



Level 8, 235 St Georges  
Terrace  
PERTH WA 6000

GPO Box A29  
PERTH WA 6837  
Australia

ABN: 51 194 660 183  
Telephone: +61 8 9263  
7171  
Facsimile: +61 8 9263  
7129  
[www.kpmg.com.au](http://www.kpmg.com.au)

8 February 2024

To Creditors

Dear Sir/Madam

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

I refer to the appointment of Matthew Woods, Clint Joseph, and I, Martin Jones, as Joint and Several Voluntary Administrators of the Company on Thursday, 3 August 2023 pursuant to Section 436A of the Corporations Act 2001 (**the Act**).

We are now in a position to reconvene the second meeting of creditors of the Company in order to determine the Company's future.

Please find **enclosed** the Voluntary Administrators Supplementary' Report pursuant to Insolvency Practice Rules (Corporations) 2016 75-225 and Section 438A of the Act. The Voluntary Administrator's Supplementary Report includes our opinion, with supporting reasons, on each of the following matters:

- Whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement (**DOCA**);
- Whether it would be in the creditors' interests for the Company to be wound up; or
- Whether it would be in the creditors' interests for the administration to end.

**You will note that the Administrators' recommendation is that creditors of the Company resolve to enter into the proposed Deed of Company Arrangement.**

The following documents in respect of the reconvened second meeting of creditors for the Company are **attached** to the report:

Report annexure	Document	Description
<b>A</b>	Notice of Meeting of Creditors (Form 529)	– Please note that the meeting will be on <b>16 February 2024, commencing at 10.00am (AWST)</b> .
		– You should arrive for registration at least 15 minutes prior to the meeting.
		– For creditors who are unable to attend the meeting, a conference call facility will be available.
		– Please contact KPMG by email at <a href="mailto:kaliumlakes@kpmg.com.au">kaliumlakes@kpmg.com.au</a> or via telephone on (08) 9263 7297 one business day prior to the meeting to advise that you will be using the conference facilities and you will be provided with the conference ID.

Report annexure	Document	Description
E	Appointment of proxy (Form 532)	<ul style="list-style-type: none"> <li>– This form enables you to appoint a person to act on your behalf at the meeting.</li> <li>– <b>General (not special) proxy forms submitted for the second meeting held on 11 December 2023 are valid for the meeting and creditors do not need to re-submit another form for this reconvened meeting unless you seek to amend the proxyholder.</b></li> </ul>
C	Short Guide to the Creditors' Portal	<ul style="list-style-type: none"> <li>– We are using the Creditors' Portal to manage creditor claims.</li> <li>– This document provides guidance on how to register and submit a claim.</li> <li>– A person is not entitled to vote at the meeting unless they provide particulars of their debt or claim electronically via the Creditors' Portal before the meeting.</li> <li>– All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Company or any lien over goods in their possession which are the property of the Company via the Creditors' Portal.</li> <li>– If you have previously lodged your claim on the Creditors' Portal for the purposes of the first meeting of creditors, you <u>do not</u> need to re-submit your claim for the second meeting of creditors unless you wish to amend your claim.</li> </ul>
D	Remuneration Approval Request	<ul style="list-style-type: none"> <li>– Details of time spent by category of staff at the rates applicable for such staff.</li> <li>– A summary of the work undertaken by the Administrators and their staff in the administration.</li> <li>– A summary of the likely tasks and estimated remuneration of the Deed Administrators should creditors resolve to accept the DOCA.</li> <li>– A summary of the likely tasks and estimated remuneration of the Liquidators, should creditors resolve that the Companies be wound up.</li> </ul>
B	Australian Restructuring, Insolvency and Turnaround Association (ARITA) Creditor Information Sheet	<ul style="list-style-type: none"> <li>– Contains information regarding offences, recoverable transactions and insolvent trading, which may be pursued if the Companies are placed into liquidation.</li> <li>– Creditors should review the ARITA information sheet in conjunction with section 9 of the Administrators' report.</li> </ul>

**Proofs of debt and proxy forms are to be lodged before the meeting and, in any event no later than 4.00pm on 15 February 2024.**

For further information concerning the Voluntary Administration process and KPMG, you may wish to visit our website at <https://kpmg.com/au/en/home/creditors/kalium-lakes.html>. In addition, you can access general information about external administrations and insolvency from ARITA's website at [www.arita.com.au](http://www.arita.com.au).

Should you have any questions regarding the administration or this report, please contact us on (08) 9263 7297 or email at [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au).

Yours faithfully

**Kalium Lakes Limited**

A handwritten signature in black ink, appearing to read 'Martin Jones', with a stylized flourish at the end.

**Martin Jones**

Joint and Several Administrator

Encl.





# Supplementary Voluntary Administrators' Report

8 February 2024

**Kalium Lakes Ltd (ACN 613 656 643)**  
**(Administrators Appointed) (Receivers and Managers Appointed)**

Level 8, 235 St Georges Terrace,  
PERTH WA 6000  
GPO Box A29  
PERTH WA 6837

P. +61 8 9263 7171  
F. +61 8 9263 7129  
W. [kpmg.com.au](http://kpmg.com.au)

# Contents

---

Section	Page
Glossary of terms	2
1. Executive summary	4
2. Introduction	10
3. Company information	15
4. Historical financial position	15
5. Report on company activities and property and reasons for failure	15
6. The Administration to date and sale of business process	16
7. Proposal for DOCA	17
8. Statutory investigations	22
9. Voidable transactions	23
10. Return to creditors	24
11. Statement by Administrators	27
12. Further information and enquiries	29
Annexures	30
Annexure A – Notice of meeting of creditors	
Annexure B – ARITA creditor information sheet	
Annexure C – Short guide to the Creditors' Portal	
Annexure D – Remuneration approval request	
Annexure E – Appointment of proxy form	
Annexure F – Alt Finance DOCA proposal	

---

Please complete and return the forms at **Annexure E** by 4:00pm on Thursday, 15 February 2024 to our office via:

Email: [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au)

Post: Turnaround and Restructuring, KPMG, GPO Box A29, PERTH WA 6837

## Glossary of terms

Term	Description
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	Matthew Woods, Clint Joseph and Martin Jones
Agrimin	Agrimin Limited ACN 122 162 396
Alt Finance / Proponent	Alt Finance Pty Ltd (ACN 624 034 340)
APAAP	All present and after-acquired property – no exceptions
ARITA	Australian Restructuring, Insolvency & Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
BCP	Benelong Capital Partners Pty Ltd (ACN 145 496 233)
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Companies	Kalium Lakes Limited ACN 613 656 643 Kalium Lakes Potash Pty Ltd ACN 601 436 060 Kalium Lakes Infrastructure Pty Ltd ACN 631 042 450
Creditors' Portal	The online platform used by the Administrators to communicate with creditors, manage creditor claims. Please refer to <b>Annexure C</b> for further information
Directors	Brent Smoothy Cheryl Edwardes Robert Adam Salvatore Lancuba Simon Wandke
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
First Meeting	First meeting of creditors held on 15 August 2023
FY	Financial year
IPR	Insolvency Practice Rules (Corporations) 2016
KfW	KfW IPEX-Bank
KLL / the Company	Kalium Lakes Ltd ACN 613 656 643

Term	Description
KLP	Kalium Lakes Potash Pty Ltd ACN 601 436 060
KLI	Kalium Lakes Infrastructure Pty Ltd ACN 631 042 450
NAIF	Northern Australia Infrastructure Facility ACN 960 779 392
PMSI	Purchase Money Security Interest
PPSA	Personal Property Securities Act 2009 (Cth)
PPSR	Personal Property Securities Register
Receivers and Managers	Robert Brauer, Robert Kirman and Jason Preston of McGrathNicol
Reconvened Second Meeting of Creditors	Reconvened Second meeting held pursuant to IPR 75-225 and Section 439A of the Act, where creditors determine the future of the Company to be held on 16 February 2024
Report / Voluntary Administrators' Report	This report, prepared pursuant to IPR 75-225 and Section 438A of the Act
Reward / RWD	Reward Minerals Limited ACN 009 173 602
ROCAP	Report on Company Activities and Property
ROT	Retention of Title
Second Meeting	Second meeting held pursuant to IPR 75-225 and Section 439A of the Act, where creditors determine the future of the Company
SOP	Sulphate of Potash
SSA	Share Sale Agreement



## 1. Executive summary

This section addresses frequently asked questions relating to the Administration of the Company including a summary of the estimated outcome for creditors. Full details are available throughout this Report.

Question							
<b>What is the Company?</b>	<p>Kalium Lakes Limited (Administrators Appointed) (Receivers and Managers Appointed) and its subsidiaries (outlined below) own and operate the Beyondie Sulphate of Potash Project, located 160km South East of Newman, Western Australia.</p> <table><tr><th>Entity (All Administrators Appointed) (All Receivers and Managers Appointed)</th><th>ACN</th></tr><tr><td>Kalium Lakes Potash Pty Ltd</td><td>601 436 060</td></tr><tr><td>Kalium Lakes Infrastructure Pty Ltd</td><td>631 042 450</td></tr></table>	Entity (All Administrators Appointed) (All Receivers and Managers Appointed)	ACN	Kalium Lakes Potash Pty Ltd	601 436 060	Kalium Lakes Infrastructure Pty Ltd	631 042 450
Entity (All Administrators Appointed) (All Receivers and Managers Appointed)	ACN						
Kalium Lakes Potash Pty Ltd	601 436 060						
Kalium Lakes Infrastructure Pty Ltd	631 042 450						
<b>What is the purpose of this Report?</b>	<p>The purpose of this Report is to table the findings of our investigations of the Company's business, property, affairs and financial circumstances, as well as our opinion on the three (3) options available to creditors in deciding the future of KLL at the Reconvened Second Meeting.</p> <p>This Report is produced for the purposes of KLL creditors only.</p> <p>For completeness, this Report should be read in conjunction with reports prepared for KLL and KLL's subsidiaries, KLP and KLI, in particular:</p> <ul style="list-style-type: none"><li>- the KLL Voluntary Administrators' Report dated 1 December 2023;</li><li>- the KLP &amp; KLI Voluntary Administrators' Report dated 26 September 2023;</li><li>- the KLP &amp; KLI Supplementary Voluntary Administrators' Report dated 24 October 2023; and</li><li>- the KLP &amp; KLI Supplementary Voluntary Administrators' Report dated 29 November 2023.</li></ul> <p>Copies of these reports and other previous correspondences to creditors are available from the KPMG website at <a href="https://kpmg.com/au/en/home/creditors/kalium-lakes.html">https://kpmg.com/au/en/home/creditors/kalium-lakes.html</a></p>						
<b>What is the current status of the Company?</b>	<p>On 3 August 2023, Matthew Woods, Clint Joseph and Martin Jones, were appointed as joint and several Administrators of KLL, KLP and KLI by the Directors under Section 436A of the Act.</p> <p>Immediately following our appointment, Robert Brauer, Robert Kirman and Jason Preston of McGrathNicol were appointed as Receivers and Managers of the Companies on the same day by Westpac Administration Pty Limited (as Security Trustee) pursuant to a General Security Deed granted in its favour by the Companies.</p> <p>The Receivers and Managers are now in control of the Companies and their business operations.</p>						

## Question

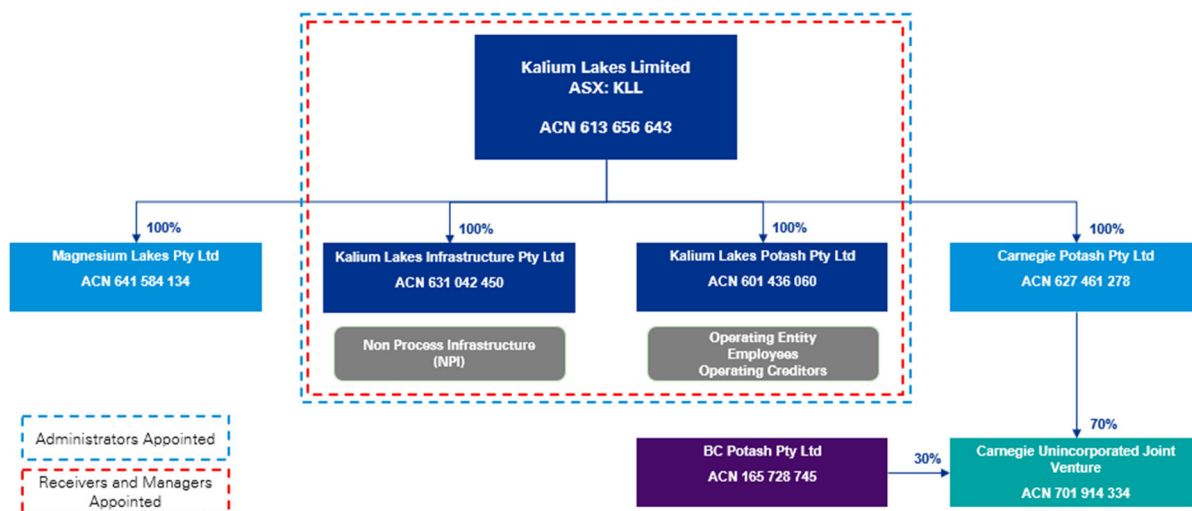
### Who is in control of the Company?

