%	100%
South	Granted	-	E39/1964	100%	100%
South West	Granted	-	E39/1965	100%	100%
Lake Marmion					
North	Granted	-	E29/1000	100%	100%
Central	Granted	-	E29/1001	100%	100%
South	Granted	-	E29/1002	100%	100%
West	Granted	-	E29/1005	100%	100%
West	Application	-	E29/1069	100%	100%
Lake Noondie					
North	Granted	-	E57/1062	100%	100%
Central	Granted	-	E57/1063	100%	100%
South	Granted	-	E57/1064	100%	100%
West	Granted	-	E57/1065	100%	100%
East	Granted	-	E36/932	100%	100%
Central	Granted	-	E36/984	100%	100%
Central	Application	-	E36/985	100%	100%
Lake Barlee					
North	Granted	-	E30/495	100%	100%
Central	Granted	-	E30/496	100%	100%
South	Granted	-	E77/2441	100%	100%
Lake Raeside					
North	Granted	-	E37/1305	100%	100%
Lake Austin					
North	Application	-	E21/205	100%	100%
West	Application	-	E21/206	100%	100%
East	Granted	-	E58/529	100%	100%
South	Granted	-	E58/530	100%	100%
South West	Granted	-	E58/531	100%	100%
Northern Territory					
Lake Lewis					
South	Surrendered	Granted to Surrendered	EL 29787	100%	0%
North	Surrendered	Granted to Surrendered	EL 29903	100%	0%

Related Party Payments

During the quarter ended 31 March 2021, the Company made payments of \$185,000 to related parties and their associates. These payments relate to existing remuneration arrangements (executive salaries, non-executive director fees and superannuation).

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Salt Lake Potash Limited

ABN

98 117 085 748

Quarter ended ("current quarter")

31 March 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(274)	(1,719)
(b) development	-	-
(c) production	-	-
(d) staff costs	(624)	(1,604)
(e) administration and corporate costs	(593)	(2,632)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	35	84
1.5 Interest and other costs of finance paid	(4)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	3,639
1.8 Other (provide details if material)		
- Business Development	(721)	(4,052)
- Other	-	-
1.9 Net cash from / (used in) operating activities	(2,181)	(6,295)
2. Cash flows from investing activities		
Payments to acquire or for:		
(a) entities	-	-
(b) tenements	-	(715)
(c) property, plant and equipment	(328)	(1,972)
(d) exploration & evaluation	-	-
(e) investments	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
	(f) other non-current assets – Mine Properties in development	(54,575)	(151,323)
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (Bank Guarantee)	-	(18,000)
2.6	Net cash from / (used in) investing activities	(54,903)	(172,010)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	9,973	173,547
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(161)	(7,999)
3.5	Proceeds from borrowings	-	138,254
3.6	Repayment of borrowings and leases	(258)	(60,264)
3.7	Transaction costs related to loans and borrowings	(3,578)	(15,704)
3.8	Dividends paid	-	-
3.9	Other (Cash allocation of Debt Service Reserve)	-	(10,387)
3.10	Net cash from / (used in) financing activities	5,976	217,447

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	96,966	7,030
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,181)	(6,295)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(54,903)	(172,010)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	5,976	217,447
4.5	Effect of movement in exchange rates on cash held	208	(106)
4.6	Cash and cash equivalents at end of period	46,066	46,066

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	46,016	96,916
5.2	Call deposits	50	50
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	46,066	96,966

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(185)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	181,531	138,122
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	181,531	138,122
7.5 Unused financing facilities available at quarter end		43,409
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>In August 2020, the Company and its subsidiaries and Taurus Mining Finance Fund No. 2, L.P. and the Clean Energy Finance Corporation entered into the Syndicated Facility Agreement for a US\$138 million debt financing package (SFA). After achieving financial close in December 2020, the Company announced its first draw down under the SFA totalling US\$105 million enabling repayment of the US\$45 million Stage 1 Bridge facility originally entered into in 2019.</p> <p>The SFA is secured and interest payable at 9.00% pa with a further draw down US\$33 million available to the Lake Way Project.</p> <p>As the loan is denominated in USD, the facility amount and amount drawn down has been converted at an FX rate of \$0.7602 USD/AUD, being the FX cross rate at 31 March 2021.</p>	

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(2,181)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(2,181)
8.4 Cash and cash equivalents at quarter end (item 4.6)	46,066
8.5 Unused finance facilities available at quarter end (item 7.5)	43,409
8.6 Total available funding (item 8.4 + item 8.5)	89,475
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	41
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: Not applicable, however the Company expects to have similar levels of total net operating and investing cash flows for the current quarter.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 30 April 2021

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.