

Not for release to US wire services or distribution in the United States

KALIAM RECEIVES FIRM COMMITMENTS FOR A\$22 MILLION PLACEMENT AND AGREES DEBT RESTRUCTURE

- Firm commitments for a two tranche placement to raise A\$22 million (before costs) and accompanying restructure of debt arrangements
- First tranche to be completed utilising existing Listing Rule 7.1 placement capacity to raise approximately A\$7.1 million, with the second tranche to raise approximately A\$14.9 million being subject to shareholder approval at a general meeting to be held in late September 2022
- Issue price of A\$0.04 per Share, representing a discount of 56.5% to the last closing price and 41.3% to the 10 day-trading VWAP
- Share Purchase Plan offer to all eligible shareholders to raise up to A\$8 million at the same offer price as the Placement
- Kalium Lakes' largest shareholder, Greenstone Resources and co-founder and director Brent Smoothy, have respectively committed to subscribe for A\$8 million and A\$2 million under the Placement
- Proceeds from the Capital Raising will be used to provide working capital during production ramp-up through to 120 ktpa at the Beyondie Sulphate of Potash Mine in Q3 CY2024
- The Company has also successfully negotiated a debt restructure with its Senior Lenders to assist in funding ramp-up working capital requirements and facilitate the expansion to 120 ktpa

Kalium Lakes Limited (**ASX: KLL**) (**Kalium Lakes** or the **Company**) is pleased to announce that it has received firm commitments from investors for a two-tranche placement of fully paid ordinary shares (**Shares**) to raise A\$22 million (before costs) (**Placement**).

The Placement will comprise the issue of approximately 550 million new Shares at a price of A\$0.04 per share (**Placement Price**). The Placement Price represents a:

- 56.5% discount to last traded price of A\$0.092 per Share on Tuesday, 9 August 2022; and
- 41.3% discount to the 10-day volume weighted average market price (**VWAP**) of A\$0.068 per Share as at Tuesday, 9 August 2022.

In addition to the Placement, Kalium Lakes will offer all of its existing eligible shareholders the opportunity to subscribe for up to a maximum of A\$30,000 worth of Shares at an offer price of A\$0.04 per Share under a share purchase plan (**SPP**) to raise up to an additional A\$8 million (before costs). The SPP is subject to the Company obtaining shareholder approval for the issue of Shares under the SPP. Eligible shareholders who subscribe for shares under the SPP may have their allocations scaled back depending on the level of demand.

The Placement and SPP together comprise the **Capital Raising**.

Kalium Lakes' largest shareholder, Greenstone Resources (**Greenstone**), has committed to take up to A\$8 million under the Placement. Greenstone's participation in tranche two of the Placement is subject to the Company obtaining shareholder approval. Co-founder and director Brent Smoothy has also committed to

subscribe for A\$2 million under the Placement, which is also subject to the Company obtaining shareholder approval.

The Capital Raising is being undertaken to:

- fund additional working capital during ramp-up of Kalium Lakes' Beyondie Sulphate of Potash Mine (**BSOPM**), which targets an initial production target run-rate of 80 ktpa by Q1 CY2023; and
- assist in the expansion of the BSOPM to 120 ktpa production run-rate, which is targeted to be achieved by Q3 CY2024.

The additional working capital is primarily required due to the delayed production profile for the BSOPM (refer to ASX announcement dated 1 March 2022 for further details). Refer to the investor presentation to be released on the ASX today for further details on the costs associated with the Capital Raising and debt restructure.

The Company has successfully negotiated the terms of a debt restructure with its two senior lenders, being KfW IPEX-Bank and the Northern Australia Infrastructure Facility (together, the **Senior Lenders**) to facilitate the expansion to 120 ktpa. As part of the debt restructure, the existing royalty holders of the Company have also agreed to subordinate and defer the payment of their royalties (including the royalties over the tenements at Ten Mile Lake, Ten Mile West and Lake Sunshine). Refer below for further details on the debt restructure and royalty arrangements.

The Company's Chief Executive Officer, Len Jubber commented:

"We are pleased to have successfully undertaken the debt restructure and received firm commitments for the necessary additional equity injection. This places the business in a position to now deliver on the targeted ramp-up profile at Beyondie, commencing with the full restart of the SOP process plant in September. I would like to thank our financiers and major shareholders for their support in this process, as well as welcome all new shareholders to the Kalium register."