The Receivers and Managers have responsibility for the day-to-day management of the Company, with the security held in favour of their appointor enabling them to assume control of the business.

The Administrators have undertaken preliminary investigations into the affairs of the Companies and the reasons for its failure.

### What is the ownership structure of the Company?

KLL is an ASX listed entity and has controlling interests in four (4) wholly owned subsidiaries. The corporate structure is shown below:



### How did the Company's business trade?

KLL was the parent entity and dealt with the corporate and administrative tasks, such as tasks associated with its listing on the ASX and shareholder related issues.

KLP was the employing entity and the majority of the suppliers to the project are contracted through KLP.

KLI held the non-process infrastructure assets for the project.

The Companies' main asset, the Beyondie SOP Project was operated by KLP and KLI. The Companies developed and constructed a commercial operation at the project site which is located approximately 160 km SE from Newman.

## Question

### Why do the Directors believe the Company became insolvent?

The Directors have provided their views on the affairs of the Company and attributed the following reasons to their failure:

- The secured lenders (Westpac as security trustee for secured lenders NAIF and KfW) to Kalium Lakes Potash Pty Ltd declined to provide the final \$5.0m liquidity facility or any further funding in order to continue with the strategic sale process under control of the Board.
- The Board was then left with no choice but to put the Companies into Administration following which the secured creditors appointed Receivers and Managers on 3 August 2023.

### What do the Administrators consider were the underlying causes of the Company's failure?

The Administrators preliminary view is that, in addition to the reasons identified by the Directors, the Companies failed as a result of:

- Challenges associated with the development of the Beyondie SOP Project, which resulted in the Companies not meeting their production targets and consequently resulted in additional costs being incurred. This led to a funding shortfall and therefore a breach of existing debt covenants.
- The secured lenders (Westpac as security trustee for secured lenders NAIF and KfW) to Kalium Lakes Potash Pty Ltd declined to provide the final \$5.0m liquidity facility or any further funding for them to pursue their strategic initiatives.

Consequently, the Directors resolved to appoint Administrators on 3 August 2023 given that it was likely that the Companies were insolvent or likely to become insolvent in the near future.

For completeness, we note that the above analysis is based upon our preliminary view only, any future appointed Liquidator would need to conduct further investigations to determine the actual causes of failure.

### When do the Administrators consider the Company became insolvent?

Based upon our preliminary investigation into the affairs of the Company, we consider that the Company was not insolvent for any material time prior to our appointment on 3 August 2023.

For completeness, we note that the above analysis is based upon our preliminary view only, any future appointed Liquidator would need to conduct further investigations (which may include conducting a public examination of the directors and officers) to determine the actual date of insolvency.

Further details concerning the Company's insolvency is contained within **Section 8** of this Report.

## Question

### What was the outcome of the sale of business process?

The Receivers and Managers are in control of the Companies and their assets. They have continued with the marketing and sale process for the restructure or recapitalisation of the Companies commenced in June 2023.

On 16 November 2023, the Receivers and Managers announced that they have entered into an exclusivity deed with Reward Mineral Limited (ASX: RWD) to negotiate the terms of sale agreement (and any associated documents) required to give effect to the sale of the Beyondie SOP Project.

At the time of writing, the sale agreement is still being negotiated and has not been formally executed. 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 mid to late February 2024.

Further details on these arrangements are provided in **Section 6** of this report.

During the course of the Administration, we have been approached by interested parties who expressed an interest in proposing a DOCA for KLL.

Bennelong Capital Partners submitted a DOCA proposal and term sheet at the end of January 2024 and since then we have been negotiating the terms of the offer with them and the Receivers and Managers (who represent the secured lender).

### Have the Administrators explored the possibility of a DOCA?

Please refer to **Section 7** of this Report for our summary in respect of the DOCA proposal received.

The DOCA proposal provides for the establishment of a Creditors' Trust allowing for a return to the creditors of KLL.

### What is the purpose of the Reconvened Second Meeting of Creditors?

To resolve the future of KLL. The options available include whether:

- the Company executes a DOCA; or
- the Administration should end; or
- the Company be wound up.

For further details on how to attend and vote at the Reconvened Second Meeting of Creditors please refer to **Section 2.8** of this Report.

## Question

Under the proposed DOCA, creditors are expected to receive the following dividends:

Creditor class	Estimated dividend rate c/ \$
Secured	Share in recapitalised entity – subject to equity value
*Priority	None identified
Unsecured	Share in recapitalised entity – subject to equity value

### What is the estimated return to creditors?

*\*To the extent that there any identified priority creditor claims arise, these will be dealt with in priority under the DOCA.*

In a Liquidation, any funds received from the sale of the Companies' assets will firstly be applied to secured creditors debt (approximately \$209M). Given the extent of the secured creditor's debt and the costs incurred to date, we estimate that there will be insufficient proceeds from a sale to discharge the secured creditors' debt in full, there will be no funds available to unsecured creditors.

We also do not expect that there will be any recoveries from the voidable and other transaction referred to in **Section 9** of this Report.

Ultimately, the final rate of return will be dependent on a number of factors. Please refer to **Section 10** for further information.

### What do the Administrators recommend creditors should do?

Alt Finance has proposed a DOCA which provides for (amongst other things):

- A DOCA contribution of up to \$125,000 to meet the costs of administration.
- The establishment of a Creditors' Trust.
- An allocation of equity totalling c.3% in the recapitalised company for the benefit of creditors.

The DOCA has several conditions precedent which are required to be satisfied before completion, which includes the approval of creditors at the forthcoming reconvened meeting of creditors and the execution of a formal agreement between the secured lenders and the DOCA proponent on mutually acceptable terms.

We are of the opinion that creditors should accept the proposed DOCA as it likely provides for a better return to creditors than an immediate winding up of the Company. The DOCA proposal also allows for the recapitalisation of KLL and retention by existing shareholders of some ongoing equity holding.

Furthermore, we consider the proposed DOCA meets the objectives of the voluntary administration regime as set out in section 435A of the Corporations Act by maximising the chances of the company, or as much of its business, continuing in existence.

Further commentary on the reasons for our recommendation are detailed at **Section 11** of this report.

## Question

### What claims will a liquidator investigate?

Whilst the Administrators have considered the underlying causes of the Company's failure, our investigations into claims arising from those matters are at an early stage.

The preliminary investigations have not identified any potential claims or antecedent recoveries available in a Liquidation which would result in a return to creditors.

That said, a liquidator (if one is appointed) will conduct further investigations in addition to the preliminary investigations undertaken during the Administration.

The investigations undertaken to date in the Administration are detailed at **Section 8** of this report.

### What do creditors need to do next?

Creditors will vote on the future of KLL at the Reconvened Second Meeting to be held at **10:00 am (AWST) on Friday, 16 February 2024, at the offices of KPMG, Level 8, 235 St Georges Terrace, PERTH WA 6000** and via teleconference.

All creditors of KLL are entitled to attend the Reconvened Second Meeting. Creditors should review the contents of this report and complete the following forms by **4:00pm** on 15 February 2024:

Form/ voting	Where to submit
Appointment of proxy – form 532 (Annexure E)	<b>Email:</b> <a href="mailto:kaliumlakes@kpmg.com.au">kaliumlakes@kpmg.com.au</a> <b>Post:</b> GPO Box A29, PERTH WA 6837
Proof of debt – form 535	Via Creditors' Portal <a href="https://creditors.accountants/">https://creditors.accountants/</a>

Further guidance on how to register, submit a proof of debt form and vote at the meeting of creditors can be found at **Section 2.8** of this report.

### Where can I get more information?

If you require any further information, please see the KPMG website (<https://kpmg.com/au/en/home/creditors/kalium-lakes.html>) and/or contact us at [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au)

## 2. Introduction

This section provides information on the entities subject to the Administration process, the objectives of the Administration, the purpose of this Report, details of meetings of creditors and a summary of the Administrators' remuneration.

Key takeaways		Ref.
1	On 3 August 2023, Matthew Woods, Clint Joseph and Martin Jones, were appointed as joint and several Voluntary Administrators of the Companies by the Directors under Section 436A of the Act.	2.1
2	Following the Companies being placed into Voluntary Administration on 3 August 2023, the Receivers and Managers were appointed to the Companies on the same day by Westpac Administration Pty Limited (as Security Trustee) pursuant to a General Security Deed granted in its favour by the Company.	2.2
3	At the Second Meeting of Creditors of held on 11 December 2023, the Administrators resolved to adjourn the Second Meeting for a period not exceeding forty-five (45) business days to 16 February 2024. The purpose of extending the convening period is to allow sufficient time for the Receivers and Managers to conduct a fulsome marketing and sale process for the Companies and/or its assets, namely preserving the opportunity for interested parties to submit a DOCA proposal, which may provide a better return to creditors than a winding up of the Companies.	2.7

### 2.1. Appointment of Voluntary Administrators

On 3 August 2023, Matthew Woods, Clint Joseph and Martin Jones, were appointed as joint and several Administrators of the Companies by the Directors under Section 436A of the Act.

### 2.2. Appointment of Receivers and Managers

Following the Companies being placed into Voluntary Administration, on 3 August 2023, Robert Brauer, Robert Michael and Jason Preston of McGrathNicol were appointed as Receivers and Managers (Receivers and Managers) of the Companies on 3 August 2023 by Westpac Administration Pty Limited (as Security Trustee) pursuant to a General Security Deed granted in its favour by the Companies. The Receivers and Managers are now in control of the business.

The Receivers and Managers represent predominantly the interests of the Secured Creditors, with their primary role being to realise sufficient secured assets to repay the debt owed to the Secured Creditors. The Receivers and Managers have, under the terms of their appointment, the power to manage the assets and trading operations of the Companies.

### 2.3. Objective of voluntary administration

In a voluntary administration, Administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the directors and officers, to manage the company's affairs and deal with its assets in the interests of its creditors.

The intention of a voluntary administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most pre-administration creditor claims.

Administrators are also required to investigate a company's affairs and report to creditors on the Administrators' opinion as to which outcome of the voluntary administration process is in the creditors' best interest, informing the creditors prior to their voting at the Second Meeting (please see **Section 11** for further details).

## 2.4. Purpose and basis of this report

IPR 75-225 requires a voluntary administrator to provide a report (the **Voluntary Administrators' Report** or this **Report**) to all creditors ahead of the Second Meeting, outlining:

- Details regarding the business, property, affairs and financial circumstances of the entity under administration;
- The Administrator's opinion and recommendation on each of the options available to creditors; and
- If a DOCA is proposed, the details of the DOCA.

This Report also informs creditors about the preliminary investigations undertaken by the Administrators to date. Accordingly, the views formed in this Report are not final and may be subject to change. Any additional material issues that are identified after this Report may be subject to a further written report and/or tabled at the forthcoming Second Meeting.

This Report has been prepared primarily from information obtained from the Companies' books and records and discussions with the Directors. Although the Administrators have conducted certain investigations of the affairs of the Companies', there may be matters which we are unaware of as an audit of the Companies' has not been undertaken.

In order to complete our Report, we have utilised information from:

- the ASIC;
- the PPSR;
- the Companies' book and records;
- discussions with the Directors and former directors of the Companies;
- discussions with key employees of the Companies;
- discussions with creditors of the Companies; and
- other public databases.

## 2.5. Context of this Report

This Report is based on our preliminary investigations to date. Any additional material issues that are identified subsequent to the issue of this Report may be the subject of a further written report and/or tabled at the Second Meeting.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. We reserve the right to alter any conclusions reached based on any changed or additional information which may be provided to us between the date of this Report and the date of the Second Meeting (except where otherwise stated).

In considering the options available to creditors and formulating our opinion and recommendation, we have necessarily made forecasts of asset realisations and total creditors' claims based on our best assessment in the circumstances. These forecasts and estimates may change as asset realisations progress and we receive creditor claims and consequently the outcome for creditors might differ from the information provided in this Report. Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.

