



KALIUM LAKES LIMITED
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NOTICE OF GENERAL MEETING

For a general meeting of Kalium Lakes Limited (Company) to be held at Unit 1, 152 Balcatta Road, Balcatta WA 6021 on Thursday, 2 July 2020 at 3.30pm (WST).

The Company advises Shareholders that the Meeting will be held in compliance with the Australian government's restrictions on public gatherings.

Due to the COVID-19 situation, it may not be possible for Shareholders to physically attend the Meeting. As a result, the Company strongly encourages all Shareholders to vote by directed proxy in lieu of attending the meeting in person. Proxy forms for the meeting should be lodged before 3.30pm (WST) on 30 June 2020.

The Company has made arrangements for Shareholders eligible to attend and vote at the Meeting to remotely participate via a webcast and online voting facility. Those Shareholders wishing to remotely participate should contact the Company by emailing info@kaliumlakes.com.au to obtain further details on how to remotely participate and vote at the Meeting by no later than 3.30pm (WST) 30 June 2020.

Shareholders can also submit, and are encouraged to submit, any questions in advance of the Meeting by emailing the questions to info@kaliumlakes.com.au by no later than 3.30pm (WST) 30 June 2020.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at <http://www.kaliumlakes.com.au/>.

This Notice and the accompanying Explanatory Memorandum should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

***Should you wish to discuss any matter please contact the Company by telephone on
+61 8 9240 3200***

Shareholders are urged to attend the Meeting via webcast or vote by lodging the proxy form attached to this Notice

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Kalium Lakes Limited will be held at the offices of Unit 1, 152 Balcatta Road, Balcatta WA 6021 on Thursday, 2 July 2020 at 3.30pm (WST)(Meeting).

The Explanatory Memorandum provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, form part of this Notice.

The Directors have determined pursuant to regulations 7.11.37 and 7.11.38 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on 30 June 2020 at 5.00pm (WST).

Terms and abbreviations used in this Notice and the Explanatory Memorandum will, unless the context requires otherwise, have the meaning given to them in Schedule 1.

AGENDA

1. Resolution 1 – Issue of Shares to the Hazelden Entities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of:

- (a) *up to 2,345,980 Shares to Hazelden Corporate Pty Ltd (and/or its nominee); and*
- (b) *up to 1,599,542 Shares to Mr Brett Hazelden and Ms Tanya Hazelden ATF the Bozden Super Fund Account (and/or its nominee),*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the Hazelden Entities (and/or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or any of their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

2. Resolution 2 – Issue of Shares to the van Niekerk Entities

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of:

- (a) *up to 2,848,237 Shares to Mr Philippus Rudolph van Niekerk and Ms Jean-Marie Van Niekerk ATF R&J Van Niekerk Trust (and/or its nominee); and*
- (b) *up to 10,306,902 Shares to Nowheretogo Pty Ltd ATF R&J Investment Superannuation (and/or its nominee),*

on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of the van Niekerk Entities (and/or their nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or any of their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

3. Resolution 3 – Issue of Shares to Mr Stephen Dennis

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 476,191 Shares to Mr Stephen Dennis (and/or his nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Mr Stephen Dennis (and/or his nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or any of his associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

4. Resolution 4 – Issue of Shares to Greenstone

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 13,360,480 Shares to Greenstone Resources II (Australia) Holdings L.P (and/or its nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Greenstone Resources II (Australia) Holdings L.P and its general partner Greenstone Management (Delaware) II LLC (and/or their respective nominees) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities) or any of its associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way

5. Resolution 5 – Issue of Shares to Kumarina

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 10.11 and for all other purposes, Shareholders approve the issue of up to 13,931,488 Shares to Kumarina Holdings Pty Ltd ATF Smoothy Investment A/C (and/or its nominee) on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of Kumarina Holdings Pty Ltd ATF Smoothy Investment A/C (and/or its nominee) and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities or any of its associates).

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

6. Resolution 6 – Ratification of Prior Issue of Contractor Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 2,689,967 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of contractors who were issued Shares (and/or their nominees) or any of their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
 - (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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7. Resolution 7 – Ratification of Prior Issue of Contractor Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 32,563,147 Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of contractors who were issued the Options (and/or their nominees) or any of their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
 - (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
 - (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.
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8. Resolution 8 – Ratification of Prior Issue of Debt Adviser Options

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 2,932,639 Options on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of BurnVair Corporate Finance Limited (and/or its nominees) or any of its associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

9. Resolution 9 – Ratification of Prior Issue of Debt Adviser Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 1,033,333 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of BurnVair Corporate Finance Limited (and/or its nominees) or any of their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (d) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (e) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (f) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

10. Resolution 10 – Ratification of Prior Issue of Placement Shares

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

"That, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the prior issue of 126,762,262 Shares on the terms and conditions in the Explanatory Memorandum."

Voting Exclusion

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who participated in the Placement (and/or their nominees) or any of their associates.

However, this does not apply to a vote cast in favour of a resolution by:

- (g) a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (h) the chair of the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the chair to vote on the resolution as the chair decides; or
- (i) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting and is not an associate of a person excluded from voting, on the resolution; and
 - (ii) the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Dated 2 June 2020

By order of the Board



Gareth Widger
Joint Company Secretary

EXPLANATORY MEMORANDUM

1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting to be held at Unit 1, 152 Balcatta Road, Balcatta WA 6021, on 2 July 2020 at 3.30pm (WST).

This Explanatory Memorandum forms part of the Notice which should be read in its entirety. This Explanatory Memorandum contains the terms and conditions on which the Resolutions will be voted.

This Explanatory Memorandum includes the following information to assist Shareholders in deciding how to vote on the Resolutions:

- Section 2: Action to be taken by Shareholders
- Section 3: Background
- Section 4: Resolutions 1 to 4 (inclusive) - Issue of Contingent Placement Shares
- Section 5: Resolution 5 – Issue of Shares to Kumarina
- Section 6: Resolutions 6 to 9 (inclusive) – Ratification of Prior Issue of Contractor Shares, Debt Adviser Shares, Contractor Options and Debt Adviser Options
- Section 7: Resolution 10 - Ratification of Prior Issue of Placement Shares
- Schedule 1: Definitions
- Schedule 2: Terms and Conditions of Contractor Options
- Schedule 3: Terms and Conditions of Debt Adviser Options

A Proxy Form is located at the end of this Explanatory Memorandum.

