



Kalium Lakes Limited Performance Rights Plan Rules

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Kalium Lakes Limited Performance Rights Plan Rules

1. Definitions and interpretation

1.1 Definitions

In these Rules, unless the context otherwise requires, the following terms and expressions will have the following meanings:

Acquisition Price means, in respect of a Performance Right, the amount payable (if any) for that Performance Right.

Ancillary Documentation means all documentation which the Board specifies in an Invitation that an Eligible Participant must enter into and/or provide in connection with an Application for a Performance Right.

Application means, in respect of a Performance Right, an application for that Performance Right made by an Eligible Participant in response to an Invitation.

Application Form means an application form attached to, or enclosed with, an Invitation.

ASIC means the Australian Securities and Investments Commission.

Associate has the same meaning given to that term in section 12 of the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) trading as the Australian Securities Exchange or the securities exchange operated by that entity, as appropriate.

ASX Holding Lock has the same meaning as “Holding Lock” in Chapter 19 of the Listing Rules.

Board means the board of directors of the Company, a committee appointed by the board of directors of the Company as constituted from time to time, or, in respect of a particular matter, any person who is provided with delegated authority by the board of directors of the Company in respect of that particular matter from time to time.

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth, Western Australia.

Certificate means a certificate evidencing the grant of a Performance Right.

Change of Control Event means:

- (a) a change in Control of the Company;
- (b) where members of the Company approve any compromise or arrangement for the purpose of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with any other body corporate or bodies corporate (other than a scheme that does not involve a change in the ultimate beneficial ownership of the Company), which will, upon becoming

effective, result in any person (either alone or together with its Associates) owning 50% or more of the Issued Capital of the Company;

- (c) where a Takeover Bid is made to acquire more than 50% of the Issued Capital (or such lesser number of Shares that when combined with the Shares that the bidder (together with its Associates) already owns will amount to more than 50% of the Issued Capital of the Company) and the Takeover Bid becomes unconditional and the bidder (together with its Associates) has a Relevant Interest in 50% or more of the Issued Capital of the Company;
- (d) where a person (either alone or together with its Associates) becomes the legal or the beneficial owner of, or acquires a Relevant Interest in, more than 50% of the Issued Capital of the Company;
- (e) where a person (either alone or together with its Associates) becomes entitled to acquire or acquires an equitable interest in more than 50% of the Issued Capital of the Company;
- (f) a resolution is passed for the voluntary winding-up of the Company;
- (g) an order is made for the compulsory winding up of the Company; or
- (h) any other event determined by the Board in good faith to constitute a "Change of Control Event" for the purposes of these Rules,

but, for the avoidance of doubt, does not include any internal reorganisation of the structure, business and/or assets of the Group.

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

Constitution means the constitution of the Company.

Control has the meaning given to that term in the Corporations Act.

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

Eligible Participant means:

- (a) a Founding Shareholder; or
- (b) any other person that has been determined by the Board to be eligible to participate in the Plan from time to time.

Engagement Arrangement means in respect of:

- (a) an employee of a member of the Group, the terms under which the relevant member of the Group has employed that person;
- (b) a director of a member of the Group that is not also an employee, the terms under which the relevant member of the Group has appointed that director to their office; or
- (c) a contractor or consultant to a member of the Group, the terms under which the relevant member of the Group has engaged that contractor or consultant.

Expiry Date in relation to a Performance Right means:

- (a) the date determined by the Board and specified in an Invitation as the “expiry date”; or
- (b) if an Invitation does not specify an “expiry date”, the date which is 15 years from the Grant Date of that Performance Right.

Founding Shareholder means Brent Smoothy, Brett Hazelden and Rudolph van Niekerk

Grant Date means, in relation to a Performance Right, the date on which that Performance Right is granted to a Participant as set out in the Certificate for that Performance Right.

Group means the Company and each of its Related Bodies Corporate from time to time.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it has had a controller appointed or is in liquidation, in provisional liquidation, under administration, wound up or has had a receiver appointed to any part of its property;
- (c) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved (in each case, other than to carry out a reconstruction or amalgamation while solvent on terms approved by the Company);
- (d) an application or order has been made (and in the case of the application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is likely to result in any of (a), (b) or (c) above);
- (e) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand);
- (f) it is subject to an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (g) it is otherwise unable to pay its debts when they fall due; or
- (h) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Invitation means an invitation to an Eligible Participant to apply for the grant of one or more Performance Rights made in accordance with clause 3.2 of these Rules.

Issued Capital means issued Shares from time to time.

Listing Rules means the listing rules, market rules and operating rules of a financial market in respect of which the Company’s shares are quoted or are the subject of an application for quotation.

