

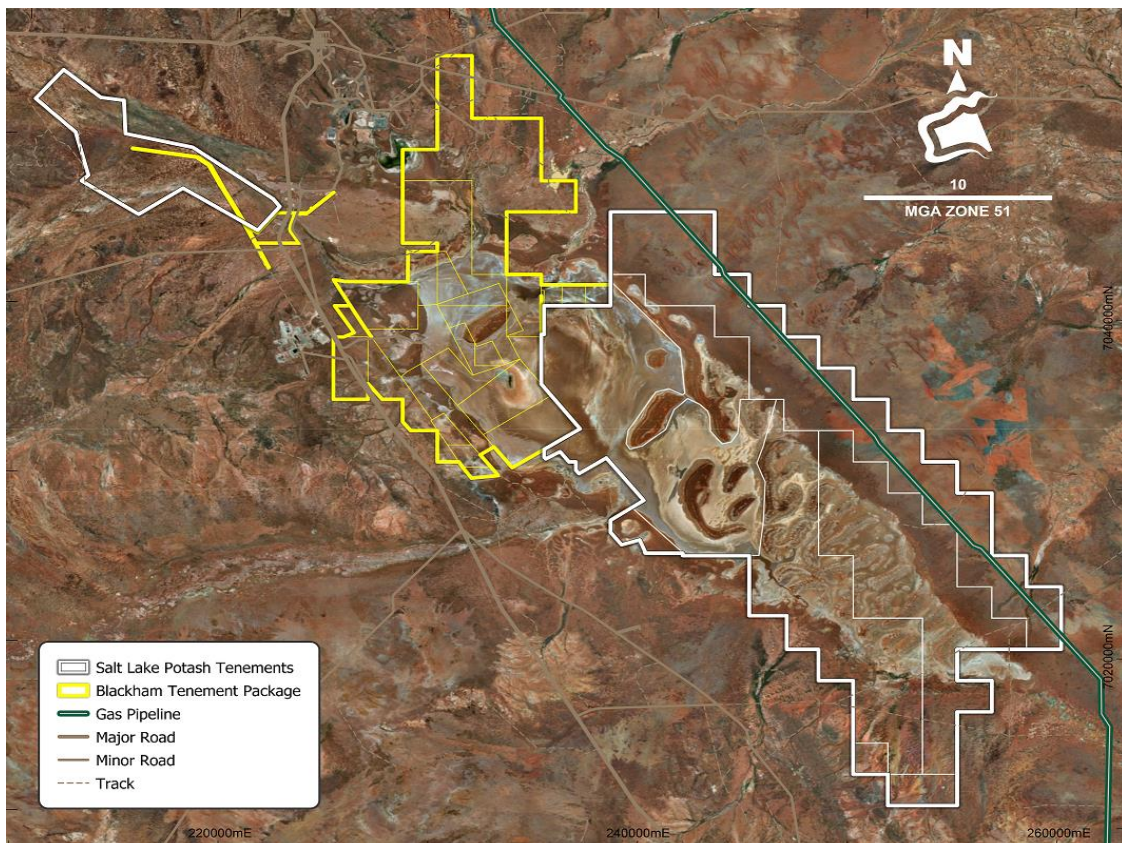
23 JULY 2019

## SALT LAKE POTASH CONSOLIDATES LAKE WAY ACQUIRES STRATEGIC TENEMENT PACKAGE

### Highlights:

- Salt Lake Potash has entered into an Agreement with Blackham Resources to acquire outright a strategic package of tenements and secure access to power and process water rights
- Acquisition to provide significant synergies for the Lake Way Project including substantial capital and operating cost savings
- Brine Royalty payable under Split Commodity Agreement to be cancelled
- Salt Lake Potash granted access and rights to process water from Blackham Resource with an option to acquire a key borefield
- Institutional Placement to raise A\$7.4m at \$0.70 to fund majority of acquisition costs

Salt Lake Potash Limited (**Salt Lake Potash** or the **Company**) is pleased to announce that the Company has entered into a Sales Agreement (**Agreement**) with Blackham Resources Limited (**Blackham**) to acquire a package of tenements and other key assets for the Lake Way Project (**Transaction**). The Transaction is another important step in providing the Company with certainty over the timing and capital expenditure required to bring the Lake Way Project into production.



