

Tuesday 9 July 2019

Jaylon Awarded Liner Supply and Install Contract

Highlights

- **\$15 million contract awarded to Jaylon Environmental Systems Pty Ltd for:**
 - **Supply of 1mm thick HDPE evaporation pond liner**
 - **Management of transport and logistics to deliver liner to Beyondie SOP Project site**
 - **Installation of the HDPE evaporation pond liner**

Kalium Lakes Limited (Kalium Lakes) (ASX:KLL) has awarded the evaporation pond liner, supply and installation contract to Jaylon Environmental Systems Pty Ltd (Jaylon) for its Beyondie Sulphate of Potash Project (BSOPP). The contract includes the supply, management of delivery and installation of 1mm HDPE liner covering a total evaporation area of approximately 400ha for the Stage 1 BSOPP 90ktpa SOP facility.

In 2017 Jaylon successfully completed the supply and installation of the liner for the Project's 10ha pilot scale ponds. Jaylon has now submitted the most competitive and compliant offer for the full project works, resulting in this \$15 million major contract award.

The scope under this contract has already commenced, with an initial order of \$1 million worth of liner placed in May 2019 as part of early works and first deliveries to site already completed. The balance of the contract scope will commence following a Final Investment Decision (FID) by Kalium Lakes.



Initial deliveries of the HDPE Liner have been received

Kalium Lakes' Chief Development Officer, Rudolph van Niekerk, commented: "The use of Jaylon during the pilot scale trials continued to validate Kalium Lakes' de-risking strategy, where we work collaboratively to develop bespoke, low cost and fit for purpose solutions for the BSOPP.

"The use of an evaporation pond liner has been a much debated topic. For Kalium Lakes, the cost of the supply and installation of the liner represents less than 7% of the Project's total Capital Cost but results in an increased SOP process recovery of more than 15%.

"Our lined pond design provides a pond system constructed on trafficable, off lake surfaces, allowing for harvesting by heavy machinery months, if not years, ahead of the alternatives.

"With lined ponds there is virtually no leakage of the high value concentrated brines, delivering excellent recovery rates, a smaller pond area, less brine pumping, low operating costs and an extended mine life. It simply is a 'no brainer'," he said.



Jaylon Environmental Systems Pty Ltd has become the preferred partner to small and large clients across many industries, including agriculture, mining, transportation, civil construction and waste management. For more information click this link:

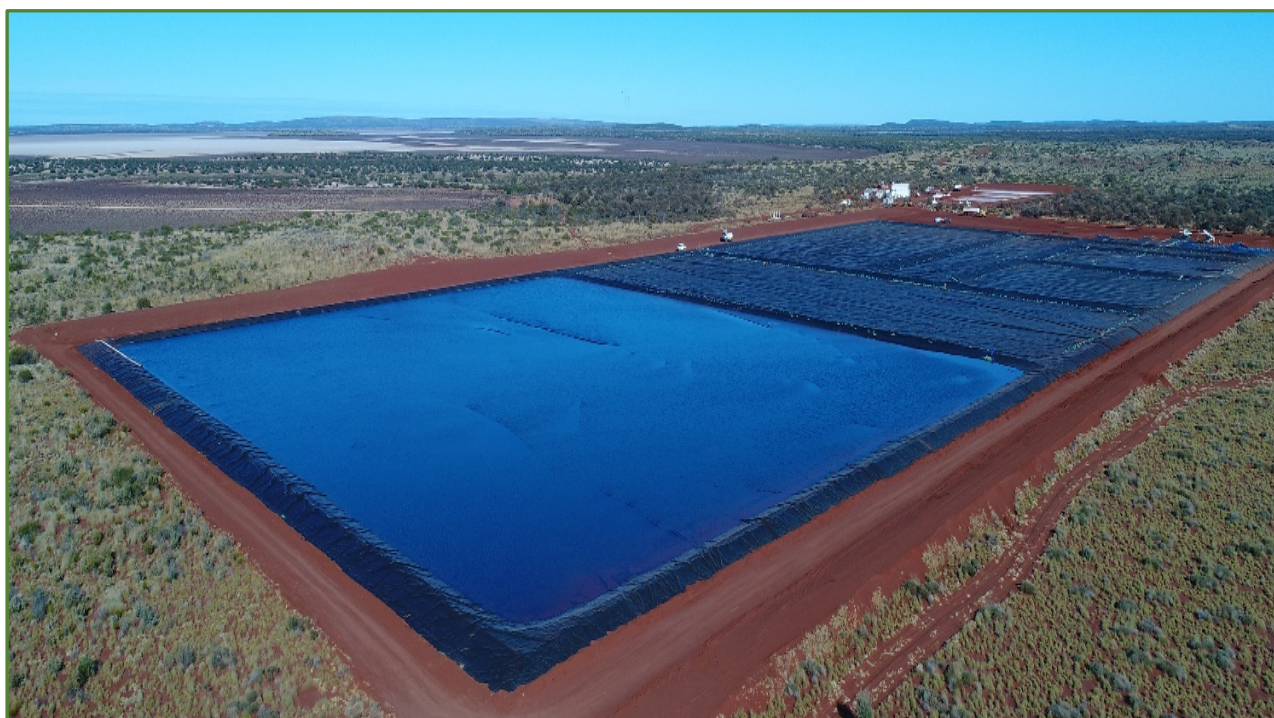
www.jaylon.com.au

Previous Pilot Pond and Related Announcements

- 16 June 2017: [Large Scale Pilot Ponds – Construction Commences](#)
- 15 August 2017: [Brine Fills Large Scale Pilot Ponds](#)
- 5 September 2017: [First Salts in Large Scale Pilot Ponds](#)
- 21 November 2017: [Beyondie SOP Project and Company Update](#)
- 22 March 2018: [Pilot Pond Update and Harvest Trials](#)
- 17 September 2018: [Bankable Feasibility Study Completed](#)
- 4 March 2019: [Lower Operating Cost and Increased Production For BSOPP](#)



HDPE liner used for Large Scale Pilot Evaporation Ponds in 2017



Completed Large Scale Pilot Evaporation Ponds installed by Jaylon Environmental Systems at the Beyondie SOP Project

*** ENDS ***

Beyondie Sulphate Of Potash Project

Developing Australia's First SOP Operation

KALIUM
LAKES



Final Investment Decision Mid 2019

Production 2020

First Mover Advantage

- Kalium Lakes Limited (KLL.ASX)
- An ASX listed Sulphate Of Potash (SOP) developer
- 100% owned Beyondie Sulphate Of Potash Project (BSOPP)
- Located 160km south east of Newman, in Western Australia
- BSOPP Bankable Feasibility Study (BFS) completed September 2018
- Front End Engineering and Design (FEED) completed March 2019
- Early Works commenced – roads, communications, village
- Final Investment Decision (FID) anticipated in Mid 2019
- Binding Offtake Agreement with K+S, ~\$650M revenue over first 10 years
- KLL currently targeting initial production during 2020
- The BSOPP is on track to be the first SOP project developed in Australia
- Macquarie Capital (Australia), Morgans Financial Limited and BurnVoor Corporate Finance assisting with future capital requirements



Strategic Location Close to Gas Pipeline, Sealed Roads and Ports



30 to 50 Year Initial Mine Life

- **5.1Mt Ore Reserve**
- Initial Mine Life in excess of 30 years (up to 50 years)
- 19.6Mt Drainable Mineral Resource
- Compliant with both JORC 2012 and CIM standards
- **Australia's highest grade long life brine SOP deposit: 12.4 kg/m3 SOP**
- Lowest Impurity Levels: Na:K ratio of 8.8:1



Approvals in Place

- All Native Title Mining Agreements are in place
- Federal Environmental Approval Received
- State Environmental Protection Authority (EPA) Approval Received
- Mining Tenure Granted
- Gas Pipeline Licence Granted
- EPA and DMIRS early works approvals in place
- Other State Approvals in place to commence construction



