

ASX Announcement 29 January 2020

Kalia Limited is exploring for copper and gold in the Mount Tore region on Bougainville Island.

Directors

Chairman

Hon. David Johnston

Executive Director, Corporate Development & Strategy

Mr. Michael Johnston

Non-Executive Director

Mr Sean O'Brien

Non-Executive Director

Mr. Jonathan Reynolds

Operations

Joint Company Secretary

*Ms Melissa Chapman
and Ms Catherine Grant-Edwards*

Issued Capital

Ordinary Shares
25,143,552
Unlisted Options
1,000,000

Share Price – 28 January 2020 \$0.07

ASX Code

KLH

Further Contact:

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Activities Report - Quarter Ended 31 December 2019

Kalia Limited ("Kalia" or "the Company") reports that the following activities occurred during the quarter ended 31 December 2019.

Summary of Announcements during the quarter

The Company held its Annual General Meeting in Perth on 29 November 2019. Shareholders approved the re-election of Mr Sean O'Brien as a non-executive director of the Company, and the appointment of Mr Jonathan Reynolds as a non-executive director and Mr Michael Johnston as an executive Director of the Company. Shareholders also approved:

1. a 1 for 100 consolidation of the Company's capital;
2. a change in the company's name from Kalia Limited to MCB Resources Limited;
3. a 10% placement facility, (additional to the 15% allowed by ASX rules); and
4. approval for management to seek an extension to the term of security interests for the Tygola secured loans totalling \$4.5m, to a maximum of 9 months (up to 30 September 2020). **(It should be noted that Tygola has not agreed to any extension of the Loan Facility beyond 28 February 2020 as at the date of this report and has not indicated any willingness to do so at this stage).**

As previously advised the total amount owing to Tygola is due for repayment on 28 February 2020. Management intend entering into discussions with Tygola regarding the Company's short-term funding requirements. Although no undertakings have been made to the Company, the directors currently believe that Tygola will continue to support the Company's working capital requirements. The Company will advise shareholders of developments in accordance with the ASX Rules relating to continuous disclosure.

The Company also advised during the period that it had changed its Principal Place of Business and Registered Office and phone number.

On 13 December the Company reported that it was deeply saddened to advise that one of its employees, Terry Win Kilya, a geologist from Enga Province, had suffered fatal injuries from a fall resulting from an attack by armed rascals in the Melilup area. The Company was placed into a trading halt on 17 December whilst it was seeking additional information from the regulator (Department of Mineral and Energy Resources, DoMER) and local Police regarding the attack, and the status of its licences. The trading halt was then, on 19 December, extended voluntarily by the Company to a suspension of trading until the earlier of either an announcement regarding the Company's

tenements, or prior to the start of trading on 3 February 2020. The suspension is still in force as the Company seeks to meet certain conditions requested by the regulator as a result of the incident.

Exploration Field Trips

Five extended field trips were completed during the quarter at Aita-Turivik (x2), and Melilup (x3). In addition, assay results were received for three prospects during the quarter (Kunai Hills, Kaskurus, and Teovane.) (Figure 1).