## 2.6. Declaration of independence, relevant relationships and indemnities

In accordance with Section 436DA of the Act and the Code, a DIRRI was enclosed with the Administrators' first communication to creditors (and tabled at the First Meetings of Creditors).

The DIRRI disclosed information regarding the Administrators' independence, prior personal or professional relationships with the Company or related parties and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to the Administrators' independence.

There has been no change in the declaration since that time.



## 2.7. Second Meeting of Creditors

Based on the statutory timetable of a voluntary administration, the Second Meeting was required to be held on or before 7 September 2023. As Administrators, we made an application to the Supreme Court of Western Australia for orders to extend the period of time within which to convene the second meeting of creditors of each of the Companies by a period of three (3) months, ending until 1 December 2023. The Second Meetings of Creditors of the Company was held on Monday, 11 December 2023.

At that meeting held on 11 December 2023, the Chairman determined pursuant to Rule 75-140(1)(b) of the Insolvency Practice Rules (Corporations 2016), that the second meeting be adjourned for a period not exceeding forty-five (45) business days, to enable, 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 the Company.

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.

## 2.8. Reconvened Second Meeting of Creditors

Pursuant to Section 439A of the Act, the Reconvened Second Meeting for KLL is now convened for **Friday, 16 February 2024 at the offices of KPMG, Level 8, 235 St Georges Terrace, Perth WA at 10:00 am (AWST)**. At the Reconvened Second Meeting, creditors will decide the Company's future by voting on one of the following options:

- that the administration should end (in this case control of the Company will revert to its directors); or
- that the Company should be wound up; or
- that the Company execute a DOCA

The Notice of Meeting of Creditors is attached (**Annexure A**) along with an appointment of proxy form (**Annexure E**).

All creditors of KLL are entitled to attend the Reconvened Second Meeting. Creditors who wish to participate in the Reconvened Second Meeting must complete and submit the following forms to this office by **4:00pm on 15 February 2024**.

A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Company or any lien over goods in their possession which are the property of the Company.

Form/ voting	Where to submit
Appointment of proxy – form 532 (Annexure E)	Email: <a href="mailto:kaliumlakes@kpmg.com.au">kaliumlakes@kpmg.com.au</a> Post: GPO Box A29, PERTH WA 6837
Proof of debt – form 535	Via Creditors' Portal <a href="https://creditors.accountants/">https://creditors.accountants/</a>

For creditors who are unable to attend the meeting, a conference call facility will be available.

Please contact KPMG by email at [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au) or by telephone on (08) 9263 7297 at least one business day prior to the meeting to advise that you will be using the conference facilities and to be provided with the conference call code.

## 2.9. Remuneration

An Administrator's remuneration can only be fixed by resolution of a COI, the Company's creditors, or by application to the Court. In accordance with IPR 70-35 and the Code, an Initial Remuneration Notice was provided to creditors with our initial communication and tabled at the First Meeting of Creditors.

ARITA has issued an "Approving remuneration in external administrations" information sheet providing general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a DOCA. This information sheet is available from the ARITA website ([www.arita.com.au](http://www.arita.com.au)).

At the Second Meeting of Creditors held on 11 December 2023, creditors approved the Administrators' remuneration and disbursements for the following periods:

For	Period	Approved by	Amount approved (ex GST) \$	Amount paid (ex GST) \$
<b>Voluntary Administration</b>				
Work already completed	3 August 2023 to 24 November 2023	Creditors	90,710.50	90,710.50
Future Work - Voluntary Administration	25 November 2023 to the Second meeting of Creditors	Creditors	30,000.00	30,000.00
<b>Total remuneration previously approved</b>			<b>120,710.50</b>	<b>120,710.50</b>

To date remuneration totalling \$120,710.50 (excluding GST) has been approved by creditors at the Second Meeting of creditors.

At the Reconvened Second Meeting, we intend seeking further approval of the remuneration as set out in the Remuneration Approval Request at **Annexure D** and as summarised below. Details of disbursements incurred are also included in the remuneration report.

For	Period	Amount (ex GST) \$	Rates to apply	When it will be drawn
Work already completed	12 December 2023 - 31 January 2024	14,146.50	Please refer to the Initial Remuneration Notice (IRN) sent to creditors on 4 August 2023	When funds are available
Work to be completed	1 February 2024 - end of Voluntary Administration	15,000.00		
<b>Voluntary administration total</b>		<b>\$29,146.50</b>		
Deed Administrators - Future work	Execution of DOCA to finalisation of DOCA	20,000.00	Please refer to IRN sent to creditors on 4 August 2023	When funds are available

For	Period	Amount (ex GST) \$	Rates to apply	When it will be drawn
Trustees of the Creditors' Trust - Future work	Commencement to completion	30,000.00		
<b>DOCA total</b>		<b>\$50,000.00</b>		
Future work - liquidation	Commencement to completion of liquidation	150,000.00	Please refer to IRN sent to creditors on 4 August 2023	When funds are available
<b>Liquidation total</b>		<b>\$150,000.00</b>		

Please refer to our Remuneration Approval Request at **Annexure D** for details of the key tasks undertaken throughout the course of the administration to date.

#### 2.10. Non-disclosure of certain information

There are sections of this Report where we have considered it inappropriate to disclose certain information to creditors. Such information includes:

- valuations of specific assets
- valuation of the business
- details of offers received during the sale process
- commercially sensitive prospective financial information (for example, projections / forecasts)

We recognise the need, so far as is possible, to provide creditors with complete disclosure of all necessary information relating to the Company. However, we believe this information is commercially sensitive and it is not in creditors' interests for us to disclose the information publicly at this stage.

Where necessary in this Report, we provide a combined figure for potential realisations of assets when comparing estimated dividends under the relevant options.

### 3. Company information

Please refer to the Administrators' Report dated 1 December 2023 for details regarding the Company's history, statutory information and the Directors' decision to appoint the Administrators.

### 4. Historical financial position

Please refer to the Administrators' Report dated 1 December 2023 for details regarding the Company's historical financial information which incorporates historical profit and loss result and balance sheets.

### 5. Report on company activities and property and reasons for failure

Please refer to the Administrators' Report dated 1 December 2023 for our detailed summary of the Company's business property, affairs and financials circumstances and Administrators' estimated realisable values of the Companies' assets and liabilities.

Details as to the ROCAP and Administrators estimated realisable values of assets and liabilities of the Company was presented in **Section 5** of the aforementioned report.

The following updates are also to be read in conjunction with that report:

In our previous report we advised that KLL had two R&D tax incentive claims outstanding for FY22 and FY23. We understand that these are expected to be realised as follows:

- FY22: estimated claim is c.\$12.5m submitted in November 2023 and expected to be recovered in February 2024.
- FY23: estimated claim amount is unknown at this time however recovery is anticipated on or before May 2024.

The benefit of the R&D recoveries are expected to be claimed by the Receivers and Managers on behalf of the secured lender.

## 6. The Administration to date and sale of business process

This section provides an overview of the conduct of the Administration, including the trading of the business and the going concern sale process conducted by the Receivers and Managers and the recapitalisation process conducted by the Administrators.

Key takeaways		Ref.
1	The Receivers and Managers are in control of the Companies and their assets. They continued with the marketing and sale process for the restructure or recapitalisation of the Companies previously commenced in June 2023.	6.1
2	The Administrators have undertaken activities limited to their role; including preserving the Company's corporate structure whilst the Receivers and Managers conducted their marketing and sale process.	6.2
3	The outcome of the sale process is that on 16 November 2023 the Receivers and Managers entered into an exclusivity period with Reward Minerals Limited for the purpose of agreeing a SSA for the sale of the Company's subsidiaries, KLP and KLI.	6.2

### 6.1. The business at commencement of the Administration

Please refer to **Section 6.1** of the Administrators' report dated 1 December 2023 for our detailed summary in respect to the business at the commencement of the Administration.

### 6.2. The sale of business process conducted by the Receivers and Managers

Please refer to **Section 6.2** of the Administrators' report dated 1 December 2023 for our detailed summary in respect to the sale of business process conducted by the Receivers and Managers.

The Receivers and Managers entered into a sale agreement, 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.

For completeness, we outline below the events which has occurred following the issuance of our report on 1 December 2023:

- At a meeting of creditors held on 6 December 2023, creditors of KLP and KLI both resolved to accept the DOCA as proposed by Reward Mineral Limited (ASX: RWD).
- The DOCAs were entered into on 22 December 2023.

The DOCAs were initially anticipated to effectuate in late January 2024, however at the time of writing we anticipate it to be on or around late February 2024.

### 6.3. The recapitalisation / subsidiary sale process conducted by the Administrators

During the course of the Administration, we have been approached by interested parties who expressed an interest in proposing a DOCA for the Company.

Alt Finance (a 100% owned subsidiary of Benelong Capital Partners Pty Ltd) submitted a DOCA proposal and term sheet at the end of January 2024 and since then we have been negotiating the terms of the offer with them and the Receiver and Managers (who represent the secured lender).

Please refer to **Section 7** of this Report for details of the DOCA proposal.

## 7. Proposal for DOCA

A DOCA proposal has been received from Alt Finance and the terms of the DOCA proposal are summarised herein.

Key takeaways		Ref.								
1	We have received a DOCA proposal from Alt Finance Pty Ltd (100% owned subsidiary of Benelong Capital Partners Pty Ltd) for KLL which provides for the recapitalisation of the Company.	7.1								
2	<p>The purpose of the DOCA is to provide a fund (<b>Trust Fund</b>) which will enable a distribution to the creditors of the Company, facilitating a cleansing of their respective balance sheets, allowing the Company to recapitalise and return to trade on a going concern basis under a new board of directors.</p> <p>Following the execution of the proposed DOCA, a Creditors' Trust will be established. The creditors of the Company will be transferred to the Creditors' Trust, along with the Trust Fund which totals \$125,000.</p> <p>Creditors will then receive a distribution in accordance with the terms of the Creditors' Trust Deed and DOCA, which is tabled below.</p>	7.2								
3	<p>The anticipated return to creditors/beneficiaries will be:</p> <table><tr><th>Creditor class</th><th>Estimated dividend rate (c/\$)</th></tr><tr><td>Secured creditor</td><td>Percentage (%) interest in the recapitalised entity</td></tr><tr><td>Priority creditors (former employees)</td><td>None identified</td></tr><tr><td>Unsecured creditors</td><td>Percentage (%) interest in the recapitalised entity</td></tr></table>	Creditor class	Estimated dividend rate (c/\$)	Secured creditor	Percentage (%) interest in the recapitalised entity	Priority creditors (former employees)	None identified	Unsecured creditors	Percentage (%) interest in the recapitalised entity	7.2
Creditor class	Estimated dividend rate (c/\$)									
Secured creditor	Percentage (%) interest in the recapitalised entity									
Priority creditors (former employees)	None identified									
Unsecured creditors	Percentage (%) interest in the recapitalised entity									

### 7.1. DOCA Proposal received

We received a DOCA proposal for the Company from Alt Finance Pty Ltd (100% owned subsidiary of Benelong Capital Partners Pty Ltd) in late January 2024 and since that time, we have been negotiating the terms of the offer with the Proponent and the Receiver and Managers (who represent the secured lender).

In summary, the DOCA provides for the following:

- Alt Finance will provide \$125,000 cash to the Deed Administrator and Creditors' Trust.
- The Creditors' trust will also receive the benefit of a placement of approximately 3 million shares (representing 3% of the total shares issued) in the recapitalised entity, which will be held for creditors and claimants of KLL.
- A compromise of all of the unsecured creditor claims and debts against KLL through the execution of the DOCA and the establishment of a Creditors' Trust to distribute the creditors contribution totalling \$125,000 and share placement of approximately 3 million shares (representing 3% of the total shares issued) to creditors (beneficiaries) of KLL and for payment of the fees, expenses and liabilities of the Administrators.
- KLL will continue to trade under the revised ownership structure following the effectuation of the DOCA.
- Pursuant to the terms of the DOCA, priority claims are afforded priority over the unsecured creditors.
- To the extent that there are priority employee claims in KLL (we are not aware of any priority employee claims in the Company) they will receive a dividend of 100c/\$.
- We are uncertain of the ultimate return to unsecured creditors as this will be subject to the equity value following the recapitalisation.

We consider that the proposed DOCA complies with section 25.6.6 of the Code.

