



**KALIAM LAKES LIMITED**  
**ACN 613 656 643**

## **SUPPLEMENTARY PROSPECTUS**

### **1 Important Information**

This is a supplementary prospectus (**Supplementary Prospectus**) intended to be read with the prospectus dated 24 August 2022 (**Prospectus**) issued by Kalium Lakes Limited ACN 613 656 643 (the **Company**).

This Supplementary Prospectus is dated 19 September 2022 and was lodged with ASIC on that date. Neither ASIC nor ASX take any responsibility as to the contents of this Supplementary Prospectus.

This Supplementary Prospectus should be read together with the Prospectus. Other than the changes detailed in this Supplementary Prospectus, all other details in relation to the Prospectus remain unchanged. To the extent of any inconsistency between this Supplementary Prospectus and the Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Prospectus have the same meaning in this Supplementary Prospectus.

This Supplementary Prospectus and the Prospectus may be accessed at [www.kaliumlakes.com.au](http://www.kaliumlakes.com.au).

This Supplementary Prospectus and the Prospectus are important documents that should be read in their entirety. If you are in any doubt as to the contents of this Supplementary Prospectus or the Prospectus, you should consult your stockbroker, lawyer, accountant or other professional adviser without delay.

### **2 Supplementary Prospectus**

The purpose of this Supplementary Prospectus is to (amongst other matters):

- (a) increase the amount to be raised under the SPP Offer from up to A\$8 million (before costs) to up to A\$12 million (before costs); and
- (b) include additional information in the Prospectus from the "Sources and Uses" slide in the Company's investor presentation lodged on the ASX announcements platform on 18 August 2022 (**Investor Presentation**),

by way of the following revisions to the Prospectus.

- (a) **The first paragraph on the Cover Page** of the Prospectus is deleted and replaced with the following:

For an offer to Eligible Shareholders of up to 300,000,000 New Shares at an issue price of A\$0.04 per New Share under a share purchase plan (**SPP**) to raise up to A\$12 million (before costs) (**SPP Offer**).

- (b) **The first paragraph of Section 1.1** of the Prospectus is deleted and replaced with the following:

*The share purchase plan (**SPP**) offer is an offer to each Eligible Shareholder to apply for up to A\$30,000 worth of fully paid ordinary shares in the Company (**New Shares**) at an issue price of A\$0.04 per New Share (**SPP Offer Price**) (being up to 300,000,000 New Shares), to raise up to a total of A\$12 million (before costs) (**SPP Offer**).*

- (c) **The first paragraph of Section 1.11** of the Prospectus is deleted and replaced with the following:

*The Company intends to raise up to A\$12 million under the SPP Offer. If applications for more than the maximum amount of the SPP Offer are received before the Closing Date, the Company intends to scale back applications at its sole discretion and in the manner it sees fit (subject to any scale back arrangements not resulting in any Director or an associate of a Director being scaled back on a more favourable basis than any other Eligible Shareholder who is scaled back).*

- (d) **Section 2.1** of the Prospectus is deleted and replaced with the following:

**Purpose of the SPP Offer and Placement and Use of Funds**

*The Placement and SPP Offer are being undertaken to:*

- (i) *fund additional working capital during ramp-up of the Company's Beyondie Sulphate of Potash Mine (**BSOPM**), which targets an initial production target run-rate of 80 ktpa by Q1 CY2023; and*
- (ii) *assist in the expansion of the BSOPM to 120 ktpa production run-rate, which is targeted to be achieved by Q3 CY224.*

*The additional working capital is primarily required due to the delayed production profile for the BSOPM (refer to the ASX announcement dated 1 March 2022 for further details). Following completion of the Placement and SPP Offer (assuming maximum subscription), the Company's source of funds will be as follows:*

Source of funds	A\$	%
Opening cash at 1 July 2022 <sup>1</sup>	21,500,000	28
Placement	22,000,000	28
Share Purchase Plan <sup>2</sup>	12,000,000	15
Existing Financing Arrangement - Facility A final drawdown <sup>3</sup>	2,500,000	3
Liquidity Facility <sup>4</sup>	20,000,000	26
<b>Total</b>	<b>78,000,000</b>	<b>100</b>

Notes:

1. Cash balance as at 30 June 2022 includes approximately A\$2,700,000 of restricted cash which will be released to pay term facility interest to the Senior Lenders as part of the debt restructure. Refer to the ASX announcement dated 18 August 2022 and Investor Presentation for further details.
2. Assumes the SPP Offer raises the maximum of A\$12,000,000.
3. Refer to page 17 of the Investor Presentation for further details.
4. Refer to the ASX announcement dated 18 August 2022 and Investor Presentation for further details.