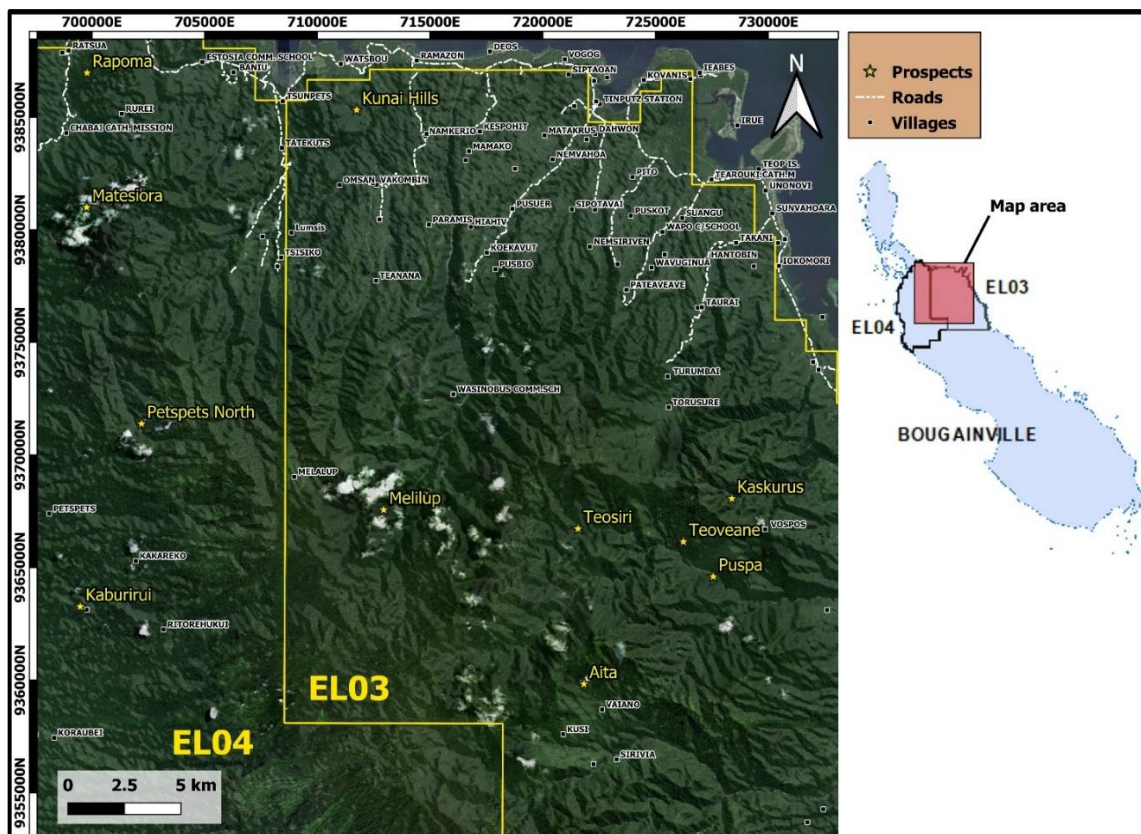


Figure 1: Site locations Mt Tore region, Bougainville

Melilup

As with most of the Company's prospects, outcrop and logistics/access is extremely difficult at Melilup.

Field teams continued to make their way up Ramazon River during the quarter systematically evaluating the main river and tributaries as they progressed towards Fathom targets 13 and 1 (figure 2). A porphyry copper alteration pattern transitioning from outer propylitic (chlorite-pyrite-epidote+/- magnetite) with increasing magnetite towards inner propylitic and locally weak potassic alteration (chlorite-pyrite-epidote-magnetite+/-k-feldspar) is currently being "defined" as Fathom target 1 is being approached.

NW trending zones of sub-vertical fracture controlled secondary copper mineralisation (malachite+covellite+enargite+azurite) within propylitically altered porphyritic diorite have been defined and rock chipped in Kaurua Creek, and again approximately 1km further south in Matepupurio Creek (figure 3). The fracture-controlled zones are hosted within broader zones of propylitically altered diorite

with weak disseminated (and locally fracture controlled) pyrite+/-copper. Assay results are pending but mapping looks encouraging so far.

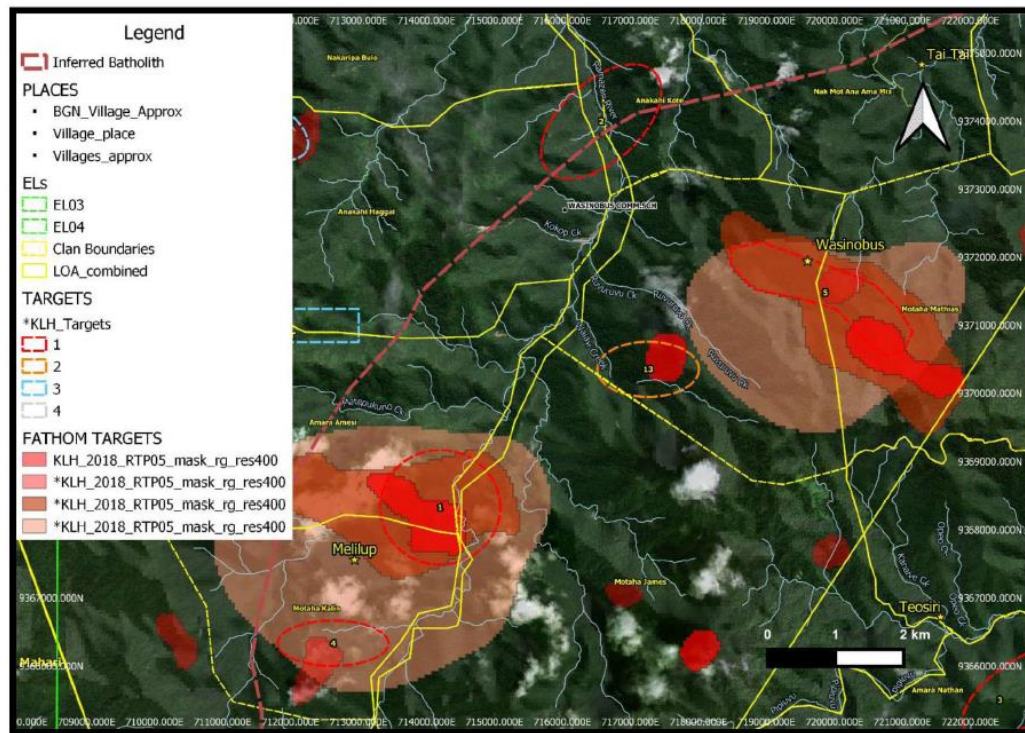


Figure 2: Melilup location map showing clan boundaries and Fathom Geophysical Targets.

