

31 JULY 2019

## JUNE 2019 QUARTERLY REPORT

The Board of Salt Lake Potash Limited (**the Company** or **Salt Lake Potash**) is pleased to present its Quarterly Report for the period ending 30 June 2019. The Company is focussed on rapidly progressing the development of its Lake Way Project, in Wiluna, Western Australia.

Highlights for the quarter and subsequently include:

### **Exceptional Economics of Commercial Scale Development at Lake Way**

- Scoping Study demonstrates the compelling economics with ability to support a **long mine life of 20 years**
- Lake Way Project to produce an estimated **200,000 tonnes per year of premium grade Sulphate of Potash (SOP)** (>52% K<sub>2</sub>O)
- **Lowest operating cost for global SOP producers** with an FOB operating cost estimate of **A\$264/t (US\$185/t)**
- **Low development capital** requirements of approximately **A\$237m (US\$166m)** including a growth allowance of ~13% (A\$32m) supported by the close proximity to infrastructure
- Exceptional economics with estimated project **post-tax NPV<sub>8</sub> of A\$381m** (pre-tax NPV<sub>8</sub> of A\$580m) and **post-tax IRR of 27%** (pre-tax IRR 33%)
- Steady state **EBITDA of A\$90m** annually and average annual after tax cashflow of A\$64m
- **Strong cashflow** and low capital cost result in early **payback period of 3.2 years**
- **BFS currently underway** with completion expected in Q3 2019 to support project financing

### **Completion of Commercial Scale SOP On-Lake Evaporation Pond at Lake Way**

- Construction of the Company's first commercial scale SOP brine evaporation pond **completed**
- Pumping of the high grade SOP brine from Williamson Pit is well underway
- De-watering is expected to be finished during H2 2019 ensuring the evaporation process will be underway during the summer months and provide initial feed salts for process plant commissioning

### **Acquisition of Strategic Lake Way Tenement Package**

- Agreement with Blackham Resources Limited (**Blackham**) 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 extinguished
- Salt Lake Potash granted access and rights to process water from Blackham with an option to acquire a key borefield adjacent to the lake

### **Project Funding Advanced**

- Completed placement of A\$20.25m to strategic investors including the founders of LionOre Mining International, and Lombard Odier, to fund ongoing project development in June 2019
- A further A\$7.4m to be placed with Fidelity International to fund the majority of the costs of acquiring the strategic tenement package from Blackham
- Discussions with a debt provider well advanced for a debt funding package which will support funding for the Lake Way Project

### **Planned Activities for the Lake Way Project over the coming months**

- Completion of the Bankable Feasibility Study for the Lake Way Project
- Paleochannel resource drilling to enable the Company to upgrade the resource category
- Completion of pilot plant process testwork at Saskatchewan Research Council (**SRC**)
- Completion of dewatering the Williamson Pit
- Finalise agreement with Tarlka Matuwa Piarku (Aboriginal Corporation) RNTBC (**TMPAC**) for a Native Title Mining Agreement

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**Figure 1: Williamson Pit and initial Evaporation Pond**

**OVERVIEW**

Salt Lake Potash is the owner of nine large salt lakes in the Northern Goldfields Region of Western Australia. This outstanding portfolio of assets has a number of important, favourable characteristics:

- Over 3,300km<sup>2</sup> of playa surface, with in-situ clays suitable for low cost on-lake pond construction;
- Very large paleochannel hosted brine aquifers, with chemistry amenable to evaporation of salts for SOP production, extractable from both low-cost trenches and deeper bores;
- Excellent evaporation conditions;
- Excellent access to transport, energy and other infrastructure in the Goldfields mining district;
- Clear opportunity to reduce transport costs by developing lakes closer to infrastructure and by capturing economies of scale; and
- Potential for multi-lake production offers optionality and significant scale potential, operational flexibility, cost advantages and risk mitigation from localised weather events.

Salt Lake Potash’s immediate focus is on the rapid development of the Lake Way Project. Lake Way’s location and logistical advantages make it the ideal location for the Company’s first SOP operation. Construction on the Company’s first commercial scale on-lake evaporation pond completed during the Quarter.

The Company’s long term plan is to develop an integrated SOP operation, producing from a number (or all) of the lakes. Salt Lake Potash will progressively explore each of the lakes with a view to estimating resources for each Lake, and determining the development potential. Exploration of the lakes will be prioritised based on likely transport costs, scale, permitting pathway and brine chemistry.

