ASX ANNOUNCEMENT

12 May 2016

EXCELLENT INITIAL PUMP TEST RESULTS AT LAKE WELLS

*Salt Lake Potash Limited (**SO4** or **the Company**) is pleased to advise that initial pump testing of the basal sand and surface aquifers at the Lake Wells Sulphate of Potash (**SOP**) Project has returned very encouraging results, substantially increasing the Company's knowledge of the lake hydrogeology and increasing our confidence in SO4's model of extracting brine from the aquifers for production of SOP by solar evaporation.*

<u>Pump Test Program Update</u>

- *Pump tests have been completed on three boreholes targeting two of the three aquifer zones identified at Lake Wells. The deep basal sand aquifer was pump tested from a depth of 105 to 120m. The surface aquifer was pump tested at two locations drilled to a maximum depth of 24m.*
- *The pump tests provided aquifer permeability measurements within or exceeding the expected range for the two aquifers tested. The basal sand aquifer and one of the surface aquifer pump tests were pumped at 4 litres per second, which was the maximum capacity of the pump as constrained by the borehole diameter. Based on aquifer response considerably higher pumping rates would be achieved with a larger capacity pump.*


Figure 1: Pump Testing at Lake Wells

CEO Matt Syme commented *"We are very pleased with results to date from the drilling and pump testing campaign at Lake Wells. These early tests provide us with a lot of encouragement about the potential to draw very substantial brine flows from both the basal sand and surface aquifers. Next we will test the potential of the fractured siltstone aquifer as we continue a comprehensive drilling and pumping campaign to construct the Lake Wells hydrogeological model, in parallel with completion of the scoping study."*

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Basal Sand Aquifer

The Basal Sand Aquifer at Lake Wells was encountered in two aircore holes approximately 2km apart drilled in late 2015. Basal sand aquifers are a common feature of Australian paleochannel environments and are intepreted to be extensive in the Lake Wells paleovalley. The coarse sands and gravels at the depths of the paleochannel are potentially a very productive source of feed brine because of high permeability in sediments deposited in the early, high energy paleo-environment.

A 2015 aircore hole drilled in the northern arm of Lake Wells, intersected fine paleochannel sands with interbedded clays from 105m to 120m, with a band of noticeably coarser sands and gravels in the deepest 4-5m. In the current campaign, a 200mm mud rotary hole LWBT001 (refer to Figure 2 below) was collared approximately 10m from the earlier aircore hole and drilled to the same depth.