2. Action to be taken by Shareholders

Shareholders should read the Notice including this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

2.1 Proxies

A Proxy Form is attached to the Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. Subject to the Australian government's restrictions on public gatherings, all Shareholders are invited and encouraged to participate in the Meeting (see details below) or, if they are unable to attend, sign and return the Proxy Form to the Company in accordance with the instructions detailed in the Proxy Form. Lodgement of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting via webcast (subject to the voting exclusions detailed in the Notice).

To vote by proxy, please complete and sign the enclosed Proxy Form and return it by:

- (a) post to:
C/- Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia
- (b) facsimile to: Computershare Investor Services via facsimile:
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555;
- (c) online to: www.investorvote.com.au using your secure access information or use your mobile device to scan your personalised QR code on the Proxy Form,

so that it is received not later than 3.30pm (WST) on 30 June 2020, being at least 48 hours before the Meeting. Proxy Forms received later than this time will be invalid.

Please note that:

- (a) a member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where the proportion or number is not specified, each proxy may exercise half of the votes.

If a Shareholder appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that body corporate's representative. The authority may be sent to the Company or its share registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative.

2.2 Attendance at the Meeting

The Company advises Shareholders that the Meeting will be held in compliance with the Australian government's restrictions on public gatherings.

Due to the COVID-19 situation, it may not be possible for Shareholders to physically attend the Meeting. As a result, the Company strongly encourages all Shareholders to vote by directed proxy in lieu of attending the meeting in person. Proxy forms for the meeting should be lodged before 3.30pm (WST) on 30 June 2020.

The Company has made arrangements for Shareholders eligible to attend and vote at the Meeting to remotely participate via a webcast and online voting facility. Those Shareholders wishing to remotely participate should contact the Company by emailing info@kaliumlakes.com.au to obtain further details of how to participate and vote at the Meeting by no later than 3.30pm (WST) 30 June 2020.

Shareholders can also submit and are encouraged to submit any questions in advance of the Meeting by emailing the questions to info@kaliumlakes.com.au by no later than 3.30pm (WST) 30 June 2020.

If the above arrangements with respect to the Meeting change, Shareholders will be updated via the ASX Market Announcements Platform and on the Company's website at <http://www.kaliumlakes.com.au/>.

3. Background

3.1 General

On 21 May 2020, the Company announced that it was conducting an institutional placement to raise approximately \$19 million (**Placement**) and an accelerated non-renounceable entitlement offer to raise approximately \$42 million (**Entitlement Offer**) on a 5 for 7 basis to eligible shareholders, at an offer price of \$0.15 per Share. A prospectus detailing the Placement and various offers of securities, including:

- (a) the Entitlement Offer;
- (b) Options and Shares to certain contractors in lieu of outstanding invoices and for future works to be undertaken (refer to Section 3.3); and
- (c) Options and Shares to BurnVair Corporate Finance Limited (**Burnvoir**) as part consideration for services provided to the Company as adviser for its various debt arrangements (refer to Section 3.4),

was lodged with ASIC and ASX on 21 May 2020 (**Prospectus**).

On 25 May 2020, the Company announced that it had completed the Placement and on 1 June 2020, the Company issued 126,762,262 Shares at an issue price of \$0.15 per Share under the Placement (**Placement Shares**). Refer to the ASX announcements dated 25 May 2020 and 1 June 2020 for further details. Resolution 10 seeks Shareholder approval to ratify the issue of the Placement Shares.

A copy of the Prospectus is also available on the Company's ASX Market Announcements Platform.

3.2 Contingent Placement

As detailed in the Prospectus:

- (a) entities associated with Messrs Brett Hazelden (a Director) and Rudolph van Niekerk (a former Director) have each committed to invest approximately \$2.28 million and Mr Stephen Dennis (a Director) has committed to invest approximately \$125,000, all via a combination of taking up all of their respective entitlements and sub-underwriting part of the retail component of the Entitlement Offer; and
- (b) Greenstone Resources II (Australia) Holdings L.P. (**Greenstone**) acting through its general partner (Greenstone Management (Delaware) II LLC), a substantial Shareholder (with a nominee on the Board), has committed to invest approximately \$14 million via a combination of taking up all of its entitlements and sub-underwriting part of the retail component of the Entitlement Offer. Refer to the Prospectus for further details in respect to Greenstone and its shareholding in the Company. Further information concerning Greenstone (including its current and potential ownership interest in the Company) is set out in the Prospectus.

Pursuant to the sub-underwriting arrangements:

- (a) Greenstone has conditionally committed to sub-underwrite the subscription of Shares, up to an amount of \$2,004,072;
- (b) entities associated with Mr Hazelden have conditionally committed to sub-underwrite the subscription of Shares, up to an amount of \$591,828;
- (c) entities associated with Mr van Niekerk have conditionally committed to sub-underwrite the subscription of Shares, up to an amount of \$1,973,271; and
- (d) Mr Stephen Dennis has conditionally committed to sub-underwrite the subscription of Shares, up to an amount of \$71,428,

to the extent there remains a shortfall after the application of the shortfall allocation policy detailed in the Prospectus.

To the extent that entities associated with Messrs Hazelden and van Niekerk, Mr Dennis and Greenstone are not allocated a sufficient number of Shares under their respective sub-underwriting arrangements so as to fully invest their respective commitments (detailed above), they have subscribed for and, subject to Shareholder approval, will be issued with such number of additional Shares (at the same issue price as the Shares issued under the Entitlement Offer and Placement, being \$0.15) as is equivalent to the number of Shares that are not allocated to them under their respective sub-underwriting arrangements (**Contingent Placement**). Resolutions 1 to 4 (inclusive) seek Shareholder approval for the issue of Shares in respect to the Contingent Placement.

