

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 MARCH 2022

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) provides its quarterly activities report for the period ending 31 March 2022 inclusive of a summary of its operational activities at the Beyondie SOP Project (**Beyondie** or **BSOPP**).

Highlights

- Aggregate brine production and quality maintained, 120Ktpa expansion bore drilling and brine supply program (including second pipeline construction) advancing steadily.
 - All five primary evaporation ponds back in operation with strict quality and grade control processes implemented.
 - Approximately 30Kt of potassium salt (KTMS) harvested during the quarter with harvest volumes expected to increase substantially during June 2022 quarter.
 - Purification plant equipment rectification works completed.
 - Testing of key equipment and commissioning of the SOP plant resumed in mid-April, resulting in a small quantity of SOP being produced.
 - Planned full SOP plant re-start and ramp-up on schedule to commence in June, with targeted commercial SOP sales from July.
 - Significantly enhanced organisational capability and operational readiness – bolstered technical expertise, onsite training programs, operating procedures and management systems to support existing brine and KTMS production and transition to SOP production status.
 - BSOPP expected to be operating at an approximate 80Ktpa SOP production run rate by Q1 CY2023, with the targeted 120Ktpa run rate established by Q3 CY2024.
 - SOP pricing macro-economic outlook strengthened further during the quarter, with Beyondie likely to commence production in a highly favourable pricing environment.
 - As at 31 March 2022, Kalium Lakes had approximately A\$40 million in cash and A\$169.8 million of drawn senior debt facilities.
 - Discussions advancing with debt providers, NAIF and KfW, and key offtake partner, K+S, on requirement for further funding and rescheduled SOP deliveries.
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Kalium Lakes Chief Executive Officer, Len Jubber, said:

“During the past quarter we have made strong progress in improving our brine extraction and evaporation pond operations, and towards being in a position to restart the SOP purification plant in June and commence continuous SOP production and commercial sales as planned.

“With the relaxation of WA COVID-19 restrictions, Kalium Lakes was able to mobilise international technical experts not previously available in Australia to assist with KTMS stockpile management, assist with final rectification issues and oversee the commissioning test runs. This has further built confidence and rigour with respect to our targeted restart and ramp-up to eventual nameplate SOP production.

“We have also focused on building organisational capability and operational readiness in preparation for the transition to production status. We are also working closely with all stakeholders, including our financiers, offtake partners and suppliers to obtain the necessary financial accommodation to support the successful ramp-up of production.”



Beyondie Sulphate of Potash Purification and Compaction Plants

Beyondie Sulphate of Potash Project

Borefield & Trenching Operations, and Brine Production

As previously announced (refer KLL ASX release dated 25 January 2022), aggregate brine flow rate from the borefield and trenching operations to the pre-concentration ponds has been restored to near the 90Ktpa SOP target level. Aggregate brine supply also continues to deliver potassium grades above design targets.

The 120Ktpa expansion drilling program has commenced with twenty-five new production bores planned to be progressively brought online by November this year. The drilling program is scheduled for completion by September, with 23 out of 27 exploration holes and 5 out of 25 new production bores completed by quarter end.

The combination of additional bores and trenches is set to deliver an expected increase in brine supply rates from approximately 231L/s at the end of December 2021 to approximately 300L/s by November 2022.

The installation of concurrent additional pumping infrastructure is also on track, with significantly higher pumping capacity achieved during the quarter.

Initiatives to minimise gypsum scaling have been progressively tested and are planned to be optimised and implemented through the coming months.



Pond Operations and KTMS Production

As previously announced (refer KLL ASX release dated 1 March 2022), blockages of the Sunshine transfer pipeline (from the Sunshine preconcentration pond to the primary evaporation ponds) have been substantially cleared and flow rates restored to +80% of design capacity. This has been ample to meet brine transfer requirements as evaporation rates have started to decline heading out of summer.

Installation of the second transfer pipeline commenced in March and is scheduled to be completed in May. This is expected to deliver sufficient brine transfer capacity for the nameplate 120Ktpa SOP production target, even after allowance for potential scaling and capacity limitations in both pipelines.

All five primary evaporation trains are back in operation as at the date of this report (with one train currently in harvest mode). Pre-concentration ponds operations have also commenced expansion from their previous 50% activity towards restoration of full capacity utilisation.



