

28 February 2019

Ms Maria Gimik  
Adviser, Listings Compliance (Perth)  
Email: [Maria.Gimik@asx.com.au](mailto:Maria.Gimik@asx.com.au)

Dear Ms M Gimik

**Kalia Limited (“KLH”): Appendix 5B Query**

We refer to each of the questions raised by yourself in your correspondence dated 26 February 2019 received by email on same date at 15h59.

Using the numbering in your letter, we respond as follows:

1. ***Does KLH expect that it will continue to have negative operating cash flows for the time being and, if not, why not?***

KLH does expect to continue to have negative operating cash flows in the foreseeable future as its main assets are still in the exploration phase.

2. ***Has KLH taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?***

KLH has taken steps, and proposes to take additional measures, to access further cash to fund its operations until such time as its operations become cash flow positive. As announced on 2 January 2019, KLH has entered into a further secured loan facility of \$1,000,000 with Tygola Pty Ltd.

The Company continues to assess its longer-term funding options which includes possible capital raisings through a rights issue or placement.

KLH believes that the actions taken will be successful to provide funding for its operations.

**3. Does KLH expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?**

Yes, please refer to question 2 above. KLH expects to continue its operations and meet its business objectives on the basis that it will have sufficient funds to:

- (a) complete the analysis of the Geophysical Survey, conducted in the fourth quarter of 2018;
- (b) announce the results from the Geophysical Survey in first half of March 2019; and
- (c) move into the drilling phase of exploration in the very near term on the basis of the Geophysical Survey results, supported by sample results.

The activities stated above will result in a review of operational and funding strategies.

**4. Please confirm that KLH is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.**

KLH confirms, to the best of its knowledge that it is in compliance with Listing Rule 3.1.

**5. Please confirm that KLH's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KLH with delegated authority from the board to respond to ASX on disclosure matters.**

KLH confirms that the responses have been authorised and approved in accordance with its published disclosure policy.

We trust that our response provides you with the assurances you seek regarding KLH's planning and execution ability to fund its operations and meet its business objectives.

Yours sincerely



Phillip Hartog  
**Company Secretary**  
**Kalia Limited**



26 February 2019

Mr Phillip Hartog  
Company Secretary  
Kalia Limited

By email: phartog@kaliagroup.com

Dear Mr Hartog

**Kalia Limited ('KLH'): Appendix 5B Query**

ASX refers to KLH's Appendix 5B quarterly report for the period ended 31 December 2018 lodged with ASX Market Announcements Platform on 30 January 2019 (the 'Appendix 5B').

ASX notes that KLH has reported:

- negative net operating cash flows for the quarter of \$1,225,000;
- cash at the end of the quarter of \$100,000; and
- estimated cash outflows for the next quarter of \$1,100,000.

It is possible to conclude, based on the information in the Appendix 5B that if KLH were to continue to expend cash at the rate indicated by the Appendix 5B, KLH may not have sufficient cash to continue funding its operations.

In view of that, ASX asks KLH to respond separately to each of the following questions and requests for information:

1. Does KLH expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has KLH taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does KLH expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please confirm that KLH is complying with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that rule that has not already been released to the market.
5. Please confirm that KLH's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of KLH with delegated authority from the board to respond to ASX on disclosure matters.

**When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **5:00 PM AWST Friday, 1 March 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in KLH's securities under Listing Rule 17.3. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, KLH's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

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ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [ListingsCompliancePerth@asx.com.au](mailto:ListingsCompliancePerth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1 and Listing Rule 3.1A**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A. In responding to this letter, you should have regard to KLH's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that KLH's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in KLH's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Enquiries**

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

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**Maria Gimik**  
Adviser, Listings Compliance (Perth)