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4 December 2023

To Creditors as addressed

Dear Sir/Madam

Kalium Lakes Infrastructure Pty Ltd ACN 631 042 450 (KLI)
Kalium Lakes Potash Pty Ltd ACN 601 436 060 (KLP)
(All Administrators Appointed) (All Receivers and Managers Appointed)
(Collectively referred to as the Companies)

We refer to our Supplementary Voluntary Administrators Report dated 29 November 2023 (**the Administrators Supplementary Report**). Would you please read this update to creditors in conjunction with this report.

1 Deed of Company Arrangement (DOCA) Proposal from Shandong Nayu Energy Technologies Co., Ltd (Nayu)

The Administrators have today received a DOCA term sheet from Nayu (or its related entity) (**Nayu DOCA**) which is enclosed.

The terms of the Nayu DOCA have several conditions precedent. In particular, we highlight the below the most critical of these, which we have summaries as follows:

- the execution of a sale agreement, in a form and substance satisfactory to Nayu, between Nayu (as the purchaser), Kalium Lakes Limited (Administrators Appointed) (Receivers and Managers Appointed) and the Receivers and Managers for KLL to sell its share interest in KLP and KLI to Nayu.
- the relevant releases of all encumbrances and secured debt held by the Secured Lenders and GCI (or any other lender who holds security) as defined in our Administrators Supplementary Report.

A copy of the Nayu DOCA has been provided to these parties for their consideration as without confirmation from the Secured Lenders, the Receivers and Managers, and GCI (or any other lender who holds security) that the DOCA terms, as they affect each of them, are acceptable, then the Nayu DOCA is not capable of completing.

In the interim, the Administrators are conducting a review of the terms of the Nayu DOCA to determine the estimated returns to creditors, the risk of completion, and whether it would change the Administrators' recommendation as outlined in the Administrators' Supplementary Report, which is to accept the DOCA proposal put forward by Reward Minerals Limited (**Reward DOCA**).

For completeness, we understand that the Receivers and Managers are in advanced stages of negotiations with Reward as to the terms of the Share Sale Agreement (**SSA**) with Reward and that there will be an announcement released to the market confirming the sale prior to the Reconvened Meetings of Creditors on 6 December 2023.

2 The Reconvened Second Meetings of Creditors of the Companies on 6 December 2023 at 9.30am (the Reconvened Meetings)

Subject to timing and positive approval of the Nayu DOCA from the Secured Lender, GCI (or any other lender who holds security) and the Receivers and Managers in the lead up to the Reconvened Meetings, we will either

- endeavour to provide an updated report to creditors which outlines our analysis of the Nayu DOCA (i.e. estimated returns, timing and capability of completion) and advise if there is a change to our recommendation; or
- alternatively, table the Nayu DOCA at the Reconvened Meetings and present our analysis of the Nayu DOCA at the Reconvened Meetings.

For completeness, we note that a resolution put to the vote of the meeting must be decided on the voices (IPR 75-110) for a physical meeting or a show of hands (for virtual meetings) using any available electronic mechanism (IPR 75-75(3)), unless a poll is requested:

- By the Chairperson; or
- By a person participating and entitled to vote at the meeting.

A resolution will be declared carried if:

- A majority of creditors voting (whether in person, by attorney or by proxy) vote in favour; and
- The value of the debts owed by the corporation to those voting in favour, is more than half the total debts owed to all creditors voting (IPR 75-115).

In accordance with IPR 75-115, the Chairperson may exercise a casting vote if no result is reached for or against. Should the Chairperson choose to exercise the casting vote, the decision is subject to review by the Court upon application by a creditor (Sections 75-42 and 75-43 of Schedule 2 to the Act).

A decision must be made at the Reconvened Meetings on 6 December 2023 as this is the last day under which the Administrators can hold the Reconvened Meetings under the Corporations Act.

Given the matters outlined above, their evolving nature and their importance to the ultimate outcome of the Companies, creditors are strongly encouraged to attend the Reconvened Meetings on 6 December 2023 at 9.30am.

If you have any questions, please contact either Lachlan Wharton or Kieran Chu of this office at kaliumlakes@kpmg.com.au

Yours faithfully

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, stylized flourish underneath.

Martin Jones
Joint and Several Administrator

Encl.