Aerial image of Beyondie primary evaporation pond trains (as at 28 March 2022)

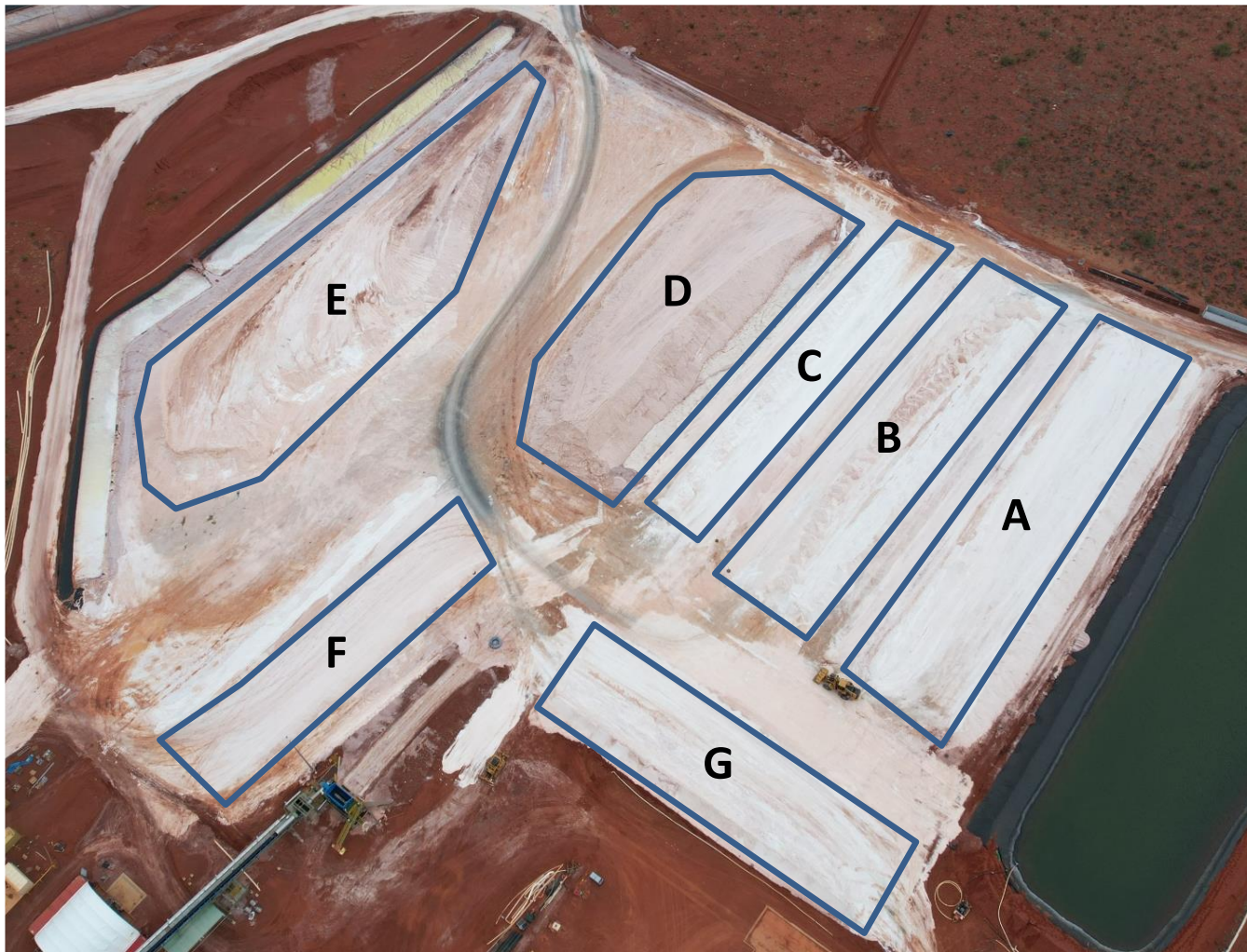
Substantially upgraded quality and grade control processes were implemented across pond operations during the quarter. As a result, control of pond chemistry had been significantly improved by quarter end.

During the quarter, approximately 30Kt of KTMS (processable) was harvested and added to the ROM stockpile. A significant volume of planned harvesting was deferred into the June quarter to allow for progressively enhanced grade control processes and sampling to be comprehensively undertaken ahead of the harvesting activities. KTMS harvest rates in the June quarter are expected to be substantially higher as a result.

A second harvester was also ordered with delivery expected in July 2022. This is set to provide further flexibility in harvesting activities and scheduling.

Total processable KTMS at the ROM stockpile (at 31 March 2022) was approximately 65Kt. This includes approximately 31Kt of design and start-up grade material and approximately 34Kt of lower grade material (that is expected to be blended).

ROM stockpile management systems and procedures were significantly bolstered over the quarter, delivering more robust surveying and sampling, and hence enhanced inventory visibility. This process also led to the reduction of past stockpile tonnage estimates, which had previously been approximated on the basis of trucking movements and estimated load volumes.



