

1 July 2022

## OPERATING AND CORPORATE ACTIVITIES UPDATE

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) provides an update with respect to its corporate activities and operational status at the Beyondie SOP Project (**Beyondie** or **BSOPP**).

- Cumulative production of 1,000 tonnes of commercially saleable SOP to 29 June 2022.
- First commercial sales being scheduled for mid-July through offtake partner, K+S.
- Process design validated during plant equipment testing in May and June.
- Plant equipment testing to continue through July, followed by August shutdown and restart in September; targeted ramp-up through to planned nameplate performance tests in Q4 CY2022.
- Late rain events in May and June have filled trenches, preconcentrator ponds and evaporation ponds, with resultant delays in pond salt precipitation of 5-6 weeks due to longer evaporation periods.
- BSOPP expected to be operating at an approximate 80 Ktpa SOP production run rate by Q1 CY2023, with the targeted 120 Ktpa run rate established by Q3 CY2024.
- Discussions advancing with financiers in connection with requisite funding initiatives in Q3 CY2022.
- As at 29 June 2022, Kalium Lakes had approximately A\$21.3 million in cash and has drawn down A\$178.4 million pursuant to senior debt facilities.

### **Kalium Lakes' Chief Executive Officer, Len Jubber, said:**

*"We are pleased with the support being received to date from our senior lenders as we progress our fundraising discussions with respect to our targeted capital raising initiative during the September quarter.*

*At Beyondie, we continue to make strong progress towards de-risking the planned ramp-up of plant operations from September. Validating our process route in recent months has been powerful in demonstrating the long term future of the operation. We now look forward to delivering on the promise offered by the BSOPP over the second half of this calendar year and beyond."*



## Operations Update

### SOP Purification Plant

Following validation of the purification plant process design (refer KLL ASX release dated 31 May 2022), the equipment testing programme has continued as planned over the past month, with a cumulative total of 1,000 tonnes of commercially saleable SOP produced up to 29 June 2022.

The availability of sufficient KTMS (kainite-type mixed salts) to feed the plant remains the key production constraint. However, with the improved pond operating procedures, expectations are that sufficient KTMS will be available by end of August to commence the ramp up in production. Until then Kalium Lakes plans to produce SOP at lower rates, with the current focus being continuous production and building expertise in operating the plant.

Further optimisation and rectification works during the planned shutdown in August will include a focus on the flotation circuit. Additional works, including further pump upgrades and the installation of a heat exchanger to allow improved operation during hot summer weather do not require a shutdown and will take place after August.

Production is planned to recommence in September, with progressive SOP output ramp-up through to nameplate performance tests planned at the end of Q4 CY2022.

As previously outlined, the BSOPP is expected to be operating at an approximate 80 Ktpa SOP production run rate by Q1 CY2023, with the targeted 120 Ktpa run rate established by Q3 CY2024.

First commercial sales are being scheduled for mid-July delivery with offtake partner, K+S.

### Pond Operations

During the quarter to date, 20,100 tonnes of KTMS and 83,100 tonnes of waste salt was harvested. As a result of late season rain events in May and June, brine movement between the evaporation ponds has been halted due to the dilution effects of the rain on brine chemistry. This has resulted in delays in salt precipitation of 5-6 weeks due to the time required to evaporate the excess fresh water from the ponds and return the brine chemistry to target levels.

#### KTMS harvest output, plant feed stockpiles and waste harvesting

KTMS output and plant feed	1 April to 27 June 2022	March 2022 Qtr
KTMS harvested (t)	20,100	30,800
KTMS fed into SOP plant (t)	34,100	-

  

KTMS ROM stockpiles	As at 27 June 2022	As at 31 March 2022
KTMS ROM stockpile – design (or above) grade (t)	11,400 <sup>1</sup>	31,000
KTMS ROM stockpile – lower grades for blending (t)	42,200 <sup>1</sup>	34,000
<b>Total KTMS stockpile (t)</b>	<b>53,600 <sup>1</sup></b>	<b>65,000</b>

  

Waste salt harvesting	1 April to 27 June 2022	March 2022 Qtr
Waste salt harvested (t)	83,100	36,000

<sup>1</sup> KTMS stockpiles on the ROM are subject to month end surveys. Mid-month estimates of stockpiles are expected to include unreconciled differences to movements calculated by way of tonnes harvested and tonnes fed into the SOP plant.

As noted earlier, expectations are that sufficient KTMS will have been harvested by the end of August to commence the ramp up in production.

## **Borefield & Trenching Operations**

Aggregate brine potassium grades from the borefield and trenching operations to the pre-concentration ponds have continued to be at or above predicted concentrations. Brine supply capacity also continues to increase as planned, with Ten Mile and Lake Sunshine pre-concentrator ponds full and primary evaporation ponds covered in brine as per schedule.

As a result of the recent rain events Ten Mile and Lake Sunshine have seen significant recharge. An initial drop in grade was measured followed by a trend of increasing grade over the last few weeks back to near mine plan grades. This is expected to provide significant upside in surge capacity for the upcoming summer evaporation period.

The 120 Ktpa expansion programme works progressed, with a total of 23 out of 27 exploration holes and 12 out of 25 new production bores now completed and the second Lake Sunshine transfer pipeline due for commissioning in the September quarter. Availability of drilling crews in the June quarter has been adversely affected by Covid, and a pause in drilling of approximately 4 weeks has recently been instigated whilst test pumping and review of newly installed bore capacities is completed. The revised schedule estimates that the bore drilling will be complete in October. New bores are planned to be progressively added to the brine pumping system from November onwards, with completion expected by January 2023.

## **Corporate and Financial Update**

As at 29 June 2022, Kalium Lakes had approximately A\$21.3 million cash and has drawn down A\$178.4 million pursuant to senior debt facilities with NAIF and KfW.

As previously announced, Kalium Lakes expects that it will have a requirement for further external funding during Q3 CY2022 as a result of the revised production ramp-up schedule at Beyondie. The Company expects to be able to inform the market of the quantum of funding during July 2022.

Discussions with financiers in connection with the revised production ramp-up schedule and funding requirements are continuing to advance well, assisted by financial adviser, Cutfield Freeman and Co.

The maturity date on the undrawn A\$20 million liquidity facility provided by the Company's senior lenders, NAIF and KfW, has by agreement been extended to 31 July 2022. Pre-requisites to drawdown of the liquidity facility are related to the Company demonstrating to its senior lenders that it has a funding solution in place for the revised ramp up to the production target of 120 Ktpa of SOP.

The Company's senior debt facilities have no measurable financial covenants requiring satisfaction before CY2024. The facility agreements contain material adverse change clauses typical for facilities of this nature.



## 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.

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\*\*\* 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

Stephen Dennis  
Mark Sawyer  
Brent Smoothy  
Sam Lancuba

Non-Executive Chairman  
Non-Executive Director  
Non-Executive Director  
Non-Executive Director



### Contact Details:

Kalium Lakes Limited  
Unit 1, 152 Balcatta Road  
BALCATT A WA 6021

PO Box 610  
BALCATT A WA 6914

Email: [info@kaliumlakes.com.au](mailto:info@kaliumlakes.com.au)  
Web: [www.kaliumlakes.com.au](http://www.kaliumlakes.com.au)  
Tel: +61 (0)8 9240 3200



### Chief Executive Officer

Len Jubber

### Chief Financial Officer

Jason Shaw

### Company Secretaries

Sophie Raven 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