



BEYONDIE SOP PROJECT

Developing Australia's First Sulphate of Potash Operation

INVESTOR ROADSHOW

MAY 2019

KALIUM
 **LAKES**



**No Production
in Australia**

Kalium Lakes is Developing Australia's First Sulphate of Potash Operation

- ✓ BFS & FEED Complete
- ✓ Ore Reserve
- ✓ Binding Offtake Agreement
- ✓ Low Cost Financing
- ✓ Approvals and Native Title
- ✓ All Mining Tenure Granted
- ✓ Early Works Construction Underway
- ✓ Low Cost, High Margin, Long Life



CAPITAL STRUCTURE AND SHARE PRICE



Capital Structure	\$/Shares
Cash Balance (at 30 April 2019)	A\$23M
Shares on Issue	238.9M
Share Price (at 2 May 2019)	A\$0.55
Market Capitalisation (at 2 May 2019)	A\$130M
Performance Rights	15.0M
Options	10.6M

Major Shareholders	
Agricultural Investors	34%
Greenstone Resources	19.8%
Directors & Management	8.2%
Other Investors	38%


Research Coverage



MACQUARIE



BURNVOIR
Corporate Finance
ENERGY RESOURCES INFRASTRUCTURE

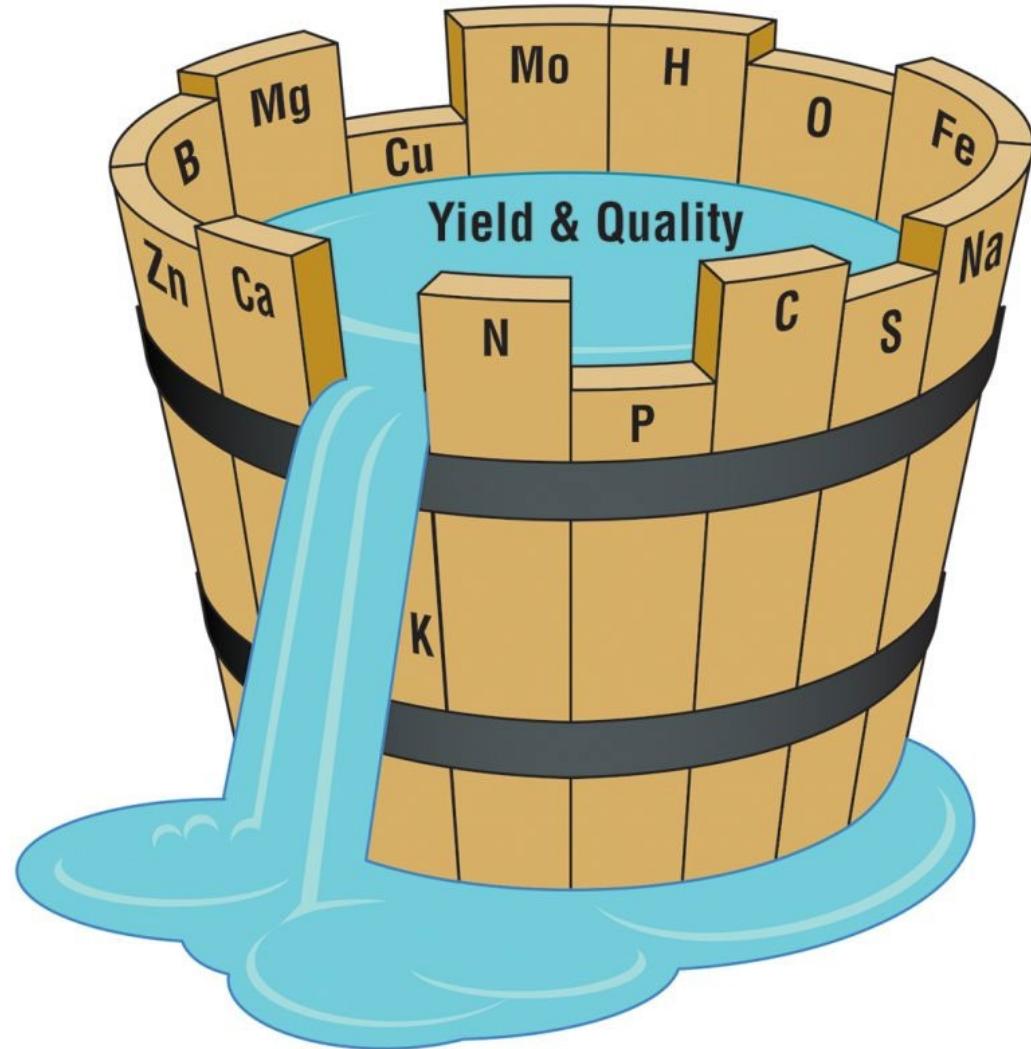


INDEPENDENT
INVESTMENT RESEARCH





LIEBIG'S LAW OF THE MINIMUM



Justus von Liebig popularised the “law of the minimum” which states that the availability of the most abundant nutrient in the soil is only as good as the availability of the least abundant nutrient in the soil.

In other words, a plant’s genetic potential is limited by the nutrient in the shortest supply.

Potassium is one of three essential nutrients along with Nitrogen and Phosphorous

