

KALIUM LAKES

KALIUM LAKES LIMITED
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NOTICE OF GENERAL MEETING

For the general meeting of the Company to be held at Unit 1, 152 Balcatta Road, Balcatta WA 6021, on Tuesday, 9 January 2018 at 9.00am (WST)

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 do not hesitate to contact the Company by telephone on +61 8 9240 3200

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Kalium Lakes Limited (**Company**) will be held at Unit 1, 152 Balcatta Road, Balcatta WA 6021, on Tuesday, 9 January 2018 at 9.00am (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 regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Sunday, 7 January 2018 at 9:00am (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 - Ratification of Prior Placement Shares under Listing Rule 7.1

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 20,254,505 Shares at an issue price of \$0.42 per Share under Listing Rule 7.1 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 or any associate of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

2. Resolution 2 - Ratification of Prior Placement Shares issued under Listing Rule 7.1A

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 9,693,479 Shares at an issue price of \$0.42 per Share under Listing Rule 7.1A 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 or any associate of those persons.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Resolution 3 - Approval of issue of Further 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 10.11 and for all other purposes, Shareholders approve the issue of 3,809,524 Shares at an issue price of \$0.42 per Share to Mr Brent Smoothy (and/or his nominees) 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 Brent Smoothy or any of his associates.

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Resolution 4 - Approval of issue of Advisor Options to Macquarie Capital

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 7.1 and for all other purposes, Shareholders approve the issue of 421,968 Advisor Options to Macquarie Capital (and/or its nominees) 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 Macquarie Capital and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of Shares, or any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Resolution 5 - Approval of issue of Advisor Options to BurnVair

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 7.1 and for all other purposes, Shareholders approve the issue of 421,968 Advisor Options to BurnVair (and/or its nominees) 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 and a person who will obtain a material benefit as a result of the proposed issue, except a benefit solely in the capacity of a holder of Shares, or any associate of that person (or those persons).

The Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form; or
- (b) it is cast by the Chairman as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated: 8 December 2017

By order of the Board



Gareth Widger
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.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions.

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 and 2 - Ratification of Prior Placement Shares
Section 5:	Resolution 3 - Approval of issue of Further Placement Shares
Section 6:	Resolution 4 - Approval of issue of Advisor Options to Macquarie Capital
Section 7:	Resolution 5 - Approval of issue of Advisor Options to BurnVair
Schedule 1:	Definitions
Schedule 2:	Terms and Conditions of Advisor 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. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, 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 in person.

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.

Proxy Forms must be received by the Company no later than 9.00am (WST) on Sunday, 7 January 2018, being at least 48 hours before the Meeting.

The Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

3. Background

As detailed in the Company's ASX announcements of 21 and 24 November 2017, the Company is undertaking a placement of Shares at an issue price of \$0.42 per Share to qualified institutional and sophisticated investors in Australia and internationally to raise approximately \$14.2 million (before costs) (**Placement**).

The Placement will be completed in two tranches as follows:

- (a) 29,947,984 Shares (**Prior Placement Shares**) at an issue price of \$0.42 per Share to raise \$12.6 million (before costs) were issued on 29 November and 1 December 2017 pursuant to the Company's existing capacity under Listing Rules 7.1 and 7.1A (Resolutions 1 and 2 seek Shareholder approval to ratify the prior issue of the Prior Placement Shares); and
- (b) 3,809,524 Shares (**Further Placement Shares**) at an issue price of \$0.42 per Share to Mr Brent Smoothy to raise \$1.6 million (before costs) subject to Shareholder approval (Resolution 3 seeks Shareholder approval for the issue of the Further Placement Shares).

The issue of the Prior Placement Shares completed on 1 December 2017 and it is envisaged that, subject to Shareholder approval (refer to Resolution 3), the issue of the Further Placement Shares will occur on or around 10 January 2018.

In addition, the Company is also undertaking a share purchase plan offer pursuant to which Shareholders (as at 20 November 2017) are offered the opportunity to subscribe for up to \$15,000 worth of Shares, at the same price as the Placement, to raise up to \$2,000,000 (before costs) (**Share Purchase Plan**). The Company will issue a maximum of 4,761,904 Shares under the Share Purchase Plan. The Company reserves the right to accept oversubscriptions or reject and scale back applications under the Share Purchase Plan at its absolute discretion.

4. Resolutions 1 and 2 - Ratification of Prior Placement Shares

4.1 General

Listing Rule 7.1 provides that the Company is entitled to issue Equity Securities up to 15% of its issued share capital through placements during any 12-month period, without needing prior shareholder approval (**15% Placement Capacity**).

