

QUARTERLY ACTIVITIES REPORT PERIOD ENDING 31 DECEMBER 2022

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) provides its quarterly activities report for the period ending 31 December 2022, including a summary of its operational activities at the Beyondie Sulphate of Potash (**SOP**) Mine (**Beyondie** or **BSOPM**).

- Plant performance improvement plan (**PPIP**) progressing well with improvements identified that are expected to drive production increases. Upstream operations performing well with record brine production and harvesting.
- Production of SOP for the December 2022 quarter was 780 tonnes, with cumulative SOP production of approximately 2,700 tonnes as at 31 December 2022. Reduced quarter-on-quarter production was expected given focus on PPIP.
- Total SOP sales for the quarter amounted to 1,244 tonnes with an average realised sale price of \$1,350/tonne FOB. Positive feedback from customers in relation to SOP product specification.
- Record brine production during the quarter of over 1.3 million cubic metres at an average K grade of 8,560 mg/L.
- Record harvesting of 77.7kt of KTMS and 224.6kt of waste salt during the quarter:
 - Second harvester commissioned.
 - Tonnage on ROM stockpile increased to 82.4kt (82% increase over prior quarter).
- Cash balance at 27 January 2023 was approximately \$10.2 million.
 - Senior lenders continue to support Beyondie and have agreed in principle, subject to internal approvals, to make \$10 million of the liquidity facility available, plus the deferral of quarterly interest cash payments and debt service reserve account payments totalling approximately \$16m due in CY2023.
 - Availability of the balance of the \$20 million liquidity facility subject to lender discretion following assessment of the ramp up performance of Beyondie in the March and June 2023 quarters.
- Targeted production rate of approximately 60ktpa by June 2023. No significant expenditure on the proposed 120ktpa expansion is planned until production targets beyond June 2023 are determined, which is expected once the PPIP has been fully implemented (around April 2023).

Kalium Lakes Chief Executive Officer, Len Jubber, said:

“The December 2023 quarter represents the culmination of my first 12 months as CEO.

The past year has seen a dramatic improvement in our operational readiness and organisational capability to commission and ramp up SOP production at Beyondie.

We have successfully addressed the issues experienced in both the brine extraction and primary evaporation operations, with the record productivity in both these areas during the past quarter being a clear endorsement of the operational improvement initiatives implemented to date.

We similarly continue to advance a highly systematic program to drive plant improvement and ramp-up. In combination with the efforts of our technical partners and consultants, this work is progressively yielding encouraging results. The entire Kalium Lakes team remains committed to delivering this program and realising the full potential of the Beyondie operation.

We thank all stakeholders for their continued patience. Whilst commissioning has not progressed as envisaged we believe most of the start-up challenges are behind us and we hope to be able to report further operational achievements in the coming quarters. Beyondie remains a highly attractive long life asset and provider of a strategic commodity for Australia’s important agricultural industry.”



Beyondie SOP plant and evaporation ponds, November 2022.

Beyondie Sulphate of Potash Mine

Health and safety

No lost time injuries were recorded during the December 2022 quarter. For the 6 months ended 31 December 2022 the Company reported a Total Recordable Injury Frequency Rate (**TRIFR**) of 17.3 and a Lost Time Injury Frequency Rate (**LTIFR**) of 0.0 for the same period.

Key operating statistics

SOP Production and Sales	Dec 2022 Qtr	Sep 2022 Qtr
SOP produced (t)	780	944
SOP sold (t)	1,244	1,177
SOP Inventory	Dec 2022 Qtr	Sep 2022 Qtr
SOP in transit for sale (t)	171	104
SOP inventory on site (t)	104	635
Total SOP inventory (t)	275	739
KTMS Output and Plant Feed	Dec 2022 Qtr	Sep 2022 Qtr
KTMS harvested (t)	77,700	25,000
KTMS fed into SOP plant (t)	40,600	31,700
KTMS ROM Stockpiles	Dec 2022 Qtr	Sep 2022 Qtr
KTMS ROM stockpile – design (or above) grade (t)	38,600	10,500
KTMS ROM stockpile – lower grades for blending (t)	43,800	34,800
Total KTMS stockpile (t)	82,400	45,300
Waste Salt Harvesting	Dec 2022 Qtr	Sep 2022 Qtr
Waste salt harvested (t)	224,600	148,300