Farmers around the world need more Potassium to feed the growing population

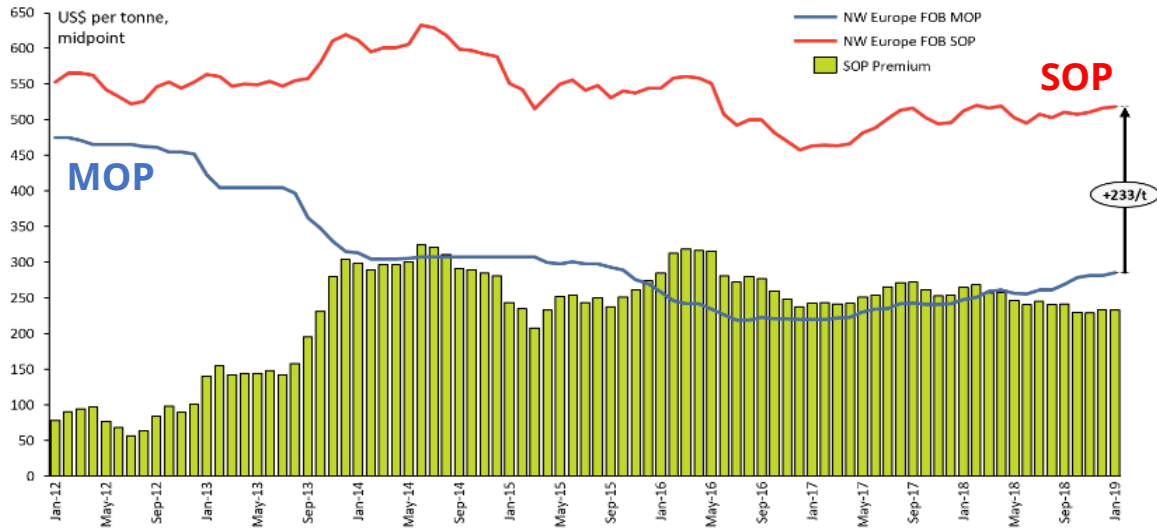
SOP is a premium form of Potassium

Source: Sustainable Soils, LLC 2019 <https://www.sustainablesoils.com/blog/>



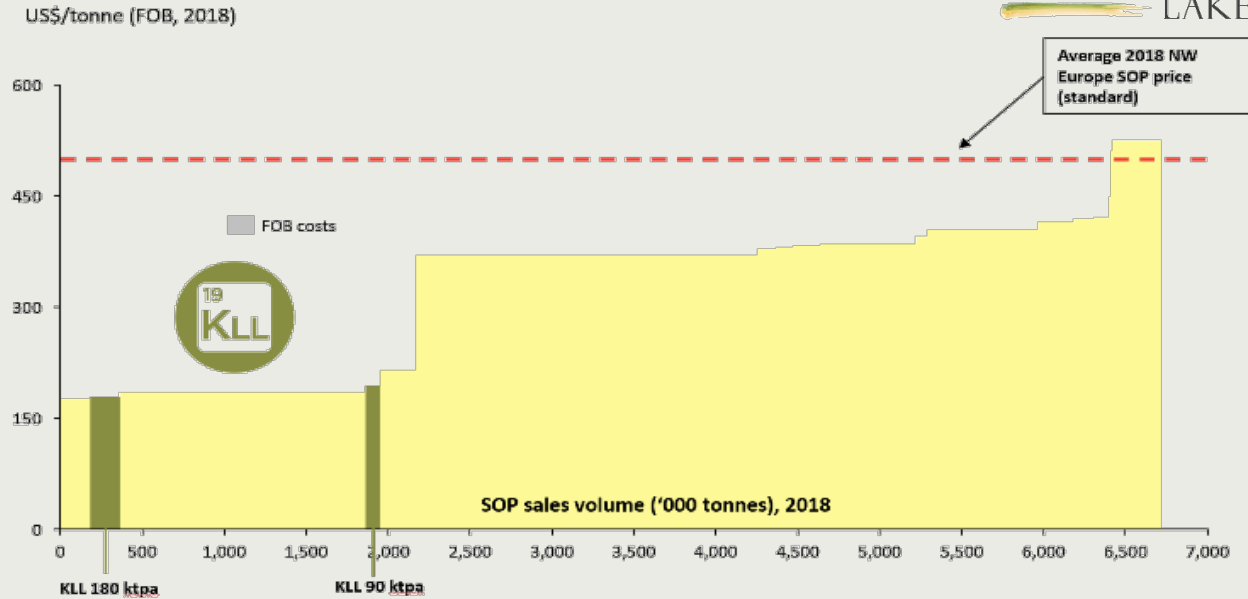
LOW COST AND HIGH MARGINS

- Strong Market Fundamentals with average SOP ~US\$500/t FOB Europe
- KLL OPEX Costs ~US\$200/t FOB
- High Margin Project ~US\$300/t



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Note: Costs refer to cash-operating items and excludes sustaining capital, and royalties

