



Institutional Placement to achieve Financial Close

Salt Lake Potash Limited (SO4 or the Company) is pleased to announce that it has received binding commitments for a successful share placement to institutional shareholders and investors to raise up to A\$52.0 million. This equity raising enables the first drawdown of US\$105 million under the Taurus/CEFC US\$138 million Syndicated Facility Agreement in December 2020.

Equity Placement

- The Company has received binding commitments from institutional shareholders, sophisticated investors and directors to subscribe for up to 130 million new ordinary shares at A\$0.40 each to raise up to A\$52m (before costs) (Placement).

Debt Financial Close and first draw

- As announced on 5 August 2020, the Company has executed the US\$138m Syndicated Facility Agreement (SFA) with Taurus Mining Finance Fund No.2 L.P (Taurus) and the Clean Energy Finance Corporation (CEFC). The lending group has confirmed all conditions precedent to first drawdown under the SFA have been either satisfied or waived, save for the completion of an equity raise of at least A\$30m, a transfer of US\$8m into the Debt Service Reserve Account, payment of transaction fees and repayment of the existing US\$45m bridge loan (Remaining Conditions). The completion of Tranche 1 of the Placement (as described below) will result in each of the Remaining Conditions being satisfied, with the first US\$105m tranche of the SFA to then be drawn down in December 2020.

Share Purchase Plan

- The Company plans to undertake a non-underwritten Share Purchase Plan (SPP) to raise up to a further A\$5 million at an issue price of A\$0.40 per new share.

Uses of capital raising proceeds

- The proceeds from the Placement and SPP will be used to cash back a bank guarantee for the APA gas pipeline (A\$18m), cover variations to ramp up vs. bank model (A\$15m), offset recent AUD strength (A\$10m), transaction fees (A\$2m) and (up to A\$12m) for additional working capital.

Lake Way construction on schedule & budget

- The Lake Way Project remains on track for first SOP production in March 2021 and first SOP sales in April, with the project capital budget unchanged at A\$264m.

CEO Statement

"SO4 is pleased to have completed this placement of up to A\$52m to enable financial close on the US\$138m Taurus/CEFC debt facility. In combination, these funds will ensure the Company is well financed to deliver the Lake Way Project. I would like to extend my sincere thanks to our shareholders for their continued support of the project, our Company and the development of a new export industry for Australia."

Tony Swiericzuk Chief Executive Officer

Enquiries

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Authorisation

This announcement has been authorised by the Board of Directors

Debt Financial Close and First Draw

As announced on 5 August 2020, SO4 has executed the US\$138m SFA with Taurus and CEFC, with the first US\$105m expected to be drawn in December 2020.

The lending group has now confirmed to the Company that all conditions precedent to the first drawdown have been satisfied or waived, save for:

- Completion of equity raise of at least A\$30m (net) – expected to be satisfied by Tranche 1 of the Placement (as described below);
- US\$8m moved into Debt Service Reserve Account – to be completed following the completion of Tranche 1 of the Placement;
- The payment of transaction fees; and
- Repayment of the US\$45m Bridge – to be funded from the first drawdown under the SFA.

The balance of the debt is expected to be drawn down in Q2'21 subject to market standard conditions.

The material terms of the SFA remain unchanged and are summarised in Table 1 below.

Table 1:
Syndicated Facility
Agreement Key Terms

Facility Amount	US\$138m (Taurus US\$91m, CEFC US\$47m)
Tenor	4 Years (30 September 2024)
Availability Period	Financial close until 30 June 2021
Interest rate	9.0% per annum payable quarterly on drawn funds
Upfront Fee	2.75% (paid)
Undrawn Commitment fee	2.5% per annum
Tranches	Bridge: US\$45m currently drawn SFA: US\$138m (including Bridge repayment)
Amortisation/Repayment	No scheduled repayments or debt amortisation until 31 March 2022 (approximately 12 months after first production) with scheduled repayment profile commencing at 2.0% of Principal Additional cash sweep of 70% of surplus cash available for debt service accelerating SO4's deleveraging
Debt Service Reserve Account	US\$8m prior to project completion, thereafter greater of US\$8m and principal and interest payable in next 6 months
Bullet	US\$92m (67%) at 31 December 2024 (less early repayments)
Refinancing Restrictions	Nil 18 months after signing

Equity financing

SO4 is raising up to A\$57 million in equity financing including a placement of up to A\$52 million and a Share Purchase Plan to be offered to eligible shareholders for up to A\$5 million, at A\$0.40 per new share in order to satisfy the remaining conditions precedent and achieve financial close on the SFA, and to be used as follows:

- A\$15m to cover variations to ramp up vs. bank model;
- A\$18m to cash back bank guarantee for APA gas pipeline;
- A\$10m due to recent AUD strength (spot 0.743 vs. 0.68 in the BFS);
- A\$2m financing transaction fees; and
- Up to a further A\$12m for additional working capital.

Placement details

The Company has received firm commitments to raise gross proceeds of A\$50 million via a private placement to sophisticated, professional and institutional investors. The private placement will comprise the issue of up to 125 million new fully paid ordinary shares (**Placement Shares**) at an issue price of A\$0.40 per share (**Placement**).