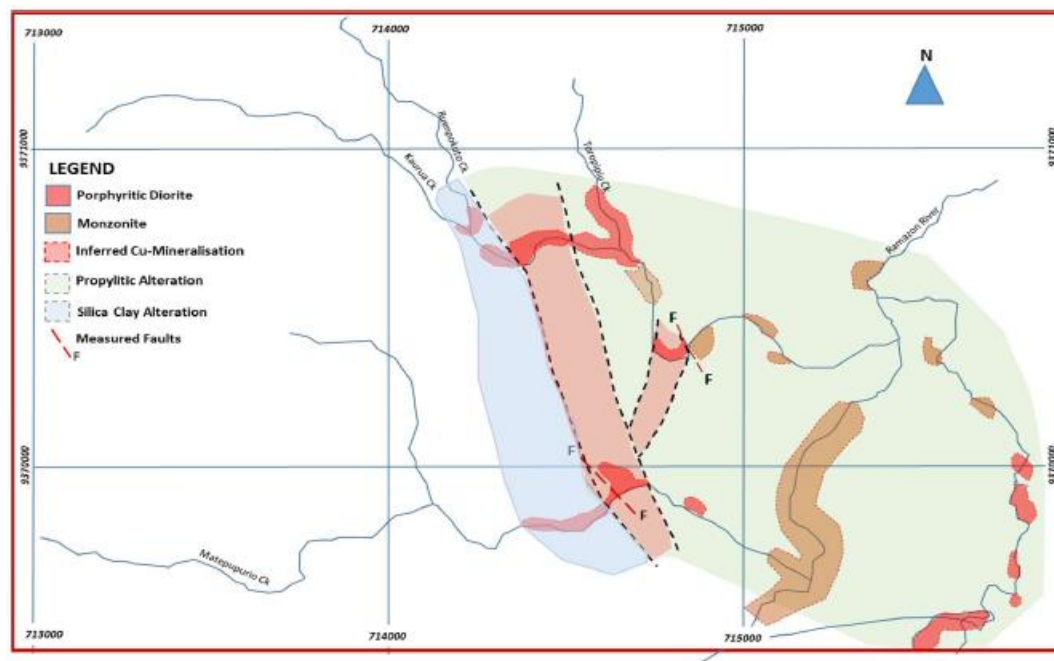


Figure 3: Fact and interpretive geology for Melilup prospect (as @12/12/2019)

The Melilup intrusive complex is complicated and made more difficult by poor outcrop and restricted access. A range of dates and rock types are reported from the region as part of the PNG and German Geological Survey work in the 1980s. The various aeromagnetic sets (German data and later 2019 Fathom data) indicate that the complex sits on the NW margin of the main magnetic high defined at depth by both surveys. The aeromag data also shows the influence of NNW trending structures in a regional sense. Work on the ground is showing these trends as having a strong influence on both fracture-controlled and disseminated copper zones.

NW structures are a major regional control on structures on Bougainville and developed as the island was ripped apart in the late Tertiary as the Ontong Java Plateau moved north into its current position.

Aita-Turiviki

The Turiviki area is focused on a large clay-calcite altered fault zone hosting shallow active geothermal activity (figure 4). A historic result of 2.2ppm Au was reported from this area in 1989 (Rogerson et al, 1989. Figure 5), and a 3,500ppm Cu assay was reported in a neighbouring creek in 1990 (Rammimair, 1990). Access was granted for a limited period of two days, after extensive landowner consultation. A total of eight samples were collected, with results pending.

Initial assessment suggests the main structure although quite large appears to be an unmineralized late epithermal structure, at least at surface. Propylitic alteration was mapped and sampled peripheral to the main fault structure, with the main fault being characterised by clay-calcite alteration, and locally active venting. Further work is dependent on a review of results currently underway.



Figure 4: Large clay-calcite altered late fault zone exposed at Turiviki (looking SW)

