

31 May 2022

## BEYONDIE UPDATE – PROCESS DESIGN VALIDATED

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) provides an update with respect to its operational status at the Beyondie SOP Project (**Beyondie** or **BSOPP**).

- Validation of process design during April/May equipment testing programme with production of approximately 400 tonnes of commercially saleable SOP.
- BSOPP expected to be operating at an approximate 80 Ktpa SOP production run rate by Q1 CY2023, with the targeted 120 Ktpa run rate established by Q3 CY2024.
- SOP production building towards targeted first commercial sales in July 2022.
- SOP purification plant commissioning proceeding as planned, with equipment testing well advanced and continuing in June/July 2022.
- Significant progress in operational readiness with multiple appointments within senior site team.
- Discussions advancing with debt providers, NAIF and KfW, and key offtake partner, K+S, on requisite funding initiatives in Q3 CY2022 and rescheduled SOP deliveries, respectively.

**Kalium Lakes' Chief Executive Officer, Len Jubber, said,** *"We are very pleased that through recent equipment testing and the production of SOP we have been able to validate the overall process chemistry and plant design. We are now focussed on systematically addressing the remaining bottlenecks in the plant and progressively increasing production. Plant operations during 2022 will be variable taking into account our need to conduct further mechanical debottlenecking activities and build KTMS inventory."*

*Kalium Lakes is the first SOP producer in Australia, and we look forward to selling our first commercial production into the current extremely strong SOP price environment. We believe the Company has an exciting future and we would like to thank all stakeholders, including shareholders, for their patience".*



Aerial view from the Compaction Plant

## BSOPP Operational Update

### SOP Purification Plant

Following completion of the rectification works on the SOP purification plant and successful technical testing (refer KLL ASX release dated 29 April 2022), the equipment testing programme has proceeded as planned, with significant improvements in centrifuge operation, froth pumping, and dryer performance. Current focus remains on optimising flotation recoveries.

Key equipment testing is expected to continue during June/July as further improvements take place, with plant operations targeted to build towards first commercial sales in July.

The availability of sufficient KTMS (kainite-type mixed salts) to feed the plant is currently a production constraint, however with the improved pond operating procedures, expectations are that sufficient KTMS will be available by end of August to commence the ramp up in production.

Until then Kalium Lakes plans to produce SOP at lower rates, including undertaking further optimisation works during a plant shutdown in August, including the installation of a heat exchanger to allow improved operation during hot summer weather.

Production will recommence in September, with progressive SOP output ramp-up through to nameplate performance tests planned at the end of Q4 CY2022.

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

Kalium Lakes continues to be supported, both on site and remotely, by EBTEC. Markus Pfander, Managing Director of K-Utec commented: *"Commissioning work is going in the right direction, and we remain confident that the nameplate performance tests of the Kalium Lakes SOP purification plant can be met."*



