

Friday 6 September 2019

Australian Federal Government Grants Major Project Status

Highlights

- **Kalium Lakes' Beyondie Sulphate of Potash Project (BSOPP) has been granted Major Project Status by the Australian Federal Government**
- **Major Project Status recognises BSOPP's strategic significance to Australia**
- **BSOPP's formal recognition of national strategic significance confirms its contribution to economic growth, employment, and contribution to regional Australia**

Kalium Lakes Limited (Kalium Lakes) (ASX:KLL) is pleased to announce that the Australian Federal Government has recognised the Beyondie Sulphate of Potash Project's (BSOPP) strategic significance to Australia by granting it Major Project Status.

Major Project Status is the Australian Government's formal recognition of the national strategic significance of a project, through its contribution to economic growth, employment, or contribution to regional Australia. In addition, Major Project Status provides coordination and facilitation support, as well as a single entry point to a coordinated approvals process.

The Major Projects Facilitation Agency assessed the BSOPP against the required eligibility criteria and made the recommendation to the Minister for Industry, Science and Technology, the Hon. Karen Andrews MP.

Kalium Lakes' Managing Director, Brett Hazelden commented: "Receiving Major Project Status from the Australian Federal Government emphasises the importance of our Project to the Australian Agricultural Industry.

"Currently there is no production of Sulphate of Potash in Australia, with all of this nations' requirements being met by product imported from the northern hemisphere. The development of the Beyondie Sulphate of Potash Project will greatly enhance the ongoing security of Potash supply for Australian farmers," he said.

The eligibility criteria for Major Project Status includes:

1. The project is of strategic significance to Australia, specifically:
 - the projects estimated investment exceeds AUD\$50M; and
 - makes a significant contribution to economic growth, exports, employment and/or infrastructure development; or
 - the project will have significant net economic benefit for regional Australia, taking account of a region's investment needs.
2. The project requires Australian Government approvals administered under Australian Government legislation; or the project has significant Australian Government involvement, including through government programs.
3. Has sufficient financial resources and support to complete the Australian Government approvals process and have reasonable commercial viability.

For more information: <https://www.business.gov.au/assistance/major-project-status>

Please see the following link to the media release issued by the Hon. Minister today:

<https://www.minister.industry.gov.au/ministers/karenandrews/media-releases/major-project-status-boosts-wa-economy>

*** ENDS ***

Beyondie Sulphate Of Potash Project

Developing Australia's First SOP Operation

KALIUM LAKES



Final Investment Decision Mid 2019

Production Q4 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) complete 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 Q4 2020
- The BSOPP is on track to be the first SOP project developed in Australia



Strategic Location Close to Gas Pipeline, Sealed Roads and Ports



30 to 50 Year Initial Mine Life

- 5.1Mt SOP Ore Reserve
- Initial Mine Life in excess of 30 years (up to 50 years)
- 19.6Mt SOP Drainable Mineral Resource (159.7Mt SOP Total Brine Volume)
- Compliant with both JORC 2012 and CIM standards
- High 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
- State Environmental Protection Authority (EPA) Approval
- Mining Tenure Granted
- Gas Pipeline Licence Granted
- EPA and DMIRS early works approvals in place



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



High Margins

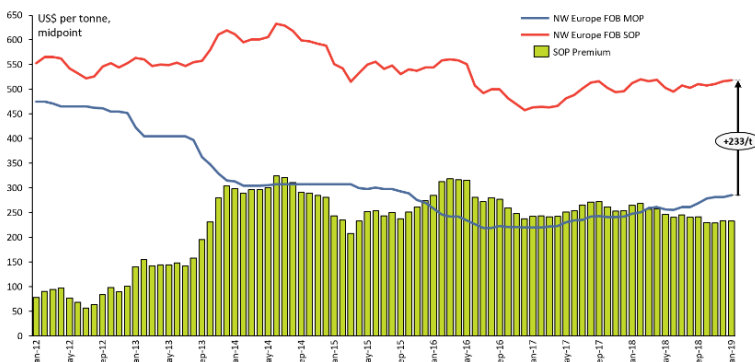
- No Current SOP Production in Australia – fully imported
- Phase 1 Start-up = 90ktpa SOP; Phase 2 = 180ktpa SOP
- Low All In Sustaining Operating Cost (AISC) ~US\$178-207 /t FOB
- Pre-Tax NPV₈ \$606M, IRR of 20.3% and +A\$3B LOM free cashflow
- Current SOP Sales prices ~US\$530/t
- Low Cost, High Margin, Long Life Project

No Production in Australia

- 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 Credit Approved – NAIF (\$74M), KfW (\$102M) with Euler Hermes German Government Guarantee
- \$72 million equity requirement successfully completed



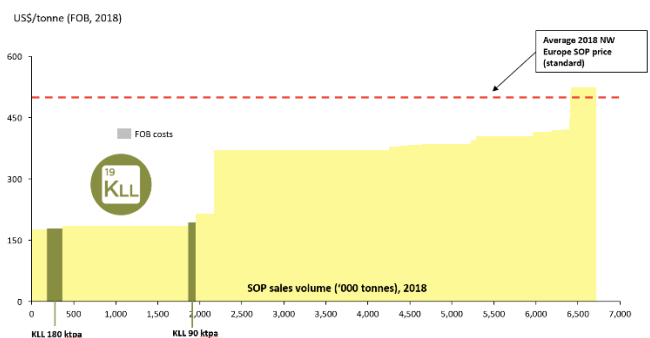
SOP Achieves a Premium Price of >US\$500/t due to the Low Chloride and High Sulphur Content



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



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Source: Integer, Argus Media

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

Note: Refer to KLL ASX Announcements in relation to: BFS, FEED, NAIF, KfW-IPEX Bank, Euler Hermes for more details.

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



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ASX: KLL
Ordinary Shares on Issue: 383,927,963



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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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