

Thursday 13 August 2020

Gas Pipeline Progress – On Budget and On Schedule

Highlights

- Gas pipeline installation for the Beyondie SOP Project continues on budget and on schedule
- All grading, clearing and surveying is complete, with trenching in place for first 12 kilometres
- All gas piping has been delivered to site with 26 kilometres strung and 16 kilometres welded

Kalium Lakes Limited (Kalium Lakes) (ASX:KLL) today announced that the construction of the gas pipeline for the Beyondie Sulphate of Potash Project (BSOPP) is on budget and proceeding ahead of schedule.

Gas pipeline installation continues to ramp-up with grading, clearing and survey activities now complete for the full 79.4 kilometres, with trenching in place for the first 12 kilometres. All of the gas piping has now been delivered to site, of which 26 kilometres has been strung along the gas pipeline alignment and a total of 16 kilometres (or 20% of the overall length of the pipeline) welded. The welding and non-destructive testing of the pipeline commenced on 1 August 2020 and installation is on track to be completed with the remainder of the gas infrastructure facilities by December this year.



Gas pipeline non-destructive testing crew

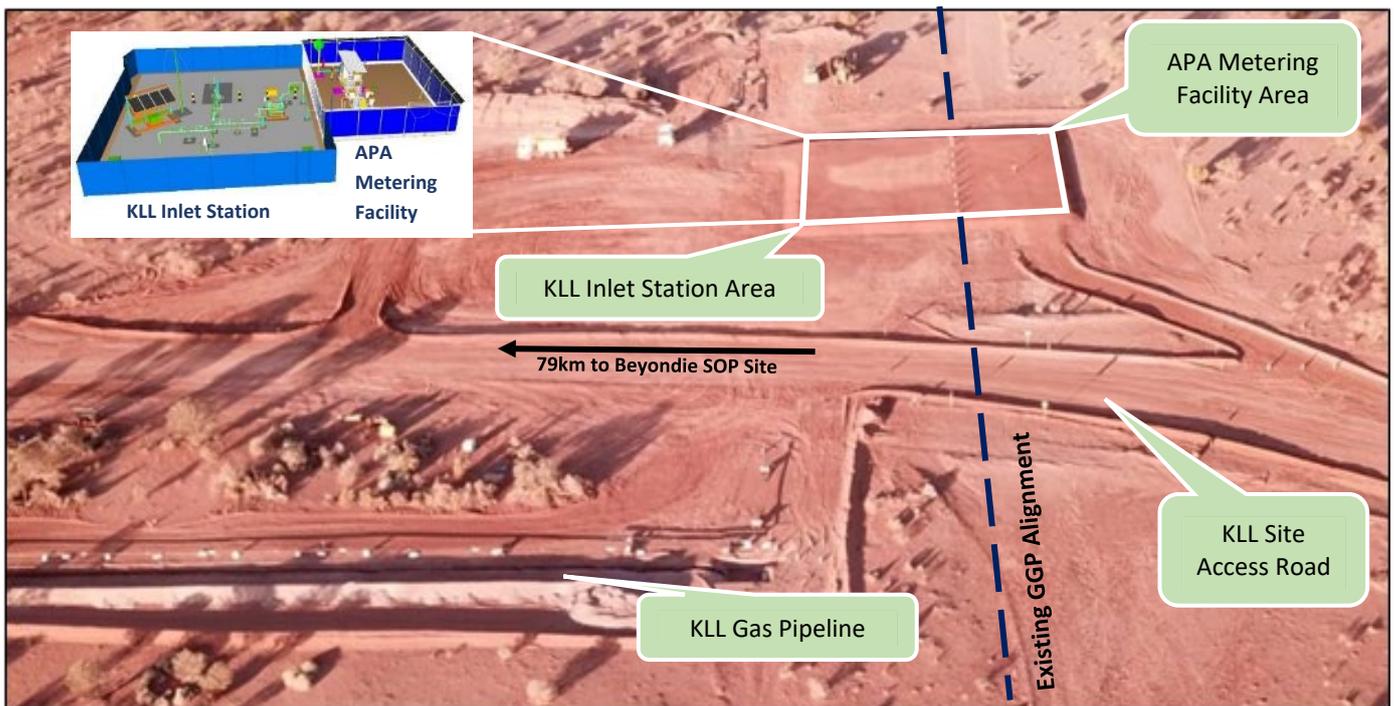
Chief Executive Officer, Rudolph van Niekerk, commented: “Mobilisation and commencement of gas pipeline construction for the Project commenced as planned and the construction team is exceeding targets on a daily basis.

“This gas pipeline is a key asset for the Beyondie SOP Project and gas supply through our own gas lateral for power generation, steam creation and the drying process for the SOP product will be instrumental in achieving the competitive operating costs with production planned to commence next year,” he said.



Pipeline trench ready for pipeline installation (left), welding of the gas pipeline (centre) and pipeline installation (right)

Earthworks construction of Kalium Lakes’ gas inlet station and APA’s adjacent metering facility has also been completed and ready for these facilities to be installed and tied-in to the Goldfields Gas Pipeline (GGP) during the next three months.



Gas pipeline metering station and inlet station earthworks completed – July 2020

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 52.3% 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



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*** ENDS *** This announcement was approved and authorised for release by the Chief Executive Officer of Kalium Lakes Limited.

Kalium Lakes Limited



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