SOP in the Product Shed





**Primary Schoenite from Flotation**



**Primary & Secondary Schoenite from Cooling Crystalliser**



**SOP Drying in the Fluid Bed Dryer**



**SOP Discharge from the Fluid Bed Dryer**

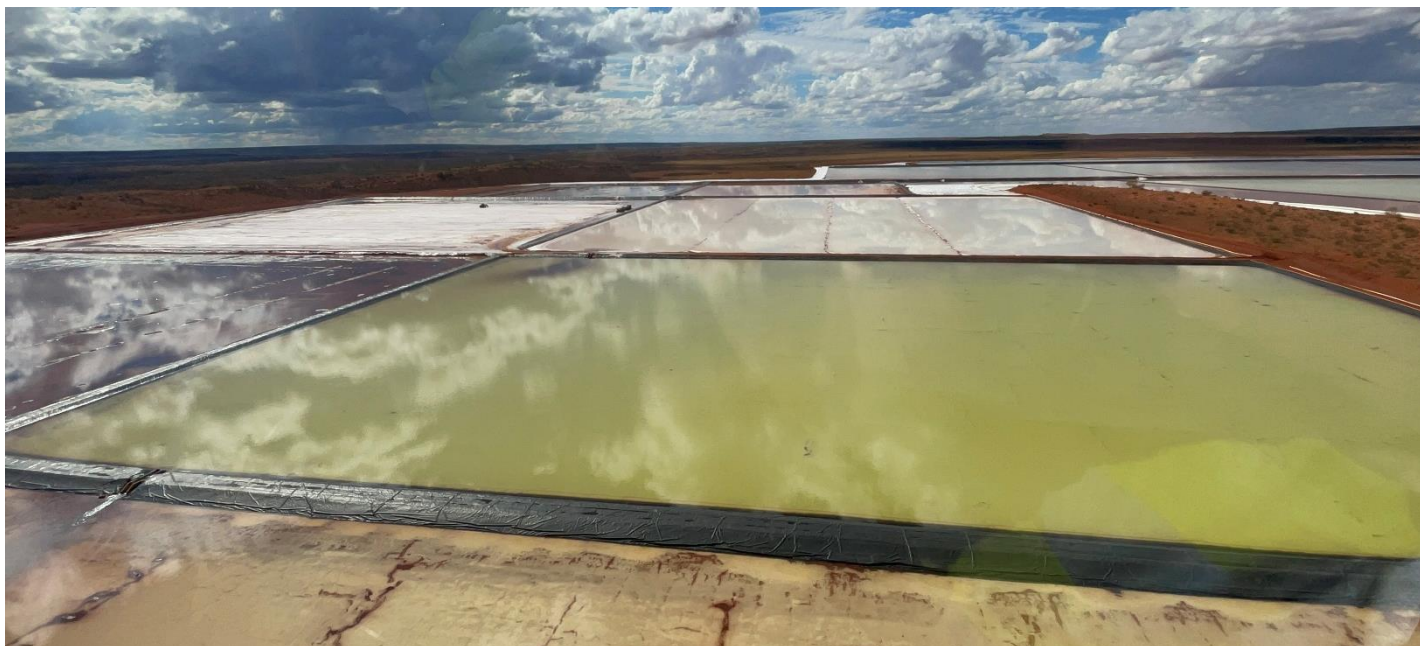


## ***Pond Operations***

All five primary evaporation trains are now operating as planned. Pond operations, assaying, testing and harvesting have been improved substantially, which is critical in meeting KTMS grade control requirements.



**Primary Evaporation Ponds - Draining Ponds Prior to Harvest**



**Recycle Ponds – Salt pavement preparation (LHS) and filling with Brine (RHS)**

## ***Borefield & Trenching Operations, and Brine Production***

Aggregate brine potassium grades from the borefield and trenching operations to the pre-concentration ponds have continued to be at or above predicted concentrations. Brine supply capacity also continues to increase as planned, with Ten Mile and Lake Sunshine pre-concentrator ponds full and primary evaporation ponds covered in brine as per schedule.

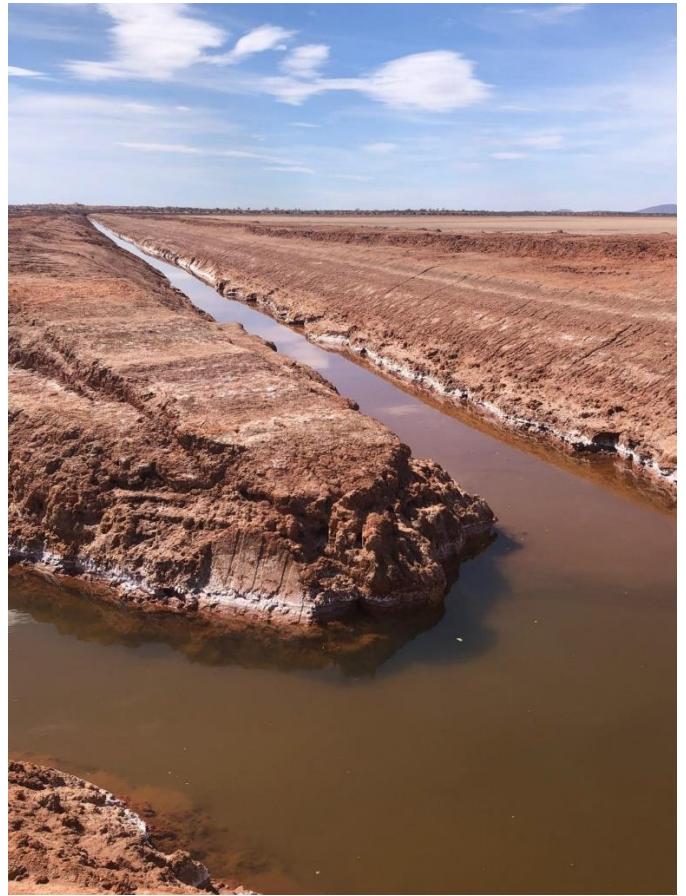
The 120 Ktpa expansion programme works progressed, with a total of 23 out of 27 exploration holes and 7 out of 25 new production bores now completed and installation of the second transfer pipeline nearing completion. Availability of drilling crews this quarter has been adversely affected by Covid, however the overall programme to increase brine production remains on track with drilling scheduled for completion by September and bores progressively brought online by November. Current and future brine supply for the



equivalent of 120 Ktpa of SOP is not expected to present a limiting factor to overall BSOPP ramp-up performance.



**Trench at Lake Sunshine**



**Trench at Ten Mile Lake**



**Ten Mile Preconcentrator Pond**





**Sunshine Preconcentrator Pond**

## **Corporate and Financial Update**

As at 30 May 2022, Kalium Lakes had approximately A\$27.5 million cash and A\$175 million of drawn senior debt facilities with NAIF and KfW.

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 Company expects to be able to inform the market of the quantum of funding required by the end of June 2022.

Discussions with financiers in connection with the revised production ramp-up schedule and funding requirements are advancing well, assisted by 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. The senior lenders remain supportive of the project and are working with the Company towards a refinancing solution to allow the liquidity facility to be drawn down and to facilitate the continued success of Kalium Lakes.

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

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\*\*\* ENDS \*\*\*

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

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