Item	Subject	Term
1	Appointment Date	3 August 2023.
2	Companies	Kalium Lakes Infrastructure Pty Ltd (receivers and managers appointed) (administrators appointed) ACN 631 042 450 (KLI). Kalium Lakes Potash Pty Ltd (receivers and managers appointed) (administrators appointed) ACN 601 436 060 (KLP).
3	Proponent	Shandong Nayu Energy Technology Co., Ltd (or a related entity or entities) (Proponent).
4	Administrators	The joint and several voluntary administrators of the Companies (Administrators).
5	Receivers	The joint and several receivers and managers of the Companies (Receivers).
6	Purpose and Rationale for Proposal	<p>This terms sheet records the key terms of the Deed of Company Arrangement (DOCA) proposed by the Proponent in relation to KLI and KLP (together, the Companies) (DOCA Proposal) which will facilitate the recapitalisation and change of control of the Companies and have the effect of:</p> <ul style="list-style-type: none"> (a) providing creditors of the Companies with a better return than they would otherwise receive in liquidation; (b) maximising the Companies' chances of survival and continuing to exist; and (c) facilitating an orderly and cost-effective transition of control of the Companies to the Proponent in a manner that minimises disruption and maximises the return available to creditors. <p>The proposed DOCA will be implemented as part of a broader strategic turnaround. The Proponent is committed to finding a long-term financially sustainable solution for the Companies. The proposed DOCA is a critical aspect of the turnaround process.</p> <p>In summary, the total consideration under the proposed DOCA is \$32 million, broken down as follows:</p> <ul style="list-style-type: none"> (a) care and maintenance costs during the term of the DOCA - A\$5 million; (b) DOCA Contribution - A\$3.8 million; and (c) payment to Secured Creditors – A\$23.2 million. <p>For the avoidance of doubt, the Proponent will not be required to contribute more than A\$32 million in connection with the proposed DOCA under any circumstances.</p> <p>The Proponent's Australian Agent, Miracle Iron Resources Pty Ltd has US\$4,074,261.74 in Australia which is being held in Miracle's Australian bank account. The Proponent has provided proof of funds to the Administrators and the Receivers. The sole director of Miracle Iron Pty Ltd, Mr Chuan Shui Yin, will be a proposed director of KLP and KLI.</p>

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		<p>To fund the DOCA Contribution and the payment to the Secured Creditors, the Proponent intends to obtain approval from the Chinese government authorities to transfer funds to Australia.</p> <p>At the same time, the Proponent will obtain an overseas letter of guarantee from Ping An Bank, one of China's largest financial institutions as an alternate source of funding.</p> <p>Once the proposed DOCA has been approved by creditors the Proponent will promptly (and in any event within 3 business days) provide A\$3.4 million of the care and maintenance funds required to preserve the value of the Companies' assets (in particular, the Beyondie Sulphate of Potash project (Project)) by supporting the care and maintenance program of the Project for the first two months of the term of the proposed DOCA subject to the execution of the Support Agreement with the Receivers, the Deed Administrators and the Secured Lenders.</p> <p>A period of six months is requested for the DOCA to allow the Proponent to obtain approval from the Foreign Investment Review Board for the acquisition of KLI and KLP. However, the Proponent intends to complete as soon as approval is obtained.</p> <p>The DOCA Proposal will be voted on by each of the creditors in respect of each of the Companies and is subject to the conditions set out below.</p>
7	Deed Administrators	<p>The Administrators will become the deed administrators of the DOCA (Deed Administrators), and they will remain so until the DOCA is terminated or until they are removed in accordance with the DOCA or the <i>Corporations Act 2001</i> (Cth) (Act).</p>
8	Creditors' Trust	<p>A creditors' trust will be established immediately prior to Effectuation of the DOCA (defined in item 11 below) and named 'Kalium Group Creditors' Trust' (Creditors' Trust). Upon Effectuation of the DOCA, Participating Creditors' claims will be substituted with rights under the Creditors' Trust Deed.</p> <p>The purposes of the Creditors' Trust will be to enable certain tasks ordinarily undertaken by Deed Administrators (including but not limited to, the calling for and adjudication upon the claims of unsecured creditors) to be performed by the trustees of the Creditors' Trust (Trustees), to distribute the Trust Fund (defined in item 13 below) of approximately A\$3,800,000 to be applied towards the claims of the Participating Creditors and accelerate the Companies' exit from external administration.</p> <p>The Deed Administrators will be the Trustees of the Creditors' Trust.</p> <p>Upon Effectuation of the DOCA:</p> <ul style="list-style-type: none"> (a) the Deed Administrators shall pay to the Trustees the cash which shall comprise the Trust Fund referred to in item 13; and (b) the claims of Participating Creditors are satisfied and discharged and converted to a claim against the Creditors' Trust in accordance with the DOCA and Creditors' Trust Deed.

