

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 MARCH 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(228)	(1,027)
(b) development	-	-
(c) production	-	-
(d) staff costs	(396)	(859)
(e) administration and corporate costs	(116)	(611)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(53)	(155)
1.6 Income taxes paid	-	(3)
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	(793)	(2,655)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	(163)
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

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Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	-	(163)

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	1,000	2,930
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	(37)	(134)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	963	2,796

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	100	292
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(793)	(2,655)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(163)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	963	2,796
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	270	270

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	270	100
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)	270	100

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	143
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	

Amount of payment included in 1.2 (d)

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
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	

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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	4,000	4,000
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.		

In April 2018 the Company entered into a Loan Facility with Tygola Pty Ltd ("Tygola") for \$3,000,000 secured by first ranking security over assets and an undertaking of the Company in favour of Tygola. The Loan Amount accrues interest which will be paid monthly in arrears at an interest rate of 10% per annum on the amount outstanding, with the loan repayable on 31 December 2018. It should be noted that as at the date of lodging (3 April 2019) the notice of meeting, Tygola has not agreed to any extension of the Loan Facility beyond 28 June 2019, nor has it indicated any inclination to do so.

Tygola has provided a letter of comfort to the Company that it will not take action to enforce the first ranking security interest until such a time as a general meeting has been convened and held (6 May 2019) in order to seek shareholder approval.

On 2 January 2019 Tygola agreed to provide an additional \$1,000,000 loan facility to the Company. This Additional Loan Facility is also secured by a further first ranking security over the assets and undertaking of the Company in favour of Tygola. The Additional Loan Amount will accrue interest which will be paid monthly in arrears at an interest rate of 10% per annum on the amount outstanding. The Additional Loan Facility is repayable by 28 June 2019 in cash or by Conversion (in whole or part) at any time during the term.

The Company is seeking Shareholder approval for the Additional Security Interest to be granted in respect of a maximum value of up to \$1,500,000 and for the term of the Additional Loan Facility to be up to 31 December 2019. The Company intends, as agreed with Tygola, that the Additional Loan will be \$1,000,000 and will be repaid by 28 June 2019 and the fact that the Company is seeking upfront approval for periods or amounts in excess of this should not be taken to be an indication that this will occur or that Tygola will agree to any variations to the Additional Loan Facility.

The Company has commissioned an independent expert to express an opinion which has been included in the notice of general meeting.

The Company expects repayment of the amounts advanced and discharge of the associated security interests to be achieved by 28 June 2019 through the raising of funds by way of the issue of new equity to both new and existing investors, repayment through alternative or further debt funding or a combination of the aforementioned. The Company is in discussions with various parties on all avenues of funding.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	227
9.2 Development	-
9.3 Production	-
9.4 Staff cost	301
9.5 Administration and corporate costs	384
9.6 Other	-
9.7 Total estimated cash outflows	912

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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	EL31275 Northern Territory	Exploration Licence surrendered 16/01/19	100%	0%
		EL31391 Northern Territory	Exploration Licence surrendered 25/03/19	100%	0%
		ELA31537 Northern Territory	Exploration Licence Application Withdrawn 11/02/19	0%	0%
		EL31542 Northern Territory	Exploration Licence surrendered 11/02/19	100%	0%
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: 18/04/2019

Print name: Phillip Hartog

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

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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.