

REVISED ARRANGEMENTS AGREED WITH EBTEC

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) announces that it has agreed on revised arrangements with engineering and design firm Ebtec GbR (**Ebtec**) in relation to the Company's Sulphate of Potash purification plant (**SOP Plant**) at its Beyondie SOP Mine (**Beyondie**).

The new arrangements provide for:

- (a) a settlement and release of potential claims from either party in relation to the existing EPS Services agreement for the design and engineering of the Company's SOP Plant, which also incorporates Kalium Lakes receiving supply and title to the two heat exchangers recently added to the SOP Plant (**Settlement Arrangement**); and
- (b) a new services agreement for continued technical services by Ebtec, both on-site and from Germany (**Services Agreement**).

The Settlement Arrangement reached between Kalium Lakes and Ebtec is in lieu of the performance guarantees provided by Ebtec for the operation of the SOP Plant and includes a two-way release from any claims in connection with the original EPS Services agreement for the design, engineering, supply and commissioning of equipment for the SOP Plant at Beyondie.

Under the terms of the Settlement Arrangement reached with Ebtec, Kalium Lakes has received a net cash amount of approximately EUR €1.74 million (~A\$2.8 million) from Ebtec. In order to facilitate this receipt, the Company's Senior Lenders, Northern Australia Infrastructure Facility (**NAIF**) and KfW IPEX-Bank GmbH (**KfW**), have approved a drawdown of the remaining part of KfW Facility A of approximately EUR €1.217 million which, under the original EPS Services agreement was to be used for final payments to Ebtec, but as part of the Settlement Arrangement has been received by Ebtec and paid on to Kalium Lakes.

The performance incentives to Ebtec have also been revised, with an amount of EUR €250,000 set aside from the KfW Facility A drawdown and to be placed into escrow, payable to Ebtec upon the SOP Plant achieving a simplified performance test, being the SOP production output equivalent to the minimum performance specification set out in the original EPS Services agreement. This escrowed EUR €250,000 is separate from the net EUR €1.74 million cash settlement received by Kalium referred to above. Furthermore, 17,677,493 performance rights will today be issued to Ebtec, which are convertible into 17,677,493 fully paid ordinary shares in Kalium Lakes for nil consideration upon the SOP Plant achieving the simplified performance test. An Appendix 3G for the issue of the performance rights will follow.

As part of the above arrangement, Kalium Lakes and Ebtec have also entered into the Services Agreement for continued technical services by Ebtec, both on-site and from Germany, in order to achieve the production ramp up at Beyondie.

Kalium Lakes' acting Chief Executive Officer, Jason Morin, said:

"We are focussed on our production ramp up and achieving nameplate capacity of the Beyondie SOP Plant as soon as possible, and now with commercial clarity in our relationship with Ebtec both parties will continue to drive towards that goal."

Ebtec Managing Partner, Markus Pfänder, said:

"This agreement builds on our work to date with a defined pathway forward. We remain confident in achieving the SOP Plant's design parameters and continue to work very closely with Kalium Lakes to ensure the success of Beyondie."

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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This announcement was approved and authorised for release by the Board of Kalium Lakes Limited.

Kalium Lakes Limited



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