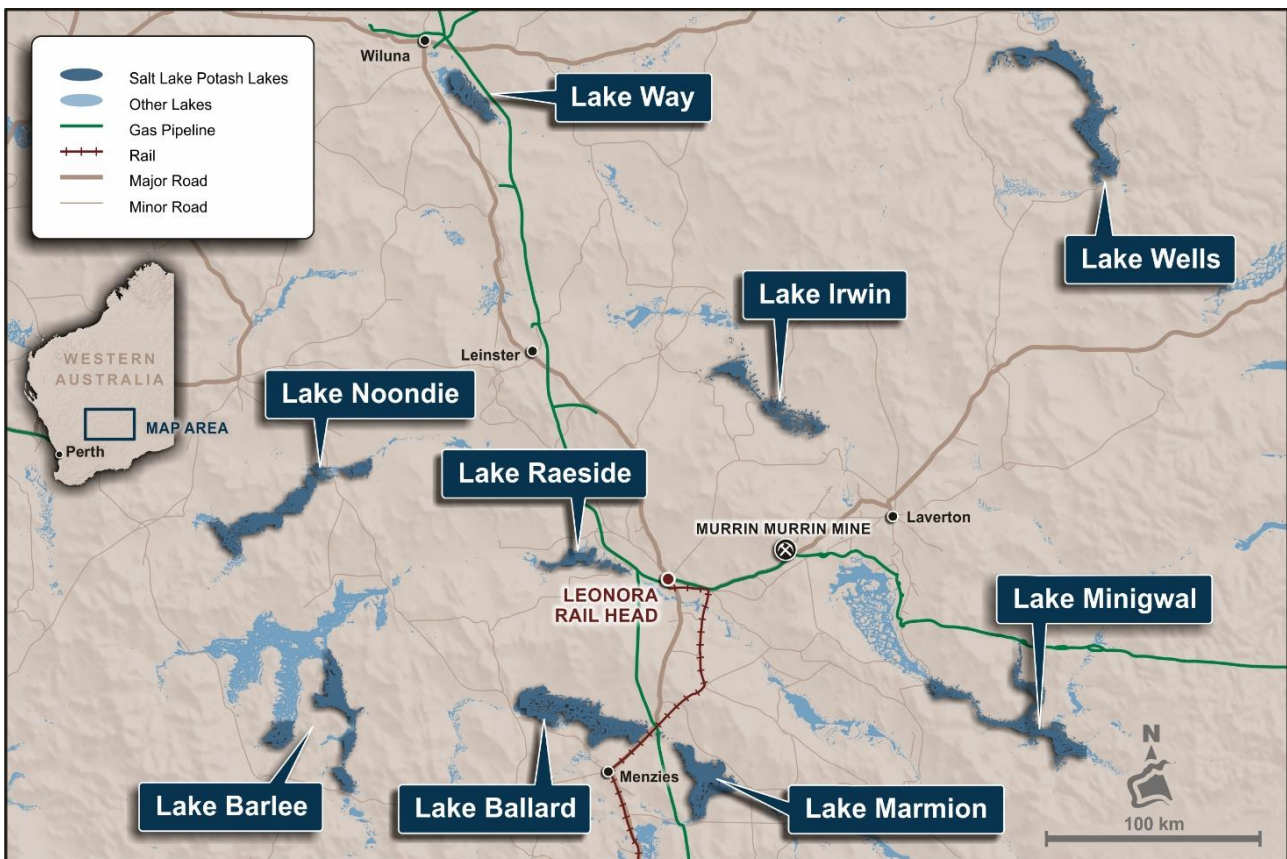


Figure 2: Location of Salt Lake Potash’s Portfolio of Assets

## LAKE WAY PROJECT

Lake Way is located in the Northern Goldfields Region of Western Australia, less than 15km south of Wiluna. The surface area of the Lake is over 270km<sup>2</sup>.

Salt Lake Potash holds five Exploration Licences (two granted and three under application) and one application for a Mining Lease, covering most of Lake Way and select areas off-lake, including the paleochannel defined by previous exploration. The northern end of the Lake is largely covered by a number of Mining Leases, held by Blackham Resources Limited, the owner of the Wiluna Gold Mine. The Blackham tenements are now subject to a Sales Agreement, where Salt Lake Potash will acquire a package of strategic tenements and other key assets for the Lake Way Project.

Lake Way has a number of compelling advantages which make it an ideal site for Salt Lake Potash's initial SOP operation, including:

- Existing Mining Leases provide advanced permitting pathway for early development activity, including the construction of the initial Lake Way Evaporation Ponds.
- Salt Lake Potash has now completed construction of the initial Lake Way Evaporation Ponds which will enable the Company to dewater the existing Williamson Pit. The pit contains an estimated 1.2GL of brine at the exceptional grade of **25kg/m<sup>3</sup> of SOP**. This brine is the ideal starter feed for evaporation ponds, having already evaporated from the normal Lake Way brine grade, which averages over 15kg/m<sup>3</sup>.
- The high grade brines at Lake Way will result in lower capital and operating costs due to lower extraction and evaporation requirements.
- The presence of clays in the upper levels of the lake which are amenable to low cost, on-lake evaporation pond construction.
- The site has excellent freight solutions, being adjacent to the Goldfields Highway, which is permitted for heavy haulage, quad trailer road trains to the railhead at Leonora and then direct rail access to both Esperance and Fremantle Ports, or via other heavy haulage roads to Geraldton Port.
- The Goldfields Gas Pipeline is adjacent to Salt Lake Potash's tenements, running past the eastern side of the Lake.

## **Acquisition of Strategic Tenement Package**

In July 2019, Salt Lake Potash entered into a Sales Agreement with Blackham to acquire a package of tenements and other key assets for the Lake Way Project (Transaction).

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 currently 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.

Under the Sales Agreement, Salt Lake Potash has agreed to acquire the tenements owned by Blackham that sit on the Northern end of Lake Way and to the East of the Gold Fields highway (Figure 3).

With effect from execution, Blackham has agreed to provide 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. Blackham has also granted Salt Lake Potash an option to acquire a key borefield which will support the Lake Way Project.

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. Blackham retains the gold rights across the transferred tenements. The Company will also assume rehabilitation obligation for all existing disturbance on Lake Way.

Salt Lake Potash and Blackham have also 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.

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.