Pilot Scale Trials Complete with More Than 10,000 Tonnes of Salts Produced



High Margins

No Production in Australia

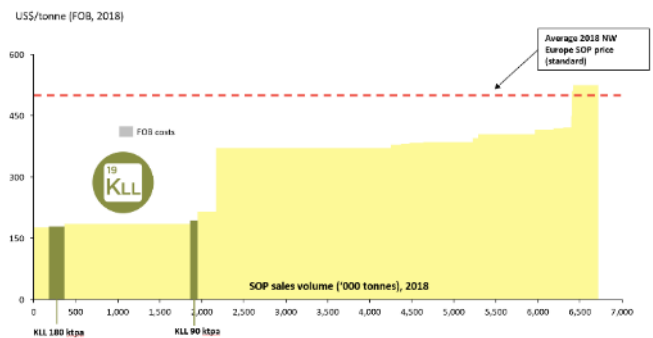
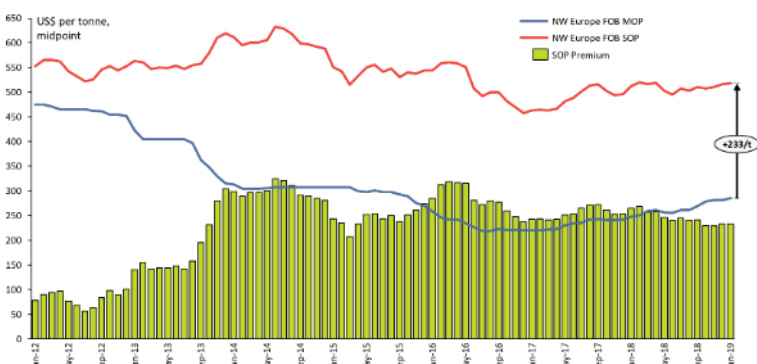
- No Current SOP Production in Australia – fully imported
- Phase 1 Start-up = 90ktpa SOP; Phase 2 = 180ktpa SOP
- Pre-production CAPEX of A\$216M (includes \$29M Contingency)
- Low All In Sustaining Operating Cost (AISC) ~US\$178-207 /t FOB
- Pre-Tax NPV₈ \$606M, IRR of 20.3% and +A\$3B LOM free cashflow
- Current SOP Sales prices ~US\$530/t
- **Low Cost, High Margin, Long Life Project**
- Premium Product Suite: >51% K₂O, low Cl SOP products in granular, standard and soluble form
- Potential Upside – Magnesium, Salt, Carnegie SOPP JV
- **Low Cost Financing Identified** – NAIFF (\$74M), KfW (\$102M) and Euler Hermes German Government Guarantee



SOP Achieves a Premium Price of >US\$500/t due to the Low Chloride and High Sulphur Content



Kalium Lakes BSOPP will be One of the World's Lowest Cost Producers



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Source: Intzeq, Argus Media

Note: Costs refer to cash-operating items and excludes sustaining capital, and royalties

Compliance Statement

The information in this document that relates Production Targets has been extracted from the ASX announcement(s) listed below.

- 17 September 2018: Bankable Feasibility Study Completed With Exceptional Financial Outcomes
- 4 March 2019: Lower Operating Cost and Increased Production For BSOPP (Front-End Engineering and Design (FEED) works)

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 Ore 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-UTEC AG Salt Technologies (K-UTEC).

K-UTEC, Thomas Schicht and Anke Penndorf are not associates or affiliates of Kalium Lakes or any of its affiliates. K-UTEC 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-UTEC, 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-UTEC 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, including any production targets, based on the information contained in the announcement and in particular the JORC 2012 and NI 43-101 Technical Report - Bankable Feasibility Study.

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 statement

Kalium Lakes Limited



ABN: 98 613 656 643
ASX: KLL
Ordinary Shares on Issue: 238,966,103



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Board of Directors:

Mal Randall	Non-Executive Chairman
Brett Hazelden	Managing Director
Rudolph van Niekerk	Executive Director
Stephen Dennis	Non-Executive Director

Chief Financial Officer and Joint Company Secretary:

Christopher Achurch

Joint Company Secretary:

Gareth Widger



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