ROM pad stockpile management – harvested KTMS stockpiled according to grade allocation

Purification Plant and SOP Production

During the March quarter, the rectification works identified as being beneficial to successful commissioning of the SOP purification plant were completed. These works included rectification of manufacturer defects, as well as changes to key process equipment to improve efficiencies or operability based on lessons learned from initial commissioning efforts.

Testing of key equipment and commissioning works on the SOP plant resumed in mid-April. Batched plant operations over the past two weeks have been very encouraging, with several issues that previously caused challenge now resolved. A detailed SOP plant start-up sequence for mechanical equipment testing had been prepared and was followed closely, allowing the testing works to progress rapidly. This has resulted in the successful production of a small quantity of SOP, on a batch basis, during this process.



SOP Production

Commissioning works are now planned to continue over the next few weeks. Final preparations are being put in place for the planned full restart and ramp-up of the SOP plant, which is on schedule for June. Equipment optimisation works have been scheduled to continue through the plant ramp-up process and leading into anticipated nameplate performance tests later this year.

As previously noted, some select equipment performance testing will not be able to be completed until the targeted full SOP plant restart and production ramp-up commences.

Kalium Lakes continues to be supported, both on site and remotely, by EBTEC through its leading SOP production technical expertise. The systematic recommencement of SOP purification plant operations is being jointly planned and executed by the Kalium Lakes and EBTEC teams, in conjunction with international experts with SOP processing operations experience. Full nameplate operation of the plant is expected to be facilitated technically by EBTEC in accordance with the performance guarantees it has provided.

Commissioning of the compaction plant is expected to follow immediately after successful commissioning of the SOP purification plant.

The BSOPP is expected to be operating at an approximate 80Ktpa SOP production run rate by Q1 CY2023, with the targeted 120Ktpa run rate established by Q3 CY2024.

Organisational Capability and Operational Readiness

During the quarter Kalium strengthened its organisational capability and operational readiness in preparation for the restart and ramp-up of SOP production. Specific initiatives included:

- Revised organisational structure including larger workforce during first year of operation to de-risk labour shortage concerns and provide additional technical expertise.
- Roll-out of larger, stronger and more experienced commissioning team.
- Engagement of two specialist consultants from Salt Lake City, U.S., with extensive combined experience in SOP pond and plant operations.
- Mobilised technology experts from Germany and OEM specialists.
- Establishment of enhanced operating procedures, systems and operator training.

Corporate

Liquidity

As at 31 March 2022, Kalium Lakes had approximately A\$40 million cash and A\$169.8 million of drawn senior debt facilities with NAIF and KfW. Undrawn debt capacity is A\$2.9 million under Facility A, provided by KfW, which is set aside for final commissioning payments.

As previously announced, Kalium Lakes expects that it will have a requirement for further external funding by Q3 CY2022 as a result of the revised production ramp-up schedule at Beyondie. The extent of this additional funding requirement is dependent on a range of physical and commercial factors that are still being assessed.

Discussions with its financiers in connection with the revised production ramp-up schedule and funding requirements are advancing, assisted by resources strategic and financial adviser, Cutfield Freeman and Co.

The maturity date on the undrawn A\$20 million liquidity facility provided by its senior lenders, NAIF and KfW, has by agreement been extended three months to 15 July 2022. Pre-requisites to drawdown of the liquidity facility are related to the Company demonstrating to its senior lenders that it has a financing solution in place for the revised ramp up to the production target of 120ktpa SOP.

The Company's senior debt facilities have no measurable financial covenants requiring satisfaction before CY2024. The facility agreements contain material adverse change clauses typical for facilities of this nature.

Discussions are also advancing with key offtake partner, K+S, with respect to rescheduling of planned SOP deliveries through the course of CY2022.

State Government Royalty

During the quarter, the Department of Mines, Industry Regulation and Safety (DMIRS) invited submissions from all SOP project proponents in Western Australia with respect to the royalty regime. Kalium completed a submission and expects to continue dialogue with the WA Government and other SOP industry participants in relation to this matter.

Payments to Related Parties

During the quarter, the Company paid salaries and wages of A\$0.08 million to its directors. Further, A\$2.64 million was paid during the quarter to a company related to Non-Executive Director, Mr Brent Smoothy, for construction and salt harvesting and haulage services under contracts previously awarded following arm's length tender processes.

Securities on Issue

The Company had 1,181,712,214 ordinary shares on issue as at 31 March 2022.

