

Kalium Lakes Limited
(Administrators Appointed) (Receivers and Managers Appointed) ("KLL or the Company")
ACN 613 656 643

Minutes of the Second Meeting of Creditors held on Monday, 11 December 2023 at 10:00am (AWST) at the offices of KPMG, Level 8, 235 St Georges Terrace PERTH WA 6000

1. Present

See **Annexure "A"** for the relevant attendance and observer registers for the Company.

2. Chairperson

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

3. Notice of Meetings

The Chairperson advised that the meeting has been called in accordance with the notice of meetings dated 1 December 2023, the meeting having been advertised on the ASIC Insolvency Notices on that same date in accordance with IPR 75-40.

The combined notice accompanied the Administrator Report to Creditors for the Company dated 1 December 2023 ("the Report") which was either emailed or posted to all known creditors.

4. Convening the meeting

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

5. Attendance register

The Chairperson tabled the attendance registers and proxies for the meetings and advised that these would be made available for inspection after the meeting if any creditors so desired.

6. Quorum

The Chairperson advised that given that there are two or more creditors participating on this meeting, he declared that a quorum is present in accordance with IPR 75-105 for the Company.

7. Voluntary Administrators Report

The Chairperson tabled the Voluntary Administrators' Report to Creditors dated 1 December 2023 in relation to KLL and take that as having been read. The Report was made available to all known creditors of the Company on that same date. He then discussed the following main points in relation to the events since the appointment of the Administrators on 3 August 2023:

Receivership and Sale Process

- The Chairperson advised that, as outlined in the Report, the Receivers are in control of the Companies' operations and activities.
- The Receivers continued with the marketing and sale process for the restructure or recapitalisation of the Companies previously commenced in June 2023.
- On 16 November 2023 the Receivers and Managers entered into an exclusivity deed with Reward Minerals Limited (Reward) to negotiate the terms of sale of the Beyondie SOP Project which culminated in a Share Sale Agreement and DOCA proposal for KLP and KLI. Under the terms of the sale that is being negotiated:
 - KLL will sell its share interest in KLP and KLI to Reward; and
 - DOCAs are also being proposed by Reward for KLP and KLI with completion of the transaction anticipated in January 2024.
- Reward is an ASX-listed advanced-stage sulphate of potash exploration and development company. Its flagship is its 100% owned Kumpupintil Lake Potash Project, located east of Newman in north-western WA.

On the same day, the proposal was forwarded to the Receivers and secured creditors for consideration.

- On 5 December 2023, the Receivers and Managers announced that it has entered into a binding Share Sale Agreement (SSA) with Reward.
- On 6 December 2023, at a Reconvened Second Meeting of Creditors of KLL's subsidiaries KLP and KLI, creditors resolved to accept the Reward DOCA.

Share Sale Agreement (SSA)

The Chairperson advised that the Receivers and Managers has entered into a Share Sale Agreement with Reward for the acquisition of 100% of the issued shares of KLP and KLI from KLL. This was announced on the ASX on 5 December 2023.

The SSA provides for (amongst other things):

- **Consideration:** in addition to the \$250k exclusivity payment already made (as announced on 16 Nov 2023), Reward will pay \$14.75m cash on completion of the shares transfer to Reward (which is to occur following satisfaction of all conditions to effectuation of the DOCA) and a final payment of \$5m cash by 30 June 2025.
- **Timing of completion:** 30 January 2024 (or such later date as agreed by the parties)
- **Care and maintenance:** from 1 January 2024, Reward will pay the reasonable operational costs incurred by KLP and KLI until the earlier of completion or termination of the SSA up to a maximum of \$75k per week.
- **R&D refund:** all rights and entitlements of KLP and KLI to any such refunds and the proceeds of any such refunds are to be retained by KLL.
- **Conditions precedent:** approval and execution of DOCAs for KLP and KLI, Reward obtaining shareholder approval and completing an equity capital raising.

DOCA for KLL

The Chairperson advised that during the course of the Administration, we have been approached by interested parties who expressed an interest in proposing a DOCA for the Company. These interested parties require further time to put forward a more formal (and detailed) proposal.

Should the Second Meeting be adjourned and a DOCA is proposed we will outline the relevant terms for creditors prior to reconvening the adjourned meeting.

8. Investigations / Potential Returns

The Chairperson then outlined the causes of failure, the preliminary date of the Company's insolvency and outcome of the investigations conducted during the Administration as detailed in the Report.

The Chairperson noted that at this stage, the Administrators are unable to determine with certainty whether a dividend will be payable to creditors, other than note that there will be a return to the secured lender from the sale of the Beyondie SOP Project.