In addition to its 15% Placement Capacity, the Company has obtained Shareholder approval pursuant to Listing Rule 7.1A at its 2017 annual general meeting to issue Equity Securities up to 10% of its issued share capital through placements over a 12-month period after the Company's 2017 annual general meeting, without needing prior shareholder approval (**10% Placement Capacity**).

Listing Rule 7.4 provides that if the Company in general meeting ratifies the previous issue of securities made pursuant to Listing Rule 7.1 or Listing Rule 7.1A (and provided that the previous issue did not breach Listing Rule 7.1 or Listing Rule 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1 or Listing Rule 7.1A.

The effect of passing Resolutions 1 and 2 will be to allow the Company to retain the flexibility to issue Equity Securities in the future up to the 15% Placement Capacity under Listing Rule 7.1 and the 10% Placement Capacity under Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval.

Resolutions 1 and 2 are an ordinary resolutions.

The Chairman intends to exercise all available proxies in favour of Resolutions 1 and 2.

4.2 Specific information required by Listing Rule 7.5

In accordance with Listing Rule 7.5, information is provided in relation to the Placement as follows:

- (a) On 29 November 2017 and 1 December 2017, the Company issued the Prior Placement Shares to qualified institutional and sophisticated investors in Australia, New Zealand, Hong Kong Singapore, the UK and the US who are not related parties or associates of related parties of the Company on the following basis:
 - (i) 20,254,505 Prior Placement Shares were issued pursuant to Listing Rule 7.1; and
 - (ii) 9,693,479 Prior Placement Shares were issued pursuant to Listing Rule 7.1A.
- (b) The Prior Placement Shares were issued for \$0.42 per Share to raise approximately \$12.6 million before costs.
- (c) The Prior Placement Shares were issued as fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
- (d) The proceeds from the Placement will be used to fund the completion of a bankable feasibility study, commence early site preparation works and to provide working capital for the Beyondie Sulphate of Potash Project, including pilot processing, detailed engineering to complete a bankable feasibility study, resource and reserve definition and test pumping, site works and labour, and for general working capital purposes.
- (e) A voting exclusion statements are included in the Notice for Resolutions 1 and 2.

4.3 Director Recommendation

The Directors recommend that Shareholders vote in favour of Resolutions 1 and 2.

5. Resolution 3 - Approval of issue of Further Placement Shares

5.1 General

Resolution 3 seeks Shareholder approval pursuant to Listing Rule 10.11 for the issue of the Further Placement Shares to Mr Brent Smoothy (and/or his nominees). As at the date of this Notice, Mr Brent Smoothy (together with his associates) has voting power of 31.76% (being a total of 52,395,559 Shares). Subject to Shareholders passing Resolution 3, Mr Brent Smoothy's voting power (together with his associates) will increase to 33.30%. The issue of the Further Placement Shares to will be in compliance with the Corporations Act.

Resolution 3 is an ordinary resolution.

The Chairman intends to exercise all available proxies in favour of Resolution 3.

5.2 Listing Rule 10.11

In accordance with Listing Rule 10.11, the Company must not issue securities to a related party of the Company unless it obtains Shareholder approval. The Directors consider that, even though Mr Brent Smoothy is not a related party of the Company under the Listing Rules, he is likely to be a person whose relationship with the Company is, in ASX's opinion, such that approval is required under Listing Rule 10.11.

As Shareholder approval is sought under Listing Rule 10.11, approval under Listing Rule 7.1 is not required, in accordance with exception 14 of Listing Rule 7.2.

Pursuant to Listing Rule 7.2, exception 14, the effect of passing Resolution 3 will be to allow the Company to issue the Further Placement Shares to Mr Brent Smooth (and/or his nominees) without using up the Company's 15% Placement Capacity under Listing Rule 7.1.

5.3 Chapter 6 of the Corporations Act

Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of a company if, because of the acquisition, that person's or another person's voting power in the company increases from 20% or below to more than 20% or a starting point that is above 20% and below 90%.

That general prohibition is subject to a number of exceptions in section 611 of the Corporations Act. Relevantly, item 9 in section 611 of the Corporations Act allows an acquisition by a person if, throughout the 6 months before the acquisition, that person has had voting power in the relevant company of at least 19% and, as a result of the acquisition, the person would not have voting power in the company more than 3 percentage points higher than they had 6 months before the acquisition (commonly known as the "3% creep" exception).