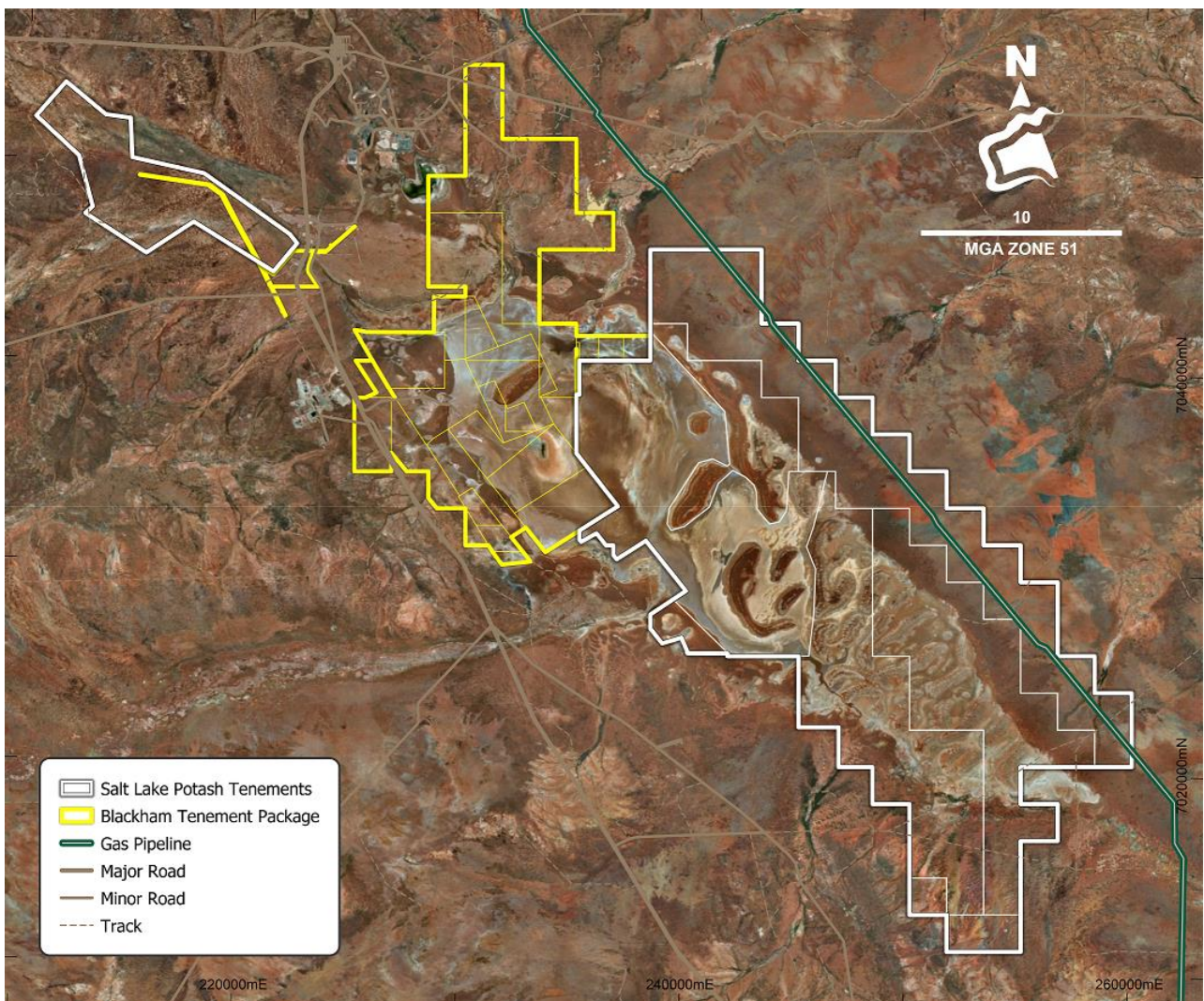


Figure 3: Lake Way Tenement Holdings

## Scoping Study for Commercial Scale Development

The results of a Scoping Study for the commercial scale development of its SOP project at Lake Way were reported in June 2019. The Scoping Study demonstrates the potential for the Lake Way Project to support a low capital and operating cost operation on a commercial scale with the ability to support a long mine life:

- Lake Way Project to produce an estimated **200,000 tonnes per year of premium grade SOP (>52% K<sub>2</sub>O)**
- High-grade SOP resource underpins **long Mine Life of 20 years**
- **Lowest operating cost for global SOP producers** with an FOB operating cost estimate of **A\$264/t (US\$185/t)**
- **Low development capital** requirements of approximately **A\$237m (US\$166m)** including a growth allowance of ~13% (A\$32m) supported by the close proximity to infrastructure
- Exceptional economics with estimated project **post-tax NPV<sub>8</sub> of A\$381m** (pre-tax NPV<sub>8</sub> of A\$580m) and **post-tax IRR of 27%** (pre-tax IRR 33%)
- Steady state **EBITDA of A\$90m** annually and average annual after tax cashflow of A\$64m
- **Strong cashflow** and low capital cost result in early **payback period of 3.2 years**
- **Construction now complete on the first phase of Evaporation Ponds** (the Williamson Ponds) which will support the dewatering of the Williamson Pit's super saturated brine with an SOP grade of 25kg/m<sup>3</sup>
- **Plant commissioning expected Q4 2020** utilising salts from the Williamson Pit brine
- **BFS currently underway** with completion expected in Q3 2019 to support project financing

Salt Lake Potash has already significantly de-risked the commercial scale project through the early construction works on the first phase of the Evaporation Ponds (the Williamson Ponds). The dewatering of the Williamson Pit and commencement of evaporation will provide additional insight into the critical evaporation processes which in turn will further de-risk the project.

### Scoping Study Consultants

The Scoping Study was managed by Wood (formerly Amec Foster Wheeler) and is based on information and assumptions provided by a range of leading independent consultants, including the following consultants who have contributed to key components of the Scoping Study.

**Table 1: Lake Way Project Scoping Study Consultants**

| Area                                       | Responsibility                    |
|--|-----------------------------------|
| Study Manager                              | Wood                              |
| Resource Estimate                          | Groundwater Science               |
| Brine Evaporation                          | Ad-Infinity/ Knight Piesold       |
| Brine Transfer Hydraulics                  | Cardno                            |
| Process Plant:                             |                                   |
| - Design basis/criteria                    | Carlos Perucca Process Consulting |
| - Process Test Work                        | Saskatchewan Research Council     |
| - Process Plant Design                     | Wood                              |
| Plant Infrastructure                       | Wood                              |
| Area Infrastructure                        | Wood/Salt Lake Potash             |
| Environmental & Heritage                   | Pendragon Environmental Solutions |
| Capital Estimate Compilation               | Wood                              |
| Operating Estimate Compilation (Mine Gate) | Wood                              |
| Marketing                                  | CRU International/Argus Media     |
| Economics                                  | Salt Lake Potash                  |

## Scoping Study Results

The Scoping Study was based on the Mineral Resource Estimate for the Lake Way Project reported in March 2019, comprising 8.2Mt of SOP calculated using Drainable Porosity (73 million tonnes of SOP using Total Porosity).

The Scoping Study assumes a mine life of 20 years with plant commissioning in Q4 2020. The study mine plan, comprising a network of trenches and paleochannel bores, provides for a 200,000tpa production run rate. Table 2 provides a summary of production and cost figures for the Project.

**Table 2: Lake Way Project Overview**

| Lake Way Project   | Unit              | Estimated Value |
|--|-------------------|-----------------|
| <b>PHYSICAL</b>  |                   |                 |
| Mine life  | years             | 20              |
| Annual Production of SOP   | tpa               | 200,000         |
| <b>Mineral Mine Plan</b>   |                   |                 |
| Measured Resource (Lake Way Playa) 1.8Mt @ 15.2kg/m <sup>3</sup> SOP             | %                 | 80              |
| Indicated Resource (Paleochannel) 1.4Mt @ 13.6kg/m <sup>3</sup> SOP              | %                 | 16              |
| Inferred Resource (Lake Way Playa & Paleovalley) 5Mt @ 15.2kg/m <sup>3</sup> SOP | %                 | 4               |
| <b>MINING METHOD</b>   |                   |                 |
| Trenches (production and transport) – average depth 5m                           | km                | <b>130</b>      |
| Bores – average depth 120m   | number            | <b>14</b>       |
| Brine Chemistry (average Lake Brine SOP grade)                                   | Kg/m <sup>3</sup> | <b>15.2</b>     |
| <b>EVAPORATION PONDS</b>   |                   |                 |
| Area   | ha                | <b>1,325</b>    |
| Halite Ponds   | ha                | <b>1,020</b>    |
| Harvest Ponds  | ha                | <b>291</b>      |
| Recovery of Potassium from feed brine  | %                 | <b>78</b>       |
| <b>PLANT</b>   |                   |                 |
| Operating time   | hpa               | <b>7,600</b>    |
| Recovery of Potassium from feed salt   | %                 | <b>80</b>       |
| <b>OPERATING AND CAPITAL COSTS</b>   |                   |                 |
| LOM Cash Operating Costs FOB ex-Geraldton port                                   | A\$/t             | <b>\$264</b>    |
| Mine Gate Operating Costs  | A\$/t             | \$184           |
| Transport and handling   | A\$/t             | \$80            |
| Capital Costs  | A\$m              | <b>\$237</b>    |
| Direct Costs   | A\$m              | \$177           |
| Indirect Costs & Growth  | A\$m              | \$60            |
| <b>FINANCIAL PERFORMANCE – LIFE OF PROJECT</b>                                   |                   |                 |
| Price (FOB)  | US\$/t            | \$550           |
| Exchange Rate  | US\$/AUD          | 0.70            |
| Discount Rate  | %                 | 8               |
| <b>EBITDA</b>  | <b>A\$m</b>       | <b>\$90</b>     |
| <b>Average Annual after-tax cash flow</b>  | <b>A\$m</b>       | <b>\$64</b>     |
| <b>Post tax Internal Rate of Return (IRR)</b>                                    | <b>%</b>          | <b>27</b>       |
| <b>Post tax Net Present Value (NPV) @ 8% discount rate</b>                       | <b>A\$m</b>       | <b>\$381</b>    |
| <b>Pre-tax Internal Rate of Return (IRR)</b>                                     | <b>%</b>          | <b>33</b>       |
| <b>Pre-tax Net Present Value (NPV) @ 8% discount rate</b>                        | <b>A\$m</b>       | <b>\$580</b>    |

