



Not for release to US wire services or distribution in the United States

Institutional Placement to enable final Debt Drawdown

Salt Lake Potash Limited (ASX:SO4) (SO4 or the Company) is pleased to announce it has received binding commitments for a successful share placement to institutional shareholders and investors raising A\$28 million to enable final debt drawdown and access to additional funding through a bank guarantee provided by Sequoia.

Equity Placement	<ul style="list-style-type: none">The Company has received binding commitments from institutional shareholders, sophisticated investors and directors to subscribe for up to 80 million new ordinary shares at A\$0.35 each to raise A\$28.0m (before costs) (Placement).
Final debt drawdown and equity release	<ul style="list-style-type: none">As announced on 4 March 2021, the Company completed a successful syndication of its US\$138 million Syndicated Facility Agreement (SFA) with Taurus Mining Finance Fund No.2 L.P. (Taurus) and the Clean Energy Finance Corporation (CEFC) with Sequoia Economic Infrastructure Income Fund (SEI) and Commonwealth Bank of Australia (CBA).
Use of proceeds	<ul style="list-style-type: none">The proceeds from the Placement will be used for general operating expenses during the ramp up of the Lake Way Project. The Placement is a key condition to enable the Company to undertake the final US\$33 million drawdown under the SFA, as well as providing for the implementation of an A\$18 million guarantee facility to be provided by SEI in support of the gas pipeline constructed by APA Operations Pty Ltd (APA). The guarantee facility provided by SEI will release A\$18m in equity that will be used for general operating expenses during the ramp up of the project.
Lake Way significantly de-risked	<p>Following the Placement and final debt drawdown the Lake Way Project is significantly de-risked with Part IV EPA approvals now received and first SOP production expected in the coming weeks.</p>

CEO Statement	<p>“SO4 is pleased to have completed this placement of A\$28 million to enable final drawdown under the SFA. The Company can now focus on ramping up production as we move to first revenues from the Lake Way Project in the very near-term. I would like to extend my sincere thanks to our shareholders for their continued support of the project, our Company and the development of a new long-term export industry for Australia.”</p>
----------------------	---

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

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

Debt financing

As announced on 5 August 2020, SO4 executed the US\$138 million SFA with Taurus and CEFC, with the initial US\$105 million drawdown undertaken in December 2020 and the subsequent syndication to SEQI and CBA occurring in early March 2021.

The material terms of the SFA remain unchanged (other than for the early repayment of US\$11 million in June 2022 described below) and are summarised in Table 1 below.

Table 1: Syndicated Facility Agreement key terms

Facility Amount	US\$138 million (SEQI US\$39 million, CEFC US\$39 million, Taurus US\$35 million, CBA US\$25 million)
Tenor	4 Years (30 September 2024)
Availability Period	Financial close until 30 June 2021
Interest rate	9.0% per annum payable quarterly on drawn funds
Upfront Fee	2.75% (paid)
Undrawn Commitment fee	2.5% per annum
Tranches	Final US\$33 million tranche drawn on completion of the Placement
Amortisation/Repayment	No scheduled repayments or debt amortisation until 31 March 2022 (approximately 10 months after first production). Quarterly repayments thereafter. Prepayment of US\$11 million due in June 2022 (with this amount to be set aside in a blocked account until the prepayment is made) Additional cash sweep of 70% of surplus cash available for debt service
Debt Service Reserve Account	US\$8 million until June 2022, thereafter greater of US\$8m and principal and interest payable in next 6 months
Bullet	US\$92 million (67%) at 30 September 2024 (less cash sweep payments)
Refinancing Restrictions	Nil 18 months after signing
Key covenants	LLCR 1.5x and DSCR 1.3x

Table 2: SEQI guarantee facility key terms

Facility Amount	A\$18 million
Tenor	Same as the SFA (30 September 2024)
Availability Period	Drawn in full on satisfaction of conditions precedent
Interest rate	12% per annum payable quarterly on drawn funds
Upfront Fee	1%
Amortisation/Repayment	As the face value of the bank guarantee steps down over time, the cash backing released is to be repaid to SEQI. The balance is to be repaid on 30 September 2024.
Refinancing Restrictions	Same as SFA (restrictions cease on 4 February 2022)

Equity financing

In order to achieve final drawdown on the SFA, SO4 is raising A\$28 million in equity financing by way of a placement of 79,947,858, at A\$0.35 per new share. The funds will be used for general operating expenses at the Lake Way project as it ramps up to full production.

Placement details

The Company has received firm commitments to raise gross proceeds of A\$27 million via a private placement to sophisticated, professional and institutional investors. The private placement will comprise the issue of 77.1 million new fully paid ordinary shares (Placement Shares) at an issue price of A\$0.35 per share (Placement).

SO4 Directors intend to subscribe for 2.8 million Placement Shares, including 2.5 million shares by Chairman Ian Middlemas and 250,000 by Managing Director and CEO Tony Swiericzuk, subject to shareholder approval. If approved by shareholders, this would raise an additional A\$0.98 million.