The voting power of Mr Brent Smoothy (together with his associates) 6 months before the proposed issue of the Further Placement Shares (on 10 July 2017) was 39%. Following the issue of the Further Placement Shares the subject of Resolution 3, Mr Brent Smoothy's voting power (together with his associates) will be 33.30%. Accordingly, the voting power of Mr Brent Smoothy (together with his associates) following the issue of the Further Placement Shares will not be more than 3% higher than his voting power 6 months prior to the issue.

In the circumstances, the Board considers that the 3% creep exception applies to the proposed issue of the Further Placement Shares to Mr Brent Smoothy (and/or his nominees) on the basis that the voting power of Mr Brent Smoothy (together with his associates) as at 10 July 2017 and 10 January 2018 (the anticipated date of issue of the Further Placement Shares) will not have increased by more than 3%.

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 Further Placement Shares will be issued to Mr Brent Smoothy (and/or his nominees).

- (b) The maximum number of Shares to be issued to Mr Brent Smoothy (and/or his nominees) is 3,809,524.
- (c) The Further Placement 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).
- (d) Mr Brent Smoothy is considered a related party on the basis that ASX considers him to be a person whose relation with the Company, being a person with a voting power of more than 30% in the Company, is such that Shareholder approval should be obtained in accordance with Listing Rule 10.11.
- (e) The Further Placement Shares will be issued at \$0.42 per Further Placement Share and will rank equally in all respects with the Company's existing Shares on issue.
- (f) The proceeds raised from the issue of the Further Placement Shares will be used to fund the completion of a bankable feasibility study, commence early site preparation works and to provide working capital for the Beyondie Sulphate of Potash Project, including pilot processing, detailed engineering to complete a bankable feasibility study, resource and reserve definition and test pumping, site works and labour, and for general working capital purposes.
- (g) A voting exclusion statement is included in the Notice for Resolution 3.

5.5 Directors recommendation

Directors recommend that Shareholders vote in favour of Resolution 3.

6. Resolution 4 - Approval of issue of Advisor Options to Macquarie Capital

6.1 General

Resolution 4 seeks Shareholder approval for the issue of up to 421,968 Options to Macquarie Capital with an exercise price of \$0.525 expiring 2 years from their date of issue (**Advisor Options**) in accordance with the terms of Macquarie Capital's engagement as joint lead manager in connection with the Placement.

The Advisor Options will be issued on the terms and conditions detailed in Schedule 2.

A summary of Listing Rule 7.1 is provided in Section 4.1.

The effect of Resolution 4 will be to allow the Directors to issue the Advisor Options during the period of three months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% Placement Capacity.

6.2 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Advisor Options as follows:

- (a) The maximum number of Options to be issued is 421,968.
- (b) The Advisor Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Advisor Options will be issued for nil cash consideration but as part consideration for the services provided by Macquarie Capital as joint lead manager in connection with the Placement.
- (d) The full terms and conditions of the Advisor Options are detailed in Schedule 2.
- (e) As the Advisor Options are being issued for nil cash consideration, no funds will be raised from the issue. Funds raised from the exercise of the Advisor Options will be used for the same purpose as all other funds raised under the Placement as detailed in Section 4.2(d).
- (f) Subject to Section 6.2(b), the allotment and issue of the Advisor Options will occur on a date as soon as practicable after the Meeting.
- (g) A voting exclusion statement is included in the Notice for Resolution 4.

7. Resolution 5 - Approval of issue of Advisor Options to BurnVair

7.1 General

Resolution 5 seeks Shareholder approval for the issue of up to 421,968 Options to BurnVair with an exercise price of \$0.525 expiring 2 years from their date of issue in accordance with the terms of BurnVair's engagement as joint lead manager in connection with the Placement.

The Advisor Options will be issued on the terms and conditions detailed in Schedule 2.

A summary of Listing Rule 7.1 is provided in Section 4.1.

The effect of Resolution 5 will be to allow the Directors to issue the Advisor Options during the period of three months after the Meeting (or such longer period of time as ASX may in its discretion allow), without using the Company's 15% Placement Capacity.

7.2 Specific information required by Listing Rule 7.3

In accordance with Listing Rule 7.3, information is provided in relation to the Advisor Options as follows:

- (a) The maximum number of Options to be issued is 421,968.
- (b) The Advisor Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules).
- (c) The Advisor Options will be issued for nil cash consideration but as part consideration for the services provided by BurnVair as joint lead manager in connection with the Placement.
- (d) The full terms and conditions of the Advisor Options are detailed in Schedule 2.
- (e) As the Advisor Options are being issued for nil cash consideration, no funds will be raised from the issue. Funds raised from the exercise of the Advisor Options will be used for the same purpose as all other funds raised under the Placement as detailed in Section 4.2(d).
- (f) Subject to Section 7.2(b), the allotment and issue of the Advisor Options will occur on a date as soon as practicable after the Meeting.
- (g) A voting exclusion statement is included in the Notice for Resolution 5.