3.3 Contractor Arrangements

The Company has entered into a number of arrangements with certain existing contractors engaged in the development of the BSOPP as follows:

- (a) an arrangement with Smoothy Cattle Co Pty Ltd and Kumarina Holdings Pty Ltd ATF Smoothy Investment A/C (**Kumarina**), being entities associated with Mr Brent Smoothy (a Director), pursuant to which the Company will, subject to Shareholder approval, issue 13,931,488 Shares to Kumarina (**Kumarina Shares**) in lieu of cash payment of outstanding invoices owing;
- (b) arrangements with various contractors to issue an aggregate of 2,689,967 Shares (**Contractor Shares**) in lieu of payment of outstanding invoices; and
- (c) arrangements with various contractors to issue an aggregate of 32,563,147 Options (**Contractor Options**) in lieu of payment for future works to be undertaken by those contractors.

Resolution 5 seeks Shareholder approval for the issue of the Kumarina Shares.

The issue of the Contractor Shares and the Contractor Options pursuant to the Company's Listing Rule 7.1 capacity are expected to occur on or around 16 June 2020. Resolutions 6 and 7 seeks Shareholder approval to ratify the issue of the Contractor Shares and Contractor Options to be issued prior to the Meeting.

3.4 Debt Adviser Arrangements

The Company intends to issue:

- (a) 2,932,639 Options to BurnVair (and/or its nominee) (**Debt Adviser Options**); and
- (b) 1,033,333 Shares to BurnVair (and/or its nominee) (**Debt Adviser Shares**),

as part consideration for services provided to the Company as adviser for the Company's various debt arrangements.

The issue of the Debt Adviser Options and the Debt Adviser Shares pursuant to the Company's Listing Rule 7.1 capacity is expected to occur on or around 16 June 2020. Resolutions 8 and 9 seeks Shareholder approval to ratify the issue of the Debt Adviser Options and the Debt Adviser Shares to be issued prior to the Meeting.

4. Resolutions 1 to 4 (inclusive) – Issue of Contingent Placement Shares

4.1 Background

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Shares to a related party.

The Company intends to issue to the following parties:

- (a) up to 3,945,522 Shares at an issue price of \$0.15 per Share (**Hazelden Shares**) to Hazelden Corporate Pty Ltd and Mr Brett Hazelden and Ms Tanya Hazelden ATF the Bozden Super Fund Account (and/or their nominees) (**Hazelden Entities**);
- (b) up to 13,155,139 Shares at an issue price of \$0.15 per Share) (**van Niekerk Shares**) to Mr Philippus Rudolph van Niekerk and Ms Jean-Marie Van Niekerk ATF R&J Van Niekerk Trust and Nowheretogo Pty Ltd ATF R&J Investment Superannuation (**van Niekerk Entities**);
- (c) up to 476,191 Shares at an issue price of \$0.15 per Share (**Dennis Shares**) to Mr Stephen Dennis (and/or his nominee); and
- (d) up to 13,360,480 Shares at an issue price of \$0.15 per Share (**Greenstone Shares**) to Greenstone (and/or its nominee),

(together, the **Contingent Placement Shares**).

The actual number of Contingent Placement Shares to be issued by the Company will be determined following the completion of the retail component of the Entitlement Offer (refer to the Prospectus for further details) and the Company will issue such number of Shares as is equivalent to the number of Shares that have not been allocated to the Hazelden Entities, van Niekerk Entities, Mr Stephen Dennis and Greenstone according to their respective sub-underwriting arrangements. Accordingly, the number of Contingent Placement Shares to be issued may be less than an aggregate of 30,937,332 Shares.

Resolutions 1 to 4 (inclusive) are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 1 to 4 (inclusive).

4.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Hazelden Entities, being entities associated with Mr Brett Hazelden (a Director), the van Niekerk Entities, being entities associated with Mr Rudolph van Niekerk (a former Director) and Mr Stephen Dennis (a Director) are related parties of the Company. Greenstone is not a related party of the Company (as defined under section 228 of the Corporations Act).

The Board (excluding Messrs Hazelden and Dennis) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Hazelden Shares, van Niekerk Shares and Dennis Shares because these Shares will be issued on the same terms as Shares issued to participants in the Placement and Entitlement Offer and as such the giving of the financial benefit is on arm's length terms and falls under the exception in section 210 of the Corporations Act.

4.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) Listing Rule 10.11.1 - a related party;
- (b) Listing Rule 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) Listing Rule 10.11.3 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;

- (d) Listing Rule 10.11.4 - an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) Listing Rule 10.11.5 - a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains shareholder approval.

The issue of:

- (a) the Hazelden Shares and the van Niekerk Shares fall within Listing Rules 10.11.4, as the Hazelden Entities and van Niekerk Entities are entities associated with Mr Brett Hazelden (a Director) and Mr Rudolph van Niekerk (a former Director) respectively;
- (b) the Dennis Shares falls within Listing Rule 10.11.1 as Mr Stephen Dennis is a Director; and
- (c) the Greenstone Shares falls within Listing Rule 10.11.3 as Greenstone is a substantial Shareholder with a nominee on the Board.

Resolutions 1 to 4 (inclusive) seek the required shareholder approval to issue the Contingent Placement Shares under, and for the purposes of, Listing Rule 10.11.

If Resolutions 1 to 4 (inclusive) are passed, the Company will, if required, be able to issue the Contingent Placement Shares to the Hazelden Entities, the van Niekerk Entities, Mr Stephen Dennis and Greenstone (and/or their nominees) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Contingent Placement Shares without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 1 is not passed, the Company will not be able to proceed with the issue of the Hazelden Shares to the Hazelden Entities (and/or their nominees). If Resolution 2 is not passed, the Company will not be able to proceed with the issue of the van Niekerk Shares to the van Niekerk Entities (and/or their nominees). If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Dennis Shares to Mr Stephen Dennis (and/or his nominee). If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Greenstone Shares to Greenstone (and/or its nominee).