- Global SOP market is ~US\$3-4B annually
- Demand increasing at ~100-200kt SOP pa
- KLL to become a low cost producer
- Floor price of ~US\$400/t SOP



SIMPLE SOP PRODUCTION PROCESS



Brine Pumping from Bores and Trenches
>260 Million litres successfully pumped to date



Brine Solar Evaporation
Located in high evaporation region
~3,800mm



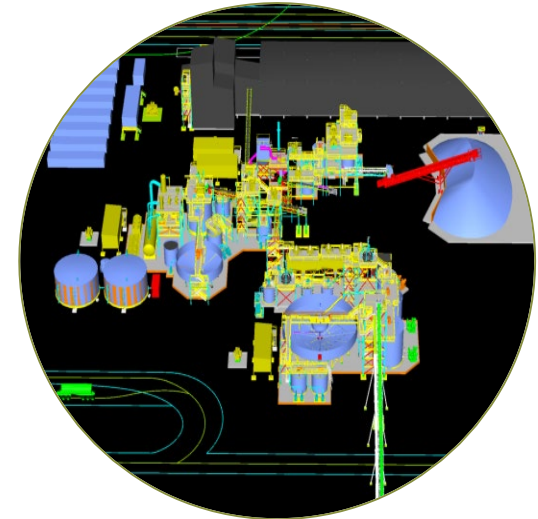
Salt Harvesting
Low cost well proven process in Western
Australia



Agriculture Production
Australian and Asian Markets



Premium SOP Fertiliser
High demand, preferred source of
potassium for agricultural industry