SOP product sales

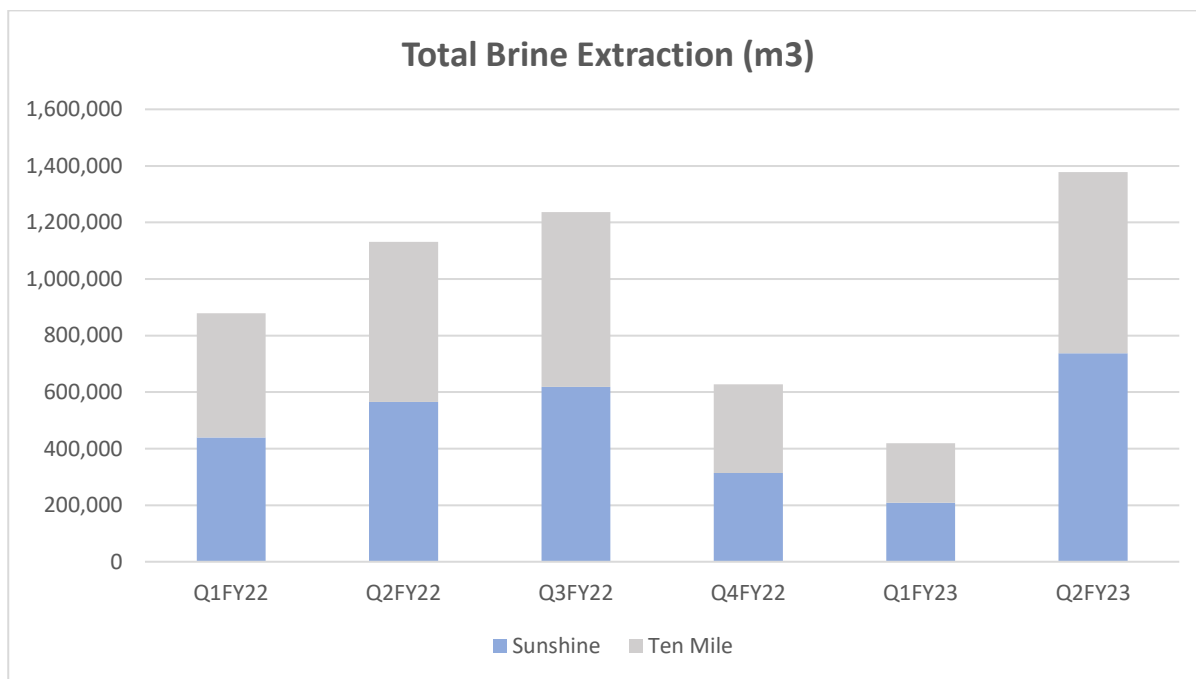
All sales in the December 2022 quarter were made via exports through the Company's offtake partner, K+S Asia Pacific (**K+S**). Total SOP sales for the quarter amounted to 1,244 tonnes, resulting in provisional receipts from customers of \$1.64 million. The average realised price for the quarter was approximately \$1,350/tonne FOB (September 2022 quarter: approx. \$1,540/tonne FOB).



Bulk bags of SOP product being readied at Beyondie for export.

Borefield & trenching operations

As previously advised, the June and September 2022 quarters were impacted by the rain events in May / June and September 2022 during which evaporation rates, pre-concentrator pond demands, and brine extraction volumes were lower than expected and resulted in trench pumps and bore pumps being turned off during those quarters. Learnings from these events have resulted in the Company now being better placed to mitigate the impact of future rain events. Flow rates in the quarter have improved month-over-month with December being the strongest month of brine volume in the past 12 months. The December 2022 quarter has produced over 1.3 million cubic metres of brine at an average K grade of 8,560 mg/L which is sufficient to meet evaporation pond demand for current target KTMS production.



Optimisation is continuing through diligent management of bores and trench stations and improved maintenance strategies for higher reliability. Expansion of the Sunshine trench network was completed and trench maintenance across both Ten Mile and Sunshine networks is occurring to remove any blockages as well as deepening to consistent depths.