4.4 Specific information required by Listing Rule 10.13

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Contingent Placement Shares will be issued to the Hazelden Entities, the van Niekerk Entities, Stephen Dennis and Greenstone (and/or their respective nominees).
- (b) The Hazelden Entities, the van Niekerk Entities, Mr Stephen Dennis and Greenstone fall within Listing Rule 10.11 as they are related parties of the Company for the following reasons:
 - (i) Messrs Brett Hazelden and Stephen Dennis are Directors;
 - (ii) Mr Rudolph van Niekerk was a Director within the past 6 months; and
 - (iii) Greenstone is a substantial Shareholder of the Company with a nominee on the Board.
- (c) The maximum number of Shares to be issued to the Hazelden Entities, the van Niekerk Entities, Mr Stephen Dennis and Greenstone (and/or their nominees) is an aggregate of up to 30,937,332 Shares.
- (d) The Contingent Placement Shares are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (e) The Hazelden Shares, van Niekerk Shares, Dennis Shares and Greenstone Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (f) The Contingent Placement Shares will be issued at \$0.15 per Share, being the same issue price as the Shares offered under the Placement and Entitlement Offer.
- (g) The funds raised by the issue of the Hazelden Shares, van Niekerk Shares, Dennis Shares and Greenstone Shares will be used to fund the further construction of the BSOPP, additional allowances and contingencies in respect to the construction of the BSOPP and operating and finance costs (including working capital).
- (h) The Hazelden Shares, van Niekerk Shares, Dennis Shares and Greenstone Shares are being issued pursuant to short form subscription agreements pursuant to which, subject

to Shareholder approval, such number of Shares (at an issue price of \$0.15 per Share) as is equivalent to the number of Shares not allocated under their respective sub-underwriting agreements will be issued to the Hazelden Entities, the van Niekerk Entities, Stephen Dennis and Greenstone (and/or their respective nominees).

- (i) A voting exclusion statement is included in the Notice for Resolutions 1 to 4 (inclusive).

4.5 Directors recommendation

Directors (other than Messrs Brett Hazelden and Stephen Dennis) recommend that Shareholders vote in favour of Resolutions 1 to 4 (inclusive). Each Director who makes a recommendation intends to vote any Shares that he owns or controls in favour of Resolutions 1 to 4 (inclusive).

5. Resolution 5 – Issue of Shares to Kumarina

5.1 Background

In accordance with Listing Rule 10.11, Shareholder approval is required for the issue of Shares to a related party.

The Company intends to issue 13,931,488 Shares to Kumarina (and/or its nominee) in lieu of cash payment for outstanding invoices owing (for an aggregate amount of \$2,089,723) in respect to services provided in respect to the development of the BSOPP.

Resolution 5 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 5.

5.2 Section 208 of Corporations Act

In accordance with section 208 of the Corporations Act, to give a financial benefit to a related party, the Company must obtain Shareholder approval unless the giving of the financial benefit falls within an exception in sections 210 to 216 of the Corporations Act.

The Kumarina, being an entity associated with Mr Brent Smoothy (a Director), is a related party of the Company.

The Board (excluding Mr Brent Smoothy) has formed the view that Shareholder approval under section 208 of the Corporations Act is not required for the proposed issue of the Kumarina Shares because these Shares will be issued at the same price as the Shares issued to participants in the Placement and Entitlement Offer and as such the giving of the financial benefit is on arm's length terms and falls under the exception in section 210 of the Corporations Act.

5.3 Listing Rule 10.11

Listing Rule 10.11 provides that unless one of the exceptions in Listing Rule 10.12 applies, a listed company must not issue or agree to issue equity securities to:

- (a) Listing Rule 10.11.1 - a related party;
- (b) Listing Rule 10.11.2 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (30%+) holder in the company;
- (c) Listing Rule 10.11.3 - a person who is, or was at any time in the 6 months before the issue or agreement, a substantial (10%+) holder in the company and who has nominated a director to the board of the company pursuant to a relevant agreement which gives them a right or expectation to do so;
- (d) Listing Rule 10.11.4 - an associate of a person referred to in Listing Rules 10.11.1 to 10.11.3; or
- (e) Listing Rule 10.11.5 - a person whose relationship with the company or a person referred to in Listing Rules 10.11.1 to 10.11.4 is such that, in ASX's opinion, the issue or agreement should be approved by its shareholders,

unless it obtains shareholder approval.

The issue of the Kumarina Shares falls within Listing Rule 10.11.4 as Kumarina is an entity associated with Mr Brent Smoothy, a Director.

Resolution 5 seeks the required shareholder approval to issue the Kumarina Shares under, and for the purposes of, Listing Rule 10.11.

If Resolution 5 is passed, the Company will be able to issue the Kumarina Shares to Kumarina (and/or its nominee) and pursuant to Listing Rule 7.2, exception 14, the Company may issue the Kumarina Shares without using up the Company's 15% placement capacity under Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Kumarina Shares to Kumarina (and/or its nominee) and the Company will have to pay the amount owing of \$2,089,723 under the outstanding invoices.

5.4 Specific information required by Listing Rule 10.13

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) The Kumarina Shares will be issued to Kumarina (and/or its nominee).
- (b) Kumarina falls within Listing Rule 10.11 as it is an entity associated with Mr Brent Smoothy, a Director.
- (c) The maximum number of Shares to be issued to Kumarina (and/or its nominee) is up to 13,931,488 Shares.
- (d) The Kumarina Shares are fully paid ordinary shares and will rank equally in all respects with the Company's existing Shares on issue.
- (e) The Kumarina Shares will be issued no later than one month after the date of the Meeting (or such longer period of time as ASX may in its discretion allow).
- (f) The Kumarina Shares will be issued at a deemed issue price of \$0.15 per Share (based on invoices for an aggregate amount of \$2,089,723), being the same issue price as the Shares offered under the Placement and Entitlement Offer.
- (g) No funds will be raised via the issue of the Kumarina Shares as the Kumarina Shares are being issued in lieu of cash in respect to the outstanding invoices owing.
- (h) The Kumarina Shares are being issued pursuant to a debt for equity subscription agreement, pursuant to which, subject to Shareholder approval, the Kumarina Shares will be issued at \$0.15 per Share in lieu of cash in respect to the outstanding invoices owing.
- (i) A voting exclusion statement is included in the Notice for Resolution 5.

5.5 Directors recommendation

Directors (other than Mr Brent Smoothy) recommend that Shareholders vote in favour of Resolution 5. Each Director who makes a recommendation intends to vote any Shares that he owns or controls in favour of Resolution 5.

