

Monday 11 May 2020

### ASX Waiver Decision – Listing Rule 10.11.3

Kalium Lakes Limited (ASX: KLL) (**Kalium Lakes** or **Company**) refers to its announcement dated 3 April 2019 in relation to the cornerstone equity investment by Greenstone Resources II LP Group (**Greenstone**) and the formation of a strategic relationship between the Company and Greenstone. Pursuant to the agreement effecting the strategic relationship, Greenstone is, subject to various conditions, able to maintain its percentage holding in the Company by participating in certain offers of equity securities by the Company (**Anti-Dilution Right**) (refer to the Company’s ASX announcement dated 3 April 2019 for further details). On 5 April 2019, the ASX granted the Company a waiver in respect to ASX Listing Rule 6.18 to allow the operation of this Anti-Dilution Right, subject to certain conditions.

As a result of the amendments to ASX Listing Rule 10.11 that came into effect on 1 December 2019 (specifically, the introduction of ASX Listing Rule 10.11.3) an issue of equity securities in the Company to Greenstone now requires approval of the Company’s shareholders, unless a specific exception applies. Greenstone’s exercise of its pre-existing Anti-Dilution Right is not an exception to this requirement.

In ASX Guidance Note 25, ASX invited companies that had granted top-up rights prior to the introduction of the amendments to ASX Listing Rule 10.11 to apply for a waiver, allowing issues of securities in accordance with those pre-existing top-up rights to continue without the requirement of shareholder approval. Following discussions with ASX, the Company applied for a waiver in respect of ASX Listing Rule 10.11.3.

The Company is pleased to announce that the ASX has granted a waiver from ASX Listing Rule 10.11.3 in relation to issues of securities to Greenstone pursuant to the Anti-Dilution Right for an initial term of 3 years (commencing on 6 May 2020). The terms of the ASX Listing Rule 10.11.3 waiver granted to the Company are detailed in the Annexure.

#### Kalium Lakes Limited



ABN: 98 613 656 643  
ASX: KLL  
Ordinary Shares on Issue: 391,866,166



**Board of Directors:**

Mal Randall	Non-Executive Chairman
Brett Hazelden	Managing Director
Stephen Dennis	Non-Executive Director
Dale Champion	Non-Executive Director
Mark Sawyer	Non-Executive Director
Brent Smoothy	Non-Executive Director



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**Chief Financial Officer and  
Joint Company Secretary:**

Christopher Achurch

**Joint Company Secretary:**

Gareth Widger



**Share Registry**

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Level 11, 172 St Georges Terrace  
Perth, WA 6000  
Tel: (within Australia): 1300 850 505  
Tel: (outside Australia): +61 3 9415 4000

## Annexure

### Decision

ASX's formal decision is as follows:

### Waiver Decision

1. Based solely on the information provided, ASX Limited ('ASX') grants Kalium Lakes Limited (the 'Company') a waiver from listing rule 10.11.3, to the extent necessary to permit the Company to issue shares to Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Resources II (Australia) Holdings L.P. ('Greenstone') so that Greenstone can maintain, pursuant to the strategic alliance (encompassing a subscription and co-op deed and technical and financial assistance between Company and Greenstone), by way of a right to participate in any issue of securities or to subscribe for securities, its percentage interest in the issued share capital of the Company up to a maximum of 19.8% (the 'Anti-Dilution Right').
2. This waiver is granted on the following conditions.
  - 2.1 The listing rule 6.18 waiver granted by ASX on 5 April 2019 with respect to the Anti-Dilution Right is complied with in all respects.
  - 2.2 The waiver is granted for an initial term of three years only from 6 May 2020.
  - 2.3 Any securities issued under the Anti-Dilution Right are offered to Greenstone for cash consideration that is:
    - 2.3.1 no more favourable than cash consideration offered by third parties, in the case of issues of securities to arm's length parties for cash consideration; or
    - 2.3.2 equivalent in value to non-cash consideration offered by arm's length third parties, in the case of issues of securities to third parties for non-cash consideration.
  - 2.4 The Company immediately releases the terms of the waiver to the market.
3. ASX has considered Listing Rule 10.11.3 only and makes no statement as to the Company's compliance with other listing rules.

### Basis for Waiver Decision

#### Listing Rule 10.11.3

4. Listed entities are required to obtain the prior approval of security holders for an issue of equity securities to persons in a position of influence. This rule is directed at preventing these parties from obtaining securities on advantageous terms and increasing their holding proportionate to the holdings of other security holders, without the prior consent of the ordinary security holders. The rule protects ordinary security holders' interests by supplementing the related party provisions of the Corporations Act (and any related party provisions applying to foreign entities under relevant legislation). A number of exceptions from the requirement for prior security holder approval are permitted under listing rule 10.12, including where securities are issued under a pro rata entitlement offer.

### Facts and reasons for granting the waiver

5. In April 2019, the Company was granted a waiver of listing rule 6.18 to allow the operation of the Anti-Dilution Right, subject to conditions. New listing rule 10.11.3 and Guidance Note 25 were introduced on 1 December 2019. Due to the application of listing rule 10.11.3 to Greenstone, any further issue of securities to Greenstone would require specific shareholder approval without a waiver of that rule, despite the waiver of listing rule 6.18. Guidance Note 25 contemplates that entities which have obtained the benefit of a listing rule 6.18 waiver prior to 1 December 2019 can apply to ASX for a concurrent listing rule 10.11.3 waiver. ASX must be satisfied that the basis for the listing rule 6.18 waiver remains true, that there is a continuing and genuine strategic relationship between the listed entity and the security holder, that the security holder and its related bodies corporate have maintained their holding in the entity at the agreed percentage throughout the life of their anti-dilution right and that the terms of the anti-dilution right continue to be appropriate and equitable. The waiver is granted for an initial term of three years only. The listing rule 10.11.3 waiver is only granted on the basis to entitle Greenstone to be able to utilise its top-up right to maintain its 19.8% interest in the Company.

**Conditions of waiver**

The waiver is subject to certain conditions. Under Listing Rule 18.1, these conditions must be complied with for the waiver to be effective.

**ASX's power to vary or revoke waiver**

It should be noted that under ASX Listing Rule 18.3, ASX may vary or revoke the waiver at any time.