

**Kalium Lakes Potash Pty Ltd
(Administrators Appointed) (Receivers and Managers Appointed)
ACN 601 436 060 (the Company)**

Minutes of the Meeting of Eligible Employee Creditors of the Company held on Wednesday, 6 December 2023 at 9:00 am (AWST) at the offices of KPMG, Level 8, 235 St Georges Terrace, PERTH WA 6000.

1 Present

Refer attached attendance register (**Annexure "A"**).

2 Chairperson

Martin Jones, one of the Administrators of the Company, opened the meeting and advised that he would act as Chairperson of the meeting in accordance with Insolvency Practice Rules (Corporations) 2016 (**IPR**) 75-50.

3 Quorum

The Chairperson tabled the attendance register and advised that a quorum, in accordance with IPR 75-105, was present.

4 Notice of meeting

The Chairperson advised that the meeting had been called in accordance with the notice of meeting dated 29 November 2023, the meeting having been advertised on the Australian Securities & Investments Commission (**ASIC**) Insolvency Notices on 29 November 2023 in accordance with IPR 75-40.

5 Convening the meeting

The Chairperson advised that, in accordance with IPR 75-30, the meeting was being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meeting.

6 Purpose of the meeting

The Chairperson advised that the meeting was called to determine the following:

- to consider the Deed of Company Arrangement (**DOCA**), as proposed by Reward Minerals Limited (**Reward**) and the proposed variation to statutory priorities of eligible employee creditors.
- Any other business that may be lawfully brought forward.

7 Resolutions

The Chairperson advised that a resolution put to the vote of the meeting must be decided on the voices unless a poll is demanded (IPR 75-110):

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

The Chairperson advised that if a poll is demanded, a resolution is 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).

The Chairperson advised that a resolution by poll is 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).

8 Voting and use of casting vote

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

9 Proposal for variation to statutory priorities of eligible employee creditors

Background to requirement for Eligible Employee Meeting

The Chairperson stated that section 444DA(1) of the Act stipulates that the DOCAs 'must contain a provision to the effect that... any eligible employee creditors will be entitled to a priority at least equal to what they would have been entitled if the property were applied in accordance with sections 556, 560 and 561' (**Priority Provision**). However, pursuant to section 444DA(2), the Priority Provision will not apply where:

- at a meeting of eligible employee creditors, the eligible employee creditors pass a resolution agreeing to the non-inclusion of the priority provision; or
- the Court makes an order approving the non-inclusion of such a provision.

The Chairperson advised that in our Supplementary Voluntary Administrator's Report, we outlined a DOCA proposal for a DOCA, which has been proposed by Rewards Mineral Limited (ASX: RWD) (**Reward**) which is to be considered by creditors (including employees) at the Reconvened Meeting to be held at 9:30am (AWST) on 6 December 2023.

The terms of the Reward DOCA at Clause 16 gives priority to eligible employee creditors by providing that each DOCA will contain a provision as contemplated Section 444DA of the Act. However, we note that clause 6(l) of the DOCA allows the Proponent to specify certain eligible employee creditors to be Continuing Employees, in which case their Claims will be excluded from the DOCA and is to be paid from the ordinary course of their continuing employment.

A 'Continuing Employee' is defined at clause 28 to be 'any eligible employee creditor whose employment with a Company is agreed by the Proponent to continue following SSA Completion'.

In deciding whether to approve the non-inclusion of the Priority Provision in a DOCA, the Court in *Re TLC Marketing Worldwide Pty Ltd (Subject to a Deed of Company Arrangement) [2018] NSWSC 454 at [17]* found that the issue of excluding continuing employees from the deed fund and instead paying their entitlements through the ordinary course by the company, is a matter that 'could readily have been addressed, by a meeting of eligible employees conducted under s 444DA(2) of the Act'.

The case law confirms that where it is proposed to exclude continuing employees from the DOCA, those continuing employees are 'eligible employee creditors' and pursuant to s 444DA(2), a meeting of the eligible employee creditors must be held.

The Chairperson stated that on 4 December 2023 we received an alternate DOCA proposal for KLP and KLI from Shandong Nayu Energy Technologies Co. Ltd (**Nayu**). The DOCA terms provided that:

- employee creditors who are agreed by Nayu to be retained prior to the effectuation will not be participating in the Nayu DOCA.
- former employees having outstanding entitlements will be paid out in full from the Creditor Trust fund to be contributed by Nayu.

The Administrators issued a further report to creditors (including employees) dated 4 December 2023 outlining the above DOCA proposal.

On 5 December 2023 the Receivers and Managers advised the Administrators of their position as follows:

- the exclusivity deed entered with Reward prohibits dealing with any competing proposal.
- Having considered the proposed terms, they were of the view that the Nayu DOCA proposal was not capable of completion.

Accordingly, the Nayu DOCA proposal would not be voted upon at this meeting.

Eligible Employee Creditors of the Company and their position under the DOCA

The Chairperson stated at the time of our appointment, KLP employed approximately one-hundred and seven (107) employees. We understand that employees have been notified of the proposed sale to Reward and that Reward had identified ten (10) employees as Continuing Employees and the others were notified of their last day with the Company on or before 29 September 2023.