6. Resolutions 6 to 9 (inclusive) – Ratification of Prior Issue of Contractor Shares, Debt Adviser Shares, Contractor Options and Debt Adviser Options

6.1 Background

Resolutions 6 to 9 (inclusive) seek Shareholder approval to ratify the prior issue by the Company of the Contractor Shares, the Contractor Options, the Debt Adviser Options and the Debt Adviser Shares respectively.

Resolutions 6 to 9 (inclusive) are ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 6 to 9 (inclusive).

6.2 Listing Rules 7.1 and 7.4

Listing Rule 7.1 (subject to a number of exceptions) limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The issue of the Contractor Shares, the Contractor Options, the Debt Adviser Options and the Debt Adviser Shares do not fall within any of the exceptions to Listing Rule 7.1 and, as they have not yet been approved by Shareholders, they effectively use up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities without Shareholder approval under Listing Rule 7.1 for the 12 month period following the relevant issue dates.

Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under that rule. The Company confirms that the issue of the Contractor Shares, the Contractor Options, the Debt Adviser Options and the Debt Adviser Shares will not breach Listing Rule 7.1.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rule 7.1.

Resolutions 6 to 9 (inclusive) seek Shareholder approval for the Contractor Shares, the Contractor Options, the Debt Adviser Options and the Debt Adviser Shares under, and for the purposes of, Listing Rule 7.4.

If Resolutions 6 to 9 (inclusive) are passed, the Contractor Shares, the Contractor Options, the Debt Adviser Options and the Debt Adviser Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue dates.

If Resolutions 6 to 9 (inclusive) are not passed, the Contractor Shares, the Contractor Options, the Debt Adviser Options and the Debt Adviser Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the issue dates

6.3 Specific information required by Listing Rule 7.5

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) 3,723,300 Shares and 35,495,786 Options will be issued as follows:

Shareholder	Number of Shares/Options
Contractors	2,689,967 Contractor Shares 12,218,987 Class A Contractor Options 17,677,493 Class B Contractor Options 1,000,000 Class C Contractor Options 1,666,667 Class D Contractor Options
BurnVoir Corporate Finance Limited	2,932,639 Debt Adviser Options 1,033,333 Debt Adviser Shares

- (b) The Contractor Shares and Debt Adviser Shares are fully paid ordinary shares and rank equally in all respects with the Company's existing Shares.
- (c) The Contractor Options will only become exercisable upon the provision of services by the contractors (refer to the Vesting Conditions for each class of the Contractor Options detailed in Schedule 2 of this Notice) and have a deemed issue price of \$0.15 per Option (based on agreed pricing for service deliverables for an aggregate amount of \$4,884,472). Each Contractor Option has an exercise price of \$0. A summary of the terms and conditions of the Contractor Options is detailed in Schedule 2 of this Notice.
- (d) 1,082,639 Debt Adviser Options have an exercise price of \$0.55 each and 1,750,000 Debt Adviser Options have an exercise price of \$0.625 each. A summary of the terms and conditions of the Debt Adviser Options is detailed in Schedule 3 of this Notice.
- (e) The Contractor Shares will have a deemed issue price of \$0.15 per Share (based on invoices for an aggregate amount of \$403,495) and Debt Adviser Shares will have a deemed issue price of \$0.15 per Share (based on fees payable for an aggregate amount of \$155,000).
- (f) The Contractor Shares and Debt Adviser Shares will be issued on or around 9 June 2020. The Debt Adviser Options and Contractor Options will be issued on or around 16 June 2020. If the Contractor Shares, Debt Adviser Shares, Debt Adviser Options and Contractor Options are not issued prior to the Meeting, the date of issue must not be later than 3 months after the date of the Meeting.
- (g) The Contractor Shares and Debt Adviser Shares are being issued for nil cash consideration, in lieu of payment of outstanding invoices and as part consideration for services provided by BurnVoir to the Company in respect to the Company's various debt arrangements as part of BurnVoir's ongoing engagement with the Company.
- (h) The Contractor Options are being issued for nil cash consideration in lieu of payment for future works to be undertaken by various contractors and will only become exercisable upon the provision of these services. The Debt Adviser Options are being issued for nil cash consideration as part consideration for services provided by BurnVoir to the Company in respect to the Company's various debt arrangements as part of BurnVoir's ongoing engagement with the Company.

- (i) The Contractor Options are being issued under the Prospectus in lieu of payments for future works to be undertaken by these contractors, including in respect to an Engineering, Procurement and Construction (**EPC**) contract and an EPS services contract. The Contractor Shares are being issued pursuant to debt for equity letters pursuant to which the Contractor Shares will be issued in lieu of payment of outstanding invoices owing by the Company. The Debt Adviser Options are being issued under the Prospectus. The Debt Adviser Shares are not issued under an agreement.
- (j) A voting exclusion statement is included in the Notice for Resolutions 6 to 9 (inclusive).

6.4 Directors recommendation

Directors recommend that Shareholders vote in favour of these Resolutions. Each Director who makes a recommendation intends to vote any Shares that he owns or controls in favour of these Resolutions.

7. Resolution 10 – Ratification of Prior Issue of Placement Shares

7.1 Background

Resolution 10 seeks Shareholder approval to ratify the prior issue by the Company of the Placement Shares.

Resolution 10 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 10.

7.2 Listing Rules

Listing Rule 7.1 (subject to a number of exceptions) limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

On 31 March 2020, ASX announced the temporary capital raising relief (in the form of class waivers) which lifts the 15% limit on the number of Shares the Company can issue without obtaining the prior approval of its Shareholders pursuant to Listing Rule 7.1 to 25%. The class waiver also permits the Company to include in its calculation, for the purposes of Listing Rule 7.1, the number of Shares that may be issued under the underwritten component of the Entitlement Offer (the **ASX Class Waiver**). As required by the ASX Class Waiver, the Company has notified ASX in writing of its intention to rely on the ASX Class Waiver and has provided the ASX with the details of the Entitlement Offer and the Placement. The issue of the Placement Shares do not fall within any of the exceptions to Listing Rule 7.1 and, as they have not yet been approved by Shareholders, are being issued pursuant to the ASX Class Waiver.