Performance Conditions means, in relation to each Performance Right, the performance related conditions which must be satisfied or circumstances which must exist before a Performance Right will

be satisfied, as set out in the Invitation or the Terms and Conditions attached to that Performance Right.

Performance Right means a right granted under these Rules to be issued or transferred a Share in the discretion of the Board.

Participant means an Eligible Participant who has been granted a Performance Right under this Plan.

Plan means the Kalium Lakes Limited Performance Right Plan.

Plan Shares means all Shares issued or transferred to a Participant upon the valid satisfaction of a Performance Right.

Related Bodies Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Rules means the rules of the Plan which are set out in this document including the Terms and Conditions, as amended from time-to-time.

Security Interest means a mortgage, charge, pledge, lien, encumbrance or other third party interest of any nature.

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

Share Trading Policy means any share trading policy of the Company, as amended from time to time.

Takeover Bid has the meaning given to that term in the Corporations Act.

Terms and Conditions means with reference to any Performance Right, the terms and conditions set out in Annexure 2 to the Invitation or the terms and conditions otherwise issued to the Eligible Participant in accordance with clause 3.2.

1.2 Interpretation

In these Rules, unless otherwise stated or the contrary intention appears:

- (a) the singular includes the plural and vice versa;
- (b) a gender includes all genders;
- (c) a reference to a document or agreement includes that document or agreement as novated, altered, supplemented or replaced from time to time;
- (d) headings are for convenience only and do not affect the interpretation of these Rules;
- (e) a reference to any thing (including any amount) includes any part of that thing and a reference to a group of things or persons includes each thing or person in that group;

- (f) a reference to any legislation includes any modification or replacement of it and all regulations and statutory instruments issued under it and a reference to any provision of any legislation includes any modification or substitution of it;
- (g) a reference to these Rules means these Rules as amended from time to time and includes all recitals, annexures, addendums and schedules to these Rules;
- (h) a reference to a person includes a reference to the person's executors, legal personal representatives, administrators, substitutes (including any person taking by way of novation) and:
 - (i) in the case of a trustee, includes any substituted or additional trustee; and
 - (ii) in the case of a Participant, includes any person to whom that Participant transfers a Performance Right or Plan Share in accordance with the terms of an Australian court order or an injunction granted by an Australian court;
- (i) the expression "person" includes an individual, the estate of an individual, the legal personal representative of an individual, a corporation, an authority, an association or a joint venture (whether incorporated or unincorporated), a partnership and a trust;
- (j) any reference to include means to include without limitation;
- (k) a monetary amount is a reference to Australian Dollars;
- (l) where any word is given a defined meaning, any other part of speech or other grammatical form in respect of such word or phrase has a corresponding meaning;
- (m) a reference to a clause, party, annexure, exhibit or schedule is a reference to a clause of, and a party, annexure, exhibit and schedule to, these Rules and a reference to these Rules includes any annexure, exhibit and schedule;
- (n) when the day on which something must be done is not a Business Day, that thing must be done on the following Business Day; and
- (o) a term or expression starting with a capital letter which is defined in clause 1.1 has the meaning given to it in that clause.

1.3 **Construed against a party**

No provision or expression in these Rules is to be construed against a party on the basis that the party (or its advisers) was responsible for the drafting of these Rules.

1.4 **Applicable Law**

These Rules, the offering and granting of any Performance Right or Plan Share and the rights attaching to or interests in any Performance Right or Plan Share will at all times be subject to applicable law.

1.5 **Rounding**

Where any calculation or adjustment to be made pursuant to these Rules produces a fraction of a cent or a fraction of a Performance Right or Plan Share, the fraction will be eliminated by rounding to the nearest whole number.

1.6 **Constitution**

The entitlements of Eligible Participants under these Rules are subject to the Constitution. In the event of any inconsistency between these Rules and the Constitution, the terms of the Constitution will prevail.

2. *Introduction*

2.1 **Purpose**

(a) The purpose of the Plan is to

align the interests of Eligible Participants with shareholders of the Group by providing an opportunity to Eligible Participants to receive an equity interest in the Company, subject to these Rules, in the form of Performance Rights.

(b) For the avoidance of doubt, any equity interests offered to the Eligible Participants in accordance with these Rules are not offered under, or in connection with, that Eligible Participant's Engagement Arrangement with the Company.

2.2 **Commencement**

The Plan will commence on a date determined by the Board.

2.3 **Rules are binding**

The Company and each Participant are bound by these Rules.

3. *Eligibility, Invitation and Application*

3.1 **Eligibility**

The Board may from time to time determine that an Eligible Participant may participate in the Plan.

3.2 **Invitation**

(a) Following determination that an Eligible Participant may participate in the Plan, the Board may make an Invitation to the Eligible Participant on any number of occasions.