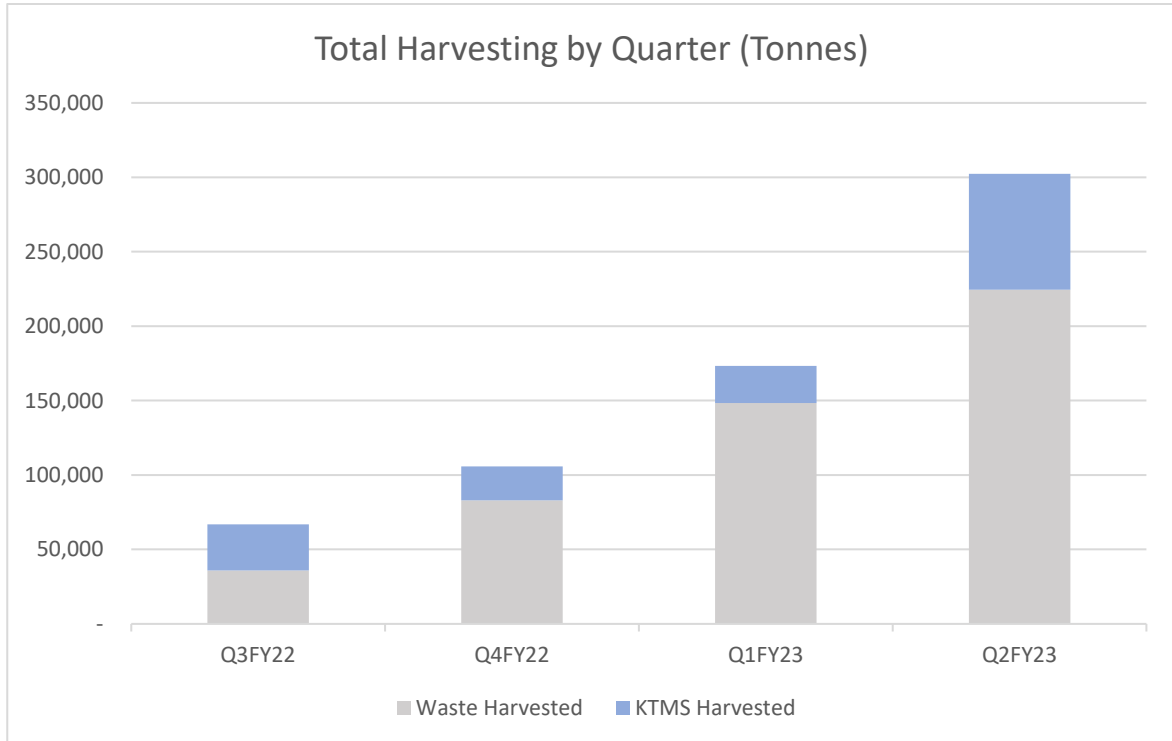
Lake Sunshine trenching operations, October 2022



Lake Sunshine pre-concentrator pond, November 2022

Pond operations

Pond operations continued smoothly during the quarter, with sufficient brine having been maintained in the '1A' reservoir at the top of the evaporation ponds. Pond chemistry continued to be within target ranges. During the quarter, 77.7kt of KTMS and 224.6kt of waste salt were harvested, comfortably making this the highest quarter of harvesting since pond operations began.



The second Wirtgen harvester arrived on site in December 2022 and is operational. The harvester is a crucial piece of equipment and its arrival provides important operational flexibility.

As at 31 December 2022, the inventory of KTMS on the ROM pad had increased by 82% quarter-on-quarter to 82.4kt.



Harvesting operations, November 2022



Evaporation ponds, January 2023

SOP plant operations

As reported in the operating update on 31 October 2022, the plant performance improvement plan (**PPIP**) was initiated by the new senior operations management team with the aim of unlocking a step change in performance.

The focus has been on systematic investigation and conducting plant trials on the three main focus areas; conditioning, froth mobility, and aeration. The approach, of varying only one input parameter at a time, was

