

Australian Potash Ltd: and Salt Lake Potash: to Study Benefits of Cost Sharing at Lake Wells

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Perth, Australia - [Australian Potash Ltd.](#) (ASX:APC) and [Salt Lake Potash Ltd.](#) (ASX:SO4) (LON:SO4) 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.

Highlights:

- [Australian Potash Ltd.](#) (ASX:APC) and [Salt Lake Potash Ltd.](#) (ASX:SO4) (LON:SO4) 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

The Companies' substantial project holdings at Lake Wells are contiguous (see Figure 1 in link below) 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 (see link below).

APC's scoping study released in March 2017 indicated a staged development producing 150,000 tpa rising to 300,000 tpa of premium grade Sulphate of Potash (SOP) from its stand-alone development. APC has a 2012 JORC Mineral Resource Estimate (calculated from drainable porosity) of 14.7 Mt (see Note below) 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.

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.

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.

Note: 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 Ltd.](#), 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.

To view figures, please visit:
<http://abnnewswire.net/lnk/6S6Y2Z94>

About Australian Potash Ltd:

[Australian Potash Ltd.](#) (ASX:APC) is an ASX-listed Sulphate of Potash (SOP) developer. The Company holds a 100% interest in the Lake Wells Potash Project located approximately 500kms northeast of Kalgoorlie, in Western Australia's Eastern Goldfields.

The Lake Wells Potash Project is a palaeochannel brine hosted sulphate of potash project. Palaeochannel bore fields supply large volumes of brine to many existing mining operations throughout Western Australia, and this technique is a well understood and proven method for extracting brine. APC will use this technically low-risk and commonly used brine extraction model to further develop a bore-field into the palaeochannel hosting the Lake Wells SOP resource.

A Scoping Study on the Lake Wells Potash Project was completed and released on 23 March 2017. The Scoping Study exceeded expectations and confirmed that the Project's economic and technical aspects are all exceptionally strong, and highlights APC's potential to become a significant long-life, low capital and high margin sulphate of potash (SOP) producer.

Source:

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