Item	Subject	Term
9	Participating Creditors	<p>Any creditor of the Companies who had a claim against any of the Companies as at the date of the appointment of the Administrators and who will be bound by the DOCA, including any contingent claims, and is not a Non-Participating Creditor, is a Participating Creditor.</p> <p>Participating Creditors will be entitled to participate in any distribution or allocation from the Trust Fund.</p> <p>The beneficiaries of the Trust Fund will be the Companies' creditors classified as follows:</p> <ul style="list-style-type: none"> (a) a class of creditors identified as 'Employee Creditors' to comprise any Former Employees (defined in item 14(b) below); (b) a class of creditors identified as 'Small Key Creditors' to comprise the creditors set out at Schedule 1; (c) a class of creditors identified as 'Integral Creditors' to comprise the creditors set out at Schedule 2; (d) a class of creditor identified as 'Related Party Creditor' to comprise Kalium Lakes Limited (KLL); and (e) a class of creditors identified as 'Remaining Creditors' to comprise the remaining creditors. <p>Subject to item 10 below, Participating Creditor includes any secured creditor, owner or lessor that:</p> <ul style="list-style-type: none"> (a) votes in favour of the DOCA; or (b) who is otherwise restricted from realising or otherwise dealing with the security interest or property under section 444F of the Act. <p>Participating Creditors' claims may be adjudicated by the Trustees in accordance with the terms of the DOCA and Creditors' Trust Deed.</p> <p>Unless otherwise agreed in writing by the Proponent in the Support Agreement, the secured lenders to the Companies (Secured Lenders) will be restricted from realising or otherwise dealing with their security interests if they vote in favour of the DOCA.</p>
10	Non-Participating Creditors	<p>The following creditors will not be entitled to participate in any distribution or allocation from the Trust Fund and are Non-Participating Creditors:</p> <ul style="list-style-type: none"> (a) employee creditors of the Companies who are agreed by the Proponent to be retained prior to Effectuation; (b) KLP and KLI in respect of any claims between them; (c) contractual counterparties in respect of claims under specific contracts designated by the Proponent by notice to the Deed Administrators prior to Effectuation; and (d) the Secured Lenders. <p>Non-Participating Creditors are not entitled to participate for a dividend or distribution from the Creditors' Trust. Claims of the Non-Participating Creditors will otherwise be uncompromised and remain</p>

Item	Subject	Term
		on the balance sheet of the Companies post-Effectuation of the DOCA and will not be discharged or forgiven.
11	Conditions Precedent	<p>The DOCA will complete and be fully effectuated (Effectuation) upon the satisfaction (or waiver) of each of the following conditions precedent (Conditions Precedent):</p> <ul style="list-style-type: none"> (a) the Companies' creditors approve the proposed DOCA; (b) the execution of a formal DOCA on terms and conditions acceptable to all parties and the formal DOCA remaining in full force and effect prior to Effectuation; (c) the Creditors' Trust Deed being duly executed and the Creditors Trust being established; (d) the execution of an agreement between the Proponent, KLL and the Receivers pursuant to which the Proponent will be granted an option to purchase 100% of KLL's shares in Carnegie Potash Pty Ltd and / or Magnesium Lakes Pty Ltd (or any other subsidiaries of KLL other than the Companies) free of encumbrances for \$1, exercisable at any time prior to Effectuation with the purchase to occur concurrently with Effectuation; (e) the Proponent receiving satisfactory evidence including under the Support Agreement (in the Proponent's absolute discretion) that the following events will occur at or prior to Effectuation: <ul style="list-style-type: none"> (i) the release of all encumbrances granted in favour of Westpac Administration Pty Limited and GCI over KLL's shares in KLI and KLP (Shares) and all present and after-acquired property (including the tenements) of the Companies and any other assets of KLL which is transferred to the Proponent (or its nominee or as it directs) at Effectuation (including its share in the R&D Refunds); (ii) the release of all debt obligations and other liabilities owing by the Companies (or the Receivers) to the Secured Lenders and to GCI; (iii) the release of the Companies from their obligations under the tax sharing agreement including any exit payment liability; (iv) any claims that the Receivers have against the Companies have been discharged and the Receivers have retired; and (v) no Company has, or will on and from Effectuation have, any liability to any employees in connection with any incentive, bonus or retention payments which are not compromised under the DOCA. (f) either:

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		<p>(i) the execution of a sale agreement, in form and substance satisfactory to the Proponent between the Proponent (as purchaser), KLL and the Receivers, pursuant to which KLL will agree to transfer the Shares, and any other relevant assets of KLL (to be agreed between the parties), to the Proponent (or its nominee or as it directs) (Sale Agreement), and the satisfaction of all conditions precedent under the Sale Agreement; or</p> <p>(ii) KLL provides its written consent pursuant to section 444GA(1)(a) of the Act to the Deed Administrator transferring the Shares, and KLL and the Receivers agreeing to transfer any other relevant assets of KLL (to be agreed between the parties but including its share in 50% of all research and development tax offset amounts received by KLL, KLI or KLP for the financial years ending 30 June 2022 and 30 June 2023 (R&D Tax Refunds)) to the Proponent (or its nominee or as it directs),</p> <p>in each case, the consideration for the transfer will comprise \$32 million payable on Effectuation (which for the avoidance of doubt, includes the Proponent's Care and Maintenance Contribution (defined in item 16 below), and will be used by KLL to discharge amounts owing to GCI and the Secured Lenders);</p> <p>(g) the execution of an agreement or waiver between the Receivers and Global Credit Investments Pty Ltd (GCI) pursuant to which GCI agrees to extend the repayment of amounts owing under the facility agreement dated on or about 12 September 2023 between (among others) GCI (as lender) and the Receivers (as borrowers) (Interim Funding Agreement) to the earlier of the termination of the DOCA and Effectuation including if required an extension of the PVT Guarantee (as defined in the Interim Funding Agreement) by PVT Sales Pty Limited to the earlier of termination of the DOCA and Effectuation. Any amount under the Interim Funding Agreement (including any additional interest, fee or amount in connection with GCI providing this agreement or waiver) shall be paid out of the consideration paid by the Proponent to KLL under item 11(f);</p> <p>(h) the appointment of one or more suitably qualified and experienced directors and secretary to the boards of directors of the Companies, to be determined by the Proponent (acting reasonably) (New Directors);</p> <p>(i) the mining tenements and exploration licences held by KLI and KLP being kept in good standing and all other assets of the Companies in substantially the same condition as at the execution of the DOCA taking into account the Care and Maintenance Program and operating plan;</p>

Item	Subject	Term
		<p>(j) any necessary approvals by the Foreign Investment Review Board that may be required to give effect to the DOCA;</p> <p>(k) the Proponent, the Deed Administrators, the Secured Lenders and the Receivers entering into the Support Agreement; and</p> <p>(l) the Proponent being satisfied (in its absolute discretion) that there has been no material adverse change in the business or affairs of the Companies.</p> <p>Conditions precedent (other than paragraphs (a), (b), (c), (f) and (j)) may be waived only by the Proponent. The other conditions precedent may only be waived with the consent of the Proponent and the Deed Administrators.</p>
12	R&D Tax Refunds	<p>(a) The Receivers will be solely responsible for collecting all rights and entitlements of the Companies to any R&D Refunds on behalf of the Companies.</p> <p>(b) The parties (including the Receivers and the Secured Lenders under the Support Agreement) agree that they will do all things reasonably necessary to ensure that:</p> <p style="padding-left: 40px;">(i) 50% of the proceeds of any R&D Refunds are transferred by the Companies to KLL (or otherwise retained by KLL) as soon as practicable following receipt; and</p> <p style="padding-left: 40px;">(ii) the other 50% of the proceeds of R&D Refunds are transferred by KLL to the Companies (or otherwise retained by the Companies) on behalf of the Proponent as soon as practicable following receipt.</p> <p>(c) If R&D Tax Refunds are received by KLI or KLP prior to Effectuation, the 50% portion of the R&D Tax Refunds which is retained by KLI and KLP shall be applied by the Deed Administrators against the care and maintenance costs, subject to the execution of the Support Agreement.</p>
13	Trust Fund	The Proponent will make a total contribution of \$3,800,000 (DOCA Contribution) to create the Trust Fund on the Effectuation date.
14	Application of the Trust Fund	<p>The Trust Fund is to be applied in the following order of priority:</p> <p>(a) first, an amount of up to \$750,000, to the Administrators, Deed Administrators and Trustees for their remuneration, fees, costs, charges, expenses, debts and liabilities incurred in connection with the administration, DOCA and Creditors' Trust (up to an agreed amount);</p> <p>(b) second, to the extent former employees have not been paid their outstanding entitlements, a rateable distribution to former employees for their outstanding entitlements as priority creditors pursuant to section 556 of the Act, so that they are paid out in full (Former Employees). The Former Employees' claims against the Companies will be released and forever</p>

