

ASX Release

Wednesday 5 September 2018

Clarification - ASX Announcement 4 September 2018

Kalium Lakes Limited (KLL or the Company) refers to the ASX announcement of 4 September 2018 titled "Significant Resource Upgrade - Beyondie SOP Project" (Announcement).

The Company wishes to clarify that the exploration targets detailed in Table 1 of the Announcement on page 1 (highlighted in yellow below) are based on a number of assumptions and limitations and are conceptual in nature. The Exploration Target is not an indication of a Mineral Resource Estimate in accordance with the JORC Code (2012) and it is uncertain if future exploration will result in the determination of a Mineral Resource or that the Exploration Target will add to the economics of the Beyondie SOP Project (BSOPP).

A statement to this effect together with the exploration targets (presented as an approximation) is included in the upgraded Resources Estimates table detailed below.

Table 1 - Current JORC / CIM Resources: Beyondie Sulphate Of Potash Project

JORC / CIM Resource	Drainable Brine Volume (M m ³)	K Grade (mg/L)	K (Mt)	SO4 (Mt)	Drainable Brine Volume SOP (Mt)	Total Brine Volume SOP (Mt)
Measured Resource	149	5,155	0.77	2.33	1.72	5.67
Indicated Resource	735	5,591	4.11	11.91	9.17	32.42
Inferred Resource	615	5,683	3.49	10.50	7.79	121.61
Total Mineral Resource	1,499	5,585	8.37	24.74	18.67	159.70
Exploration Target*	920 - 2,810	1,800 - 3,300	1.6 - 9.3	5.0 - 25.6	1.9 - 10.4	40 - 250

* The Kalium Lakes Beyondie SOP Project "Exploration Target" is based on a number of assumptions and limitations and is conceptual in nature. It is not an indication of a Mineral Resource Estimate in accordance with the JORC Code (2012) and it is uncertain if future exploration will result in the determination of a Mineral Resource or that the Exploration Target will add to the economics of the BSOPP.

The Company wishes to advise that further drilling, trenching and test pumping to further test the exploration target have not been planned and are not expected to occur until the Stage 1 phase of the BSOPP is operating.

Compliance Statement

The information in this document that relates to Exploration Targets, Exploration Results, Mineral Resources, Ore Reserves and Production Targets have been extracted from the report(s) listed below.

- 3 October 2017: Pre-Feasibility Study with Maiden Ore Reserve Confirms Low Cost, Long Life and High Margin Beyondie SOP Project. (Including the attachment, JORC (2012) and NI 43-101 Technical Report, compiled by German Potash Experts and Competent Persons, K-UTECH AG Salt Technologies (K-UTECH)).
- 3 May 2018: BFS Exploration Drill Program Complete.
- 27 July 2018: Scoping Study Completed with Maiden Resource and Exploration Target for the Carnegie Potash Project

The report(s) 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, Ore Reserve Estimates, Exploration Targets or Production Targets, 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.

Competent Persons Statement

The information in this ASX announcement and the accompanying Report that relates to Exploration Targets, Exploration Results, Mineral Resources and Mineral Reserves is based on information compiled by Thomas Schicht, a Competent Person who is a Member of a 'Recognised Professional Organisation' (RPO), the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1077) and Anke Penndorf, a Competent Person who is a Member of a RPO, the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1152).

Thomas Schicht and Anke Penndorf are full-term employees of K-UTECH AG Salt Technologies (K-UTECH).

K-UTECH, Thomas Schicht and Anke Penndorf are not associates or affiliates of Kalium Lakes or any of its affiliates. K-UTECH will receive a fee for the preparation of the Report in accordance with normal professional consulting practices. This fee is not contingent on the conclusions of the Report and K-UTECH, Thomas Schicht and Anke Penndorf will receive no other benefit for the preparation of the Report. Thomas Schicht and Anke Penndorf do not have any pecuniary or other interests that could reasonably be regarded as capable of affecting their ability to provide an unbiased opinion in relation to the Beyondie Potash Project.

K-UTECH does not have, at the date of the Report, and has not had within the previous years, any shareholding in or other relationship with Kalium Lakes or the Beyondie Potash Project and consequently considers itself to be independent of Kalium Lakes.

Thomas Schicht and Anke Penndorf have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Thomas Schicht and Anke Penndorf consent to the inclusion in the Report of the matters based on their information in the form and context in which it appears.

Cautionary Statement Regarding Forward-Looking Information

Statements regarding plans with respect to the Company's mineral properties may contain forward looking statements. Statements in relation to future matters can only be made where the Company has a reasonable basis for making those statements. This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the current ASX Listing Rules. The Company believes it has a reasonable basis for making the forward-looking statements on 3 October 2017, including any production targets, based on the information contained in the announcement and in particular the JORC 2012 and NI 43-101 Technical Report.

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.

*** ENDS ***

Corporate Profile

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 NPV10 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 Carnegie Joint Venture (CJV) is focussed on the exploration and development of the **Carnegie Potash Project** (CPP) in Western Australia, which is located approximately 220 kilometres east-north-east of Wiluna. The CJV comprises one granted exploration licences (E38/2995) and five (5) exploration licence applications (E38/2973, E38/2982, E38/3297, E38/5296 and E38/3295) covering a total area of approximately 3,081 square kilometres.

The Scoping Study, Maiden Resource and Exploration Target confirmed that the CPP has potential to be a technically and economically viable project, with an Inferred Resource of 0.88 Mt SOP @ 3,466 mg/l K (equivalent to 7,724 mg/l SOP) based only on the top 1.7 metres of the 27,874 hectare surficial aquifer on granted tenement E38/2995 plus an Exploration Target for material below the top 1.7 metres.

The CJV is a Joint Venture between Kalium Lakes (KLL, 70% Interest) and BCI Minerals (BCI, 30% interest). Under the terms of the agreement BCI can earn up to a 50% interest in the CJV by predominantly sole-funding exploration and development expenditure across several stages.

KLL is the manager of the CJV and will leverage its existing Intellectual Property to fast track work. The JV Companies have endorsed proceeding to a staged Pre-Feasibility Study, with an initial focus on securing tenure and access to all required tenements.

Kalium Lakes Limited

ABN: 98 613 656 643
ASX: KLL
Ordinary Shares on Issue: 169,793,465

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 and Joint Company Secretary:

Christopher Achurch

Joint Company Secretary:

Gareth Widger

Contact Details:

Kalium Lakes Limited
Unit 1, 152 Balcatta Road
BALCATT A WA 6021

PO Box 610
BALCATT A WA 6914

Tel: +61 (0)8 9240 3200
Email: info@kaliumlakes.com.au
Web: www.kaliumlakes.com.au

Share Registry:

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000
Tel: (within Australia): 1300 850 505
Tel: (outside Australia): +61 3 9415 4000