The following list details the other securities on issue at the end of the quarter:

- 1,182,639 options exercisable at A\$0.55 each, expiring 16 June 2022
- 1,750,000 options exercisable at A\$0.625 each, expiring 16 June 2022
- 17,677,493 nil exercise price options expiring 16 June 2023
- 5,000,000 options exercisable at A\$0.3583 each, expiring on 30 June 2025
- 125,000 performance rights, expiring 25 October 2025

Interests and Resources – Beyondie Sulphate of Potash Project (100% Owned)

Tenement Interests

Tenement	Name	Holder	State	Status	Grant Date	Interest
Exploration Licences						
E 52/3956	TBA	KLP	WA	Pending	TBA	100%
E 52/3957	TBA	KLP	WA	Pending	TBA	100%
E69/3306	Yanneri-Terminal	KLP	WA	Granted	17-3-2015	100%
E69/3309	10 Mile Beyondie-	KLP	WA	Granted	17-4-2015	100%
E69/3339	West Central	KLP	WA	Granted	22-6-2015	100%
E69/3340	White	KLP	WA	Granted	22-6-2015	100%
E69/3341	West Yanneri	KLP	WA	Granted	11-8-2015	100%
E69/3342	Aerodrome	KLP	WA	Granted	22-6-2015	100%
E69/3343	T Junction	KLP	WA	Granted	22-5-2015	100%
E69/3344	Northern	KLP	WA	Granted	22-5-2015	100%
E69/3345	Wilderness	KLP	WA	Granted	22-5-2015	100%
E69/3346	NE Beyondie	KLP	WA	Granted	11-8-2015	100%
E69/3347	10 Mile South	KLP	WA	Granted	11-8-2015	100%
E69/3348	North Yanneri-Terminal	KLP	WA	Granted	11-8-2015	100%
E69/3349	East Central	KLP	WA	Granted	22-6-2015	100%
E69/3351	Sunshine	KLP	WA	Granted	31-8-2015	100%
E69/3352	Beyondie Infrastructure	KLP	WA	Granted	31-8-2015	100%
E69/3594	10 Mile West	KLP	WA	Granted	26-07-2019	100%
Miscellaneous Licences						
L52/162	Access Road	KLI	WA	Granted	30-3-2016	100%
L52/186	G N Hwy Access Road	KLI	WA	Granted	30-5-2018	100%
L52/187	Comms Tower 2	KLI	WA	Granted	30-5-2018	100%
L52/193	Kumarina FW 2	KLP	WA	Granted	13-8-2018	100%
L69/28	Access Road Diversion	KLI	WA	Granted	7-8-2018	100%
L69/29	Access Road Village	KLI	WA	Granted	7-8-2018	100%
L69/30	Comms Tower 1	KLI	WA	Granted	30-5-2018	100%
L69/31	Sunshine Access Road	KLP	WA	Granted	7-8-2018	100%
L69/32	10MS FW A	KLP	WA	Granted	14-8-2018	100%
L69/34	10MS FW B	KLP	WA	Granted	14-8-2018	100%
L69/35	10MS FW C	KLP	WA	Granted	17-12-2018	100%
L69/36	10MS FW D	KLP	WA	Granted	17-12-2018	100%
L69/38	Access Road "S" Bend	KLI	WA	Granted	30-1-2019	100%
L69/40	10 Mile Airstrip	KLI	WA	Granted	8-2-2019	100%
L69/46	TBA	KLP	WA	Granted	8-2-2021	100%
L69/47	TBA	KLP	WA	Pending	TBA	100%
L69/48	TBA	KLP	WA	Granted	27-7-2021	100%
L69/41	10 Mile Village	KLI	WA	Granted	8-2-2019	100%
Mining Leases						
M69/145	10 Mile	KLP	WA	Granted	6-6-2018	100%
M69/146	Sunshine	KLP	WA	Granted	6-6-2018	100%
M69/148	10 Mile West	KLP	WA	Pending	TBA	100%
Gas Pipeline						
PL117	Gas Pipeline	KLI	WA	Granted	7-11-2018	100%

Dora / Blanche (100% Owned): Tenement Interests

The Company has applied for exploration licences that could, if granted, introduce the Dora/Blanche Prospect as a new prospective area for potassium exploration.

Tenement	Tenement Name	Holder	State	Status	Grant Date	Interest
E45/4436	Dora	Rachlan	WA	Application	-	100%
E45/4437	Blanche	Rachlan	WA	Application	-	100%

Note: Kalium Lakes Potash Pty Ltd (KLP) entered into a declaration of trust with Rachlan Holdings Pty Ltd (Rachlan) where Rachlan will hold for the benefit of KLP certain exploration licence applications and deal with the applications as directed by KLP (including transferring title).