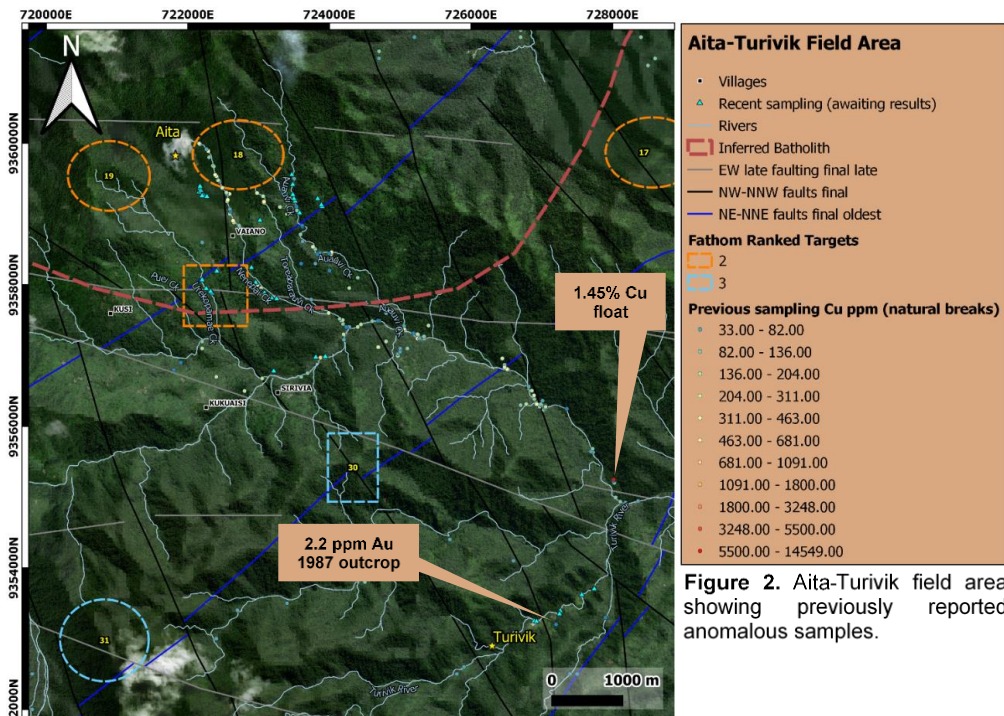


Figure 5: Aita-Turiviki field area with previously reported sampling

In Aita field teams revisited the Baiano region where previous work had indicated a broad zone of low grade anomalous copper, and float samples assaying up to 1.45% Cu (ASX:KLH release dated, 29 October 2018) (figure 5). Sampling confirmed the earlier work and extended the anomalous zone (figure 6). Anomalous outcrop comprises weakly “crackled” andesite, and “terminates” on a ridgeline comprising fresh unaltered diorite, possibly an east-west striking, northerly dipping remnant late flow of the Mt Tore Volcancis. The ridge is coincident with Fathom targets 18 and 19. East of the “crackled” andesite lies a body of advanced argillic altered (clay-alunite+/-silica) volcanoclastics, in very difficult to access terrane.

Attempts to extend the field work west were stopped by land access issues, and these are currently being resolved to allow further work.