Item	Subject	Term
		<p>extinguished upon those Former Employees receiving payment in full;</p> <p>(c) third, an amount of approximately \$256,949, to Small Key Creditors as is required to pay up to 100 cents in the dollar on a pro-rata basis;</p> <p>(d) fourth, an amount of approximately \$363,347 to Integral Creditors as is required to pay up to 100 cents in the dollar on a pro rata basis;</p> <p>(e) fifth, an amount of approximately \$300,000 to the Related Party Creditor as is required to pay up to 0.1 cent in the dollar on a pro rata basis; and</p> <p>(f) sixth, an amount of approximately \$300,000 to Remaining Creditors as is required to pay up to 5 cents in the dollar on a pro rata basis.</p>
15	Support Agreement	<p>During the term of the DOCA, the Proponent will use reasonable endeavours to enter into an agreement (Support Agreement) in form and substance satisfactory to the Proponent with the Deed Administrators, Secured Lenders and the Receivers under which:</p> <p>(a) the Secured Lenders will release of all encumbrances granted in favour of Westpac Administration Pty Limited and GCI over KLL's shares in KLI and KLP (Shares) and all present and after-acquired property (including the tenements) of the Companies at Effectuation;</p> <p>(b) the Secured Lenders will release of all debt obligations and other liabilities owing by the Companies (or the Receivers) to the Secured Lenders at Effectuation;</p> <p>(c) the Receivers will waive or confirm satisfaction of any claims that they have against the Companies at Effectuation;</p> <p>(d) the Receivers will retire at or before Effectuation;</p> <p>(e) during the term of the DOCA, the Receivers will cause the Companies and KLL to take any other steps required to achieve Effectuation of the DOCA (including satisfaction of the Conditions Precedent) and shall not take any steps which would be inconsistent with the DOCA (as if the Secured Lenders were bound by the DOCA);</p> <p>(f) the Proponent agrees to provide the Proponent's Care and Maintenance Contribution; and</p> <p>(g) the Receivers agree to cede control of the Companies' assets to the extent required to allow the Deed Administrators to conduct the Care and Maintenance Program; and</p> <p>(h) the Deed Administrators agree to conduct the Care and Maintenance Program in accordance with item 16 below.</p> <p>The Proponent may terminate the DOCA for a failure to satisfy the Condition Precedent relating to the entry into the Support Agreement if (a) the Support Agreement is not executed within 30 days of the date of the DOCA; (b) the Deed Administrators, Receivers or the</p>

Item	Subject	Term				
		Secured Lenders confirm in writing that they will not enter into a Support Agreement; or (c) in the opinion of the Proponent, the failure to enter into the Support Agreement causes the mining tenements held by the Companies or other assets of the Companies to materially deteriorate.				
16	Care and maintenance	<p>(a) Promptly on or after the date of execution of the Support Agreement, the Deed Administrators will place the Project on care and maintenance in accordance with a care and maintenance program to be prepared by the Companies and approved by the Proponent (such approval not to be unreasonably withheld or delay) to reduce the cash outflows in respect of the Project (Care and Maintenance Program).</p> <p>(b) The Deed Administrators will consult with the Proponent and the Receivers in relation to the proposed Care and Maintenance Program and will act reasonably in having regard to the comments provided by the Proponent with respect to the Care and Maintenance Program.</p> <p>(c) The costs and expenses of the Care and Maintenance Program, other operations at the Project and all costs and liabilities of the Deed Administrators after the date of the execution of the DOCA are to be paid from:</p> <ul style="list-style-type: none"> (i) the circulating assets of the Companies (including stockpile, cash and receivables) held by the Companies on or prior to effectuation or termination of the DOCA (Circulating Assets); (ii) the Proponent's 50% share of all R&D Tax Refunds which are paid or retained by the Companies (on behalf of the Proponent) in accordance with item 12 above; and (iii) amounts contributed for the Care and Maintenance Program by the Proponent under paragraph (d) below, (Operating Fund). <p>(d) If the amounts in item (c)(i) and (ii) are insufficient to meet the costs and expenses of the Care and Maintenance Program and all other operations of the Companies, provided that the Support Agreement has been executed, the Deed Administrators may call on the Proponent to provide a contribution of up to a total amount of \$5 million (payable monthly in advance in accordance with the below funding plan) during the term of the DOCA, to be applied towards those costs and expenses (Proponent's Care and Maintenance Contribution). The funding plan for the Care and Maintenance Contribution will be as follows:</p> <table border="1" data-bbox="715 1933 1318 2045"> <thead> <tr> <th data-bbox="715 1933 986 1971">MONTH</th> <th data-bbox="986 1933 1318 1971">AMOUNT</th> </tr> </thead> <tbody> <tr> <td data-bbox="715 1971 986 2045">1</td> <td data-bbox="986 1971 1318 2045">\$1,700,000</td> </tr> </tbody> </table>	MONTH	AMOUNT	1	\$1,700,000
MONTH	AMOUNT					
1	\$1,700,000					