Placement

The Placement of approximately 550 million new Shares to raise A\$22 million at A\$0.04 per Share will take place in two tranches:

- **Tranche 1:** a placement of up to 177.3 million new Shares to raise up to approximately A\$7.1 million utilising Kalium Lakes' existing placement capacity pursuant to ASX Listing Rule 7.1 (**Unconditional Placement**); and
- **Tranche 2:** a conditional placement of up to 372.7 million new Shares to raise approximately A\$14.9 million, subject to shareholder approval at the Company's general meeting (**Meeting**) to be held in or around late September 2022 (**Conditional Placement**).

Further details on the Meeting time and venue will be provided in the notice of meeting (**Notice**) to be dispatched to shareholders shortly.

Greenstone, Kalium Lakes' largest shareholder with approximately 19.6% of the Shares currently on issue, has committed to take up A\$8 million under the Placement (across both tranche one and tranche two), which will increase its holding up to a minimum of 22.3%¹ and a maximum of 24.9%² post the Capital Raising. Greenstone will participate across both tranches of the Placement, with its participation in tranche two of the Placement being subject to the Company obtaining shareholder approval at the Meeting. The Notice will include an Independent Expert's Report on the fairness and reasonableness of Greenstone's participation in tranche two of the Placement to the non-associated shareholders of the Company.

Co-founder and director Brent Smoothy has also committed to subscribe for A\$2 million under tranche two of the Placement (which will be subject to shareholder approval at the Meeting).

An indicative timetable for the Capital Raising is detailed below. The timetable remains subject to change at the Company's discretion, subject to compliance with applicable laws and the Listing Rules.

SPP

In addition to the Placement, Kalium Lakes will conduct the SPP to raise up to an additional A\$8 million. Under the SPP eligible Kalium Lakes shareholders as at the record date of 7:00pm (AEST) on Wednesday, 17 August

¹ Assuming A\$8 million is raised under the SPP.

² Assuming nil funds are raised under the SPP.

2022 with a registered address in Australia or New Zealand (**Eligible Shareholders**) will have the opportunity to apply for up to A\$30,000 worth of Shares each at the Placement Price (subject to scale back at the Company's absolute discretion).

ASX has granted the Company a waiver from Listing Rule 7.3.9 to permit the Company to include a resolution in the notice of meeting to approve the issue of the SPP shares to Eligible Shareholders under the SPP not to include a voting exclusion statement that excludes votes of persons who may participate in the SPP on the condition that the SPP is not underwritten or, if it is underwritten, the Company excludes any votes cast on that resolution by any proposed underwriter of the SPP. ASX has also granted the Company a waiver from Listing Rule 10.11 to the extent necessary to permit the directors of the Company and their associates to participate in the SPP without shareholder approval on the following conditions:

- a) shareholders of the Company approve the SPP at the Company's upcoming Meeting;
- b) directors and their associates are offered shares under the SPP on the same terms as other shareholders; and
- c) any scale back arrangements must not result in any director or associate of a director being scaled back on a more favourable basis than any other holder of a marketable parcel who is scaled back.

Non-executive chairman Stephen Dennis intends to apply for A\$30,000 worth of Shares under the SPP. Other members of the senior executive team have also advised that they intend to apply for Shares under the SPP.

The SPP is not underwritten. As the SPP will be the second share purchase plan the Company has undertaken in the last 12 months, in order to comply with the Listing Rules, Kalium Lakes will seek shareholder approval for the SPP at the Meeting.

Kalium Lakes reserves the right (in its absolute discretion) to close the SPP early and scale back applications under the SPP if demand exceeds A\$8 million (subject to the requirements of the Listing Rules).

New Shares issued under the SPP will rank equally with existing Shares currently on issue.

The terms and conditions of the SPP will be detailed in a Prospectus to be dispatched to Eligible Shareholders and released to the ASX on or about Tuesday, 23 August 2022.

Debt Restructure

The Company has entered into formal binding documentation with the Senior Lenders in respect to a restructure of its existing debt arrangements, which includes, but is not limited to:

- (a) a deferral of the commencement of all senior principal repayments under the project finance facilities from March 2024 to March 2025;
- (b) an extension to the final maturity date for the project finance facilities to March 2040; and
- (c) an extension to the maturity date for the existing A\$20 million liquidity facility (**Liquidity Facility**) to January 2026,

(the **Debt Restructure**).

The Debt Restructure is subject to conditions precedent, including that the Company successfully completes an equity raise of at least A\$20 million (net of costs) by 7 October 2022. A failure to satisfy this condition will trigger an event of default under the Senior Lenders' financing arrangements. The Placement will, subject to completion, meet this requirement, with all other conditions precedents to be satisfied being administrative in nature.