## 7.2. Key features of the proposal

The proposed DOCA includes the following key features:

Key element	DOCA Proposal
1 DOCA Proponent	Alt Finance Pty Ltd (ACN 624 034 340) (100% owned subsidiary of Benelong Capital Partners Pty Ltd (ACN 145 496 233))
2 Deed Administrators	The Deed Administrators are to be Martin Jones, Matthew Woods and Clint Joseph of KPMG, who will have extensive powers to administer the DOCA and the Creditors' Trust.
3 Company bound by DOCA	Kalium Lakes Ltd (ACN 613 656 643) (Administrators Appointed) (Receivers and Managers Appointed)
4 Purpose of the DOCA	<p>The purpose of the DOCA is to:</p> <ul style="list-style-type: none"> <li>- Establish a Creditors' Trust where the Participating Creditors in respect of KLL are able to obtain an entitlement under the arrangement provided for in the Trust Deed;</li> <li>- The Creditor Payment will be used in full and final satisfaction of all creditor claims, (i.e. secured and unsecured) of KLL (including those of an Administrator) pursuant to a Deed of Company Arrangement entered into by the Company (DOCA).</li> <li>- Recapitalisation of KLL through the Proponent, to allow KLL to resume trading with a new viable business and assets (as determined by the Proponent).</li> </ul>
	<p>The DOCA will contain the following key terms:</p> <ul style="list-style-type: none"> <li>- The Proponent will advance a sum of \$125,000 to the Deed Administrators or Creditors' Trust, and seek reimbursement post DOCA effectuation from the Company;</li> <li>- Any entitlements to the R&amp;D tax incentives to be retained exclusively by the Receivers and Managers of KLL. The Receivers and Managers will make reasonable endeavours to determine if the R&amp;D tax incentives are assignable or enter into a mutually suitable agreement with the Proponent that any funds recovered from the R&amp;D tax incentives will be solely for the benefit of the Receivers and Managers and their appointors.</li> <li>- All PPSR charges must be removed before or at settlement. For completeness, the Receivers and Managers appointment to remain against the Company until the sale of the shares for Kalium Lakes Potash (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) and Kalium Lakes Infrastructure Pty Ltd (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) is completed.</li> <li>- The Voluntary Administrators, Deed Administrators and Trustees of the Creditor's total remuneration, fees and costs will be capped at \$125,000 (plus GST).</li> <li>- The Creditors' Trust will also receive the benefit of a placement of approximately 3 million shares (representing 3% of the total shares issued) in the recapitalised entity, which will be held for creditors and claimants of the Company.</li> </ul>
6 Proponent Capital Raising	On completion of the DOCA, it is the Company's intention to issue fresh shares to sophisticated and professional investors to raise funds to recapitalise the Company.

Key element	DOCA Proposal								
	<p>The property that is available to pay Participating Creditor's debt is the Creditors' Contribution made by the Proponent:</p> <p>Alt Finance will provide \$100,000 to the Deed Administrator or Creditors' Trust on the same day of shareholder approval for the recapitalisation proposal. Alt Finance will pay a refundable deposit to the Voluntary Administrator of \$25,000 upon creditor's approval of the DOCA. In the event that the Receivers and Managers have not retired by 31 May 2024, then the \$25,000 deposit is refunded.</p> <p>The payment will be raised internally, i.e. not by prospectus. The timing of the contribution will be:</p>								
7 DOCA Contribution	<table> <tr> <th>DOCA contribution</th><th>Amount (\$)</th></tr> <tr> <td>To the Voluntary Administrators upon creditor's approval of the DOCA</td><td>25,000</td></tr> <tr> <td>To the Deed Administrators upon shareholder approval</td><td>100,000</td></tr> <tr> <td><b>Total</b></td><td><b>125,000</b></td></tr> </table> <p>The \$100,000 is on the basis that, immediately following shareholder approval, the DOCA terminates and the Deed Administrators retire. A Creditors' Trust fund is established to hold the \$125,000 for creditors and claimants of the Company.</p> <p>The Creditors' Trust will also receive the benefit of a placement of approximately 3 million shares (representing 3% of the total shares issued) in the recapitalised entity, which will be held for creditors and claimants of the Company.</p>	DOCA contribution	Amount (\$)	To the Voluntary Administrators upon creditor's approval of the DOCA	25,000	To the Deed Administrators upon shareholder approval	100,000	<b>Total</b>	<b>125,000</b>
DOCA contribution	Amount (\$)								
To the Voluntary Administrators upon creditor's approval of the DOCA	25,000								
To the Deed Administrators upon shareholder approval	100,000								
<b>Total</b>	<b>125,000</b>								

### 7.3. Important Information for creditors

Item	Information for creditors
Reason	<p>The purpose of the Unsecured Creditors' Trust will be to engage certain tasks ordinarily undertaken by a deed administrator (including but not limited to, the call for and adjudication upon the claims of unsecured creditors) to be performed by the Trustees of the Unsecured Creditors' Trust.</p> <p>In order to facilitate the early termination of the DOCA, so that the Company avoids having to trade 'subject to DOCA', which may adversely impact upon its ability to acquire goods and services and, obtain credit, in a way which is consistent with the expectations of proponents for the potential trading resumption with viable business assets.</p> <p>Creditors will receive the benefit of a placement of approximately 3 million shares (representing 3% of the total shares issued) in the recapitalised entity, which will be held for creditors and claimants of the Company.</p>
Key events	<p>Upon the satisfaction or waiver of the Conditions Precedent, the amount of \$125,000 will be transferred to the Creditors' Trust and the Deed Administrators will become the Trustees.</p> <p>At this time, the Participating creditors of the Company will convert from being creditors of the Company to become beneficiaries of the Creditors Trust.</p>



Item	Information for creditors								
Return	<p>The anticipated return to beneficiaries will be:</p> <table> <tr> <th>Creditor class</th><th>Estimated dividend rate (c/\$)</th></tr> <tr> <td>Secured creditor</td><td>Share in recapitalised entity – subject to equity value</td></tr> <tr> <td>*Priority creditors (former employees)</td><td>None identified</td></tr> <tr> <td>Unsecured creditors</td><td>Share in recapitalised entity – subject to equity value</td></tr> </table> <p><i>*To the extent that there are any identified priority creditor claims, these will be dealt with in priority under the DOCA</i></p>	Creditor class	Estimated dividend rate (c/\$)	Secured creditor	Share in recapitalised entity – subject to equity value	*Priority creditors (former employees)	None identified	Unsecured creditors	Share in recapitalised entity – subject to equity value
Creditor class	Estimated dividend rate (c/\$)								
Secured creditor	Share in recapitalised entity – subject to equity value								
*Priority creditors (former employees)	None identified								
Unsecured creditors	Share in recapitalised entity – subject to equity value								
Trustee particulars	The Trustees of the Creditors' Trust are proposed to be Martin Jones, Clint Joseph and Matthew Woods of KPMG. Details of their skills and experience are available on the KPMG website. KPMG has in place appropriate insurance coverage for the work proposed to be performed.								
Remuneration	The Voluntary Administrators, Deed Administrators and Trustees of the Creditor's total remuneration, fees and costs will be capped at \$125,000 (plus GST)								
Indemnities	The Administrators, Deed Administrators of the Company and Trustees of the Creditors' Trust will be entitled to be indemnified out of, and will have lien over, the funds in the Creditors' Trust for their remuneration, costs and expenses for the work due in those respective capacities.								
Powers	The Creditors' Trust Deed provides the Trustees with extensive powers, similar to those held by a Deed Administrator. Additional powers may be available under general law and the <i>Trustees Act 1962 (WA)</i> .								
Claims	<p>Creditors will be defined by the following categories:</p> <p><b>Admitted priority claims</b></p> <p>Being any employee claims pursuant to sections 556(1)(e), (f), (g) and (h), section 560 or section 561 of the Act. With the date of Voluntary Administrators being appointed to the Companies to be the Relevant Date.</p> <p>The Administrators have not identified any priority creditor claims for KLL.</p> <p><b>Admitted claims</b></p> <p>Any residual secured creditor debt following realisation of the assets subject to its security and unsecured creditors of the Company.</p>								
Other creditor/ beneficiary differences	<p>Creditor rights in an external administration are provided under the Act.</p> <p>Should creditors vote in favour of the DOCA proposal, and the Creditors' Trust is formed, creditors will transition to be become beneficiaries of the Creditors' Trust. As such their rights will not be specified under the Act, but rather their rights as beneficiaries will arise under the terms of the Creditors' Trust Deed and the <i>Trustees Act 1962 (WA)</i>.</p>								

Item	Information for creditors
Distribution of the Trust Fund	<p>It is anticipated that the Trustees will distribute the Trust Fund in the following manner:</p> <ol style="list-style-type: none"> <li>First, in payment of the Voluntary Administrators' fees and costs;</li> <li>Second, the fees and costs of the Deed Administrators;</li> <li>Third, the fees and costs of the Trustees of the Creditors' Trust;</li> <li>Fourth, in payment to the priority creditors; and</li> <li>Fifth, as to the recapitalisation, in payment of a dividend to the Participating Creditors (Admitted claims) to be distributed rateably in accordance with the Participating Creditors' debts or claims.</li> </ol> <p>Payments out of the Trust Fund to pay Admitted claims will be made in the manner and at the time determined by the Trustees in their absolute discretion.</p>
FEG / Employees	The Anticipated return to Admitted priority claims is 100c/\$. It is not intended that the Company will enter liquidation. Therefore, the FEG scheme is not to be activated as a part of the proposed DOCA or the Creditors' Trust.
Compliance opinion	We are of the opinion that the Proponent is capable of complying with the terms of the DOCA, if the DOCA proposal is accepted by creditors.
Solvency statement	<p>At the time the DOCAs will be wholly effectuated, the Company will be solvent. This will occur as a result of:</p> <ul style="list-style-type: none"> <li>The effect of the DOCA on claims against the Company, i.e. pre-administration claims being transferred to the Creditors' Trust and as such the Company will have no liabilities moving forward other than those incurred by the recapitalised entity;</li> <li>The support of the Proponent who will seek to ensure that the Company has sufficient working capital moving forward.</li> </ul>
Tax implications	Creditors who are proposed to become beneficiaries of the Creditors' Trust should seek their own independent legal and taxation advice.

#### 7.4. Payments from third parties

Alt Finance is proposing the DOCA and the payment of \$125,000 is to be raised privately by them and not via a public prospectus. Based on our previous working relationship with BCP, we do not envisage that Alt Finance will experience issues in making the requisite payments.

#### 7.5. Proposed Monitoring and Reporting Arrangements

At any time, should it appear that the terms of the DOCA are not capable of being fulfilled, we will write to advise creditors as soon as practicable and may convene a further meeting to either vary or terminate the DOCA.

#### 7.6. Prospective Financial Information/Contributions from trading

The DOCA is not reliant upon any future contributions from trading of the Company. We also do not have prospective financial information which may assist creditors with their assessment at this time.

#### 7.7. Prospects of DOCA Success

We consider there are good prospects of the terms of the DOCA being achieved as it provides more fully for a restructure and return to creditors which is better than a liquidation scenario.

#### 7.8. Further information for creditors

Creditors should seek their own legal advice as to their rights and the effects of their position in entering into the DOCA proposal and associated Creditors' Trust Deed.

Creditors can obtain further information from the ASIC website at [www.asic.gov.au](http://www.asic.gov.au) under Regulatory Resources – Insolvency – Insolvency for Creditors.

## 8. Statutory investigations

Please refer to the Administrators' Report dated 1 December 2023 for details regarding the statutory investigations into the Companies affairs.

### 8.1. Preliminary Investigations

Whilst the Administrators have considered the underlying causes of the Company's failure, our investigations into claims arising from those matters are at an early stage.

The preliminary investigations have not identified any potential claims or antecedent recoveries available in the Liquidation which would result in a return to creditors.

That said, a liquidator (if one is appointed) will conduct further investigations in addition to the preliminary investigations undertaken during the Administration.

### 8.2. Preliminary conclusion as to solvency

Based upon our preliminary investigation into the affairs of the Company, we consider that KLL was not insolvent for any material time prior to our appointment on 3 August 2023.

For completeness, we note that the above analysis is based upon our preliminary view only, any future appointed Liquidator would need to conduct further investigations (which may include conducting a public examination of the Company's directors and officers) to determine the actual date of insolvency.

## 9. Voidable transactions

Please refer to the Administrators' Report dated 1 December 2023 for details regarding voidable transactions.

### 9.1. Voidable transaction

We have not identified any potential voidable transactions for KLL. A table of the potential recovery items investigated are below:

Potential recovery item	Value \$
Unfair preferences	None identified
Uncommercial transactions	None identified
Unfair loans	None identified
Unreasonable director-related transactions	None identified

## 10. Return to creditors

This section provides creditors with information on the estimated financial outcome to creditors together with the anticipated timing of any dividend.