Purification Processing
Using established German SOP technology

BSOPP RESERVES AND RESOURCES HIGHLIGHTS

- Ore Reserves 5.1Mt SOP Reserve
- 19.6Mt SOP Drainable Brine Resource
- 90ktpa SOP commercial demonstration facility ramping up to 180ktpa SOP Full Scale Facility
- Initial Mine Life In Excess of 30 Years (up to 50 years)
- Australia's Highest Grade and Lowest Impurity Level Brine
- Compliant with both JORC and CIM Brine Guidelines
- Australia's Largest Pilot Scale Program

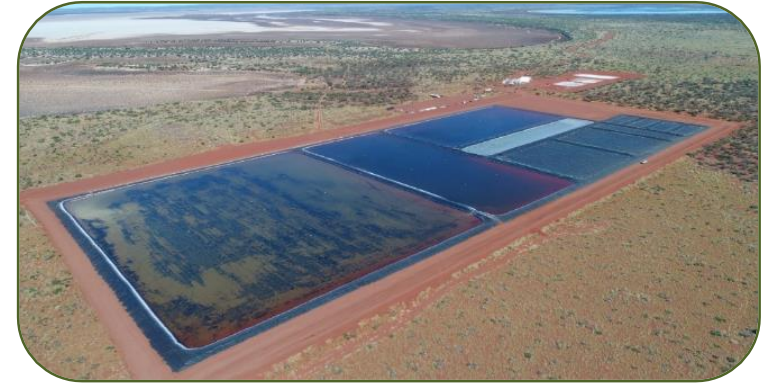
Note: Vehicle for scale





AUSTRALIA'S LARGEST SCALE PILOT PROGRAM

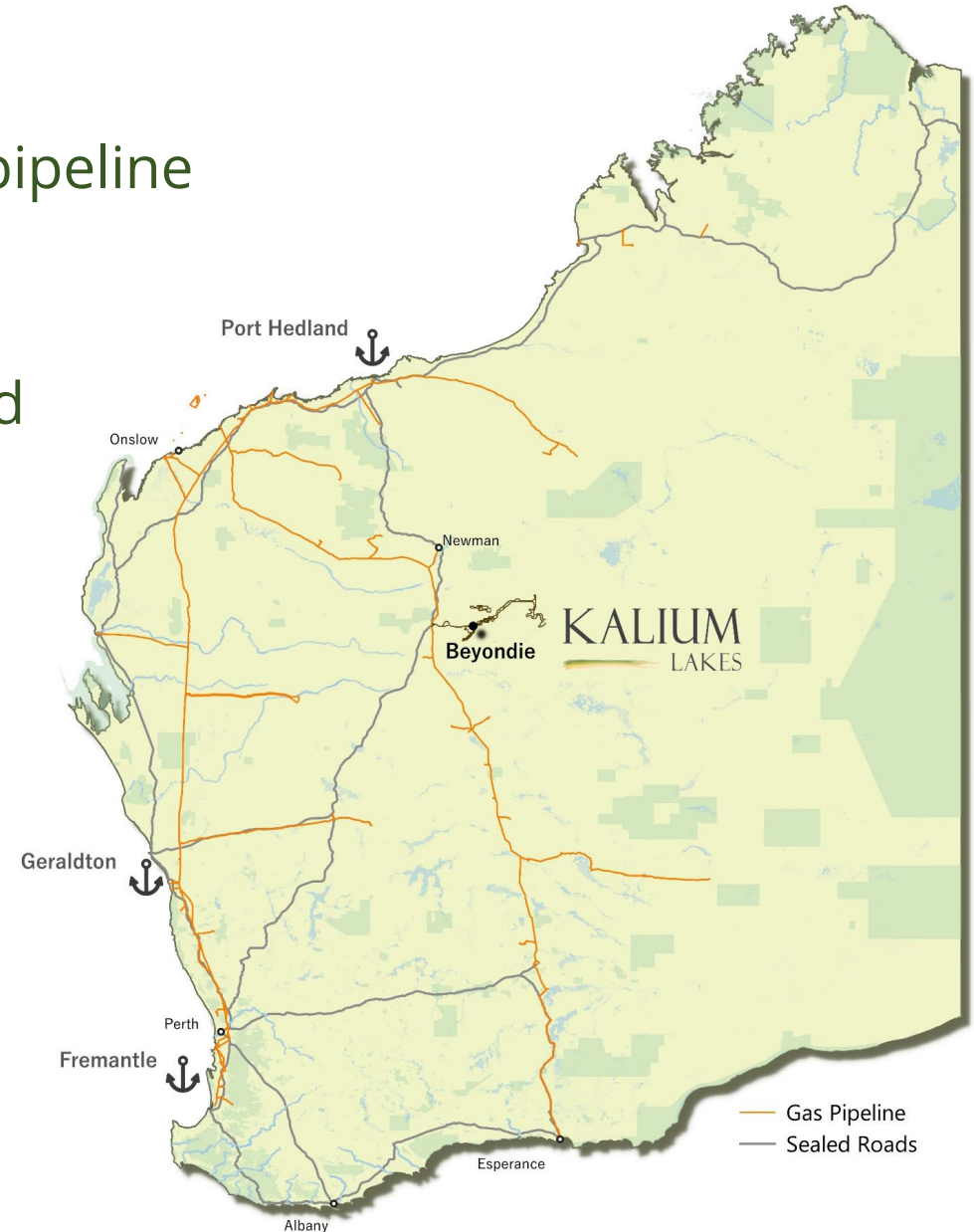
([Harvest and Process Trials Video Link](#))





