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Equity raising to fund the development of the Beyondie SOP Project

Highlights

- **A\$17.5 million Institutional Placement and A\$54.6 million 1 for 2.19 Entitlement Offer to raise approximately A\$72.0 million (together the “Offer”)**
- **New shares to be issued at A\$0.50 per share (“Offer Price”) reflecting an 18.3% discount to TERP of A\$0.612**
- **Proceeds from the Offer, together with the credit approved KfW IPEX-Bank (A\$102 million) and NAIF (A\$74 million) loan facilities (“Loan Facilities”) to be used to fund the construction of the Beyondie Sulphate of Potash Project (“BSOPP”) and anticipated working capital to first production**
- **Major shareholder Greenstone (19.8%) has committed to subscribe for approximately A\$14 million under the Placement and the Entitlement Offer and to sub-underwrite up to A\$5 million of any retail shortfall**
- **Certain existing founding shareholders have committed to take up \$8 million of the Offer**
- **Beyondie is seeking to be Australia’s first Sulphate of Potash (“SOP”) project in production and is on schedule for first production in 2020**

Kalium Lakes Limited (“**Kalium Lakes**” or the “**Company**”) (ASX: KLL) is pleased to announce the Company is conducting an institutional placement and an accelerated non-renounceable entitlement offer to raise approximately A\$72 million (collectively, the “**Offer**”).

Kalium Lakes is undertaking the Offer to fund (in conjunction with the Loan Facilities) the construction of the BSOPP and to provide anticipated working capital until first production.

Kalium Lakes Managing Director, Brett Hazelden, commented:

“Successful completion of today’s equity raising together with finalisation of the Loan Facilities will ensure Kalium Lakes is fully funded to develop the Beyondie Project, following our announcement last week regarding the approval by the German Government credit agency Euler Hermes in respect of the KfW IPEX-Bank debt facilities.

“After the raise and final debt documentation, we will be in a position to approve our Final Investment Decision and immediately commence development of the Beyondie Project so that Kalium Lakes becomes Australia’s first SOP producer in CY2020.

“A huge amount of effort has gone into getting this project to where it is today and I am incredibly proud of the work undertaken to date by the Kalium Lakes’ team, bearing in mind that we now move into the critical development phase, so that we can begin production and deliver substantial value from this world class, low cost and high margin SOP asset for our shareholders,” he said.

The Beyondie Project

- ✓ 100% owned by Kalium Lakes located 160km south east of Newman in Western Australia
- ✓ Low cost and high margin SOP product with an Initial Mine Life of 30 years (up to 50 years)¹
- ✓ 5.1Mt SOP Reserve and 19.6Mt SOP Drainable Brine Resource
- ✓ 90ktpa SOP commercial demonstration facility ramping up to 180ktpa SOP Full Scale Facility
- ✓ Binding Offtake Agreement in place with German fertiliser producer and distributor K+S
- ✓ Front-End Engineering Design ("**FEED**") confirms pre-tax NPV₈ of \$606M, IRR of 20.3% (Stage 1 and Stage 2) and +A\$3B Life of Mine pre-tax free cashflows
- ✓ Low cost financing credit approvals in place with NAIF (\$74M), KfW IPEX-Bank (\$102M) and Euler Hermes German Government Guarantee for 50% of KfW loan
- ✓ Early Works commenced (roads, communications, village) following completion of Bankable Feasibility Study ("**BFS**") in September 2018 and FEED in March 2019
- ✓ Relevant approvals in place including native title agreements, Federal and State environmental approvals, Mining Tenure approvals and Gas Pipeline Licences

Equity Raising

Kalium Lakes is conducting the Offer to raise a total of approximately \$72 million, comprised of:

- an institutional placement of up to 35 million new fully paid ordinary shares in Kalium Lakes ("**New Shares**") to raise up to approximately A\$17.5 million ("**Placement**"), and
- a 1 for 2.19 accelerated pro rata non-renounceable entitlement offer of up to 109 million New Shares to raise up to approximately A\$54.6 million ("**Entitlement Offer**").

All New Shares offered under the Offer will be issued at a price of A\$0.50 per New Share, which represents a:

- 26.5% discount to the last close price of A\$0.68 on Tuesday, 23 July 2019; and
- 18.3% discount to the TERP of A\$0.612.²

Each New Share issued under the Offer will rank equally with existing fully paid ordinary shares in Kalium Lakes ("**Share**") on issue. Kalium Lakes will, upon issue of the New Shares under the Offer, seek quotation of the New Shares on the ASX.

Under the Entitlement Offer, eligible shareholders are invited to subscribe for one New Share for every 2.19 existing Shares held as at 7:00pm (Sydney time) on Friday 26 July 2019 ("**Record Date**").