Key takeaway	Ref.
1 The estimated outcome presented incorporates many assumptions which are <b>subject to change</b> .	10.1
2 The tables below outline an estimated low and high return for various classes of creditors in a liquidation and the proposed DOCA, valuing claims at the date of appointment of the Administrators.	10.1, 10.2, 10.3

### 10.1. Return to creditors

Based upon the information in this report, particularly as detailed in **Section 5** of the Report, in the event that the Company is wound up, we 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 below:

Estimated Returns	Low Return c/\$	High Return c/\$
<b>Deed of Company Arrangement</b>		
Excluded employee creditors	Subject to equity value	Subject to equity value
Unsecured creditors	Subject to equity value	Subject to equity value
<b>Liquidation</b>		
Excluded employee creditors	Nil	Nil
Unsecured creditors	Nil	Nil

### 10.2. Proposed DOCA

Under the terms of the DOCA being proposed the estimated returns are as follows

Creditor class	Estimated dividend rate (c/\$)
Secured creditor	Share in recapitalised entity – subject to equity value
*Priority creditors (former employees)	None identified
Unsecured creditors	Share in recapitalised entity – subject to equity value

*\*To the extent that there are any identified priority creditor claims, these will be dealt with in priority under the DOCA.*

### 10.3. Winding up of KLL

For illustrative purposes, the tables below outline the estimated return in a liquidation scenario under a low and high case for KLL:

Kalium Lakes Ltd (KLL)	Liquidation	
	Low Return	High Return
Estimated Return	\$	\$
<b>Assets subject to Non-Circulating Charge</b>		
Share interest in subsidiaries	Commercially sensitive	
R&D claim	TBC	TBC
<i>Less: Amount owed to Secured Creditor</i>	(210,000,000)	(209,412,703)
<b>Amounts available to unsecured creditors</b>	<b>Nil</b>	<b>Unknown</b>
<b>Add: Potential returns from antecedent transactions</b>		
Insolvent trading / holding company liability	Nil	Unknown
Unfair preference payments (if any)	Nil	Unknown
<i>Less: Litigation funding (40% fee)</i>	Nil	Unknown
<i>Less: Legal fees related to recoveries</i>	Nil	Unknown
<b>Total Estimated Recoveries</b>	<b>Nil</b>	<b>Unknown</b>
Administrators' fees to 24 November 2023	(90,711)	(90,711)
Administrators' fees from 25 November 2023 to 11 December 2023	(30,000)	(30,000)
Administrators' fees from 12 December 2023 to 31 January 2024	(14,147)	(14,147)
Estimated Administrators' fees from 1 February 2024 to end of VA	(15,000)	(15,000)
Administrators' disbursements and legal fees	(10,000)	(3,500)
Estimated Liquidators' fees and costs	(150,000)	(150,000)
<b>Total Priority Payments</b>	<b>(309,857)</b>	<b>(303,357)</b>
<b>Balance Available for Priority Creditors</b>	<b>Nil</b>	<b>Unknown</b>
Estimated employee entitlements	-	(2,700)
<b>Total owed to employees</b>	<b>-</b>	<b>(2,700)</b>
<b>Balance Available for Unsecured Creditors</b>	<b>Nil</b>	<b>Unknown</b>
<b>Liquidation Returns</b>		
KLL Unsecured creditors	(700,000)	(509,780)
KLL Secured Creditor residual claim	TBD	TBD
<b>Total Unsecured Claims</b>	<b>(700,000)</b>	<b>(509,780)</b>
Dividend c/\$	Nil	Nil
Dividend available to KLL	Nil	Nil
<b>Estimated surplus / deficiency</b>	<b>(211,009,857)</b>	<b>(210,228,540)</b>

For completeness, we do not expect any claims from employees as they were all employed in the subsidiary KLP, however if the Company is placed into liquidation, employees (other than excluded employees) may be eligible for payment of their outstanding employee entitlements (excluding unpaid superannuation) under FEG, a scheme operated by the Department of Employment. Employees can obtain further information on the eligibility requirements of FEG at <https://docs.jobs.gov.au/documents/eligibility-feg-assistance-fact-sheet>.

### 10.4. Timing of dividend

Under a DOCA scenario, the timing of a dividend to the unsecured creditors is subject to the successful completion of the conditions precedent to the DOCA proposal and the establishment of the Creditors' Trust.

It is estimated that a dividend will be paid within 3 to 4 months from the effectuation of the DOCA (i.e. by December 2024).

A dividend to unsecured creditors under a liquidation scenario will be dependent upon the successful recoveries from any insolvent trading claims or antecedent transactions. As discussed previously in this Report, the Administrators have not identified any recoverable antecedent transactions.

## 11. Statement by Administrators

We are of the opinion that the DOCA proposal put forward by Alt Finance should be accepted by creditors as it provides a more certain and potentially higher return to creditors than an orderly liquidation of KLL's assets.

Pursuant to IPR 75-225(3)(b), we are required to provide creditors with a statement setting out our opinion on whether it is in creditors' interests for the:

- Administration to end;
- The Company to be wound up; or
- The Company to execute a DOCA.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option however in the current circumstances such estimates are not available or may be difficult to predict with accuracy. That said, in general sense, the effect on stakeholders under a restructure of the Company under a DOCA as compared to a liquidation scenario is tabled below:

Stakeholder	Effect of Restructuring (DOCA)	Liquidation
<b>Secured Creditor</b>	– Share in recapitalised entity – subject to equity value	– Lower return and would need to depend on the successful recovery of its securities outside the Companies subject to external administration.
<b>Priority Creditors</b>	– In the event there are any identified, these will be paid in full.	– In the event there are any identified, as there is no return to priority creditors currently anticipated from the realisation of Company's assets, any return will be subject to the FEG scheme.
<b>Unsecured Creditors</b>	<ul style="list-style-type: none"> <li>– Potential dividend to unsecured creditors from the successful recapitalisation of the Company.</li> <li>– Creditors benefit from a 3% interest in the recapitalised corporate entity (value to be determined).</li> <li>– Distribution pending success of DOCA likely December 2024.</li> </ul>	– No likely return to creditors of the Company as we do not expect that there will be any recoveries from the voidable and other transaction referred to in <b>Section 8 and 9</b> .

Each of the three (3) options available to creditors are considered below.

### 11.1. Administration to end

Creditors may resolve that the administration should end if it appears a company is solvent, or for some other reason, control of a company should revert to its directors.

From our preliminary investigations and analysis of the Company's financial position, the Company is insolvent and unable to pay its debts as and when they fall due.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. In those circumstances, we are unable to say what the Company may ultimately pay creditors or what costs it might incur.

Accordingly, returning control of the Company to its directors would be inappropriate and is not recommended.



## 11.2. Winding up of the Company

If creditors resolve that KLL is to be wound up we do not expect that there will be any recoveries from the voidable and other transaction referred to in **Sections 8 and 9** of this Report. A future appointed liquidator will need to conduct further detailed investigations to ascertain if there are any potential recoveries to pursue and with any potential legal issues, these recoveries are uncertain and it may not be commercial to pursue.

Further, the Company's main assets are its interest in subsidiaries (via its shareholding and intercompany loan) KLP and KLI who own and operate the Beyondie SOP Project and a claim for R&D refunds from the ATO, which are both subject to the security of secured creditor.

Accordingly, any funds from the sale of these assets will be applied to the secured creditor debt (c.\$209.4m). It is expected there will be a significant shortfall to the secured creditor from the sale and therefore we do not anticipate any funds available for unsecured creditors from these realisations.

A liquidator would be in a position to conduct detailed investigations into the conduct of directors and the financial affairs of the Company. A liquidator will also be empowered to:

- complete the sale of assets in an orderly manner (subject to the Receiver and Managers' appointment);
- assist employees (if any) in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by the Company;
- pursue various potential recoveries under the Act;
- distribute recoveries made in accordance with the priority provisions of the Act; and
- report to the ASIC on the results of investigations into the Company's affairs.

## 11.3. DOCA

We are of the opinion that the DOCA proposal put forward by Alt Finance should be accepted by creditors as it provides a more certain and potentially higher return to unsecured creditors than an immediate winding up of KLL's assets. This recommendation is subject to any material changes to the terms of the DOCA proposal between the date of this report and the Reconvened Meeting on 16 February 2024.

For completeness, we note that any antecedent recoveries that may potentially be recovered in a liquidation scenario will not be able to be recovered under DOCA.

As stated in **Section 11.1** above, the option of the administration ending is clearly not viable. The only remaining option available to creditors are to wind up of KLL or accept the proposed DOCA.

Further to our comments set out in **Section 11.2** above, we believe the return to creditors under the proposed DOCA will exceed the estimated return under a winding up of the Company. The proposed DOCA is likely to provide a better return to creditors than an immediate winding up because:

- The DOCA makes available funds from Alt Finance (a third party), which would otherwise not be available in a liquidation;
- The potentially lower costs associated with the DOCA over liquidation;
- Any realisation of the assets held by KLL in a liquidation scenario will likely be insufficient to discharge the lender's secured debt and therefore there is no prospect of a return to ordinary unsecured creditors from the realisation of the Company's assets; and
- In a liquidation, recoveries from the voidable and other transactions referred to in **Section 8 & 9** of this report are uncertain or unlikely.

Furthermore, we consider the proposed DOCA meets the objectives of the voluntary administration regime as set out in section 435A of the Corporations Act by maximising the chances of the Company, or as much of its business, continuing in existence.

Based on the above it is our opinion that the creditors should resolve that KLL should enter into the proposed DOCA.

## 12. Further information and enquiries

ASIC has released several insolvency information sheets to assist creditors, employees and shareholders with their understanding of the insolvency process. You can access the relevant ASIC information sheets at [www.asic.gov.au](http://www.asic.gov.au).

We will advise creditors in writing of any additional matter that comes to our attention after the release of this Report, which in our view is material to creditors' consideration.

Should you have any enquiries, please contact us on +61 (08) 9263 7297 or by email at [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au).

Dated this 8th day of February 2024.



**Martin Jones**  
Joint and Several Administrator

# Annexures

# Annexure A – Notice of meeting of creditors

---

## Notice of Reconvened Second Meeting of Creditors

*Insolvency Practice Rules (Corporations) 2016 (IPR), Section 75-15*

### **Kalium Lakes Limited (Administrators Appointed) (Receivers and Managers Appointed) ACN 613 656 643 (the Company)**

NOTICE is given that a reconvened meeting of creditors of the Company will be held at KPMG, Level 8, 235 St Georges Terrace, Perth WA 6000 on Friday, 16 February 2024 at 10:00am (AWST).

### **Agenda**

1. To consider a supplementary report from the Administrators
2. To consider details of the proposed Deed of Company Arrangement and the various options available to creditors.
3. To receive a statement of Administrators opinion and reasons for the opinion:
  - whether it would be in the creditors' interests for the Company to execute a deed of company arrangement; or
  - whether it would be in the creditors' interests for the administration to end; or
  - whether it would be in the creditors' interests for the Company to be wound up
4. To resolve that in respect of the Company whether:
  - The Company execute a Deed of Company Arrangement; or
  - The Administration should end; or
  - The Company be wound up.
5. To fix the remuneration of the Administrators.
6. If it is resolved that the Company execute a Deed of Company Arrangement, to fix the remuneration of the Deed Administrators.
7. If it is resolved that a Creditors Trust be formed, to fix the remuneration of the Trustee(s) of the Creditors Trust.
8. If it is resolved that the Company be wound up, and an alternate Liquidator is proposed, consider whether creditors wish to appoint the alternate Liquidator.
9. If it is resolved that the Company be wound up, consider whether a Committee of Inspection is to be appointed, and if so, the members of that Committee.
10. If it is resolved that the Company be wound up, to fix the remuneration of the Liquidators.
11. Any other business that may be lawfully brought forward.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form (and lodge a Proof of Debt form electronically via the Creditors' Portal if one has not already been lodged) by no later than 4:00pm on the last business day prior to the meeting by email to [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au), by post to GPO Box A29, PERTH WA 6837 or by facsimile to +61 8 9263 7129. A Proxy Form is enclosed.

For creditors who are unable to attend the meeting, a conference call facility will be available.

If you wish to vote or participate, you must attend in person or by proxy. Creditors are not entitled to vote at the meeting unless they lodge particulars of the debt or claim via the Creditors' Portal before the meeting.

Should you wish to attend the meeting via teleconference facilities, please contact KPMG by email at [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au) or by telephone to 08 9263 7297 at least one (1) business day prior to the meeting to advise that you will be using the conference facilities and to be provided with the conference call code.