Carnegie Potash Project (Joint Venture): Tenement Interests

The Carnegie Joint Venture (CJV) which is located approximately 220 kilometres east-north-east of Wiluna. The CJV comprises one granted exploration licence (E38/2995) and five (5) exploration licence applications (E38/2973, E38/2928, E38/3297, E38/5296 and E38/3295) covering a total area of approximately 3,040 square kilometres.

The CJV is a Joint Venture between Kalium Lakes (KLL, 70% Interest) and BCI Minerals (BCI, 30% interest). Under the terms of the agreement BCI can earn up to a 50% interest in the CJV by predominantly sole-funding exploration and development expenditure across several stages. KLL is the manager of the CJV.

Tenement	Tenement Name	Holder	State	Status	Grant Date	Interest
E38/2995	Carnegie East	KLP	WA	Granted	31-7-2015	70%
E38/2973	Carnegie Central	Rachlan	WA	Application	-	70%
E38/2982	Carnegie West	Rachlan	WA	Application	-	70%
E38/3295	Carnegie South West	KLP	WA	Application	-	70%
E38/3296	Carnegie South East	KLP	WA	Application	-	70%
E38/3297	Carnegie North	KLP	WA	Application	-	70%
E38/3547	Burnside	KLP	WA	Application	-	70%

Mineral Resources and Ore Reserves

Beyondie Sulphate of Potash Project: JORC Measured Mineral Resources (inclusive of the ore reserves)

Aquifer Type	Volume (10 ⁶ m ³)	Total Porosity (-)	Brine Volume (10 ⁶ m ³)	Specific Yield (-)	Drainable Brine Volume (10 ⁶ m ³)	K (mg/L)	K Mass (Mt)	SO ₄ (mg/L)	SO ₄ Mass (Mt)	Mg (mg/L)	Mg Mass (Mt)	SOP Grade (kg/m ³)	K ₂ SO ₄ Mass (Mt)
Lake Surface Sediments	278	0.47	131	0.17	46	7,463	0.35	19,097	0.89	6,624	0.31	16.64	0.77
Alluvium	122	0.31	38	0.12	15	2,432	0.04	10,556	0.15	4,379	0.06	5.42	0.08
Palaeovalley Clay	935	0.36	333	0.06	58	4,628	0.27	14,495	0.84	4,130	0.24	10.32	0.60
Sand and Silcrete	270	0.33	88	0.21	56	5,665	0.32	17,394	0.97	5,090	0.28	12.63	0.71
Fractured and Weathered Sandstone	1,371	0.16	219	0.08	110	6,241	0.68	18,909	2.07	6,553	0.72	13.92	1.53
Fractured / Weathered Bedrock	773	0.24	186	0.10	76	5,404	0.41	15,138	1.15	5,814	0.44	12.05	0.92
Total Resources	3,749		995		361	5,718	2.06	16,853	6.08	5,701	2.06	12.75	4.60

Note: SOP grade calculated by multiplying Potassium (K) by a conversion factor of 2.23. Errors are due to rounding.

Beyondie Sulphate of Potash Project: JORC Indicated Mineral Resources (inclusive of the ore reserves)

Aquifer Type	Volume (10 ⁶ m ³)	Total Porosity (-)	Brine Volume (10 ⁶ m ³)	Specific Yield (-)	Drainable Brine Volume (10 ⁶ m ³)	K (mg/L)	K Mass (Mt)	SO ₄ (mg/L)	SO ₄ Mass (Mt)	Mg (mg/L)	Mg Mass (Mt)	SOP Grade (kg/m ³)	K ₂ SO ₄ Mass (Mt)
Lake Surface Sediments	651	0.46	297	0.12	77	7,379	0.57	20,972	1.62	6,521	0.51	16.46	1.27
Lake Surface Leaching	N/a	N/a	N/a	N/a	80	5,373	0.43	16,986	1.36	3,632	0.29	11.98	0.96
Alluvium	1,240	0.35	438	0.13	155	4,852	0.75	13,618	2.12	4,088	0.64	10.82	1.68
Palaeovalley Clay	1,396	0.34	478	0.07	100	6,043	0.61	16,540	1.66	5,395	0.54	13.48	1.35
Sand and Silcrete	221	0.32	70	0.21	45	4,210	0.19	14,103	0.64	4,390	0.20	9.39	0.43
Fractured and Weathered Sandstone	5,081	0.16	826	0.08	406	6,135	2.49	16,998	6.91	6,109	2.48	13.68	5.56
Fractured / Weathered Bedrock	5,727	0.23	1,297	0.05	288	5,998	1.73	16,688	4.80	5,137	1.48	13.38	3.85
Total Resources	14,316		3,406		1153	5,875	6.77	16,577	19.11	5,319	6.13	13.10	15.11

Note: SOP grade calculated by multiplying Potassium (K) by a conversion factor of 2.23. Errors are due to rounding.