(b) An Invitation to an Eligible Participant to apply for Performance Rights may be made on such terms and conditions as the Board decides from time to time, including as to:

- (i) the number of Performance Rights for which that Eligible Participant may apply;
- (ii) the Grant Date;

- (iii) the Acquisition Price (if any) or how such price is to be calculated, and how it is to be paid by that Eligible Participant;
- (iv) Performance Conditions;
- (v) the disposal restrictions attaching to the Plan Shares (if any);
- (vi) the forfeiture of the Performance Rights; and
- (vii) any other supplementary terms and conditions.

3.3 Form of Application

An Invitation to an Eligible Participant must be accompanied by an Application Form and the Ancillary Documentation (if any).

3.4 Eligible Participant agrees to be bound

Each Eligible Participant is, by submitting a completed Application Form, deemed to have agreed to be bound by:

- (a) the terms of the Invitation and the Application Form;
- (b) the Ancillary Documentation (if any);
- (c) the Terms and Conditions (if any);
- (d) these Rules; and
- (e) the Constitution.

3.5 Who may apply

On receipt of an Invitation, an Eligible Participant may apply for the Performance Rights the subject of the Invitation by sending the completed Application Form together with payment of the Application Price (if any) to the Company (or its designated officer as set out in the Application Form) by the time and date specified in the Invitation, unless otherwise determined by the Board.

3.6 Acceptance of Application

- (a) The Board may accept an Application from an Eligible Participant in whole or in part.
- (b) The Company may not grant a Performance Right to an Eligible Participant unless it has received a duly signed and completed Application Form together with all applicable Ancillary Documentation from that Eligible Participant. The Application Form and, where applicable, the Ancillary Documentation must be in the form included with the Invitation, and may not be made on the basis that it is subject to any terms and conditions other than those specified in the Invitation.

3.7 When applications will not be accepted

Unless otherwise determined by the Board, an Application will not be accepted, if at the time the Company received the duly signed and completed Application Form together with all Ancillary Documentation:

- (a) the applicant is not an Eligible Participant; or
- (b) the Board has determined that the applicant is no longer eligible to participate in the Plan.

3.8 Right to nominate

- (a) Unless otherwise expressly permitted in an Invitation, an Eligible Participant may only submit an Application in the Eligible Participant's name and not on behalf of any other person. If an Eligible Participant is permitted in an Invitation, the Eligible Participant may nominate another person to be granted the Performance Rights the subject of their Invitation and/or the Plan Shares in relation to such Performance Rights. If nomination is not permitted in the Invitation, the Board may reject an Application submitted in the name of a nominee for the Eligible Participant. The nominee must execute any documents required by the Company in order to receive the grant.
- (b) If Performance Rights and/or Plan Shares (as the case may be) are granted to a person nominated by an Eligible Participant, then the Eligible Participant and their nominee must execute any documents required by the Company in order to receive the grant and to the extent necessary to give effect to the intent of these Rules, the Eligible Participant will continue to be treated as the Participant.

3.9 Multiple Invitations

The Board may invite an Eligible Participant to apply for any number of Performance Rights, notwithstanding that the Eligible Participant has previously been invited to apply for Performance Rights.

4. Grant of Performance Rights

4.1 Company to grant Performance Rights

Following receipt of a duly completed and signed Application Form together with payment of the Acquisition Price (if any) and all applicable Ancillary Documentation, the Company will, to the extent that it has accepted such Application, grant the Participant the relevant number of Performance Rights, subject to the terms and conditions set out in the Invitation, the Terms and Conditions, these Rules and the Ancillary Documentation.

4.2 Certificate

Following the grant of a Performance Right, the Company must issue a Certificate to the Participant.

5. Terms of Performance Rights

5.1 Participant's rights

Prior to a Performance Right being satisfied in accordance with clause 7 :

- (a) a Participant does not have any interest (legal, equitable or otherwise) in any Share the subject of the Performance Right other than those expressly set out in these Rules; and
- (b) a Participant is not entitled to:
 - (i) notice of, or to vote or attend at, a meeting of the shareholders of the Company; and
 - (ii) receive any dividends declared by the Company,by virtue of holding a Performance Right.

5.2 Restriction of dealing

A Participant may not sell, assign, transfer, grant a Security Interest over or otherwise deal with a Performance Right that has been granted to them unless the relevant dealing is effected by force of law on death or legal incapacity to the Participant's legal personal representative. The Company may require that a Performance Right be forfeited if a sale, assignment, transfer, dealing or grant of a Security Interest occurs or is purported to occur other than in accordance with these Rules.

