


Australian Potash sees Lake Wells as worth its salt



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 Australian Potash Get MD Matt Shackleton with a sample product of potash The company is developing a potash project at Lake Wells in central WA. Picture: Ross Swanborough. 201218

-  Australian Potash will target a final investment decision on its Lake Wells project 160km north-east of Laverton early next year after putting a \$208 million price tag on the development yesterday.
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-  A definitive feasibility study released by the company outlined a project capable of producing 150,000 tonnes a year of sulphate of potash over an initial 30-year minelife.
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The study suggests Lake Wells will be capable of generating annual pre-tax free cashflows of \$100 million and \$3.1 billion over the life of the mine.



Australian Potash plans to use a series of bores to pump hypersaline brine from a 125km long paleochannel to the surface and a network of unlined and lined evaporation ponds to dry the salts before using a purification plant to extract the potash.

The Jim Walker-chaired company is one of a handful of players rushing to become the nation's first producer of the high-value fertiliser, with bigger rivals Kalium Lakes and Salt Lake Potash also well advanced with their plans.

Managing director Matt Shackleton said the SOP sector was a good space to be in at the moment, following the success of rival Kalium Lakes in attracting equity and debt funding for its Beyondie project 160km south-east of Newman.

"Salt Lake Potash is continuing to raise money which is great and we've enjoyed a 45 per cent improvement in our market capitalisation from the beginning of the year to now so there's a fair bit of interest in all the stocks," he said.

Mr Shackleton conceded that Kalium was likely to be the first sulphate of potash producer in Australia.

"It would have been great to have been the first, but at the end of the day, growing the market here in Australia is a slow cook," he said.

"It's the South East Asian market where there is massive demand.

"Even if APC, Salt Lake and Kalium all came on stream at the same time, the product would all get sold into that market."

The company will now move to a front-end engineering and design study for Lake Wells and seek a suitable strategic partner for the project that could involve offtake agreements as well as project, equity and debt funding.

Australian Potash already has memorandums of understanding with two Chinese groups and has at least three other parties interested.

"We've been pushing conversations for two years and now we're sitting back here and the conversations are coming to us," Mr Shackleton said.

"These aren't complex metallurgical projects like vanadium or laterite nickel, they're more like civil projects, so the development risk is much lower and there seems to be debt appetite for it."

The company predicts it could be in production about 27 months after making a final investment decision, which is expected early in the new year.