In addition, SO4 Directors intend to subscribe for up to 5.0 million Placement Shares, including 3.0 million shares by Chairman, Mr Ian Middlemas and 0.5 million shares by Managing Director and CEO, Mr Tony Swierczuk, subject to shareholder approval. If approved by shareholders, this would raise an additional A\$2 million

The Placement is comprised of two tranches:

- Tranche 1, comprising the issue of 66,593,631 Placement Shares under Listing Rule 7.1, and 58,406,369 Placement Shares under Listing Rule 7.1A. The Tranche 1 Placement Shares are expected to be issued on or around 18 December 2020
- Tranche 2, comprising the issue of 5,025,000 Placement Shares to Directors, subject to the receipt of prior approval of the Company's shareholders. A general meeting to seek the requisite approval will be convened shortly, with the meeting expected to be held in late January 2021.

The issue price of A\$0.40 per share represented a 16.7% discount to the last traded share price on ASX of A\$0.48 and 21% to the 5-day volume weighted average share price on ASX of A\$0.51.

Euroz Hartleys Securities Limited and Canaccord Genuity Group Inc. were appointed as joint lead managers and bookrunners to the Placement. Cenkos Securities plc acted as Co-manager.

Share Purchase Plan

The Company plans to undertake a non-underwritten SPP to raise up to A\$5 million (before costs) via the issue of shares at an issue price of A\$0.40 per new share.

The SPP will enable existing eligible shareholders, irrespective of the size of their holding, to participate in the capital raising at the same issue price as the Placement, and not incur any brokerage or transaction costs.

Eligible shareholders, being those holders of shares with an address in Australia, New Zealand or the United Kingdom as at 1.00pm (AEDT) on 10 December 2020, will have the opportunity to apply for up to A\$30,000 worth of new shares in the Company. The shares issued under the SPP will rank equally with existing ordinary shares of the Company.

At this stage, the maximum gross amount raised under the SPP will be capped at a total of A\$5 million. Should participation in the SPP be scaled back, each applicant's allocation will be scaled back in accordance with the policy

to be described in the terms and conditions of the SPP. The terms and conditions of the SPP will be contained in an offer document and application form which will be made available to eligible shareholders and lodged on the ASX on 18 December 2020.

The shares proposed to be issued under the SPP will be issued pursuant to the Company's placement capacity under Listing Rule 7.1.

Capital raising timetable

The indicative key dates for the Placement and the SPP are outlined below. All times are expressed as AEDT.

Table 2:
Indicative Timetable

Event	Date
Record date for Share Purchase Plan (SPP)	Thursday, 10 December 2020 (1pm)
Announcement of Placement and SPP and suspension lifted	Friday, 11 December 2020
Settlement of Tranche 1 Placement Shares	Thursday, 17 December 2020
Allotment, quotation and trading of Tranche 1 Placement Shares	Friday, 18 December 2020
SPP offer document and application forms made available to eligible shareholders	Friday, 18 December 2020
SPP opening date	
General Meeting to approve the issue of the Tranche 2 Placement Shares	Friday, 29 January 2021
Closing date for SPP	Friday, 29 January 2021
Announcement of results of SPP	Wednesday, 3 February 2021
Settlement of Tranche 2 Placement Shares	Thursday, 4 February 2021
Allotment, quotation and trading of Tranche 2 Placement Shares	Friday, 5 February 2021
Issue of SPP Shares	Tuesday, 9 February 2021
Commencement of trading of SPP Shares	Wednesday, 10 February 2021

The above dates are indicative only and are subject to change, subject to compliance with the ASX Listing Rules and Corporations Act.

In particular, the Company may close the SPP offer early, depending on demand. Accordingly, eligible shareholders who wish to participate are encouraged to apply as soon as possible after the offer opens.

Lake Way Project construction on schedule & budget

The Lake Way Project remains on schedule for first SOP production in March 2021 and first SOP sales in April 2021. The project capital budget remains unchanged at A\$264m and the overall project was 77% complete on a value earned basis as at 30 November 2020.

Key project workstreams continue to progress with engineering now 99% complete, plant and non-process infrastructure contract awards 99% committed, structural steel 65% complete and the APA gas pipeline now 25% complete.

In November 2020 the Company commenced harvesting first plant feed salts from the Train 1 pond network in preparation for plant commissioning, which is expected to commence in February 2021.

Additional disclosures**Key Risks**

Refer to pages 25 to 29 (inclusive) of the Presentation released to ASX on 11 December 2020.

Selling Restrictions

Refer to pages 30 to 32 (inclusive) of the Presentation released to ASX on 11 December 2020.

Forward Looking Statements

This announcement includes forward-looking statements. These forward-looking statements are based on the Company'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 the Company, which could cause actual results to differ materially from such statements. Although the Company believes that its forward-looking statements have reasonable grounds, can give no assurance that they will be achieved. They may be affected by a variety of variables and changes in underlying assumptions that are subject to risk factors associated with the nature of the Company's business (including those described in pages 25 to 29 (inclusive) of the Presentation released to ASX on 11 December 2020), which cause actual results to differ materially from those expressed herein. The Company 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 this announcement.

Not for release to US wire services or distribution in the United States

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