Beyondie Sulphate of Potash Project: JORC Inferred Mineral Resources

Aquifer Type	Volume (10 ⁶ m ³)	Total Porosity (-)	Brine Volume (10 ⁶ m ³)	Specific Yield (-)	Drainable Brine Volume (10 ⁶ m ³)	K (mg/L)	K Mass (Mt)	SO ₄ (mg/L)	SO ₄ Mass (Mt)	Mg (mg/L)	Mg Mass (Mt)	SOP Grade (kg/m ³)	K ₂ SO ₄ Mass (Mt)
Lake Surface Sediments	272	0.47	128	0.13	35	11,735	0.41	31,405	1.11	7,969	0.28	26.15	0.92
Alluvium	1,352	0.43	579	0.11	153	5,884	0.90	17,939	2.75	5,899	0.90	13.11	2.01
Palaeovalley Clay	14,508	0.35	5,086	0.03	466	5,898	2.75	17,929	8.35	6,171	2.87	13.14	6.12
Sand and Silcrete	608	0.31	190	0.21	128	5,435	0.70	16,611	2.13	5,569	0.71	12.11	1.55
Weathered / Fractured Bedrock	5,350	0.21	1,149	0.03	154	7,791	1.20	24,625	3.78	6,263	0.96	17.36	2.67
Total Resources	22,091		7,132		936	6,363	5.96	19,357	18.12	6,127	5.74	14.18	13.27

Note: SOP grade calculated by multiplying Potassium (K) by a conversion factor of 2.23. Errors are due to rounding.

Beyondie Sulphate of Potash Project: Exploration Target*

Geological Layer	Maximum Thickness (m)	Coverage (km ²)	Sediment Volume (10 ⁶ m ³)	Total Porosity (-)	Total Stored Brine (10 ⁶ m ³)	Specific Yield (-)	Drainable Brine (10 ⁶ m ³)	K Grade (mg/L)	K Mass (Mt)	SO ₄ Grade (mg/L)	SO ₄ Mass (Mt)	Mg Grade (mg/L)	Mg Mass (Mt)	K ₂ SO ₄ Mass (Mt)
Alluvium	6	157	942	0.4	377	0.10	94	2,000	0.2	6,100	0.6	2,300	0.2	0.4
Palaeovalley Clay	30	1,148	34,440	0.45	15,498	0.04	1,378	1,800	1.2	5,500	3.8	2,100	1.4	5.5
Basal Sands	7	108	756	0.35	265	0.18	136	1,600	0.2	5,000	0.7	1,900	0.3	0.5
Weathered Sandstone	10	253	2,530	0.15	380	0.06	152	3,500	0.5	10,500	1.6	4,200	0.6	1.2
Total					16,519		1,760	1,942	2.1		6.7		2.5	7.6
Alluvium	12	157	1,884	0.5	942	0.18	339	3,500	1.2	9,600	3.3	3,900	1.3	2.6
Palaeovalley Clay	50	1148	57,400	0.55	31,570	0.06	3,444	3,300	7.6	9,100	20.9	3,700	8.5	25.3
Palaeochannel Sand	15	108	1,620	0.45	729	0.25	405	3,200	1.0	8,700	2.6	3,500	1.1	2.9
Weathered Sandstone	30	299	8,972	0.25	2,243	0.10	897	6,000	5.4	18,000	16.1	7,200	6.5	12.0
Total					35,484		5,085	3,782	15.2		42.9		17.4	42.9

*The BSOPP Exploration Target is based on several assumptions and limitations and is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource for the Exploration Target. It is not an indication of a Mineral Resource Estimate in accordance with the JORC Code (2012) and it is uncertain if future exploration will result in the determination of a Mineral Resource.

Note: SOP grade calculated by multiplying Potassium (K) by a conversion factor of 2.23. Errors are due to rounding.

Beyondie Sulphate of Potash Project: Proved Ore Reserves

Aquifer Type	Drainable Brine Volume (10 ⁶ m ³)	K (mg/L)	K Mass (Mt)	SO ₄ (mg/L)	SO ₄ Mass (Mt)	K ₂ SO ₄ (SOP) Grade (kg/m ³)	K ₂ SO ₄ (SOP) Mass (Mt)
Production Bores	115.5	6,207	0.71	17,945	2.05	13.83	1.58
Total Proved Ore Reserves	115.5	6,207	0.71	17,945	2.05	13.83	1.58

