KALIUM LAKES

ASX Release

2 May 2017

Current Drilling Program Delivers Outstanding Potassium Grades

Highlights

- **Outstanding Potassium Grades up to 11,500 mg/L** - equivalent to a **SOP grade of 25,600 mg/L**.
- **Consistently Low Impurity Levels** in the Stage 1 start-up area, with Na:K ratios between 7.2 and 8.3. This will result in lower NaCl waste disposal requirements.
- Results continue to demonstrate that the Beyondie Sulphate of Potash Project has the **highest grade potassium brine Resource in Australia**.
- Production Bore installation is progressing at 10 Mile and **pump testing has resumed**.
- Drilling to move east to Sunshine and along the palaeochannel utilising completed geophysical activities to target bore locations.

Kalium Lakes Limited (KLL) is pleased to report brine analysis results for all drill holes recently completed at its Beyondie Sulphate of Potash (SOP) Project as presented in Table 1 below.

Table 1 – Drill Hole Brine Assay Results

Hole Number	Sample Depth (m)	Ca	K	Na	Mg	SO4	Cl	SOP*	Na:Cl Ratio
		mg/L							
TMAC06	26	737	**6,030**	50,100	6,330	21,600	85,900	**13,438**	**8.3**
TMAC06	62	762	**6,050**	47,900	6,050	21,700	85,100	**13,482**	**7.9**
TMAC06	75	453	**9,990**	78,300	9,370	30,300	136,000	**22,262**	**7.8**
TMAC09	39	831	**2,400**	19,300	2,490	9,780	32,000	**5,348**	**8.0**
TMAC11	77	427	**11,200**	80,900	9,050	31,800	140,000	**24,959**	**7.2**
TMAC11	79	416	**11.300**	81,900	9,060	32,400	139,000	**25,182**	**7.2**
TMAC12	72	519	**9,070**	66,900	7,130	25,400	120,000	**20,212**	**7.4**
TMAC12	84	514	**9,290**	70,200	7,630	27,300	121,000	**20,703**	**7.6**
TMAC13	16	634	**5,125**	40,250	4,620	16,250	68,350	**11,420**	**7.8**
TMAC13	72	518	**9,220**	68,400	7,270	27,000	121,000	**20,547**	**7.4**
TMAC13	78	640	**6,200**	47,100	5,560	18,750	82,350	**13,817**	**7.6**
TMAC13	84	521	**9,260**	69,900	7,800	27,700	123,000	**20,570**	**7.6**

Hole Number	Sample Depth (m)	Ca	K	Na	Mg	SO4	Cl	SOP*	Na:Cl Ratio
		mg/L							
TMAC14	72	519	**9,200**	68,300	7,180	26,300	118,000	**20,502**	**7.4**
TMAC14	75	500	**9,200**	68,900	7,590	27,300	121,000	**20,502**	**7.5**
TMAC15	17	400	**1,190**	7,500	620	2,640	12,950	**2,652**	**6.3**
TMAC15	71	506	**7,800**	62,600	7,150	26,000	110,450	**17,400**	**8.0**
TMAC15	78	541	**8,340**	61,300	6,600	23,900	108,300	**18,585**	**7.4**
TMAC16	71	493	**7,880**	66,800	7,880	28,800	117,500	**17,560**	**8.5**
TMAC21	59	589	**7,300**	56,600	6,930	23,500	99,300	**16,268**	**7.8**
TMAC21	61	890	**3,840**	30,000	3,430	12,800	52,700	**8,557**	**7.8**
TMAC22	65	392	**11,300**	81,800	9,185	30,300	144,000	**25,182**	**7.2**
TMAC22	77	400	**11,400**	82,100	9,050	30,300	144,000	**25,405**	**7.2**
TMAC22	79	391	**11,500**	82,400	9,050	30,000	146,000	**25,627**	**7.2**
TMAC23	29	126	**1,540**	940	165	630	1,500	**312**	**6.7**
TMAC23	82	320	**7.550**	55,900	6,180	21,700	96,700	**16,825**	**7.4**
TMAC26	64	810	**5,380**	39,800	5,050	18,200	71,875	**11,990**	**7.4**

* SOP grade calculated by multiplying Potassium (K) by a conversion factor of 2.228475

Managing Director, Brett Hazelden, commented; “These grades confirm the exploration philosophy of the Company to target palaeochannels close to the source rocks from which the potassium has been naturally leached over time.