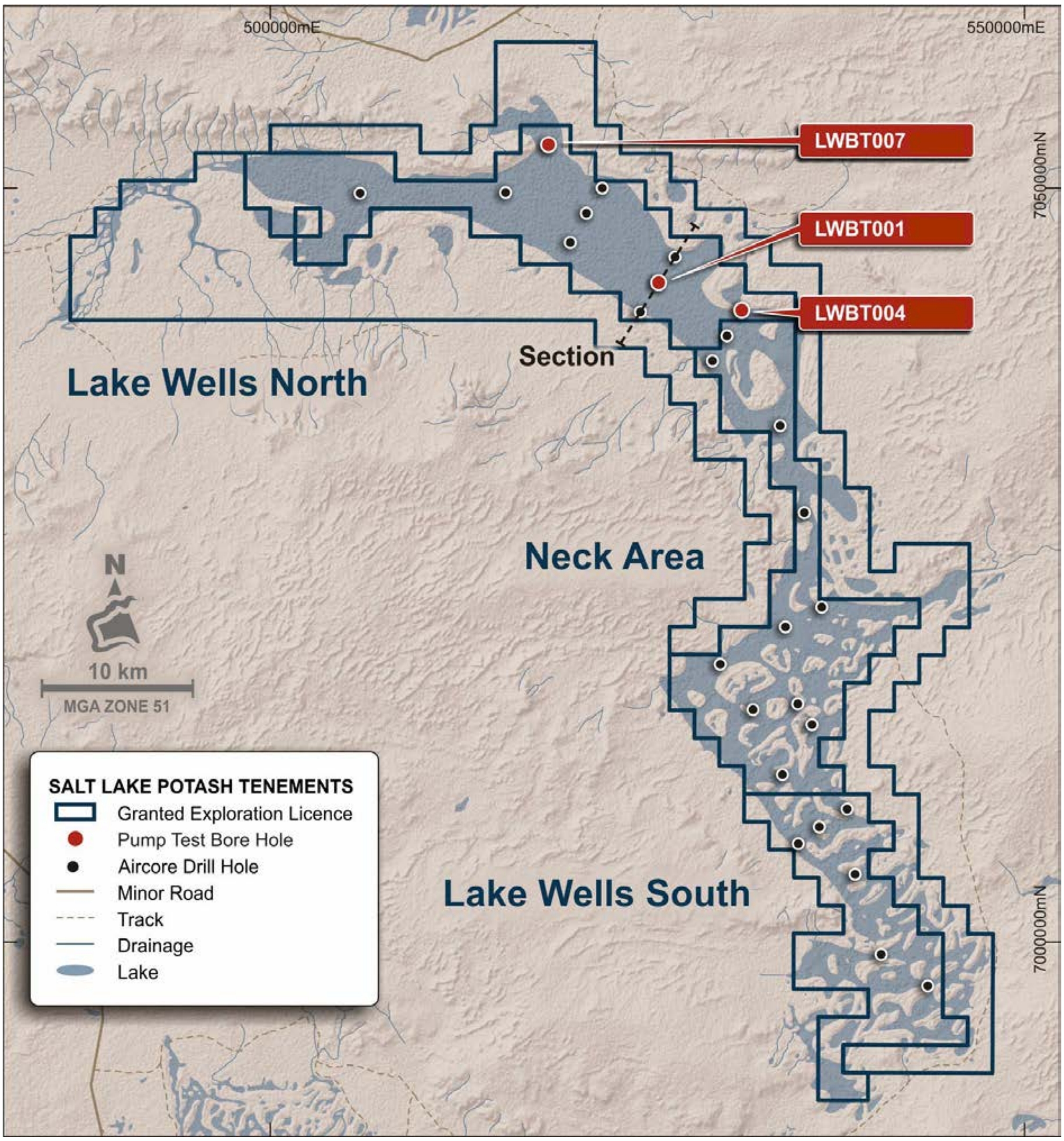

Figure 2: Location of Completed Pump Test Bore Holes

The hole was cased with 100mm PVC casing above the basal sand aquifer and slotted 100mm PVC casing through the sand aquifer (105-120m), the bore annulus was gravel packed and grouted. After bore development, a 100mm 4KW submersible pump was set at approximately 50m below ground level. Test pumping comprised a step test where the bore was pumped at increasing flow rates until the capacity of the pump was reached at approximately 4l/s. At this rate the water level in the bore was lowered and maintained at 37m below ground level.

Using the standard Cooper-Jacob (1946) method, the pumping data was analysed and modelled to estimate aquifer transmissivity of 8m² per day, equating to bulk average permeability of 0.5m per day at this site.

Importantly, particle size distribution analysis for samples from this part of the basal sand aquifer record much coarser sands in the lower part of the aquifer, from 116-120m. This indicates that there is much higher permeability in the lower part of the aquifer, rather than the finer sands higher in the unit, where substantial clay is also present. Based on the particle size distribution analysis, permeability in the 116-120m interval equated to 2-3m per day. This is particularly encouraging given the current understanding of the geological setting is that the hole is located on the flank of the paleochannel and the deepest part of the channel is a few hundred metres south and up to 50m deeper (see Figure 3).

