

**ASX Announcement
30 July 2018**

Kalia Limited is exploring for copper, gold and energy metals in the Mt Tore region on Bougainville Island and Australia

Directors

Chairman
Hon. David Johnston
Managing Director
Mr Terry Larkan
Technical Director
Mr Peter Batten
Non-Executive Director
Mr Sean O'Brien

Operations

CFO & Company
Secretary
Mr Phillip Hartog

Issued Capital

Ordinary Shares
2,514,347,391
Unlisted Options
144,500,000
Adviser Options
250,000,000

**Share Price – 27 July
2018**

\$0.008

ASX Code

KLH

Further Contact:

Kalia Limited
Tel: 08 6555 0322
www.kaliagroup.com

PO Box 1470
West Perth WA 6872

Quarterly Activities Report Quarter Ended June 2018

Kalia Limited ("Kalia" or "the Company") reports that the following activities occurred during the quarter ended 30 June 2018.

Corporate

- ASX approval for the Global Resources Investment Trust plc ("GRIT") transaction whereby the Company would acquire outstanding balance of shares in Kalia Holdings Pty Ltd and thereby securing the full 75% non-landowner held portion of the Bougainville licences, was obtained on 9 April 2018.
- First assay results from exploration were announced 17 April 2018.
- Interim accounts and report for 6 months ended 31 December 2017 issued on 26 April 2018.
- Shareholder approval for the GRIT deal obtained at the General Meeting held on 11 May 2018.
- Mr. Sean O'Brien joined the Board as a Non-Executive Director as from 11 May 2018.
- First drawdown against the Tygola Pty Limited secured loan facility was completed and announced on 16 May 2018.

Bougainville

Sampling

The physical collection of samples from the field did not occur as planned during this quarter because of a lack of individual landowners authorising access to their lands.

Sampling activity was planned in the Rarie area, identified as the first target due to it being a relatively small area and the historical data relating to the anomaly; as well as a continuance of the work at adjacent Teoviane, where the assay results reported in April 2018 that clearly indicated that further work is required in that area.

Kalia had conducted awareness and community programmes in the months leading up to exploration in the target area of Rarie on EL03 and initial expeditions had made good progress with the results being reported in April 2018.

The planned work for these two areas has been disrupted due to activity relating to a community issues and matters directly related to exploration. The Company has been assured on week by week basis that activity would be able to commence in the coming week only to be advised against starting when the work has been about to be launched.

The Company and the Autonomous Bougainville Government's Department of Mineral and Energy Resources ("DoMER") is working with the relevant parties to address the issue and allow access to continue.

Community Engagement and Land Access

The header agreement with landowners for access to the land for exploration was signed in January 2018. This was the culmination of community engagement and discussion on mining exploration, permits, legislation and landowner rights that extends back to 2016.

The signing of the agreement for access does not mean automatic access is granted to specific lands. The land access agreement signed in January signified that the principal landowners agreed to land access. Thereafter, agreements to access specific target areas is subject to the individual landowner providing permission.

The awareness and engagement process as it relates to exploration and mining in Bougainville is a new experience for the communities, government and the Company. The process is complex and can be time consuming involving ongoing meetings with the Clan leaders, Chief Meris, local government officials, marginalised groups and the wider communities.

The Company has established a process to engage with communities and landowners related to land where specific targets are located.

Based on our experience with community engagement in Bougainville on matters relating to permitting, licence applications and negotiating agreements, the Company's awareness process in preparation for a specific exploration programme typically starts 3 to 4 months before access is required by the geologists.

The process focusses on explaining the exploration process, setting the context for future developments, addressing concerns that the people hold related to exploration / mining and assisting in the formalisation of landowner corporate structure to accommodate commercial activities.

Once the community is comfortable that they have an understanding of the work to be undertaken and their concerns are addressed they are asked to consent, in a simple written agreement with individual landowners, for the exploration activity to proceed.

Other issues relating to outstanding disagreements and grievances in the community, not necessarily related to exploration or mining do arise during the awareness process. These historical community issues are not for the Company to address but are required to be addressed through the awareness process and a resolution settled on before access for exploration is granted.

The issue at Rarie and Teoviane has resulted in increased resources aimed being deployed with the objective of accelerating the community engagement process in alternate target areas identified on EL03 and in wider areas identified through geochemistry on EL04.

Opening up multiple areas will reduce the risk of future delays and interruptions caused by permissions to access land not being obtained.

A schedule of the areas being addressed and the status for access is provided below. Fig 1 has locations / areas marked. Exploration activity on these areas, commencing in the week of 30 July 2018, will enable assay result reporting from September 2018 on a regular basis.

Rarie / Puspa	Engagement process working with DoMER – access in Q4/2018
Aita (Sirivia)	Access agreed – start in week of 30 July 2018
PetsPets	Access agreed – start before geophysics in August 2018
Melilup / Tsuir	Engagement process well advanced – access Q4/2018
Teovanie	Engagement process working with DoMER – access in Q4/2018
Kunai Hills	Access agreed – start in September 2018
Sipai	Access agreed – start before geophysics in August 2018
Keriaka	Engagement process well advanced; wide area - geophysics awaited

Geophysical survey

The contract to conduct nearly 10,000 line kilometres of helicopter geophysical survey was awarded to Thomson Aviation and Fathom Geophysics Australia Pty Ltd (“Fathom Geophysics”) at a meeting of the full Board of Directors in Buka, Autonomous region of Bougainville, Papua New Guinea.