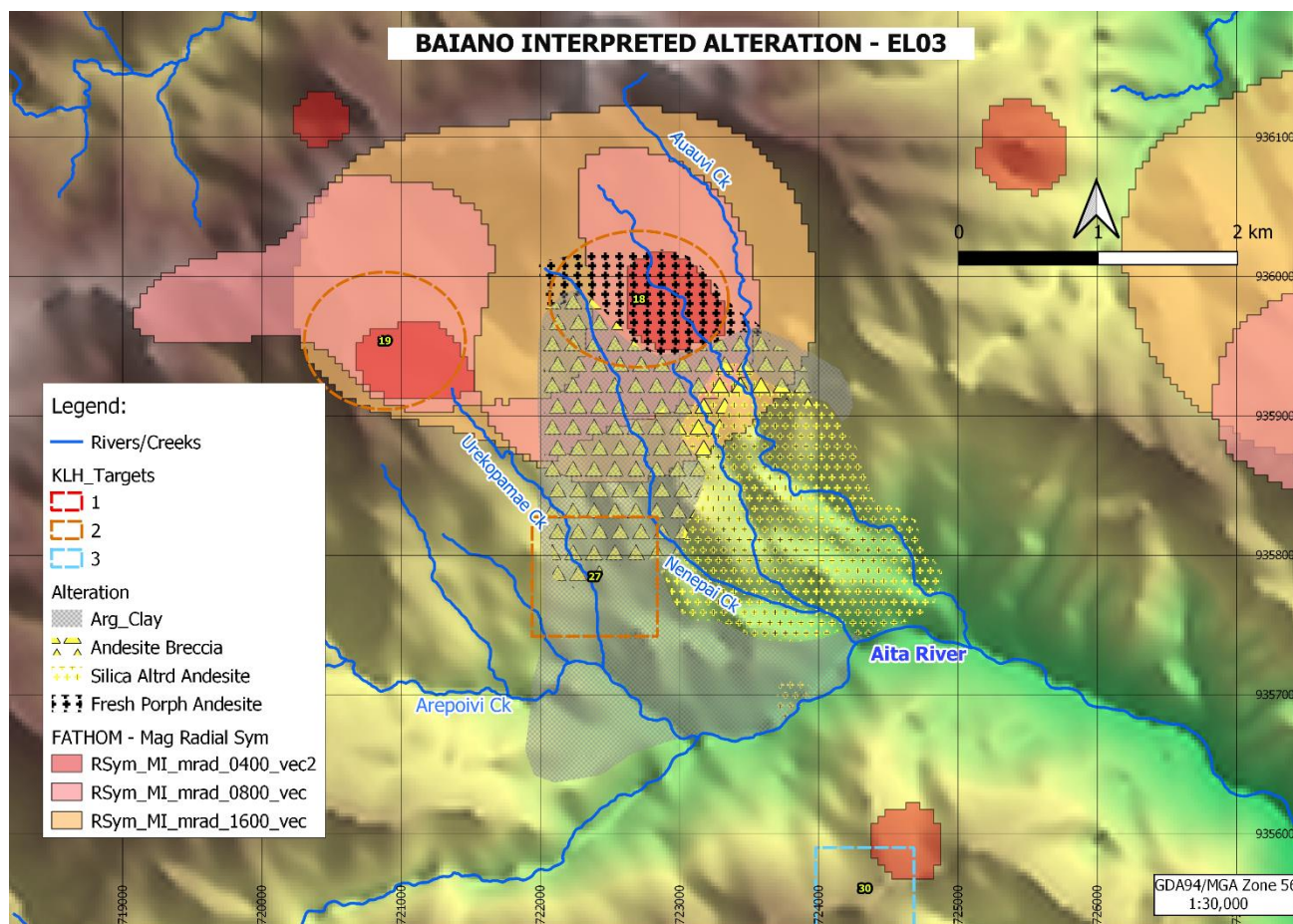


Figure 6: Baiano prospect, Aita region. The zone of “crackled” andesite with weak copper anomalism remains open to the west where access is still currently restricted.

ASSAY RESULTS

Kunai Hills

Nine samples of float taken from Kunai Hills did not record any significant results. A single BLEG sample of 83.9ppb was recorded from eight stream sediment/BLEGS collected. The significance of this sample is currently being reviewed but is being treated as “suspicious”.

Kaskurus

No significant results were returned from either rock chips or stream sediments collected from Kaskurus. No further work is recommended here.

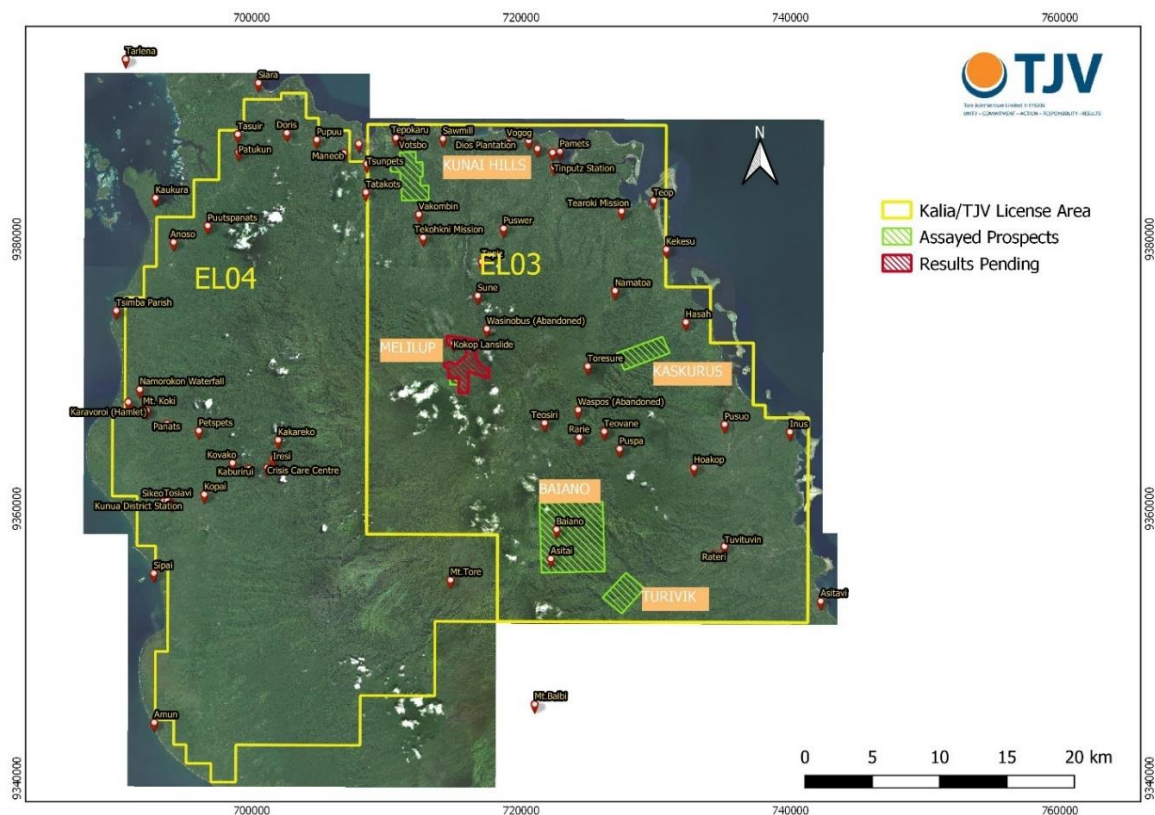


Figure 7: Location of assays received for the quarter.

Future work plans

The Company's immediate focus, once access to ground has been re-established and the work environment made suitably secure, is to establish an operational base in the highly prospective Melilup area so that field activities can be accelerated. Planned work includes detailed mapping, sampling (rock chip and initial soil lines), and geophysics (likely Induced Polarisation and ground magnetics) across and in the vicinity of the recently discovered copper mineralisation. Preparation for drilling will include the commencement of environmental studies, additional community mapping, permitting, and further upgrades to field accommodation.