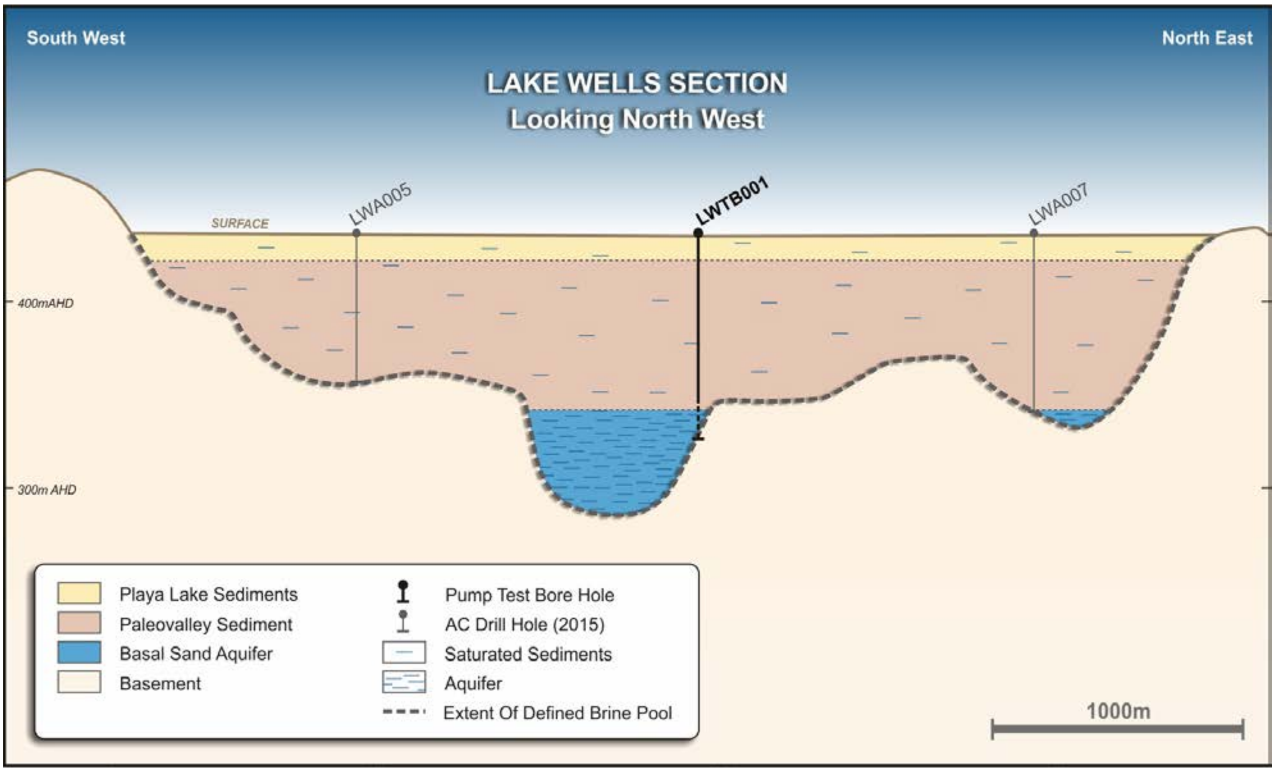

Figure 3: Transect at Lake Wells

Surface Aquifer

The Playa Lake Sediment (**PLS**) hosted aquifer at the surface of the Lake is a potential source of feed brine from either or both of surface trenching or shallow bores. The PLS exhibits a wide range of lithology, with variably sorted, fine grained clays, silts and sands, including gypsum crystals which influence the porosity and permeability of the sediments.

A shallow aircore drill hole in late 2015 in the Northern arm of the Lake encountered PLS and a band of crystallised halite from approximately 5-13m, which exhibited excellent brine flow during airlifting. In the current campaign, a 24m mud rotary hole LWBT007 was drilled adjacent to the air core hole. The hole was cased and gravel packed, with a slotted PVC from 6m to 20m. A 100mm 4KW submersible pump was installed 15m below ground level and a constant flow rate test was run for 30 minutes at 3.25l/s. Drawdown was stable at 80cm, before the failure of the pump generator terminated testing. Prior to the constant rate flow test an initial trial pumping reached the capacity of the pump.

Modelling of the pump test using the standard Cooper-Jacob (1946) method produced an aquifer transmissivity of 300m^2 per day, equating to bulk average permeability of 21m per day for this site. This exceptional result is partly due to the enhanced secondary porosity developed within the crystallised halite zone. The extent of the halite zone has not been defined by the two holes drilled.

In the current campaign an additional mud rotary hole LWBT004 was drilled to 21m and adjacent to the location of a 2015 aircore hole which intersected interbedded clays, sands and silts from surface to the targeted depth. The pump test was conducted on an interval from 1m to 21m as per the procedures described for LWBT007, with the equivalent calculation method producing a transmissivity of 2m^2 per day, equating to bulk average permeability of 0.2m^2 per day.

The wide variability in the results of the two holes targeting the surface aquifer during the current campaign is consistent with preliminary pump test results of shallow holes undertaken immediately after the aircore program in 2015. For comparative purposes, pump testing of other shallow holes during that preliminary campaign produced transmissivity results ranging from 1.6m^2 per day to 46m^2 per day, further demonstrating the wide variability in permeability. Constructing a comprehensive hydrogeological model of the Lake will be paramount for the decision on whether the brine extraction method from the near surface aquifer is based on utilising trenches or alternatively a shallow bore-field.