Thomson Aviation are well experienced at operating in Papua New Guinea and Fathom Geophysics specializes in exploration under cover and is experienced in epithermal terranes.

This survey will cover 100% of the areas of EL03 and EL04. The historical geophysical data covers just over 40% of the 865.3 km² under EL03 on the east side of the Tore region and there is no geophysical data for the 838.7 km² under EL04 on the west side.

The investment will reduce the overall cost of fieldwork because effort can be directed to targets identified through the analysis of the data derived from the survey rather than having to cover ground trying to identify targets.

Authority to conduct the geophysical survey work was received from the Autonomous Bougainville Government on 25 July 2018. Work will commence in the week of 13 August 2018 with the analysis reports for EL04 due before the end of Q3 2018 and by mid-October 2018 for EL03.

50% of the cost of the survey was paid for in the quarter ended 30 June 2018. The upfront payment is to secure the equipment and enable mobilisation to Bougainville.

Kimberley Project

Kalia is targeting Cu-PGE-Ni mineralisation associated with tholeiitic magmatic intrusions in areas of known mineralisation and potential covered targets. These exploration licences target the potential of the East Kimberley region to host this style of mineralisation as well as the potential of the fertile Tickalara Metamorphics for base-metal, graphite and gold mineralisation.

Kalia is planning the next stage of progress for these licences.

Indiana Project

Exploration licence (EL) 31542 was granted by the NT Government on 8 February 2018 for a period of six years. Exploration licence application ELA31537 is currently in the ‘consent to negotiate’ period

under the Commonwealth Aboriginal Land Rights Act (ALRA) and is also subject to the standard processes of the Northern Territory Department of Primary Industries and Resources and grant cannot be guaranteed.

Kalia is targeting Cu-Ni-Co sulphide mineralisation within the Riddock and other Amphibolite's and later intrusives within the Irindina Province and cover extensions eastwards under thin cover from the Basil Project resource.

Kalia is planning the next stage of progress for these licences.

Comments

Peter Batten, Technical Director, "During this period of limited field access, the geologists have been collecting historic data, not previously available, and assessing this information with the existing GIS and desktop data. This process has not only confirmed our existing target list but indicated new areas for exploration and increased the potential.

Fieldwork planned for this quarter will increase Kalia's knowledge base, through sampling and mapping, and test the potential of those areas identified through desktop studies. In addition, we will be reviewing the new geophysical data in Q3 2018. The geophysics survey represents an opportunity to understand the high potential of this area in greater detail and potentially identify more targets.

Independent analysis completed on multiple samples presented to us by landowners resident on EL03, reportedly collected from areas on EL03, returned grades of a level that compel us to collect and confirm these results for ourselves. We are particularly keen to get our teams into that area in the coming month. This is a very exciting development.

The potential of the area under licence is tremendous. There are features that indicate we are pursuing a variety of targets that represent a full range of mineralisation styles. There are multiple porphyry style anomalies and at least one caldera style, one epithermal quartz vein style amongst the early targets. Our focus on accessing these must be tempered with the need to ensure we maintain a supportive community for the benefit of establishing a long-term constructive working relationship."

Terry Larkan, Managing Director of Kalia, "Actual sampling progress in the field has not gone to plan due to the delays in getting individual landowners to authorise access to their lands. This is the first time access to larger areas has been worked on at an individual landowner level and there have been a number of issues that we have had to overcome. The issues are not directly related to or resistance against exploration.

We are well resourced to address the work required and we have a robust process to work through the issues, most of which are internal to the communities that we are dealing with. This last quarter has seen a significant amount of my time being spent with our community liaison and geology staff in the field opening up multiple areas for exploration. The aim of this effort is to mitigate our exposure to being overly reliant and focussed on a small number of targets, no matter how attractive they may be.

It is important we address the sensitivities of the community to ensure that we maintain and continue to build a supportive community environment. The issues we are finding are not specifically or

directly related to us or our activities and are mainly the legacy of prior community experience with mining. Overall, there is overwhelming support for exploration work to be conducted. Despite the urgency, it is essential that we invest the time to establish and reinforce a trust relationship with our communities for the long-term benefit of our operations.

An example of the sensitivities we have to address is the use of a helicopter for the geophysical survey. We have been working with the Autonomous Bougainville Government, local government and landowner groups to ensure that the public is informed and accepting of the use of the helicopter. The community work specific to the use of the helicopter has been ongoing since the last week of May and will continue throughout the survey window.

Progress has not been to plan but we still aim to define and drill a target in 2018.”