**Lowest Operating Costs**

The results of the Scoping Study demonstrate the potential for very low operating costs. It was estimated that the Lake Way Project will have the lowest operating costs of any SOP operation globally with an FOB operating cost of \$264/t (US\$185/t).

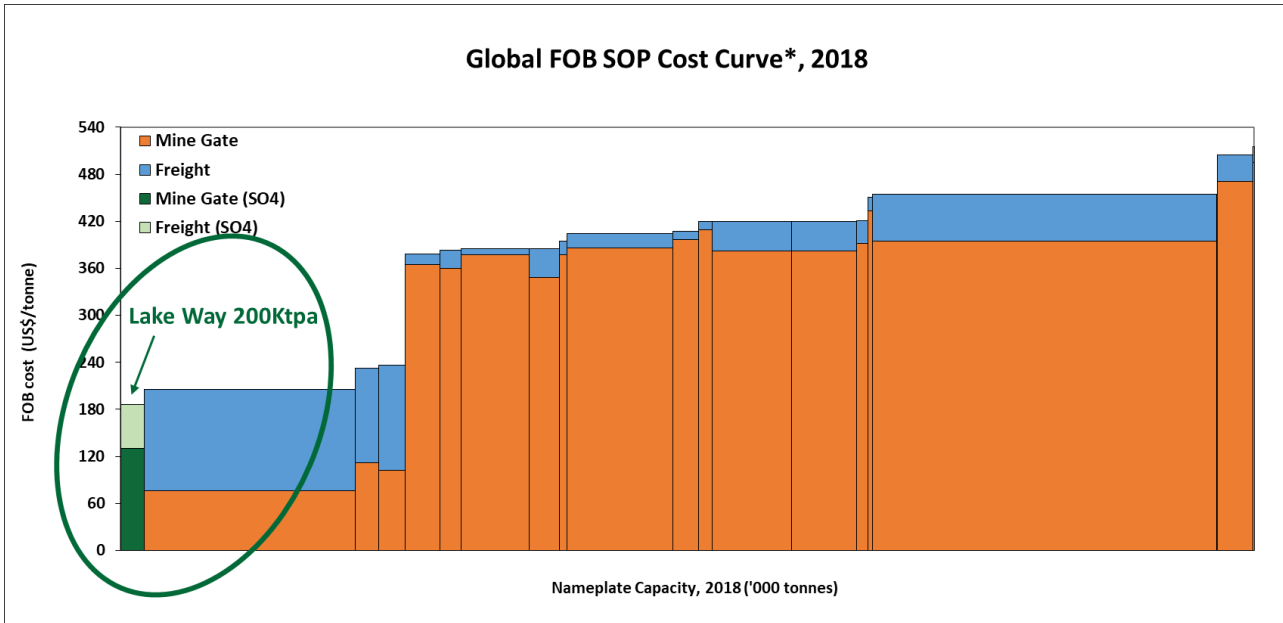


Figure 4: Global FOB SOP Cost Curve (Source - Argus)

**Short Payback period**

The low development capital requirements and significant margins received for the Lake Way Project provides a short payback period of just 3.2 years from first production. This will result in full repayment of development capital by 2024.

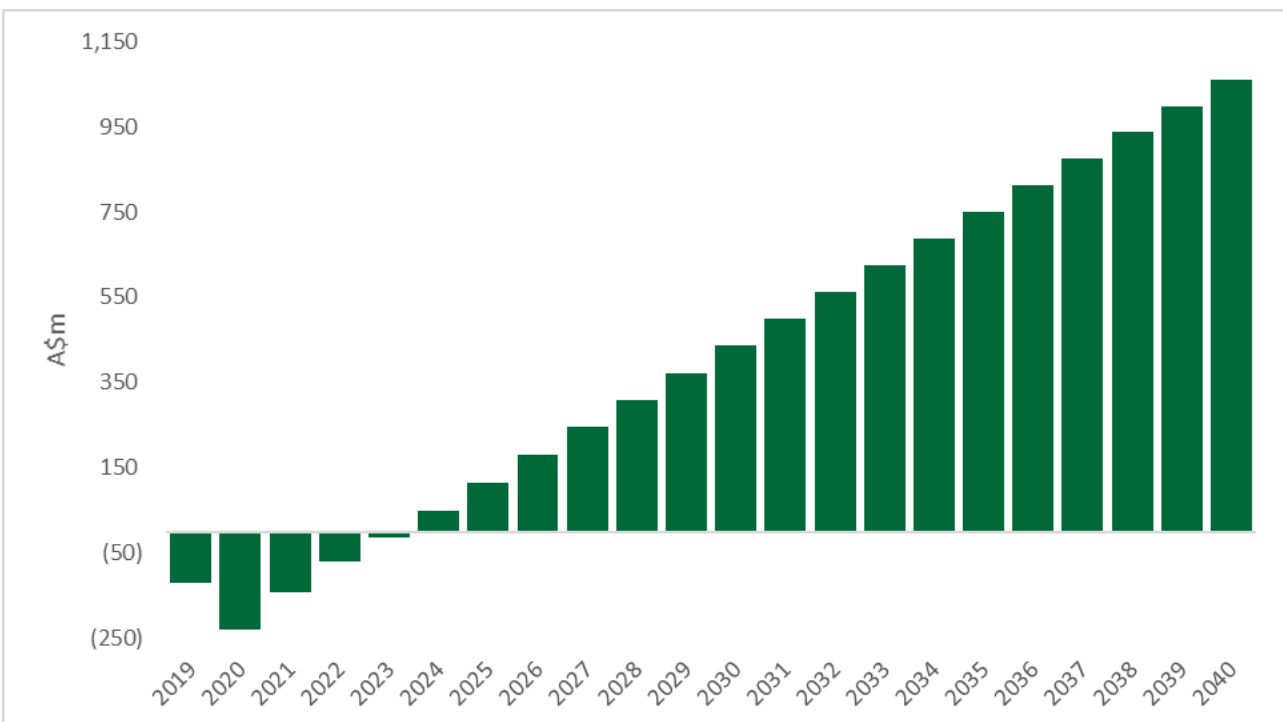


Figure 5: Cumulative Cash Flow



### KCl Addition Opportunity

The resource at Lake Way contains a significant excess of sulphate (SO<sub>4</sub>) which provides the opportunity for the Company to explore value adding measures including a potassium chloride (KCl) reaction phase to the processing stage. Preliminary work has shown significant benefits to the Lake Way Project through the inclusion of the KCl reaction phase in the process, including a potential increase in annual production of SOP and subsequent improvements in financial returns to shareholders. The Company is exploring this opportunity as part of the BFS for the Lake Way Project including process testwork at Saskatchewan Research Council.

