

11 April 2019

Ms Madeleine Green
Adviser, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park, 152-158 St Georges Terrace
Perth WA 6000

Via Email: Madeleine.Green@asx.com.au; ListingsCompliancePerth@asx.com.au

Dear Madeleine

Response to ASX Aware Query

Kalium Lakes Ltd ACN 613 656 643 (**KLL**) refers to your letter dated 9 April 2019 and provides the following responses to your questions (using the same numbering and defined terms as were used in your letter).

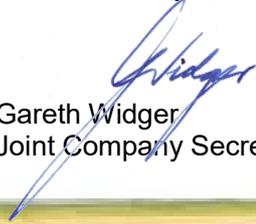
1. No.
2. The basis for KLL's view in response to question 1, is as follows:
 - the EPA Approval (as defined in your letter) is not actually an approval. Rather, as stated in the Announcement, it is instead only a recommendation for approval by the Western Australian Environmental Protection Authority (**EPA**).
 - The Announcement further noted that the EPA report is now with the Hon Minister for Environment for a final decision. As KLL previously announced, when the Minister has considered the EPA's report a Ministerial Approval Statement may then be issued pursuant to the relevant legislation. This would set out the final conditions and procedures that must be adhered to during the project's implementation.

Note also that KLL has also previously announced to the ASX that the remaining state environmental approvals are expected in Q2 2019.

KLL erroneously marked the Announcement as sensitive. KLL is reviewing its internal compliance and control procedures and will implement measures aimed to avoid such errors in the future.

3. On Friday, 5 April 2019 (at approximately 2:51pm, Perth time) KLL first became aware that the EPA report in relation to the EPA Approval would be published on Monday, 8 April 2019. Subsequently, at approximately 9:05am (Perth time) on Monday, 8 April 2019, KLL became aware that the EPA report in relation to the EPA Approval had been published on the EPA website. KLL then internally approved and lodged the Announcement on the ASX announcements platform as soon as practicable, being at around 10:08am (Perth time) on that day.
4. Not applicable.
5. KLL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. KLL's responses above have been authorised and approved by its board.

Yours sincerely


Gareth Widger
Joint Company Secretary



9 April 2019

Mr Gareth Widger
Company Secretary
Kalium Lakes Limited
Unit 1, 152 Balcatta Road
Balcatta WA 6021

By email: gareth.widger@kaliumlakes.com.au

Dear Mr Widger

Kalium Lakes Limited ('KLL'): Aware Query

ASX refers to the following:

- A. The Report and Recommendations of the Environmental Protection Authority regarding the Beyondie Sulphate Of Potash Project dated 3 April 2019 and published on 8 April 2019, a copy of which is available at the Western Australian Environmental Protection Authority's website.
- B. KLL's announcement entitled "*EPA Board Recommends Environmental Approval*" market as sensitive by KLL and lodged on the ASX Market Announcements Platform ('MAP') at 12:08 PM (AEST) and released at 12:13 PM (AEST) on 8 April 2019 (the 'Announcement'), disclosing a recommendation of environmental approval by the Western Australian Environmental Protection Authority of KLL's proposed Beyondie Sulphate Of Potash Project ('EPA Approval').
- C. The significantly high volume of trades in KLL's securities from the commencement of trading on 8 April 2019 until the release of the Announcement at 12:13 PM (AEST).
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."
- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A *Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 *One or more of the following applies:*

 - *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*
 - *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
 - *The information is generated for the internal management purposes of the entity; or*
 - *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- G. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Request for Information

Having regard to the above, ASX asks KLL to respond separately to each of the following questions and requests for information:

1. Does KLL consider the EPA Approval to be market sensitive information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is "no", please provide the basis for that view. In answering this question please address the fact that KLL marked the Announcement as sensitive.
3. When did KLL first become aware of the EPA Approval? In answering this question, please provide details as to the exact time KLL first became aware of the EPA Approval, if possible, down to the minute.
4. If the answer to question 1 is "yes" and KLL first became aware of the EPA Approval before the time of the release of the Announcement, did KLL make any prior announcement before this time which disclosed the EPA Approval? If so, please provide details. If not, please explain why the EPA Approval was not released to the market at an earlier time, commenting specifically on when you believe KLL was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps KLL took to ensure that the information was released promptly and without delay.
5. Please confirm that KLL is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that KLL's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of KLL with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **7:00 AM AWST Thursday, 11 April 2019**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KLL's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph and may require KLL to request a trading halt immediately.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;

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- that you are not aware of any reason why the trading halt should not be granted; and
 - any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to KLL's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KLL's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in KLL's securities under Listing Rule 17.3.

Enquiries

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

Madeleine Green
Adviser, Listings Compliance (Perth)