INFRASTRUCTURE AND LOGISTICS COMPETITIVE ADVANTAGE

- Close proximity to existing sealed road and gas pipeline
- Road haulage to be contracted with Toll Group
- Offtake consumer preference is for containerised or bulk ship hatch supply
- Fremantle Port – containerised shipping





BSOPP BFS AND FEED HIGHLIGHTS

- FEED has included Capital for Gas Pipeline & Power Station to significantly reduce OPEX by +A\$65/t SOP
- FEED Pre-production Capital Cost of ~A\$216M including 15.6% (\$29M) contingency per bank requirements
- Low LOM Operating Cost ~US\$178-208/t FOB AISC
- Pre-tax NPV₈ A\$606M, IRR of 20.3%
- Average EBITDA of A\$126Mpa, EBITDA margin of 61%
- Free cash flows of more than +A\$3B





APPROVALS AND TENURE

- All Native Title Agreements in place
- Mining Tenure granted
- Federal Environmental Approval received
- State Environmental Approval recommended
- Gas Pipeline Licence approved
- Early works approvals in place
- Other State Approvals in place to commence construction





OFFTAKE AND SALES

- Binding Offtake Agreement executed with German fertiliser producer and distributor K+S
- 10 year term, 100% of Start-up Volume
- Represents ~\$650M revenue over first 10 years
- Positive due diligence completed during a five month period
- K+S to provide unparalleled expertise and technical support in relation to design, construction and commissioning
- K+S currently supplies over 50% of the Australian and New Zealand SOP markets





FINANCING

- Low Cost Financing Identified
- Long tenor (up to 15 years) at attractive rates
- Technical Due Diligence is complete
- NAIF has made an Investment Decision for A\$74M of Debt Funding
- KfW has proposed to provide A\$102M of Debt Funding
- German Government Export Credit Agency (ECA) guarantee proposed for 50% of KfW loan – Euler Hermes





NEXT STEPS – PROJECT TIMING

- Commence Early Works Construction Activities Q3 2018  Commenced
- Complete Front-End Engineering Design (FEED) Q1 2019  Complete
- Finalise Binding Offtake Agreement Q1 2019  Complete
- Finance Due Diligence Complete Q2 2019
- Award EPC/M and Lump Sum Contracts Q2 2019
- Receive Final Approvals for Government Agencies Q2 2019
- Project Financing Complete Q2 2019
- Final Investment Decision (FID) Q2 2019
- Full Construction Activities ~15 Months from FID
- Commissioning and Ramp Up to Name Plate Throughput During 2020



ADDITIONAL INFORMATION





EXPERIENCED BOARD OF DIRECTORS AND SENIOR MANAGEMENT



**Malcolm Randall, Non-Executive Chairman
(B.Chem, FAICD)**

An experienced company director and chairman with extensive experience in corporate management and marketing in the resources sector. Mal's experience extends over a broad range of commodities both in Australia and internationally.