### Robust Economics

The Study demonstrates that the Lake Way Project provides exceptional economics even under the most extreme downside pricing scenarios. The breakeven pricing scenario is a significant 40+% decrease in price at US\$323/t.

**Table 3: Pricing Scenarios**

| SOP Price      | Breakeven US\$323/t | US\$400/t | US\$450/t | US\$500/t | Base US\$550/t | US\$600/t | US\$650/t |
|----------------|---------------------|-----------|-----------|-----------|----------------|-----------|-----------|
| NPV (post tax) | -                   | A\$130m   | A\$214m   | A\$298m   | A\$381m        | A\$465m   | A\$548m   |

### Bankable Feasibility Study

Having completed the successful Scoping Study, Salt Lake Potash has subsequently commenced a BFS targeted for completion in Q3 2019. The Company has appointed GR Engineering Services Limited (GRES, ASX:GNG) as lead engineer for the BFS. GRES are working with a number of industry experts including Wood Saskatoon.

The BFS will include the following:

- Further drilling and trenching programs to increase resource definition and confidence levels for the Lake Way Resource including lake playa and paleochannel
- Additional test work at Saskatchewan Research Council (SRC) on the process flow sheet, including completion of two pilot plant test runs
- Review KCl opportunity and determine the options for the possible inclusion of a KCl reaction within the SOP Plant Process
- Refinement of logistics solution and identification of preferred constructors
- Update the trench hydraulic analysis and optimisation of trench design in partnership with Cardno
- Incorporate findings from the first phase of Evaporation Pond construction into the design and construction methodology for the commercial scale project
- On-going design and refinement of the Process Plant including partnering with vendors for major equipment including crystallisers to conduct testwork relevant to their equipment

In parallel with work being undertaken on the BFS and utilising experience gained from the construction of the initial Evaporation Ponds, the Company is moving into a Front End Engineering Design (FEED).

## Civil Construction – On-Lake Infrastructure

Salt Lake Potash commenced construction of the first phase of commercial scale SOP brine evaporation ponds (Williamson Ponds) at its Lake Way Project in March 2019 following receipt of the Part V works approval from the Department of Water and Environmental Regulation (DWER). The first phase of ponds consisted of:

- Two evaporation ponds:
  - Kainite Harvest Pond 500m x 500m (25Ha); and
  - Halite Pond 2,000m x 500m (100Ha);
- A 2km long and 6-8m deep trench running parallel to the ponds, which will provide additional brine feed into the pond network;
- A 1.4km causeway from the Williamson Pit to the Kainite Harvest Pond; and
- Associated piping and pumping infrastructure.

Construction of the evaporation ponds was completed in June 2019, and the 2km trench was completed in July 2019. The Company undertook a self-perform model for the delivery of the initial Lake Way Ponds. This delivery model allowed a fast track mobilisation and cost effective execution of the works, whilst providing the Company with critical hands on experience allowing testing and validating of various design criteria to de-risk the future on-lake construction.

The Williamson Ponds were designed to receive the 1.2GL of high-grade SOP brine from the Williamson Pit mine, with de-watering of the pit now underway and is scheduled to complete in second half of 2019. Given the super-saturated nature of the Williamson Pit brines, precipitation of salts started immediately upon pumping into the evaporation pond (see Figure 7). The Company will be able to harvest first salts from the Williamson Ponds which are expected to be utilised as initial feed stock for the process plant commissioning.



**Figure 6: Brine pumping into Evaporation Pond**



**Figure 7: Brine Pumping with Salts already forming**

Engineering work to scope and design the Project's on-lake infrastructure progressed during the Quarter.

A geotechnical investigation program was completed on-lake at proposed evaporation pond sites. The campaign included carrying out cone penetration tests (CPT), boreholes and test pits to assess ground conditions and define soil characteristics. The data was used to evaluate pond seepage, analyse trench and pond stability and carry out geotechnical design work.

A civil engineering study was undertaken to assess the hydraulic performance of and further refine the trench network.

Evaporation pond design progressed significantly. Process modelling has been completed to size ponds and define harvest salt characteristics. Evaporation pond layout designs are nearing completion and provide a key input to the BFS.

Infrastructure engineering, piping analysis and mechanical design is ongoing to specify the requirements of the brine pumping systems.

## Continuous Site Evaporation Trial

The Company commenced further site evaporation trials (SET) in Q1 2019, with the objective of replicating the proposed Lake Way evaporation process in a continuous manner to produce harvest salts representative of on-lake conditions. Furthermore, these trials will provide valuable experience to operators of large-scale ponds and enable testing of the currently proposed control philosophy of the solar evaporation ponds.

Data collected from the SET is being modelled and, along with the findings from the first phase of Evaporation Pond construction, will be incorporated into the design and construction methodology in the BFS for the commercial scale project.

An upgraded weather station has been installed at Lake Way to accurately log the weather conditions on the lake. Daily monitoring of weather conditions and Evaporation Pan Trials is ongoing, continuing to build the profile of expected conditions at Lake Way and to develop design and operational requirements.

## Process Testwork

During the quarter, process testwork continued at the world leading potash laboratory, Saskatchewan Research Council (SRC) processing salts harvested from the Lake Way evaporation trials.

The Scoping Study for the commercial scale development at Lake Way recommended the Company review the opportunity for the inclusion of a KCl reaction within the SOP Plant Process. Initial testwork has confirmed the addition of KCl will react with excess sulphate that naturally occurs in the harvest salts creating additional SOP product.

Prior to operating the first of two planned process tests (Pilot 1) extensive bench scale testing was carried out using site generated harvest salts including; feed preparation, flotation tests, kainite conversion tests, SOP crystallisation tests. Process flowsheet enhancements were considered during this bench scale testing phase.

The Pilot 1 processing circuit utilised over one tonne of Lake Way harvest salts and confirmed that high quality SOP can be generated with the addition of KCl.

Pilot 1 produced in excess of 150kg of premium grade SOP which will be provided to key marketing customers in the coming months.

The second of the two planned process test will be completed in August 2019, with findings incorporated into the BFS.