Formalising our detailed land ownership studies will also commence in quarter 1 2020.

Recruitment of suitably qualified technical personnel in these key areas will also be restarted.

The Aita region also requires more detailed follow up, including additional regional mapping and sampling, and detailed prospect assessment of key results.

The South West section of the upper Ramazon within Central EL03 (defined by Dr. S Garwin 2019 as a high priority region) is still to be assessed. Discussions with landowners to obtain access is ongoing.

Finally, re-ranking of the remaining Fathom and Garwin targets will commence in late Q2, incorporating learnings from the past 12 months of field and community work programs.

Community

Several community meetings were conducted during the quarter, focused on providing awareness and educating villages about the exploration/mining process, and to seek approval to access sites.

Restructuring of the Tore Joint Venture commenced in the period. Landowners are currently voting for representatives for each of the eight landowner associations (**LOA**), with the new board to have a representative from each **LOA**. The objective is to make the TJV board more directly representative of the landowner associations and assist with information flow, consultation, and access requirements.

The Bougainville referendum vote occurred during the quarter. The final vote showed 98% of those who voted supported independence, of some sort. The Company suspended field work during the initial voting period, recommencing work when landowners invited the Company back onto their land once they had completed voting.

The death of Mr Terry Win Kilya on 13th December 2019 saw the Company undertake the recovery of his body, and its return to his village in Enga in accordance with custom. The Company also provided assistance to the family for travel and accommodation and made a significant “bel kol” (customary compensation) payment. The company has also been working closely with the Department of Minerals and Energy Resources (**DoMER**) and local police, with a view to identifying and arresting those responsible for this terrible act. The police investigation and operation are still ongoing at the time of writing.

The Company’s voluntary suspension of trading on the ASX is ongoing while the police investigation progresses, and the Company will update the market as information comes to hand.

About the Bougainville Exploration Licences

The Company, through Tore Joint Venture Limited, manages two exploration licences on the island of Bougainville, Autonomous Region of Bougainville, Papua New Guinea. Tore Joint Venture Limited is 75% owned by Kalia Limited, with the remaining 25% being held by Toremana Resources Limited, a registered landowner association. The two exploration licences, EL03 and EL04 were issued in November 2017 and cover a combined area of 1,704 km².

Tenement Schedule (Disclosure per ASX Listing Rule 5.3.3)

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

TENEMENT	LOCATION	NAME	INTEREST
EL03	Bougainville	Tore East	75%
EL04	Bougainville	Tore West	75%

Competent Person Statements

The information in this announcement that relates to Exploration Results is based on information reviewed by **Mr Michael Johnston** who is a fellow of the Australasian Institute of Mining and Metallurgy (FAusIMM) and an Executive Director of the Company. Mr Johnston has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Johnston consents to the inclusion of the information in the form and context in which it appears.

References

- Blake, D.H., and Mieztis, Y. (1967). Geology of Bougainville and Buka Islands, New Guinea: Bureau of Mineral Resources, Geology and Geophysics, Department of National Development, Commonwealth of Australia Bulletin 93, 56 p.
- Buckingham, A. (2019). Processing, enhancement and modelling of 2018 airborne data over the Tore JV, Bougainville, Papua New Guinea, power-point presentation by Fathom Geophysics for Kalia Limited, ver. 4. *Unpublished*, 61 slides.
- Clark, G.H. (1990). Panguna copper gold deposit, in *Geology of the Mineral Deposits of Australia and Papua New Guinea* (Ed- F.E. Hughes) pp' 1807-1816 (The Australasian Institute of Mining and Metallurgy: Melbourne).
- Garwin, S. (2019). Preliminary Interpretation of Geology and Geochemical Results for the northern Bougainville Island Tenements of Kalia Limited: Implications for Copper and Gold Exploration, power-point presentation ver. 4. *Unpublished*, 39 slides.
- Rogerson, R. J., Hilyard, D. B., Finlayson, E. J., Johnson, R. W., and McKee, C. O. (1989). The geology and mineral resources of Bougainville and Buka Islands, Papua New Guinea. *Geological Survey of Papua New Guinea, Memoir 16*, 228 pages.
- Sillitoe, R. H. (2010). Porphyry Copper Systems*. *Economic Geology*, 105(1), 3-41. doi:10.2113/gsecongeo.105.1.3

ADDITIONAL INFORMATION

JORC CODE, 2012 EDITION – TABLE 1

The following sections are provided for compliance with requirements for the reporting of exploration results under the JORC Code, 2012 Edition.