**Stephen Dennis, Non-Executive Director
(BCom, LLB)**

With a career spanning more than 30 years as an experienced and well regarded company director, Stephen is currently the non-executive chairman of several ASX listed resource companies, including Heron Resources Limited, Rox Resources Limited, EHR Resources Limited and Graphex Mining Limited.



**Brett Hazelden, Managing Director
(B.Sc, MBA, GAICD)**

A Metallurgist who brings more than 21 years of experience, in project management, engineering design and operations serving the Australasian resources industry. Brett has been involved in a broad range of commodities including numerous mergers, acquisitions and due diligence reviews. As well as other roles, he has held senior positions at Rio Tinto, Fluor, Newcrest Mining and Iron Ore Holdings.



**Chris Achurch, Chief Financial Officer
(BCom, CA)**

Chris has worked with a number of major businesses across the exploration, mining and agricultural sectors. He possesses a comprehensive understanding of commercial accounting and audit functions, International Financial Reporting Standards and Australian Accounting Standards.



**Rudolph van Niekerk, Chief Development Officer /
Executive Director (B.Eng, GAICD)**

A Mechanical Engineer with more than 13 years experience in project management, operations, construction, commissioning, production ramp-up and project hand-over. Rudolph has a broad range of commodities experience both in Australia and internationally. Previous positions include senior engineering roles for DRA, Ausenco, AngloGold Ashanti and BC Iron.



**Gareth Widger, Company Secretary
(BA, GIA (Cert))**

With almost four decades of experience, Gareth's career includes managing corporate administration and strategic communication activities for public and private companies across many different industry sectors.



MINERAL RESOURCES AND ORE RESERVES

JORC / CIM Resource	Drainable Brine Volume (M m ³)	K Grade (mg/l)	K (Mt)	SO ₄ (Mt)	Drainable Brine SOP (Mt)	Total Brine Volume SOP (Mt)
Measured Resource	149	5,155	0.77	2.33	1.72	5.67
Indicated Resource	735	5,591	4.11	11.91	9.17	32.42
Inferred Resource	695	5,647	3.92	11.86	8.75	121.61
Total Mineral Resource	1,579	5,585	8.80	26.10	19.64	159.70
Exploration Target	920 - 2,810	1,800 - 3,300	1.6 - 9.3	5.0 - 25.6	3.7 - 20.7	40 - 250

Drainable Brine Mineral Resource complies with the Canadian (CIM, 43-101) standards and guidelines for brine deposits, as well as JORC Code (2012). German consultants K-UTEC have signed off as the Competent Persons. KLL is also part of the Association of Mining and Exploration Companies (AMEC) Potash Working Group which has developed guidelines to define a brine Mineral Resource and Ore Reserve, in order to increase the certainty, clarity and transparency in reporting of these resources, which was recently accepted by JORC. Total Brine Volume (Porosity) Estimates are provided for comparative purposes with other Australian Listed Companies who do not report Resources on a Drainable Brine basis.

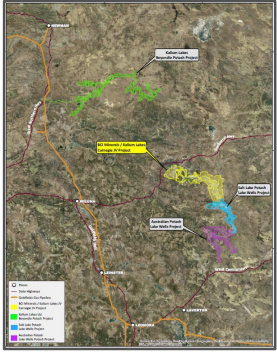
Refer to Disclaimer & Compliance Statement. The Kalium Lakes Beyondie Potash Project Exploration Target is based on a number of assumptions and limitations and is conceptual in nature. It is not an indication of a Mineral Resource Estimate in accordance with the JORC Code (2012) and it is uncertain if future exploration will result in the determination of a Mineral Resource.

