



14 September 2018

## **SALT LAKE POTASH AND AUSTRALIAN POTASH TO STUDY BENEFITS OF COST SHARING AT LAKE WELLS**

### **Highlights:**

- **Salt Lake Potash Limited (ASX/AIM: SO4) and Australian Potash Limited (ASX: APC) have entered into a Memorandum of Understanding and Co-operation Agreement to study the potentially very substantial benefits of sharing infrastructure and other costs at Lake Wells**
- **The Companies will conduct a joint study into the merits of developing aspects of their respective Lake Wells projects together (the 'Study')**
- **The Study will initially focus on a shared costs model around infrastructure developments**
- **The Study will also address at a high-level the potential for cost sharing on common evaporation and salt processing developments**
- **Both Companies' projects at Lake Wells will proceed independently in parallel with the Study with no impact on either Company's timelines**

Salt Lake Potash Limited (ASX/AIM: **SO4**) and Australian Potash Limited (ASX: **APC**) are pleased to advise that the Companies have entered into a Memorandum of Understanding and Co-operation Agreement to undertake a joint study of the potential benefits of development cost sharing for each Company's project developments at Lake Wells.

The Companies' substantial project holdings at Lake Wells are contiguous (*Figure 1*) with many common infrastructure elements, including access roads, proximity to the Leonora rail terminals, and potential power and fresh water solutions. Both Companies anticipate substantial potential Capex and Opex benefits from some level of infrastructure sharing, with further potential benefits arising from shared or common evaporation and salt processing facilities.

A paleochannel extending in excess of 140 kilometres traverses the Companies combined tenement holding over Lake Wells. Recently both APC and SO4 have been granted initial Mining Leases over their respective projects at Lake Wells. The Mining Leases and tenement areas for the Study are depicted in Figure 2.

APC's scoping study released in March 2017 indicated a staged development producing 150,000 tpa rising to 300,000 tpa<sup>1</sup> of premium grade Sulphate of Potash (SOP) from its stand-alone development. APC has a 2012 JORC Mineral Resource Estimate (calculated from

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drainable porosity) of 14.7 Mt<sup>i</sup> of SOP (derived from a total of 72 Mt contained in total porosity).

SO4's scoping study released in August 2016 indicated a staged development producing 200,000 tpa rising to 400,000 tpa on a fully ramped basis. SO4 has reported a total JORC Mineral Resource at Lake Wells of 80-85 Mt of SOP (Stored Resource).

### Logistics and Infrastructure

Each Company's project is based on heavy haulage road transport from Lake Wells to the rail head at either Malcolm (280kms) or Leonora (300kms), utilising the same haulage route. There is compelling logic in pursuing the economies of scale inherent in a (larger) shared solution as well as sharing the capital costs for road upgrades, haulage equipment and other transport and handling facilities. There is similar synergy potential in shared power, air transport, accommodation and process water costs.

