

Wednesday 22 December 2021

BEYONDIE SOP PROJECT – ACTIVITIES UPDATE

- Construction of Beyondie Sulphate of Potash Project completed
- Operating Licence issued by Department of Water and Environmental Regulation (DWER) – delivers operational permitting
- Potassium salts harvested during CY2022 expected to be lower than initially targeted, although long term forecast remains unaffected
- Certain later-stage commissioning issues identified in the SOP purification plant due to initial variability in harvested potassium salt feed grades, process control and non-critical mechanical issues
- Successful production of a small quantity of standard grade SOP during commissioning validates process flowsheet
- EBTEC and Kalium Lakes teams working to resolve remaining commissioning issues to deliver sustained continuous, steady-state operations

Compaction Plant and Construction Complete

Kalium Lakes Limited (ASX:KLL) (**Kalium Lakes** or the **Company**) is pleased to advise that DRA Pacific Pty Ltd (**DRA**) has achieved practical completion of the compaction plant at the Beyondie SOP Project (**BSOPP**), marking the completion of its construction contract. Dry commissioning of the compaction plant has commenced and product commissioning will commence when sufficient quantities of standard grade Sulphate of Potash (**SOP**) are available. DRA has now demobilised from the BSOPP.



Compaction Plant Construction Complete

Operating Licence

The Company has been issued its Operating Licence by the Western Australian Department of Water and Environmental Regulation (**DWER**), allowing commercial operation at the BSOPP.



BSOPP Evaporation Ponds and Purification Plant

Commissioning Update

Kalium Lakes is being supported on site and remotely by its German partners, EBTEC Gbr, through its leading SOP production technical expertise. During commissioning activities, Kalium Lakes has successfully produced a small quantity of standard grade SOP. This is a practical achievement that validates the BSOPP process flowsheet.

Potassium Salts Production

As previously announced, actions have been taken during recent weeks to optimise brine production levels. This will continue to be a major focus area in order to manage flow rate demands, particularly during the high evaporation summer period.

Although these recent actions have resulted in a significant improvement in brine production, a more detailed review of current brine supply and evaporation pond dynamics is underway.

Preliminary analysis in recent days has indicated that less harvested potassium salts are likely to be produced over this summer period, and therefore during CY2022, than initially targeted. This is, in part, a result of the previously announced brine supply interruptions having a greater impact on evaporation pond performance than first expected. Kalium Lakes will continue to work with brine industry experts to quantify the likely impact on forecast CY2022 harvested potassium salt production. Forecast long term brine and harvested potassium salt output are not expected to be affected.

Purification Plant

A review of the SOP purification plant operations is also underway. Preliminary analysis in recent days has identified certain later-stage commissioning issues, most notably being initial variability in harvested potassium salt feed grades and process control, and non-critical mechanical issues with some of the plant equipment. Planning for the required rectification works is underway.

Kalium Lakes considers that many of these variability issues, although initially impacting the commissioning and ramp-up programme, are readily and regularly managed under commercial operations.

Restricted availability of resources and logistical challenges in getting additional international experts of the original equipment manufacturers on site through the current COVID-19 requirements has also contributed to some of the challenges during commissioning of specific plant equipment. The Company expects these challenges to ease in the coming months as Western Australian border restrictions are lifted.

The Kalium Lakes and EBTEC teams are jointly working through the SOP purification plant commissioning and ramp-up issues in a systematic manner. These issues are expected to be fully resolved in accordance with the performance guarantees provided by EBTEC.

Ramp-up schedule

The current status of commissioning and ramp-up at BSOPP is expected to have an impact on the targeted dates for achieving nameplate production rates. The Company will provide an update, via an ASX announcement, on the status of the BSOPP commissioning and ramp-up schedule once the reviews are complete.

Markus Pfänder, CEO of K-UTEC, commented:

"We are very pleased to see first SOP production achieved at Beyondie. This is a strong validation of the process flowsheet and the work of all on-site personnel in delivering this landmark milestone. We now look forward to working alongside the Kalium Lakes' team in completing commissioning and driving plant ramp up to steady state operations. All encountered plant issues are resolvable and we are currently implementing a detailed action plan to deliver targeted nameplate plant output levels."

Kalium Lakes Chief Executive Officer, Len Jubber, commented:

"The focus of the Kalium Lakes' team and its project partners remains unchanged – delivering Beyondie to commercial production and then nameplate capacity in a safe and sustainable manner as rapidly as possible."

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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



Contact Details:
Kalium Lakes Limited
Unit 1, 152 Balcatta Road
BALCATTWA 6021

PO Box 610
BALCATTWA 6914

Email: info@kaliumlakes.com.au
Web: www.kaliumlakes.com.au
Tel: +61 (0)8 9240 3200



Board of Directors

Stephen Dennis
Mark Sawyer
Brent Smoothy
Sam Lancuba

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



Chief Executive Officer

Len Jubber

Chief Financial Officer

Jason Shaw

Company Secretaries

Gareth Widger 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