

Friday 19 July 2019

German Government Reaches Positive Decision for Euler Hermes Export Credit Cover

Highlights

- **German Government export credit agency, Euler Hermes, has reached a positive decision regarding Kalium Lakes' application for project finance export credit cover**
- **Approximately A\$50M of the A\$176 million credit approved loan package will be guaranteed by Euler Hermes**
- **Satisfies one of KfW IPEX-Bank's key conditions**
- **A Final Investment Decision for the Beyondie SOP Project is on target for this quarter**

Kalium Lakes Limited (Kalium Lakes) (ASX:KLL) is pleased to announce that it has been advised that the German government inter-ministerial committee (IMC) has reached a positive decision on its application for the Euro / US dollar equivalent of approximately A\$50 million of project finance export cover.

The export credit cover will apply to Part A of the recent credit approved loan package from KfW IPEX-Bank (see ASX announcement 2 July 2019) which comprises:

- Part A - US\$ equivalent of €33 million facility guaranteed by the German Government export credit agency Euler Hermes, with a final maturity of approximately 10 years after completion of construction (the Hermes-Guaranteed Facility); and
- Part B - US\$37 million facility, secured against the BSOPP, with a final maturity of approximately 10 years after completion of construction.

In addition, Kalium Lakes has previously announced a A\$74M funding package provided by the Northern Australia Infrastructure Facility (NAIF) (see ASX announcement 20 February 2019).

Complete details of the offer of export credit cover are expected to be received from Euler Hermes in the coming days.

All debt facilities are subject to the execution of formal documentation and other customary Conditions Precedent, including completion of the residual equity requirement and a Final Investment Decision by the Company's Board.

Kalium Lakes' Managing Director, Brett Hazelden, commented: "We are delighted to have received a positive decision regarding our application for German export credit cover.

"The completion of this significant funding requirement brings us closer to a Final Investment Decision, which remains on track for this quarter and progresses our goal of becoming Australia's first SOP producer," he said.

The German export credit cover was obtained with the assistance of KfW IPEX-Bank and BurnVoor Corporate Finance.

Next Steps

Kalium Lakes is well progressed towards completion of all financing tasks and a Final Investment Decision.

Milestones	Indicative Timeline
Early Works Construction Activities	Ongoing
Complete Front-End Engineering Design (FEED)	Complete
Finalise Binding Offtake Agreement	Complete
Award EPC/M and Lump Sum Contracts	Complete
Receive Final Approvals for Australian Government Agencies	Complete
Due Diligence Process	Complete
KfW Credit Approval	Complete
German Government / Euler Hermes approvals	Complete
Final Investment Decision (FID)	Mid 2019
Full Construction Activities	~15 Months from FID
Commissioning and Ramp Up to Name Plate Throughput	Q4 2020

About KfW IPEX-Bank



Within KfW Group, KfW IPEX-Bank is responsible for international project and export finance. It offers medium and long-term financing to support key export industries, to develop economic and social infrastructure, to fund environmental and climate protection projects and to secure the supply of raw materials. KfW IPEX-Bank operates as a legally independent group subsidiary and is represented in the most important economic and financial centres across the globe.

About Euler Hermes



Euler Hermes is the world's leading provider of trade-related insurance solutions.

The company generated €2,705 million of revenue in 2018 and has more than 5,800 employees across 50 countries.

ENDS

Beyondie Sulphate Of Potash Project

Developing Australia's First SOP Operation



Final Investment Decision Mid 2019

Production 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) completed 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 2020
- The BSOPP is on track to be the first SOP project developed in Australia
- Macquarie Capital (Australia), Morgans Financial Limited and BurnVoor Corporate Finance assisting with future capital requirements



Strategic Location Close to Gas Pipeline, Sealed Roads and Ports



30 to 50 Year Initial Mine Life

- **5.1Mt Ore Reserve**
- Initial Mine Life in excess of 30 years (up to 50 years)
- 19.6Mt Drainable Mineral Resource
- Compliant with both JORC 2012 and CIM standards
- **Australia's highest 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 Received
- State Environmental Protection Authority (EPA) Approval Received
- Mining Tenure Granted
- Gas Pipeline Licence Granted
- EPA and DMIRS early works approvals in place
- Other State Approvals in place to commence construction



High Margins

- No Current SOP Production in Australia – fully imported
- Phase 1 Start-up = 90ktpa SOP; Phase 2 = 180ktpa SOP
- Pre-production CAPEX of A\$216M (includes \$29M Contingency)
- 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**
- 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 Identified** – NAIF (\$74M), KfW IPEX-Bank (\$102M) and Euler Hermes German Government Guarantee

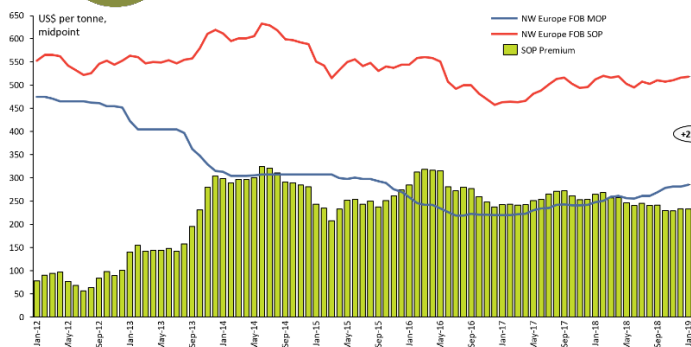


Pilot Scale Trials Complete with More Than 10,000 Tonnes of Salts Produced

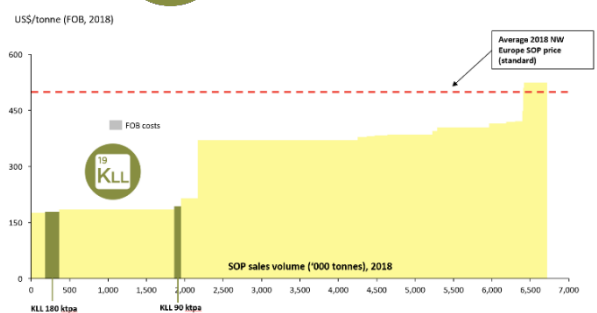
No Production in Australia



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



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

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



ABN: 98 613 656 643
ASX: KLL
Ordinary Shares on Issue: 238,966,103



Board of Directors:

Mal Randall	Non-Executive Chairman
Brett Hazelden	Managing Director
Rudolph van Niekerk	Executive Director
Stephen Dennis	Non-Executive Director



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Joint Company Secretary:

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