### Approvals Advancing

During the Quarter, the Company continued its engagement with the Environmental Protection Authority (EPA) in relation to its referral under section 38 of the Environmental Protection Act 1986 (EP Act) for development works for the Project on the existing Mining Leases. This included the following infrastructure:

- Up to 757 hectares of on lake pond disturbance to allow the following activities:
  - Halite ponds
  - Kainite harvest ponds.
  - Carnallite harvest pond.
  - Bitterns ponds (being the non-halite residue).
  - Up to 35km of on lake trenches.
- Up to 47 hectares of off lake disturbance to allow for the following activities:
  - A process plant for sulphate of potash production.
  - Miscellaneous infrastructure including power and water.

The EPA has confirmed these works do not warrant formal assessment and pursuant to section 39(1) of the EP Act, a decision was granted to not assess the proposal.

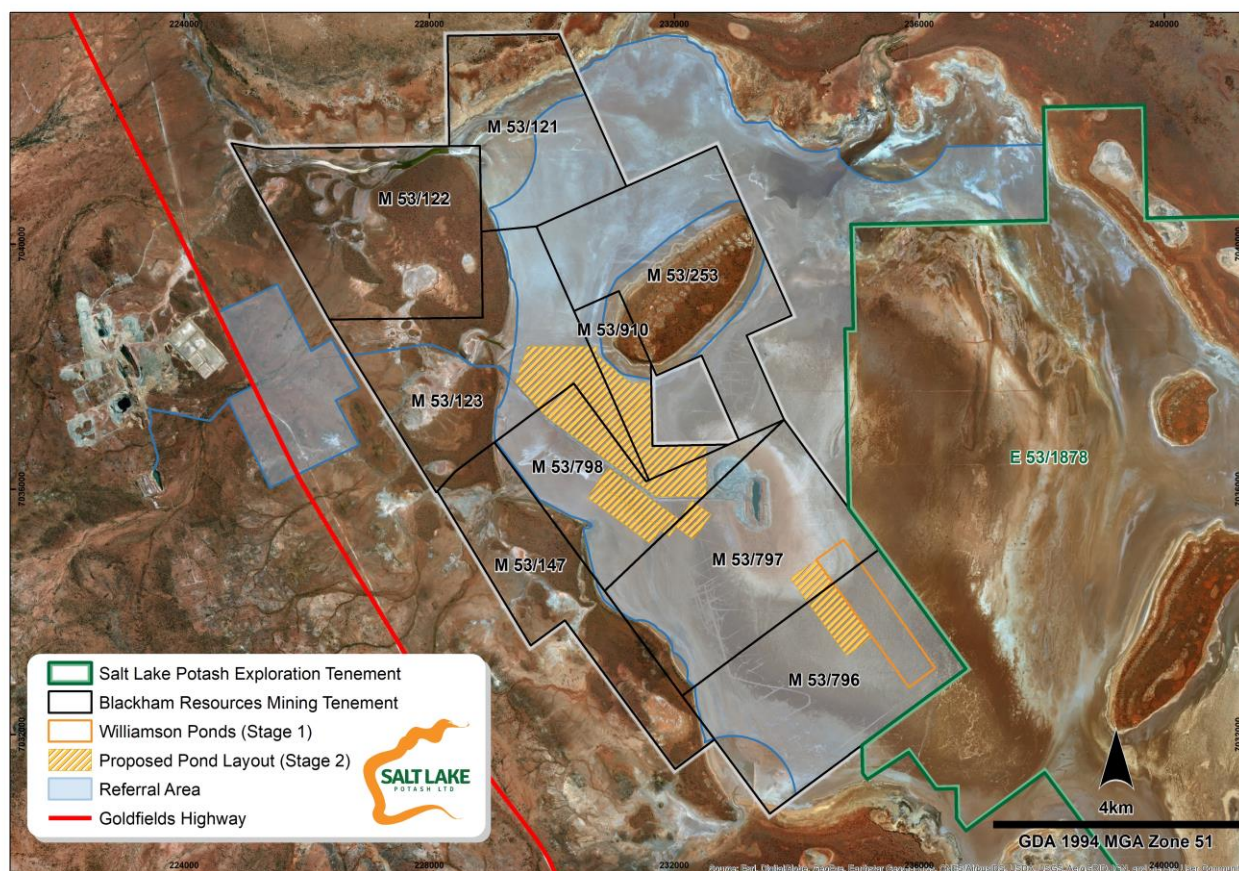


Figure 8: Referral Area and Proposed Pond Layout

Following the EPA decision, Salt Lake Potash can proceed to submit the remaining approvals required for this next phase of the Project, with a focus on the on-lake ponds and trenches to allow brine extraction and evaporation.

The Company has submitted a mining proposal and closure plan to the Department of Mines, Industry Regulation and Safety (DMIRS) and the Works Approval to the Department of Water and Environmental Regulation (DWER) for the following work scope.

- Halite ponds
- Kainite harvest ponds.
- Carnallite harvest pond.
- Bitterns ponds (being the non-halite residue).
- Up to 35km of on lake trenches.

Obtaining these approvals will enable the Company to commence construction of this next phase of the project, including the significant areas of evaporation ponds and trenches. Salt Lake Potash anticipates approvals will be received during H2 2019.

### Native Title

In December 2018, the Company signed a Native Title Land Access and Brine Minerals Exploration Agreement (the **Agreement**) with Tarlka Matuwa Piarku (Aboriginal Corporation) RNTBC (**TMPAC**) covering the Lake Way Project area.

TMPAC entered into the Agreement with Salt Lake Potash on behalf of the Wiluna People who are the recognised Native Title Holders of the land covering the Lake Way Project area. TMPAC also provided consent for the total area required for the construction and operation of the initial Lake Way Ponds.

The Company is finalising negotiations with TMPAC to achieve a Native Title Mining Agreement to provide consent to the grant of its mining lease and for the ongoing mining operation. The Native Title Mining Agreement is expected to be finalised and signed in the coming months.

## CORPORATE

### Capital Raising

In June 2019, the Company completed a placement to strategic investors of 37.5 million shares to raise gross proceeds of A\$20.25 million (Placement).

The placement was led by a consortium of cornerstone investors, including the founders of LionOre Mining International (LionOre) as well as the key investors in Mantra Resources at its inception, who will collectively subscribe for 26.4 million shares to raise A\$14.25 million. LionOre was bought by Norilsk Nickel for US\$6.3 billion in 2007, whilst Mantra Resources was sold to Rosatom in 2010 for A\$1.02 billion.

The Company's largest shareholder, Lombard Odier, also subscribed for 11.1 million shares to raise A\$6.0 million, further confirming its continued support for Salt Lake Potash and the Lake Way Project.