“The results continue to demonstrate that the Beyondie Sulphate of Potash Project has the highest grade potassium brine Resource in Australia.

“Grade is an absolutely vital factor and this, in turn, leads to **lower capital and operating costs** as a direct result from requiring fewer bores, less trenches, lower power demand and a smaller evaporation pond area. The low impurity levels, along with the high grade, also ensure a smaller environmental footprint including significantly less NaCl waste disposal requirements.

“We are continuing to fast track the project and these results give the Company added confidence in its current development strategy,” he said.

KLL is also pleased to confirm that installation of additional production bores is currently underway, pump testing has resumed and pond construction verification, including leakage trials, are ready to commence as soon as pipework installation is finalised.

Current Drill Program

The current drill program reflects KLL's development strategy, where a staged development approach provides initial production from the western areas of the project then expanding production to include the eastern areas (see Figure 1 below). Brine extraction would occur from both the upper alluvium via trenches and the lower basal aquifer via bore pumps.

This drill program focusses on the 10 Mile and Sunshine areas which will underpin the initial mine life, Pre-Feasibility Study (PFS) outcomes, a future Resource update and where the Company is targeting its maiden Ore Reserve. Figures 2 and 3 below shows an outline of this area and identifies previous and current drilling campaign locations.

Tables 1 and 2 present the drilling information and brine assay results which have been collected since drilling commenced in March 2017. The drilling results are currently confined to the 10 Mile area, with drilling now moving east to Sunshine and along the palaeochannel, utilising completed geophysical activities to target bore locations.

A combination of gravity and Tromino passive seismic geophysics has been used to target drill holes in the palaeochannel and host bedrock to map this margin of the Archaean and North West Officer Basin. Drilling to date has encountered high grade brine in the upper surficial aquifer, palaeovalley sediments, including basal sands, silcrete, and highly fractured bedrock and dolerite zones (ie high brine yield zones). Test pumping is continuing to define aquifer properties from each of these zones.

Monitoring bores have been installed within all drill holes and will facilitate monitoring of water levels over broad areas of the project during test pumping.

