

Monday 9 December 2019

Financial Close Achieved

Highlights

- **Financial Close achieved, allowing Kalium Lakes to draw down on Project Debt Facilities.**
- **German Government export credit agency, Euler Hermes, has issued its guarantee for approximately €33 million of export credit cover.**
- **Construction well advanced at 19% complete, with the Project tracking on time and within budget.**
- **Kalium Lakes has spent A\$50 million and committed more than A\$200 million of work to date.**
- **Australia's First Sulphate of Potash project is on schedule to begin in 2020.**

Kalium Lakes Limited (Kalium Lakes) (ASX:KLL) is pleased to announce that it has reached Financial Close and is now able to proceed with first drawdown on its Project Debt Facilities underpinning the ongoing development of its 100% owned Beyondie Sulphate of Potash Project (BSOPP).

As announced on 2 July 2019, Kalium Lakes secured ~A\$102m of senior debt funding from KfW IPEX-Bank (KfW), of which approximately half is supported by a guarantee from the German Government Export Credit Agency, Euler Hermes. In addition, A\$74 million of senior debt funding has been secured from the Northern Australia Infrastructure Facility (NAIF) and A\$15 million in working capital facilities (and additional hedging lines) from Westpac.

Financial Close followed the satisfaction of all required Conditions Precedent under the Project Debt Facilities.

Commenting on the milestone, the Company's Chief Financial Officer, Chris Achurch said: "Achieving Financial Close and enabling Kalium Lakes to proceed with the first drawdown under the Project Debt Facilities is a significant milestone, inclusive of more than 165 Conditions Precedent being met to the lenders' satisfaction.

"We wish to thank the Company's lenders KfW, NAIF, Euler Hermes and Westpac, that have demonstrated strong support for this project and worked very closely with the Kalium Lakes' corporate office. It would also not have been possible without the hard work and persistence displayed by each of the legal firms representing the senior lenders, DLA Piper (for KLL), Allen & Overy (for KfW), Allens (for NAIF) and Herbert Smith Freehills (for Westpac).

"Our team is extremely pleased with progress at Beyondie, as construction is tracking on time and within budget with the Project already 19% complete at the end of November 2019. The Company has already spent more than A\$50 million and committed more than A\$200 million of work to date.

"Support from the Company's financial adviser, BurnVoor Corporate Finance, has also been instrumental in Kalium Lakes' success since its listing in December 2016," Mr Achurch said.

About



NAIF: The Northern Australia Infrastructure Facility (NAIF) is a Commonwealth Government lending facility to finance projects via the governments of the Northern Territory, Queensland and Western Australia to achieve growth in the economies and populations of Northern Australia and encourage and complement private sector investment.

Projects supported by NAIF are diversified across sectors including ports, airports, tourism, education, social infrastructure, agriculture, resources and renewable energy.

To date NAIF has made more than \$1.93bn in Investment Decisions and Conditional Approvals for projects across Northern Australia. Projects supported by Investment Decisions are forecast to create more than 4,600 jobs (in construction and operations) and more than \$4.6bn in public benefit. Every NAIF project will support important Indigenous engagement with many projects committing to Indigenous employment or procurement targets.



KfW: Within KfW Group, KfW IPEX-Bank is responsible for international project and export finance. It offers medium and long-term financing to support key export industries, to develop economic and social infrastructure, to fund environmental and climate protection projects and to secure the supply of raw materials. KfW IPEX-Bank operates as a legally independent group subsidiary and is represented in the most important economic and financial centres across the globe.



Euler Hermes: Euler Hermes is the German Export Credit Agency (ECA) and mandated by the Federal Republic of Germany to manage its guarantee schemes for exports and foreign investments. Total cover under export credit guarantees amounted to EUR 19.8 billion in 2018 in 153 countries.



Westpac: Westpac Institutional Bank (WIB) delivers a broad range of financial products and services to commercial, corporate, institutional and government customers operating in or with connections to Australia and New Zealand.

WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in financing, transactional banking, and financial and debt capital markets. Customers are supported throughout Australia and via branches and subsidiaries located in New Zealand, the US, UK and Asia. WIB is also responsible for Westpac Pacific providing a full range of banking services in Fiji and PNG. WIB works with all Westpac Group's divisions in the provision of markets related financial needs including foreign exchange and fixed interest solutions.



Burnvoir: For over 20 years, BurnVoir Corporate Finance has provided the highest quality financial, commercial and strategic advice and finance arranging support in more than 150 transactions to a range of corporate clients, governments and government agencies, institutional investors, fund managers and family offices. Our independence, together with our unique combination of financial and industry skills, delivers substantial value to clients in the resources, energy and infrastructure industries, and across a wide range of financial, commercial and strategic issues.