Schedule 1 - Definitions

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

\$ means Australian Dollars.

10% Placement Capacity has the meaning given in Section 4.1.

15% Placement Capacity has the meaning given in Section 4.1.

Advisor Option has the meaning given in Section 6.1.

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.

Board means the board of Directors.

BurnVair means BurnVair Corporate Finance Limited ACN 097 814 134.

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

Company means Kalium Lakes Limited ACN 613 656 643.

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

Director means a director of the Company.

Equity Security has the same meaning as in the Listing Rules.

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

Further Placement Share has the meaning given in Section 3.

Listing Rules means the listing rules of ASX.

Macquarie Capital means Macquarie Capital (Australia) Limited ACN 123 199 548.

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.

Prior Placement Share 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.

Share Purchase Plan has the meaning given in Section 3.

Shareholder means a shareholder of the Company.

Trading Day means a day determined by ASX to be a trading day in accordance with the Listing Rules.

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

Schedule 2 - Terms and Conditions of Advisor Options

1 Exercise Price

Each Advisor Option (referred to as an **Option** in this Schedule 2) shall have an exercise price of \$0.525 (**Exercise Price**).

2 Expiry Date

Each Option will expire on the date that is 2 years after the grant date for the Advisor Options (**Expiry Date**). An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

3 Exercise Period

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

4 No Official Quotation of Options

The Company will not apply for official quotation of the Options.

5 Entitlement

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

6 Notice of Exercise

The Options may be exercised by giving written notice to the Company at any time during the Exercise Period. The written notice (**Exercise Notice**) must:

- (a) specify the number of Options being exercised and the number of Shares to be issued;
- (b) specify whether the Shares are to be issued to the holder of the Options or a nominee; and
- (c) be accompanied by payment of the Exercise Price for each Option being exercised.

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

7 Shares Issued on Exercise

Shares issued on exercise of the Options rank equally with the then issued Shares currently on issue.

8 Official 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.

9 Timing of Issue of Shares

Within 3 Business Days after the receipt of an Exercise Notice given in accordance with these terms and conditions and payment of the Exercise Price for each Option being exercised, the Company will:

- (a) allot and issue the Shares pursuant to the exercise of the Options; and
- (b) as soon as reasonably practicable:
 - (i) and in any event within 5 Business Days after issuing the Shares, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act; or
 - (ii) lodge a prospectus with ASIC that qualifies the Shares issued upon exercise of the Options for resale under section 708A(11) of the Corporations Act (which, if a notice is not lodged under paragraph (i) above, must be lodged with ASIC within 15 Business Days after issuing the Shares).

10 Participation in New Issues

There are no participation rights or entitlements inherent in the Options and holders 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 5 Business Days after the issue is announced. This will give the holders of Options the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.

11 Adjustment for Bonus Issue of Shares

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

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

12 Adjustment for Rights Issue

If the Company makes an issue of Shares pro rata to existing Shareholders (except a bonus issue) 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 (as defined in the ASX Listing Rules) 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.

13 Adjustments for Reorganisation

If there is any reorganisation of the issued share capital of the Company, the rights of the Option holders will be varied to the extent necessary to comply with the ASX Listing Rules which apply to the reorganisation at the time of the reorganisation.

14 Options Transferable

The Options are transferable with notice to the Company.

KALIUM LAKES

ABN 98 613 656 643

KLL

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

XX

For your vote to be effective it must be received by 9:00am (WST) Sunday, 7 January 2018

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form →



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com



Review your securityholding:



Update your securityholding:

Your secure access information is:

SRN/HIN: I9999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf XX

I/We being a member/s of Kalium Lakes Limited hereby appoint

the Chairman of the Meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Kalium Lakes Limited to be held at Unit 1, 152 Balcatta Road, Balcatta, Western Australia on Tuesday, 9 January 2018 at 9:00am (WST) and at any adjournment or postponement of that meeting.

STEP 2 Items of Business **PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Ratification of Prior Placement Shares under Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratification of Prior Placement Shares issued under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval of issue of Further Placement Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval of issue of Advisor Options to Macquarie Capital	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval of issue of Advisor Options to BurnVoor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>	<input style="width: 100%; height: 100%;" type="text"/>
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name _____ Contact Daytime Telephone _____ Date ____/____/____