Note: errors are due to rounding

Beyondie Sulphate of Potash Project: Probable Ore Reserves

Aquifer Type	Drainable Brine Volume (10 ⁶ m ³)	K (mg/L)	K Mass (Mt)	SO ₄ (mg/L)	SO ₄ Mass (Mt)	K ₂ SO ₄ (SOP) Grade (kg/m ³)	K ₂ SO ₄ (SOP) Mass (Mt)
Lake Sediments	208.2	4,755	0.99	13,699	2.85	10.60	2.21
Production Bores	82	6,713	0.56	18,867	1.57	14.69	1.24
Total Probable Ore Reserves	290.2	5,306	1.55	15,129	4.42	11.82	3.45

Note: errors are due to rounding

Beyondie Sulphate of Potash Project: Total Ore Reserves

Category	Drainable Brine Volume (10 ⁶ m ³)	K (mg/L)	K Mass (Mt)	SO ₄ Mass (Mt)	K ₂ SO ₄ (SOP) Mass (Mt)
Proved Ore Reserve	115.5	6,207	0.71	2.05	1.58
Probable Ore Reserve	290.2	5,306	1.55	4.42	3.45
Total Ore Reserve	405.7	5,565	2.26	6.47	5.03

Note: errors are due to rounding

Compliance Statement and Competent Persons Statements

The information in this ASX announcement that relates to the Exploration Results, Mineral Resource estimate, Ore Reserve estimate and Exploration Target is based upon information compiled by Mr Adam Lloyd, a competent person who is an employee of Kalium Lakes. Mr Lloyd is a Member of the Australian Institute of Geoscientists and has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and the activity which is being undertaken to qualify as a Competent Person for reporting of Exploration Results, Mineral Resources, Ore Reserves and Exploration Targets as defined in the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Certain information in this document is extracted from the ASX announcement titled "BSOPP Feasibility Study Complete – New 120ktpa Base Case" dated 18 August 2021 that relates to Exploration Results, Mineral Resource estimate, Ore Reserve estimate and Exploration Target and is based upon information compiled by Mr Adam Lloyd.

Kalium Lakes confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement and, in the case of Exploration Results, Mineral Resource estimate, Ore Reserve estimate and Exploration Target, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. Kalium Lakes confirms that the form and context in which the Competent Person's findings are presented have not materially been modified from the original market announcement. Mr Lloyd consents to the inclusion in this document of the matters based upon his information in the form and context in which it appears.

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 Board of Kalium Lakes Limited.

Kalium Lakes Limited



ABN: 98 613 656 643
ASX: KLL



Board of Directors:

Stephen Dennis	Non-Executive Chairman
Mark Sawyer	Non-Executive Director
Brent Smoothy	Non-Executive Director
Sam Lancuba	Non-Executive Director



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Chief Executive Officer

Len Jubber

Chief Financial Officer:

Jason Shaw

Company Secretaries:

Sophie Raven
Jason Shaw

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Kalium Lakes Limited

ABN

98 613 656 643

Quarter ended ("current quarter")

31 March 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
1. exploration & evaluation	-	-
2. development	(3,989)	(25,055)
3. production (including capitalised opex)	(2,972)	(9,340)
4. staff costs	(2,890)	(8,371)
5. administration and corporate costs	(1,117)	(2,804)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(3,681)	(3,681)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	5	19
1.9 Net cash from / (used in) operating activities	(14,643)	(49,231)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
1. entities	-	-
2. tenements	-	-
3. property, plant and equipment	(660)	(1,176)
4. exploration & evaluation (if capitalised)	-	-
5. investments	-	-
6. other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	1. entities	-	-
	2. tenements	-	-
	3. property, plant and equipment	-	-
	4. investments	-	-
	5. other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(660)	(1,176)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	59,460
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2,682)
3.5	Proceeds from borrowings	2,732	4,002
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	(4,518)
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	2,731	56,262
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	52,674	34,206
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(14,643)	(49,231)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(660)	(1,176)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,731	56,262

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	(98)	(57)
4.6	Cash and cash equivalents at end of period	40,004	40,004

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	37,490	50,091
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted cash)	2,514	2,583
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	40,004	52,674

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
2,725
-

Directors' fees, salaries & wages - A\$0.08 million

Construction, harvesting and haulage of harvested and waste salt services - A\$2.64 million (incl. GST). Payments were made to K19 Mining Pty Ltd. K19 Mining Pty Ltd is related to Mr Brent Smoothy who is a Director of the Company.

Reimbursements of professional fees:

A payment of A\$0.004 million was made to Greenstone Resources II (Australia) Holdings LP, which is related to Mr Mark Sawyer who is a Director of the Company, for the reimbursement of consultancy fees incurred in relation to the advisory work connected to Beyondie Sulphate of Potash Project.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities

Note: the term "facility" includes all forms of financing arrangements available to the entity.