Figure 1 – Beyondie Project Tenure, Grade and Staged Development

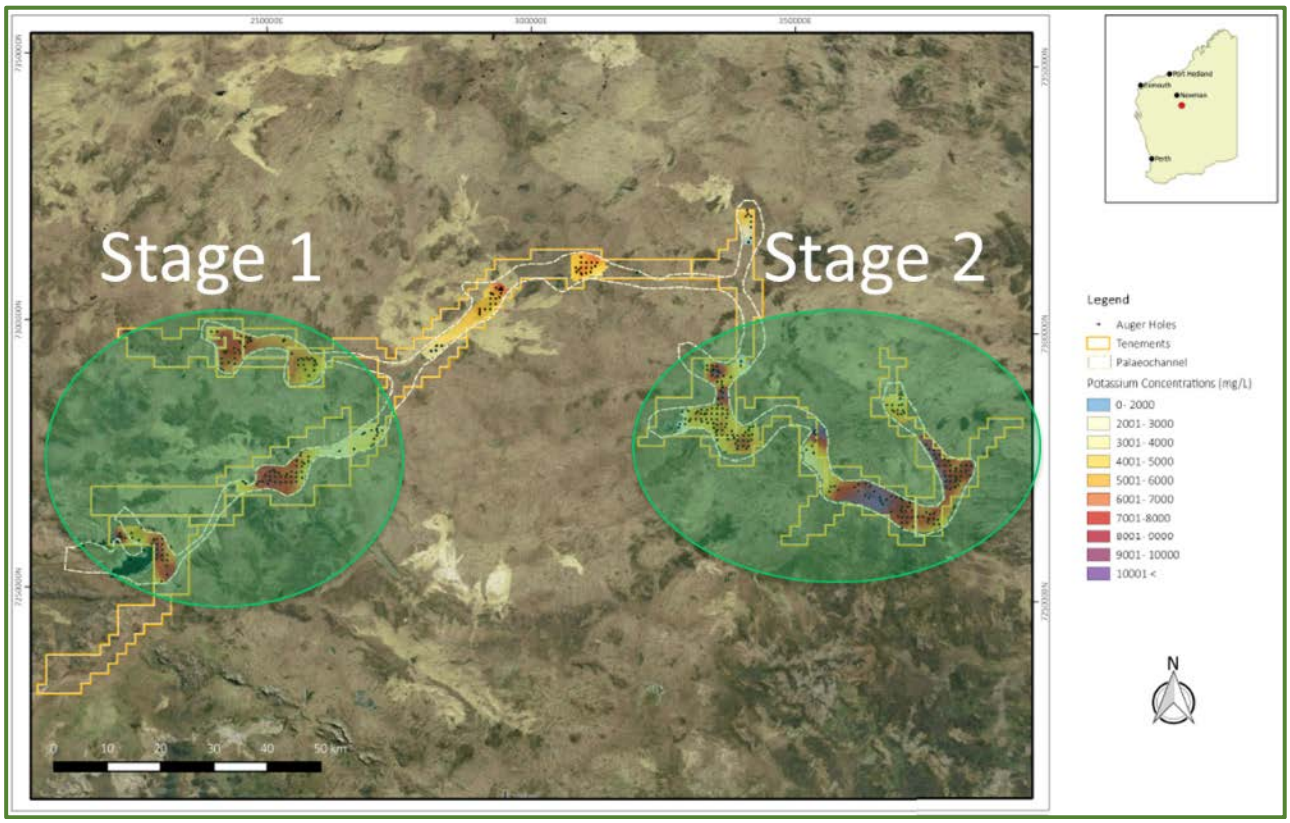

Figure 2 – 10 Mile Drilling Locations

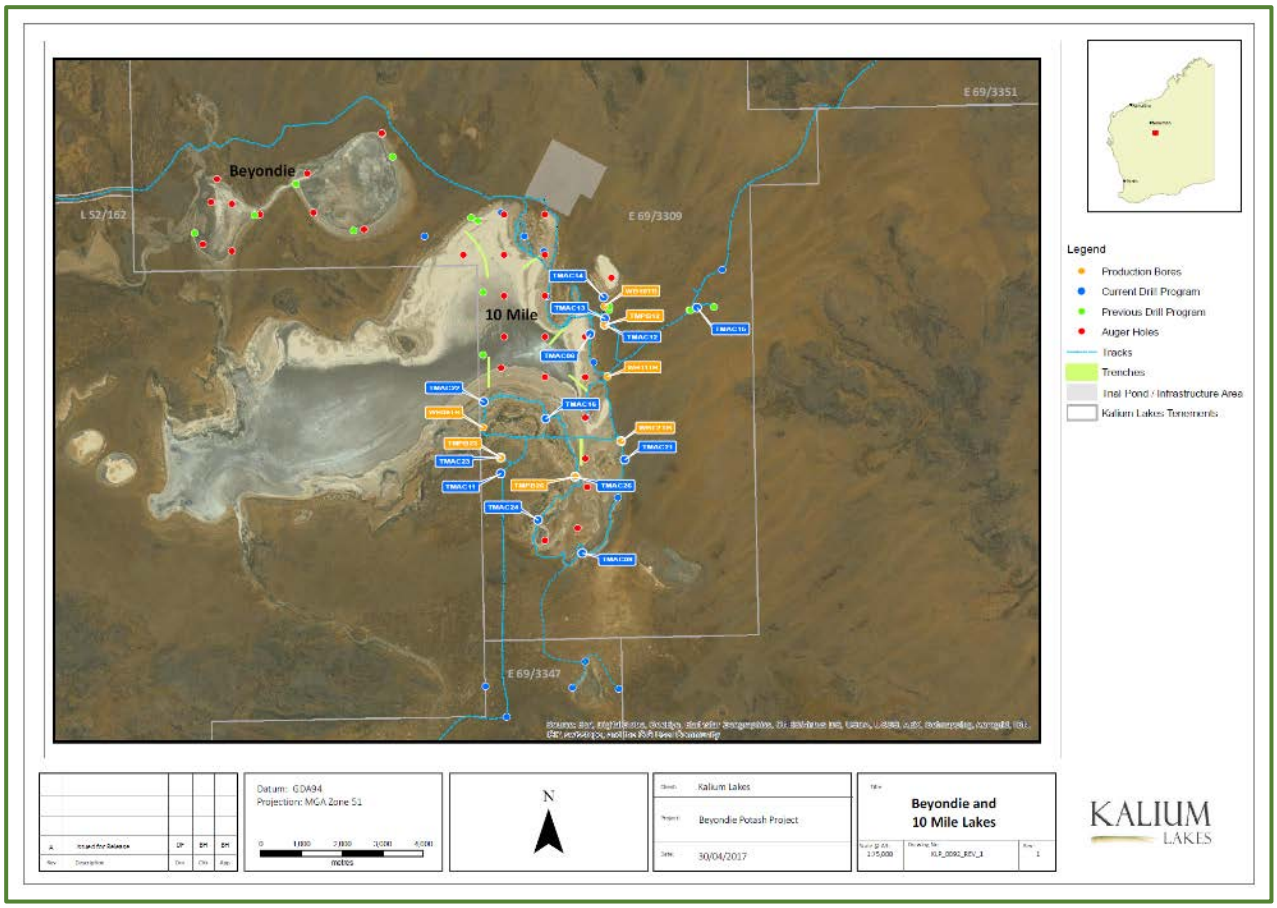

Figure 3 – 10 Mile and Sunshine Drilling Locations

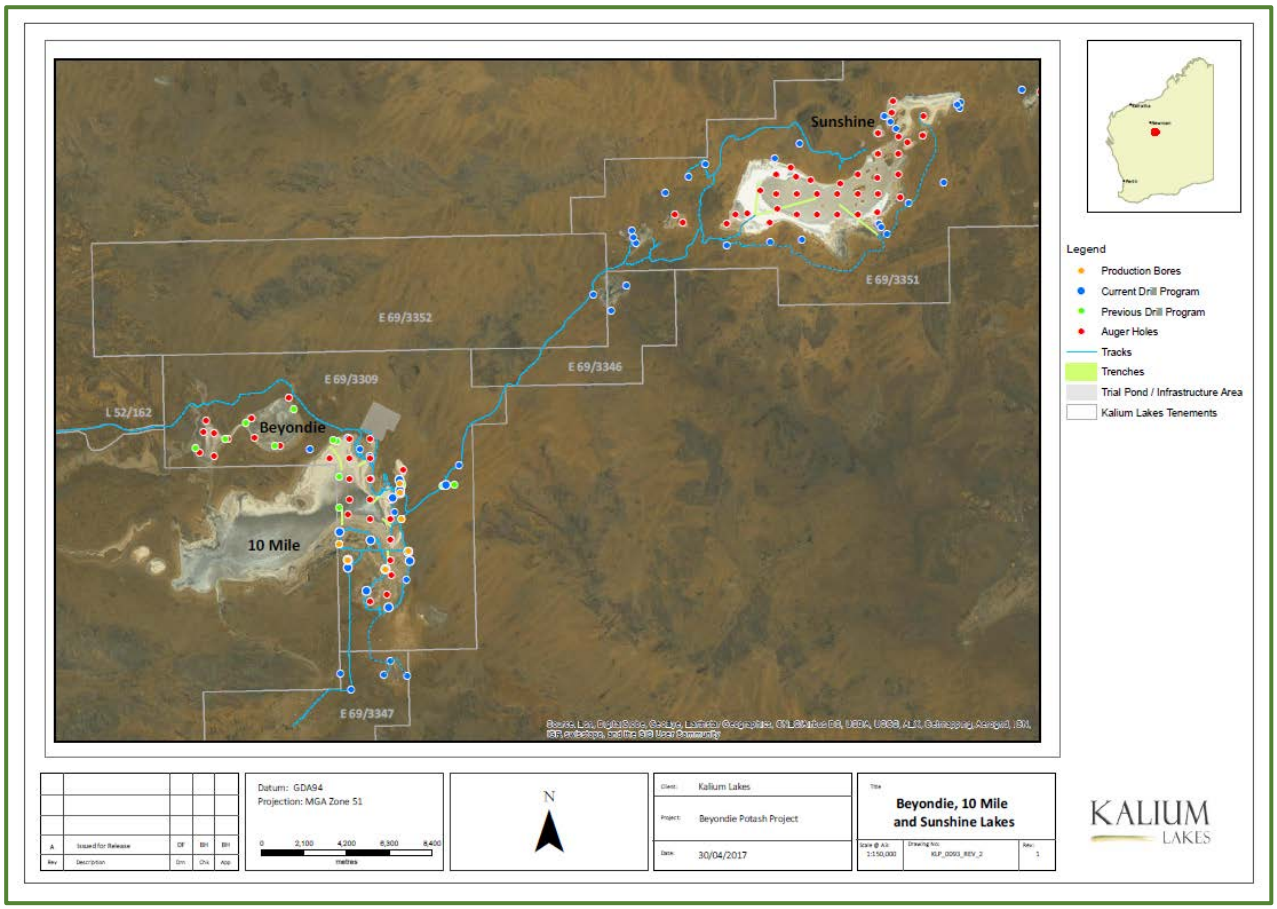

Table 2 – Drill Hole Data

Hole Number	Easting	Northing	Dip	Azimuth	Hole Depth (m)	Comments
TMAC06	233127	7256561	-90	0	75	7m of sand and silcrete
TMAC09	232933	7251175	-90	0	39	Hole ended in highly fractured siltstone
TMAC11	230921	7253138	-90	0	79	Hole ended in siltstone
TMAC12	233481	7256786	-90	0	97	11m of sand and silcrete
TMAC13	233489	7256944	-90	0	84	13m of sand and silcrete
TMAC14	233448	7257467	-90	0	75	10m of sand and silcrete
TMAC15	235748	7257207	-90	0	87	Hole ended in siltstone
TMAC16	232037	7253520	-90	0	71	Hole ended in dolerite sill
TMAC21	233976	7253477	-90	0	61	Hole ended in dolerite sill
TMAC22	230509	7253520	-90	0	79	Hole ended in fractured siltstone
TMAC23	230929	7253520	-90	0	82	Hole ended in highly fractured fault zone
TMAC24	231841	7251994	-90	0	56	Hole ended in siltstone - not sampled
TMAC26	232760	7253061	-90	0	64	Hole ended in sandstone

Table 3 – JORC Table One

Section 1 – Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report.* • *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The sampling program involved the collection of brine samples and samples of the aquifer material. Brine was obtained during drilling from prolonged airlift yields. • These samples are interpreted to come from the zone above the drilling depth, although the possibility of downhole flow outside of the drill rods from shallower zones cannot be excluded.
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-*	• Reverse circulation aircore drilling has been utilised for all holes drilled during this report. • All holes were drilled vertically.

