

Wednesday 13 October 2021

Restructure of Existing Debt Arrangements

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or **Company**) announced today that it has entered into formal binding documentation with its two senior lenders, being KfW IPEX-Bank and the State of Western Australia, through the Ministerial body corporate preserved and continued pursuant to section 5 of the Industry and Technology Development Act 1988 (WA) (facilitated by the Northern Australia Infrastructure Facility) (together, the **Senior Lenders**) in respect to a restructure of its existing debt arrangements, including the provision of an additional liquidity facility for an aggregate of A\$20 million (**Debt Restructure**). This debt restructure was referred to in the Company's ASX announcement dated 18 August 2021 relating to the completion of the new base case production increase to 120ktpa at the Beyondie SOP Project (**Project**).

The key terms of the Debt Restructure include a deferral of all senior principal repayments for the first two years of production until 31 March 2024 and a two-year extension to the maturity of the senior loans owed by its wholly owned subsidiary, Kalium Lakes Potash Pty Ltd (representing approximately 72% of the total senior facilities) until March 2033.

The additional A\$20 million liquidity facility provided by the Senior Lenders is a general purpose facility (which has replaced the \$15 million working capital facility previously provided by Westpac) and will be available for six months, with the potential to extend for another six months at the discretion of the Senior Lenders. The liquidity facility will be used for short-term working capital purposes while the Company secures additional funding for the capital expenditure to expand production to 120ktpa.

The existing royalty holders of the Company, being Kalium Corporate Pty Ltd as Trustee for the Kalium Founders Unit Trust and Greenstone Resources II (Australia) Holdings L.P. (both of whom are related parties of the Company), have agreed to subordinate and defer the payment of their royalties over the tenements at Ten Mile Lake, Sunshine Lake and Lake Carnegie until the debt principal repayments to the Senior Lenders begin on 31 March 2024 and that all royalties accrued before that date are deferred until the Senior Lenders' deferred debt is repaid. In consideration for the deferral of the royalty payments the Company has agreed to grant a further royalty over the tenements at Ten Mile West to the existing royalty holders on the same terms as their existing royalties (being, 1.9% of gross revenue).

The Debt Restructure includes a condition that the Company successfully complete an equity raise by 3 January 2022 of at least \$47.1m (net of costs) to fund the expansion of production to 120ktpa and for working capital purposes, and a failure to satisfy this condition will trigger an event of default under the Senior Lenders' financing arrangements. The Company will today separately announce the launch of a capital raising which will meet these requirements, subject to successful completion.

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