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		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; width: 10%;">2</td> <td style="text-align: right; width: 10%;">\$1,700,000</td> </tr> <tr> <td style="text-align: center;">3</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td style="text-align: center;">4</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td style="text-align: center;">5</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td style="text-align: center;">6</td> <td style="text-align: right;">\$300,000</td> </tr> <tr> <td style="text-align: center;">7</td> <td style="text-align: right;">\$400,000</td> </tr> </table> <p>(e) The first two payments will be made within 3 business days of the latter of the execution of the Support Agreement and the DOCA.</p> <p>(f) If the DOCA is terminated (other than due to effectuation in accordance with its terms or termination due to a breach by the Proponent as detailed in paragraph (g) below or otherwise in accordance with paragraph (h)), 80% of the Proponent’s Care and Maintenance Contribution will be repayable to the Proponent as a cost and expense of the external administration of the Companies (ranking after amounts due and payable to GCI under the Interim Funding Agreement). The remaining 20% will be retained as an exclusivity fee and not refunded.</p> <p>(g) If the DOCA is terminated due to a breach by the Proponent in providing any instalment of the Care and Maintenance Contribution, any amount provided prior to termination will be not be refundable.</p> <p>(h) If the Proponent (acting reasonably) forms the view that false or misleading information (including by omission) has been provided by the Deed Administrators or Receivers in relation to the Companies’ business, operating plan, Project or Care and Maintenance Program, the Proponent will be entitled to a refund of 100% of the Proponent’s Care and Maintenance Contribution.</p>	2	\$1,700,000	3	\$300,000	4	\$300,000	5	\$300,000	6	\$300,000	7	\$400,000
2	\$1,700,000													
3	\$300,000													
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17	Management of the Companies during DOCA	The Receivers will remain appointed while the DOCA remains on foot, subject to the terms and conditions of the Support Agreement.												
18	Access to Project information	<p>During the term of the DOCA, the Proponent will be entitled to:</p> <p>(a) access to the Project site;</p> <p>(b) inspect the Companies’ books and records, and require such information and documents as they see fit from the Receivers,</p> <p>during normal business hours to verify that the Companies’ operations are being conducted in accordance with the DOCA, Care and Maintenance Program, agreed operating plan, to enable the Proponent to verify the operational capabilities of the Companies and to verify satisfaction of conditions precedent (amongst other things).</p>												

Item	Subject	Term
19	Exclusivity	<p>During the external administration of the Companies (Exclusivity Period) the Secured Lenders, Administrators, Deed Administrators and Receivers (subject to customary fiduciary out exceptions) each undertake that they will not:</p> <ul style="list-style-type: none"> (a) directly or indirectly solicit, entertain, initiate, participate in or encourage discussions or negotiations with any person or entity (other than the Proponent) with respect to any transaction which, if completed, would compete with or otherwise interfere with the transaction contemplated by this term sheet or any subsequent transactions regarding the acquisition of KLL, the Companies, or any of KLL's or the Companies' debt, shares or assets by the Proponent (including any competing DOCA proposal) (Competing Transaction); (b) directly or indirectly, solicit, invite, encourage or initiate any enquiries, negotiations or discussions, or communicate any intention to do any of these things, with a view of obtaining any expression of interest, offer or proposal from any person in relation to a Competing Transaction; (c) negotiate or enter into, or participate in negotiations or discussions with any other person regarding a Competing Transaction, even if that person's Competing Transaction was not directly or indirectly solicited, invited, initiated or encouraged by the Secured Lenders, Administrators, Deed Administrators and Receivers or their representatives; (d) solicit, initiate, invite, facilitate or encourage any person (other than the Proponent) to undertake due diligence on KLL and the Companies in connection with such person formulating, developing or finalising a Competing Transaction; (e) make available to any other person (other than the Proponent) or permit such person to receive any non-public information relating to KLL or the Companies in connection with such person formulating, developing or finalising a Competing Transaction; (f) provide access to, or continue to allow any person or entity (other than the Proponent) to access the data room established for the purposes of the sale process for KLL or the Companies; or (g) enter into any agreement, arrangement or understanding regarding a Competing Transaction.
20	Effectuation	<p>Upon Effectuation of the DOCA:</p> <ul style="list-style-type: none"> (a) the Proponent will pay the DOCA Contribution to the Deed Administrators who will pay it into the Creditors' Trust; (b) the Companies will be released from external administration; (c) the Deed Administrators of the Companies (if under s444GA(1)) or KLL or the Receivers will transfer the Shares, to the Proponent (or its nominee or as it directs);

