

Thursday 19 December 2019

To: All Shareholders

Dear Fellow Shareholder

Company Year End Update – December 2019

We are delighted to be able to provide this short company update on the achievements and major milestones that have ensured a very successful 2019 calendar year for Kalium Lakes Limited, concluding with the major accomplishment of Financial Close on 9 December 2019.

For our small team the significance of achieving Financial Close has now enabled Kalium Lakes to proceed with the first drawdown under the Project Debt Facilities which represents the culmination of 10 months of intense corporate activity, to ensure that we can continue to construct the Beyondie Sulphate of Potash Project.

Construction activity is tracking on time and within budget, with the Project already 23 per cent complete. This reflects an investment in excess of A\$50 million and a commitment to more than A\$200 million of work to date, the majority of which has been awarded to Australian businesses.

To show current activities and progress at the Project site, we have compiled a short video which can be viewed by accessing this website page: <https://www.kaliumlakes.com.au/>

Today our company is poised to achieve its target of becoming Australia's first Sulphate of Potash producer which we consider, for a business founded in 2014 and one that listed on the ASX three years ago in December 2016, is an absolutely outstanding result.

This year we have released more than 40 announcements that record our key achievements during 2019 including:

- Financial Close
- Final Investment Decision in October
- Front End Engineering and Design Completed
- Offtake Agreement with K+S for 100% of Phase 1 SOP Production
- \$102 Million KfW IPEX-Bank Credit Approval
- A\$74 Million Loan Package from NAIF
- The Western Australian Government approved the Northern Australia Infrastructure Facility fund
- German Government Export Credit Cover (Euler-Hermes)
- Greenstone Resources A\$20.8 million Cornerstone Investment
- Mining Proposal Approved and Mining Tenure Granted
- EPBC Environmental Approval
- State Environment Minister Approval Project Implementation
- Australian Federal Government Grants Major Project Status
- 10 Mile Lake West – New Tenement delivering the highest brine grades recorded
- Award of key contracts:
 - Purification Plant (Ebttec, DRA, Köppern, Firm)
 - Haulage and Port (Toll)
 - Gas Supply and Transport (Shell and APA)
 - Liner Supply and Install (Jaylon)
 - Salt Harvester (Wirtgen)

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- Research and Development Tax Offset of \$1.3 million received
- Terms sheet signed with EcoMag Limited to investigate a high value magnesium Joint Venture
- Extensive Increase in Aquifer Thickness at Lake Sunshine

We have also received considerable media coverage across international, national and regional publications serving the investment, agriculture and resources sectors.

Looking forward to the year 2020, we see an exciting period of construction, with commissioning scheduled to commence at the end of the year. We will continue to provide regular updates as the Project moves through the various stages.

In addition, we anticipate an update in Mineral Resources and Ore Reserves, which will follow on from the recent drilling results at 10 Mile West and Sunshine Lake.

We are also encouraged with the potential that a Magnesium by-product could add to the overall economics of the BSOPP and we plan to conduct various studies during 2020.

The predictions of demand for premium fertiliser are still showing an increase as the world population grows and the many developing nations drive consumption of various meat and food crops. Kalium Lakes holds the view that the outlook for SOP sales remains positive.

We consider that the ability to provide capacity to deliver a secure agricultural supply chain for Australian Farmers and export markets, as well as the close proximity to transport infrastructure (roads, gas pipelines and port) of the Beyondie SOP Project, are vital attributes in developing a successful SOP production business.

On behalf of the Board, management and employees, we take this opportunity to wish everyone a safe and restful festive season.

Yours faithfully



Malcolm Randall
Non-Executive Chairman



Brett Hazelden
Managing Director and Chief Executive Officer

Forward-Looking Information

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:

- *disclaim any obligations or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumption;*
- *do not make any representation or warranty, express or implied, as to the accuracy, reliability or completeness of the information in this document, or likelihood of fulfilment of any forward-looking statement or any event or results expressed or implied in any forward-looking statement; and*
- *disclaim all responsibility and liability for these forward-looking statements (including, without limitation, liability for negligence).*

Compliance Statements

The information in this document is extracted from the report titled "TECHNICAL REPORT FOR THE BEYONDIE SULPHATE OF POTASH PROJECT, AUSTRALIA, JORC (2012) and NI 43-101 Bankable Feasibility Study" and dated 17 September 2018 (Report), 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). The Report was announced to the ASX by KLL on 18 September 2018 as part of an announcement entitled "Bankable Feasibility Study Completed with Exceptional Financial Outcomes" and on 4 March 2019 KLL announced to the ASX an update entitled "Lower Operating Cost and Increased Production For BSOPP".

Kalium Lakes confirms that it is not aware of any new information or data that materially affects the information included in the above announcements and, in the case of estimates of Exploration Targets, Exploration Results, Mineral Resources and Ore Reserves, KLL confirms that all material assumptions and technical parameters underpinning the estimates in the relevant 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 original announcements.

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 received a fee for the preparation of the Report in accordance with normal professional consulting practices. This fee was 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.

Each of 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 the Report of the matters based on their information in the form and context in which it appears.