5.3 Prohibition on hedging

A Participant must not enter into any arrangement for the purpose of hedging their economic exposure to a Performance Right that has been granted to them.

5.4 Register of Performance Rights

Each Performance Right granted under these Rules must be registered in the appropriate register of the Company.

5.5 Listing

Unless determined otherwise by the Board in its absolute discretion, a Performance Right granted under the Plan will not be quoted on the ASX or any other recognised exchange.

6. Vesting of Performance Rights and Performance Conditions

6.1 Vesting

A Participant's Performance Right will automatically vest upon the satisfaction of the Performance Conditions set out in that Participant's Invitation Letter (or the Terms and Conditions attached to that Performance Right).

6.2 Performance Conditions

Satisfaction of the Performance Conditions may be tested by a relevant date as specified in the Invitation or the Terms and Conditions attached to that Performance Right.

7. *Delivery of Shares on satisfaction of Performance Rights*

7.1 Issue or transfer

As soon as practicable after a Performance Right has vested in accordance with clause 6 (and within the time specified in a Participant's Invitation (if any)), the Company must:

- (a) issue or cause to be transferred to that Participant the number of Shares to which the Participant is entitled through the satisfaction of that Performance Right (the number of which is to be determined in accordance with these Rules and the Invitation); and
- (b) issue a substitute Certificate for any remaining Performance Rights held by that Participant.

7.2 Shares to rank *pari passu*

All Plan Shares will rank *pari passu* in all respects with the Shares of the same class for the time being on issue except for any rights attaching to the Shares by reference to a record date prior to the date of the issue or transfer of the Plan Shares.

7.3 Listing

If Plan Shares are in the same class as Shares which are listed on the ASX, the Company will apply for quotation of the Plan Shares issued (or any unquoted Plan Shares transferred) within the time required by the Listing Rules after the date of issue or transfer.

8. *Forfeiture of Performance Rights*

8.1 Failure to satisfy Performance Conditions

Unless otherwise stated in the Invitation or determined by the Board in its absolute discretion, a Performance Right which has not yet been vested will be forfeited immediately on the date that the Board determines (acting reasonably and in good faith) that any applicable Performance Conditions have not been met or cannot be met by the relevant date.

8.2 Fraudulent, dishonest or competitive actions

Where a Participant has:

- (a) acted fraudulently or dishonestly;
- (b) wilfully breached his or her duties to the Group; or
- (c) established, or become employed by, an entity or business that is in direct competition with the Company or Group or Group member in which the Participant is, or was formerly, employed,

the Board may in its discretion determine that some or all of the unvested Performance Rights (or vested by not yet satisfied Performance Rights) held by that Participant will be forfeited on a date determined by the Board.

8.3 Insolvency

Unless otherwise stated in an Invitation or determined by the Board in its discretion, a Participant that has become Insolvent must forfeit all of their unvested Performance Rights on a date determined by the Board.

8.4 Other forfeiture events

Unless the Board otherwise determines in its discretion, or as otherwise set out in these Rules:

- (a) a Performance Right which has not yet been vested or satisfied will be automatically forfeited on the Expiry Date of that Performance Right; and
- (b) a Performance Right will be forfeited in any other circumstances expressly set out in the Participant's Invitation Letter.

8.5 Discretion to determine that Performance Rights are not forfeited

- (a) Notwithstanding clauses 8.1 to 8.4 (inclusive), the Board may decide (on any conditions which it thinks fit) that some or all of a Participant's Performance Rights will not be forfeited in the relevant circumstances.
- (b) The Board may elect to disapply any of clauses 8.1 to 8.4 (inclusive), or add any further forfeiture terms, to a particular grant of Performance Rights provided that such election is expressly set out in the Invitation relating to that grant.

8.6 Voluntary forfeiture

A Participant may by written notice to the Company voluntarily forfeit their Performance Rights for no consideration.

8.7 Application of Part 2D.2 Division 2 of the Corporations Act

- (a) This clause applies 8.7 to all termination payments to which Part 2D.2 Division 2 of the Corporations Act applies.
- (b) Notwithstanding any other provision of these Rules, in the absence of shareholder approval, the Company is not required to provide, or procure the provision, of any benefit under these Rules which is not permitted by Part 2D.2 Division 2 of the Corporations Act.
- (c) Any benefits required to be provided to a Participant in accordance with these Rules will, by operation of this clause, be reduced to ensure compliance with Part 2D.2 of the Corporations Act and the provision of such reduced benefit shall constitute full satisfaction of the obligations of each member of the Group. In the event of overpayment to a Participant, the Participant must, on receiving written notice from the Board, immediately repay any monies or benefits specified in such notice to ensure compliance with Part 2D.2 of the Corporations Act.
- (d) Where clause 8.7 (b) applies, the Company may seek or not seek shareholder approval in its discretion.