**Figure 1: Blackham Tenements acquired**

Blackham and Salt Lake Potash have been cooperating on their respective projects in the Wiluna/Lake Way region for the past 18 months. Salt Lake Potash is progressing its Bankable Feasibility Study (BFS) for the Lake Way Project, and has identified specific Blackham assets which provide synergies for the Lake Way Project and material value to Salt Lake Potash.

Salt Lake Potash has agreed to acquire outright:

- the tenements owned by Blackham that sit on the Northern end of Lake Way and to the East of the Gold Fields highway (Figure 1 and Appendix 1)
- access and rights to process water from Blackham with an option to acquire a key borefield which will support the Lake Way Project

With effect from execution, Blackham has agreed to the immediate access to process water, and consent to the grant of new tenure over its tenements to enable Salt Lake Potash to advance early works including camps and water infrastructure.

The Brine Royalty granted to Blackham as part of the Split Commodity Agreement will be extinguished effective 30 June 2020.

Salt Lake Potash will pay total consideration of A\$10 million, inclusive of A\$500,000 payable under the Split Commodity Agreement. The Company will also assume rehabilitation obligation for all existing disturbance on Lake Way.

Blackham retains the gold rights across the transferred tenements.

Salt Lake Potash and Blackham have identified a mutual opportunity for Salt Lake Potash to utilise part of the pre-strip material from Blackham's proposed Williamson Pit development for the construction of the Company's on-lake evaporation ponds. Under the arrangement, when Blackham recommission the Williamson Pit operation, Salt Lake Potash will contribute up to \$10m towards the performance of the pre-strip of the Williamson Pit, with pre-strip material directly applied towards the construction of the bund walls of the on-lake evaporation ponds. This contribution forms part of the Project's existing construction capex and will be funded as part of project financing.

Salt Lake Potash was advised on the Transaction by Argonaut.

**Salt Lake Potash's Chief Executive Office, Tony Swiericzuk, said:**

*"This is an exceptional transaction for Salt Lake Potash that will provide significant benefits to the Lake Way Project and further support the rapid progress towards first production. The acquisition will provide material value through capital and operating savings to Salt Lake Potash and also significantly de-risk the Lake Way Project by providing ownership of tenements and further access to key infrastructure assets including water and power."*

*Salt Lake Potash is delighted to continue the strong relationship we have built with Blackham and look forward to further developing the mutual opportunities that exist with our adjacent operations."*

### **Institutional Placement to Fund Acquisition**

The Company has agreed to place 10.58 million shares to Fidelity International at A\$0.70 each to raise A\$7.4 million before costs, further confirming its continued support for Salt Lake Potash and the Lake Way Project. The Placement under the Company's existing Listing Rule 7.1 placement capacity will fund the majority of the acquisition costs and is expected to complete on or around 5 August 2019.

### **Board Change**

The Company also advises that Mr Matthew Syme has retired as a non-executive director of the Company to pursue his other business interests.

Mr Syme was Chief Executive Officer of the Company from acquisition of its initial salt lake properties in mid 2015, until the appointment of Mr Tony Swiericzuk as Managing Director in late 2018. During this successful period, he led the team which demonstrated the technical and commercial viability of SOP production from salt lakes in the Northern Goldfields of Western Australia. He also managed the acquisition of the majority of the salt lakes in the Company's expansive portfolio today, including Lake Way, where the Company's first commercial SOP operation is being developed.

The Directors thank Mr Syme for the outstanding job leading the Company in its early years and establishing the foundations we are building on today, and wish him every success in his future endeavours.