The Placement is comprised of two tranches:

- Tranche 1, comprising the issue of 77,142,858 Placement Shares under Listing Rule 7.1. The Tranche 1 Placement Shares are expected to be issued on or around 1 June 2021
- Tranche 2, comprising the issue of 2,805,000 Placement Shares to Directors, subject to the receipt of prior approval of the Company's shareholders. A general meeting to seek the requisite approval will be convened shortly, with the meeting expected to be held in July 2021.

The issue price of A\$0.35 per share represented a 12.5% discount to the last traded share price on ASX of A\$0.40 and 14% to the 5-day volume weighted average share price on ASX prior to the Company entering into the Trading Halt.

Euroz Hartleys Securities Limited and Canaccord Genuity Group Inc. were acted as Joint Lead Managers and Bookrunners to the Placement. Cenkos Securities Plc acted as Co-Manager.

Capital raising timetable

The indicative key dates for the Placement are outlined below. All times are expressed as AEDT.

Table 3: Indicative timetable

Event	Date
Announcement of Placement	Monday, 24 May 2021
Settlement of Tranche 1 Placement Shares	Monday, 31 May 2021
Allotment, quotation and trading of Tranche 1 Placement Shares	Tuesday, 1 June 2021
General Meeting to approve the issue of the Tranche 2 Placement Shares	July 2021
Allotment, quotation and trading of Tranche 2 Placement Shares	Following the General Meeting

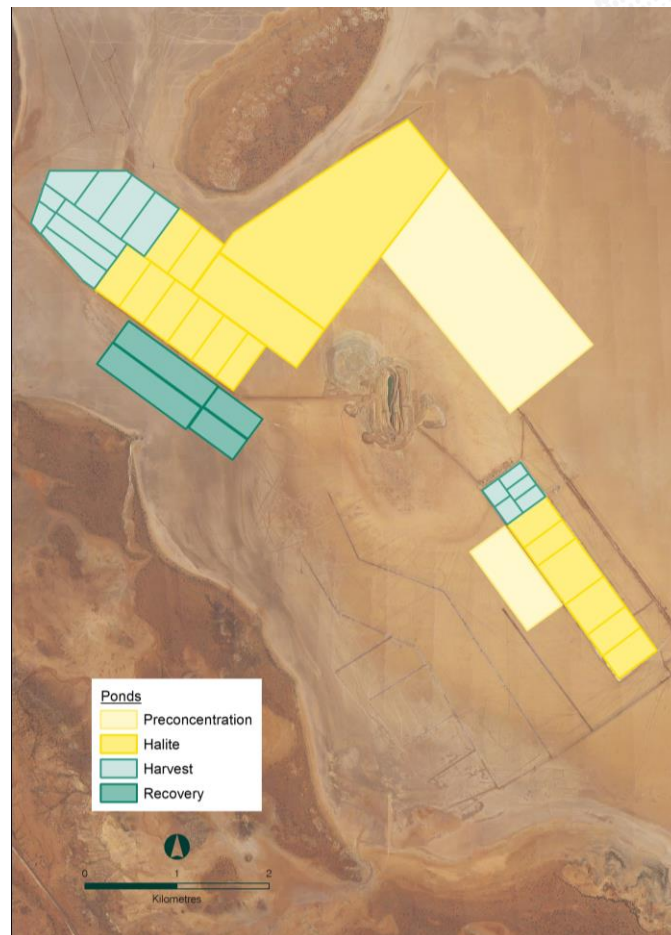
Note: The above dates are indicative only and are subject to change, subject to compliance with the ASX Listing Rules and Corporations Act.

Lake Way Project update

The Lake Way Project is on schedule for first SOP production in June 2021 and first SOP sales very shortly thereafter. Commissioning is substantially progressed with 26 of the 34 Plant Process Units now commenced, and 17 of those Process Units now finalised to Practical Completion. Overall plant commissioning is more than 50% complete. The target for full scale production of 245ktpa remains the June quarter of 2022.

The project capital budget for the initial scope of works has increased A\$5m to at A\$269m as a result of advancing sustaining capital work involving the construction of 271Ha of pre-concentration ponds (A\$2.5m) and associated trench and bore capacity (A\$2.5m) to feed the additional pond acreage. The additional pre-concentration ponds will help to de-risk salt production, with the lending syndicate's Independent Technical Review Report noting *"It is clear [that] together with conservative process design criteria, the revised pond system on average will be able to produce in excess of nameplate production, with worst case conditions meeting nameplate"*.

Figure 1: Lake Way pond layout



As part of the project final cost to complete review operating cost assumptions have also been updated, with steady state costs increasing from A\$337/t (adj. for higher AUD FX and shipping from Fremantle) to A\$390/t. The primary drivers for the increases in expected operating costs are higher onsite logistics (+A\$30/t), laboratory (+A\$8/t) and increased diesel and labour costs (+A\$14/t).

Additional disclosures

Key Risks	Refer to pages 30 to 35 (inclusive) of the Presentation released to ASX on 24 May 2021
Selling restrictions	Refer to pages 36 to 38 (inclusive) of the Presentation released to ASX on 24 May 2021.
Forward looking statements	<p>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 30 to 35 (inclusive) of the Presentation released to ASX on 24 May 2021), 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.</p>
Not an offer in the United States	<p>This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.</p>