9. Effect of forfeiture of Performance Rights

Where a Performance Right has been forfeited in accordance with these Rules:

- (a) the Performance Right will automatically lapse;
- (b) the Participant or the Participant's agent or attorney must sign any documents required by the Company to effect the forfeiture of that Performance Right; and
- (c) the Company will not be liable for any damages or other amounts to the Participant in respect of that Performance Right.

10. Change of Control Event

Unless the Invitation or Terms and Conditions provide otherwise, if a Change of Control Event occurs, or the Board determines such event is likely to occur, the Board may in its absolute discretion determine the manner in which any or all of the Participant's Performance Rights (whether vested or not) will be dealt with including, without limitation, in a manner that allows the Participant to participate in and/or benefit from any transaction arising from or in connection with the Change of Control Event.

11. Disposal Restrictions applicable to Plan Shares

11.1 Disposal restriction

If the Invitation provides that any Plan Shares are subject to any restrictions as to the disposal or other dealing by a Participant for the period, the Board may implement any procedure it deems appropriate to ensure the compliance by the Participant with this restriction, including but not limited to imposing or procuring the share registry to impose an ASX Holding Lock (where applicable) on the Plan Shares or using an employee share trust to hold the Plan Shares during the relevant restriction period.

11.2 Participant's undertaking

For so long as a Plan Share is subject to any disposal restrictions under this Plan, the Participant must not without the prior written consent of the Board:

- (a) transfer, encumber or otherwise dispose of, or have a Security Interest granted over that Plan Share; or
- (b) take any action or permit another person to take any action to remove or circumvent the disposal restrictions without the express written consent of the Board.

11.3 Expiry of restriction

Subject at all times to the Share Trading Policy and applicable law, upon the expiry of any disposal restriction over a Plan Share, the Company will take all action necessary to ensure that the Participant can deal with that Plan Share.

11.4 Share entitlements

For the avoidance of doubt, the imposition of a disposal restriction on a Plan Share held by a Participant will not affect the Participant's entitlement to receive a notice of, or to vote or attend at, a meeting of the members of the Company, and to receive any dividends declared by the Company during the relevant disposal restriction period on that Plan Share in accordance with the rights attaching to the Plan Shares. If an employee share trust arrangement is implemented in respect of this

Plan, the Board may implement such procedures it deems appropriate to give effect to the intent of this clause 11.4.

12. Irrevocable Power of Attorney

In order to ensure compliance with these Rules, each Participant must grant an irrevocable power of attorney (in the form set out in the Invitation or such other form determined by the Board) to any person nominated from time to time by the Board.

13. Adjustment of Performance Rights

13.1 Reorganisation

If there is a reorganisation of the capital of the Company (including any subdivision, consolidation, reduction, return or cancellation of such capital of the Company), the rights of each Participant holding Performance Rights (whether vested or not) will be changed to the extent necessary to comply with the Listing Rules applicable to a reorganisation of capital at the time of the reorganisation.

13.2 No other participation

Subject to clauses 13.1, during the currency of any Performance Rights and prior to their vesting, the holders of Performance Rights are not entitled to participate in any new issue of Shares of the Company as a result of their holding of Performance Rights (whether vested or not).

13.3 Application of adjustment

- (a) In the application of this clause 13, the Board may (as far as possible) make whatever adjustments it deems necessary or desirable to ensure that the consequences of that application are fair as between the Participants and the holders of other securities in the Company, subject to the Listing Rules and other applicable laws.
- (b) Unless otherwise provided in these Rules, a Participant has no right to change the number of Shares over which a vested Performance Right can be satisfied.

14. Administration of the Plan

14.1 Board administration

The Plan will be administered by the Board. For the avoidance of doubt, the Board may make further provisions for the operation of the Plan which are consistent with these Rules, including but not limited to, engaging a third party to administer and manage the Plan in accordance with these Rules

14.2 Board powers and discretions

Any power or discretion which is conferred on the Board by these Rules may be exercised in its sole and absolute discretion. The Board does not, in exercising any power or discretion under these Rules, owe any fiduciary or other obligations to any Eligible Participant or Participant.

14.3 Delegation of Board powers and discretions

Any power or discretion which is conferred on the Board by these Rules (including, without limitation, the power to invite Eligible Participants to participate in the Plan and to determine the terms and conditions of the Performance Rights) may be delegated by the Board to:

- (a) a committee consisting of such directors, other officers or employees of the Group, or any combination of such persons as the Board thinks fit;
- (b) a member of the Group; or
- (c) a third party,

for such periods and on such conditions as the Board thinks fit.