DLA Piper is a global law firm with lawyers located in more than 40 countries throughout the Americas, Europe, the Middle East, Africa and Asia Pacific, positioning us to help clients with their legal needs around the world. We strive to be the leading global business law firm by delivering quality and value to our clients. We achieve this through practical and innovative legal solutions that help our clients succeed. We deliver consistent services across our platform of practices and sectors in all matters we undertake.



Allen & Overy: Allen & Overy is a global integrated elite law firm spanning 44 offices in 31 countries with a premier Australian practice. With a track record of advising on complex, Australian and cross-border matters for market leading organisations, Allen & Overy provide experience and global learning to help deliver the cost-effective, efficient and innovative solutions required in today's competitively challenging market.



Allens: Allens is a leading international law firm with a long and proud heritage of shaping the future for their clients, their people and the communities in which they work. Allens is privileged to hold some of the world's longest ongoing client relationships, stretching back more than 170 years. The firm's alliance with Linklaters LLP connects their clients with an international network of legal leaders that spans 40 offices in 28 countries.



Herbert Smith Freehills: Operating from 27 offices across Asia Pacific, EMEA and North America, Herbert Smith Freehills is at the heart of the new global business landscape. It provides premium quality, full-service legal advice on dispute resolution, projects and transactions to many of the world's most important organisations. The firm has expertise across industry sectors, including banks, consumer products, energy, financial buyers, infrastructure and transport, mining, pharmaceuticals and healthcare, real estate, TMT, and manufacturing and industrials.

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Beyondie Sulphate of Potash Project

Developing Australia's First SOP Operation

- 100% owned **Beyondie Sulphate of Potash Project (BSOPP)**
- Located 160km south east of Newman, in Western Australia
- **Bankable Feasibility Study (BFS)** and **Front End Engineering and Design (FEED)** completed
- **Binding Offtake Agreement** with K+S, ~\$650M revenue over first 10 years
- **All Native Title Mining Agreements** are in place | **All EPA, EPBC, DMIRS, DWER construction approvals** in place
- **Phase 1 Start-up = 90ktpa SOP**; Phase 2 = 180ktpa SOP | **Low All In Sustaining Operating Cost (AISC) ~US\$178-207 /t FOB**
- Pre-Tax NPV₈ \$606M, **IRR of 20.3% and +A\$3B LOM free cashflow**
- **Low Cost Financing Credit Approved** - NAIF (A\$74M), KfW (~A\$102M) with Euler Hermes German Government Guarantee
- **\$92 million equity raised during 2019** to complete Project funding requirement
- **Final Investment Decision (FID)** announced 3 October 2019



Compliance Statement

The information in this document that relates Production Targets has been extracted from the ASX announcement(s) listed below.

- 17 September 2018: Bankable Feasibility Study Completed With Exceptional Financial Outcomes
- 4 March 2019: Lower Operating Cost and Increased Production For BSOPP (Front-End Engineering and Design (FEED) works)

The report(s) are available to be viewed on the website at: www.kaliumlakes.com.au

Kalium Lakes confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Ore Reserve Estimates, Exploration Targets or Production Targets, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Cautionary Statement Regarding Forward-Looking Information

Statements regarding plans with respect to the Company's mineral properties may contain forward looking statements. Statements in relation to future matters can only be made where the Company has a reasonable basis for making those statements. This announcement has been prepared in compliance with the current JORC Code 2012 Edition and the current ASX Listing Rules. The Company believes it has a reasonable basis for making the forward-looking statements, including any production targets, based on the information contained in the announcement and in particular the JORC 2012 and NI 43-101 Technical Report - Bankable Feasibility Study.

All statements, trend analysis and other information contained in this document relative to markets for Kalium Lakes, trends in resources, recoveries, production and anticipated expense levels, as well as other statements about anticipated future events or results constitute forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "believe", "plan", "estimate", "expect" and "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. Forward-looking statements are subject to business and economic risks and uncertainties and other factors that could cause actual results of operations to differ materially from those contained in the forward-looking statements. Forward-looking statements are based on estimates and opinions of management at the date the statements are made. Kalium Lakes does not undertake any obligation to update forward-looking statements even if circumstances or management's estimates or opinions should change. Investors should not place undue reliance on forward-looking statement

Kalium Lakes Limited



ABN: 98 613 656 643
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Ordinary Shares on Issue: 385,927,963



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Share Registry

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