Listing Rule 7.4 provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with Shareholder approval for the purpose of Listing Rule 7.1 and so does not reduce the Company's capacity to issue further equity securities without Shareholder approval under that rule. For clarity, Resolution 10 seeks to ratify the Placement Shares issued pursuant to the ASX Class Waiver for the purpose of including these Shares in the Company's variable 'A' calculation in respect to its Listing Rule 7.1 capacity and does not seek to ratify the Company's additional 10% capacity under the ASX Class Waiver (which can only be used once).

On 8 May 2020, ASX granted a waiver to the Company pursuant to Listing Rule 10.11.3 to allow the Company to issue Shares to Greenstone, such that Greenstone can maintain its percentage interest in the issued share capital of the Company up to a maximum of 19.8% (**ASX Waiver**). The Company has relied on the ASX Waiver to issue to Greenstone its allocation of the Placement Shares.

Resolution 10 seek Shareholder approval for the Placement Shares under, and for the purposes of, Listing Rule 7.4.

If Resolution 10 is passed the Placement Shares will be excluded in calculating the Company's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of issue.

If Resolution 10 is not passed, the Placement Shares will be included in calculating the Company's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the date of issue.

7.3 Specific information required by Listing Rule 7.5

Information must be provided to Shareholders for the purposes of obtaining Shareholder approval as follows:

- (a) 126,762,262 Shares have been issued to professional and sophisticated shareholders and investors who participated in the Placement, of which 24,015,305 Shares were issued to Greenstone pursuant to the ASX Waiver. No Placement Shares have been issued to any related party, key management personnel, substantial shareholder or adviser of the Company or any of their associated, save in respect to Greenstone.
- (b) The Placement Shares are fully paid ordinary shares and rank equally in all respects with the Company's existing Shares.
- (c) The Placement Shares have an issue price of \$0.15 per Share.
- (d) The Placement Shares were issued on 1 June 2020.
- (e) Funds raised by the issue of the Placement Shares will be used to fund the further construction of the BSOPP, additional allowances and contingencies in respect to the construction of the BSOPP and operating and finance costs (including working capital).
- (f) The Placement Shares were issued pursuant to short form subscription letters pursuant to which the sophisticated and professional shareholders and investors were issued Placement Shares at an issue price of \$0.15 per Share.
- (g) A voting exclusion statement is included in the Notice for Resolution 10.

7.4 Directors recommendation

Directors recommend that Shareholders vote in favour of Resolution 10. Each Director who makes a recommendation intends to vote any Shares that he owns or controls in favour of Resolution 10.

Schedule 1 - Definitions

In the Notice and this Explanatory Memorandum, words importing the singular include the plural and vice versa.

\$ means Australian Dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

ASX Waiver has the meaning given in Section 7.2.

ASX Class Waiver has the meaning given in Section 7.2.

Board means the board of directors of the Company.

BSOPP means the Beyondie Sulphate of Potash Project.

Burnvoir has the meaning given in Section 3.

Chairman means the person appointed to chair the Meeting convened by the Notice.

Company means Kalium Lakes Limited (ACN 613 656 643).

Company Secretary means the secretary to the Company.

Constitution means the constitution of the Company as at the commencement of the Meeting.

Contingent Placement has the meaning given in Section 3.

Contractor Options has the meaning given in Section 3.

Contractor Shares has the meaning given in Section 3.

Corporations Act means the *Corporations Act 2001* (Cth).

Debt Adviser Options has the meaning given in Section 3

Debt Adviser Shares has the meaning given in Section 3.

Dennis Shares has the meaning given in Section 4.1.

Director means a director of the Company.

Entitlement Offer has the meaning given in Section 3.

Explanatory Memorandum means the explanatory memorandum which forms part of the Notice.

Greenstone means Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Resources II (Australia) Holdings L.P.

Greenstone Shares has the meaning given in Section 4.1

Hazelden Entities has the meaning given in Section 4.

Hazelden Shares has the meaning given in Section 4.

KLP means Kalium Lakes Potash Pty Ltd.

Kumarina has the meaning given in Section 3.

Kumarina Shares has the meaning given in Section 3.

Listing Rules means the listing rules of ASX.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means the notice of meeting which comprises of the notice, agenda, Explanatory Memorandum and Proxy Form.

Option means an option which entitles the holder to subscribe for one Share.

Placement has the meaning given in Section 3.

Placement Shares has the meaning given in Section 3.

Prospectus has the meaning given in Section 3.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

Schedule means a schedule to this Explanatory Memorandum.

Section means a section of this Explanatory Memorandum.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

van Niekerk Entities has the meaning given in Section 4.1.

van Niekerk Shares has the meaning given in Section 4.1.

WST means Western Standard Time, being the time in Perth, Western Australia.

Schedule 2 – Terms and Conditions of Contractor Options

The terms of the Contractor Options are summarised below:

Each zero exercise price option (**Contractor Option**) entitles the holder (**Holder**) to subscribe for one new Share in the Company upon exercise.

Class A Options

(a) Exercise Price and Expiry Date

Each Option shall have an exercise price of \$0 (**Exercise Price**) and expire three years from the date of issue (**Expiry Date**).

(b) Vesting Conditions

The number of Options that are granted to each Holder are detailed in the table below. The number of Options that will vest in the Holder will be determined by the satisfaction of the Vesting Condition as follows:

Class	Number of Options	Vesting Condition
A	5,911,420	Subject to paragraph (c), the Options will vest upon KLP being required to make payment to the Holder in respect of milestone number 141 (being, EC&I, Electrical Control & Instrumentation, 100% complete) pursuant to, and in accordance with, the EPC Contract.
	6,307,567	Subject to paragraph (c), the Options will vest upon KLP being required to make payment to the Holder in respect of milestone number 142 (being, mechanical completion acceptance) pursuant to, and in accordance with, the EPC Contract.

(c) Lapsing of Options

Each Option will lapse, and be cancelled, upon occurrence of one or more of the following:

- (i) the aggregate amount payable under the EPC Contract to the Holder being reduced, through variations, by more than 5%; and
- (ii) the EPC Contract being terminated for any reason whatsoever.

(d) Exercise Period

The Options will only vest and entitle the Holder to exercise the relevant Options and be issued Shares if the applicable Vesting Condition is satisfied prior to the Expiry Date (**Exercise Period**).

