

**ASX Announcement
26 February 2018**

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

Directors

Chairman
Hon. David Johnston
Managing Director
Mr Terry Larkan
Technical Director
Mr Peter Batten

Operations

Company Secretary
Ms Anna MacKintosh

Issued Capital

Ordinary Shares
2,034,347,391
Unlisted Options
44,500,000
Adviser Options
250,000,000

**Share Price – 23
February 2018**

\$0.012

ASX Code

KLH

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Kalia moves to 75% of Mt Tore Project - Bougainville

Kalia Limited (“the Company”) is pleased to announce the details of a transaction with Global Resources Investment Trust (“GRIT”) that, subject to the approval of shareholders of the Company, will consolidate the non-landowner interests in Bougainville Exploration Licences 03 and 04.

The Company’s interest in Exploration Licences 03 and 04, in the Tore region in the north of Bougainville Island, Autonomous Region of Bougainville, Papua New Guinea (the “Tore Exploration Licences” or the “Project”), is currently held through the Company’s 72.29% subsidiary, Kalia Holdings Pty Ltd (“KH”).

Post the transaction, the Company’s holding will be 100% of the available non-landowner interest in the Project increasing the Company’s effective economic interest in the Tore Exploration licences from 54.29% to 75%, an uplift of 38.1%. Under the joint venture agreement the remaining 25% direct interest in the Project remains the property of the landowners.

The key terms of the acquisition are as follows:

- GRIT will transfer its interest in KH to the Company, resulting in the Company holding 100% of KH.
- The Company will issue 480,000,000 new fully paid Ordinary Shares increasing the shares on issue from 2,034,347,391 to 2,514,347,391. This consideration will represent 19.09% of the enlarged issued share capital of the Company.
- Post completion of the transaction, GRIT is expected to hold 535,150,000 fully paid Ordinary Shares or 21.28% of the issued share capital of the Company.
- GRIT will have the right, but not the obligation, to maintain its interest in the capital of the Company by subscribing for fully paid Ordinary Shares on the same terms as those attaching to any future capital raises. The right will expire after a period of 5 years or in the event the relevant interest of GRIT in the Company is less than 10%. The grant of this right is subject to the Australian Securities Exchange (“ASX”) granting an appropriate waiver of the ASX Listing Rules.
- GRIT shall have the right to nominate a fit and proper person to hold a non-executive directorship on the Board of the Company. The initial nomination and appointment of the director shall be supported by the existing Board of Directors of the Company and continued membership will be subject to the Constitution of the Company.
- A \$3m loan facility to be made available on the completion of the transaction to advance exploration activities in the focus areas at Melilup, Rarie’ Puspa and Kunua to develop targets for drilling in 2018.

The transaction is conditional on:

- a) the parties signing a formal agreement to record the sale of shares in KH substantially on the terms set out above; and
- b) the shareholders of the Company providing approval to this transaction in accordance with the provisions of the listing rules of the ASX and the Corporations Act, accompanied by an independent expert's report opining on whether the transaction is fair and reasonable to the non-associated shareholders of the Company

The condition in paragraph (a) must be satisfied (or waived by the parties) on or before 14 March 2018, at which time (or soon thereafter) a circular including General Meeting [voting papers] will be sent to shareholders in the Company.

The condition in paragraph (b) must be satisfied (or waived by the parties) on or before 14 April 2018.

Terry Larkan, Managing Director of Kalia stated "The consolidation of the project interests in Bougainville is essential to enable the Company to execute effectively and efficiently on operational and corporate strategies to advance exploration at the Tore Licences.

The consolidation brings clarity to the corporate structure for the investor and our various business partners in Bougainville.

The approval of the transaction will provide a \$3 million loan facility for the Company's exploration activities on the targets at Melilup, Rarie Puspa and Kunua that were identified using the analysis of historical studies, announced in November and December 2017. The Company geological data from our work will identify targets for drilling in 2018 on the licence areas that we all believe hold exceptional potential."

Terry Larkan
Managing Director