*The table below shows the expected use of funds of the Company (based on the source of funds available to the Company):*

<b>Use of funds</b>	<b>A\$</b>	<b>%</b>
90ktpa and 120ktpa capital expenditure	33,100,000	42
Debt service interest <sup>1</sup>	9,100,000	12
Financing and debt restructure fees <sup>2</sup>	4,900,000	6
Costs of the Placement and the Offers <sup>3</sup>	1,500,000	2
Working capital and cash reserves <sup>4</sup>	29,400,000	38
<b>Total</b>	<b>78,000,000</b>	<b>100</b>

Notes:

1. For the 12 month period ending on 30 June 2023.
2. Comprises Senior Lenders' legal, technical adviser and facility fees, the Company's legal and financial adviser fees and provisions for costs of anticipated hedging of foreign exchange.
3. Comprises lead manager, legal, consultant, ASX and registry fees and is inclusive of expenses to the Offers detailed in Section 4.14.
4. Comprises working capital for net operating cash requirements plus cash reserves (on the basis that the Company raises the maximum amount under the Offers and the A\$20 million liquidity facility is fully drawn down).

The Company considers that its existing cash balance, together with funds available under its debt facilities and funds raised from the Placement, will provide the Company with sufficient working capital until the BSOPM is operating on a cash flow positive basis, which is anticipated to occur (based on current SOP prices) shortly after the 80ktpa run rate is achieved, which is scheduled for Q1 CY2023.

- (e) **Section 2.2** of the Prospectus is deleted and replaced with the following:

Detailed below is:

- (a) the unaudited statement of financial position of the Company as at 30 June 2022; and
- (b) the unaudited pro forma statement of financial position of the Company as at 30 June 2022 incorporating the effect of the SPP Offer and Placement, assuming A\$12 million is raised under the SPP Offer.

The unaudited pro forma statement of financial position has been derived from the unaudited statement of financial position of the Company, for the year ended 30 June 2022, and adjusted to reflect pro forma assets and liabilities of the Company as if completion of the SPP Offer and Placement had occurred on 30 June 2022.

The pro-forma information is presented in an abbreviated form. It does not include all of the disclosures required by the Australian Accounting Standards applicable to annual financial statements.

Please refer to Section 4.14 for further details on the estimated expenses of the SPP Offer.

	<b>Unaudited as at 30 June 2022</b>	<b>Placement &amp; SPP Offer Funds (assuming the SPP Offer is fully subscribed)<sup>1</sup></b>	<b>Unaudited, post Capital Raise<sup>2</sup></b>
	<b>A\$</b>	<b>A\$</b>	<b>A\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	18,823,926	32,500,000	51,323,926

<i>Restricted cash</i>	<i>2,688,854</i>		<i>2,688,854</i>
<i>Trade and other receivables</i>	<i>2,470,670</i>		<i>2,470,670</i>
<i>Inventory</i>	<i>4,524,848</i>		<i>4,524,848</i>
<b>Total current assets</b>	<b>28,508,298</b>	<b>32,500,000</b>	<b>61,008,298</b>
<b>Non-current assets</b>			
<i>Property, plant and equipment</i>	<i>3,372,790</i>		<i>3,372,790</i>
<i>Work in progress</i>	<i>168,065,200</i>		<i>168,065,200</i>
<i>Mine properties – in production</i>	<i>165,027,312</i>		<i>165,027,312</i>
<i>Collateral for bank guarantees</i>	<i>610,000</i>		<i>610,000</i>
<i>Right-of-use assets</i>	<i>50,435</i>		<i>50,435</i>
<b>Total non-current assets</b>	<b>337,125,737</b>	<b>-</b>	<b>337,125,737</b>
<b>TOTAL ASSETS</b>	<b>365,634,035</b>	<b>32,500,000</b>	<b>398,134,035</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
<i>Trade and other payables</i>	<i>5,587,583</i>		<i>5,587,583</i>
<i>Provisions</i>	<i>609,114</i>		<i>609,114</i>
<b>Total current liabilities</b>	<b>6,196,697</b>	<b>-</b>	<b>6,196,697</b>
<b>Non-current liabilities</b>			
<i>Borrowings</i>	<i>179,080,406</i>		<i>179,080,406</i>
<i>Provisions</i>	<i>18,055,533</i>		<i>18,055,533</i>
<b>Total non-current liabilities</b>	<b>197,135,939</b>	<b>-</b>	<b>197,135,939</b>
<b>TOTAL LIABILITIES</b>	<b>203,332,636</b>	<b>-</b>	<b>203,332,636</b>
<b>NET ASSETS</b>	<b>162,301,399</b>	<b>32,500,000</b>	<b>194,801,399</b>
<b>EQUITY</b>			
<i>Contributed equity</i>	<i>243,613,490</i>	<i>32,500,000</i>	<i>276,113,490</i>
<i>Reserves</i>	<i>7,071,356</i>		<i>7,071,356</i>
<i>Accumulated losses</i>	<i>(51,835,724)</i>		<i>(51,835,724)</i>
<i>Current year profit/loss</i>	<i>(36,547,723)</i>		<i>(36,547,723)</i>
<b>TOTAL EQUITY</b>	<b>162,301,399</b>	<b>32,500,000</b>	<b>194,801,399</b>

