



Dear Shareholder

SHARE PURCHASE PLAN OFFER

We write to you as a holder of Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) shares (**Shares**) with a registered address in Australia or New Zealand as at 5:00pm (WST) on Wednesday, 17 August 2022 (**Record Date**).

On behalf of the Directors, I am pleased to offer you the opportunity to participate in the Company's Share Purchase Plan (**SPP**) (**Offer**) which was announced on Thursday, 18 August 2022, following our recent capital raising through a two-tranche placement to raise \$A22 million (**Capital Raising**).

The Capital Raising and the SPP are being undertaken to:

- fund additional working capital during ramp-up of Kalium Lakes' Beyondie Sulphate of Potash Mine (**BSOPM**), which targets an initial production target run-rate of 80 ktpa by Q1 CY2023; and
- assist in the expansion of the BSOPM to 120 ktpa production run-rate, which is targeted to be achieved by Q3 CY2024.

The additional working capital is primarily required due to the delayed production profile for the BSOPM (refer to our ASX announcement dated 1 March 2022 for further details).

The SPP will provide eligible Kalium Lakes shareholders as at the Record Date and with a registered address in Australia or New Zealand (**Eligible Shareholders**) with the opportunity to apply for new Shares, at an offer price of A\$0.04 per Share and up to A\$30,000 per Eligible Shareholder, to raise up to A\$8 million (**New Shares**).

Kalium Lakes may decide to accept applications (in whole or in part) that result in the SPP raising less than A\$8 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\$8 million.

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

Participation in the SPP by Eligible Shareholders is entirely optional. The SPP is not underwritten. As the SPP will be the second share purchase plan the Company has undertaken in the last 12 months, in order to comply with the Listing Rules, Kalium Lakes will seek shareholder approval for the SPP at a general meeting to be held on or around Monday, 3 October 2022. If Shareholder approval at the meeting is not obtained, Eligible Shareholders who subscribed for New Shares under the Offer and applicants who subscribed for New Shares under the SPP Shortfall Offer (defined below) will not be issued with New Shares and the Company will refund all Application Monies to applicants without interest.

The issue of New Shares under the SPP is expected to take place on or around Tuesday, 4 October 2022.

Participation and important dates in relation to the Offer

The Offer is offered exclusively to all Eligible Shareholders (including Custodians), being registered holders of Shares as at the Record Date with a registered address in Australia or New Zealand, and not resident or located in the United States or any other jurisdiction in or into which an offer of New Shares would be unlawful, who meet certain other conditions as expressly prescribed in Prospectus (**Eligible Shareholders**).

To participate in the Offer, follow the instructions on your personalised Application Form or apply online at <https://kaliumlakessppoffer.thereachagency.com>.

The Offer opens on Wednesday, 24 August 2022 and closes at 5:00pm (WST) on Tuesday, 27 September 2022.

The Company will not accept any late applications. However, the Directors reserve their right, subject to the Corporations Act and the Listing Rules, to vary the closing date without prior notice, including closing the Offer early. Accordingly, the Directors encourage any Eligible Shareholders (including Custodians) wishing to participate in the Offer to remit their Application Monies as soon as possible. If the closing date is varied, subsequent dates may also be varied accordingly.

Offer

The Offer provides Eligible Shareholders with an opportunity to acquire a parcel of up to A\$30,000 worth of New Shares in the Company. Shareholders may apply for New Shares in the following amounts:

	Subscription Amount (A\$)	Number of Shares
Parcel A	\$30,000	750,000
Parcel B	\$25,000	625,000
Parcel C	\$20,000	500,000
Parcel D	\$15,000	375,000
Parcel E	\$10,000	250,000
Parcel F	\$5,000	125,000
Parcel G	\$2,000	50,000

The Company will not issue any fraction of New Shares. Eligible Shareholders applying for New Shares must pay all Application Monies in Australian dollars.

The Company reserves its right to issue fewer New Shares than an Eligible Shareholder applies for under the Offer or none at all and to scale back applications in such manner as the Directors see fit (subject to any scale back arrangements not resulting in any Director being scaled back on a more favourable basis than any other Eligible Shareholder). Any determination by the Directors in respect of any scaling back or refusal of any application will be final. If a scale back occurs or the Company refuses an application, the Company will refund any excess Application Monies to the relevant Eligible Shareholders in full (without interest).

The Offer is not underwritten.

Any New Shares not subscribed for under the Offer will form the SPP shortfall offer (**SPP Shortfall Offer**). The Directors reserve the right to issue the New Shares under the SPP Shortfall Offer to investors at their absolute discretion. Refer to the Prospectus for further details on the SPP Shortfall Offer and how to apply for New Shares under the SPP Shortfall Offer.

Pricing

The issue price of each New Share will be A\$0.04, which is the same price as Shares issued pursuant to the Capital Raising.

The market price of the Shares may rise or fall between the date of this document and the date that the Company issues New Shares to you under the Offer. This means that the price at which the Company issues New Shares to you may be greater or less than the prevailing market price of the Shares at the date of this document. Further, the issue price of A\$0.04 may exceed the price at which you would be able to buy Shares on the market at the same time that the Company issues New Shares to you under the Offer. We recommend that you seek financial advice from a suitably qualified adviser before you decide to participate in the Offer.

Shareholder Approval

As the SPP will be the second share purchase plan the Company has undertaken in the last 12 months, in order to comply with the Listing Rules, Kalium Lakes will seek shareholder approval for the SPP at a general meeting to be held on or around Monday, 3 October 2022. If Shareholder approval at the meeting is not obtained, Eligible Shareholders who subscribed for New Shares under the Offer and applicants who subscribed for New Shares under the SPP Shortfall Offer will not be issued with New Shares and the Company will refund all Application Monies to applicants without interest.

Prospectus

Full details of the Offer are detailed in the Prospectus released on the ASX market announcements platform on Wednesday, 24 August 2022, which will also be available on the Kalium Lakes website (<https://www.kaliumlakes.com.au/>) and the Offer website at <https://kaliumlakesppoffer.thereachagency.com>. Before you decide whether to participate in the Offer, please read the Prospectus carefully.

If you have any questions in respect of the Offer, please contact the Shareholder Information Line on 1300 631 724 or +61 3 9415 4087 between 8:30am and 5:00pm (Sydney time) or via the contact panel at www.investorcentre.com/contact or consult another professional or your financial adviser.

I encourage you to participate in the SPP, and on behalf of the Board of Directors, I would like to thank you for your continued support of Kalium Lakes.

Yours faithfully



Stephen Dennis

Chairman