JORC / CIM Reserve	Drainable Brine Volume (M m ³)	K Grade (mg/l)	K (Mt)	SO ₄ (Mt)	Drainable Brine SOP (Mt)
Proved Reserve	119	6,207	0.74	2.14	1.65
Probable Reserve	295	5,306	1.57	4.46	3.49
Total Ore Reserve	414	5,565	2.30	6.60	5.13

The Ore Reserve estimate has been developed using detailed integrated groundwater flow and solute transport finite element modelling in FEFLOW, an industry standard numerical groundwater modelling platform. The models have been used to simulate the Ore Reserve estimate and develop mine plans for the Beyondie SOP Project. Proved and Probable Reserve volumes were derived from the capture zones originating from the Measured and Indicated Resource zones respectively. The impacts of lake surface recharge have been determined by comparing the differences of the mine plan with and without recharge. The Ore Reserve estimate does not include any recharge. A cut-off grade of 2,500 mg/L potassium has been applied to the Ore Reserve.



POTENTIAL UPSIDE



- KLL and BCI completed a positive Scoping Study in 2018 in relation to the Carnegie Potash Project Joint Venture. A significant initial Inferred Resource and Exploration Target have been stated with a further 82,000 hectares of lake surface on pending tenements not included in the figures providing further resource upside potential.



- WA Salt Koolyanobbing and Kalium Lakes have signed a Letter of Intent to evaluate and assess the recovery of Sodium Chloride (NaCl) salt products from the Beyondie SOP Project.



- Residual Evaporation Pond Brine can be converted to a Potential High Value Magnesium By-Product worth > \$1,000/t



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The information in this document is extracted from the report titled "TECHNICAL REPORT FOR THE BEYONDIE POTASH PROJECT, AUSTRALIA, JORC (2012) and NI 43-101 Technical Report – Bankable Feasibility Study" dated 17 September 2018 (Report) and ASX announcement titled "Lower Operating Cos and Increased Production for BSOPP" dated 4 March 2019 (Announcement), that relates to Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves and is based on information compiled by Thomas Schicht, a Competent Person who is a Member of a 'Recognised Professional Organisation' (RPO), the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1077) and Anke Penndorf, a Competent Person who is a Member of a RPO, the European Federation of Geologists, and a registered "European Geologist" (Registration Number 1152). Kalium Lakes confirms that it is not aware of any new information or data that materially affects the information included the Report and Announcement and, in the case of estimates of Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves, which all material assumptions and technical parameters underpinning the estimates in the Report and Announcement continue to apply and have not materially changed. Kalium Lakes confirms that the form and context in which the Competent Persons' findings are presented have not been materially modified from the Report and Announcement. Thomas Schicht and Anke Penndorf are full-term employees of K-UTEC AG Salt Technologies (K-UTEC). K-UTEC, Thomas Schicht and Anke Penndorf are not associates or affiliates of Kalium Lakes or any of its affiliates. K-UTEC will receive a fee for the preparation of the Report in accordance with normal professional consulting practices. This fee is not contingent on the conclusions of the Report and K-UTEC, Thomas Schicht and Anke Penndorf will receive no other benefit for the preparation of the Report. Thomas Schicht and Anke Penndorf do not have any pecuniary or other interests that could reasonably be regarded as capable of affecting their ability to provide an unbiased opinion in relation to the Beyondie Potash Project. K-UTEC does not have, at the date of the Report, and has not had within the previous years, any shareholding in or other relationship with Kalium Lakes or the Beyondie Potash Project and consequently considers itself to be independent of Kalium Lakes.

Thomas Schicht and Anke Penndorf have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Thomas Schicht and Anke Penndorf consent to the inclusion in this document of the matters based on their information in the form and context in which it appears.