Royalty Arrangements

The existing royalty holders of the Company, being Kalium Corporate Pty Ltd as trustee for the Kalium Founders Unit Trust (an entity associated with Brent Smoothy) and Greenstone Resources II (Australia) Holdings L.P., have agreed to subordinate and defer the payment of their royalties (including the royalties over the tenements

at Ten Mile Lake, Ten Mile West, Lake Sunshine and Carnegie) until, among other things, the debt principal repayments to the Senior Lenders commence in March 2025 and all amounts outstanding under the Liquidity Facility have been repaid and the Liquidity Facility cancelled. In addition, there are further controls on the amounts that can be paid in respect of the royalties until the debt repayment instalments owing to the Senior Lenders, which were deferred in the debt restructure that took place in October 2021, have been repaid.

In consideration for the deferral of the royalty payments, the Company has agreed to:

- (a) grant a further royalty over all of its other existing mining tenements to the existing founders' royalty holders on the same terms as their existing royalties (being 1.9% of gross revenue), other than those mining tenements that would require third party consent (provided that the Company must use its reasonable endeavours to obtain such consents); and
- (b) increase the interest rate on deferred royalties under the royalty arrangements from USD LIBOR plus 4.75% per annum to USD LIBOR plus 6.00% per annum.

Additional Information

Additional information in relation to the Capital Raising is detailed in the investor presentation to be released to the ASX today. The investor presentation details important information including key risks and foreign selling restrictions in relation to the Capital Raising.

Morgans Corporate Limited is acting as Lead Manager to the Placement and Foster Stockbroking are Co-Manager. Thomson Geer is acting as Australian legal counsel to Kalium Lakes in relation to the Capital Raising.

Indicative Timetable

Key Dates	Date / time (Sydney time)
Record Date for Eligibility to participate in SPP	7:00pm Wednesday, 17 August 2022
Launch of Capital Raising and trading halt lifted	Thursday, 18 August 2022
Settlement of Shares issued under Unconditional Placement (excluding Greenstone)	Tuesday, 23 August 2022
Dispatch SPP Prospectus	Tuesday, 23 August 2022
SPP Opening Date	Tuesday, 23 August 2022
Allotment and trading of Shares issued under Unconditional Placement (excluding Greenstone)	Wednesday, 24 August 2022
Dispatch Notice of Meeting	Monday, 29 August 2022
Settlement of Shares issued under Unconditional Placement to Greenstone	Wednesday, 7 September 2022
Allotment and trading of Shares issued under Unconditional Placement to Greenstone	Thursday, 8 September 2022
SPP Closing Date	Monday, 26 September 2022
General Meeting to approve Conditional Placement and SPP	Wednesday, 28 September 2022
Settlement of Shares issued under Conditional Placement	Monday, 3 October 2022
Issue of New Shares under SPP	Monday, 3 October 2022
Allotment of Shares issued under Conditional Placement	Tuesday, 4 October 2022

The timetable is indicative only and remains subject to change at the Company's discretion, subject to compliance with applicable laws and the ASX Listing Rules. The Company reserves the right to change the timetable or cancel the SPP at any time before new Shares are issued, subject to regulatory requirements. **The Company encourages Eligible Shareholders who wish to participate in the SPP to act promptly in submitting their application forms.** The Company reserves the right to close the SPP early, by making an announcement to the ASX.

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).

Not an offer in the United States

This announcement has been prepared for publication in Australia and may not be released to US wire services or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

*** ENDS ***

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

Kalium Lakes Limited



ABN: 98 613 656 643
ASX: KLL



Contact Details:
Kalium Lakes Limited
Unit 1, 152 Balcatta Road
BALCATTWA WA 6021

PO Box 610
BALCATTWA WA 6914

Email: info@kaliumlakes.com.au
Web: www.kaliumlakes.com.au
Tel: +61 (0) 8 9240 3200



Board of Directors

Stephen Dennis
Mark Sawyer
Brent Smoothy
Sam Lancuba

Non-Executive Chairman
Non-Executive Director
Non-Executive Director
Non-Executive Director



Chief Executive Officer

Len Jubber

Chief Financial Officer

Jason Shaw

Joint Company Secretaries

Jason Shaw and Sophie Raven

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace Perth, WA 6000
Tel: (within Australia): 1300 850 505
Tel: (outside Australia): +61 3 9415 4000