Dated this 8<sup>th</sup> day of February 2024.



**Martin Jones**  
Joint and Several Administrator

KPMG

Tel: +61 8 9263 7297

Fax: +61 8 9263 7129

Email: [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au)

Note: In accordance with IPR Section 75-15(1)(c) please see effect of IPR Section 75-85 Entitlement to vote at meetings of creditors on the following page.

## Annexure B – ARITA creditor information sheet

### Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



#### Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the Companies's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed.

If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

#### Requests must be reasonable.

##### They are not reasonable if:

- complying with the request would prejudice the interests of one or more creditors or a third party
- the information requested would be privileged from production in legal proceedings
- disclosure would found an action for breach of confidence
- there is not sufficient available property to comply with the request
- the information has already been provided
- the information is required to be provided under law within 20 business days of the request
- the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

# Annexure C – Short guide to the Creditors' Portal

## Short guide to the Creditors' Portal

We are using the Creditors' Portal as the primary tool for communicating with creditors and managing claims. We have prepared this short guide to assist you as a creditor to understand the process that you must undertake to ensure you are appropriately registered as a creditor of the Companies.

Please note, the email registered on the Creditors' Portal will receive all notifications including circulars and reports issued by the Administrators.

Please refer to the following link for further guidance on how to register, submit and manage a claim:

<https://creditors.accountants/Help>

### Step 1: Register



- Register as a user at the following link: <https://creditors.accountants/> (use chrome, edge or firefox).
- You will receive a confirmation email to verify your account (verify your email address within 24 hours of registering as a user).
- Once verified, you will be redirected to the Portal.
- If you are already a registered user, please skip to "Login" below.

### Step 2: Log in



- Log into the Portal using your username and password.
- You will be redirected to a screen where you need to input the following details:
  - Company creditor – an ABN; or
  - Individual creditor – first and last name.
- You will be prompted to make a declaration to confirm that you are authorised to act on behalf of the Companies or individual and agree on how you wish to receive future correspondence.

### Step 3: Link creditor



- Once you have completed your declaration, you will be redirected to the Portal landing page where you can view the Companies under "*Recent Interactions*".
- If you cannot view the Companies listed on the landing page you may need a creditor code to link your profile to the Companies.
- Please contact the External Administrators for a unique code to register your claim.
- Once you receive your creditor code, log in and click on your user name in the top right hand side and click on "*Creditor Admin*" and input your code and click "*Link*".
- There will be an option to provide an ABN (if relevant) for company creditors, click "*I do not have an ABN*" (individuals) and then click "continue".
- Follow the prompts and confirm you are authorised to act on behalf of the creditor.

#### Step 4: View company and documents



- You will be able to view the Companies on the landing page or under the “*Debtors*” tab and click “*My debtors*” or “*My claims*”. Click on “*Details*” to be directed to the Companies.
- You will be able to view any documents uploaded under the “*Documents*” tab that relate to the Companies.
- There are additional resources that you can also access under the “*Resources*” tab.

#### Step 5: Submit a Formal Proof of Debt Form (POD)



- You will be able to view the Companies on the landing page or under the “*Debtors*” tab and click “*My debtors*” or “*My claims*”. Click on “*Details*” to be directed to the Companies.
- Click on the “*Proof of Debt*” tab.
- Click on the “Submit” button and start completing the POD form.
- Tick “No” to the question “*Is your proof of debt informal*”. If you are an employee creditor, this will not be an option.
- Upload any supporting documentation for consideration.
- Press “*Next*” and “*Submit*”.

#### Step 6: Be admitted for voting (performed by the External Administrators)



- Once you have submitted a POD with supporting documentation, we will evaluate your claim to admit for voting purposes at the online meeting .
- If necessary, the External Administrators will request further information with respect to your claim.
- The External Administrators will announce your admission status once the online meeting commences.

#### Step 7: Appoint a proxy (required for company creditors, optional for individuals)



- If you are a company creditor or individual that is appointing the Chairperson or an alternative person to vote (alternate email to the email registered initially) please complete a proxy form attached to the report to creditors and submit **via email** to the External Administrators.
- The External Administrators will provide the nominated proxy holder with a unique creditor code prior to the meeting for voting purposes only.
- The nominated proxy holder will need to register on the Portal (**Step 1 to Step 3**) to be provided with access to vote at the online meeting on behalf of the creditor.

#### Step 8: Voting at the online meeting



- You will only be able to vote from the time the online meeting commences (one hour before).
- Log into the Portal and click on “*Open for voting*” on the landing page or the “*Debtors*” tab and “*My debtors*” and click on the relevant company.
- You will be able to view the online meeting under the “*Polls*” tab.
- You will be able to view the resolutions on the screen with the option to vote “*in favour, against or abstain*”.
- If you are a nominated proxy holder, you will be able to view the resolutions and the creditor that you are acting on behalf of.
- The chairperson will read the resolutions, allow you to vote prior to locking the resolutions.
- Please ensure you click “*Submit*” after placing your votes.



**Annexure D – Remuneration approval request**

---

**Kalium Lakes Limited  
(Administrators Appointed)  
ACN 613 656 643**

Remuneration Approval Request

8 February 2024

Level 8, 235 St Georges Terrace,  
PERTH WA 6000

GPO Box A29  
PERTH WA 6837

## D – Remuneration approval request

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

### 1 Summary

We are asking creditors to approve the following remuneration:

Period	Remuneration \$(ex GST)
<b>Voluntary Administration</b>	
Voluntary administration – work completed – 12 December 2023 – 31 January 2024 (retrospective)	14,146.50
Voluntary administration – 1 February 2024 to the end of the Voluntary Administration	15,000.00
<b>Deed Administration (if DOCA approved)</b>	
Deed administration – from execution to completion of Deed of Company Arrangement	20,000.00
Trustees for the Creditors Trust – Future work from commencement to completion	30,000.00
<b>Liquidation (if DOCA not approved)</b>	
If company is placed into liquidation – from commencement to completion of liquidation	150,000.00

Details of remuneration can be found in sections 3 and 4 of this report.

- Please review the contents of this report, which sets out the resolutions to be approved by creditors at the adjourned meeting of creditors on 16 February 2024.
- Refer to section 2 of the supplement report to creditors dated 8 February 2024 for details as to how you can attend the meeting of creditors in person or by proxy in order to vote on the resolutions contained in this report.

We estimate that the total combined cost of the administration for KLL, KLP and KLI will be approximately \$760,112.50 (excluding GST). This differs from the cost estimate provided to creditors in the Initial Circular to Creditors dated 4 August 2023, which estimated a combined cost to completion of the administration of between \$200,000 and \$250,000 (excluding GST).

The reason for our current total cost estimate being greater than the amount previously advised to creditors is due to:

- The extension of the administration period, which was done via application to the Supreme Court of WA for an extension of the convening period by three (3) months, ending on 1 December 2023. The extension was necessary to enable the Receivers and Managers to progress their sale and marketing process for the Companies' business and assets.
- In addition, time costs associated with preparing further supplementary report for KLL, KLP and KLI and reconvening the Second Meeting for those entities has also added additional costs to the external administration.

### 2 Declaration

We, Martin Jones, Matthew Woods and Clint Joseph of KPMG, have undertaken an assessment of this remuneration claim for our appointment as Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is necessary and proper.

We have reviewed the work in progress report for the administration to ensure that remuneration is only being claimed for necessary and proper work performed.

### 3 Remuneration sought

The remuneration we are asking creditors to approve is as follows. We will only seek approval of the resolutions for the DOCA period if creditors agree to the proposal offered. Similarly, we will only seek approval of the Liquidation if creditors vote to place the Company into Liquidation

For	Period	Amount (ex GST) \$	Rates to apply	When it will be drawn
Work already completed	12 December 2023 - 31 January 2024	14,146.50	Please refer to the Initial Remuneration Notice (IRN) sent to creditors on 4 August 2023	When funds are available
Work to be completed	1 February 2024 - end of Voluntary Administration	15,000.00		
<b>Voluntary administration total</b>		<b>\$29,146.50</b>		
Deed Administrators - Future work	Execution of DOCA to finalisation of DOCA	20,000.00	Please refer to IRN sent to creditors on 4 August 2023	When funds are available
Trustees of the Creditors' Trust - Future work	Commencement to completion	30,000.00		
<b>DOCA total</b>		<b>\$50,000.00</b>		
Future work - liquidation	Commencement to completion of liquidation	150,000.00	Please refer to IRN sent to creditors on 4 August 2023	When funds are available
<b>Liquidation total</b>		<b>\$150,000.00</b>		

Details of the work already completed and work to be completed in the future are included at **Schedule A**.

**Schedule B** includes a breakdown of time spent by staff members on each major task for work we have already completed.

Actual resolutions to be put to the meeting are set out at **Schedule C** for your information. These resolutions also appear in the proxy form for the meeting that have been provided to you.

#### 4 Previous remuneration approvals

The following remuneration approvals have previously been provided by creditors:

For	Period	Approved by	Amount approved (ex GST) \$	Amount paid (ex GST) \$
<b>Voluntary Administration</b>				
Work already completed	3 August 2023 to 24 November 2023	Creditors	90,710.50	90,710.50
Future Work - Voluntary Administration	25 November 2023 to the Second meeting of Creditors	Creditors	30,000.00	30,000.00
<b>Total remuneration previously approved</b>			<b>120,710.50</b>	<b>120,710.50</b>

We are now seeking approval of a further \$29,146.50 in remuneration which will bring total remuneration claimed during the Voluntary Administration period to \$149,857.00.

**Schedule D** includes an explanation of where the remuneration that was previously approved was spent in terms of task categories.

#### 5 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Company, and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover, and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

We are unable to provide a dividend estimate of any certainty at this stage. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

## **6 Report on progress of administration**

This Remuneration Approval Request must be read in conjunction with the report to creditors dated 8 February 2024 which outlines the progress of the administration.

## **7 Summary of receipts and payments**

There were no receipts and payments for the Company during the administration period as the Company did not have any funds. In addition, the control of assets vests with the Receivers and Managers.

## **8 Approval of remuneration**

For information about how approval of the resolutions for remuneration will be sought, refer to Section 2 of the report to creditors dated 8 February 2024.

## **9 Questions**

If you require further information in relation to the information in this report, please contact Lachlan Wharton of this office on 08 9263 7297.

You can also access information which may assist you on the following websites:

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for INFO 85)

Dated this 8th day of February 2024



**Martin Jones**  
Administrator

### **Attachments:**

- Schedule A – Details of work
- Schedule B – Time spent by staff on each major task already completed
- Schedule C – Resolutions
- Schedule D – Explanation of remuneration previously approved

## Schedule A – Details of work

The below table contains more detailed descriptions of the tasks performed within each task area by the Administrators and their staff, which is referred to in Part 3 and supports remuneration Resolutions 7 to 11 set out in **Schedule C**.