Subject to Shareholder approval at a meeting to be held on 2 August 2019, subscribers will also receive one for four attaching options exercisable at A\$0.85 on or before 30 June 2023 (Options).

The Placement is funding the ongoing construction of the Lake Way Project, including the development of on-lake infrastructure, the payment of deposits on certain process plant long-lead items, completion of feasibility studies, and general working capital.

In July 2019, the Company agreed to place a further 10.58 million shares to Fidelity International at A\$0.70 each to raise A\$7.4 million before costs. The Placement under the Company's existing Listing Rule 7.1 placement capacity will fund the majority of the consideration to be paid for the acquisition of the strategic tenement package from Blackham, and is expected to complete on or around 5 August 2019.

### Project Funding Advanced

The Company is in advanced discussions with a debt provider for a debt funding package which will support the funding for the Lake Way Project. The Company expects to be able to release details of this funding shortly.

### R&D Tax Incentive

During the Quarter, the Company received an R&D tax incentive payment of A\$1.6m from the Australian Taxation Office in respect of its research and development activities in the year ended 30 June 2017.

### Board Change

Mr Matthew Syme retired as a non-executive director of the Company to pursue his other business interests effective 23 July 2019.

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.

### Forward Looking Statements

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

### Competent Persons Statement

*The information in this announcement that relates to Mineral Resources is extracted from the report entitled 'Significant High-Grade SOP Resource Delineated at Lake Way' dated 18 March 2019. This announcement is available to view on [www.so4.com.au](http://www.so4.com.au). The information in the original ASX Announcement that related to Mineral Resources was based on, and fairly represents, information compiled by Mr Ben Jeuken, who is a member Australasian Institute of Mining and Metallurgy (AusIMM) and a member of the International Association of Hydrogeologists. Mr Jeuken is employed by Groundwater Science Pty Ltd, an independent consulting company. Mr Jeuken 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 and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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.*

*The information in this announcement that relates to Process Testwork Results is extracted from the report entitled 'Field Trials at Lake Way Confirm Salt Production Process' dated 29 January 2019. This announcement is available to view on [www.so4.com.au](http://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.*

*The information in this announcement that relates to the Process Plant, Non-Process Infrastructure and Capital and Operating Costs is extracted from the report entitled 'Exceptional Economics of Commercial Scale Development at Lake Way' dated 13 June 2019. This announcement is available to view on [www.so4.com.au](http://www.so4.com.au). The information in the original ASX Announcement that related to Process Plant, Non-Process Infrastructure and Capital and Operating Costs was based on, and fairly represents information compiled by Mr Peter Nofal, who is a fellow of AusIMM. Mr Nofal is employed by Wood, an independent consulting company. Mr Nofal 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.*

### Production Target

*The Lake Way 200ktpa Production Target stated in this presentation is based on the Company's Scoping Study as released to the ASX on 13 June 2019. The information in relation to the Production Target that the Company is required to include in a public report in accordance with ASX Listing Rule 5.16 and 5.17 was included in the Company's ASX Announcement released on 13 June 2019. The Company confirms that the material assumptions underpinning the Production Target referenced in the 13 June 2019 release continue to apply and have not materially changed.*



Appendix 1 - Summary of Exploration and Mining Tenements as at 30 June 2019

| Project                   | Status      | Type of Change | License Number | Interest (%)<br>31-Mar-19 | Interest (%)<br>30-Jun-19 |
|---------------------------|-------------|----------------|----------------|---------------------------|---------------------------|
| <u>Western Australia</u>  |             |                |                |                           |                           |
| <u>Lake Way</u>           |             |                |                |                           |                           |
| Central                   | Granted     | -              | E53/1878       | 100%                      | 100%                      |
| East                      | Application | -              | E53/2057       | 100%                      | 100%                      |
| South                     | Granted     | -              | E53/1897       | 100%                      | 100%                      |
| South                     | Application | -              | E53/2059       | 100%                      | 100%                      |
| South                     | Application | -              | E53/2060       | 100%                      | 100%                      |
| West                      | Application | -              | L53/208        | 100%                      | 100%                      |
| Central                   | Application | Application    | M53/1102       | -                         | 100%                      |
| <u>Lake Wells</u>         |             |                |                |                           |                           |
| 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%                      |
| <u>Lake Ballard</u>       |             |                |                |                           |                           |
| 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                     | Application | -              | E29/1067       | 100%                      | 100%                      |
| South                     | Application | -              | E29/1068       | 100%                      | 100%                      |
| East                      | Application | -              | E29/1069       | 100%                      | 100%                      |
| North                     | Application | -              | E29/1070       | 100%                      | 100%                      |
| <u>Lake Irwin</u>         |             |                |                |                           |                           |
| 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%                      |
| North West                | Granted     | -              | E37/1260       | 100%                      | 100%                      |
| South West                | Granted     | -              | E39/1956       | 100%                      | 100%                      |
| <u>Lake Minigwal</u>      |             |                |                |                           |                           |
| 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%                      |
| <u>Lake Marmion</u>       |             |                |                |                           |                           |
| 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%                      |
| <u>Lake Noondie</u>       |             |                |                |                           |                           |
| 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%                      |
| <u>Lake Barlee</u>        |             |                |                |                           |                           |
| North                     | Granted     | -              | E30/495        | 100%                      | 100%                      |
| Central                   | Granted     | -              | E30/496        | 100%                      | 100%                      |
| South                     | Granted     | -              | E77/2441       | 100%                      | 100%                      |
| <u>Lake Raeside</u>       |             |                |                |                           |                           |
| North                     | Granted     | -              | E37/1305       | 100%                      | 100%                      |
| <u>Lake Austin</u>        |             |                |                |                           |                           |
| North                     | Application | -              | E21/205        | 100%                      | 100%                      |
| West                      | Application | -              | E21/206        | 100%                      | 100%                      |
| East                      | Application | -              | E58/529        | 100%                      | 100%                      |
| South                     | Application | -              | E58/530        | 100%                      | 100%                      |
| South West                | Application | -              | E58/531        | 100%                      | 100%                      |
| <u>Lake Moore</u>         |             |                |                |                           |                           |
| Central                   | Granted     | -              | E59/2344       | 100%                      | 100%                      |
| <u>Northern Territory</u> |             |                |                |                           |                           |
| <u>Lake Lewis</u>         |             |                |                |                           |                           |
| South                     | Granted     | -              | EL 29787       | 100%                      | 100%                      |
| North                     | Granted     | -              | EL 29903       | 100%                      | 100%                      |

