

## ASX Release

Tuesday 26 May 2020

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### Retail Entitlement Offer: Notification to Ineligible Retail Shareholders

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes**) will today despatch the attached letter to ineligible retail shareholders in relation to the retail component of its pro-rata accelerated non-renounceable entitlement offer of fully paid ordinary shares in Kalium Lakes, details of which were announced to the ASX on Thursday, 21 May 2020 (**Retail Entitlement Offer**).

#### Further information

If you have any questions in relation to the Retail Entitlement Offer, please contact the Kalium Lakes Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 6.30am to 5.00pm (WST), Monday to Friday before the offer closes. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

\*\*\* ENDS \*\*\*

*This ASX announcement was approved and authorised for release by the Board of Kalium Lakes Limited.*

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Dear Shareholder,

**ACCELERATED NON-RENOUNCEABLE ENTITLEMENT OFFER –**

**NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On Thursday 21 May 2020, Kalium Lakes Limited (ABN 98 613 656 643) (**Kalium Lakes**) announced that it was conducting an institutional placement to raise approximately A\$19 million (**Placement**) and undertaking an accelerated non-renounceable entitlement offer to raise approximately A\$42 million (**Entitlement Offer**) in new fully paid ordinary shares in Kalium Lakes (**New Shares**) on a 5 for 7 basis to eligible shareholders, at an offer price of A\$0.15 per New Share (**Offer Price**)(**Offer**).

Net proceeds from the Offer are to be used to fund the capital cost of further construction of the Beyondie Sulphate of Potash Project (**BSOPP**), for additional allowances and contingencies in respect to the construction of the BSOPP and for operating and finance costs (including working capital).

The Entitlement Offer is being made by way of a 'transaction specific prospectus' in accordance with section 713 of the *Corporations Act 2001* (Cth) (the **Corporations Act**) (**Prospectus**), which has been lodged with the Australian Securities Exchange (**ASX**) and the Australian Securities and Investments Commission (**ASIC**). The Entitlement Offer comprises an institutional entitlement offer (**Institutional Entitlement Offer**) and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**). The Institutional Entitlement Offer has already closed and the results have been announced to the ASX.

The Entitlement Offer is lead managed by Morgans Corporate Limited (**Lead Manager**). Foster Stockbroking is acting as co-manager.

This is a letter to inform you that you are not an Eligible Retail Shareholder for the purposes of the Retail Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

**Eligibility Criteria**

Shareholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Shareholders**) are those persons who:

- (a) are registered as a holder of fully paid ordinary shares in Kalium Lakes (**Shares**) as at 5.00pm (WST) on Monday, 25 May 2020 (**Record Date**);
- (b) have a registered address on Kalium Lakes' share register that is in Australia or New Zealand or are or are, in the opinion of Kalium Lakes otherwise eligible to receive an offer of New Shares under the Retail Entitlement Offer;
- (c) are not located in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Shares for the account or benefit of such person in the United States); and

- (d) were not invited to participate (other than as nominee, in respect of the other underlying holdings) in the Institutional Entitlement Offer (and were not otherwise treated as an ineligible institutional shareholder under the Institutional Entitlement Offer).

Kalium Lakes has determined, pursuant to section 9A of the Corporations Act and ASX Listing Rule 7.7.1(a), that it would be unreasonable to make offers to shareholders who have registered addresses outside Australia or New Zealand in connection with the Retail Entitlement Offer (**Ineligible Shareholders**), having regard to the number of such holders in those places and the number and value of the New Shares that they would be offered, and the cost of complying with the relevant legal and regulatory requirements in those places.

Determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Kalium Lakes and/or the Lead Manager. Each of Kalium Lakes and the Lead Manager, and each of their respective affiliates, disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder as stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Corporations Act, Kalium Lakes wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Retail Entitlement Offer or be able to subscribe for New Shares under the Retail Entitlement Offer.

Notwithstanding the above, Kalium Lakes may (in its absolute discretion) extend the Retail Entitlement Offer to any institutional shareholder that was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer (subject to compliance with relevant laws).

As the Retail Entitlement Offer is non-renounceable, you will not receive any payment or value for entitlements in respect of any New Shares that would have been offered to you if you were eligible.

### **Nominee**

In order to comply with section 615 of the Corporations Act, Kalium Lakes will appoint a nominee approved by ASIC (**Nominee**) to sell the entitlements to New Shares under the Entitlement Offer that Ineligible Shareholders would have been entitled to and sell them on their behalf.

A nominee sale procedure will be implemented in accordance with section 615 of the Corporations Act as follows:

- (a) Kalium Lakes will issue to the Nominee the New Shares that Ineligible Shareholders would be entitled to if they were eligible to participate in the Entitlement Offer (**Nominee Rights**);
- (b) the Nominee will then sell the Nominee Rights at a price and otherwise in a manner and at such time as determined by the Nominee in its absolute and sole discretion; and
- (c) the net proceeds of the sale of the Nominee Rights (after deducting the aggregate subscription price of the Nominee Rights and the costs of sale including brokerage and commission), if any, will be distributed to the Ineligible Shareholders for whose benefit the New Shares are sold in proportion to their shareholdings as at the Record Date.

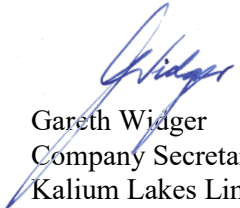
Accordingly, Ineligible Shareholders will receive no net proceeds if the costs of the sale of the Nominee Rights are greater than the sale proceeds. Kalium Lakes and the Nominee will not be held

liable for a failure to obtain any net proceeds, or for the sale of any of the Nominee Rights at any particular price or the timing of such sale.

If you have any questions in relation to any of the above matters, please contact the Kalium Lakes Shareholder Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 6.30am to 5.00pm (WST), Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

On behalf of Kalium Lakes, we regret that you are not eligible to participate in the Entitlement Offer and thank you for your continued support.

Yours sincerely,



Gareth Wager  
Company Secretary  
Kalium Lakes Limited

This letter does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States.. The New Shares have not been, and will not be, registered under the US Securities Act of 1933 as amended (**US Securities Act**) or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws..

#### DISCLAIMER

This letter is issued by Kalium Lakes. This letter is not a prospectus or offering document under Australian law or under any other law. This letter is to inform you about the Retail Entitlement Offer only.