(e) Notice of Exercise

The Options may be exercised by notice in writing to the Company for each Option being exercised (**Notice of Exercise**).

Any Notice of Exercise of an Option, received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(f) Shares issued on exercise

Shares issued on exercise of the Options rank equally with the existing Shares of the Company.

(g) Quotation of Shares on exercise

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(h) **Timing of issue of Shares and quotation of Shares on exercise**

Within 5 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

- (i) allot and issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(i) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and Holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(j) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if Options held by the Holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(k) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

For the avoidance of doubt, the Exercise Price of an Option will not be below \$0.

(l) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Holder of Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(m) **Quotation of Options**

No application for quotation of the Options will be made by the Company.

(n) **Options Transferable**

The Options are only transferrable to a related party of the Holder.

(o) **Authorisation**

The Company represents and warrants to the Holder that the Options are validly issued and create an obligation on the Company to issue Shares upon exercise of the Options.

(p) **Amendments**

The terms and conditions of the Options may only be amended subject to compliance with the Listing Rules (or the rules of the relevant securities exchange on which the Company's shares are admitted for quotation).

Class B Options

(a) **Exercise Price and Expiry Date**

Each Option shall have an exercise price of \$0 (**Exercise Price**) and shall expire three years from the date of issue (**Expiry Date**).

(b) **Vesting Conditions**

The number of Options that are granted to each Holder are detailed in the table below. The number of Options that will vest in the Holder will be determined by the satisfaction of the Vesting Condition as follows:

Class	Number of Options	Vesting Condition
B	17,677,493	The contractor is entitled to payment under clause 9.6(b) of the agreement, being for the provision of services and delivery of equipment (Payment Claim). The number of Options that vest will be determined by dividing the amount specified in the Payment Claim (up to a maximum amount of EUR1,588,853), converted into AUD, by applying the AUD/EUR exchange rate of 0.5992, by \$0.15. ¹

Note:

1. Any fractional entitlements will be rounded up to the nearest whole number and any Options that do not vest will lapse upon the issue of the Payment Certificate, and be cancelled.

(c) **Exercise Period**

The Options will only vest and entitle the Holder to exercise the relevant Options and be issued Shares if the applicable Vesting Condition is satisfied. The Holder may exercise an Option at any period commencing on the date that the applicable Vesting Condition is satisfied and ending on the Expiry Date (**Exercise Period**).

(d) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company (**Notice of Exercise**).

Any Notice of Exercise received by the Company in respect to the Options will be deemed to be a notice of the exercise of all the Options that have vested as at the date of receipt.

(e) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the existing Shares of the Company.

(f) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(g) **Timing of issue of Shares and quotation of Shares on exercise**

Within 5 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

- (i) allot and issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and Holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options, unless the Holder has exercised the Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding shares in the Company.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if Options held by the Holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Holder of Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction. The Company must, within a reasonable period, give to the Holder notice of any change to the number of Shares which the Holder is entitled to subscribe for on exercise of an Option.

(k) **Quotation of Options**

No application for quotation of the Options will be made by the Company.

(l) **Options Transferable**

The Options are not transferable.

(m) **Authorisation**

The Company represents and warrants to the Holder that the Options are validly issued and create an obligation on the Company to issue Shares upon exercise of the Options.

(n) **Amendments**

The terms and conditions of the Options may only be amended subject to compliance with the Listing Rules (or the rules of the relevant securities exchange on which the Company's shares are admitted for quotation).

(o) **Governing law**

These terms and the rights and obligations of the Holder are governed by the laws of Western Australia. The Holder and the Company irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

Class C Options

(a) **Exercise Price and Expiry Date**

Each Option shall have an exercise price of \$0 (**Exercise Price**) and shall expire two years from the date of issue (**Expiry Date**).

(b) **Vesting Conditions**

The number of Options that are granted to each Holder are detailed in the table below. The number of Options that will vest in the Holder will be determined by the satisfaction of the Vesting Condition as follows:

Class	Number of Options	Vesting Condition
C	1,000,000	Each Option will vest upon the Holder issuing an invoice to KLP in respect to project management services pursuant to, and in accordance with, the Agreement (Invoice), and the number of Options that vest will be determined by dividing the amount specified in the Invoice (up to a maximum amount of in aggregate of \$150,000) by \$0.15. ¹

Note:

1. The Company will determine the treatment of any fractional entitlements at its discretion.

(c) **Exercise Period**

The Options will only vest and entitle the Holder to exercise the relevant Options and be issued Shares if the applicable Vesting Condition is satisfied prior to the Expiry Date (**Exercise Period**).

(d) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company for each Option being exercised (**Notice of Exercise**).

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(e) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the existing Shares of the Company.

(f) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(g) **Timing of issue of Shares and quotation of Shares on exercise**

Within 5 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

- (i) allot and issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and Holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if Options held by the Holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustment for rights issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of in satisfaction of dividends or by way of dividend reinvestment) the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New exercise price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option.

E = the number of underlying Shares into which one Option is exercisable.

P = average market price per Share weighted by reference to volume of the underlying Shares during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those to be issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

For the avoidance of doubt, the Exercise Price will not be below \$0.

(k) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Holder of Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(l) **Quotation of Options**

No application for quotation of the Options will be made by the Company.

(m) **Options Transferable**

The Options are not transferable.

(n) **Authorisation**

The Company represents and warrants to the Holder that the Options are validly issued and create an obligation on the Company to issue Shares upon exercise of the Options.

(o) **Amendments**

The terms and conditions of the Options may only be amended subject to compliance with the Listing Rules (or the rules of the relevant securities exchange on which the Company's shares are admitted for quotation).

Class D Options

(a) **Exercise Price and Expiry Date**

Each Option shall have an exercise price of \$0 (**Exercise Price**) and shall expire three years from the date of issue (**Expiry Date**).

(b) **Vesting Conditions**

The number of Options that are granted to each Holder are detailed in the table below. The number of Options that will vest in the Holder will be determined by the satisfaction of the Vesting Condition as follows:

Class	Number of Options	Vesting Condition
D	1,666,667	KLP being required to make payment to the Holder in respect of milestone number BOQ008 (being, weld main line of 250mm approximately 2.5 km, weld mainline of 450mm approximately 2.5 km, weld all tie in points in place and weld in all av and sv on all size piping) and BOQ-003 (early mile transfer pipeline remaining pipe install and tie ins), pursuant to, and in accordance with, the Contract.

