

ASX Release

Thursday 21 June 2018

Offtake Terms Sheet Signed with K+S

Highlights

- Offtake Terms Sheet executed with German fertiliser producer and distributor K+S for 100% of Stage 1 production from Kalium Lakes' flagship Beyondie Sulphate Of Potash Project in Western Australia
- Offtake arrangement is subject to the execution of a formal binding offtake agreement and satisfaction of certain conditions precedent, including completion of due diligence by K+S
- It is proposed that Kalium Lakes will supply 75,000tpa of Sulphate Of Potash (SOP) to K+S over an initial 10 year term
- K+S intends to provide Kalium Lakes with its expertise and technical support during development

Kalium Lakes Limited (ASX:KLL) is pleased to announce that it has taken a major step towards becoming Australia's first SOP producer, following the execution of an offtake terms sheet (Terms Sheet) detailing the commercial terms for an offtake arrangement with respect to SOP production from its 100% owned Beyondie Sulphate Of Potash Project (BSOPP) in the East Pilbara region of Western Australia.

The offtake arrangement is subject to the parties agreeing and entering into a formal binding offtake agreement with terms consistent with the Terms Sheet and the satisfaction of certain conditions precedent including, but not limited to, completion of due diligence by K+S.



From right: K+S Asia Pacific CEO, Alexander Baart; Kalium Lakes Managing Director, Brett Hazelden; K+S Director Sales Fertilizer Americas & Asia Pacific, Marc Gronemeier and Kalium Lakes Marketing Manager, Phil Nixon, following the signing of the Terms Sheet in Berlin, Germany

Founded in 1889, K+S is listed on the Frankfurt Stock Exchange (FWB: SDF) and also trades over the counter in the United States (OTCQX: KPLUY). Headquartered in Kassel, Germany, K+S has a market capitalisation of US\$5.1 billion, with approximately 15,000 employees globally. It is one of the top potash providers worldwide and the world's largest salt producer.

Kalium Lakes Managing Director, Brett Hazelden, commented: “We are delighted to have reached agreement with K+S who is one of the world’s pre-eminent SOP producers and distributors. This Terms Sheet brings the Beyondie SOP Project a step closer to becoming Australia’s first SOP producer, with the aim of supplying Australian and Overseas farmers with a locally produced product.

“We welcome K+S as a long-term partner and look forward to working together to optimise the Project given K+S’ extensive expertise in design, construction and operation of SOP facilities.

“With the Terms Sheet for SOP off-take now completed, the Kalium Lakes team is now fully focussed on concluding documentation for a binding offtake agreement with K+S in the coming months, as well as finalising the Bankable Feasibility Study, which will occur in parallel with arranging financing for the Beyondie SOP Project’s development,” Mr Hazelden said.

K+S Asia Pacific CEO, Alexander Baart, said: “K+S is pleased to have concluded this Terms Sheet with Kalium Lakes in respect of SOP produced at the Beyondie SOP Project and look forward to building a strong and mutually beneficial relationship.”

About K+S

K+S considers itself a customer-focused, independent minerals company for the Agriculture, Industry, Consumers, and Communities segments and wants to grow the EBITDA to €3 billion by 2030.

Our approximately 15,000 employees enable farmers to provide nutrition for the world, solutions that keep industries going, improve daily life for consumers and provide safety in the winter.

We continually meet the growing demand for mineral products from production sites in Europe, North and South America as well as a worldwide sales network.

We strive for sustainability because we are deeply committed to our responsibilities to people, the environment, the communities and the economy in the regions in which we operate. Learn more about K+S at <http://www.k-plus-s.com>

Terms Sheet – Key Terms

It is proposed that the offtake arrangement will be on the following terms:

- The offtake arrangement is subject to the parties agreeing and entering into a formal binding offtake agreement with terms consistent with the Terms Sheet
- Kalium will provide 75,000tpa of SOP products representing 100% of the anticipated production from Stage 1 of the Beyondie Sulphate Of Potash Project to K+S
- The offtake arrangement is subject to the satisfaction of certain conditions precedent including, but not limited to; completion of due diligence by K+S, completion of a positive Bankable Feasibility Study by Kalium Lakes, receipt by Kalium Lakes of all necessary regulatory approvals and required tenure to develop the BSOPP, and the Kalium Lakes Board making a final investment decision to proceed with the development of the BSOPP
- The offtake arrangement will be for an initial 10-year term
- Pricing is linked to the sales price realised by K+S, including any premia for Beyondie products. Downside pricing mechanisms are included
- K+S will receive a marketing fee for selling and distributing the SOP product
- K+S will provide Kalium Lakes with its expertise and technical support in relation to design, construction and commissioning

While Kalium Lakes and K+S have advanced negotiations and are committed to finalising the offtake arrangement, the arrangement remains subject to the execution of formal binding documents.

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.

Corporate Profile (as at 20 June 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, located 160 kilometres south east of Newman.

It has an 85% interest in a second SOP project, the Carnegie SOP Project, which is the subject of a joint venture with BCI Minerals. BCI Minerals can earn a 50% interest in the Carnegie SOP Project by sole funding \$10.5m to advance the project to Feasibility stage.

For Further Information Contact:

Kalium Lakes Limited Gareth Widger Corporate Affairs Manager ABN: 98 613 656 643 ASX: KLL Unit 1, 152 Balcatta Road Balcatta, Western Australia 6021 PO Box 610 Balcatta, WA 6914 T: +61 (0)8 9240 3200 E: info@kaliumlakes.com.au W: www.kaliumlakes.com.au	K+S Aktiengesellschaft Michael Wudonig Corporate Spokesman WKN: KSAG88 ISIN: DE000KSAG888 FWB: SDF Bertha-von-Suttner-Str. 7 34131 Kassel (Germany) T: +49 561 9301-1262 E: michael.wudonig@k-plus-s.com W: www.k-plus-s.com