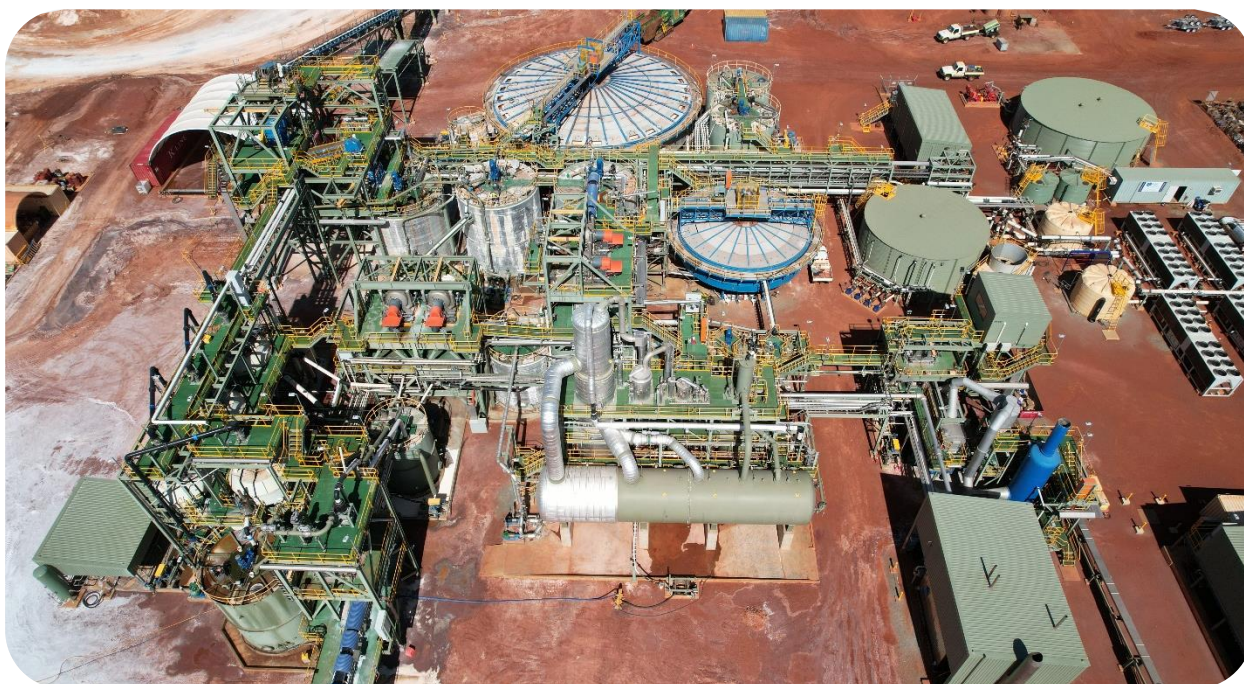
adopted to enable isolation of underlying plant performance limiting factors, albeit at the resultant expense of aggregate SOP production, with only 780 tonnes of SOP produced during the quarter.

Plant trials have shown flotation conditioning and temperature control to be the major causes of poor performance in flotation. Installation of a temporary static mixer has led to improved mixing and conditioning and the new heat exchanger installed in December has assisted in stabilising temperature control leading to significant improvements in crystallisation and chemistry of the flotation feed. Together, these initiatives have led to a step change in flotation recoveries from 20% in October 2022 to around 50% in January 2023 (albeit at feed rates below design) versus design flotation recovery rates of 80-90%. As flotation recovery increases and the plant throughput and performance moves closer to design, temperature control issues are expected to be resolved.

Scaling up these trials, through installation of new conditioning tanks/agitators scheduled for March 2023 and combining with other identified improvements (including froth mobility, improved reagent dosing and temperature control) is expected to drive increased production rates with approximately 60ktpa targeted by June 2023.

Further improvements are expected to be achieved through operational experience in running the plant and optimisation, in conjunction with technical partner EBTEC.

Kalium Lakes will update the market on its timetable for production ramp up beyond June 2023 once the PPIP has been finalised and fully implemented, expected around April 2023. EBTEC remains confident that the 90ktpa nameplate performance guarantees will be met and are providing full technical support both from Germany and on site.



SOP Purification Plant, November 2022

120ktpa expansion

One new bore was brought online in the Sunshine bore network during the December 2022 quarter. Sunshine has an additional 11 production bores drilled and ready to be brought online, with one planned for the March 2023 quarter. As a result of the previously announced delays to production, no significant expenditure on the proposed 120ktpa expansion is planned whilst senior lender discussions continue and the production ramp up targets beyond June 2023 are determined.

Potash market update

Market SOP prices in the December 2022 quarter were approximately twice the long term level seen prior to the geopolitical situation in Belarus and Russia that contributed to the significant escalation in prices.

Further price softening for both muriate of potash (**MOP**) and SOP has been observed during the March 2023 quarter to date, however prevailing spot prices still remain more than 50% above long term averages with SOP's historic premium over MOP of approximately US\$150-200/tonne re-established.