The estimated returns for each class of creditors in a Liquidation are summarised below:

Estimated Returns	Low Return c/\$	High Return c/\$
Liquidation		
Excluded employee creditors	Nil	Nil
Unsecured creditors	Nil	Nil

9. Administrators Recommendation - Adjournment of meeting

The Chairperson advised, as noted previously, interested parties have expressed their intention to formulate and propose a DOCA for the benefit of all stakeholders of the company. However, at this stage, their proposals are not sufficiently progressed to a form that may be considered by creditors.

In accordance with the requirement IPR 75-225(3)(b) and in the absence of a DOCA proposal, the Administrators do not recommend an immediate winding up of the Company or that the administration end and control of the Company be returned to the Directors.

The Chairperson confirmed that the recommendation in the Report was that creditors of KLL **resolve to adjourn the Second Meeting for a period not exceeding forty-five (45) business days** as it can, amongst other things:

- Allow further time for interested parties to formulate and put forward a DOCA proposal to creditors and to allow the Administrators further time to progress the potential restructure of the Company; and
- Report back to creditors with sufficient information (post the effectuation of the KLP and KLI DOCAs (should the DOCAs be accepted) to accurately determine whether entering into a DOCA (if one is proposed) provides a better return to creditors as compared to an immediate winding-up of each of the Company.

It was noted that the reconvened Second Meeting of creditors would then be held on or before Friday, 16 February 2024.

10. 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 pursuant to IPR 75-110(1) and IPR 75-75(3), votes taken at virtual meetings must be taken:

- on a poll if:
 - (a) The notice of meeting specifies that votes taken at the meeting must be taken on a poll; or
 - (b) A poll is requested by the person presiding at the meeting or by a person participating and entitled to vote at the meeting; or
- otherwise, on a show of hands using electronic mechanisms (including clicking a raise hand or similar button on a virtual meeting computer program as well as verbally indicating how a creditor wishes to vote if dialling in to the meeting on the telephone)

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).

11. Voting and use of casting vote

- The Chairperson advised 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).
- a secured creditor may vote with respect to the whole of its debt or claim, without being required to estimate the value of its security (IPR 75-87).
- the Chairman noted that general proxies lodged for the previous reconvened meeting were valid for this meeting as well.
- the Chairperson will abstain from exercising any general proxies in his favour to vote on any resolutions where the Chairperson has any financial interest in the outcome of the resolution.
- a related party is permitted to vote as a creditor at the meeting, provided its claim has been admitted by the Administrators for the purposes of voting (IPR 75-100).
- where a debt claimed by a related creditor (within the meaning of Section 75-41(4) of Schedule 2 to the Act) has been assigned to that related creditor, the value for the purposes of voting is to be determined by taking the value of

the assigned debt to be equal to the value of the consideration given by the related creditor for the assignment of the debt (IPR 75-110(7)).

proofs of debt have been admitted in full for voting purposes where the amounts claimed agree to the Company's records, or where additional documentation was provided by the creditor to support their claim

12. Voluntary Administrators Remuneration

The Chairperson sought the following resolutions:

Resolution – Voluntary Administrators fees from 3 August 2023 to 24 November 2023

It was proposed by the Chairperson:

"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 1 December 2023, for the period from 3 August 2023 to 24 November 2023 be fixed in the amount of \$90,710.50, plus any applicable GST, and may be paid."

Moved by: Chairperson as proxyholder (special) for the Commissioner of State Revenue

The resolution was declared *passed*.

Resolution – Voluntary Administrators fees from 25 November 2023 to 11 December 2023

It was proposed by the Chairperson:

"That the further remuneration of the Administrators, as set out in the Remuneration Approval Request dated 1 December 2023, for the period from 25 November 2023 to 11 December 2023 be fixed up to a maximum amount of \$30,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."

Moved by: Chairperson as proxyholder (special) for the Commissioner of State Revenue

The resolution was declared *passed*.

13. Other business

The Chairperson inquired whether there was any other business to be properly conducted, or if there were any further questions regarding the Administration of the Companies before close of the meeting.

No other business was discussed.

14. Adjournment of Meeting

The Chairperson then declared the meeting adjourned at 10:08AM pursuant to Insolvency Practice Rule 75-140 for a period of up to 45 business days.

Dated this 20th day of December 2023.

Signed as a correct record.



Martin Jones
Chairperson

ANNEXURE "A"**Attendance Register****Kalium Lakes Limited – List of Attendees**

Creditor	Name of Proxyholder	Proxy Type	Amount admitted to vote 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
Cor Cordis	The Chairperson	Special	1.00
Commissioner of State Revenue	The Chairperson	Special	93,286.75
Peloton Legal Pty Ltd	The Chairperson	Special	93,759.60

