

Wednesday, 13 October 2021

A\$50 MILLION CAPITAL RAISING TO FUND EXPANSION AT BEYONDIE FOLLOWING SUCCESSFUL ACHIEVEMENT OF FIRST PRODUCTION

- Two tranche placement to raise A\$50M at an offer price of A\$0.18 per share
 - First tranche of the Offer to be completed utilising existing Listing Rule 7.1 & 7.1A placement capacity to raise approximately A\$37.8 million, with the second tranche of the Offer to raise approximately A\$12.2 million, subject to shareholder approval at the AGM to be held late November 2021
 - Issue price of A\$0.18 per share, representing a discount of 18.2% to the last closing price and 21.3% to the 5 day-trading VWAP
 - Share Purchase Plan offer to all eligible shareholders to raise up to A\$10 million at the same offer price as the Offer
 - Kalium Lakes' largest shareholder, Greenstone Resources, has committed to subscribe for up to A\$11.3 million to retain a holding of 19.8% post the Offer and SPP
 - Proceeds from the Offer will be used to fund the expansion to 120ktpa and provide working capital during ramp-up
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Kalium Lakes Limited (**ASX: KLL**, "**Kalium Lakes**" or the "**Company**") is pleased to announce the launch of a two-tranche placement of fully paid ordinary shares ("**Shares**") to raise approximately A\$50 million ("**Offer**").

The Offer will comprise the issue of approximately 278 million new Shares at a price of A\$0.18 per share ("**Placement Price**"). The Placement Price represents a:

- 18.2% discount to last closing price of A\$0.22 per Share on Monday, 11 October 2021, and
- 21.3% discount to the 5-day volume weighted average market price ("**VWAP**") of A\$0.229 per Share as at Monday, 11 October 2021

In addition to the Offer, Kalium Lakes will conduct a share purchase plan ("**SPP**") of up to A\$30,000 per shareholder to raise up to A\$10 million. Eligible Kalium Lakes shareholders as at the record date of Tuesday, 12 October 2021 with a registered address in Australia or New Zealand will have the opportunity to apply for Shares pursuant to the non-underwritten SPP.

Kalium Lakes' largest shareholder, Greenstone Resources ("**Greenstone**"), has committed to take up between A\$8.8 million and A\$11.3 million¹ of the Offer to retain a holding of 19.8% post the Offer and the SPP under its anti-dilution right, as announced to the ASX on 11 May 2020.

¹ Greenstone take up commitment of \$8.8 million based on total proceeds of \$50 million (being \$50 million Offer and nil funds being raised under the SPP) and \$11.3 million if total proceeds raised is \$60 million (being \$50 million Offer and \$10 million being raised under the SPP).

The Offer and the SPP (together, the "**Capital Raising**") are being undertaken to fund:

- expansion of Kalium Lakes' Beyondie Sulphate of Potash Project ("**Beyondie**" or the "**Project**") from 90ktpa to 120ktpa, which is targeted to be achieved by Q4 2022. Capital costs are estimated at A\$45.3 million²;
- additional working capital during ramp-up of the project to the initial production target of 90ktpa; and
- costs of the Capital Raising.

The Capital Raising follows the achievement of first production of sulphate of potash ("**SOP**") at the Project, the first production of its kind in Australia, on 4 October 2021. The expansion of the production capacity to 120ktpa allows the Company to take advantage of the strong SOP pricing environment, retain the current commissioning and development staff on site and offset several cost pressures by driving additional economies of scale³.

The Company has the support of its offtake partner K+S via a commitment to 100% of the expanded production of 120ktpa on a take or pay basis and the provision of improved payment terms for the first three years to reduce working capital requirements. In addition, the Company has successfully completed a debt restructure with its senior lenders to facilitate the expansion to 120ktpa with principal repayments deferred by two years until 31 March 2024 and two-year extension to the loan terms (refer to the Company's ASX Announcement of 13 October 2021).⁴

The Company's Chief Executive Officer, Rudolph van Niekerk commented:

"Today marks another exciting milestone for the Beyondie SOP Project following first production of SOP delivered last week. The expansion further strengthens the Company on a number of fronts including the ability to take advantage of economies of scale, provision of working capital facilities, more robust earnings and operating leverage and improves the Company's balance sheet strength.