14.4 Documents

The Company may from time to time require an Eligible Participant invited to participate in the Plan or a Participant or a person nominated by an Eligible Participant under clause 3.8 to complete and return such other documents as may be required by law to be completed by that person or entity, or such other documents which the Company considers should, for legal, taxation and/or administrative reasons, be completed by that Eligible Participant, Participant or person in order to give effect to the intent of the Plan.

14.5 Decisions final

Every exercise of a discretion by the Board (or its delegates) and any decision by the Board (or its delegates) regarding the interpretation, effect or application of these Rules and all calculations and determination made by the Board under these Rules are final, conclusive and binding in the absence of manifest error.

15. Trust

The Board may, in its discretion, use an employee share trust or other mechanism for the purposes of holding Shares and Plan Shares before or after the satisfaction of a vested Performance Right or delivering any Plan Shares arising from satisfaction of a vested Performance Right under these Rules on such terms and conditions as determined by the Board. For the avoidance of doubt, the Board may do all things necessary for the establishment, administration, operation and funding of an employee share trust.

16. Restrictions on and amendments to the Plan

16.1 Compliance with applicable laws and regulations

Notwithstanding these Rules or any terms of a Performance Right, no Performance Right may be offered, granted, vested or satisfied and no Plan Share may be issued or transferred, if to do so would contravene any applicable laws or regulations.

16.2 Amendment of Plan

- (a) Subject to clause 16.2(b), the Board may:

- (i) at any time amend any provisions of these Rules, including (without limitation) the terms and conditions upon which any Performance Rights have been granted under the Plan; and
 - (ii) determine that any amendments to these Rules be given retrospective effect, immediate effect or future effect.
- (b) No amendment to any provision of these Rules may be made if the amendment materially reduces the rights of any Participant as they existed before the date of the amendment, other than an amendment:
- (i) introduced primarily:
 - (A) for the purposes of complying with or conforming to present or future legislation governing or regulating the Plan or like plans;
 - (B) to correct any manifest error or mistake;
 - (C) to allow the implementation of an employee share trust arrangement pursuant to clause 15;
 - (D) to enable the Plan or any member of the Group to comply with its constituent documents, and any other applicable laws and regulations; or
 - (E) to take into consideration possible adverse taxation implications in respect of the Plan including changes to applicable taxation legislation or the interpretation of that legislation by a court of competent jurisdiction or any rulings from taxation authorities administering such legislation; or
 - (ii) agreed to in writing by all Participants adversely affected by the amendment.
- (c) As soon as reasonably practicable after making any amendment to any provision of these Rules, the Board will give notice of the amendment to each Participant affected by the amendment. Failure by the Board to notify a Participant of any amendment will not invalidate the amendment as it applies to that Participant.

17. Duration

17.1 Termination

The Plan continues in operation until the Board decides to end it.

17.2 Suspension

The Board may from time to time suspend the operation of the Plan for a fixed period or indefinitely, and may end any suspension.

17.3 Effect of termination / suspension

If the Plan is terminated or suspended for any reason, that termination or suspension must not prejudice the accrued rights of the Participants.

17.4 **Cancellation of Performance Rights**

Notwithstanding any other provisions of these Rules, but subject at all times to any applicable laws and regulations, if a Participant and the Company (acting by the Board) agree in writing that some or all of the Performance Rights granted to that Participant are to be cancelled on a specified date or on the occurrence of a particular event, then those Performance Rights may be cancelled in the manner agreed between the Company and the Participant.

18. Miscellaneous

18.1 **Rights of Participants**

Nothing in these Rules:

- (a) confers on any person any right or expectation to become a Participant, or the right to be invited to apply for, or be offered or to receive any Performance Rights;
- (b) confers on any person the right to continue as an employee or officer of any member of the Group (as the case may be); and
- (c) forms part of any contract of service between an Eligible Participant and any member of the Group.

18.2 **Non-exclusivity**

- (a) This Plan is not the sole means by which all members of the Group intend to provide incentives to Eligible Participants. Nothing in this Plan is intended to restrict any member of the Group from remunerating or otherwise rewarding employees or directors of any member of the Group outside the Plan.
- (b) Participation in the Plan does not affect, and is not affected by, participation in any other incentive or other scheme operated by any member of the Group unless the terms of that other scheme provide otherwise.