Criteria	JORC Code explanation	Commentary
	sampling bit or other type, whether core is oriented and if so, by what method, etc).	
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• Brine samples have been collected during drilling, by sampling direct from the cyclone discharge. • Airlifts were generally of prolonged duration to obtain representative samples, however water flowing down from the surficial aquifer during deeper airlift yields cannot be ruled out.
Geologic Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• All geological samples collected during all forms of drilling are qualitatively logged at 1 m intervals, to gain an understanding of the variability in aquifer materials hosting the brine. • Geological logging and other hydrogeological parameter data is recorded within a database. • Solid samples are collected and washed and stored in chip trays for future reference.
Subsampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/ second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• All samples collected are kept cool (<20ºC), until delivery to the laboratory in Perth. • Brine samples were collected in 500 ml bottles with little to no air. • Field brine duplicates have been taken at approximately 1 in 10 intervals
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Elemental analysis of brine samples are performed by a reputable Perth laboratory, the Burea-Veritas (BV) (formerly Amdel/Ultrace) mineral processing laboratories. BV is certified to the Quality Management Systems standard ISO 9001. Additionally they have internal standards and procedures for the regular calibration of equipment and quality control methods. • Laboratory equipment are calibrated with standard solutions • Analysis methods for the brine samples used are inductively coupled plasma optical emission spectrometry (ICP OES), Ion Selective Electrode (ISE), Inductive coupled plasma mass spectroscopy (ICP-MS), volumetrically and colourimetrically. • The assay method and results are suitable for the calculation of a resource estimate. • Check assays have been undertaken
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	• Multiple samples have also been taken from nearby locations during sampling. • Field parameters of SG and total dissolved solids have been taken.

Criteria	JORC Code explanation	Commentary
	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• Data concerning sample location was obtained out in the field, data entry then performed back in the Perth office to an electronic database and verified by Advisian. • Assay data remains unadjusted.
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Hole location coordinates obtained by GPS by a qualified mines surveyor. Reduced levels are to be surveyed with a more accurate method in the future. • The grid system used was MGA94, Zone 51.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Drilling ensured a bore spacing of between 1 km and 3 km over the main palaeochannel in the 10 Mile Area. This is better than the recommendations by Houston *et al* (2011) of 5 km spacing for an Indicated Resource.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Not applicable, considering the deposit type. • All drill holes are vertical given the flat lying structure of a salt lake
Sample security	• *The measures taken to ensure sample security.*	• Samples are labelled and transported by KLP personnel to Perth. They are then hand delivered to BV laboratories by KLP personnel.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	• Advisian has conducted a review of works undertaken previously by AQ2 and KUtec.

Section 2 – Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The Beyondie Potash Project is 100% owned by Kalium Lakes Limited (KLP or Kalium Lakes) with project tenure held under granted exploration licences: E69/3306, E69/3309, E69/3339, E69/3340, E69/3341, E69/3342, E69/3343, E69/3344, E69/3345, E69/3346, E69/3347, E69/3348, E69/3349, E69/3351, E69/3352. • KLP has a land access and mineral exploration agreement with the Mungarlu Ngurrarankatja Rirraunkaja Aboriginal Corporation over tenures E69/3339, E69/3340, E69/3342, E69/3343, E69/3344, E69/3345, E69/3348, E69/3349 and E69/3351. • KLP has an exploration and prospecting deed of agreement, and a Mining Land Access Agreement with the Gingirana Native Title Claim Group over tenures E69/3341, E69/3346, E69/3347 and E69/3352.

Criteria	JORC Code explanation	Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• There has been no previous exploration at the Beyondie Potash Project.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The deposit is a brine containing potassium and sulphate ions that could form a potassium sulphate salt. The brine is contained within saturated sediments below the lake surface and in sediments adjacent to the lake. The lake sits within a broader palaeochannel system that extends over hundreds of kilometres.
Drill hole Information	*A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes:* • *easting and northing of the drillhole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar* • *dip and azimuth of the hole* • *downhole length and interception depth* • *hole length.* *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Information has been included in drill collar tables and bore logs appended to this report. • All holes are vertical.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• Not applicable due to exploration results being applicable to a brine and not a solid. • No low or high grade cut-off grade has been implemented due to the consistent grade of the brine assay data.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'downhole length, true width not known').*	• Not applicable due to exploration results being applicable to a brine and not a solid.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These*	• Refer to figures/tables in this announcement.