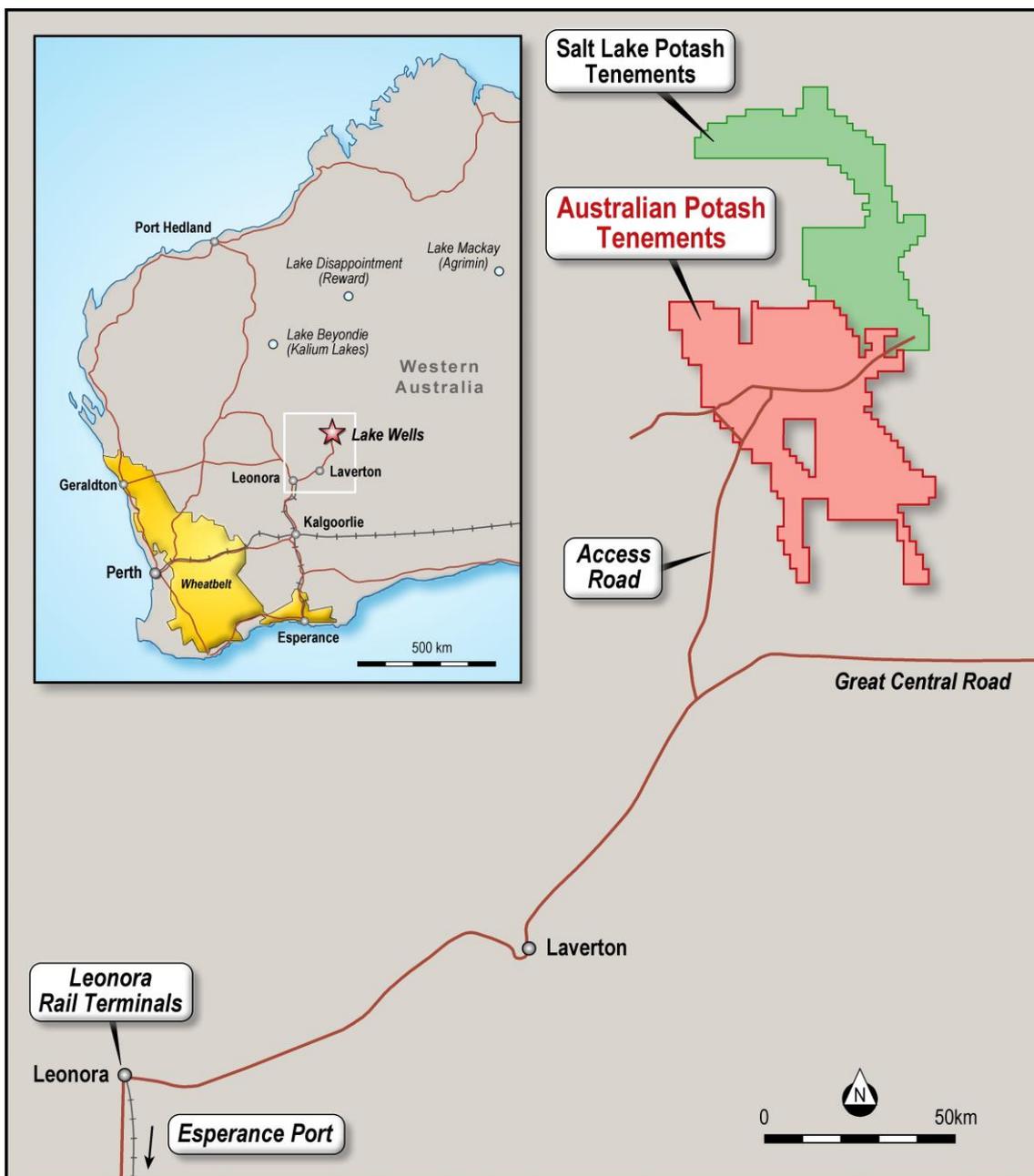
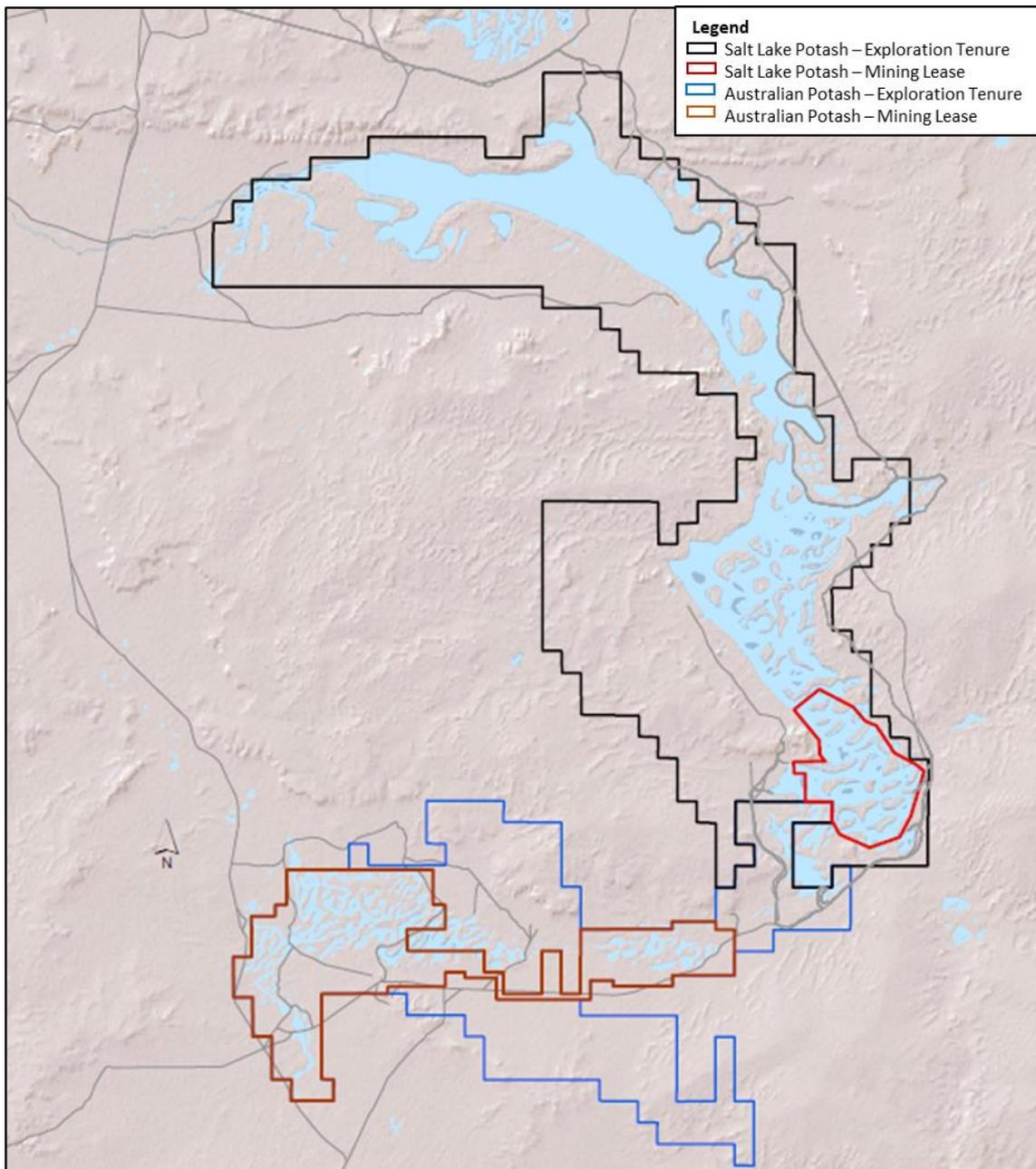


