

## ASX Release

Thursday 18 January 2018

### **Native Title Agreement Signed with Mungarlu Ngurrarankatja Rirraunkaja (Aboriginal Corporation) RNTBC**

#### **Highlights**

- Native Title Agreement signed with Mungarlu Ngurrarankatja Rirraunkaja (Aboriginal Corporation) RNTBC (MNR), the registered native title body corporate for the land the subject of the eastern portion of the Beyondie Sulphate Of Potash Project (BSOPP), being the Birriliburu determination area
- The agreement provides for a mutually beneficial relationship through providing opportunities for MNR and the Birriliburu People to participate in the project, inclusive of a future royalty stream
- This is the second and final Native Title Agreement required for the development of the BSOPP
- Both areas have been determined by the Federal Court and provides certainty for the native title parties and Kalium Lakes
- Kalium Lakes will now progress to lodging Mining Tenure over Stage 1 of the BSOPP

Kalium Lakes Limited (Kalium Lakes, ASX:KLL) announced today that it has signed a Native Title Agreement with MNR covering the eastern tenements of the BSOPP.

MNR is the registered native title body corporate that holds the native title rights and interests the subject of the Birriliburu determination area in trust for the Birriliburu People. The Birriliburu People were determined by the Federal Court as the native title holders of over 66,000 square kilometres of the Western Desert, including the area of the eastern tenements of the BSOPP, on 20 June 2008.



***MNR negotiation team with their consultants and representatives of Kalium Lakes***

The Native Title Agreement recognises the Birriliburu People as the traditional owners of the land and MNR as the registered native title body corporate in relation to the land. Kalium Lakes is committed to building a mutually beneficial relationship with MNR and the Birriliburu People through effective engagement, consultation and communication. The Native Title Agreement also provides opportunities for MNR and the Birriliburu People to participate in the BSOPP, as well as a future royalty stream.

This is the second and final Native Title Agreement required for the development of the BSOPP. The signing of this Agreement provides the certainty that will allow the Company to develop both Stage 1 and the subsequent Stage 2 of the Project.

Kalium Lakes also congratulates the Gingirana People who have now been formally acknowledged by the Federal Court as having determined native title rights to the area of the western tenements of the BSOPP. The Federal Court held a special court sitting at Kumarina Roadhouse on 7 December 2017, where Justice Barker handed down the determination. Kalium Lakes signed a Native Title Agreement with the Gingirana People on 22 March 2016 that provides for similar mutually beneficial outcomes as described above.

Managing Director, Brett Hazelden, commented: "The conclusion of the native title agreement with MNR, together with the previous native title agreement with the now determined Gingirana People, gives Kalium Lakes full certainty in relation to the development of both stages of the BSOPP.

"These agreements, together with the strong relationship the Kalium Lakes team has established with both native title groups, will lead to opportunities for all parties involved and provides a firm foundation for a long term relationship," he said.

Kalium Lakes will now progress to lodging the required mining tenure over Stage 1 of the BSOPP. Both Native Title Agreements provide for the consent to the grant of mining leases, ancillary tenure and approvals required for the BSOPP.

\*\*\* ENDS \*\*\*

### **Cautionary Statement Regarding Forward-Looking Information**

All statements, trend analysis and other information contained in this document relative to markets for Kalium Lakes including 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.

## Corporate Profile (as at 17 January 2018)

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 SOP 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 160 kilometres south east of Newman.

The results of the Pre-Feasibility Study (PFS), announced on 3 October 2017, confirmed that the Project, is technically and financially robust. The key outcomes of the PFS are:

- Indicated Resource of 4.37 Mt @ 14,000 mg/l SOP at a cut-off grade of 3,500mg/l K and an Inferred Resource of 13.74 Mt @ 12,788 mg/l SOP at a cut-off grade of 3,500mg/l K.
- Maiden Probable Reserve of 2.66 Mt @ 14,210 mg/l SOP at a cut-off grade of 3,500mg/l K based solely within the Stage 1 Approval Footprint, which represents ~21% of total lake surface area within the tenement package.
- Development base case of 150 ktpa SOP, with the option to incrementally phase the project, through a ramp up from 75 ktpa to 150 ktpa SOP, to minimise operational and financial risks.
- Development base case pre-tax NPV<sub>10</sub> of A\$388M, IRR of 28.7%, average EBITDA of A\$83 Mpa, EBITDA margin of 62%, a payback period of 3.7 years and Life of Mine (LOM) free cash flows of more than +A\$1B, based on an initial 21 year LOM and a USA\$500/t SOP sales price @ A\$/A\$US exchange rate of 0.75.
- Estimated LOM Operating Cash Cost of A\$244-253/t SOP FOB Geraldton or Fremantle Port. This places the BSOPP in the lowest quartile cost of global SOP production.
- Pre-production Capital Cost of A\$220 million including a 78 kilometre gas pipeline for the base case or A\$124 million for the phased ramp-up scenario.
- Potential additional revenue associated with recovery of magnesium by-products which have not been included in the current financial outcomes.

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: 165,983,941

#### Board of Directors:

Mal Randall Non-Executive Chairman

Brett Hazelden Managing Director

Rudolph van Niekerk Executive Director

Brendan O'Hara Non-Executive Director

#### Chief Financial Officer / Company Secretary:

Frederick Kotzee

#### Company Secretary:

Gareth Widger

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