Continuing Employees, should they choose to accept the continuity of employment with KLP (under Reward) will not be able claim in the DOCA for any entitlements accrued or owed to them prior to the Administrators' and Receivers and Managers' appointment on 3 August 2023.

The position and estimated returns for employees under the DOCA as are follows:

- priority employee creditors (other than Continuing Employees) will be allocated a sum from the purchase consideration from the Share Sale Agreements (to be directed by the Receivers and Managers) to enable a payment of 100 cents in the \$ for their entitlements.
- Continuing Employees who are being offered the continuity of employment with KLP (under the ownership of Reward and the direction of directors nominated by Reward), will have their employee entitlements (such as annual leave or long service leave accrued) preserved and continued as is. No other entitlements will have been crystallised for payment. Those employees not being offered continuity of employment will be paid out 100 cents in the \$ for their entitlements.

The position for eligible employee creditors under the Rewards DOCA are summarised overleaf:

Eligible Employee Creditors classes	Effect of DOCA on entitlements and estimated return
Terminated employees (approx. 97 employees)	Allocated a sum from the purchase consideration from the Share Sale Agreements (to be directed by the Receivers and Managers). This will enable a payment of 100 cents in the \$ for their entitlements.
Continuing Employees (approx. 10 employees)	Reward may offer continuity of employment to certain Continuing Employees with KLP where their entitlements accrued will be preserved and continued as is. Those who continue with the company will not be entitled to claim in the proposed Reward DOCA. Those not being offered continuing employment will be able to claim 100 cents in the \$ for their entitlements (same as Terminated employees).

Administrators Opinion

The Chairperson stated that it is the Administrators' opinion that **the exclusion of the claims of Continuing Employees from the Reward DOCA would likely to result in the same or better outcome for eligible employee creditors as a whole than would result from an immediate winding up of the Company.**

The Administrators' opinion is based on the following factors:

- Continuing Employees who are being offered continuing employment with KLP will have their entitlements preserved and continued as is, they will also benefit from continued employment with the KLP (under Reward). No other entitlements of Continuing Employment will have been crystallised for payment. Those not being offered continuing employment will be able to claim 100 cents in the dollar for their entitlements.
- likelihood that there would be insufficient funds available to pay outstanding employee entitlements in a winding up of the Company. Although eligible employees may be able to make a claim under the Fair Entitlements Guarantee Scheme (FEG) subject to its terms and conditions, FEG does not provide funding to meet outstanding employee superannuation entitlements.

10 Questions from employees

The Chairperson stated that he assumed that the eligible employees had an opportunity to read the report with statement to employees, including his recommendation. The Chairperson then asked whether there were any questions.

Rodney Bentley: If a Continuing Employee is terminated prior to the completion of the DOCA, will they be entitled to participate and claim in the DOCA?

Chairperson: Yes.

11 Resolution

It was proposed by the Chairperson:

"That pursuant to section 444DA(2) of the Corporations Act 2001 (Cth) (Act), under the terms of the Reward Deed of Company Arrangement (DOCA) to be voted on by creditors at the Reconvened second meeting of creditors on 6 December 2023, or at any adjournment to that meeting, eligible employees that are classified as Continuing Employees in the DOCA, will not be admitted as an eligible employee for the purposes of the DOCA and therefore will not be entitled to receive a dividend at least equal to what they would be entitled to receive if the Contribution contemplated in the DOCA at clause 6(A)(i) were applied in accordance with sections 556, 560 and 561 of the Act."

Moved by: Rodney Bentley

Seconded by: Tenielle Bray

The Chairperson declared the resolution carried.

12 Questions from employees

The Chairperson asked whether there were any questions and noted that there were no questions from the floor.

13 Closure of meeting

There being no further business, the Chairperson thanked those present for attending.

The Chairperson declared the meeting closed at 9:23AM.

Dated this 14th day of December 2023.

Signed as a correct record.



Martin Jones
Chairperson

Annexure "A"
Attendance register

List of employees attending

Employee name	Name of Proxyholder	Proxy Type	Amount admitted voting for (\$)
Martin Jones (Chairperson)	N/A	N/A	N/A
Kieran Chu (assisting Mr Jones)	N/A	N/A	N/A
Lachlan Wharton (assisting Mr Jones)	N/A	N/A	N/A
Jason Shaw	Chairperson / Kieran Chu	Special	154,287.71
Michelle Hurba	Chairperson / Kieran Chu	Special	17,782.84
Jaymane Burke	Chairperson / Kieran Chu	Special	56,146.45
Rodney Bentley	n/a	n/a	18,941.23
Janelle Klymovich	Chairperson / Kieran Chu	Special	7,576.98
Lochlan Bentley	Rodney Bentley	General	17,935.99
Brett Dawes	Rodney Bentley	General	4,286.78
Sam Fletcher	Rodney Bentley	General	14,168.85
Ramadas Ponambalam	Rodney Bentley	General	13,721.04
Robert Staniford	Robert Brauer	General	1,581.68
Tenielle Bray	n/a	n/a	8,749.35

List of Observers attending

Employee name	Manner of Attendance
Jason Shaw	In person
Michelle Hurba	Via teleconference
Janelle Klymovich	Via teleconference
Brittany Lawrence - McGrathNicol	Via teleconference