Figure 1: APC and SO4's Lake Wells project tenure is contiguous, and located proximate to the Great Central Road and Leonora rail terminals

Both projects have very similar brine chemistry given they are essentially hosted on the same paleochannel. Naturally they will also experience the same climatic conditions, meaning the process flowsheets for each project should be very similar. This offers the opportunity for potential additional savings by a co-operative arrangement extending to evaporation and salt processing facilities.



*Figure 2: APC and SO4's Lake Wells project areas that will comprise the Study's focus, and mining leases recently granted at the respective project areas*

The Companies have agreed to constitute a joint study team to carry out an initial assessment of the merits of infrastructure cooperation. The team will also conduct a high-level review of potential benefits of upstream operational synergies. A substantial part of the Study work will be outsourced to independent engineers and both Companies intend to continue with their independent project developments in parallel with the Study.

For further information, please contact:

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## Competent Person Statements

The information in this Announcement that relates to APC's Exploration Targets and Mineral Resources is based on information that was compiled by Mr Duncan Gareth Storey. Mr Storey is a Director and Consulting Hydrogeologist with AQ2, a firm that provides consulting services to the Company. Neither Mr Storey nor AQ2 own either directly or indirectly any securities in the issued capital of the Company. Mr Storey has 30 years of international experience. He is a Chartered Geologist with, and Fellow of, the Geological Society of London (a Recognised Professional Organisation under the JORC Code 2012). Mr Storey has experience in the assessment and development of paleochannel aquifers, including the development of hypersaline brines in Western Australia. His experience and expertise are such that he qualifies as a Competent Person as defined in the 2012 edition of the "Australian Code for Reporting of Exploration Results, Mineral Resources and Ore reserves". Mr Storey consents to the inclusion in this report of the matters based on this information in the form and context as it appears.

The information in this Announcement that relates to Salt Lake Potash Limited's Mineral Resources is extracted from the reports entitled 'Lake Wells Resource Increased by 193% to 85Mt of SOP' dated 22 February 2016 and 'Significant Maiden SOP Resource of 29Mt at Lake Wells' dated 11 November 2015. These announcements are available to view on [www.saltlakepotash.com.au](http://www.saltlakepotash.com.au). The information in the original ASX Announcements that related to Mineral Resources was based on, and fairly represents, information compiled by Mr Ben Jeuken, who is a member Australian Institute of Mining and Metallurgy 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 Salt Lake Potash Limited's Lake Wells Scoping Study is extracted from the report entitled 'Scoping Study Confirms Potential Confirms Lake Wells Potential' dated 29 August 2016. The Announcement is available to view on [www.saltlakepotash.com.au](http://www.saltlakepotash.com.au). The information in the original announcement that relates to processing, infrastructure and cost estimation are based on and fairly represents information compiled or reviewed by Mr Zeyad El-Ansary, who is a Competent Person as a member of the Australasian Institute of Mining and Metallurgy. Mr Zeyad El-Ansary has 9 years' experience relevant to the activities undertaken for preparation of these report sections and is employed by Amec Foster Wheeler. Mr Zeyad El-Ansary consents to the inclusion in the report/press release of the matters based on their information in the form and context in which it appears. 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

Australian Potash Limited's Lake Wells SOP Project's Production Target, as stated in this Announcement is based on the it's Scoping Study as released in the ASX announcement of 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.

Salt Lake Potash Limited's Lake Wells Production Target stated in this Announcement is based on it's Scoping Study as released to the ASX on 29 August 2016. The information in relation to the Production Target that Salt Lake Potash Limited is required to include in a public report in accordance with ASX Listing Rule 5.16 and 5.17 was included in its ASX Announcement released on 29 August 2016. Salt Lake Potash Limited confirms that the

material assumptions underpinning the Production Target referenced in the 29 August 2016 release continue to apply and have not materially changed.

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<sup>i</sup> Refer to ASX announcement 23 March 2017 'Scoping Study Confirms Exceptional Economics of APC's 100% Owned Lake Wells Potash Project In WA'. That announcement contains the relevant statements, data and consents referred to in this announcement. Apart from that which is disclosed in this document, Australian Potash Limited, its directors, officers and agents: 1. Are not aware of any new information that materially affects the information contained in the 23 March 2017 announcement, and 2. State that the material assumptions and technical parameters underpinning the estimates in the 23 March 2017 announcement continue to apply and have not materially changed.