Mineral Resources and Ore Reserve Estimate

On 14 October 2022, Kalium Lakes released its Mineral Resource and Ore Reserve Estimates as at 30 June 2022 for Beyondie, which reported:

- an overall increase in Mineral Resources, including a 5.6% increase in Measured SOP Resources and a 1.4% increase in Indicated SOP Resources as at 30 June 2022 (relative to the prior year and after abstraction depletion); and
- a decrease in Ore Reserves as at 30 June 2022 by 2.75% over the preceding 12 months following incorporation of abstraction depletion.

The Mineral Resource and Ore Reserve Estimates as at 30 June 2022 were included in the Company's 2022 Annual Report which was released to the ASX on 25 October 2022.

Kalium Lakes confirms that it is not aware of any new information or data that materially affects the Mineral Resource and Ore Reserve information included in the Company's 2022 Annual Report which was released to the ASX on 25 October 2022 and, in the case of the Mineral Resource estimate, Ore Reserve estimate and Exploration Target, that all material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Corporate and Financial

Capital raising

On 3 October 2022, the Company held a General Meeting at which all resolutions were approved by shareholders in relation to its 2022 Placement and Share Purchase Plan (**SPP**). This included:

- the ratification of the issue of Tranche 1 Placement shares, which had the effect of refreshing the Company's 15% Placement Capacity under ASX Listing Rule 7.1;
- the approval of the issue of Tranche 2 Placement shares including the issue of Tranche 2 Placement shares to Greenstone Resources and to Mr Brent Smoothy; and
- the approval of the issue of shares under the SPP.

Following the approvals at the General Meeting, the Company issued 672,743,168 new ordinary shares associated with the Placement and SPP, bringing total ordinary shares on issue to 2,031,712,214.

Board renewal

On 13 October 2022, Kalium Lakes announced the appointment of two additional independent, non-executive directors, Mr Robert (Bob) Adam and Mr Simon Wandke, effective 12 October 2022. Excerpts from the announcement of the background and experience of the new directors are as follows:

- Mr Adam is a senior executive with 40 years experience in the resources industry, with a proven record of achievement in project development, management and operational improvement. He has worked extensively in around the world with a demonstrated record of success in multi-cultural and multi-lingual environments.
- Mr Wandke has been leading multi-country strategy, commercial development and implementation for global mining and mineral assets for over 40 years. An accomplished C-suite leader and current Non-Executive Director (Australia) and Advisory Board member (USA), he has focused his expertise in the resource sector on maximizing value.

Following the Company's AGM, on 25 November 2022, Hon. Cheryl Edwardes AM joined the Kalium Lakes Board in the role of independent non-executive director and Chairperson, at which time Mr Stephen Dennis retired from the Board as non-executive director and Chairman.

Ms Edwardes is a highly credentialled and experienced company director and Chairperson. A solicitor by profession and a former Minister in the Court Government of Western Australia, she has extensive experience and knowledge of WA's legal and regulatory framework relating to mining projects, environmental, native title, heritage, and land access.

During her political career, Ms Edwardes held positions that included WA Attorney General, Minister for the Environment, and Minister for Labour Relations. She currently serves as the Non-Executive Chairperson of Flinders Mines Limited, Nuheara Limited and Westgold Resources Limited.



Directors at the evaporation ponds during visit to site, November 2022

Annual General Meeting

On 25 October 2022, the Company released its 2022 Annual Report, Corporate Governance Statement, and its Notice of Meeting for its forthcoming Annual General Meeting (**AGM**) to be held on 24 November 2022.

The Company held its AGM on 24 November 2022 at which all resolutions, as set out in the Notice of Meeting and voted on at the meeting, were passed by shareholders.

Company Secretary

On 30 November 2022, the Company advised of the appointment of Ms Loren King to the role of Company Secretary of Kalium Lakes and each of its subsidiary companies, effective immediately. The Company further advised that Ms Sophie Raven ceased as Company Secretary, effective on the same date. Mr Jason Shaw remains in his role as joint Company Secretary.

Ms King is an experienced company secretary with over 12 years' experience in company secretarial and non-executive director roles, which has included assisting ASX listed companies across a range of sectors with company listings, corporate affairs, governance, ASIC and ASX regulatory requirements.