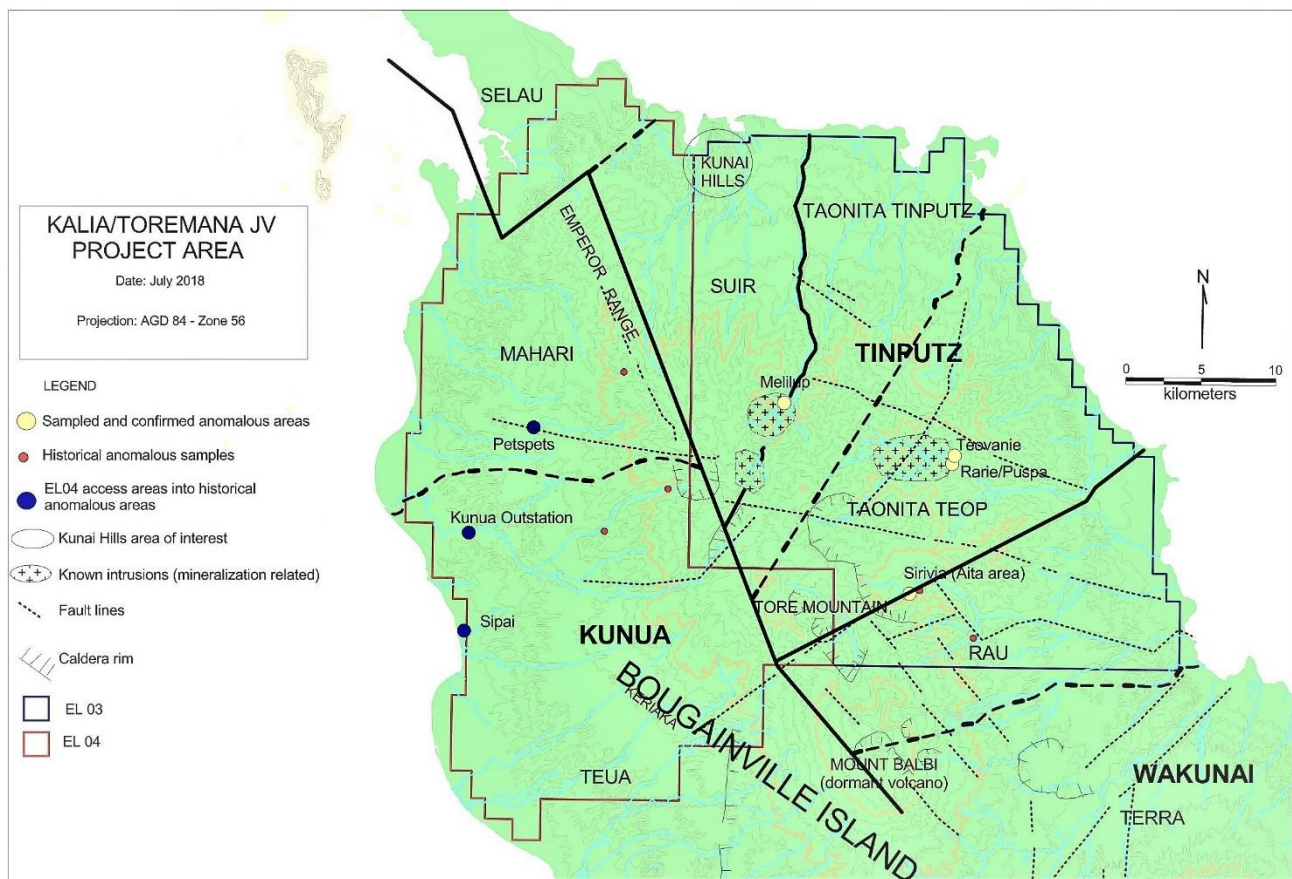


Fig 1: Orientation map of Bougainville Exploration Licences 03 (east) and 04 (west)

Tenement Schedule (Disclosure per ASX Listing Rule 5.3.3)

Tenements held at end of the quarter by Kalia Ltd and subsidiary companies.

During the quarter the Company increased its interest in the Bougainville Exploration Licences 03 and 04 by 38.325% from 54.22% to 75%

TENEMENT	LOCATION	NAME	INTEREST
EL 5231	South Australia	Stuart Shelf	100%
EL31275	Northern Territory	Indiana	100%
EL31391	Northern Territory	Indiana	100%
ELA31392	Northern Territory	Ngalia	Application
ELA31393	Northern Territory	Ngalia	Application
ELA31537	Northern Territory	Indiana	Application
ELA31542	Northern Territory	Indiana	100%
E80_5012	Western Australia	Mt Angelo	100%
E80_5013	Western Australia	Armanda River	100%
EL03	Bougainville	Tore East	75%
EL04	Bougainville	Tore West	75%

Competent Persons Statement

The information in this report that relates to Exploration Results is based on information reviewed by Mr. Peter Batten who is an employee of the Company and is a director of the Company. Mr. Batten is a member of the Australian Institute of Geoscientists and has sufficient experience of relevance to the styles of mineralisation, the types of deposits under consideration and the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results. Mr. Batten consents to the inclusion of the information in the form and context in which it appears.