(c) **Exercise Period**

The Options will only vest and entitle the Holder to exercise the relevant Options and be issued Shares if the applicable Vesting Condition is satisfied. The Holder may exercise an Option at any period commencing on the date that the applicable Vesting Condition is satisfied and ending on the Expiry Date (**Exercise Period**).

(d) **Notice of Exercise**

The Options may be exercised by notice in writing to the Company for each Option being exercised (**Notice of Exercise**).

Any Notice of Exercise of an Option received by the Company will be deemed to be a notice of the exercise of that Option as at the date of receipt.

(e) **Shares issued on exercise**

Shares issued on exercise of the Options rank equally with the existing Shares of the Company.

(f) **Quotation of Shares on exercise**

Application will be made by the Company to ASX for official quotation of the Shares issued upon the exercise of the Options.

(g) **Timing of issue of Shares and quotation of Shares on exercise**

Within 5 Business Days after receipt of a Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

- (i) allot and issue the Shares pursuant to the exercise of the Options; and
- (ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Participation in new issues**

There are no participation rights or entitlements inherent in the Options and Holder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options, unless the Holder has exercised the Options before the record date for determining entitlements to the new issue of securities and participate as a result of holding shares in the Company.

However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least ten business days after the issue is announced. This will give the Holder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

(i) **Adjustment for bonus issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

- (i) the number of Shares which must be issued on the exercise of an Option will be increased by the number of Shares which the Holder would have received if Options held by the Holder had been exercised before the record date for the bonus issue; and
- (ii) no change will be made to the Exercise Price.

(j) **Adjustments for reorganisation**

If there is any reconstruction of the issued share capital of the Company, the rights of the Holder of Options may be varied to comply with the Listing Rules which apply to the reconstruction at the time of the reconstruction.

(k) **Quotation of Options**

No application for quotation of the Options will be made by the Company.

(l) **Options Transferable**

The Options are not transferable.

(m) **Authorisation**

The Company represents and warrants to the Holder that the Options are validly issued and create an obligation on the Company to issue Shares upon exercise of the Options.

(n) **Amendments**

The terms and conditions of the Options may only be amended subject to compliance with the Listing Rules (or the rules of the relevant securities exchange on which the Company's shares are admitted for quotation).

(o) **Governing law**

These terms and the rights and obligations of the Holder are governed by the laws of Western Australia. The Holders and the Company irrevocably and unconditionally submits to the non-exclusive jurisdiction of the courts of Western Australia.

Schedule 3 – Terms and Conditions of Debt Adviser Options

The terms of the Debt Adviser Options are summarised below:

(a) **Entitlement**

Each Debt Adviser Option entitles the holder to subscribe for one Share upon exercise of the Debt Adviser Option.

(b) **Exercise Price**

Subject to Section (j) below, the amount payable upon exercise of:

(i) 1,182,639 Options is \$0.55 each; and

(ii) 1,750,000 Options is \$0.625 each,

(Debt Adviser Exercise Price).

(c) **Expiry Date**

Each Debt Adviser Option will expire at 5:00pm (WST) on the date that is two years from the date of issue (**Expiry Date**). A Debt Adviser Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Debt Adviser Options are exercisable at any time on or prior to the Expiry Date (**Advisor Exercise Period**).

(e) **Notice of Exercise**

The Debt Adviser Options may be exercised during the Debt Adviser Exercise Period by notice in writing to the Company (**Advisor Notice of Exercise**) and payment of the relevant Debt Adviser Exercise Price for each Debt Adviser Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

An Advisor Notice of Exercise is only effective on and from the later of the date of receipt of the Debt Adviser Notice of Exercise and the date of receipt of the payment of the relevant Advisor Exercise Price for each Debt Adviser Option being exercised in cleared funds (**Advisor Exercise Date**).

(g) **Timing of Issue of the Shares on Exercise**

Within 5 Business Days after receipt of an Advisor Notice of Exercise given in accordance with these terms and conditions for each Option being exercised, the Company will:

(i) allot and issue the Shares pursuant to the exercise of the Options; and

(ii) apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

(h) **Shares Issued on Exercise**

The Shares issued on exercise of the Debt Adviser Options rank equally with the then issued shares of the Company.

(i) **Quotation of the Shares Issued on Exercise**

If admitted to the official list of ASX at the time, application will be made by the Company to ASX for quotation of the Shares issued upon the exercise of the Debt Adviser Options.

(j) **Reconstruction of Capital**

If at any time the issued capital of the Company is reconstructed, all rights of a Debt Advisor Optionholder are to be changed in a manner consistent with the Corporations Act and the Listing Rules at the time of the reconstruction.

(k) **Participation in New Issues**

There are no participation rights or entitlements inherent in the Debt Advisor Options and holders will not be entitled to participate in new issues of capital offered to the Company's shareholders during the currency of the Debt Advisor Options without exercising the Debt Advisor Options.

(l) **Adjustment for Bonus Issues of Shares**

If the Company makes a bonus issue of Shares or other securities to existing Shareholders (other than an issue in lieu or in satisfaction, of dividends or by way of dividend reinvestment):

(i) the number of Shares which must be issued on the exercise of a Debt Advisor Option will be increased by the number of Shares which the holder would have received if the Debt Advisor Options held by the holder had been exercised before the record date for the bonus issue; and

(ii) no change will be made to the Debt Advisor Exercise Price.

(m) **Adjustment for Rights Issue**

If the Company makes an issue of Shares pro rata to existing Shareholders (other than an issue in lieu of satisfaction of dividends or by way of dividend reinvestment) the Advisor Exercise Price of an Debt Advisor Option will be reduced according to the following formula in Listing Rule 6.22 so that the holder does not suffer any detriment as a result of the pro rata issue.

(n) **Unquoted**

The Company will not apply for quotation of the Options on ASX unless the Board resolves otherwise.

(o) **Transferability**

The Debt Advisor Options are not transferable.