Eligible institutional shareholders will be invited to participate in the accelerated institutional component of the Entitlement Offer ("**Institutional Entitlement Offer**"), which is being conducted today, Wednesday, 24 July 2019. The retail component of the Entitlement Offer ("**Retail Entitlement Offer**") will be open from Wednesday 31 July 2019 to Wednesday 14 August 2019 to eligible retail shareholders with a registered address in Australia or New Zealand as at 7:00 pm (Sydney time) on the Record Date. An offer booklet in respect of the Retail Entitlement Offer is expected to be lodged on the ASX and mailed to eligible retail shareholders on Wednesday 31 July 2019.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable or otherwise transferrable.

Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Resources II (Australia) Holdings L.P ("**Greenstone**"), a significant shareholder holding approximately 19.8% of the total issued share capital of Kalium Lakes, has committed to subscribe for New Shares under the Placement and take up its pro rata share under the Entitlement Offer, being an aggregate of approximately \$14.46 million.

¹ FEED Base Case is based on ore Reserves (89%), Indicated Mineral Resources (7%) and Inferred Mineral Resources (4%) over the 30 year mine life. Bank Finance Case is based on 100% Ore Reserves over the 30 year mine life and 81% Ore Reserves over the 50 year mine life

² The theoretical ex-rights price ("**TERP**") is the theoretical price at which Kalium Lakes shares should trade at immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Kalium Lakes' shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Kalium Lakes' closing price of A\$0.68 on 23 July 2019. The TERP also includes new shares to be issued under the Placement.

Certain other founding shareholders, have continued their support for Kalium Lakes by committing to take up approximately \$8 million of the Offer.

Subject to the successful completion of the bookbuild of the Placement and the Institutional Entitlement Offer, the Retail Entitlement Offer will be conditionally underwritten by Macquarie Capital (Australia) Limited³ and sub-underwritten by various sub-underwriters (including Greenstone)

Macquarie Capital (Australia) Limited will act as lead manager and bookrunner to the Offer. Morgans Corporate Limited will act as co-lead manager to the Offer.

Offer timetable

An indicative timetable of key dates in relation to the Offer is detailed below. All dates and times are references to Sydney, Australia.

Event	Date
Trading halt and announcement of Offer Institutional Entitlement Offer and Placement opens	Wednesday 24 July 2019
Institutional Entitlement Offer and Placement closes	Thursday 25 July 2019
Trading halt lifted and trading resumes on an “ex-entitlement” basis	Friday 26 July 2019
Record Date for determining Eligible Shareholders under the Entitlement Offer	7:00 pm Friday 26 July 2019
Retail Entitlement Offer opens and Retail Offer Booklet dispatched	Wednesday 31 July 2019
Settlement of new shares issued under the Institutional Entitlement Offer and the Placement (excluding Greenstone)	Thursday 1 August 2019
Allotment and normal trading of New Shares issued under the Institutional Entitlement Offer and the Placement (excluding Greenstone)	Friday 2 August 2019
Retail Entitlement Offer closes	5:00 pm Wednesday 14 August 2019
Settlement of Retail Entitlement Offer	Wednesday 21 August 2019
Allotment of New Shares issued under the Retail Entitlement Offer and to Greenstone	Thursday 22 August 2019
Dispatch of holding statements and normal trading of New Shares issued under Retail Entitlement Offer and to Greenstone	Friday 23 August 2019
Settlement of any New Shares under the Retail Entitlement Offer allocated to Greenstone pursuant to its sub-underwriting commitment (if any)	Friday 6 September 2019

Note: The timetable above is indicative only and may be subject to change. Kalium Lakes reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Kalium Lakes reserves the right to extend the closing date of the Offer, to accept late applications under the Offer (either generally or in particular cases) and to withdraw the Offer without prior notice. Any extension of the closing date will have a consequential effect on the issue date of new shares.

³ The conditional underwriting is subject to certain termination rights, including the right of the underwriter to terminate in the event Greenstone does not perform its obligations under the pre-commitment or sub-underwriting agreements.

Further information

Further details of the Offer are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Offer.

If you have any questions in relation to the Offer, please contact the Kalium Lakes' Information Line on 1800 689 300 (within Australia) or +61 1800 689 300 (outside of Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

*** ENDS***

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Compliance Statement

The information in this document that relates Mineral Resources, Ore Reserve Estimates, Exploration Targets or Production Targets have 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-time 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, 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
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Ordinary Shares on Issue: 238,966,103



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Brett Hazelden
Rudolph van Niekerk
Stephen Dennis

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Managing Director
Executive Director
Non-Executive Director

Chief Financial Officer and Joint Company Secretary:

Christopher Achurch

Joint Company Secretary:

Gareth Widger



Share Registry

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