Employee Incentive Plan

On 22 December 2022, the Company announced the issue of 42,374,884 performance rights to certain employees and key management personnel (or their nominees) under long term incentive plans pursuant to the Kalium Lakes Employee Incentive Plan that was approved by shareholders at the AGM on 24 November 2022.

Liquidity and Funding

As at 31 December 2022, Kalium Lakes had approximately \$13.7 million cash and \$181 million of drawn senior debt facilities with NAIF and KfW. As at 27 January 2023, the Company's cash reserves were approximately \$10.2 million. Undrawn debt capacity under the project term Facility A is \$2.2 million, provided by KfW, which is set aside for final commissioning payments.

As a result of the previously announced production delays, Kalium Lakes has been in discussions with its senior lenders with regard to its liquidity position. The senior lenders continue to support the Beyondie operation and have agreed, subject to necessary internal approvals, to:

- make available for drawdown \$10 million of the \$20 million liquidity facility, plus
- the deferral of quarterly interest payments due in CY2023 (with the repayment of deferred interest commencing in January 2025) and a 12 month-deferral to December 2024 of the requirement to make quarterly debt service reserve account payments, together totalling approximately \$16m.

The availability of the remaining \$10 million of the liquidity facility will be subject to lender discretion following assessment of the ramp up performance of Beyondie in the March and June 2023 quarters.

Payments to related parties

During the quarter, the Company paid salaries and wages of \$0.143 million to its directors. Further, payments totalling \$3.00 million were made 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 the following securities on issue as at 31 December 2022:

- 2,031,712,214 ordinary shares
- 42,374,884 performance rights
- 17,677,493 nil exercise price options, expiring 16 June 2023
- 5,000,000 options exercisable at A\$0.50 each, expiring on 30 June 2025

Tenement interests

Beyondie Sulphate of Potash Mine (100% owned)

Tenement	Name	Holder	State	Status	Grant Date	Interest
Exploration Licences						
E52/3956	Access Rd FW A	KLP	WA	Pending	TBA	100%
E52/3957	Access Rd FW B	KLP	WA	Pending	TBA	100%
E52/4038	Access Rd FW C	KLP	WA	Pending	TBA	100%
E69/4052	Kendenura Hill	KLP	WA	Pending	TBA	100%
E69/4098	Ten Mile Lake	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%
L69/41	10 Mile Village	KLI	WA	Granted	8-2-2019	100%
L69/46	10MS FW E	KLP	WA	Granted	8-2-2021	100%
L69/47	10MS FW F	KLP	WA	Granted	27-7-2021	100%

Tenement	Name	Holder	State	Status	Grant Date	Interest
L69/48	10MS FW G	KLP	WA	Granted	27-7-2021	100%
L69/52	Ten Mile Expansion 1	KLP	WA	Granted	31-3-22	100%
L69/53	Ten Mile Expansion 2	KLP	WA	Granted	31-3-22	100%
L69/54	Sunshine Expansion 1	KLP	WA	Granted	31-3-22	100%
L69/55	Sunshine Expansion 2	KLP	WA	Granted	31-3-22	100%
L69/59	Sunshine Access Rd A	KLP	WA	Granted	15-7-22	100%
L69/60	Sunshine Access Rd B	KLP	WA	Granted	15-7-22	100%
L69/61	Sunshine Access Rd C	KLP	WA	Granted	15-7-22	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	Granted	10-11-21	100%
Gas Pipeline						
PL117	Gas Pipeline	KLI	WA	Granted	7-11-2018	100%

Dora / Blanche (100% Owned)

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)

The Carnegie Joint Venture (CJV) is located approximately 220 kilometres east-north-east of Wiluna. The CJV comprises one granted exploration licence and five (5) exploration licence applications (set out in the table below) 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	Carnegie Potash	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%

Note: Carnegie Potash Pty Ltd (Carnegie Potash) is a wholly owned subsidiary of Kalium Lakes Limited and is the entity which holds Kalium Lakes' interest in the CJV.