Notes:

1. Comprises A\$22 million raised under the Placement and A\$12 million under the SPP Offer (assuming the SPP Offer is fully subscribed and/or the Company places all of the Shortfall) less the aggregate of legal fees, share registry fees and lead manager fees (for the Placement) of approximately A\$1,500,000.
2. The above table does not include results of operations after 30 June 2022 or the impact of debt restructure costs of approximately A\$3,500,000. Refer to the Investor Presentation for further details.

(f) **Section 2.3** of the Prospectus is deleted and replaced with the following:

*The effect of the Offers on the capital structure on the Company, assuming the New Shares are issued, is as follows:*

	<b>Shares</b>	<b>Options</b>
<i>Securities on issue prior to the Placement and Offers</i>	<i>1,181,712,214</i>	<i>22,677,493</i>
<i>Securities issued under the Tranche 1 Placement</i>	<i>177,256,832<sup>1</sup></i>	<i>-</i>
<i>Securities to be issued under the Tranche 2 Placement (subject to shareholder approval)</i>	<i>372,743,168</i>	<i>-</i>

<i>Securities to be issued under the Offers (subject to shareholder approval)</i>	<i>300,000,000</i>	-
<b>Total</b>	<b>2,031,712,214</b>	<b>22,677,493</b>

Note:

1. Includes 34,733,949 Shares issued to Greenstone on 7 September 2022. Refer to Section 1.2 for further details.

(g) **Section 4.8** of the Prospectus is deleted and replaced with the following:

*Based on available information as at the date of this Prospectus, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue on completion of the Placement and SPP Offer (assuming the SPP Offer is fully subscribed) are detailed below:*

	<b>Shares</b>	<b>Voting Power<sup>1</sup></b>
<i>Greenstone</i>	<i>431,559,657</i>	<i>21.24%</i>
<i>Brent Smoothy</i>	<i>131,843,097</i>	<i>6.49%</i>

Note:

1. If:
  - (a) the SPP Offer is 50% subscribed to A\$6 million (and no Shortfall is placed by the Company), then:
    - (i) Greenstone's voting power will be 22.93%; and
    - (ii) Mr Brent Smoothy's voting power will be 7.01%; and
  - (b) nil funds are raised under the SPP Offer (and no Shortfall is placed by the Company), then:
    - (i) Greenstone's voting power will be 24.92%; and
    - (ii) Mr Brent Smoothy's voting power will be 7.61%

### **3 No investor action required**

As the content of this Supplementary Prospectus is not considered by the Company to be materially adverse to investors, no action needs to be taken by investors.

### **4 General**

Other than as provided in this Supplementary Prospectus, all other information contained in the Prospectus remains unchanged.

### **5 Consents**

The Company confirms that as at the date of this Supplementary Prospectus, each of the parties that have been named as having consented to being named in the Prospectus have not withdrawn that consent.

### **6 Directors' authorisation**

This Supplementary Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Supplementary Prospectus with ASIC and has not withdrawn that consent.

This Supplementary Prospectus is signed for and on behalf of the Company by:



Stephen Dennis  
Non-Executive Chairman  
Dated: 19 September 2022