Test Pumping Program Brine Sampling Results

Brine samples were obtained at regular intervals during test pumping. Brine analysis has been completed on the samples collected to date from each of the pump tested aquifers as presented in Table 1 below. The SOP grade of the samples range from 8.56kg/m^3 to 10.09kg/m^3, with an average of 9.38kg/m^3. Samples collected from the two surface aquifer pump tests exhibit a slightly higher grade compared with the basal sand aquifer. The brine analysis results are consistent over the timespan of each pump test program, and with the corresponding samples collected from adjacent aircore holes during the 2015 aircore drilling program.

Average Brine Chemistry	Number of Samples	K (kg/m^3)	Mg (kg/m^3)	SO_4 (kg/m^3)	TDS (kg/m^3)	K_2SO_4 (kg/m^3)
LWBT001	6	3.840	7.168	21.100	268	8.56
LWBT004	4	4.525	6.250	17.475	266	10.09
LWBT007	1	4.250	5.760	17.300	*pending*	9.48

Table 1: Brine Analysis Results

Further photos and video are available at: www.saltlakepotash.com.au

Competent Persons Statement

The information in this report that relates to Exploration Results for Lake Wells is based on information compiled by Mr Adam Lloyd, who is a member of the Australian Institute of Geoscienctists and International Association of Hydrogeology. Mr Lloyd is an employee of Salt Lake Potash Limited. Mr Lloyd 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'. Mr Lloyd consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

APPENDIX 1 - LAKE WELLS DRILLHOLE DATA

Hole_ID	Drilled Depth (m)	East	North	RL (mAHD)	Dip	Azimuth
LWBT001	121	525743	7043737	443	-90	0
LWBT004	21	518452	7052870	443	-90	0
LWBT007	24	531246	7041900	443	-90	0

APPENDIX 2 –BRINE CHEMISTRY ANALYSIS

HOLE ID	SAMPLE	K (kg/m^3)	Cl (kg/m^3)	Na (kg/m^3)	Ca (kg/m^3)	Mg (kg/m^3)	SO_4 (kg/m^3)	TDS (g/kg)
LWBT001	Test pumping	3.830	147.700	86.200	0.521	7.120	21.000	267
LWBT001	Test pumping	3.830	146.150	86.500	0.523	7.190	21.000	266
LWBT001	Test pumping	3.840	148.050	86.900	0.524	7.160	21.000	268
LWBT001	Test pumping	3.840	147.550	86.400	0.523	7.130	21.000	267
LWBT001	Test pumping	3.840	147.350	91.000	0.524	7.190	21.000	271
LWBT001	Test pumping	3.860	146.500	91.000	0.525	7.220	21.000	271
LWBT004	Test pumping	4.550	153.150	88.700	0.568	6.530	18.000	272
LWBT004	Test pumping	4.610	152.650	90.800	0.567	6.660	18.000	274
LWBT004	Airlift development	4.480	147.900	86.800	0.635	6.190	18.000	264
LWBT004	Test pumping	4.460	142.300	83.100	0.638	5.620	16.000	253
LWBT007	Test pumping	4.250	*pending*	84.300	0.585	5.760	18.000	*pending*

APPENDIX 3 – JORC TABLE ONE

Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* *Aspects of the determination of mineralisation that are Material to the Public Report.* *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	Brine samples were obtained from 100mm PVC cased slotted test production bores using two methods: • Sampled during test pumping at regular intervals from the end of the discharge hose; or • Sampled from airlifted brine flowing from the top of the bore casing at the end of the development phase of bore construction when all drilling fluids have been removed from the bore. The pump used during test pumping was a 4" Lowara 16GS40 coupled to a Franklin 4KW 316SS 415V motor. The flow from the bore was controlled using a variable speed drive and monitored using a calibrated magflow meter and bucket and stop watch, the cumulative volume pumped at each stage of test pumping was used as verification of the volumes abstracted. Drawdown in the pumping bore was measured using vented data loggers coupled to a laptop to provide a live readout. In addition to regular manual dips. The discharge line outlet at each test bore was located between 300m and 500m away to ensure there was no re-circulation of discharged water. Geological samples were obtained at 1m to 2m intervals from the top of the open hole by sieve during mud rotary drilling. These samples were logged and used to confirm the geological strata encountered are equivalent to the adjacent aircore hole, typically less than 10m away. Partical size distribution analysis was completed on samples obtained from the aircore drilled programme. The samples had been kept in storage and analysed by Bureau Veritas Minerals Laboratory by wet and dry sieving methods.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	Conventional mud rotary drilling, 162mm - 200mm hole diameter. All holes vertical.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.* *Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	Geological sample recovery was low to moderate due to the crushing and mixing nature of conventional mud rotary drilling. Brine sample recovery was relevant to the bulk chemistry of the slotted section of the production bore.
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* *The total length and percentage of the relevant intersections logged.*	All drill holes were geologically logged by a qualified geologist, noting in particular moisture content of sediments, lithology, colour, induration, grainsize, matrix and structural observations. Logging was compared to the adjacent aircore hole to determine if geological variation occurs.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.* *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* *Whether sample sizes are appropriate to the grain size of the material being sampled.*	Brine was sampled directly from the end of the discharge hose during test pumping or flowing water from the top of the bore casing during development, ensuring no contamination with overland flow occurred. Sample bottles are rinsed with brine which is discarded prior to sampling. All brine samples taken in the field are split into two sub-samples: primary and duplicate.