Section 1 Sampling Techniques and Data

Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information. 	<ul style="list-style-type: none"> Sampling of stream sediment was wet sieved at size -80 mesh and relates to historic geochemical data from Rogerson et al. 1989 Whole rock sampling from Rogerson et al. 1989 is denoted by O/C for in situ outcrop at FLT for float samples. For stream sediment samples from Rogerson et al. 1989, Au and Pt were determined on each sample by either 20g or 50g fire assay (depending on sample size); Hg by cold vapour AAS; As and Te by hydride-generation AAS; Ag by AAS. Following KClO₄/HCl digestion and subsequent 10% aliquot 336-MIBK/KI/ascorbic acid metal concentration; and Cu, Zn by AAS following two separate metal extractions, 1% HCl (partial) digestion and HCl/HNO₃ (total) digestion. Detection limits for each element were nominally; Au (10ppb), Pt (100ppb), Hg (2ppb), As (2ppm), Te (100ppb), Ag (100ppb), Cu (1ppb) and Zn (1ppm). Whole rock samples were analysed for; Ba, Sr, Pb, Zr, V, Cr, Ni by ICP at AMDEL, South Australia, Rb, Nb, Y by XRF at AMDEL, Sc, Cs, Sr, Hf, Th, La, Ce, Nd, Sm, Cu, Tb, Dy, Yb, Lu, V, Zn, Au by Instrumental Neutron Activation Analysis at CSIRO Lucas Heights NSW. Kalia Limited is reporting modelling utilising the airborne magnetic and radiometric data, for the survey carried out over the Mt Tore project area [EL03 and EL04] between 30/08/2018 and 30/11/2018. Kalia collects rockchips from outcrop and float at suitable locations in the field these are submitted to Intertek Lae. A 50 g fire assay is conducted for gold analysis and a four acid digest ICP-MS/AES is conducted for trace and major multi-element detection.
Drilling techniques	<ul style="list-style-type: none"> Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc). 	<ul style="list-style-type: none"> No drilling results reported
Drill sample recovery	<ul style="list-style-type: none"> Method of recording and assessing core and chip sample recoveries and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between 	<ul style="list-style-type: none"> No drilling results reported

Criteria	JORC Code explanation	Commentary
	<i>sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	
Logging	<ul style="list-style-type: none"> Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. The total length and percentage of the relevant intersections logged. 	<ul style="list-style-type: none"> Samples have been logged by a geologist in the field.
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> If core, whether cut or sawn and whether quarter, half or all core taken. If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. For all sample types, the nature, quality and appropriateness of the sample preparation technique. Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. Whether sample sizes are appropriate to the grain size of the material being sampled. 	<ul style="list-style-type: none"> No drilling results reported
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established. 	<ul style="list-style-type: none"> For stream sediment samples from Rogerson et al. 1989, Au and Pt were determined on each sample by either 20g or 50g fire assay (depending on sample size); Hg by cold vapour AAS; As and Te by hydride-generation AAS; Ag by AAS. Following KClO₄/HCl digestion and subsequent 10% aliquot 336-MIBK/KI/ascorbic acid metal concentration; and Cu, Zn by AAS following two separate metal extractions, 1% HCl (partial) digestion and HCl/HNO₃ (total) digestion. Detection limits for each element were nominally; Au (10ppb), Pt (100ppb), Hg (2ppb), As (2ppm), Te (100ppb), Ag (100ppb), Cu (1ppb) and Zn (1ppm). Whole rock samples were analysed for; Ba, Sr, Pb, Zr, V, Cr, Ni by ICP at AMDEL, South Australia, Rb, Nb, Y by XRF at AMDEL, Sc, Cs, Sr, Hf, Th, La, Ce, Nd, Sm, Cu, Tb, Dy, Yb, Lu, V, Zn, Au by Instrumental Neutron Activation Analysis at CSIRO Lucas Heights NSW. Specific instrument information not available. Lab-produced QAQC procedures and results are unknown. Intertek Lae submit CRM standards, blanks, and check samples where required.
Verification of sampling and assaying	<ul style="list-style-type: none"> The verification of significant intersections by either independent or alternative company personnel. The use of twinned holes. Documentation of primary data, data entry procedures, data verification, data storage 	<ul style="list-style-type: none"> Unknown if samples were submitted to an umpire laboratory for check analysis. No umpire laboratory checks on recent surface sample results.

