

**ASX Announcement**  
**24 November 2017**

**Kalia Limited**

is exploring for copper, gold and energy metals in Australia and Bougainville

**Directors**

Non-Executive Chairman  
*The Hon David Johnston*  
Managing Director  
*Mr Terry Larkan*  
Executive Director  
*Mr Nick Burn*

**Operations**

Chief Financial Officer  
*Ms Anna MacKintosh*

**Issued Capital**

Ordinary Shares  
1,940,847,391  
Unlisted Options  
58,000,000  
Advisor Options  
250,000,000

**Share Price**

**23 November 2017**  
\$0.015

**ASX Code**

KLH

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## **Executive and staff LTI / STI**

Kalia Limited (ASX: KLH) ("the Company" or "Kalia") announces the details of the executive and staff long term incentive ("LTI") and short term incentive ("STI") plans. The purpose of announcing the structure of the plans, which are subject to shareholder approval, is to provide a term of reference in discussions with potential personnel.

The Autonomous Region of Bougainville's ("AROB") operating and limited infrastructure is not unique to those found in many other jurisdictions where exploration activities are undertaken in the region. However, AROB is unique in the customary, social, legal and political constructs that it presents to those conducting the exploration activities. The Board considers it necessary to take measures to ensure that management are well positioned to attract and retain personnel with the unique non-technical skillsets who are able to work successfully in AROB. The Board has therefore made provision for an equity based incentive plan to assist management in their staffing efforts.

The LTI and STI plans are designed to align with specific performance criteria approved at the General Meeting on 21 August 2017 for the issue of performance shares.

### **Proposed LTI and STI plan**

Eligibility and allocation shall be decided by the Remuneration Committee of the Board, provided that those Directors shall not participate in the issue of LTI or STI rights to shares to a value that would exceed 50% of their normal annual Directors fees.

Other than performance criteria, the person receiving a benefit from the STI or LTI must have been employed by Kalia Limited or one of the controlled entities, including the joint venture with Toremans Resources Limited, at the time of the granting of the Exploration Licences or the achievement of the previous milestone.

- 125,000,000 rights to ordinary shares to be issued when Kalia (or its controlled entity) achieves 2,000m of drilling on a project / target.
- 125,000,000 rights to ordinary shares to be issued when Kalia (or its controlled entity) achieves a JORC compliant inferred resource of either:
  - At least 190Mt at a minimum grade of 0.3g/t gold (Au); or
  - At least 190Mt at a minimum grade of 0.3% copper (Cu).
- 125,000,000 rights to ordinary shares to be issued when Kalia (or its controlled entity) achieves a JORC compliant inferred resource of either:
  - At least 285Mt at a minimum grade of 0.3g/t gold (Au); or
  - At least 240Mt at a minimum grade of 0.3% copper (Cu).

The may be exercised immediately on granting and the shares shall remain subject to a holding lock for 12 months after exercising the rights and unless directed otherwise by the Board, due to exceptional circumstances, may only be issued if the person is still an employee at that time.

### **Managing Director**

The incentives specific to the Managing Director were discussed and agreed with the Chairman of the Board of Directors and significant shareholders in the weeks preceding and post appointment of the Managing Director and are designed to support the immediate and medium term needs of Kalia and the longer term achievement of objectives.

The Managing Director is not precluded from participating in the proposed LTI and STI plans, but is precluded from discussions on the allocation thereof.

The Company grants the rights to 50 million shares to Mr. Larkan. Mr Larkan may exercise his rights to the shares in the designated quantity at any time after the prerequisite performance criteria or condition has been met:

- Rights to 20,000,000 ordinary shares at no cost on day of commencement as an executive with Kalia Limited. The rights may be exercised immediately on granting and the shares shall remain subject to a holding lock for 12 months after exercising the rights.
- Rights to 20,000,000 ordinary shares at no cost on securing the Exploration Licences for the Bougainville applications. The rights may be exercised immediately on granting but the shares shall remain subject to a holding lock for 12 months after exercising the rights.
- Rights to 10,000,000 ordinary shares at no cost on contractually securing an aggregate of \$15,000,000 in funding for Kalia Limited and / or Kalia Holdings PTY LTD. The rights may be exercised immediately but the shares shall remain subject to a holding lock for 12 months after exercising the rights.

The above awards will be made to Mr. Larkan or his Estate even should Mr Larkan not be in the employ of the Company at the time of them becoming due provided the conditions for the award were met.

As previously announced, Mr. Larkan has agreed to delay payment of part of his salary in order to maximise cash available to the project at the early stages of operations. The Company and Mr. Larkan have agreed that he be granted the right to convert the moneys due to him in deferred payment for services at the price of the last issue of equity prior to his employment, namely \$0.004 per share. This shall be for a value of not exceeding \$400,000.00 or 100,000,000 million ordinary shares. Mr Larkan shall be able to exercise his right within 5 years or at the termination of his services. There will be no specified holding period attached to the issue of these shares.

The Hon, David Johnston, Chairman of Kalia Limited, said “Bougainville has a unique set of challenges. Kalia has ambitious targets. It is essential we are able attract, incentivise and reward the people who are adding value to our shareholders by executing on our plans.”