

**ASX Announcement  
16 May 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*

**Operations**

Company Secretary  
*Mr Phillip Hartog*

**Issued Capital**

Ordinary Shares  
2,034,347,391  
Unlisted Options  
44,500,000  
Unlisted Adviser  
Options  
250,000,000  
Performance Shares  
750,000,000

**Share Price – 15 May  
2018**

\$0.011

**ASX Code**

KILH

**Further Contact:**

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[www.kaliagroup.com](http://www.kaliagroup.com)

PO Box 1470  
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**Loan funding update**

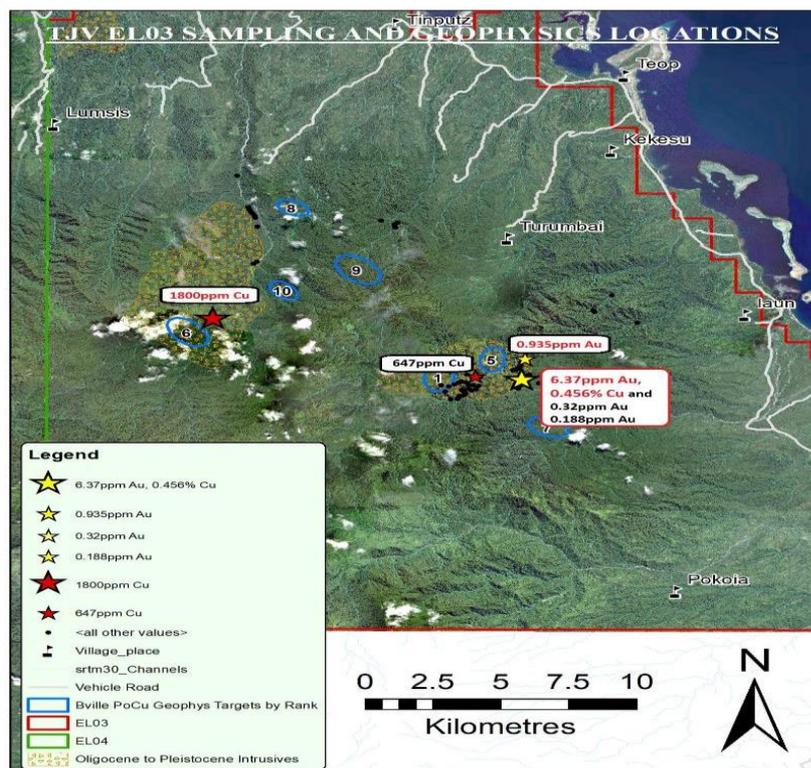
Kalia Limited (“Kalia” or “the Company”) is pleased to report that the first drawdown funds from the \$3million secured loan facility were received on 14 May 2018.

Aside from ongoing exploration operating expenditure, these funds will be applied to expenditure required to improve facilities to accommodate the increased exploration activities on Bougainville. These include sample storage sheds, communications and vehicles.

To date Kalia has had one team engaged in exploration fieldwork. Expeditions have been to Tai Tai, Pasuna Teabai, Melelup and Pasuna Teabai. Results from Tai and Pasuna Teabai have excluded them from further work at this time.

As from the end of May there will be three geologist led exploration teams conducting fieldwork. The fieldwork will continue toward the targets at Rarie, Puspa and Kunuah Hills with further work at Melelup and the recently identified anomaly at Teoveane. (

The work at Teoveane will focus on sampling between and around the rock chip samples that returned the 6.37 ppm Au and 0.45% Cu in sample KTR00077 and gold grades of 0.32 ppm Au (KTR00076) and 0.19 ppm Au (KTR00072) from same outcrop. The work will also determine any link between these and KTR00112 grading of 0.96ppm located approximately 1 kilometre away (see map below).



Prior to applying for the exploration licences Kalia invested in geological research of Bougainville, thereby identifying the areas under licence as being those it considered highly prospective. During the research phase Kalia obtained a copy of the original files from the field survey conducted by the Geological Survey of Papua New Guinea (GSPNG). The study incorporated findings from a prior and associated airborne geophysical survey conducted on behalf of the GSPNG by The Federal Institute for Geosciences and Natural Resources, Federal Republic of Germany (FIGNR).

The survey dates from 1989 and recorded Magnetics, Electromagnetics and Radiometrics (K, TH, U).

