

Wednesday 20 February 2019

A\$74 Million Loan Package from NAIF

Highlights

- **Board of the Northern Australia Infrastructure Facility (NAIF) approves Investment Decision for A\$74 million Beyondie SOP Project funding.**
- **The NAIF funding is a major milestone, allowing Kalium Lakes to bring forward the construction of a 78 kilometre gas pipeline and a gas fired power station, reducing operating costs by approximately A\$62-65 per tonne.**
- **The NAIF funding will also facilitate the construction of infrastructure supporting the Beyondie SOP Project including road and communication infrastructure, an airstrip and an accommodation village.**

Kalium Lakes Limited (Kalium or the Company) is pleased to announce that the Board of the Northern Australia Infrastructure Facility (NAIF) has made an Investment Decision to support the development of the Beyondie Sulphate Of Potash Project (Beyondie SOP Project) by providing long-term debt facilities totalling up to A\$74 million ("NAIF Facilities").

The NAIF Facilities are subject to final documentation and conditions precedent to drawdown, including final approval from the Western Australian Government and conclusion of the responsible Federal Ministers' consideration period as outlined in the NAIF Act 2016.



From left: NAIF Director (WA), Justin Mannolini, KLL Chairman, Mal Randall, NAIF Chairman, Khory McCormick, and KLL Chief Financial Officer, Chris Achurch, prior to the NAIF Board Meeting in Perth

Managing Director, Brett Hazelden, commented: "We are delighted to have the support of NAIF as we continue to develop this SOP project in Australia.

"Our team is very proud of the fact that NAIF recognises the public benefits of the Beyondie SOP Project, including providing a domestic source of a fertiliser which plays a significant role in improving agricultural yield and productivity, an Indigenous engagement strategy and the creation of jobs in local communities.

"This positive Investment Decision by NAIF, which has been incorporated into the Front End Engineering and Design Report, is further confirmation that all the fundamentals for the Beyondie SOP Project stack up and takes us one step closer to a final investment decision by Kalium," he said

NAIF and Kalium have agreed non-binding term sheets for the provision of a A\$48 million Infrastructure Development Facility and up to A\$26 million for a Project Development Facility. The key terms of these facilities are summarised in Tables 1 and 2.

The long tenor and concessional terms of the Infrastructure Development Facility will allow Kalium to bring forward the construction of a A\$29 million, 78 km lateral gas pipeline to connect to the Goldfields Gas Pipeline and an on-site gas fuelled power station into Phase 1 of the Project. This will result in operating cost reductions of approximately A\$62-65 per tonne from the base case in the Bankable Feasibility Study (BFS) released in September 2018 as the BFS contemplated outsourcing the gas supply and power generation to a third party provider via Build-Own-Operate (BOO) arrangements.

The Infrastructure Development Facility will also fund upgrades to the 78 kilometre unsealed road connecting the Beyondie SOP Project site to the Great Northern Highway, new communication infrastructure, an airstrip and an accommodation village that can support in excess of 120 people.

The NAIF Facilities were arranged with the assistance of BurnVoor Corporate Finance, Kalium Lakes' financial adviser.

Schedule 1: Key non-binding terms of the proposed Infrastructure Development Facility

Facility Amount	Senior term loan facility of \$48 million
Borrower	Kalium Lakes Infrastructure Pty Ltd (a wholly-owned subsidiary of Kalium)
Tenor	15 years post Availability Period
Security	Senior secured facility
Availability	From satisfaction of Conditions Precedent to first drawdown until the earlier of 2 years thereafter and Project Completion
Conditions Precedent to drawdown	Customary for a facility of this nature

Schedule 2: Key non-binding terms of the proposed Project Development Facility

Facility Amount	Senior term loan facility of up to A\$26 million
Borrower	Kalium Lakes Potash Pty Ltd (a wholly-owned subsidiary of Kalium)
Tenor	10 years post Availability Period
Security	Senior secured facility, pari passu with any other senior lenders
Availability	From satisfaction of Conditions Precedent to first drawdown until the earlier of 2 years thereafter and Project Completion
Conditions Precedent to drawdown	Customary for a facility of this nature

Note: The key terms summarised above are non-binding. As such, any legally binding terms that may ultimately be agreed between Kalium and NAIF in respect of the NAIF Facilities may be different to the terms summarised above.



From left: NAIF Executive Director - Origination, Peter Ross, Kalium Lakes CFO, Chris Achurch and NAIF Director – Origination, Patrick Leung, visit one of the remote radio monitored bores – Beyondie SOP Project

About NAIF

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).

*** ENDS ***

Compliance Statement

The information in this document that relates to Exploration Targets, Exploration Results, Mineral Resources, Ore Reserves and Production Targets have been extracted from the report(s) listed below.

- 21 January 2019: FEED Process Recovery Optimisation
- 23 January 2019: EPBC Environmental Approval
- 21 December 2018: Prospectus
- 12 December 2018: Beyondie SOP Project and Company End of Year Update
- 13 November 2018: Beyondie Gas Pipeline Licence Approval
- 8 November 2018: K-plus-S Completes Offtake Due Diligence
- 29 October 2018: 10 Mile Lake West – New Tenement
- 19 October 2018: Annual Report • 18 September 2018: Bankable Feasibility Study Completed with Exceptional Financial Outcomes (Including the attachment, JORC (2012) and NI 43-101 Technical Report, compiled by German Potash Experts and Competent Persons, K-UTEC AG Salt Technologies (K-UTEC)).

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

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.

Corporate Profile



Kalium Lakes Limited is an exploration and development company, focused on developing the Beyondie Sulphate Of Potash Project in Western Australia with the aim of producing Sulphate of Potash (SOP), a high yield, premium fertiliser, for both domestic and international markets. There is currently no SOP production in Australia.

Approaching a Final Investment Decision, the Company has just completed a Bankable Feasibility Study for the Project (the first BFS for any Australian deposit) which confirmed the Project is technically and financially robust, with first production anticipated in 2020.

The Project aims to commence production at 82ktpa of SOP, before ramping up to 164ktpa of SOP for domestic and international sale. An initial mine life of between 30-50 years is anticipated for a project designed to be a low cost, long life and high margin producer.



The Carnegie Joint Venture (CJV) is focussed on the exploration and development of the Carnegie Potash Project (CPP) in Western Australia, which is located approximately 220 kilometres east-north-east of Wiluna and covers a total area of approximately 3,081 square kilometres.

The CJV is a Joint Venture between Kalium Lakes (KLL, 70% Interest) and BCI Minerals (BCI, 30% interest). The JV Companies have endorsed proceeding to a staged Pre-Feasibility Study, with an initial focus on securing tenure and access to all required tenements.

Kalium Lakes Limited



ABN: 98 613 656 643
ASX: KLL
Ordinary Shares on Issue: 187,233,644



Board of Directors:

Mal Randall	Non-Executive Chairman
Brett Hazelden	Managing Director
Rudolph van Niekerk	Executive Director
Brendan O'Hara	Non-Executive Director

Chief Financial Officer & Joint Company Secretary:

Christopher Achurch
Gareth Widger



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