Add notes as necessary for an understanding of the sources of finance available to the entity.

7.1 Loan facilities

7.2 Credit standby arrangements

7.3 Other (please specify)

7.4 **Total financing facilities**

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	191,668 ¹	169,845
	-	-
	-	-
	191,668	169,845

7.5 **Unused financing facilities available at quarter end**

22,957

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

¹ Debt Facilities available (all secured):

Lender	Borrower	Facility Limit	Facility Limit AUD	Drawn (Principal & Capitalised Interest) AUD	Unused Facility AUD	Maturity Date ⁵
KfW/Euler Hermes	Kalium Lakes Potash (KLP) (Facility A) ²	EUR €32,487,268	AUD \$48,355,317	AUD \$46,532,910	AUD \$2,957,191	31 March 2033
KfW	Kalium Lakes Potash (Facility B) ³	USD \$37,000,000	AUD \$49,312,305	AUD \$49,312,305	-	31 March 2033
NAIF	Kalium Lakes Potash (Facility C)	AUD \$26,000,000	AUD \$26,000,000	AUD \$26,000,000	-	31 March 2033
NAIF	Kalium Lakes Infrastructure (KLI)	AUD \$48,000,000	AUD \$48,000,000	AUD \$48,000,000	-	31 March 2036
KfW	Kalium Lakes Potash (Liquidity Facility A) ⁴	USD \$8,000,000	AUD \$10,000,000	-	AUD \$10,000,000	15 July 2022
NAIF	Kalium Lakes Potash (Liquidity Facility B) ⁴	AUD \$10,000,000	AUD \$10,000,000	-	AUD \$10,000,000	15 July 2022
			AUD \$191,667,622	AUD \$169,845,215	AUD \$22,957,191	

² Facility A has an EUR denominated facility limit. The facility limit and unused facility has been converted to AUD at the 31 March 2022 AUD:EUR spot rate of 0.67. When a loan is drawn down it is immediately converted into USD at the EUR:USD spot rate in existence at the time of the drawdown, with interest accruing in USD. The USD loan balance is the aggregate amount of all drawdowns converted from EUR to USD at the respective EUR:USD spot rates at the date of drawing. The AUD unused facility amount is different to the result of subtracting the AUD drawn loan balance from the AUD facility limit due to prior repayments of this facility made in the prior financial year (connected to the close-out of currency hedges that were in place in respect of EUR denominated drawdowns made under this facility) and foreign exchange rate fluctuations between EUR, USD and AUD over the life of the facility.

³ Facility B is a USD denominated loan facility. The USD facility limit and loan balance has been converted to AUD at the 31 March 2022 AUD:USD spot rate of 0.75.

⁴ The liquidity facility is divided into Liquidity Facility A provided by KfW for USD \$8 million, and Liquidity Facility B provided by NAIF for AUS \$10 million. The KfW Liquidity Facility A, whilst a USD denominated facility, is subject to being drawn for the same AUD equivalent as the NAIF Liquidity Facility B and as such its AUD equivalent facility limit is stated above at AUD \$10 million.

⁵ The maturity date of the liquidity facility was, by agreement with the senior lenders after the end of the quarter, extended by three months to 15 July 2022. Pre-requisites to drawdown of the liquidity facility are related to the Company demonstrating to its senior lenders that it has a financing solution in place for the revised ramp up to the production target of 120ktpa SOP.

The current weighted average interest rate on drawn amounts across all facilities is 3.511% per annum.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(14,643)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(14,643)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	40,004
8.5	Unused finance facilities available at quarter end (Item 7.5)	22,957 ¹
8.6	Total available funding (Item 8.4 + Item 8.5)	62,961
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	4.30

¹ The unused finance facilities available as at 31 March 2022 include the A\$20m liquidity facility. As discussed in section 7 above the maturity date of the liquidity facility was, by agreement with the senior lenders after the end of the quarter, extended by three months to 15 July 2022. Pre-requisites to drawdown of the liquidity facility are related to the Company demonstrating to its senior lenders that it has a financing solution in place for the revised ramp up to the production target of 120ktpa SOP.

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A ^

^ As previously announced, Kalium Lakes expects that it will have a requirement for further external funding by Q3 CY2022 as a result of the revised production ramp-up schedule at the Company's Beyondie SOP Project. The extent of this additional funding requirement is dependent on a range of physical and commercial factors that are still being assessed. Discussions with the Company's financiers in connection with the revised production ramp-up schedule and funding requirements are advancing, assisted by resources strategic and financial adviser, Cutfield Freeman and Co.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: **29 April 2022**

Authorised by: **The Board of Directors**

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board." If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – e.g., Audit and Risk Committee]." If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee."
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.