		Voluntary Administration		Deed of Company Arrangement		Liquidation
		Work already done	Work to be completed	Deed of Company Arrangement work	Creditors Trust	If KLL wound up Liquidation work
Period		12 December 2023 to 31 January 2024	1 February 2024 to end of Voluntary Administration	Execution of DOCA to completion of DOCA	Commencement to completion of Creditors Trust	Commencement to finalisation of liquidation
Total (ex GST)		\$14,146.50	\$15,000.00	\$20,000.00	\$30,000.00	\$150,000.00
Task Area	General Description					
Assets		0.1 hours \$83.00		9.2 hours \$5,919.34	6.3 hours \$4,046.71	
	Sale of business as a going concern	– Review correspondence on sale process		– Tasks associated with complying with DOCA terms	– Tasks associated with complying with terms of the Creditors Trust	
Creditors		20.2 hours \$12,107.50	13.6 hours \$8,758.40	12.6 hours \$8,095.42	10.9 hours \$7,077.25	43.0 hours \$27,692.67
	Creditor enquiries, requests and directions	– General updates and responses to creditor enquiries	– General updates and responses to creditor enquiries	– General updates and responses to creditor enquiries	– General updates and responses to creditor enquiries	– General updates and responses to creditor enquiries
	Reports to creditors	– Prepare correspondence to creditors – Prepare statutory report to creditors	– Prepare correspondence to creditors – Prepare statutory report to creditors	– Prepare correspondence to creditors	– Prepare correspondence to creditors	– Prepare correspondence to creditors – Prepare statutory report to creditors
	Dealing with proofs of debt (POD)	– Receipting and filing POD when not related to a dividend		– Receipting and filing POD when not related to a dividend	– Receipting and filing POD when not related to a dividend	– Receipting and filing POD when not related to a dividend
	Meeting of creditors	– Preparation of meeting notices, proxies and advertisements	– Prepare Voluntary Administrators' supplementary report to creditors.	– Forward notice of meeting to all known creditors – Preparation of meeting file		– Preparation of meeting notices, proxies and advertisements

		Voluntary Administration		Deed of Company Arrangement		Liquidation
		Work already done	Work to be completed	Deed of Company Arrangement work	Creditors Trust	If KLL wound up Liquidation work
		<ul style="list-style-type: none"> <li>Forward notice of meeting to all known creditors</li> <li>Preparation of meeting file</li> <li>Preparation and lodgement of minutes of meetings with ASIC</li> </ul>	<ul style="list-style-type: none"> <li>Preparation of meeting notices, proxies and advertisements</li> <li>Forward notice of meeting to all known creditors</li> <li>Preparation of meeting file</li> <li>Preparation and lodgement of minutes of meetings with ASIC</li> </ul>	<ul style="list-style-type: none"> <li>Preparation and lodgement of minutes of meetings with ASIC</li> </ul>		<ul style="list-style-type: none"> <li>Forward notice of meeting to all known creditors</li> <li>Preparation of meeting file</li> <li>Preparation and lodgement of minutes of meetings with ASIC</li> </ul>
Employees			<b>2.1 hours</b> <b>\$1,352.40</b>	<b>2.91 hours</b> <b>\$1,896.62</b>	<b>4.1 hours</b> <b>\$2,635.25</b>	<b>30.0 hours</b> <b>\$19,317.22</b>
	Employee enquiries		<ul style="list-style-type: none"> <li>Attend to employee enquiries</li> </ul>	<ul style="list-style-type: none"> <li>Attend to employee enquiries</li> </ul>	<ul style="list-style-type: none"> <li>Attend to employee enquiries</li> </ul>	<ul style="list-style-type: none"> <li>Attend to employee enquiries</li> </ul>
	Fair Entitlements Guarantee ( <b>FEG</b> )					<ul style="list-style-type: none"> <li>Correspondence with FEG</li> <li>Preparing notification spreadsheet</li> <li>Preparing FEG quotations</li> <li>Preparing FEG verifications</li> <li>Completing FEG questionnaires</li> </ul>
	Calculation of entitlements			<ul style="list-style-type: none"> <li>Review employee entitlements as sent by the Receivers regarding employees who have been terminated</li> </ul>	<ul style="list-style-type: none"> <li>Review employee entitlements as sent by the Receivers regarding employees who have been terminated</li> </ul>	
Trade on		<b>0.3 hours</b> <b>\$132.00</b>				
	Trade on management	<ul style="list-style-type: none"> <li>Creating a model for termination schedules</li> </ul>				

		Voluntary Administration		Deed of Company Arrangement		Liquidation
		Work already done	Work to be completed	Deed of Company Arrangement work	Creditors Trust	If KLL wound up Liquidation work
Investigation						30.00 hours \$19,317.52
	Conducting investigation					<ul style="list-style-type: none"> <li>– Collection and review of Company books and records</li> <li>– Review and preparation of Company nature and history</li> <li>– Conducting and summarising statutory searches</li> <li>– Preparation of comparative financial statements</li> <li>– Review of specific transactions and liaising with directors regarding certain transactions</li> <li>– Lodgement of investigation with ASIC</li> <li>– Preparation and lodgement of supplementary report if required</li> </ul>
Administration		4.2 hours \$1,824.00	7.6 hours \$4,889.20	6.3 hours \$4,088.62	9.5 hours \$6,128.98	130.00 hours \$83,672.59
	Correspondence	– General correspondence	– General correspondence	– General correspondence	– General correspondence	– General correspondence
	Document maintenance, file review, checklist		<ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>	<ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>	<ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>	<ul style="list-style-type: none"> <li>– Administration reviews</li> <li>– Filing of documents</li> <li>– File reviews</li> <li>– Updating checklists</li> </ul>



		Voluntary Administration		Deed of Company Arrangement		Liquidation
		Work already done	Work to be completed	Deed of Company Arrangement work	Creditors Trust	If KLL wound up Liquidation work
	Bank account administration	– Bank account statements and reconciliations	– Preparing correspondence opening and closing accounts – Bank account reconciliations	– Preparing correspondence opening and closing accounts – Bank account reconciliations	– Preparing correspondence opening and closing accounts – Bank account reconciliations	– Preparing correspondence opening and closing accounts – Bank account reconciliations
	ASIC forms and lodgements	– Preparing and lodging ASIC forms	– Preparing and lodging ASIC forms	– Preparing and lodging ASIC forms	– Preparing and lodging ASIC forms	– Preparing and lodging ASIC forms
	ATO and other statutory reporting		– Preparing BASs	– Notification of appointment – Preparing BASs	– Notification of appointment – Preparing BASs	– Notification of appointment – Preparing BASs
	Finalisation		– Notifying ATO – Completing checklists			– Notifying ATO – Completing checklists
	Planning / Review	– Discussions regarding status / strategy of administration	– Discussions regarding status / strategy of administration	– Discussions regarding status / strategy of administration	– Discussions regarding status / strategy of administration	– Discussions regarding status / strategy of administration
<b>Dividend</b>					<b>15.6 hours \$10,111.81</b>	
	Processing proofs of debt (POD)				– Preparation of correspondence to potential creditors inviting lodgement of POD – Receipt of POD – Maintain POD register – Adjudicating POD – Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication	

		Voluntary Administration		Deed of Company Arrangement		Liquidation
		Work already done	Work to be completed	Deed of Company Arrangement work	Creditors Trust	If KLL wound up Liquidation work
	Dividend procedures				<ul style="list-style-type: none"> <li>– Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>– Advertisement of intention to declare dividend</li> <li>– Obtain clearance from ATO</li> <li>– Preparation of dividend calculations</li> <li>– Preparation of payment vouchers to pay dividend</li> <li>Preparation of correspondence to creditors enclosing payment of dividend</li> </ul>	

## Schedule B: Time spent by staff on each major task already completed

The below table sets out time charged to each major task area performed by the Administrators and their staff for the period 12 December 2023 to 31 January 2024, which is the basis of the Resolution 7 claim referred to in **Schedule C**. Please refer to **Schedule A** for further details with respect to the tasks performed.

### Remuneration incurred for the period 12 December 2023 to 31 January 2024

Employee	Title	Rate \$ / hour (excl GST)	Total actual hours	Amount (\$) (excl GST)	Creditors		Assets		Admin		Trade	
					Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)	Hours	Amount (\$)
Clint Joseph	Director (Appointee)	830	0.1	83.00	-	-	0.1	83.00	-	-	-	-
Kieran Chu	Associate Director	675	13.7	9,247.50	13.7	9,247.50	-	-	-	-	-	-
Lachlan Wharton	Analyst	440	9.7	4,268.00	6.5	2,860.00	-	-	3.2	1,408.00	-	-
Toby Schultz	Analyst	440	1.1	484.00	-	-	-	-	0.8	352.00	0.3	132.00
Lisa Brandt	Team Administrator	320	0.2	64.00	-	-	-	-	0.2	64.00	-	-
<b>Total (\$) (excl GST)</b>			<b>24.8</b>	<b>14,146.50</b>	<b>20.2</b>	<b>12,107.50</b>	<b>0.10</b>	<b>83.00</b>	<b>4.20</b>	<b>1,824.00</b>	<b>0.30</b>	<b>132.00</b>
<i>GST (\$)</i>				<i>1,414.65</i>		<i>1,210.75</i>		<i>8.30</i>		<i>182.40</i>		<i>13.20</i>
<b>Total (\$) (incl GST)</b>				<b>15,561.15</b>		<b>13,318.25</b>		<b>91.30</b>		<b>2,006.40</b>		<b>145.20</b>
Average hourly rate				570.42		599		830		434		440

## **Schedule C – Resolutions**

### **Remuneration**

#### **Resolution 4 – for work already completed:**

*"That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from 12 December 2023 to 31 January 2024 be fixed in the amount of \$14,146.50, plus any applicable GST, and may be paid."*

#### **Resolution 5 – for work to be completed up to the date of the meeting:**

*"That the further remuneration of the Administrators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from 1 February 2024 to the completion of Voluntary Administration be fixed up to a maximum amount of \$15,000.00, 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."*

#### **In the event the DOCA is approved:**

#### **Resolution 6 – for work to be completed during the DOCA:**

*"That the remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from the execution to completion of the DOCA be fixed up to a maximum amount of \$20,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

#### **Resolution 7 – for work to be completed during the Creditors Trust:**

*"That the remuneration of the Trustees of the Creditors Trust, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from commencement to completion 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 Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred."*

#### **In the event the Company is wound up**

#### **Resolution 8 – for work to be completed during the liquidation (if applicable):**

*"That the remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from commencement to completion of the liquidation be fixed up to a maximum amount of \$150,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred."*

## Schedule D – Explanation of remuneration previously approved

At the meeting of creditors held on 11 December, creditors approved our prospective remuneration of \$30,000, the below table sets out time charged to each major task area performed by the Administrators and their staff for the period 25 November 2023 to 11 December 2023. To date no funds have been withdrawn. Please refer to **Schedule A** for further details with respect to the tasks performed.

### Remuneration incurred for the period 25 November 2023 to 11 December 2023

Employee	Title	Rate \$ / hour (excl GST)	Total actual hours	Amount (\$) (excl GST)	Creditors		Admin	
					Hours	Amount (\$)	Hours	Amount (\$)
Clint Joseph	Director (Appointee)	830	0.3	249.00	0.3	249.00	-	-
Kieran Chu	Associate Director	675	18.2	12,285.00	18.2	12,285.00	-	-
Yvonne Liew	Associate Director	675	10.7	7,222.50	10.6	7,155.00	0.1	67.50
Lachlan Wharton	Analyst	440	23.8	10,472.00	23.8	10,472.00	-	-
Lisa Brandt	Team Administrator	320	0.1	32.00	-	-	0.1	32.00
<b>Total (\$) (excl GST)</b>			<b>53.1</b>	<b>30,260.50</b>	<b>52.9</b>	<b>30,161.00</b>	<b>0.2</b>	<b>99.50</b>
<b>Remuneration Approved:</b>				<b>30,000.00</b>				
<b>Less write-off:</b>				<b>(260.50)</b>				
<i>GST (\$)</i>				<i>3,000.00</i>	<i>3,016.10</i>		<i>9.95</i>	
<b>Total (\$) (incl GST)</b>				<b>33,000.00</b>	<b>33,177.10</b>		<b>109.45</b>	
Average hourly rate				569.88	570		498	

# E – Appointment of Proxy Form

**Form 532 - Appointment of Proxy**  
*Insolvency Practice Rules (Corporations) 2016,*  
*Section 75-25*

Return no later than 4pm, 15 February 2024 to:  
KPMG GPO Box A29, PERTH WA 6837  
Tel: +61 8 9263 7297  
Fax: +61 8 9263 7129  
Email: [kaliumlakes@kpmg.com.au](mailto:kaliumlakes@kpmg.com.au)

**Indebted Company: Kalium Lakes Limited (Administrators Appointed) (Receivers and Managers Appointed)**  
**ACN 613 656 643 (the Company)**

**Date of Appointment: 3 August 2023**

## A. Name and Contact Details of Person or Entity Entitled to Attend Meeting

<sup>1</sup>

(if entitled in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

<sup>2</sup> of

(address)

<sup>3</sup> Tel:

<sup>4</sup> Email:

## B. Appointment of Person to Act as Proxy

*Note: You may nominate "the Chairperson of the meeting" as your proxy (or your alternate proxy in the event that the first-named proxy is not in attendance).*

<sup>1</sup> I/We, as named in Section A above, a creditor/employee/contributory/member of the Company, appoint

<sup>2</sup>

(name of person appointed as proxy)

<sup>3</sup>

<sup>4</sup> or in his / her absence

(address of person appointed as proxy)

<sup>5</sup>

(name of person appointed as alternate proxy)

<sup>6</sup>

<sup>7</sup> as \*my / \*our proxy

(address of person appointed as alternate proxy)

to vote at the meeting of creditors to be held on 11 December 2023 at 10:00AM (AWST) at KPMG, Level 8, 235 St Georges Terrace, Perth WA 6000 or at any adjournment of that meeting in accordance with the instructions in Section C below.