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:

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- 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:

Hon. Cheryl Edwardes	Non-Executive Chairperson
Mark Sawyer	Non-Executive Director
Brent Smoothy	Non-Executive Director
Sam Lancuba	Non-Executive Director
Robert Adam	Non-Executive Director
Simon Wandke	Non-Executive Director



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Chief Executive Officer

Len Jubber

Chief Financial Officer:

Jason Shaw

Company Secretaries:

Loren King
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 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	1,638	3,371
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(2,442)	(4,300)
(c) production (including capitalised opex)	(11,781)	(19,269)
(d) staff costs	(3,265)	(7,377)
(e) administration and corporate costs	(1,143)	(2,928)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	143	172
1.5 Interest and other costs of finance paid	(2,588)	(4,514)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(19,438)	(34,845)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(1,292)	(2,533)
(d) exploration & evaluation (if capitalised)	-	-
(e) investments	-	-
(f) 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 (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	(1,292)	(2,533)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	28,468	35,558
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	(2,000)	(2,329)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(2,655)	(3,393)
3.8	Dividends paid	-	-
3.9	Other (lease payments)	(9)	(9)
3.10	Net cash from / (used in) financing activities	23,804	29,627
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,687	21,513
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(19,437)	(34,845)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,292)	(2,533)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	23,804	29,627

Appendix 5B

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	45	45
4.6	Cash and cash equivalents at end of period	13,807	13,807

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	13,807	10,687
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (Restricted cash)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13,807	10,687

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
3,037
-

Includes Directors fees, salaries & wages - A\$0.037 million, and;

Construction, harvesting and haulage of harvested and waste salt services - A\$3.0 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.

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.

	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	183,076	180,849
7.2 Credit standby arrangements	20,000 ⁵	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	203,076	180,849

7.5 Unused financing facilities available at quarter end12,228 ⁵

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 \$54,463,764	AUD \$52,236,002	AUD \$2,227,762	31 March 2040
KfW	Kalium Lakes Potash (Facility B) ³	USD \$37,000,000	AUD \$54,612,546	AUD \$54,612,546	-	31 March 2040
NAIF	Kalium Lakes Potash (Facility C)	AUD \$26,000,000	AUD \$26,000,000	AUD \$26,000,000	-	31 March 2040
NAIF	Kalium Lakes Infrastructure (KLI)	AUD \$48,000,000	AUD \$48,000,000	AUD \$48,000,000	-	31 March 2040
KfW	Kalium Lakes Potash (Liquidity Facility A) ⁴	USD \$8,000,000	AUD \$10,000,000	-	AUD \$10,000,000 ⁵	1 January 2026
NAIF	Kalium Lakes Potash (Liquidity Facility B) ⁴	AUD \$10,000,000	AUD \$10,000,000	-	AUD \$10,000,000 ⁵	1 January 2026
			AUD \$203,076,310	AUD \$180,848,548	AUD \$22,227,762	

² Facility A has an EUR denominated facility limit. 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 USD drawn down and unused facility has been converted into AUD using the AUD:USD 31 December 2022 spot rate of 0.68. The AUD facility limit has been calculated as the sum of the AUD drawn and undrawn amounts at 31 December 2022, and is different to the conversion of the EUR facility limit to AUD at the AUD:EUR spot rate, due primarily to foreign exchange rate fluctuations between EUR, USD and AUD as drawdowns were made 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 December 2022 AUD:USD spot rate of 0.68.

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 AUD \$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 senior lenders have agreed, subject to necessary internal approvals, to make a first tranche of A\$10m of the A\$20m liquidity facility available for drawdown. The availability of the second tranche of A\$10m of the liquidity facility will be subject to senior lender discretion following assessment of the SOP plant performance in the March and June 2023 quarters.

The current weighted average interest rate on drawn amounts across all facilities is 5.835% per annum.

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8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(19,438)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(19,438)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	13,807
8.5	Unused finance facilities available at quarter end (Item 7.5)	12,228
8.6	Total available funding (Item 8.4 + Item 8.5)	26,035
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	1.34

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: No. The Company expects that certain items within operating cashflows will be more favourable than for the December 2022 quarter including interest and other costs of finance paid (refer below for further details).

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: Yes. Kalium Lakes has engaged with its senior lenders who have agreed, subject to necessary internal approvals, to:

- make available for drawdown \$10 million of the \$20 million liquidity facility, plus
- the deferral of quarterly interest payments due in CY2023 (with the repayment of deferred interest commencing in January 2025) and a 12 month-deferral to December 2024 of the requirement to make quarterly debt service reserve account payments, together totalling approximately \$16m over CY2023.

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: Yes, the Company expects to be able to continue its operations and to meet its business objectives based on its response to items 1 and 2 above.

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: **31 January 2023**

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 – eg *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.