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		<p>(d) KLL or the Receivers will transfer any other relevant assets of KLL (to be agreed between the parties but including rights to the Proponent's share of the R&D Refund), to the Proponent (or its nominee or as it directs);</p> <p>(e) the Receivers will be retired;</p> <p>(f) the DOCA will terminate;</p> <p>(g) management control of the Companies will return to the New Directors; and</p> <p>(h) the Participating Creditors' claims against the Companies will be released and forever extinguished.</p>
21	Remuneration	<p>The Administrators, Deed Administrators and Trustees are entitled to draw from the Trust Fund (and in respect of the Deed Administrators, out of the Operating Fund) their remuneration, fees, costs, charges and expenses plus any applicable GST (up to an agreed amount).</p> <p>The Administrators and Deed Administrators shall be indemnified out of, and have a lien over, the assets of the Companies for their remuneration, fees, costs, charges, expenses, debts and liabilities incurred in connection with the administration and DOCA (up to an agreed amount) up to Effectuation (subject to the Receivers' lien over the assets of the Companies). Following Effectuation, the Administrators' and Deed Administrators' lien over the assets of the Companies will be released and the Administrators, Deed Administrators and Trustees will only be indemnified out of, and have a lien over the Trust Fund for their remuneration, fees, costs, charges, expenses, debts and liabilities incurred after Effectuation.</p> <p>The Receivers' fees and costs in relation to the receivership of the Companies will be paid of the consideration paid by the Proponent to the Secured Creditors in accordance with item 11(f).</p>
22	Deed Administrators powers, obligations, rights and indemnities	<p>During the term of the DOCA and subject to the functions and powers of the Receivers, the Deed Administrators will have the relevant powers under the Act and Corporations Regulations 2016 (Regulations) and also have the power to (amongst other things):</p> <p>(a) remove or appoint any officer or director of the Companies;</p> <p>(b) provide such information concerning the Companies to the creditors of the Companies and beneficiaries of the Creditors' Trust Deed as they see fit;</p> <p>(c) at such time, and in such manner as they see fit, gain access to the Companies' books, records, or premises as they see fit, and require such information and documents as they see fit from the Companies' directors, officers, and employees; and</p> <p>(d) do anything necessary or convenient for the purpose of exercising their powers to administer the DOCA (including prosecuting and defending any claims in the name of the Companies).</p>

Item	Subject	Term
		<p>(e) The Deed Administrators will as far as reasonably practicable (and amongst other things) ensure the Companies' compliance with the DOCA.</p> <p>(f) During the term of the DOCA and the Creditors' Trust Deed, the Deed Administrators' and Trustees' obligations are (subject to the functions and powers of the Receivers):</p> <ul style="list-style-type: none"> (i) to monitor the business and financial position of the Companies to ensure compliance with the DOCA; (ii) to take all reasonably necessary steps to satisfy the Conditions Precedent; (iii) to collect, receive and safeguard the Trust Fund prior to its distribution to the Participating Creditors; (iv) to apply the Trust Fund in payment of any fees owed to or expenses incurred by the Administrators, Deed Administrators and Trustees; (v) to remove any directors from the Companies and appoint replacement directors to the Companies, as reasonably requested by the Proponent and having regard to the Companies' constitutions and any applicable laws; and (vi) to call meetings of Participating Creditors of the Companies for the purpose of considering the variation or termination of the DOCA. <p>(g) In exercising the powers conferred by the DOCA and carrying out the duties arising under the DOCA, the Deed Administrators are taken to act as agents for and on behalf of the Companies.</p> <p>(h) The Deed Administrators shall not be personally liable for:</p> <ul style="list-style-type: none"> (i) any debts incurred or claims, demands, actions, loss, damage, costs, charges, expenses or liabilities caused by act, omission or default on behalf of the Deed Administrators (or representatives from their firm) in administering the DOCA or exercising their duties under the DOCA in respect of the Companies; (ii) any other agreements entered into by the parties on or around the date of the DOCA; or <p>(i) any debts incurred or claims, demands, actions, loss, damage, costs, charges, expenses or liabilities suffered or sustained or incurred by any directors of the Companies, officers of the Companies (or its subsidiaries), members of the Companies or creditors of the Companies.</p>

Item	Subject	Term
23	Moratorium	<p>Until the date of Effectuation, other than in respect of Non-Participating Creditors or as otherwise stated herein:</p> <p>(a) the provisions in sections 440A, 440B and 440D of the Act will continue to apply as if the Companies remained in voluntary administration; and</p> <p>(b) a moratorium will apply to all claims of Participating Creditors which will be stayed and no step, action or proceeding may be taken in respect of such claim against the Companies.</p>
24	Timing and adjudication of claims	<p>The Trust Fund will be distributed from time to time by the Trustees as soon as reasonably practicable, subject to formal proofs being submitted and adjudicated.</p> <p>The terms of section 556, 560 and 561 of the Act and all other relevant provisions of the Act and Regulations shall apply as if the references to 'liquidator' were references to the 'Trustee', references to 'winding up' were references to the 'Creditors' Trust' and with such other modifications as necessary to give the effect to the terms in this term sheet (including only applying to claims of Participating Creditors).</p> <p>Further, sections 444DA and 444DB of the Act will apply to the DOCA.</p>
25	Termination of the DOCA	<p>The DOCA will terminate upon any of the following events occurring:</p> <p>(a) the failure to satisfy (or waive) all of the Conditions Precedent by the Sunset Date;</p> <p>(b) resolution of creditors at a meeting of creditors terminating the DOCA;</p> <p>(c) court order;</p> <p>(d) breach by the Receivers or Deed Administrators of the DOCA which is not remedied within 10 business days of notice by the Proponent;</p> <p>(e) breach by the Proponent of the DOCA which is not remedied within 10 business days of notice by the Deed Administrators;</p> <p>(f) the Proponent (acting reasonably) forms the view that false or misleading information (including by omission) has been provided by the Deed Administrators or Receivers in relation to the Companies' business, operating plan, Project or Care and Maintenance Program; or</p> <p>(g) Effectuation.</p> <p>If Effectuation does not occur by the Sunset Date, the Deed Administrators will call a meeting of creditors to consider varying or terminating the DOCA.</p> <p>The Proponent may terminate the DOCA if Conditions Precedent have not been or have been incapable of being satisfied (or waived) by the Sunset Date.</p>
26	Variation or Termination of the Creditors' Trust Deed	<p>The Trustees may call a meeting of creditors to consider any proposed variation of the Creditors' Trust Deed agreed between the Trustees and the Companies, or the termination of the Creditors' Trust Deed.</p>