## C. Voting Instructions

<sup>1</sup> \*My / \*Our proxy, as named in Section B above, is entitled to act as \*my / \*our :

☐

<sup>2</sup> **general proxy**, to vote on \*my / \*our behalf **and / or**

☐

<sup>3</sup> **special proxy**, to vote on \*my / \*our behalf specifically as follows:

Resolution	For	Against	Abstain
1. That, pursuant to Section 439C of the Corporations Act 2001 (the Act), Kalium Lakes Limited execute a Deed of Company Arrangement, under Part 5.3A of the Act, in the same form as the proposal statement presented to the meeting (even if it differs from the proposed Deed (if any) details of which accompanied the notice of meeting).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That Kalium Lakes Limited be wound up and that Matthew Woods, Martin Jones and Clint Joseph be appointed as Joint and Several Liquidators of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. That the administration of Kalium Lakes Limited should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Resolution	For	Against	Abstain
4. That the remuneration of the Administrators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from 12 December 2023 to 31 January 2024 be fixed in the amount of \$14,146.50, plus any applicable GST, and may be paid.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. That the further remuneration of the Administrators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from 1 February 2024 to the completion of Voluntary Administration be fixed up to a maximum amount of \$15,000.00, 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.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. In the event the DOCA is approved, that the remuneration of the Deed Administrators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from the execution to completion of the DOCA be fixed up to a maximum amount of \$20,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. In the event the DOCA is approved, that the remuneration of the Trustees of the Creditors Trust, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from execution to completion 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 Trustees be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. In the event that the Company is wound up, that the remuneration of the Liquidators, as set out in the Remuneration Approval Request dated 8 February 2024, for the period from commencement to completion of the liquidation be fixed up to a maximum amount of \$150,000.00, plus any applicable GST, but subject to upward revision by resolution of creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration as incurred.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

#### **D. Signature**

<sup>1</sup> Dated:

<sup>2</sup> Signature:

<sup>3</sup> Name / Capacity:

## Creditor Assistance Sheet: Completing a Proxy Form

### Section A – Name and Contact Details of Person or Entity Entitled to Attend Meeting

1. Insert the full name of the employee, individual, sole trader, partnership or company that the debt is owed to.
2. Insert the address of the employee, individual, sole trader, partnership or company that the debt is owed to.
3. Insert the telephone number of the employee, individual, sole trader, partnership or company that the debt is owed to.
4. Insert the email address of the employee, individual, sole trader, partnership or company that the debt is owed to.

### Section B – Appointment of Person to Act as Proxy

1. Cross out any wording that is **not** applicable. For example, if the employee/individual/sole trader/partnership/company is a creditor, cross out '\*eligible employee creditor', '\*contributory', '\*debenture holder' and '\*member'.
2. Insert the name of the person who will be exercising the creditor's vote at the meeting. If someone is attending the meeting in person, that person's name should be inserted. Alternatively, if someone is unable to attend, but you still want to cast a vote at the meeting, then you can appoint the Chairperson of the meeting to vote on your behalf by inserting the words 'the Chairperson' here.
3. Insert the address of the person nominated at (2) that will be attending the meeting as proxy. If you have elected 'the Chairperson' because no one is attending in person, leave this row blank.
4. Cross out any wording that is **not** applicable.
5. If the person you have elected to attend is unavailable on the day, you may nominate a second person to attend in their absence. Alternatively, you can appoint the Chairperson of the meeting to vote on your behalf by inserting 'the Chairperson'.
6. Insert the address of the second person here. If you have elected 'the Chairperson', leave this row blank.
7. Cross out any wording that is not applicable.

### Section C – Voting Instructions

1. Cross out any wording that is not applicable.
2. Insert an 'X' in this box if you want the person who is attending the meeting to vote as they see fit on each of the resolutions in the 'Resolution' table. If you select this option, proceed to Section D, **unless** you wish to vote specifically on certain resolutions, in which case you also insert an 'X' in the special proxy box and select 'For', 'Against' or 'Abstain' on the resolutions. The person voting at the meeting will have discretion to vote as they see fit on any resolutions where you have **not** selected 'For', 'Against' or 'Abstain'.
3. Insert an 'X' in this box if you want the person who is attending the meeting, to vote exactly in accordance with your instructions. If you select this option, you must select 'For', 'Against' or 'Abstain' for each of the resolutions in the 'Resolution' table. Do not tick more than one box for each resolution.

### Section D – Signature Instructions

1. Insert the date that the proxy form is being signed.
2. The form should be signed by **one** of the following persons:
  - If the debt is owed to an employee/individual, then the individual that the debt is owed to; or
  - If the debt is owed to a sole trader, then the sole trader that the debt is owed to; or
  - If the debt is owed to a partnership, then one of the partners of the partnership; or
  - If the debt is owed to a company, then a duly authorised office of the company (normally a director or secretary of the company).
3. Insert the name of the person signing the form, and note their capacity (that is, their role):
  - If the debt is owed to a sole trader, note their capacity as proprietor, eg: "[Full name], proprietor"; or
  - If the debt is owed to a partnership, note their capacity as partner, eg: "[Full name], partner of the firm named in Section A above"; or
  - If the debt is owed to a company, note their capacity as director or secretary, eg: "[Full name], director/secretary of the company named in Section A above"]



**Annexure F – Alt Finance DOCA proposal**

---



[www.benelongcapitalpartners.com](http://www.benelongcapitalpartners.com)

7 February 2024

Kalium Lakes Limited  
(Administrator Appointed)  
(Receivers & Managers Appointed)  
C/- KPMG  
Level 8  
235 St Georges Terrace  
PERTH WA 6000

By Email: [kchu2@kpmg.com.au](mailto:kchu2@kpmg.com.au)

Dear Kieran

KALIUM LAKES LTD (ADMINISTRATOR APPOINTED) (RECEIVERS & MANAGERS  
APPOINTED) ("KLL")  
BENELONG CAPITAL PARTNERS PTY LTD ("BCP")

Please find enclosed our offer to recapitalise KLL (the company).

The main points of the offer are as follows:

- (a) Alt Finance Pty Ltd (100% owned subsidiary of BCP) will provide \$125,000 cash to the Deed Administrator and Creditor's Trust.
- (b) The Creditor Payment will be used in full and final satisfaction of all creditor claims, (i.e. secured and unsecured) of the Company (including those of an Administrator) pursuant to a Deed of Company Arrangement entered into by the Company (DOCA).
- (c) The Creditor Payment will be raised privately, i.e. not via public prospectus.
- (d) Any entitlements to the R&D tax incentives to be retained exclusively by the Receivers and Managers of KLL.
- (e) All PPSR charges must be removed before or at settlement. For completeness, the Receivers and Managers appointment to remain against the Company until:
  - the sale of the shares for Kalium Lakes Potash (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) (**KLP**) and Kalium Lakes Infrastructure Pty Ltd (Receivers and Managers Appointed) (Subject to Deed of Company Arrangement) (**KLI**) are completed and the respective DOCAs for KLP and KLI are fully effectuated.
  - The receipt of the R&D tax incentives for the FY22 and FY23 which is anticipated to be receipted on or before 30 June 2024.

[info@benelongcapitalpartners.com](mailto:info@benelongcapitalpartners.com)  
BENELONG CAPITAL PARTNERS PTY LTD A.C.N. 145 496 233

LEVEL 2, 350 KENT ST, SYDNEY NSW 2000  
GPO BOX 166 SYDNEY 2001  
PHONE (02) 9299 2289 FAX (02) 9299 2239

## 1.1 Main Points

- (a) The Company will issue fresh shares to sophisticated and professional investors to raise funds to recapitalise the company.
- (b) Alt Finance Pty Ltd will provide the \$125,000 to the Deed Administrator or creditors trust, and seek reimbursement post DOCA effectuation from the company.
- (c) Alt Finance Pty Ltd will provide \$100,000 to the Deed Administrator or creditors trust on the same day of shareholder approval for the recapitalisation proposal.
- (d) Alt Finance Pty Ltd will pay a deposit to the Voluntary Administrator of \$25,000 upon creditor's approval of the DOCA. However, if the Receivers and Managers do not retire by 31 May 2024 (or a later date to be agreed upon between the Proponent and the Deed Administrators):
- then the Deed Administrators will refund the \$25,000 to Alt Finance Pty Ltd; and
  - the DOCA will terminate, and the Deed Administrators will be at liberty to either convene a meeting of creditors to vary the DOCA or place the company in Liquidation.
- (e) The payment will be raised internally, i.e. not by prospectus. The timing will be:-
- |           |   |
|-----------|---|
| \$ 25,000 | to the Voluntary Administrator upon creditor's approval of the DOCA |
| \$100,000 | to the Deed Administrator upon shareholder approval                 |
| -----     |   |
| \$125,000 | Total Cash  |
- (f) The Deed Administrator will ask the directors of the company to resign or be removed and replaced by nominees of BCP.
- (g) The \$100,000 is on the basis that, immediately following shareholder approval, the DOCA terminates and the Deed Administrator retires. A creditor's trust fund is established to hold the total contribution of \$125,000 for creditors and claimants of the company.
- (h) The Voluntary Administrators, Deed Administrators and Trustees of the Creditor's total remuneration, fees and costs will be capped at \$125,000 (plus GST)
- (i) The creditors trust will also receive the benefit of a placement of approximately 3 million shares (representing 3% of the total shares issued) in the recapitalised entity, which will be held for creditors and claimants of the company.
- (j) Any entitlements to the R&D Tax incentives due to KLL is to be retained by the Receivers and Managers of KLL and Alt Finance Pty Ltd (100% owned subsidiary of BCP) will provide an irrevocable undertaking that any funds recovered will be solely for the benefit of the Receivers and Managers and their appointors.
- (k) All subsidiaries to be dealt with by the relevant Voluntary Administrator, Deed Administrator or Liquidator as the case may be. The preference is for shares in subsidiaries to be sold.

## 1.2 Estimated Proposed Capital Structure

Item	Percentage	Shares (Approx)
Existing Shareholders	100%	2.032 billion
Consolidation 1.40	5%	5 million
Placement to Trustee of the Creditors Trust for the benefit of unsecured creditors of KLL	3%	3 million

General Placement to BCP & Nominees	92%	92 million
<b>Total Shares</b>	<b>100%</b>	<b>100 million</b>

### 1.3 Minimal Conditions

The offer under the Recapitalisation Proposal is subject to the following conditions:

- (a) All liabilities, current debts, future and contingent debts, of the company as at settlement of the Recapitalisation Proposal being released, extinguished, and compromised via DOCA that reflects the terms of the offer. All PPSR charges must be removed before settlement by the Deed Administrator. It shall be a term of the DOCA that it is wholly effectuated and the appointment of the Administrator terminates contemporaneously with the payment by the company of the creditor payment to the Trustees of the Creditors' Trust. That is, the Deed Administrator to lodge an online Form 5056 and Form 505 cessation on the ASIC portal as soon as he receives \$100,000.
- (b) All employees and consultants and contracts of the company being terminated at no cost to the Company post termination of the DOCA;
- (c) All creditors of the Company will be required to prove debts against the Trustees of the Creditors' Trust as if they were creditors of the Company and payments to creditors shall be made in accordance with the DOCA and the Creditors' Trust deed;
- (d) The receipt of ASIC, ASX, creditor, and shareholder approval with respect to the terms of the Recapitalisation Proposal contained in the Notice of Shareholder Meeting prepared by BCP.
- (e) No adverse ASX changes to ASX Listing Rules or Guidance Notes or Rulings that impact back door listings, reverse takeovers, or long term suspended companies.

### 1.4 Costs

BCP will:

- (a) Prepare the required shareholder meeting materials and will submit these materials to ASX, the ASIC and the Deed Administrator for approval prior to dispatch to the shareholders of the Company; and
- (b) Carry its own costs in relation to the preparation of the above documents which sums shall be reimbursed by the Company in the event that the proposals are approved.

If the Deed Administrator incurs costs in reviewing the above meeting materials, those costs shall be borne by the Deed Administrator.

BCP will be responsible for preparing the first drafts of the DOCA(s) and Creditors' Trust Deeds.

- (c) Any creditors arising post signing of the DOCA shall be paid from the DOCA fund.

### 1.5 Other Points

BCP confirms that:

- (a) No additional internal approvals are required in order to proceed; and



BCP was formed 13 years ago and has assisted in the recapitalisation of 28 ASX listed companies. BCP also consults with ASX listed companies to enhance shareholder wealth. For example, in 2017 BCP introduced a client, i.e. Stemcell United Limited, to the cannabis industry and the result being an increase in market capitalisation from \$4 million to \$480 million and widespread press coverage.

BCP has signed DOCA's and worked with KPMG on other occasions, including Autron Corporation Ltd

Please do not hesitate to contact me for further particulars.

Yours faithfully



Steve Nicols  
DIRECTOR