**Enquiries:**

**Tony Swiericzuk (Perth)**

Telephone: +61 (8) 6559 5800

**Jo Battershill (London)**

Telephone: +44 207 478 3900

### **Forward Looking Statements**

*This announcement may include forward-looking statements. These forward-looking statements are based on Salt Lake Potash Limited'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 Salt Lake Potash Limited, which could cause actual results to differ materially from such statements. Salt Lake Potash Limited 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 that announcement.*

## Key Terms of Acquisition

The Agreement is binding on Salt Lake Potash and Blackham and their respective subsidiaries with the key terms including:

- Salt Lake Potash to acquire the Blackham tenements (refer to Appendix 1) with Blackham to retain the gold rights, including:
  - 9 Mining Leases;
  - 1 Miscellaneous Licence;
  - 1 Miscellaneous Licence Application (subject to grant to Blackham and Ministerial Consent to transfer to Salt Lake Potash);
  - 2 Exploration Licences;
  - 4 Exploration Licence Applications (subject to grant to Blackham and Ministerial Consent to transfer to Salt Lake Potash); and
  - 7 Prospecting Licences;
- Salt Lake Potash to obtain access to water and power, including:
  - Access to 1.1GLpa of water at cost from signing to 30 June 2020;
  - Salt Lake Potash granted option to acquire Southern water borefield infrastructure for A\$3m. The Company to advise Blackham if it intends to exercise the option by 31 December 2019 and make a A\$3m payment by 30 June 2020, securing long term water supply;
  - Blackham transferring two miscellaneous licences covering an area prospective for known borefield water which Salt Lake Potash has an underlying water licence application for extraction of 0.7GLpa; and
  - Blackham to provide cost price power for water extraction.
- Blackham to receive A\$10m in consideration with A\$3m (non-refundable) paid on execution and A\$7m on completion. The A\$3m payable on execution includes A\$500,000 payable under the Split Commodity Agreement;
- Salt Lake Potash to assume rehabilitation liability over the transferred tenements, including a defined future rehabilitation liability from the exercise of Blackham's on-lake gold rights;
- Extinguishment of the Brine Royalty granted to Blackham as part of the Split Commodity Agreement effective from 30 June 2020 (it is not expected that there will be any commercial production subject to the Brine Royalty prior to this date);

## Conditions Precedent

The Conditions Precedent to completion must be satisfied (or waived), subject to reasonable endeavours by the parties, by 30 September 2019, and include:

- Ministerial Consent for transfer of granted Tenements;
- Release of Security Interests over the Tenements non gold and nickel interests; and
- Agreeing variations to the existing Split Commodity Agreement and Services Agreement to take into consideration changes due to the Transaction.

## Pre-Strip Coordination Deed

Blackham and Salt Lake Potash have entered a Pre-Strip Coordination Deed (**Deed**) whereby the Company will utilise part of the pre-strip material from Blackham's proposed Williamson Pit development for the construction of the Company's on-lake evaporation ponds. Under the Deed, Salt Lake Potash will contribute up to A\$10m for the performance of the pre-strip activities at the Williamson Pit extension.



**Appendix 1 – List of Tenements**

| Tenement | Status  |
|----------|---------|
| M53/121  | Live    |
| M53/122  | Live    |
| M53/123  | Live    |
| M53/147  | Live    |
| M53/253  | Live    |
| M53/796  | Live    |
| M53/797  | Live    |
| M53/798  | Live    |
| M53/910  | Live    |
| L53/51   | Live    |
| L53/207  | Pending |
| E53/1862 | Live    |
| E53/1863 | Live    |
| E53/1905 | Pending |
| E53/1952 | Pending |
| E53/1966 | Pending |
| E53/2049 | Pending |
| P53/1642 | Live    |
| P53/1643 | Live    |
| P53/1644 | Live    |
| P53/1645 | Live    |
| P53/1666 | Live    |
| P53/1667 | Live    |
| P53/1668 | Live    |