## Appendix 5B

# Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

### Name of entity

Salt Lake Potash Limited

### ABN

98 117 085 748

### Quarter ended ("current quarter")

30 June 2019

| Consolidated statement of cash flows                      | Current quarter<br>\$A'000 | Year to date<br>(12 months)<br>\$A'000 |
|---|----------------------------|--|
| <b>1. Cash flows from operating activities</b>            |                            |  |
| 1.1 Receipts from customers                               |                            |  |
| 1.2 Payments for  |                            |  |
| (a) exploration & evaluation                              | (6,826)                    | (13,443)                               |
| (b) development   | -                          | -                                      |
| (c) production  | -                          | -                                      |
| (d) staff costs   | (1,544)                    | (4,117)                                |
| (e) administration and corporate costs                    | (696)                      | (1,661)                                |
| 1.3 Dividends received (see note 3)                       | -                          | -                                      |
| 1.4 Interest received                                     | 40                         | 155                                    |
| 1.5 Interest and other costs of finance paid              | -                          | -                                      |
| 1.6 Income taxes paid                                     | -                          | -                                      |
| 1.7 Research and development refunds                      | -                          | -                                      |
| 1.8 Other (provide details if material)                   |                            |  |
| - Business Development                                    | (200)                      | (980)                                  |
| - R&D Rebate Received                                     | 1,640                      | 1,640                                  |
| <b>1.9 Net cash from / (used in) operating activities</b> | <b>(7,586)</b>             | <b>(18,406)</b>                        |
| <b>2. Cash flows from investing activities</b>            |                            |  |
| 2.1 Payments to acquire:                                  |                            |  |
| (a) property, plant and equipment                         | (51)                       | (366)                                  |
| (b) tenements (see item 10)                               | -                          | -                                      |
| (c) investments   | -                          | -                                      |

| <b>Consolidated statement of cash flows</b>               | <b>Current quarter<br/>\$A'000</b> | <b>Year to date<br/>(12 months)<br/>\$A'000</b> |
|---|------------------------------------|---|
| (d) other non-current assets                              | -                                  | -   |
| 2.2 Proceeds from the disposal of:                        |                                    |   |
| (a) property, plant and equipment                         | -                                  | -   |
| (b) tenements (see item 10)                               | -                                  | -   |
| (c) investments   | -                                  | -   |
| (d) other non-current assets                              | -                                  | -   |
| 2.3 Cash flows from loans to other entities               | -                                  | -   |
| 2.4 Dividends received (see note 3)                       | -                                  | -   |
| 2.5 Other (provide details if material)                   | -                                  | -   |
| <b>2.6 Net cash from / (used in) investing activities</b> | <b>(51)</b>                        | <b>(366)</b>                                    |

|   |               |               |
|---|---------------|---------------|
| <b>3. Cash flows from financing activities</b>                                  |               |               |
| 3.1 Proceeds from issues of shares  | 20,250        | 33,250        |
| 3.2 Proceeds from issue of convertible notes                                    | -             | -             |
| 3.3 Proceeds from exercise of share options                                     | 300           | 300           |
| 3.4 Transaction costs related to issues of shares, convertible notes or options | (433)         | (1,178)       |
| 3.5 Proceeds from borrowings  | -             | -             |
| 3.6 Repayment of borrowings   | (4)           | (5)           |
| 3.7 Transaction costs related to loans and borrowings                           | -             | -             |
| 3.8 Dividends paid  | -             | -             |
| 3.9 Other (provide details if material)   | -             | -             |
| <b>3.10 Net cash from / (used in) financing activities</b>                      | <b>20,113</b> | <b>32,367</b> |

|   |               |               |
|---|---------------|---------------|
| <b>4. Net increase / (decrease) in cash and cash equivalents for the period</b> |               |               |
| 4.1 Cash and cash equivalents at beginning of period                            | 6,828         | 5,709         |
| 4.2 Net cash from / (used in) operating activities (item 1.9 above)             | (7,586)       | (18,406)      |
| 4.3 Net cash from / (used in) investing activities (item 2.6 above)             | (51)          | (366)         |
| 4.4 Net cash from / (used in) financing activities (item 3.10 above)            | 20,113        | 32,367        |
| 4.5 Effect of movement in exchange rates on cash held                           | -             | -             |
| <b>4.6 Cash and cash equivalents at end of period</b>                           | <b>19,304</b> | <b>19,304</b> |

| <b>5. Reconciliation of cash and cash equivalents</b><br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts | <b>Current quarter<br/>\$A'000</b> | <b>Previous quarter<br/>\$A'000</b> |
|--|------------------------------------|-------------------------------------|
| 5.1 Bank balances  | 19,174                             | 1,635                               |
| 5.2 Call deposits  | 130                                | 5,193                               |
| 5.3 Bank overdrafts  | -                                  | -                                   |
| 5.4 Other (provide details)  | -                                  | -                                   |
| <b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>   | <b>19,304</b>                      | <b>6,828</b>                        |

| <b>6. Payments to directors of the entity and their associates</b>                                       | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2                                   | (184)                              |
| 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2 |                                    |

Payments include salaries, director and consulting fees and superannuation.

| <b>7. Payments to related entities of the entity and their associates</b>                                | <b>Current quarter<br/>\$A'000</b> |
|--|------------------------------------|
| 7.1 Aggregate amount of payments to these parties included in item 1.2                                   | -                                  |
| 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3                       | -                                  |
| 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2 |                                    |

Not applicable.

## Mining exploration entity and oil and gas exploration entity quarterly report

| <b>8. Financing facilities available</b><br><i>Add notes as necessary for an understanding of the position</i>   | <b>Total facility amount<br/>at quarter end<br/>\$A'000</b> | <b>Amount drawn at<br/>quarter end<br/>\$A'000</b> |
|--|---|--|
| 8.1 Loan facilities  | -   | -  |
| 8.2 Credit standby arrangements  | -   | -  |
| 8.3 Other (please specify)   | -   | -  |
| 8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well. |   |  |

Not applicable

| <b>9. Estimated cash outflows for next quarter</b> | <b>\$A'000</b> |
|--|----------------|
| 9.1 Exploration and evaluation                     | 12,000         |
| 9.2 Development                                    | -              |
| 9.3 Production                                     | -              |
| 9.4 Staff costs                                    | 2,700          |
| 9.5 Administration and corporate costs             | 450            |
| 9.6 Other (provide details if material)            |                |
| - Business Development                             | 150            |
| - Blackham transaction consideration               | 10,000         |
| - Placement  | (7,400)        |
| <b>9.7 Total estimated cash outflows</b>           | <b>17,900</b>  |

| <b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>                            | <b>Tenement reference and location</b> | <b>Nature of interest</b> | <b>Interest at beginning of quarter</b> | <b>Interest at end of quarter</b> |
|--|--|---------------------------|---|-----------------------------------|
| 10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced |  | Refer to Appendix 1       |   |                                   |
| 10.2 Interests in mining tenements and petroleum tenements acquired or increased           |  |                           |   |                                   |

### **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.

Sign here: ..... Date: 31 July 2019  
(~~Director~~/Company secretary)

Print name: Clint McGhie

### **Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.