18.3 **Notice**

- (a) Any notice or other communication under or concerning the Plan is validly given:
 - (i) to a Participant, if delivered personally to the addressee or sent by prepaid post to the Participant's last known residential address, or sent to the Participant by facsimile or email at the Participant's place of work; and
 - (ii) to the Company, if delivered or sent by prepaid post addressed to the company secretary at the Company's registered office (or any other address the Board specifies), or as otherwise notified by the Company from time to time.
- (b) Delivery of notices

Subject to clause 18.3(a), a notice or other communication will be deemed to have been served:

- (i) if delivered by hand, at the time of delivery;

- (ii) if sent by facsimile or electronic mail, on receipt of a successful transmission notice, return receipt or such other confirmation by which the sender can reasonably verify delivery; or
- (iii) if posted, and provided it is properly addressed and stamped, 48 hours after mailing in Australia and 7 days after mailing outside Australia.

18.4 Further assurances

Each party must do all things reasonably necessary to give full effect to this Plan and the transactions contemplated by this Plan.

18.5 Duties and taxes

- (a) The Company will be responsible for all brokerage costs payable in relation to the issue or transfer of a Plan Share upon the satisfaction of a vested Performance Right to each Participant. Each Participant will be responsible for all costs associated with the disposal of a Plan Share by that Participant.
- (b) Subject to clause 18.5(a), the Company:
 - (i) is not responsible for any duties, taxes or other government levy or impost which are or may become payable by any person other than the Company on:
 - (A) the acquisition and issue of a Performance Right;
 - (B) the acquisition, issue or transfer of a Plan Share or the payment of any cash on the satisfaction of a vested Performance Right; or
 - (C) any other dealings with a Plan Share; and
 - (ii) may make any withholding or payment which it is required by law to make in connection with the Plan or the grant, issue or transfer of a Performance Right and/or a Plan Share; and
 - (iii) when transferring or issuing a Plan Share to a Participant under the Plan, may require the Participant to provide the Company with an amount of money which the Board estimates is necessary to meet the Participant's liability (if any) to pay stamp duty or other taxes in respect of the transfer. Where the Company is provided with funds for that purpose, it must apply the funds in payment of the stamp duty or other tax, arrange for registration of the transfer on the Participant's behalf and return any excess funds to the Participant.

18.6 No representation or warranty

- (a) The Company makes no representation or warranty as to the value of Performance Right or any Plan Shares or with respect to any tax matters affecting any Eligible Participant or Participant in connection with the Plan.
- (b) Neither the Company, nor any of its directors, officers or employees are liable for anything done or omitted to be done by such person or any other person with respect to price, time, quantity or

other conditions and circumstances of the issue or acquisition of Shares hereunder, with respect of any fluctuations in the market price of Shares, or in any other manner related to the Plan.

18.7 Data protection

By participating in the Plan, the Participant consents to the holding and processing of personal data provided by the Participant for the purposes of the Plan. These purposes include, but are not limited to:

- (a) administering and maintaining employee and Participant records;
- (b) providing information to members of the Group, registrars, brokers or third party administrators of the Plan (if any) or advisers of the Board; and
- (c) providing information to corporate advisers or potential future third party purchasers in connection with a sale of shares in a member of the Group, or the business and assets of a member of the Group.

18.8 Governing law

- (a) This Plan is governed by the laws of Western Australia, Australia.
- (b) Each Participant submits to the non-exclusive jurisdiction of the courts of Western Australia, Australia, and the courts competent to determine appeals from those courts, with respect to any proceedings that may be brought in connection with these Rules.

18.9 Waiver of rights

- (a) A waiver of any right, power, authority, discretion or remedy arising upon a breach of or default under these Rules must be in writing and signed by the party granting the waiver, and may be subject to such terms and conditions as determined by the party granting the waiver.
- (b) A failure or delay in the exercise, or partial exercise, of a right, power, authority, discretion or remedy arising from a breach of or default under these Rules, does not prevent the exercise of or result in a waiver of that right, power, authority, discretion or remedy.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right, power, authority, discretion or remedy arising from a breach of these Rules or default under these Rules as constituting a waiver of that right, power, authority, discretion or remedy.
- (d) A party may not rely on any conduct of another party as a defence to the exercise of a right, power, authority, discretion or remedy by that other party.
- (e) A waiver is only effective in the specific instance and for the specific purpose for which it is given and subject to any specific terms and conditions as specified in the waiver.
- (f) This clause may not itself be waived except in writing.

Annexure 2

Kalium Lakes Limited Performance Rights Plan Terms and Conditions

1. Definitions and interpretation

1.1 Definitions

Save as expressly defined herein, all capitalised terms in these Terms and Conditions shall have the meanings ascribed to them in the Corporations Act, Listing Rules, the Kalium Lakes Limited Performance Rights Plan (**Plan**) or associated Invitation (as that term is defined under the Plan):

Beyondie Potash Project means the project to develop an evaporation and processing operation at the Company's tenement package, which covers more than 2,400 square kilometres in the eastern margin of the East Pilbara region of Western Australia; and

Shareholder means a holder of Shares.