Item	Subject	Term
27	Other terms	<p>Except for Regulations 3(c), 10 and 11, and except to the extent inconsistent with the terms of this Term Sheet, the terms and conditions in Schedule 8A of the Regulations will be incorporated into the DOCA.</p> <p>The powers of a Deed Administrator are as set out in the DOCA and also sections of the Act and Regulations, to the extent that they are applicable.</p>
28	Sunset Date	30 June 2024, or such other date as reasonably agreed in writing between the Proponent and Deed Administrators.
29	Governing Law	Western Australia.
30	Non-binding	This term sheet is for discussion purposes only and does not create any legally binding obligations on the parties.

Schedule 1 – Small Key Creditors

	SMALL KEY CREDITORS
1	Environmental Test Solutions
2	INTER-SCREEN (AUST) PTY LTD
3	TILT COMMERCIAL
4	CONVEYOR PRODUCTS & SOLUTIONS PTY LTD
5	DRILLINE CIVIL & HAULAGE
6	Hip Pocket Workwear & Safety S
7	Advisian
8	Instro GP Pty Ltd
9	FTI Consulting (Australia) Pty
10	Mining Consulting Pty Ltd
11	Coerco Pty Ltd
12	Crusader Hose Pty Ltd
13	Acu-Tech Piping Systems
14	BOC Ltd
15	TEX AT SITE
16	CFC Customer First Contracting
17	Goldfields Auto Spares
18	Barbaro & Co
19	Hetherington
20	KSB Australia Pty Ltd
21	Kirkonhill Pty Ltd ATF Thomson
22	Gingirana Discretionary Trust
23	BW Trading Pty Ltd
24	Westate Hose Supplies
25	SIS Technology Pty Ltd
26	Mog Central
27	Niwot Holdings Pty Ltd

	SMALL KEY CREDITORS
28	Greenlands Equipment
29	MAS Australasia Pty Ltd
30	Energy Access Services Pty Ltd
31	Filebound Australia
32	COMPLETE AVIATION FREIGHT PTY LTD
33	David Campbell Transport Pty Ltd
34	Agonis Group
35	Preston Consulting
36	Filter Discounters Pty Ltd
37	RSEA Safety
38	Paull & Warner Resources Pty Ltd
39	ENVIRO PAUL
40	Civic Transport Services
41	MSM Loss Management
42	Computershare Investor Service
43	Steve's Motorcycles
44	WEST POWER GROUP PTY LTD
45	Freight Specialists
46	Officeworks
47	ASX Settlement Pty Ltd
48	Fuji Xerox
49	OPS Screening & Crushing Equipment Pty Ltd
50	Sonic HealthPlus (Multiple loc
51	PIRTEK Newman
52	Westrac
53	Rowe Scientific
54	Telstra Corporation Ltd
55	DBNGP WA TRANSMISSION Pty Ltd

	SMALL KEY CREDITORS
56	CRU International Australia (AUS)
57	Able Sales
58	City Electric Supply (CES) Balcatta
59	Captivaction Pty Ltd ATF The C
60	ASIC
61	Snap Applecross
62	Ocean Network Express
63	Seek Limited
64	College of Electrical Training
65	Department of Transport
66	FLICK ANTICIMEX PTY LTD
67	Dr Charl du Plessis Pty Ltd
68	RedCloud Consulting
69	Mak Water
70	Blackwoods
71	NICHOLAS STENT
72	Neverfail Springwater
73	BSS Employee Assistance Progra
74	HALF PRICE PALLETS
75	ONLINE COMPLIANCE TRAINING AUSTRALIA
76	Multotec Pty Ltd
77	Beaver Process Equipment
78	Alcolizer Technolgy
79	Breathalyser Sales & Service
80	City of Stirling
81	Web and Print Design
82	1300 Australia
83	Creative Safety Supply

	SMALL KEY CREDITORS
84	Docushred
85	Safework Laboratories

Schedule 2 – Integral Creditors

INTEGRAL CREDITORS

1	Department Mines, Industry Reg
2	Marputu Aboriginal Corporation
3	MNR (Aboriginal Corp) RNTBC