The funding will expand Beyondie from 90ktpa to 120ktpa which is well timed into a rising SOP price environment and several potential upside opportunities with COVID-19 impacts normalising. With the additional production to 120ktpa, Beyondie remains a long-life, low-cost operation with the potential to further expand production."

Placement

The placement of approximately 278 million new Shares to raise A\$50 million at A\$0.18 per Share will take place in two tranches:

- **Tranche 1:** A placement of up to 209.8 million new Shares to raise up to approximately A\$37.8 million utilising Kalium Lakes' existing placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A ("**Unconditional Placement**"); and
- **Tranche 2:** A conditional placement of up to 68.0 million new Shares to raise approximately A\$12.2 million, subject to shareholder approval at the Company's annual general meeting ("**AGM**") to be held in late November ("**Conditional Placement**").

Further details on the AGM time and venue will be provided in the notice of meeting to be dispatched to shareholders in late October 2021.

Greenstone, Kalium Lakes' largest shareholder with approximately 20.5% of the Shares currently on issue, has committed to take up between A\$8.8 million and A\$11.3 million¹ under the Offer to retain a holding of 19.8% post the Offer and SPP under its anti-dilution right, as announced to the ASX on 11 May 2020. Greenstone will participate across both tranches of the Offer and the final quantum of its participation will depend on the take up under the SPP.

An indicative timetable for the Capital Raising is set out in Appendix 1. The timetable remains subject to change at the Company's discretion, subject to compliance with applicable laws and the ASX Listing Rules.

² Refer to the Company's announcement on the ASX on 18 August 2021.

³ Refer to the Company's announcement on the ASX on 23 August 2021 for additional information.

⁴ The debt restructure is subject to a condition subsequent for completion of an equity raise of \$47.1m (net of costs) being the balance of funding required for the expansion from 90ktpa to 120ktpa.

SPP

In addition to the Offer, Kalium Lakes will conduct the SPP to raise up to an additional A\$10 million. Under the SPP eligible Kalium Lakes shareholders as at the record date of Tuesday, 12 October 2021 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 Offer Price (subject to scale back at the Company's absolute discretion).

Kalium Lakes may decide to accept applications (in whole or in part) that result in the SPP raising more or less than A\$10 million in its absolute discretion. 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\$10 million or accept oversubscriptions (subject to the requirements of the ASX Listing Rules).

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

The terms and conditions of the SPP will be detailed in an SPP Offer Booklet to be dispatched to Eligible Shareholders and released to the ASX on or about 22 October 2021.

Additional Information

Additional information regarding the Capital Raising is contained in the investor presentation to be released to the ASX today. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the Offer.

Macquarie Capital (Australia) Limited and Morgans Corporate Limited are acting as Joint Lead Managers and Joint Bookrunners to the Placement. Thomson Geer are 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 Tuesday, 12 October 2021
Trading Halt	Tuesday, 12 October 2021
Launch of Capital Raising	Wednesday, 13 October 2021
Announcement of outcome under Placement and trading halt lifted	Thursday, 14 October 2021
Settlement of New Securities issued under Unconditional Placement (excluding Greenstone)	Monday, 18 October 2021
Allotment and trading of New Securities issued under Unconditional Placement (excluding Greenstone)	Tuesday, 19 October 2021
Dispatch SPP Offer Documents	Friday, 22 October 2021
SPP Opening Date	Friday, 22 October 2021
SPP Closing Date	Thursday, 11 November 2021
Issue of New Shares Under SPP	Thursday, 18 November 2021
AGM to approve Conditional Placement	Approximately Tuesday, 30 November 2021
Settlement of New Securities issued under Conditional Placement	Approximately Friday, 3 December 2021
Allotment of New Securities issued under Conditional Placement	Approximately Monday, 6 December 2021

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).

*** 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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Mark Sawyer
Brent Smoothy
Sam Lancuba

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Non-Executive Director
Non-Executive Director
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