1.2 Interpretation

- (a) Words importing gender mean each other gender.
- (b) Words denoting the singular include the plural and vice versa.
- (c) Headings are for convenience only and do not affect the interpretation of these Terms and Conditions.
- (d) These Terms and Conditions, the offer and grant of any Performance Right, and the issue of any Shares on satisfaction of the Performance Rights shall at all times be subject to the Listing Rules, the Corporations Act, any Class Order on which the Company is reliant and any other applicable laws.
- (e) Where any calculation or adjustment to be made pursuant to these Terms and Conditions, produces a fraction of a cent or a fraction of a Share, the fraction shall be rounded to the nearest whole number favourable to the Holder.

2. Plan

The Performance Rights are issued under and in accordance with the Plan.

3. Performance Conditions, Conversion and Change in Control

- (a) Each Performance Right will automatically vest in accordance with this section (4) and, once vested, be satisfied by the issue of one Share (**Convert**).
- (b) Subject to section 5 below, each Performance Right will Convert upon the occurrence of the following Performance Conditions:
 - (i) 5,000,000 Performance Rights will Convert upon completion, and announcement to the ASX, of a final Definitive Feasibility Study in relation to the Company's Beyondie Potash Project;
 - (ii) 5,000,000 Performance Rights will Convert upon the funding required for the development and construction of the commercial SOP product

operation at the Beyondie Potash Project has been raised or procured; and

- (iii) 10,000,000 Performance Rights will Convert upon the achievement of the first commercial production of SOP which shall be deemed to have occurred when SOP is delivered to a client under a contract of sale.
- (c) Subject to section 4(a) above and section 5 below, upon the occurrence of a Change of Control of the Company:
- (i) where, at the date of the Change of Control, the satisfaction of all Performance Rights will result in the issue of less than or equal to 10% of the total number of Shares on issue, each Performance Right will automatically entitle the holder to one Share; and
 - (ii) where, at the date of the Change of Control, the satisfaction of all Performance Rights will result in the issue of greater than 10% of the total number of Shares on issue:
 - (A) the total number of Performance Rights to be satisfied through the issuance of Shares in exchange therefor must be equal to 10% of the total number of Shares on issue;
 - (B) the number of Shares to be issued with respect to each class of Performance Rights shall be on an equal basis between each such class; and
 - (C) any Performance Rights that are not satisfied through the issuance of Shares in accordance with section 4(c)(ii)(A) and section 4(c)(ii)(B) above will continue to be held by the holder on the same terms and conditions set out herein.
- (d) For the avoidance of doubt, each vested Performance Right will Convert for no cash consideration.

4. Timing of issue of Shares

- (a) Within three Business Days of the satisfaction of the Performance Rights, the Company must:
 - (i) issue Shares (subject to section 8(b) below) to a holder or its nominee for nil consideration, and
 - (ii) at the same time, issue a cleansing notice under section 708A(5) of the Corporations Act.
- (b) If the Company is not then permitted to issue a cleansing notice under section 708A(5) of the Corporations Act, the Company must either:
 - (i) issue a prospectus on the date that Shares are issued under section 7(a) above (in which case the date for issuing those Shares may be extended to not more than 10 Business Days after the satisfaction of the Performance Rights, to allow the Company time to prepare that prospectus); or

- (ii) issue a prospectus before the date that Shares are issued under section 7(a) above, provided that offers under that prospectus must still be open for acceptance on the date those Shares are issued,

in accordance with the requirements of section 708A(11) of the Corporations Act.

5. Escrow Restrictions

The holder of Performance Rights:

- (a) acknowledges that the Performance Rights and the Shares issued on satisfaction of Performance Rights may be escrowed or restricted for a period prescribed by ASX pursuant to the Listing Rules;
 - (b) agrees to be bound by any escrow period prescribed by ASX; and
 - (c) agrees to enter into any agreement as may be required by the Company and ASX to give effect to any escrow prescribed by ASX pursuant to the Listing Rules.
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6. Reconstruction

In the event of any reconstruction, consolidation or division of the issued capital of the Company, the Performance Rights and their terms of satisfaction through the issuance of Shares in exchange therefor will be reconstructed, consolidated or divided in the same manner such that no additional benefits are conferred on the holder by virtue of such reconstruction, consolidation or division.

7. Winding up

If the Company is wound up before satisfaction of all of the Performance Rights by the issuance of Shares in exchange therefor, the holders will have no right to participate in surplus assets or profits of the Company on winding up in respect of their Performance Rights.

8. Copies of notices and reports

Holders of the Performance Rights have the same right as Shareholders to receive notices, reports and audited accounts.