

Thursday 9 July 2020

Gas Pipeline Construction Commences

Highlights

- Construction of the Gas Pipeline Lateral has commenced on schedule
- 79.4 kilometres of gas pipe is being progressively delivered from Port Hedland
- The main line construction works are anticipated to be complete by November 2020



Gas pipe being placed along the access road to the Beyondie SOP Project

Kalium Lakes Limited (Kalium Lakes) (ASX:KLL) is pleased to advise that construction works on its fully owned gas pipeline have commenced on schedule at the Beyondie Sulphate of Potash Project (BSOPP).

The scope of the gas pipeline lateral includes: an inlet station from the Goldfields Gas Pipeline (GGP) which will receive gas from a metering facility near the Kumarina Roadhouse; 79.4 kilometre of 100mm gas main line; and a delivery station (which will provide the gas at controlled temperature and pressure) for both power generation and use within the SOP production facility.

The main line works are anticipated to take five months to install, which will see works complete in December 2020. Construction works for the inlet and delivery stations will be finalised after the completion of the main line. Currently, 20.1 kilometres of the pipeline path has been cleared and graded, 15.8 kilometres of pipe has been delivered and two kilometres of pipe has been placed along the roadside reserve.

The construction of the gas pipeline has been enabled through debt funding received from the Northern Australia Infrastructure Facility (NAIF).

Managing Director, Brett Hazelden, commented: "The gas pipeline is a key enabler for the Company to benefit from low ongoing operating costs which places Kalium Lakes in the lowest quartile cost of SOP production in the world.

"The pipeline has also been sized to allow increased production from Stage 2 and potential Magnesium by-products. This valuable piece of infrastructure provides a significant long-term advantage to the BSOPP, which currently has a 30 to 50 year mine life," he said.



Gas pipe being prepared for transport from Port Hedland

The Participants



NAIF was established on 1 July 2016 by the Northern Australia Infrastructure Facility Act 2016 (NAIF Act) and is a corporate Commonwealth entity. The objective of the NAIF Act is to provide financial assistance to the States of Queensland, Western Australia and the Northern Territory for the construction of infrastructure to benefit northern Australia. NAIF may approve loans to 30 June 2021 which total A\$5 billion in aggregate (with loan tenors of up to the longest term of Commonwealth borrowings). <https://naif.gov.au/>



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<https://www.edgenmurray.com/company-profile/>



PIPECRAFT (Pipe Installation) is a Western Australian based specialist pipeline – construction and engineering contractor servicing Australia and PNG. PIPECRAFT provides a range of project management, engineering, construction, maintenance, mechanical and equipment hire services to the upstream, midstream and downstream resource, utility and energy markets. <https://pipecraft.com.au/why-us/about-us/>

Beyondie Sulphate Of Potash Project

Pioneering Australian SOP Production

- 100% owned **Beyondie Sulphate Of Potash Project (BSOPP)**
- Located 160km south east of Newman, in Western Australia
- 5.1Mt SOP Ore Reserve (1.65Mt Proven, 3.49Mt Probable)
- 25.37Mt SOP Drainable Mineral Resource (1.98Mt Measured, 9.6Mt Indicated, 13.79Mt Inferred)
- **Binding Offtake Agreement** with K+S, ~\$650M revenue over first 10 years
- **All Native Title Mining Agreements** in place
- **All EPA, EPBC, DMIRS, DWER construction approvals** in place
- **Phase 1 Start-up = 90ktpa SOP**; Phase 2 = 180ktpa SOP
- Low All In Sustaining **Operating Cost (AISC) ~US\$200 /t FOB**
- Low cost, high margin, long life operation: pre-tax Phase 1 NPV(8) of A\$364M and pre-tax Phase 2 NPV(8) of A\$603M
- **Low Cost Financing** - NAIF (\$74M), KfW (\$102M) with Euler Hermes German Government Guarantee
- \$15M Westpac working capital facility
- **First production now due early Q3-2021 with +30 years ore reserve**
- Overall Project is 46.5% complete as at end of June 2020
- The BSOPP is subject to various specific and general risks as set out at Section 9 (pages 67-74) of the Prospectus published on 21 May 2020



Compliance Statement and Competent Persons Statements

The information in this ASX announcement 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 Schindler (nee Penndorf), a Competent Person who is a Member of a RPO, the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1152). The potential quantity and grade of the Exploration Targets is conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource in relation to such Exploration Targets and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Certain information in this document is extracted from the report titled "TECHNICAL REPORT FOR THE BEYONDIE POTASH PROJECT, AUSTRALIA, JORC (2012) and NI 43-101 Technical Report – Bankable Feasibility Study" dated 17 September 2018 and the ASX announcement titled "Lower Operating Cost and Increased Production for BSOPP" dated 4 March 2019, that relates to Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves and is based on and fairly represents information and supporting documentation compiled by Thomas Schicht and Anke Schindler. 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 or Exploration 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.

Thomas Schicht and Anke Schindler are full-term employees of K-UTEC AG Salt Technologies (K-UTEC). K-UTEC, Thomas Schicht and Anke Schindler are not associates or affiliates of Kalium Lakes or any of its affiliates. K-UTEC has received a fee for their report in accordance with normal professional consulting practices. This fee is not contingent on the conclusions of their report and K-UTEC, Thomas Schicht and Anke Schindler will receive no other benefit for the preparation of their report. Thomas Schicht and Anke Schindler 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 their 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 Schindler 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 Schindler consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.

Forward looking statements

Certain information in this document refers to the intentions of Kalium Lakes, but these are not intended to be forecasts, forward looking statements or statements about the future matters for the purposes of the Corporations Act or any other applicable law. The occurrence of the events in the future are subject to risk, uncertainties and other actions that may cause Kalium Lakes' actual results, performance or achievements to differ from those referred to in this document. Accordingly Kalium Lakes and its affiliates and their directors, officers, employees and agents do not give any assurance or guarantee that the occurrence of these events referred to in the document will actually occur as contemplated. Statements contained in this document, including but not limited to those regarding the possible or assumed future costs, performance, dividends, returns, revenue, exchange rates, potential growth of Kalium Lakes, industry growth or other projections and any estimated company earnings are or may be forward looking statements. Forward-looking statements can generally be identified by the use of words such as 'project', 'foresee', 'plan', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. These statements relate to future events and expectations and as such involve known and unknown risks and significant uncertainties, many of which are outside the control of Kalium Lakes. Actual results, performance, actions and developments of Kalium Lakes may differ materially from those expressed or implied by the forward-looking statements in this document. Such forward-looking statements speak only as of the date of this document.

There can be no assurance that actual outcomes will not differ materially from these statements. To the maximum extent permitted by law, Kalium Lakes and any of its affiliates and their directors, officers, employees, agents, associates and advisers:

- disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumption;
- do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and
- disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).

*** ENDS *** This announcement was approved and authorised for release by the Managing Director of Kalium Lakes Limited.

Kalium Lakes Limited



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Dale Champion
Mark Sawyer
Brent Smoothy

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