Criteria	JORC Code explanation	Commentary
	should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.	
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• All pertinent results have been reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Approximately 1,105 km of gravity and passive seismic geophysical surveys have been completed,. The tests were performed to define the deepest parts of the palaeochannel, with traverses undertaken across the channel, extending from 10 Mile Lake to TJunction Lake. • Eight sand samples, two clay samples and 12 lake alluvium samples were previously collected during drilling and submitted to a laboratory for porosity and specific yield analysis. • Metallurgical and mineral processing testwork has included bench scale solar evaporation tests, milling, floatation and conversion. The results of the test work have enabled preliminary process plant design for the Beyondie brine. • Other companies have regionally performed exploration on for similar brine deposits.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• More extensive drilling may confirm the occurrence of basal sands throughout the whole palaeochannel system, and increase the certainty related to the continuity in sand horizons around existing bores in the Ten Mile Lake area. • Further geophysical surface exploration of the palaeochannels will determine stratification as well as the exact vertical and horizontal extension of the channels. • Geophysical downhole logging will return insitu parameters of porosity, permeability, density and electrical conductivity. These measurements will be used to locate the pumping tests and assist in geophysical interpretation. • Short term permeability testing in piezometers to gain an understanding of the hydraulic conductivity of the different aquifer layers. • Long duration aquifer testing is planned in four to six test bores, to understand aquifer parameters and boundaries, especially hydraulic conductivity and specific yield. • Trenching and pumping of the lake sediments to determine aquifer parameters and likely pumping rates. • Isotopic assays may be carried out to determine the possible different ages of the aquifers as well as the connection of the aquifers. • A long term hydrodynamic trial is planned , pumping a wellfield around the current test bores at Ten Mile Lake, with the aim of measuring the aquifer response to pumping and to observe the operation of evaporation ponds. • Data from the hydrodynamic trial will be used to help establish and calibrate a numerical model which can be used to predict long term abstraction potential, wellfield design, drawdown impacts and changes to brine quality.

Competent Persons Statement

The information in this ASX Announcement that relates to Exploration Results for The Beyondie Potash Project is based on, and fair represents, information compiled by Mr Adam Lloyd, who is a member of the Australian Institute of Geoscientists and International Association of Hydrogeologists. Mr Lloyd has verified and approved the data disclosed in the release, including the sampling, analytical and test data underlying the information.

Mr Lloyd is employed by Advisian, an independent consulting company. Mr Lloyd has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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". Mr Lloyd consents to the inclusion in this ASX Announcement of the matters based on his information in the form and context in which it appears.

Cautionary Statement Regarding Forward-Looking Information

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 statements

*** ENDS***

Corporate Profile (as at 2 May 2017)

Kalium Lakes Limited is an exploration and development company, focused on developing the Beyondie Potash Project in Western Australia with the aim of producing Sulphate of Potash (SOP) for the domestic and international markets.

The Beyondie Potash Project comprises 15 granted exploration licences and a miscellaneous licence covering an area of approximately 2,400 square kilometres. This sub-surface brine deposit will supply an evaporation and processing operation located 160km south east of Newman.

The Company is also a Joint Venture partner with BC Iron Limited (BCI) in the Carnegie Potash Project, a potash exploration project located approximately 220 kilometres north-east of Wiluna. Carnegie comprises one granted exploration licence and two exploration licence applications covering a total area of approximately 1,700 square kilometres.

Kalium Lakes Limited

ABN: 98 613 656 643
ASX: KLL
Ordinary Shares on Issue: 121,794,740

Board of Directors:

Mal Randall	Non-Executive Chairman
Brett Hazelden	Managing Director
Rudolph van Niekerk	Executive Director
Brendan O'Hara	Non-Executive Director

Company Secretary:

Gareth Widger

Contact Details:

Unit 1, 152 Balcatta Road
Balcatta, Western Australia 6021

PO Box 610
Balcatta, WA 6914

T: +61 (0)8 9240 3200
E: info@kaliumlakes.com.au
W: www.kaliumlakes.com.au

Share Registry:

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth, WA 6000
Telephone (within Australia): 1300 850 505
Telephone (outside Australia): +61 3 9415 4000