Criteria	JORC Code explanation	Commentary
	<p>(physical and electronic) protocols.</p> <ul style="list-style-type: none"> Discuss any adjustment to assay data. 	
Location of data points	<ul style="list-style-type: none"> Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. Specification of the grid system used. Quality and adequacy of topographic control. 	<ul style="list-style-type: none"> Samples from Rogerson et al. 1989 are recorded in mE and mN to the nearest hundred metres using WGS1984 datum. The method for plotting locations is unknown. A Garmin hand-held GPS is used to define sample locations. Geophysics Datum: Geodetic Datum of Australia 94 (GDA94) Projection: Map Grid of Australia (MGA) Zone: Zone 56
Data spacing and distribution	<ul style="list-style-type: none"> Data spacing for reporting of Exploration Results. Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. Whether sample compositing has been applied. 	<ul style="list-style-type: none"> No drilling results reported.
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material. 	<ul style="list-style-type: none"> Mineralisation reported at surface only.
Sample security	<ul style="list-style-type: none"> The measures taken to ensure sample security. 	<ul style="list-style-type: none"> Sample security practices unknown. All recent samples are within possession of company staff until deposited with an independent (international) courier and delivered to the laboratory (Intertek) in Lae.
Audits or reviews	<ul style="list-style-type: none"> The results of any audits or reviews of sampling techniques and data. 	<ul style="list-style-type: none"> No audits or reviews have taken place. Senior geologists periodically review all laboratory data and collection processes.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	<ul style="list-style-type: none"> Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area. 	<ul style="list-style-type: none"> The Mt Tore Project consists of two exploration licence applications ELA07 (365.3sqkm) and ELA08 (838.7sqkm). The Mt Tore Project is a joint venture between Kalia Limited (75%) and Toremana Resources Limited, a registered landowner association (25%).
Exploration done by other parties	<ul style="list-style-type: none"> Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> All data sourced by the company has been disclosed.
Geology	<ul style="list-style-type: none"> Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> The Tore region consists of volcanic rocks in an island arc tectonic setting. Intrusive bodies are recorded in numerous locations throughout the project area and is highly prospective for porphyry Cu-Au-Ag-Mo and Epithermal Au deposits.
Drill hole Information	<ul style="list-style-type: none"> A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes: <ul style="list-style-type: none"> easting and northing of the drill hole collar elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar dip and azimuth of the hole down hole length and interception depth hole length. If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case. 	<ul style="list-style-type: none"> No drilling results reported
Data aggregation methods	<ul style="list-style-type: none"> In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. The assumptions used for any reporting of metal equivalent values should be clearly stated. 	<ul style="list-style-type: none"> No minimum or maximum cut-offs have been applied
Relationship between	<ul style="list-style-type: none"> These relationships are particularly important in the reporting of 	<ul style="list-style-type: none"> N/A

Criteria	JORC Code explanation	Commentary
mineralisation widths and intercept lengths	<p>Exploration Results.</p> <ul style="list-style-type: none"> If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known'). 	
Diagrams	<ul style="list-style-type: none"> Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views. 	<ul style="list-style-type: none"> Maps and plans appear throughout this release.
Balanced reporting	<ul style="list-style-type: none"> Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results. 	<ul style="list-style-type: none"> All sample assay data has been released, previously. Results of the geophysical survey, interpretation and modelling has been released, previously.
Other substantive exploration data	<ul style="list-style-type: none"> Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances. 	<ul style="list-style-type: none"> No additional surveys ongoing. Awaiting laboratory results from Intertek (Lae).
Further work	<ul style="list-style-type: none"> The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive. 	<ul style="list-style-type: none"> See future work/plans within the release.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Kalia Limited

ABN

30 118 758 946

Quarter ended ("current quarter")

31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(268)	(336)
(b) development	-	-
(c) production	-	-
(d) staff costs	(362)	(475)
(e) administration and corporate costs	(314)	(348)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(944)	(1,159)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	1,050	1,300
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,050	1,300

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	38	3
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(944)	(1,159)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,050	1,300
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	144	144

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	144	38
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	144	38

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
146
-

Item 1.2 includes remuneration payments paid to directors (including \$103k paid in respect of former directors of the Company).

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	9,000	5,550
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

As previously advised, the Company has in place four facilities with Tygola Pty Ltd (Tygola) A summary of the loan arrangements in place are:

- \$3 million secured loan provided to the Company in May 2018 (**Facility 1**);
- a second secured loan agreed in January 2019, approved at the General Meeting held on 11 May 2019 (**Facility 2**), which has been increased from \$1.25 million to \$1.5 million;
- a third, unsecured loan of \$1.5 million (**Facility 3**); and
- a fourth, unsecured loan of \$3 million (**Facility 4**);

together providing a total facility limit of \$9 million (**Total Facility**). The Total Facility is due for repayment on 28 February 2020.

At the AGM held 29 November 2019, the Company received shareholder approval to seek an extension to the terms of security interests in respect of Facility 1 and Facility 2, to up to 30 September 2020. It is noted that Tygola has not agreed to any extension of these loan facilities beyond 28 February 2020 as at the date of release of this report and has not indicated any willingness to do so at this stage.

Save for Tygola having the option of converting funds drawn down under Facility 2 at \$0.004 per ordinary share, the loans are repayable in cash. The conversion option is fixed for fixed and the equity component is not material.

A 5% facility fee on drawdowns and interest of 10% per annum is payable on balances owing.

At 31 December 2019, a total of \$5.55 million has been drawn down, leaving a total balance of \$3.45 million available under Facilities 3 and 4.

9. Estimated cash inflows and outflows for next quarter	\$A'000
9.1 Exploration and evaluation	1,904
9.2 Development	-
9.3 Production	-
9.4 Staff cost	278
9.5 Administration and corporate costs	706
9.6 Other:	
Drawdown of Tygola loan facility	(2,888)
9.7 Total estimated cash outflows	-

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here.


(Company Secretary)

Date: 29 January 2020

Print name: Catherine Grant-Edwards

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.