

Tuesday 9 May 2017

Beyondie Project Update – Momentum Increasing in Preparation for Large Scale Pilot Ponds

Kalium Lakes Limited (KLL or the Company) is pleased to provide an update to the market on works being undertaken at its 100 per cent owned Beyondie Sulphate of Potash Project in Western Australia (Beyondie).

The Company remains on track to release an Ore Reserve and complete the Pre-Feasibility Study for Beyondie in the coming months.

The following activities are sufficient to supply brine to the planned large scale pilot pond program and are designed to support the conversion of Inferred Resources to Indicated Resources, under both the Canadian CIM NI 43-101 and JORC Resource guidelines.

- Seven production bores have now been installed, with more than 20 million litres pumped from the basal aquifer, at continuous rates varying between 5-32 litres per second (l/s). Drilling and test pumping of production bores continues.
- Five kilometres of 250mm production pipeline is being installed between the current bore field and the trial pilot pond site.
- Approvals are in place for up to 3.4 kilometres(km) of initial trenches with approximately 800 metres installed, delivering flow rates that indicate trenches will meet or exceed modelled trench flow rates of 7-10 l/s per km length of trench from the surficial aquifer. A 1.6 km pipeline has been installed from one of the trenches to the trial pilot pond site. Additional trenching and test pumping continues.
- Test pumping to date confirms the potential for the project to extract brine from both palaeochannel bores and surficial trenches, providing flexibility on brine sources. Data collected from test pumping is being used to calibrate the hydrogeological model.
- Pond verification testing is in progress with initial geotechnical parameters being satisfied, providing confidence in the design parameters. The trial consists of four different construction methods and materials which will allow the optimisation of pond leakage, potassium recovery losses and capital/operating cost requirements.
- KLL's current trenching trials have shown significant inflows and further confirmed off-lake evaporation ponds are optimal and more practical when considering the use of heavy earthmoving equipment. In contrast, tests on 42 samples associated with on-lake evaporation ponds have shown leakage rates which would result in increased potassium recovery losses and pumping requirements.
- All regulatory approvals are in place for up to 150 hectares (~1 km x 1.5 km) of pilot ponds and the extraction of 1.5 gegalitres of brine per annum.
- Recent drilling results delivered outstanding potassium grades up to 11,500 milligrams per litre (mg/l) - equivalent to a SOP grade of 25,600 mg/l (25.6 kg/m³). These results are higher than the current Beyondie Resource SOP grade.

- More than 1,105 kilometres of geophysical traverses have been completed utilising gravity and passive seismic methods. These geophysical activities continue to be used to target bore locations which then, in turn, calibrate the geophysical models of the palaeochannel that will feed into the hydrogeological model.
- Drilling has moved east along the palaeochannel to Sunshine, with geophysical interpretations being used to help identify and target bore locations.
- Fully operational camp facilities, workshop and a dedicated 78 kilometre access road are in place, forming the backbone of medium term development activities for the Project.
- German engineering company and Kalium Lakes' Competent Person K-UTEC to present the Beyondie Sulphate of Potash Project at the upcoming [Mining Forum in Berlin, Germany](#) on 1 June 2017.

Managing Director, Brett Hazelden, commented: "The company remains well placed to move rapidly through to the next development phases of the Project and deliver its near-term goals of becoming the first Australian SOP project to complete a Pre-Feasibility Study and further advance Beyondie by installing large scale pilot ponds.

"Importantly, these pilot scale activities will underpin the planned Bankable Feasibility Study and will also be capable of expansion for full scale development requirements.

"Kalium Lakes continues to demonstrate its ability to undertake project development requirements, obtain statutory approvals and install long term usable infrastructure in a cost and time efficient manner.

"We remain focussed on our development strategy and the continued de-risking of the project," Mr Hazelden said.



Brine Bore Test Pumping at approximately 27 litres per second



Trench installed at 10 Mile



Aerial view of 10 Mile trench installation



Aerial view of Infrastructure and Verification Ponds at 10 Mile



Verification Trial Pond containing brine



Test Pumping Rig and Production Bore Headworks



Pipeline assembly area at 10 Mile



Workshop and Accommodation Facility at 10 Mile



Drilling near 10 Mile

Competent Persons Statement

The information in this ASX Announcement that relates to Exploration Results for The Beyondie Potash Project is based on, and fair represents, information compiled by Mr Adam Lloyd, who is a member of the Australian Institute of Geoscientists and International Association of Hydrogeologists. Mr Lloyd has verified and approved the data disclosed in the release, including the sampling, analytical and test data underlying the information.

Mr Lloyd is employed by Advisian, an independent consulting company. Mr Lloyd has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the JORC "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Lloyd consents to the inclusion in this ASX Announcement of the matters based on his information in the form and context in which it appears.

Compliance Statement

The information in this document that relates to Mineral Resources Estimates has been extracted from the reports listed below.

- 28 November 2016:
Disclosure Document - Kalium Lakes Limited Independent Expert's Report Project Number AU9636
October 2016
- 11 January 2017:
Resource Statement and Technical Report - "Technical Report for the Beyondie Sulphate of Potash
Project, Australia, JORC (2012) and NI 43-101 Technical Report" dated 23 May 2016
- 2 May 2017:
"Current Drilling Program Delivers Outstanding Potassium Grades" - ASX Release

The Reports are available to be viewed on the website at: www.kaliumlakes.com.au

Kalium Lakes confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Cautionary Statement Regarding Forward-Looking Information

All statements, trend analysis and other information contained in this document relative to markets for Kalium Lakes trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Kalium Lakes does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statements

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Corporate Profile (as at 9 May 2017)

Kalium Lakes Limited is an exploration and development company, focused on developing the Beyondie Sulphate of Potash Project in Western Australia with the aim of producing Sulphate of Potash (SOP) for the domestic and international markets.

The Beyondie Potash Project comprises 15 granted exploration licences and a miscellaneous licence covering an area of approximately 2,400 square kilometres. This sub-surface brine deposit will supply an evaporation and processing operation located 160km south east of Newman.

The Company is also a Joint Venture partner with BC Iron Limited (BCI) in the Carnegie Potash Project, a potash exploration project located approximately 220 kilometres north-east of Wiluna. Carnegie comprises one granted exploration licence and two exploration licence applications covering a total area of approximately 1,700 square kilometres.

Kalium Lakes Limited

ABN: 98 613 656 643

ASX: KLL

Ordinary Shares on Issue: 121,794,740

Board of Directors:

Mal Randall	Non-Executive Chairman
Brett Hazelden	Managing Director
Rudolph van Niekerk	Executive Director
Brendan O'Hara	Non-Executive Director

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