The data was reprocessed using modern algorithms by Fathom Geophysics Australia Pty Ltd (Fathom) who specialise in epithermal terranes and with historical geochemistry has been instrumental in identifying the high priority exploration focus area.

The survey only covered approximately 20% of the Exploration Licence areas, all on EL03 (east side), with no coverage on EL04 (west side).

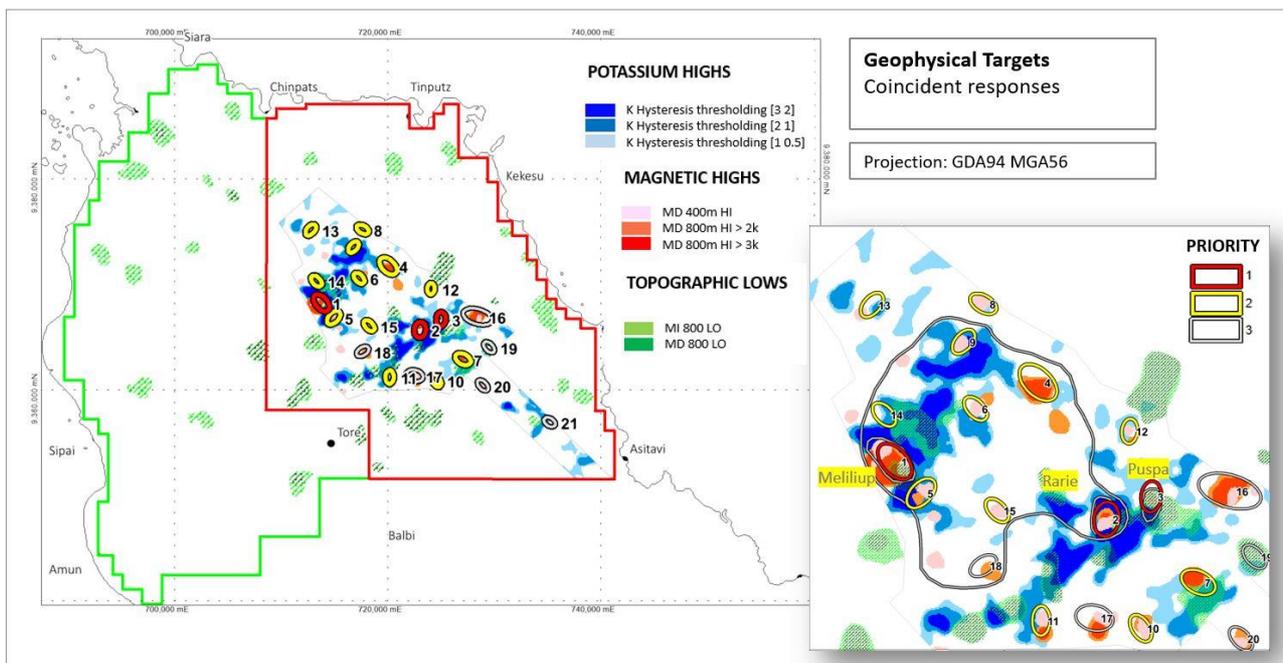


Figure 1: Geophysical target zones confined to the 20% geophysics survey area. Geophysical and remote sensing data were used to generate exploration target zones. The porphyry Cu-Au model of Koschke [2011] was used. Specifically, the following layers were combined: MAGNETIC radially symmetric highs, RADIOMETRIC potassium highs, TOPOGRAPHY radially symmetric lows. Targets were categorized into one of three priority classes, with priority-1 being the highest priority targets.

With the availability of funds, the Company has requested contractual terms for an aerial geophysics survey to be done over the entire 1,704km<sup>2</sup>. Kalia believes that advances in technology since the 1989 and obtaining data from the unmapped 80% of the licence areas will provide additional exploration targets as well as better definition on the existing targets.

Peter Batten, Chief Geologist and Technical Director, said: "I pinch myself at being so fortunate to living exploring in Bougainville where the geology is an exploration geologist's dream. It is so highly prospective. We have been able to clearly identify focus areas for priority exploration, but these are still large areas. We also have the huge potential in the 80% that has not been covered by

geophysics. Having the funds available to do the geophysics will yield vital data that will assist the exploration programme immensely. The use of modern equipment should also improve definition of the existing targets given that the last surveys were done 30 years ago.

Our objective is to have a defined drill target and to be drilling this year. That said, we are also preparing for the physical positioning of drilling resources on Bougainville”.

**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.*