Criteria	JORC Code explanation	Commentary
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	Primary samples were sent to Bureau Veritas Minerals Laboratory, Perth. Brine samples were analysed using ICP-AES for K, Na, Mg, Ca, with chloride determined by Mohr titration and alkalinity determined volumetrically. Sulphate was calculated from the ICP-AES sulphur analysis Reference standard solutions were sent to Bureau Veritas Minerals Laboratory to check accuracy. Reference standards analysis reported an average error of less than 10%.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.* *The use of twinned holes.* *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* *Discuss any adjustment to assay data.*	Data entry is done in the field to minimise transposition errors. Brine assay results are received from the laboratory in digital format to prevent transposition errors and these data sets are subject to the quality control described above. Independent verification of significant intercepts was not considered warranted given the relatively consistent nature of the brine.
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* *Specification of the grid system used.* *Quality and adequacy of topographic control.*	Hole co-ordinates were captured using hand held GPS. Coordinates were provided in GDA 94_MGA Zone 51. Topographic control is obtained using Geoscience Australia's 3-second digital elevation product. Topographic control is not considered critical as the salt lakes are generally flat lying and the water table is taken to be the top surface of the brine resource.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.* *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* *Whether sample compositing has been applied.*	Drill hole spacing is on average 4.1 km. The drilling is not on an exact grid due to the irregular nature of the salt lake shape, aquifer occurrence and difficulty obtaining access to some part of the salt lake.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	All drill holes were vertical as geological structure is flat lying.
Sample security	*The measures taken to ensure sample security.*	All brine samples were marked and kept onsite before transport to the laboratory. All remaining sample and duplicates are stored in the Perth office in climate-controlled conditions. Chain of Custody system is maintained.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Data review is summarised in Quality of assay data and laboratory tests and Verification of sampling and assaying. No audits were undertaken.

Section 2: Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	Tenements drilled were granted exploration licences 38/2710, 38/2821, 38/2824, 38/3055, 38/3056 and 38/3057 in Western Australia. Exploration Licenses are held by Piper Preston Pty Ltd (fully owned subsidiary of ASLP).

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	No other known exploration has occurred on the Exploration Licenses.
Geology	*Deposit type, geological setting and style of mineralisation.*	Salt Lake Brine Deposit
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth* o *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	Test production bore drilling comprised three mud rotary drilled holes. Details are presented in the report.
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	Within the salt lake extent no low grade cut-off or high grade capping has been implemented. Data aggregation for this report comprised averaging of all brine samples per drill hole to present an average concentration per hole.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').*	The brine resource is inferred to be consistent and continuous through the full thickness of the sediments. The unit is flat lying and drill holes are vertical hence the intersected downhole depth is equivalent to the inferred thickness of mineralisation.
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	Addressed in the announcement.
Balanced reporting	*Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	All results have been included.
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	Test pumping interpretation data was corrected for brine specific gravity and analysed using the industry standard Cooper – Jacob method (Cooper, H.H. & Jacob, C.E. (1946) A generalised graphical method for evaluation formation constants and summarizing well field history. *Transactions of the American Geophysical Union* 27, 526-534). Partical size distribution analysis was completed using the Hazen equation for permeability (Hazen, A. (1892). ''Physical properties of sands and gravels with reference to their use in filtration'' Report to Massachusetts State Board of Health.)
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	Further test production bores to be constructed and test pumping completed to determine, aquifer properties, expected production rates and infrastructure design (trench and bore size and spacing). Diamond Core drilling to obtain sample for porosity determination. Additional geophysics to determine additional drilling targets to further delineate the geometry of aquifers present in the system. Numerical hydrogeological modelling to be completed that incorporates the results of the test pumping. The model will be the basis of the annual brine abstraction rate and mine life.